



1st June 2011

Turning point reached in property market, as Auckland's listings shortage pushes local market to favour sellers.

Continued decline in new listings

- New listings failed to reach 10,000 across the country in May, showing a 16% year-on-year fall. Overall the market has seen 12 consecutive months of consistent falls in new listings measured on a year-on-year basis

Inventory of unsold homes falls

- The stock of unsold houses on the market fell significantly as a result of the lower level of new listings and the recent more active sales market, especially in Auckland.

Auckland sees seller's market

- After 2 years as a buyer's market, shortages of new listings has tipped Auckland into a seller's market.

Asking price expectations fall

- Despite the fall in new listings and select regions emerging as seller's market, the asking price followed seasonal norm but falling by 4% as the market enters the quieter Autumn/ Winter period.

	Mar 2011	Apr 2011	May 2011
Property Asking Price (truncated mean)	\$421,940	\$429,249	\$414,308
% change from previous month	+ 0%	+ 2%	- 4 %
% change from prior 3 months	+ 2%	+ 3%	- 2%
Number of New Listings	12,247	10,181	9,898
% change from previous month	+ 8%	- 17%	- 3%
% change from same month last year	- 15%	- 17%	- 16%
Inventory - Number of weeks	52.9	53.1	47.0
% change from previous month	+ 9%	+ 1%	- 12%
% change from same month last year	+ 5%	+ 4 %	- 1%

Realestate.co.nz is the official website of the New Zealand real estate industry, and provides the most comprehensive selection of listings from licensed real estate agents across all categories.

Realestate.co.nz features over 115,000 listings at any one time, representing over 95% of all listings currently marketed by real estate professionals.

Commentary

The prolonged sluggishness of new property listings, which has been evident for nearly 2 years, has at last seen a tip in the balance of the property market from favouring buyers to favouring sellers. At least that is now being seen in two of the major markets around the country – Auckland and Queenstown lakes.

The Auckland market which saw strong late summer property sales has now as a consequence of these sales matched to the slow flow of new listings, seen inventory levels below long term average. At the end of May the inventory of unsold houses on the market fell to 30 weeks as compared to the long term average of 34 weeks. The last time this level was seen was at the end of 2009.

The asking price expectation of the new listings coming onto the market in May fell back from the peak seen in April. Historically there is always an adjustment seen at this time of year. The seasonally adjusted asking price fell 2% nationally and that was reflected right across the regions indicating that the market still senses no significant property price inflation as yet with new-to-the-market vendors pricing to attract buyers who are still small in number across the regions.

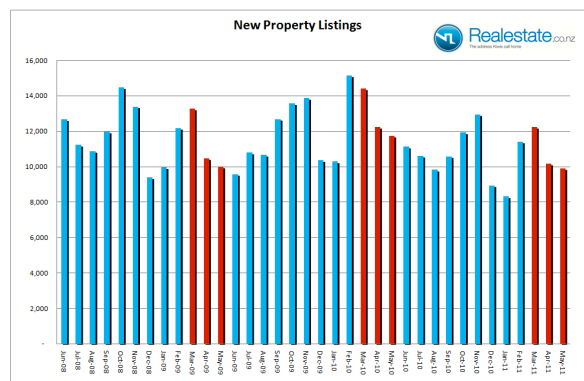
Asking Price

The truncated mean asking price for all new listings in May fell significantly from \$429,249 in April to \$414,308 in May. On a seasonally adjusted basis the asking price fell just 2% in the month indicating a degree of uncertainty amongst sellers. The overall trend of the past 2 years continues to show strength in asking price expectation.



