

The NZHL Property Report

by Tony Alexander.

July 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.

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Input to your Strategy for Adapting to Challenges

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

ISSN: 2703-2825

July 2024

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To enquire about having me in as a speaker or for a webinar email tony@tonyalexander.nz

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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.

Market improvement evident

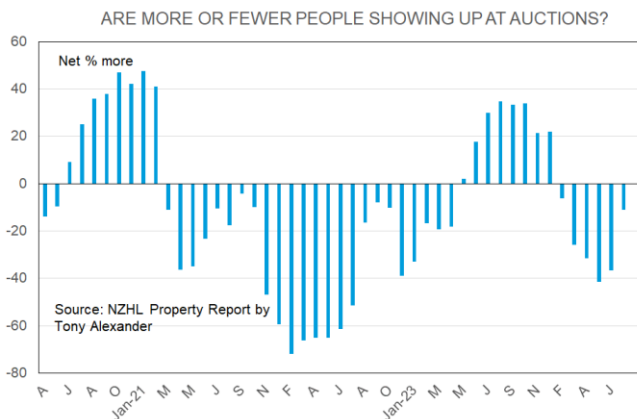
Welcome to the NZHL Property Report by Tony Alexander. This survey gathers together the views of licensed real estate agents all over New Zealand regarding how they are seeing conditions in the residential property market in their areas. We ask them how activity levels are changing, what the views of 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 319 responses include the following.

- More people are beginning to attend open homes again but auctions are still relatively quiet.
- The FOMO reading has lifted from a record low but still remains constrained as concerns persist about getting access to finance and employment income.
- A lift in property appraisal requests may signal that as demand lifts in response to increasing interest rate optimism, supply may rise also.

Are more or fewer people showing up at auctions?

A net 11% of agents responding in this month's survey have said that they are seeing fewer people attending auctions. This is an improvement from a net 37% last month and 41% two months ago but nonetheless tells us that people are still backing away from making a purchase at auctions.

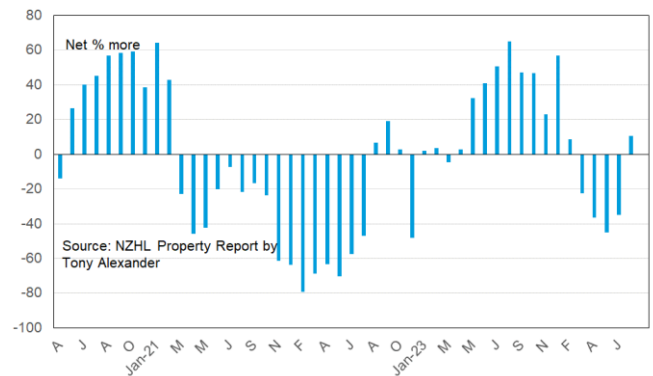


Are more or fewer people attending open homes?

In contrast to the situation for auctions, in the measure which captures people's intentions before committing to attending an auction there is an upturn underway. A net 11% of agents have just reported that more people are attending open homes. This is a large change from the net 35% who said last month that fewer people were attending.

This change is most likely due to the shift in sentiment regarding when monetary policy will ease and the mortgage interest rate cuts which have been announced by banks over the past three weeks.

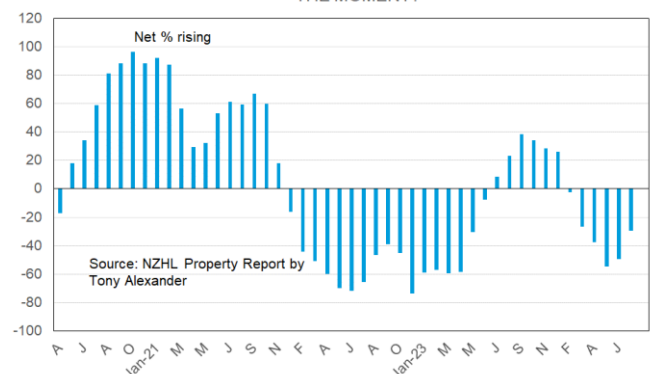
ARE MORE OR FEWER PEOPLE SHOWING UP AT OPEN HOMES?



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

Continuing with the theme that people have only just started returning to the market to look at properties but not yet necessarily bid on them, a net 29% of real estate agents around the country have said that prices are still falling in their location. The graph here however shows that the speed of decline is likely to be slowing.

