



# nz property report

The monthly survey of the residential property market

by Realestate.co.nz Ltd

## Continued decline in new listings fails to address high inventory levels as sales volumes remain subdued

### New listings fall significantly

- The number of new property coming onto the market fell in August with just 9,804 in the month. On a seasonally adjusted basis the level of new listings was down 10.9% from July.

### Inventory of unsold houses remains high

- The stock of unsold houses fell only slightly in August. At the end of the month there was an equivalent of 46.1 weeks of sales volume of unsold properties on the market.

### Seller's price expectation steadies

- Having seen a significant price adjustment in July, the new listings in August moved less than 1% in the month.

### Asking price still 6% below peak

- The current asking price expectation of vendors (\$403,423) remains 6.0% below the peak of the market back in October 2007 – at that time \$429,033.

	Jun 2010	Jul 2010	Aug 2010
<b>Property Asking Price</b> (truncated mean)	\$410,058	\$400,481	<b>\$403,423</b>
% change from previous month	+ 1%	- 2%	+ 1 %
% change from prior 3 months	- 1%	- 3%	- 1 %
<b>Number of New Listings</b>	11,106	10,586	<b>9,804</b>
% change from previous month	- 5%	- 5%	- 7%
% change from same month last year	+ 16%	- 2%	- 8%
<b>Inventory - Number of weeks</b>	45.3	46.8	<b>46.1</b>
% change from previous month	- 3%	+ 3%	- 1%
% change from same month last year	+ 30%	+ 42 %	+ 41%

*Realestate.co.nz is the official website of the New Zealand real estate industry, and provides the most comprehensive selection of listings across all categories of real estate. Realestate.co.nz lists over 100,000 properties at any one time, representing over 90% of all listings currently marketed by real estate professionals.*

Released: 1<sup>st</sup> September 2010

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## Commentary

The month of August tends to show the first signs of the spring pick-up in activity in the property market, although the most significant impact is really felt from September onwards. The month of August this year showed little signs of such a pick-up, with new listings below 10,000 and down nearly 11% on a seasonally adjusted basis.

This decline in listings would ordinarily signal a tightening of the market at this time of year, were it not for the existing high levels of inventory already on the market and the flow-on impact of slow sales. The reported sales for July from REINZ were 4,411 which was the lowest July on record, down 27% from July 2009. These slow sales are resulting in inventory levels of unsold houses remaining above 46 weeks as compared to the long term average of 38 weeks, reinforcing the view that the market still favours buyers over sellers.

Behind the headline national figures lies a continuing sense of a two speed property market. The major metro areas are certainly stronger than provincial NZ.

- Auckland has inventory levels closer to long term average (36 weeks vs. 33 weeks), new listing numbers were trending lower than the national average and the asking price has been edging up for the past couple of months.
- Wellington equally is now at a level of inventory only slightly above long term average, new listings are down and asking price is steady.
- Canterbury at 32 weeks of inventory of unsold houses is sitting right on the long term average, it has steady asking price and new listings volumes down 10% compared to prior year.

## Asking Price

Asking price expectations picked up slightly in August having fallen significantly in July. The truncated mean asking price for August was \$403,423, down just 0.6% on the prior 3 month average and up 1.6% on August last year. This would indicate stability in price expectation amongst sellers.

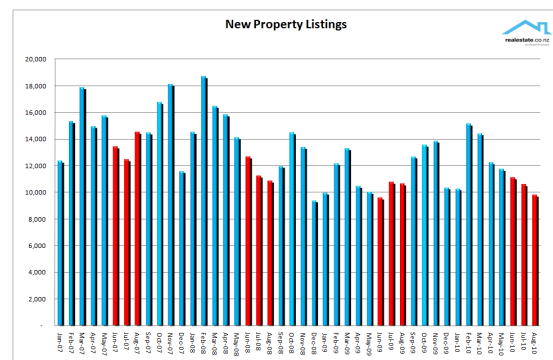
The current asking price still lags 6% behind the peak of the market – some 34 months ago now in October 2007.



