

1<sup>st</sup> August 2012

## Property market steadies as healthy flow of new listings provides richer choice

### New listings steady

- Whilst new listings for July were down slightly on a seasonally adjusted basis; at 9,411 they were up 5% on July last year and the rolling 12 month period also shows an increase of 5%.

### Inventory levels ease

- Having seen such a sharp fall in levels of inventory in June, the July levels eased back to 31 weeks or 7 months of stock based on rate of sale. This is still well down on the long-term average of 40 weeks or 9 months.

### Asking prices rise again

- The continuance of a seller's market is resulting in a strong asking price, which has risen just under 1% for the month on a seasonally adjusted basis and is up 4% as compared to a year ago.

### Market continues to reflect a sellers' market

- Despite the easing in inventory the sentiment of the market is still favouring sellers and this is reflected in the asking price. The steady flow of new listings is helping to open up the options for buyers across the country as a whole.

	May 2012	Jun 2012	Jul 2012
<b>Property Asking Price</b> (seasonally adjusted - truncated mean)	<b>\$435,887</b>	<b>\$425,783</b>	<b>\$429,181</b>
% change from previous month	+ 3%	- 2%	+ 1%
% change from same month last year	+ 4%	+ 2%	+ 4%
<b>Number of New Listings</b>	<b>11,544</b>	<b>9,588</b>	<b>9,411</b>
% change from previous month	+ 14%	- 17%	- 2%
% change from same month last year	+ 17%	+ 5%	+ 5%
<b>Inventory - Number of weeks of equivalent sales</b> (seasonally adjusted )	<b>35.7</b>	<b>29.8</b>	<b>31.0</b>
% change from previous month	+ 6%	- 17%	+ 4%
% change from same month last year	- 17%	- 24%	- 23%

*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 110,000 listings at any one time, representing over 97% of all listings currently marketed by real estate professionals.*

## Commentary

The month of July is the midpoint of winter, traditionally the lowest season for new properties coming onto the market. Winter generally represents just 22% of the total listings in the year, yet the same 3 months represent traditionally 24% of sales demonstrating a key factor in the continuing tight property market especially in the main centres of the country.

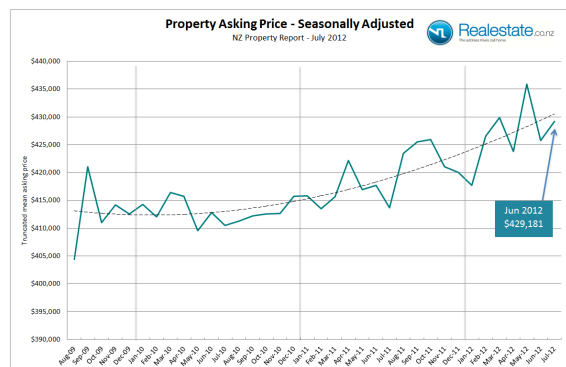
Set against this backdrop the level of new listings could be seen as a ray of good news as the total number stayed up and did not fall significantly, representing as they did a 5% year on year increase and bringing to the market over 9,400 new listings.

There is though no doubt that the message to sellers appears to be getting through when it comes to price expectations. The latest asking price level for July is up 3.7% as against last year. The latest sales prices as reported by REINZ in their stratified mean sales price for June was of a year-on-year increase of 5.3%. On this basis sellers appear to be realistic in pricing in to their asking price a smaller reflection of the current level of house price appreciation.

Across the country the level of inventory of property on-the-market remains low as measured against historical average. The next 3 months heading out of winter and into spring will see the seasonal increase in activity in both listings and sales. The key issue will be to what extent the rise in new listings can take any heat out of the tight property markets in the major centers and other pockets of property activity across the country.

### Asking Price

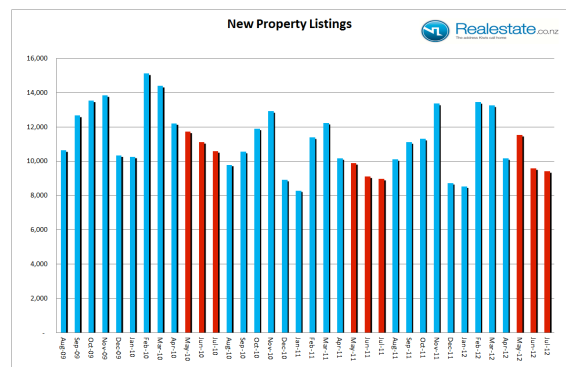
The seasonally adjusted truncated mean asking price for listings in July rose again following a slight dip in June. The July figure of \$429,181 was up just 0.8% on a seasonally adjusted basis from June. It represents a 5% year-on-year growth in the asking price as compared to July last year. The trend as seen in the chart opposite continues to show strength in seller expectation on the back of low listings and strong demand in the main centers.



