



## Media release

### Investor Confidence Survey Q1 2011

**EMBARGOED UNTIL 0100 MONDAY 16 MAY 2011**

## Recovery in Investor Confidence stalled

- *Investor confidence takes an expected net nine point hit following February earthquake*
- *Aucklanders continue their love affair with Rental Property; rest of NZ looks to Term Deposits*
- *KiwiSaver climbs to third equal place as offering best investment return*

The February Christchurch Earthquake has had a significant impact on investor confidence, according to the latest ASB Investor Confidence Survey.

ASB's Head of Private Banking and Wealth Management, Jonathan Beale, says that as expected, confidence has dropped following early signs of recovery in the previous survey. "The Q4 2010 survey showed investor confidence may have turned a corner, and the data up until the February 22 earthquake indicated that confidence was at least stabilising following six months of decline. However the after effects of the quake have hit the ASB Investor Confidence Index with a net nine point drop down to a net 10 percent."

"This confidence knock shouldn't linger in the long term. We expect confidence around the country will climb again, as more certainty around rebuilding starts to emerge," Mr Beale says.

### Aucklanders favour rental property

Across New Zealand the most popular investment class was Term Deposits, which was rated by 19 percent of respondents as offering the best rate of return. Rental property remained second at 15 percent, followed by KiwiSaver and Bank Savings Accounts equal at 12 percent, Managed Investments/Unit Trusts/Superannuation at 10 percent and Shares at 6 percent.

"There are significant differences in investment sentiment between Auckland and the rest of the country," says Mr Beale. "The results show that we are a nation of two halves when it comes to investments. Aucklanders rate Rental Property above all other investments, while the rest of New Zealand puts Term Deposits well ahead of everything else."

In Auckland, Rental Property sat at number one on 19 percent, with Term Deposits second at 17 percent. KiwiSaver came in third at 12 percent. Respondents outside Auckland rated Term Deposits top at 22 percent, followed by Bank Accounts and Rental Property a distant second equal at 12 percent, and KiwiSaver fourth at 11 percent.

"The popularity of rental properties in our largest city could be due to several factors, including the relative buoyancy of the property market in Auckland. However this popularity follows a flatter period which started a year ago, so time will tell whether this love-affair with Auckland rental property will continue, especially considering last year's changes to tax on rental property, and forecast increases in interest rates."

## KiwiSaver continues to climb the ranks

“Over the past year KiwiSaver has climbed from last place to third equal in return perceptions, the highest level yet,” Mr Beale says. “Those expecting KiwiSaver to be their main source of retirement funding also reached a new high of 62 percent (61 percent in Q4 2010), while respondents currently using KiwiSaver climbed 5 percent to 43 percent – another high.”

“After almost four years of contributions from individuals, employers and the Government, investors are starting to sit up and take notice of KiwiSaver. Fund balances are growing, and the KiwiSaver Scheme has proven to be a successful way of turning around the poor savings habits of many New Zealanders.”

“We expect there will be some change in perception of investors following this week’s Budget 2011 announcement, which the Government has confirmed will include reductions to the KiwiSaver Member Tax credit and provisions for increased contributions from members and employers. However, we believe KiwiSaver is still likely to remain the most popular retirement savings vehicle for respondents in our survey.”

ENDS

Released by Sarah Howison, ASB Corporate Communications, mobile **021 245 7576**

For more information contact:

Jonathan Beale, Head of Private Banking and Wealth Management, mobile **021 962 119**

