

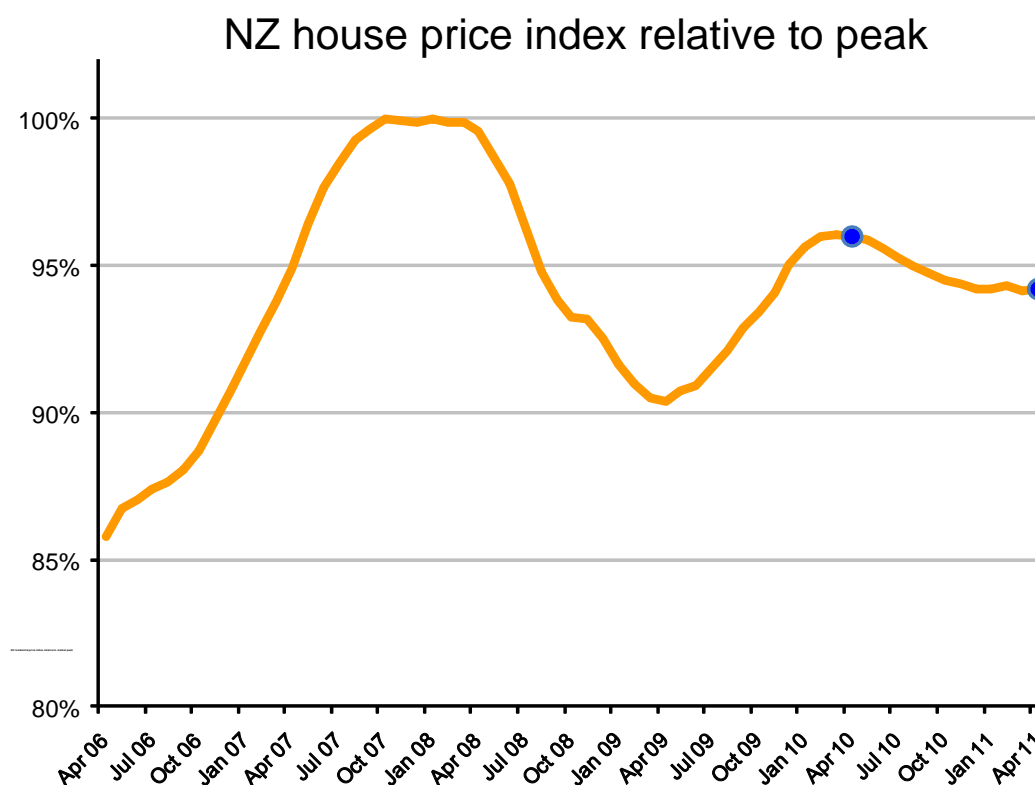
Media release

10th May 2011

Property values continue to stabilise

Residential property values remain relatively stable at a national level according to the QV indices for April.

“Nationwide property values have now been relatively stable for several months after falling slightly throughout most of 2010. Values are now 1.9 percent lower than the same time last year, and 5.8 percent below the market peak of late 2007” said QV.co.nz Research Director, Jonno Ingerson.



“The levelling of nationwide values was initially due to a flattening of values in the Auckland market, but there are now increasing signs of values stabilising in many other areas also” said Ingerson.

“In the Auckland area values have moved within a narrow band for most of the last 18 months. In recent months values have been slightly variable, but there is little evidence at this stage of values moving significantly up or down. Currently values in Auckland are 0.5 percent below the same time last year” said Ingerson

“Values in Hamilton are 3.5 percent below the same time last year, but in recent months values appear to be flattening off. In Tauranga values are 1.7 percent below last year, but also appear to be flattening in recent months. The Wellington area is 3.4 percent below last year, with most of this drop coming in 2010, while over the past six months values have been moving within a narrow band. Values in Dunedin have dropped more over the past year than the other main centres, but may also be stabilising in recent months” said Ingerson.

“There was an increase in sales activity in March and the first half of April, but this appears to have dropped away following the Easter and school holiday break. Sales activity typically tends to slow from now through until spring” said Ingerson.

