

BNZ-REINZ Residential Market Survey

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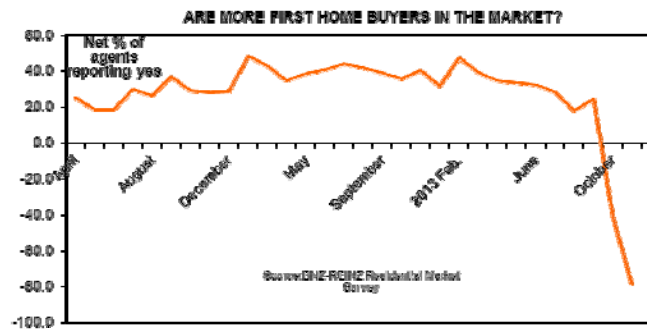
Mission Statement

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

First Home Buyers Desert The Market

The introduction of credit controls on lending to people with deposits below 20% of a house's value has resulted in a net 78% of the 250 licensed real estate agents replying to this month's survey saying that they are seeing fewer first home buyers than in the previous month. The result a month ago was a net 41% seeing fewer and back in September before the rules became effective a net 24% of agents were seeing more.

This result supports data from other sources showing first home buyers giving up hope of making a property purchase in the near future.



But are the changes achieving the Reserve Bank's desire of limiting price rises? Only marginally. A net 23% of agents feel that house prices are rising compared with 41% in October and 51% in September. More tellingly, a net 17% of agents now feel that it is a buyer's market with sellers more motivated to transact than buyers. Last month a net 11% felt it was a seller's market and in September a net 30% felt that way.

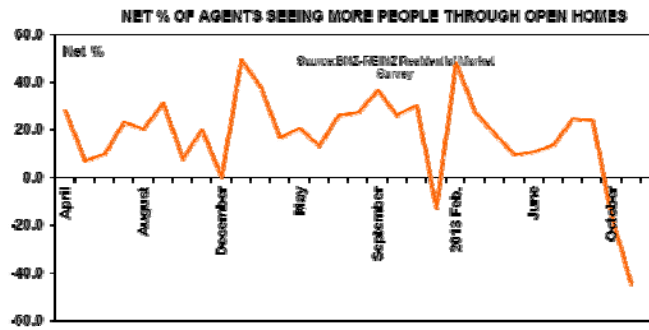
Our survey results this month show that the residential real estate market in New Zealand is taking quite a hit from the introduction of credit controls but that it is aspiring first home buyers wanting to place roots down in New Zealand who are suffering. A net 6% of responding agents still say that they seeing an increase in investors looking to make a purchase.

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

Weakest recorded

A record net 45% of agents this month said that they are seeing fewer people going through Open Homes. The graph says it all.

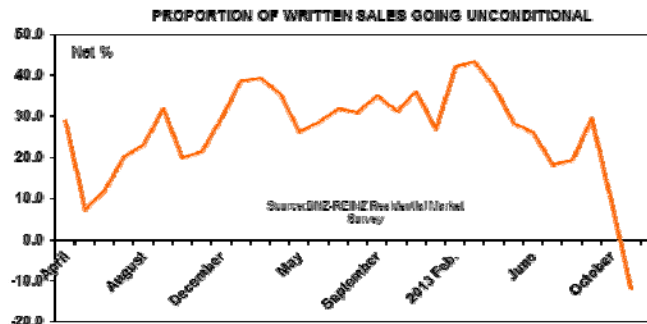
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Is the proportion of Written Sales going unconditional increasing or decreasing?

Down

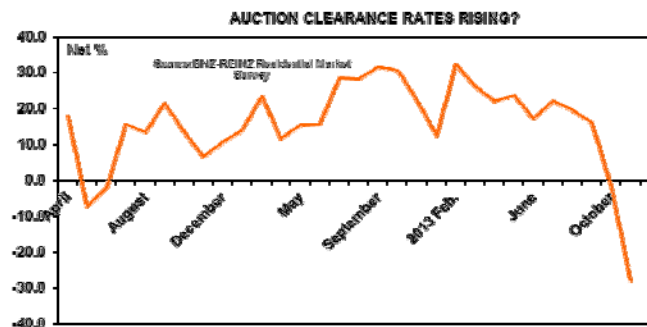
Consistent with fewer people going to Open Homes has been a sharp decline in agents' experiences of people completing the sales process. A net 12% this month reported that they are seeing fewer Written Sales go through to being completed. Buyers have backed out of deals.



