



# The NZHL Property Report

by Tony Alexander.

October 2024

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.

[nzhl.co.nz](http://nzhl.co.nz)

## Input to your Strategy for Adapting to Challenges

Feel free to pass on to friends and clients wanting independent economic commentary

ISSN: 2703-2825

October 2024

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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.

## Investor demand increases

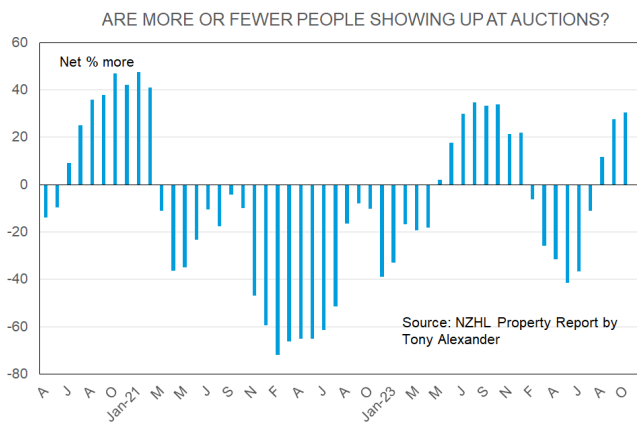
Welcome to the NZHL Property Report by Tony Alexander. This survey gathers together the views of licensed real estate agents all over New Zealand regarding how they are seeing conditions in the residential property market in their areas. We ask them how activity levels are changing, what the views of 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 283 responses include the following.

- There has been a notable rise in the proportion of agents saying that there are more investors in the market looking to make a purchase. Motivating factors include falling interest rates and rising expectations of increasing prices.
- Demand from first home buyers also remains strong but because the number of vendors is also rising price pressure is still relatively muted.
- FOMO has risen to 19% of agents observing it and this matches the 19% of agents saying they are seeing FOOP – fear of over-paying by buyers.

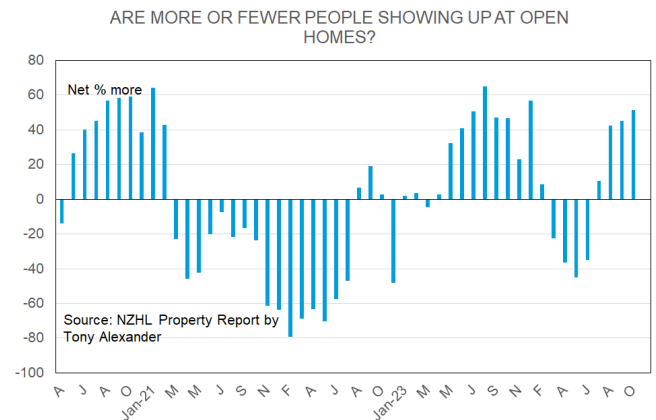
## Are more or fewer people showing up at auctions?

A net 30% of agents reporting in this month's survey have said that they are seeing more people attending auctions. This is the fifth month in a row when this measure has improved though the latest monthly gain is just 2% and tells us that perhaps the initial surge of extra people entering into the market is stabilising at healthy rates.



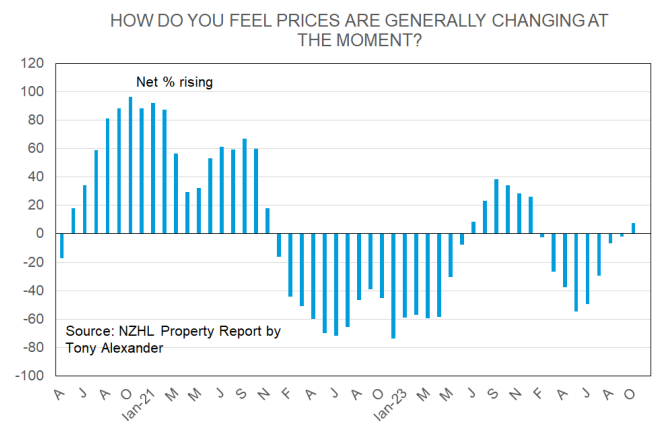
## Are more or fewer people attending open homes?

A net 52% of agents have reported that more people are showing up at open homes. This is a rise from a net 45% last month and the strongest result since August last year when the measure hit 65%. As with other measures this result and the outcomes for recent months tell us that conditions in the real estate sector are improving. But there is no boom underway – just good growth. Maybe this time it will prove sustainable whereas last year the gains quickly reversed.



