



The NZHL Property Report

by Tony Alexander.

April 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.

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

April 2025

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

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.

Housing market upturn stalls

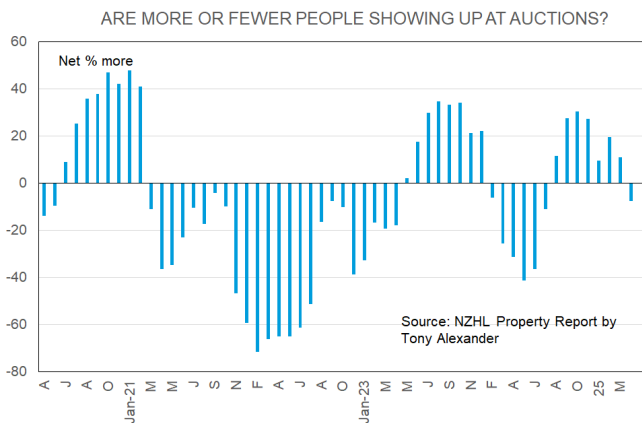
Welcome to the NZHL Property Report by Tony Alexander. This survey gathers the views of licensed real estate agents all over New Zealand regarding how they are seeing conditions in the residential property market in their areas. We ask them how activity levels are changing, what the views of first home 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 267 responses include the following.

- Amidst new uncertainties about the world economy and plentiful evidence of high numbers of properties for sale, buyers have stepped back from the market, feeling strongly that time and negotiating power are both on their side.
- FOMO has returned to levels before monetary policy began easing and on average agents feel house prices are falling around the country.
- There are now more agents seeing declining numbers attending Open Homes and auctions than report they are seeing more people.

Are more or fewer people showing up at auctions?

For the first time since July last year this monthly survey has shown there are more real estate agents around the country observing fewer people attending auctions than more. A net 9% have reported fewer people in attendance, down from a net 11% seeing more people last month and a net 19% seeing more at the end of February. The pattern so far is a repeat of what happened late in 2023 when the upturn reversed principally because of a flood of sellers and extra near-1% rise in mortgage rates between April and November 2023.

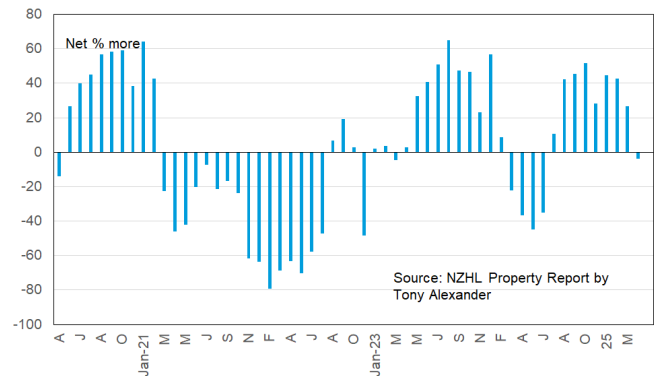


Are more or fewer people attending open homes?

A net 4% of agents this month have reported that fewer people are showing up at Open Homes. This is a sharp move downward from the net 27% a month ago who said more people were visiting properties and the net 43% at the end of February saying this. The 31% decline in this measure between late-March and late-April compares with an average change over the same two months in the previous four years of 10% therefore more than the change in seasons is in play.



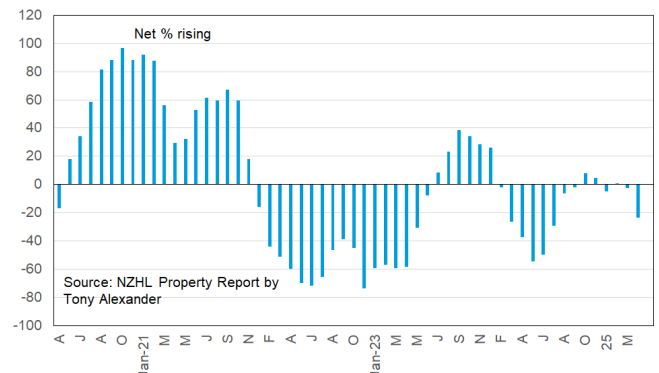
ARE MORE OR FEWER PEOPLE SHOWING UP AT OPEN HOMES?