“Market sentiment remains patchy with some areas lacking quality listings to satisfy buyer demand, while other areas have little buyer demand despite plenty of houses for sale. In general properties with desirable attributes, or those that represent good value, are still selling well” said Ingerson.

“There has been a significant slowdown in sales activity in Christchurch since the February earthquake, and this lack of sales means that we have not generated an index for Christchurch. Local valuers in Christchurch are seeing plenty of interest in quality properties in relatively unaffected areas, and prices have been generally holding. There is still a great deal of uncertainty in the market, particularly driven by concerns over job security” said Ingerson.

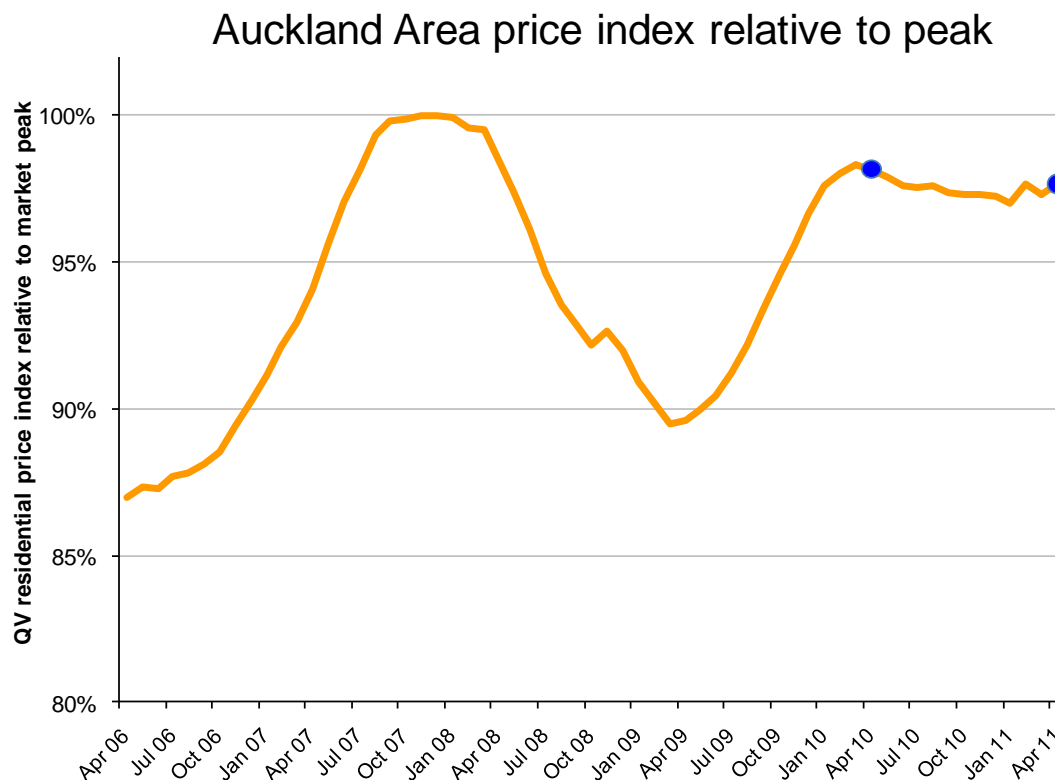
While unrelated to the QV index, and a less reliable measure of value change, the average New Zealand sales price over the last three months is \$405,310 up from the \$400,656 reported last month.

Despite values levelling in recent months in many provincial areas, none currently have values above the same time last year. This recent levelling of values, coupled with declining values last year, means that the gap between this year and last year is closing in many areas. Whangarei (-5.2), Gisborne (-4.6), New Plymouth (-4.5) Palmerston North (-3.7) and Invercargill (-3.9) have the greatest gap compared to last year. Rotorua (-1.0), Hastings (-1.4), Napier and Wanganui (-2.4) and Queenstown Lakes (-1.3) all have values slightly below last year. In Nelson values have been relatively stable since January 2010 and as a result the gap between last year and this year is only -0.7 percent.

