

# BNZ-REINZ Residential Market Survey

ISSN 2253-3656

12 April 2013

## Mission Statement

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

## Market Very Strong

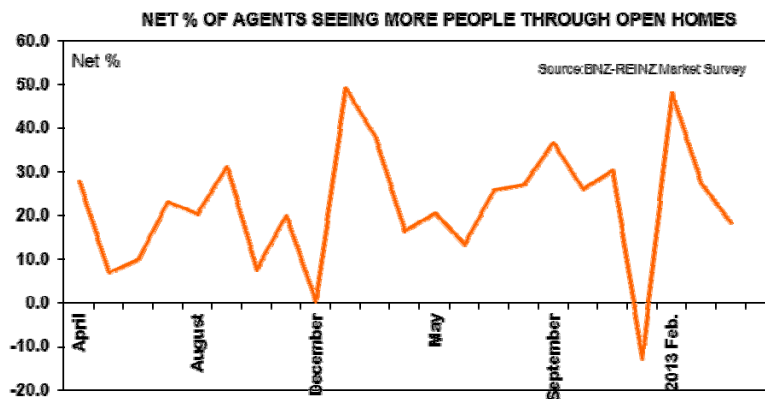
All of the eight key measures we use to gauge strength in the residential real estate market edged slightly lower in April. However almost exactly the same thing happened in last year's April survey and the trend in all measures remains upward – apart from requests for appraisals which are below average, and perhaps interest from first home buyers which has settled at a high level though is no longer rising.

Overall the survey results show that the residential property market is strongly in favour of sellers and showing no sustained signs of easing off.

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

### Interest average

A net 18% of responding agents this month reported that they are seeing more people going through Open Homes. A quick look at the graph below shows that this result is comfortably in line with the historic average and therefore does not suggest any particular change in buyer interest at the moment.

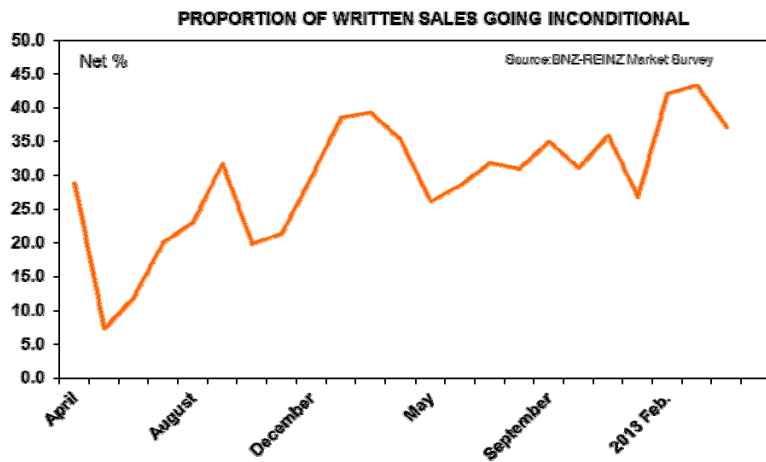


## Is the proportion of Written Sales going unconditional increasing or decreasing?

### Sales firm

A net 37% of agents report that Written Sales are going Unconditional. This is a firm result consistent with the upward trend in this measure from the middle of 2011. It reveals declining willingness of buyers to find some way of backing out of a purchase, or more accurately perhaps, people are purchasing with greater and greater levels of commitment to secure a property.

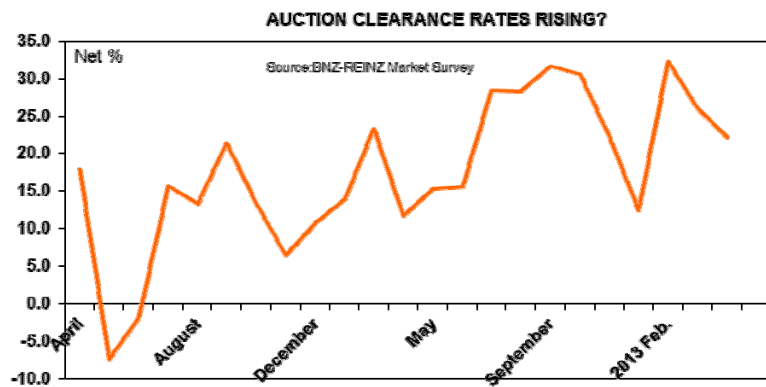
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## Are auction clearance rates increasing or decreasing?