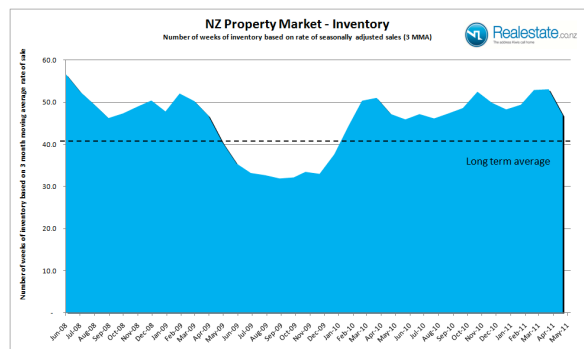
New Listings

The level of new listings coming onto the market in May fell to 9,898. This represented a 16% year on year decline but a 1% seasonally adjusted rise from April. On a 12 month moving basis the number of new listings in the past year totals 127,843 as compared 144,375 for the same period a year ago – a fall of 12%.



Inventory

The level of unsold houses on the market at the end of May continued to fall from prior months. May reported 48,352 down from 50,398 in April and 51,980 in March. The recent relative strength of sales as seen in March and April has now started to see a clearing of what has been a high level of unsold houses on the market over the past 18 months. Heading into Winter, a time of traditionally weaker listing will likely see this inventory level fall further in coming months.



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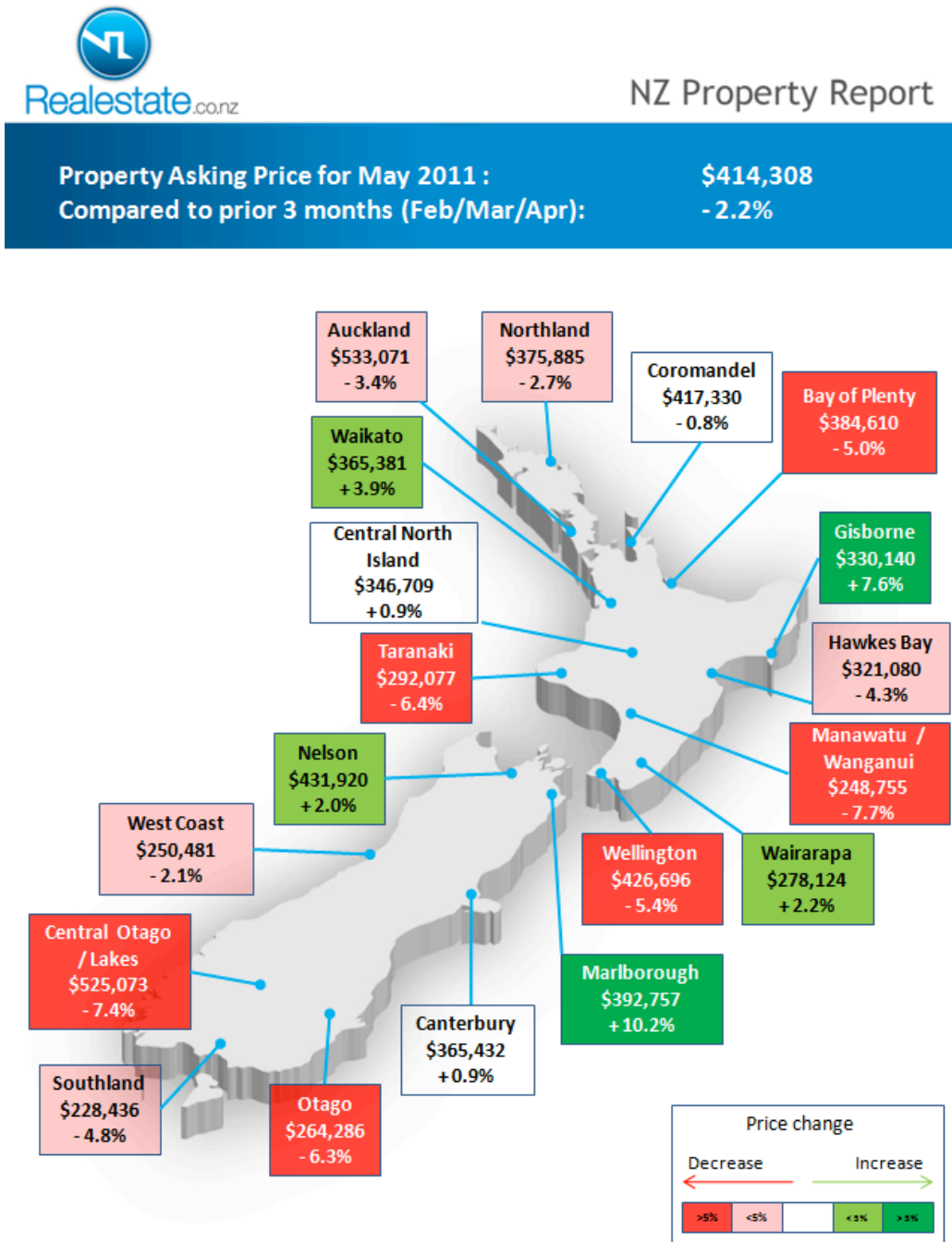
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Regional Summary – Asking price expectations