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

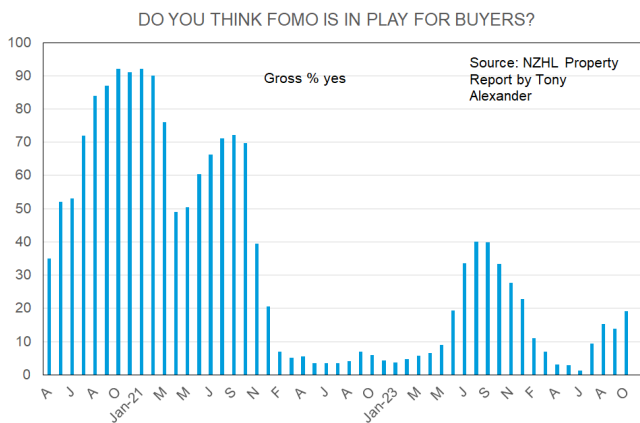
For the first time since January our survey reveals that more agents feel prices are rising than feel they are falling. At a net 8% this measure is still well below the +26% of January and not as strong as in the middle of 2023. There is no feeding frenzy in the housing market – just an upturn.



## Do you think FOMO is in play for buyers?

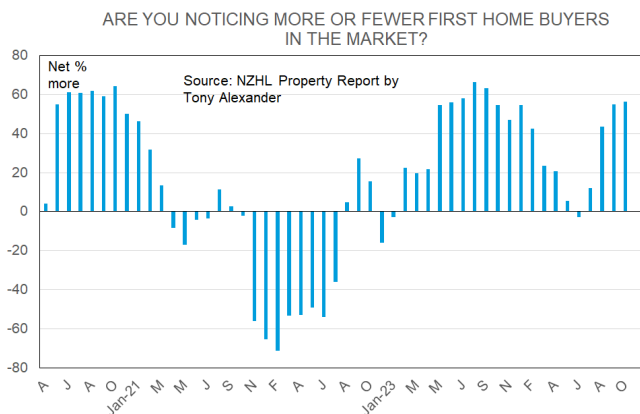
FOMO = Fear of missing out

19% of agents have reported this month that they can see buyers displaying a fear of missing out. This is the strongest FOMO reading since January but as the graph here clearly shows the level is well below heights in FOMO associated with fast rising prices in the past. Buyers can see that the market is improving but do not feel things are turning around at a fast enough pace to justify feelings of concern about missing out easily on a desired property.



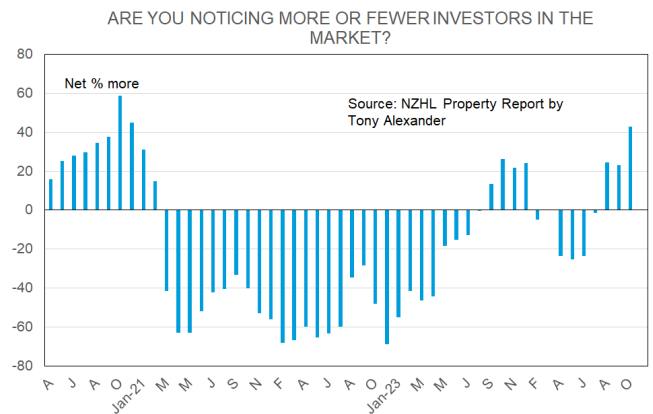
## Are you noticing more or fewer first home buyers in the market?

First home buyers continue to have a strong presence in the housing market with a net 56% of agents reporting in our survey that they are seeing more young buyers. This result is well away from the net 3% in June who said that they were seeing fewer first home buyers but still below the peak of 66% recorded at the end of August last year before things started to cool off then reverse.



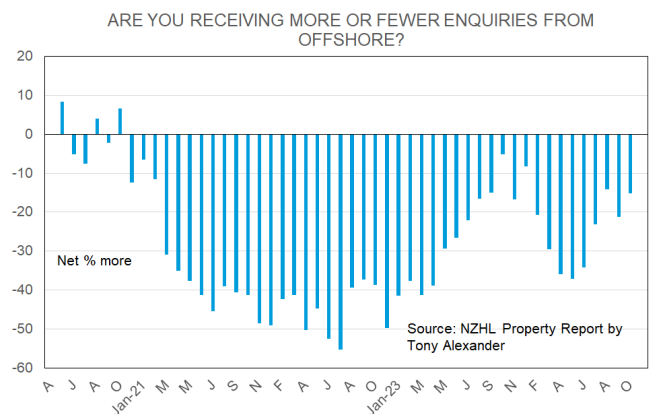
## Are you noticing more or fewer investors in the market?