### Clearance good still

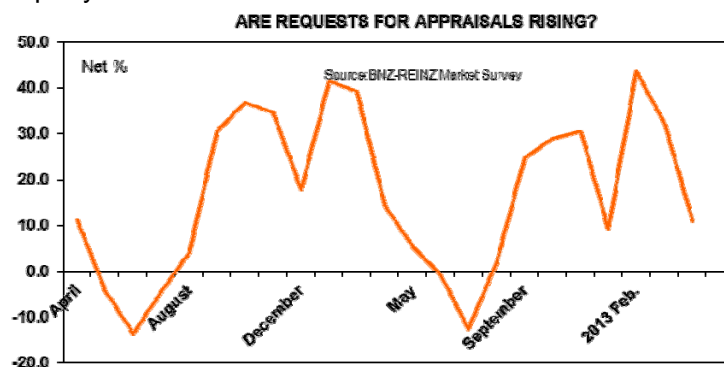
Although the net percent of agents reporting that they feel auction clearance rates has fallen in each of the past two months to sit at 22% for April, the trend in this measure remains upward. The auction anecdotes are certainly strong.



## Are requests for appraisals increasing or decreasing?

### Vendors scarce

This measure can show high volatility. But nonetheless, it has weakened off to a low level of only a net 11% of agents noting more people wanting appraisals and this result is consistent with other measures showing worsening availability of property.

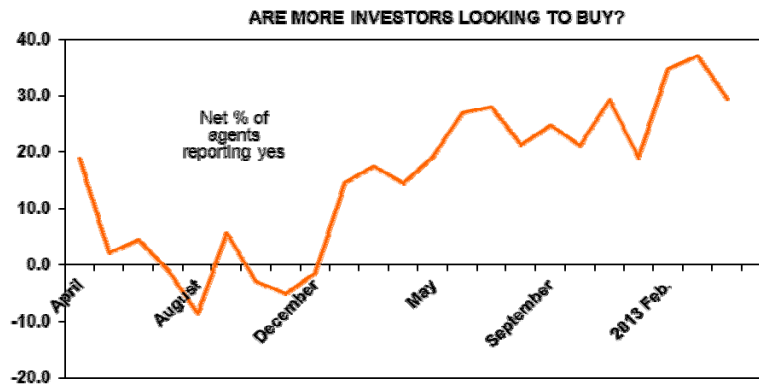


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## Is the number of investors looking to buy increasing or decreasing?

### Record Interest

A net 29% of agents this month have responded noting that they are seeing more investors in the market. This is the third strongest result on record and as such signals continuing firm investor demand.

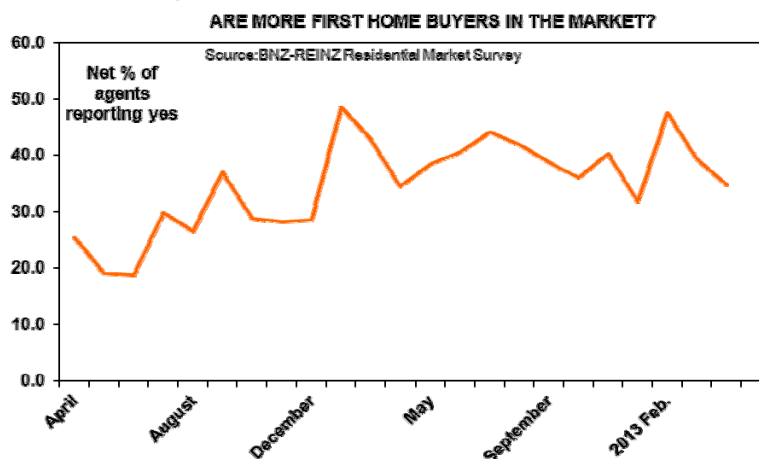


Source:BNZ-REINZ Residential Market Survey

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

### Easing off slightly

A net 35% of agents note that they are seeing more first home buyers in the market. Looking at the graph it would appear that this measure has flattened out in the past year after rising from mid-2011. This could be telling us that although there are many first home buyers in the market, some may be getting discouraged at prospects of finding a suitable and affordable property. If so that would be consistent with previous housing cycles and some comments by young buyers in the media recently.



ARE MORE FIRST HOME BUYERS IN THE MARKET?

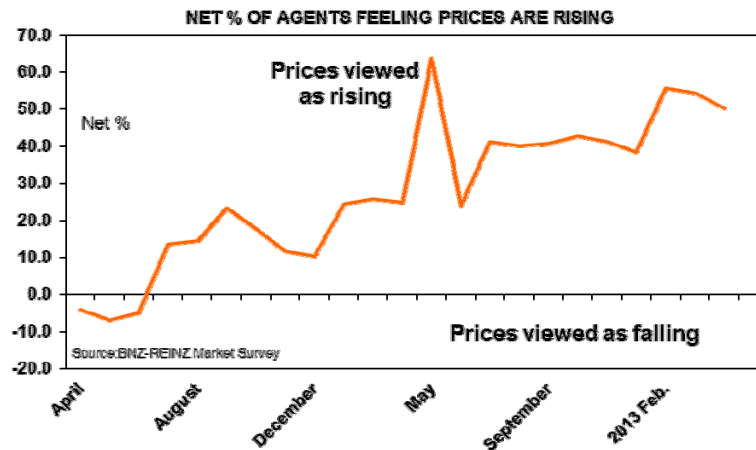
Source:BNZ-REINZ Residential Market Survey

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

### Prices rising

A strong net 50% of agents view prices as rising. This is a completely unsurprising result given appreciation in prices shown in other measures from the REINZ etc.