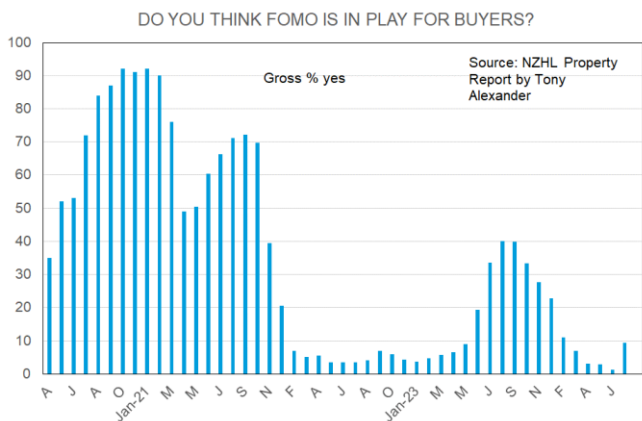
HOW DO YOU FEEL PRICES ARE GENERALLY CHANGING AT THE MOMENT?



Do you think FOMO is in play for buyers?

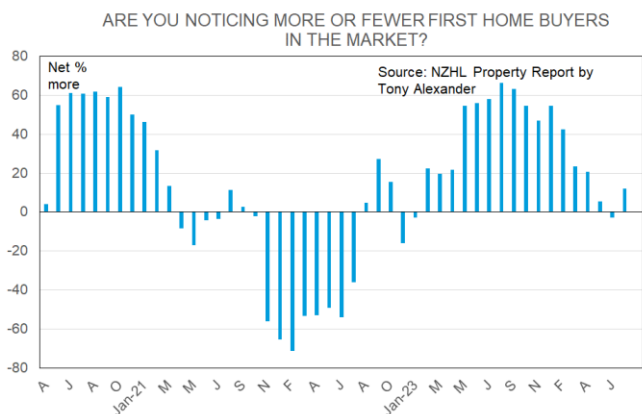
FOMO = Fear of missing out

A gross 9% of agents have said that they can see FOMO being displayed by buyers. This is an improvement from the record low of 1% at the end of June and the strongest result since 11% in February. But it is still well below the 40% readings last year and low by the standards of our survey for the past four years.



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

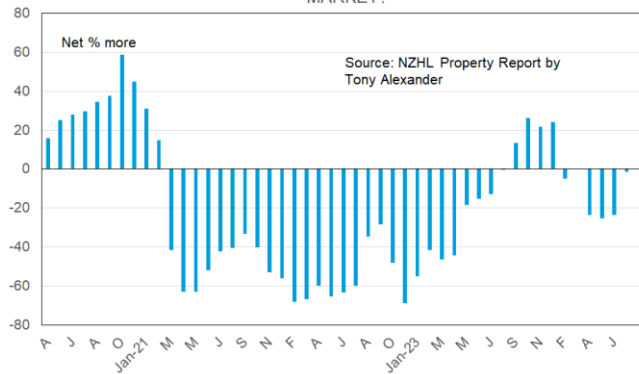
A net 12% of agents have reported that they are seeing more first home buyers in the market. This is an improvement from the net 3% last month who said fewer young buyers were in evidence. But the reading is still very low by historical standards.



Are you noticing more or fewer investors in the market?

A net 2% of agents report that they are still seeing fewer investors in the market looking to make a purchase. This is nonetheless an improvement from a net 24% reporting this last month.

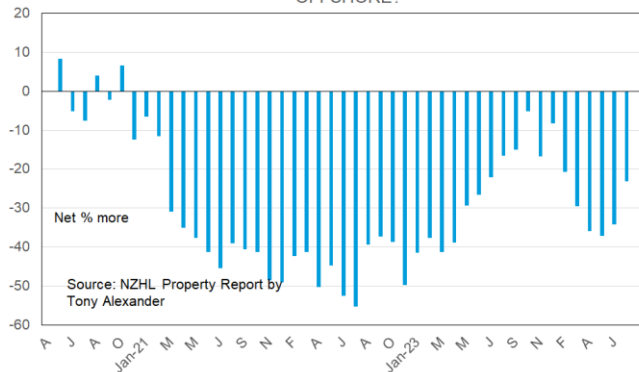
ARE YOU NOTICING MORE OR FEWER INVESTORS IN THE MARKET?



Are you receiving more or fewer enquiries from offshore?

There remains little interest in New Zealand's residential real estate market from people located offshore. A net 23% of agents from a net 34% last month report that they are receiving fewer offshore enquiries.

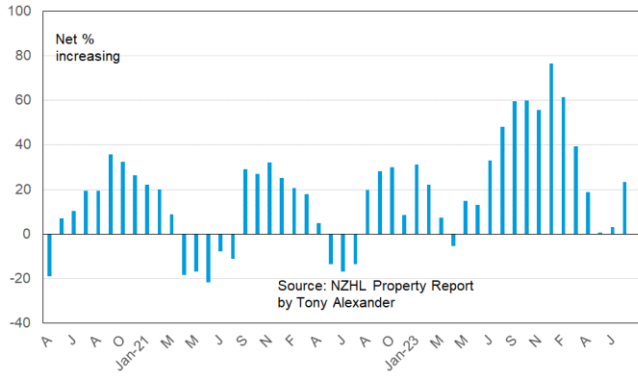
ARE YOU RECEIVING MORE OR FEWER ENQUIRIES FROM OFFSHORE?



