



1st November 2011

Price expectations of property sellers' reaches new peak.

Asking price expectation rises again

- Confidence amongst sellers has seen the asking price expectation of new listings in October rise to a new peak of \$434,161 up from the \$429,000 level seen earlier in the year.

Inventory of unsold homes begins to rise again

- The stock of unsold houses on the market continues to move upward in October to 38.5 weeks. The shortages of listings appear to be lessening.

Flow of new listings onto the market slows

- New listings of property coming onto the market in October were only marginally up as compared to September, on a seasonally adjusted basis volumes were down 11%

Market still favours sellers

- Across the country the inventory levels are below long term average indicating a continuing tight market. Auckland and Canterbury are the main regions witnessing the greatest extent of this trend.

	Aug 2011	Sep 2011	Oct 2011
Property Asking Price (truncated mean)	\$415,078	\$425,565	\$434,161
% change from previous month	+ 3%	+ 2%	+ 2%
% change from prior 3 months	+ 1%	+ 4%	+ 5%
Number of New Listings	10,120	11,117	11,312
% change from previous month	+ 13%	+ 10%	+ 2%
% change from same month last year	+ 3%	+ 5%	- 5%
Inventory - Number of weeks	36.7	37.2	38.5
% change from previous month	- 5%	+ 1%	+ 4%
% change from same month last year	- 21%	- 22%	- 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 112,000 listings at any one time, representing over 95% of all listings currently marketed by real estate professionals.



Commentary

The property market continues to show signs of confidence and heightened activity as compared to the past few years. The confidence amongst sellers bringing their properties onto the market has pushed up the truncated mean asking price to a new high of \$434,161 – the highest level since the collection of data began in 2007. This rise in asking price was noticeable right across the country, with Auckland pushing a new high of \$568,778.

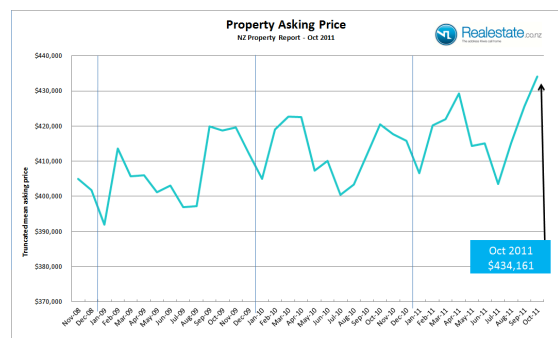
However the volume of new listings shows a slightly different picture with an 11% seasonally adjusted decline which indicates that there is still some hesitation within property owners to bring their property onto the market. The month of October tends to see a big lift from September to satisfy the spring surge in demand; this year the increase was not so significant. This would ordinarily lead to some further tightening in the available stock of property on the market but recent sales which have not continued the year-on-year rises seen through the winter months have resulted in a rise in the inventory of unsold properties on the market. These inventory levels are still in the main below the long term average, but are edging up from the lows of 2 months ago.

The next data for November will be interesting to review as to the final flush of new listings coming onto the market in Spring – November is traditionally one of the biggest listings months of the year. Last year that total was close to 13,000 – that at a time when inventory was considerably higher than today.

Asking Price

The truncated mean asking price for all new listings in October rose again for the 3rd month in a row to \$434,161 from \$425,565. On a seasonally adjusted basis the asking price actually slipped 0.4% in the month indicating that whilst expectations are rising the rate of increase is not as high as seasonal factors would expect.

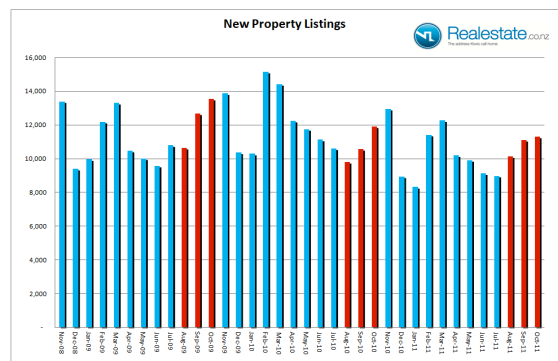
The long term trend as seen in the chart has been a steady increase in asking price over the past 3 years – the seasonal trend each year tends to see asking prices rise through from mid winter to October before falling back.



