

BNZ-REINZ Residential Market Survey

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Mission Statement

To help Kiwi businesspeople and householders make informed financial decisions by discussing the economy in a language they can understand.

Sellers Can Pick and Choose

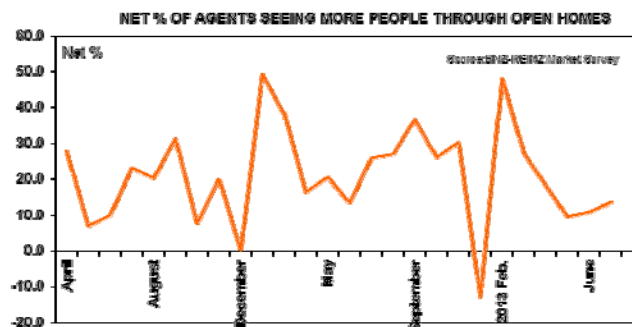
Our 26th survey of licensed real estate agents around New Zealand shows that a strong seller's market continues. A record net 24% of agents feel that buyers are more motivated to transact than sellers. Only 21 of the 377 respondents feel that prices are falling and a strong net 46% feel that prices are rising. In Auckland this proportion is 71%, Canterbury 68%, but Wellington just 28%. As we observed last month the listings shortage appears set to get much worse. A net 19% of respondents report that they are receiving fewer requests for appraisals from potential vendors. This measure has been negative for three months now and sits at a record low. The range on offer for buyers to choose from looks like getting smaller – hence the continuing upward pressure on prices.

For the first time we have asked whether licensed agents are seeing people from Auckland looking to buy in their region. A strong net 42% report yes. Thus the rising market in Auckland may be starting to have impacts elsewhere – though we lack a time series as yet to allow us to gauge the true strength of this result.

Is the number of people going through Open Homes increasing or decreasing?

Good but not booming attendance

Licensed agents on average are still reporting more people going through Open Homes but at a net 13.5% positive the latest result is below the 21% average and therefore not suggestive of a scramble for property.

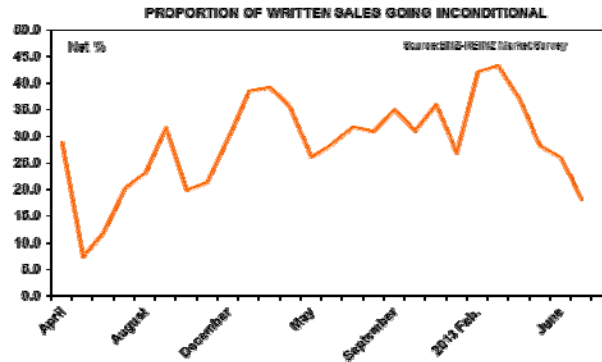


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Is the proportion of Written Sales going unconditional increasing or decreasing?

Lowish reading

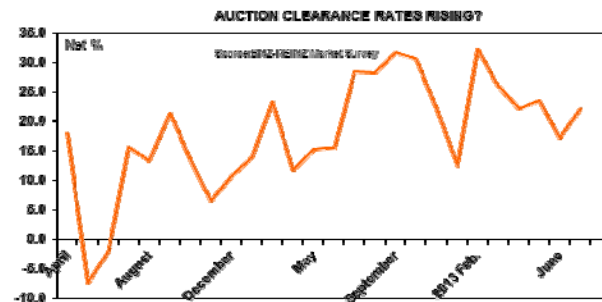
A net 18.3% of respondents report more sales going Unconditional. However this is the lowest result since mid-2011 and as with the above indicator for open homes is supportive of an argument that buyers are not scrambling to secure any property they can.



Are auction clearance rates increasing or decreasing?

