



The NZHL Property Report

by Tony Alexander.

January 2025

FINANCIAL FREEDOM. FASTER.

About NZHL

NZHL is a passionately Kiwi, passionately local home loan and insurance network currently helping more than 50,000 New Zealanders collectively save millions of dollars in interest costs every year.

Part of Kiwi Group Capital Ltd (KGC) which are 100% Government owned, NZHL operates with an Independent Board and 70 local business owners nationwide. NZHL believes in helping Kiwis achieve financial freedom, faster and takes a structured, personalised approach to bring this to life.

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My Aim

To help Kiwis make better decisions for their businesses, investments, home purchases, and people by writing about the economy in an easy-to-understand manner.

Buyers in no hurry

Welcome to the NZHL Property Report by Tony Alexander. This survey gathers together the views of licensed real estate agents all over New Zealand regarding how they are seeing conditions in the residential property market in their areas. We ask them how activity levels are changing, what the views of first home buyers and investors are, and the factors which are affecting sentiment of those two large groups.

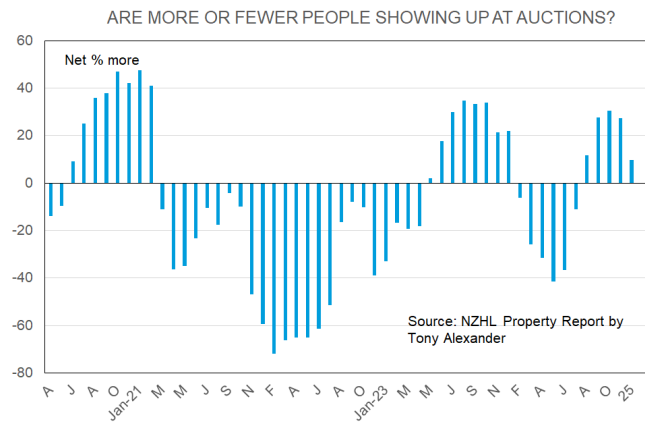
The key results from this month's survey which yielded 219 responses include the following.

- First home buyers remain active in the market, but investors continue to remain largely on the sidelines.
- For the first time since September more agents feel that prices are falling rather than rising in their area of operations.
- Only 11% of agents believe that buyers are feeling FOMO. The market is firmly in favour of buyers.

Are more or fewer people showing up at auctions?

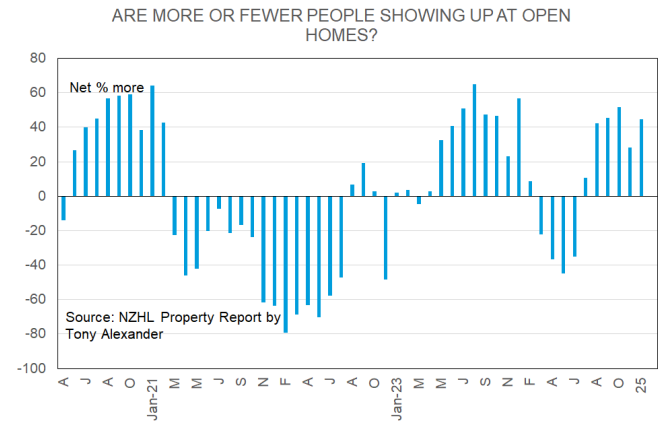
A net 10% of agents have reported that more people are attending auctions. This is a decline from 27% at the end of November and the weakest result since July. As such it is one of a number of indicators in this month's survey showing that while the residential real estate market is improving it is doing so at a more sedate pace than appeared to be happening in the second half of 2024.