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

A net 23% of agent's report this month that they feel prices are declining in their area of operations. In written comments many agents noted that buyers increasingly offer only heavily discounted prices, have little interest in properties requiring work, and walk away quickly if vendors prove intransigent. A month ago, a net 3% of agents felt prices were falling and this latest reading suggests that the various monthly gauges of price movements available in New Zealand, (REINZ etc.) will soon report at least an absence of prices rising and maybe some declines underway.

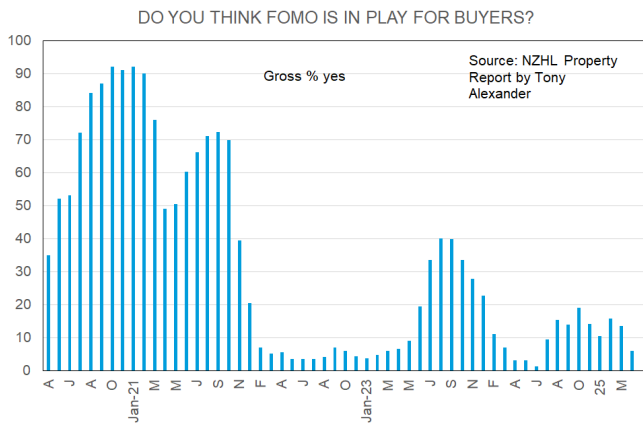
HOW DO YOU FEEL PRICES ARE GENERALLY CHANGING AT THE MOMENT?



Do you think FOMO is in play for buyers?

FOMO = Fear of missing out

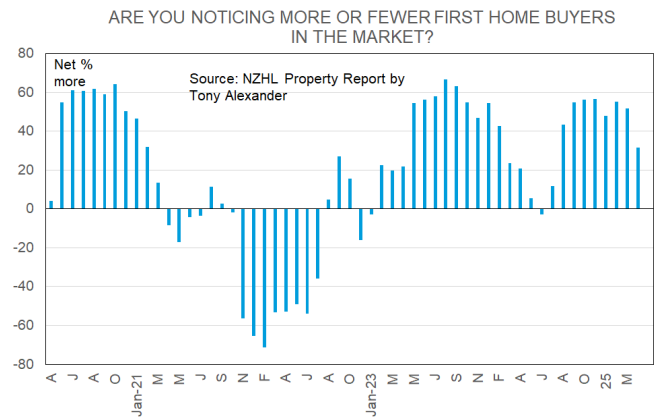
Unsurprisingly, with buyers feeling that it is vendors who need to bring something extra to the table (a lower price, ready acceptance of conditions), and with high stocks of property listings, very few people feel that holding off will cause them to miss out on a good purchase. The proportion of agents saying that they can observe FOMO in buyers has fallen to only 6% from 14% last month and the relatively low recent peak of 19% late in October last year. FOMO is now at its weakest level since the 1% recorded in June last year.



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

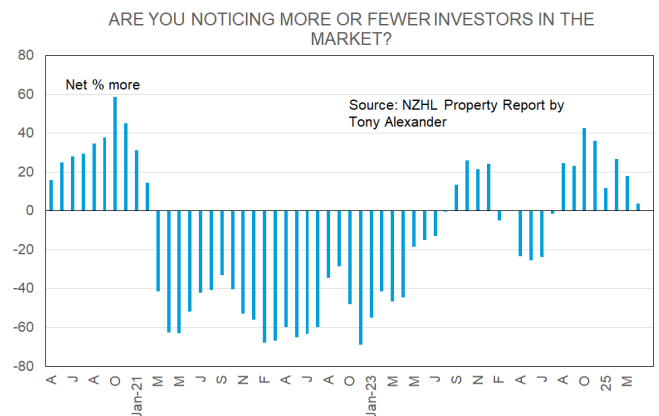
One reading at least in the many we produce each month has remained in relatively positive territory. A net 31% of agents have just reported that they are seeing more first home buyers in the market. This is down from a net 52% last month but still above the five-year average of 20%. FOMO at 6% noted above is well below its five-year average of 31%.

