

1st December 2012

Inventory hits 5 year low and adds growing pressure to the property market

Inventory drops to record low

- The stock of unsold houses on the market fell to a 5 year low in November. As compared to a year ago the inventory of houses on the market has fallen from 40.3 weeks supply to just 28.7 weeks

Rise in new listings insufficient to meet demand

- New listings rose in November with 13,571 brought to the market. As compared to October, new listings are up 7%. And listings are up 1.5% from November 2011.

Market firmly favours sellers

- Across the country the inventory levels consistently slipped below long term averages, indicating a tightening of the market as Christmas approaches. This is very evident in the major cities and larger provincial regions

Asking prices stable at new high

- The seasonally adjusted asking price rose slightly in November to \$446,277 up 0.2% for the month and up 6% as compared to a year ago.

	Sep 2012	Oct 2012	Nov 2012
Property Asking Price (seasonally adjusted - truncated mean)	\$429,312	\$445,529	\$446,277
% change from previous month	- 0.3%	+ 4%	+ 0.2%
% change from same month last year	+ 1%	+ 5%	+ 6%
Number of New Listings	11,514	12,688	13,571
% change from previous month	+ 8%	+ 14%	+ 7%
% change from same month last year	+ 0.3%	+ 12%	+ 1.5 %
Inventory - Number of weeks of equivalent sales (seasonally adjusted)	30.5	33.1	28.7
% change from previous month	- 1%	+ 9%	- 13%
% change from same month last year	- 21%	- 19%	- 29%

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.

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Commentary

The message coming from the property market is that buyers are out and about and are keen to get into the market. This eagerness to buy is matched by the availability of attractive mortgage packages, but is not being met with sufficient supply of new property listings, which is continuing to drive the current sellers market.

Inventory levels across the country remain low and the market remains a firm's sellers market across 15 of NZ's 19 regions. Overall stocks of unsold homes fell to a 5 year low of 28.7 weeks of inventory (long term average = 39 weeks). Auckland was again the most affected by low inventory levels, with stocks of unsold homes falling to a new low of 15.5 weeks of inventory, well below the long term average of 31 weeks.

The REINZ Residential Market Statistics reports strong property sales with 6,640 properties sold in October, up 33% on a year ago, and yet listing flow is not matching with just a 1.5% year on year growth. This is why the inventory supply of the property on the market (as measured by rate of sale) has fallen 29% in the past year.

This confidence on the part of sellers is certainly supported by the rate of sale of property which is being shared by real estate agents in their daily contact with the public, and can also be seen in traffic to Realestate.co.nz which has seen an increase this year of 40%, with over 1,400,000 monthly visitor sessions across all sites (Google Analytics).

Asking Price

The seasonally adjusted truncated mean asking price for listings steadied, rising just 0.2% to high of \$446,277 in November.

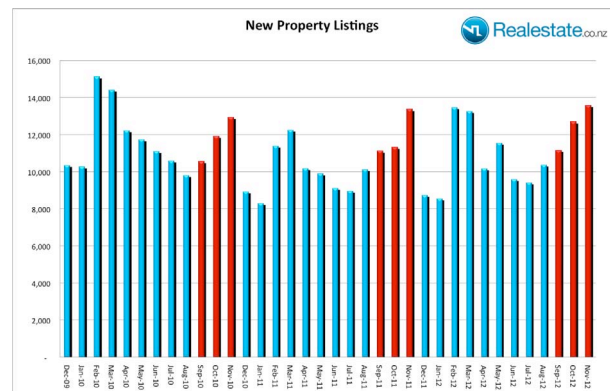
The trend (as seen in the chart opposite) very clearly shows an accelerating growth in asking price over the recent 12 months (as compared to 2010/11) and shows continued strength in seller expectations.



New Listings

The level of new listings coming onto the market in November continued to increase, with 13,571 listings in the month - up from 12,688 in October (7% increase). However listings were only slightly up by 1.5% on November last year.