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Auckland

QV's Residential Price Index for April shows that property values have decreased by 0.5% over the past year in the Auckland region. Values appear to be stabilising in a narrow band.



Ms Glenda Whitehead of QV Valuation said; “Sales activity in recent months has picked up. This turnover of properties has not necessarily resulted in price rises across all areas. We are seeing pockets of the market that are reacting positively to quality new listings, however, in many other areas we continue to see strong caution exercised by purchasers.”

“Feedback from buyers has indicated that they are willing to put in bids or offers, but will not move beyond their agreed value limits. In some cases those limits are imposed by their banks lending criteria, with others setting their own limits based on level of debt they are willing service” Ms Whitehead said.

Ms Whitehead said “This continued caution and control over debt levels provides some reasoning behind the stability of values in the Auckland region. While we have seen some fluctuations of values, when we compare it on an annual basis, we see overall stability for the past year to 18 months. That is very moderate rises have been followed by gentle easing in months that follow, and we are generally back to where we started.”

“There is no doubt the market is now pricing the quality of improvements and quality of locality. This was not done at the height of the market and lead to over pricing in some areas. It is perhaps these areas that are correcting to their true levels, which are

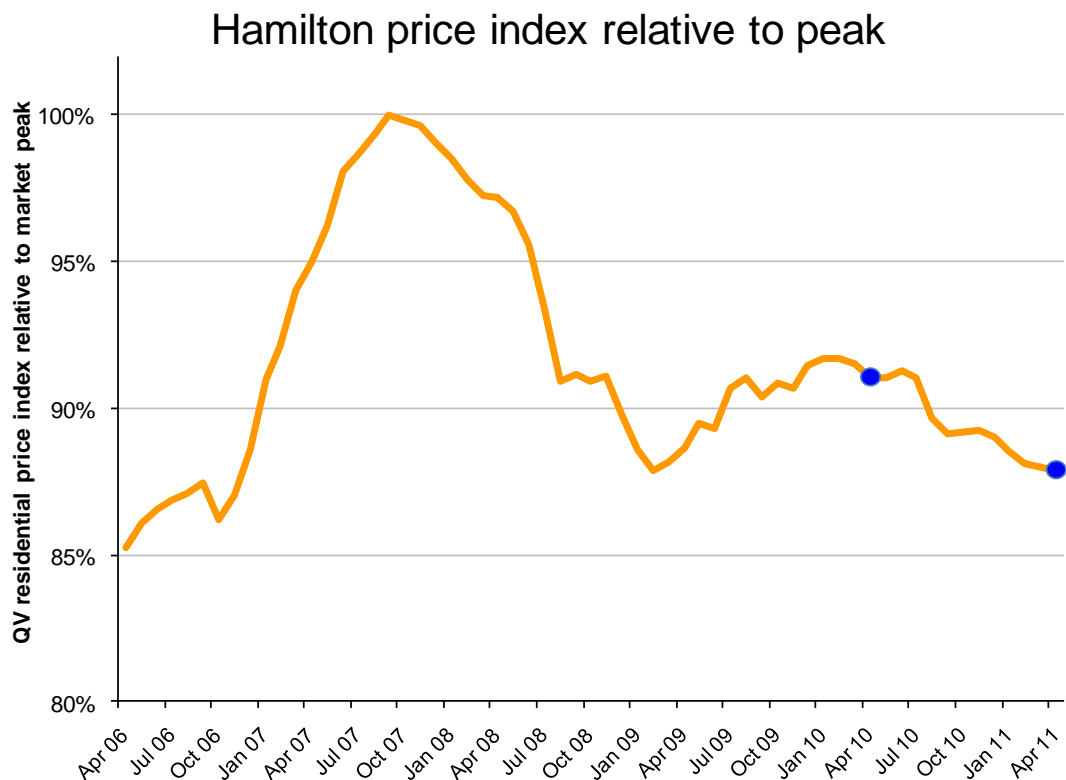
holding the overall values down. While quality areas continue to perform well and values gradually rise. Once the market has re-priced in all areas we should see the overall market move forward.” Ms Whitehead said.

