

TARANAKI MINI TRENDS

INTERIM TARANAKI ECONOMIC REPORT

CURRENT UNTIL 30 SEPTEMBER 2008



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TARANAKI

like no other

TARANAKI TRENDS AT A GLANCE.

For the March 2008 Quarter

CONTENTS

- GDP: +1.0% (Dec 2007 quarter)
- CPI: +0.7% (March)
- Overall regional growth: -2.9%
- Consumer Confidence: 92.1 (decline)
- Unemployment rate: 3.8%
- Weekly Income: \$22.92 per hour
- Retail sales: \$436.4m
- Tourism: 201,773 guest nights
- Real estate sales: \$269,000 median house price, 42 days to sell
- Rental market: \$265 per week
- New dwelling construction: \$30.3m
- Taranaki Statistics – Quick Updates

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GROSS DOMESTIC PRODUCT

- Economic activity increased 1.0% in the December 2007 quarter, following an increase of 0.5% in the September 2007 quarter.
- Annual growth in gross domestic product was 3.1% for the year ended December 2007.

Gross Domestic Product Quarterly change



(1) Seasonally adjusted chain-volume series expressed in 1995/96 prices.

CONSUMER PRICE INDEX (CPI)

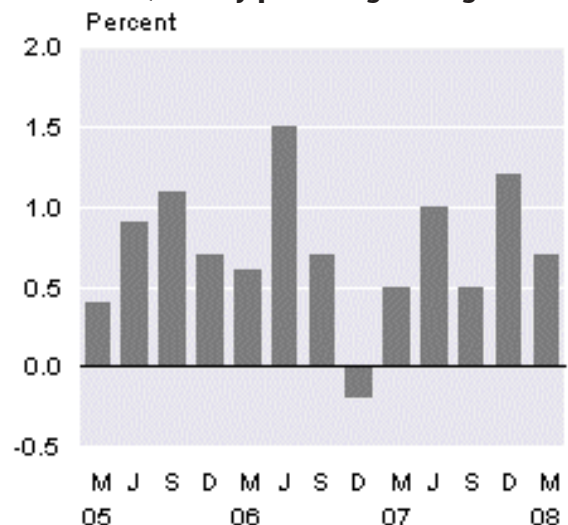
The Consumers Price Index (CPI) rose 0.7% in the March 2008 quarter.

Food prices increased 1.8%, with the main contribution coming from higher prices for grocery food, in particular cheese.

Housing and household utilities prices rose 1.0%, driven by higher prices for actual rentals for housing.

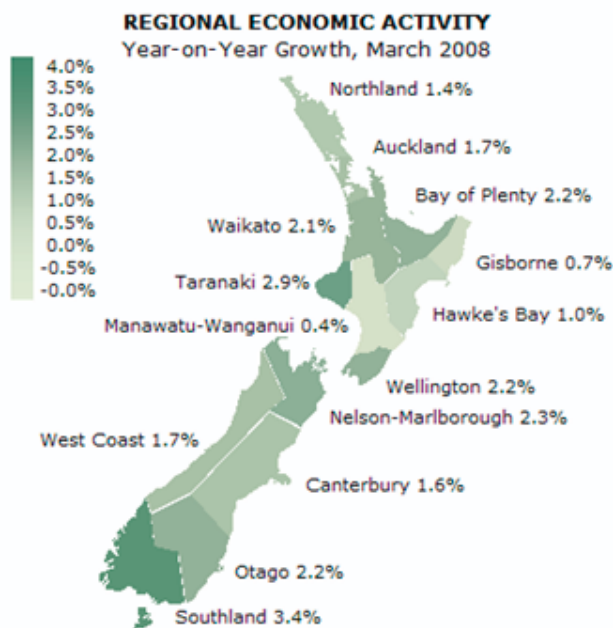
Transport prices rose 0.8%, driven by higher prices for petrol.

