



SHOULD WE CALL THE DOCTOR?

New Zealand's housing market & the case for Government intervention



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Working for the eradication of poverty in NZ

WHY INTERVENE IN HOUSING MARKETS?

- A counter-cyclical measure to stimulate demand in order to sustain jobs & livelihoods
- To provide housing for modest income New Zealanders

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TRENDS IN...

- The building industry
- The residential property market
- Financial markets

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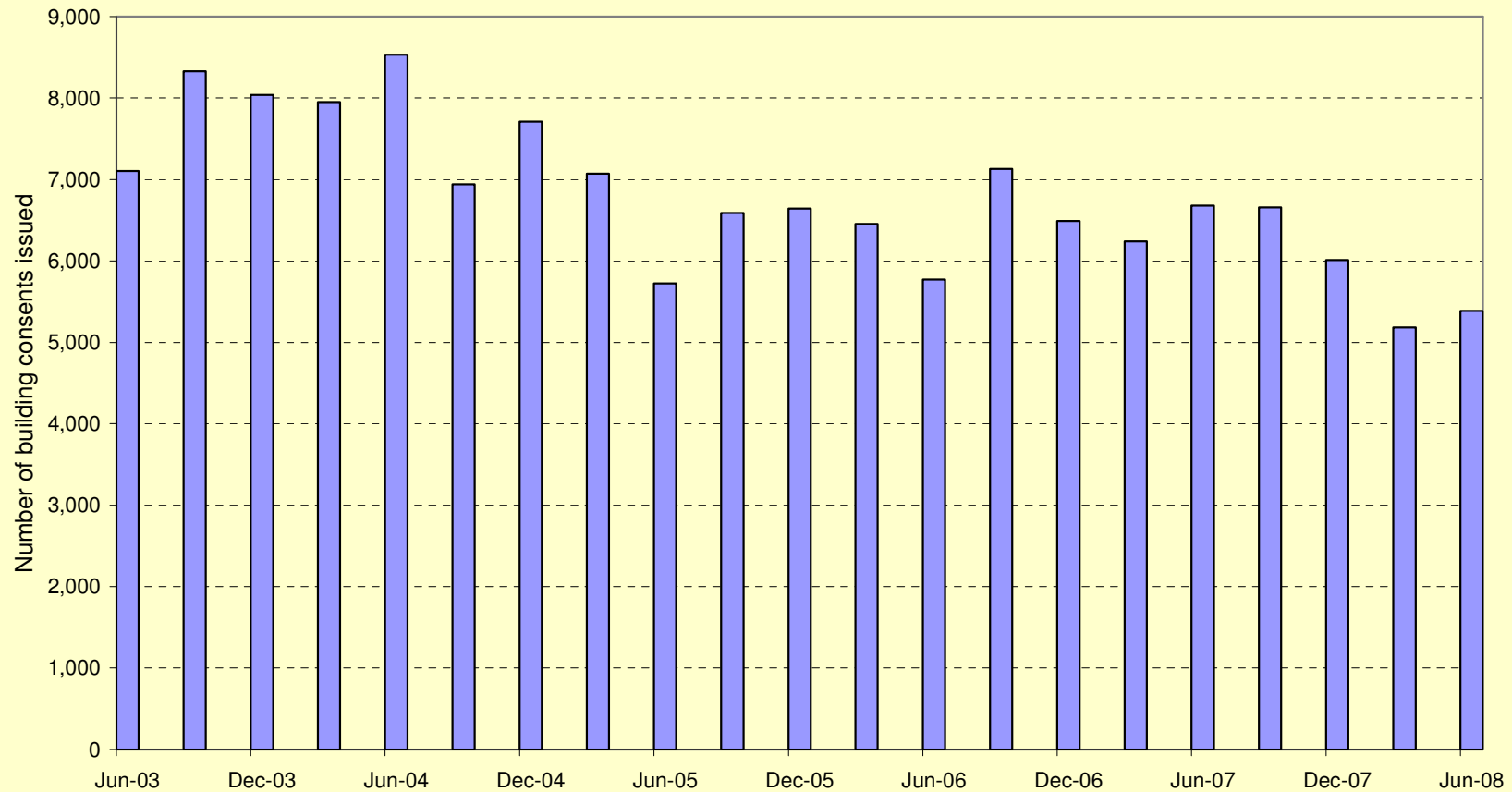
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Consents for new dwellings Quarterly 2003-2008



