



# nz property report

The monthly survey of the residential property market

by Realestate.co.nz Ltd

## Cautious sellers price new listings at competitive prices to seek out those buyers within this slow paced property market

### New listings ease

- New property coming onto the market eased slightly in July with 10,586 new listings in the month. On a seasonally adjusted basis the level of new listings was down 2.3% from June.

### Inventory of unsold houses remains high

- The stock of unsold houses rose marginally in July having eased in June. At the end of the month there was an equivalent of 46.8 weeks of sales volume in unsold houses on the market across the country.

### Seller's price expectation falls significantly

- With a fall of close to \$10,000 in the asking price of new properties coming onto the market in July, the price expectation is back down to levels seen during both July 2009 and July 2008.

### Asking price now 7% below peak

- The current asking price expectation of vendors (\$400,481) remains 6.7% below the peak of the market back in October 2007 – at that time \$429,033.

	May 2010	Jun 2010	Jul 2010
<b>Property Asking Price</b> (truncated mean)	\$407,349	\$410,058	<b>\$400,481</b>
% change from previous month	- 4%	+ 1%	- 2 %
% change from prior 3 months	- 2%	- 1%	- 3 %
<b>Number of New Listings</b>	11,733	11,106	<b>10,586</b>
% change from previous month	- 4%	- 5%	- 5%
% change from same month last year	+ 17%	+ 16%	- 2%
<b>Inventory - Number of weeks</b>	46.9	45.3	<b>46.8</b>
% change from previous month	- 9%	- 3%	+ 3%
% change from same month last year	+ 17%	+ 30 %	+ 42%

*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> August 2010

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



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the official website of the New Zealand real estate industry

## Commentary

With the property market now firmly in the middle of winter the level of new listings coming onto the market has eased to a level expected of this quieter period of the year. For almost 9 months the flow of new listings has been at a level ahead of a year prior, but in July that trend was reversed. The net result of this steady flow of new listings for over 9 months is seen very clearly in the inventory levels. Measured on an equivalent number of weeks of sales the inventory of unsold houses across the country remains at high levels as compared to long term averages.

This strength of listings matched to the existing stock of unsold houses is challenging for property owners looking for buyers in what is a very slow paced market. In terms of sales of properties as reported by the REINZ the first 6 months of 2010 have seen just 29,844 sales; compared to 34,169 in the same 6 months of 2009 – a 12.7% decline.

It would appear that set against this market with high inventory and strong new listings sellers are heading the advice of real estate agents to price property to attract interest in the market which is what is driving these more competitive prices, down from \$410,058 in June to \$400,481 in July.

As has been commented on before the market situation between provincial and metropolitan NZ continues. In terms of new listings the 3 key metro areas saw an 11.6% decline in new listing in July compared to 2.3% increase for the sum total of provincial regions.

## Asking Price

Asking price expectations of new listings coming onto the market fell significantly in July. From a peak of asking prices in March of \$422,648 the truncated mean asking price has fallen to just \$400,481 in 4 months.

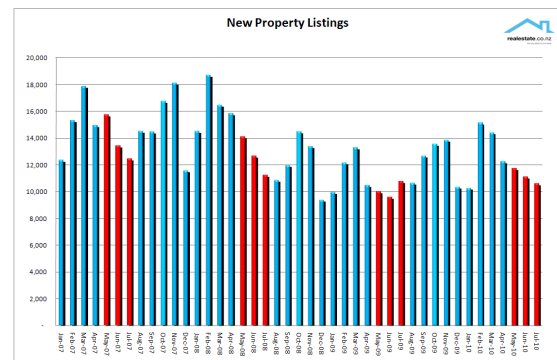
This price represents a seasonally adjusted fall of 1.1% from June; it is also at the same levels as the month of July in both 2009 and 2008 signaling the softness in the market.



## New Listings

The volume of new listings coming onto the market fell slightly from the June level of 11,106 to 10,586 in July. This represented a 2.3% decline when measured on a seasonally adjusted basis.

