



The NZHL Property Report
by Tony Alexander.

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

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Back issues at 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 activity still weakening

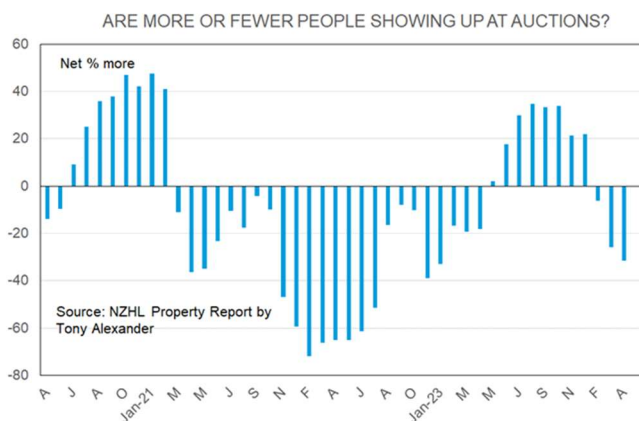
Welcome to the NZHL Property Report by Tony Alexander. This survey gathers together the views of licensed real estate agents all over New Zealand regarding how they are seeing conditions in the residential property market in their areas. We ask them how activity levels are changing, what the views of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

- FOMO has almost completely disappeared as buyers firmly feel that time is on their side.
- Attendance is weakening again at auctions and open homes.
- The early year surge in fresh listings may be about to ease as fewer agents are noting people coming forward for property appraisals.

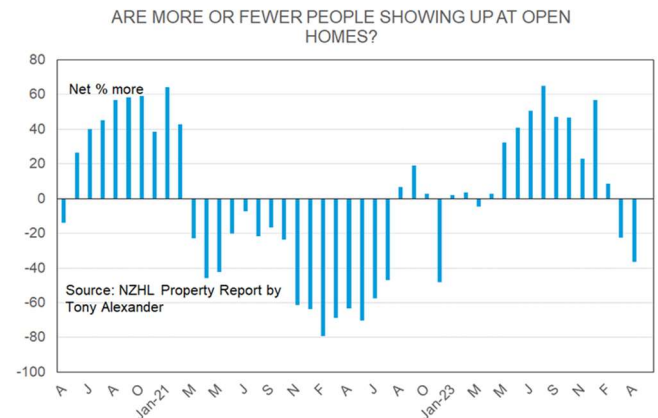
Are more or fewer people showing up at auctions?

This month's survey produced 315 responses and out of those a net 31% of agents reported that they are seeing fewer people showing up at auctions. The situation is not as weak as it was following the credit access changes of late-2021. However, this measure has been deteriorating since February in line with falling consumer confidence and much media discussion of a weakening labour market.



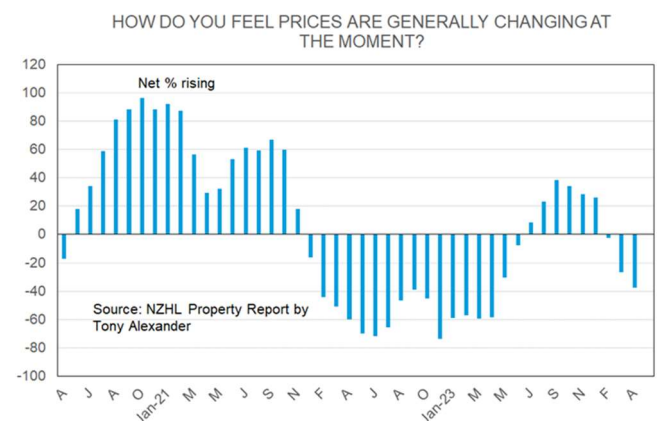
Are more or fewer people attending open homes?

Similar to the result for auction attendance there has been a downward trend in agent observations of the number of people attending open homes since February. This month a net 37% have reported seeing fewer people at house viewings from a net 22% in April and a recent peak of a net 57% of people at the end of January reporting that more people were out and about.



