



1st February 2012

Shortage of new listings drives key cities to lowest level of inventory.

New listings failing to meet demand

- New listings barely reached 8,500 in January. As compared to January last year new listings are increasing albeit slowly. Demand though would appear to be ahead of supply, the last 3 months has seen c.30,000 new listings equal to same period last year, yet sales are up 22%.

Inventory of unsold homes falls

- The stock of unsold houses on the market fell again in January; this sees levels continue to track below long term average of 41 weeks indicating a continuation of a sellers market. Across the major 3 cities inventories are now at a 4 year low.

Asking prices as yet show no signs of increased market demand

- The seasonally adjusted asking price fell 1% in the month and is showing a slight increase as compared to a year ago. As yet the new sellers' to the market are not stretching the price expectation of buyers – allowing the market to set price.

Market still favours sellers

- Across the country the inventory levels in many regions continue to track below long term average indicating a continuing tight property market. Auckland, Wellington and Canterbury are witnessing the greatest extent of this trend.

	Nov 2011	Dec 2011	Jan 2012
Property Asking Price (seasonally adjusted - truncated mean)	\$421,043	\$420,020	\$417,740
% change from previous month	- 1%	- 0%	- 1%
% change from same month last year	+ 2%	+ 1%	+ 1%
Number of New Listings	13,369	8,732	8,542
% change from previous month	+ 18%	- 35%	- 2%
% change from same month last year	+ 3%	- 2%	+ 3%
Inventory - Number of weeks of equivalent sales (seasonally adjusted)	40.3	37.5	36.4
% change from previous month	- 2%	- 7%	- 3%
% change from same month last year	- 30%	- 24%	- 25%

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 95% of all listings currently marketed by real estate professionals.



Commentary

The new calendar year starts with low levels of inventory of properties for sale on the market which is matched by a sluggish flow of new listings, which is then meeting a rising demand in the rate of sale which is up 22% for the past 3m months as compared to the same period last year. This scenario is most extreme in the 3 key regions of Auckland, Wellington and Canterbury which this rise in sales has driven the inventory levels to the lowest levels of the past 4 years – spanning a period when the property market has seen very lackluster activity.

Historically the supply side of the property market tends to lag the demand side as measured by sales and it is likely that the coming two months of February and March will see heightened activity in new listings as the property market hits the peak of activity over these summer months.

The data for this month's report and going forward all future reports reflects the seasonally adjusted data for asking price expectation and inventory. The seasonal adjusted data better presents the true trends in these key metrics as it removes the inherent seasonality of the property market. The computation of this seasonally adjusted data is provided with the assistance of the New Zealand Institute of Economic Research (NZIER) and uses a X12 ARIMA methodology to calculate seasonally adjusted data.

Asking Price

The truncated mean asking price of \$417,740 for all new listings in January now calculated on a seasonally adjusted basis fell 0.5% from December. The past 3 months has seen a progressive easing from the peak in October of \$425,936 – an adjustment of 2%.

Despite this recent fall the long term trend is showing an increasing asking price albeit at a rate of just 1% per year.



New Listings

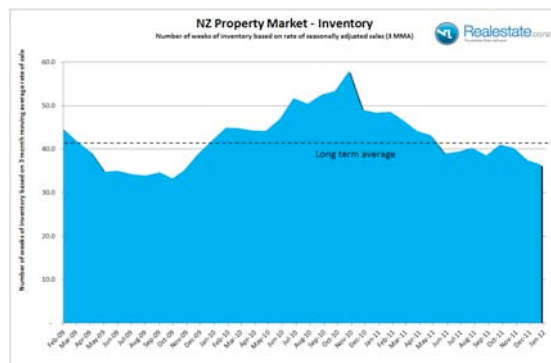
The level of new listings coming onto the market in January fell on a seasonally adjusted basis by a significant 12%. A total of 8,542 new listings came onto the market representing a very modest 3% year-on-year rise.

The continuing trend of the past 12 months is to a lower level of new listings – the past 12 months has seen just under 125,000 new listing as compared to 137,000 in the prior 12 month period.