Consumer Price Index Quarterly percentage change



OVERALL REGIONAL GROWTH

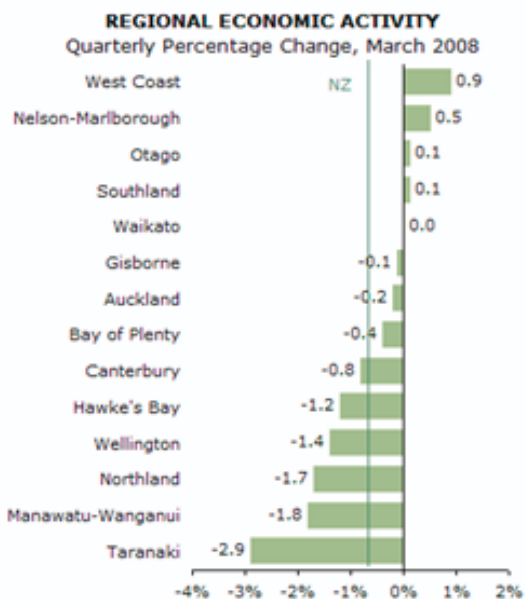
The following analysis reflects the results of the National Bank's latest comparison of New Zealand regions based on their assessment of a cross-section of indicators such as employment, consumer confidence, job adverts etc.



In the March 2008 quarter:

Virtually all regions recorded a decline in economic activity, however it was more particularly felt in Taranaki.

- Taranaki's growth declined by 2.9%
- New Zealand's growth declined by 0.6%



National Bank Commentary:

Commenting on the recent economic slowdown, the National Bank makes the following statement:

"Weaker regional economic indicators were widespread in the March quarter and included: business and consumer confidence, retail trade, employment, house sales, new motor vehicle registrations and building consents."

ASB Commentary:

ASB's Main Report comments that *"the rush has passed and the region is settling down to a more sustainable growth rate."*

CONSUMER CONFIDENCE

Consumer confidence dropped considerably in the March 2008 quarter with the amount of pessimists outweighing the number of optimists for the first time in eight years.

The Westpac McDermott Consumer Confidence Index fell nationally to 96.5 from 110 in December 2007. They stated that this was the lowest level of consumer confidence recorded in the last decade.

Rising food and petrol prices, high mortgage interest rates, drought, falling house price inflation and turmoil in the global financial markets were cited as factors influencing the drop in confidence.

The regional analysis is reflected in the table below. Within it, the Taranaki-Manawatu-Wanganui regions are combined in the consumer confidence analysis.

The results reflect a rating of 92.1. A rating below 100 indicates that pessimists outweigh optimists in this regional grouping.

Consumer Confidence

Region	Dec 07	March 08
Northland	109.0	87.4
Auckland	110.3	99.8
Waikato	105.2	92.1
Bay of Plenty	107.0	95.7
Gisborne/HBay	104.1	92.1
Taranaki/Manawatu/Wanganui	110.4	92.1
Wellington	115.6	96.3
Nelson/Marlborough/WestCoast	104.9	101.5
Canterbury	114.9	98.7
Otago	107.8	96.2
Southland	102.2	91.6

EMPLOYMENT

The estimated size of the Taranaki labour force during March 2008 was 60,500. The number of people employed decreased by 3.6% relative to the March 2007 quarter.

UNEMPLOYMENT

In terms of the seasonally unadjusted unemployment rate, this currently resides at 3.8% for the region.

Relative to other regions, Taranaki recorded the 5th lowest unemployment rate for the March 2008 quarter.

Southland recorded the lowest unemployment rate at 2.0%, and Hawkes Bay/Gisborne the highest at 5.4%.

**Regional Unemployment Rate
(March 2008 quarter)**

Region	Unemployment Rate	Rank
Northland	4.4	7
Auckland	4.6	8
Waikato	4.0	6
Bay of Plenty	4.8	9
Gisborne/HB	5.4	12
Taranaki	3.8	5
Manawatu/Wang	4.8	9
Wellington	5.0	11
Tasm/Nels/Marl/West	3.7	4
Canterbury	2.6	2
Otago	2.7	3
Southland	2.0	1
New Zealand	4.1	-

AVERAGE HOURLY EARNINGS

Taranaki employees earned an average of \$22.92 per hour in March 2008.

This is an increase of 2.2% relative to December 2007.

Hourly earnings across New Zealand increased by 1.5% for the same period.

The following table reflects average hourly earnings for male and female employees within Taranaki.

Average hourly earnings increased in the Taranaki region for male employees by 2.9% and by 1.8% for female employees in March 2008 relative to December 2007.

