

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.

Seller's Market Returns

All of the measures we use to gauge the strength of the residential property market have improved this month compared with our last survey undertaken in early-December. Most notably a net 5% of the 469 responding agents now feel that it is once again a seller's market compared with a net 16% in December and 17% in November who felt it was a buyer's market.

The net percent of agents seeing a decline in the number of first home buyers has declined from near 80% readings in November and December, but at a net 40% agents are still seeing first home buyers stepping back from the market. The Reserve Bank's credit controls have had a substantial impact on first home buyers – but not much of an impact on investors.

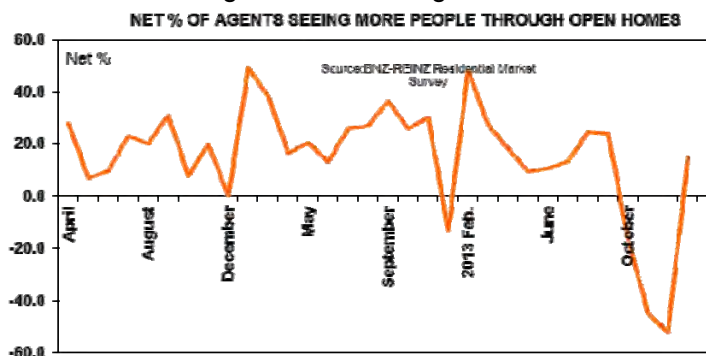
Whereas in December a net 6% of responding agents said that they were seeing more investors, that reading has now jumped to a net 21% which is above the 16% three year average though still down from 26% in September.

In fact whereas real estate agents estimate just 16% of their sales are to first home buyers compared with 24% in our March 2013 survey, estimated sales to investors stand at over 19% from 18.5% nearly a year ago. Again we have evidence that first home buyers have felt the impact of LVR rules, not investors. Next month we shall ask about offshore buyers once again. Anecdotes suggest little impact of the LVR rules on that group.

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

Bounce to Average From Weakest recorded

After recording our weakest ever result two months ago with a net 52% of respondents saying they are seeing fewer people attending Open Homes, this month a net 15% of our 469 respondents say that they are seeing more people. This is equal to the average outcome since our survey started in April 2011 and tells us that the shock effect of the LVR regulations is fading.

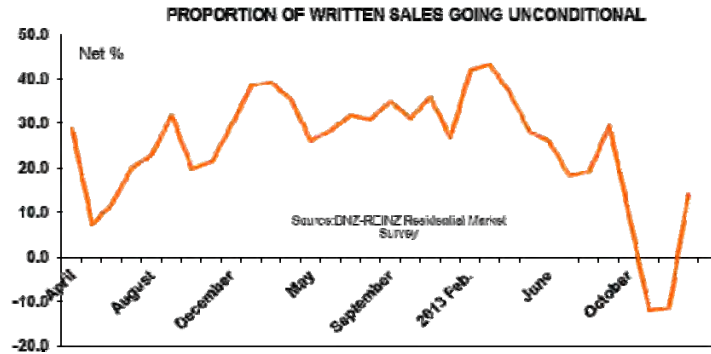


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Is the proportion of Written Sales going unconditional increasing or decreasing?

Rebounding

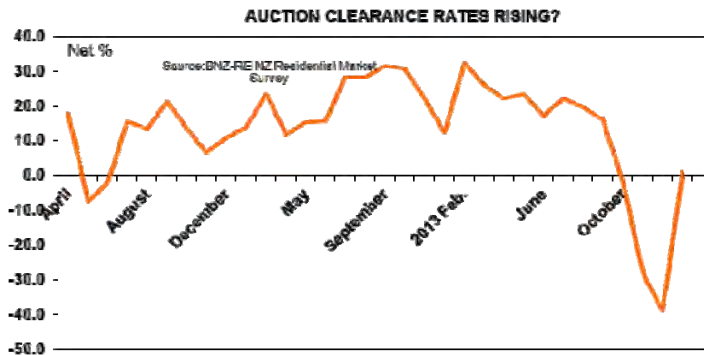
A net 14% of responding agents say that they are seeing a rising proportion of Written Sales going Unconditional. This is a healthy turnaround from the net 12% in early-December who said they were seeing fewer. It therefore correlates well with the Open Home result.



Are auction clearance rates increasing or decreasing?

Up

After sitting in negative territory for three surveys, this month we find that a net 1% of agents are seeing an improvement in auction clearance rates. This signals to us the ending of a period when buyers were backing away from auctions.

