



1st September 2011

Property market moves into gear with sharp rise in new listing.

Spring flush of new listings arrives early

- New listings in August rose 9% on a seasonally adjusted basis as confidence grows among sellers. Traditionally the spring rise in listings tends to arrive in September.

Inventory of unsold homes continues to fall

- The stock of unsold houses on the market fell again to 37 weeks of equivalent sale as compared to the long term average of 41 weeks, this is the result of stronger sales activity.

Overall market now favours sellers

- The overall market is very firmly pointed in favour of sellers across the majority of NZ with 12 of 19 regions below long term average inventory levels

Asking price rises as confidence returns

- The flush of new listings has been accompanied by a rise in asking price expectation up 3% on a seasonally adjusted basis.

	Jun 2011	Jul 2011	Aug 2011
Property Asking Price (truncated mean)	\$415,053	\$403,474	\$415,078
% change from previous month	+ 0%	- 3%	+ 3%
% change from prior 3 months	- 2%	- 4%	+ 1%
Number of New Listings	9,111	8,966	10,120
% change from previous month	- 8%	- 2%	+ 13%
% change from same month last year	- 18%	- 15%	+ 3%
Inventory - Number of weeks	42.1	38.5	36.7
% change from previous month	- 10%	- 8%	- 5%
% change from same month last year	- 8%	- 18%	- 21%

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 now showing all the signs of gearing up for a much stronger Spring season than has been seen for a number of years. The market is very firmly parked as a sellers market, with inventory levels at lows not seen since 2009. At that time, the low inventory was a result of a degree of a buy-up of distressed properties being sold at attractive prices as a result of the global economic recession. This time around, property sales have been steadily rising whilst listing have been in relative short supply.

Comparing the situation today with just 6 months ago highlights this – back in February the average number of property sales over the recent 3 months was 4,256. In July it had risen by 24% to 5,281. At the same time the number of properties on the market has fallen 15%. Traditionally the month of September shows the start of the Spring season, this year we appear to have seen an earlier rush, potentially as a function of greater economic confidence matched to attractive interest rates or possibly a potential impact of the Rugby World Cup.

The rise in asking price expectation is partly explained by a seasonal uplift associated with increase in listing numbers however underlying this and as seen in the charted trend of the past 3 years there is a steady, albeit slow rise in the expected listings price for new properties coming onto the market. This recent asking price expectation is still some 3% below the recent peak of asking price back in April, however the trend is certainly upwards.

Asking Price

The truncated mean asking price for all new listings in August rose significantly from \$403,474 in July to \$415,0784. On a seasonally adjusted basis the asking price rose by 2.7% in the month indicating that there is an emerging confidence amongst sellers of stronger prices.

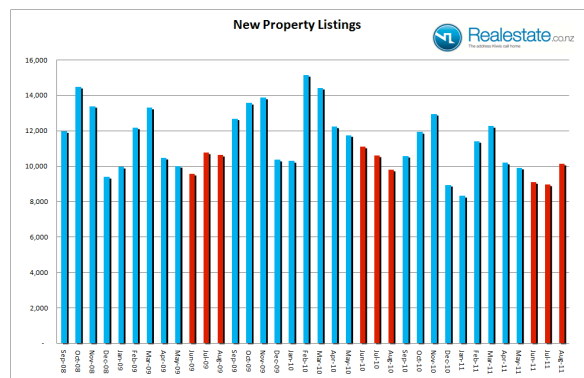
There is a seasonal trend that sees asking price rise in the August month each year, this year that seasonal rise is somewhat more significant.



New Listings

The level of new listings coming onto the market in August rose for the first time since March. A total of 10,120 new listings came onto the market representing a 3% year-on-year increase and a more significant 9% rise on a seasonally adjusted basis.

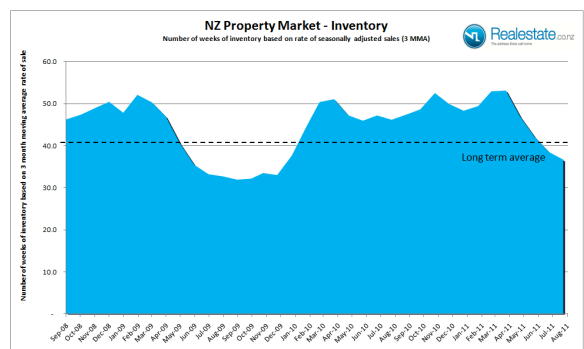
On a 12 month moving total basis the number of new listings in the past year totals 124,544 as compared 144,893 for the same period a year ago – a fall of 14%.



