

Harcourts MarketWatch

March 2007 Issue

February 2007 goes down as the month Harcourts New Zealand broke its record for the value of written sales.

This is the second time in four months that the record has been smashed with the new benchmark set not far short of \$1.1 billion. While this great news is a stunning result that vindicates the focus and sheer hard work of so many across our group, what can property sellers and buyers take from this result to assist them in their decision making?

Firstly, as sellers you need to understand the sales consultant's role in your sale. It's simple. They take into account your property and requirements, and the market then provide you with a plan to maximise your sale price. When selecting an agency to market your property, ask the sales consultant just one question: How are you going to ensure we achieve the very best price?

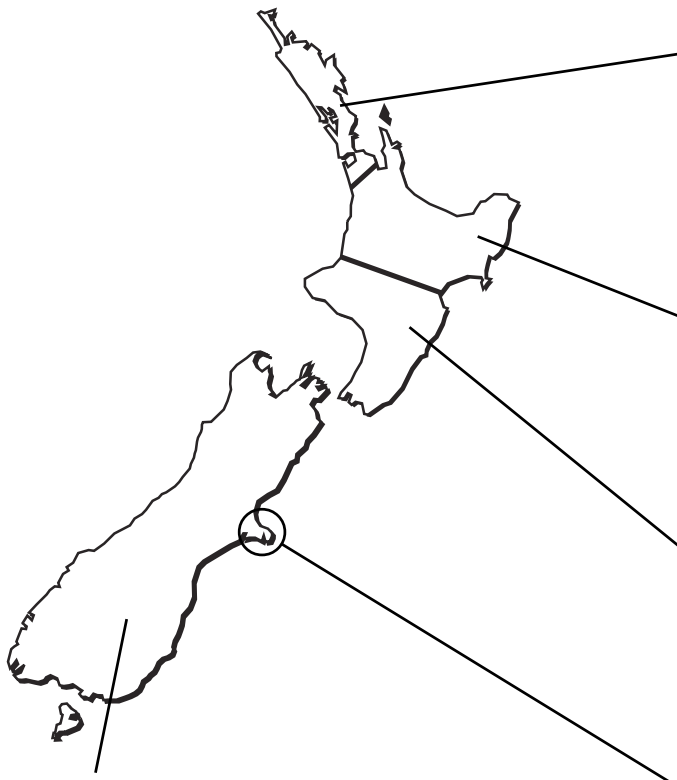
If you don't like the answer then don't hire that consultant no matter what fee level they offer. Far too many sellers are being misled into selecting their real estate company based on cost instead of result. So in one sentence, hire the best and you'll end up with a great result.

As a buyer you need to be prepared to act in a short time frame as competition for property is the norm. Speak to your NZMBA qualified mortgage broker and be very clear as to your limits, be realistic with your requirements and be honest and open with the sales consultants you work with.

Recently we saw some high profile so-called real estate advisors suggesting buyers should withhold information from sales consultants to get a better result! Think again. As a buyer shouldn't you secure all the professional help you can to secure a property?

My simple advice is to select a consultant you trust, be open and tell them your situation. They will work hard for you. If you don't feel comfortable doing this then change the consultant you work with. A pretty simple short piece of advice really but then most good advice is like common sense. It's just that too many people with hidden agendas so often obscure it for us all.

Bryan Thomson, CEO
Harcourts New Zealand



NORTHERN	February 2007	February 2006	% Change
Exclusive Listings	546	632	-14%
Auction/Tender	138	97	+42%
Property on Hand	2,027	1,943	+4%
Written Sales	652	458	+42%
Average Price	\$502,000	\$419,000	+20%

Quality listings remain at a premium and ferocious competition is common in many suburbs. Sellers selecting auctions are the most astute in this market.

CENTRAL	February 2007	February 2006	% Change
Exclusive Listings	491	587	-16%
Auction/Tender	74	79	-6%
Property on Hand	2,422	2,179	+11%
Written Sales	529	448	+18%
Average Price	\$350,000	\$310,000	+13%

A very positive month across this region with a lift in activity being welcomed by all.

WELLINGTON	February 2007	February 2006	% Change
Exclusive Listings	417	453	-8%
Auction/Tender	98	138	-29%
Property on Hand	1,713	1,711	=
Written Sales	487	473	+3%
Average Price	\$344,000	\$289,000	+19%

A very positive price month in the lower North Island.

SOUTH ISLAND	February 2007	February 2006	% Change
PROVINCIAL			
Exclusive Listings	333	407	-18%
Auction/Tender	31	56	-45%
Property on Hand	1,962	1,891	+4%
Written Sales	404	333	+21%
Average Price	\$289,000	\$226,000	+28%

An active market with prices buoyant across the Southern provincial counties reflect a very good month.