### New Listings

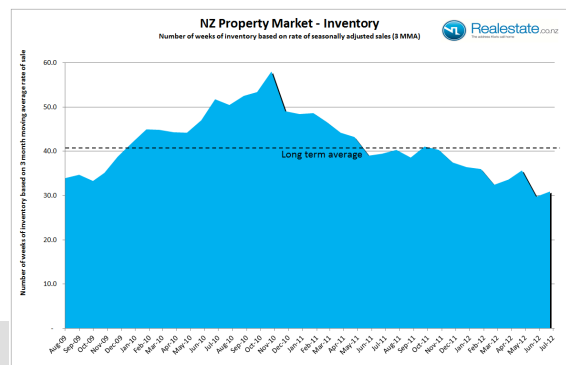
The level of new listings coming onto the market in July barely changed from June with 9,411 listings in the month from the 9,588 in June. This represents a 1% decline on a seasonally adjusted basis. As such this level of growth year-on-year is not matching the pace of sales growth, which year-on-year is over 18%.

On a 12 month moving average basis a total of 130,633 new listings have come onto the market since August 2011 as compared to 124,228 in the prior 12 month period, this represents a rise of just 5.2%.



### Inventory

The level of unsold houses on the market at the end of July (44,729) was barely changed as compared to June (44,787) as measured on a seasonally adjusted basis. The inventory as measured in terms of equivalent weeks of sales showed a slight rise from 29.8 last month to 31.0 weeks this month. This still leaves the level well above the long-term average of 40 weeks.



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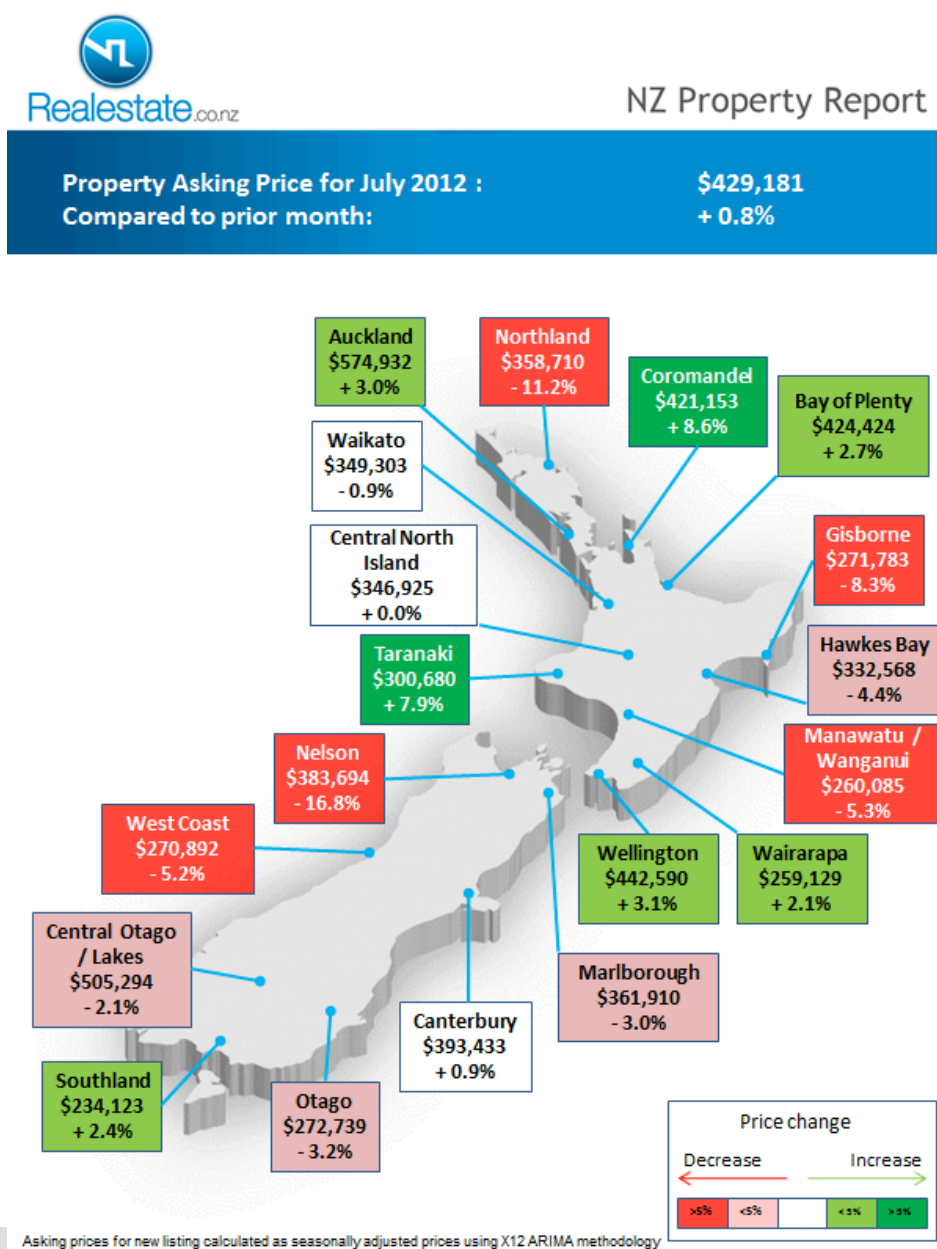
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## Regional Summary – Asking price expectations

