

The PROPERTY REPORT

Interest Rate Outlook

The economy is stabilising, and this should see an end to the easing of interest rates much further, provided we do not see any more turmoil in overseas markets.

We are seeing a continuing strengthening of net migration into NZ with another month of in excess of 2,000 more people into our beautiful country, on an annual basis our population has increased by more than 9,000 which is more than double a year ago, this is predominantly being driven by a sharp decline in the number of Kiwi's jumping the 'ditch' which is now down to record lows not seen since 2006. The strong net migration together with strong housing data supports the theory that the easing of interest rates has almost finished.

Much improved household affordability is being driven by the lower interest rates we now enjoy and the average number of days to sell a house is now down to 41 which is just a touch over the historical average of 39 days and seasonally adjusted sales last month were over 5,700 more than 50% above the trough in November 2008. There is clearly a stock shortage in Real Estate with a lot of people preferring to sit tight in the current climate due to concerns around employment prospects and the continuing conservative approach to lending

from banks who all have liquidity concerns and are in a massive arm wrestle for term deposits.

The Reserve Bank has reiterated that it expects to keep the Official Cash Rate low right through to late 2010 and while business confidence has been restored the economy is still hampered by the strengthening of the kiwi dollar due to a continuing depressed global environment, which is undermining the rural and export sectors.

Mortgage rates continue to be influenced by contrasting forces, at one end of the scale you have continued upward pressure on long term rates (3-5 year) due to upward pressure on term deposit rates as banks scramble for term deposits. At the other end of the scale we see the message being reinforced that short term rates will be held low for at least the next 18 months. These forces are seeing a lot of tension in the mortgage market with consumers confused or contrasting in their opinions. Our current strategy still remains unchanged though, be patient and take advantage of the low 6 month or 1 year fixed rates with over 2% difference to 5 year rates, the other option is to consider a hybrid of the two.

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Hutt Valley Rental Statistics

Rental Returns for June 2009

	BEDROOMS	MEDIAN RENT	RENT RANGE LOWEST - HIGHEST	% CHANGE FROM JUNE 08	NO. LET
Northern Lower Hutt	1	\$170	\$142 - \$175	6%	13
	2	\$282	\$252 - \$295	4%	28
	3	\$330	\$300 - \$360	5%	39
	4	n/a	n/a	n/a	0
Southern Lower Hutt	1	\$185	\$175 - \$215	6%	23
	2	\$290	\$253 - \$330	-1%	49
	3	\$372	\$335 - \$405	-2%	40
	4	\$450	\$400 - \$480	-10%	11
Wainuiomata	1	n/a	n/a	n/a	0
	2	\$225	\$215 - \$230	-2%	6
	3	\$290	\$287 - \$310	0%	20
	4	n/a	n/a	n/a	0
Upper Hutt	1	\$155	\$130 - \$160	n/a	6
	2	\$220	\$200 - \$250	0%	43
	3	\$320	\$297 - \$332	-3%	33
	4	\$390	\$350 - \$450	3%	10

Median - the middle value when all of the data is placed in order of value.

Source - Sales Statistics: REINZ website and Professionals Hutt City Ltd MREINZ records. These statistics are for residential dwellings and do not include sections.

Source - Rental Statistics: Tenancy Services Bond Centre. These statistics are derived from information gathered from bonds lodged at the Department of Building and Housing.

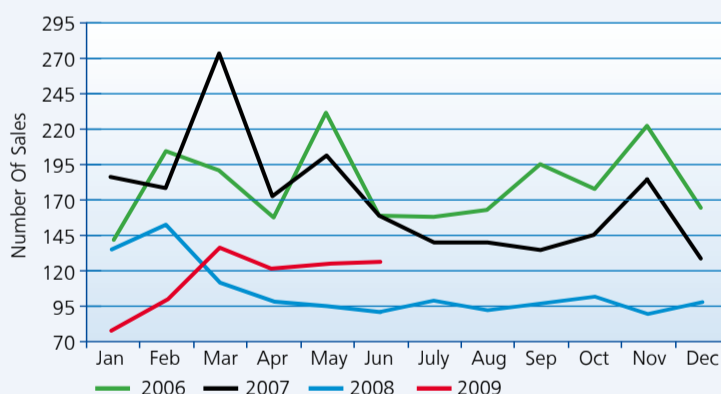
Lower Hutt Sales Statistics

April 2009 - June 2009

SUBURBS	MEDIAN SALE PRICE	NUMBER OF SALES	VS LAST YEAR	MEDIAN DAYS TO SELL	VS LAST YEAR	MEDIAN SALE % CHANGE 1 YEAR	3 YEARS
Alicetown	\$432,000	5	→	95	↑	7%	19%
Avalon	\$349,000	16	→	32	↓	2%	5%
Belmont	\$585,000	9	↓	39	↓	32%	56%
Boulcott	\$432,500	6	↑	26	↓	*	-5%
Central Hutt	\$406,750	14	↓	19	↓	-13%	-11%
Eastbourne & Bays	\$587,500	30	↑	46	↓	-15%	6%
Fairfield	\$386,000	8	↑	61	↓	-7%	25%
Harbourview*	-	-	-	-	-	-	-
Kelson	\$350,000	13	↑	35	↑	7%	20%
Korokoro	\$445,800	6	→	52	↑	1%	16%
Manor Park*	-	-	-	-	-	-	-
Maungaraki	\$387,750	14	↓	27	↓	-4%	14%
Moera	\$350,000	5	↓	42	↑	20%	*
Naenae	\$240,000	26	↓	50	↑	-3%	4%
Normandale	\$417,500	6	↑	67	↓	1%	15%
Park Ave	\$272,500	8	↑	41	↓	-6%	-8%
Petone	\$397,000	33	↑	34	↓	-7%	3%
Stokes Valley	\$277,500	42	↑	42	↓	-3%	16%
Taita	\$239,000	18	↑	44	↓	17%	4%
Tirohanga	\$447,000	11	↑	65	↑	*	12%
Wainuiomata	\$225,000	49	↑	47	→	-5%	6%
Waiwhetu	\$349,000	18	↑	39	↓	6%	31%
Waterloo	\$347,660	15	↑	33	↓	-10%	-3%
Woburn	\$790,000	13	↑	39	↓	29%	18%

*For accuracy purposes, suburbs with less than 5 sales in the period have been excluded from this analysis.

Lower Hutt Residential Property Sales



Regional Round Up

April 2009 - June 2009

OUR REGION	MEDIAN SALE PRICE	NUMBER OF SALES	VS LAST YEAR	MEDIAN DAYS TO SELL	VS LAST YEAR	MEDIAN SALE % CHANGE 1 YEAR	3 YEARS
Lower Hutt	\$333,750	370	↑	40	↓	2%	13%
Upper Hutt	\$307,850	156	↓	37	↓	-9%	14%
Porirua	\$367,750	172	↑	53	↓	2%	18%
Wellington	\$461,000	856	↑	31	↓	4%	14%
MAIN CITIES							
Auckland	\$485,000	2,030	↑	32	↓	0%	13%
Hamilton	\$330,000	714	↑	38	↓	0%	10%
Christchurch	\$312,500	1,846	↑	35	↓	-1%	8%
Dunedin	\$230,000	531	↑	38	↓	-6%	-3%

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Professionals

hutt city limited MREINZ