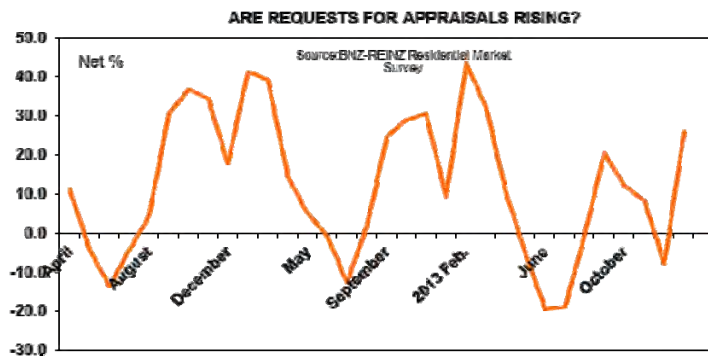


Are requests for appraisals increasing or decreasing?

Highest in almost a year

There has been a strong lift in this measure to a net 26% of agents saying that more people are asking for appraisals. In December a net 8% said that they were seeing fewer people coming forward, leading us to comment that while the LVR rules were scaring away buyers they appeared also to be scaring sellers away as well.

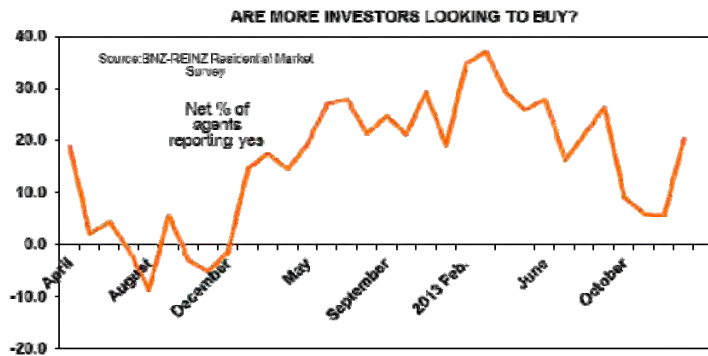
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Is the number of investors looking to buy increasing or decreasing?

Positive and rising

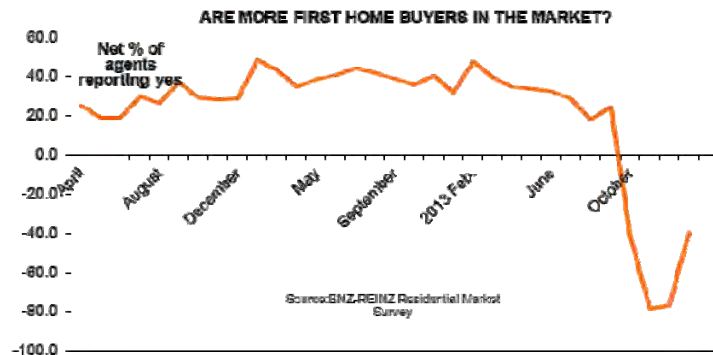
This measure never turned negative post-LVR as that for first home buyers did and this month there has been a strong rise in the net percent of agents seeing more investors to 21% from 6% readings in December and November.



Is the number of first home buyers increasing or decreasing?

Still falling

This reading is better than the net 80% negatives in November and December, but still a net 40% of agents this month say that they are seeing fewer first home buyers in the market. These are the people who have been most impacted by the Reserve Bank's new credit control – home-makers, not investors.

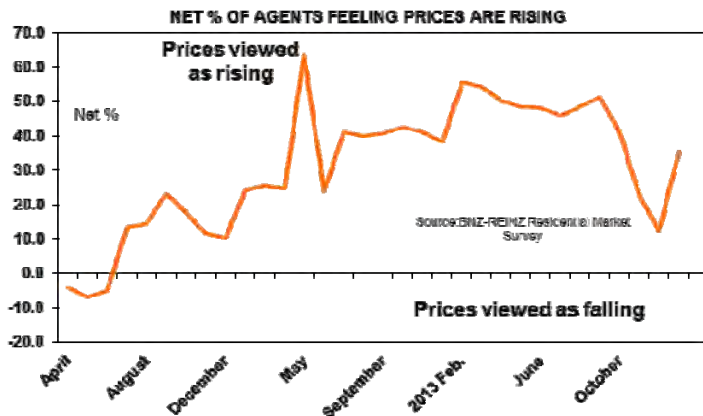


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Do prices appear to increasing, flat or decreasing?