The national (seasonally adjusted) truncated mean asking price expectation among sellers rose slightly in July by 0.8% to \$429,181.

Across the 19 regions of the country asking prices showed a significant range of variances. The main 3 centres all showed rises with Auckland reporting a 3% increase marginally beaten by Wellington at 3.1%. Both of these centres though failed to set a new record high asking price, that was left to Canterbury which for the 3<sup>rd</sup> consecutive month set a new record at \$393,433 up 0.9% from June on a seasonally adjusted basis.

In total 9 regions reported asking price rises with the Coromandel the largest riser up 8.6% to \$421,153. Of the 10 regions witnessing asking price falls on a seasonally adjusted basis there were 4 reporting greater than 5% with Northland and Nelson reporting over 10% falls, the latter seeing a 16.8% fall.



Asking prices for new listing calculated as seasonally adjusted prices using X12 ARIMA methodology

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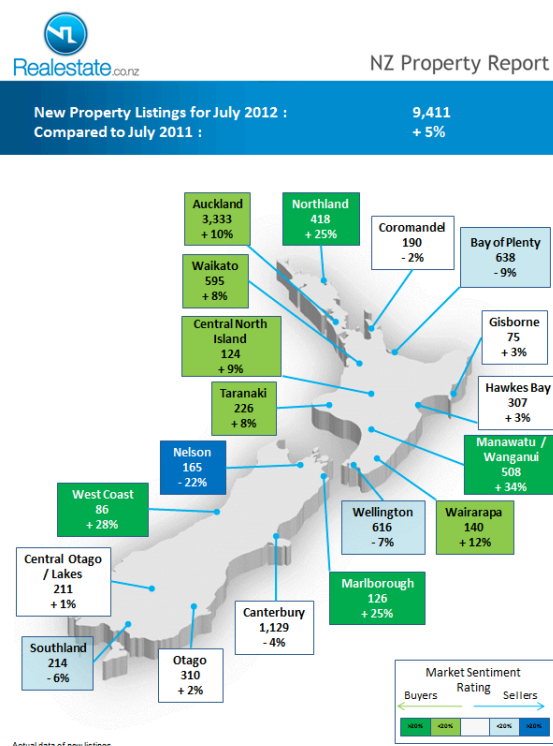
## Regional Summary – Listings

Overall listings volume was steady on a national basis, however across the regions there were more regions showing increases than falls.

There were 13 regions reporting year-on-year rises with Northland, Manawatu/Wanganui, Marlborough and West Coast all seeing increases of more than 20%.

Just 6 regions reported new listings lower than for July last year with Nelson being the region to report a fall off of 22% with just 165 listings reflecting the lowest level of new listings since the data reporting began at the start of 2007.

Of the main centres Auckland saw a healthy increase year-on-year of 10% whilst both Wellington and Canterbury saw new listings fall compared to July last year. The latter being a region continuing to be under pressure to meet buyer demand.

