



nz property report

The monthly survey of the residential property market

by Realestate.co.nz Ltd

Sellers' remain confident in the market: no further easing in asking price despite stock of unsold houses remaining high

New listings still strong

- Sellers seem motivated to continue listing their properties with a total of over 11,100 new listings in the month. On a seasonally adjusted basis heading into winter the June total was up 5% on May

Inventory of unsold houses remains high

- The stock of unsold houses slipped marginally in June to 45.3 weeks, although it remains significantly above June 2009 when the total was 35.0 weeks

Seller's price expectation reflects quieter market

- The asking price expectation of sellers remained fairly flat in June after the fall in May. This would seem to indicate a resolve amongst sellers to focus on selling rather than any raised price expectation

Asking price still 4% below peak

- The current asking price expectation of vendors (\$410,058) remains 4.4% below the peak of the market back in October 2007 – at that time \$429,033.

	Apr 2010	May 2010	Jun 2010
Property Asking Price (truncated mean)	\$422,520	\$407,349	\$410,058
% change from previous month	- 0%	- 4%	+ 1 %
% change from prior 3 months	+ 0%	- 2%	- 1 %
Number of New Listings	12,255	11,733	11,106
% change from previous month	- 15%	- 4%	- 5%
% change from same month last year	+ 17%	+ 17%	+ 16%
Inventory - Number of weeks	51.6	46.9	45.3
% change from previous month	+ 2%	- 9%	- 3%
% change from same month last year	+ 9%	+ 17 %	+ 30%

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.

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For media enquiries and interviews please contact:

Alistair Helm CEO Realestate.co.nz 021 610 510

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Commentary

The property market continues to attract sellers, witnessed by the relatively strong level of new listings with 11,106 coming onto the market in June. This level is up 16% on the same month last year. At that time in June 2009 the market was experiencing a listings' shortage as well-financed buyers were negotiating hard with sellers keen to offload their property as property prices had fallen through late 2008 and early 2009, and uncertainty surrounded the future direction of pricing in a market so accustomed to property price appreciation. This situation is best seen from the perspective of inventory levels – 35 weeks of equivalent sales volume on the market a year ago compared to 45 weeks today.

The asking price expectation has moved little in the past month following the more significant drop between April and May. At the time this was judged to be a pragmatic reaction by sellers eager to “meet the market” in price terms and seek to attract what continues to be a weak level of buyer activity. The truncated mean asking price for June at \$410,058 would seem to indicate a staunch position taken by sellers as the revised level they judge to be the “market”, not requiring further adjustments down in price at this time.

As briefly commented upon in last month's report the budget announcement in mid May regarding property investment had the potential to impact the supply side of the market in terms of new listings in June and July. Whilst the level of new listings in June was up on a seasonally adjusted basis, the asking price expectation change would not be seen as reflective of the impact of rental properties coming onto the market, as this would likely be seen to drag down the truncated mean price whereas the case was that the asking price level edged up in June.

Asking Price

Asking price expectations of new listings coming onto the market rose very slightly in June following the fall in May. This would seem to indicate that sellers recognise the need to price according to the market conditions which show little signs of appreciation.

As compared to a year ago the May 2009 the price was up marginally by 1.7%, however the truncated mean price for the month of June is still 4.4% below the peak of the market back in October 2007.