Inventory

The level of unsold houses on the market at the end of August continued to fall from prior months. At the end of there were 44,689 houses, apartments and lifestyle properties on the market down from 45,674 in July and down from 50,138 a year ago. This current level of inventory represents 36.7 weeks of equivalent sales.

From the chart the rate of decline in listings appears to be lessening, however given the rise in sales recently it is not expected that inventory levels will rise in the coming month.



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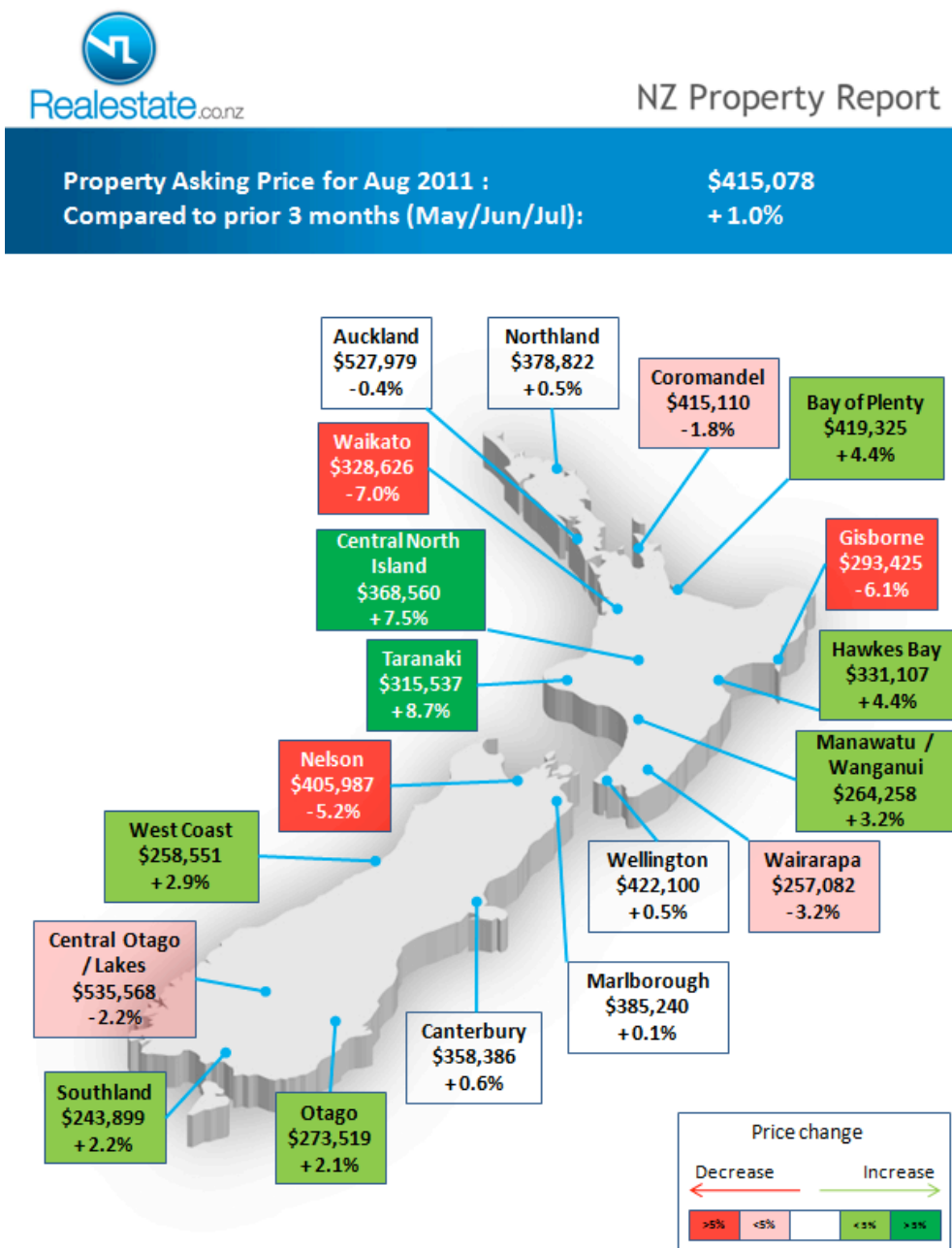
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Regional Summary – Asking price expectations

