



The NZHL Property Report

by Tony Alexander.

June 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

Input to your Strategy for Adapting to Challenges

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

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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.

Weak market continues

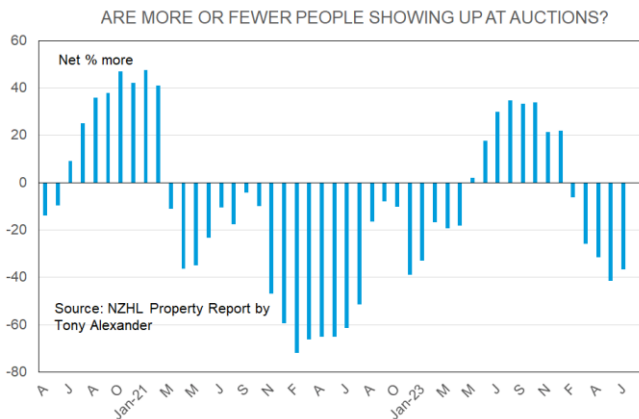
Welcome to the NZHL Property Report by Tony Alexander. This survey gathers together the views of licensed real estate agents all over New Zealand regarding how they are seeing conditions in the residential property market in their areas. We ask them how activity levels are changing, what the views of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

- Most readings are very similar to a month ago.
- More agents see fewer of both investors and first home buyers than say they are seeing more.
- Prices are widely seen by agents as declining throughout the country.

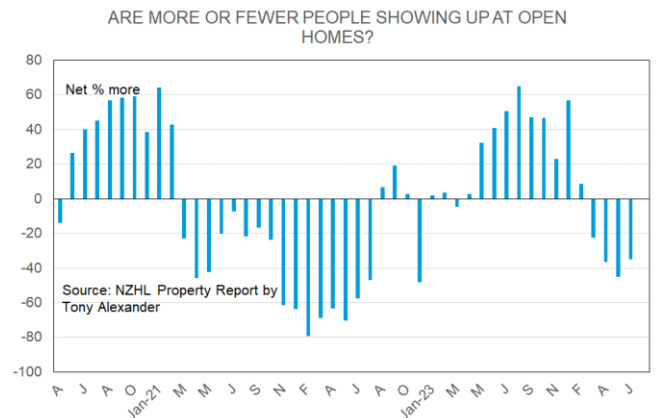
Are more or fewer people showing up at auctions?

A net 37% of the 331 agents responding in this month's survey say that they are seeing fewer people attending auctions. This result is consistent with others since March but not as poor as early in 2022 following the credit crunch of late-2021.



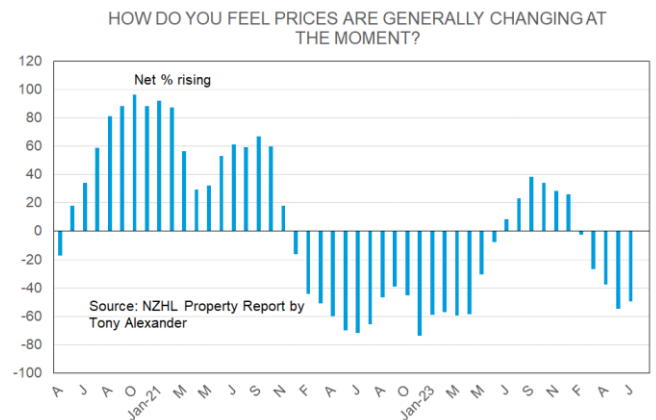
Are more or fewer people attending open homes?

Similarly, the net 35% of agents saying that fewer people are attending open homes is broadly consistent with results since March. People feel in no hurry to make a purchase and for the moment are holding back from kicking the tyres of potential purchases.



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

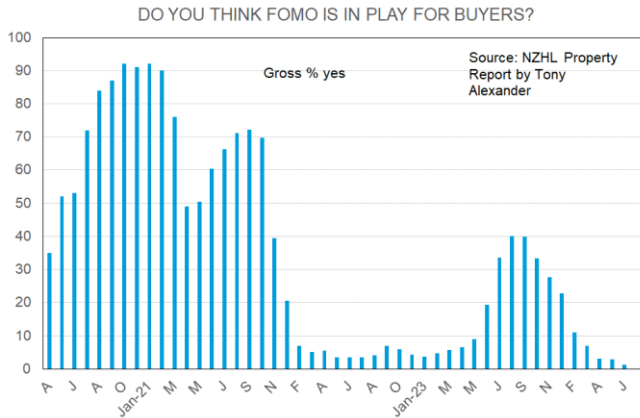
A high net 50% of agents feel that prices are falling in their area. The result is close to those for all months since April and suggests that when the June data on real estate activity are released by REINZ we will see another nationwide average house price decline to follow those near 1% over the previous three months.