New Listings

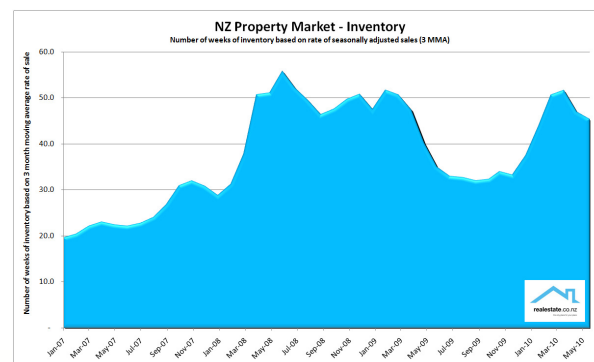
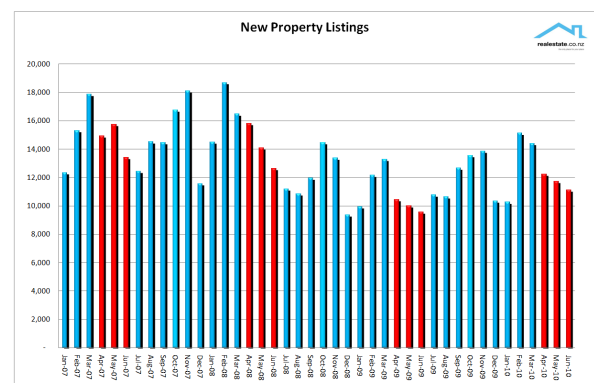
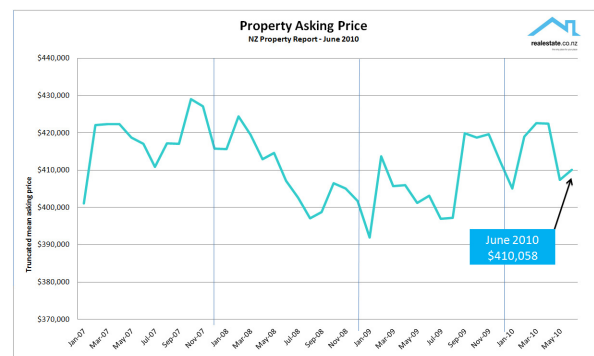
The volume of new listings coming onto the market fell again in June to 11,106 – down 5% from May, however when the expected winter slow down is factored in with a seasonally adjusted factor the true state of the new listings market shows a 5% increase.

Over the 12 months to June 2010 a total of 145,920 new listings came onto the market. This was up 8% on the same 12 months to June 2009.

Inventory

The level of unsold houses on the market at the end of June totaled 51,916 barely changed from the May total. This represented the equivalent of 45.3 weeks, as assessed on a seasonally adjusted basis.

The inventory levels are beginning to fall having risen to their peak in April at 51.6 weeks of equivalent sales.



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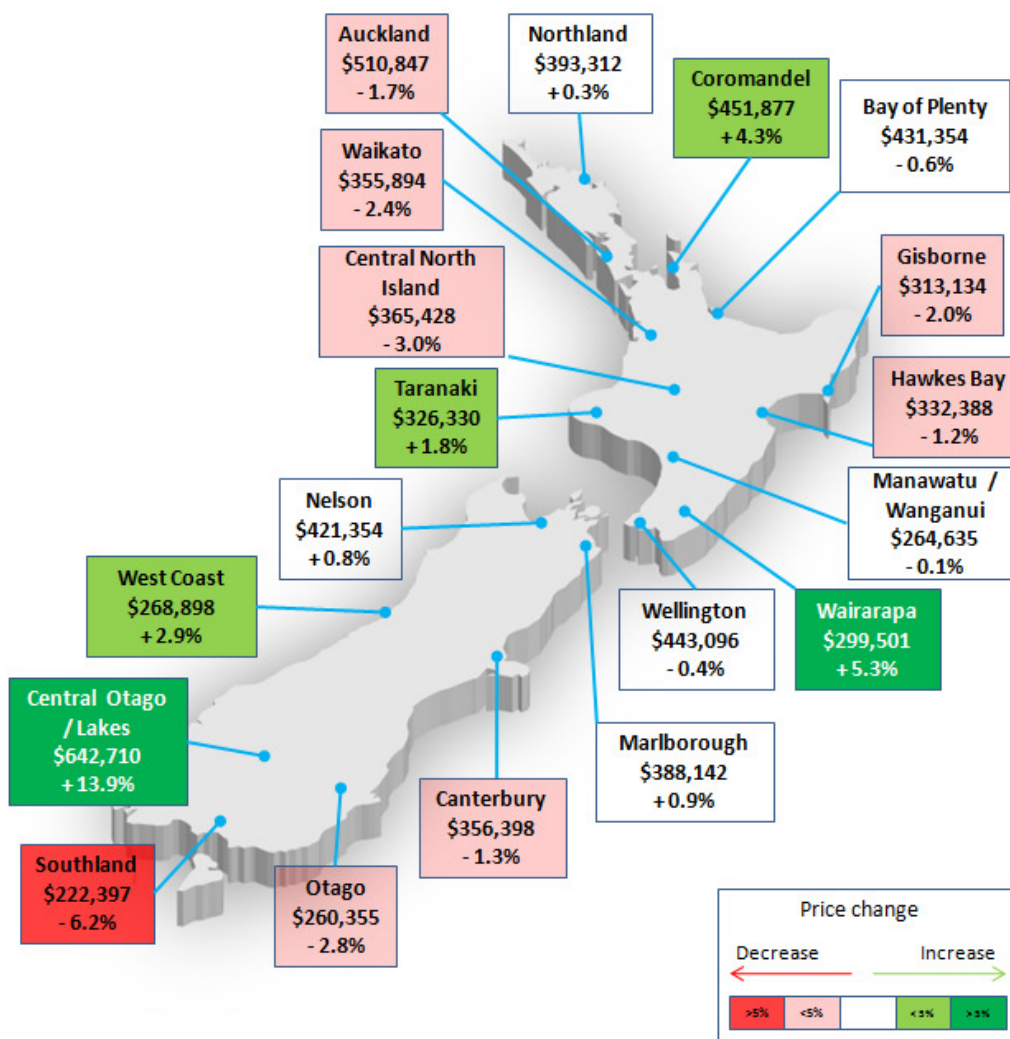
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Regional Summary – Asking price expectations

