

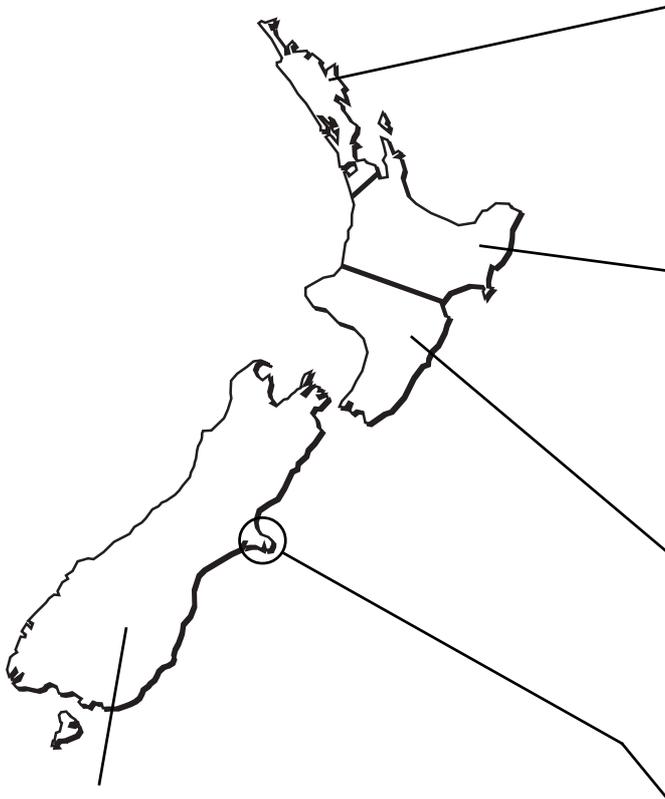
# Harcourts MarketWatch

July 2006 Issue

June 2006 was a very positive month for Harcourts businesses in most marketplaces. It would be fair to wonder why when you consider we're in the middle of one of the coldest winters on record. Nationwide, communities have been hit by heavy rain, floods, landslides, major power outages, and in some cases record snowfalls. In addition, interest rates have ticked up slightly, so why is the market defying dire predictions expert commentators were promoting so widely? Simple answer really. Most property decisions are made everyday by people who buy and sell because they require a bigger or smaller home, are moving for work or retirement, or to be closer (or further away!) from family members. These reasons are not affected by any of the issues the "experts" keep advancing as to why the market may change for the worse. Add to that employment remaining strong and immigration positive, and clearly our marketplace has every reason to stay solid.

The biggest change today's buyers and sellers deal with is being able to obtain information to make their own judgement on what is happening in our marketplace at any one time thanks to the myriad of real estate websites available. The key of course is relying on information from a reputable real estate company with a high quality website. We suggest you start with the most visited real estate company website in the country: [www.harcourts.co.nz](http://www.harcourts.co.nz). By using a set of criteria to search for property for sale you will find extensive details and photos on a range of options to provide you with an instant real time snapshot of activity. For Harcourts, the power of the internet has been to put the power of information into the hands of the public to help them build their own understanding based on fact rather than conjecture or opinions of others.

**Bryan Thomson, CEO**  
Harcourts New Zealand



NORTHERN	June 2006	June 2005	% Change
Exclusive Listings	509	576	-12%
Auction/Tender	58	71	-18%
Property on Hand	1,811	1,744	+4%
Written Sales	569	598	-5%
Average Price	\$461,000	\$385,000	+20%

Harcourts' listings remain in short supply in this region with average price strong. Anyone considering listing their property for sale in the spring should move their plans forward to sell now in order to take advantage of the continuing strength in the current market.

CENTRAL	June 2006	June 2005	% Change
Exclusive Listings	399	395	+1%
Auction/Tender	57	48	+19%
Property on Hand	1,987	1,535	+29%
Written Sales	450	491	-8%
Average Price	\$302,000	\$287,000	+5%

A balanced performance in this region with some good buying opportunities featured in the Bay of Plenty purchasers should explore.

WELLINGTON	June 2006	June 2005	% Change
Exclusive Listings	401	345	+16%
Auction/Tender	83	91	-9%
Property on Hand	1,621	1,331	+22%
Written Sales	411	439	-6%
Average Price	\$288,000	\$296,000	-3%

A solid performance in most categories through the lower North Island, though the recent extreme weather may have put a damper on June activity somewhat.

