

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.

First Home Buyers Still Disappearing

Last month we noted in our survey that a net 78% of the 250 responding agents said that they were seeing fewer first home buyers in the marketplace. This month's 587 respondents have delivered the same result statistically-speaking with a net 77% seeing fewer first home buyers. This wholesale withdrawal of a class of buyers who earlier this year accounted for near 24% of dwelling sales helps explain why the REINZ sales data for November released last Thursday showed sales to all parties down 6.6% from November 2012.

In fact this month we again asked agents the question regarding what proportion of their sales were to first home buyers. In contrast to the results of 23.6% in March and 23.3% in May the proportion now is only 15.3%. The residential real estate market has been handed over to investors, foreign buyers, and people generally shifting location or trading up or down. In fact a net 5.6% of agents this month report that they are seeing more investors. Last month that result was 6%.

A net 16% of agents feel that it is now a buyer's market and just a net 12.5% now feel prices are rising compared with 22.8% last month and 51.2% in September just before the loan to value ratio rules came into effect.

These remain early days for the LVR regime and it is likely to be many months before things settle down to a new equilibrium. The Reserve Bank looks certain to achieve its primary goal of reducing the proportion of bank lending undertaken at high LVRs. However their subsidiary goal of curtailing the speed of house price rises may be only minimally achieved.

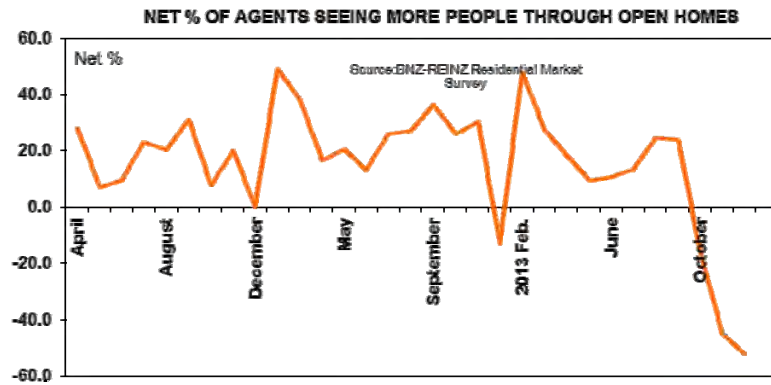
Price pressures in the NZ housing market are likely to remain firm over 2014. Net migration inflows are booming courtesy of a sharp reduction in the attractiveness to Kiwis of shifting to Australia. Leading indicators of employment growth are strong and getting stronger, and although housing supply is rising growth will be limited by a shortage of builders from some point next year.

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

Weakest recorded

A record low net 51% of agents this month said that they are seeing fewer people going through Open Homes.

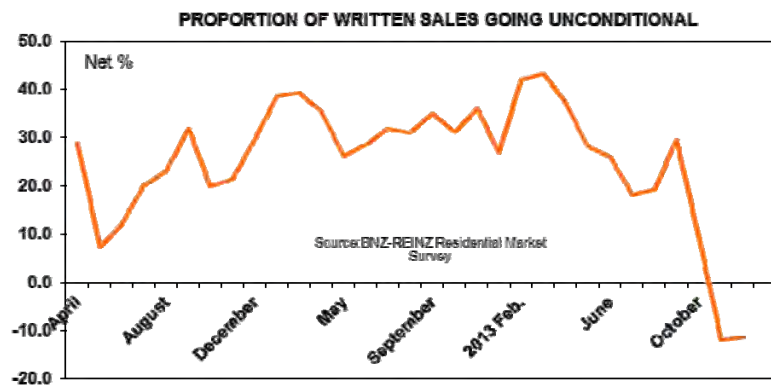
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Is the proportion of Written Sales going unconditional increasing or decreasing?

Staying down

A net 11.5% of responding agents this month have reported that they are seeing fewer written sales going unconditional. This is essentially unchanged from November's result of a net 12%.

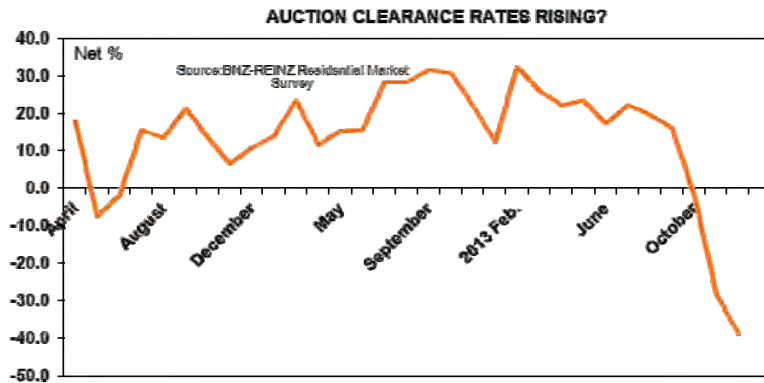


Are auction clearance rates increasing or decreasing?