Inventory

The level of unsold houses on the market at the end of January was up slightly as compared to December at 46,967 as measured on a seasonally adjusted basis. This total includes houses, apartments and lifestyle properties on the market. However as the rate of sale has picked up over the past 3 months leading up to the end of 2011, the inventory as measured in weeks of equivalent sales has fallen from 37.5 weeks in December to 36.4 weeks in January.



Released: 1st February 2012

Copyright © 2012, Realestate.co.nz Ltd

For media enquiries and interviews please contact: Alistair Helm CEO Realestate.co.nz

021 610 510

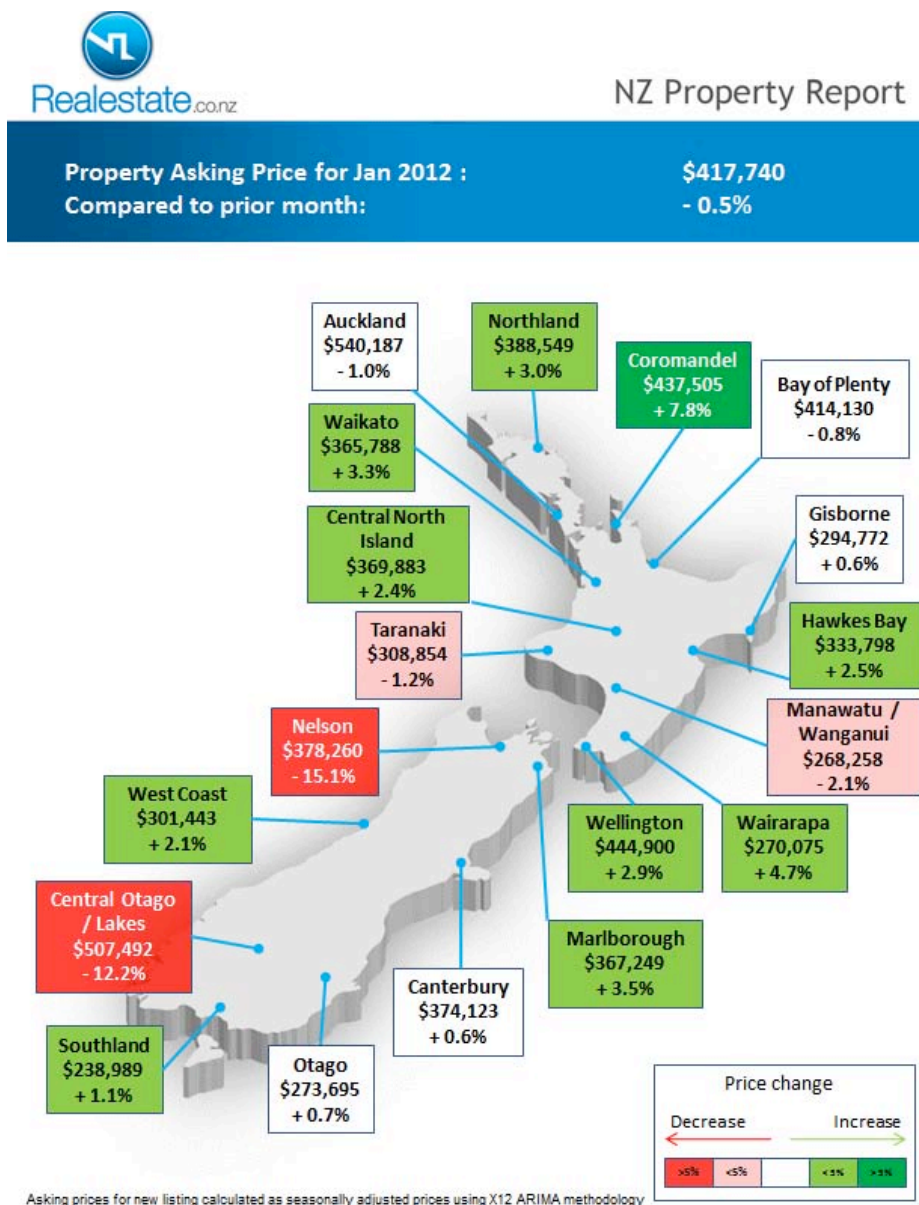
This report can be accessed at www.unconditional.co.nz

Regional Summary – Asking price expectations

The national (seasonally adjusted) truncated mean asking price expectation among sellers eased again in January to \$417,740.

