

The NZHL Property Report

by Tony Alexander.

March 2025

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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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.

Buyers in no hurry

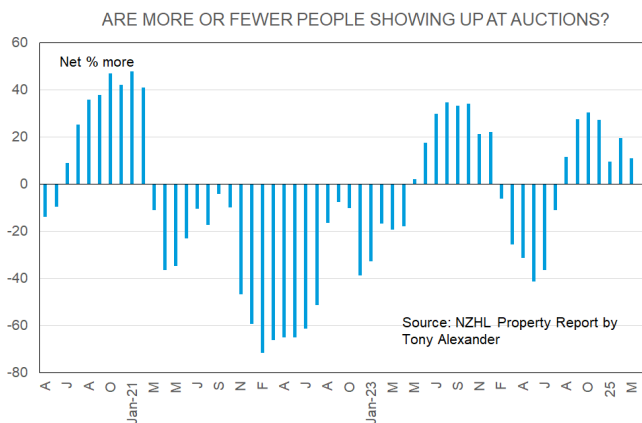
Welcome to the NZHL Property Report by Tony Alexander. This survey gathers the views of licensed real estate agents all over New Zealand regarding how they are seeing conditions in the residential property market in their areas. We ask them how activity levels are changing, what the views of first home 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 259 responses include the following.

- Stock levels are high, and buyers know this – feeling they can pick and choose and take their time.
- Prices overall appear static, and some concerns have appeared around prices falling.
- Townhouses are not in favour for many buyers according to written comments submitted by agents.

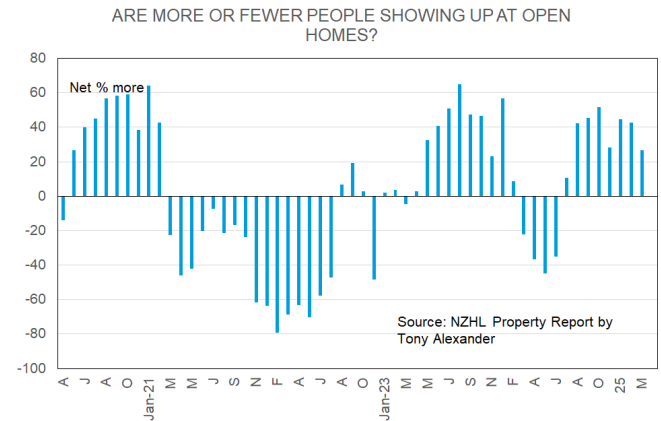
Are more or fewer people showing up at auctions?

In this month's survey of real estate agents all around New Zealand a net 11% have said that they are seeing more people attending auctions. This is down from 19% last month but on par with the late-January reading. This is one of the measures showing that the cyclical recovery in the residential real estate market is steady and not gaining momentum.



Are more or fewer people attending open homes?

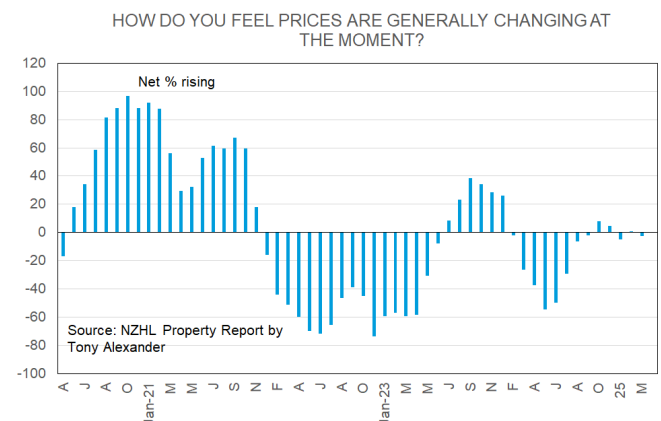
A net 27% of agents this month have reported seeing more people at open homes. The result means there is upward momentum in buyer interest. But the outcome was down from a net 43% positive last month and is the smallest reading since late-November last year. Again, as with the data above for auction attendance, this tells us that buyer demand is growing but not at a strong pace.