The residential real estate market in New Zealand has been driven for two years now by young buyers and they remain in attendance, taking advantage of their buying power amidst a plethora of property listings.



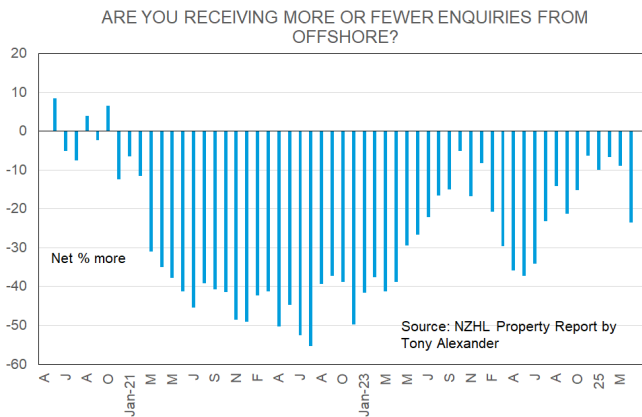
Are you noticing more or fewer investors in the market?

A net 4% of agents have indicated that they are still seeing more investors in the market looking to make a purchase. This is down from 27% two months ago and 18% last month but still above the five-year average of -14%. That average however is well distorted downward by the various anti-investor policies put in place through 2021.



Are you receiving more or fewer enquiries from offshore?

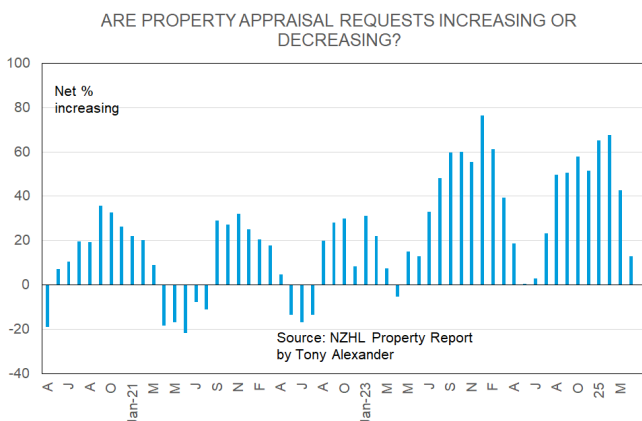
There has been a relatively sharp reduction in offshore enquiry about New Zealand property in the past month. Perhaps this explains the general lack of media discussion this time around of people leaving America and shifting to New Zealand because of their potential dissatisfaction with policies over there. A net 24% of agents have reported reduced offshore enquiry compared with a net 9% reporting this late in March.



Are property appraisal requests increasing or decreasing?

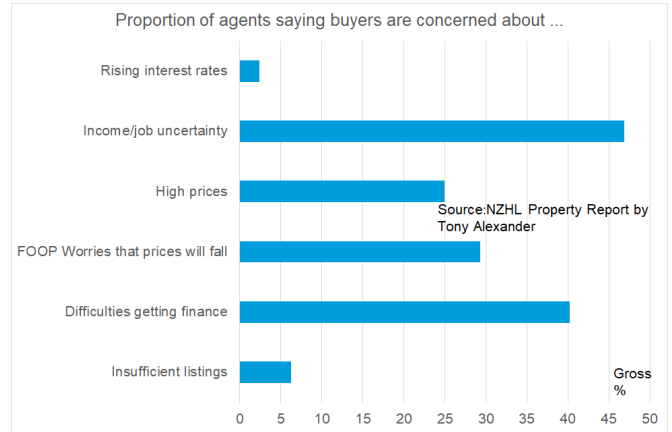
The stock of property listed for sale in New Zealand has risen sharply since the unusually low levels of mid-2021 and one thing we observed happening in 2023 was a rise in buyer demand that year being quickly followed by a rise in vendor numbers. Those numbers continue to rise with a net 12% of agents saying this month that they have received an increased number of requests for property appraisals.

