

Imi housing outlook 2009



August 2009



lmi housing outlook 2009



Ian Graham

CEO, QBE LMI



about qbe Imi

Our parent company, QBE Insurance Group Limited, is Australia's largest international general insurance and re-insurance groups.

- > Operating in the New Zealand market since 1890
- > One of the top 25 insurers in the world
- > Listed on the Australian Stock Exchange for over 30 years
- > Operates in all key insurance markets
- > Offices in 45 countries in Asia Pacific, the Americas and Europe
- > Over 11,000 staff worldwide

We have been operating in the New Zealand residential mortgage market for over 25 years and the Australian market for over 40 years.

Our financial strength ratings are;

- > Standard & Poor's AA - (Stable Outlook)
- > Moody's Aa3 (Negative Outlook)
- > Fitch AA - (Stable Outlook)

Imi housing outlook 2009



Gareth Kiernan

Managing Director, Infometrics



agenda

Economic overview

- > International and NZ recession – near an end?

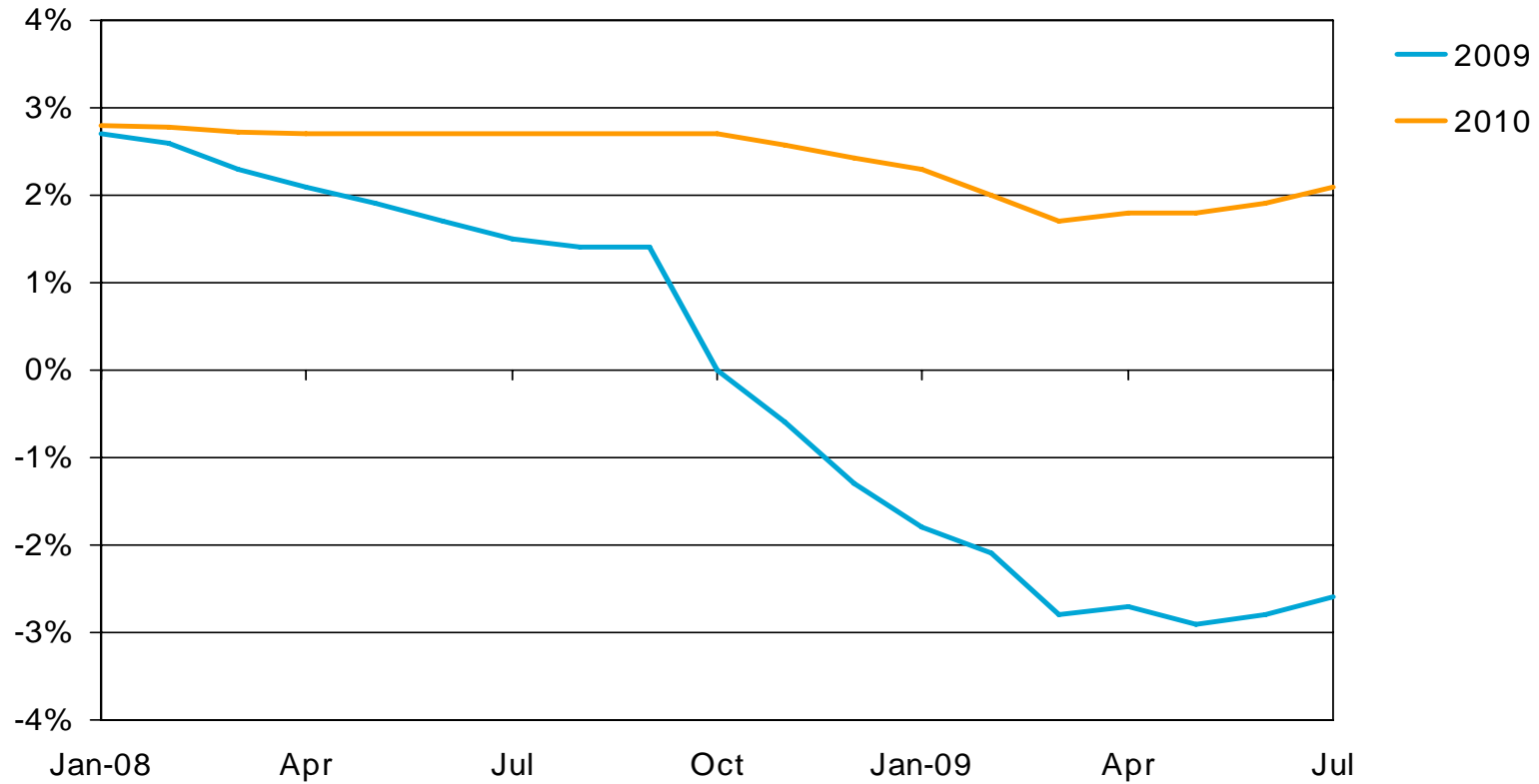
Residential building and property

- > House sales leading the rebound
- > Financing conditions inhibit construction response

The regions

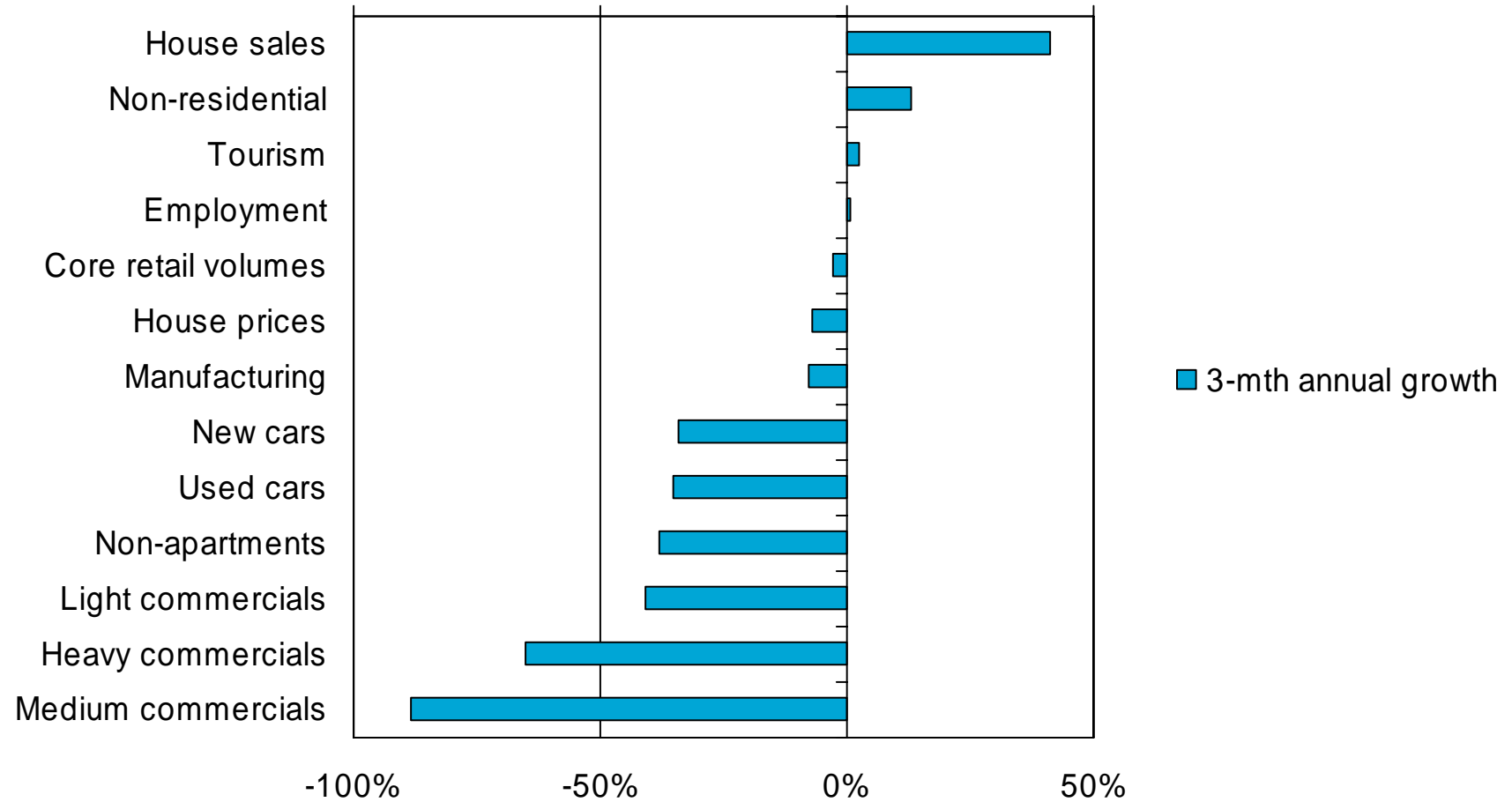
- > Key indicators from north to south

consensus forecasts of US GDP growth



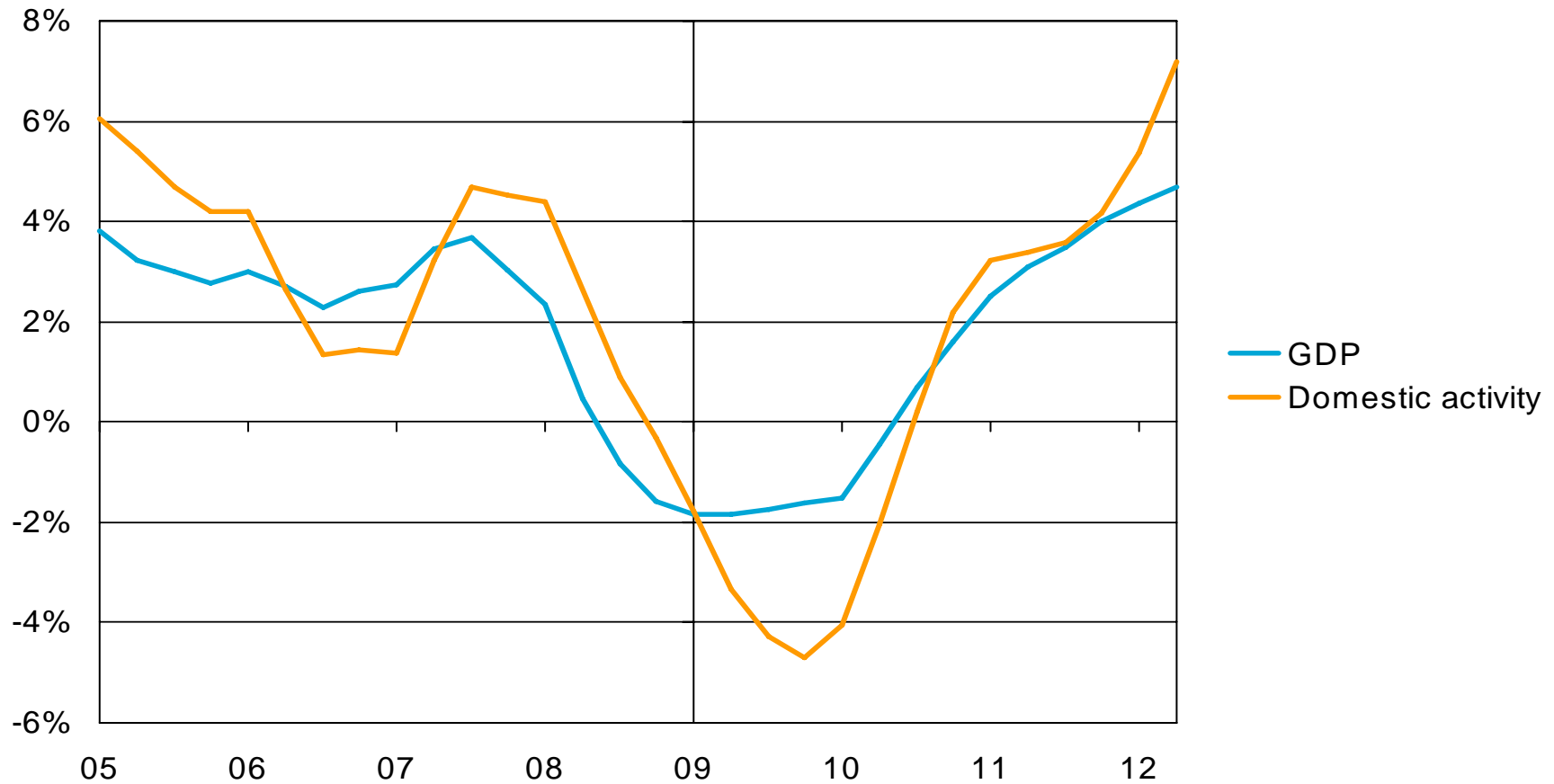
Source: Consensus Economics

latest NZ economic indicators



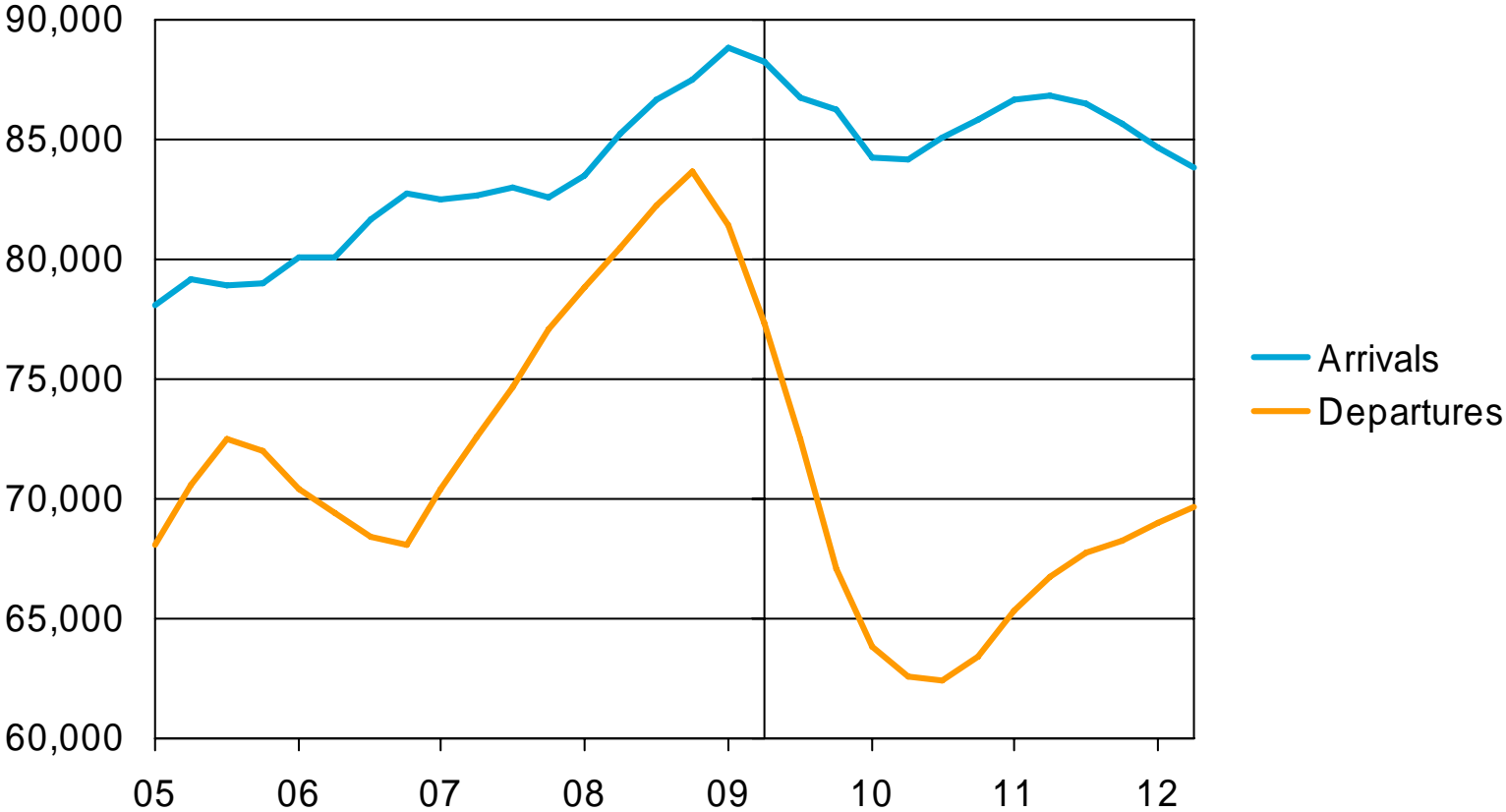
Source: REINZ, Statistics NZ, NZ Transport Agency

