

# 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.

## No Good News For Buyers

Our monthly survey of licensed real estate agents around New Zealand attracted a strong 418 responses this month but contained no good news for buyers. In fact a record proportion of agents see the current market as a seller's one and investors are increasingly becoming the driving force. But first a red herring for buyers....

There has been a sharp jump in the number of agents seeing more people asking for appraisals which on the face of it suggests more listings soon. But buyers should contain their enthusiasm because the rise discussed below from 0% to 21% is entirely a seasonal change seen clearly during 2012 and 2011. Therefore one cannot conclude that the shortage of listings making things so difficult for buyers is easing.

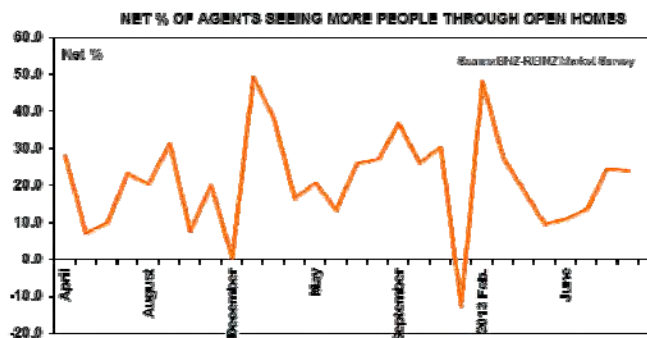
Interest from investors appears firm with this measure rising for the second month in a row to sit at above average levels of a net 26% positive versus a 17% average. However while agents say they are seeing more first home buyers in the market (a net 24% from 18% in August) this perception is below the net 34% average. Therefore when one takes into account the reduction in the ability of young buyers to make a purchase caused by the Reserve Bank's new rules New Zealand appears increasingly headed down the same track as Australia where investors are becoming the key driving force in many markets (caused by discontent with low bank deposit rates) while first home buyers are being squeezed out.

With regard to price pressures the direction is seen as overwhelmingly upward. A net 51% of responding agents feel that prices are rising – a result consistent with all other months so far this year – and a record net 30% of agents feel that it is a seller's market.

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

### Average

A net 24% of responding agents said more people are appearing at Open Homes. This is the same outcome as for August and is almost equal to the average reading for the past two years. In that regard the result is not suggestive of any fresh surge or reduction in the interest people are displaying in securing a house.

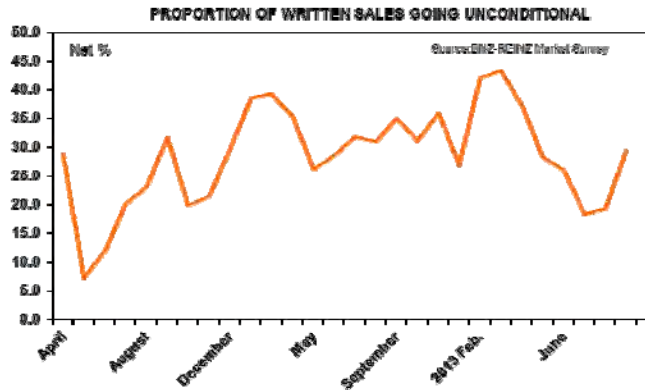


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## Is the proportion of Written Sales going unconditional increasing or decreasing?

### Recovery

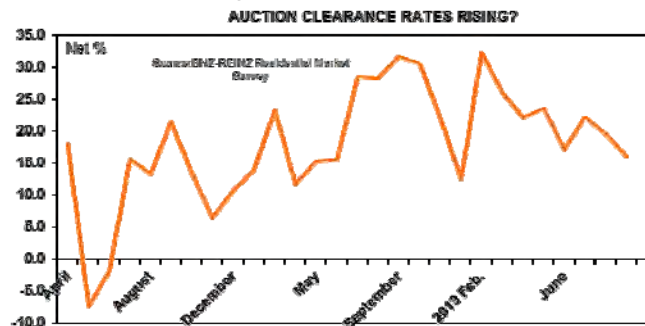
This reading has bounced from a below average 19% in August to a perfectly average 29% this month. But this recovery follows near five months of declines and could suggest that anticipation of tighter lending criteria has hastened buyer willingness to lock their purchase in place.



## Are auction clearance rates increasing or decreasing?

### Average clearance

This reading is only marginally below the 18% average at 16% and tells us that no particular change is underway with regard to the intensity of bidding at auctions.

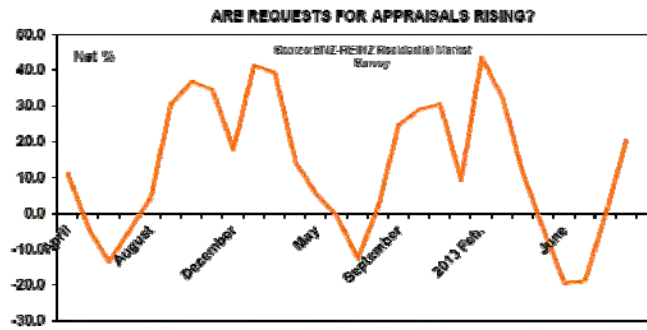


## Are requests for appraisals increasing or decreasing?

### Up strongly – but entirely a seasonal change.

There has been a substantial change in this measure this month to a net 21% of the 418 responding agents noting that they are seeing more people seeking appraisals from a net zero in August and a net negative 19% in July and June. This is interesting as on the face of it it suggests there may be more listings soon. Unfortunately however buyers should not get excited as this appears to be a seasonal change only. Last year this measure moved from 2% in August to 25% in September and in 2011 it went from 4% to 31%.

