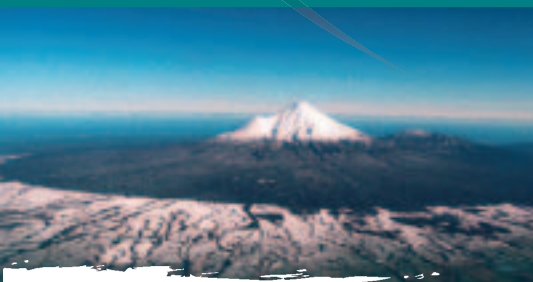


TARANAKI TRENDS

TARANAKI ECONOMIC REPORT

Document Current Until Dec 30, 2007



TARANAKI

like no other

Venture
TARANAKI



www.taranaki.info

Contents

The Taranaki Economy – What's Hot and What's Not?	2
What's happening in the National Economy?	3
What's happening in the Taranaki Economy?	4
What's happening in Taranaki Business?.....	7
What's New? Businesses starting up and developments in Taranaki.....	8
Taranaki Labour Market	9
Agricultural Production Review	12
Construction	14
Rental Accommodation.....	15
Real Estate	16
Car Registrations.....	19
Retail Trade	20
Sales, Purchases and GST Indicators	18
Port Trade	24
Thank you	25
Venture Taranaki.....	inside back cover



The Taranaki Economy

What's Hot & What's Not?

↑ Regional Growth

According to the National Bank Regional Trends Report, Taranaki recorded an increase in growth for the June quarter of 0.9%.

↑ Consumer Price Index (CPI)

The Consumer Price Index rose 1.0% in the June 2007 quarter.

↑ GDP

Economic activity increased 1.0% in the March 2007 quarter, following a rise of 0.8% in the December 2006 quarter. Annual GDP was 1.7% for the year ending March 2007.

— Business Confidence

46.3% of businesses participating in Venture Taranaki's 6-monthly survey anticipate that NZ business conditions are set to remain the same. 22.1% anticipate they will improve.

— Unemployment Rate – Annual Comparison

The unemployment rate remained steady in Taranaki at 3.5%, relative to the same time last year.

↑ GST Indicators

Net GST (GST sales less purchases) in Taranaki increased 4.6% for the year ended 2006, over the 2005 calendar year.

— Rental Accommodation

The median rent remains steady in New Plymouth, at \$250 per week. This is the same as the last assessment undertaken in February 2007.

↑ Retail Trade – Annual Comparison

Retail sales for the Taranaki region for the June 2007 quarter recorded a 4.4% increase from the same time last year.

↓ Home Affordability

Home affordability has declined 10.6% in Taranaki over the past 12 months.

↑ Real Estate – Farm Prices

In July 2007 the median farm price in Taranaki increased to \$1,325,500.

↑ House Prices 2000 -2007

Median sales prices since 2000 have increased 178% in New Plymouth; 100% in Hawera; 158% in Stratford; 177% in Bell Block; and 300% in Waitara.

↓ Consumer Confidence

Consumer confidence for the Taranaki/Manawatu/Wanganui region has declined from the previous quarter – however optimists still outweigh pessimists

↑ Exports

Total cargo (imports and exports) handled by Port Taranaki increased 23.8% for the year ending June 2007, relative to the previous 12 month period.

↑ Building Consents - Residential

For the year-ended March 2007, new dwelling consents valuing \$146.9m were issued in the Taranaki region. This reflects an increase over the previous year of 18.6% in value.

↑ Building Consents - Non Residential

The value of non-residential consents declined in the year ending March 2007 by 3.1%, although the number of consents increased by 3.6%.

↑ Car Registrations

New and Ex-overseas car registrations for the March 2007 quarter in the New Plymouth Postal District have rebounded – recording an increase of 17% relative to the December 2006 quarter.

↓ Dairy Cattle

Numbers of dairy cattle in Taranaki have decreased 2.7% between June 2005 and June 2006.

↑ Sheep Numbers

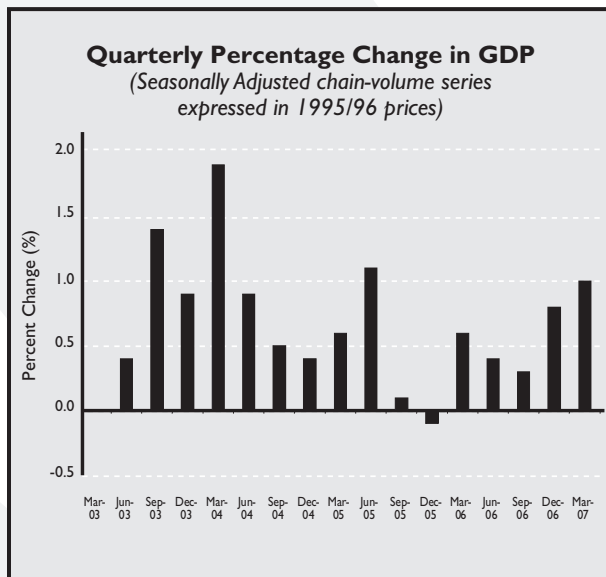
Numbers of sheep in the province has increased 1.4% between June 2005 and June 2006.

What's happening in the National Economy?

Gross Domestic Product

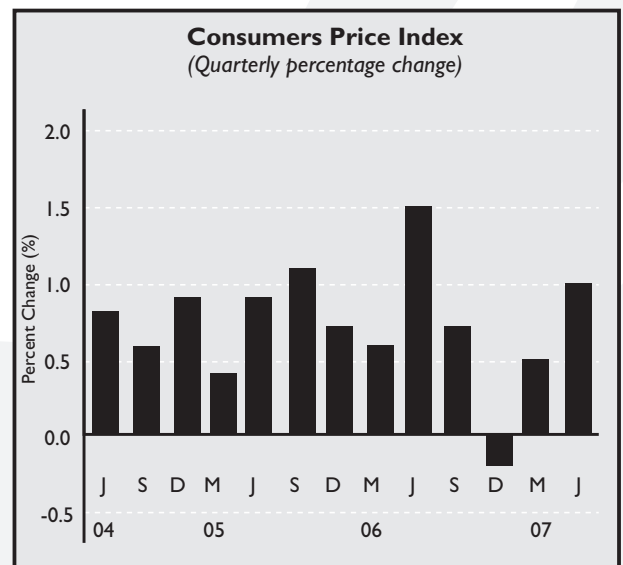
What is GDP?

- A major objective of national accounts is to measure the value added to the economy as a result of production. If all production, including non-marketed output were added together, considerable duplication would occur because many goods and services provided by one producer are purchased by another for use in subsequent production. As a result the value of some goods and services becomes incorporated in the value of other goods and services. One purpose of the national accounting process is to remove the value of intermediate consumption and so arrive at a value of production free of duplication. This is the concept of value added, or GDP.
- GDP increased 1.0% in the March 2007 quarter, following an increase of 0.8% in the December 2006 quarter.
- Annual growth in gross domestic product was 1.7% for the March 2007 year.



Consumer Price Index (CPI)

- The Consumers Price Index (CPI) rose 1.0% in the June 2007 quarter.
- Transport prices rose 2.4%, driven by higher prices for petrol.
- Housing and household utilities prices rose 1.3%, driven by higher prices for electricity and the purchase of new housing.
- Recreation and culture prices fell 0.8%, with lower prices for package holidays and audio-visual equipment the main contributors.
- The CPI increased 2.0% from the June 2006 quarter to the June 2007 quarter.

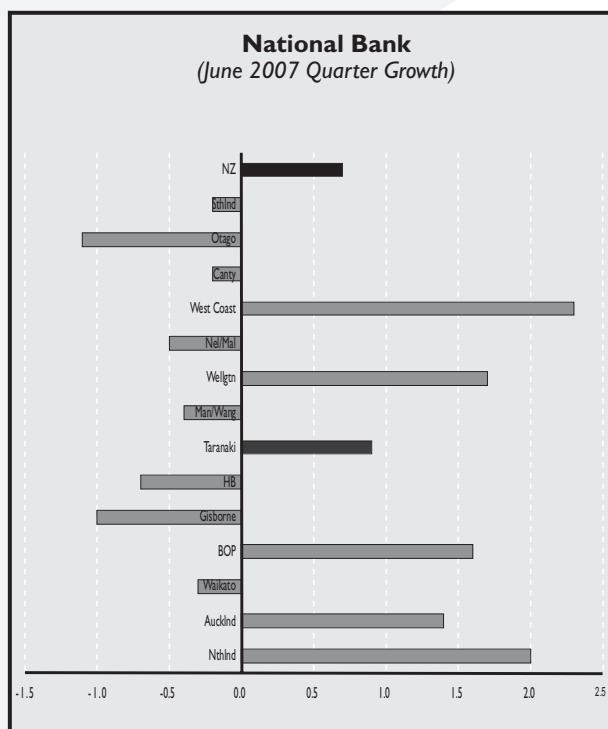


(Source: Statistics New Zealand)

What's happening in the Taranaki Economy?