Ms Whitehead said “Listing levels appear to remain subdued as vendors in many areas consider it is not yet a good time to sell, continuing the wait and see approach. This is frustrating buyers who have been looking for a long period, and not finding properties that meet their discerning criteria. We sense this in some areas of the market, typically within the suburbs close the Auckland CBD.”

QV’s Residential Price Index is calculated using sales data from the 3 months leading up to the month being reported. It is not the same as the average sales price, which fluctuates in line with the mix of properties selling in upper or lower price brackets. The average sales price for the Auckland region in April was \$535,161.

Hamilton

QV’s Residential Price Index for April shows that property values have decreased by 3.5% over the past year in Hamilton. Values have continued to trend downwards.



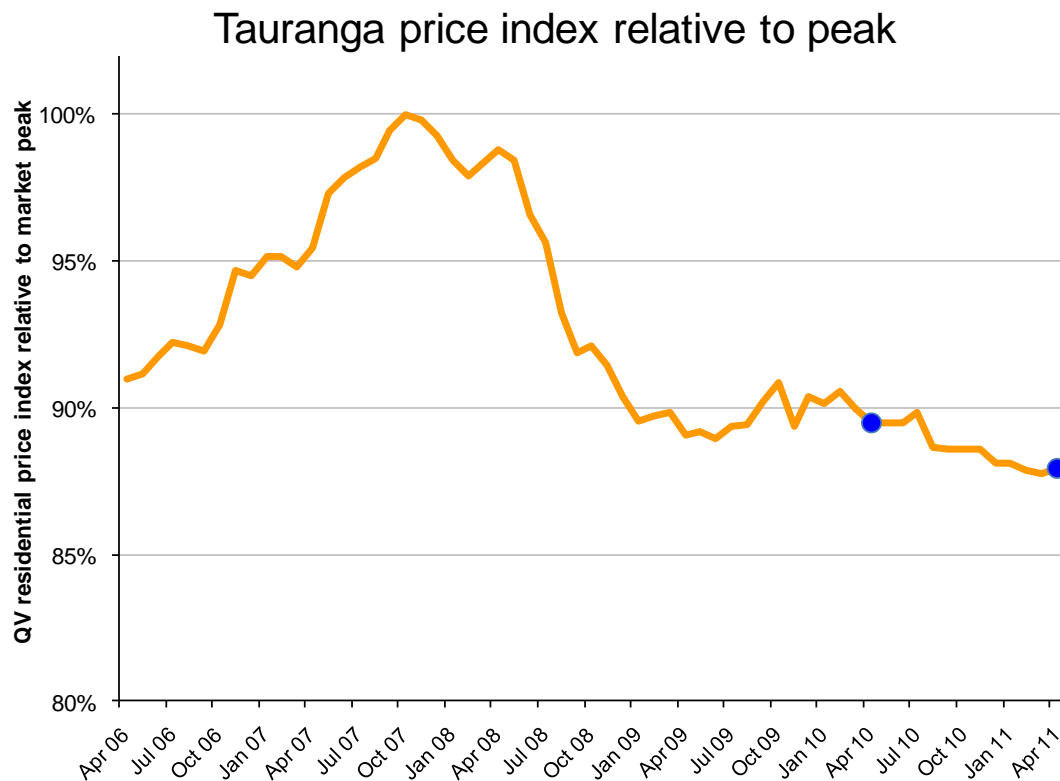
Mr. Richard Allen of QV Valuations said: “The residential property market in Hamilton has shown signs of resilience this month with property values steadying. As a result of this, and declining values this time a year ago, the gap in values between last year and this year has closed a little (calculated over the three months ending April 2011 in comparison to the same period last year)”.

“The gap in values between this year and last year has closed in most of the suburbs within Hamilton City with the exception of South West Hamilton, where the gap widened further. The residential market in Hamilton still remains static with little sign of any obvious stimulus on the horizon” Mr. Allen said.