Near normal clearance

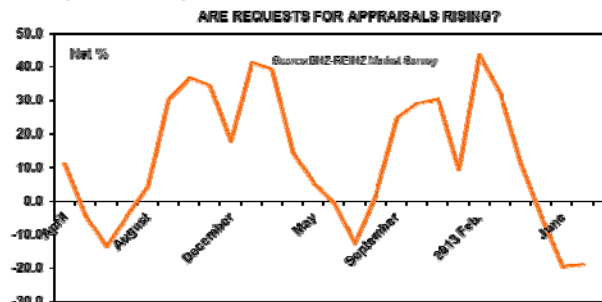
A net 22.1% of agents report auction clearance rates to be rising which is not far from the 18% average and therefore not suggestive of any particular fresh development. Again, a firm result but one also not suggestive of a mad rush of buyers.



Are requests for appraisals increasing or decreasing?

Listings shortage to continue.

This was the most interesting result in the June survey and remains so in our July survey. A net 18.8% of agents report that they are seeing fewer requests for appraisals. The June result was statistically the same at a net 19.4% and the average reading is a net 13% seeing more requests. Thus there is a strong sign from this measure that the current listings shortage is set to continue.

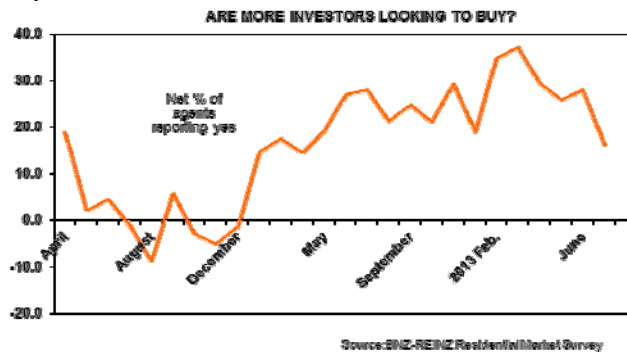


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Is the number of investors looking to buy increasing or decreasing?

Interest about average

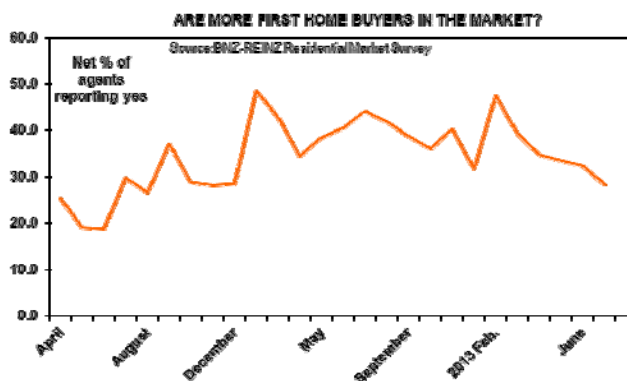
This measure has been trending down since April which is not a seasonal pattern. A net 16.2% of agents do nonetheless still report that they are seeing more investors which is exactly equal to the average reading since our survey started in early-2011.



Is the number of first home buyers increasing or decreasing?

Slightly below average

As with the measure for investors this one also shows that while agents on average feel they are seeing more first home buyers, there is a downward trend which has been in place since March. Thus we have two more indicators supporting earlier ones which paint a picture of no mad scramble for property – but the listings shortage worsening.

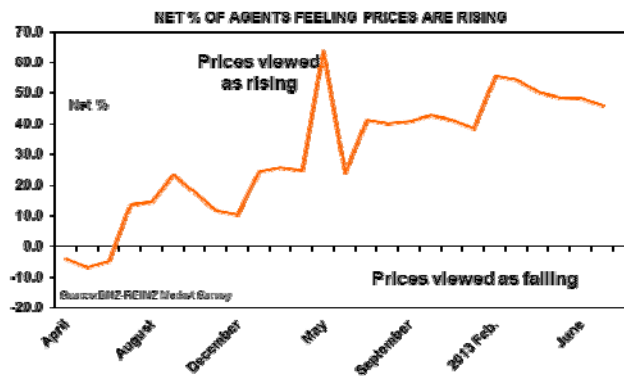


Do prices appear to increasing, flat or decreasing?