Quarterly Change in Growth

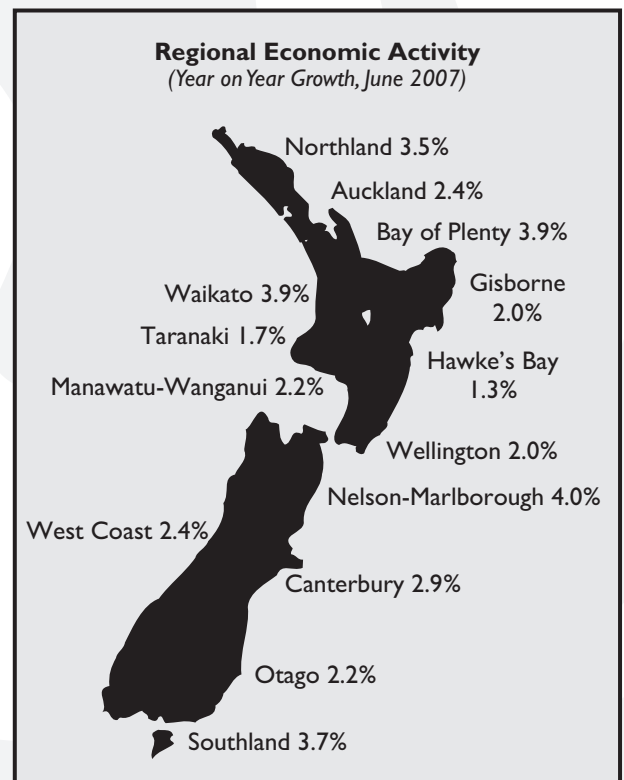
- The National Bank composite index of regional economic activity indicated that the New Zealand economy grew by 0.7% over the June 2007 quarter.
- Economic activity in Taranaki, after contracting in the March quarter, rebounded to record a quarterly growth rate of 0.9%.



- The West Coast performed the strongest in the June 2007 quarter, whilst Otago recorded a 1.1% decline in economic activity.
- Growth in Taranaki fared better than provincial areas such as Manawatu-Wanganui (-0.4%), Hawkes Bay (-0.7%) and Gisborne (-1.0%).

Annual Change in Growth

- Year-on-Year growth for New Zealand increased 2.6% for the YE June 2007.
- Taranaki also recorded a positive year-on-year lift in economic activity – slightly less than the national average – but never-the-less respectable at 1.7%.



- Northland, Bay of Plenty, Nelson-Marlborough and Southland all featured prominently in the annual growth stakes.

(Source: National Bank Regional Trends Report, Venture Taranaki and Westpac Bank)

Taranaki's Confidence in the National Economy

- Venture Taranaki's Business Confidence survey tracks business confidence in the national economy.
- The last survey was undertaken in May/June 2007.
- It was undertaken prior to the announcements in relation to dairy prices/payout increases by Fonterra.
- Businesses were asked about confidence and expectations in relation to NZ Economic Conditions in the next 12 months. 190 Taranaki businesses participated.

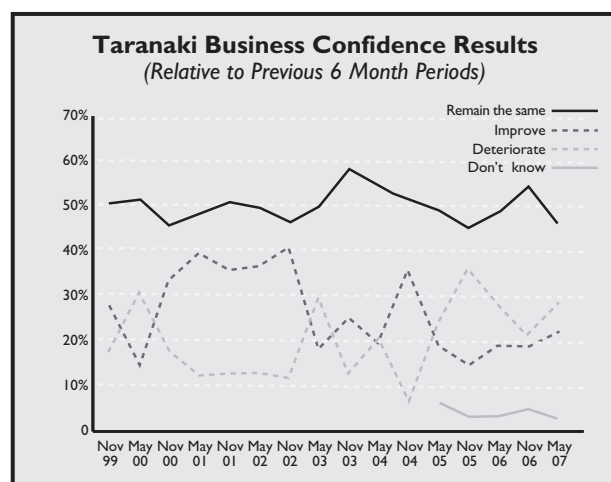
Results:

- Percentage of Businesses predicting conditions will:

- Remain the same: 46.3%
- Deteriorate: 28.9%
- Improve: 22.1%

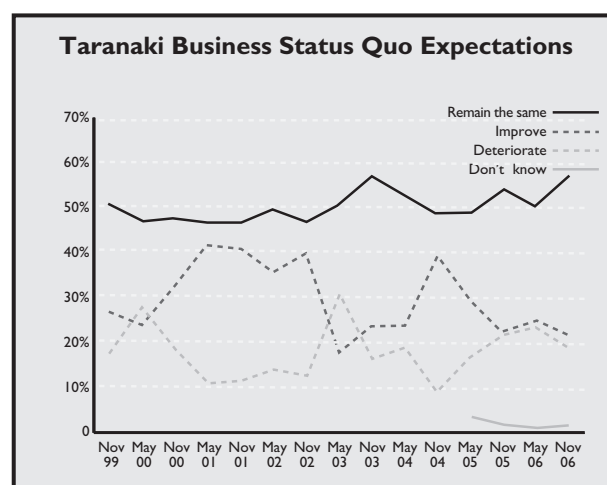
NB: balance were unsure

- Relative to previous surveys, the latest response suggested that less businesses were anticipating that the status quo would prevail in the coming 12 months, and more were starting to believe that the national economy may change – either for the better or worse.
- This scenario is highlighted in the graph below which displays the Taranaki business confidence results at 6-monthly intervals since 1999.



Taranaki's Confidence in their own Industry Conditions

- Taranaki businesses were also asked about confidence in their own industry conditions for the next 12 months.
- Contrary to their views concerning general economic conditions, Taranaki businesses surveyed in the May/June 2007 survey predominantly anticipated the status quo would continue, and this trend has strengthened.
- This is displayed below.



(Source: National Bank Regional Trends Report, Venture Taranaki and Westpac Bank)

Consumer Confidence

National overview

- Consumer confidence, as measured in the Westpac McDermott Miller Consumer Confidence Index, highlights that every region except for the Bay of Plenty, recorded a decline in the June 2007 quarterly survey.
- The survey is made up of several components. These include:
 - Whether people feel financially better off or worse off
 - Whether the economy will experience good or bad times over the next year, and next 5 years, and
 - Whether now is a good time to buy a major household item.
- All component questions recorded a decline in the June 2007 quarter.
- Overall the index fell to 111.4, down from 117.7 in the March quarter on a national basis. This brings the index back to September 2006 levels. An index number of over 100 indicates there are more optimists than pessimists – while a number under 100 indicates that pessimists outnumber optimists.
- However the biggest decrease came from the short term outlook for the economy.
- In contrast, there was a relatively small change in consumer perceptions about the economic outlook over the next five years.
- Confidence in consumers' own financial situation also declined, but remains in optimistic territory.
- However consumers still continue to regard 'now' as being a good time to buy big ticket items – albeit less so than last quarter.

Regional Analysis

- The following tables display in detail, the consumer confidence results on a regional basis.
- As mentioned, Bay of Plenty was the only region to record an increase in consumer confidence.
- Taranaki, which is grouped with Manawatu and Wanganui, declined to a score of 108.7 – however optimists still outweigh pessimists.
- Furthermore, its score was higher than other provincial regions such as Waikato, Gisborn/HawkesBay, Otago and Southland.

Region	June 06	Dec 06	Jun 07
Northland	105.4	116.7	109.0
Auckland	107.2	120.4	112.5
Waikato	106.4	115.6	102.0
Bay of Plenty	98.2	101.6	114.2
Gisborne/HB	103.9	118.4	106.7
Tar/Man/Wang	107.1	112.4	108.7
Wellington	115.9	121.5	118.6
Nelson-Mar/West Coast	97.3	112.8	108.4
Canterbury	100.9	123.3	117.5
Otago	110.0	117.2	103.0
Southland	99.6	111.8	100.8

(Source: National Bank Regional Trends Report, Venture Taranaki and Westpac Bank)

What's Happening in Taranaki Business?