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Tauranga

QV’s Residential Price Index for April shows that property values have decreased by 1.7% over the past year in Tauranga. Values appear to be stabilising in recent months.



Mr. Shayne Donovan-Grammer of QV Valuations said; “The Tauranga market is fairly patchy. There are small bursts of activity followed by quiet periods. The good news is we have seen more sales activity than most of last year, and levels are now similar to that of 12 months ago.”

“This slight lift, in my view, does not signal a recovery in the market but is more of a reflection of what tends to happen at this time of year. Activity is still centred mainly in the sub \$400,000 market.” Mr. Donovan-Grammer said.

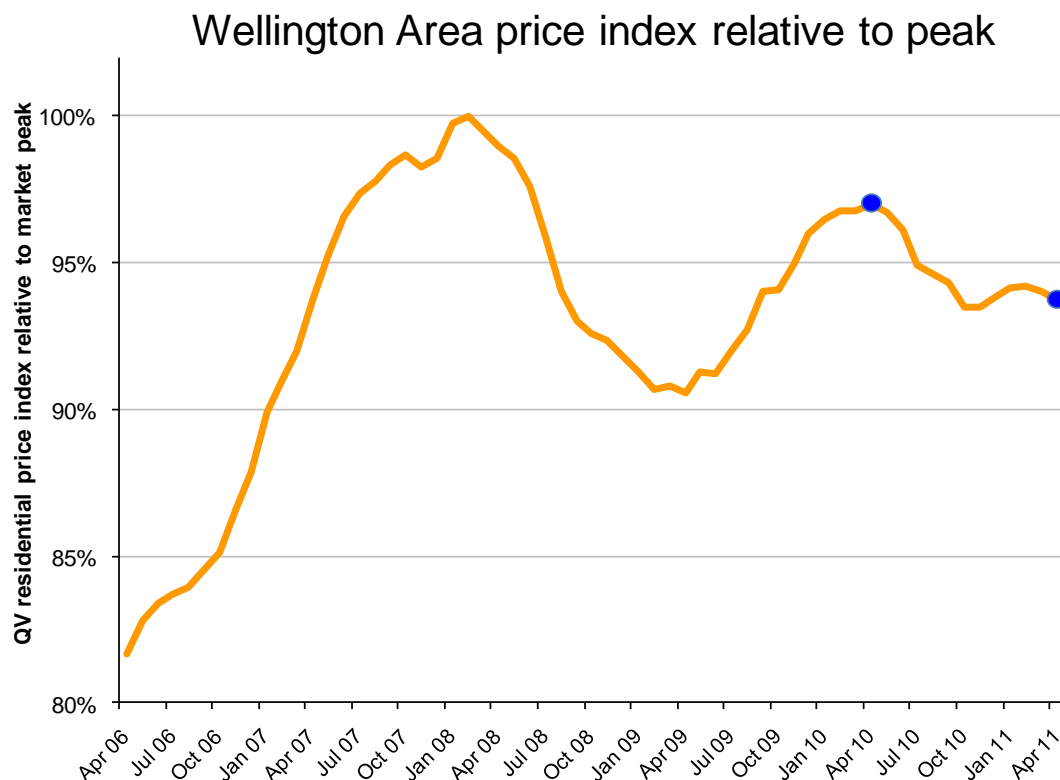
Mr. Donovan-Grammer said “Sales prices are sharp with buyers negotiating hard for a good deal. Low interest rates coupled with the talk of interest rate rises towards the latter part of the year may have also encouraged buyers to act now.”

“There is limited speculative building occurring at the moment.” Mr. Donovan-Grammer said

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Wellington

QV’s Residential Price Index for April shows that property values in the Wellington region have decreased by 3.4% over the past year. Values have moved within a narrow band for the last few months, having declined slightly since January after increasing slightly in late 2010.



Mr Kerry Buckeridge of QV Valuations said: “The Wellington market continues to be subdued with both listing and sales activity at low levels.”

