



# The NZHL Property Report

by Tony Alexander.

September 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

September 2024

To subscribe click this link <https://forms.gle/qW9avCbaSiKcTnBQA>

To enquire about having me in as a speaker or for a webinar email [tony@tonyalexander.nz](mailto:tony@tonyalexander.nz)

Back issues at [www.tonyalexander.nz](http://www.tonyalexander.nz)

## 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.

---

## Real estate market turning around

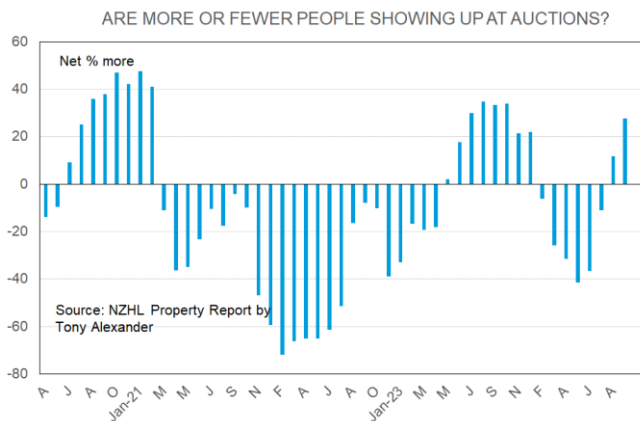
Welcome to the NZHL Property Report by Tony Alexander. This survey gathers the views of licensed real estate agents all over New Zealand regarding how they are seeing conditions in the residential property market in their areas. We ask them how activity levels are changing, what the views of first home 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 367 responses include the following.

- More and more people are attending open homes and auctions with first home buyers in particular out and about looking to make a purchase.
- There is no frenzy and our FOMO reading remains relatively low.

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

In this month's survey a net 28% of real estate agents around New Zealand have said that they are seeing more people attending auctions. This is the strongest result since October last year and up from 12% last month and a net 11% in late-July who said fewer people were attending auctions. The gain has followed the surge in open home attendance noted below with about a one-month lag.

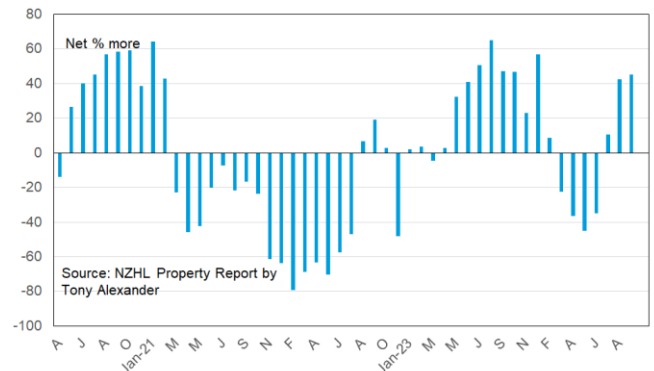


### Are more or fewer people attending open homes?

A net 45% of agents this month from 42% last month have reported that they are seeing more people attending open homes. This result and the comments which agents made in the survey tell us that there are many potential buyers out actively looking at the good quantity of properties on offer.

However, people appear to be quite discriminating in their searches and the tendency for the last three years of buyers submitting low offers appears to be continuing. There is no frenzy.

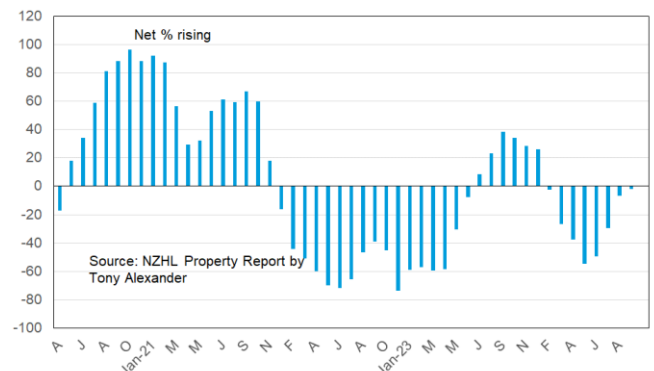
ARE MORE OR FEWER PEOPLE SHOWING UP AT OPEN HOMES?