The national asking price expectation picked up in August as expected due to seasonal factors. Across the country this trend was seen in 12 of the 19 regions reporting a rise in the truncated mean asking price as compared to the recent 3 month average. The most significant rises were seen in the Central North Island and the Taranaki regions, up 7.5% and 8.7% respectively. The main metropolitan regions of Auckland, Wellington and Canterbury all saw very modest movements in asking price expectation of less than 1% indicating that whilst there is a sellers market environment property price appreciation is not rampant.

There were 3 regions which experienced significant asking price falls, Gisborne, Nelson and the Waikato. The latter reporting the lowest asking price recorded going back over 4 years at \$328,626.



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Regional Summary – Listings

Listings has started to flow onto the market in the last month – making up for a succession of months when listings have been in short supply. The rise is most significant in those regions where the shortage became most acute a couple of months ago.

The three regions of Auckland, Bay of Plenty and Waikato were the first to show a sellers market back in May and that message seems to have got through to property owners keen to move. They have acknowledged that there has been a strong rise in sales and a shortage of available properties on the market, and now seem to be confident to list their property.

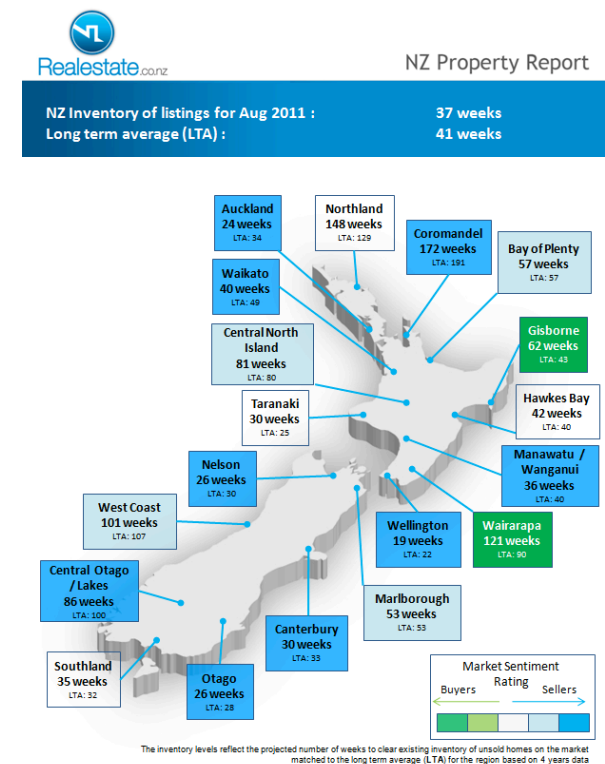
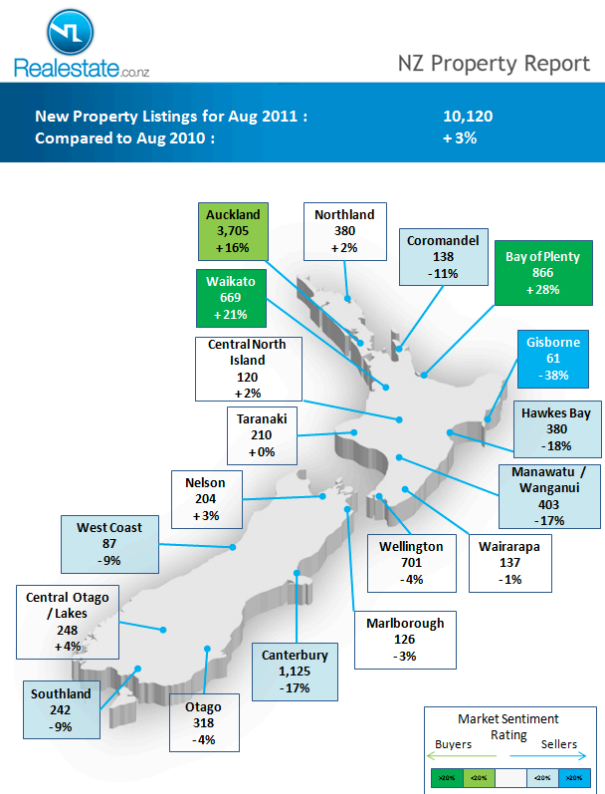
Outside of these emerging regions the remainder of the 19 regions have seen a continuing low level of new listings coming onto the market, potentially increasing the sellers market situation as the spring pick up in sales starts.