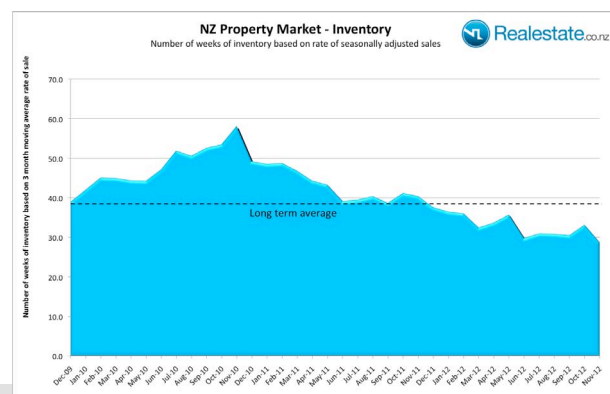
On a 12 month moving total basis the number of new listings that have come onto the market in the last year totals 132,493, as compared to 124,940 in the prior 12-month period, this represents a rise of 6%.



Inventory

The level of unsold houses on the market at the end of November (45,228) was up, when compared to October (43,410). The inventory as measured in terms of equivalent weeks of sales fell to a 5 year low last month to 28.7 weeks last month. This fall was witnessed across 15 of the 19 regions.

With the rising rate of property sales, the inventory on the market has seen a significant drop over the last 12 months pushing it well below the long-term average of 39 weeks of equivalent sales.



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Regional Summary – Asking price expectations

The national (seasonally adjusted) truncated mean asking price expectation among sellers rose just 0.2% in November to a new high of \$446,277.

In the main centers, Auckland, Wellington, and Christchurch all reported a fall in the asking price in November. Auckland fell 2.5% to \$596,759, Wellington fell 4.2% to \$431,259 and Canterbury fell 2% to \$405,913.

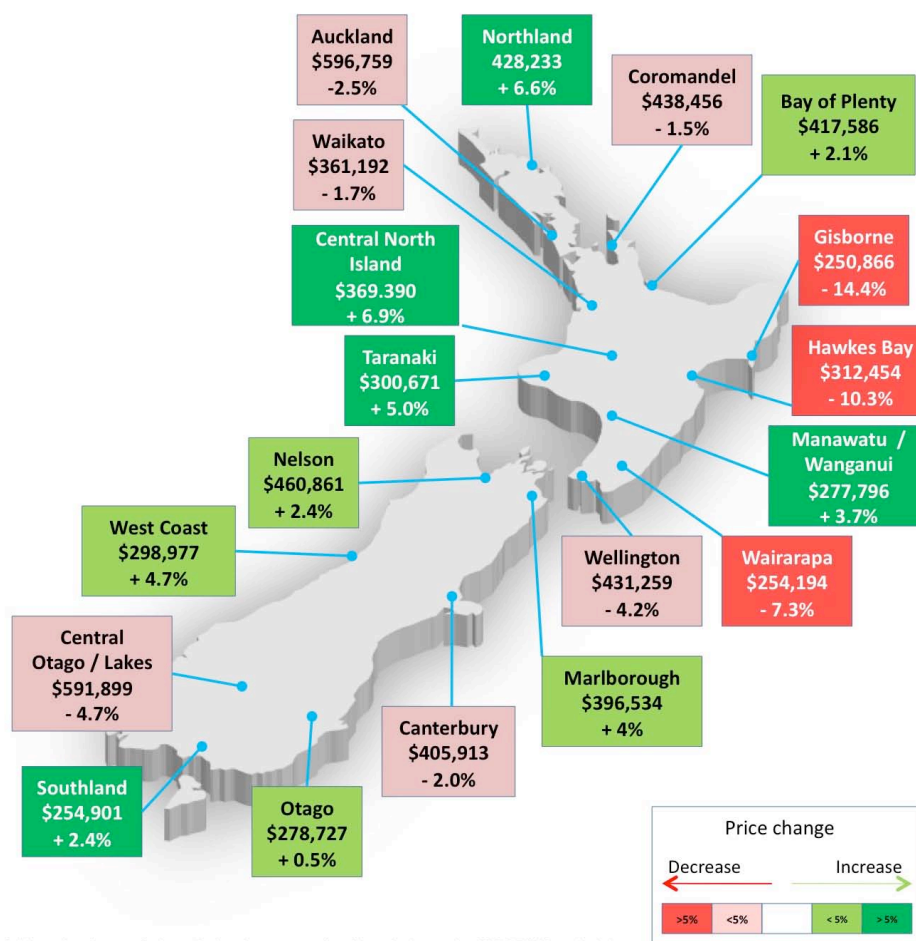
In total 10 regions reported asking price increases, and 5 regions saw rises greater than 5%. The most significant rises were seen in the Central North Island, Northland, Manawatu/Wanganui and Southland with Central North Island showing the largest increases, up 6.9% to \$369,390. Of the 9 regions witnessing asking price falls on a seasonally adjusted basis there was 3 that reported a falls of greater than 5% with Gisborne falling by 14.4% to \$250,866, Hawkes Bay falling by 10.3% to \$312,454 and Wairarapa falling 7.3% to \$254,194