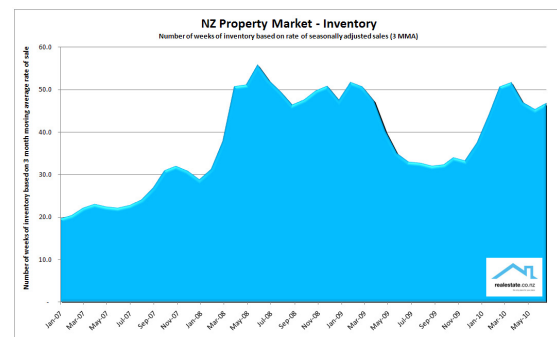
Over the 12 months to July 2010 a total of 145,733 new listings came onto the market. This compared with 134,378 in the prior period – an increase of 8.5%, on the same comparison property sales have at least kept pace up 8.1%



## Inventory

The level of unsold houses on the market at the end of July totaled 52,404 up slightly from June. This represented the equivalent of 46.8 weeks, as assessed on a seasonally adjusted basis.

The inventory levels had been beginning to fall over the preceding two months, but this month saw a slight correction.



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### Regional Summary – Asking price expectations

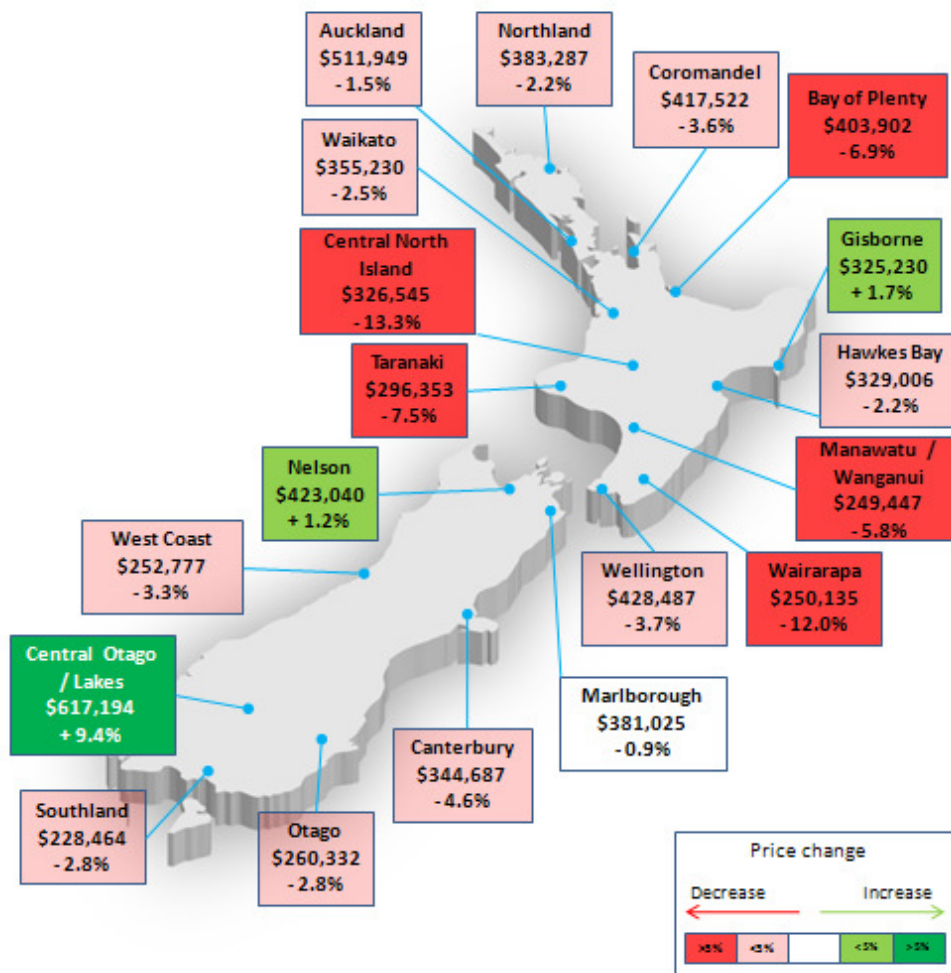
The regional view of asking price changed significantly in July from both May and June. Asking prices have continued to ease with the scale of falls in some regions becoming quite marked as seen by the deep red colour in 5 of the 19 regions; these indicate falls of over 5% as compared to an average of the preceding 3 months – all are in provincial north island regions. Wairarapa with an asking price of \$250,135 is the lowest reported over the past 3 years.