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

The lack of any buyer frenzy is easily revealed when we ask agents whether people are displaying a fear of missing out on a purchase discussed below. But it also shows up in a still negative net 2% of agents saying that prices are falling in their area. The trend for this measure is however quite clear and it seems reasonable to anticipate a shift into positive territory very soon. That is, prices edging up on average nationwide once again.

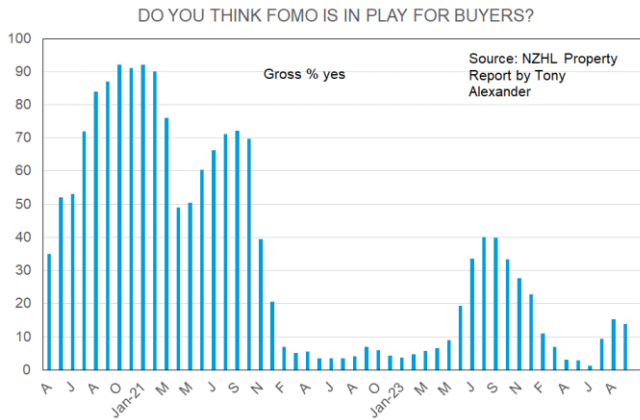
HOW DO YOU FEEL PRICES ARE GENERALLY CHANGING AT THE MOMENT?



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

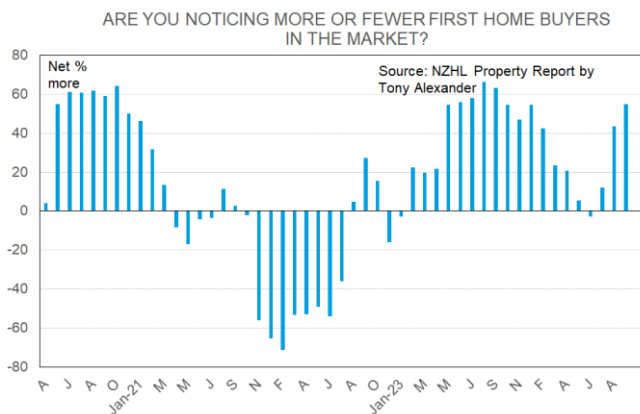
FOMO = Fear of missing out

Only 14% of agents in our survey this month have said that buyers are displaying a fear of missing out – FOMO. This is down from 15% last month and shows that the market is not running away on itself as happened last year when FOMO started higher in April and within three months had risen from 7% to 34%. Now in three months it has only gone from 1% to 14%.



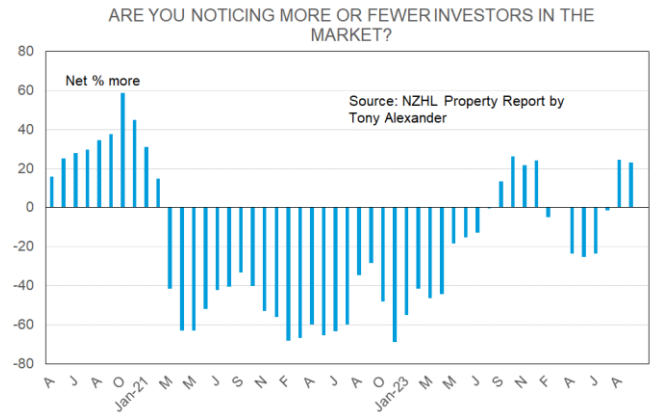
## Are you noticing more or fewer first home buyers in the market?

The market remains dominated by first home buyers with a firm net 55% of agents saying that they are seeing more young people in the market seeking to make a purchase. This is up from 43% last month and -3% three months ago.