The main message from this month's survey of real estate agents around New Zealand is that investor interest in residential property has firmly picked up. Whereas in June a net 24% of agents reported that they were seeing fewer investors looking to make a purchase, now a net 43% say that they are seeing more. This is the strongest result since November 2020 and is backed up by data from other agencies indicating a lift in property purchasing by people who already own property.



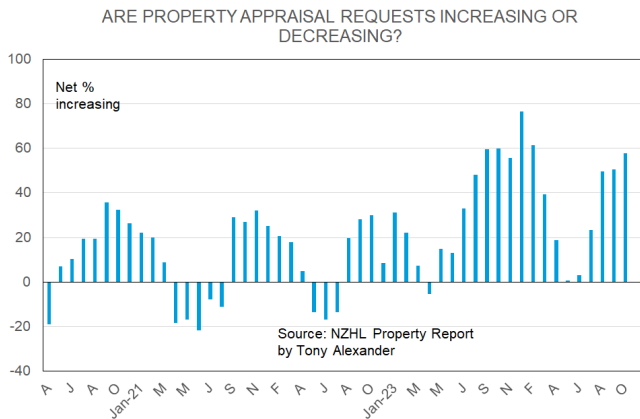
## Are you receiving more or fewer enquiries from offshore?

There is no evidence from answers to this question that Kiwis located offshore along with Australians and Singaporeans (able to buy whereas other foreigners are banned) are driving activity. A net 15% of agents have reported reduced enquiry from offshore.



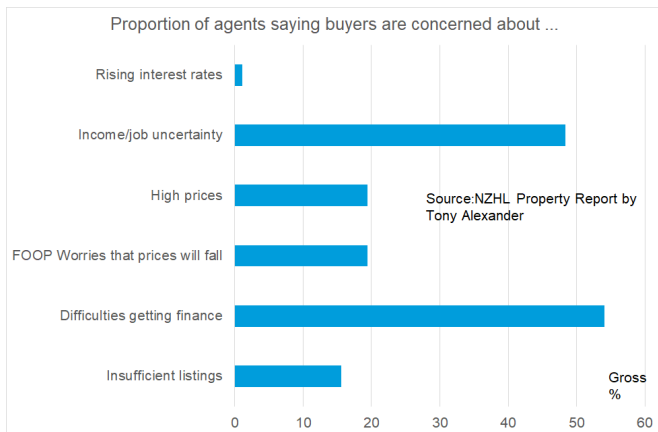
## Are property appraisal requests increasing or decreasing?

A net 58% of agents have reported that they are receiving more enquiries from people looking for a valuation of their property. This reinforces a point made here previously. At the same time that the number of property buyers is rising the number of sellers is also going up. We can see this in the number of property listings nationwide sitting 26% higher than a year ago at the end of October according to data from realestate.co.nz

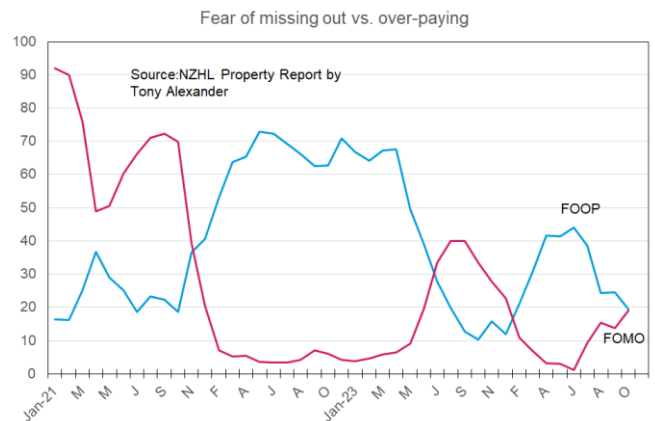
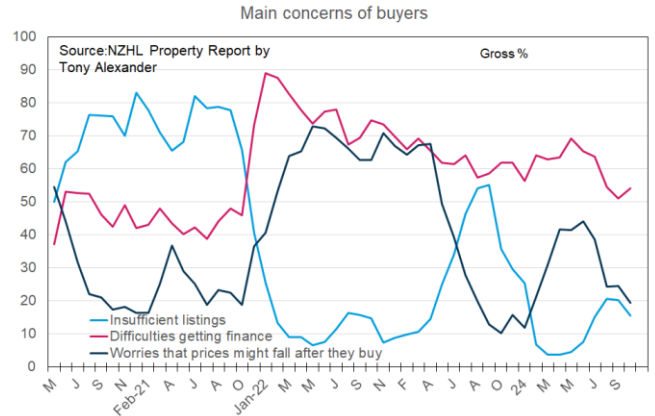