“Whilst the current economic climate is no doubt a major factor it should also be remembered that we have just had the school holiday period and Easter. Public holidays and school holidays traditionally dampen residential sales activity.” Mr Buckeridge said.

Mr Buckeridge said “Feedback from real estate agents varies widely with some saying they could sell more if they only had more good quality listings. Others are finding it difficult to get sales even if they do have sufficient stock.”

“Those properties attracting most interest would appear to be those representing good value for buyers or have the attributes people want. Buyers are bypassing overpriced properties and those which require work (unless they are severely discounted).” Mr Buckeridge said.

Mr Buckeridge said “Residential property prices appear to be quite flat and we are seeing no real indication that this will change for Wellington in the near term.”

QV’s Residential Price Index is calculated using sales data from the 3 months leading up to the month being reported. It is not the same as the average sales price, which fluctuates in line with the mix of properties selling in upper or lower price brackets. The average sales price for Wellington in April was \$468,675.

Christchurch

The significant slowdown in the number of sales, and the delays in the overall sales process in Christchurch following the 22 February earthquake mean that the QV residential price index cannot yet be used to measure the change in property values.

Mrs. Melanie Swallow of QV Valuations said; “There continues to be good interest overall for well priced quality homes in suburban Christchurch that have not been affected by earthquake damage. We are still seeing some activity in the more affected suburbs, although well down on what we would usually expect to see at this time.”

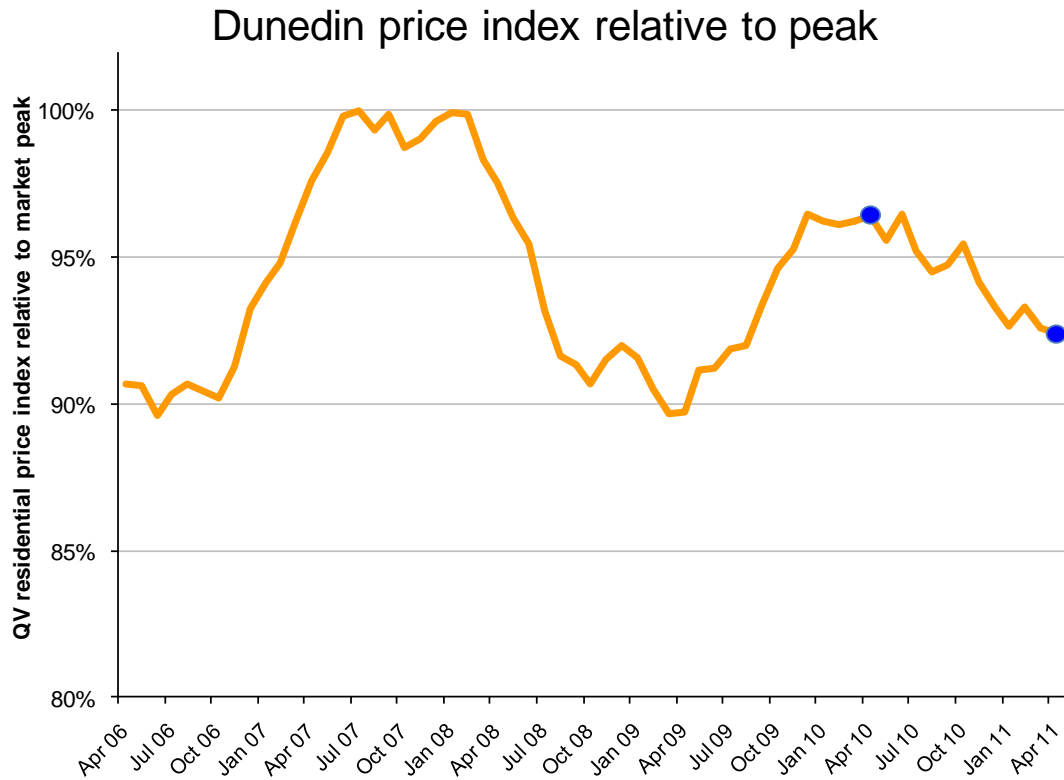
“We have seen demand continue to be strong in the North West suburbs with a lot of activity in the Selwyn and Waimakariri townships, although anecdotal reports suggest this is beginning to ease after the initial flurry of post earthquake activity. Where there has been activity prices have generally held.” Mrs. Swallow said.