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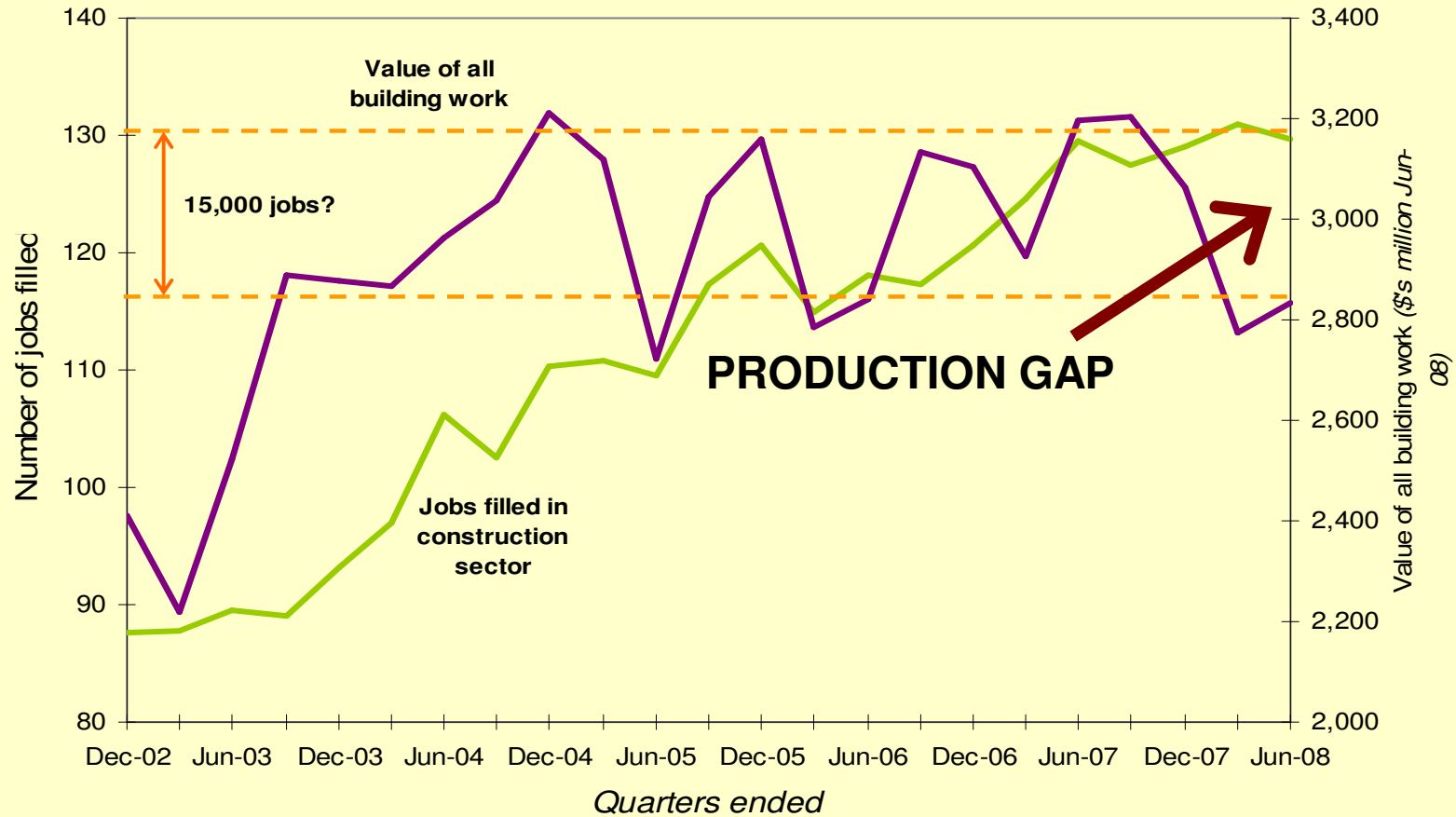
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Construction jobs & value of building work 2002-2008



