



1<sup>st</sup> April 2012

## Inventory at 4 year low adds growing pressure to market, resulting in record asking price

### New listings insufficient to meet demand

- A total of 13,265 new listings came onto the market in March a slight fall from last month but up 8% vs. March 2011. On a seasonally adjusted basis listings are down 0.4% as compared to February indicating that the market is not responding to shortages of inventory in many areas of the country.

### Inventory drops to record low

- The stock of unsold houses on the market fell to a 4 year low in March. As compared to a year ago the inventory of houses on the market has fallen from 46.7 weeks supply to just 32.4 weeks.

### Asking prices breaks new high again

- The seasonally adjusted asking price rose again to a new high of \$429,865 up 1% for the month and up 3% as compared to a year ago. New record high asking prices were recorded in both Canterbury and the Waikato.

### Market firmly favours sellers

- Across the country the inventory levels are consistently slipping below long term averages indicating a tightening of the market, this is very evident in the major cities and larger provincial regions.

	Jan 2012	Feb 2012	Mar 2012
<b>Property Asking Price</b> (seasonally adjusted - truncated mean)	\$417,740	\$426,575	<b>\$429,865</b>
% change from previous month	- 1%	+ 2%	<b>+ 1%</b>
% change from same month last year	+ 1%	+ 3%	<b>+ 3%</b>
<b>Number of New Listings</b>	8,542	13,459	<b>13,265</b>
% change from previous month	- 2%	+ 58%	- 1%
% change from same month last year	+ 3%	+ 18%	<b>+ 8%</b>
<b>Inventory - Number of weeks of equivalent sales</b> (seasonally adjusted )	36.4	36.0	<b>32.4</b>
% change from previous month	- 3%	- 1%	<b>- 10%</b>
% change from same month last year	- 25%	- 26%	<b>- 31%</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 112,000 listings at any one time, representing over 96% of all listings currently marketed by real estate professionals.*



## Commentary

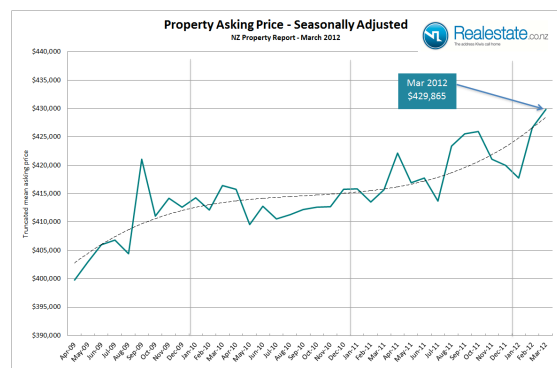
The message coming from the property market is that buyers are out and about and keen to get into the market, whether they are first-time buyers, mid-life stage buyers or even investors. Their eagerness to buy matched to availability of attractive financial support is however not being met with a consistent and sufficient supply of new listings. This scenario continues to drive this sellers' market, where it is clear those homeowners who are putting their property on the market are expecting to see a higher sale price as flagged by this new record level of asking price in March.

Property sales are strong – 6,168 properties sold in February up 37% on a year ago (exclude the unique circumstances of the Christchurch earthquake and sales are still up 30%), and yet listings flow is not matching with just a 8% year-on-year growth, this is why the inventory supply of property on the market as measured by rate of sale has fallen 31% in the past year.

The next 3 months will be crucial as property sales traditionally remain strong through the Autumn, and without the ability of the market to be re-supplied with new listings the outcome could be further rises in asking price and sale price or more significantly a stalling of the market as buyers become wary of a market getting out of reach of the majority of buyers.

### Asking Price

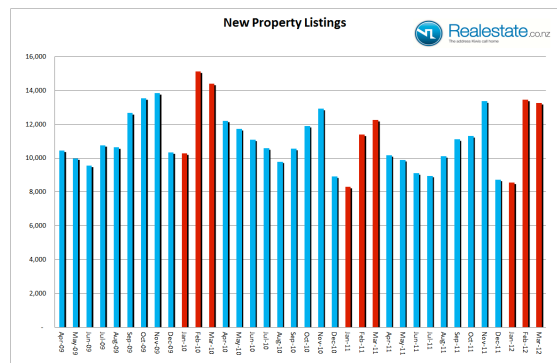
The seasonally adjusted truncated mean asking price for listings in March rose again to a new record level of \$429,865 up \$3,300 from February. This pushes the asking price up to another new high. The trend as seen in the chart covering the last 3 years very clearly shows an accelerating growth in asking price over the recent 12 months as compared to 2010/2011.