NZ GDP growth and domestic spending



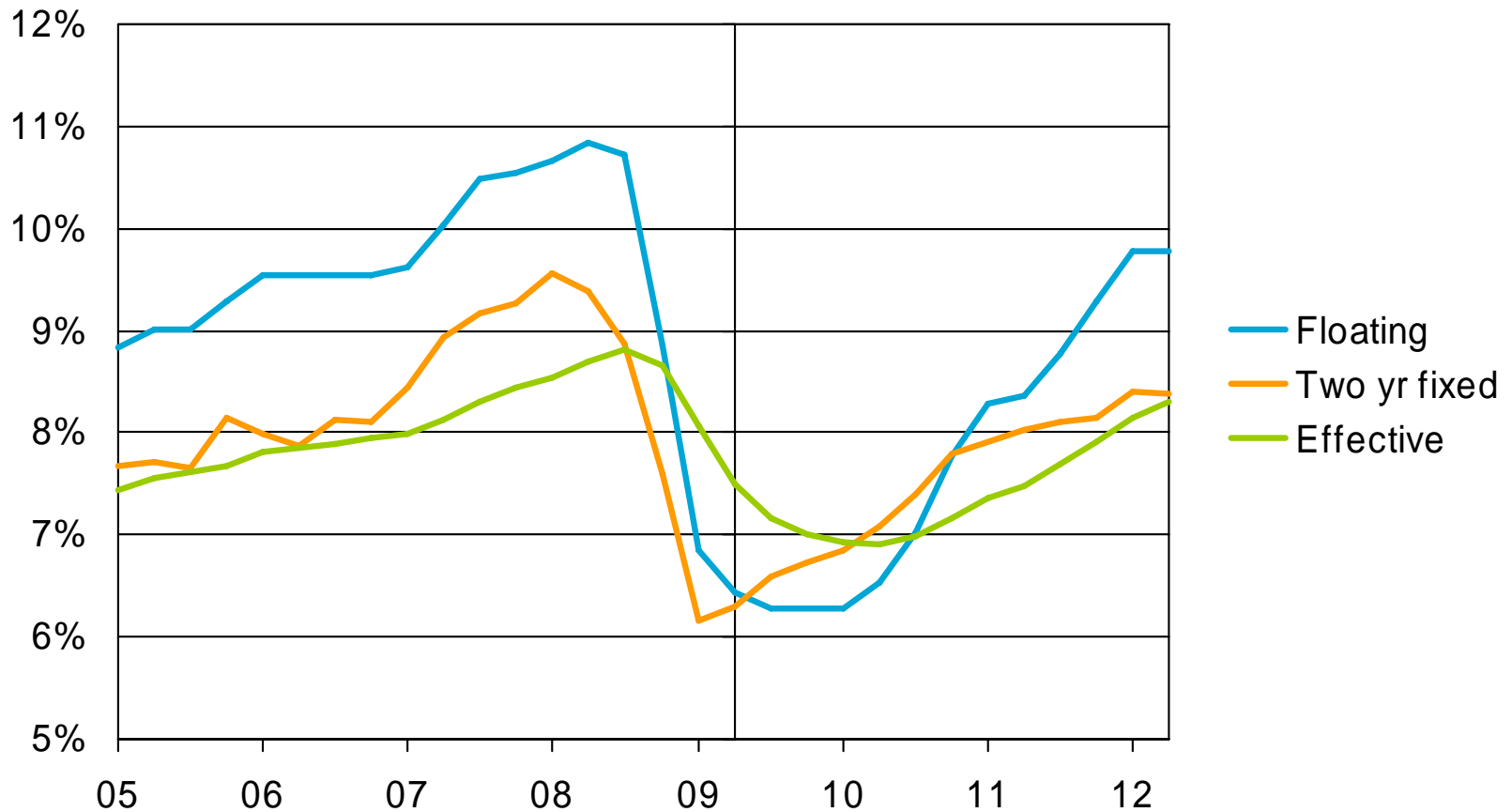
Source: Statistics NZ, Infometrics forecasts

international migration flows



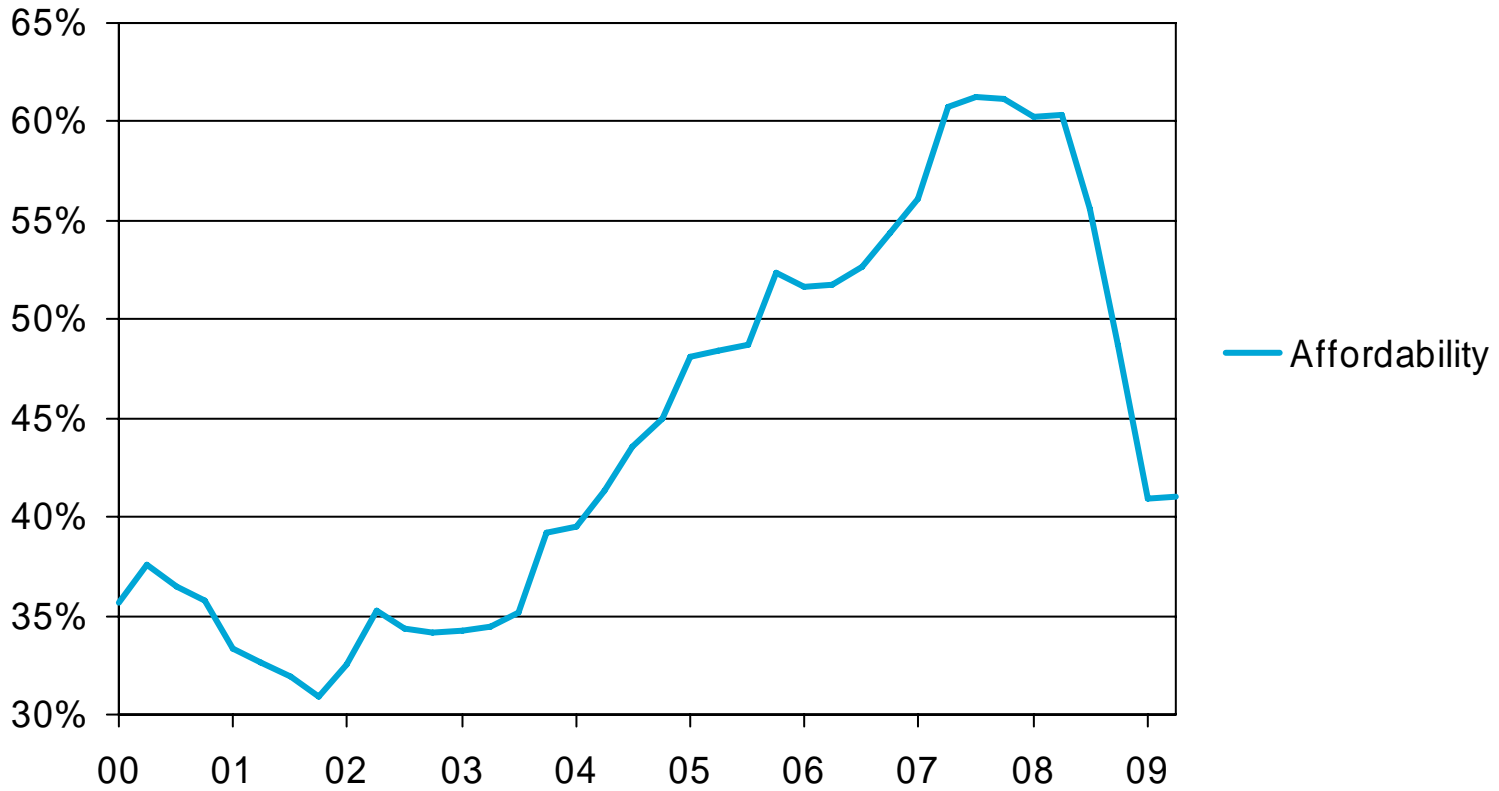
Source: Statistics NZ, Infometrics forecasts