Industry – General

- Fonterra announced a new payout forecast of \$6.40 per kilogram of milksolids for the 2007/08 season, an 87 cent increase on its May forecast of \$5.53 kg/MS.
- The 87 cent increase is all in the Milk Price component of payout which increases to \$6.20, with the Value Return remaining at 20 cents per kg/MS.
- Fonterra Chairman, Henry van der Heyden, attributed the rise to the continued strength in commodity prices, particularly recent increases in butter and cheese and ongoing firm prices for milkpowders.
- The Waiwhakaiho Valley development continues to expand with the arrival of Mitre 10.
- An economic impact report on the Taranaki Oil and Gas industry commissioned by PEPANZ, highlighted that in the year to March 2006, the oil and gas sector :
 - Employed 817 Full time equivalent (FTE) staff
 - Generated \$827 million of GDP
 - The sector accounted for an estimated 0.5 percent of national GDP
 - Adding multiplier analysis, this translates into:
 - o \$1.0 billion to the Taranaki economy
 - o 3,000 FTE's for the region
- The oil and gas industry is also strategically important to the country and region – not only economically but also socially.

Businesses Changing Hands

- Coffee Addiction in the Richmond Centre has been sold and will reopen again with a slight re-vamp.
- Ultra Lounge has also been sold to local business men.
- New Plymouth Accounting Firm Landrigan Waite has become BDO Spicers.
- Berta Anderson – owner of the Mountain House – has decided to sell.
- Two of Taranaki's accountancy firms - Stratagem and PriceWaterHouse Coopers - have joined forces.

What's New? - Businesses starting up and new developments in Taranaki*

- Fox Electrical Solutions
This new electrical company is specialising in domestic, commercial and industrial work as well as the installation of heat pumps and central vacuum systems.
- Shaydz Alpacas
These are Hawera based breeders of coloured alpacas. They provide stud services, guided farm visits and sell wearable clothing & footwear made from 100% alpaca or alpaca blended with silk or fine wool.
- Webber Building Solutions Ltd.
This newly established company has a qualified building team and undertakes all types of building work including new builds, alterations, additions, fences and decks.

Sources: Taranaki Daily News, Venture Taranaki, South Taranaki District Council, Stratford District Council.

This is not an exhaustive list of new business startups or development. Many of the above businesses have established with the help and advice of Venture Taranaki or economic development advisers at SDC & STDC. If you are aware of any new businesses starting up in Taranaki, Venture Taranaki would be pleased to add them to this list or provide assistance.

What's New?

Businesses starting up and new developments in Taranaki*

In Hawera:

- A new menswear store is opening. It will be in the building currently housing Ballentynes Fashion Centre.
- Ballentynes is moving to the building previously occupied by Patterson's Menswear and Just Looking. Just Looking has moved to the corner of High and Victoria Sts, opposite the TSB Bank.
- The South Taranaki District Council is undertaking a mystery shopper survey of over 60 businesses in the Hawera CBD. The survey will take place over the next few months and is being provided free of charge. This Hawera CBD is the focus of the newly adopted Economic Development Strategy for the next 12 months and this is the first of a number of initiatives being organised by the Council.
- A new boutique hotel is currently being built in Opunake. The hotel's first stage is expected to be operating by the end of 2007.
- Steve and Linda Morrison have recently added a third accommodation option to their business at Tairoa Lodge. Already included are the bed and breakfast – Tairoa Lodge – the self contained cottage – Tairoa Cottage – and they have now added The Gatehouse, which is aimed at the medium to long term serviced accommodation market.
- Morrieson's Café and Bar in Hawera has recently changed ownership. The new owners are Tina-Maree and Adrian Kahupukoro.

Taranaki Businesses Receiving Funding Grants

Venture Taranaki assists businesses in accessing Government grants to help their technology and growth endeavours.

Funds awarded for the first quarter of 07/08 (1/7/07 up to 4/9/07):

- Two companies were awarded a total of \$137,428 of Economic Development Grants – Market Development (EDG-MD) funding from New Zealand Trade & Enterprise (NZTE) – to undertake market development projects in Europe and the USA.

Funds awarded for the last quarter of 06/07 (1/4/07-30/6/07):

- 10 companies were awarded a total of \$597,664 of funding from NZTE and the Foundation for Research Science & Technology (FRST). This was made up of 3 x Growth for Private Sector Research & Development (GPSRD) grants, 2 x SmartStart grants and 1 x Technology for Industry Fellowship – Expert (TIF Expert) grant – from FRST, and 4 x EDG-MD grants from NZTE.

Events

Recent Held:

- Taranaki Festival of the Arts – a bumper event with 80 performances in 2 weeks.

Upcoming:

- Elton John – December 6th
- The Taranaki Festival of Lights will start several weeks earlier than usual to coincide with the concert.
- The Beach Boys – 17th November
- Motorhead – 19th and 20th October
- Taranaki Rhododendron and Garden Festival – 26th October (begins)

Taranaki Labour Market

- The following analysis has been extracted from the Department of Labour June 2007 Market Report.
- It provides a useful snapshot of Taranaki's performance and comparators to the New Zealand average/outcomes, in key areas such as employment, unemployment and labour market skills.
- The report highlights that the labour force participation rate in Taranaki stood at 69.3% during the year to June 2007 up from 67.1% the year before. In comparison, the national average participation rate was 68.5% for the year to June 2007.
- The unemployment rate in Taranaki remained the same at 3.5% for the year to June 2007 (national average: 3.7%).
- There were 708 working aged people receiving unemployment benefits from Work and Income in the Taranaki region at the end of June 2007.
- Advertised vacancies in Taranaki grew by 12.8% in the year to June 2007, compared with a fall of 6.4% at the national level.

	Taranaki		New Zealand	
	Year to June 2006	Year to June 2007	Year to June 2006	Year to June 2007
Participation rate, ann ave	67.1%	69.3%	68.3%	68.5%
Employment rate, ann ave	64.7%	66.9%	65.8%	65.9%
Unemployment rate, ann ave	3.5%	3.5%	3.7%	3.7%

(Source: Department of Labour – Labour Market Update for June 2007)

Employment

The employment rate (the proportion of the working-age population that is employed) in Taranaki stood at 66.9% during the year to June 2007 up from 64.7% the year before. In comparison, the national average employment rate was 65.9%.

Employment in the Taranaki region was 58,000 in the year to June 2007.

Annual average, %	Taranaki	New Zealand
June 98	59.2	60.9
June 99	59.5	60.5
June 00	59.1	61.1
June 01	61.0	62.2
June 02	63.9	63.1
June 03	64.6	63.1
June 04	64.2	63.8
June 05	63.0	65.0
June 06	64.7	65.8
June 07	66.9	65.9

Source: HLFS, Statistics New Zealand

Unemployment

- The region's unemployment rate remained steady at 3.5% in the year to June 2007. In comparison, the national average unemployment rate was 3.7% for the year to June 2007.
- The number of unemployed people in the region (as measured by the official statistics) is estimated at 2,100 for the year to June 2007.

Figure 2: Regional and national trends in the unemployment rate

Annual average, %	Taranaki	New Zealand
June 98	7.0	7.1
June 99	6.6	7.3
June 00	8.2	6.4
June 01	5.5	5.5
June 02	5.3	5.2
June 03	5.4	5.0
June 04	4.6	4.3
June 05	3.7	3.7
June 06	3.5	3.7
June 07	3.5	3.7

Source: HLF, Statistics New Zealand

Job Vacancy Trends

- The Job Vacancy Monitor (JVM) is a monthly analysis of job advertisements in selected editions of 25 major newspapers around New Zealand and three websites advertising IT vacancies. Over time, JVM informs us about the tightness of the labour market.
- Advertised vacancies in Taranaki grew by 12.8% in the year to June 2007, compared with a fall of 6.4% at the national level.
- Advertisements for highly skilled (legal/admin/managers & professionals) occupations in Taranaki grew by 36.2% in the year to June 2007.
- Advertisements for skilled (ass.profs/tech & trades workers) occupations in Taranaki grew by 8.4% in the year to June 2007.
- Advertisements for semi-skilled / elementary (clerks, services/sales workers, agr/fish workers, plant/mach operators & elementary) occupations in Taranaki grew by 7.9% in the year to June 2007.

(Source: Statistics New Zealand - Household Labour Force Survey and Quarterly Employment Survey)

Figure 3: Regional and national trends in vacancy counts in the Taranaki region

Annual average, %	Year to June 2006	Year to June 2007
Region	5.7	12.8
New Zealand	-4.0	-6.4

Source: Job Vacancy Monitor, Department of Labour

Figure 4: Regional trends in vacancy counts in the year to June 2007 by occupation group for the Taranaki region

Annual average % change	Year to June 2006	Year to June 2007
Legislators/Managers	-6.3	60.4
Professionals	2.5	27.4
Highly skilled	0.0	36.2
Ass. Profs/Technicians	-7.8	42.2
Trades workers	22.8	-15.7
Skilled	7.9	8.4
Clerks	10.0	28.0
Services/Sales/Workers	17.4	25.5
Agr and Fishery Worker	-5.8	-19.9
Plant and Mach Operators	-15.7	5.4
Elementary Occupations	30.1	-21.7
Elementary/ Semi skilled	6.6	7.9

Source: Job Vacancy Monitor, Department of Labour

High Vacancy Occupations

Below is a list of occupations from the Department of Labour Job Vacancy Monitor that have the highest number of vacancies (high vacancy occupations), and those occupations that have shown the highest growth in advertised vacancies in terms of percentage change (top percentage growth occupations) and numerical change (top numeric growth occupations) in Taranaki.