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

There is minimal evidence around the country that the upturn in the real estate market which started early in 2023 by some measures is producing sustained price rises. A net 3% of agents this month have reported that by their observations of what is happening in their area prices are falling.

The graph here perhaps sums things up quite well. Since interest rates started falling prices have stopped falling. But they are not rising.



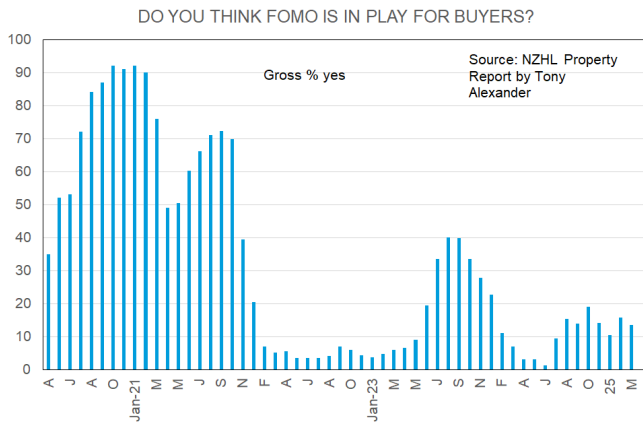
Do you think FOMO is in play for buyers?

FOMO = Fear of missing out

Late in 2023 the proportion of real estate agents saying that buyers were displaying FOMO rose to 40% compared with 4% at the start of that year. But then as many vendors stepped forward and the economy then tanked in 2024 this reading fell to only 1% by the middle of last year.

Following the commencement of the easing part of the monetary policy cycle in August 2024 FOMO improved. But it never came close to the 40% level achieved late in 2023 on the back of strong demand from first home buyers.

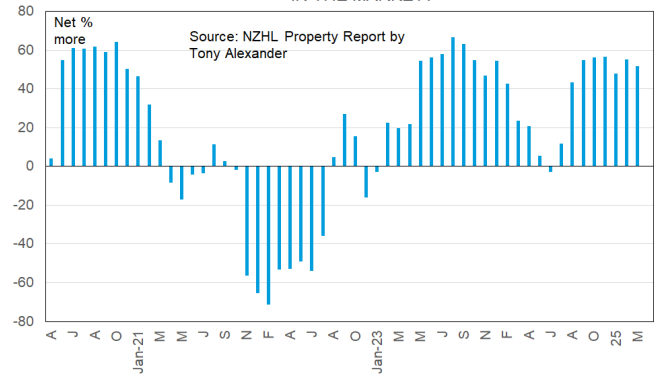
Instead, it hit just 19% at the end of October last year and has now decreased to just 14% from 16% in February. Buyers feel little need for haste.



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

In this month's survey a net 52% of respondents have said that they are seeing more first home buyers in the market. This is minimally changed from 55% last month and consistent with all other results since late-August last year. Young buyers remain the driving force in the residential real estate market as they have been since the start of 2023.

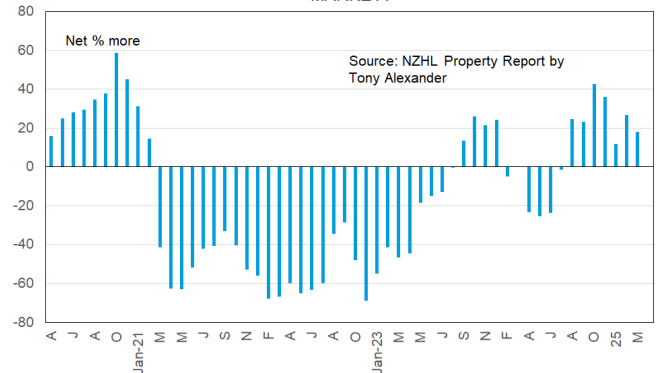
ARE YOU NOTICING MORE OR FEWER FIRST HOME BUYERS IN THE MARKET?