The explanation for this easing off in the recovery is likely to be a combination of more realistic assessments of the economy's strength this year and the extent to which interest rates will decline. The plethora of listings will also likely be playing a role



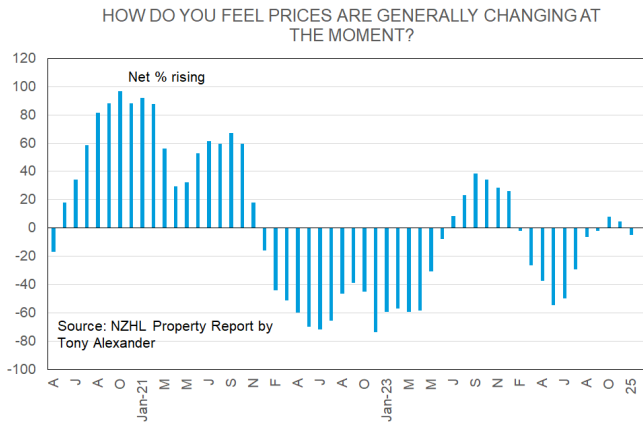
Are more or fewer people attending open homes?

In contrast to the decline in the net proportion of agents seeing more people attending auctions there has been a lift the proportion seeing more people at open homes. This proportion rose to a net 45% this month from 28% two months ago. Clearly, although people are not rushing to bid at auctions, they are still interested in seeing what is on the market.



How do you feel prices are generally changing at the moment?

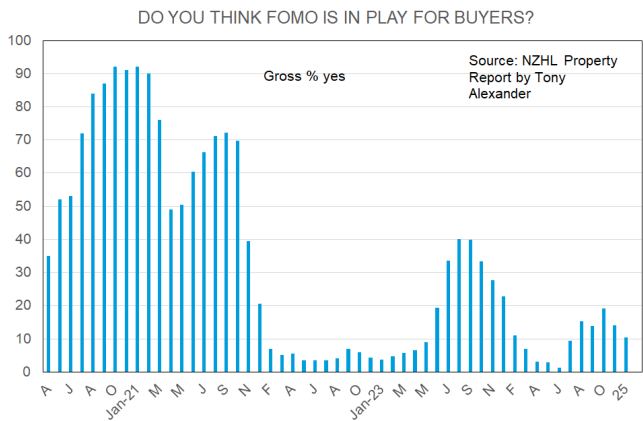
For the first time since late-September there are more agents feeling that prices are falling than feel they are rising. At a net 5% negative this price change gauge is well away however from the likes of -55% in May and a look at the graph here suggests the best thing to say is that overall prices in recent months have been flat.



Do you think FOMO is in play for buyers?

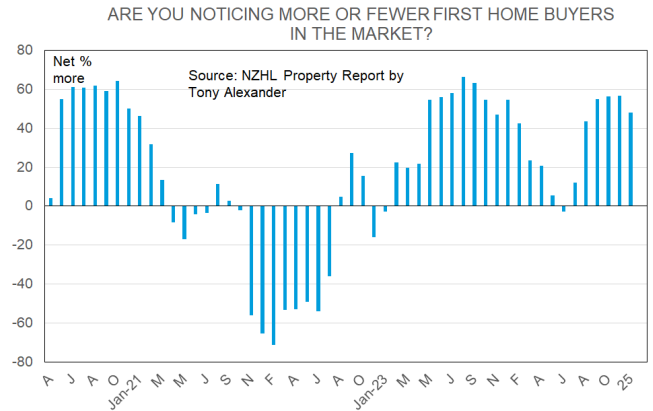
FOMO = Fear of missing out

Plentiful anecdotal evidence tells us that buyers feel they do not need to be in a hurry to make a purchase and agents can see this. Only a gross 11% of our survey respondents this month have reported that they feel buyers are showing fears of missing out. This is down from 15% two months ago.