Falling

A net 38.8% of agents report auction clearance rates worsening. How do we reconcile this outcome with the strong auction sales data contained in the REINZ sales release last week? Their data captures sales which arise very soon after an auction with people who attended and agents report that although sales are now less frequent under the hammer negotiations immediately after are occurring with positive outcomes.

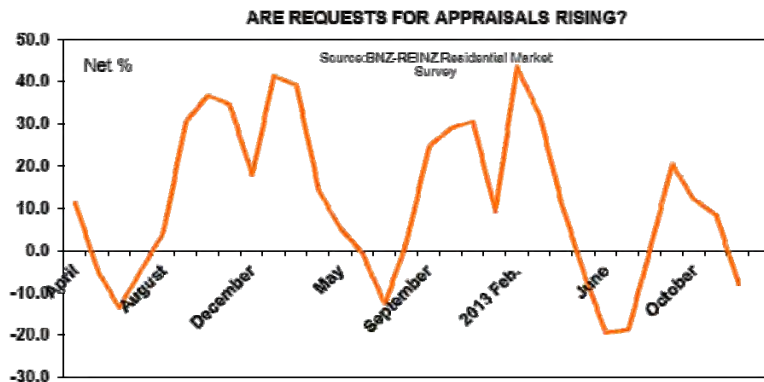
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Are requests for appraisals increasing or decreasing?

Falling

Consistent with some of the comments in our BNZ Confidence Survey released two weeks ago we have evidence that while buyers have backed off following the LVR rule introduction so too have vendors taken a step back. A net 7.8% of licensed agents report that they are receiving fewer requests from potential vendors for property appraisals.

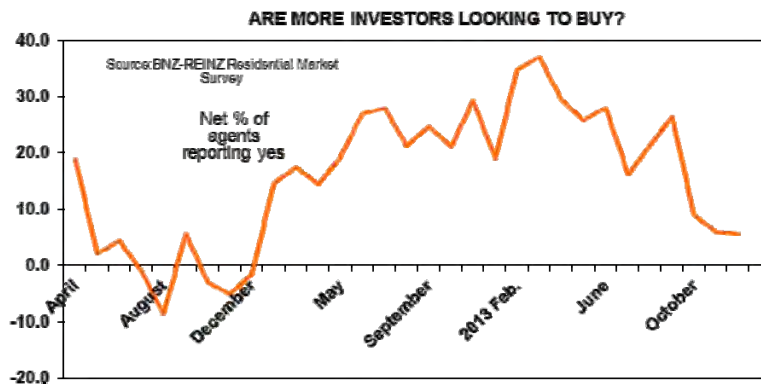


Is the number of investors looking to buy increasing or decreasing?

Positive and steady

While there has been some backing off of investors following the LVR rule introduction the change has been far less than for first home buyers. A net 5.6% of agents this month report that they are seeing more investors – compared with a net 77.1% who are seeing fewer first home buyers.

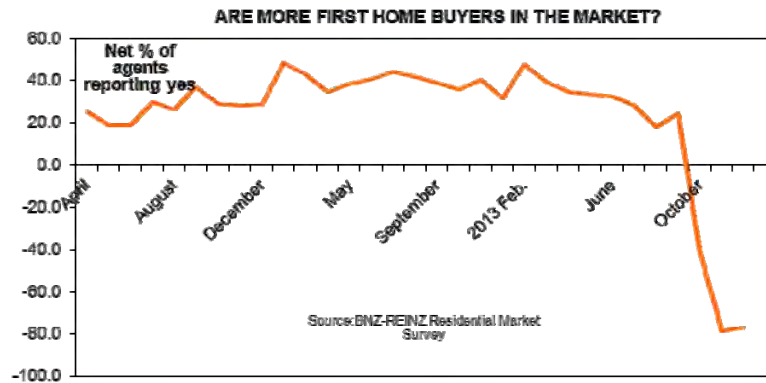
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Is the number of first home buyers increasing or decreasing?