Regional Summary – Inventory

The NZ property market is now firmly anchored in a sellers market. The shortage of new listings over the past 6 months, matched to a rise in sales has driven inventory level of unsold houses well below long term average.

Across the country there are now only 2 regions out of 19 that remain a buyer's market – both small regions of Gisborne and Wairarapa. In contrast there are 9 regions that where inventory levels are significantly below long term average.

Across the country by region, the Auckland region at 24.2 weeks is currently experiencing the lowest inventory for over 4 years; Wellington at 19.4 weeks is the lowest inventory for 18 months, and in addition Nelson at 26.3 weeks is lowest for 2 years.



The inventory levels reflect the projected number of weeks to clear existing inventory of unsold homes on the market matched to the long term average (LTA) for the region based on 4 years data

Major Centers

Auckland

	Jun 2011	Jul 2011	Aug 2011
Property Asking Price (truncated mean)	\$535,039	\$522,803	\$527,979
% change from previous month	+ 0%	- 2%	+ 1%
% change from prior 3 months	- 2%	- 3%	- 0%
Number of New Listings	3,092	3,031	3,705
% change from previous month	- 10%	- 2%	+ 22%
% change from same month last year	- 11%	- 11%	+ 16%
Inventory - Number of weeks	26.8	24.5	24.2
% change from previous month	- 12%	- 8%	- 1%
% change from same month last year	- 24%	- 33%	- 32%

Wellington

	Jun 2011	Jul 2011	Aug 2011
Property Asking Price (truncated mean)	\$419,427	\$413,460	\$422,100
% change from previous month	- 2%	- 1%	+ 2%
% change from prior 3 months	- 6%	- 4%	+ 1%
Number of New Listings	734	664	701
% change from previous month	- 3%	- 10%	+ 6%
% change from same month last year	- 4%	- 18%	- 4%
Inventory - Number of weeks	23.9	20.9	19.4
% change from previous month	- 8%	- 12%	- 7%
% change from same month last year	+ 3%	- 17%	- 19%

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Canterbury

	Jun 2011	Jul 2011	Aug 2011
Property Asking Price (truncated mean)	\$353,652	\$349,608	\$358,386
% change from previous month	- 3%	- 1%	+ 2%
% change from prior 3 months	- 2%	- 3%	+ 1%
Number of New Listings	1,001	1,175	1,125
% change from previous month	- 16%	+ 17%	- 4%
% change from same month last year	- 30%	- 23%	- 17%
Inventory - Number of weeks	37.5	32.8	29.9
% change from previous month	- 15%	- 12%	- 9%
% change from same month last year	+ 6%	- 9%	- 10%

Waikato

	Jun 2011	Jul 2011	Aug 2011
Property Asking Price (truncated mean)	\$357,000	\$337,185	\$328,626
% change from previous month	- 2%	- 6%	- 2%
% change from prior 3 months	- 0%	- 6%	- 7%
Number of New Listings	592	551	669
% change from previous month	+ 2%	- 7%	+ 21%
% change from same month last year	- 10%	- 8%	+ 21%
Inventory - Number of weeks	50.1	44.3	40.2
% change from previous month	- 12%	- 12%	- 9%
% change from same month last year	- 15%	- 27%	- 37%