The asking price expectation of sellers in June reflected the current state of the market with only a marginal change following the fall in May.

Across the country the main view is that asking price expectation is coming under pressure with 11 of the 19 regions reporting asking prices which are below the recent 3 month average. The main metropolitan regions of Auckland, Wellington and Canterbury all showed an easing of asking price. There was a notable and significant increase in asking price in the Queenstown Lakes region from \$523,760 to \$642,710 coupled with a 29% increase in new listings.

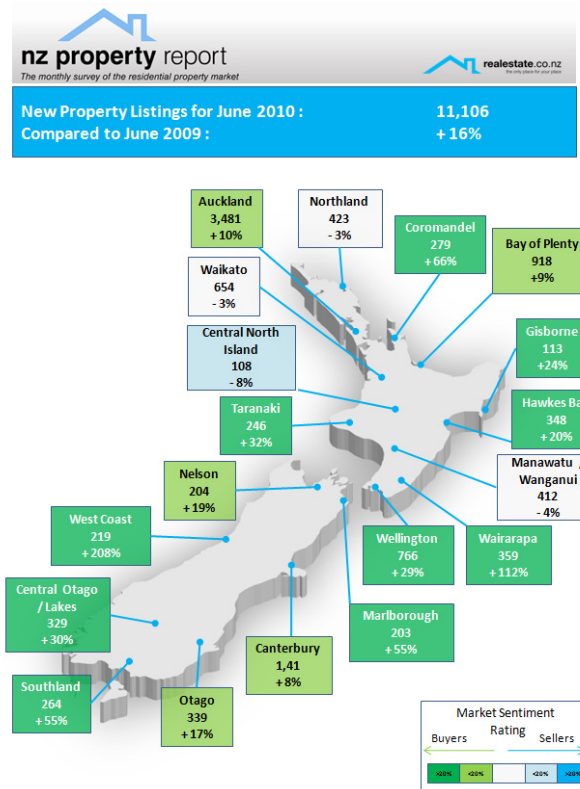


Regional Summary – Listings

As the regional map shows the overall sentiment of the market remains in the territory of a buyer's market, a full 15 of the 19 regions are showing a year-on-year increase in new listings, with 10 regions posting increases of over 20%.

The larger regions of Auckland, Canterbury, Waikato and the Bay of Plenty all showed year-on-year increases of 10% or less, although the Wellington region bucked the trend with a 29% year-on-year increase in new listings.

Dividing the country up into metropolitan and provincial areas, the metro areas (3 key centers) are experiencing a lower rate of increase in new listings (+12%) as compared to provincial areas (+21%).