mortgage rates



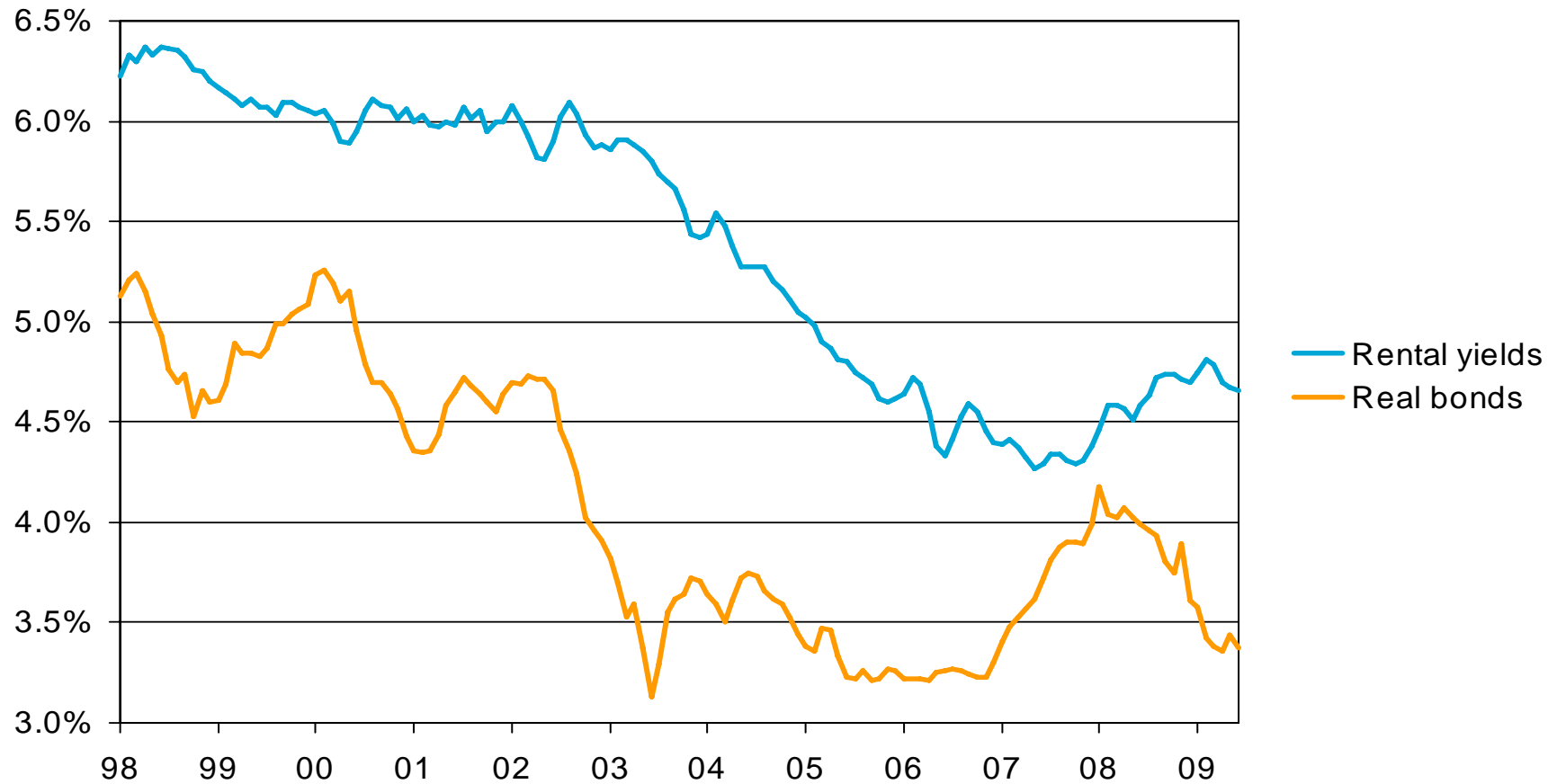
Source: RBNZ, Infometrics forecasts

housing affordability



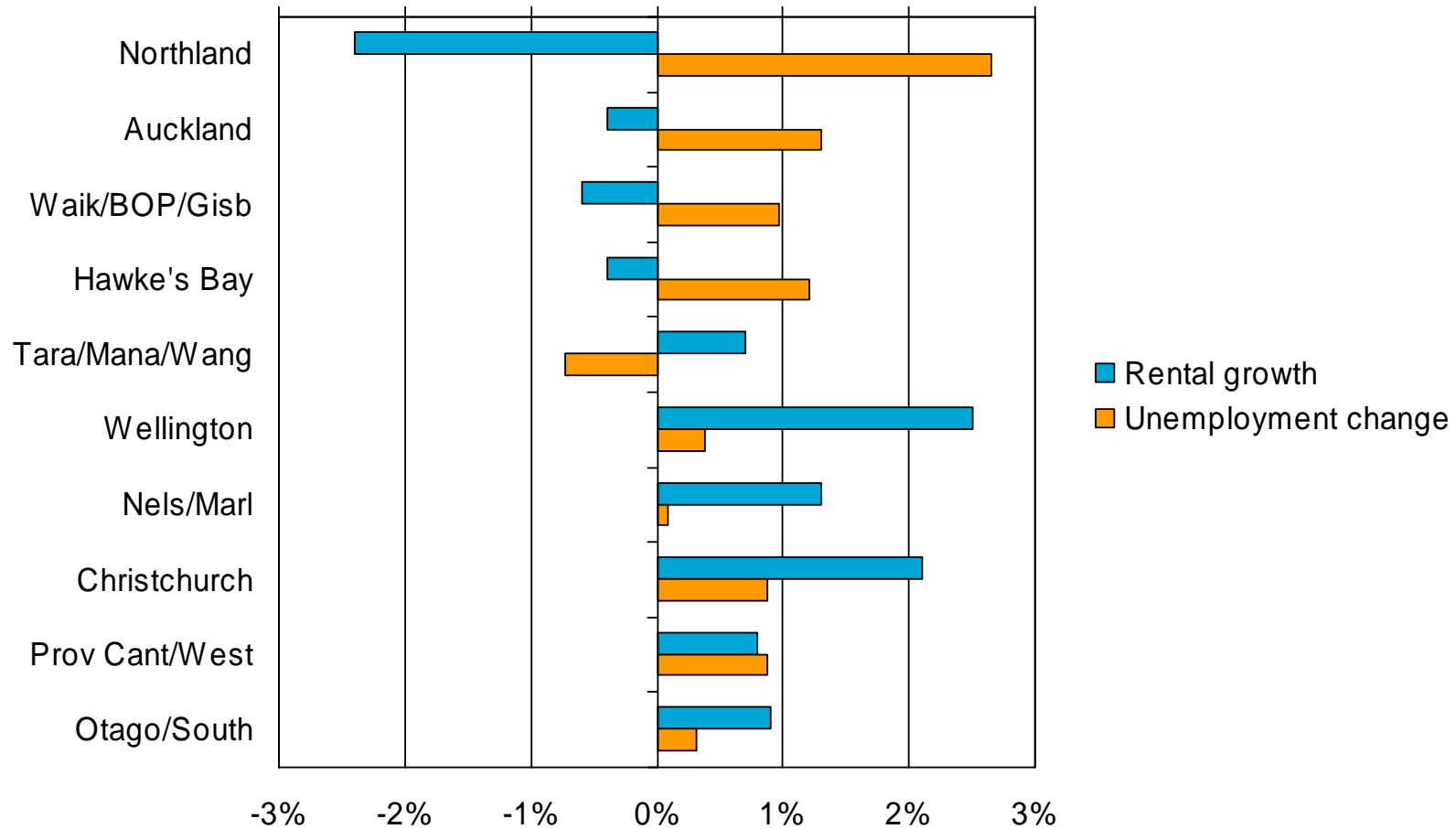
Source: Infometrics

rental yields and real bonds



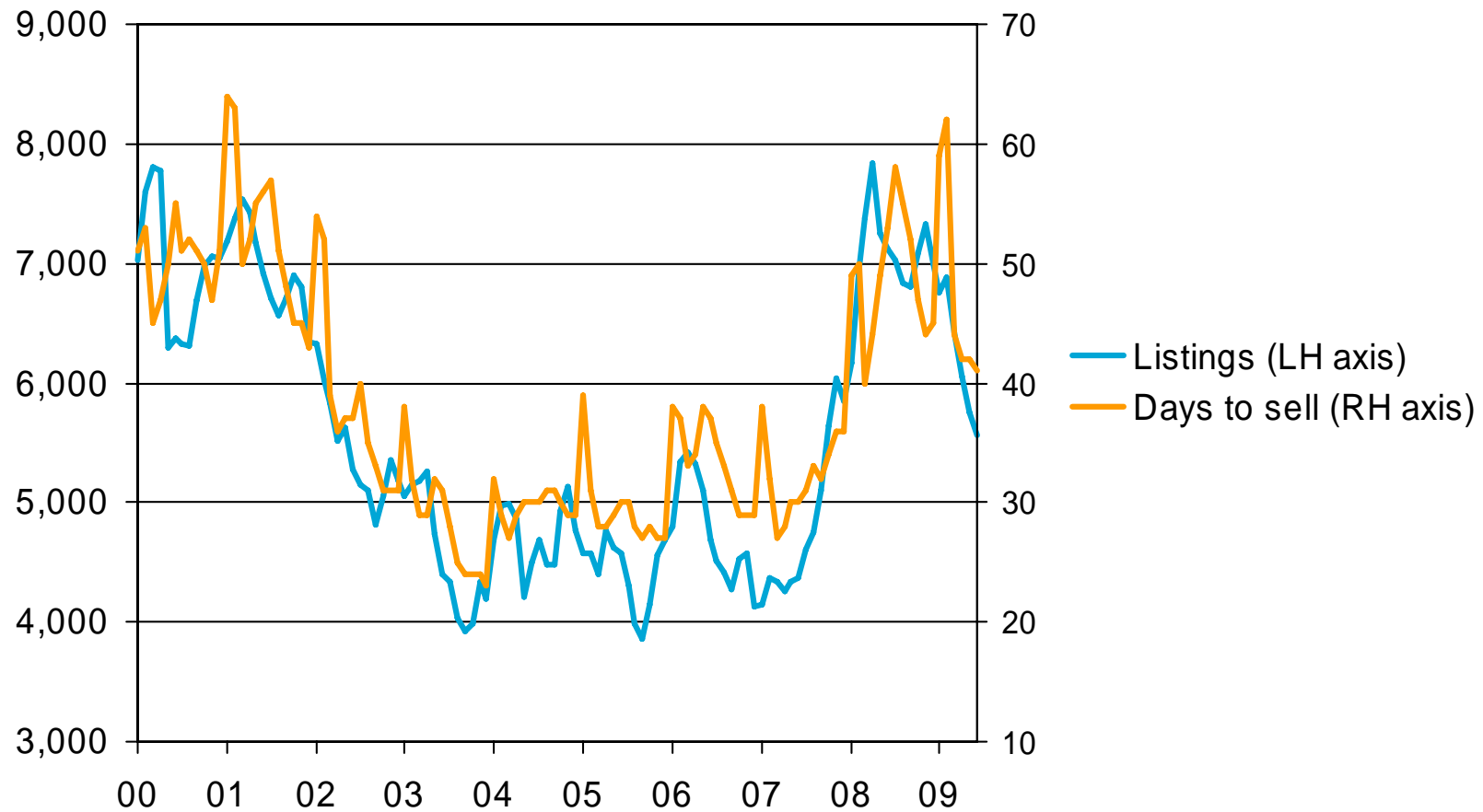
Source: RBNZ, Infometrics

changes in rents and unemployment by region



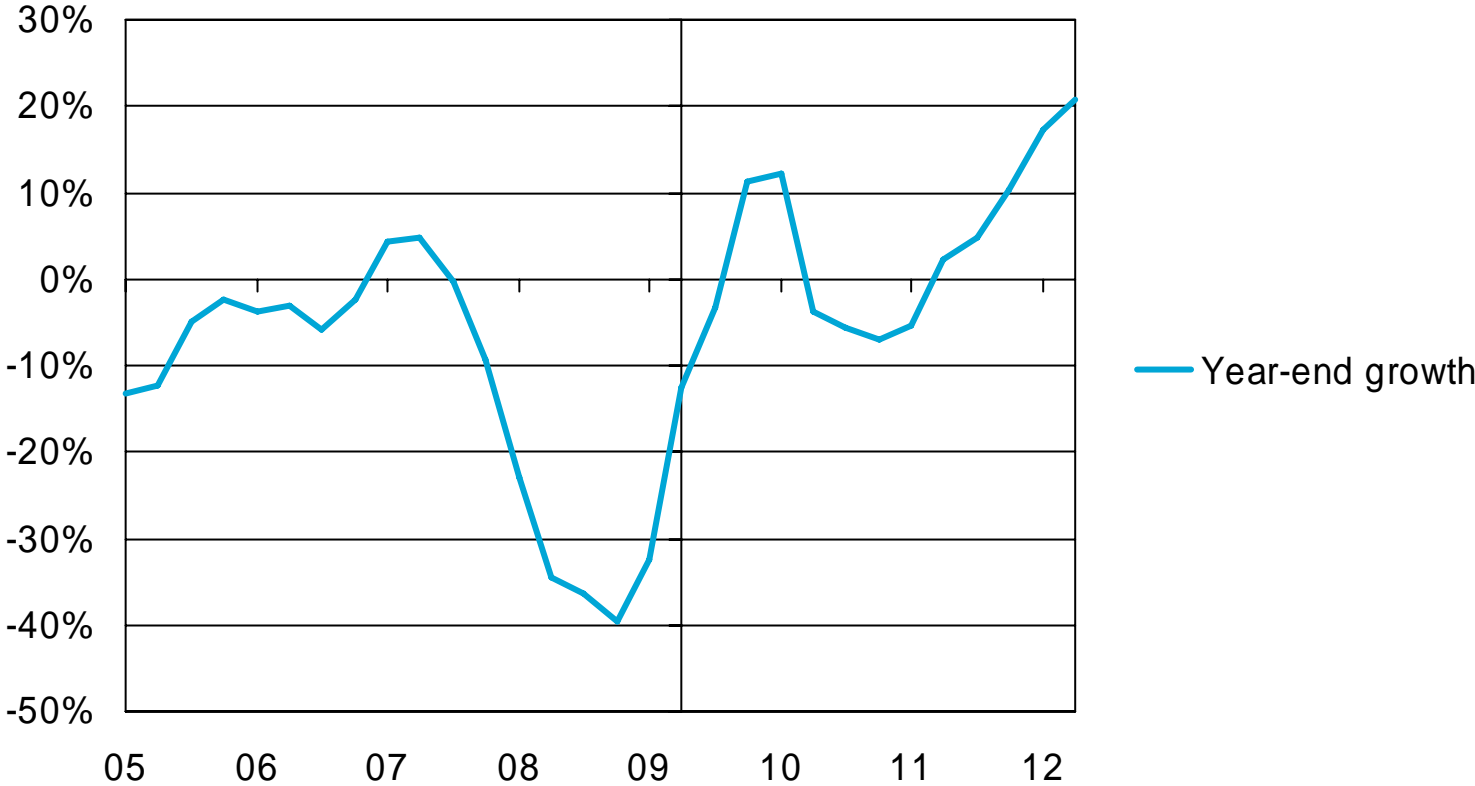
Source: REINZ, Statistics NZ

listings and median days to sell



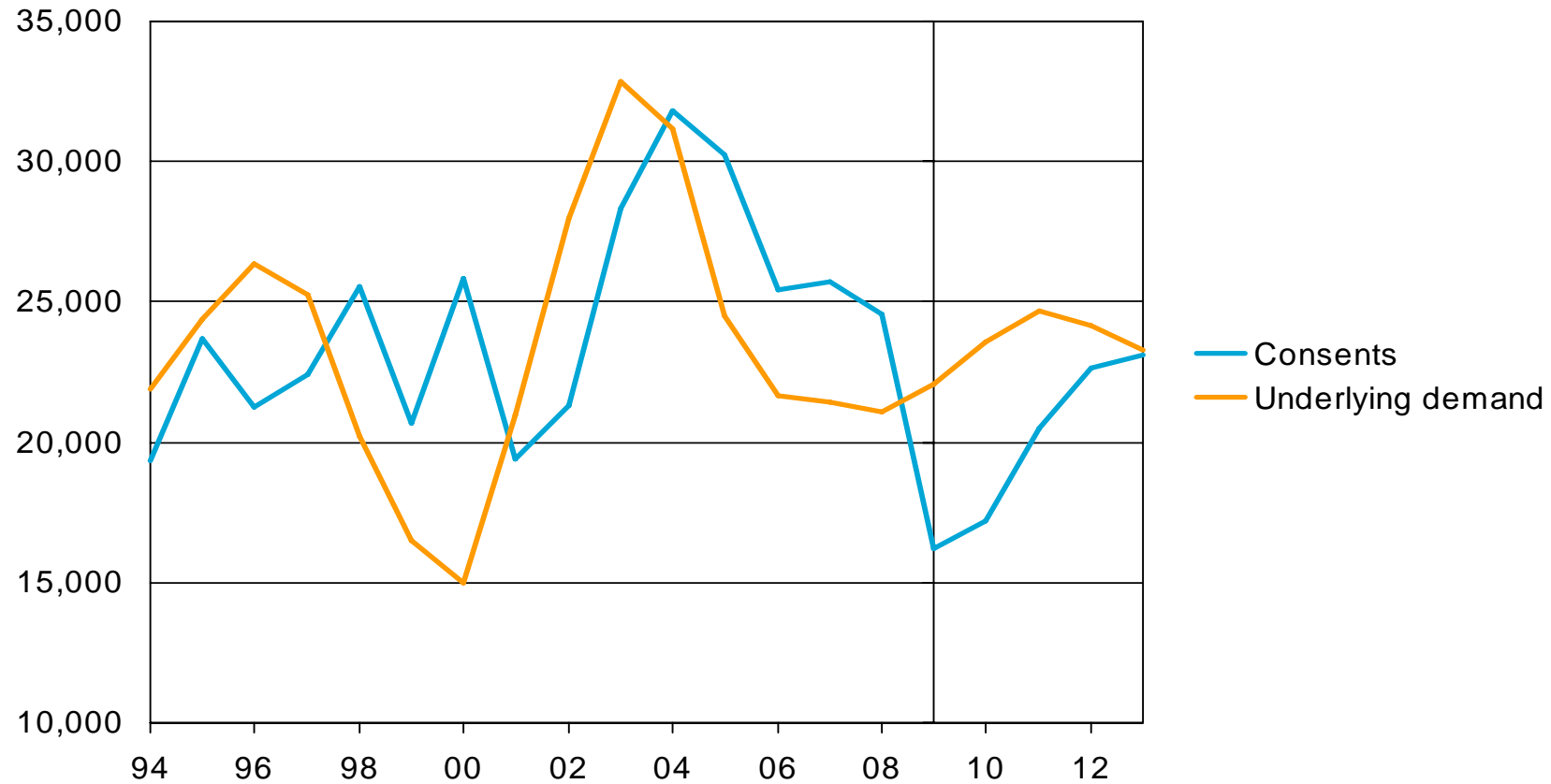
Source: Barfoot & Thompson, REINZ

house sales



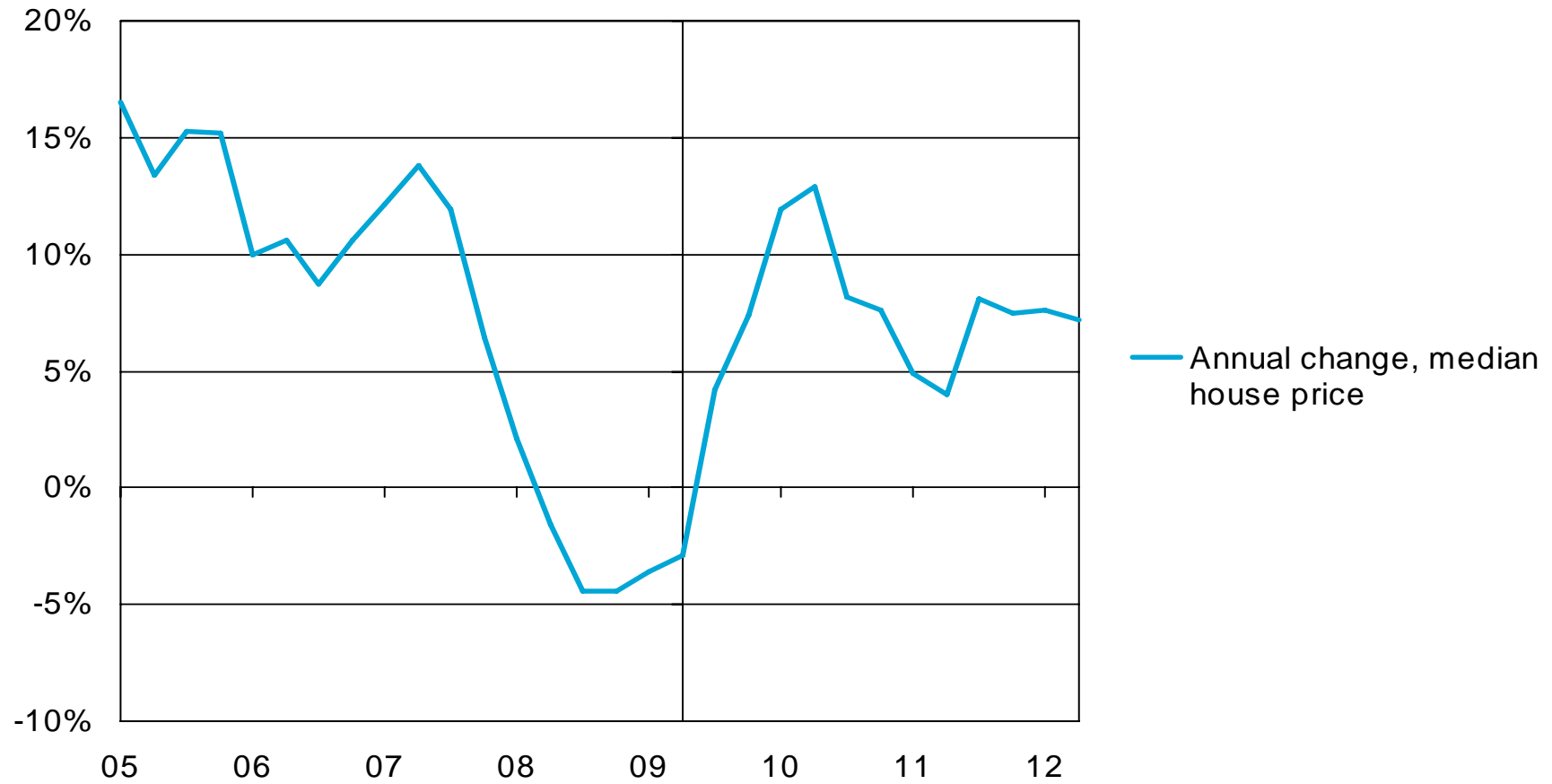
Source: REINZ, Infometrics forecasts