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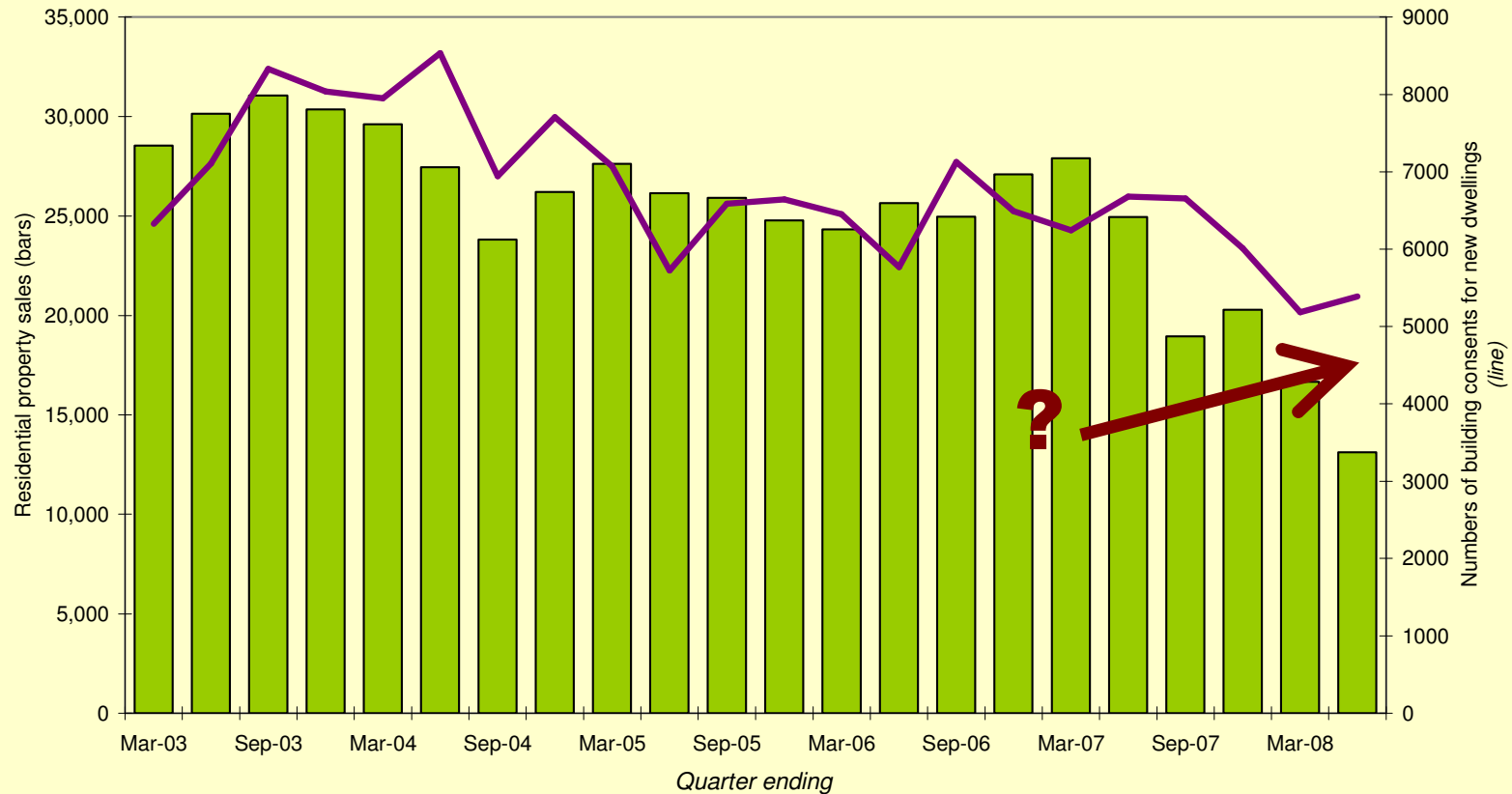
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Residential property sales & dwelling consents 2003-2008



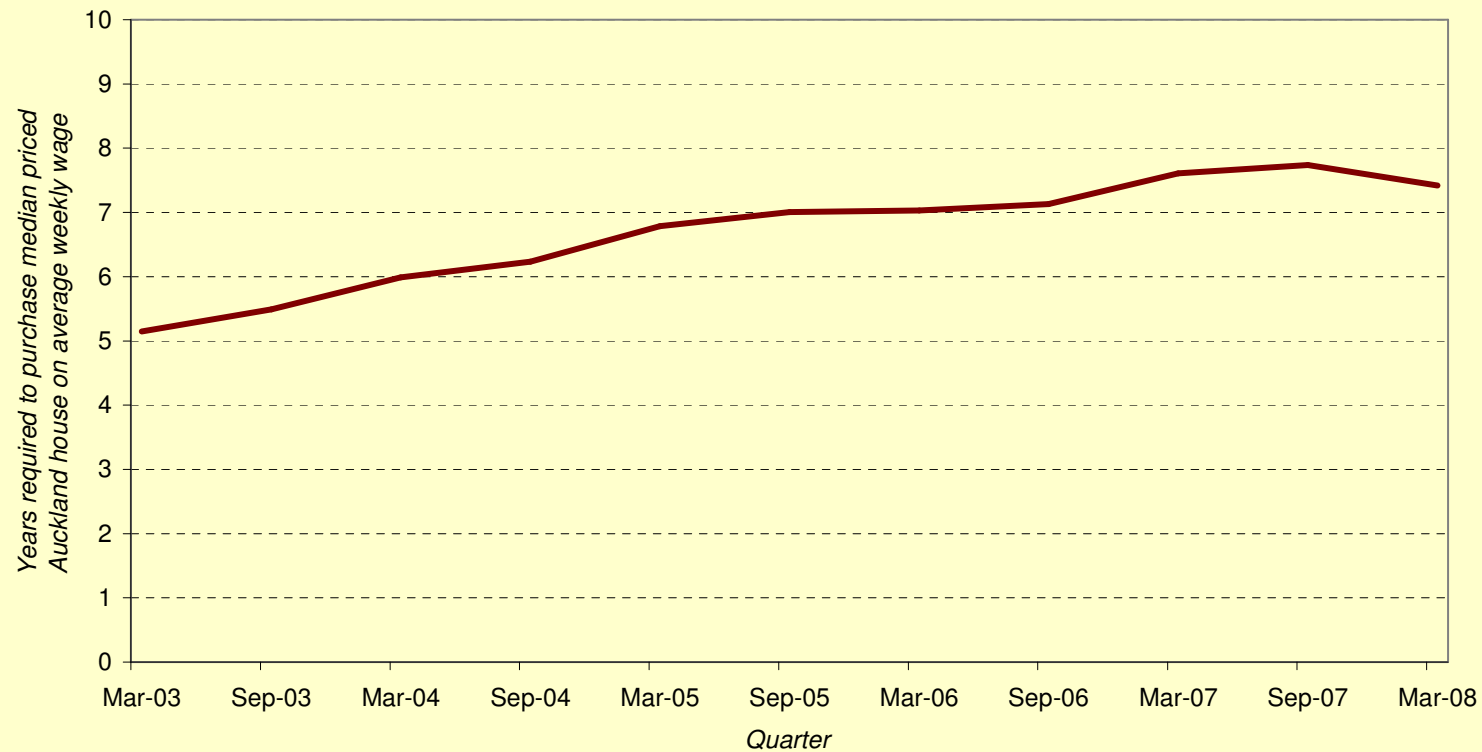
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Years required to purchase the median price house on average weekly wage 2003-2008



