



nz property report

The monthly survey of the residential property market

by Realestate.co.nz Ltd

Rush of new listings demonstrates confidence amongst sellers eager to take advantage of summer marketplace.

Rush of new listings prior to Xmas

- After a somewhat lackluster start to the spring season, new listings rose strongly in November up 7% on a seasonally adjusted basis.

Inventory of unsold homes now tops 1 year

- The stock of unsold houses grew further in December as new listings rose strongly. Total inventory now stands at 53 weeks – the highest level since June 2008.

Sellers set realistic price expectation

- The expected selling price of new listings fell slightly in November with a 0.5% year-on-year fall to \$417,660

Asking price now 3% below peak

- The current asking price expectation of vendors (\$417,660) slips to 2.7% below the peak of the market back in October 2007 – at that time \$429,033.

| | Sep 2010 | Oct 2010 | Nov 2010 |
|---|-----------|-----------|------------------|
| Property Asking Price (truncated mean) | \$411,745 | \$420,451 | \$417,660 |
| % change from previous month | + 2% | + 2% | - 1 % |
| % change from prior 3 months | + 2% | + 4% | + 1% |
| Number of New Listings | 10,559 | 11,911 | 12,932 |
| % change from previous month | + 8% | + 13% | + 9% |
| % change from same month last year | - 17% | - 12% | - 7% |
| Inventory - Number of weeks | 47.5 | 48.8 | 53.2 |
| % change from previous month | + 3% | + 3% | + 9% |
| % change from same month last year | + 48% | + 51 % | + 57% |

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: 1st December 2010

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the official website of the New Zealand real estate industry

Commentary

The comment from the October NZ Property Report was that “spring had past the property market by!” clearly the November market activity shows that “the best was saved ‘til last!” The month saw a significant (and unseasonal lift) in new listings, in some ways making up for the somewhat quieter first 3 months of spring.

The monthly sales though have as yet failed to show any appreciable lift with October reported at 4,323, the lowest recorded total for October since record show back to 1992. This low rate of sale (currently averaging 4,340 per month) is driving the inventory levels to highs not seen for over 2½ years with the equivalent of over a full year’s worth of sales on the market. In some regions that total now exceeds 2 years (Central Otago & Wairarapa) and even over 3 years (Coromandel & Northland). The November sales data is yet to be released but there does appear to be some significant pockets of activity which are driving sectors of the property market especially at the high end of price bands.

These latest statistics in this report, which have been consistent for a number of months now, in regard to trends, all continue to point to a confident market, albeit a sluggish one. Asking price expectation whilst showing some weakness this month, does not appear to be under excessive pressure, however price would seem to be the only factor able to bust the log jam of unsold inventory of houses on the market.

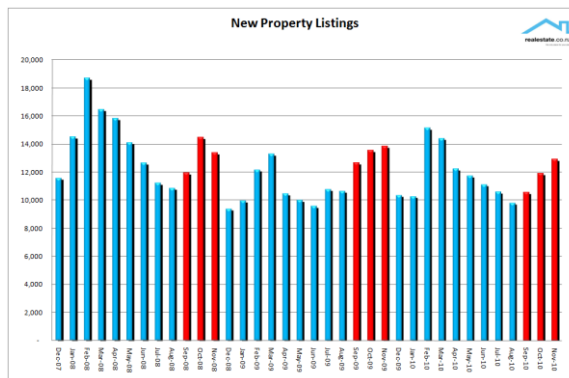
Asking Price

The truncated mean asking price for all new listings in November fell from the peak of \$420,451 in October to \$417,660. On a seasonally adjusted basis the fall was less than 1% indicating that the confidence in sellers demonstrated by the volume of new listings is also reflected in asking price. The current asking price continues to drift down below the peak of Oct 2007, currently off 2.7%.



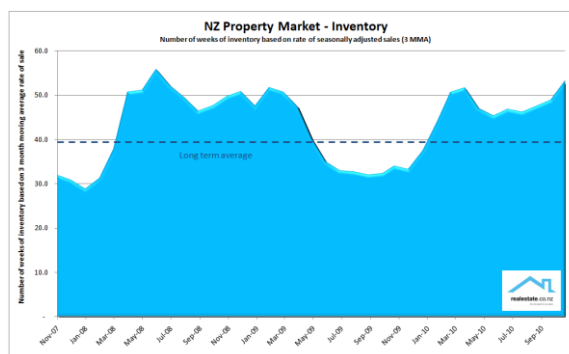
New Listings

A strong rise in new listings coming onto the market in November was higher than seasonally expected at 12,932 it was 7.3% up on a seasonally adjusted basis. Having seen slower levels of listings in the early spring season there was a sense of a “catch-up”. On a moving annual basis the past 12 months have seen 140,214 new listings compared to 134,438 in the prior year an increase of 4.3%.



