Realestate.co.nz

NZ Property Report

1st July 2011

Continued decline in new listings results in significant fall in inventory as market moves to favour sellers.

Continued decline in new listings

- New listings fell back again showing an 18% year-on-year fall. The market is showing clear signs in many regions of a shortage of listings to meet buyer demand.

Inventory of unsold homes falls

- The stock of unsold houses on the market fell significantly to 42 weeks of equivalent sale as a result of the lower level of new listings and the recent more active sales market.

Shortages of listings being felt

- After 2 years as a buyer's market, shortages of new listings have pushed a number of regions into being evaluated as seller's markets.

Asking price expectations steady

- Despite the emergence in a number of regions of a sellers market the asking price of vendors is not rising. Even compared to June 2010 the asking price is only up 1.2%

	Apr 2011	May 2011	Jun 2011
Property Asking Price (truncated mean)	$429,249	$414,308	**$415,053**
% change from previous month	+ 2%	- 4%	**+ 0 %**
% change from prior 3 months	+ 3%	- 2%	**- 2%**
Number of New Listings	10,181	9,898	**9,111**
% change from previous month	- 17%	- 3%	**- 8%**
% change from same month last year	- 17%	- 16%	**- 18%**
Inventory - Number of weeks	53.1	47.0	**42.1**
% change from previous month	+ 1%	- 12%	**- 10%**
% change from same month last year	+ 4%	- 1%	**- 8%**

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.

For media enquiries and interviews please contact: Alistair Helm CEO Realestate.co.nz 021 610 510
This report can be accessed at www.unconditional.co.nz

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Commentary

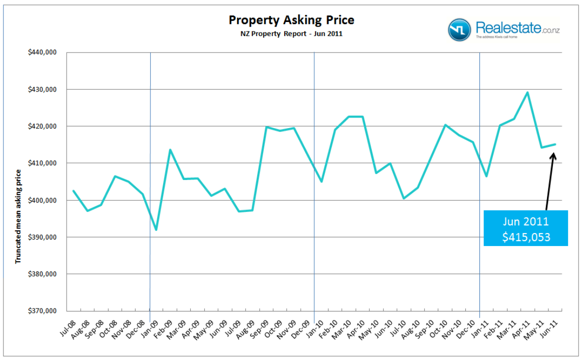
What began last month as an early trend towards a sellers market has taken on a faster pace through June. Nationally whilst the inventory levels hover just above the long term average of 41 weeks, key regions of the country are now firmly set in a sellers market. This situation has the potential to be exacerbated by the traditional reluctance of property owners to list their homes through the winter period. During the winter, sales per month tend to drop by around 5% as against a normal month, however new listings tend to fall more significantly by up to 15% as compared to a normal month.

Heading into the winter period with a growing number of regions seeing inventory levels below long term average could well result in elevated buyer demand with a potential to see property price appreciation. Those regions are Auckland, Queenstown, Bay of Plenty, Waikato and Otago.

Countering this potential for price appreciation is the fact that in June the asking price expectation of those new listings coming onto the market at $415,053 showed no change as compared to May and in fact represented a 2% fall in price as compared to the recent 3 month period.

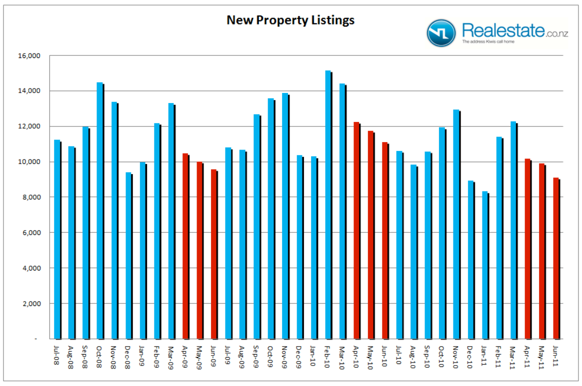
Asking Price

The truncated mean asking price for all new listings in June rose very slightly from $414,308 in May to $415,053. On a seasonally adjusted basis the asking price rose just 0.8% in the month indicating a 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.