residential building and underlying demand



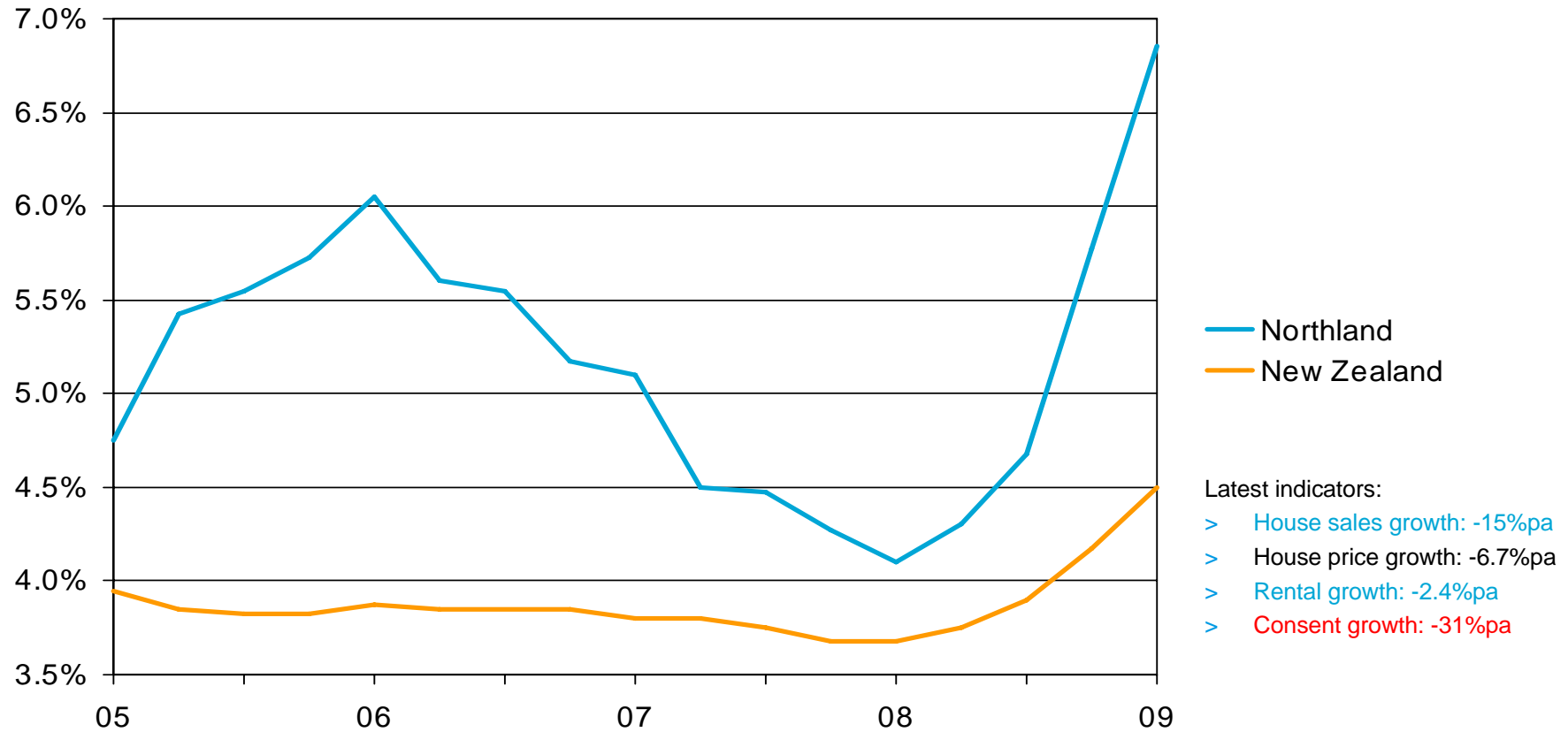
Source: Statistics NZ, Infometrics estimates and forecasts

house prices



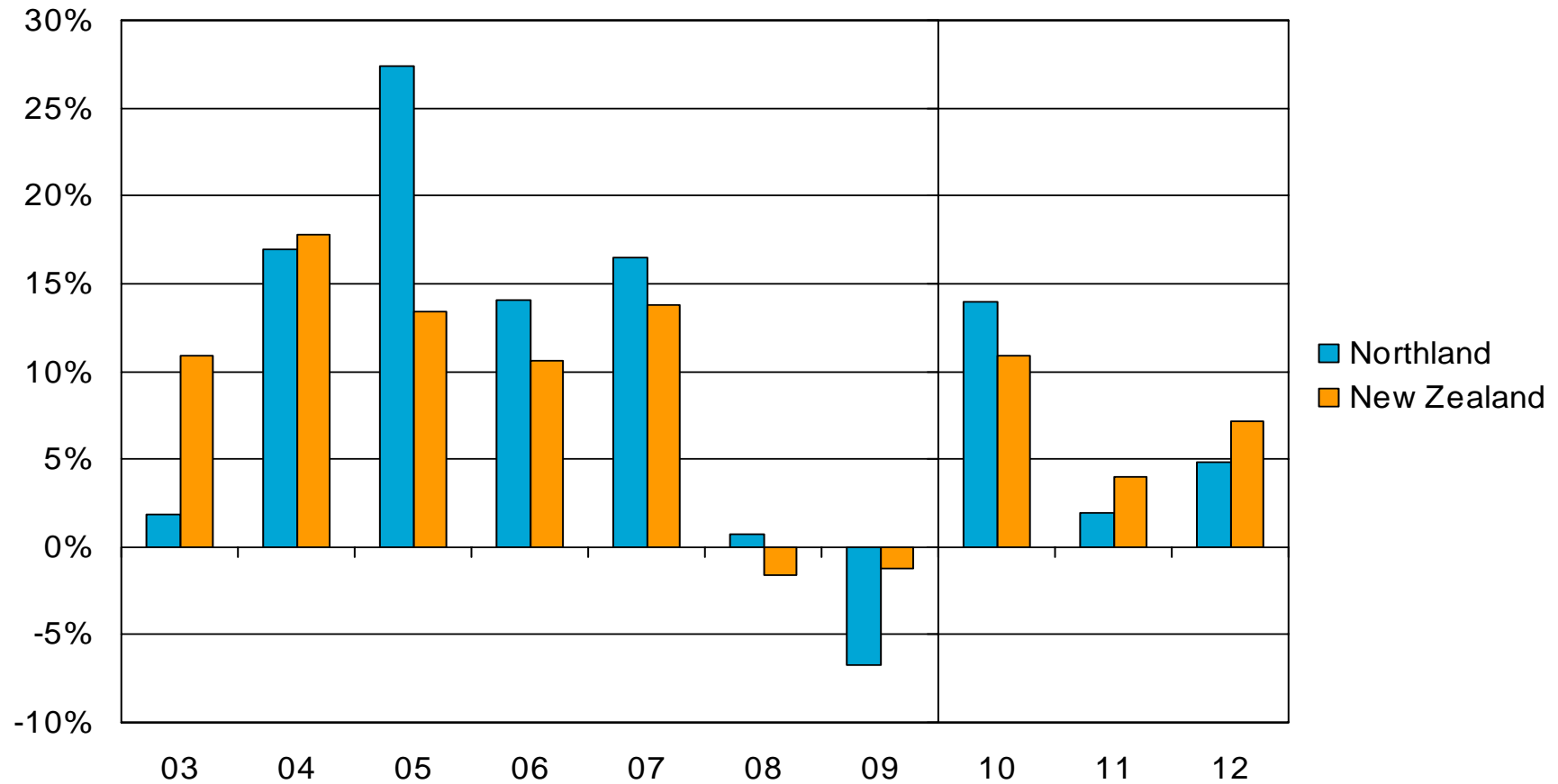
Source: REINZ, Infometrics forecasts

northland – unemployment rate



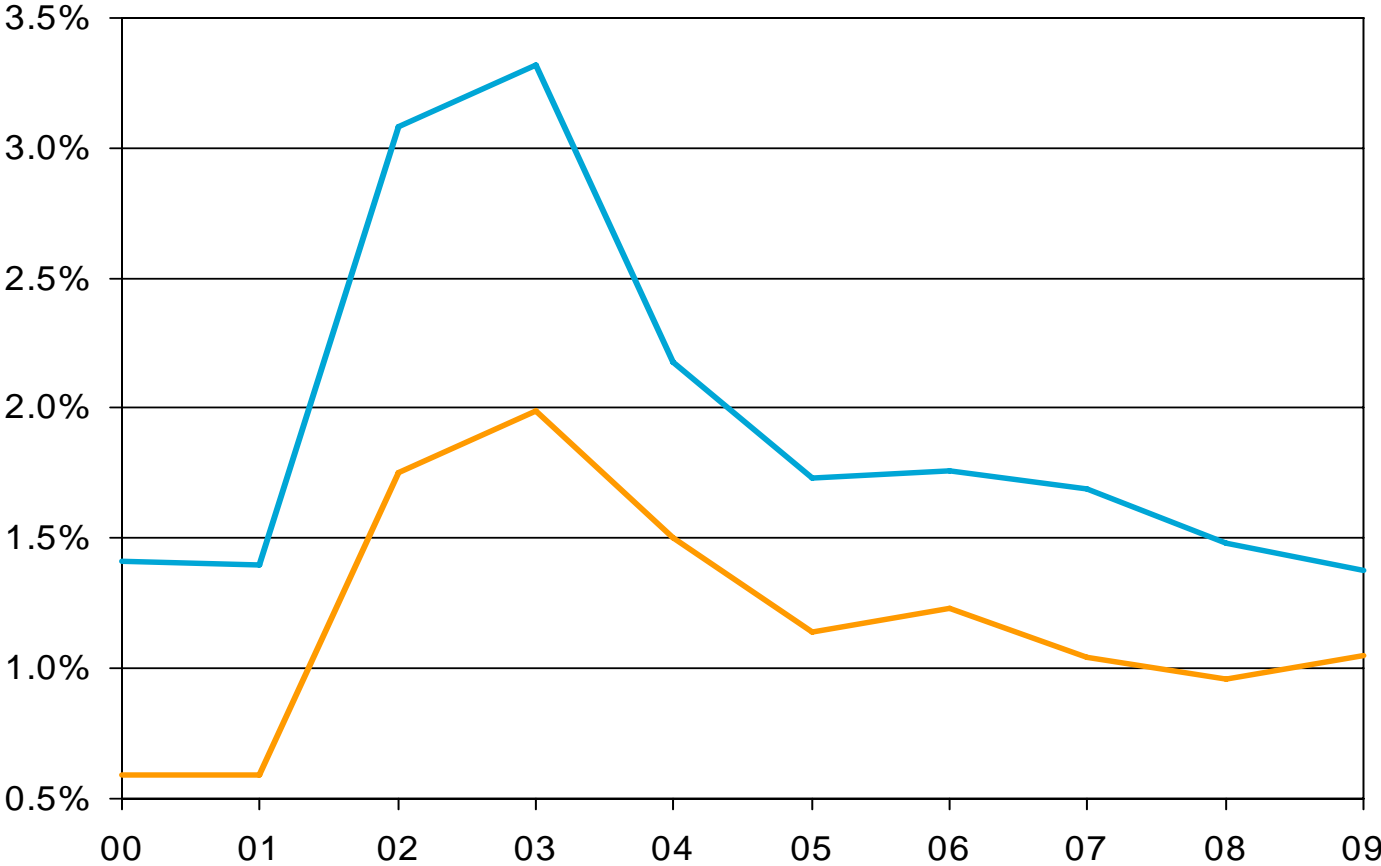
Source: Statistics NZ

house price growth – northland



Source: REINZ, Infometrics forecasts

auckland – population growth

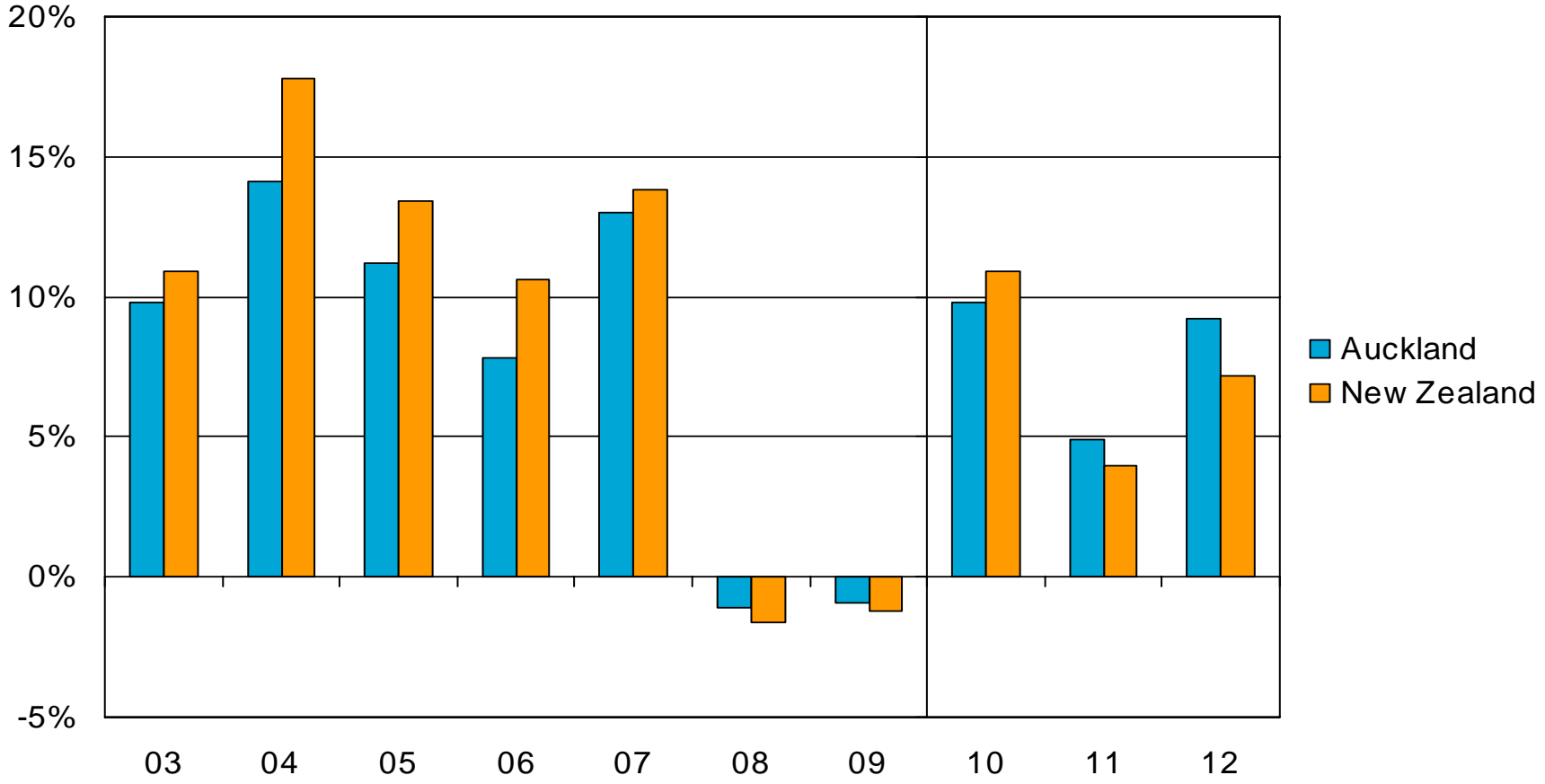


— Auckland
— New Zealand

- Latest indicators:
- > House sales growth: -12%pa
 - > House price growth: -0.9%pa
 - > Rental growth: -0.4%pa
 - > Consent growth: -44%pa