## New Listings

The volume of new listings coming onto the market fell again in August with under 10,000 for the first time since June last year. As the chart shows this is the 5<sup>th</sup> consecutive month of decline.

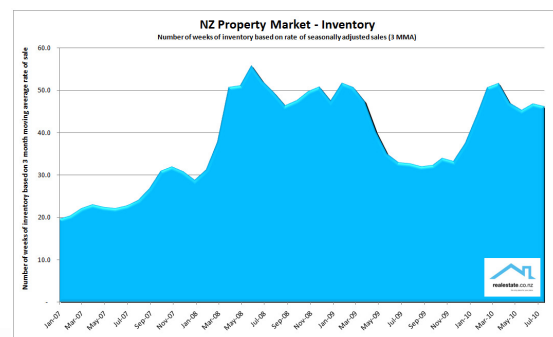
Over the 12 months to August 2010 a total of 144,893 new listings came onto the market. This compared with 134,165 in the prior period – an increase of 8.0%, on the same comparison property sales have not kept pace rising only 2.8%.



## Inventory

The level of unsold houses on the market at the end of July totaled 50,138 down 4.3% from July. This represented the equivalent of 46.1 weeks, as assessed on a seasonally adjusted basis.

The inventory level did not fall as markedly due to slower property sales.



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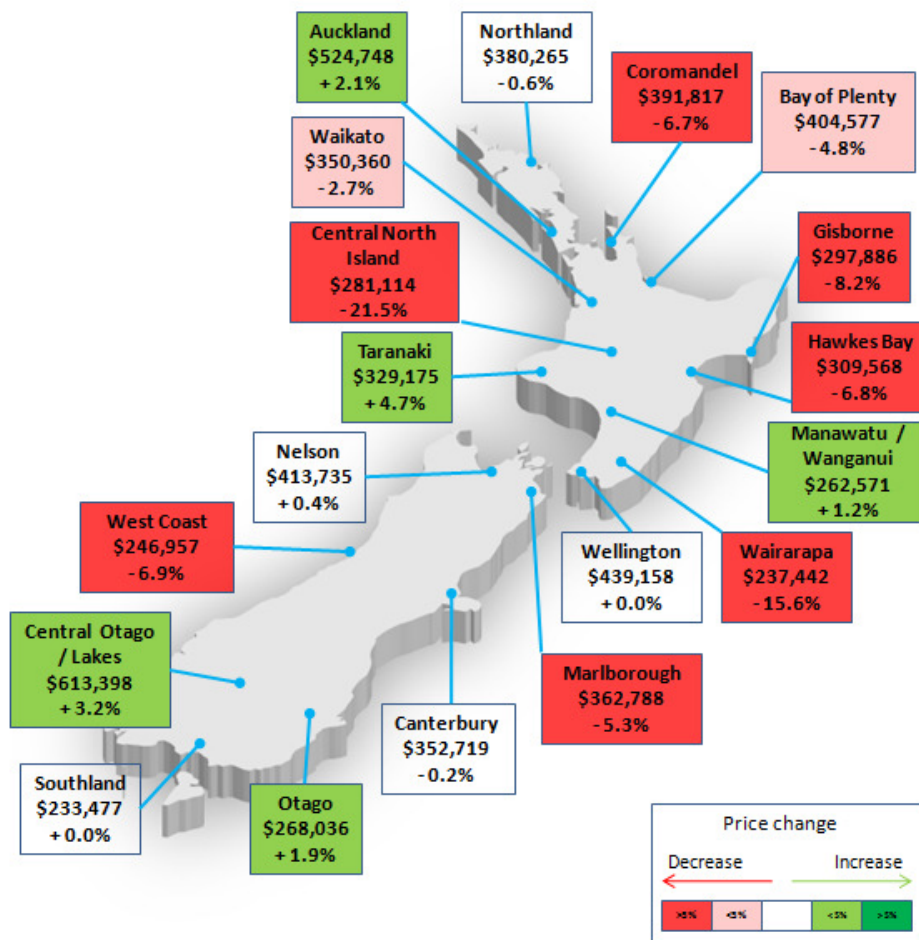
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### Regional Summary – Asking price expectations

