

1st June 2013

## High demand, and lack of supply drives asking price to a new record high

### Asking prices reach new high

- The seasonally adjusted asking price hit a record high of \$454,795 in May, surpassing the prior peak of \$447,275 set last month. New record asking prices were also seen in Auckland, Central Lakes, and Manawatu / Wanganui districts.

### New listings remain healthy

- A total of 11,045 listings came onto the market in May, a healthy 10% rise from April, but levels remain down 4% from the same time last year.

### Inventory levels fall to record low

- The stock of unsold homes on the market fell to a record low 25.4 weeks, based on the rate of sale, well down on the long-term average of 38.3 weeks. Auckland and Canterbury also reported record lows of 12 weeks, and 14 weeks respectively.

### Market firmly favours sellers

- Across the country the inventory levels continue to sit below the long-term average indicating a continuing tight market. This is very evident in the major cities, and larger provincial regions.

	Mar 2013	Apr 2013	May 2013
<b>Property Asking Price</b> (seasonally adjusted - truncated mean)	<b>\$444,883</b>	<b>\$447,275</b>	<b>\$454,795</b>
% change from previous month	0.3%	0.5%	<b>1.7%</b>
% change from same month last year	3%	6%	<b>4%</b>
<b>Number of New Listings</b>	<b>12,732</b>	<b>10,023</b>	<b>11,045</b>
% change from previous month	-3%	-21%	<b>10%</b>
% change from same month last year	-4%	-1%	<b>-4%</b>
<b>Inventory - Number of weeks of equivalent sales</b> (seasonally adjusted )	<b>27.0</b>	<b>26.8</b>	<b>25.4</b>
% change from previous month	3%	-1%	<b>-5%</b>
% change from same month last year	-17%	-20%	<b>-29%</b>

*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 message coming from the property market is that buyers are still out and about and keen to find a home. However, their eagerness to buy is not being met with a consistent and sufficient supply of new listings. This scenario continues to drive this sellers' market, and homeowners who are putting their property on the market are expecting to see a higher sale price, as flagged by the new record asking price seen in May.

Seller confidence has pushed up the (seasonally adjusted) truncated mean asking price to a new high of \$454,795. This rise in asking price was noticeable in over half of New Zealand, with Auckland reaching a new record high of \$631,656, and Central Lakes Otago reaching a new high of \$707,510.

Property sales remain strong, with REINZ reporting 7,104 properties sales in April, up 25% on a year ago. However, new listings are not matching the sales strength, and reported with a fall of 4.3% year-on-year. The inventory of property on the market has fallen 29% in the past year to record low levels. On the back of record low inventory levels, the challenge for the market in the coming winter period will be if the level of new listings can keep up with the buyer demand that we are seeing in the main centres.

### Asking Price

The seasonally adjusted truncated mean asking price for listings rose 4.3% (from May 2012) and reached an all time high of \$454,795. This new record asking price level was up from the prior peak of \$447,275 reached last month.

The trend as seen in the chart opposite, continues to show strength in seller price expectation, on the back of low listings, and strong demand in the main centres

### New Listings

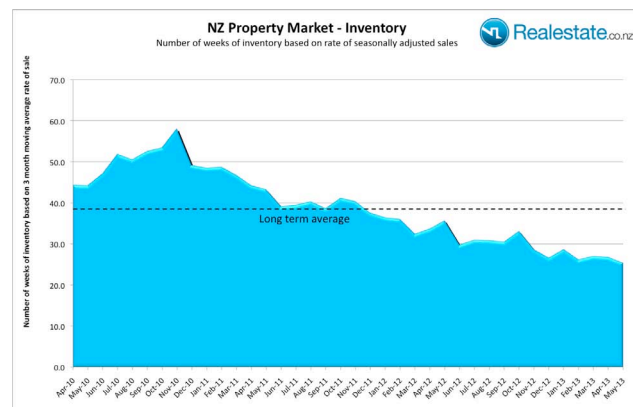
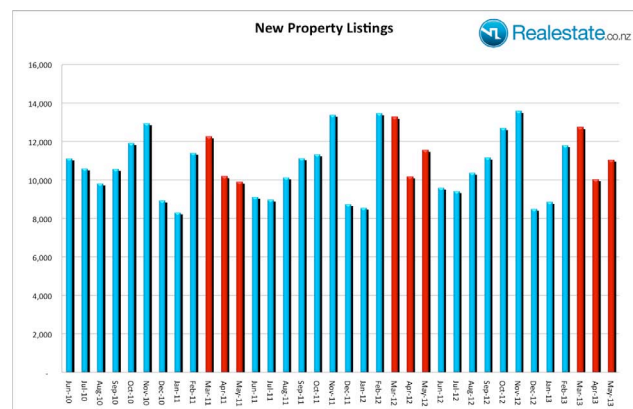
The level of new listings coming onto the market in May rose 5.9% from April, to a total of 11,001. However this represents a fall of 7.2% from May last year.