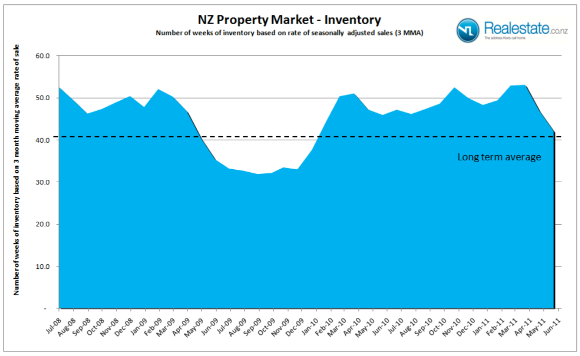
New Listings

The level of new listings coming onto the market in June fell again to 9,111. This represented a 18% year on year decline but a 2% seasonally adjusted rise from May.
On a 12 month moving basis the number of new listings in the past year totals 125,848 as compared 145,920 for the same period a year ago – a fall of 14%.



Inventory

The level of unsold houses on the market at the end of June continued to fall from prior months. June reported 47,738 down from 48,352 in May and 50,398 in April.
The recent relative strength of sales as seen in March through to May has now stared 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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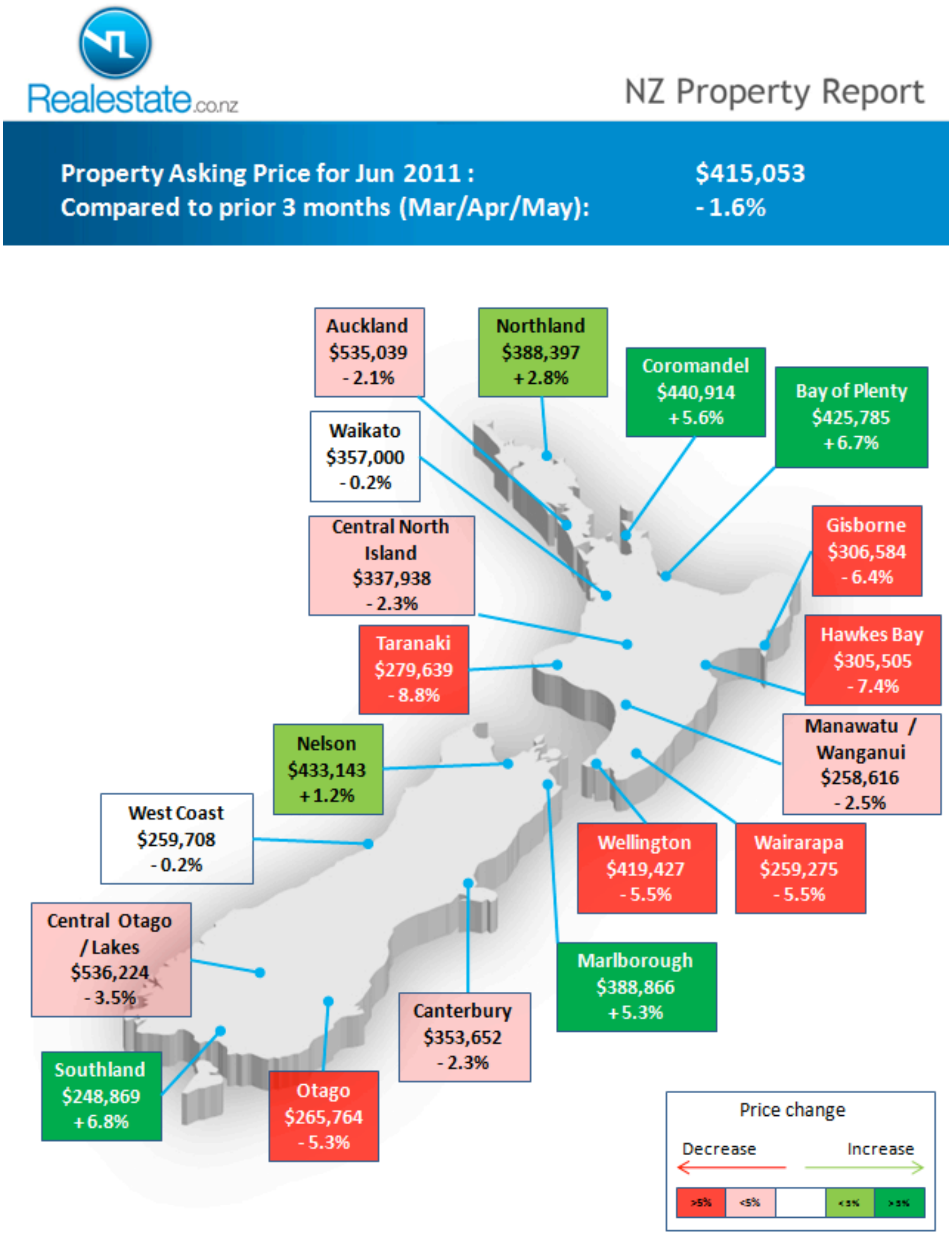
Regional Summary – Asking price expectations