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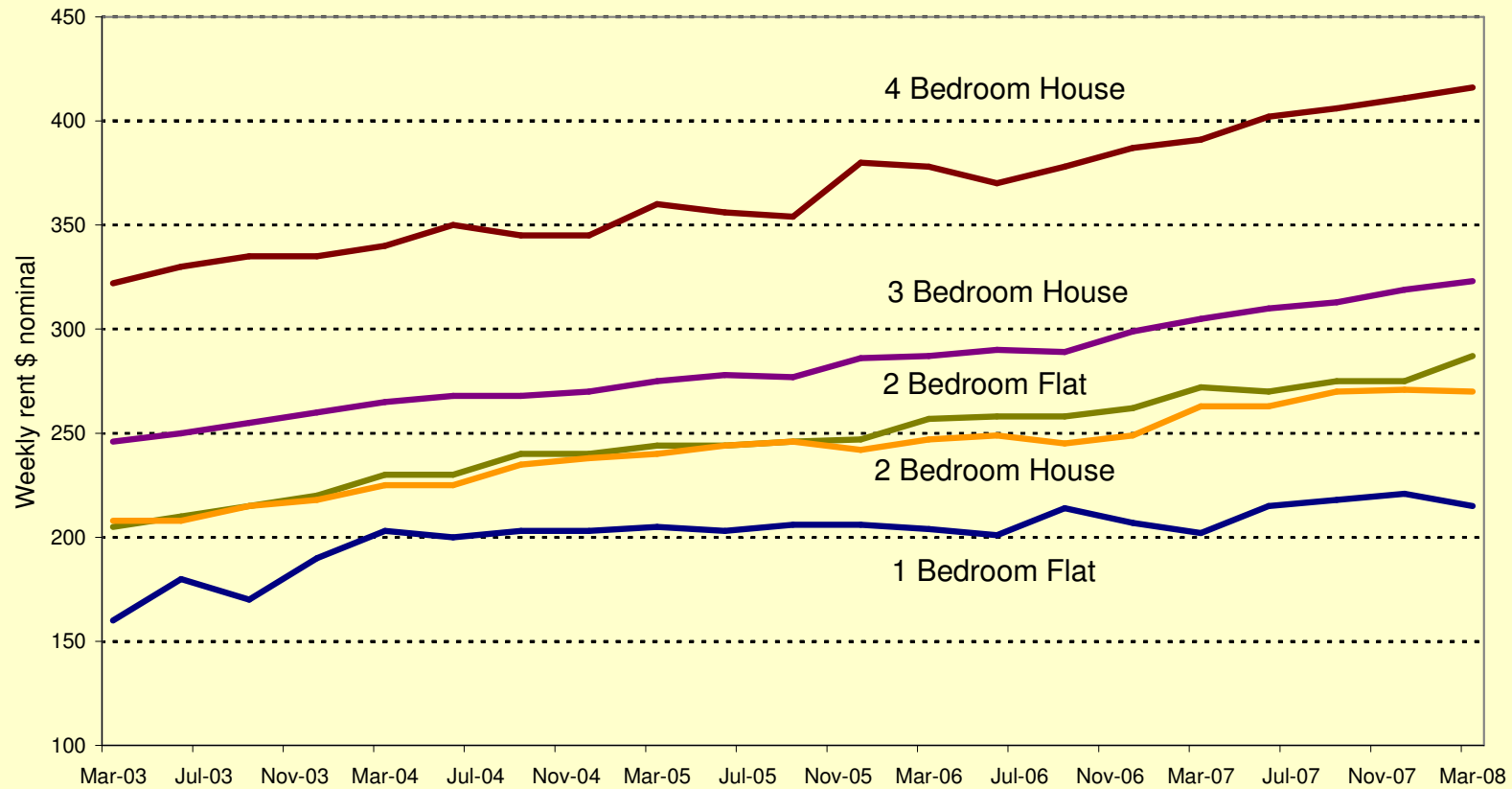


