



1<sup>st</sup> August 2011

## Continued shortage of new listings in July pushes inventory of unsold homes below long term average.

### Seasonal shortage of new listings

- Winter is traditionally a slow time for new listings, this year a 15% year-on-year decline is making this felt more acutely right across the country

### Inventory of unsold homes falls below long term average

- The stock of unsold houses on the market fell to 38 weeks of equivalent sale as compared to the long term average of 41 weeks as a result of the lower level of new listings and the slow but steady rise in sales activity.

### Overall market now favours sellers

In the space of just 2 months the regional picture of NZ has moved from a buyers to a sellers market. In all but 4 of the 19 regions sellers now hold the upper hand.

### Asking price expectations falls

Despite the emergence of this sellers market the asking price expectation of vendors fell by 4% compared to recent 3 month average.

	May 2011	Jun 2011	Jul 2011
<b>Property Asking Price</b> (truncated mean)	\$414,308	\$415,053	<b>\$403,474</b>
% change from previous month	- 4%	+ 0%	- 3%
% change from prior 3 months	- 2%	- 2%	- 4%
<b>Number of New Listings</b>	9,898	9,111	<b>8,966</b>
% change from previous month	- 3%	- 8%	- 2%
% change from same month last year	- 16%	- 18%	- 15%
<b>Inventory - Number of weeks</b>	47.0	42.1	<b>38.5</b>
% change from previous month	- 12%	- 10%	- 8%
% change from same month last year	- 1%	- 8%	- 18%

*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 property market is edging toward the Spring period – a time traditionally when more buyer activity appears at open homes and new properties appear on the market. This year unlike the past couple sees a challenging set of circumstances. New listings are in short supply, not just in the major cities but now right around the country. Matched to this and as a function of this and the upturn in sales the level of inventory of unsold property on the market is edging down – nationally below the long-term average. This low level of supply, if not met by a rise in supply in the short term could result in either or both price pressure upwards or disillusioned buyers exiting the market.

This trend of falling inventory off the back of rising sales and shortages of new listings began a couple of months ago in Auckland and then spread out through the major metropolitan areas into provincial NZ. Auckland remains the epicenter of this trend and now sees a situation where available inventory of property for sale is the lowest seen since this recent property malaise began back in 2007. Auckland currently has just over 5½ months of available inventory based on the recent rate of sale, not since September 2007 has the region seen this level – the highest level of inventory was recorded in June 2008 at just over 13 months.

Whilst shortage of supply matched to low inventory and rising sales usually sees pressure on prices, the asking price for July showed what is a traditional fall – seasonally adjusted it was down 1.6% indicating that sellers new to the market are not being wildly optimistic in their expectations – potentially keener to sell quickly than inflate expectations.

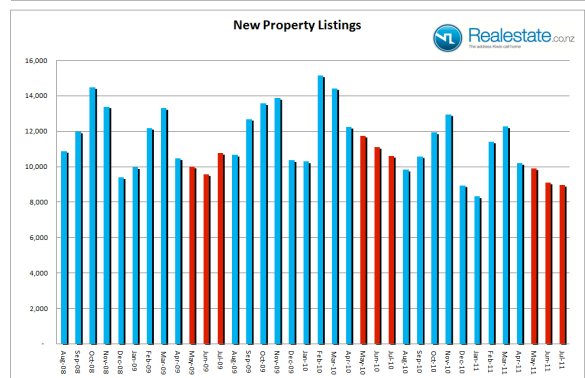
### Asking Price

The truncated mean asking price for all new listings in July fell significantly from \$415,053 in June to \$403,474. On a seasonally adjusted basis the asking price fell 1.6% in the month indicating a continued degree of caution amongst sellers. The overall trend of the past 2 years continues to show a slow but steady strength in asking price expectation.



### New Listings

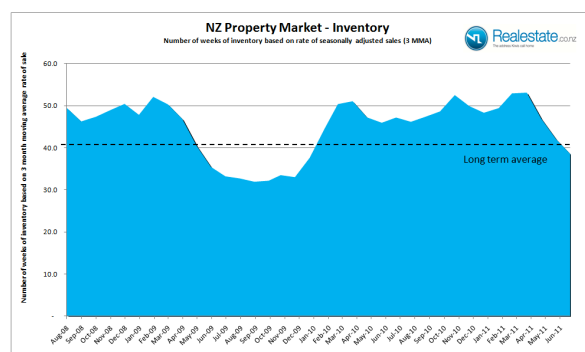
The level of new listings coming onto the market in July fell again to 8,966. This represented a 15% year-on-year decline but a marginal 1% seasonally adjusted rise from June. On a 12 month moving basis the number of new listings in the past year totals 124,228 as compared 145,733 for the same period a year ago – a fall of 15%.