The asking price, having fallen in May barely changed in June. Across the regions there is certainly some variances. A total of just 6 regions saw an increase in asking price expectations as compared to 13 showing falls.

The scale of some of these movements were significant, even outside of the smaller regions which tend to exhibit large variances. Most noticeable were falls of greater than 5% in Wellington, the Hawkes Bay, Taranaki and Otago. The largest asking price rises of greater than 5% were seen in the Bay of Plenty and Coromandel region, the latter still witnessing high inventory and as such is very much stuck in a buyers market. The biggest movement in asking price this month was seen in Southland with a 6.8% increase as compared to the recent 3 month average.



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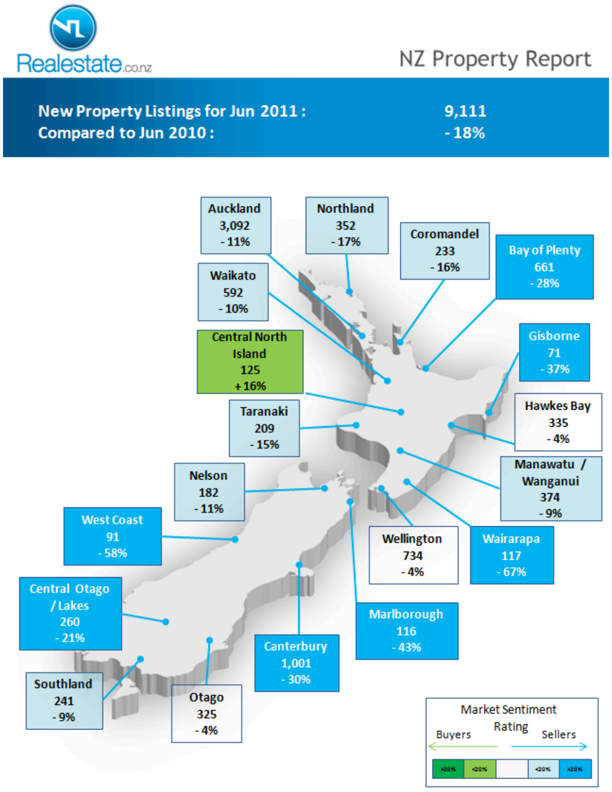
Regional Summary – Listings

The regional perspective of new listing is very clear this month with one solitary region showing a rise in new listings comparing June 2011 with a year earlier. The Central North Island as well as seeing a rise in new listings is experiencing a buyers market with inventory of unsold properties exceeding long term average.

The majority of regions (13 out of 19) saw double digit falls of new listings on a year-on-year basis with the biggest falls seen in the West Coast, Gisborne, Bay of Plenty, Marlborough, Canterbury and Wiararapa.

Two regions in June reported the lowest levels of listings going back to Jan 2007, they were Northland with 352 listings and Wiararapa with 117 listings.