New Listings

The level of new listings coming onto the market in October rose only slightly, bucking seasonal trends. A total of 11,312 new listings came onto the market representing a 5% year-on-year decline; on a seasonally adjusted basis the fall was a more significant 10.7%.

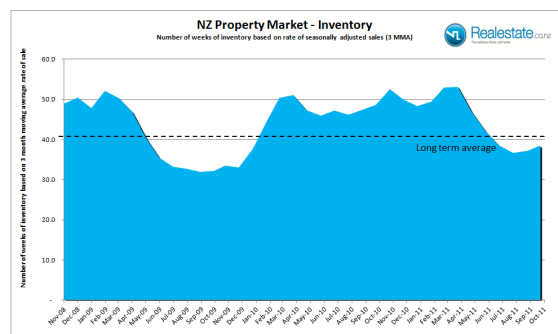
On a 12 month moving total basis the number of new listings in the past year totals 124,503 as compared 141,139 for the same period a year ago – a fall of 12%.



Inventory

The level of unsold houses on the market at the end of October rose again. At the end of the month there were 48,597 houses, apartments and lifestyle properties on the market up from 46,299 in September and down from 52,043 a year ago. This current level of inventory represents 38.5 weeks of equivalent sales.

The trend as show in the adjacent chart is showing a small incline as the market stabilises once again.



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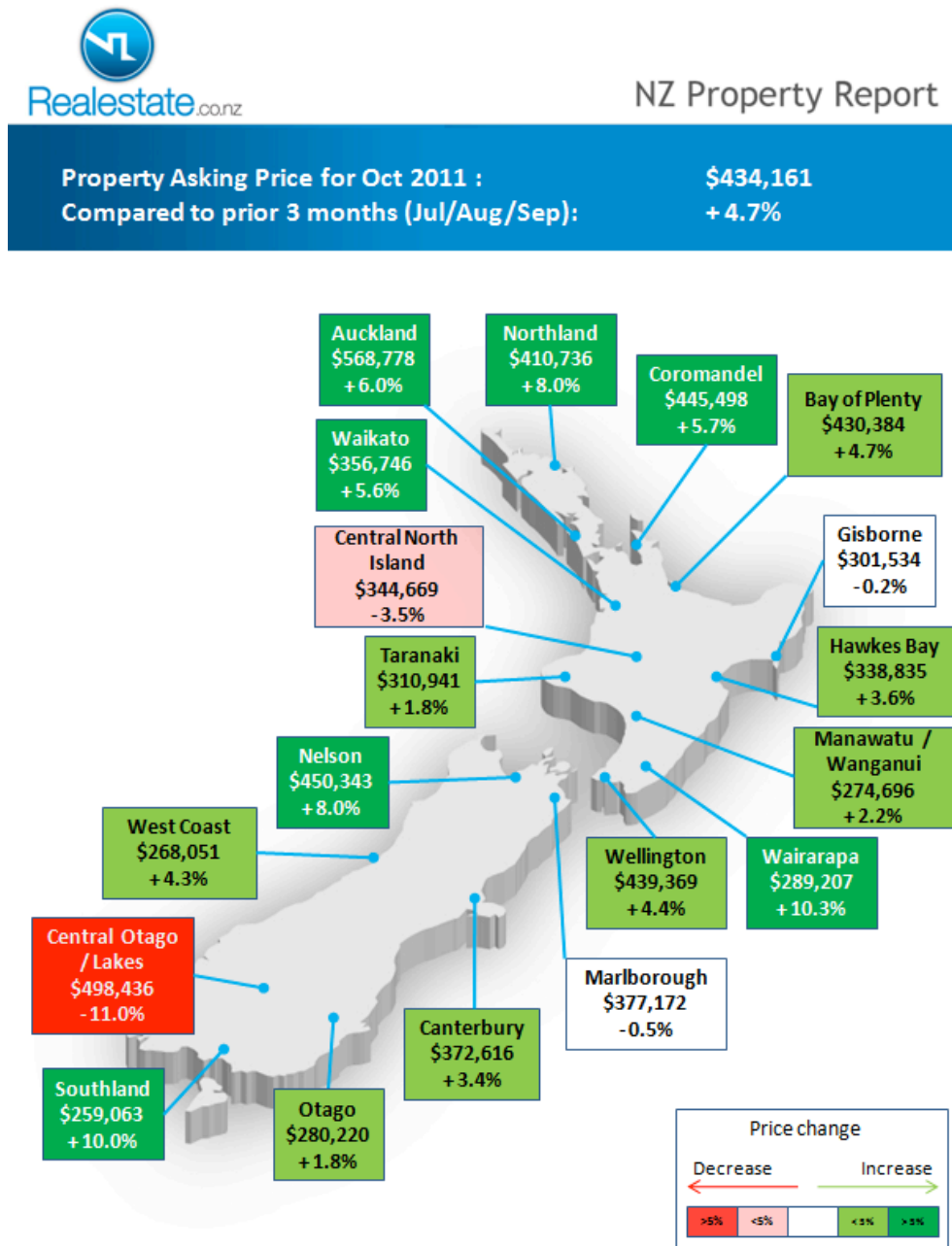
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Regional Summary – Asking price expectations

