

## Queenstown Property Market Update

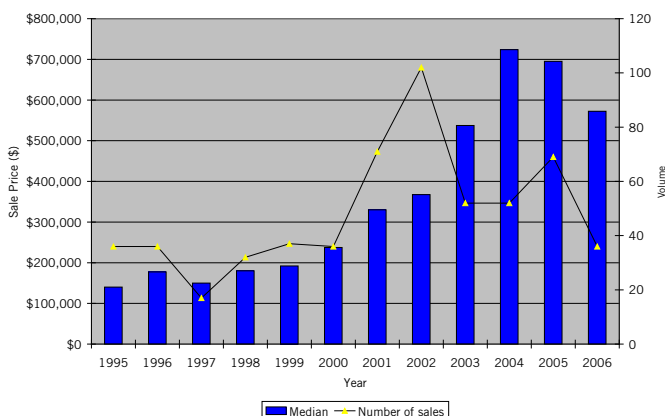
### Rural Lifestyle

Overall value levels have remained reasonably consistent with the previous year although prime properties have appreciated and secondary properties appear to have consolidated to a degree.

Analysis of rural sales indicate a fall in median sale prices in both vacant and improved properties in comparison to the 2005 and 2006 years combined with a significant drop in the sale numbers of vacant sites. The fall in the medians is due to increased sales activity in the lower value range, with close to two-thirds of recorded section sales under \$600,000.

The below graph depicting Closeburn Station sales indicate the appreciation of prime rural lifestyle land values over the last ten years. Closeburn Station comprises an exclusive 27 lot lakefront subdivision averaging in size at around 4,000m<sup>2</sup> with all sites benefiting from uninterrupted lake and mountain views. In addition to freehold ownership of a building platform at Closeburn Station there is also a 1/27<sup>th</sup> share in the management company that will control the management of the residential and farming segment of the property and a 1/27<sup>th</sup> share in the 3,317 acre farm consisting of all stock and plant.

Wakatipu Median Lifestyle Section Sale Prices & Volume

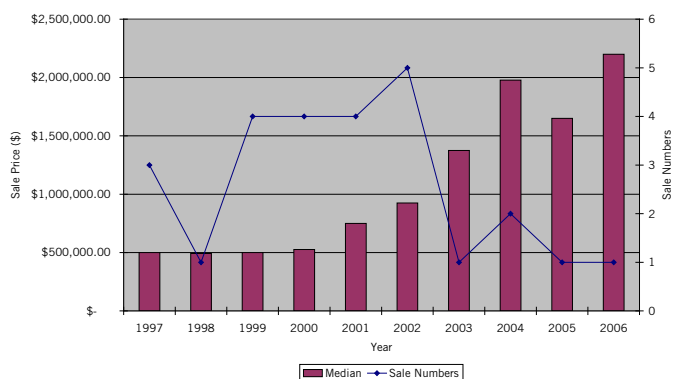


The above graph reflects the 48% fall in rural lifestyle section sales from 69 in 2005 to 36 in 2006, while the median sale price fell from \$695,000 down to \$572,500. Improved sales numbers have remained reasonably consistent in the previous four years, although the median sale price fell 21% to \$1,060,000.

Despite the above statistics indicating a reduction in median sale prices, we believe value growth has remained constant. With small numbers of transactions, sales need to be qualified on a case by case basis.

Vacant sales of note in 2006 include Lot 2 at Closeburn Station realising \$2.2m and Lot 6 in the Sicilian Estate subdivision selling for \$1.5m. A large circa 760m<sup>2</sup> dwelling on a 1.6 hectare site off Lower Shotover Road sold for \$3.5m in April last year and a smaller dwelling on a 45ha site off Hogans Gully Road sold for a reported \$6m.

Closeburn Station Median Section Sale Prices & Volume



### Projections

- Similar sales numbers in comparison to 2006.
- Secondary areas of the Wakatipu Basin may experience a slow down in sales unless vendors become more realistic about asking prices.
- Higher Value properties will continue to increase in value if interest rates remain at a similar level and the NZ dollar weakens in the latter part of the year as predicted by bank economists (particularly against the US dollar).
- Continued demand for prime rural lifestyle property.