After reaching a new peak of asking price in April the national asking price for new listings fell in May. This fall was reflected around the regions with 12 regions reporting falls and just 7 showing any increase. There is seasonal trend behind this which sees the asking prices for May fall significantly as compared to April, likely as a result of the market entering the winter period.

There were 5 regions showing declines of more than 5% in asking price with both Wellington and Queenstown Lakes among them, both of these regions are also showing low levels of inventory. This potentially points to a caution over the state of the market with no significant inflation expectation amongst vendors, new to the market.



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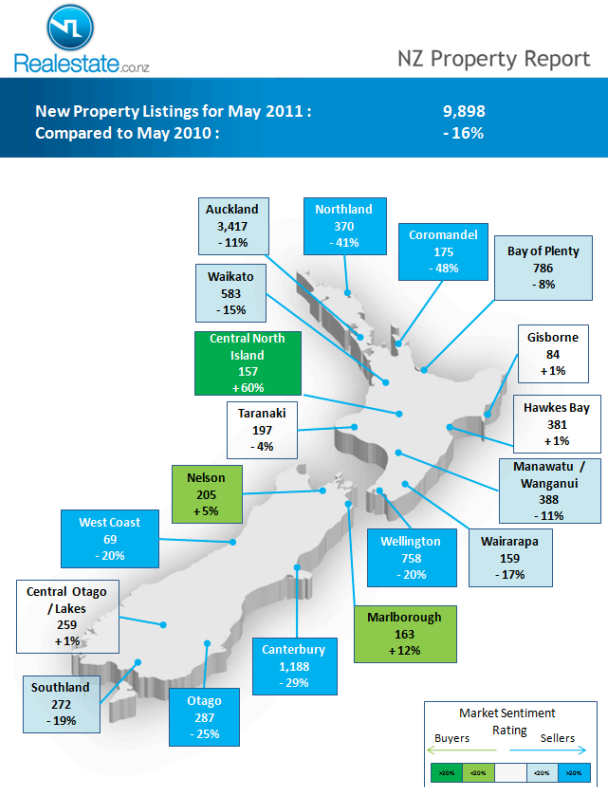
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Regional Summary – Listings

The continuing trend of new listings as has been the case for over a year is decline in number. Again the chart by region shows a overall trend towards a sellers market with only Marlborough and Central North Island bucking the trend to show year-on-year increases in listings.

Two regions in May recorded the lowest level of monthly listings stretching back 4 years – Northland and Otago.

The level of new listings in the Canterbury region continues to remain weak as a result of the earthquake. In May 1,188 new listings came onto the market, down 29% as compared to last year. Comparing the first 5 months of 2011 with 2010 the number of new listings in the region has fallen from 8,972 to 5,736 a fall of 36%.