Mrs. Swallow said “There still remains uncertainty in the market, driven by job security. The section of the market that we would usually expect to see trade up from their entry level home to the next price band has softened as people continue to take stock of their situation. It is still too soon to comment on the sections of the market that have had little or no activity.”

We commented last month on an expectation to see some medium to long term fragmentation in the market. A month on we believe this to still be the case.” Mrs. Swallow said.

Dunedin

QV’s Residential Price Index for April shows that property values in Dunedin have decreased by 4.2%. Values have continued to generally trend downward.



Mr. Tim Gibson of QV Valuations said: “The April residential property market continued to be slow. Values declined slightly when compared to that of March. Sales volumes also reduced by 9% for the corresponding period in 2010. With values now only 3% above the market low as recorded in March 2009.”

Mr. Gibson said “Properties in the lower value bracket have been the most affected by the slowdown in the market. Any property with deferred maintenance issues has resulted in a longer selling period and some significant discounting from the listing price to attract potential buyers.”

“One positive is the larger percentage of top end sales compared to the same time last year. This could be due to families in a strong financial position taking advantage of lowering interest rates, greater bargaining power and fewer active buyers in the market. This is the reason for the increase in the average sale price for the month of April rather than any value movement being evident.” Mr. Gibson said.

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QV RESIDENTIAL PRICE MOVEMENT REPORT - AS AT APRIL 2011			
City/Region	April 2011 Property Value Growth %	March 2011 Property Value Growth %	April 2011 Average sale price
Far North	-10.2	-10.2	330,058
Whangarei	-5.2	-6.2	335,855
<i>Kaipara*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Rodney	-2.5	-2.2	485,506
- Hibiscus Coast	-2.7	-2.3	488,861
- Rodney (North)	-2.3	-2.1	479,650
North Shore (A) #	-0.4	-1.2	605,503
- Coastal North Shore	-0.2	-1.2	691,391
- North Shore Onewa	-0.7	-2.1	469,875
- North Harbour	0.1	1.1	625,706
Waitakere (A) #	-1.2	-1.9	397,067
Auckland (A) #	-0.3	-0.7	622,973
- Auckland City (Central)	-0.5	-0.4	537,098
- Auckland City (East)	0.2	-0.4	813,682
- Auckland City (South)	0	-1.4	519,807
- <i>Islands*</i>	<i>-0.9</i>	<i>N/A</i>	<i>623,878</i>
Manukau (A) #	-0.5	-0.8	456,149
- Manukau East	-0.8	-1	555,343
- Manukau Central	-0.4	-1	325,136
- Manukau North West	0.8	0.9	409,455
Papakura (A) #	-1.8	-2.2	357,142
Franklin	0.9	2.1	377,533
Thames Coromandel	-2.7	-3.4	456,778
<i>Hauraki*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>Waikato*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Matamata Piako	-2.3	-2	272,350
Hamilton #	-3.5	-3.8	339,039
- Hamilton North East	-3.6	-3.8	415,730
- Central City/North West	-2.8	-3.6	306,799
- Hamilton South East	-3.9	-5	315,196
- Hamilton South West	-3.6	-2.7	290,073
Waipa	-7.6	-6.4	307,219
<i>Otorohanga*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>South Waikato*</i>	<i>-5.3</i>	<i>-3.8</i>	<i>140,576</i>
<i>Waitomo*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Taupo	-3.5	-4.5	343,315
Western BOP	0.3	-2.6	380,488
Tauranga #	-1.7	-2.4	399,358
Rotorua	-1	-4.2	269,989
Whakatane	-2.2	-2.7	353,752
<i>Kawerau*</i>	<i>8</i>	<i>N/A</i>	<i>110,457</i>
<i>Opotiki*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Gisborne	-4.6	-6	243,413
<i>Wairoa*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Hastings	-1.4	-1.5	316,968