### Inventory

The level of unsold houses on the market at the end of July continued to fall from prior months. July reported 45,674 down from 47,738 in June and 48,352 in May.

The current inventory is now well below the long term average. The winter season traditionally sees a reduction in new listings, this when seen against a strengthening of sale over the past 3 months is likely to see inventory levels continue to fall as Spring approaches.



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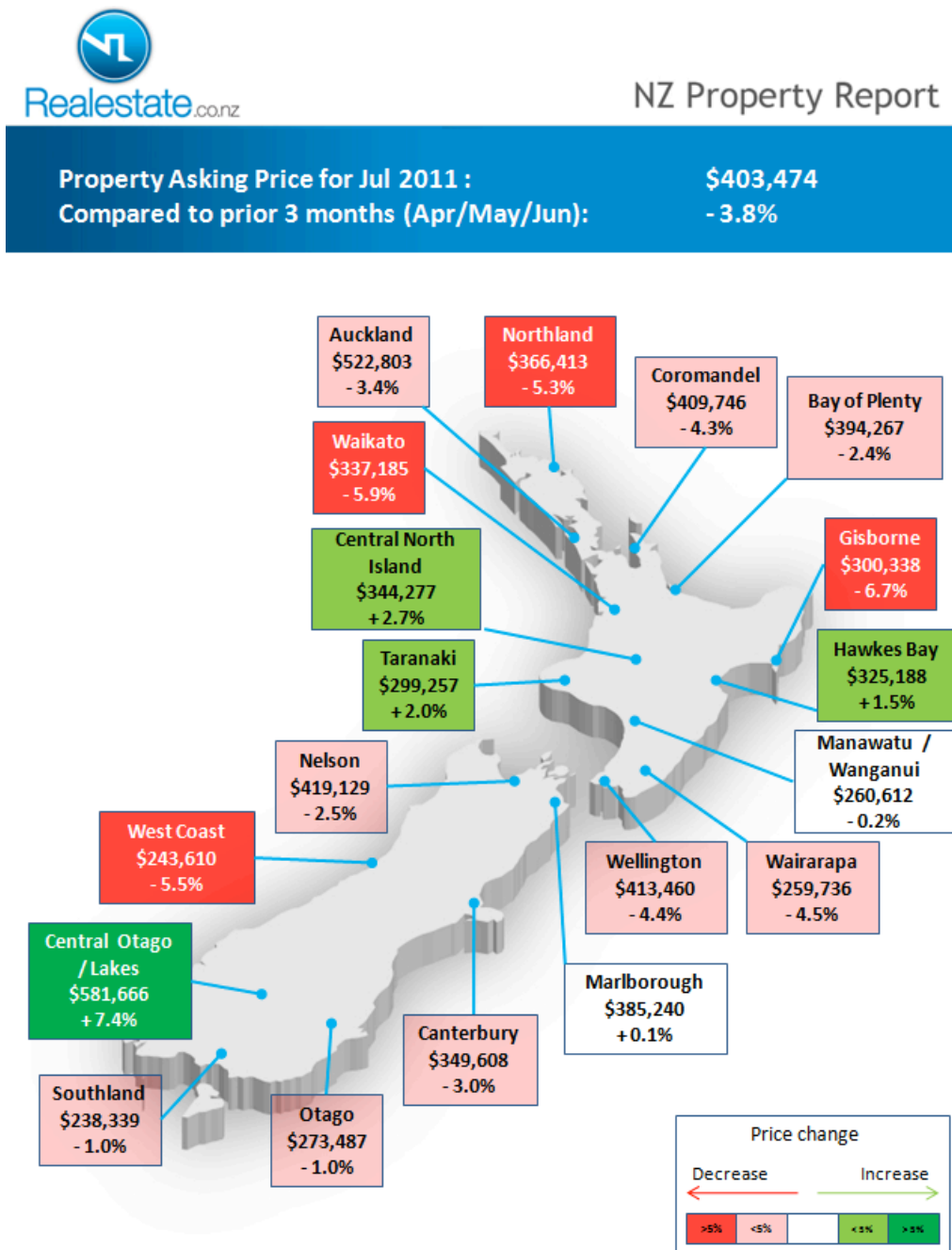
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## Regional Summary – Asking price expectations

The national asking price expectation fell in July by 3.8% vs the recent 3 month average, this performance was mirrored across the regions with 14 regions showing a fall of which 4 reported asking price falls of more than 5%.