Are property appraisal requests increasing or decreasing?

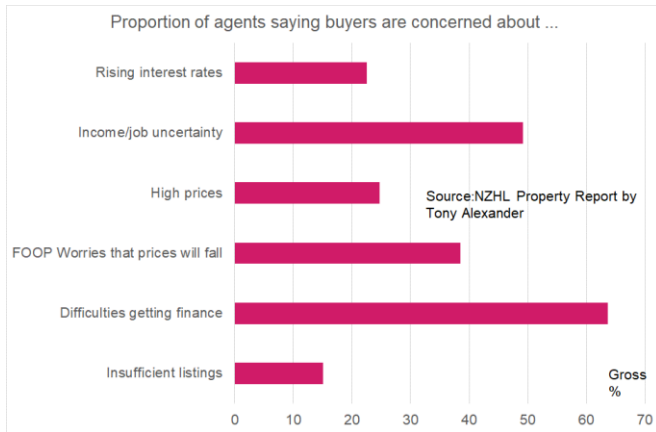
After two months during which there was a very low level of enquiry from people about potentially listing their home there has this month been a lift to a net 23% of agents receiving more such enquiries. This suggests that as demand is showing signs of lifting so too will supply grow and that makes picking house price changes quite difficult.

ARE PROPERTY APPRAISAL REQUESTS INCREASING OR DECREASING?

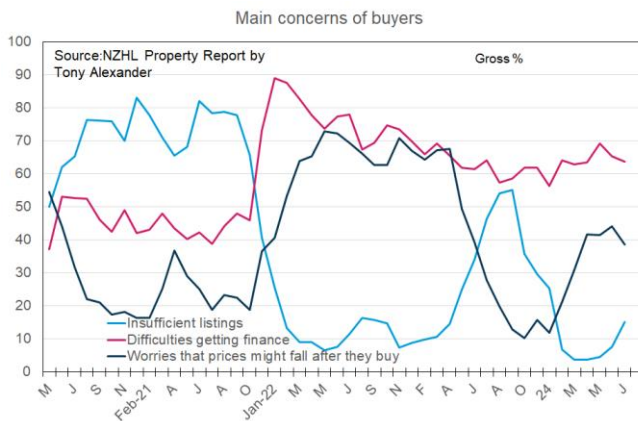


What are the main concerns of buyers?

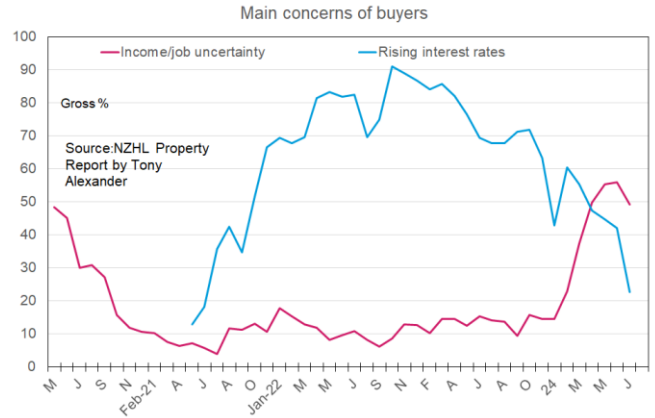
Each month in this section we start with an all-encompassing graph showing the things which are of concern to buyers. The top concern of buyers is still securing finance and for the fourth month in a row, job worries are the second highest concern.



Worries about getting access to finance are continuing at high levels even though there have been bouts of tweaking of lending rules over the past year and a half. Worries that prices will fall after buying lifted strongly early this year but may now be on a path heading downward.

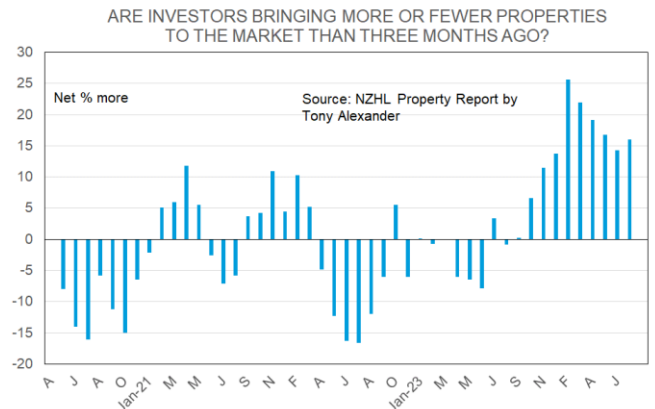


Interest rate concerns have fallen away very strongly this month with just 23% of agents saying buyers are concerned about where rates are headed. Last month this reading was 42% and the peak was 91% in October 2022. Job worries remain high and given the ongoing reports of redundancies it seems premature to conclude that the slight decline in this measure is necessarily the start of an improving trend.



