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## **Turn in housing market delivers improved home affordability**

New Zealand home affordability has seen a quarterly improvement for the first time in two years, according to figures released today in the AMP Home Affordability Report for the March 2006 quarter.

A fall in house prices, along with a slight increase in wages, offset upward creeping interest rates to deliver a 1.3% quarterly improvement in New Zealand's home affordability index.

Graham Crews, Senior Lecturer in Real Estate at Massey University, says "The principal driver behind the country's improved home affordability for the quarter, which ended in February, was a drop in the median dwelling price to \$295,000, which some might say is indicative of a plateauing market."

New Zealand's Median Dwelling Price fell 1.7% during the quarter but was up 9.6% on a twelve monthly basis.

"Putting this into context though, if you look at what's gone on to occur in March, the median dwelling price lifted again, edging just past the unprecedented high of \$300,000 reached last November," says Graham Crews.

Jane Anderson, General Manager AMP Public Affairs says "Despite an improvement in home affordability, residential sales took a significant drop during the quarter, consistent with the long predicted slow down in the housing market. The drop in sales also indicates a market where buyers are not making decisions quickly."

The Real Estate Institute of New Zealand reported that quarterly dwelling sales of 21,196 were 17.5% down on the same period last year (25,686).

On a regional front, for the first time in eighteen months six regions show quarterly improvement in home affordability. Hawke's Bay led the market at 4.2%, followed by Otago (3.9%), Wellington (2.4%), Southland (2%), Canterbury/Westland (1.9%) and Auckland (0.5%). All six regions recorded a quarterly decline in median dwelling price.

This quarter six of the twelve regions recorded a rise in the median dwelling prices and a quarterly decline in home affordability. Taranaki was a stand-out at 20%, followed by Central Otago Lakes (11.1%), Nelson/Marlborough (10.5%), Northland (6%), Waikato/Bay of Plenty/Gisborne (2.5%), and Manawatu/Wanganui (1.2%).

Southland remains the most affordable region followed in ranking by Manawatu/Wanganui in the number two position. Central Otago Lakes is the least affordable region followed in ranking by Auckland.

For the fifteenth consecutive quarter the New Zealand index reflected a twelve monthly decline in home affordability (11.1%). Total sales for the past year were 101,491, 4.2% down on the previous year's (Mar 04/Feb 05) sales of 105,974.

All twelve regions recorded a 12-month decline in home affordability. Taranaki continued to dominate at 28.5%, followed by Northland (21.2%) Manawatu/Wanganui (20.5%), Waikato/Bay of Plenty/Gisborne (18.4%), Canterbury/Westland (15.7%), Wellington (13.6%), Otago (12.8%), Central Otago Lakes (10.5%), Auckland (10.1%), Nelson/Marlborough (9.9%), and Southland and Hawke's Bay (3.9%).

All regions, except Southland, reported an increase in median dwelling prices over the past year. Taranaki topped the market with a busy year recording the steepest lift at 29%, followed by Northland at 25.5% and Manawatu/Wanganui at 22.2%. Southland's Median Dwelling Price recorded no change.

Region	Percentage Change in Home Affordability in the last quarter		Percentage Change in Home Affordability in the last 12 months	
	Improvement	Decline	Improvement	Decline
Northland		6.0%		21.2%
Auckland	0.5%			10.1%
Waikato/Bay of Plenty/Gisborne		2.5%		18.4%
Hawke's Bay	4.2%			3.9%
Taranaki		20.0%		28.5%
Manawatu/Wanganui		1.2%		20.5%
Wellington	2.4%			13.6%
Nelson/Marlborough/Kaikoura		10.5%		9.9%
Canterbury/Westland	1.9%			15.7%
Otago	3.9%			12.8%
Central Otago Lakes		11.1%		10.5%
Southland	2.0%			3.9%
<b>New Zealand</b>	<b>1.3%</b>			<b>11.1%</b>

### AMP Home Affordability Report

The quarterly report is prepared for AMP by Massey University's Real Estate Analysis Unit. It combines data on housing prices, mortgage interest rates and average weekly earnings to produce a home mortgage affordability index indicator. The survey, conducted since 1988, uses data supplied from Statistics New Zealand, the Reserve Bank and the Real Estate Institute of New Zealand.

Further information can be obtained by accessing the AMP Home Affordability Report at [www.amp.co.nz](http://www.amp.co.nz) (then click on About AMP/Media Centre/Reports) or <http://property-group.massey.ac.nz/> (and click on AMP Home Affordability Report).

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