

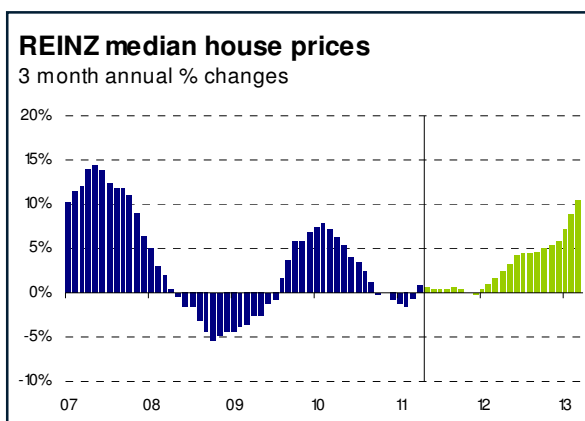
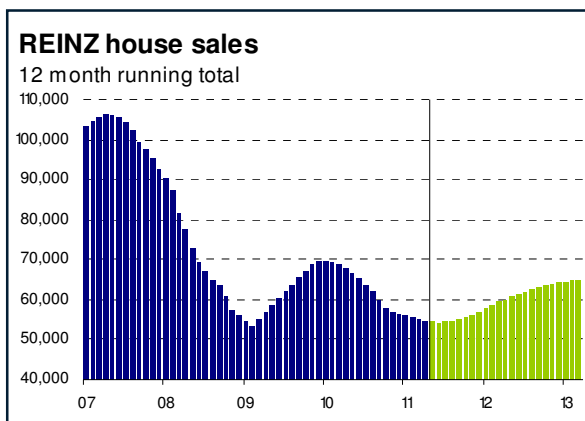


	New Zealand		Auckland	
	Mar 2011	Annual % ch ⁽¹⁾	Mar 2011	Annual % ch ⁽¹⁾
Number of house sales	5,848	-8.4%	2,437	2.8%
Median house price	365,000	-0.5%	470,000	0.4%
New dwelling consents⁽²⁾	1,087	-25.3%	298	-2.7%
Apartment consents	40	68.5%	0	183.0%
Non-residential building (\$m)	344	-6.3%	168	11.3%

⁽¹⁾ Average last three months compared to same months previous year ⁽²⁾ Including apartment and non-apartment consents
 Data sources: Real Estate Institute of New Zealand, Statistics New Zealand

Overview

Outside Canterbury, the general tenor of economic information during the past month has been encouraging. Commodity prices have continued to rise, business confidence has recovered, and the labour and housing markets have shown signs of recovery. However, the negative repercussions of the Christchurch earthquake in February continue to weigh the general economy down – a factor that could restrict economic growth throughout the middle of 2011. Given soft growth outcomes, and consumers that remain hesitant to spend, the Reserve Bank will feel little pressure to increase the official cash rate before the end of the year.



House sales

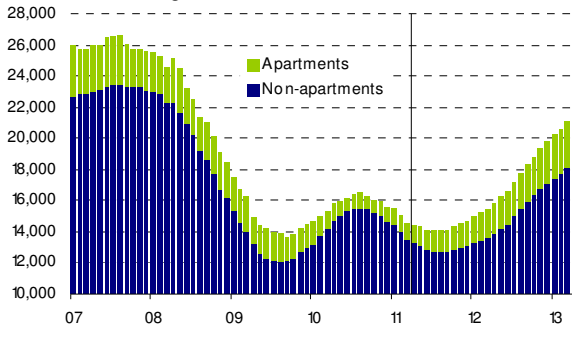
- In the three months to April, house sales rose 0.9% from January (seasonally adjusted). This result was a strong one, given the interruption associated with the Christchurch earthquake.
- Although the recent lift in house sales is encouraging, the number of houses sold remains historically low.
- House sales volumes are expected to stay low during the next year as consumers are reluctant to increase debt levels. With consumer confidence improving throughout 2012 house sales will gradually pick up.

House prices

- According to the REINZ's stratified house price index, average house prices in the three months to April were down 1.0% from a year earlier.
- Quotable Value's quality-adjusted house price index in April was down 1.9% from April 2010.
- Continuing weakness in demand for housing will restrain house price growth over the next year. With a burgeoning shortage of property in Auckland, house prices will begin to climb again during 2012.

Dwelling consents

12 month running total

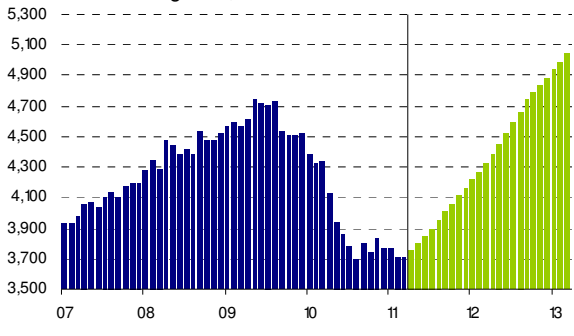


Dwelling consents

- In the March quarter, there were 29% fewer non-apartment building consents issued than in March 2010.
- Banks' unwillingness to lend on residential building projects and households' unwillingness to invest in the housing market have taken their toll on building levels.
- Although we expect residential building to increase from its current lows, activity will remain restrained over the next 18 months as investors stay out of the market.

Value of non-residential consents

12 month running total, \$m

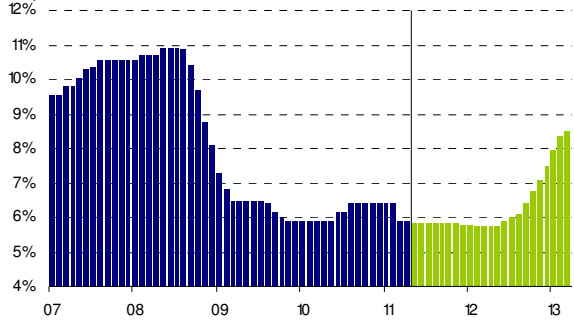


Non-residential building

- In the year to March, the value of non-residential building activity was 14% lower than it was in March 2010.
- A sharp decline in office and administration building was the main contributor to this decline, down 51% from the March 2010 year.
- Non-residential building activity is expected to recover during the next two years as firms try to build capacity for the upcoming recovery.

Floating mortgage rates

% per annum

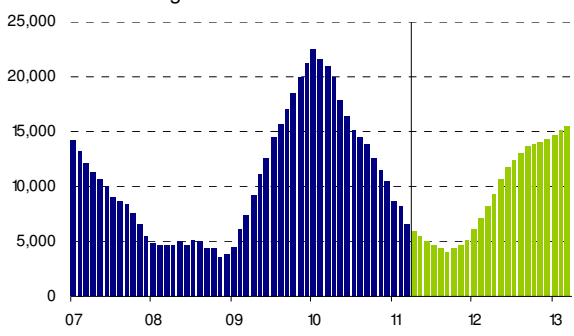


Interest rates

- Floating mortgage rates remained unchanged during April at an average of 5.9%.
- Fixed mortgage rates were also largely unchanged.
- With domestic economic growth still restrained, the Reserve Bank will leave the official cash rate at 2.5% until the start of 2012. This stability will ensure that mortgage rates stay at current levels during the coming months.

Net migration

12 month running total



Net migration

- The annual net migration inflow fell to 6,554 people in March.
- Seasonally adjusted departures rose to their highest level since February 2001 in March, as some Christchurch residents deciding to move overseas following the earthquake.
- Permanent departures are expected to remain elevated during the coming months, as more Christchurch residents leave and the domestic labour market stays weak. These trends will drive net migration down further.