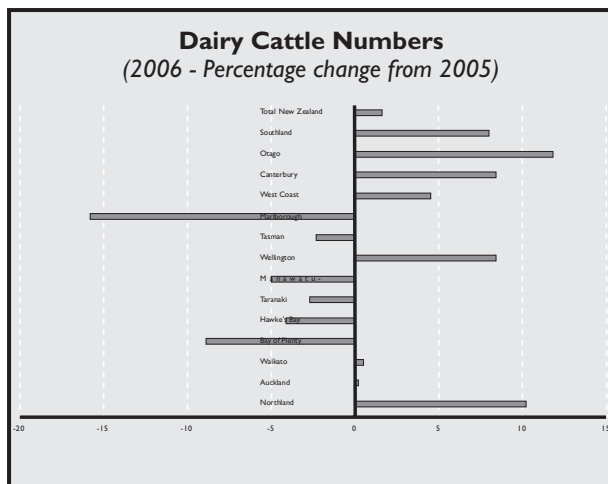
Rank	High vacancy Occupations	No. of vacancies	Top Percentage Growth Occupatons	% Growth	Top Numeric Growth Occupations	Numeric Growth
1	Sales Assistant Farm Worker	117	Waiter	84%	Waiter	31
2	Dairy Farmer, Dairy Farm Worker	103	Primary School Teacher	68%	Kitchenhand	25
3	Waiter	68	Heavy Truck or Tanker Driver	52%	Primary School Teacher	17
4	Care Giver	65	Information Clerk and Other Receptionist	35%	Technical Representative	16
5	Registered Nurse	62	Builder (Including Contractor)	29%	Chef	16
6	General Clerk	59	General Clerk	18%	Hairdresser	16
7	Information Clerk and Other receptionist	54	Early Childhood Teacher	16%	Heavy Truck or Tanker Driver	15
8	Cleaner	48	Carpenter and/or Joiner	13%	Construction Manager	14
9	Kitchenhand	46	Sales Assistant	6%	Cattle Farmer, Cattle Farm Worker	14
10	Heavy Truck or Tanker Driver	44			Information Clerk and Other Receptionist	14
11	Primary School Teacher	42			Survey Interviewer	13
12	Sales Representative	36			Sales Representative	13
13	Builder (Including Contractor)	36			Retail Manager	13
14	Carpenter and/or Joiner	35			Real Estate Agent/ Property Consultant	13
15	Hairdresser	35			Security Officer	12
16	Catering Counter Assistant	34			Catering Counter Assistant	11
17	Chef	34			Bartender	11
18	Bartender	33			Cook	11
19	General Labourer	30			Physiotherapist	11
20	Early Childhood Teacher	29				

Agricultural Production Review 2006

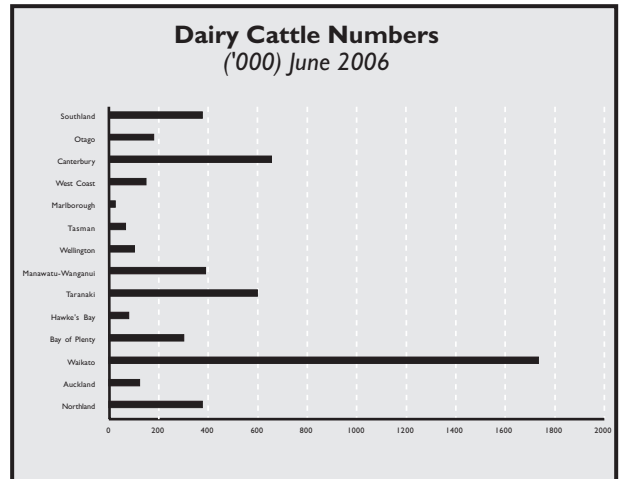
The information in this summary is compiled from the Statistic's New Zealand 2006 Agricultural Production Census.

Dairy Cattle

- The number of dairy cattle at 30 June 2006 was estimated at 5.2 million, up 1.6% from 2005.
- Taranaki was home to 11.6% of the national dairy cattle population.
- Numbers have declined 2.7% between 2005 and 2006.

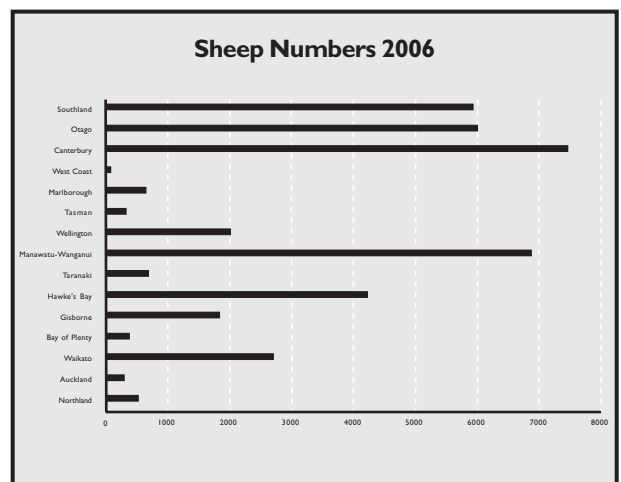


- Dairy cows and heifers not in milk or in calf (up from 212,000 to 235,000), and rising 1-year-old heifers (up from 705,000 to 737,000), were the main contributors to the increase. The number of dairy cows and heifers in milk or in calf increased to 4.1 million in 2006, up 18,000 from 2005.
- Waikato remains the main dairying region, with 1.7 million dairy cattle, but Canterbury had the greatest change in number, increasing from 605,000 in 2005 to 656,000 in 2006.
- During the past 25 years, dairy cattle numbers have risen from 2.9 million in 1981 to 5.2 million in 2006. Over this period South Island numbers have increased from 225,000 (8% of the national dairy herd) to 1.5 million, or 28% of the national dairy herd.



Sheep

- The national sheep flock was recorded at 40,098 million at 30 June 2004. At the same time the previous year the flock numbered 39.8 million.
- Sheep numbers in Taranaki were estimated at 688,000 – an increase of 1.4%.



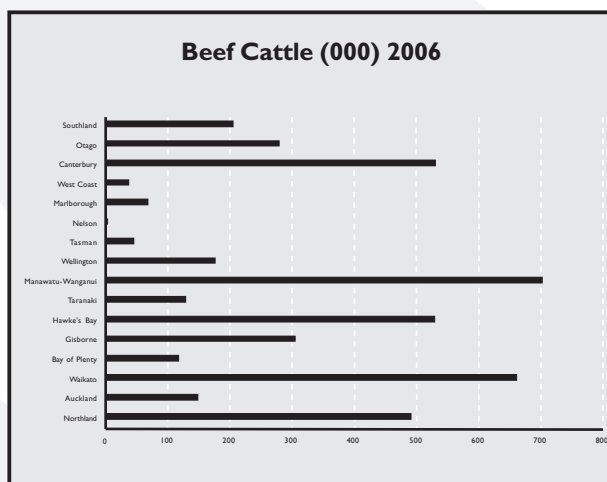
- The 2006 increase occurred in the North Island, in particular the Waikato and Hawke's Bay regions. In the South Island there was a small decrease.

(Source: Statistics New Zealand - External Migration Analysis)

- From a peak in 1982 (70.3 million), sheep numbers showed a downward trend until stabilising around 2002.
- Over the past 25 years, the national lambing percentage has increased from 100% in 1981 to 128% in 2006. The percentage was calculated by dividing the total number of lambs marked or tailed by the number of ewes put to ram, as recorded in the previous year's survey.