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

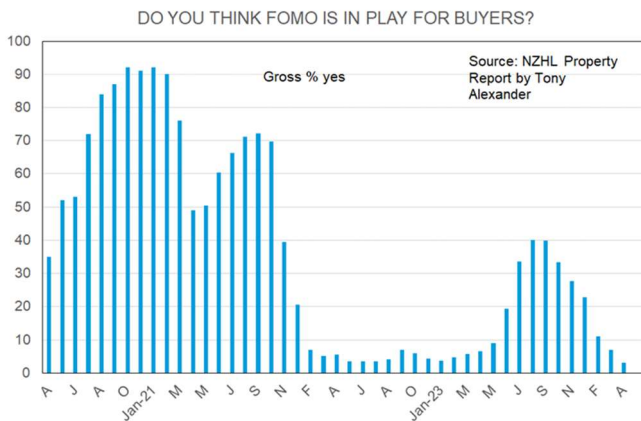
A net 37% of real estate agents feel that prices are currently falling in their area of operation. This is the weakest result since April last year and stands in contrast to the period from August to January when agents felt that prices were going up.



Do you think FOMO is in play for buyers?

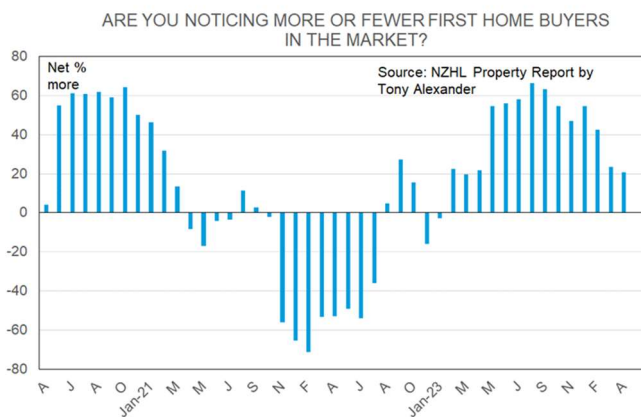
FOMO = Fear of missing out

There is essentially no FOMO in the housing market any longer in New Zealand. Only 3% of agents have said that they can see buyers feeling worried that they may miss out on a purchase. The result this month was 7%, January 23%, and in September 40% of agents reported FOMO. Buyers are faced with a plethora of listings which have risen 23% since July. They are concerned about their employment and feel that either the time is not comfortable for making a purchase or that time is on their side for doing so.



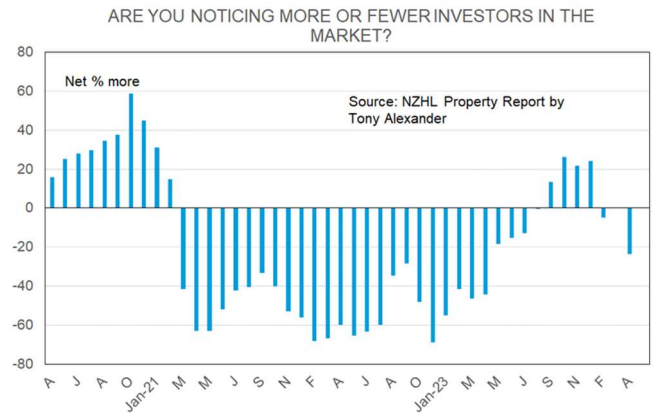
Are you noticing more or fewer first home buyers in the market?

Agents still overall report that they are seeing many first home buyers in the market looking to make a purchase. A net 21% have this month reported seeing more young buyers which little is changed from 24% last month. But as with all our other measures of market strength things have been trending down in recent months and the latest result is the weakest since January of 2023.



