

Harcourts MarketWatch

April 2006 Issue

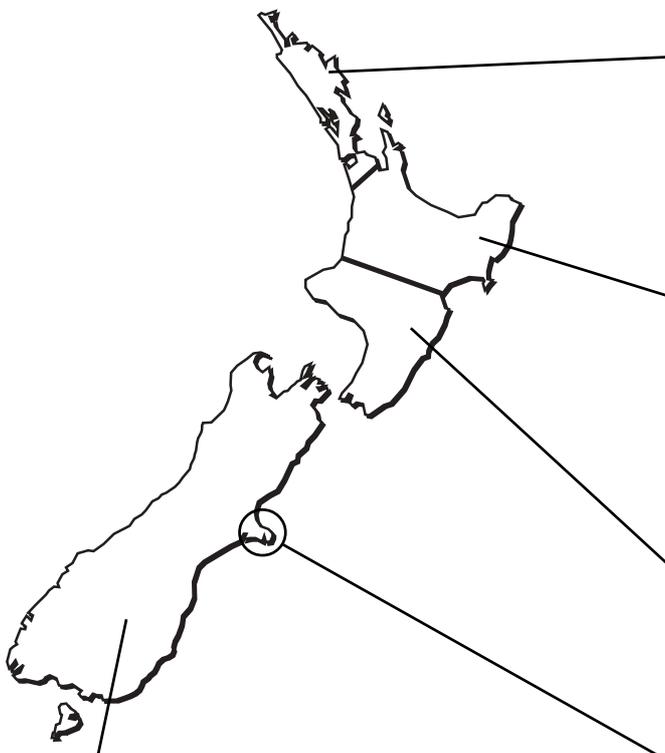
March 2006 saw the real estate market dust off the lethargy evident since late 2005 with Harcourts producing far more positive statistics. Interestingly, however, the statistics vary significantly between regions. Overall a higher number of properties came onto the market compared with March 2005, except for Auckland where new listing numbers were below March 2005. This shortage of 'new stock' in Auckland saw many listings which may have been around for a while find new owners as buyers competed for available stock in more sought after areas. Property on hand was significantly higher than March 2005, once again though with the exception of Harcourts' Northern Region where the increase was muted.

Harcourts' sales numbers written in March 2006 bucked the trend of recent months, as they were closer to the highs of 2005. This isn't the case however in the central North Island region where numbers remain lower reflecting a reduced number of new

subdivisions being available. Average prices continue to be positive, however the gap between last year and this continues to close, reflecting the stable market we have had in regard to price levels over the last six months.

Given the increase in written sales numbers in March, increased competition for mortgages driving interest rates down and a shortage of quality properties available in our largest city the next few months will be interesting to say the least. Is this lift in sales a sign the market is on the improve or is it an 'end of financial year' blip? Whatever the case, be sure to hire the very best company and consultant to market your property. Present and promote it well and you will achieve a great sale. If you're buying, select your target, make informed decisions and be positive as now is a great time to buy.

Bryan Thomson, CEO
Harcourts New Zealand



NORTHERN	March 2006	March 2005	% Change
Exclusive Listings	682	734	-7%
Auction Listings	104	101	+3%
Property on Hand	2,009	1,890	+6%
Written Sales	654	710	-8%
Average Price	\$453,000	\$423,000	+7%

A reduced number of properties becoming available is placing pressure on buyers to find their new home. Sales numbers are solid as are average prices.

CENTRAL	March 2006	March 2005	% Change
Exclusive Listings	575	481	+20%
Auction Listings	71	84	-15%
Property on Hand	2,327	1,501	+55%
Written Sales	490	610	-20%
Average Price	\$320,000	\$311,000	+3%

More listings combined with fewer sales in this region, mean sellers need to be proactive, positive and accurate with price expectations as buyers have choices, and know it.

LOWER NTH ISLAND	March 2006	March 2005	% Change
Exclusive Listings	587	425	+38%
Auction Listings	105	157	-32%
Property on Hand	1,629	1,107	+47%
Written Sales	578	576	=
Average Price	\$310,000	\$297,000	+4%

The positive levels of sales in this region are matched by increased listings.