Nationally the asking price expectation of the new listings in August showed very little change following the significant fall in July. Measured on a month-on-month basis or versus a 3 month average the variance is small. This would indicate that sellers sense that no further adjustment is required to 'meet-the-market' and thereby the expectation of buyers.

Across the country the trends are mixed with just 5 of the 19 regions showing rises in asking price expectations – all of which are below 5%. On the declining side there were some significant shifts with Central North Island down 21.5% and Wairarapa down 15.6%, both of these two regions are now sitting at a low point in asking price stretching back to Jan 2007.

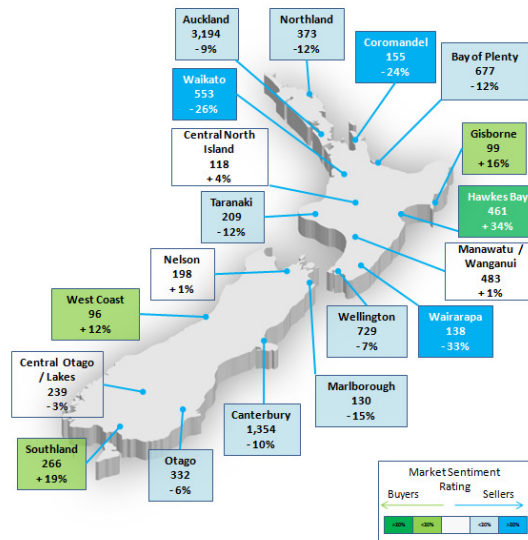


### Regional Summary – Listings

The steady decline in new listings seen for 5 straight months is beginning to tell in the market with early signs of what could be a looming shortage, if sales were to take off.

Around the country the predominant trend is fewer listings on a year-on-year basis; 10 of the 19 regions showed falls with a further 4 showing stable listings volumes.

In four of the regions (Northland, Waikato, Coromandel and Wairarapa) the level of new listings in August were the lowest months on record stretching back to January 2007, indicating the state of the market in these provincial areas.



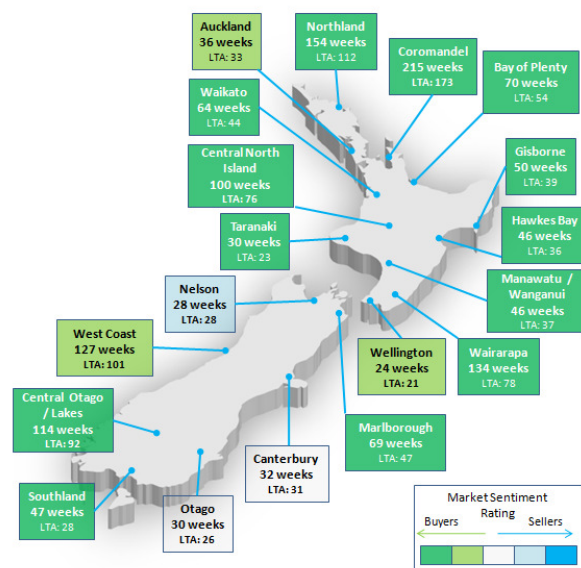
### Regional Summary – Inventory

Despite the decline in new listings the inventory of unsold houses remains doggedly high. This is especially true of provincial areas more than metropolitan regions of the country.

Examining the 3 main centres shows that they are close too or actually in line with long term average levels of inventory thereby indicating that in these cities the market is well balanced.

Across the provincial areas of the country though the picture is very different as the swathe of green shows on the map indicating the higher levels of inventory as compared to long term averages.