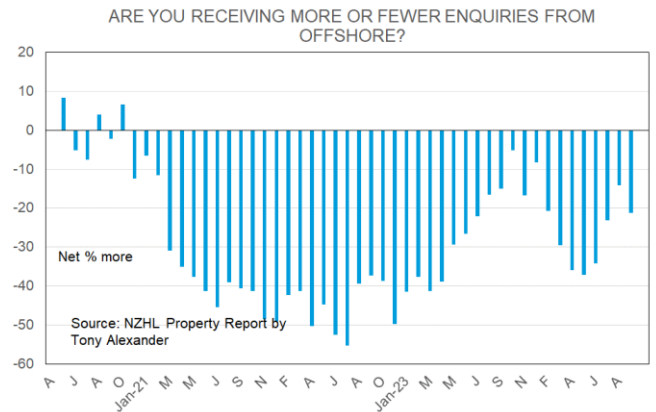
## Are you noticing more or fewer investors in the market?

In contrast to the surge in young buyers the lift in demand from investors is more muted. A net 23% of agents this month from 25% last month have said that they are seeing more investors. This is consistent with where this measure topped out last year. The important thing to note is that investors are in fact looking to buy after a very extended period from early-2021 when their demand was minimal.



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

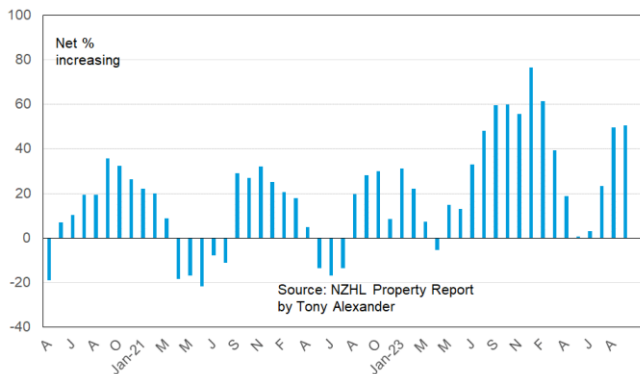
According to agents replying in our survey there has been an increase in the net proportion saying that they are seeing reduced enquiry from offshore to 21% from 14% - shown as negative results in the graph below. Offshore Kiwis are not jumping in.



## Are property appraisal requests increasing or decreasing?

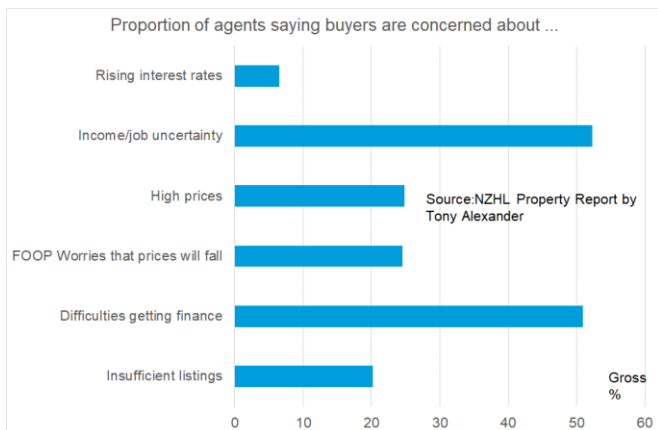
One key characteristic of the upturn last year which eventually reversed was that the arrival of extra buyers early in 2023 was quickly followed by a flow of vendors which surprised most of us. This time we are again seeing a lift in the number of people considering the sale of their property with a net 51% of agents from 50% last month saying they are receiving more appraisal requests. This is slightly below readings for the latter part of last year meaning that this measure could still easily get stronger. The key point to make is that at the same time as more buyers are appearing, so are more sellers. That makes picking price movements difficult.

ARE PROPERTY APPRAISAL REQUESTS INCREASING OR DECREASING?



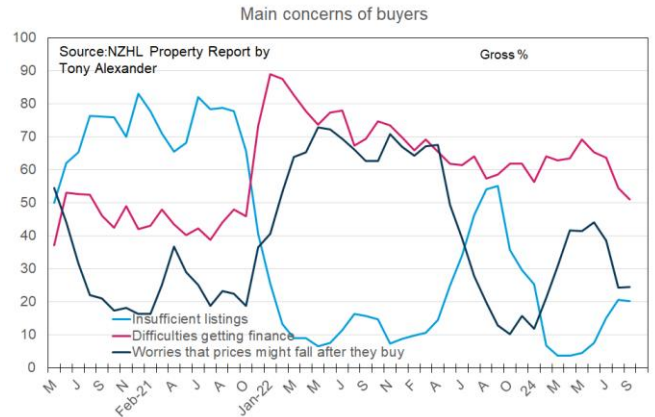
## What are the main concerns of buyers?