On a 12 month moving average basis a total of 131,053 new listings have come to the market since June 2012, as compared to 129,711 in the prior 12 month period, a rise of 1%. This compares to REINZ reported sales, which are up 17.6% on a 12 month comparable basis.

### Inventory

The level of unsold houses on the market at the end of May (39,698) was down 6%, when compared to April (42,225). Inventory, as measured in terms of equivalent weeks of sales fell in May to a record low of 25.4 weeks, remaining well below the long-term average of 38 weeks.

The market remains firmly a seller's market; with 18 of the 19 regions showing inventory levels that are well below long term averages. Both Auckland and Canterbury continue to witness the highest extent of this, reach record low inventory in May. Auckland is 59% below its long term average, and Canterbury is 52% below its long term average.



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## Regional Summary – Asking price expectations

The national asking price expectation among sellers rose by just 1.7% in May to a new peak of \$454,795. This exceeds the prior peak of \$447,275 reached last month (seasonally adjusted truncated mean).

Following the new record high for the national asking price figure, both Auckland and Central Lakes / Otago again posted record highs of \$631,656, and \$707,510 respectively in May. In contrast Marlborough asking prices again fell 0.8% from April to a record low of \$350,649.

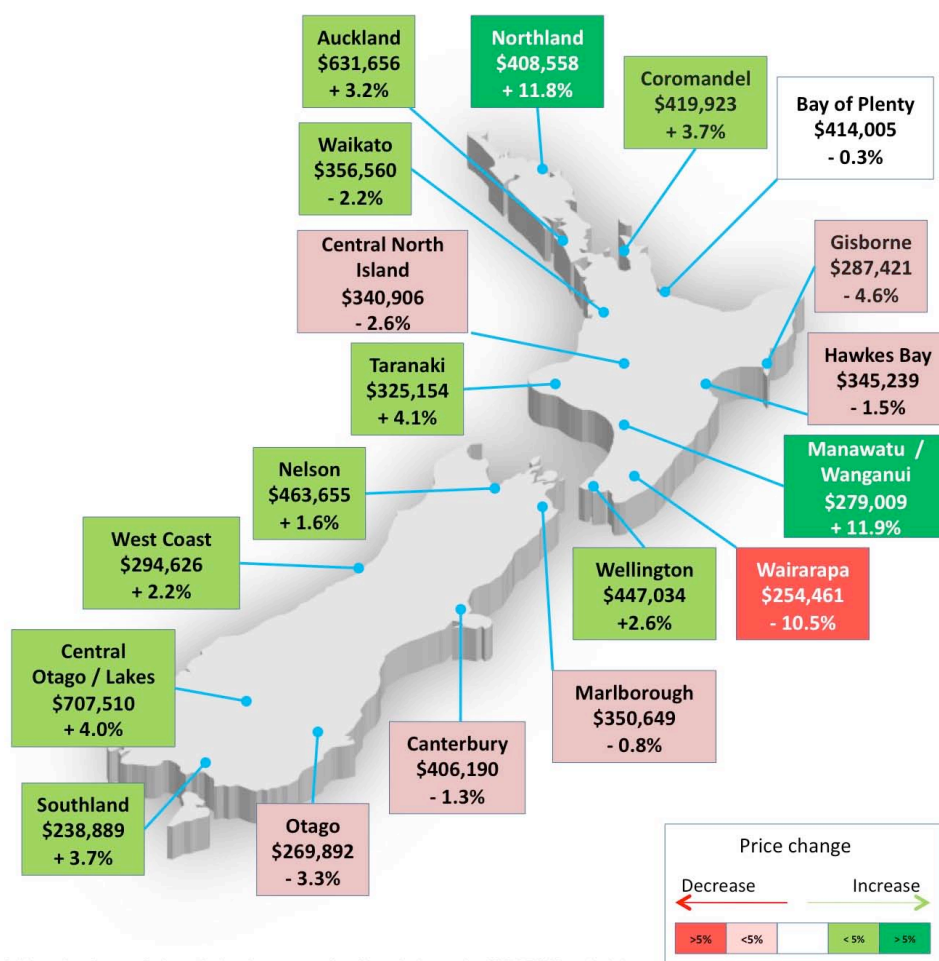
In total 11 regions reported asking price increases from April, the most significant rises was seen in the Manawatu / Wanganui region, up 11.9% to an record asking price of \$279,009. Of the 8 regions witnessing asking price falls on a seasonally adjusted basis there was just one reported a fall of greater than 5%, Wairarapa fell by 10.5% to \$254,461.