Do you think FOMO is in play for buyers?

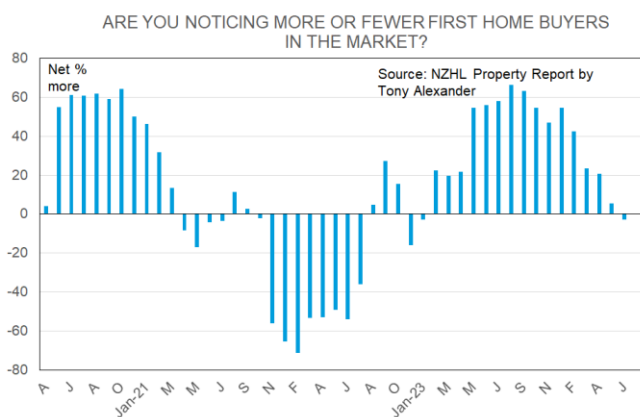
FOMO = Fear of missing out

Only 1% of agents say that they see FOMO on the part of buyers. It is easily safe to say that there is essentially no FOMO any longer in New Zealand and this lack of any feeling by buyers that time is not on their side is more substantial than at any other time during the over four years run of this survey.



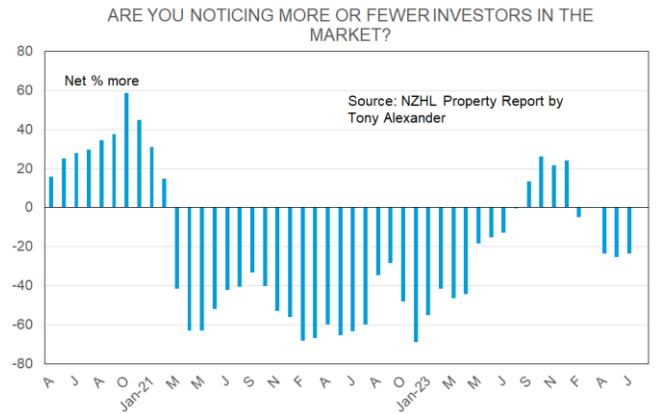
Are you noticing more or fewer first home buyers in the market?

A net 3% of agents have reported seeing fewer first home buyers in the market. This is the weakest result since January 2023 and is well down from a net 55% in January who reported seeing more first home buyers.



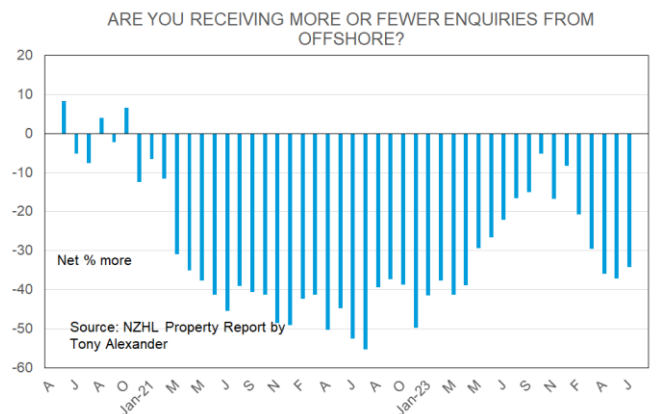
Are you noticing more or fewer investors in the market?

A net 24% of agents this month have reported seeing fewer investor buyers. This is statistically the same as the net 25% and net 23% results for May and April respectively. As recently as January a net 24% of agents said that they were seeing more investors and as the graph shows this period during which investors were stepping forward again to make purchases was very short-lived.



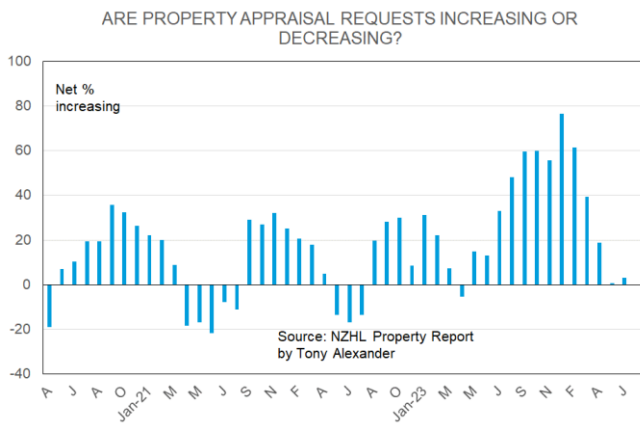
Are you receiving more or fewer enquiries from offshore?