Inventory

The level of unsold houses on the market at the end of November rose again to 54,365 from 52,043 in October. This represented the equivalent of 53.2 weeks of equivalent sales, as assessed on a seasonally adjusted basis. The key driver of this rising inventory is more a reflection of somewhat lackluster sales than excessive new listings. The absolute level though at over a year of equivalent sales will continue to impact the market and maintain the “buyers-market” perspective.

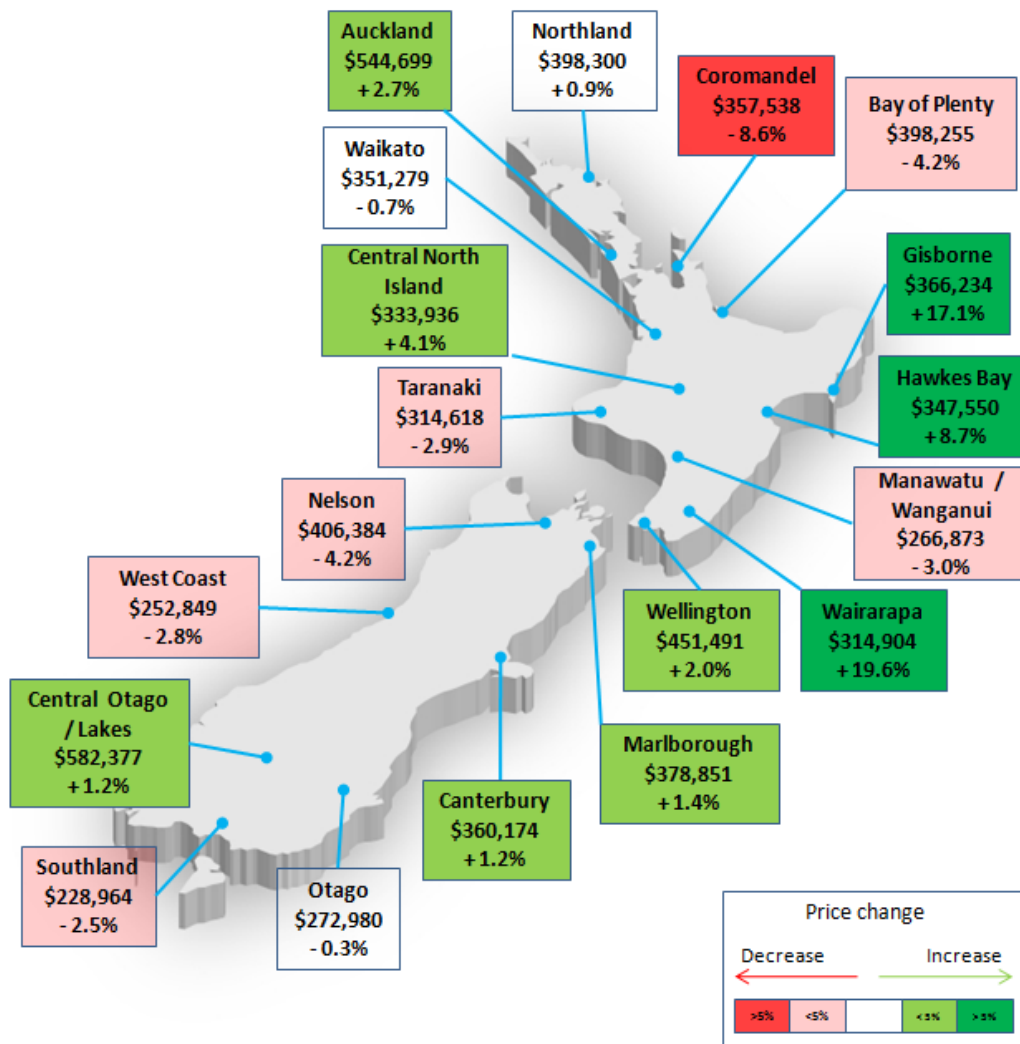


Regional Summary – Asking price expectations

Whilst the national asking price expectation remained steady with just a small fall from prior month and a small increase over the recent 3 month average, the regional analysis shows some significant variances.