The Table also provides this assessment at a New Plymouth (sub regional) level, and for South Taranaki. Stratford figures are not available due to the small sample size.

Comparison with selected New Zealand regions are also displayed.

Average Hourly Earnings

Area	Male	Female
Taranaki	\$22.50	\$19.44
New Plymouth District	\$24.61	\$19.67
South Taranaki	\$26.56	\$19.66
Waikato Region	\$23.67	\$20.57
Manawatu/Wanganui	\$22.15	\$20.47
New Zealand	\$25.04	\$21.91

RETAIL SALES

Retail sales are assessed from a quarterly survey of retail outlets throughout New Zealand. It is essentially a national survey however Venture Taranaki sources these regional results from Statistics NZ.

It is important to note that the survey was not designed to be representative at this sub national level – but with these limitations it still provides a useful indicator and tool for monitoring economic performance, especially if continued over time, as the Trust has done.

The latest results are as follows:

Total retail sales for Taranaki during the March 2008 quarter were estimated as being approximately \$436.4m.

Of this total, retail sales in New Plymouth were estimated as being approximately \$408.9m.

Taranaki's retail sales (for the March 2008 quarter) reflected a decrease of 6% over the previous quarter (the Christmas period).

TARANAKI TRENDS AT A GLANCE.

However Taranaki's retail figures are up 15% relative to the same period in 2007.

Nationally retail sales increased 4% in the March 2008 quarter relative to the same quarter in 2007.

The New Zealand March 2008 quarterly sales figures were down 7% from the December 2007 quarter.

How is Taranaki tracking to date?

The following table shows Taranaki Guest Night and Visitor arrivals for the 12 months Year-Ending March 2008 relative to the Year-Ending March 2007.

It highlights that the region has performed better than New Zealand as a whole over this period.

Y-E March 2008	Total Guest Nights	Visitor Arrivals
Taranaki	4.2%	4.7%
New Zealand	3.5%	2.7%

Source: Statistics NZ Commercial Accommodation Survey.

REAL ESTATE SALES

The following table reflects the median house sales prices on a monthly basis for Taranaki as reported via REINZ sales for the March 2008 quarter. It also provides comparisons with the same period in 2007 for Taranaki as well as New Zealand's median sales figures for the period.

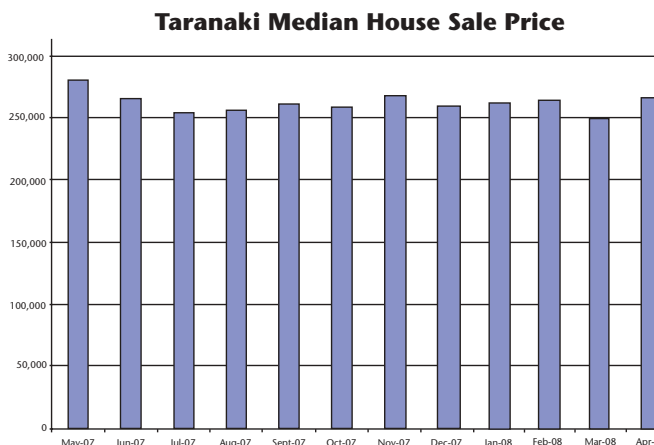
The results highlight that:

The median sales price for houses to March 2008 in the region reflected a similar level to those experienced last year.

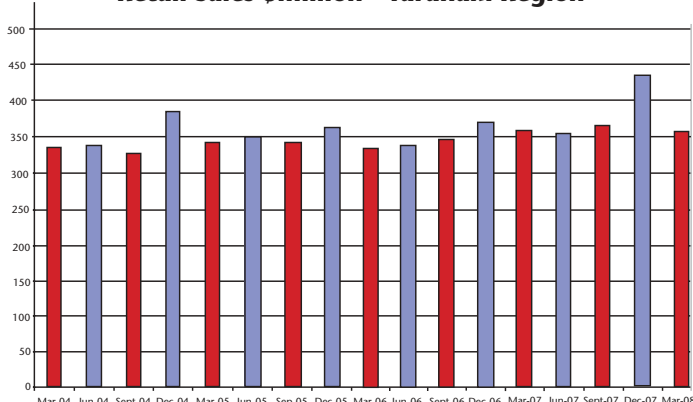
Period	Taranaki 2008	Taranaki 2007	New Zealand 2008
Jan	\$263,000	\$272,500	\$340,000
Feb	\$265,000	\$265,000	\$337,500
March	\$253,500	\$260,500	\$349,000

The following graph displays Taranaki median house prices by month to provide a more complete picture of recent trends.