SOUTH ISLAND PROVINCIAL	March 2006	March 2005	% Change
Exclusive Listings	399	319	+25%
Auction Listings	64	43	+49%
Property on Hand	1,920	1,140	+68%
Written Sales	354	332	+7%
Average Price	\$248,000	\$243,000	+2%

The South Island provincial centres continue to move at sales level above 2005. Listings, however, are significantly higher, so sellers beware, as overpricing and under promoting will disappoint as buyers deal with realistic sellers.

CHRISTCHURCH	March 2006	March 2005	% Change
Exclusive Listings	753	607	+24%
Auction Listings	83	67	+24%
Property on Hand	2,767	1,727	+60%
Written Sales	719	724	-1%
Average Price	\$345,000	\$314,000	+10%

Sales numbers in Christchurch are very strong with listing numbers up compared to 2005 historic lows. Sellers face competition and need to be realistic or active buyers will choose other options. Auctions are achieving good results with numbers growing.

Harcourts has been in existence since 1888 and is New Zealand's leading real estate group with over 179 offices. In 1997 Harcourts moved into Australia where it now has over 183 offices throughout Queensland, Sydney, Western Australia, South Australia, and Tasmania. Harcourts also has 10 offices in Indonesia and two in Fiji. Harcourts MarketWatch is compiled by Helen Fergusson, Communications Manager, Harcourts International Ltd, tel 03-348 8784.

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Get Good Advice for Best Option

The flurry of home loan rate changes slowed down around Easter, with part of the reason for the quietness being that the wholesale interest rate markets have steadied considerably.

One question many are asking is what really is going to happen to the New Zealand economy over the rest of the year? Those brave enough to voice opinions say it is going to weaken with the Reserve Bank forced to ease its Official Cash Rate (OCR) earlier and more quickly than the Bank's governor Alan Bollard has signalled.

This creates a couple of options – hang out a little longer and hope home loan rates fall some more, or go for a short term (say six month) rate, then refinance again.

However, the equity market is telling a very different story. It is at record highs and because the sharemarket is often a barometer for the economy, the evidence is that the

economy is much stronger than interest rate markets suggest. This most likely means that the RBNZ will do as it says and keep its OCR up until next year.

The real question to ask, is where are longer-term fixed rates heading? These are primarily controlled by what is happening in the US, so as economic growth picks up in that market, its central bank, the Federal Reserve, will increase its rates - leading ultimately to higher home loan rates here.

A likely upshot is that fixed and floating interest rates across the board in New Zealand will stop moving in the same direction together and it's quite possible long term

rates will rise and short term ones will fall. In the meantime though, rates have fallen over the past three months with short term rates slightly above their five-year average, and three, four and five year rates below the average.

So, what should I do? It's a tough call, but my opinion is that rates will come down further! Get the best advice you can on all the options open to you and watch this space!

Andrew L'Almont, CEO
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(Mortgage Express is one of the largest NZMBA registered mortgage brokers in New Zealand. Call 0800 226 226 to speak to your local Mortgage Express broker.)

Harcourts Rural Skills Key to Sales Success

The rural real estate market is a little hard to read at the moment. Sales appear to be slowing in volume but some very good sales results are still being effected around the country.

As always location and property productivity influence the value achievable in any market at any time. The ability of neighbours or nearby existing farmers to actively compete for a farm property could, as we have seen over the past three years, also influence final sale price.

Having said that, a wide variety of interesting rural properties have continued to come on to the market throughout the autumn months hoping to effect an unconditional sale before winter sets in. Harcourts Rural has been busy over the past months promoting rural

property around the country at many of the regional and local Fielddays and shows.

The National Fielddays at Mystery Creek is not too far away, with Harcourts Rural preparing for this major event by once again looking to achieve their annual display of over 400 rural and lifestyle property listings for sale around the country, making it the largest real estate display on site. This is a premier opportunity for those attending Fielddays to see what is available nationwide at the one time, and for those selling to enjoy huge exposure.

It is evident from the feedback at these events that there are still many active buyers out there in the marketplace looking for their piece of rural paradise or keen to buy an economic farm property. While it might take a little longer to negotiate an unconditional sale than over recent years, deals are still being completed at acceptable sale values and conditions. The key to bringing all the right parties to the table to negotiate a successful result requires skill, patience, experience and a commitment by all to make it happen. The pivotal role more often than not is the real estate sales consultant and the company backing them.

Kim Shannon
National Rural Manager

While every effort has been made to ensure that the information in this publication is accurate we recommend that, before relying on this information, you seek independent specialist advice.

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