Amongst the 19 regions almost half showed a rise whilst the remained showed a fall. The three east coast regions of Gisborne, Hawkes Bay and Wairarapa all saw significant increases of more than 5%. The single largest fall in asking price expectation was seen in the Coromandel region which when combined with the rise in new listings may well reflect some significant re-pricing of existing listings which may be required to clear the inventory which now amounts to 262 weeks of equivalent sales.

All three of the major metro regions showed steady increase in asking price expectation.

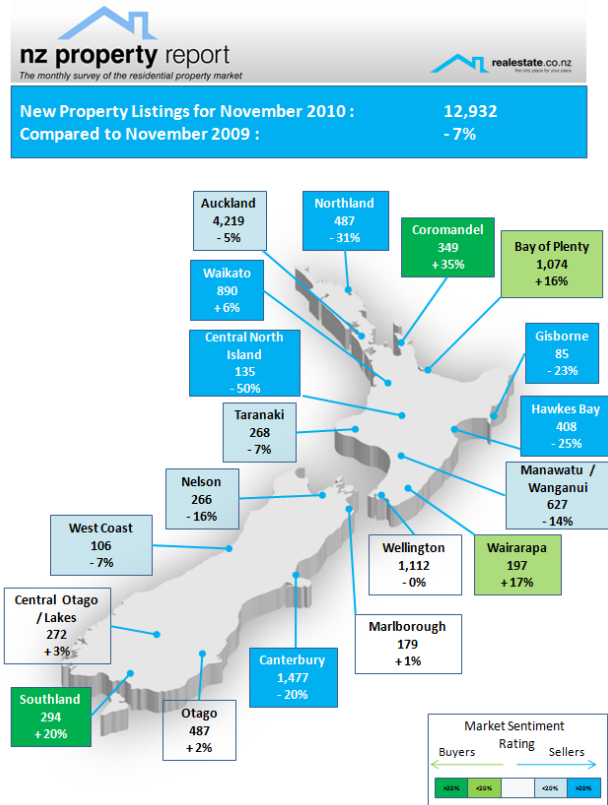


Regional Summary – Listings

The property market as judged from the perspective of the number of new listings coming onto the market from around the country, shows all the indications of a seller's market as new listing numbers were well down on the prior year. The regional map shows a predominant blue colour for 11 of the 19 regions.

Some regions in particular are showing wild variations in new listings. The Central North Island for example had 208 new listings in October up 42% on prior year, whereas in November just 135 new listings came onto the market down 50% on prior year. Equally the Waikato went from listings in October down 25% to this month 890 new listings, up 6%.

The Coromandel region already challenged by a very high level of inventory saw a total of 349 new listings in the month up 35% of the prior year.



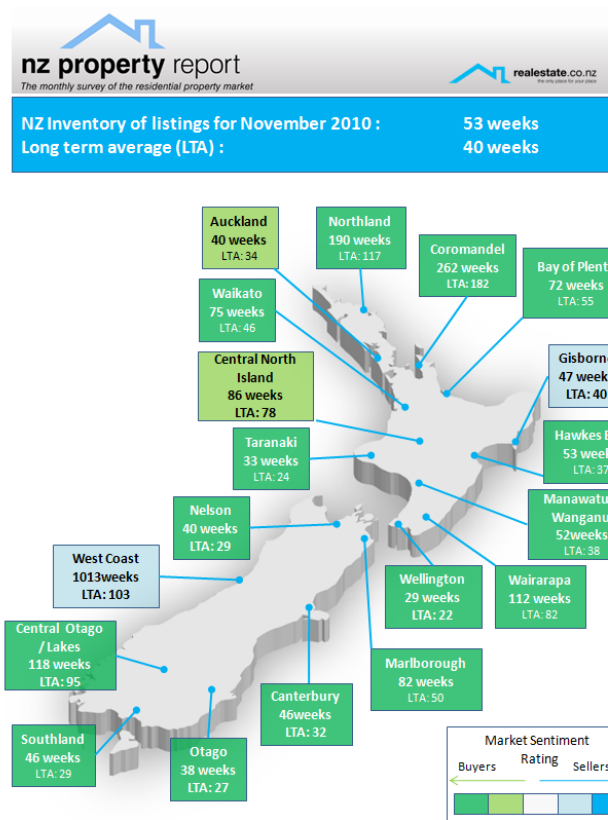
Regional Summary – Inventory

Whereas the trend in new listings across the country would indicate a move to a seller's market, the extent of the level of inventory of unsold houses continues to point very clearly to a buyer's market.