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Mean Rents in New Zealand

2003-2008



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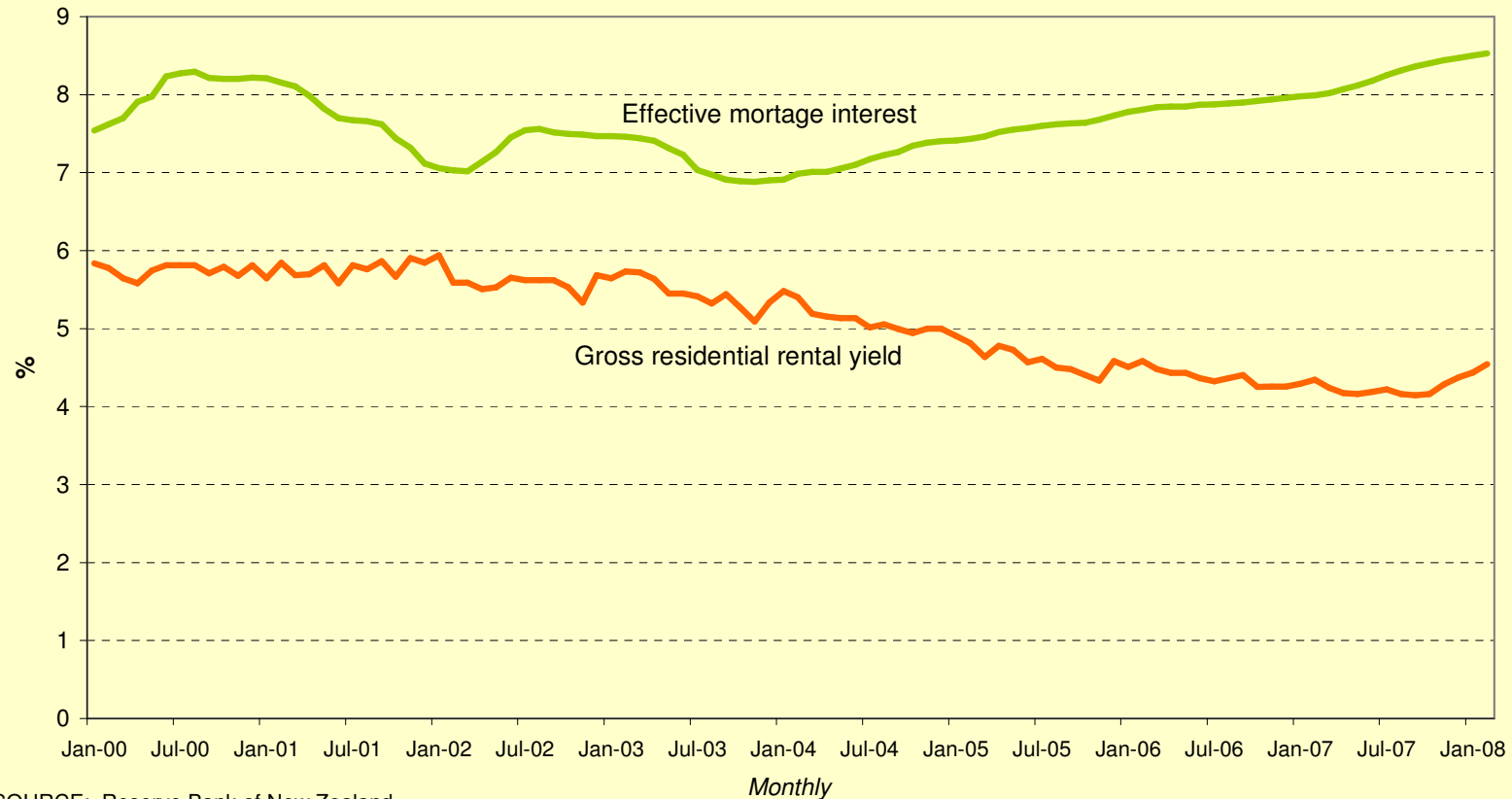
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Effective mortgage interest rates and gross residential rental yields 2000-2008