Asking prices did however firm across 3 regions – Queenstown lakes, Nelson and Gisborne. These South island regions also were regions that showed a more balanced market in both listings and inventory. All of the 3 main metro areas showed easing in asking price most noticeable in Wellington and Canterbury. the latter showing a 4.6% fall from the 3 month average.




**Property Asking Price for July 2010 :** \$400,481

**Compared to prior 3 months (Apr/May/Jun):** - 3.1%

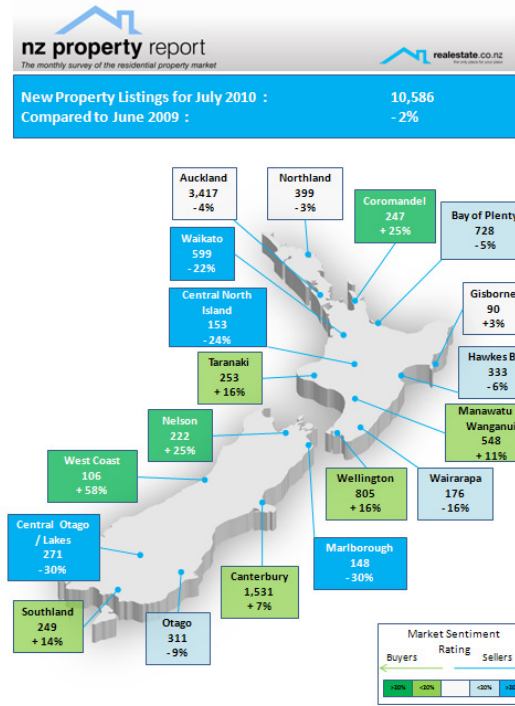


### Regional Summary – Listings

Whilst July levels of new listings were down just 1.7% compared to the prior month there was a turning point in the market. July was the first month this year to witness a decline on a –year-on-year basis; the last such month was back in October 2009.

Across the regions based purely on levels of new listings there were 8 regions of the 19 that saw falls indicating a switch from a buyer’s market to a seller’s market. Matched to these regions there were just 6 regions showing growth in listings with the Coromandel, Nelson and the West Coast recording listings growth of over 20%.

The Northland region recorded its lowest level of monthly listings at 399 since the beginning of 2007, down 5.7% compared to June and 3.2% below July 2009.

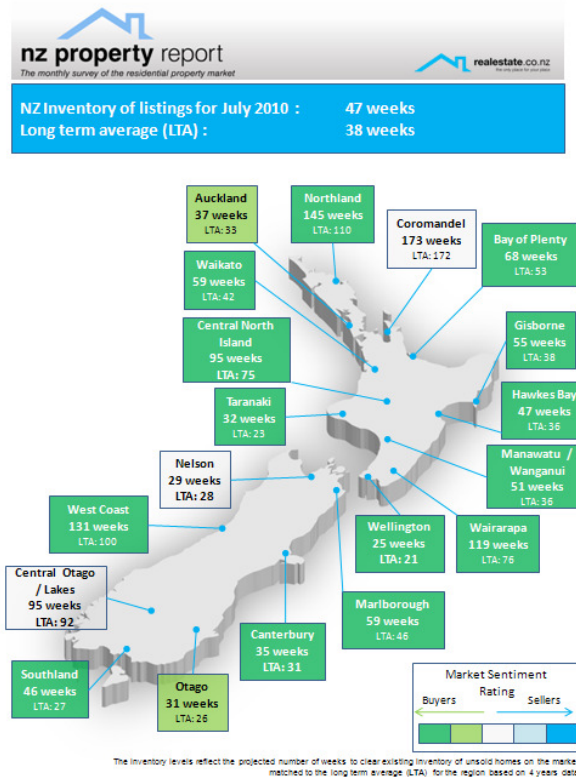


### Regional Summary – Inventory

The indicative trend highlighted last month where there were a number of regions which were beginning to find a balance with less influence of buyers has taken a step backwards with the vast majority of regions back into a stronger position for buyers. Even the Nelson region which in June showed a modest sellers market has fallen back somewhat to a more balanced market.