Countering this trend were 5 regions showing strength in asking price growth the most significant region being the Central Otago Lakes region including the key center of Queenstown, this saw a 7.4% rise in asking price to \$581,666 – this is 10% up on a seasonally adjusted basis which when reviewed against the shortage of listings and low inventory would seem to highlight that the Queenstown property market is gathering pace again with recent 3 months sales volume up 26%.



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### Regional Summary – Listings

The dominant perspective for the 19 regions of the country is that in terms of new listings the market is definitely skewed to favour sellers. This month there are no regions reporting year-on-year growth in new listings.

There are 7 regions showing year-on-year falls of more than 20%, most notable in size are the Central Otago, Manawatu / Wanganui and Coromandel. The latter being a region, which has seen a heavy weight of unsold inventory for many months, and has of late seen a significant improvement as these falls in new listings have taken effect.

Two regions saw record lows of new listings – Northland with 335 down from the previous record low of 352 from last month and Marlborough with 101 down from the previous low of 110 back in April 2009.

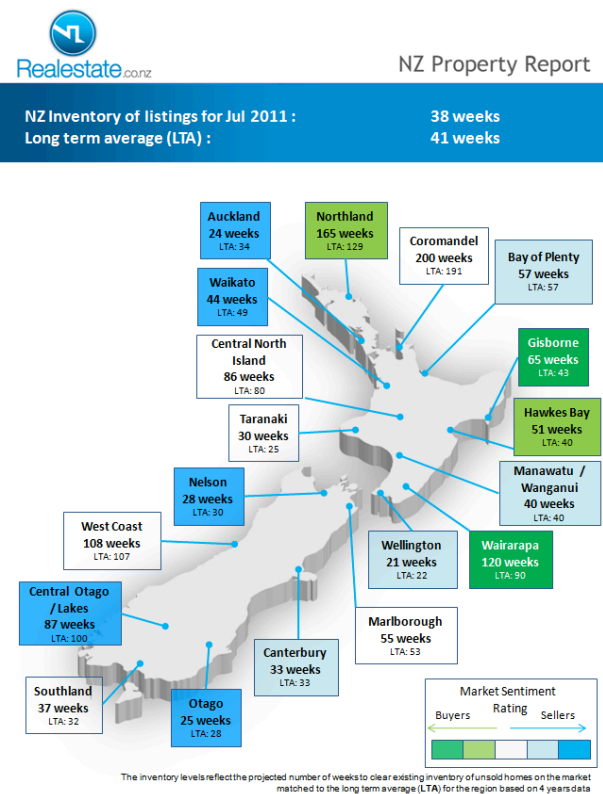
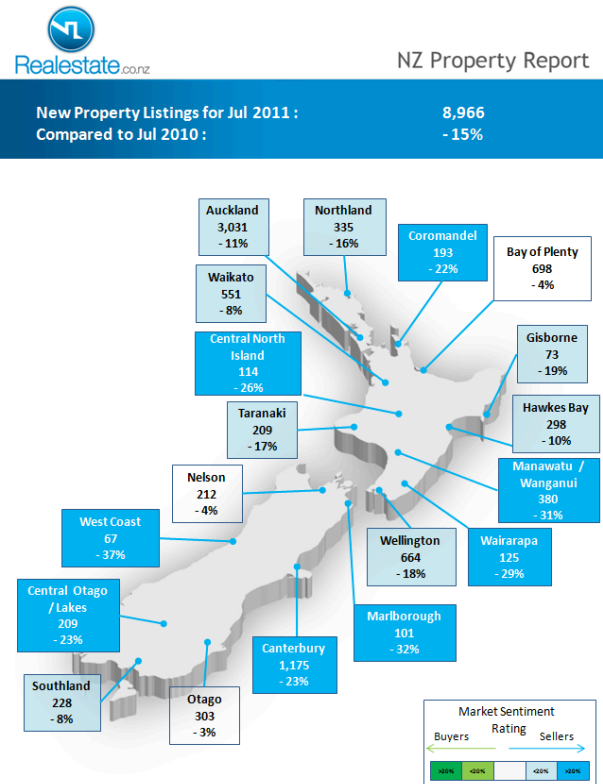
### Regional Summary – Inventory

The NZ property market has markedly changed in the space of 4 months – in April of this year every one of the 19 regions showed an inventory well above long term average indicating that these regions as well as the national picture at 54 weeks of equivalent sales was stuck in a buyers market as it had been for well over 18 months.