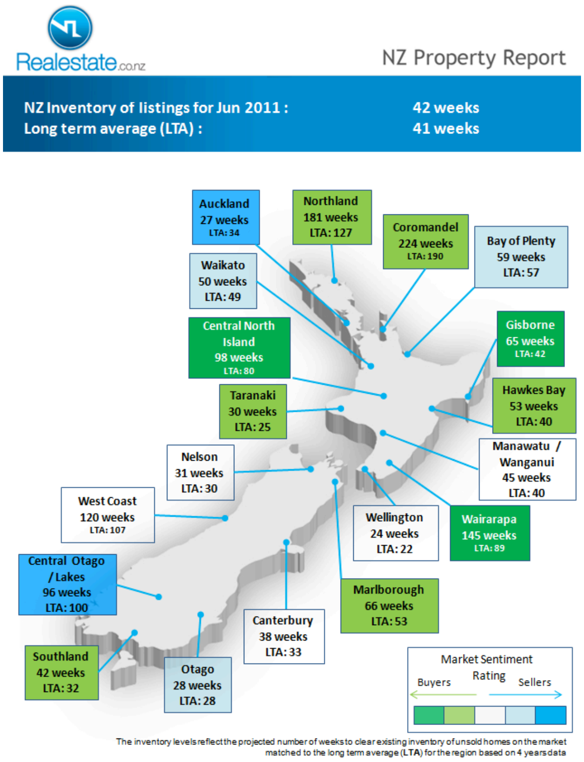
Regional Summary – Inventory

The levels of inventory of unsold homes on the market fell further in June. In the space of just 3 months the levels have fallen from significant highs to be very close to long term average for many regions of the country.

For 2 years the predominant look of the regional inventory map has signaled a buyers market. In June there were 7 regions on or below their long term average for inventory of properties on the market.

The most significant regions experiencing this shift to a seller's market are Auckland and Queenstown; now joined by the Bay of Plenty, the Waikato and Otago. Not far behind the regions of Nelson, Wellington, Canterbury and the West Coast all of which are edging to a turning point in the market with more balance between buyers and sellers.

That still leaves 9 regions, all of which are provincial NZ firmly in a buyers market with existing inventory well above long term average.



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Major Centers

Auckland

	Apr 2011	May 2011	Jun 2011
Property Asking Price (truncated mean)	$555,572	$533,071	**$535,039**
% change from previous month	+ 1%	- 4%	**+ 0%**
% change from prior 3 months	+ 2%	- 3%	**- 2%**
Number of New Listings	3,325	3,417	**3,092**
% change from previous month	- 18%	+ 3%	**- 10%**
% change from same month last year	- 17%	- 11%	**- 11%**
Inventory - Number of weeks	34.4	30.6	**26.8**
% change from previous month	- 9%	- 11%	**- 12%**
% change from same month last year	- 14%	- 20%	**- 24%**

Wellington

	Apr 2011	May 2011	Jun 2011
Property Asking Price (truncated mean)	$451,440	$426,696	**$419,427**
% change from previous month	- 0%	- 6%	**- 2%**
% change from prior 3 months	+ 2%	- 5%	**- 6%**
Number of New Listings	741	758	**734**
% change from previous month	36%	+ 2%	**- 3%**
% change from same month last year	- 29%	- 20%	**- 4%**
Inventory - Number of weeks	28.9	26.1	**23.9**
% change from previous month	+ 5%	- 9%	**- 8%**
% change from same month last year	+ 6%	+ 13%	**+ 3%**

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Canterbury

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Property Asking Price (truncated mean)	$362,597	$365,432	**$353,652**
% change from previous month	+ 1%	+ 1%	**- 3%**
% change from prior 3 months	+ 2%	+ 1%	**- 2%**
Number of New Listings	1,126	1,188	**1,001**
% change from previous month	- 13%	+ 6%	**- 16%**
% change from same month last year	- 32%	- 29%	**- 30%**
Inventory - Number of weeks	50.0	43.9	**37.5**
% change from previous month	+ 22%	- 12%	**- 15%**
% change from same month last year	+ 21%	+ 19%	**+ 6%**

Waikato

	Apr 2011	May 2011	Jun 2011
Property Asking Price (truncated mean)	$352,746	$365,381	**$357,000**
% change from previous month	- 1%	+ 4%	**- 2%**
% change from prior 3 months	+ 2%	+ 4%	**- 0%**
Number of New Listings	606	583	**592**
% change from previous month	- 39%	- 4%	**+ 2%**
% change from same month last year	- 18%	- 15%	**- 10%**
Inventory - Number of weeks	67.1	56.8	**50.1**
% change from previous month	- 21%	- 15%	**- 12%**
% change from same month last year	+ 8%	+ 0%	**- 15%**