Widespread price rises seen

A continuing firm net 45.9% of licensed agents responding in our July survey report that prices are rising. This sustained high response stands in contrast to the buyer-oriented measures above showing no extreme rush of buyers as such. This therefore illustrates the effect which the shortage of listings is having. Given that this shortage appears set to get worse it is highly likely that price gains will continue. Only 21 of the 377 respondents feel that prices are falling.

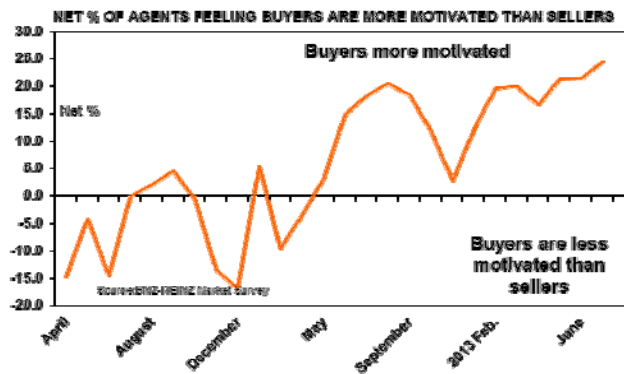
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Who appear more motivated to transact – the buyers or the sellers?

Record seller's market

Unsurprisingly with listings in such short supply, sellers are seen as being able to take their time and pick and choose. Buyers on the other hand are seen as highly motivated to transact. The NZ residential real estate market therefore remains very much a sellers one.



If you operate outside Auckland, are you finding the number of buyers shifting from Auckland increasing or decreasing?

Evidence of buyers looking outside Auckland

We have introduced this measure for the first time this month. Our aim is to get a feel for the extent to which the rise in Auckland's real estate market is spilling over to other parts of the country. The evidence is that this is happening with a net 42.4% of agents outside of Auckland reporting that they are seeing buyers coming in from New Zealand's biggest city. On a regional basis this Auckland buying is most evident in the Waikato, net 56%, followed by Bay of Plenty (where Tauranga is located), net 51%, then Hawkes Bay/Gisborne, net 50%. Further afield buying interest is less intense at a net 22% in Wellington and just 10% in Canterbury. Thus we may have some evidence to support our view that compared with the 1990s housing cycle when people shifted out of Auckland for other locations, this time around Christchurch will sit out such a flow – for obvious reasons.

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DATA TABLE

	# of Responses	# of people through Open Homes	% of Written Sales Unconditional	Auction Clearance rate	Requests for Appraisals	Investors buying	First home buyers	Prices	Buyers more motivated?	Akld Buyers?
April 2011	312	27.9	28.8	17.9	11.2	18.9	25.3	-4.1	-14.7	
May	190	6.8	7.4	-7.4	-4.2	2.1	18.9	-6.8	-4.2	
June	635	9.8	11.9	-1.9	-13.6	4.4	18.7	-4.9	-14.5	
July	742	23.0	20.1	15.6	-4.4	-0.9	29.8	13.5	-0.1	
August	498	20.2	23.0	13.3	4.2	-8.6	26.5	14.4	2.0	
September	561	31.2	31.7	21.4	30.5	5.7	37.1	23.2	4.5	
October	600	7.7	19.8	13.4	36.8	-3.0	28.8	17.7	-0.5	
November	486	20.0	21.4	6.5	34.6	-5.1	28.2	11.5	-13.6	
December	435	0.2	29.7	10.7	17.9	-1.4	28.5	10.3	-16.8	
2012 Feb.	392	49.2	38.5	13.9	41.3	14.5	48.5	24.2	5.4	
March	362	38.1	39.2	23.3	39.2	17.4	42.8	25.7	-9.7	
April	339	16.5	35.4	11.7	14.5	14.5	34.5	24.8	-3.5	
May	414	20.5	26.1	15.4	5.3	19.1	38.4	63.6	2.9	
June	256	13.3	28.5	15.5	-0.8	27.0	40.6	23.8	14.8	
July	333	25.8	31.8	28.4	-12.6	27.9	44.1	41.1	18.3	
August	485	27.0	30.9	28.3	1.9	21.2	41.9	40.0	20.4	
September	429	36.6	35.0	31.6	24.7	24.7	38.7	40.8	18.4	
October	289	26.0	31.1	30.6	29.1	21.1	36.0	42.6	11.8	
November	367	30.2	36.0	22.1	30.5	29.2	40.3	41.1	2.7	
December	421	-12.8	26.8	12.4	9.3	19.0	31.8	38.2	12.1	
2013 Feb.	572	48.0	42.1	32.3	43.6	34.7	47.5	55.5	19.5	
March	355	27.2	43.3	26.0	32.3	37.1	39.3	54.2	19.9	
April	500	18.2	37.1	22.1	11.0	29.4	34.8	50.2	16.6	
May	549	9.5	28.2	23.5	-5.1	25.9	33.5	48.5	21.3	
June	439	10.7	26.0	17.2	-19.4	28.0	32.3	48.3	21.4	
July	377	13.5	18.3	22.1	-18.8	16.2	28.4	45.9	24.4	42.4