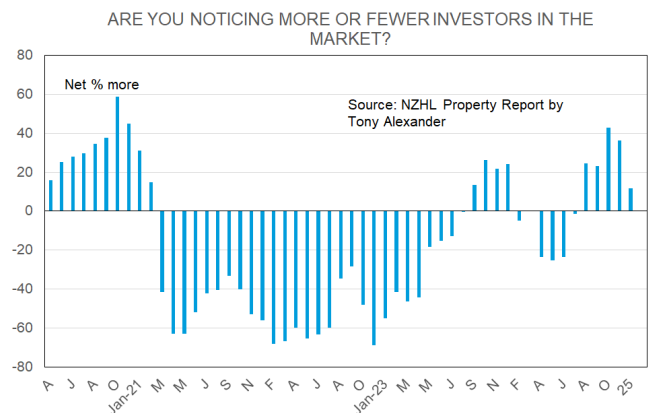
Are you noticing more or fewer first home buyers in the market?

The residential real estate market in New Zealand continues to be a place of active participation by young purchasers. A net 48% of agents report that they are seeing more first home buyers. This is down only slightly from 57% two months ago and apart from a falling away in the middle of this year these first home buyers have been driving the market since the start of 2023.



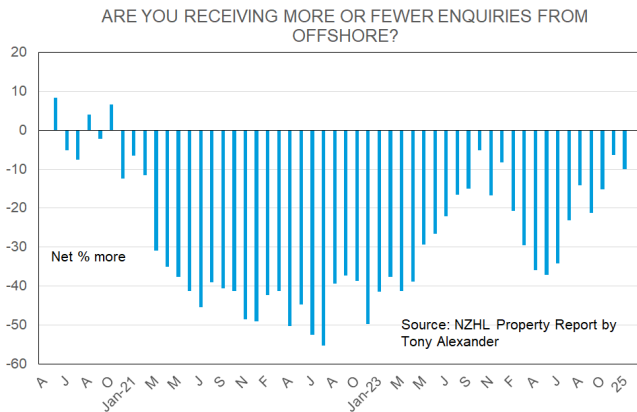
Are you noticing more or fewer investors in the market?

For investors the lure of residential property is much weaker than on many occasions in the past. Inability to offset cash losses against other income sources for tax purposes remains. Costs of running rental property have soared, interest rates are well above pandemic and 2016-19 lows, and no momentum of upward price movement has yet become solidified in this this cycle. Only a net 12% of agents say that they are seeing more investors in the market compared with 36% two months ago.



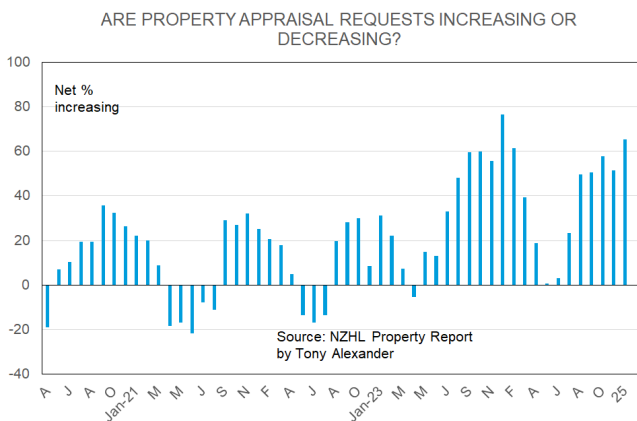
Are you receiving more or fewer enquiries from offshore?

Since the start of 2021 more agents have reported receiving less enquiry from offshore than more and that remains the case in this month's survey. A net 10% of agents have reported in the negative compared with 6% two months ago.



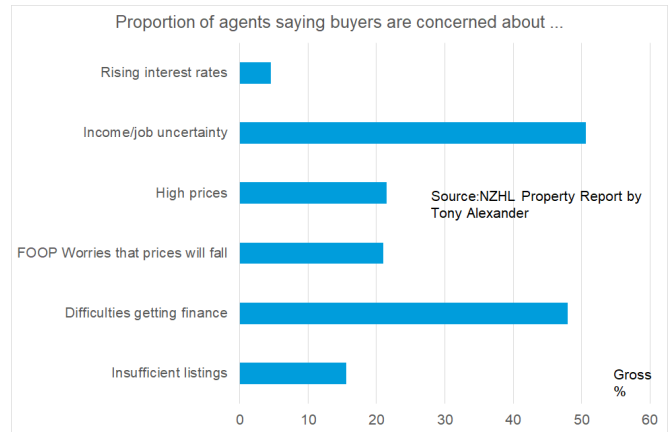
Are property appraisal requests increasing or decreasing?

