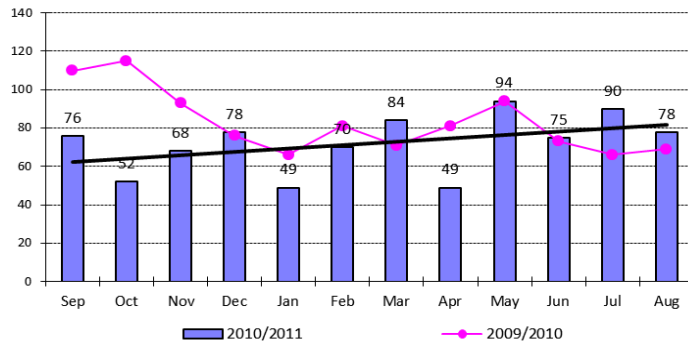
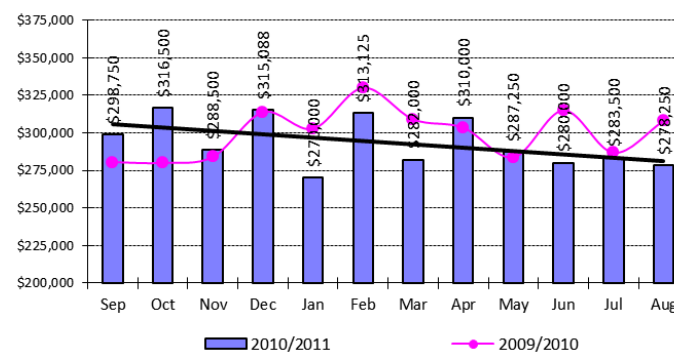


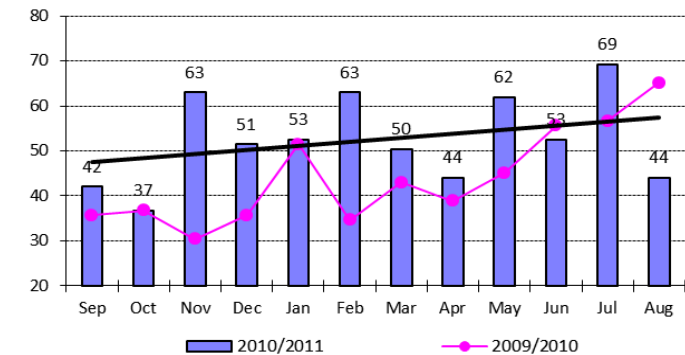
## How Many? Napier Number of Sales



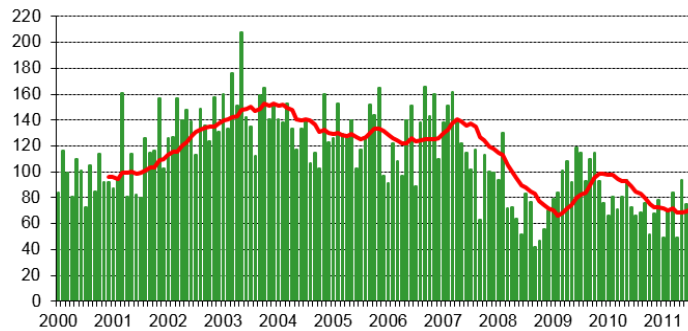
## How Much? Napier Median Prices



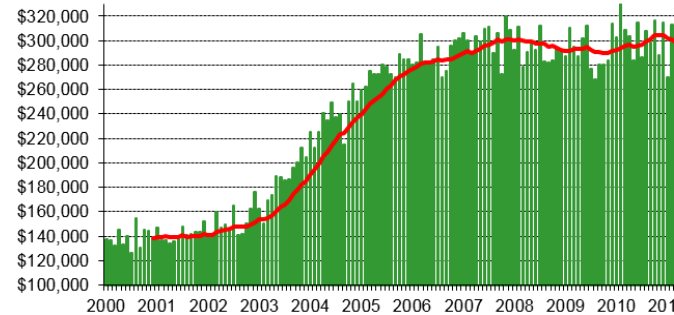
## How Long? Average Days to Sell



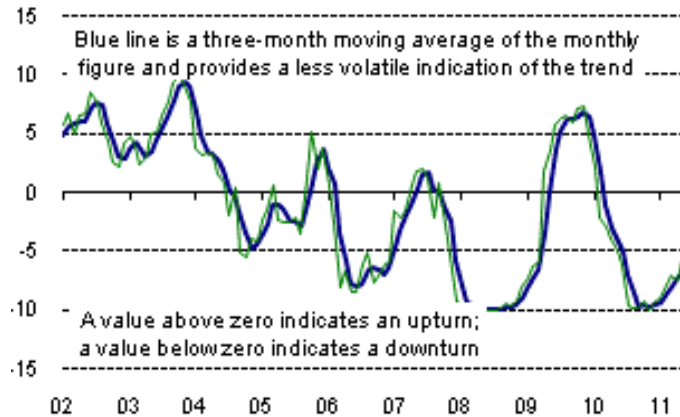
### Napier House Sales: actual and 12 month trend



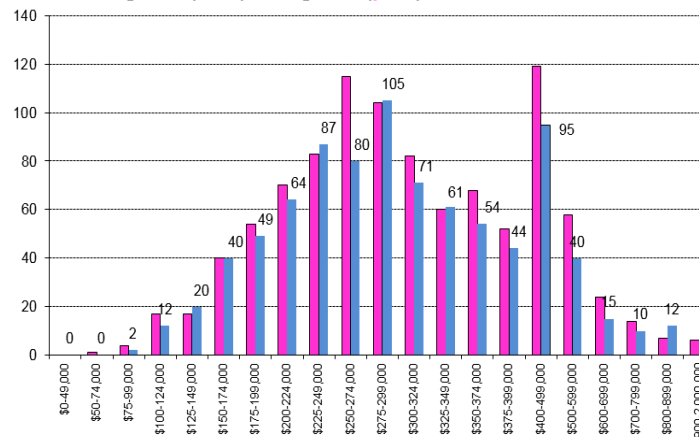
### Napier Median Price: actual and 12 month trend



## Property Cycle: Hawkes Bay



### Napier: Selling Price Distribution YTD Aug 2011 (blue) & Aug 2010 (pink)



## Housing market in holding pattern

In August, the Napier house sales remained stable with 78 homes sold. This approximates the level of the current 12 month trend, which has been improving gradually.

Even so, the volume of sales remains 27% below the decade long average.

In Napier, the turnover of homes between \$400,000 and \$600,000 has been most affected with over 25% fewer being sold during the current year compare to the prior year.

With uncertain in credit markets elevated, house sales are expected to remain historically low during the coming year.

The median price in August was \$278,250 (down from \$283,500 in July and \$310,000 this time last year) which continues a downward trend which has characterized the past 12 months. However, empirical evidence suggests that the market may be stabilizing around current levels.

Prices are likely to remain fairly subdued in the foreseeable future as poor affordability holds back significant increases.

The rate of turnover improved to 44 days in August which appears to be driven by realistic pricing by some vendors.

Overall the market in Napier is improving gradually; however instability in global financial markets is affecting household's willingness and ability to take on new mortgage debt – a situation that is likely to exist for the remainder of the year.