Offshore interest in the NZ residential property market remains very weak. We can expect that as we approach the US Presidential election in November stories will circulate of a flood of disgruntled Democrats planning to head our way if the polls show ex-President Trump as being likely to regain the reins of power. However, in practice the number of purchases is likely to be very small if present at all as previous such episodes of angst had no noticeable impact on the wider market.

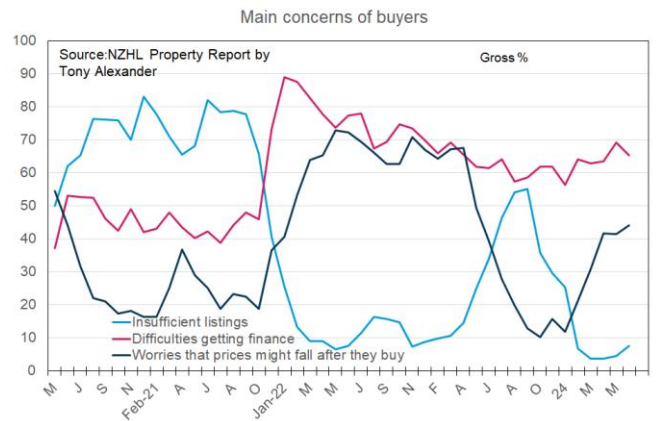


Are property appraisal requests increasing or decreasing?

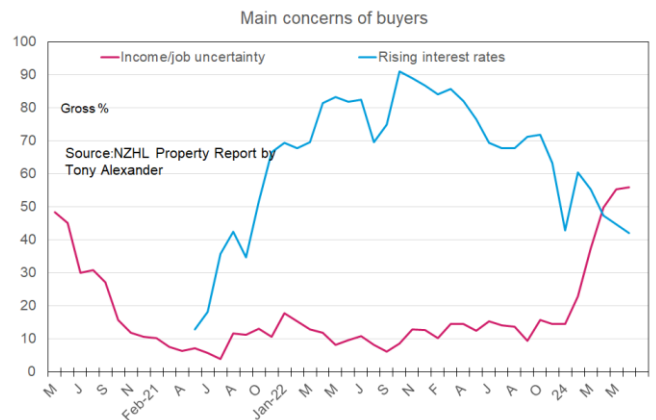
Only a net 3% of agents from 1% last month have reported that they are seeing more requests for appraisals. The well reported weakness in the real estate market in recent months has stemmed the strong flow of extra properties to the market. But data from realestate.co.nz show the stock of listings is still 30% higher than the recent low in July last year. Buyers face plenty of choice, but the flood may be near peaking.



Concerns about insufficient listings fell strongly early this year and remain low. Worries that prices may decline after making a purchase are noted by 44% of agents compared with just 12% in January.

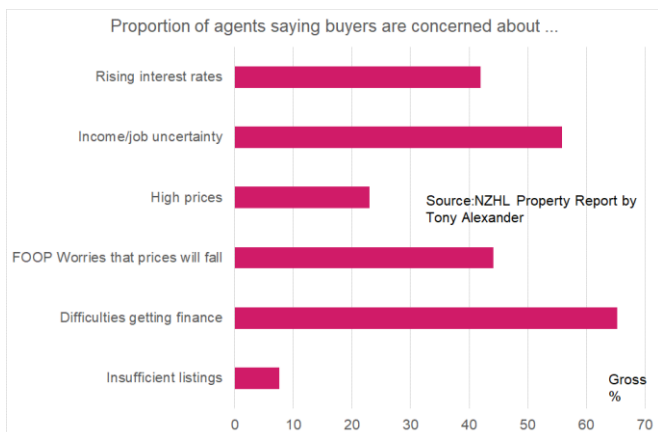


There is a downward trend underway in buyer concerns about interest rates. But with 42% of agents still citing this factor the level of worry is still high. In contrast, concerns about employment have soared with 56% of agents saying buyers are worried about their jobs. In January this proportion was only 14%.



What are the main concerns of buyers?

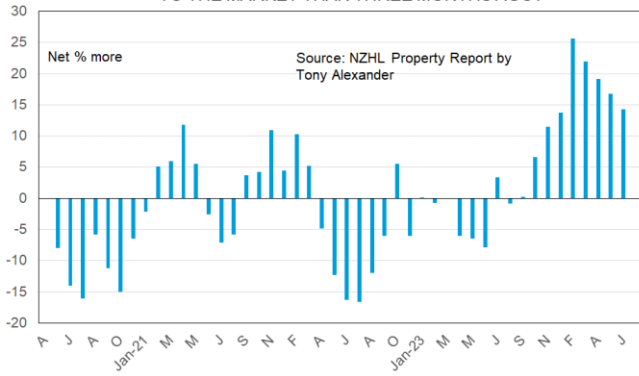
Each month in this section we start with an all-encompassing graph showing the things which are of concern to buyers. The top concern of buyers is still securing finance and for the third month in a row job worries are the second highest concern.