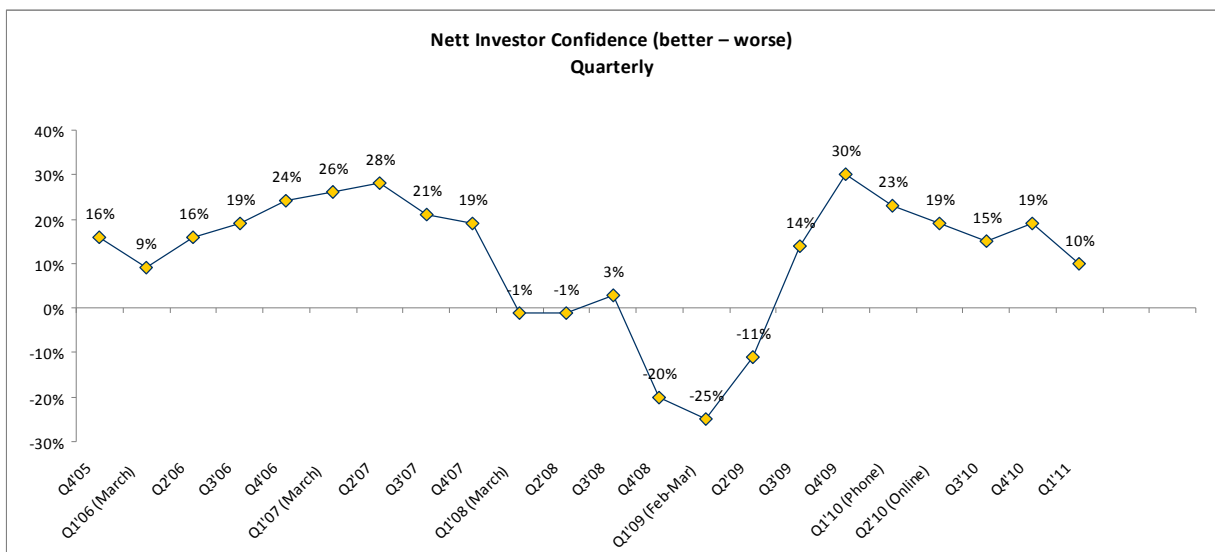
### NOTES FOR EDITORS:

The analysis is based on 720 online interviews with adults aged 18 years and older throughout New Zealand. Interviewing in Canterbury ceased during the period immediately following the 22 February earthquake and resumed towards the end of the tracking period.

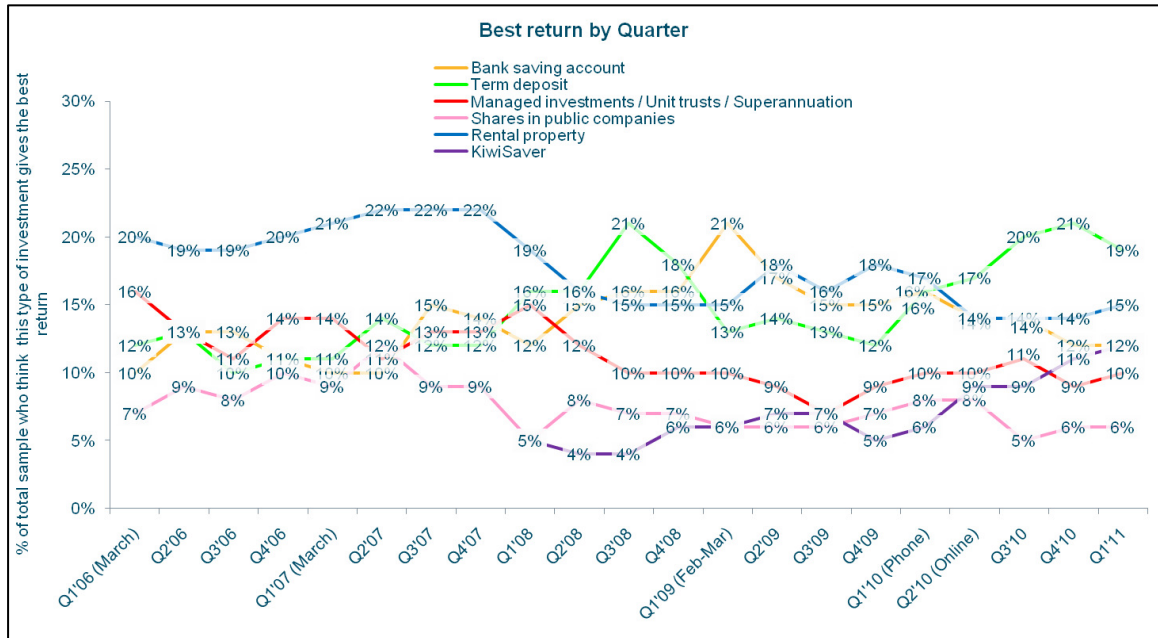
In Quarter 2 of 2010 there was a shift in methodology for the Investor Confidence Tracker from telephone interviewing to online interviewing. This shift has been noted on each chart.