SOURCE: Reserve Bank of New Zealand

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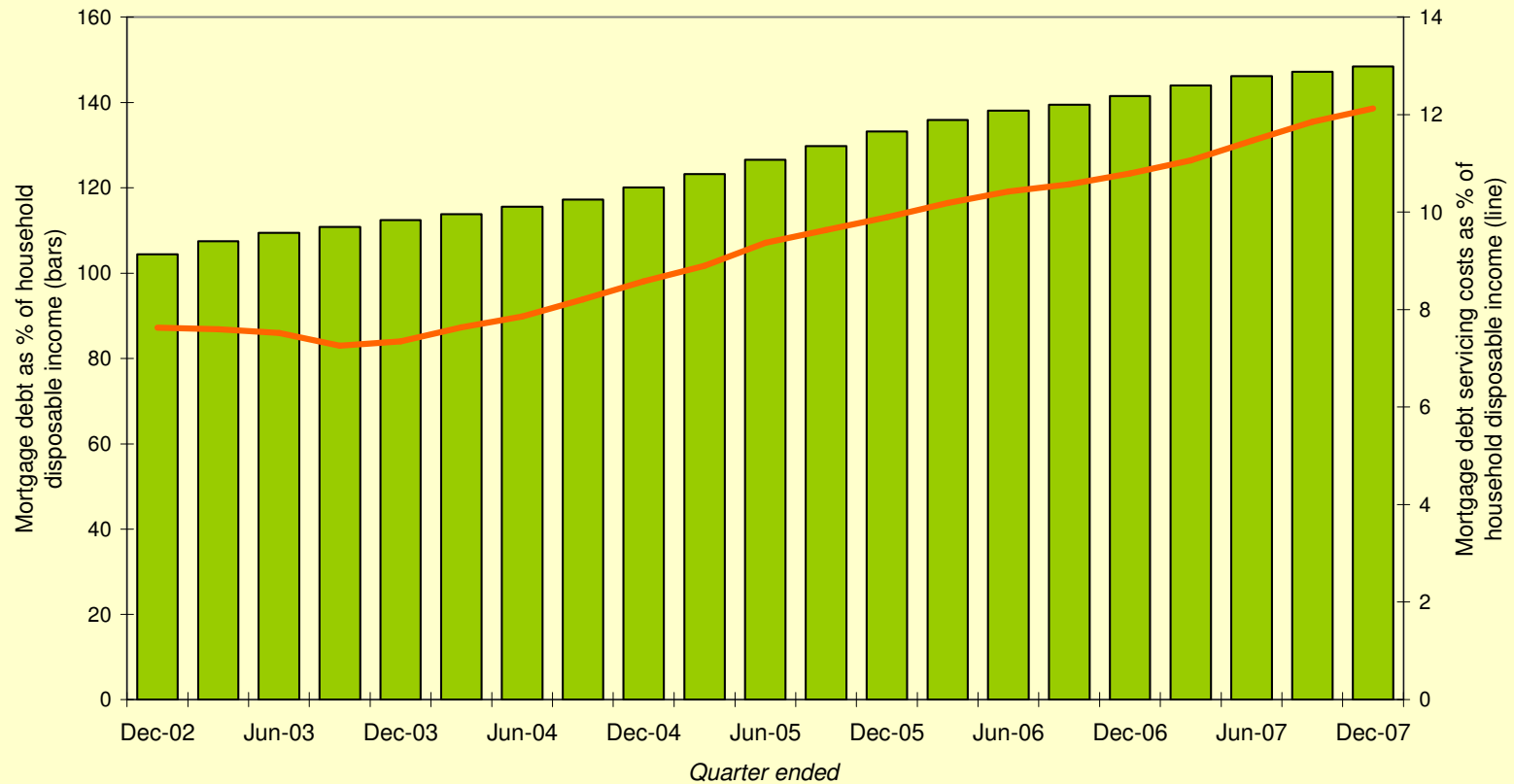
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Household indebtedness in New Zealand 2002-2007



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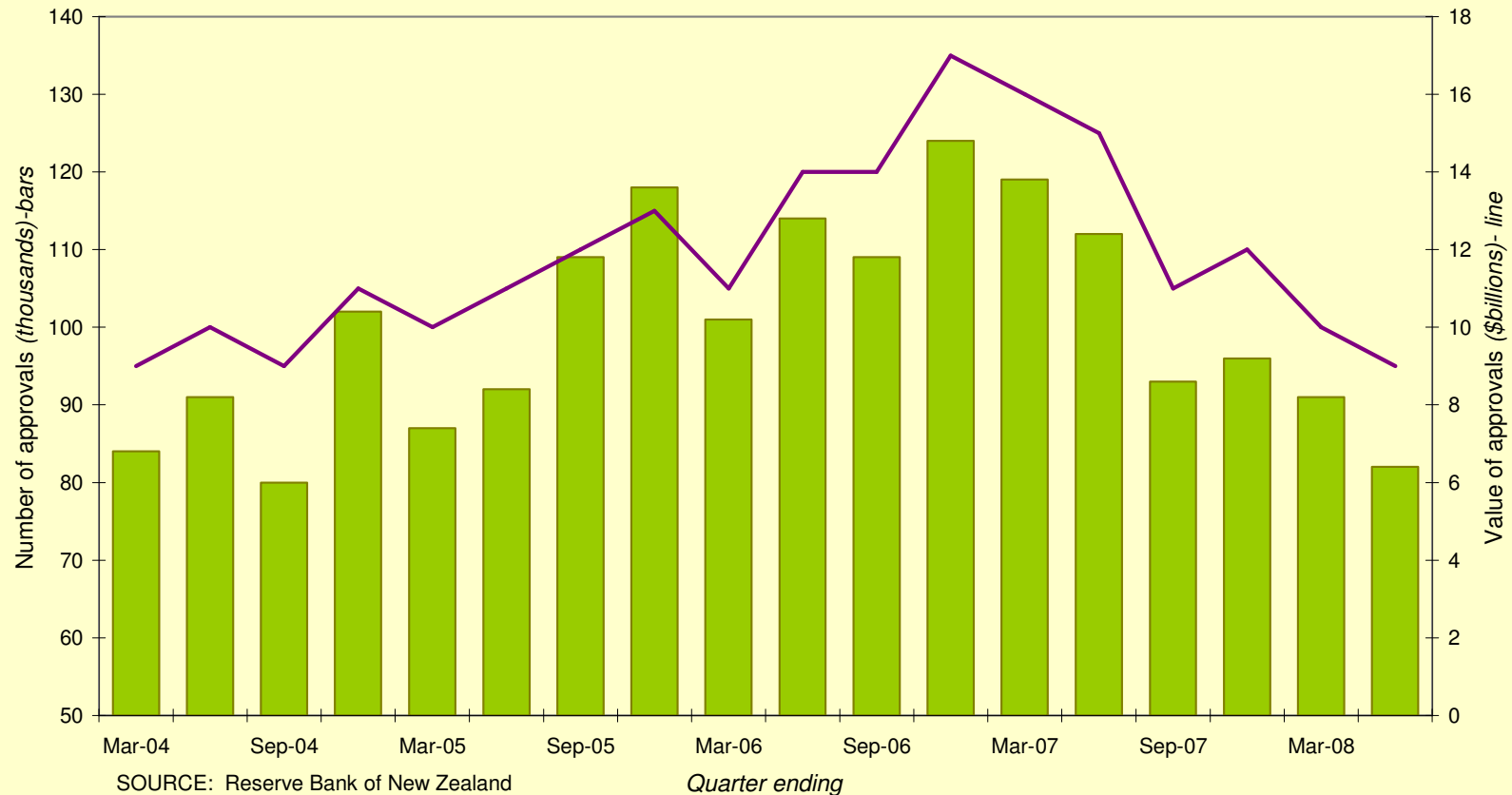
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Housing loan approvals 2004 -2008