Beef Cattle

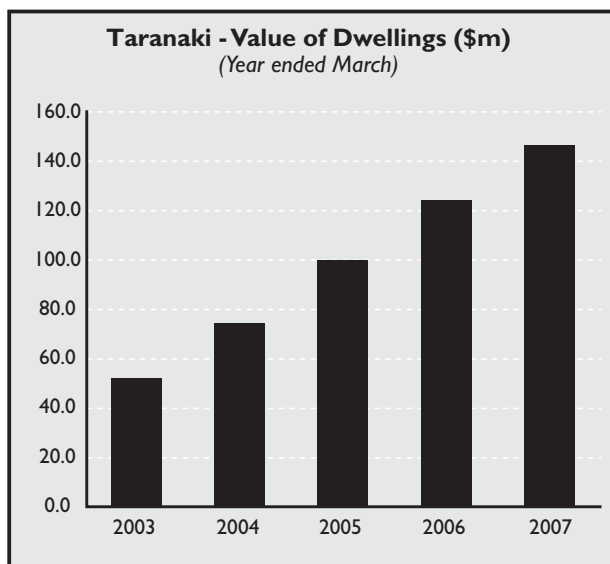
- Taranaki had 129,000 beef cattle as at 30 June 2006.
- At 30 June 2006, nationally the number of beef cattle (4.4 million) was the same as the previous year.
- Almost three-quarters of all beef cattle are in the North Island. The major regions are Manawatu-Wanganui, with 702,000 head, and Waikato with 661,000.
- Of the main livestock sectors, beef numbers have changed the least over the past 25 years. There has been relatively little change in the South Island, which had an estimated 1.2 million in 2006. However, the number has declined in the North Island, to an estimated 3.3 million beef cattle in 2006.



Construction

Residential Construction

- During the year ended March 2007, a total of 603 new dwelling units worth \$146.9 million were authorised for construction within Taranaki Region.



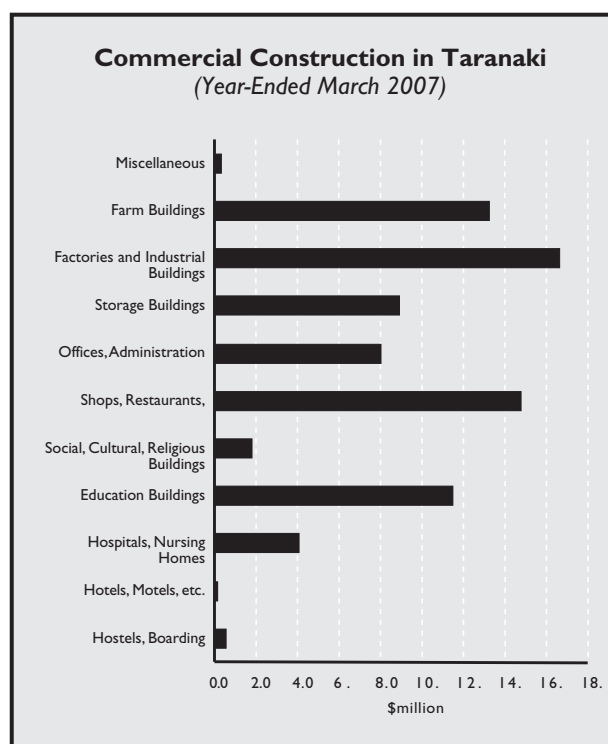
- This represented a rise of 6.5% in number and a rise of 18.6% in value from the previous year.
- Building consents for new dwellings were issued for a total floor area of 135,590 square metres during the year ended March 2007, an increase of 4.6% from the previous year.
- This compares with a national decrease of 1.7%.

Non-Residential Construction

- There were 718 building consents issued for the construction and alteration of non-residential buildings in Taranaki. This is an increase of 3.6% from the year ended March 2006, compared with a 6.5% increase nationally during the same period.
- Taranaki's non-residential building consents were valued at \$80.1 million, down 3.1% from the previous year.

Value of Non-residential Building Consents (Year Ended March)		
Value \$ million		
Location	2007	% Change
Taranaki Region	80.1	-3.1
Auckland City	581.7	0.3
Taupo District	57.6	70.8
Rotorua District	38.9	-35.6
Napier City	42.5	-3.2
New Plymouth District	57.7	21.7
Stratford District	3.7	-4.0
South Taranaki District	18.8	-40.4
Wanganui District	41.4	23.2
Palmerston North City	82.7	11.8
Wellington City	215.3	-40.8
Christchurch City	346.7	13.6
Invercargill City	34.8	-12.1
New Zealand	3,995.4	-1.8

- Shops, factories and farm construction reflected the major value of non-residential consents in Taranaki.



(Source: Statistics New Zealand)

Rental Accommodation

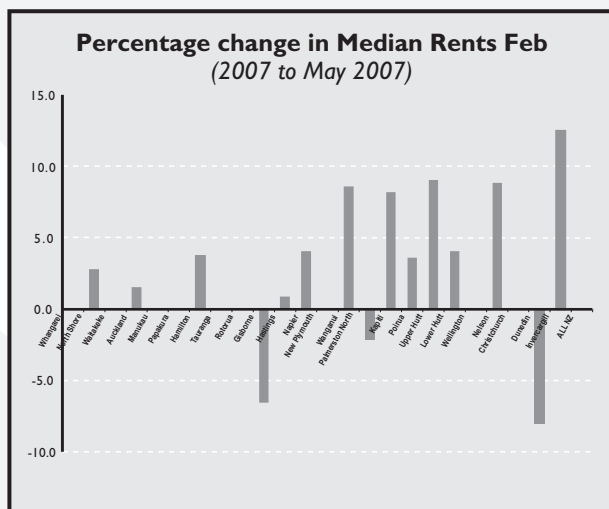
Household Rental Accommodation

- Between the period February 2007 to May 2007, the national median rent for private sector rental accommodation remained at \$280 per week.
- The median rent in New Plymouth remained at \$250 per week.
- The following table displays median rental levels in regional locations across the country.
- The highest median rental accommodation is in North Shore at \$370 per week, whilst Invercargill has the lowest at \$180 per week.
- The highest rental increases in the Feb to May 2007 period have come from:
 - Invercargill
 - Upper Hutt
 - Wanganui
 - Kapiti

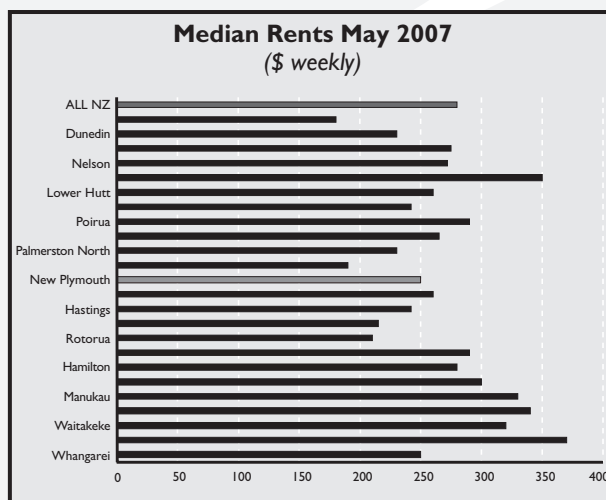
Median Rent by Region
(May 2007)

Region	Median Rent - May 2007
Whangarei	250
North Shore	370
Waitakere	320
Auckland	340
Manukau	330
Papakura	300
Hamilton	280
Tauranga	290
Rotorua	210
Gisborne	215
Hastings	242
Napier	260
New Plymouth	250
Wanganui	190
Palmerston North	230
Kapiti	265
Porirua	290
Upper Hutt	242
Lower Hutt	260
Wellington	350
Nelson	272
Christchurch	275
Dunedin	230
Invercargill	180
ALL NZ	280

Percentage change in Median Rents Feb
(2007 to May 2007)



Median Rents May 2007
(\$ weekly)



(Source: Massey University Real Estate Unit Analysis and Real Estate Institute of New Zealand)

Real Estate

House Prices

How times have changed !

The following tables display a comparison of the median* house sales price for June 2000 and also for June 2007 for a range of areas in Taranaki.

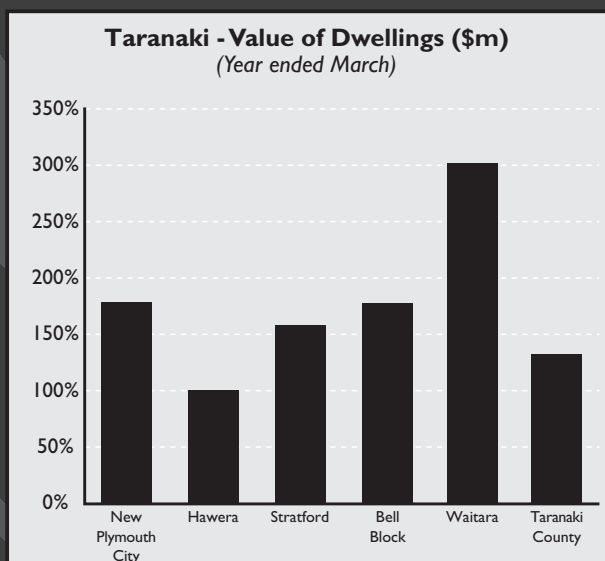
Taranaki Median Sales Price Comparison (October - December 2006)			
Location	June 2000	June 2007	Change
New Plymouth City	\$115,000	\$320,000	178%
Hawera	\$110,000	\$220,000	100%
Stratford	\$64,000	\$165,000	158%
Bell Block	\$112,000	\$310,000	177%
Waitara	\$52,250	\$209,562	301%
Taranaki Country	\$90,000	\$210,000	133%

*Median's calculated over 3 months

**Includes Egmont Village, Eltham, Ingelwood, Kaponga, Manaia and Taranaki

As displayed, median sales prices have increased considerably since 2000.