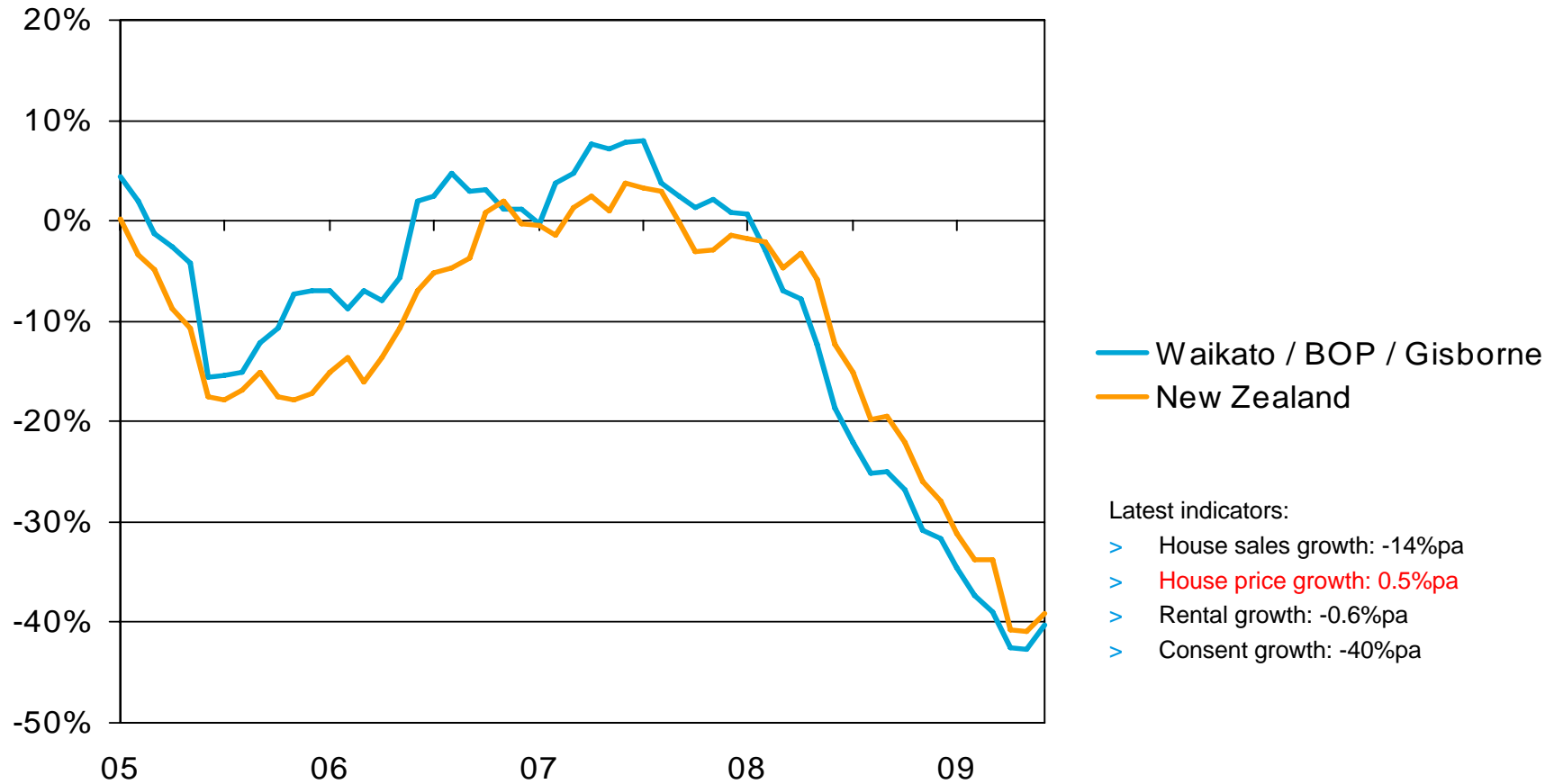
Source: Statistics NZ, Infometrics estimates