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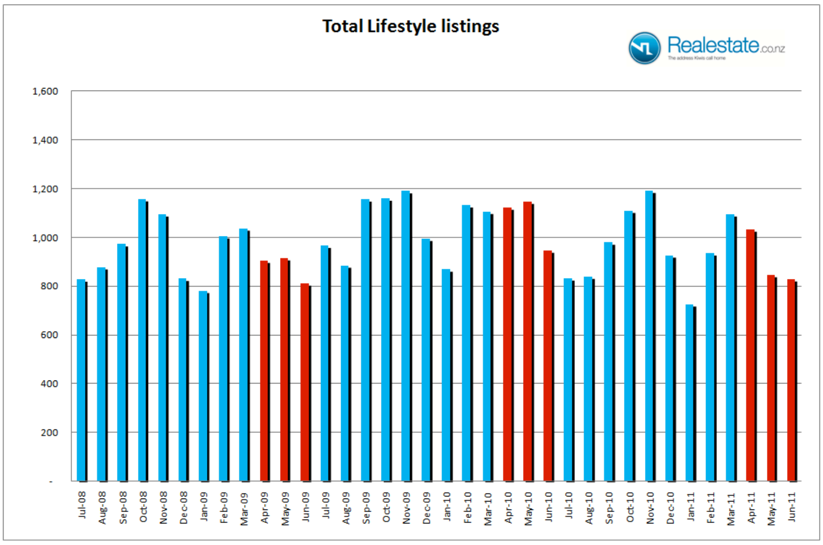
Lifestyle

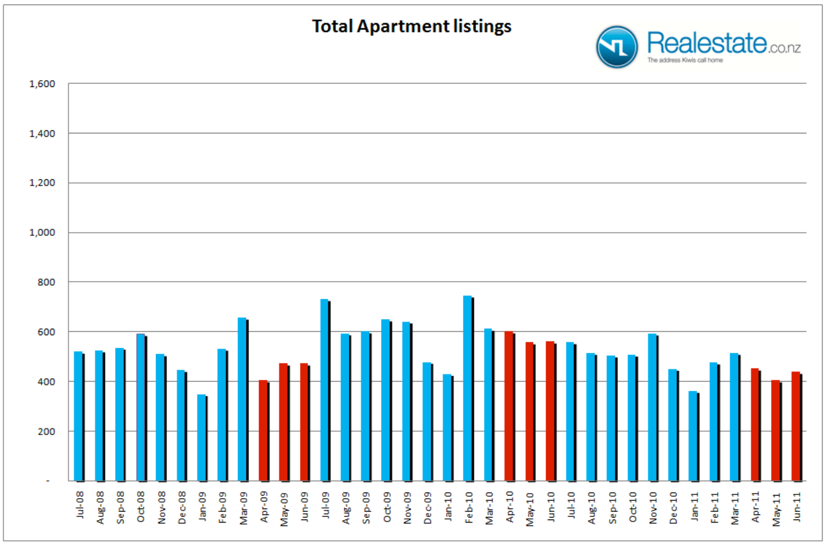
The level of new listings of lifestyle property coming onto the market in June fell by 4% on a seasonally adjusted basis from May. A total of just 829 new properties were listed with a truncated mean asking price of $554,864. The asking price was down 1% as compared to the recent 3 month average, and down 3% as compared to prior year. On a rolling 12 month average basis new listings are down 10.5% with 11,346 listed in the past 12 months compared to 12,679 last year.



Apartments

Listings of apartments showed a 21% increase on a seasonally adjusted basis as compared to May with 439 new apartments coming onto the market. The truncated mean asking price for these new listings was $397,747, which was up 4.0% on the recent 3 month average, and up 8.3% as compared to June 2010.

In the Auckland apartment market which represents over 60% of the market there were 274 new listings with an asking price of $383,980. The new listings shows a rise of 17% on a seasonally adjusted basis, and a 3% rise when judged on a year-on-year basis.



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Index Comparison

	Apr 2011		May 2011		**Jun 2011**	
	House Price	Annual Change	House Price	Annual Change	**House Price**	**Annual Change**
Mean Asking Price: **Realestate.co.nz**	$429,249	+ 2%	$414,308	+ 2%	**$415,053**	**+ 1%**
Mean Sales Price: **REINZ**	$365,593	- 0%	$358,925	- 1%	**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 1,000 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 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 9,111 new listings in the month of May, a total of 166 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 375,000 unique browsers in the month of June 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 June from more than 200 countries.

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