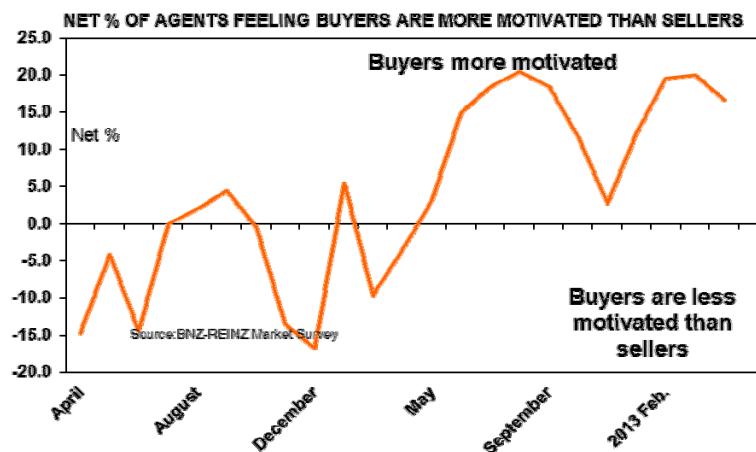
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## Who appear more motivated to transact – the buyers or the sellers?

### A sellers' market

There is no doubt that it is a sellers' market with agents strongly viewing buyers as more motivated to transact than sellers. The trend in this measure is also upward.



The following question was introduced for the first time this month.

## What proportion of the vendors you sell for are overseas?

Of the 500 responses 425 were <10%, 44 10%-20%, 13 20%-30%, then a minor smattering above that. If we were to take 5% as the mid-point of the "Less than 10%" selection then on average 7.4% of dwellings sold are on behalf of overseas buyers. However the dominance of the "Less than 10%" responses tells us that we cannot do that calculation for this question and present any conclusion this month and instead need to include a new more detailed question running from 1% to 10% next survey.

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## REGIONAL RESULTS

Treat with caution the results for any region with fewer than 20 responses.

The common view currently, backed by the REINZ data, is that the NZ housing cycle's upward drive is largely confined to Auckland and Christchurch for specific reasons of shortage. But can we see evidence yet that the growth in the country's two biggest urban centres is spreading to other regions?

The starting point for such an examination should be the last column indicating whether buyers are becoming more motivated than sellers. Auckland and Canterbury stick out as sellers' markets. Hawkes Bay/Gisborne is heading that way as is the (too) widely defined Nelson/Marlborough/Kaikoura/West Coast region. Investor interest in both these areas is strong, but first home buyers appear absent in any great numbers in Hawkes Bay/Gisborne – perhaps suggesting that this is an untapped market for young buyers.

However, although conditions appear only to be tightening up in these two aforementioned regions, prices are perceived by agents to be rising everywhere, with investor demand rising everywhere except to any great degree yet in Southland (where yields traditionally are the best in 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?
Northland	17	24	47	42	29	12	35	6	-6
Auckland	190	20	38	25	5	32	33	78	36
Waikato	50	-4	29	11	20	22	24	22	-4
Bay of Plenty	45	20	47	38	9	40	44	18	-4
Hawkes Bay/Gisborne	27	30	11	19	7	33	4	11	26
Taranaki	14	14	7	14	21	21	29	29	0
Manawatu/Wanganui	9	Only nine responses. Not enough for analysis							
Wellington	39	24	45	6	0	13	58	42	5
Nelson/Marl. W. Coast	20	0	40	-25	0	30	40	45	15
Canterbury	51	29	43	47	8	45	31	75	33
Otago	25	8	40	-6	32	28	36	36	4
Southland	13	23	46	11	46	8	38	8	-54
All	500	18	37	22	11	29	35	50	17

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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://www.braingainnz.co.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 column for the NZ Property Investor magazine, <http://www.propertyinvestor.co.nz/>
- Monthly column for the NZ China Trade Association. <http://www.nzcta.co.nz/>
- Most of these publications plus research into impediments to NZ's economic growth are available on this website. [www.tonyalexander.co.nz](http://www.tonyalexander.co.nz) The website [www.braingainnz.co.nz](http://www.braingainnz.co.nz) contains all sections from Brain Gain NZ.

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

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