### New Listings

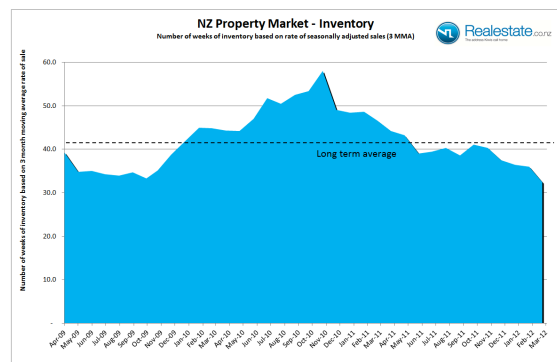
The level of new listings coming onto the market in March fell slightly with a total of 13,265. This represents a seasonally adjusted fall of just less than 1% from February and is up just 8% as compared to March last year.

On a 12 month moving average basis a total of 128,072 new listings have come onto the market since April 2011 as compared to 131,722 in the prior 12 month period, a fall of 2.8%. This compares to sales up 15% on the same 12 month comparable basis



### Inventory

The level of unsold houses on the market at the end of March (46,411) was down as compared to February (47,030) as measured on a seasonally adjusted basis. This total includes houses, apartments and lifestyle properties on the market. With the rising rate of property sales the inventory on the market has seen a significant drop off over the past 6 months pushing it well below the long term average of 41 weeks of equivalent sales.



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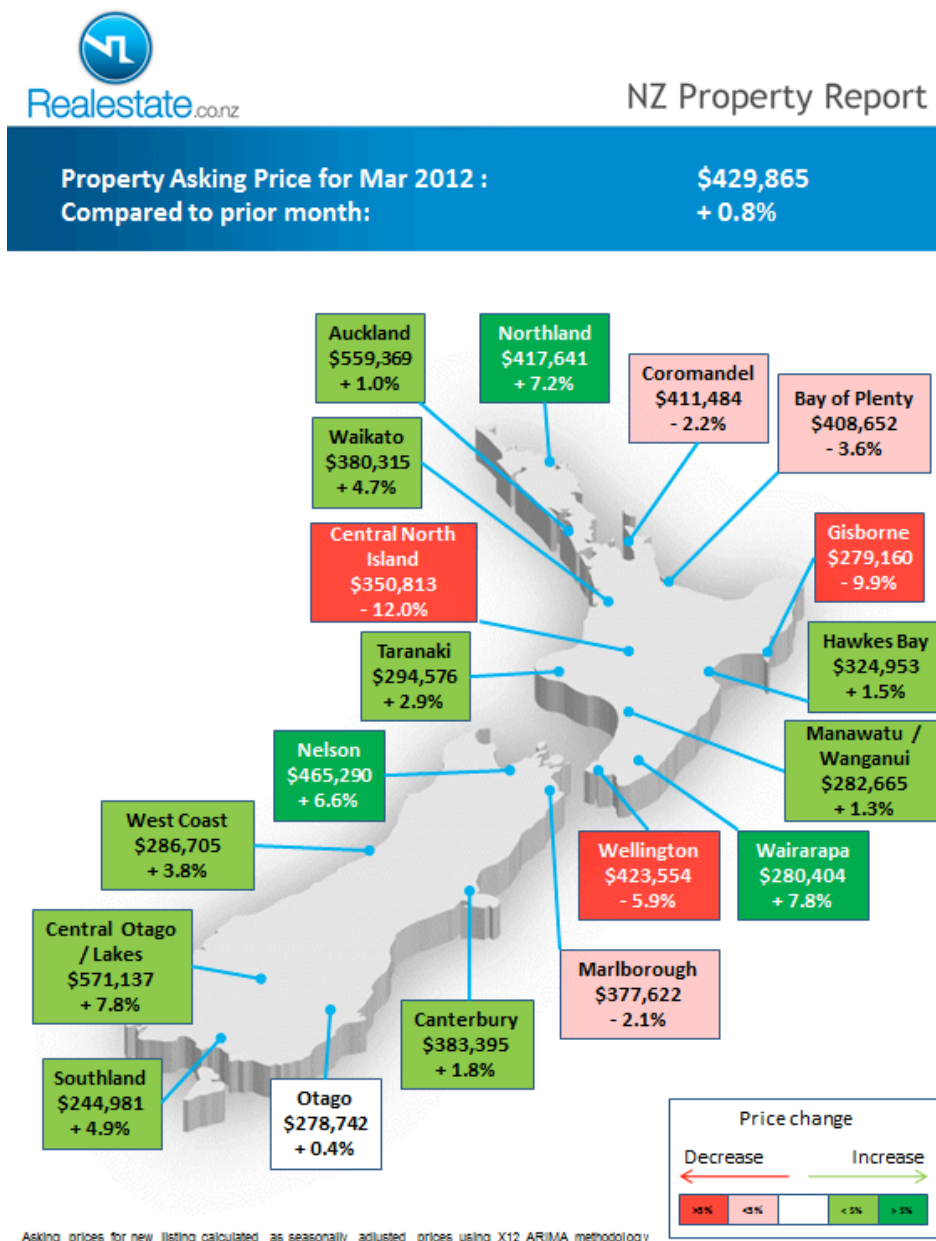
This report can be accessed at [www.unconditional.co.nz](http://www.unconditional.co.nz)