The only provincial areas bucking this trend are Otago and Nelson. The latter particularly is conspicuous in now having an inventory below long term average and thereby indicating that the market is now edging more to a seller's market; something not seen in this country for a couple of years.



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 4 years data



## Major Centers

### Auckland

	Jun 2010	Jul 2010	Aug 2010
<b>Property Asking Price</b> (truncated mean)	\$510,847	\$511,949	<b>\$524,748</b>
% change from previous month	- 2%	+ 0%	<b>+ 2%</b>
% change from prior 3 months	- 2%	- 2%	<b>+ 2%</b>
<b>Number of New Listings</b>	3,481	3,417	<b>3,194</b>
% change from previous month	- 9%	- 2%	<b>- 6%</b>
% change from same month last year	+ 10%	- 4%	<b>- 9%</b>
<b>Inventory - Number of weeks</b>	34.8	36.6	<b>35.7</b>
% change from previous month	- 8%	+ 5%	<b>- 2%</b>
% change from same month last year	+ 22%	+ 37%	<b>+ 33%</b>

### Wellington

	Jun 2010	Jul 2010	Aug 2010
<b>Property Asking Price</b> (truncated mean)	\$443,096	\$428,487	<b>\$439,158</b>
% change from previous month	- 0%	- 3%	<b>+ 2%</b>
% change from prior 3 months	- 0%	- 4%	<b>+ 0%</b>
<b>Number of New Listings</b>	766	805	<b>729</b>
% change from previous month	- 19%	+ 5%	<b>- 9%</b>
% change from same month last year	+ 29%	+ 17%	<b>- 7%</b>
<b>Inventory - Number of weeks</b>	23.1	25.3	<b>24.1</b>
% change from previous month	+ 1%	+ 10%	<b>- 5%</b>
% change from same month last year	+ 33%	+ 68%	<b>+ 64%</b>



## Canterbury

	Jun 2010	Jul 2010	Aug 2010
<b>Property Asking Price</b> (truncated mean)	\$356,398	\$344,687	<b>\$352,719</b>
% change from previous month	- 1%	- 3%	+ 2%
% change from prior 3 months	- 1%	- 5%	- 0%
<b>Number of New Listings</b>	1,441	1,531	<b>1,354</b>
% change from previous month	- 13%	+ 6%	- 12%
% change from same month last year	+ 8%	+ 7%	- 10%
<b>Inventory - Number of weeks</b>	34.6	35.3	<b>32.3</b>
% change from previous month	- 5%	- 2%	- 8%
% change from same month last year	+ 43%	+ 51%	+ 39%