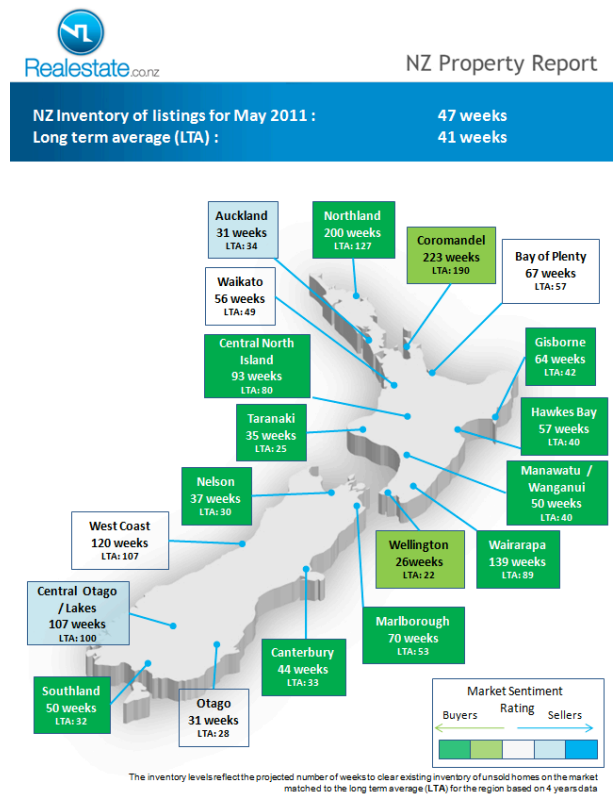
Regional Summary – Inventory

The levels of inventory of unsold homes on the market changed markedly in May. For more than a year the predominant view has been that the property market is firmly stuck in a buyer's market with inventory levels well above long term averages.

Starting in March and now accelerating through May the key markets of Auckland and now Queenstown Lakes are seeing the results of stronger sales matched with lower levels of new listings leading to these two markets now being viewed as seller's markets.

Not far behind the regions of Otago, West Coast, Waikato and Bay of Plenty are edging to a turning point in the market with more balance between buyers and sellers.

That still leaves the remainder of provincial NZ firmly in a strong buyers market with 11 regions seeing existing inventory well above long term average.



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Major Centers

Auckland

	Mar 2011	Apr 2011	May 2011
Property Asking Price (truncated mean)	\$551,720	\$555,572	\$533,071
% change from previous month	+ 1%	+ 1%	- 4%
% change from prior 3 months	+ 1%	+ 2%	- 3%
Number of New Listings	4,073	3,325	3,417
% change from previous month	+ 5%	- 18%	+ 3%
% change from same month last year	- 11%	- 17%	- 11%
Inventory - Number of weeks	37.8	34.4	30.6
% change from previous month	+ 1%	- 9%	- 11%
% change from same month last year	- 2%	- 14%	- 20%

Wellington

	Mar 2011	Apr 2011	May 2011
Property Asking Price (truncated mean)	\$453,021	\$451,440	\$426,696
% change from previous month	+ 1%	- 0%	- 6%
% change from prior 3 months	+ 4%	+ 2%	- 5%
Number of New Listings	1,166	741	758
% change from previous month	+ 9%	- 36%	+ 2%
% change from same month last year	+ 6%	- 29%	- 20%
Inventory - Number of weeks	28.2	28.9	26.1
% change from previous month	+ 9%	+ 5%	- 9%
% change from same month last year	+ 4%	+ 6%	+ 13%

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Canterbury

	Mar 2011	Apr 2011	May 2011
Property Asking Price (truncated mean)	\$357,986	\$362,597	\$365,432
% change from previous month	- 2%	+ 1%	+ 1%
% change from prior 3 months	+ 0%	+ 2%	+ 1%
Number of New Listings	1,297	1,126	1,188
% change from previous month	+ 10%	- 13%	+ 6%
% change from same month last year	- 36%	- 32%	- 29%
Inventory - Number of weeks	41.3	50.0	43.9
% change from previous month	+ 16%	+ 22%	- 12%
% change from same month last year	+ 7%	+ 21%	+ 19%