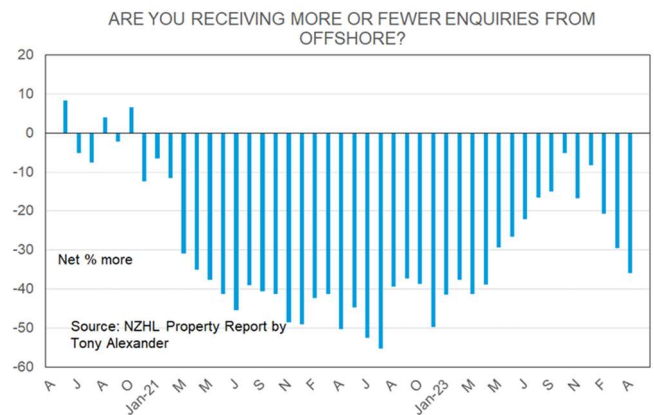
Are you noticing more or fewer investors in the market?

A net 23% of our respondents this month have reported that they are seeing fewer investors in the market looking to make a purchase. This is the weakest result since April last year and as the graph here shows the period during which more investors were appearing last year was relatively short. Investors are having to consider the cash flow implications of high interest rates (despite tax rules changing), and high increases in costs for insurance, rates, and maintenance.



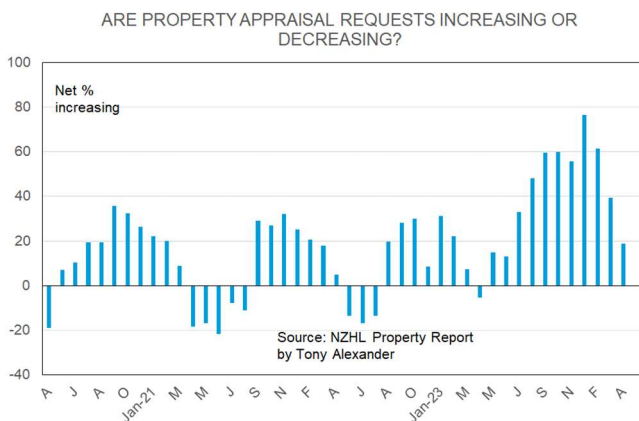
Are you receiving more or fewer enquiries from offshore?

A net 36% of agents have reported this month that they are receiving less enquiry from offshore. This will probably largely reflect reduced interest in purchasing by Kiwis located offshore and is unsurprising considering the net migration loss of 48,000 Kiwi citizens in the past year.



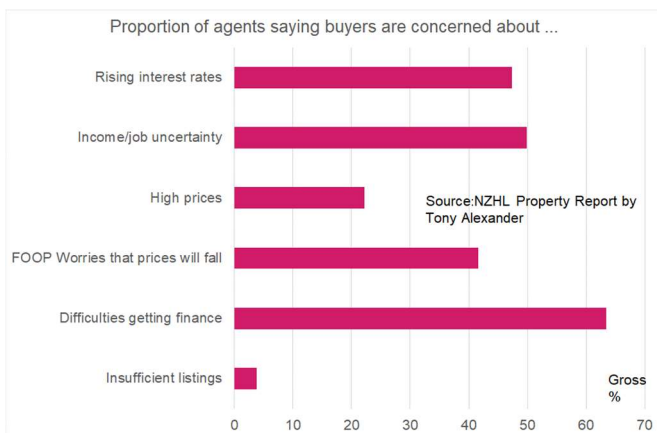
Are property appraisal requests increasing or decreasing?

As noted above there has been a 23% increase in the stock of properties available for purchase since July last year. There was a noticeable surge in fresh listings over January and February but since then, according to the data from realestate.co.nz, new listings have flattened out. The pattern in their data is broadly consistent with our own survey results showing a surge in appraisal requests from July last year peaking in January and February but now calming down.