Are you noticing more or fewer investors in the market?

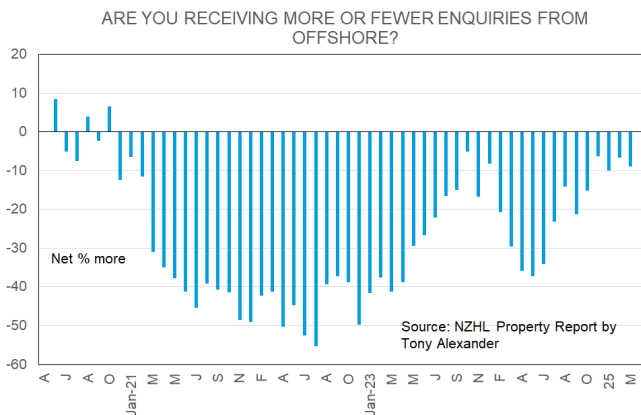
Whereas interest from first home buyers has been strong with few exceptions since two years ago, interest from investors has proved to be quite unstable. Last month a net 27% of agents responding in our survey said that they were seeing more investors looking to make a purchase. That proportion has now fallen back to 18%. This is however better than the net 0% of exactly a year ago and superior to the net 25% of agents seeing fewer investors over the period from April to June last year.

ARE YOU NOTICING MORE OR FEWER INVESTORS IN THE MARKET?



Are you receiving more or fewer enquiries from offshore?

A net 9% of agents have reported receiving reduced enquiry from offshore. This is little changed from other results since November. There is no evidence to support an argument that new uncertainties offshore are leading more people to contemplate shifting to New Zealand be they foreigners or expats.



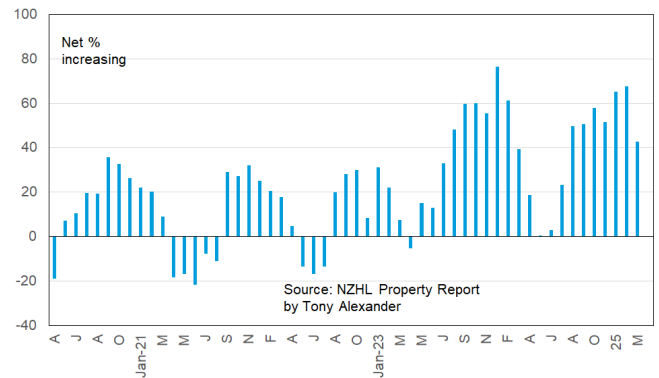
Are property appraisal requests increasing or decreasing?

Since confirmation from the Reserve Bank in July last year that interest rates would begin falling, there has been a rush of people contacting real estate agents to get insight into the market value of their property.

In this month's survey a high net 43% of agents reported receiving more such requests and the implied firm flow of listings is confirmed in various data series from alternative sources.

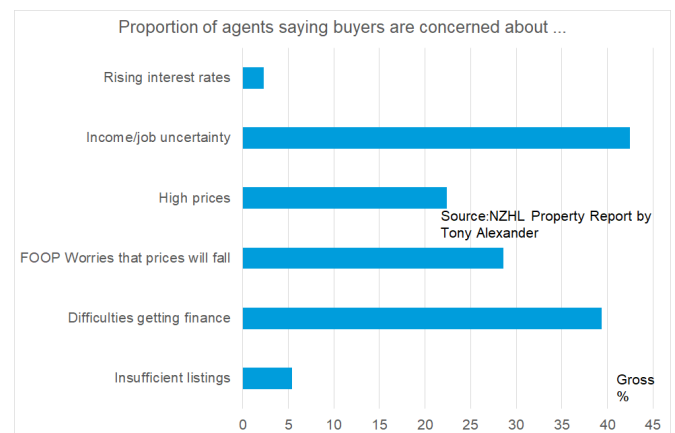
Sellers are doing what they have been doing since the firm lift in first home buyer demand early in 2023. They are responding to actual or theorised increases in demand for property by listing or getting ready to potentially list their housing asset.