Each month in this section we start with an all-encompassing graph showing the things which are of concern to buyers. The top two concerns of buyers remain getting the finance they want and maintaining their income. Worries about interest rates are now tracking at low levels.

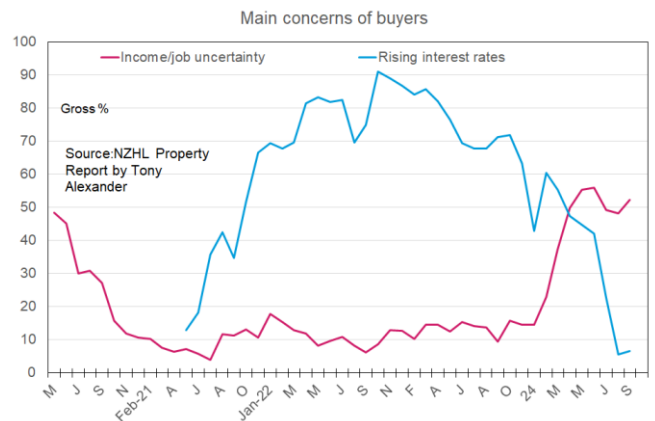


The first graph below with the red line shows that while worries about getting finance are high, they are easing. Concerns that prices will fall after buying

(FOOP = fear of over-paying) fell strongly in July and August but have stabilised for now at levels above last year's lows. Some caution about price movements remains. The blue line shows us that there has been a rise recently in concerns about the availability of listings.

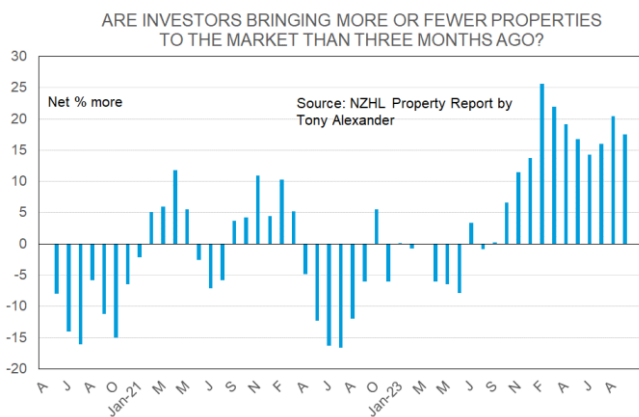


This graph captures the large decline in worries about interest rates in recent months but the surge in concerns about employment.



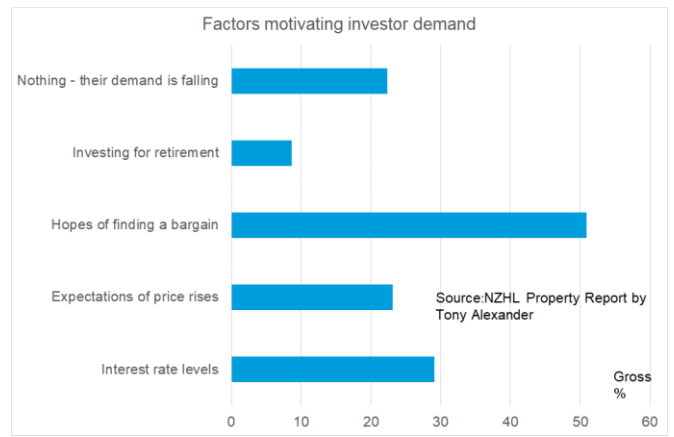
## Are investors bringing more or fewer properties to the market to sell than three months ago?

A net 17% of agents have reported that they are seeing more investors bringing their properties to the market to sell. This measure has remained at high levels since surging in the latter part of 2023 and the difference between this consistency and the movement in other measures tells us something. There seems to have been a structural lift in the number of investors feeling that they would rather have their capital available for other purposes than residential investment properties. This may partly be driven by the aging of many investors alongside the cashflow impacts of soaring maintenance, council rates, and insurance expenses.