## NZ Property Report

Property Asking Price for May 2013 :  
Compared to prior month:

\$454,795  
+ 1.7%



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

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## Regional Summary – Listings

The picture for new listings across the country continues to show that there is a reluctance to bring new properties to the market. There were 13 of the 19 regions that reported new listings down on the prior year, with 3 of these reporting falls of over 20%.

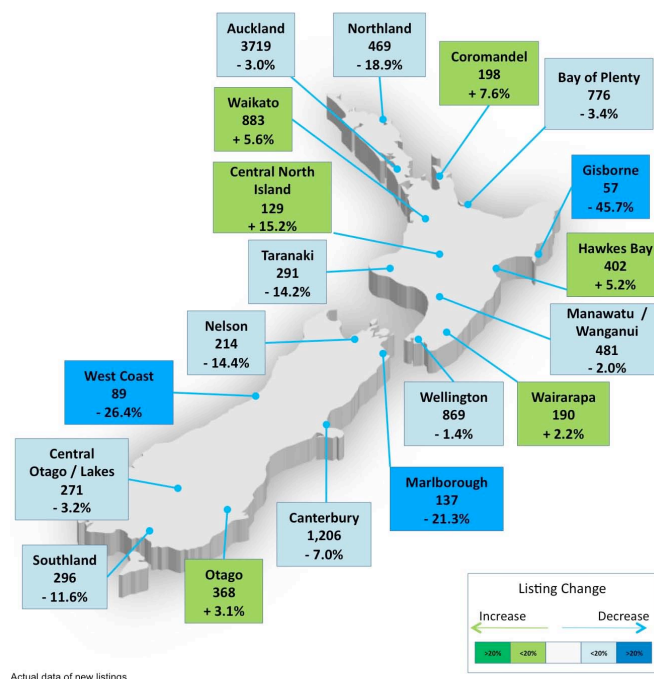
The most significant drop in listings was seen in Gisborne, falling 45.7%, and West Coast, which fell by 26.4%

Of the 6 regions reported higher new listings than May last year Central North Island was the region to report the highest increase of 15.2% when compared to May 2012, followed by Coromandel who saw an increase of 7.6%.

Auckland listings were down 3% in May to 3719 listings. The lack of new listings coming to the market puts further pressure on Auckland market, resulting in a record low available inventory of just 7557 homes (27% down from May 2012)

New Property Listings for May 2013:  
Compared to May 2012 :

11,045  
- 4.3%



Actual data of new listings

## Regional Summary – Inventory

The inventory of unsold homes on the market tightened to a all time low of 25 weeks of equivalent sales in May.

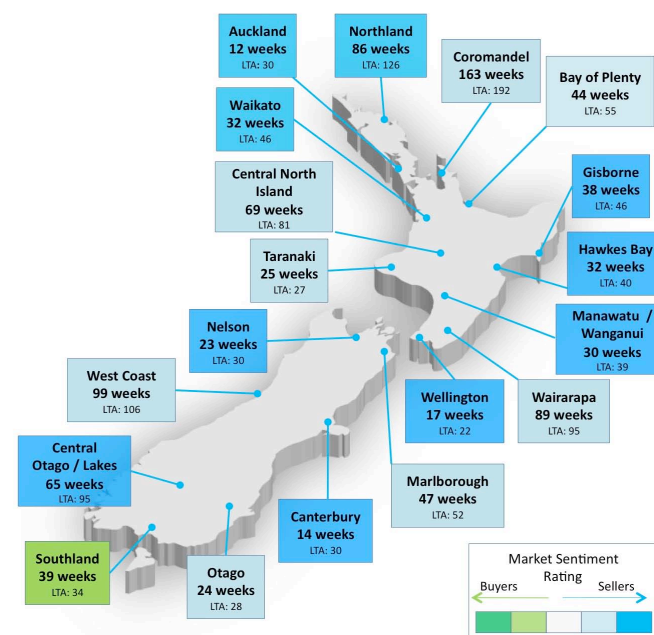
Both Auckland and Canterbury hit record low inventory levels in May. With Auckland falling to 12 weeks, 59% below its long term average. And Canterbury falling to 14 weeks, 52% below its long term average.