ARE PROPERTY APPRAISAL REQUESTS INCREASING OR DECREASING?



What are the main concerns of buyers?

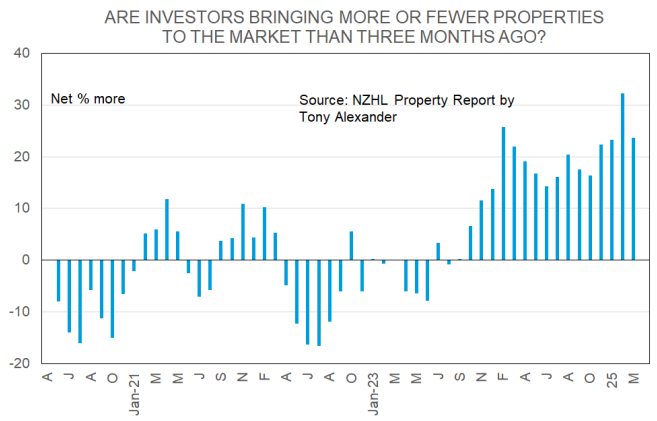
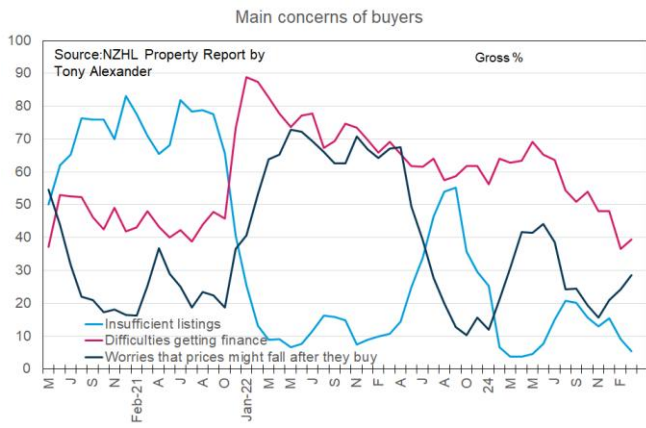
Each month in this section we start with an all-encompassing graph showing the things which are of concern to buyers. The top two concerns of buyers are gaining access to finance and employment.



The trend in concerns regarding getting home purchase finance has been down since the middle of last year and the slight rise this month could easily be a statistical blip which does not affect this trend. The anecdotal evidence from mortgage brokers is that banks are becoming more willing to lend.

Very few agents feel that buyers have concerns about the quantity or (maybe) quality of listings, but there has been a lift recently in the number of agents reporting that buyers are concerned about prices falling after they make a purchase.

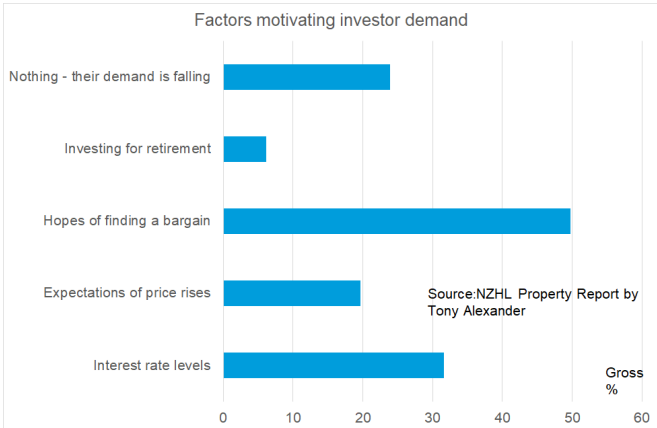
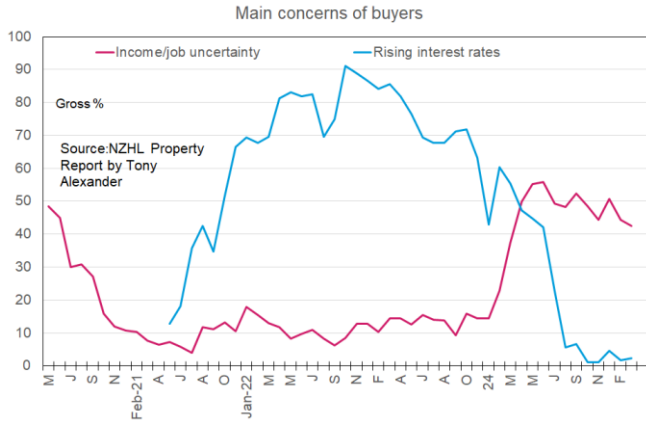
This change would not be happening if there were a strong perception that prices on average are climbing.