Note: This graph also includes the April 2008 median sale price.



Retail Sales \$million - Taranaki Region



TOURISM

With respect to commercial tourism establishments:

Guest Nights:

Guest nights for the March 2008 quarter in Taranaki totalled 201,473 nights.

This is an increase of 4.7% over the March 2007 quarter result.

In comparison, guest nights increased on a national basis by 4.0% over the same period.

Visitor Arrivals:

Visitor arrivals for Taranaki for the March 2008 quarter were 90,762.

This is an increase of 3.5% relative to the same time in 2007 in Taranaki.

Nationally visitor arrivals increased 4.5% relative to the March 2007 quarter.

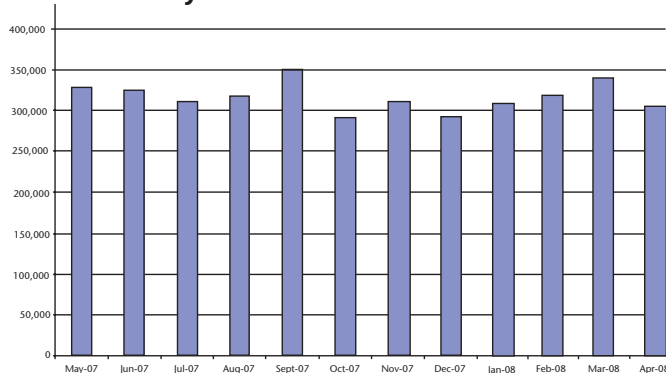
The occupancy rate for the March 2008 quarter for Taranaki is down by 1.7% relative to the same time in 2007.

New Plymouth City Trends

The following graph displays median house sales prices in New Plymouth city:

The median sales price in April 2008 was \$307,500 in New Plymouth City. This is down from the \$320,000 recorded in February 2008 and \$340,000 recorded in March 2008.

New Plymouth Median House Sales Price



Time taken to sell:

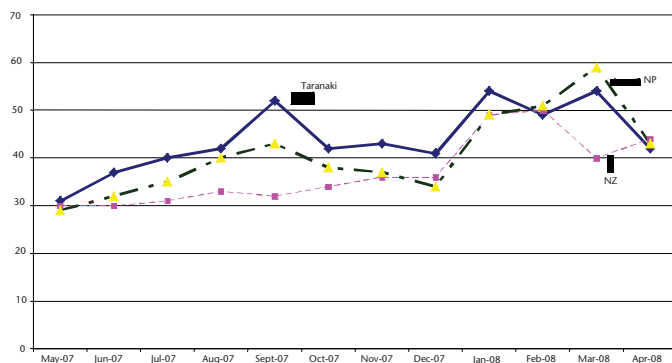
The following graph displays the median number of days taken to sell a house. It compares time to sell a house in the Taranaki region, New Plymouth City and New Zealand.

It highlights the increasing time it is taking to sell property, although in recent months there has been some improvement.

In April 2008 in New Zealand the median sale period was 44 days. On a Taranaki-wide basis it was 42 days and New Plymouth City reported 43 days.

The time taken to sell within the region is comparable to that experienced nationally.

Median Days to Sell



FARM SALES

The REINZ reports that the median price for farms sold in Taranaki during March 2008 was \$1,250,000; up from \$900,000 in February 2008.

Comparisons with similar periods in 2007 and 2006 are displayed below:

Month	Median Sales Price for Farms in Taranaki
March 2008	\$1,250,000
March 2007	\$1,562,500
March 2006	\$1,535,000

A total of seventy-seven farms were sold during March 2008. This compares with 75 in February 2008.

Farms sales for March 2008 are significantly up on previous years:

Month	Number of farm sales in Taranaki
March 2008	77
March 2007	44
March 2006	43

Of the 77 farms sold during March 2008, 29 were grazing; 24 special; 23 dairy and one was an arable property.

In addition to the above, 65 lifestyle blocks were sold during March 2008. The median sales price was \$365,000.