A net 65% of agents have reported receiving more enquiries for appraisals from property owners. This high reading tells us that many people are interested in potentially placing their property on the market. This is good for turnover but will tend to suppress price gains through 2025 on average.



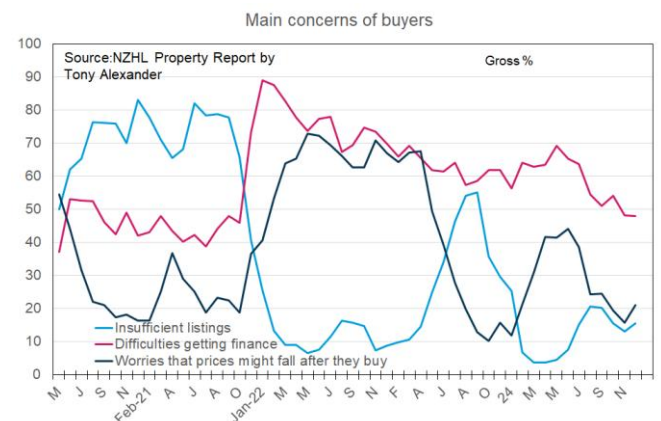
What are the main concerns of buyers?

Each month in this section we start with an all-encompassing graph showing the things which are of concern to buyers. The top two concerns of buyers are getting finance and retaining employment.

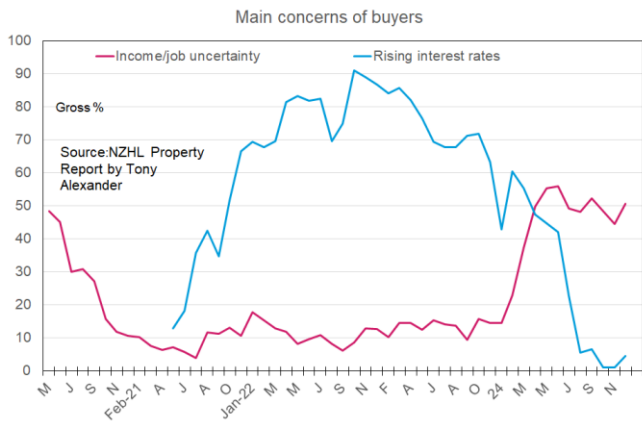


Concerns about access to finance, represented by the dark pink line in the following graph, jumped at the end of 2021 when the Reserve Bank and government applied a credit crunch. Since then, concerns have eased but only at a slow pace and at 48% the proportion of agents rating this as a worry for buyers is still above those pre-crunch levels.

There has been a slight rise in concerns about prices falling in this month's survey along with a slight lift in feelings that listings are insufficient. But the levels of both of these concerns are still quite low.

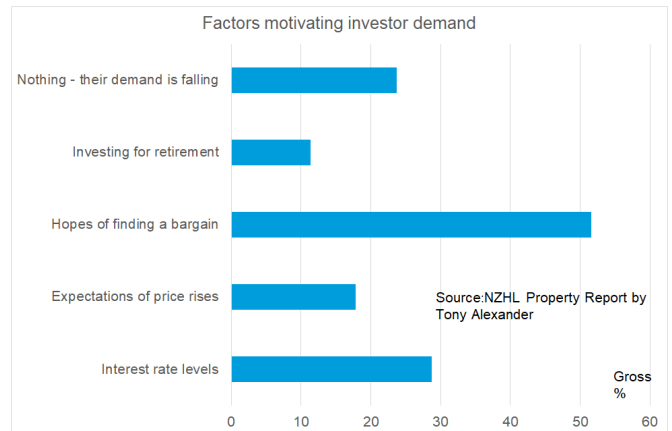


Concerns about employment jumped early in 2024 and have remained high ever since. In contrast, concerns about interest rates peaked in the latter part of 2022 then fell sharply from mid-2024 as monetary policy began easing. Only 5% of agents say that buyers have interest rate rise worries now.