NZ Property Report

Property Asking Price for November 2012 :
Compared to prior month:

\$446,277
+ 0.2%



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

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Regional Summary – Listings

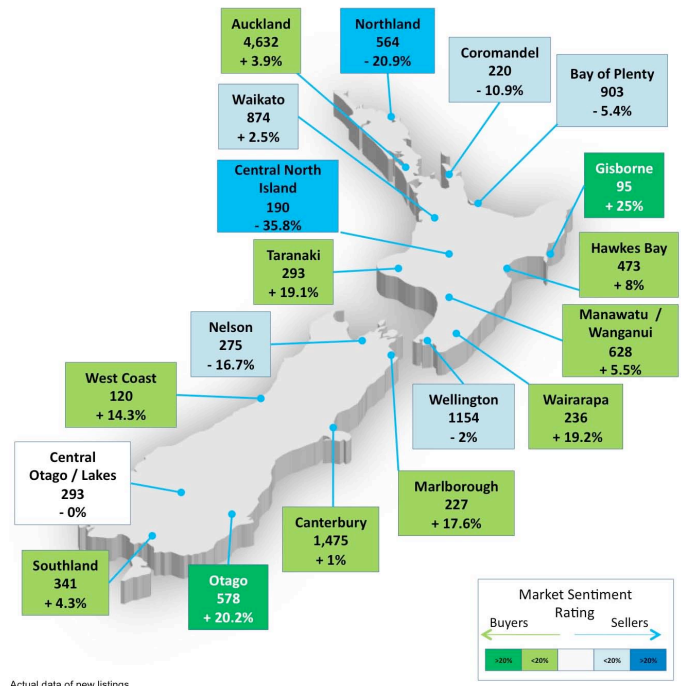
Overall new listings increased on a national basis, as seen in the adjacent chart however across the regions there were slightly more regions showing increases than falls.

There were 11 regions reporting year-on-year rises, with significant increases (over 20%) seen in just 2 regions, the largest increases were in Gisborne (25%), and Otago (20%).

7 regions reported lower new listings than November last year with the Central North Island being the region to report the highest fall off of 35.8% when compared to November 2011, Followed by Northland who saw a fall of 21%

New Property Listings for November 2012:
Compared to November 2011 :

13,571
+ 1.5%



Regional Summary – Inventory

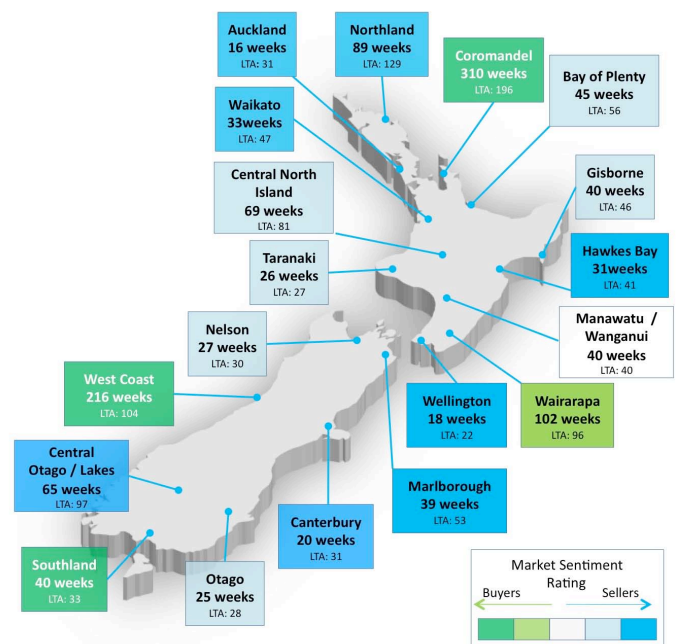
The inventory of unsold homes on the market tightened significantly in March – Falling to a new low of 28.7 weeks off equivalent sales from 33 weeks (on a seasonally adjusted basis).