Despite this national easing in asking price there were just 5 regions across the country that reported a fall in seasonally adjusted asking price. Most noticeable was the Central Otago/Queenstown Lakes and Nelson region which both showed double digit falls. Against this backdrop all of the price rises were of a smaller scale and reflect in the other 14 regions.

Auckland, the largest region of the country saw asking price fall by 1% to \$540,187 – a consecutive 3 month fall since the peak of October 2011 at \$560,327. Wellington asking price rose 2.9% to \$444,900 and Canterbury up 0.6% to \$374,123 – this latest asking price is fast approaching the peak of \$374,952 last seen in January 2008.



Released: 1st February 2012

Copyright © 2012, Realestate.co.nz Ltd

For media enquiries and interviews please contact: Alistair Helm CEO Realestate.co.nz

021 610 510

This report can be accessed at www.unconditional.co.nz

Regional Summary – Listings

New listings movement across the country between December and January was in most regions fairly modest. There were 6 regions from the 19 that showed falls with Gisborne and the Wairarapa showing the biggest falls 21% and 20% respectively. Both of these regions have been experiencing high levels of inventory and this market reaction may well edge them back towards a more balanced market.

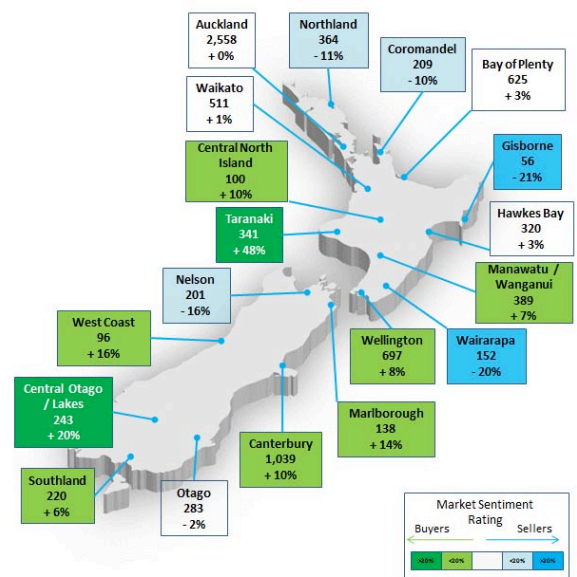
In contrast across the 13 regions that saw increases most saw modest single digit growths.

The Taranaki and Central Otago/ Queenstown Lakes both showed significant double digit growth in listings – the latter being a region which is beginning to see a buyers’ market emerging as inventory continues to rise.



NZ Property Report

New Property Listings for Jan 2012 :	8,542
Compared to Jan 2011 :	+ 3%



Regional Summary – Inventory

The inventory of unsold homes on the market tightened again in January slipping down to 36 weeks of equivalent sales nationally. These figures now reflect seasonally adjusted data.

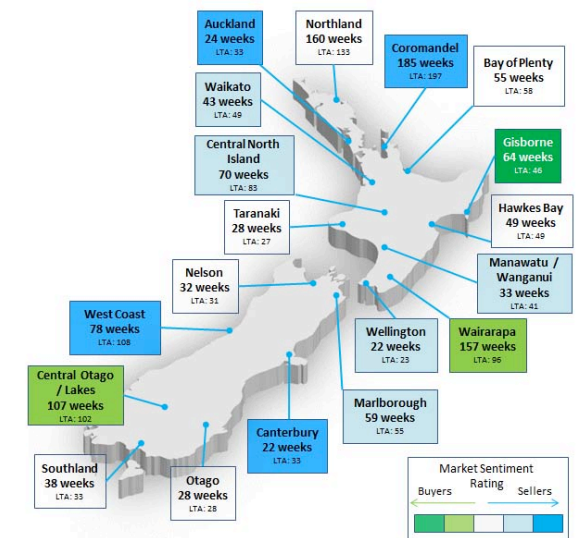
The majority of regions still favour sellers – 9 of the 19 are seen as sellers markets, with just 3 regions being categorized as buyers markets – Gisborne, Wairarapa and Central Otago/Queenstown Lakes .