The sale price for lifestyle blocks appears to be holding firm. Comparisons with the same month in 2007 and 2006 are displayed on the following table.

Month	Median Price – Lifestyle blocks in Taranaki
March 2008	\$365,000
March 2007	\$350,000
March 2006	\$305,000

On a national basis the REINZ reports that farm sales are up 35.8% relative to the March 2007 quarter and that this trend is in stark contrast to the deflating residential market.

They further highlight that the dairy sector is behind the bulk of the increase with dairy farm sales - up 55.4% in the March 2008 quarter, relative to the same period in 2007.



RENTAL MARKET

The median rent per week as at February 2008 in New Plymouth was \$265 – up from \$240 in November 2007.

The median rent in February 2008 on a national basis was \$300 per week. In November 2007 it was \$290 week.

Areas reflecting the greatest increases include: Invercargill (18.7%), Lower Hutt (15.3%) and Napier (12%).

Region	\$ Median Rent – Feb 2008
Whangarei	275
North Shore	400
Waitakere	325
Auckland	350
Manukau	350
Papakura	320
Hamilton	285
Tauranga	300
Rotorua	215
Gisborne	240
Hastings	250
Napier	280
New Plymouth	265
Wanganui	185
Palmerston North	245
Kapiti	270
Poirua	300
Upper Hutt	285
Lower Hutt	300
Wellington	390
Nelson	285
Christchurch	300
Dunedin	250
Invercargill	190
ALL NZ	300

CONSTRUCTION

In terms of New Dwellings:

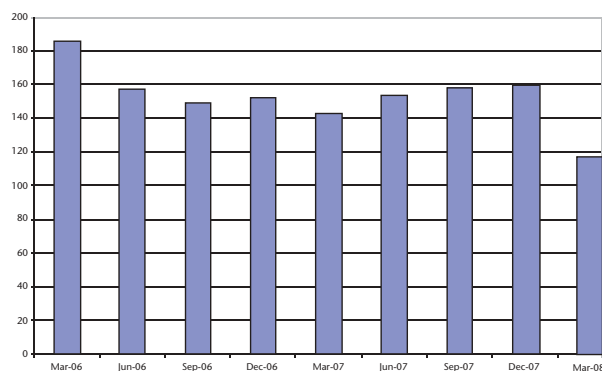
117 new dwelling consents were issued for the March 2008 quarter in Taranaki – down from 161 the previous quarter.

The value of new dwelling consents in Taranaki has also declined in the March 2008 quarter. \$30.3m of consents were approved – down from \$38.7m in the previous quarter.

This trend of slowing new dwelling construction is displayed in the following two graphs.

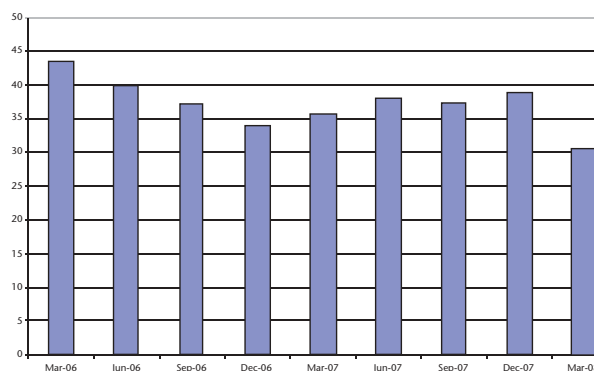
In total, for the year ended March 2008, a total of 586 new dwelling units worth \$145.2m were authorized within Taranaki. This reflects a decline of 2.8% in number and a fall of 1.1% in value from the previous year.

Number of New Building Consents - Taranaki



Sources: Statistics NZ

New Dwellings - Value of Consents in Taranaki





SOME FINAL QUICK ECONOMIC UPDATES:

Taranaki Births:

March Quarter Number: 373

Comparison with March 2007: -11.4%

Taranaki Deaths:

March Quarter Number: 220

Comparison with March 2007: +1.9%

Permanent and Long Term Arrivals:

March Quarter Number: 357

Comparison with March 2007: +2.3%

Permanent and Long Term Departures:

March Quarter Number: 503

Comparison with March 2007: +24.5%

New Car Registrations:

March 2008 Quarter: 906

Comparison with March 2007: -2.3%