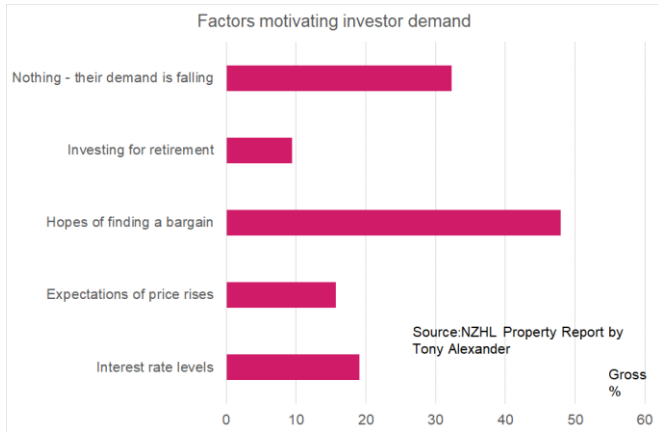
Are investors bringing more or fewer properties to the market to sell than three months ago?

There was a surge late last year in the net proportion of agents saying that investors were bringing more properties to the market to sell. This month a net 16% of agents have reported more investor sellers, up from 14% last month.

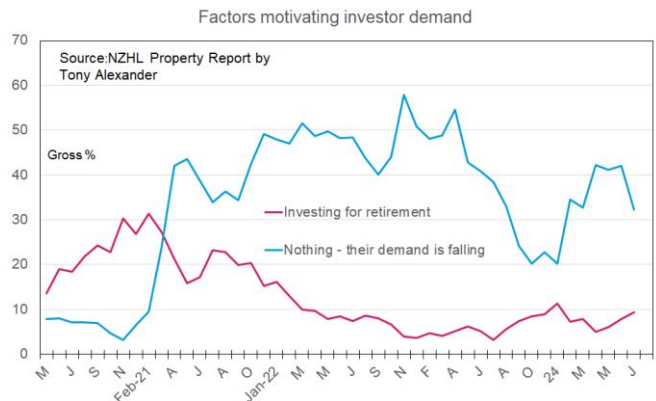
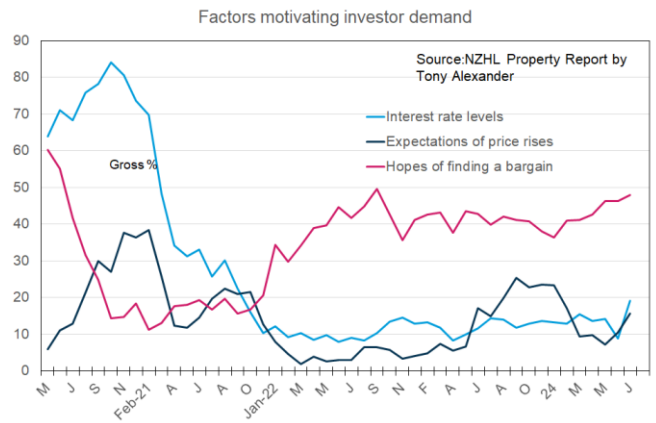


What factors appear to be motivating investor demand?

Hopes of finding a bargain are cited by 48% of agents as the reason why investors are looking to make a purchase – for those that are planning to buy. 32% say no such purchase plans by investors exist but this is down from 42% last month and is the lowest such reading since just 20% in January.



Hopes of finding a bargain are trending up while interest rate declines may be exciting some purchase interest as well.



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 11% of agents said that they are seeing more people showing up at open homes, in Waikato a net 38% still say that they are seeing fewer people.

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	19	32	0	21	-42	5	-5	-5	-16	-11
Auckland	127	22	-10	20	-23	10	11	-3	-24	-3
Waikato	37	24	-14	-38	-51	5	0	0	-5	16
Bay of Plenty	22	5	-5	0	-18	18	0	50	-14	33
Hawke's Bay	20	45	-15	5	-35	10	15	-5	-35	25
Taranaki	2	0	0	0	0	0	0	0	0	0
Manawatu-Wanganui	12	8	-17	17	-25	8	33	17	-8	33
Wellington	25	8	-12	20	-28	8	40	-24	-28	48
Nelson/Tasman	17	-18	-12	-6	-59	6	6	-41	-35	59
Canterbury	21	48	-14	29	-10	10	14	10	-38	33
Queenstown Lakes	5	0	0	0	0	0	0	0	0	0
Otago exc. Qtown	11	73	-18	36	-18	18	36	0	-36	36
Southland	1	0	0	0	0	0	0	0	0	0
New Zealand	319	23	-11	11	-29	9	12	-2	-23	16

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

*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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