Napier #	-2.4	-1.5	330,663
<i>Central Hawkes Bay*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
New Plymouth	-4.5	-3.7	324,678
<i>Stratford*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
South Taranaki	-2.3	-5.6	188,166
<i>Ruapehu*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Wanganui	-2.4	-3.6	202,853
<i>Rangitikei*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Manawatu	-6.2	-4.1	226,675
Palmerston North #	-3.7	-4	284,833
<i>Tararua*</i>	<i>-3.5</i>	<i>N/A</i>	<i>143,821</i>
Horowhenua	-3	-5.6	210,900
Kapiti Coast	-2.6	-2.2	373,406
Porirua (W) #	-2.4	-2.4	429,717
Upper Hutt (W) #	-2.8	-1.7	331,062
Hutt (W) #	-4.2	-2.9	387,330
Wellington (W) #	-3.3	-3.1	544,683
- Wellington City & Southern Suburbs	-4.3	-4.8	587,627
- Eastern Suburbs	-2.1	-1	561,062
- North Wellington	-2.3	-2.2	476,672
- Western Suburbs	-4.5	-4	577,241
Masterton	-4.8	-2.1	238,479
<i>Carterton*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>South Wairarapa*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Tasman	-2.5	-2	384,608
Nelson #	-0.7	0	356,389
Marlborough	-5.7	-6.4	303,719
<i>Kaikoura*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>Buller*</i>	<i>-1.2</i>	<i>0.4</i>	<i>180,589</i>
<i>Grey*</i>	<i>2.5</i>	<i>2.2</i>	<i>214,034</i>
<i>Westland*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>Hurunui*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Waimakariri	-0.3	-1	327,579
Christchurch* #	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
- East*	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
- Hills*	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
- Central City and North*	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
- Southwest*	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
- Banks Peninsula*	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Selwyn	0.8	-0.5	378,195
Ashburton	-2.3	-3.1	251,595
Timaru	-3.1	-1.6	235,381
<i>MacKenzie*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>Waimate*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Waitaki	-1.5	-3.4	197,278
<i>Central Otago</i>	<i>-5.1</i>	<i>-2.8</i>	<i>299,974</i>
Queenstown Lakes	-1.3	-1.7	579,840
Dunedin #	-4.2	-3.8	272,735
- Central/Northern City	-3.9	-3.4	287,503
- <i>Peninsular/Coastal Dunedin</i>	<i>-1.2</i>	<i>-1.2</i>	<i>253,488</i>
- Southern City	-6.7	-7.2	242,103

- Taieri	-3.1	-2.1	292,339
<i>Clutha*</i>	-0.4	-4	163,079
<i>Southland</i>	-3.5	-4.1	199,123
<i>Gore*</i>	-0.6	-0.5	164,938
Invercargill #	-3.9	-3.4	207,602
Total NZ	-1.9	-2	405,310
Auckland Area (A)	-0.5	-1	535,161
Wellington Area (W)	-3.4	-2.9	468,675
Main Urban Areas #	-1.4	-1.5	451,402
Due to the February earthquake in Christchurch and the disruption to the property market in that area we will; not be publishing an index for Christchurch for several months			
If a City or Region is shown in italics with an * this indicates the values for this area may not be statistically accurate as they are based on a low volume of sales.			
N/A - indicates that either there were too few sales to report a Property Value Growth % or that the data for this period was unavailable			
The information included in the above table is calculated based on the sales data entered into QV's system in the previous 3 month period. For example, information for the period ending June will be calculated based on sales entered between April 1 and June 30.			
Property Value Growth is the annual % change in residential property values, calculated using QV's House Price Index methodology. The residential sales entered into QV's system in the previous 3 month period are compared to the same period of the previous year to identify the annual percentage change in residential property values. Average sale prices are calculated based on residential sales entered into QV's system in the previous 3 month period.			