Interest rate levels are off the table of buyer concerns but worries about income continue to occupy the minds of buyers. 42% of agents reported such concerns this month which is however down from the peak of 56% reached last year in June.

What factors appear to be motivating investor demand?

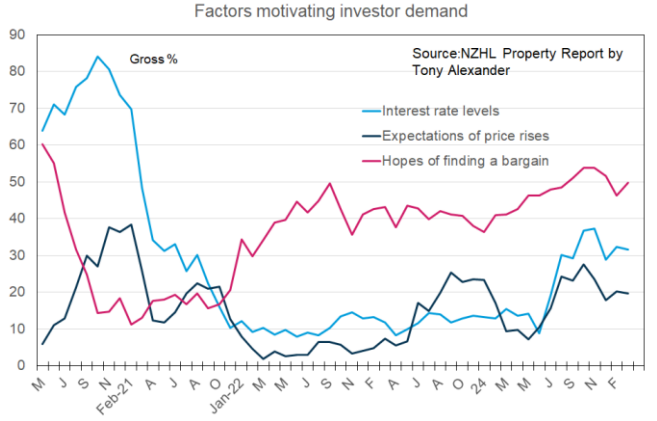
For investors looking to make a purchase (recalling that a net 18% of agents report seeing more investor buyers), the key motivating factor is the hope of finding a bargain. This is perhaps where other buyers sit as well going by the comments submitted by agents regarding buyers picking and choosing and quickly walking away if anything dissatisfies them.



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

Ever since late-2023 agents have been firmly reporting that they are seeing more existing residential property investors looking to sell all or some of their property portfolio. This is a new phenomenon in the New Zealand housing market probably reflecting the combination of two overarching factors. First, the costs of running a rental supply business have soared. Second, a three-decade period of structural rises in house prices because of factors like downwardly trending interest rates ended in 2021 (with a final extreme flourish).