### Regional Summary – Asking price expectations

The national (seasonally adjusted) truncated mean asking price expectation among sellers rose again in March to set a new high of \$429,865.

Around the country the regions of Waikato and Canterbury recorded new record highs; in the case of Waikato the previous high was in December 2007, whilst Canterbury only posted it high last month. Across the country overall, 12 regions recorded asking prices up on prior month on a seasonally adjusted basis with big rises in Northland, Wairarapa and Nelson.

There were however, despite the record national asking price level some significant falls; most noticeable of which was Wellington, posting a 5.9% month-on-month seasonally adjusted fall to \$423,554. This also represents a 5% fall on a year-on-year basis showing some weakness in the Capital city. The other notable regions recording falls were Gisborne and Central North Island.



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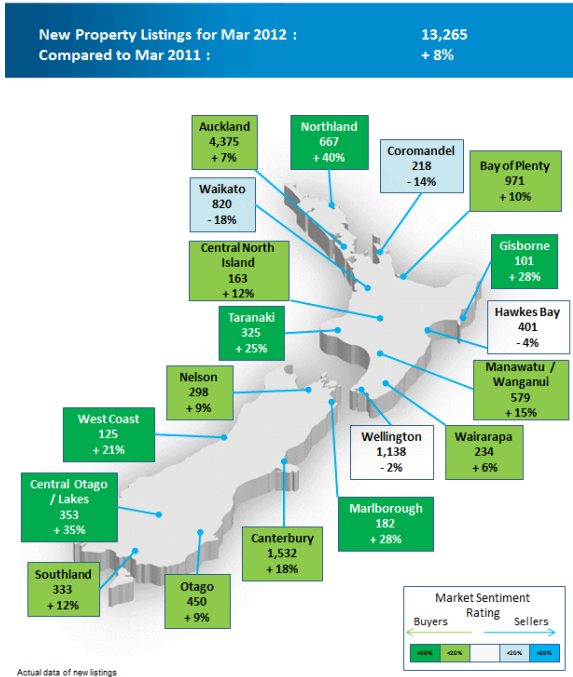
### Regional Summary – Listings

The general perspective of new listings coming onto the market as seen in the adjacent chart is that the majority of regions (15 of 19) are seeing a greater supply than a year ago. This is the case when seen in isolation, but the fact is that the rate of increase in the supply side of the market is not keeping pace with the sales side and this is resulting in the low level of inventory of properties on the market.

Strong levels of new listings in the Marlborough, West Coast, Central Otago / Queenstown are failing to arrest what are very low levels of inventory in these regions whilst the most at-risk regions (those experiencing low existing inventory and low listings growth) are Waikato and Canterbury, the former of which actually saw a fall in new listings despite the low inventory.