Again as seen in October just two regions display a degree of balance in relation to inventory and rate of sale, these being the West Coast and Gisborne, both small regions.

Within the 19 regions four recorded record high levels of inventory – Hawkes Bay / Northland / Taranaki & Waikato. Overall the provincial market continues to fair worse than the main metro markets. The total equivalent inventory for the 16 non-metro areas reached a high of 72.6 weeks in November. This compares to just 38.8 weeks for the total of the 3 main metro areas.

The Canterbury region has seen a steady build of inventory since the September earthquake, currently at 45.7 weeks, though still less than the peak of inventory in June 2008 at 49.9 weeks for that region.



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

| | Sep 2010 | Oct 2010 | Nov 2010 |
|---|-----------|-----------|------------------|
| Property Asking Price (truncated mean) | \$527,302 | \$539,020 | \$544,699 |
| % change from previous month | + 0% | + 2% | + 1% |
| % change from prior 3 months | + 2% | + 3% | + 3% |
| Number of New Listings | 3,510 | 3,927 | 4,219 |
| % change from previous month | + 10% | + 12% | + 7% |
| % change from same month last year | - 13% | - 12% | - 5% |
| Inventory - Number of weeks | 37.1 | 36.8 | 39.7 |
| % change from previous month | + 4% | - 1% | + 8% |
| % change from same month last year | + 43% | + 45% | + 50% |

Wellington

| | Sep 2010 | Sep 2010 | Nov 2010 |
|---|-----------|-----------|------------------|
| Property Asking Price (truncated mean) | \$433,551 | \$455,442 | \$451,491 |
| % change from previous month | - 1% | + 5% | - 1% |
| % change from prior 3 months | - 1% | + 5% | + 2% |
| Number of New Listings | 836 | 991 | 1,112 |
| % change from previous month | + 15% | + 18% | + 12% |
| % change from same month last year | - 7% | + 2% | - 0% |
| Inventory - Number of weeks | 24.1 | 25.6 | 28.6 |
| % change from previous month | - 0% | + 6% | + 12% |
| % change from same month last year | + 64% | + 73% | + 71% |

Canterbury

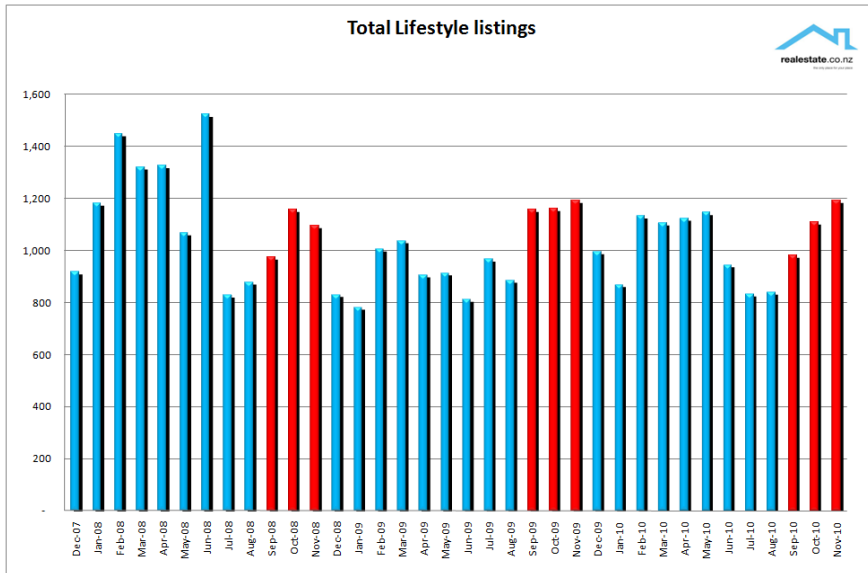
| | Sep 2010 | Oct 2010 | Nov 2010 |
|---|-----------|-----------|------------------|
| Property Asking Price (truncated mean) | \$352,986 | \$361,992 | \$360,174 |
| % change from previous month | - 0% | + 3% | - 1% |
| % change from prior 3 months | - 0% | + 3% | + 1% |
| Number of New Listings | 1,211 | 1,312 | 1,477 |
| % change from previous month | - 11% | + 8% | + 13% |
| % change from same month last year | - 26% | - 26% | - 20% |
| Inventory - Number of weeks | 33.4 | 39.1 | 45.7 |
| % change from previous month | + 3% | + 17% | + 17% |
| % change from same month last year | + 42% | + 62% | + 83% |