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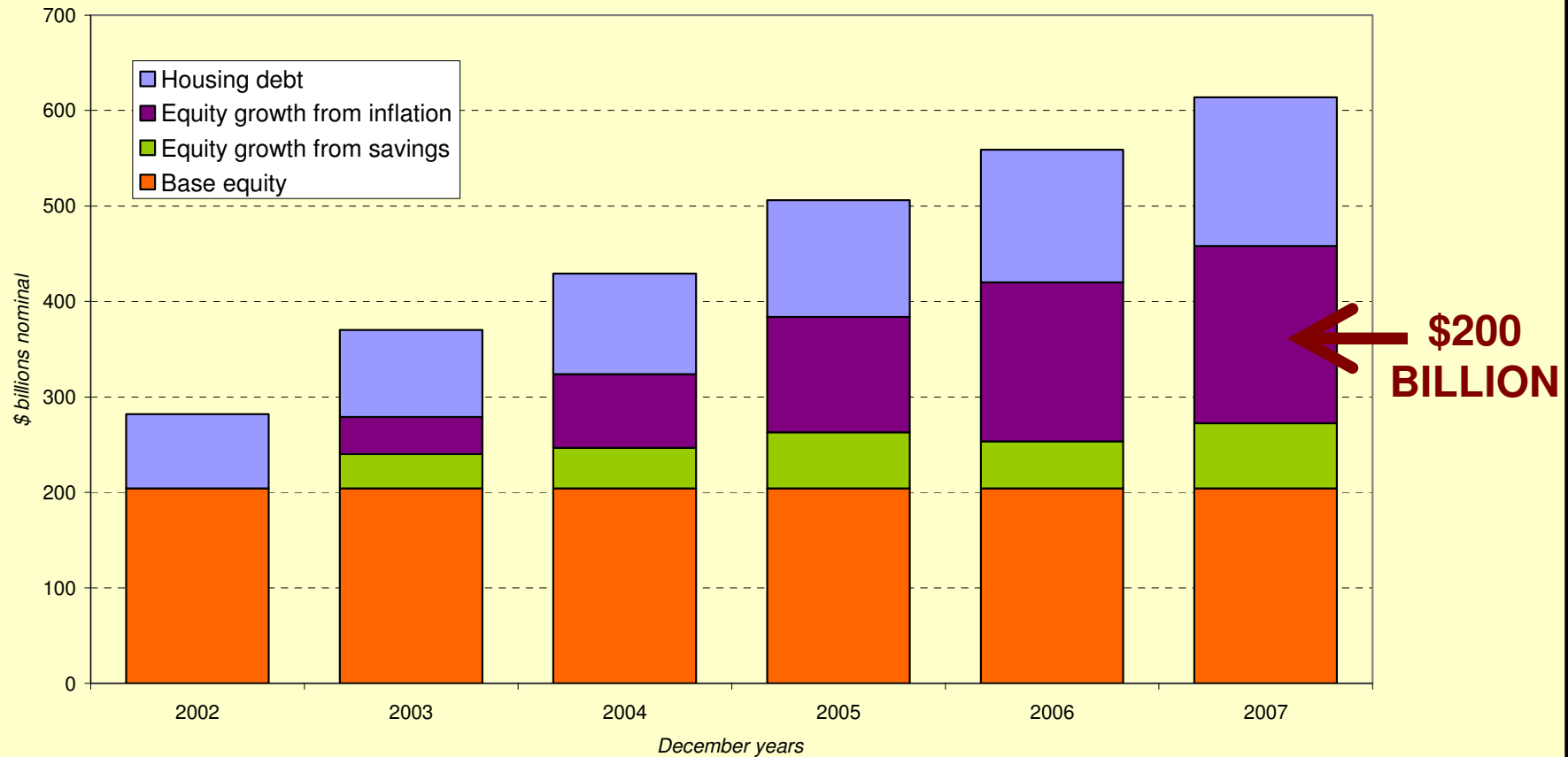
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Housing assets & debt in New Zealand 2002-2007