Are auction clearance rates increasing or decreasing?

Falling

A net 28% of agents report that auction clearance rates have declined. This is another sign of weakness.

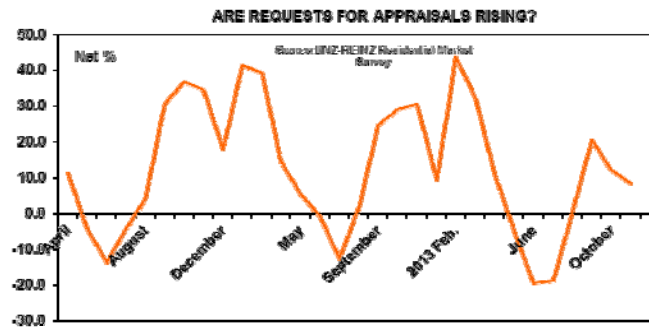


Are requests for appraisals increasing or decreasing?

Slightly rising

While buyers have backed off potential vendors appear to have not much changed their stance. A net 8% of agents report that they are seeing more requests for property appraisals

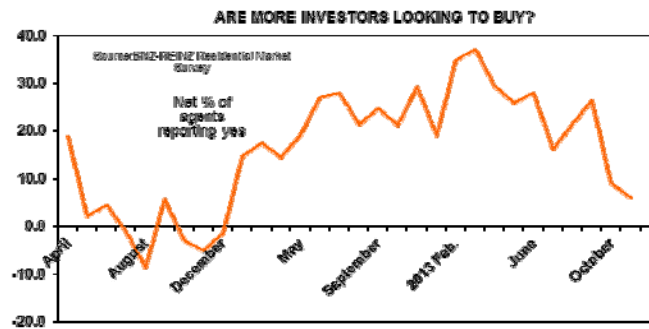
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Is the number of investors looking to buy increasing or decreasing?

Down slightly

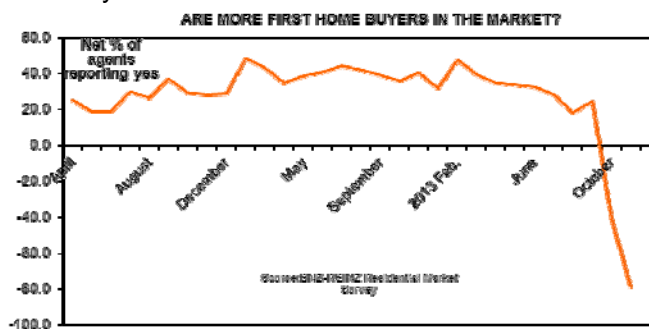
A net 6% of agents report that they are seeing more investors in the market. This is down from 9% in October and 26% in September, but only just under the average outcome of a net 16% positive. This is a far smaller decline and movement to a below average setting than for first home buyers and possibly tells us that funding of investment property purchases in New Zealand may not be as debt-dependent as many had been thinking.



Is the number of first home buyers increasing or decreasing?

Collapsed again

As noted on the first page the presence of first home buyers in the market has collapsed. A net 78% of agents report seeing fewer such buyers this month.

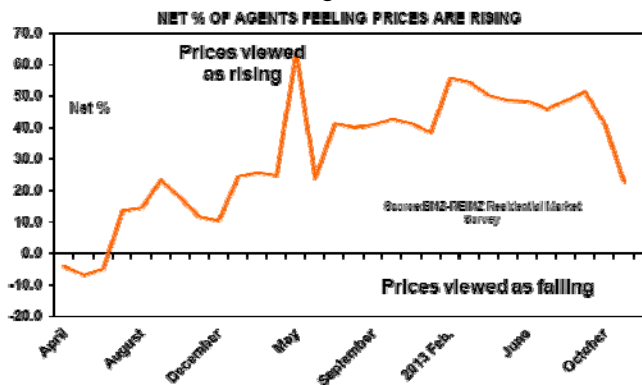


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Do prices appear to be increasing, flat or decreasing?