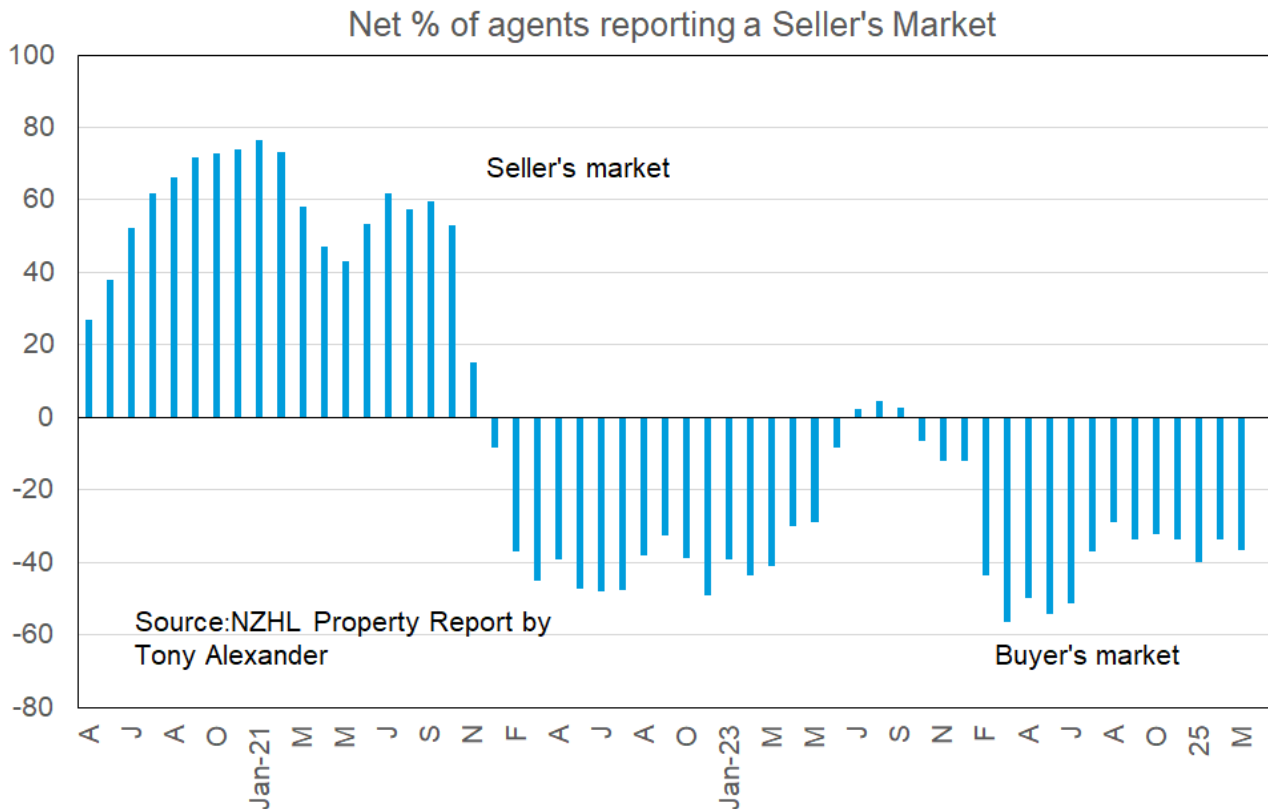
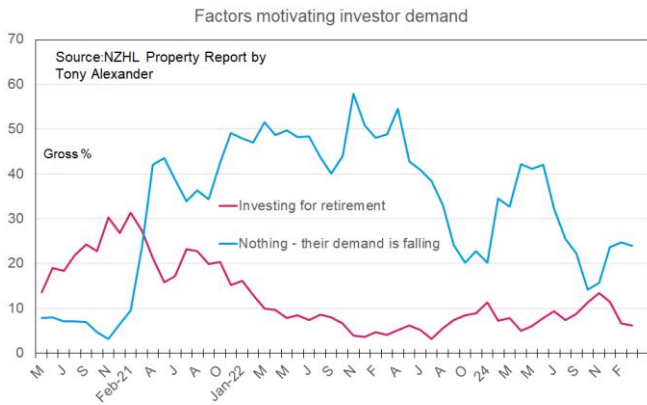
Expectations for price rises held by investors pulled back early this year and remain subdued - shown as the black line in the following graph.



The reason/excuse of investing for retirement was quite strong over 2020-21 when the housing market was soaring. But since the correction of 2022 and flatness since then this presumably/handy long-term focus as a factor for making a purchase has fallen away.

Are we in a buyer's or seller's market?

A net 37% of agent's have this month reported that they feel the buyers hold the upper hand in the housing transaction. That is, sellers are more motivated to get a deal over the line than buyers who strongly indicate they will walk if not satisfied. The residential real estate sector has not been in a sustained seller's market since late-2021 and there is no sign of such a situation returning anytime soon.



This publication is written by Tony Alexander, independent economist. You can contact me at tony@tonyalexander.nz

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