Waikato

	Mar 2011	Apr 2011	May 2011
Property Asking Price (truncated mean)	\$355,016	\$352,746	\$365,381
% change from previous month	+ 2%	- 1%	+ 4%
% change from prior 3 months	+ 4%	+ 2%	+ 4%
Number of New Listings	994	606	583
% change from previous month	+ 39%	- 39%	- 4%
% change from same month last year	+ 9%	- 18%	- 15%
Inventory - Number of weeks	81.2	67.1	56.8
% change from previous month	+ 12%	- 21%	- 15%
% change from same month last year	+ 37%	+ 8%	+ 0%

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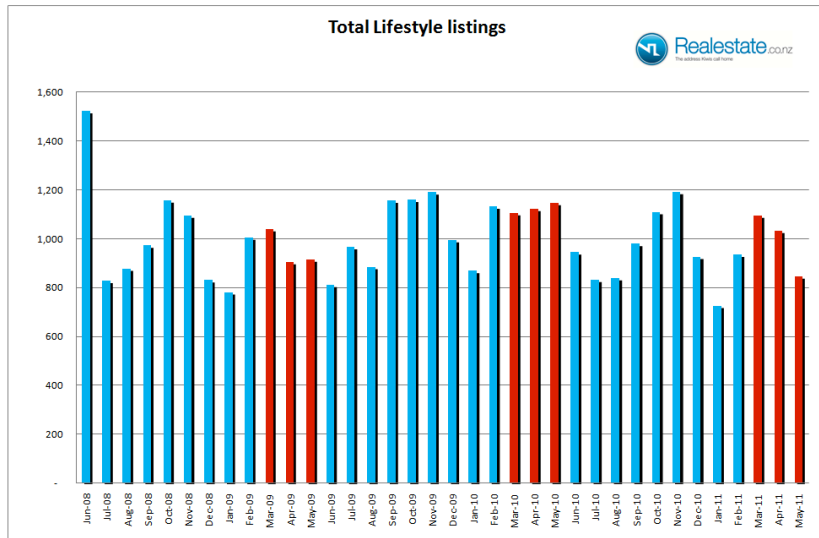
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Lifestyle

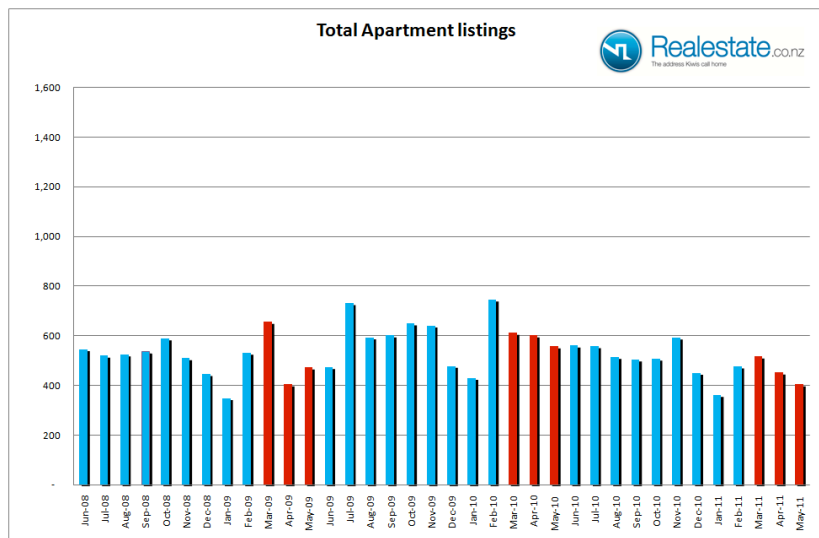
The level of new listings of lifestyle property coming onto the market in May fell by 12% on a seasonally adjusted basis from April. A total of just 844 new properties were listed with a truncated mean asking price of \$567,575. The asking price was up 2% as compared to the recent 3 month average, and up 12% as compared to prior year. On a rolling 12 month average basis new listings are down 8.6% with 11,462 listed in the past 12 months compared to 12,546 last year.