Minor decline

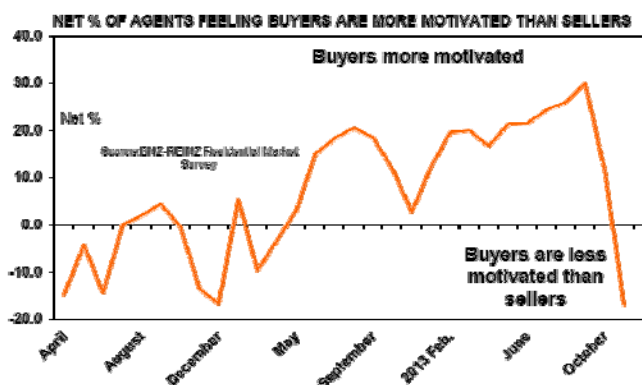
A net 23% of agents feel that house prices are rising. Thus while first home buyers may have deserted the market in droves, upward pressure on prices persists. The latest reading is however down from a net 51% two months earlier in September and below the average outcome of a net 32%.



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

Buyer's market returns

For the first time in one and a half years the state of the market has turned toward being in favour of buyers. A net 17% of agents now say that it is a buyer's market whereas last month a net 11% said it was a seller's market, in September a net 30% said that, and the average reading is a net 7% saying a seller's market dominates.



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

Only a net 22% of responding agents said that they are seeing people moving into their area from Auckland. Outflows from the big city appear not to be picking up as yet.

What effects have you noticed from the LVR rules?

We asked agents a special question this month regarding the impact they are seeing from the LVR rules to see if there is anything happening which our questions may not have captured. The strongest theme is of course the withdrawal of first home buyers. After that a number of agents noted increased interest from investors while many noted decreased investor interest. A number noted strong and rising demand from offshore buyers, especially out of Asia. Selected comments illustrating themes beyond the obvious are as

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follows. All responses to the question have been placed in pdf file available here. <http://tonyalexander.co.nz/wp-content/uploads/2013/11/BNZ-REINZ-Survey-November-2013-Special-question.pdf>

- First home buyers are more diligent in decision making.
- More parents tagging along.
- Investors and Chinese buyers (both resident and non-resident) have taken their place, but not buying on emotion like First Home Buyers do - hence we are seeing more of a gap between what sellers want and what buyers will pay.
- 1ST home buyers have decided it too hard to get finance due to what they are reading rather than actually going to bank or broker and investigating. May be a reflection on our buyer's market here for the lower priced entry level homes.
- Massive decrease of first home buyers - parents starting to buy properties in their names to on sell to their children as they cannot get finance.
- It seems more investors are buying the entry level properties instead of first home buyers.
- First home buyers have dried up. Investors are starting to appear now.
- Only affecting first home buyers. Overseas buyers are still in the market and buying at good prices unconditionally. Baby boomers are still downsizing at the same rate and investors have taken up the slack by first home buyers. Not much impact at all.
- Contracts are more condition inclusive i.e. subject to sale of house as Aucklanders protect themselves in case Auckland home does not sell and/or Bank do not honour funding approval.
- Has been implemented to slow the market in Auckland and Christchurch but unfortunately has slowed the Provincial Real Estate market that was only just starting to show signs of recovery from the slump of 2008.
- First home buyers are not able to buy. Our Asian buyers with the buying power from the xx bank are buying up in great quantities especially in our area. I have never personally sold to so many Asian buyers in the last 20 years as I have in the last 12 months.

REGIONAL RESULTS

We report results where at least 20 responses (almost) have been received for a region. Interest from first home buyers has fallen sharply in all regions and not just Auckland. While agents perceive it to be a buyer's market outside of Auckland, in Auckland things seem to be in balance.

	# 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?	Aklid Buyers?
Northland	13									
Auckland	95	-67	-23	-57	6	15	-82	26	-1	20
Waikato	15									
Bay of Plenty	20	-20	0	11	-15	5	-90	5	-45	42
Hawkes Bay/Gisborne	16									
Taranaki	5									
Manawatu/Wanganui	8									
Wellington	23	-17	-9	-7	17	9	-74	30	-22	0
Nelson/Marl. W. Coast	8									
Canterbury	29	-45	3	4	0	10	-79	52	-10	5
Otago	11									
Southland	7									
All	250	-45	-12	-28	8	6	-78	23	-17	22

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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
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

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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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