The national truncated mean asking price expectation among sellers rose to a new peak in October of \$434,161. This exceeds the prior peaks of \$429,249 in April of this year; and \$429,033 from back in October 2007.

Across the 19 regions the signal was in all but 2 that price expectations are rising. The exceptions were the Central / Otago Queenstown Lakes region where prices fell by 11% on a comparison with recent 3 months average to \$498,436 and the Central North Island region which was down 3.5% to \$344,669. In the case of the Queenstown region this latest price is low as judged on a long term basis with an all time high in July 2007 of \$668,973 and a low of \$479,699 in Feb 2009.

There were 7 regions where asking prices rose above 5% on a comparable basis to the past 3 months, with a further 8 regions with an increase of between 1% and 5%.



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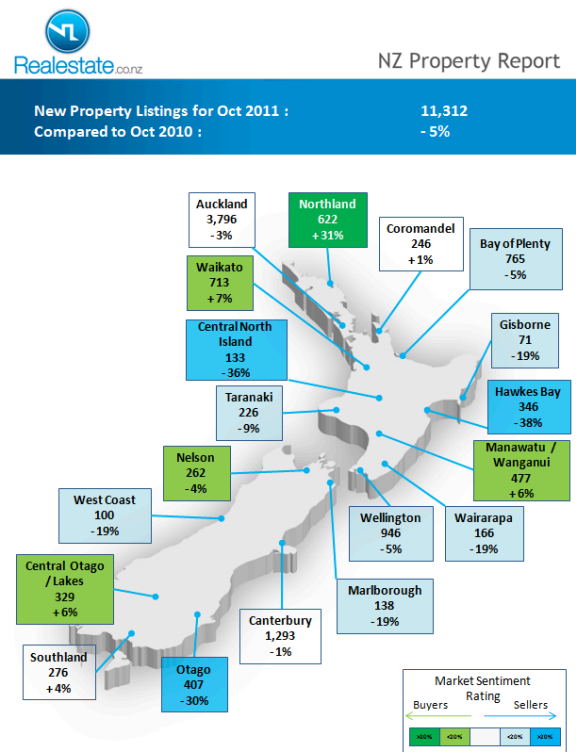
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Regional Summary – Listings

The flow of new listings onto the market has been sporadic this year. From shortages in the Autumn and Winter months to then seeing an early surge in late Winter and early Spring. The latest month of October – traditionally a strong month for listings saw a flatter performance.

Nationally the year-on-year comparison was down 5%. Across the country there were 10 of the 19 regions reporting falls in listings greater than the national average. Within this group extremely low levels of listings were seen in the Central North Island (-36%) Hawkes Bay (-38%) and Otago (-30%), a clutch of 4 regions (Gisborne, Wairarapa, Marlborough and the West Coast) all saw 19% falls.

Against these falls Northland saw a massive rise of 31% to 622 new listings, with 4 other regions reporting rises in new listings over 5%.