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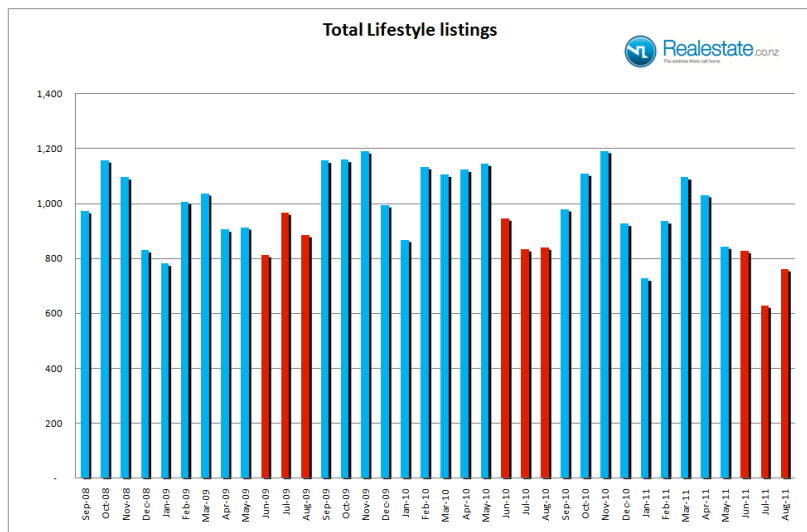
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Lifestyle

Lifestyle property listings across the country rose in August with a 22% seasonally adjusted increase to 760 listings. As compared to last year the total still shows a 10% decline. Over the past 12 months there have been 11,061 new lifestyle property listings brought to the market down 12%.

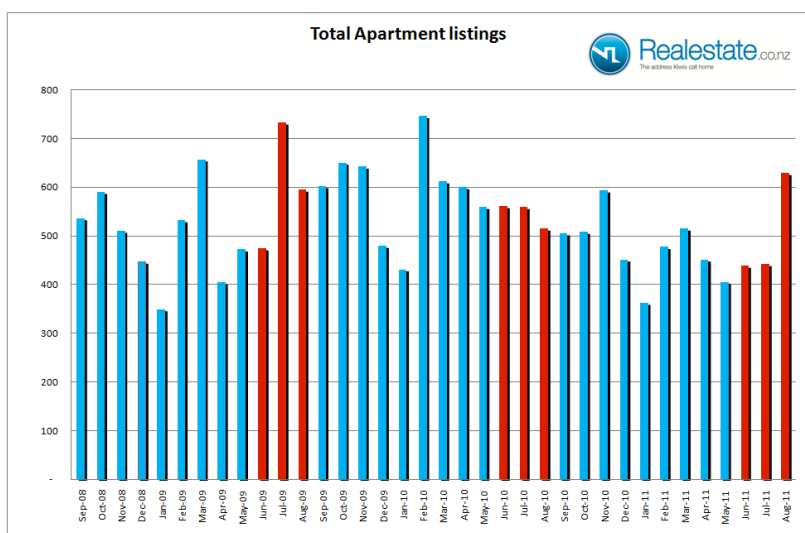
In terms of asking price expectation, the truncated mean in August was \$565,753 which was up 9% on a seasonally adjusted basis and up 2% on August last year.



Apartments

New apartment listings shot up in August with 629 new listings coming onto the market. This represents a 51% seasonally adjusted increase and the highest level for over 18 months. At the same time the asking price expectation fell by 12% on a seasonally adjusted basis to \$328,777.

In the Auckland apartment market, which represents over 60% of the total market there were 462 new listings which represented an 81% seasonally adjusted increase. In terms of asking price, the truncated mean in August was \$302,425. This asking price is down 11% on a seasonally adjusted basis and is the lowest asking price since data reporting began at the start of 2007.



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Index Comparison

	Jun 2011		Jul 2011		Aug 2011	
	House Price	Annual Change	House Price	Annual Change	House Price	Annual Change
Mean Asking Price: Realestate.co.nz	\$415,053	+ 1%	\$403,474	+ 1%	\$415,078	+ 3%
Mean Sales Price: REINZ	\$363,750	- 0%	\$361,460	+ 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 10,120 new listings in the month of August, a total of 128 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 110,000 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 385,000 unique browsers visited Realestate.co.nz in the month of August 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 August from more than 200 countries.

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