However, this is down from a net 43% last month and 68% two months ago. So, the evidence of market weakness and approach of Winter may see growth in listing stocks level out and potentially decline over the next few months.



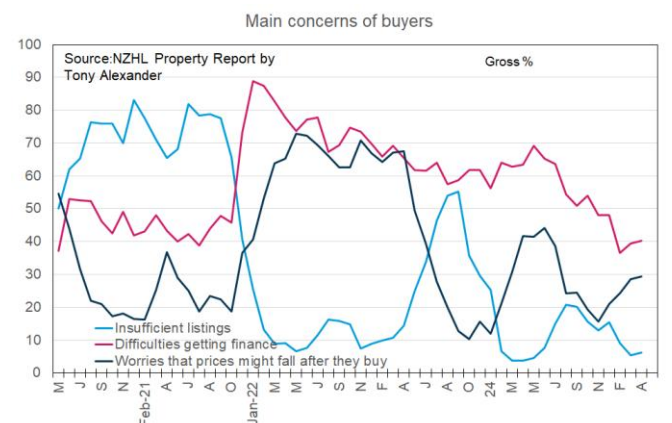
What are the main concerns of buyers?

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 gaining access to finance and employment.

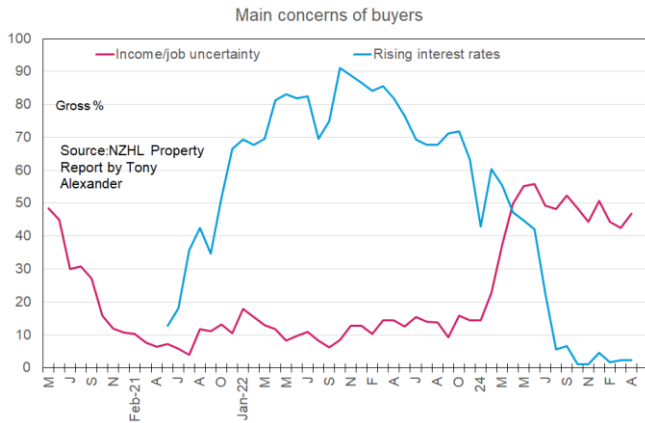


Over the past two months there has been a slight lift in agent perceptions that buyers are having increased difficulties getting finance. This may reflect a deterioration in loan application times recently strongly noted in my separate survey of mortgage brokers. Worries about prices falling after making a purchase (FOOP = fear of over-paying) have now risen for four months in a row.

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



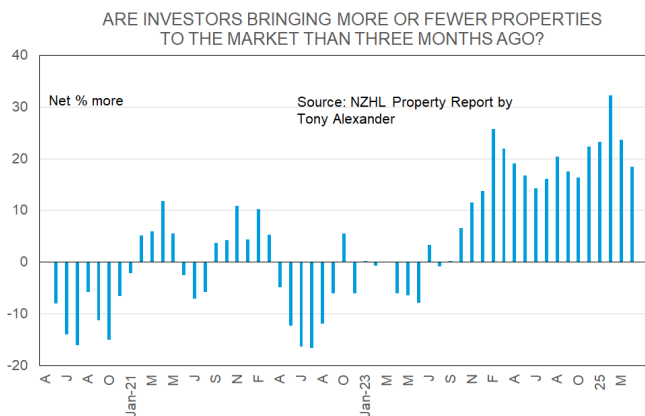
Almost no buyers are concerned about interest rates, but worries about income remain elevated.