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

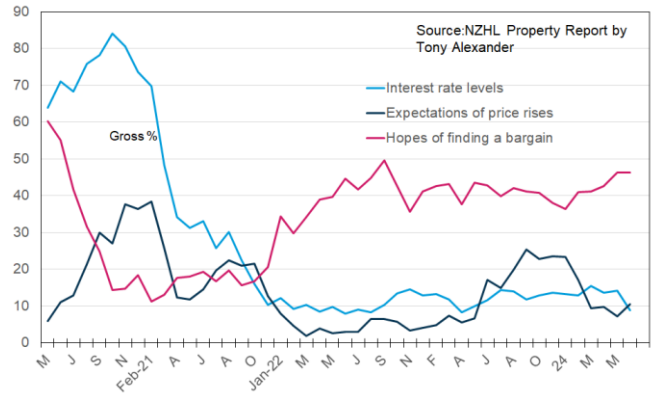
A net 14% of agents have reported that investors are bringing more properties to the market. This measure jumped up late last year but has been trending downward since the 26% peak in February. It will be interesting to see if the many anecdotes of the July 1 brightline test changing bringing a flood of investor sales prove accurate.

ARE INVESTORS BRINGING MORE OR FEWER PROPERTIES TO THE MARKET THAN THREE MONTHS AGO?



Note: Bargain-finding hopes have been trending up recently, but only slightly.

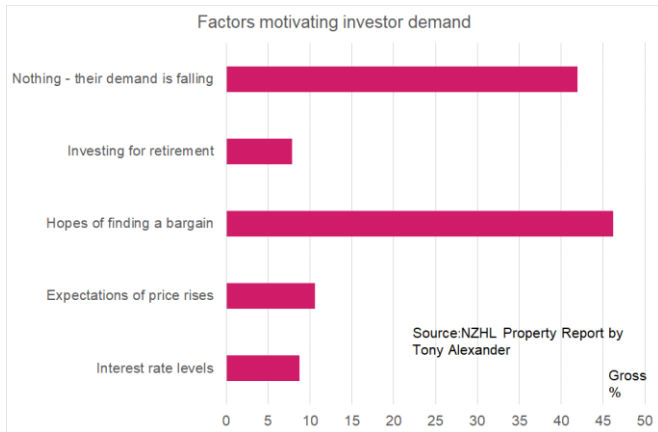
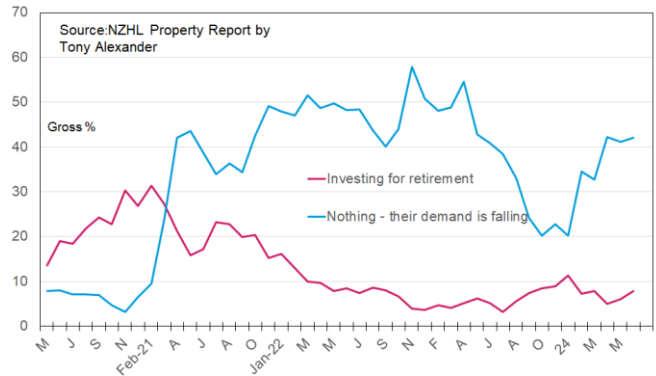
Factors motivating investor demand



What factors appear to be motivating investor demand?

A gross 46% of agents - unchanged from May – say that investors who are buying are motivated by hopes of finding a bargain. But note the 42% of agents saying investors are not interested at all in making a purchase.

Factors motivating investor demand



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 3% of agents said that they are seeing fewer first home buyers in the market, in Bay of Plenty a net 36% said 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	18	11	-33	-33	-67	0	-28	-17	-17	0
Auckland	128	3	-46	-37	-51	2	-7	-23	-37	8
Waikato	35	17	-29	-26	-63	0	14	0	-31	17
Bay of Plenty	22	-27	-45	-41	-59	0	-36	-64	-36	23
Hawke's Bay	12	-42	-25	-42	-33	0	-33	-17	-25	25
Taranaki	2									
Manawatu-Wanganui	18	22	-22	-22	-39	0	17	-17	-39	6
Wellington	33	9	-48	-61	-55	3	12	-45	-42	9
Nelson/Tasman	16	13	-19	-38	-81	6	25	-38	-25	31
Canterbury	29	-7	-10	-14	-14	0	3	-14	-34	28
Queenstown Lakes	3									
Otago exc. Qtown	14	7	-21	-43	-43	0	7	-14	-21	62
Southland	1									
New Zealand	331	3	-37	-35	-50	1	-3	-24	-34	14

- | | |
|---|---|
| <ul style="list-style-type: none"> 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? | <ul style="list-style-type: none"> 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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