The physical inventory of property on the market as measured on a seasonally adjusted basis is the lowest for the month of January since 2007 and as such represents a clear view of the tightness of the market. The market for the coming months will be very interesting to watch as transaction levels growing as the market hits the peak period of February and March.



NZ Property Report

NZ Inventory of listings for Jan 2012 :	36 weeks
Long term average (LTA) :	41 weeks



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 5 years of seasonally adjusted data

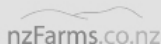
Released: 1st February 2012

Copyright © 2012, Realestate.co.nz Ltd

For media enquiries and interviews please contact: Alistair Helm CEO Realestate.co.nz

021 610 510

This report can be accessed at www.unconditional.co.nz



Major Centers

Auckland

	Nov 2011	Dec 2011	Jan 2012
Property Asking Price (seasonally adjusted - truncated mean)	\$546,686	\$545,373	\$540,187
% change from previous month	- 2%	- 0%	- 1%
% change from same month last year	+ 2%	- 1%	- 1%
Number of New Listings	4,459	2,516	2,558
% change from previous month	+ 18%	- 44%	+ 2%
% change from same month last year	+ 6%	+ 3%	+ 0%
Inventory - Number of weeks	27.1	24.6	23.6
% change from previous month	- 9%	- 9%	- 4%
% change from same month last year	- 38%	- 34%	- 34%

Wellington

	Nov 2011	Dec 2011	Jan 2012
Property Asking Price (seasonally adjusted - truncated mean)	\$434,770	\$432,367	\$444,900
% change from previous month	+ 1%	- 1%	+ 3%
% change from same month last year	- 1%	- 1%	+ 4%
Number of New Listings	1,178	571	697
% change from previous month	+ 24%	- 52%	+ 22%
% change from same month last year	+ 6%	- 5%	+ 8%
Inventory - Number of weeks	22.1	21.4	21.6
% change from previous month	- 14%	- 3%	+ 1%
% change from same month last year	- 17%	- 6%	- 5%

Released: 1st February 2012

Copyright © 2012, Realestate.co.nz Ltd

For media enquiries and interviews please contact: Alistair Helm CEO Realestate.co.nz

021 610 510

This report can be accessed at www.unconditional.co.nz

Canterbury

	Nov 2011	Dec 2011	Jan 2012
Property Asking Price (seasonally adjusted - truncated mean)	\$368,628	\$371,841	\$374,123
% change from previous month	+ 1%	+ 1%	+ 1%
% change from same month last year	+ 4%	+ 2%	+ 6%
Number of New Listings	1,460	1,002	1,039
% change from previous month	+ 13%	- 31%	+ 4%
% change from same month last year	- 1%	- 12%	+ 10%
Inventory - Number of weeks	25.7	22.4	21.7
% change from previous month	+ 1%	- 13%	- 3%
% change from same month last year	- 43%	- 32%	- 39%

Waikato

	Nov 2011	Dec 2011	Jan 2012
Property Asking Price (seasonally adjusted - truncated mean)	\$348,954	\$354,242	\$365,788
% change from previous month	+ 0%	+ 2%	+ 3%
% change from same month last year	+ 0%	+ 2%	+ 6%
Number of New Listings	853	587	511
% change from previous month	+ 20%	- 31%	- 13%
% change from same month last year	- 4%	+ 6%	+ 1%
Inventory - Number of weeks	48.7	44.3	42.9
% change from previous month	- 5%	- 9%	- 3%
% change from same month last year	- 38%	- 39%	- 58%

Released: 1st February 2012

Copyright © 2012, Realestate.co.nz Ltd

For media enquiries and interviews please contact: Alistair Helm CEO Realestate.co.nz