REGIONAL RESULTS

We only give results for regions where at least 20 responses are received. Buyers are seen as less motivated than sellers in Wellington and Hawkes Bay/Gisborne and in the latter region few agents feel that prices are rising. Requests for appraisals are weak throughout the country. Overall Wellington comes across as relatively weak still.

	# of Responses	# of people through Open Homes	% of Written Sales Unconditional	Auction Clearance rate	Requests for Appraisals	Investors buying	First home buyers	Prices	Buyers more motivated?	Akld Buyers?
Northland	15									
Auckland	139	20.1	20.1	37.0	-23.7	24.5	29.5	71.2	46.8	n/a
Waikato	29	-3.4	17.2	4.3	-10.3	24.1	17.2	27.6	17.2	55.6
Bay of Plenty	40	7.5	35.0	19.4	-37.5	5.0	42.5	32.5	0.0	51.3
Hawkes Bay/Gisborne	18	-5.6	22.2	0.0	0.0	22.2	33.3	5.6	-16.7	50.0
Taranaki	6									
Manawatu/Wanganui	14									
Wellington	40	-2.5	-10.0	4.5	-37.5	-5.0	22.5	27.5	-7.5	21.7
Nelson/Marl. W. Coast	16									
Canterbury	41	26.8	29.3	29.6	-4.9	9.8	26.8	68.3	48.8	10.3
Otago	15									
Southland	4									
All	377	13.5	18.3	22.1	-18.8	16.2	28.4	45.9	24.4	42.4

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The BNZ-REINZ Market Survey is run (usually) on the first Tuesday of the month after the first Thursday. In the email sent to REINZ member email addresses respondents are asked to click on a URL which takes them to a survey site. Respondents are asked if they feel various measures of real estate market activity are increasing or decreasing and to identify various factors in play influencing buyer and vendor behaviour. Results are collated within 2-3 days and this report is distributed to all BNZ Weekly Overview recipients, REINZ members, and the media.

This publication is one of a stable of regular releases which include the following.

- Monthly Growing With China publication, <http://tonyalexander.co.nz/topics/china/>
- Monthly Brain Gain NZ publication <http://tonyalexander.co.nz/topics/brain-gain-nz/>
- Monthly BNZ Confidence Survey, <http://tonyalexander.co.nz/topics/surveys/bnz-confidence-survey/>
- Monthly BNZ-REINZ Residential Market Survey. <http://tonyalexander.co.nz/topics/surveys/bnz-reinz-survey/>
- Weekly BNZ Weekly Overview <http://tonyalexander.co.nz/topics/regular-publications/bnz-weekly-overview/full-weekly-overview-pdf/>
- monthly BNZ-Nine Rewards Consumer Trends Survey <http://tonyalexander.co.nz/topics/surveys/bnz-nine-rewards-consumer-trends-survey/>
- Monthly column for the NZ Property Investor magazine, <http://www.propertyinvestor.co.nz/>
- Most of these publications plus research into impediments to NZ's economic growth are available on this website. www.tonyalexander.co.nz The website www.braingainnz.co.nz contains all sections from Brain Gain NZ.

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