Now just 4 months later the picture shows 9 regions as defined as sellers markets, just 4 as definite buyers markets and the remainder balanced markets.

The regions that are seeing the greatest pressure in inventory are the major regions of Auckland, Otago, Nelson, Otago Lakes and the Waikato. These 5 regions are all sitting with inventory well below long term average and based on recent listing shortages will see levels fall further heading into Spring.

Despite the national view there remains a number of regions which have inventory well above long-term average of which the Wairarapa and Northland feature strongly.



## Major Centers

### Auckland

	May 2011	Jun 2011	Jul 2011
<b>Property Asking Price</b> (truncated mean)	\$533,071	\$535,039	<b>\$522,803</b>
% change from previous month	- 4%	+ 0%	- 2%
% change from prior 3 months	- 3%	- 2%	- 3%
<b>Number of New Listings</b>	3,417	3,092	<b>3,031</b>
% change from previous month	+ 3%	- 10%	- 2%
% change from same month last year	- 11%	- 11%	- 11%
<b>Inventory - Number of weeks</b>	30.6	26.8	<b>24.5</b>
% change from previous month	- 11%	- 12%	- 8%
% change from same month last year	- 20%	- 24%	- 33%

### Wellington

	May 2011	Jun 2011	Jul 2011
<b>Property Asking Price</b> (truncated mean)	\$426,696	\$419,427	<b>\$413,460</b>
% change from previous month	- 6%	- 2%	- 1%
% change from prior 3 months	- 5%	- 6%	- 4%
<b>Number of New Listings</b>	758	734	<b>664</b>
% change from previous month	+ 2%	- 3%	- 10%
% change from same month last year	- 20%	- 4%	- 18%
<b>Inventory - Number of weeks</b>	26.1	23.9	<b>20.9</b>
% change from previous month	- 9%	- 8%	- 12%
% change from same month last year	+ 13%	+ 3%	- 17%

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## Canterbury

	May 2011	Jun 2011	Jul 2011
<b>Property Asking Price</b> (truncated mean)	\$365,432	\$353,652	<b>\$349,608</b>
% change from previous month	+ 1%	- 3%	- 1%
% change from prior 3 months	+ 1%	- 2%	- 3%
<b>Number of New Listings</b>	1,188	1,001	<b>1,175</b>
% change from previous month	+ 6%	- 16%	+ 17%
% change from same month last year	- 29%	- 30%	- 23%
<b>Inventory - Number of weeks</b>	43.9	37.5	<b>32.8</b>
% change from previous month	- 12%	- 15%	- 12%
% change from same month last year	+ 19%	+ 6%	- 9%

## Waikato

	May 2011	Jun 2011	Jul 2011
<b>Property Asking Price</b> (truncated mean)	\$365,381	\$357,000	<b>\$337,185</b>
% change from previous month	+ 4%	- 2%	- 6%
% change from prior 3 months	+ 4%	- 0%	- 6%
<b>Number of New Listings</b>	583	592	<b>551</b>
% change from previous month	- 4%	+ 2%	- 7%
% change from same month last year	- 15%	- 10%	- 8%
<b>Inventory - Number of weeks</b>	56.8	50.1	<b>44.3</b>
% change from previous month	- 15%	- 12%	- 12%
% change from same month last year	+ 0%	- 15%	- 27%