Market sentiment continues to favour sellers in 18 regions, with the greatest strain being felt in the 10 regions that are marked in darker blue. This includes the main metro areas of Auckland, and Canterbury, which remain under pressure from low listings as measured against sales activity.

Just one region (Southland) showed an increase in inventory of homes on the market taking them above their respective long-term average.

NZ Inventory of listings for May 2013 :  
Long term average (LTA) :

25 weeks  
38 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

	Mar 2013	Apr 2013	May 2013
<b>Property Asking Price</b> (seasonally adjusted - truncated mean)	<b>\$610,628</b>	<b>\$612,167</b>	<b>\$631,656</b>
% change from previous month	1%	0%	3%
% change from same month last year	9%	8%	9%
<b>Number of New Listings</b>	<b>4,173</b>	<b>3,453</b>	<b>3,719</b>
% change from previous month	-3%	-17%	8%
% change from same month last year	-5%	9%	-3%
<b>Inventory - Number of weeks</b>	<b>14.2</b>	<b>14.0</b>	<b>12.0</b>
% change from previous month	0%	-1%	-14%
% change from same month last year	-35%	-35%	-42%

### Wellington

	Mar 2013	Apr 2013	May 2013
<b>Property Asking Price</b> (seasonally adjusted - truncated mean)	<b>\$438,928</b>	<b>\$435,791</b>	<b>\$447,034</b>
% change from previous month	-3%	-1%	3%
% change from same month last year	4%	1%	4%
<b>Number of New Listings</b>	<b>1,025</b>	<b>829</b>	<b>869</b>
% change from previous month	-11%	-19%	5%
% change from same month last year	-10%	-2%	-1%
<b>Inventory - Number of weeks</b>	<b>16.8</b>	<b>18.5</b>	<b>16.6</b>
% change from previous month	0%	10%	-10%
% change from same month last year	-20%	-19%	-34%

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## Canterbury

	Mar 2013	Apr 2013	May 2013
<b>Property Asking Price</b> (seasonally adjusted - truncated mean)	<b>\$413,403</b>	<b>\$411,399</b>	<b>\$406,190</b>
% change from previous month	2%	0%	-1%
% change from same month last year	8%	8%	6%
<b>Number of New Listings</b>	<b>1,401</b>	<b>1181</b>	<b>1206</b>
% change from previous month	3%	-16%	2%
% change from same month last year	-9%	1%	-7%
<b>Inventory - Number of weeks</b>	<b>16.7</b>	<b>16.0</b>	<b>14.3</b>
% change from previous month	2%	-4%	-11%
% change from same month last year	-20%	-25%	-31%

## Waikato

	Mar 2013	Apr 2013	May 2013
<b>Property Asking Price</b> (seasonally adjusted - truncated mean)	<b>\$357,119</b>	<b>\$364,563</b>	<b>\$356,560</b>
% change from previous month	-2%	2.1%	-2.2%
% change from same month last year	-6%	1.7%	0.4%
<b>Number of New Listings</b>	<b>833</b>	<b>659</b>	<b>883</b>
% change from previous month	-11.38%	-21%	34%
% change from same month last year	1.59%	11%	6%
<b>Inventory - Number of weeks</b>	<b>32.1</b>	<b>33.3</b>	<b>32.0</b>
% change from previous month	7%	4%	-4%
% change from same month last year	-14%	-15%	-27%