In July of the 19 regions, all but 5 are showing a significant buyer’s market based on the current inventory as measured against long term averages.

The 3 regions of the country which are fairly well balanced with neither a buyers nor sellers market are regions with a heavy influence of lifestyle and potentially overseas interest – Queenstown, Nelson and the Coromandel.



## Major Centers

### Auckland

	May 2010	Jun 2010	Jul 2010
<b>Property Asking Price</b> (truncated mean)	\$518,1853	\$510,847	<b>\$511,949</b>
% change from previous month	- 2%	- 2%	<b>+ 0%</b>
% change from prior 3 months	- 2%	- 2%	<b>- 2%</b>
<b>Number of New Listings</b>	3,826	3,481	<b>3,417</b>
% change from previous month	- 5%	- 9%	<b>- 2%</b>
% change from same month last year	+ 24%	+ 10%	<b>- 4%</b>
<b>Inventory - Number of weeks</b>	37.9	34.8	<b>36.6</b>
% change from previous month	- 7%	- 8%	<b>+ 5%</b>
% change from same month last year	+ 12%	+ 22%	<b>+ 37%</b>

### Wellington

	May 2010	Jun 2010	Jul 2010
<b>Property Asking Price</b> (truncated mean)	\$445,408	\$443,096	<b>\$428,487</b>
% change from previous month	- 0%	- 0%	<b>- 3%</b>
% change from prior 3 months	+ 0%	- 0%	<b>- 4%</b>
<b>Number of New Listings</b>	948	766	<b>805</b>
% change from previous month	- 9%	- 19%	<b>+ 5%</b>
% change from same month last year	+ 53%	+ 29%	<b>+ 17%</b>
<b>Inventory - Number of weeks</b>	22.9	23.1	<b>25.3</b>
% change from previous month	- 17%	+ 1%	<b>+ 10%</b>
% change from same month last year	+ 27%	+ 33%	<b>+ 68%</b>



## Canterbury

	May 2010	Jun 2010	Jul 2010
<b>Property Asking Price</b> (truncated mean)	\$358,856	\$356,398	<b>\$344,687</b>
% change from previous month	- 2%	- 1 %	- 3%
% change from prior 3 months	- 1%	- 1 %	- 5%
<b>Number of New Listings</b>	1,663	1,441	<b>1,531</b>
% change from previous month	- 0%	- 13%	+ 6%
% change from same month last year	+ 23%	+ 8%	+ 7%
<b>Inventory - Number of weeks</b>	41.5	34.6	<b>35.3</b>
% change from previous month	+ 8%	- 5%	- 2%
% change from same month last year	+ 18%	+ 43%	+ 51%