### NZ Property Report



### Regional Summary – Inventory

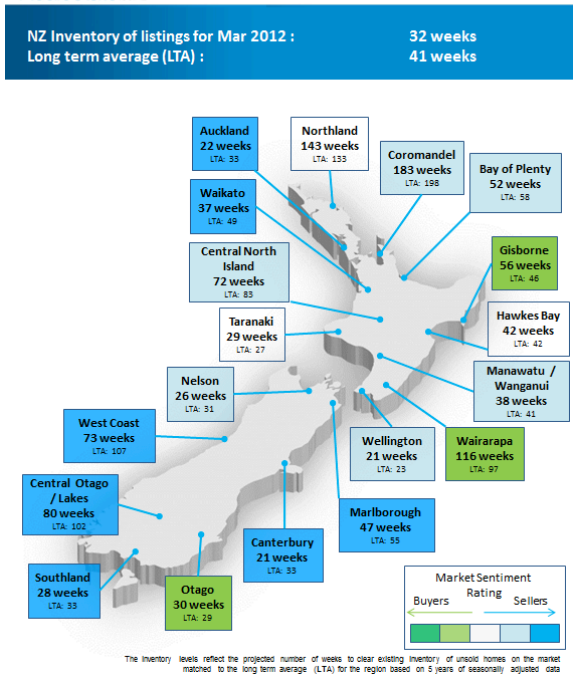
The inventory of unsold homes on the market tightened significantly again in March falling to 32.4 weeks of equivalent sales from 36.0 weeks on a seasonally adjusted basis.

Whilst the trend over the first 2 months of the new year has been to see some balance of inventory-to-demand the current picture as represented in the adjacent chart shows a market facing tightness in availability of listings with 7 of the 19 regions (dark blue) so low in inventory that they are very clearly providing sellers with the ultimate power. Coupled with these 7 regions, are a further 6 (light blue) where inventories are below long term average and show strong signs of a sellers' market.

By contrast there are only 3 regions (Gisborne, Wairarapa and Otago) where the inventory levels are above long term average providing buyers with the advantage. Contrast this with the same view of the market 12 months ago and there was not one region where inventory was at or below the long term average.



### NZ Property Report



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## Major Centers

### Auckland

	Jan 2012	Feb 2012	Mar 2012
<b>Property Asking Price</b> (seasonally adjusted - truncated mean)	\$540,187	\$554,094	<b>\$559,369</b>
% change from previous month	- 1%	+ 3%	<b>+ 1%</b>
% change from same month last year	- 1%	+ 4%	<b>+ 4%</b>
<b>Number of New Listings</b>	2,558	4,505	<b>4,375</b>
% change from previous month	+ 2%	+ 76%	<b>- 3%</b>
% change from same month last year	+ 0%	+ 16%	<b>+ 7%</b>
<b>Inventory - Number of weeks</b>	23.6	24.1	<b>21.7</b>
% change from previous month	- 4%	- 2%	<b>- 10%</b>
% change from same month last year	- 34%	- 33%	<b>- 31%</b>

### Wellington

	Jan 2012	Feb 2012	Mar 2012
<b>Property Asking Price</b> (seasonally adjusted - truncated mean)	\$444,900	\$450,232	<b>\$423,554</b>
% change from previous month	+ 3%	+ 1%	<b>- 6%</b>
% change from same month last year	+ 4%	- 0%	<b>- 5%</b>
<b>Number of New Listings</b>	697	1,180	<b>1,138</b>
% change from previous month	- 22%	+ 69%	<b>- 4%</b>
% change from same month last year	+ 8%	+ 10%	<b>- 2%</b>
<b>Inventory - Number of weeks</b>	21.6	21.8	<b>20.9</b>
% change from previous month	+ 1%	+ 1%	<b>- 4%</b>
% change from same month last year	- 5%	- 20%	<b>- 20%</b>

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## Canterbury

	Jan 2012	Feb 2012	Mar 2012
<b>Property Asking Price</b> (seasonally adjusted - truncated mean)	\$374,123	\$376,733	\$383,395
% change from previous month	+ 1%	+ 1%	+ 2%
% change from same month last year	+ 6%	+ 5%	+ 7%
<b>Number of New Listings</b>	1,039	1,537	1,532
% change from previous month	+ 4%	+ 48%	- 0%
% change from same month last year	+ 10%	+ 31%	+ 18%
<b>Inventory - Number of weeks</b>	21.7	25.1	20.9
% change from previous month	- 3%	+ 16%	- 17%
% change from same month last year	- 39%	- 34%	- 60%

## Waikato

	Jan 2012	Feb 2012	Mar 2012
<b>Property Asking Price</b> (seasonally adjusted - truncated mean)	\$365,788	\$363,284	\$380,315
% change from previous month	+ 3%	- 1%	+ 5%
% change from same month last year	+ 6%	+ 4%	+ 7%
<b>Number of New Listings</b>	511	797	820
% change from previous month	- 13%	+ 56%	+ 3%
% change from same month last year	+ 1%	+ 11%	- 18%
<b>Inventory - Number of weeks</b>	42.9	39.7	37.2
% change from previous month	- 3%	- 7%	- 6%
% change from same month last year	- 58%	- 36%	- 39%