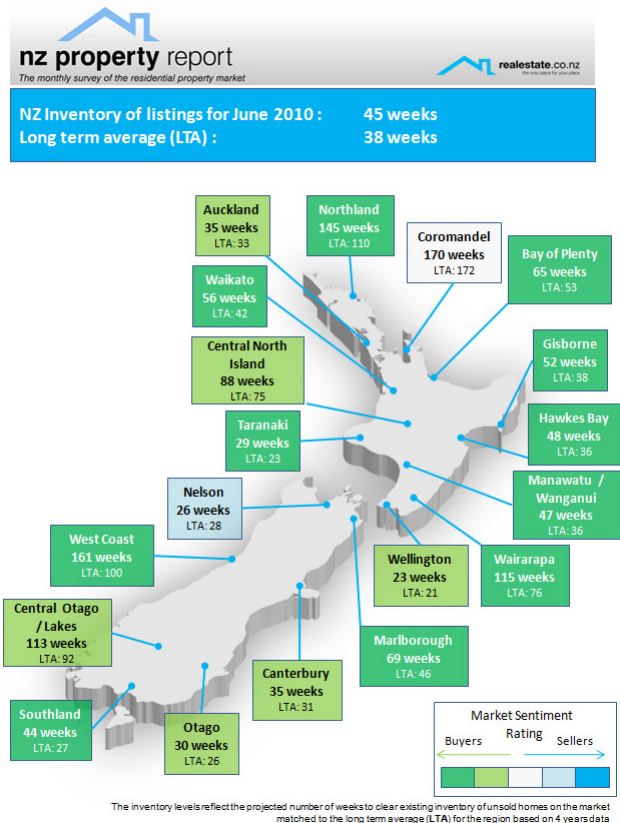


Regional Summary – Inventory

The picture of the regional property market is showing signs of changing. For most of the year-to-date the view of the market has been very clearly skewed to a strong buyers market. However as the chart shows there are some easing in the relative levels of inventory around the country.

The chart represents the actual inventory of unsold houses (measured in terms of equivalent number of weeks of sales) by region matched to the long term average (LTA) inventory level. An inventory level significantly higher than the LTA indicates a buyer's market, with a figure significantly lower indicating a sellers market.

Whilst the predominant sentiment across the country is still to it being a buyer's market; at this time 6 of the 19 regions are this month moving towards a more balanced market, with the Nelson region clearly bucking the trend with a bias to a seller's market with inventory below the LTA, sales activity strong and asking price expectation steady.



Major Centers

Auckland

	Apr 2010	May 2010	Jun 2010
Property Asking Price (truncated mean)	\$530,121	\$518,853	\$510,847
% change from previous month	- 3%	- 2%	- 2%
% change from prior 3 months	- 2%	- 2%	- 2%
Number of New Listings	4,027	3,826	3,481
% change from previous month	- 12%	- 5%	- 9%
% change from same month last year	+ 22%	+ 24%	+ 10%
Inventory - Number of weeks	40.6	37.9	34.8
% change from previous month	+ 4%	- 7%	- 8%
% change from same month last year	+ 1%	+ 12%	+ 22%

Wellington

	Apr 2010	May 2010	Jun 2010
Property Asking Price (truncated mean)	\$446,124	\$445,408	\$443,096
% change from previous month	+ 1%	- 0%	- 0%
% change from prior 3 months	+ 2%	+ 0%	- 0%
Number of New Listings	1,039	948	766
% change from previous month	- 6%	- 9%	- 19%
% change from same month last year	+ 40%	+ 53%	+ 29%
Inventory - Number of weeks	27.4	22.9	23.1
% change from previous month	+ 2%	- 17%	+ 1%
% change from same month last year	+ 14%	+ 27%	+ 33%

Canterbury

	Apr 2010	May 2010	Jun 2010
Property Asking Price (truncated mean)	\$368,191	\$358,856	\$356,398
% change from previous month	+ 2%	- 2 %	- 1%
% change from prior 3 months	+ 1%	- 1 %	- 1%
Number of New Listings	1,667	1,663	1,441
% change from previous month	- 17%	- 0%	- 13%
% change from same month last year	+ 26%	+ 23%	+ 8%
Inventory - Number of weeks	38.6	41.5	34.6
% change from previous month	+ 16%	+ 8%	- 5%
% change from same month last year	- 2%	+ 18%	+ 43%