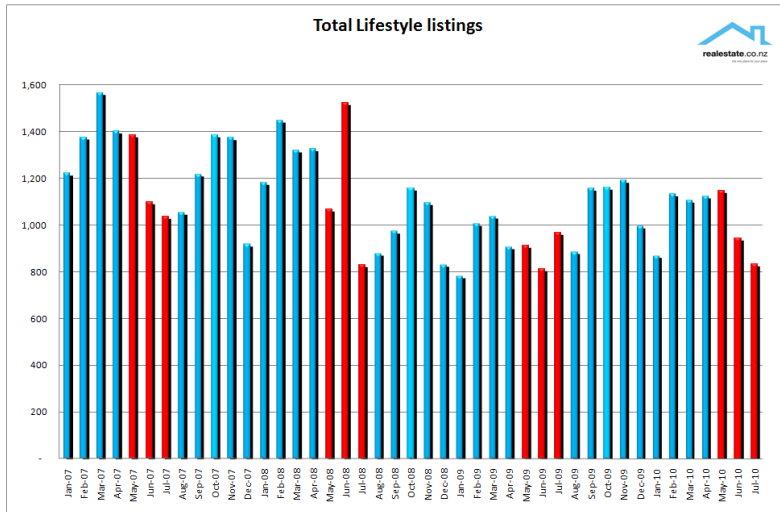
## Waikato

	May 2010	Jun 2010	Jul 2010
<b>Property Asking Price</b> (truncated mean)	\$368,750	\$355,894	<b>\$355,230</b>
% change from previous month	- 0%	- 0%	- 0%
% change from prior 3 months	+ 1%	- 2%	- 2%
<b>Number of New Listings</b>	684	654	<b>599</b>
% change from previous month	-7%	- 4%	- 8%
% change from same month last year	+ 13%	- 3%	- 22%
<b>Inventory - Number of weeks</b>	54.6	56.4	<b>58.8</b>
% change from previous month	- 11%	+ 3%	+ 4%
% change from same month last year	+ 18%	+ 40%	+ 52%

## Lifestyle

The flow of new listings for lifestyle properties continued to fall in July with just 833 new listings across the country, placing July amongst the lowest months going back to 2007. On a year-on-year comparison July was down 13.9%.

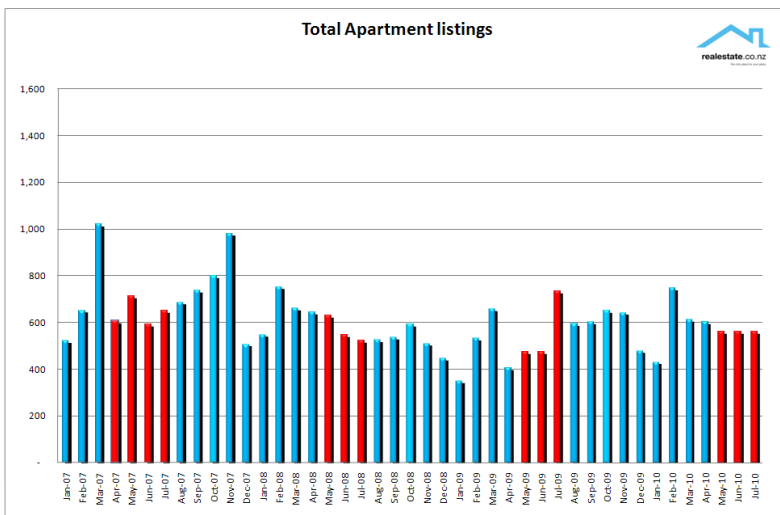
The asking price expectation also fell from \$573,893 in June to \$536,155 in July – a 2.3% fall as compared to the prior 3 months, but identical to July 2009. Significant price falls were seen in Gisborne, Canterbury, Marlborough, the Manawatu / Wanganui as well as the Wairarapa.



## Apartments

The apartment market as judged by new listings seems flat with the past 3 months witnessing almost identical levels of new listings – 559 new ones in July. This represents a 23.7% decline from July 2009. Within the Auckland region where the majority of apartments are, new listings in July totaled 349, identical to June but down 35.5% as compared to a year earlier.

The asking price expectation of new apartment listings fell 7.7% in July as compares to the recent 3 month average at \$357,616; this represented a 2.1% decline as compared to July 2009. For Auckland the asking price was \$323,327 – down 8.3% compared to the recent 3 month average and down 5.5% as compared to July 2009.



## Index Comparison

	May 2010		Jun 2010		Jul 2010	
	House Price	Annual Change	House Price	Annual Change	House Price	Annual Change
Mean Asking Price: <b>Realestate.co.nz</b>	\$407,349	+ 4%	\$410,058	+2%	<b>\$400,481</b>	<b>+ 1%</b>
Median Sales Price: <b>REINZ</b>	\$361,610	+ 2%	\$363,925	+ 4%	<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 94% 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 1,160 licensed real estate offices across NZ, representing more than 94% 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 10,586 new listings in the month of June, a total of 165 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 1,160 offices, the website features over 94% 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 June 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 June from more than 200 countries.