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REAL ESTATE

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Pressure increases on vendors in May

Pressure on vendors increased in May, showing up in lower buyer enquiry and lowering prices in many areas, First National's monthly survey shows.

First National's survey of its 70 nationwide offices representing around 450 salespeople includes buyer enquiry indicators, listing level measures, and buying and selling trends.

Volumes

Steady sales volumes from March and April mostly dropped off in May. Twenty percent of offices signed more contracts last month compared with a year ago, and several offices had twice as many sales.

However, 20% had the same number of sales as a year ago and 45% had fewer.

Listings

Listings that had jumped by over 3% during March and April, dropped back to January levels at 7428.

Prices

Compared with May 09, prices had dropped across the board in Mid Canterbury, Northland, Taranaki, Marlborough, West Coast, Invercargill, Wellington, Bay of Plenty and Christchurch. However, residential property prices had increased across the board by up to 7.5% in parts of Auckland, provincial Southland and Manawatu.

Other areas were a mixed bag of both reductions and increases depending on the type of property.

Price drops more likely on 3brm properties

The majority of price reductions were for 3brm homes (in 68% of areas measured by the survey). Two bedroom and 4brm homes kept their value slightly better, although there were still price reductions on these in 58% of areas.

Comment

Real estate agents comments on the month of May were most revealing about the state of the market:

"Low enquiry."

"Pressure on vendors."

"Listings increase driving prices down."

First National Group general manager John Stewart said the market was in 'holding' mode.

"Concerns about increasing mortgage interest rates, investor worries about tax issues and the general public wanting to know how tax cuts would affect incomes all impacted on diminished buyer interest in May.

'Additionally, bad weather heading into the quieter winter months also seems to have had an effect.

"It remains the case though, that well priced, nicely presented and unique homes are still selling, allowing those vendors to take advantage of the strength of a cashed up position as they in turn become buyers.

"We would expect that the middle market will remain quiet until at least spring, while there may be increased listings, predominantly in the lower end, with investors exposed to the new depreciation tax position selling. This could well see first homeowners entering the market in larger numbers.

"Increased returns across all rural sectors could well see a lift there which would impact positively on rural towns.

"Also, there seems increased interest in the discretionary markets and holiday homes are moving consistently in the likes of Wanaka, Turangi – Taupo, Whangamata and the Marlborough Sounds."

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