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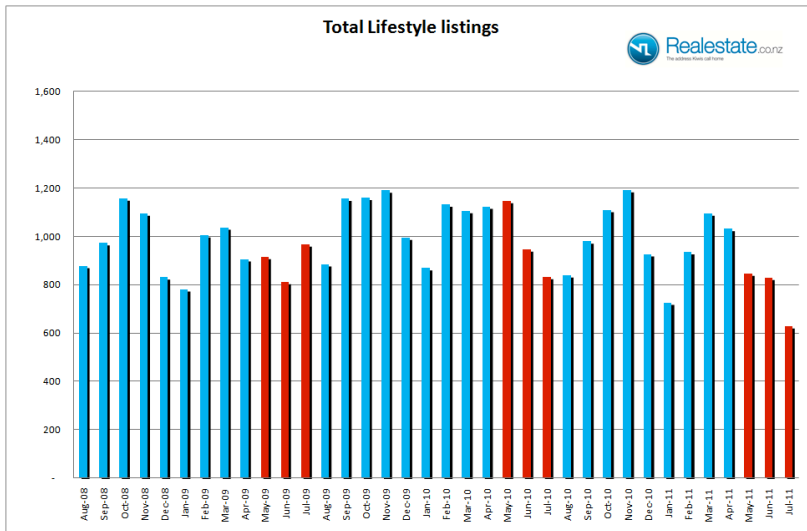
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## Lifestyle

Lifestyle property listings across the country fell significantly in July to a new record low of just 628; this was below the prior low of 727 seen in January of this year. The Auckland region – one of the largest regions for lifestyle property recorded a low of 124, lower than the prior record for January 2010 of 153. Overall listings were down 25% year-on-year and down 10% on a seasonally adjusted basis.

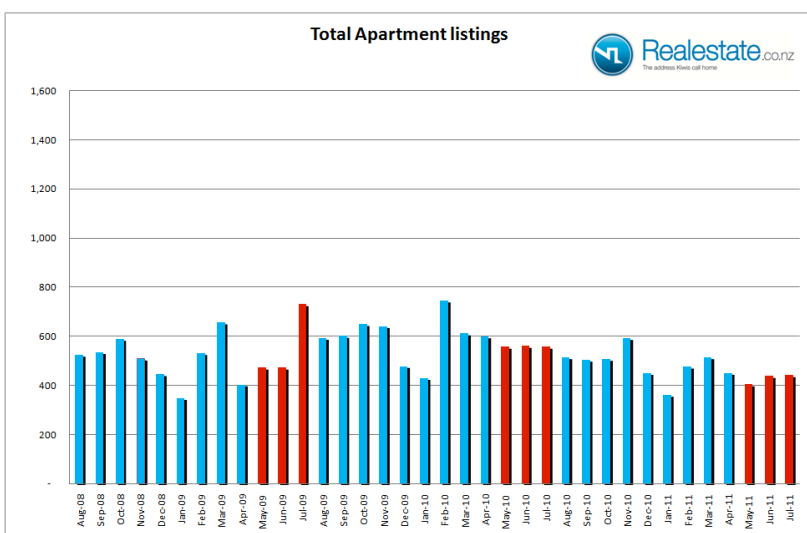
In terms of asking price the national truncated mean asking price at \$520,109 was down 5% on a seasonally adjusted basis and down 8% as against recent 3-month average.



## Apartments

Listings of apartments showed a 16% decrease on a seasonally adjusted basis, reversing what had been a strong June for new listings of apartments. A total of 443 new apartments came onto the market in the month. The truncated mean asking price for these new listings was \$372,983, which was down 4.0% on the recent 3-month average, and up 4.3% as compared to July 2010.

In the Auckland apartment market, which represents over 60% of the market there were 295 new listings with an asking price of \$340,344. The new listings shows a fall of 21% on a seasonally adjusted basis, and a 15% fall when judged on a year-on-year basis.



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## Index Comparison

	May 2011		Jun 2011		Jul 2011	
	House Price	Annual Change	House Price	Annual Change	House Price	Annual Change
Mean Asking Price: <b>Realestate.co.nz</b>	\$414,308	+ 2%	\$415,053	+ 1%	<b>\$403,474</b>	<b>+ 1%</b>
Mean Sales Price: <b>REINZ</b>	\$358,925	- 1%	\$363,750	- 0%	<b>N/A</b>	<b>N/A</b>

**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 1,000 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 1<sup>st</sup> 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 8,966 new listings in the month of July, a total of 135 listings have been excluded due to anomalies. The land area of the property defines the categorisation of Lifestyle 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 1,000 offices, the website features over 95% of all listings from licensed real estate agents in NZ. Over 375,000 unique browsers visited Realestate.co.nz in the month of July from both domestic and international visitors. The website is the most popular website for international visitors enquiring of NZ real estate, with over 100,000 unique browsers in the month of July from more than 200 countries.

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