The median sales price for a house in Waitara has increased over 300%; Bell Block 177%; New Plymouth 178%; Stratford 158% Taranaki County 133% and Hawera 100%.



Home Affordability

- Home affordability comprises an assessment of three variables: house prices, wage rates and mortgage interest rates.
- It will come as no surprise to many home buyers and owners to learn that affordability has continued to deteriorate during 2007.
- For the period ending May 2007 (the most recent report), national home affordability declined by 4.0 percent.
- This decline was primarily due to increases in the national median house price (4.1%) outstripping increases in the average weekly wage (1.4%) with mortgage rates also up (1.25%).
- National home affordability has now been in decline for each quarter over the past 5 years.
- Home affordability in Taranaki also declined in the May 2007 period (2.6%)..
- Other declines included:
 - Northland (5.8%)
 - Auckland (5.2%)
 - Canterbury/Westland (4.9%)
 - Wellington (2.8%)
 - Manawatu/Wanganui (2.4%)
 - Nelson/Marlborough (2.2%)
 - Hawkes Bay (0.6%)
- Central Otago Lakes was the exception – it showed a 3.8 % annual improvement in affordability.
- Southland remains the most affordable region in New Zealand.
- Central Otago Lakes the least affordable region

(Source: REINZ and Massey University Property Foundation)

- The following table displays affordability changes over the past 12 months

Percentage Change in Home Affordability in the past 12 months	
Region	% Change
Northland	-11.5
Auckland	-10.4
Waikato/Bay of Plenty	-6.9
Hawke's Bay	-9.4
Taranaki	-10.6
Manawatu/Wanganui	-16.9
Wellington	-18.3
Nelson/Marlborough	-8.1
Canterbury/Westland	-12.1
Otago	-1.1
Central Otago Lakes	+3.8
Southland	-26.8
New Zealand	-11.9

Farm Sales

- In July 2007 the median farm price in Taranaki increased to \$1,325,500 from \$1,300,500 in June.
- 36 farms were sold during the month, two less than the 38 sold in June. The 36 farms consisted of 17 grazing, 16 dairy, two finishing and one forestry farm.

How have farm sale prices changed?

The following table compares recent farm sales prices with those in 2005 and 2006.

Median Sales Price, Farms (3 Year Comparison)				
Area	July 2005	July 2006	June 2007	July 2007
Taranaki	\$818,000	\$880,000	\$1,300,500	\$1,325,500
New Zealand	\$900,000	\$950,000	\$1,250,000	\$1,270,000

- In July 2005 the median farm sales price was \$880,000 - considerably less than the July 2007 figure.

The following table compares recent lifestyle farm/blocks prices with those in previous years.

Median Sales Price, Lifestyle Blocks (3 Year Comparison)				
Area	July 2005	July 2006	June 2007	July 2007
Taranaki	\$292,500	\$264,250	\$353,750	\$330,000
New Zealand	\$350,000	\$405,000	\$450,000	\$445,750

Lifestyle blocks have also increased in price in Taranaki – from \$264,250 in July 2006 to \$330,000 in July 2007.

(Source: REINZ and Massey University Property Foundation)

Is There A Rural Market Revival?

What are the predictions?

Massey University undertakes regular surveys each quarter of a panel of rural real estate market specialists drawn from the Banking, Real Estate and Valuation Professions.

Their June 2007 survey outcome makes the following predictions in relation to the rural property market

e.g. farms sales.

Opinions concerning rural real estate sales volume during the next 3 months compared to the same period last year:

Farm Type	Large increase	Moderate increase	same	Moderate decrease	Large decrease	N/A
Dairying	11%	44%	11%	34%		
Sheep and beef		11%	11%	67%	11%	
Arable/fattening			44%	56%		
Horticulture		12%	33%	33%		22%
Forestry	8	12%	33%	22%		33%

The above table highlights that 11% of respondents anticipated a large increase in dairy real estate sales (volume) during the next three months, and 44% predict a moderate increase.

Opinions concerning rural real estate sales prices during the next 3 months compared with current prices:

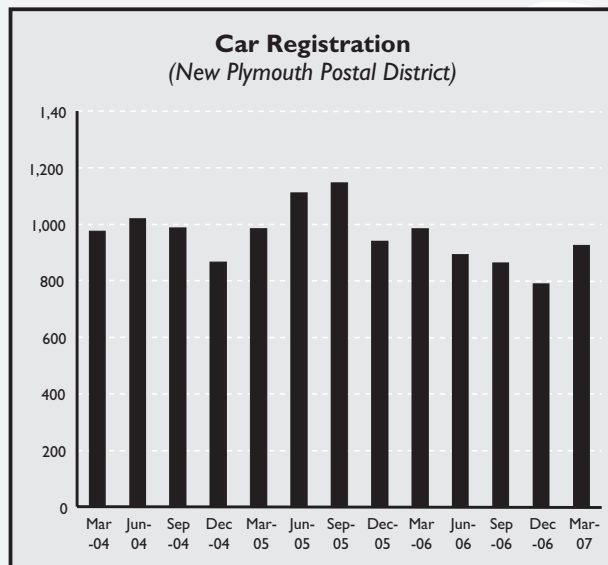
Farm Type	Large increase	Moderate increase	same	Moderate decrease	Large decrease	N/A
Dairying		75%	25%	34%		
Sheep and beef		11%	67%	22%	11%	
Arable/fattening		11%	78%	11%		
Horticulture		11%	67%			22%
Forestry			63%			37%

The above table highlights that 75% of respondents anticipated a moderate increase in dairy farm sale prices during the next three months.

Car Registrations

Comparison with last quarter

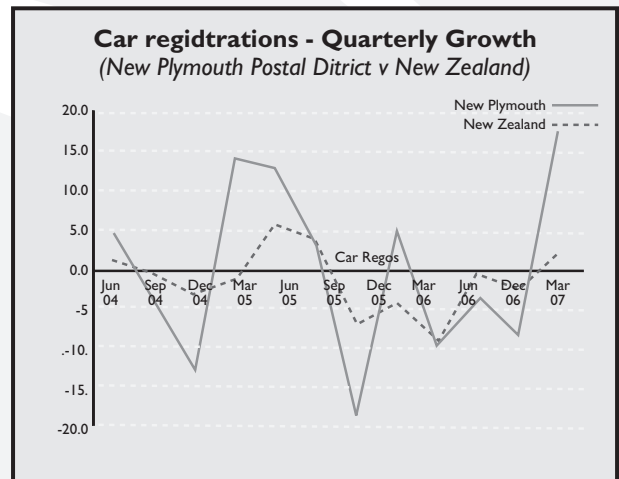
- New and ex-overseas car registrations have rebounded recently.
- The total number of new and ex-overseas car registrations for the March 2007 quarter in the New Plymouth Postal District was 927 compared with 791 for the previous quarter (December 2006).
- This is an increase of 17%.



- Nationally car registrations have increased 1.8% relative to the previous quarter (December 2006).
- The New Plymouth Postal District comprised 1.9% of all new and ex-overseas car registrations in New Zealand for the March 2007 period.
- The Auckland region accounted for over 44% of New Zealand's new and ex-overseas car registrations.
- 2.9% took place in Napier and 0.8% in Wanganui.

¹ Figures in this analysis only include visitors staying in short term commercial accommodation establishments such as hotels, backpackers, camping grounds etc.

(Source: Statistics New Zealand)



Comparison With The Same Period in 2006

- The number of new and ex-overseas car registrations in the New Plymouth Postal District remains less than the March 2006 quarter when 986 new and ex-overseas car registrations were received (i.e. a decline of 6%).
- This is displayed on the table below, in conjunction with other regional comparisons.