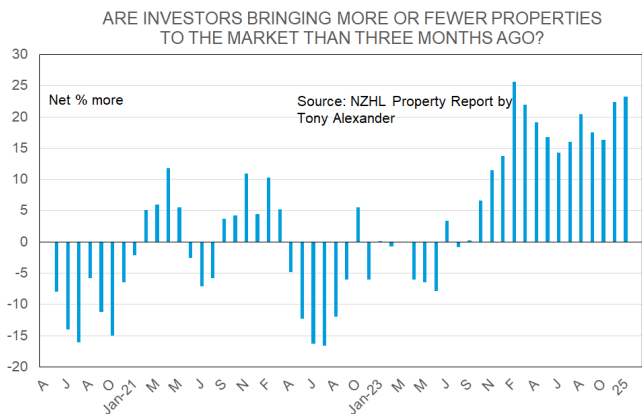
What factors appear to be motivating investor demand?

For the investors actively considering a purchase the prime motivation is the hope of finding a bargain.

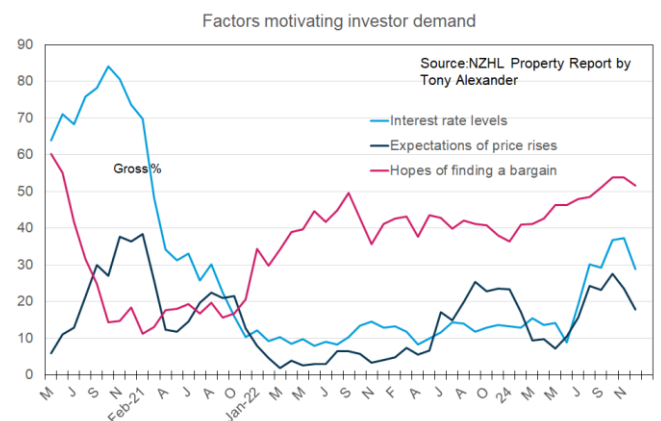


Are investors bringing more or fewer properties to the market to sell than three months ago?

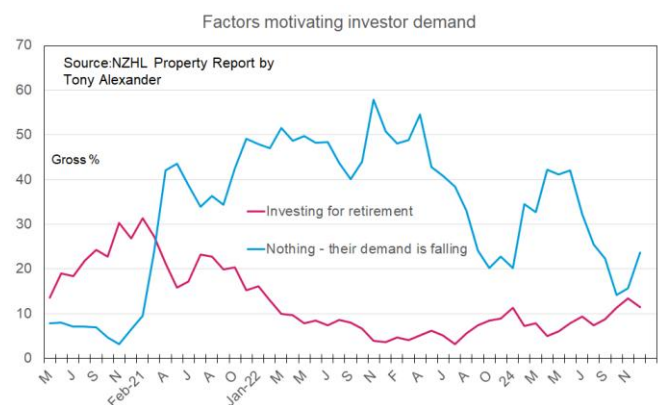
There has been a further lift in the net proportion of agents feeling that investors are bringing more property to the market – to 23% from 22% two months ago and 14% a year back.



These bargain hopes are showing signs of flattening out whereas expectations of price rises have taken a slight step back. Feelings that interest rates are incentivising investor purchases have also declined.