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IF HOUSE SALES DO NOT RECOVER WITHIN 3-6 MONTHS WE COULD SEE...

- A decline in new house building to 15,000 to 16,000 per year – from 25,000
- A drop of \$2.5 - 3.0 Billion in construction activity
- A loss of 25,000 – 30,000 jobs in the construction sector alone

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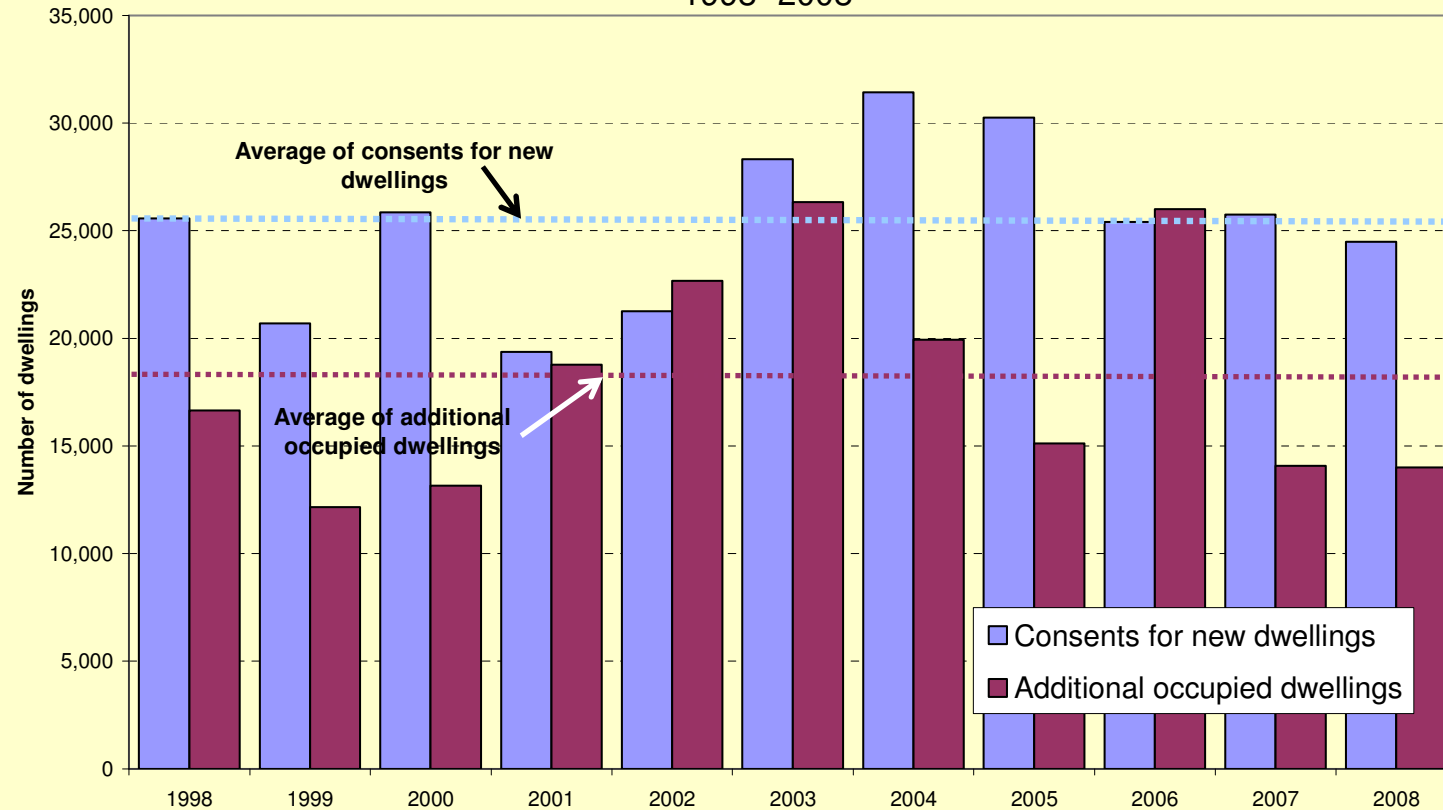


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New home consents & housing stock growth

1998 -2008



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