Four regions (Southland, West Coast, Coromandel, and Wairarapa) showed increases in inventory of homes on the market taking them above their respective long-term average. In addition one other region (Manawatu / Wanganui) sits close to its respective long term average.

Market sentiment now favours sellers in 14 regions, with the greatest strain being felt in the 8 regions which are marked in dark blue, which includes the main metro areas of Auckland, Wellington, and Canterbury which remain under pressure from low listings as measured against sales activity.

NZ Inventory of listings for November 2012 :
Long term average (LTA) :

29 weeks
39 weeks



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 5 years of seasonally adjusted data

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Major Centers

Auckland

	Sep 2012	Oct 2012	Nov 2012
Property Asking Price (seasonally adjusted - truncated mean)	\$574,798	\$611,864	\$596,759
% change from previous month	- 2%	+ 6%	- 2%
% change from same month last year	+ 3%	+ 9%	+ 9%
Number of New Listings	3,666	4,010	4,632
% change from previous month	-1%	+ 9%	+ 16%
% change from same month last year	0.2%	+ 6%	+ 4%
Inventory - Number of weeks	17.4	19.4	15.5
% change from previous month	- 3%	+ 11%	- 20%
% change from same month last year	- 35%	- 35%	- 43%

Wellington

	Sep 2012	Oct 2012	Nov 2012
Property Asking Price (seasonally adjusted - truncated mean)	\$447,388	\$450,105	\$431,259
% change from previous month	+ 3%	+ 1%	- 4%
% change from same month last year	+ 4%	+ 5%	- 1%
Number of New Listings	918	1,109	1,154
% change from previous month	+ 26%	+ 20%	+ 4%
% change from same month last year	+ 3%	+ 18%	- 2%
Inventory - Number of weeks	20.4	21.7	17.5
% change from previous month	+ 5%	+ 6%	- 19%
% change from same month last year	- 8%	- 15%	- 21%

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Canterbury

	Sep 2012	Oct 2012	Nov 2012
Property Asking Price (seasonally adjusted - truncated mean)	\$381,345	\$414,070	\$405,913
% change from previous month	+ 2%	+ 9%	- 2%
% change from same month last year	+ 4%	+ 13%	+ 10%
Number of New Listings	1,208	1,396	1,475
% change from previous month	+ 18%	+ 16%	+ 6%
% change from same month last year	- 9%	+ 8%	+ 1%
Inventory - Number of weeks	20.1	22.8	20.1
% change from previous month	+ 3%	+ 13%	- 12%
% change from same month last year	- 22%	- 10%	- 22%

Waikato

	Sep 2012	Oct 2012	Nov 2012
Property Asking Price (seasonally adjusted - truncated mean)	\$354,417	\$367,533	\$361,192
% change from previous month	- 0.4%	+ 4%	- 2%
% change from same month last year	+ 3%	+ 5%	+ 4%
Number of New Listings	862	870	874
% change from previous month	+ 26%	+ 1%	+ 0.5%
% change from same month last year	+ 17%	+ 6%	+ 2.5%
Inventory - Number of weeks	35.1	39.0	32.8
% change from previous month	- 12%	+ 11%	- 16%
% change from same month last year	- 17%	- 24%	- 33%