Apartments

Listings of apartments showed a 17% decline on a seasonally adjusted basis as compared to April with 406 new apartments coming onto the market. The truncated mean asking price for these new listings was \$369,834, which was down 3.0% on the recent 3 month average, and down 2.1% as compared to May 2010.

In the Auckland apartment market which represents over 60% of the market there were 267 new listings with an asking price of \$328,326. The new listings shows a decline of 20% on a seasonally adjusted basis, and a 27% decline when judged on a year-on-year basis.



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Index Comparison

	Mar 2011		Apr 2011		May 2011	
	House Price	Annual Change	House Price	Annual Change	House Price	Annual Change
Mean Asking Price: Realestate.co.nz	\$421,940	- 0%	\$429,249	+ 2%	\$414,308	+ 2%
Mean Sales Price: REINZ	\$361,573	- 2%	\$365,593	- 0%	N/A	N/A

Realestate.co.nz: data is compiled from asking prices of new residential listings as they come onto the market via subscribers to the realestate.co.nz website. The Realestate.co.nz website currently has over 95% of all licensed real estate offices subscribing and providing all of their listings onto the website. The asking price is presented as a truncated mean price at a 10% interval.

REINZ: data is compiled from reported unconditional residential sales from all members of the Real Estate Institute of New Zealand representing all licensed real estate offices. The sale price is published as a stratified mean house price and is developed in association with the Reserve Bank of NZ.

Notes:

Truncated mean

The monthly asking price for new listings presented in this report utilises the measure of 'truncated mean'. This measure is judged to be a more accurate measure of the market price than average price as it statistically removes the extremes that exist within any property market that can so easily introduce a skew to traditional average price figures.

The truncated mean used in this report removes the upper 10% and the lower 10% of listings in each data set. An average or mean of the balance of listings is then calculated.

Methodology

With the largest database of properties for sale in NZ, realestate.co.nz is uniquely placed to immediately identify any changes in the marketplace. The realestate.co.nz *NZ Property Report* is compiled from new listings coming onto the market from the more than 1,010 licensed real estate offices across NZ, representing more than 95% of all offices.

With an average monthly level of over 10,000 new listings, the realestate.co.nz *NZ Property Report* provides the largest monthly sample report on the residential property market, as well as a more timely view of the property market than any other property report. The data is collated and analysed at the close of each month, and the Report is compiled for the 1st day of the following month. This provides a feedback mechanism as to the immediate state of the market, well in advance of sales statistics which by the very nature of the selling process can reflect activity with a lag of between 2 and 4 months.

In analysing the details of the 9,898 new listings in the month of May, a total of 98 listings have been excluded due to anomalies. The categorisation of Lifestyle property is defined by the land area of the property. The criterion is a property having in excess of 0.3 hectares and being situated outside metropolitan areas.

Background to Realestate.co.nz

Realestate.co.nz is the official website of the real estate industry of New Zealand, it is an industry owned website providing online marketing services to the real estate industry. The shareholders in the website comprise the REINZ (50%) and six of the largest real estate companies (50%). The website is the most comprehensive website for licensed real estate agent listings in NZ, currently hosting over 115,000 listings, covering residential property for sale and rent, commercial property for sale and lease, rural properties and farms, as well as businesses for sale. With a subscriber base of over 1,010 offices, the website features over 95% of all listings from licensed real estate agents in NZ. Realestate.co.nz was visited by over 400,000 unique browsers in the month of May from both domestic and international visitors. The website is the most popular website for international visitors enquiring of NZ real estate, with over 110,000 unique browsers in the month of May from more than 200 countries.

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