house price growth – auckland



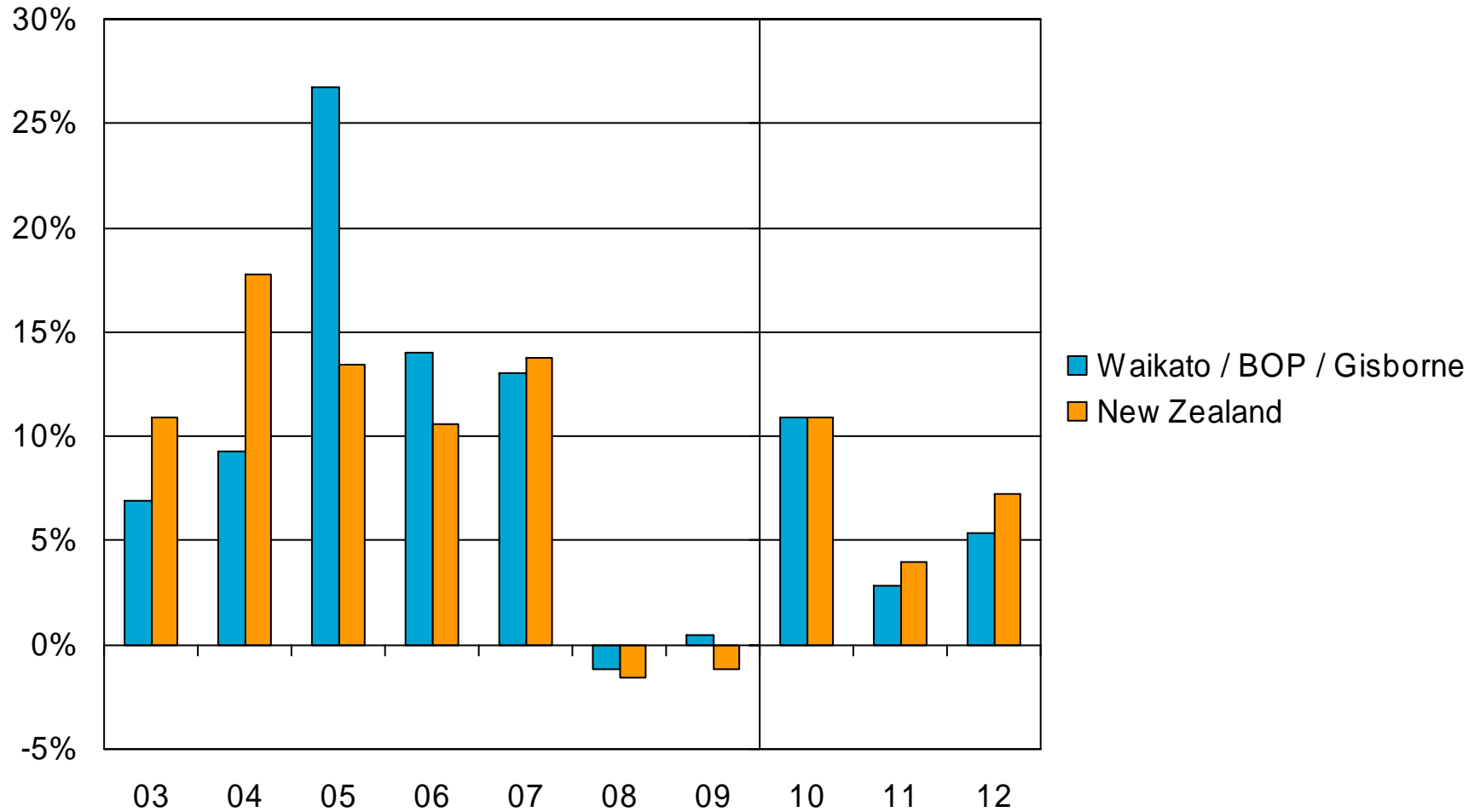
Source: REINZ, Infometrics forecasts

waikato/bop/gisborne – building activity



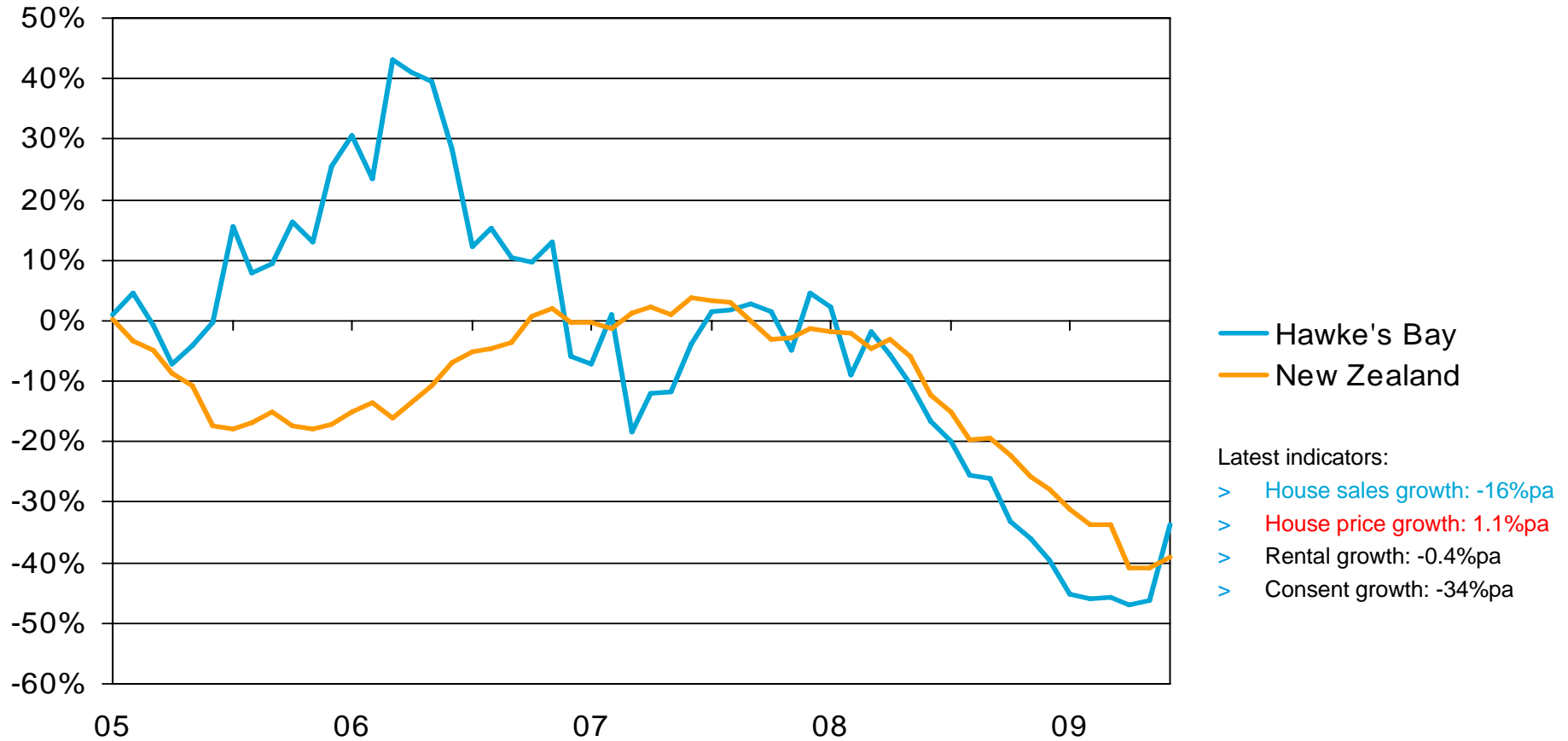
Source: Statistics NZ

house price growth – waikato/bop/gisborne



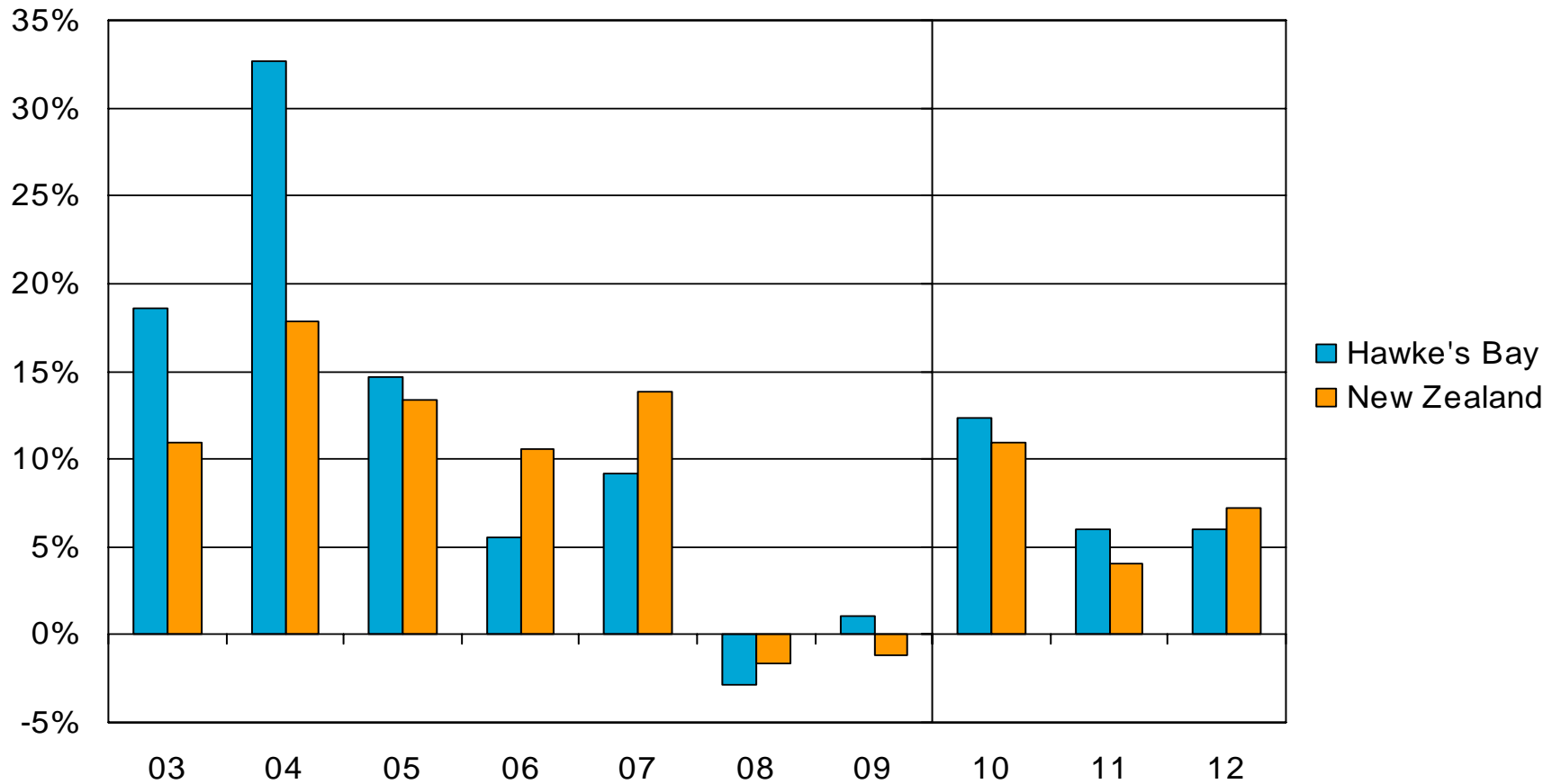
Source: REINZ, Infometrics forecasts

hawke's bay – building activity



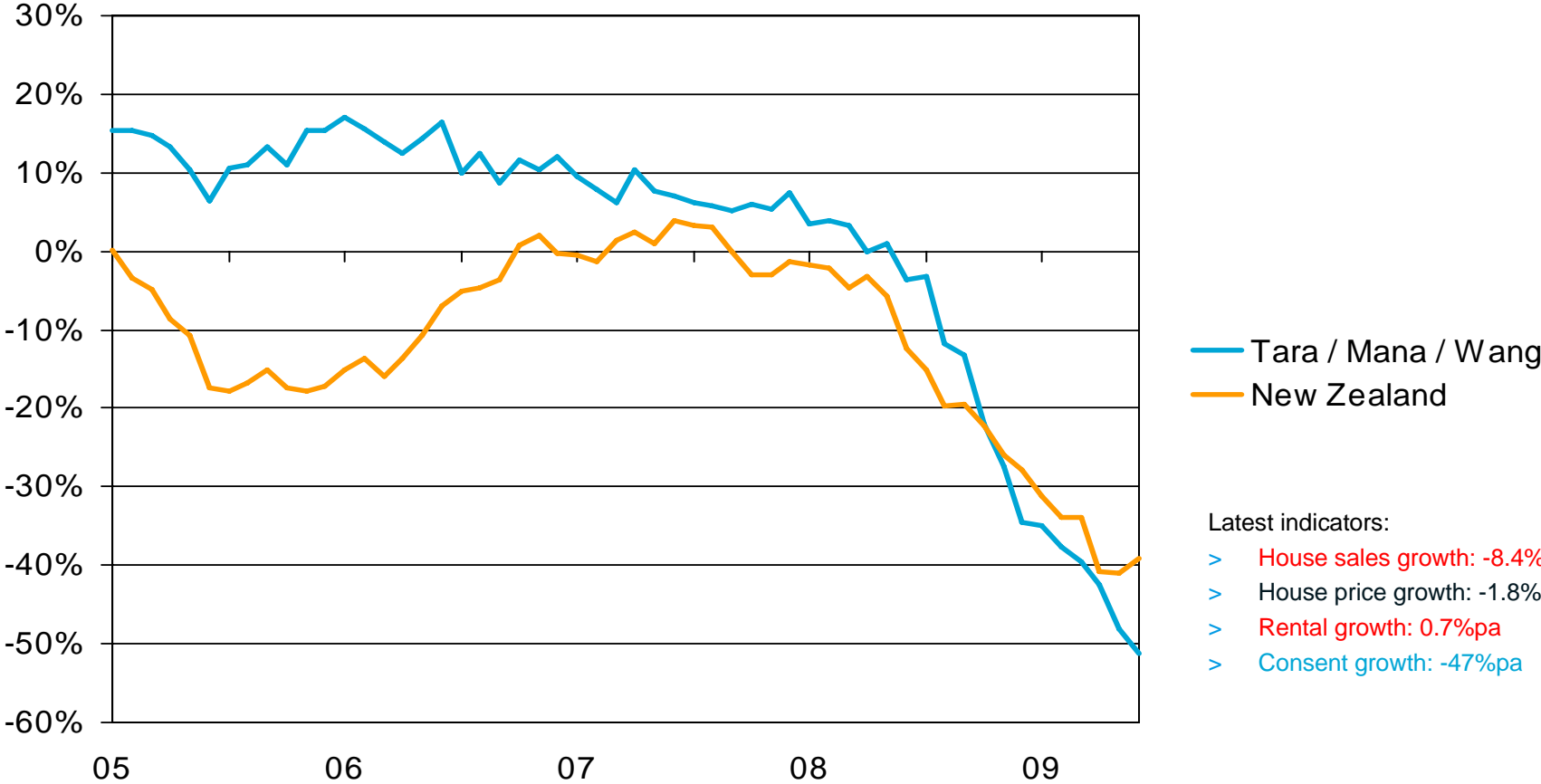
Source: Statistics NZ

house price growth – hawke's bay



Source: REINZ, Infometrics forecasts

taranaki/manawatu/wanganui – building activity

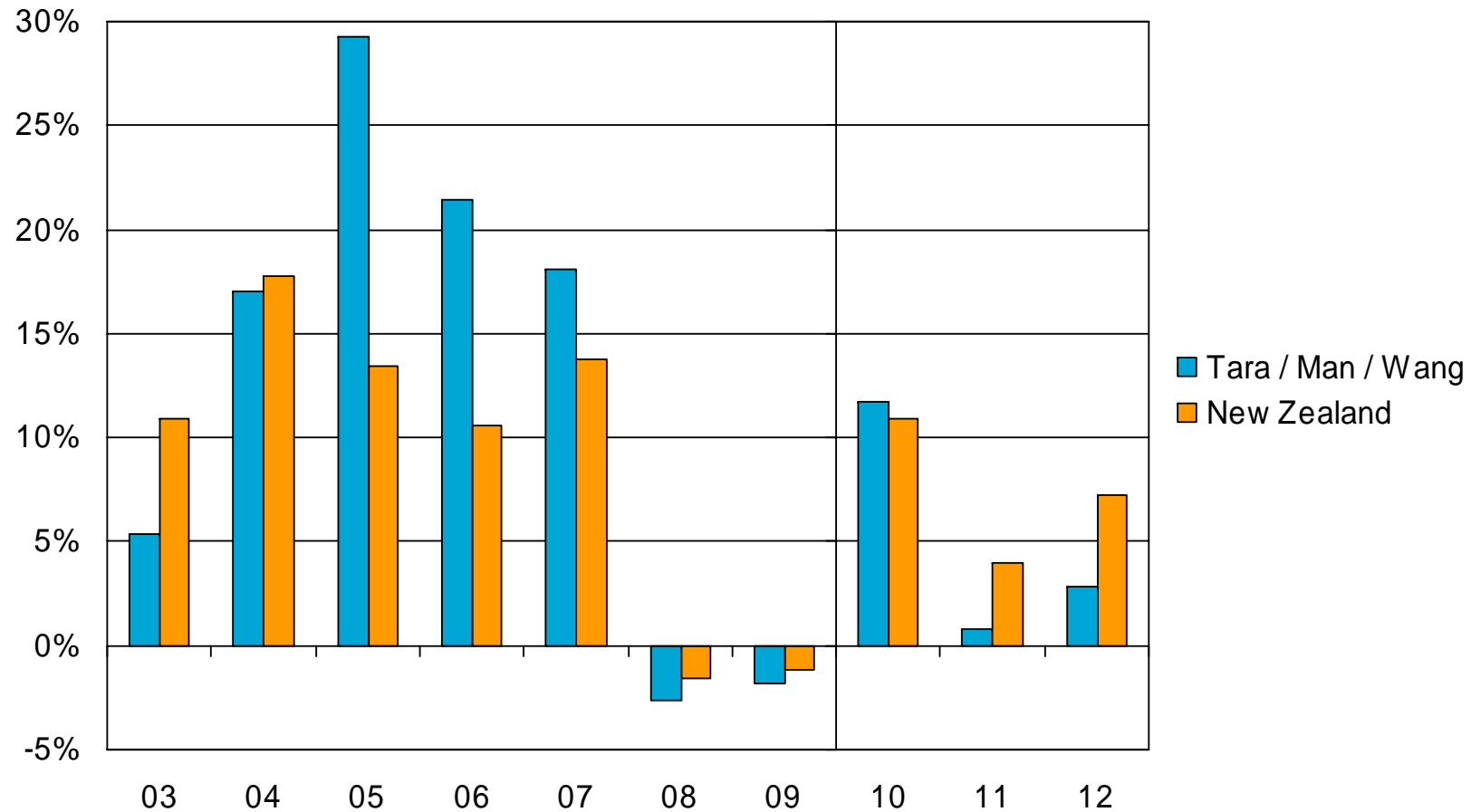


- Latest indicators:
- > House sales growth: -8.4%pa
 - > House price growth: -1.8%pa
 - > Rental growth: 0.7%pa
 - > Consent growth: -47%pa

Source: Statistics NZ

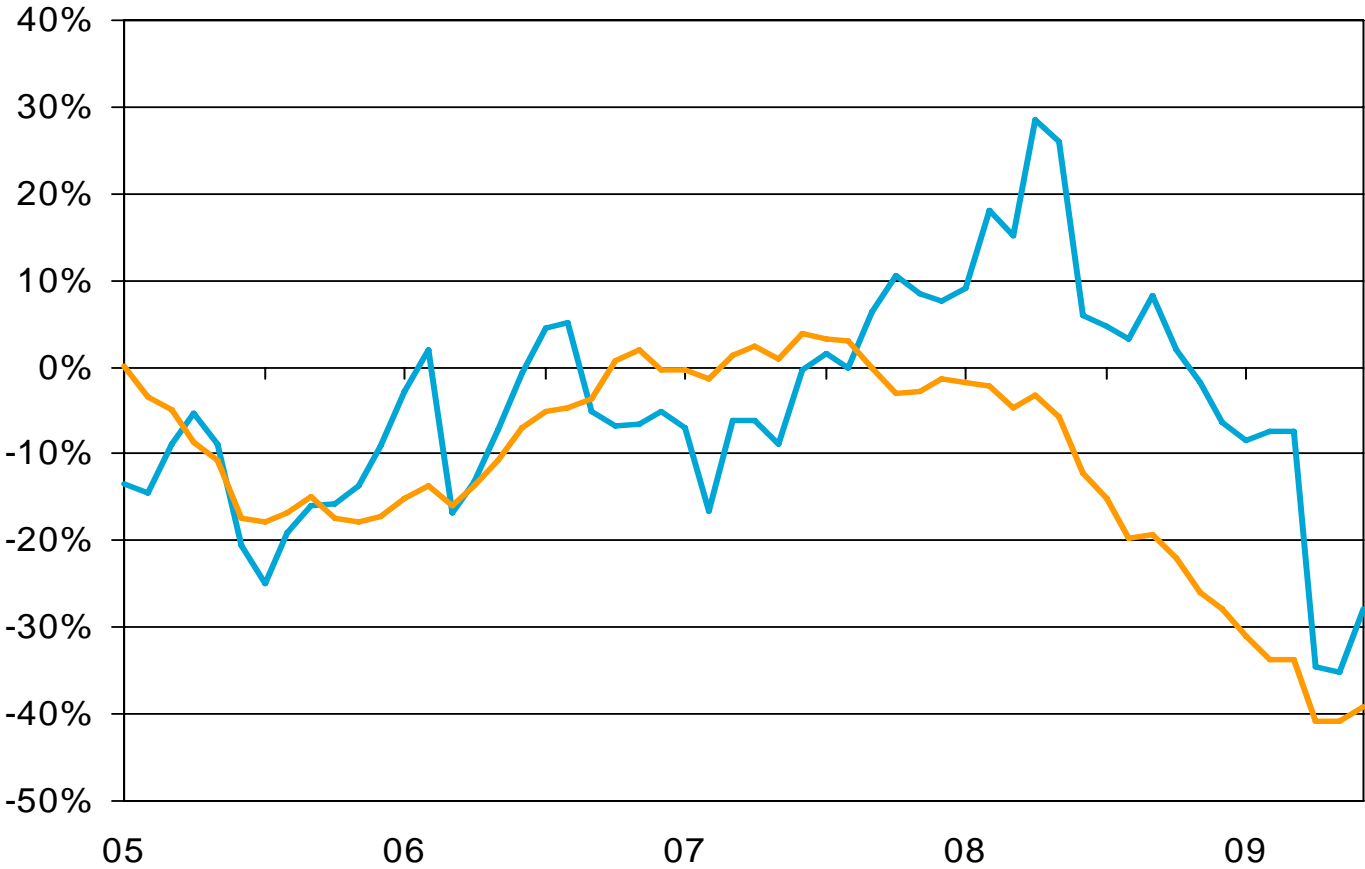


house price growth – taranaki/manawatu/wang.



Source: REINZ, Infometrics forecasts

wellington – building activity

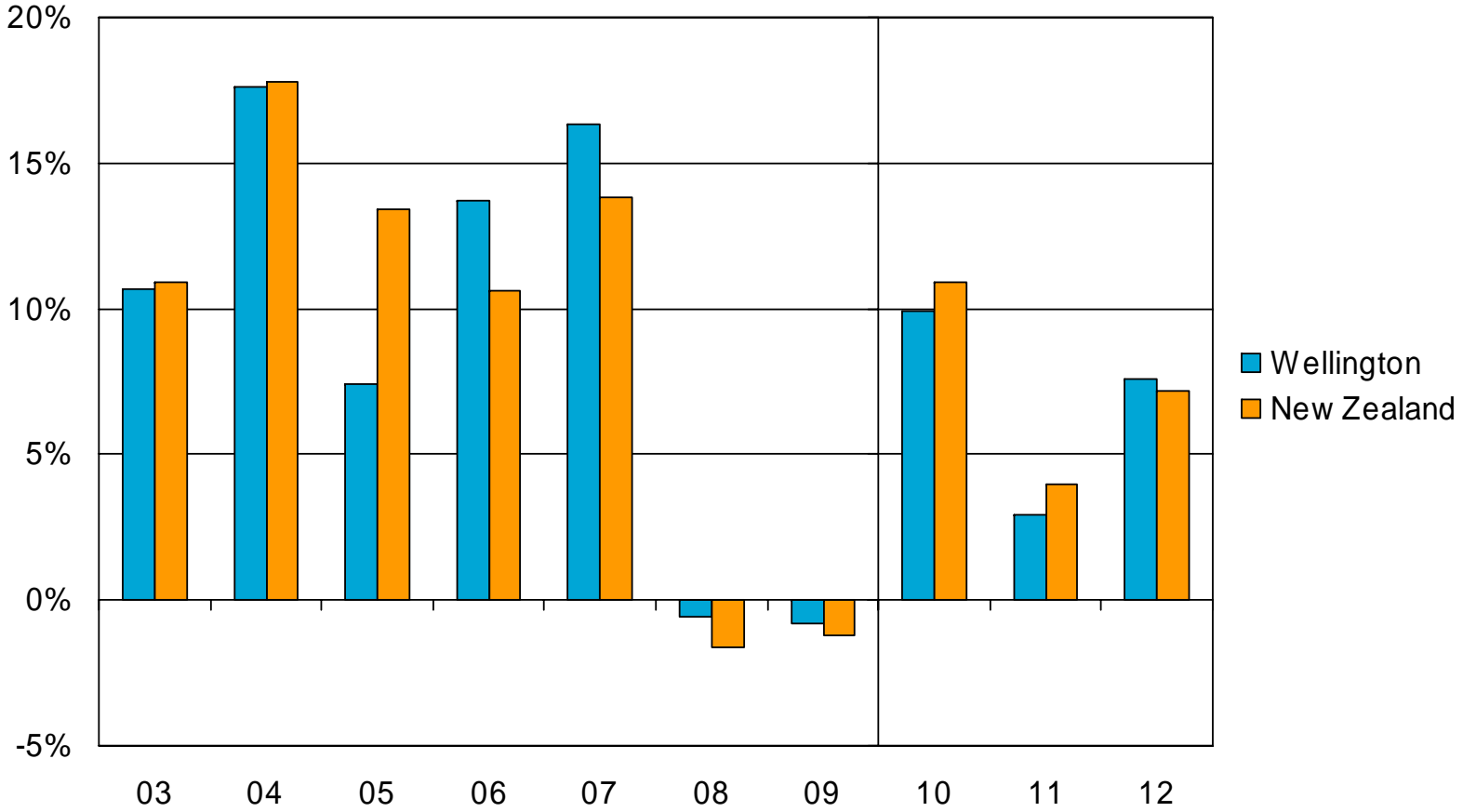


Wellington
New Zealand

- Latest indicators:
- > House sales growth: -15%pa
 - > House price growth: -0.8%pa
 - > Rental growth: 2.5%pa
 - > Consent growth: -28%pa