## What are the main concerns of buyers?

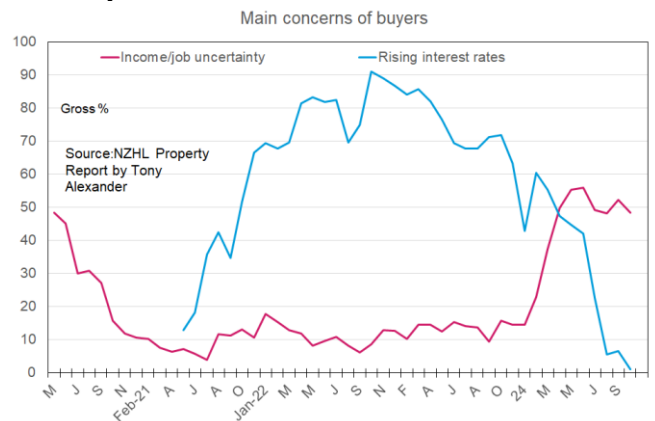
Each month in this section we start with an all-encompassing graph showing the things which are of concern to buyers. The top two concerns of buyers continue to be getting the finance they want and maintaining their income.



The red line in the following graph shows that concerns about getting finance are slowly trending down but that these concerns remain elevated and well above levels before late-2021 when credit rules changed. Concerns that prices may fall (Fear of Over-Paying = FOOP) have fallen to the lowest level since January at 19%. FOOP and FOMO are now at the same level.



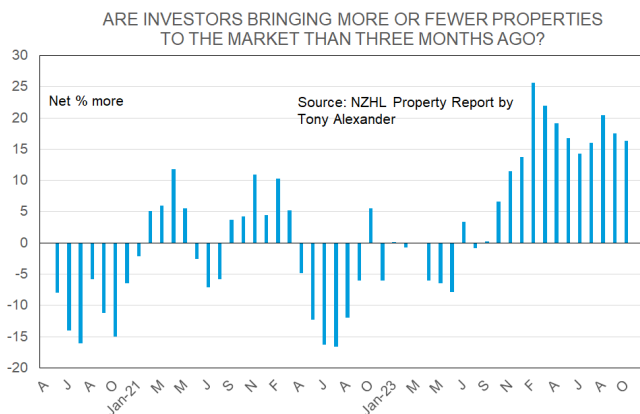
A record low 1% of agents have said that buyers are worried about interest rates going up. But still a relatively high 48% say that people are worried about their incomes. This is understandable considering the rise in unemployment underway in lagged response to earlier weakness in the NZ economy.





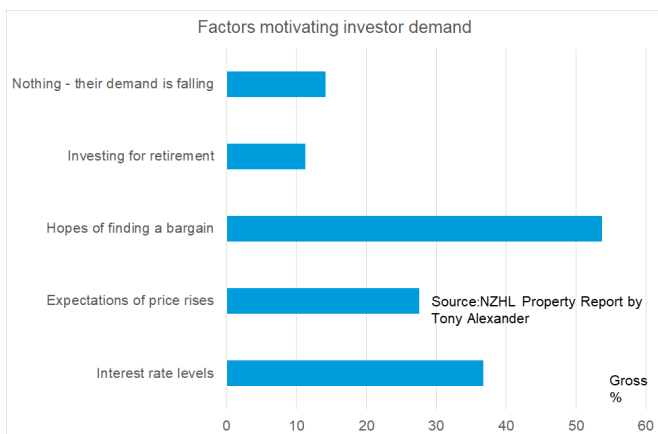
## Investors bringing more or fewer properties to the market to sell than three months ago?

The number of investors bringing a property to the market to sell rose firmly towards the end of last year and remains strong. While the initial rise could be put down to a combination of better property demand through 2023 and high interest rates, now the motivation may be more other rising costs such as insurance and council rates, alongside aging of property investors bringing a natural desire to realise the value of this retirement asset.