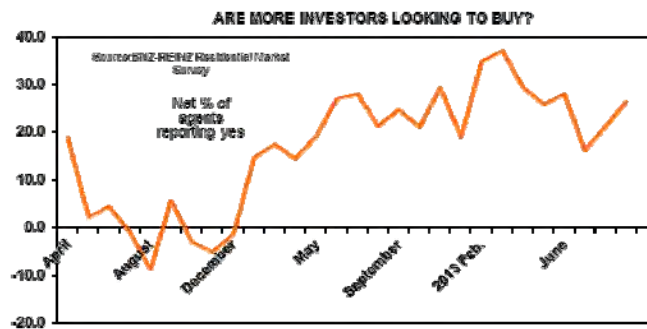
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## Is the number of investors looking to buy increasing or decreasing?

### Interest above average

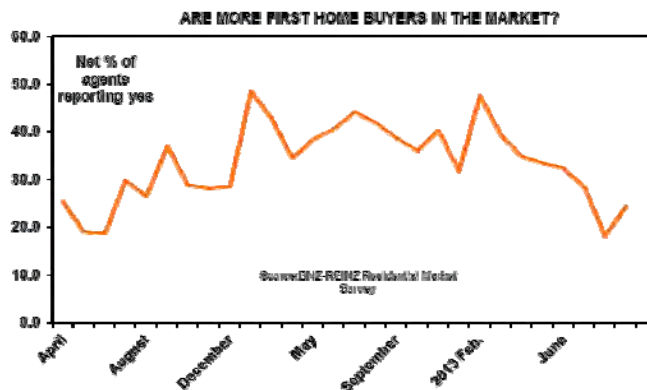
This measure has strengthened for the second month in a row to a net 26% positive from 21% in August and 16% in July. The average reading is 17% and there is not a seasonal tendency for an increase to occur at this time of year therefore we feel confident in saying that investors appear increasingly out in force. Note however that one of our other surveys, the BNZ-Nine Rewards Consumer Trends Survey for this month showed that just a gross 5% of our 521 respondents were thinking about buying an investment property.



## Is the number of first home buyers increasing or decreasing?

### Downward trend might have ended

A net 24% of agents in September reported that they are seeing more first home buyers in the market. This is a recovery from 18% last month but below the two year average of 34%. This reading has trended down since early this year and it will be interesting to see if in spite of the tightening in lending conditions the rise this month is repeated in October.

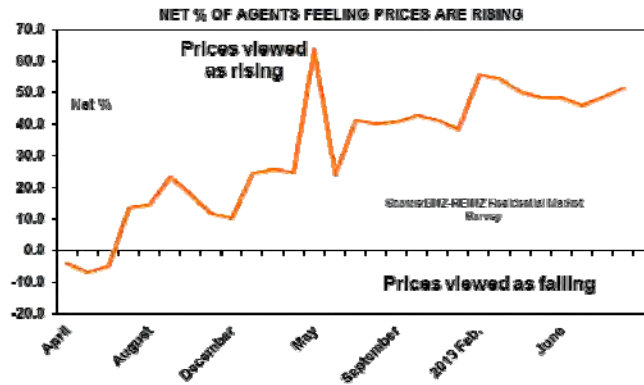


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## Do prices appear to be increasing, flat or decreasing?

### Widespread price rises

A high net 51% of agents feel that house prices are rising. This result is in line with those for all other surveys this year but is also consistent with a clear upward trend in place since our survey started over two years ago.



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

### Record seller's market - again

A record net 30% of responding agents feel that it is a seller's market. In other words, buyers are queuing up and sellers can pick and choose.



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

### Evidence of buyers looking outside Auckland

A net 39% of agents outside Auckland say that they are seeing signs of people moving in from Auckland. This result does not allow us to speak in terms of a rising trend however as it is in line with August's result of a net 35% and July's net 42%.

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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
August	253	24.4	19.3	19.5	0.0	21.3	18.1	48.4	26.0	35.3
September	418	23.9	29.4	16.0	20.6	26.3	24.4	51.2	29.9	38.8

## REGIONAL RESULTS

We report results where at least 20 responses (almost) have been received for a region. The responses this month show us that buyers well dominate sellers in Auckland and Canterbury, but agents in Auckland are not noticing many first home buyers out and about compared with other parts of the country.

	# 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	13									
Auckland	83	16	19	31	10	25	11	82	55	-
Waikato	26	23	31	32	0	31	15	31	4	64
Bay of Plenty	29	55	41	33	3	21	45	28	31	56
Hawkes Bay/Gisborne	19	32	16	-13	-16	0	26	5	-5	12
Taranaki	4									
Manawatu/Wanganui	10									
Wellington	25	40	-24	24	-4	16	20	36	24	13
Nelson/Marl. W. Coast	5									
Canterbury	24	13	25	7	8	42	21	79	54	31
Otago	11									
Southland	5									
<b>All</b>	<b>253</b>	<b>24.4</b>	<b>19.3</b>	<b>19.5</b>	<b>0.0</b>	<b>21.3</b>	<b>18.1</b>	<b>48.4</b>	<b>26.0</b>	<b>35.3</b>

# ***BNZ-REINZ Residential Market Survey***

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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.

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