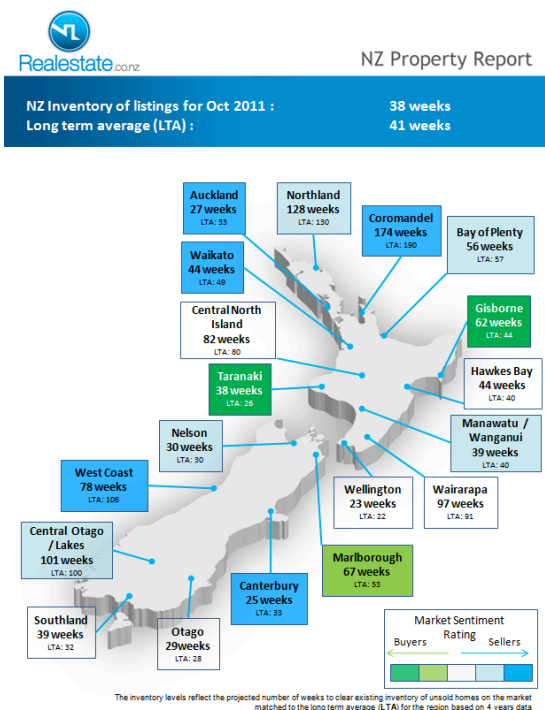
Regional Summary – Inventory

The inventory of unsold homes on the market crept up again this month to 38 weeks, still below the long term average of 41 weeks leading to the assessment that the market is in the main favouring sellers.

Across the country there were 5 regions which are certainly in a shortage of listings situation of which Canterbury and Auckland are the most significant. The former region not having seen this level of inventory for 2 years.

There are however 3 regions (Marlborough, Taranaki and Gisborne) were the market is certainly favouring buyers with high levels of inventory set against long term average.

The remaining 9 regions are balanced between buyer and sellers with a slight leaning in favour of sellers. The key factor affecting the future trend will be the extent of property sales over the months of October and November as to whether the trend of inventory keep edging up to the long term average or plateaus.



Major Centers

Auckland

	Aug 2011	Sep 2011	Oct 2011
Property Asking Price (truncated mean)	\$527,979	\$558,604	\$568,778
% change from previous month	+ 1%	+ 6%	+ 2%
% change from prior 3 months	- 0%	+ 6%	+ 6%
Number of New Listings	3,705	3,659	3,796
% change from previous month	+ 22%	- 1%	+ 4%
% change from same month last year	+ 16%	+ 4%	- 3%
Inventory - Number of weeks	24.2	25.0	27.2
% change from previous month	- 1%	+ 3%	+ 9%
% change from same month last year	- 32%	- 32%	- 26%

Wellington

	Aug 2011	Sep 2011	Oct 2011
Property Asking Price (truncated mean)	\$422,100	\$426,612	\$439,369
% change from previous month	+ 2%	+ 1%	+ 3%
% change from prior 3 months	+ 1%	+ 2%	+ 4%
Number of New Listings	701	894	946
% change from previous month	+ 6%	+ 28%	+ 6%
% change from same month last year	- 4%	+ 7%	- 4%
Inventory - Number of weeks	19.4	20.2	23.2
% change from previous month	- 7%	- 4%	+15%
% change from same month last year	- 19%	- 16%	- 9%

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Canterbury

	Aug 2011	Sep 2011	Oct 2011
Property Asking Price (truncated mean)	\$358,386	\$373,169	\$372,616
% change from previous month	+ 2%	+ 4%	- 0%
% change from prior 3 months	+ 1%	+ 6%	+ 3%
Number of New Listings	1,125	1,326	1,293
% change from previous month	- 4%	+ 18%	- 2%
% change from same month last year	- 17%	+ 10%	- 1%
Inventory - Number of weeks	29.9	28.3	24.8
% change from previous month	- 9%	- 6%	- 12%
% change from same month last year	- 10%	- 17%	- 36%

Waikato

	Aug 2011	Sep 2011	Oct 2011
Property Asking Price (truncated mean)	\$328,626	\$347,651	\$356,746
% change from previous month	- 2%	+ 6%	+ 3%
% change from prior 3 months	- 7%	+ 2%	+ 6%
Number of New Listings	669	736	713
% change from previous month	+ 21%	+ 10%	- 3%
% change from same month last year	+ 21%	+ 17%	+ 7%
Inventory - Number of weeks	40.2	40.4	43.8
% change from previous month	- 9%	+ 0%	+ 8%
% change from same month last year	- 37%	- 38%	- 35%