Source: Statistics NZ

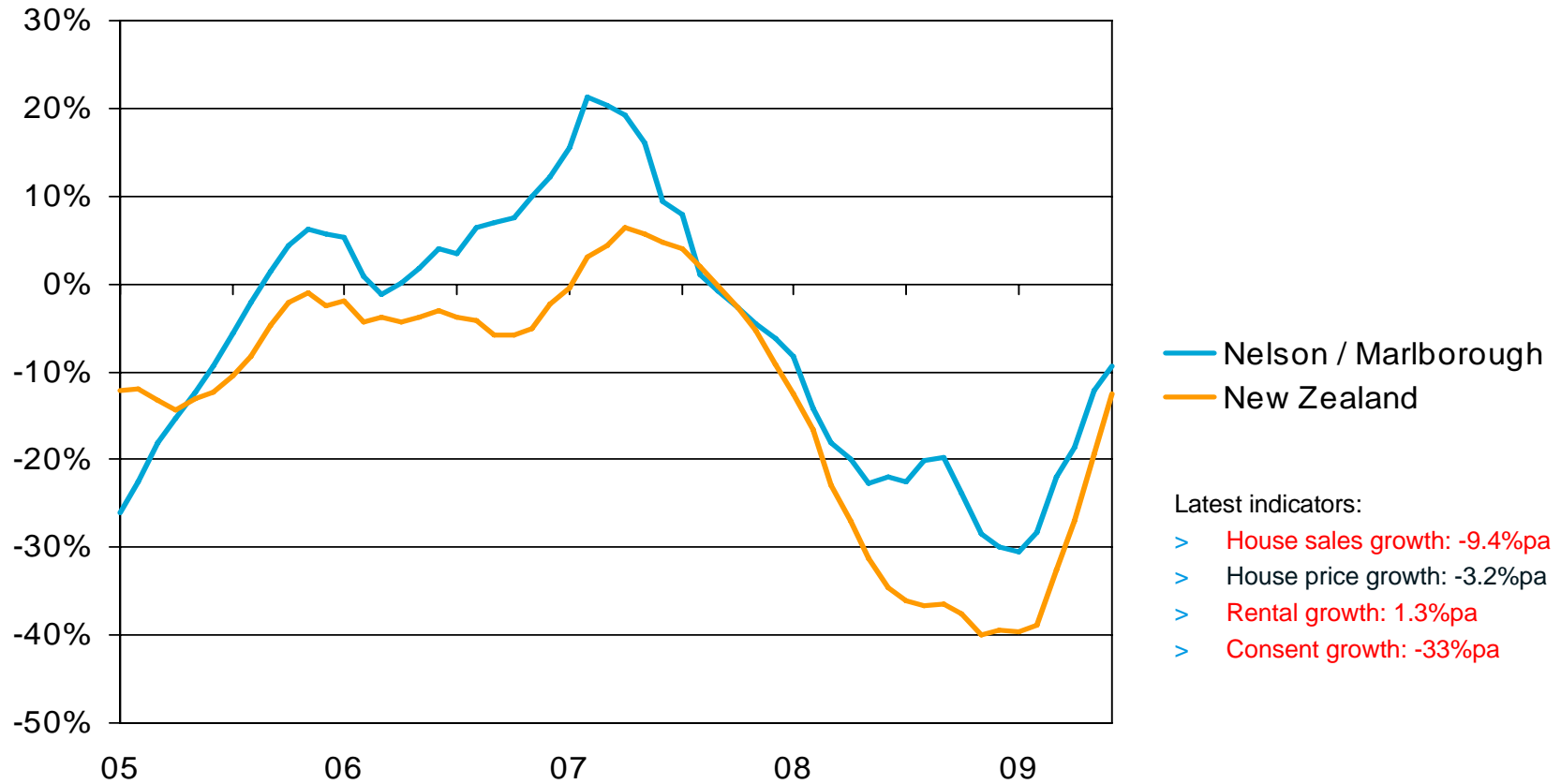
house price growth – wellington



Source: REINZ, Infometrics forecasts

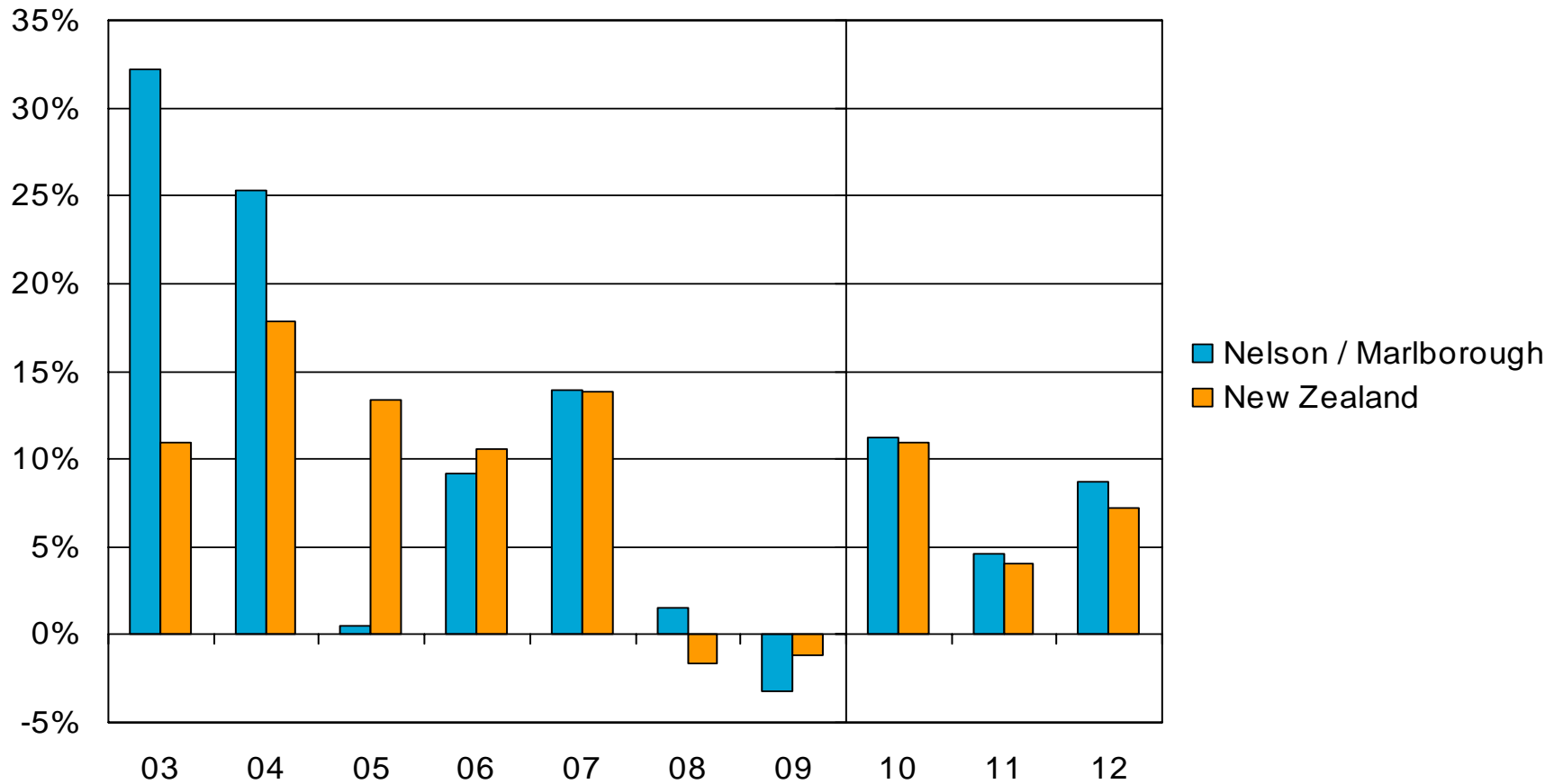


nelson/marlborough – house sales activity



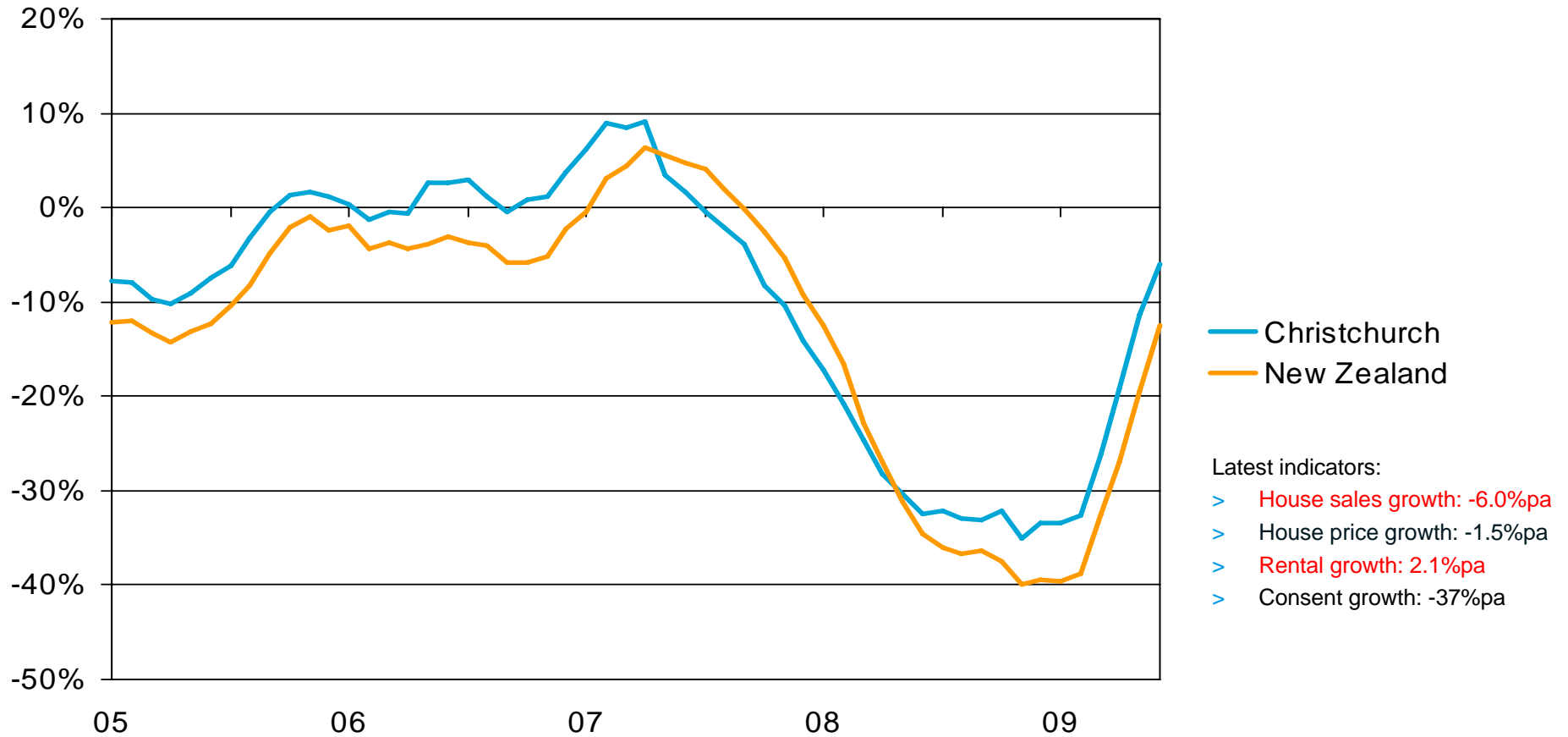
Source: REINZ

house price growth – nelson/marlborough



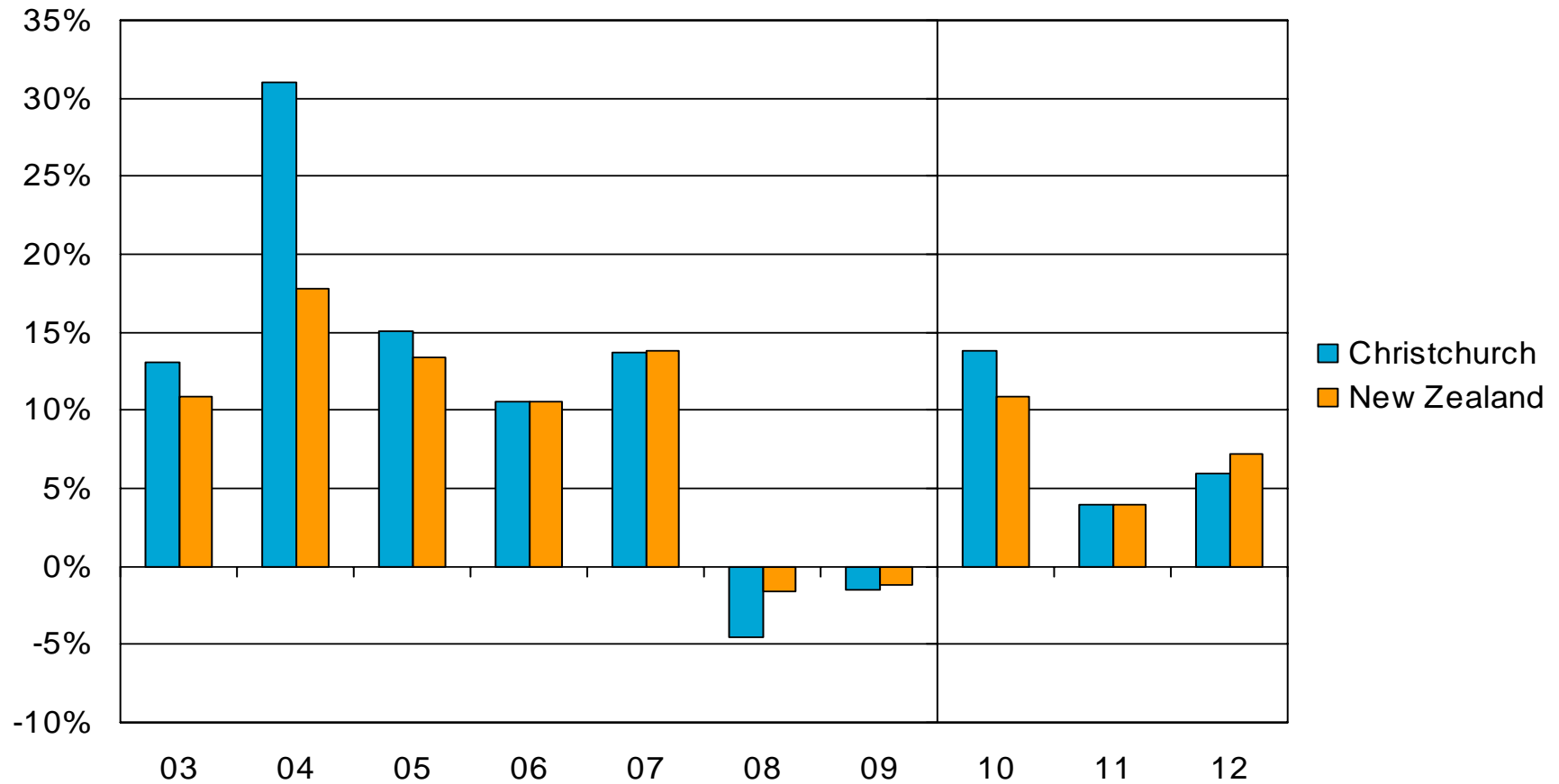
Source: REINZ, Infometrics forecasts

christchurch – house sales activity



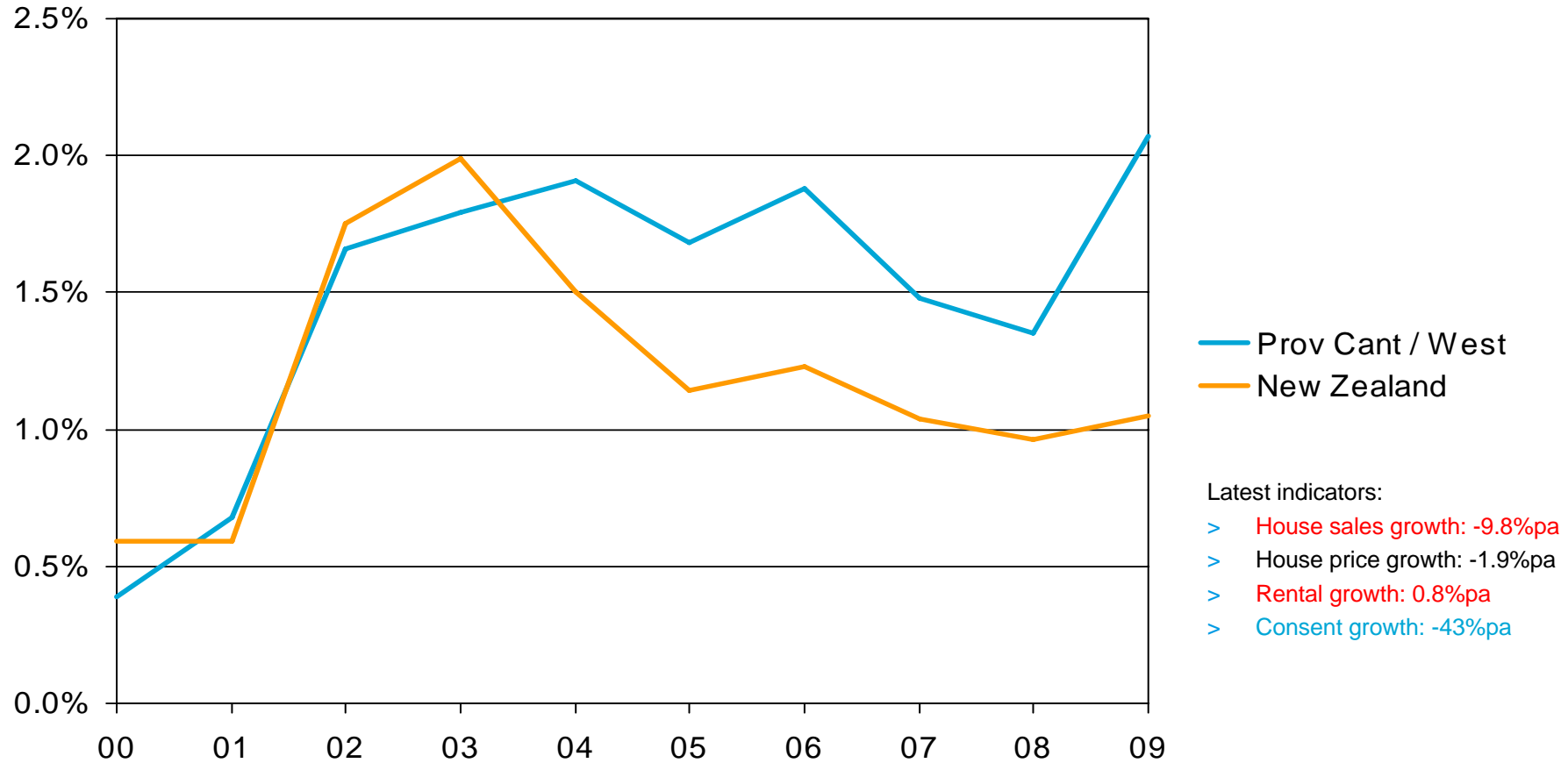
Source: REINZ

house price growth – christchurch



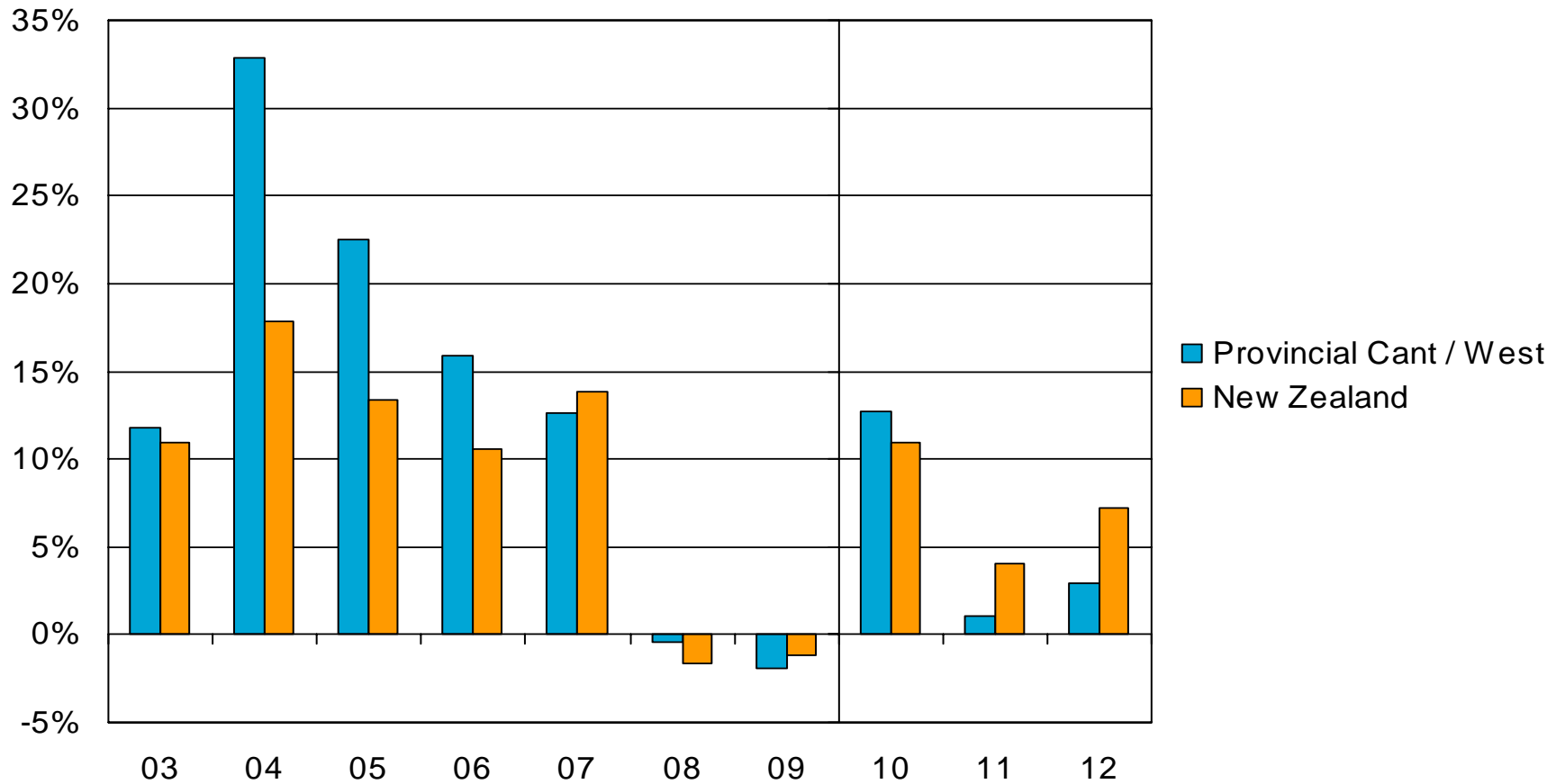
Source: REINZ, Infometrics forecasts

provincial canterbury/westland – population growth



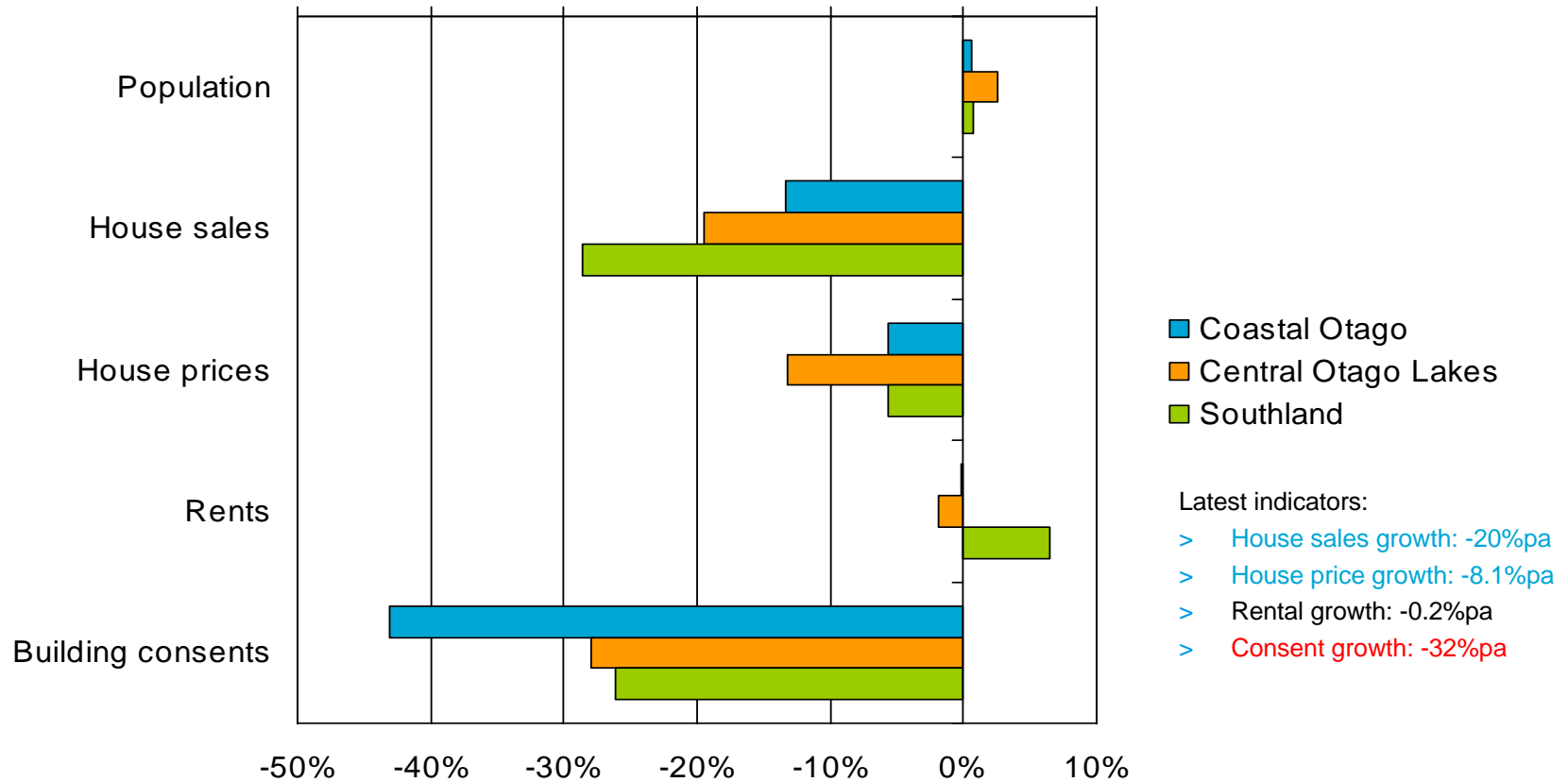
Source: Statistics NZ, Infometrics estimates