### SURVEY RESULT CHARTS:

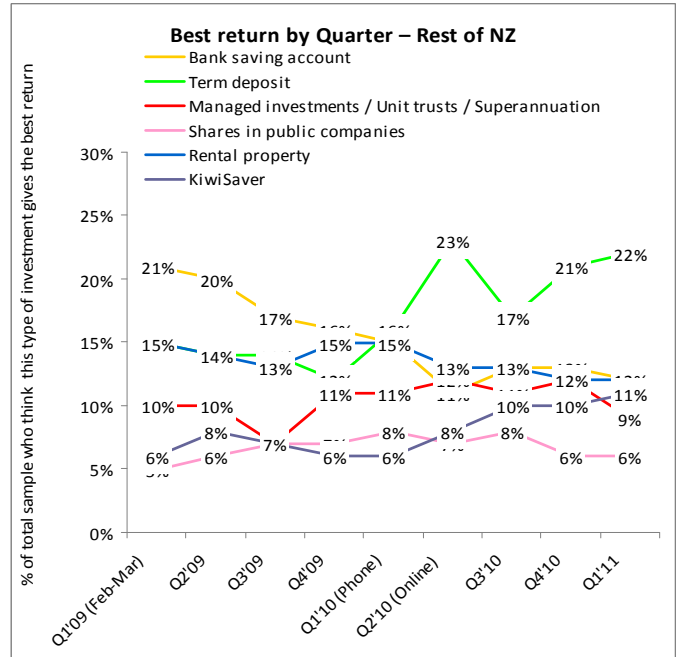
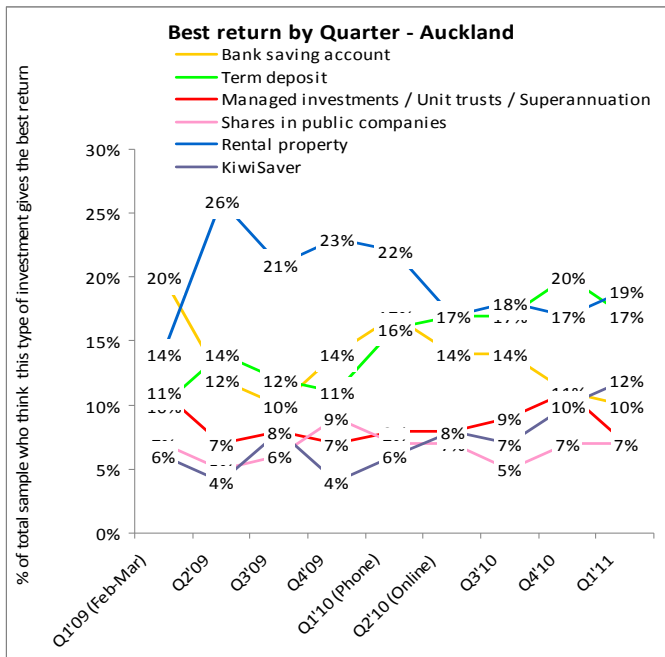
**Chart 1:** Net investor confidence (difference between the “better” and “worse” figures)



**Chart 2: Percentage of total sample who feel this type of investment gives the best return**



**Charts 3 and 4: Percentage of respondents from Auckland versus rest of New Zealand who feel this type of investment gives the best return**



**Chart 5: Percentage of respondents using KiwiSaver**