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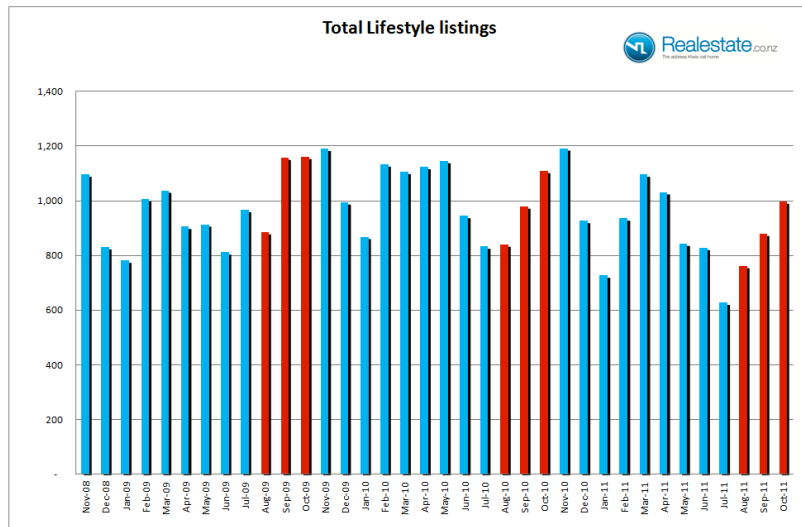
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Lifestyle

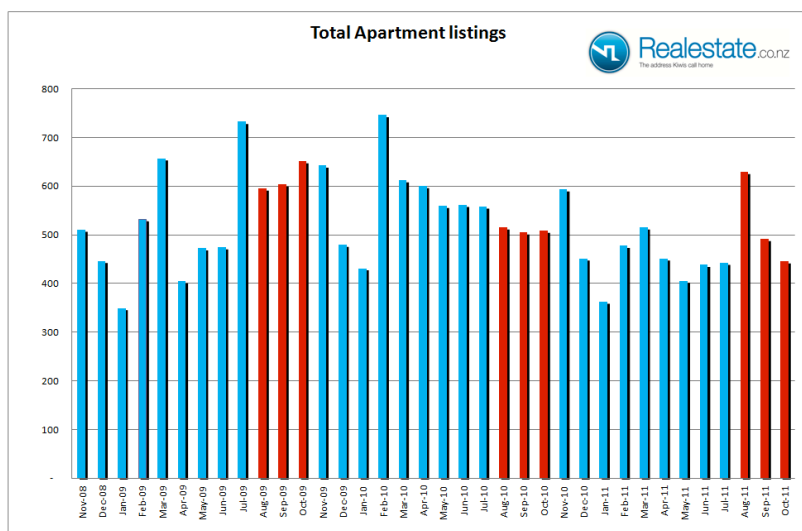
Lifestyle property listings across the country rose in October by 14% as compared to September; when judged on a seasonally adjusted basis the performance showed an increase of 3%. There were 998 new listings added in the month with a truncated mean asking price of \$609,544 which was up 8% on the recent 3 month average. Measured against October last year the asking price is up 4%. It certainly would look as though lifestyle properties are coming back onto the market after a quiet period. On a 12 month moving average basis total new listings of lifestyle properties are down 12% at 10,847.



Apartments

New apartment listings fell again last month from September and the high of August. A total of 446 new apartment listings came onto the market. The truncated mean asking price at \$363,115 was down 3% on the prior month and 2% up on a year ago. Nationally over the past 12 months the level of new listings of apartments have fallen 15% as compared to the prior 12 month period the prior year – a total of 5,720 new apartments have come onto the market in the last 12 month period.

In the Auckland apartment market, which represents over 60% of the total market there were just 280 new listings which represented an 20% seasonally adjusted decline. In terms of asking price, the truncated mean in October was \$345,321 up 6% as compared to the recent 3 month average.



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Index Comparison

	Aug 2011		Sep 2011		Oct 2011	
	House Price	Annual Change	House Price	Annual Change	House Price	Annual Change
Mean Asking Price: Realestate.co.nz	\$415,078	+ 3%	\$425,565	+ 3%	\$434,161	+ 3%
Stratified median Sales Price: REINZ	\$363,150	+ 1%	\$369,400	+ 3%	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 sale 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 11,312 new listings in the month of October, a total of 170 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 350,000 unique browsers visited Realestate.co.nz in the month of October 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 October from more than 200 countries.

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