Postal District	2007	% Change
Whangarei	1,062	-8.4
Auckland	21,584	-6.4
Hamilton	3,567	-18.8
Thames	357	-14.4
Tauranga	1,928	-13.7
Rotorua	669	-15.8
Gisborne	281	-12.2
Napier	1,406	-11.3
New Plymouth	927	-6.0
Wanganui	399	-18.7
Palmerston North	1,587	-7.6
Masterton	358	-2.2
Wellington	4,385	-5.4
Nelson	874	-6.5
Blenheim	412	-2.8
Greymouth	181	-25.2
Westport	34	-43.3
Christchurch	5,887	-12.7
Timaru	481	-17.4
Oamaru	133	-5.7
Dunedin	1,469	-20.6
Invercargill	730	-12.3
New Zealand	48,711	-9.8

Retail Trade

National Retail Sales – Overview

For the June 2007 quarter compared with the March 2007 quarter (on a seasonally adjusted basis)

- Total retail sales increased 0.4% (\$72 million).
- Of the 24 retail industries, 14 recorded sales increases in the June 2007 quarter.
- The largest increases were in:
 - Supermarket and grocery stores (up 3.0% or \$97 million)
 - Automotive fuel retailing (up 3.7% or \$53 million).
- The largest decreases were in:
 - Appliance retailing (down 7.4% or \$50 million)
 - Accommodation (down 4.6% or \$3 million).
- Sales volumes fell 0.6%.

However with price effects removed:

- The volume of total retail sales fell 0.6% (\$83 million) in the June 2007 quarter compared with the previous quarter.
- 19 of the 24 retail industries had movements of less than plus or minus 5%.
- Bigger movements were recorded in accommodation and bars and clubs (each down 6.5%), appliance retailing (down 5.5%) and fresh produce retailing (down 5.3%).
- Footwear retailing (up 8.9%) was the only industry with a significant rise in sales volumes.

Measured in dollar values, the industries with the largest falls in volumes were:

- Appliance retailing, down \$71 million (5.5%)
- Motor vehicle retailing, down \$32 million (1.3%),
- Accommodation, down \$32 million (6.5%)
- Cafes and restaurants, down \$23 million (3.2%).

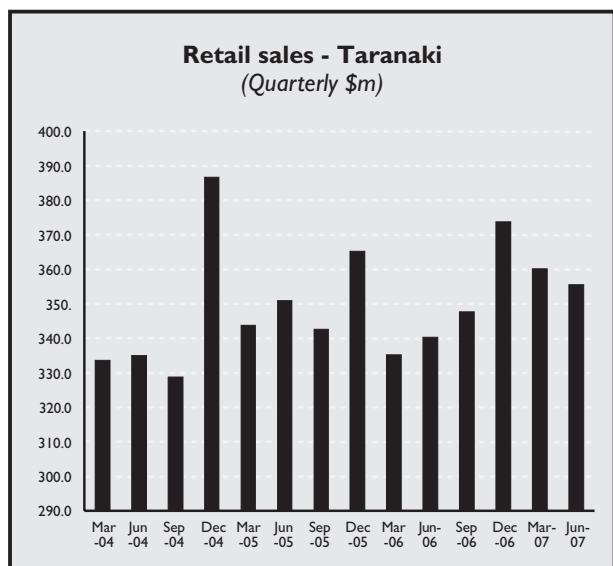
The largest rises were in:

- Supermarket and grocery stores, up 1.7% (\$42 million)
- Automotive fuel retailing, up 3.3% (\$28 million).

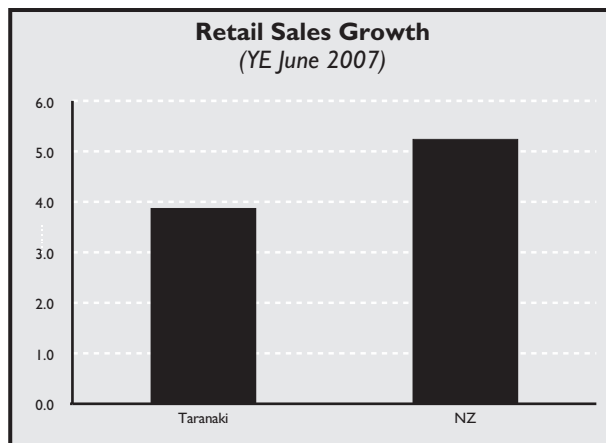
Taranaki Region - Actual Sales

- Retail sales in the Taranaki Region during the June 2007 quarter totalled \$355.5 million.
- This is an increase of \$15.1 million, or 4.4% from the June 2006 quarter i.e. the same time last year.
- Nationally, actual retail sales (i.e non-seasonally adjusted) totalled \$15,578.4 million, up 6.3% from the June 2006 quarter.
- ^a Retail sales in the New Plymouth urban area was an estimated \$219.7 million (i.e. an estimated 61.8% of the value of total actual retail sales in the region occur in New Plymouth).
- New Plymouth's total actual retail sales were up from the June 2006 quarter by 6.5%.

(Source: Statistics New Zealand, Retail Trade Survey)



- However Taranaki's growth rate, whilst respectable, is slightly below that recorded nationally in the 12 month period (ending June 2007). Retail sales increased an estimated 5.2%.



Annual Growth Comparison

- The following tables summarises total estimated actual sales for the Taranaki region for the 12 month period ending June 2005, 2006 and 2007.
- Estimated total actual sales for the 12 months ending June 2007 were \$1437 million for the Taranaki region.
- For New Zealand they were an estimated \$63,224 million.
- Although total actual sales declined in 2006 within the Taranaki region, they have seemingly rebounded in the 12 months ending June 2007.
- Total actual retail sales increased by an estimated 3.9% in Taranaki for the year ending June 2007, relative to the previous 12 month period.
- Prior to that period, they had contracted an estimated 1.9%

Actual Retail Sales (June 2005-2007)		
12 months ending June	Taranaki \$m	New Zealand \$m
2005	1,410.2	57,014.2
2006	1,383.8	60,079.1
2007	1,437.2	63,224.4

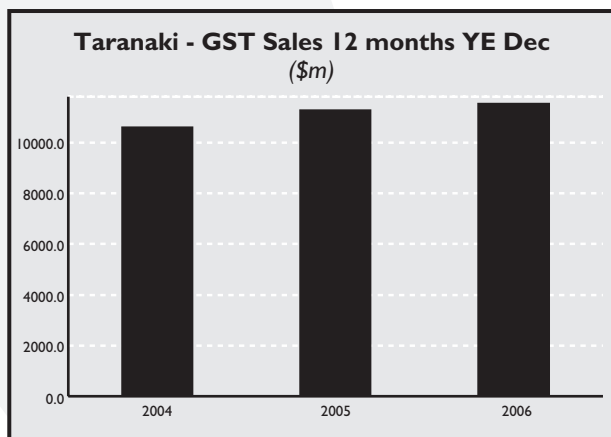
(Source: Statistics New Zealand, Retail Trade Survey)

Sales, Purchases and GST Indicators

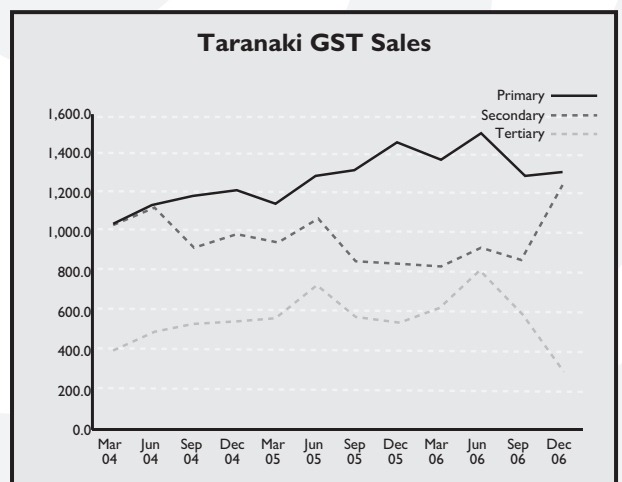
- This experimental information is provided by Statistics NZ and it allocates Goods and Services Tax (GST) to regions and industries. This is undertaken by matching GST returns from the IRD to the Statistics NZ business frame.
- Net GST is similar to GDP however excludes some of its critical elements. Never-the-less the following information provides a useful indicator of “regional GDP”.
- The following analysis provides an assessment of Taranaki’s performance in relation to this indicator. It utilises figures from 2004 to the year-ending 2006.

GST Sales

- The total Goods and Services Tax (GST) sales in the Taranaki Region for the Year Ending December 2006 was \$1 1,536.3 million.
- This represented an increase of 2.3% over the previous calendar year (2005), as well as an increase over 2004.



- GST Sales can also be further evaluated into key subcategories:
 - o Primary sector (agriculture, forestry, fishing, mining);
 - o Secondary sector sales (manufacturing, electricity, gas & water supply & construction); and
 - o Tertiary (wholesale trade, retail, accommodation, café’s restaurants, transport, storage, communication, finance, business services and many Government and community services e.g. health and education))
- The following graph displays GST sales on a quarterly basis since 2004, within each of these key subcategories.