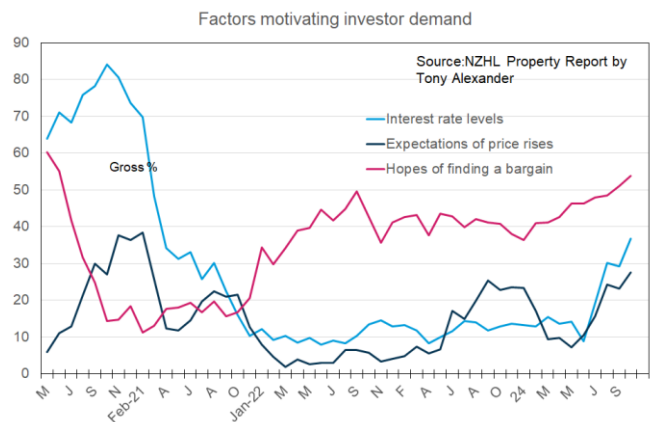


## What factors appear to be motivating investor demand?

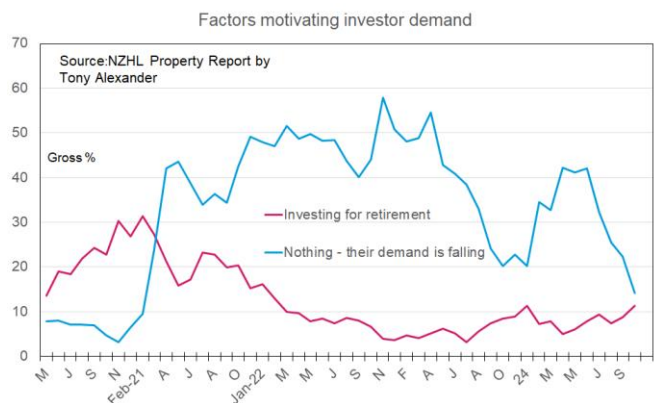
Investors still remain motivated to buy by hopes of finding a bargain according to real estate agents in our NZ-wide survey. Interest rate levels are also an encouraging factor.



Hopes of finding a bargain have been trending up since March and continue to firm. Investors are however becoming rapidly more and more motivated by falling borrowing costs and expectations that prices will rise (presumably from bargain levels).



Note the decrease in the proportion of agents saying that demand from investors is falling. This supports the measure above indicating strongly rising demand now from investors for residential property.



## Regional Results

The following table breaks down answers to the numerical questions above by region. No results are presented for regions with fewer than 7 responses as the sample size is too small for good statistical validity of results. The three top of the South Island regions are amalgamated into one and Gisborne is joined with Hawke's Bay.

Best use of the table is achieved by picking a variable and comparing a region's outcome with the national result shown in bold in the bottom line. For instance, whereas nationwide a net 8% of agents feel that prices are rising, in Auckland a net 15% feel that they are going up.

The table shows net percentages apart from the FOMO question in column F. The net percent is calculated as the percentage of responses saying a thing will go up less the percentage saying it will go down.

	A	B	C	D	E	F	G	H	I	J
	#obs	Appraisals	Auction	Open H.	Prices	FOMO	FHBs	Invest.	O/seas	Inv. selling
Northland	16	63	31	25	-25	0	50	25	-25	-19
Auckland	99	53	47	57	15	26	60	40	-12	6
Waikato	28	39	36	43	-7	11	36	71	0	14
Bay of Plenty	23	65	30	43	4	35	57	61	-13	35
Hawke's Bay	11	36	73	73	55	45	82	64	-36	0
Taranaki	5	0	0	0	0	0	0	0	0	0
Manawatu-Wanganui	12	50	-8	33	-17	8	75	50	-25	42
Wellington	32	81	16	72	6	16	69	28	-22	42
Nelson/Tasman	16	75	-6	38	-19	0	38	-6	-25	13
Canterbury	23	57	13	35	4	13	35	39	-26	32
Queenstown Lakes	4	0	0	0	0	0	0	0	0	0
Otago exc. Qtown	13	69	23	62	46	8	69	62	0	15
Southland	1	0	0	0	0	0	0	0	0	0
<b>New Zealand</b>	<b>283</b>	<b>58</b>	<b>30</b>	<b>52</b>	<b>8</b>	<b>19</b>	<b>56</b>	<b>43</b>	<b>-15</b>	<b>16</b>

- |   |  |
|---|--|
| A. # of responses   | G. Are you noticing more or fewer first home buyers in the market? |
| B. Are property appraisal requests increasing or decreasing?    | H. Are you noticing more or fewer investors in the market?         |
| C. Are more or fewer people showing up at auctions?             | I. Are you receiving more or fewer enquiries from offshore?        |
| D. Are more or fewer people attending open homes?               | J. Are investors bringing more or fewer properties to the market?  |
| E. How do you feel prices are generally changing at the moment? | to sell than three months ago?                                     |
| F. Do you think FOMO is in play for buyers?                     |  |

\*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](mailto:tony@tonyalexander.nz)

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