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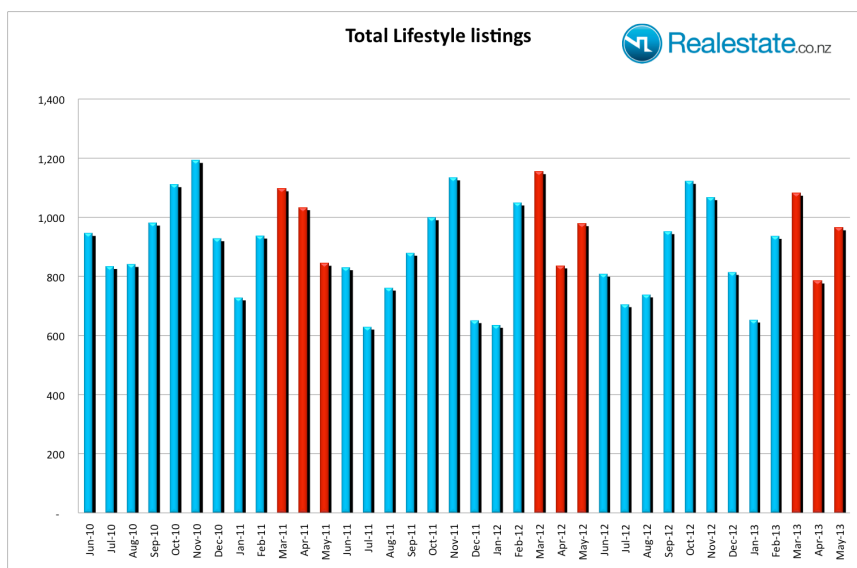
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## Lifestyle

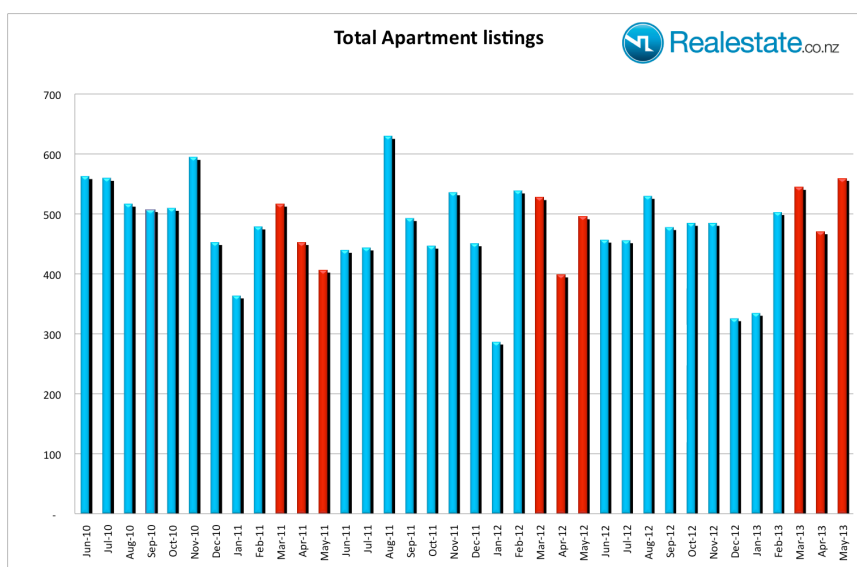
New lifestyle property listings rose across the country in May. A total of 964 listings came onto the market, showing an rise of 23% when compared to April, and a fall of 1.4% when compared to May last year. The truncated mean asking price for these listings was up by 0.3% as compared to the recent 3-month average to an asking price of \$679,142 (up 3.6% when compared to May 2012).



## Apartments

New listings for apartments in May were up 12.9% on a year on year basis, and up 18.9% from April, with 559 being brought to the market. The truncated mean asking price of new apartment listings fell 4.6% to \$383,953 in May from \$402,364 in April, but was up 3.3% on a year on year basis.

The Auckland apartment market had 296 new listings coming onto the market, up 33% when compared to May last year. The truncated mean asking price of new listings in Auckland fell to \$348,476 (May) from \$366,355 (April). When compared to the recent 3-month average, this represents a fall of 4.6%.



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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 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.

### 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 500,000 unique browsers visited Realestate.co.nz in the month of May both domestic and international visitors. The website is the most popular website for international visitors enquiring of NZ real estate, with over 120,000 unique international browsers in the month of May from more than 200 countries.

In addition Realestate.co.nz receives over 30% of all traffic to property listings from mobile devices, including their iPhone and Android applications. To date these applications have been downloaded by over 150,000 users, making the app the most popular property app in NZ.

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