Waikato

| | Sep 2010 | Oct 2010 | Nov 2010 |
|---|-----------|-----------|------------------|
| Property Asking Price (truncated mean) | \$349,637 | \$361,471 | \$351,279 |
| % change from previous month | - 0% | + 3% | - 3% |
| % change from prior 3 months | - 1% | + 3% | - 1% |
| Number of New Listings | 632 | 668 | 890 |
| % change from previous month | + 14% | + 6% | + 33% |
| % change from same month last year | - 23% | - 25% | + 6% |
| Inventory - Number of weeks | 65.8 | 67.2 | 75.0 |
| % change from previous month | + 3% | + 2% | + 11% |
| % change from same month last year | + 80% | + 93% | + 89% |

Lifestyle

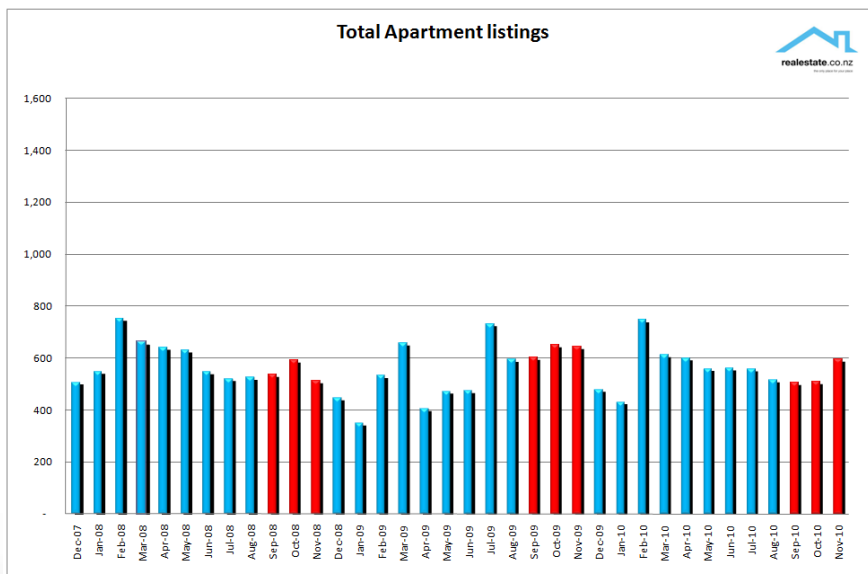
Lifestyle property listings shot up in November recording an 8.4% seasonally adjusted increase, the current moving annual total is 6.2% ahead of last year with 12,273 new lifestyle listings over the 12 months. Strong growth was seen in the Bay of Plenty region up 49% and Wellington and Central Otago both more than double the new listings of a year ago. Canterbury region was also particularly strong with 139 new listings up 14% on November last year. The truncated mean asking price remains strong at \$558,371 which is up 0.4% against the recent 3 month moving average.



Apartments

New listings of apartments did show a rise in November after what had been a steady decline in new listings since Feb. At 594 new listing it was still down 7.6% compared to November last year, but up a strong 13.5% on a seasonally adjusted basis from October indicating the true strength of the rise. Auckland as ever dominates the apartment market with 60% of all new listings. On a seasonally adjusted basis Auckland new listings were up 10%. The Canterbury market also fared well with 44 new listings, up 29% on a seasonally adjusted basis.

The truncated mean asking price for apartments was up 2.9% as against the recent 3 month average at \$369,303. In the Auckland market the asking price for apartments is currently \$307,101 down 3.5%.



Index Comparison

| | Sep 2010 | | Oct 2010 | | Nov 2010 | |
|---|-------------|---------------|-------------|---------------|------------------|---------------|
| | House Price | Annual Change | House Price | Annual Change | House Price | Annual Change |
| Mean Asking Price: Realestate.co.nz | \$411,745 | - 2% | \$420,451 | + 0% | \$417,660 | - 0% |
| Mean Sales Price: REINZ | \$359,555 | - 0% | \$356,142 | - 4% | 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 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 mean 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 1,050 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 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 12,932 new listings in the month of November, a total of 184 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 122,000 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 1,050 offices, the website features over 95% of all listings from licensed real estate agents in NZ. Realestate.co.nz was visited by over 387,000 unique browsers in the month of October 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 October from more than 200 countries.