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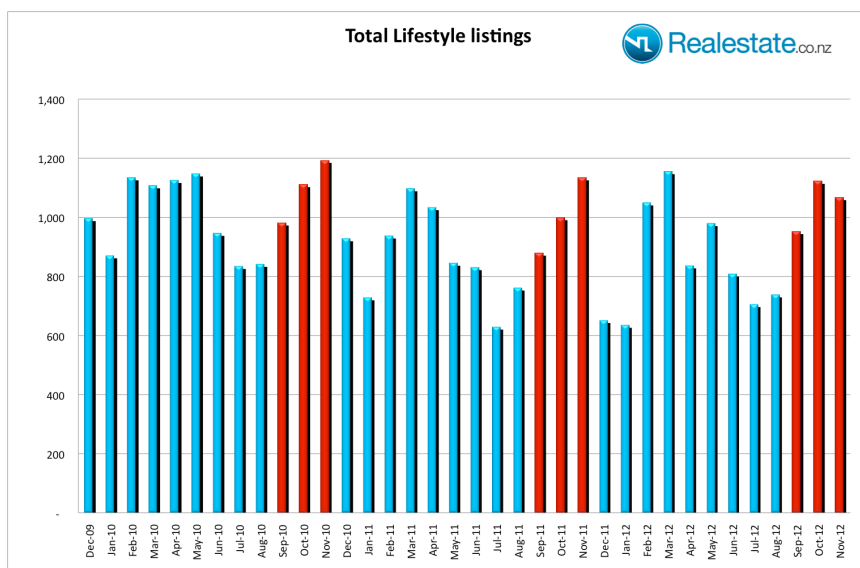
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Lifestyle

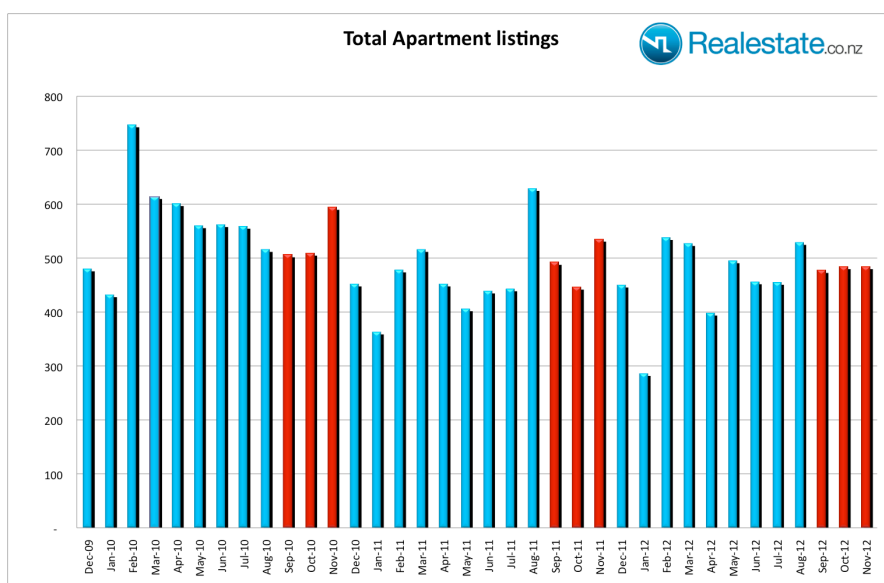
New lifestyle property listings fell across the country in November, dropping 4.9% when compared to October. A total of 1,066 listings came onto the market, showing a fall of 5.9% when compared to November last year. The truncated mean asking price for these listings was down by 1.5% as compared to the recent 3-month average to an asking price of \$654,519 (up 13.9% when compared to October 2011). New record high asking prices were seen in 2 regions in New Zealand (Waikato - \$675,581, and Central Otago/Lakes - \$1,596,071).



Apartments

New listings for apartments in November down 9.5% on a year on year basis, with 484 being brought to the market. The truncated mean asking price of new apartment listings fell 1% to \$394,282 in November from \$398,121 in October, but was still up 6.4% on a year on year basis.

The Auckland apartment market had 304 new listings coming onto the market, down 13.1% when compared to November last year. The truncated mean asking price of new listings in Auckland rose again to \$386,818 (November) from \$382,303 (October) representing a 2.2% increase 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 97% 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 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.

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 five 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 475,000 unique browsers visited Realestate.co.nz in the month of November both domestic and international visitors. The website is the most popular website for international visitors enquiring of NZ real estate, with over 115,000 unique international browsers in the month of November from more than 200 countries.

In addition Realestate.co.nz receives over 25% of all traffic to property listings from mobile devices, including their iPhone and Android applications. To date these applications have been downloaded by over 122,000 users making the app the most popular property app in NZ.

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