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

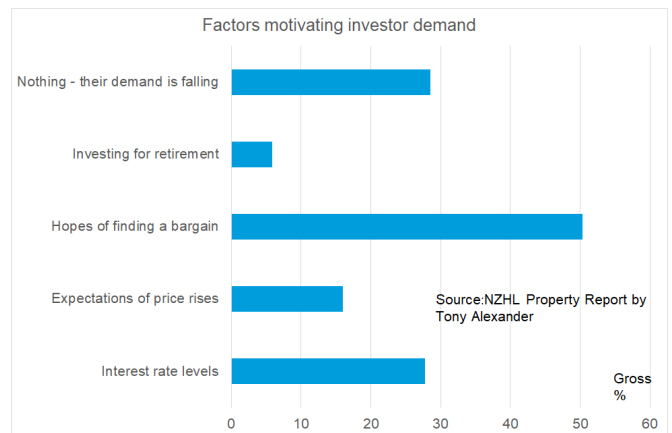
There is good evidence that investors have been showing increased interest in property purchasing since the recovery started in early-2023. But something often missed by those who focus on the demand side is that there has also been a firm lift in the number of investors looking to offload properties since the latter part of 2023.

That selling desire remains relatively firm with a net 18% of agents this month reporting that they are seeing more investors looking to sell. This is however down from the unusual peak of a net 32% two months ago.

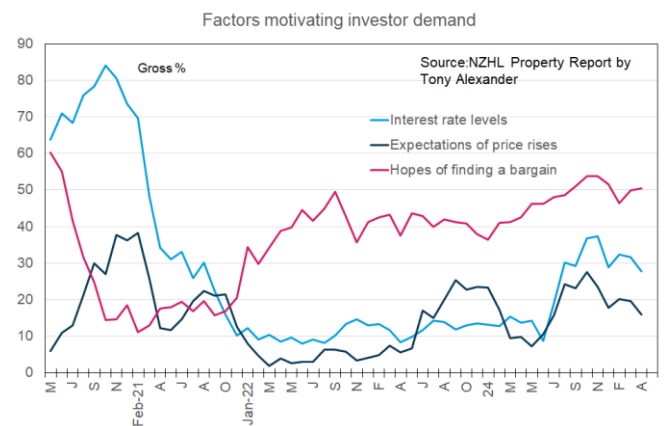


What factors appear to be motivating investor demand?

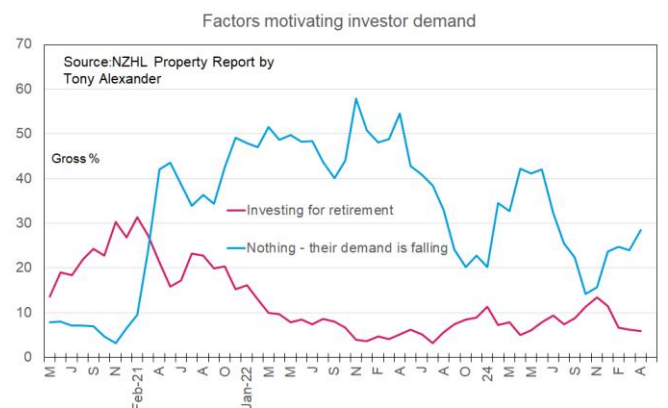
For investors looking to make a purchase the prime motivation is the hope of finding a bargain.



Since late last year there have been downward trends underway in the proportion of investors buying because they expect price rises or they are pleased by the prospective level of interest rates. The bounce in investor demand associated with the easing of monetary policy from August last year is fading.



This next graph shows an upward trend in the proportion of agents saying nothing is motivating investors to buy.



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

Despite mortgage interest rates falling 2% since the middle of last year we remain firmly in a buyer's

market according to a net 39% of agents replying in our monthly survey. The intensity of this buyer's market is slowly increasing, as shown in the next graph. The country was only in a seller's market for a very short period of time in the middle of 2023.