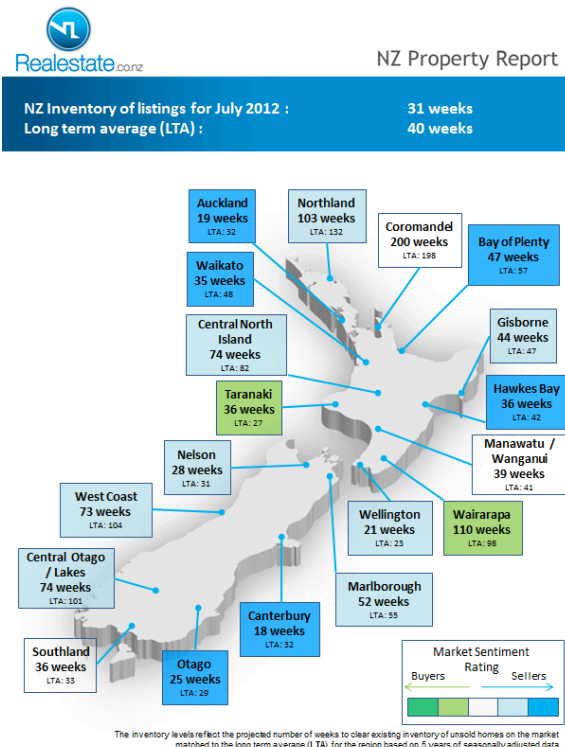


## Regional Summary – Inventory

The market sentiment remains favouring sellers nationally with inventory of houses on the market below long term average based on equivalent rate of sale. However unlike in June when the picture was consistently in favour of sellers, some rebalancing has been seen.

Two regions (Taranaki and Wairarapa) showed increases in inventory of homes on the market taking them above their respective long-term average. In addition three other regions (Coromandel, Manawatu/Wanganui and Southland) sit close to their respective long term averages indicating a more balanced market.

These 5 regions aside, the remaining 14 regions all remain seller's markets with the greatest strain being felt in the 6 regions which are marked in dark blue which includes the main centres of Auckland and Canterbury which remain under pressure from low listings as measured against sales activity.



## Major Centers

### Auckland

	May 2012	Jun 2012	Jul 2012
<b>Property Asking Price</b> (seasonally adjusted - truncated mean)	<b>\$578,533</b>	<b>\$558,366</b>	<b>\$574,932</b>
% change from previous month	+ 2%	- 4%	+ 3%
% change from same month last year	+ 8%	+ 2%	+ 6%
<b>Number of New Listings</b>	<b>3,833</b>	<b>3,391</b>	<b>3,333</b>
% change from previous month	- 21%	- 11%	- 2%
% change from same month last year	+ 12%	+ 11%	+ 10%
<b>Inventory - Number of weeks</b>	<b>20.6</b>	<b>18.1</b>	<b>18.9</b>
% change from previous month	- 5%	- 12%	+ 4%
% change from same month last year	- 25%	- 31%	- 25%

### Wellington

	May 2012	Jun 2012	Jul 2012
<b>Property Asking Price</b> (seasonally adjusted - truncated mean)	<b>\$429,836</b>	<b>\$429,131</b>	<b>\$442,590</b>
% change from previous month	- 0%	- 0%	+ 3%
% change from same month last year	+ 2%	+ 1%	+ 3%
<b>Number of New Listings</b>	<b>881</b>	<b>683</b>	<b>616</b>
% change from previous month	+ 4%	- 22%	- 10%
% change from same month last year	+ 16%	- 6%	- 7%
<b>Inventory - Number of weeks</b>	<b>25.3</b>	<b>18.8</b>	<b>20.6</b>
% change from previous month	+ 11%	- 26%	+ 10%
% change from same month last year	- 6%	- 20%	- 2%

## Canterbury

	May 2012	Jun 2012	Jul 2012
<b>Property Asking Price</b> (seasonally adjusted - truncated mean)	<b>\$383,504</b>	<b>\$389,761</b>	<b>\$393,433</b>
% change from previous month	+ 1%	+ 2%	+ 1%
% change from same month last year	+ 5%	+ 9%	+ 9%
<b>Number of New Listings</b>	<b>1,297</b>	<b>1,041</b>	<b>1,129</b>
% change from previous month	+ 11%	- 19%	+ 8%
% change from same month last year	+ 9%	+ 4%	- 4%
<b>Inventory - Number of weeks</b>	<b>20.8</b>	<b>16.4</b>	<b>18.4</b>
% change from previous month	- 2%	- 21%	+ 12%
% change from same month last year	- 33%	- 49%	- 52%