house price growth – provincial canterbury/westland



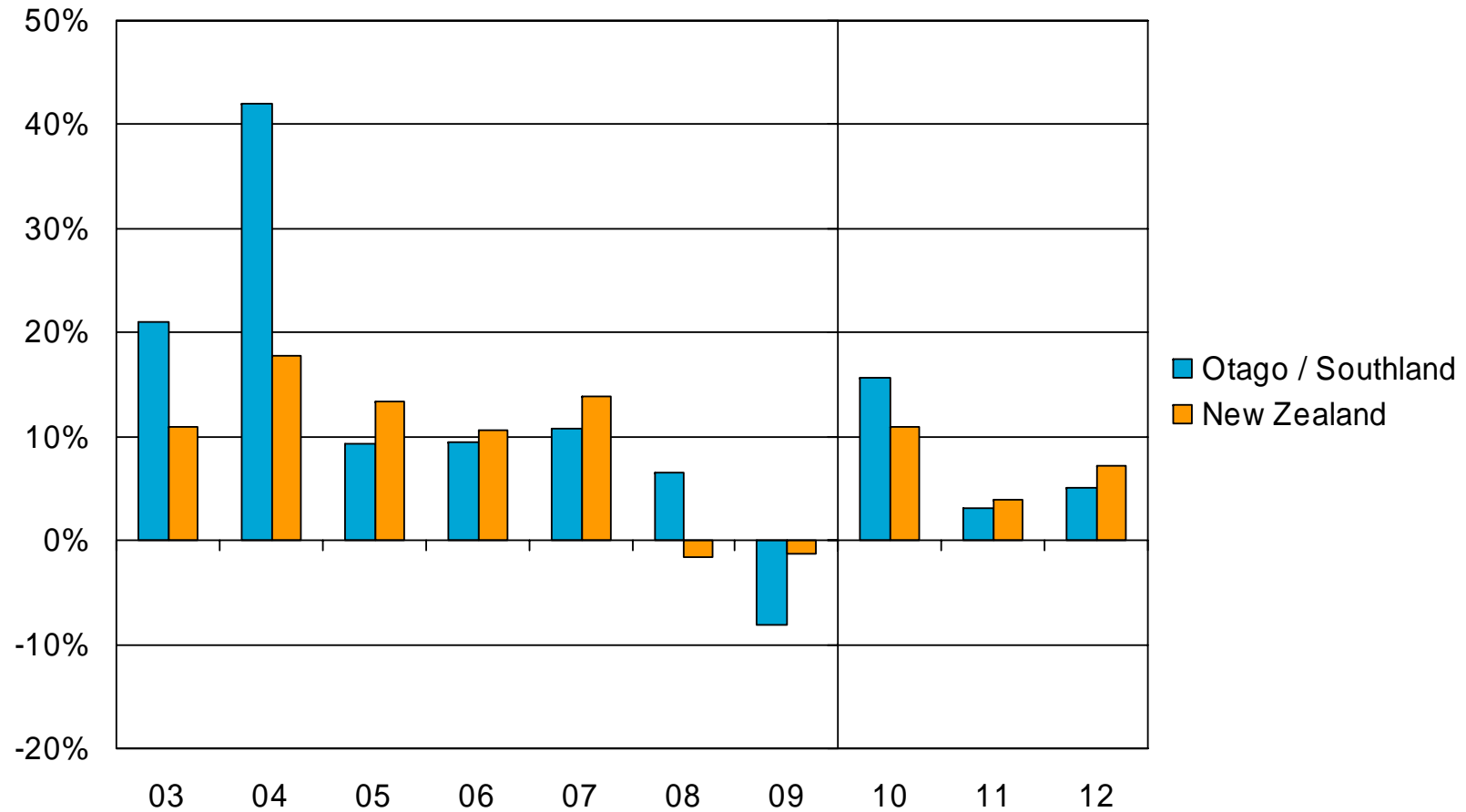
Source: REINZ, Infometrics forecasts

otago/southland – regional breakdown



Source: Statistics NZ, REINZ, Infometrics estimates

house price growth – otago/southland



Source: REINZ, Infometrics forecasts

summary

- > International and NZ economies stabilising, look for gradual return to positive growth
- > Net migration and interest rates boosting demand for housing
- > Investors and first-home buyers re-entering the market
- > Availability of finance for developers limiting residential building activity
- > Improved affordability and mounting undersupply of housing create potential for bounce in house prices

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Questions?