CHRISTCHURCH	February 2007	February 2006	% Change
Exclusive Listings	709	802	-12%
Auction/Tender	72	60	+20%
Property on Hand	2,537	2,861	-11%
Written Sales	682	597	+14%
Average Price	\$378,000	\$340,000	+11%

A tremendously active February in Christchurch with stunning clearance rates in all auction rooms.

Harcourts has been in existence since 1888 and is New Zealand's leading real estate group with over 180 offices. In 1997 Harcourts moved into Australia where it now has over 250 offices throughout Queensland, Sydney, Western Australia, South Australia, Victoria and Tasmania. Harcourts also has 10 offices in Indonesia and three in Fiji. Harcourts MarketWatch is compiled by Helen Fergusson, Communications Manager, Harcourts International Ltd, tel 03-348 8784.



LEADING REAL ESTATE COMPANIES OF THE WORLD™

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A "Smacking" for Home Owners!

In almost a "smacking" of home owners for their behaviour, Dr Bollard raised the official cash rate (OCR) from 7.25% to 7.5% in his early March announcement, blaming the recent pick-up in economic activity and the acceleration in the housing market yet again!

He also complained about "continuing rapid expansion of mortgage credit at very low margins, and strong growth in household incomes." In an almost immediate reaction, the New Zealand dollar fell about 0.4 US cents and wholesale interest rates rallied about five basis points.

Dr Bollard signaled that he will continue to adopt a gradual approach "and not rush in and over-do it." If we take this interest rise in perspective, we must remember that the last time he raised rates was in December 2005!

What was a little bit scary was the statement that a further rate hike may be seen to be needed "depending on the persistence of the current upturn." Everyone at the RBNZ is still hoping something's going to happen to slow this economy down. I think they're going to be disappointed on that front, (you only have to look at

the booming housing market at present to realize that), and so we can possibly expect another rate increase this quarter.

The long term view however (from those brave enough to voice an opinion), is that rates will come down again – but not before they go up... a smidge! So, fix if you can, but short term... and wait this one out.

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Harcourts Rural

Farm prices and sales volume have had a cautious start to 2007. The national median sale price was down by 23 percent in January compared to the previous month of December. There are clouds on the horizon for some areas in the rural farming sector due to recent interest rate increases, falling sheep meat prices and the continuing strength of the NZ dollar.

There were also only 140 rural sale transactions in January compared to 210 in December. Although on a year to year comparison the main farming categories are reflecting good value increases with dairy at 20 percent above with both finishing and grazing properties at 12 percent above the same time last year.

Harcourts' own rural team continued to perform at a very high level and managed the sale of twice as much rural real estate in dollar terms this January compared with January 2006. Sales turnover was up an incredible 103 percent compared with last January and unit numbers sold were up 66 percent reflecting both the calibre of the team and the commitment Harcourts has towards servicing the rural and lifestyle sector nationwide.

Overall rural New Zealand is experiencing ebbs and flows with arable farmers in Canterbury experiencing a bumper crop yield with some autumn sown feed wheat crops yielding, 25 percent higher than last season

whilst sheep farmers' finishing lambs are finding their profit margin squeezed tightly.

Viticulturalists, especially in Hawkes Bay, are looking forward to a high quality vintage following ideal February and early March weather conditions from a producing grape planted area of 24,000 hectares which is up 2000 hectares on last season. So no doubt we can all look forward with enthusiasm to sampling some very drinkable wines from the 2007 vintage.

Kim Shannon
Harcourts National Rural Manager

News Update

Ten Years in Australia

New Zealand's largest and Australia's fastest growing real estate group, Harcourts International Ltd, this month celebrated its first 10 years in Australia, since launching in Queensland in 1997.

Founded by JB Harcourt in New Zealand in 1888, Harcourts was expanded into Australia in 1997 by Mike and Irene Green, who moved with their family from Auckland where they had built up one of Harcourts' most successful franchises of nine offices, Mike Green Real Estate. Mike Green is now Managing Director of Harcourts.

As the only major Australasian real estate operation to have expanded from New Zealand into Australia, Harcourts' Queensland operation began with four offices in Ashgrove, Surfers Paradise (still with the original owners), South Brisbane and Southport, and a State Support Office in Brisbane.

New South Wales was the second state to come on board in 2003 with close to 20 offices. In 2004 Harcourts formed a joint venture with boutique South Australian real estate company, Brock Real Estate, to become Brock Harcourts, of which there are currently 36 offices.

In the same year, a joint venture with independent Tasmanian company, M & M Real Estate, was formed and Harcourts also took ownership of the Roy Weston Group of 61 offices in Western Australia, Northern Territory and Indonesia.

With three offices in Fiji, and last month's announcement of its launch in Victoria with 25 offices in the MPRE Harcourts group, Harcourts now has just on 430 offices in New Zealand, Indonesia, Fiji and every state in Australia.

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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