Still collapsing

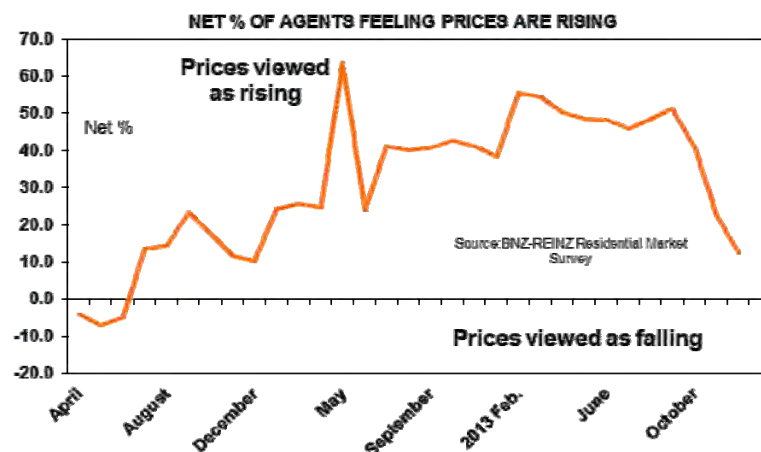
A net 77% of agents this month report that they are seeing fewer first home buyers in the market. This is basically unchanged from last month's net 78.4% result.



Do prices appear to be increasing, flat or decreasing?

Reduced upward pressure

A net 12.5% of agents feel that house prices are rising. This is down from a net 22.8% feeling that way last month and a net 41% in October. There is less upward pressure on prices – but upward pressure is what still remains.

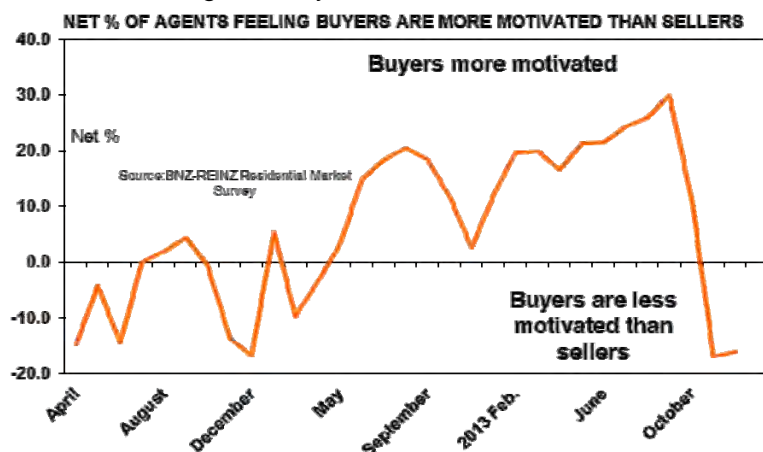


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Who appear more motivated to transact – the buyers or the sellers?

Buyer's market

The residential real estate market remains in favour of buyers - not if they are purchasing their first home however. A net 16% of agents feel that sellers are now more motivated to transact than buyers, which is about the same as the net 16.8% feeling that way last month.



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

Little evidence of buyers looking outside Auckland

A net 32.7% of agents outside of Auckland say that they are seeing more buyers entering their area from Auckland. This is up from the low result of a net 22.3% last month but still lowish for the six month period during which we have asked this question.

REGIONAL RESULTS

We report results where at least 20 responses (almost) have been received for a region.

	# of Responses	# of people through Open Homes	% of Written Unconditional Sales	Auction Clearance rate	Requests for Appraisals	Investors buying	First home buyers	Prices	Buyers more motivated?	Akl'd Buyers?
Northland	39	-38	13	-17	18	13	-72	18	-18	66
Auckland	225	-71	-24	-68	-22	15	-81	9	-10	34
Waikato	55	-58	0	-27	13	13	-71	24	4	45
Bay of Plenty	32	-22	-9	14	-9	-3	-91	22	-38	34
Hawkes Bay/Gisborne	29	-41	-7	-17	-31	-14	-83	-7	-34	33
Taranaki	15									
Manawatu/Wanganui	27	-52	-15	-20	-11	-30	-85	0	-33	10
Wellington	46	-33	-2	7	-2	9	-67	24	-22	12
Nelson/Marl. W. Coast	26	-27	8	-13	12	15	-65	15	-23	11
Canterbury	57	-58	-25	-30	-19	-4	-82	11	-11	13
Otago	27	-33	11	-9	0	0	-56	22	-30	43
Southland	9									
All	587	-52	-11	-39	-8	6	-77	13	-16	33

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Asked what proportion of their sales are to first home buyers we have the following estimates.

	December	May
Northland	12.6	10
Auckland	16.5	25
Waikato	14.3	22
Bay of Plenty	11.9	18
Hawkes Bay/Gisborne	13.3	21
Taranaki		
Manawatu/Wanganui	17.7	
Wellington	20.0	31
Nelson/Marl. W. Coast	11.9	
Canterbury	13.5	22
Otago	14.3	
Southland		
All	15.3	24

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
October	420	-16.4	9.3	-1.5	12.1	9.0	-41.0	41.0	11.2	39.3
November	250	-44.8	-12.0	-27.9	8.4	6.0	-78.4	22.8	-16.8	22.3
December	587	-52.2	-11.5	-38.8	-7.8	5.6	-77.1	12.5	-16.0	32.7

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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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