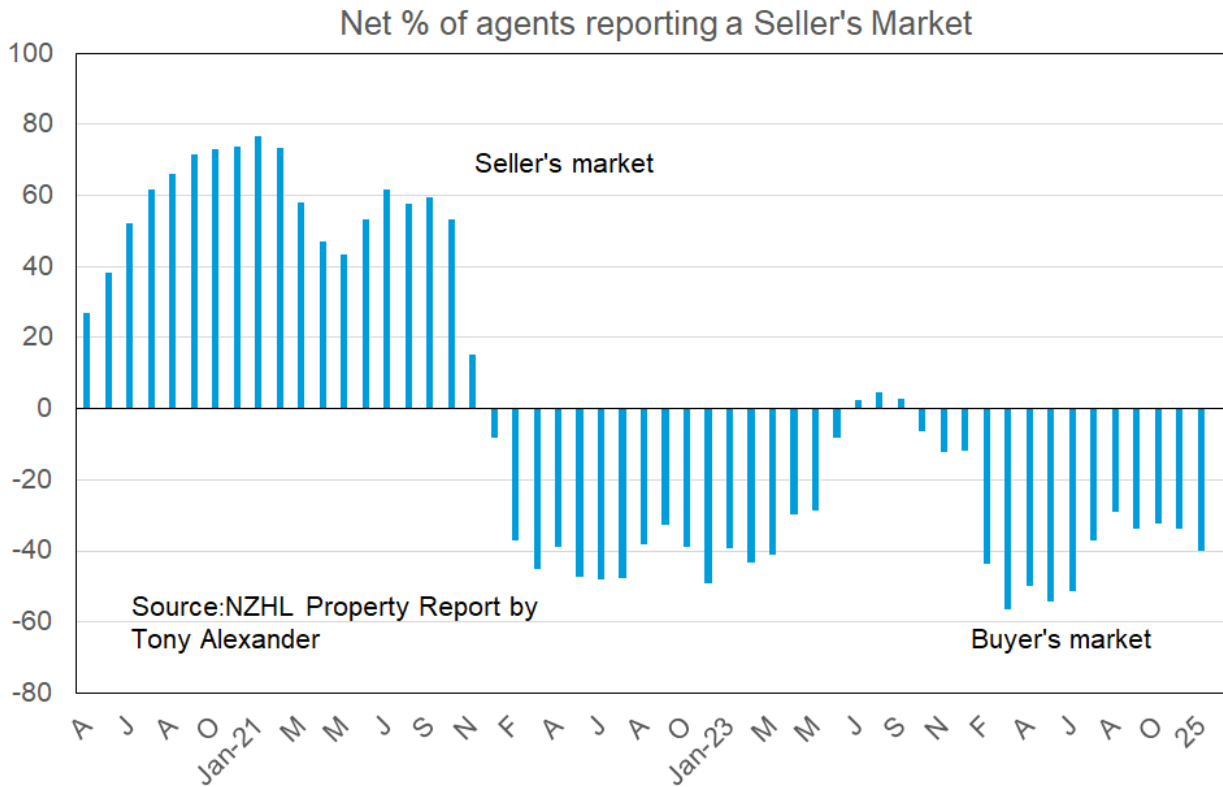
It is noteworthy that there has been a lift this month in the proportion of agents saying that nothing is motivating investors to buy – to 24% from 16% at the end of November.



Regional Results

Due to reduced respondent numbers, we have dropped the table of readings by region. But we will include from here on the previously minimally reported gauge of market balance derived by asking agents which party in the transaction appears more determined to secure a deal – the buyer or the seller.

A net 40% of agents have reported that the most motivated party is the vendor. That means we are solidly in a buyer's market which is represented in the following graph by the blue column being in negative territory. Note the dominance of a seller's market where buyers were very eager to transact which prevailed from the start of our survey in mid-2020 until the late-2021 credit crunch.



*Please note – Tony Alexander is an independent economist. His views are his own and not necessarily shared by NZHL or vice versa. The NZHL Property Report by Tony Alexander is based on the findings of a monthly survey of real estate agents conducted by Tony and is brought to you by NZHL in a sponsored capacity.

This publication is written by Tony Alexander, independent economist. You can contact me at tony@tonyalexander.nz

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