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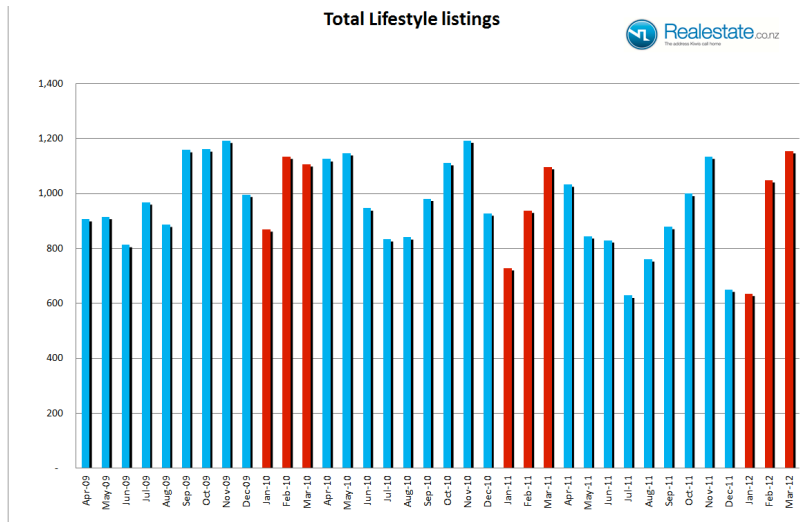
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## Lifestyle

Lifestyle property listings rose again in March after a strong rise in February. A total of 1,154 listings came onto the market, up 5% year-on-year and up 10% as compared to February. The truncated mean asking price for these listings rose 7% as compared to the recent 3 month average to \$644,860 – taking the level to another record high in asking price, surpassing the peak attained last month.

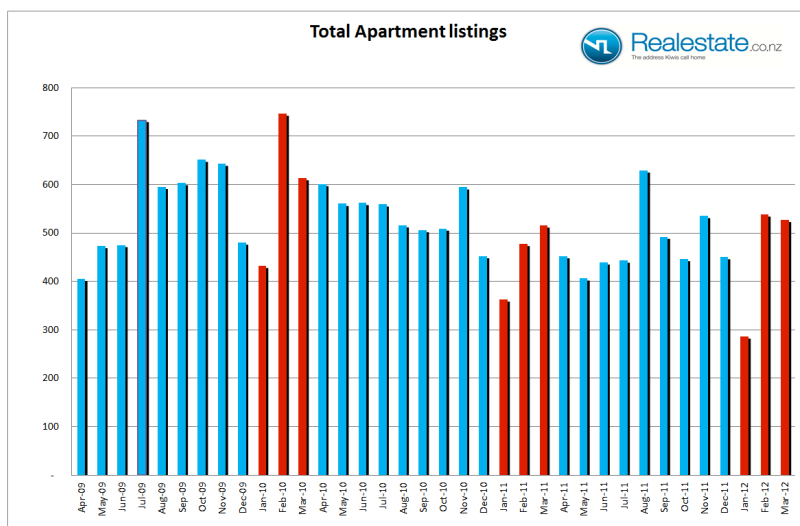
Across the country, strong growth in listings were seen in Southland, Taranaki, Bay of Plenty, Marlborough and the Manawatu all posting rises of over 20% year-on-year.



## Apartments

Listings for apartments slipped slightly between February and March with 527 being brought to the market, on a year-on-year basis listings were down 2%. The truncated mean asking price of new listings fell from \$402,278 in February to \$366,288 in March, representing a 3% year-on-year decrease and down 4% on the recent 3 month average.

The Auckland apartment market followed the national trend with 314 new listings coming onto the market, down 5% from February and also down 5% from March last year. The truncated mean asking price of new listings also fell to \$338,046 from \$390,021 in February representing a 5% decrease 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 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.

### 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 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 13,265 new listings in the month of March, a total of 377 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 over 1,000 offices, the website features over 96% of all listings from licensed real estate agents in NZ. Over 410,000 unique browsers visited Realestate.co.nz in the month of February 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 March from more than 200 countries.

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