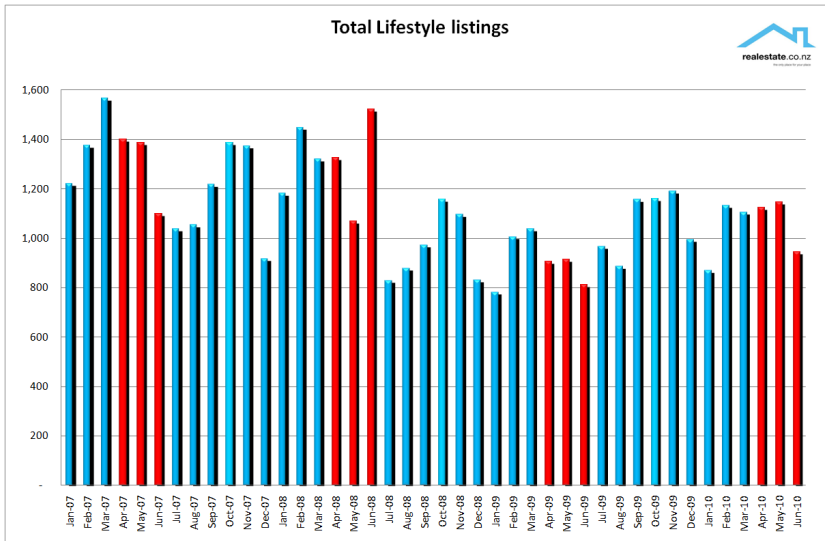
Waikato

	Apr 2010	May 2010	Jun 2010
Property Asking Price (truncated mean)	\$368,876	\$368,750	\$355,894
% change from previous month	+ 4%	- 0%	- 0%
% change from prior 3 months	+ 3%	+ 1%	- 2%
Number of New Listings	737	684	654
% change from previous month	-19%	- 7%	- 4%
% change from same month last year	- 2%	+ 13%	- 3%
Inventory - Number of weeks	61.4	54.6	56.4
% change from previous month	+ 0%	- 11%	+ 3%
% change from same month last year	+ 10%	+ 18%	+ 40%

Lifestyle

The steady flow of new listings of lifestyle properties appears to have stalled in June. Having seen 4 straight months with a similar level of c.1,100 listings the new volume of listings in June dropped by 18% to 945. A key contributor to this decline was the Auckland region where a 44% month-on-month decline was seen with just 195 lifestyle listings in the month. Matched to this was Canterbury region with a 32% decline from 147 to 100.

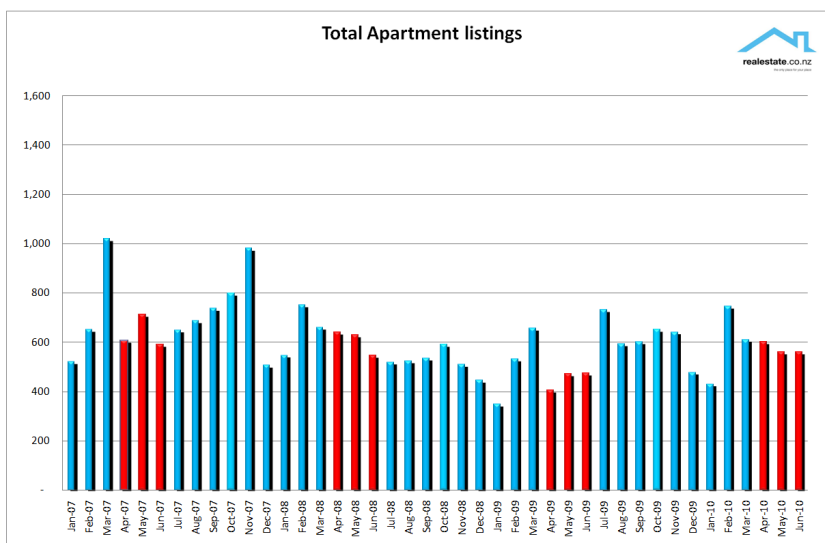
The asking price expectation of these listings though remains strong with an increase (month-on-month) of 14% to \$573,893, however the sector does experience variance in asking price due to the sample set and diversity of properties.



Apartments

The number of new apartments coming onto the market in June remained pretty much in line with May with a total of 562 in the month. This represented an 18% year-on-year growth. Looking at the long term trend, the last 12 months has seen a 24% increase as compared to the prior period with the Auckland region as the largest market recording a 26% increase on a 12 month moving average basis.

The truncated mean asking price for the month was \$367,216 which was down 5% on the most recent 3 month average and down 15% as compared to June last year. The Auckland region showed an asking price expectation of \$331,958, down 6% on the recent 3 month average and 11% down on June last year.



Index Comparison

	Apr 2010		May 2010		Jun 2010	
	House Price	Annual Change	House Price	Annual Change	House Price	Annual Change
Mean Asking Price: Realestate.co.nz	\$422,520	+ 4%	\$407,349	+4%	\$410,058	+ 2%
Median Sales Price: REINZ	\$366,925	+ 6%	\$361,610	+ 2%	N/A	N/A

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 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.

In analysing the details of the 11,106 new listings in the month of June, a total of 160 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 355,000 unique browsers in the month of May from 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 May from more than 200 countries.