Upward Pressure Resumes

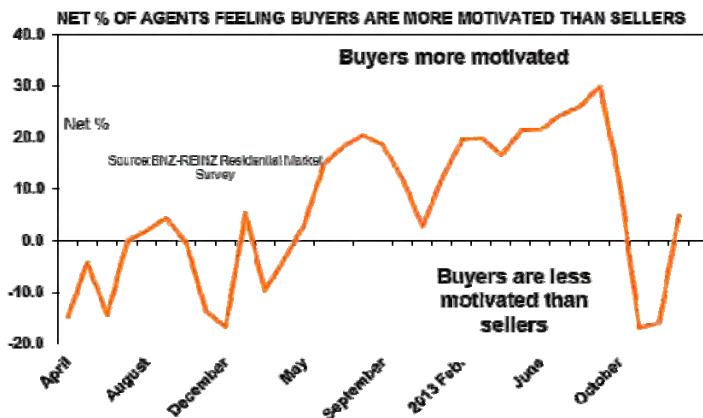
With agents seeing more buyers back in the market they are also seeing more upward movement in prices. A net 35% of responding agents say that they feel prices are rising compared with a net 13% in December and 23% in November. Before the LVR rules came in on October 1 this reading was a net 51% positive.



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

Seller's Market Returns

After the market being in favour of buyers for two months things have now reverted back to the buyers being more motivated to get a transaction done than sellers. A net 5% of agents are seeing the market this way compared with a net 16% in December and 17% in November who felt that it was the sellers who were more motivated.



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

This month a net 40% of agents report that they are seeing more Auckland-exiting buyers appearing in their area. This is the strongest reading since July last year but it still seems premature to conclude that an upward trend is in place as yet.

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First Home Buyers and Investors

In December we asked agents to estimate the proportion of their sales going to first home buyers. The outcome was 15.3% which was well down from 23.3% in May last year and 23.6% in March. We repeated that question this month and got an outcome of 16.2%. So perhaps there is a slight recovery happening in first buyer activity. We shall monitor this.

This month we also reintroduced the question regarding the proportion of agents' sales going to investors whether they be local or offshore. Agents estimate 19.4% of their sales are to investors. In May last year that outcome was 19.1% and in March 18.5%. Thus we have some further evidence that the hit to activity as a result of the loan to value rules being introduced from October 1 is being taken by first home buyers and not investors. As noted above, this month a net 20.5% of agents say that they are seeing more investors in the market whereas a net 39.7% say they are seeing fewer first home buyers.

Given these developments one can make the reasonable assumption that the home ownership rate in New Zealand will continue its decline. Census results released last week show an ownership rate of 64.8% from 66.9% in the 2006 census. Put another way, back in 2006 33.1% of people did not own the house which they live in but now 35.2% are in that state. The Reserve Bank's credit controls are working to reduce New Zealand's home ownership rate.

REGIONAL RESULTS

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

Sellers continue to be more motivated to transact (a buyer's market) in Northland, Manawatu/Wanganui, Wellington, and Canterbury. But in all areas bar Manawatu/Wanganui agents see prices as rising, most notably in Otago, Canterbury, and Auckland. Investors appear to be showing some strong interest in Northland and of course Auckland but not so much in Canterbury.

	# 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	29	10	17	0	34	41	-41	24	-14	54
Auckland	155	24	8	-3	20	30	-32	45	27	
Waikato	49	-2	29	8	47	29	-47	37	2	68
Bay of Plenty	39	15	36	23	36	26	-56	36	-5	54
Hawkes Bay/Gisborne	23	48	17	0	35	9	-43	9	0	50
Taranaki	9									
Manawatu/Wanganui	21	-5	5	17	10	-5	-38	0	-29	24
Wellington	38	13	5	-19	39	8	-42	18	-24	7
Nelson/Marl. W. Coast	21	19	24	-20	33	24	-48	38	10	31
Canterbury	46	-13	0	0	13	4	-46	46	-2	4
Otago	32	22	9	5	6	13	-34	56	16	29
Southland	7									
All	469	15	14	1	26	20	-40	35	5	40

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

	Feb. 2014	December	May
Northland	13	12.6	10
Auckland	20	16.5	25
Waikato	15	14.3	22
Bay of Plenty	9	11.9	18
Hawkes Bay/Gisborne	8	13.3	21
Taranaki			
Manawatu/Wanganui	21	17.7	
Wellington	20	20.0	31
Nelson/Marl. W. Coast	9	11.9	
Canterbury	17	13.5	22
Otago	15	14.3	
Southland			
All	16	15.3	24

Asked what proportion of their sales are to investors we have the following estimates.

	Feb. 2014	May 2013
Northland	20	17
Auckland	21	23
Waikato	22	20
Bay of Plenty	13	14
Hawkes Bay/Gisborne	7	14
Taranaki		
Manawatu/Wanganui	12	
Wellington	13	15
Nelson/Marl. W. Coast	16	
Canterbury	24	20
Otago	15	
Southland		
All	19	18

DATA TABLE

	# 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?	Akid 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	

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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
2014 Feb	469	15.1	14.1	1.1	26.0	20.5	-39.7	35.4	31.1 39.7

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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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