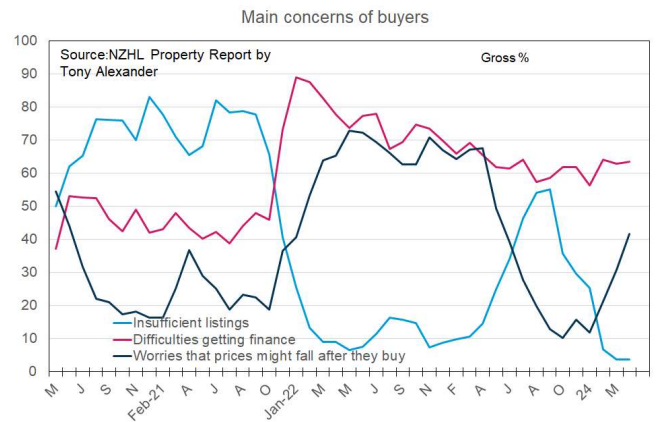


What are the main concerns of buyers?

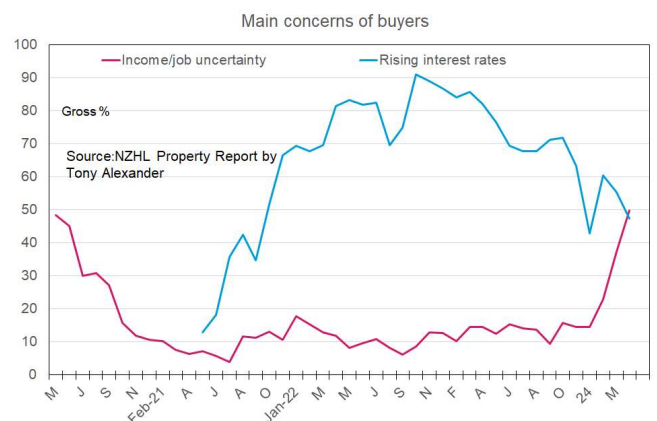
Each month in this section we start with an all-encompassing graph showing the things which are of concern to buyers. The top concern of buyers is still getting the finance they want. But worries remain high about interest rates and the second greatest worry now is income.



This next graph shows that concerns about prices falling after making a purchase (FOOP – fear of over-paying) have risen sharply since January from 12% of agents seeing this concern to now 42%. In contrast only 4% of agents say buyers are concerned about there being not enough suitable listings which is down from 55% in September last year.



Our second graph shows that worries about interest rates are on a slow downward trend, but concerns about income have soared. This is the main change in various readings of consumer sentiment observed in recent months. People had not been greatly concerned about their employment since the early days of the pandemic in 2020. Now, the very high levels of job security which underpinned a pandemic binge in consumer spending and surge in housing turnover and prices are disappearing. A record 50% of agents have reported that buyers have income concerns, up from only 14% in January. The change has been quite sudden.

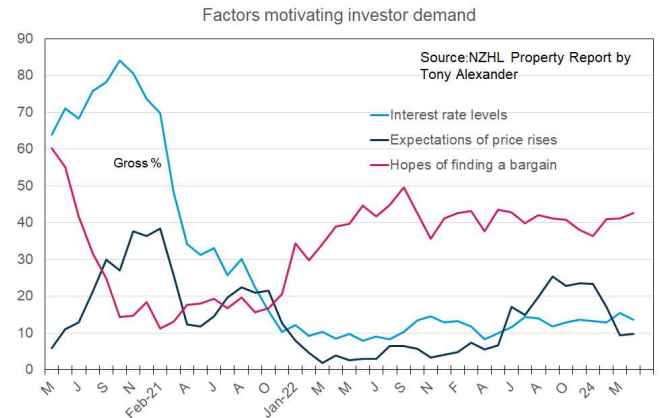
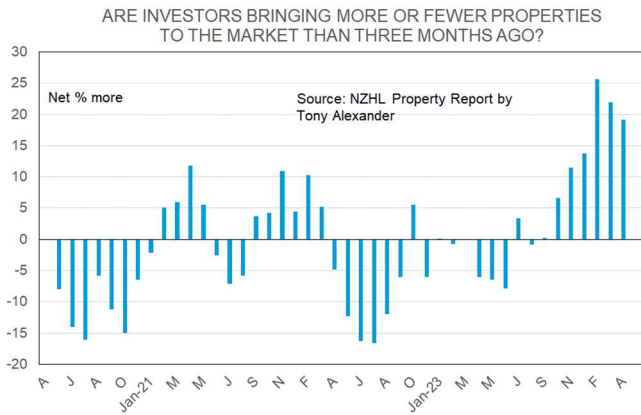


Are investors bringing more or fewer properties to the market to sell than three months ago?