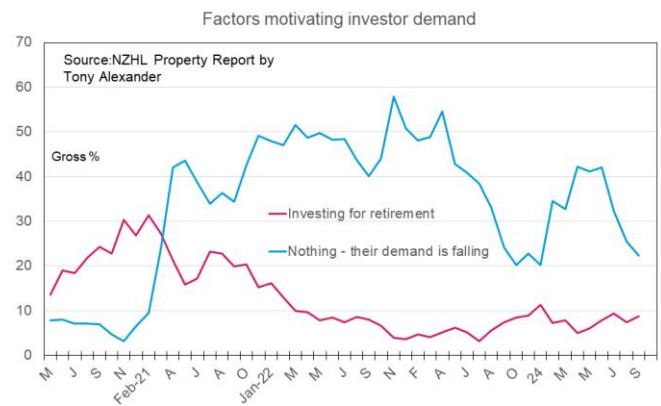
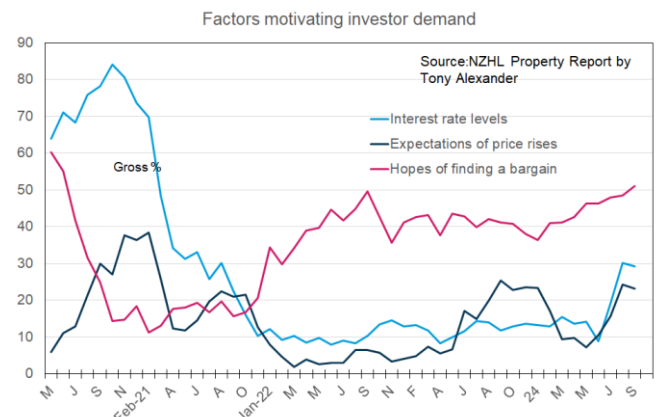


## What factors appear to be motivating investor demand?

The main factor which agents feel is motivating those investors who are looking to buy is the hope of finding a bargain. That hope in fact seems to be the dominant stance of many buyers and explains why property sales are not rising at a rapid clip as more buyers have entered the market recently. The offers are tending still to be too low for many vendors to accept or even respect.



With interest rates falling investors are becoming more interested and feelings that the price cycle is turning are clearly also playing a role.



## 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 2% of agents feel that prices are falling, in Canterbury a net 15% feel that they are rising.

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	15	47	13	20	-7	0	13	-7	-27	-27
Auckland	139	52	53	58	-1	20	63	30	-13	10
Waikato	45	53	11	36	0	11	44	20	-22	24
Bay of Plenty	30	37	37	30	-10	10	47	27	-17	13
Hawke's Bay	15	73	20	60	33	27	87	27	-13	60
Taranaki	5	0	0	0	0	0	0	0	0	0
Manawatu-Wanganui	12	42	0	92	-25	17	83	42	-17	33
Wellington	41	54	2	46	-10	5	61	-2	-29	34
Nelson/Tasman	16	63	-6	25	-13	6	56	19	-31	19
Canterbury	27	52	11	41	15	11	30	44	-33	15
Queenstown Lakes	7	43	0	-14	-14	0	29	0	0	43
Otago exc. Qtown	12	33	17	17	-17	17	50	8	-50	8
Southland	3	0	0	0	0	0	0	0	0	0
<b>New Zealand</b>	<b>367</b>	<b>51</b>	<b>28</b>	<b>45</b>	<b>-2</b>	<b>14</b>	<b>55</b>	<b>23</b>	<b>-21</b>	<b>17</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)

Subscribe here <https://forms.gle/qW9avCbaSiKcTnBQA>

*This publication has been provided for general information only. Although every effort has been made to ensure this publication is accurate the contents should not be relied upon or used as a basis for entering into any products described in this publication. To the extent that any information or recommendations in this publication constitute financial advice, they do not take into account any person's particular financial situation or goals. We strongly recommend readers seek independent legal/financial advice prior to acting in relation to any of the matters discussed in this publication. No person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.*