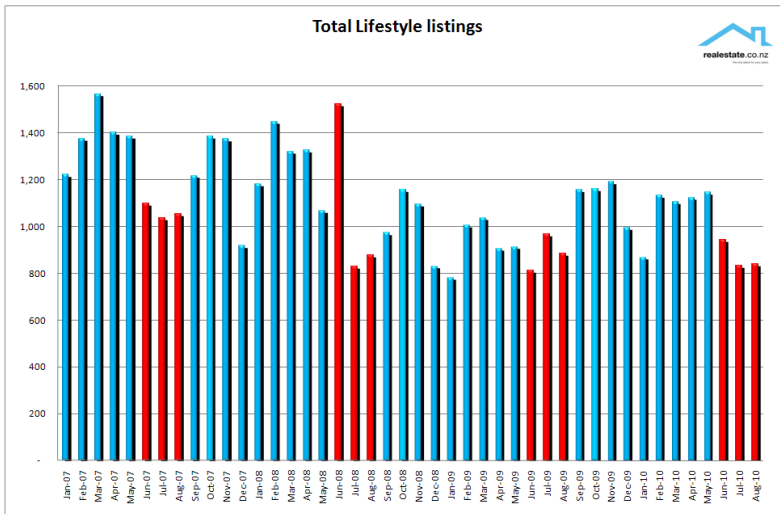
## Waikato

	Jun 2010	Jul 2010	Aug 2010
<b>Property Asking Price</b> (truncated mean)	\$355,894	\$355,230	<b>\$350,360</b>
% change from previous month	- 0%	- 0%	- 1%
% change from prior 3 months	- 2%	- 2%	- 3%
<b>Number of New Listings</b>	654	599	<b>553</b>
% change from previous month	- 4%	- 8%	- 8%
% change from same month last year	- 3%	- 22%	- 26%
<b>Inventory - Number of weeks</b>	56.4	58.8	<b>63.8</b>
% change from previous month	+ 3%	+ 4%	+ 8%
% change from same month last year	+ 40%	+ 52%	+ 70%

## Lifestyle

Lifestyle property listings were subdued in August with 840 new properties coming onto the market, down 5.2% on August last year. Compared to the same period for the past 2 years lifestyle property listings could be seen as a fairly steady market.

In regard to asking price expectation the truncated mean for August was \$556,440, this is up 3.8% on July and up 3.4% on the prior 3 months indicating strength in price expectation.

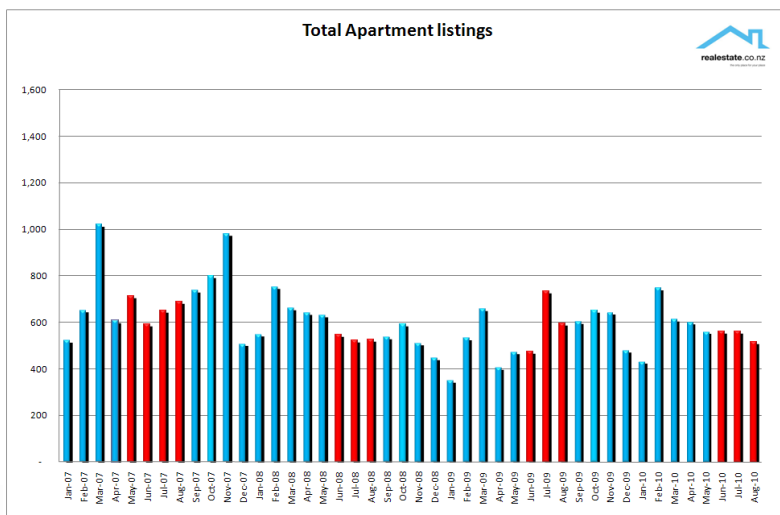


## Apartments

A total of 516 new apartment listings came onto the market in August. This represents a 7.7% decline month-on-month and a 13.3% year-on-year decline. Whilst not the lowest month, new listings in this sector continue to remain flat as they have done for the past 3 years.

The Auckland market saw 336 new apartments listed, down 3.7% month-on-month and 8.9% down year-on-year.

In terms of asking price expectation the truncated mean asking price in August was \$358,030 which is identical to the prior month and down 2.6% compared to the prior 3 month period.



## Index Comparison

	Jun 2010		Jul 2010		Aug 2010	
	House Price	Annual Change	House Price	Annual Change	House Price	Annual Change
Mean Asking Price: <b>Realestate.co.nz</b>	\$410,058	+ 2%	\$400,481	+1%	<b>\$403,423</b>	<b>+ 2%</b>
Median Sales Price: <b>REINZ</b>	\$363,925	+ 4%	\$359,525	+ 2%	<b>N/A</b>	<b>N/A</b>

**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 median house 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 1,140 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 9,804 new listings in the month of June, a total of 177 listings have been excluded due to anomalies. The categorisation of Lifestyle property is defined by the land area of the 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 real estate in NZ, currently hosting over 120,000 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 1,140 offices, the website features over 95% of all listings from licensed real estate agents in NZ. Realestate.co.nz was visited by over 350,000 unique browsers in the month of July from both domestic and international visitors. The website is the most popular website for international visitors enquiring of NZ real estate, with over 105,000 unique browsers in the month of July from more than 200 countries.