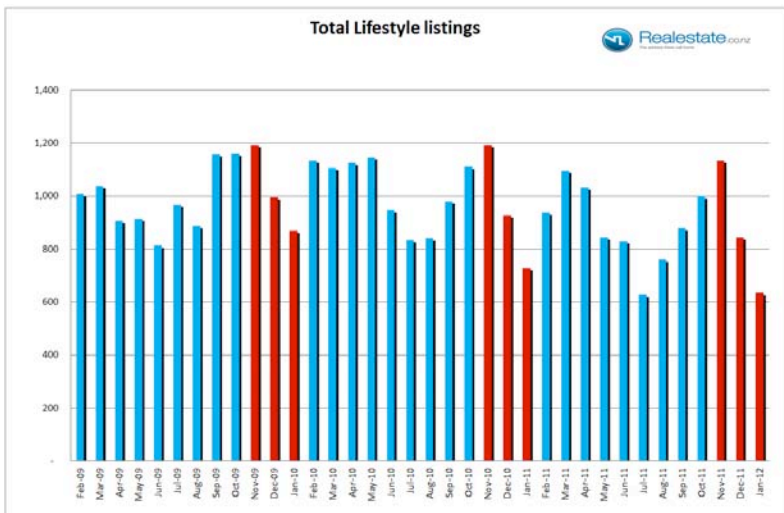
021 610 510

This report can be accessed at www.unconditional.co.nz

Lifestyle

Lifestyle property listings in January at 634 listings was the second lowest month of the past 5 years – only marginally beaten by July of last year with 628. This level of new listings represented a 25% fall from December and a 13% fall from January last year. On a seasonally adjusted basis listings recorded a 34% decline from December.

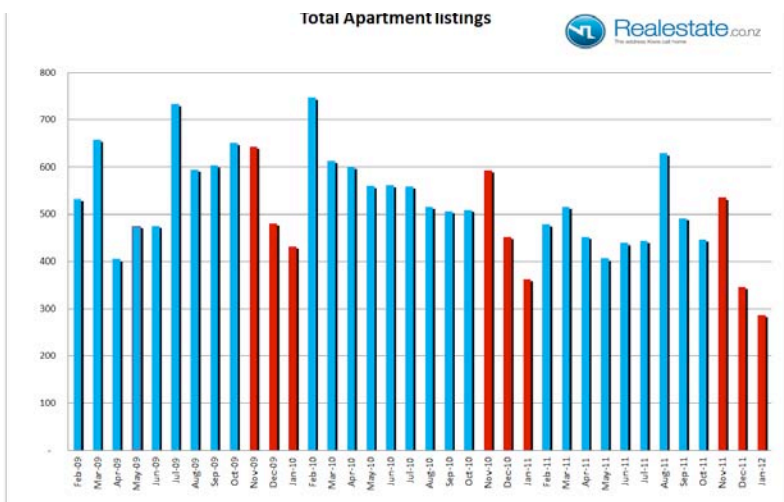
The truncated mean asking price for lifestyle properties rose 13% in the month of January to \$620,831 and represented a 15% year on year growth. Peak prices were seen in both Canterbury (\$661,237) and the West Coast (\$553,375).



Apartments

New listings for apartments fell to their lowest level in the past 5 years in January that despite a record low in December. Just 286 apartments coming onto the market, this reflected a 21% year on year fall. The truncated mean asking price of \$349,736 was down 3% from January last year and 12% down on December.

The Auckland market which dominates the apartment market saw a record low level of new apartment listings with just 179 new listings in January which was down 9% on prior month and down 25% down on last year. The asking price was \$314,757 which was down 8% on last year and 13% down from December.



Released: 1st February 2012

Copyright © 2012, Realestate.co.nz Ltd

For media enquiries and interviews please contact: Alistair Helm CEO Realestate.co.nz 021 610 510

This report can be accessed at www.unconditional.co.nz

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 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 8,542 new listings in the month of November, a total of 292 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 95% of all listings from licensed real estate agents in NZ. Over 400,000 unique browsers visited Realestate.co.nz in the month of January from both domestic and international visitors. The website is the most popular website for international visitors enquiring of NZ real estate, with over 100,000 unique browsers in the month of January from more than 200 countries.

Released: 1st February 2012

Copyright © 2012, Realestate.co.nz Ltd

For media enquiries and interviews please contact: Alistair Helm CEO Realestate.co.nz 021 610 510

This report can be accessed at www.unconditional.co.nz