SOUTH ISLAND PROVINCIAL	June 2006	June 2005	% Change
Exclusive Listings	260	233	+12%
Auction/Tender	28	31	-10%
Property on Hand	1,780	1,243	+43%
Written Sales	323	285	+13%
Average Price	\$274,000	\$231,000	+19%

A very good winter performance in the South proves the snow hasn't slowed the market! Both the number and average value of sales are positive compared to June 2005.

CHRISTCHURCH	June 2006	June 2005	% Change
Exclusive Listings	576	522	+10%
Auction/Tender	47	68	-31%
Property on Hand	2,583	1,721	+50%
Written Sales	679	539	+26%
Average Price	\$361,000	\$321,000	+12%

Christchurch continues to be very active as evidenced by the written sales statistic. A good range of available property means both buyers and sellers are enjoying the current market.

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.

**Harcourts**  
SINCE 1888

# Harcourts MarketWatch

July 2006 Issue

## What is the Cheapest Rate?

Although variable rates haven't moved much since the Reserve Bank last increased the Official Cash Rate (OCR) back in December last year, fixed rates (influenced by different factors) have shown an upward "creeping" tendency over recent months.

The margin between fixed and floating rates remains large, with the only apparent reason for staying on a floating rate being the ability to make larger additional principle repayments without penalty.

One year rates have moved from around 8.20% pa to 8.40% pa since earlier in the year and two year rates from around 7.75% to 8.00%. Five year rates (which looked relatively reasonable in the latter stages of 2005), now appear to be less attractive.

It is becoming more difficult to predict when rates will start falling and how fast they will fall. The Reserve Bank

doesn't want to see its OCR fall in the medium term future - particularly with over \$40 billion in mortgages on fixed rates which are coming due for re-fixing in the final quarter of this year.

The Reserve Bank certainly doesn't want the rates on those mortgages to be lower than their present rates as higher rates will keep excess funds out of consumers' hands and thus reduce a spending inspired, inflationary cycle. New Zealanders, who already have an exceptionally high household debt servicing ratio, will not see this as good news!

Given the medium term incentive for rates to remain high over the last quarter of the year, one year rates may be insufficient to "carry you over" until rates begin their eventual trend downward.

Although they are currently higher than at the beginning of the year, a competitive two year rate would still appear to be a good middle ground position to take.

**Andrew L'Almont, CEO**  
**Mortgage Express**  
**Tel: 09 379 4298**  
**[www.mortgage-express.co.nz](http://www.mortgage-express.co.nz)**

*(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

### Still Positive Despite Harsh Winter

The rural real estate market continues its buoyancy with ongoing good solid enquiry for most types of rural properties.

We are still busy processing the strong enquiry Harcourts' Rural team had at the Mystery Creek Fielddays with the team already reporting success in locating suitable property for some buyers, with other buyers quickly sourced for the new listings that came out of Fielddays.

That's the crux of our business - matching buyers with sellers and negotiating a successful sale that all parties are happy with.

Our climate continues to affect production with the recent heavy rains and snowfalls impacting heavily in some regions with available stock feed a major issue for those farms affected. Travelling through the Wanganui district in recent weeks brought this to my attention with some hill country farm properties severely hit with slips which obviously have a major impact on available pasture going forward.

While June saw a slow-down in rural property activity, as to be expected at this time of the year, the weather certainly didn't help. However we are looking forward to another good spring with many positive signs out there.

That includes recent very welcome news for our sheep and beef farmers with the Meat & Wool New Zealand Economic Service forecasting the 2006/7 year farm profit before tax for this sector to increase 28.5% to \$67,100 per farm. Its New Season Outlook for sheep and beef farms signalled a 6% lift in gross farm revenue to \$4.6 billion at the farm gate. A lower exchange rate is expected to account for most of the gains so here's hoping it happens as forecasted.

**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.

#### Contact for further details

**Bryan Thomson, CEO,**  
**Harcourts New Zealand**  
 Tel: 09-520 5569 or 0274 780 478

**Jo-Anne Clifford, General Manager,**  
**Harcourts New Zealand**  
 Tel: 09-520 5569 or 0274 921 866

**Paul Wright, General Manager,**  
**Harcourts International Ltd**  
 Tel: 03-348 8784 or 0274 320 488

**Kim Shannon, National Rural Manager,**  
**Harcourts New Zealand**  
 Tel: 027 220 2937