Since October of last year agents have reported a firm lift in the number of investors looking to offload one or more of their properties. A net 19% have reported such this month compared with just 14% in

January. There are expectations that when the brightline test changes from ten years back to the original two years in July that a number of investors will then look to sell their property in order to provide cash for other activities such as supporting their business.

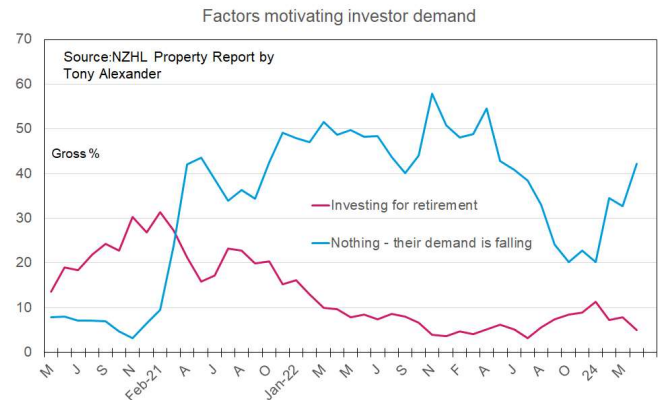
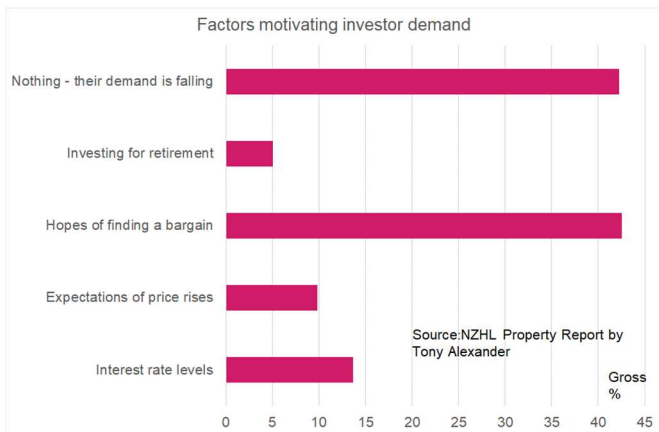
The proportion of agents feeling that investors are motivated by prospects of prices rising decreased solidly early this year but remains just above levels of the depressed period over 2022 into mid-2023.



What factors appear to be motivating investor demand?

A gross 42% of agents have reported that there is nothing motivating investor demand. But 43% report that investors are in fact motivated to buy by hopes of finding a bargain.

Note the blue line showing rising investor buying disinterest.



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 21% of agents said that they are seeing more first home buyers, in Hawke's Bay a net 18% have reported that they are seeing fewer.

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	24	58	-17	-33	-67	0	0	-29	-42	-8
Auckland	117	16	-34	-32	-38	3	17	-21	-36	22
Waikato	32	19	-22	-53	-41	3	41	-22	-25	26
Bay of Plenty	23	13	-48	-35	-39	4	30	-35	-22	22
Hawke's Bay	17	6	-29	-35	-53	6	-18	6	-53	12
Taranaki	3									
Manawatu-Wanganui	14	29	-14	-21	-36	0	21	-43	-29	36
Wellington	23	0	-48	-52	-48	0	9	-48	-43	13
Nelson/Tasman	13	8	-15	-31	-15	8	46	15	-46	15
Canterbury	28	25	-39	-29	-11	7	36	-29	-32	18
Queenstown Lakes	4									
Otago exc. Qtown	15	13	-27	-53	-20	0	13	-13	-40	27
Southland	2									
New Zealand	315	19	-31	-37	-37	3	21	-23	-36	19

- | | |
|---|--|
| 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

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