## Waikato

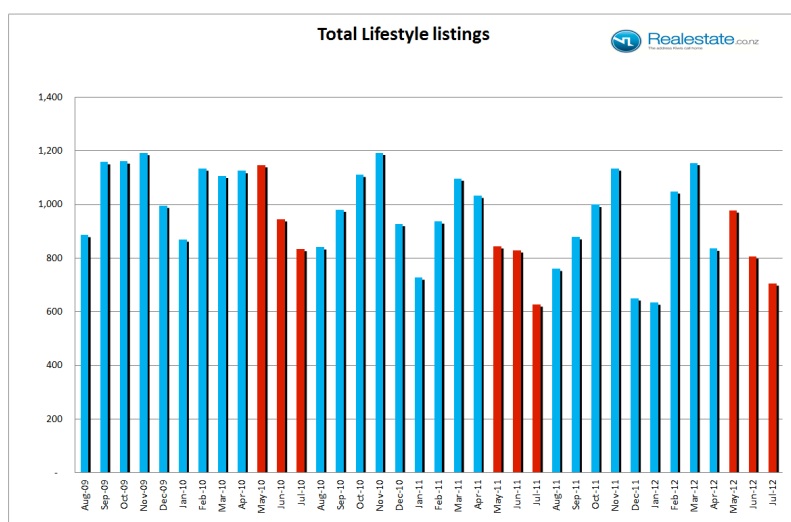
	May 2012	Jun 2012	Jul 2012
<b>Property Asking Price</b> (seasonally adjusted - truncated mean)	<b>\$355,131</b>	<b>\$352,462</b>	<b>\$349,303</b>
% change from previous month	- 2%	+ 0%	- 1%
% change from same month last year	- 1%	- 1%	+ 3%
<b>Number of New Listings</b>	<b>836</b>	<b>664</b>	<b>595</b>
% change from previous month	+ 41%	- 20%	- 10%
% change from same month last year	+ 43%	+ 14%	+ 8%
<b>Inventory - Number of weeks</b>	<b>43.6</b>	<b>36.9</b>	<b>35.1</b>
% change from previous month	+ 12%	- 15%	- 5%
% change from same month last year	- 17%	- 15%	- 17%



## Lifestyle

Lifestyle property listings fell in July. A total of 704 listings came onto the market, up 12% year-on-year but down 13% as compared to June. The truncated mean asking price for these listings fell just 1.1% as compared to the recent 3 month average to \$641,44 however up 1.2% from the June level of \$634,09.

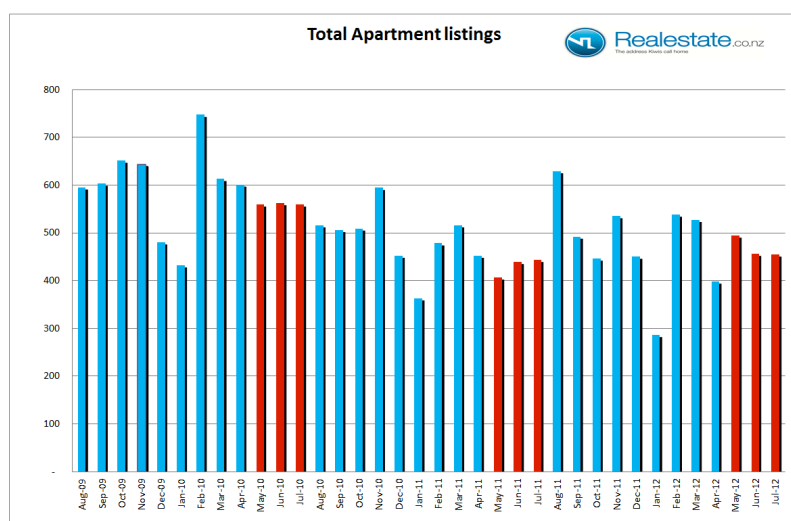
Across the country, Central Otago Queenstown lakes recorded a new high for lifestyle listings of \$1,593,000. Around 23 new lifestyle listings a month are listed in the region, this high represents a 20% increase in the prior record high set just 3 months ago in April at \$1,313,516.



## Apartments

Listings for apartments in July were nearly identical to June with 455 being brought to the market, on a year-on-year basis listings were up 2.1%. The truncated mean asking price of new listings slipped to \$356,762 in July from \$381,578 in June, representing a 94% year-on-year decrease and down 6% on the recent 3 month average.

The Auckland apartment market however was stronger with 323 new listings coming onto the market, up 10% on July last year and up 12% on the month of June. The truncated mean asking price of new listings fell to \$344,479 from \$362,550 in June representing a 6% fall on the prior 3 months.



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## Notes

**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 96% 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.

### 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 total of just less than 1,000 licensed real estate offices across NZ, representing more than 96% 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 9,411 new listings in the month of June, a total of 315 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.

### Seasonally adjustment

The core data for the NZ Property Report is seasonally adjusted to better represent the core underlying trend of the property market in NZ. In preparing this seasonally adjusted data Realestate.co.nz is grateful for the assistance of the New Zealand Institute of Economic Research (NZIER) who use an X12 ARIMA methodology to calculate seasonally adjusted data.

### 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 just under 1,000 offices, the website features over 97% of all listings from licensed real estate agents in NZ. Over 410,000 unique browsers visited Realestate.co.nz in the month of July 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 July from more than 200 countries.