

**Spicers media release**

Wednesday, 20 March 2008

**Household net worth falls for the first time in seven years**

Spicers' latest Household Savings Indicators report shows the net worth of the average New Zealand household fell \$4,900 during the December 2007 quarter following an increase of \$1,500 the previous quarter.

The decline was attributable to an estimated 0.7% fall in house prices and a solid 2.7% rise in debt levels.

Arcus Investment Management Chief Economist Rozanna Wozniak, an economic adviser to Spicers, says despite average household net worth soaring \$165,000 to \$372,800 over the last five years, households need to remain cautious.

"Subdued conditions in the housing sector are likely to remain for some time. Some homeowners are already feeling the effects through higher mortgage interest rates and a tightening in lending standards."

"Our suggestion is to think carefully before committing to more borrowing. Now is not a good time to be drawing down on existing home equity to fund consumption."

Spicers Chief Executive Officer Gordon Noble-Campbell says low levels of unemployment will ensure most New Zealanders are financially secure and require little more than a bit of belt-tightening.

"However, some latecomers to the housing boom who have borrowed excessively may be faced with the more challenging financial mix of increasing debt and weaker house prices, which will put a strain on household budgets."

The report also revealed household financial assets rose 0.4% during the December quarter, with a \$2.2 billion reduction in private shareholdings offset by a \$2.4 billion increase in bank deposits.

Spicers Household Savings Indicators report is published quarterly and can be seen at: [www.spicers.co.nz](http://www.spicers.co.nz).

**ENDS****For further information**

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