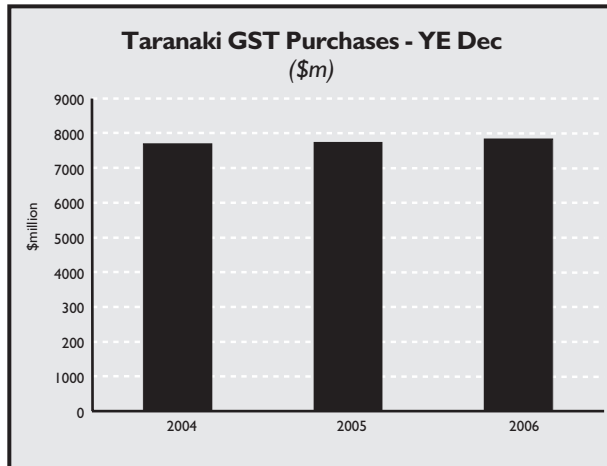


- In recent times GST sales in the primary sector have contracted, although those in the secondary sector have increased.

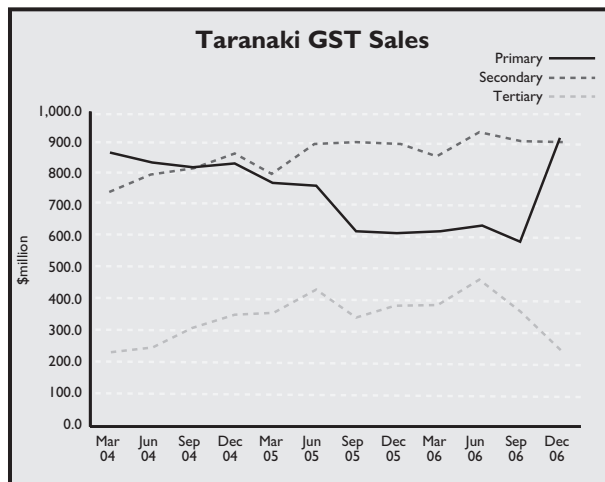
(Source: Statistics New Zealand, Economic Indicators – experimental)

GST Purchases

- Total GST Purchases in 2006 also increased in Taranaki relative to 2005.
- For the calendar year ending 2006, total GST purchases in Taranaki totaled \$7,725.2 million.
- This reflected a small increase (1%) over 2005, and there was also an increase in 2005 over 2004.



- Similarly to GST Sales, GST Purchases can also be further analysed by sub category (primary, secondary and tertiary purchases).
- The outcome of this process is displayed below.



- It highlights that, similar to the trend in GST sales, that the primary sector reduced purchases in mid 2006, whilst those in the secondary industry increased.

Net GST Indicator

Annual Comparisons

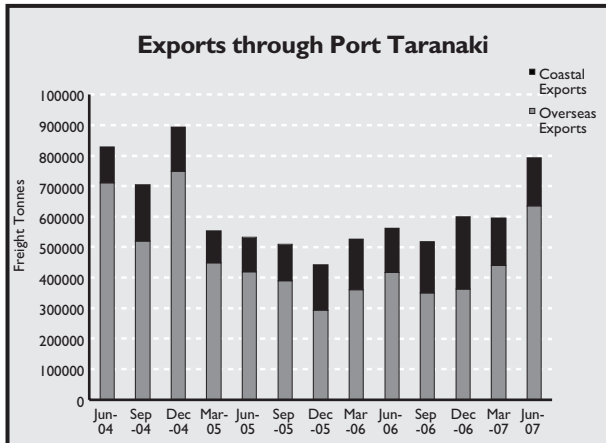
- The differences between sales and purchases ascertains the net changes to GST on an annual basis.
- Net GST for the year ending 2006 for Taranaki equated to \$3,711.1 million.
- This reflected a growth in Net GST over the 12 months ended 2005 of 4.6%.
- Comparative growth for New Zealand during this period was 6.9%.

(Source: Statistics New Zealand, Economic Indicators – experimental)

Port Trade

Cargo Exported

- 793,732 freight tonnes of cargo was exported through Port Taranaki during the June 2007 Quarter.
- This reflects an increase of 41.4% over the June 2006 quarter.

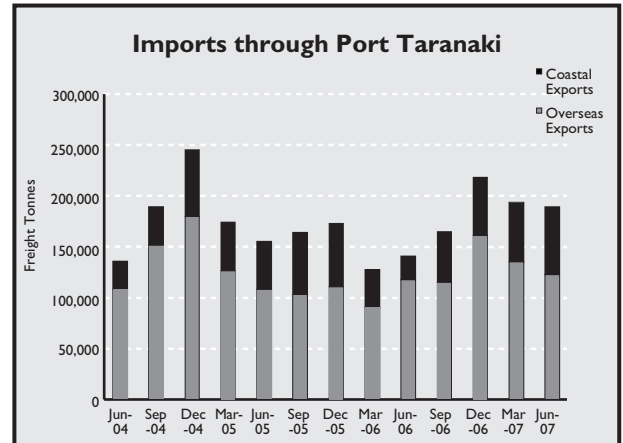


- The outgoing cargo (793,732 tonnes) was comprised of 634,778 tonnes of overseas cargo and 158,954 tonnes of coastal trade.
- A total of 2,508,571 tonnes of cargo was exported through Port Taranaki during the 12 months ending June 2007.
- This is an increase on the previous 12 months of 23.0%.

Cargo Imported

- 189,892 tonnes of cargo was imported via Port Taranaki during the June 2007 quarter.
- This reflects an increase of 34.6% over the June 2006 quarter.
- The inward cargo was comprised of 122,752 tonnes of international imports and 67,140 tonnes of coastal trade.

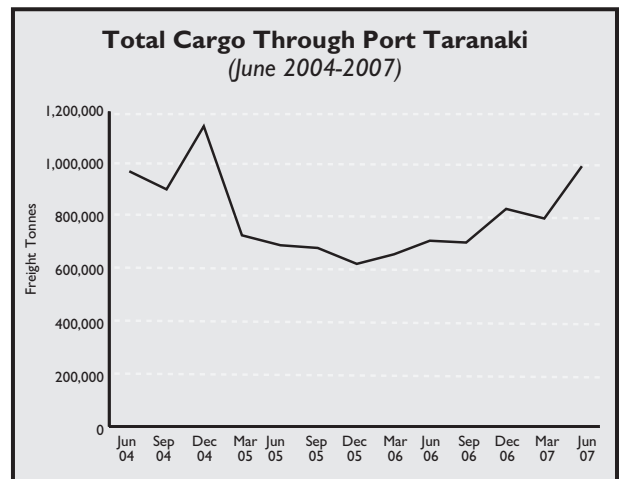
(Source: Port Taranaki)



- 767,510 tonnes of cargo was imported via Port Taranaki during the 12 months ending June 2007.
- This reflects a 26.6% increase on the previous 12 month period.

Total Cargo

- Port Taranaki handled, in total, 983,624 tonnes of cargo during the June 2007 quarter (i.e. imports and exports).
- This reflects an increase of 40.1% over the June 2006 quarter.



- Total cargo for the year ending June 2007 (imports and exports) equated to 327,6081 freight tonnes; an increase of 23.8% over the previous 12 month period.



Thank you...

Venture Taranaki acknowledges the support of its key stakeholder – the New Plymouth District Council – whose continued commitment to the Trust has been pivotal in its success.

Venture Taranaki also acknowledges the input of other stakeholders in producing Taranaki Trends, including the South Taranaki District Council, Stratford District Council, Taranaki Newspapers, Statistics New Zealand, National Bank of New Zealand, REINZ (Taranaki), the Department of Work and Income, and ANZ (job advertisement statistics).

This document was designed in Taranaki by TGM Design Ltd.

This report was prepared by Taranaki Based Consultancy Red Eye Limited for Venture Taranaki Trust.

Venture Taranaki

As Taranaki's regional development agency, we're committed to making Taranaki grow.

That's why we're interested in helping to make your business a success.

If you need advice and assistance or access to information and knowledge to support your business aspirations, we offer a single point of contact to provide the help you require.

If you are:

- Thinking of starting up a business;
- Trying to grow your business;
- Considering relocating or investing in Taranaki...

We have a range of products and services designed to meet your business needs.

Why not call us today!



9 Robe Street PO Box 670
New Plymouth 4340 New Zealand
Phone: (06) 759 5150 Fax: (06) 759 5154
FREEPHONE: 0800 4VENTURE (0800 483688)

Our services and opinions are of a general nature and should be used as a guide only. They are not a substitute for commercial judgement or independent professional advice which should be obtained prior to acting in relation to any business matter.