

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.

NZ Housing Market In Firm Upturn

All of the eight measures we track in our monthly survey of over 10,000 licensed real estate agents has increased this month – except for one. That exception is the net percent of agents receiving more requests for appraisals. That measure has decreased to a net negative 13% saying they are receiving more requests from -0.8% in our June survey. That means decreasing supply at the same time as measures of demand are rising. For instance a record net 27.9% of agents say they are noticing more investors in the market, while 44% - up from 40% in June – say they are seeing more first home buyers.

As noted last month, conditions have switched around decidedly toward being a sellers market – as other analysts have also noted from their datasets – with a net 18.3% of agents feeling buyers are more motivated than sellers.

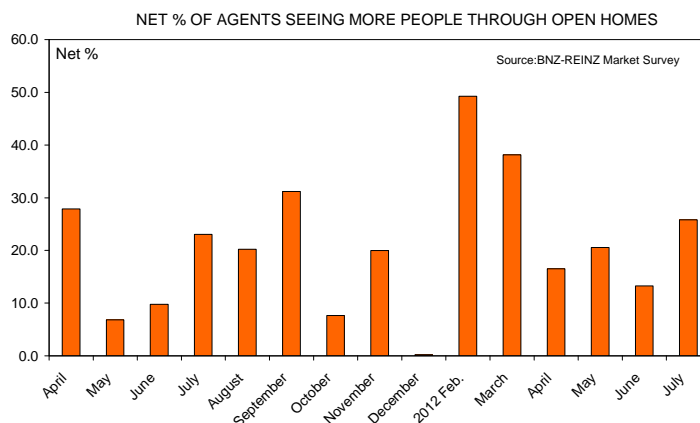
The combination of rising demand, easing supply, and sellers holding the power suggests little other than prices rising – hence a net 41.1% of agents reporting that is exactly what they are observing.

With interest rates set to stay low for this year and perhaps all of next while economic growth continues at a reasonable if unexciting pace, New Zealand’s residential property market is likely to remain in its sellers market phase at least well into 2014. Beyond that depends very much upon what at this stage are unpredictable interest rate rises further out, and by how much dwelling supply can grow in an environment where builder shortages seem certain to appear.

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

More people kicking the tyres

A net 26% of agents reported that they are noticing more people going through Open Homes, up from a net 13% in May and a sign that buyers are out in force.

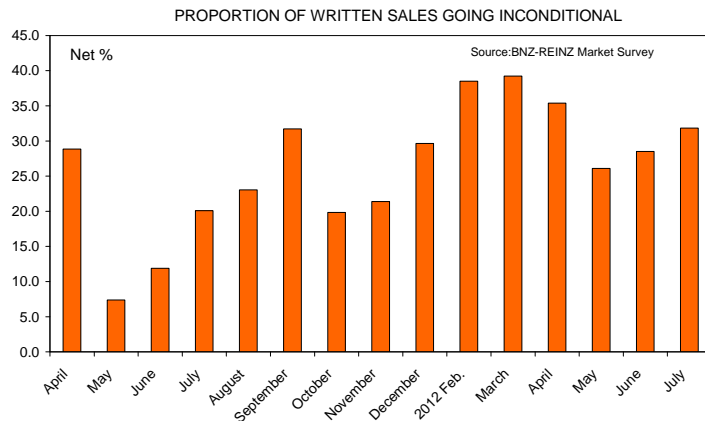


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Is the proportion of Written Sales going unconditional increasing or decreasing?

Sales success rate firm

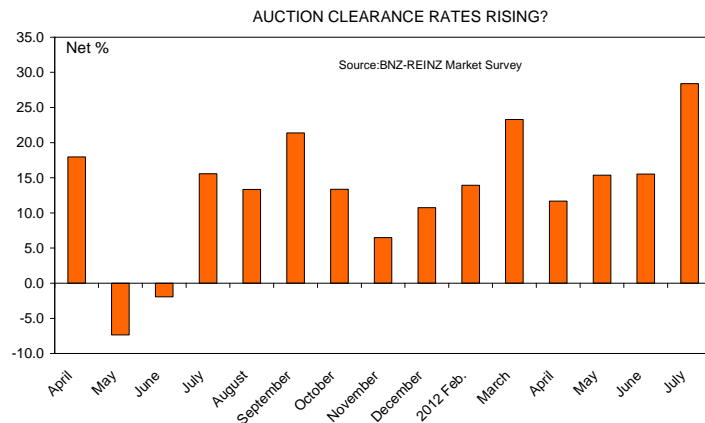
This measure indicates no tendency for buyers to be pulling out of initial offers. In fact more and more people are seeing their purchases through. This suggests market strength.



Are auction clearance rates increasing or decreasing?

Clearance rate high

A record net 28% of agents reported that they perceive auction clearance rates to be rising. This also is a sign of a strong market.

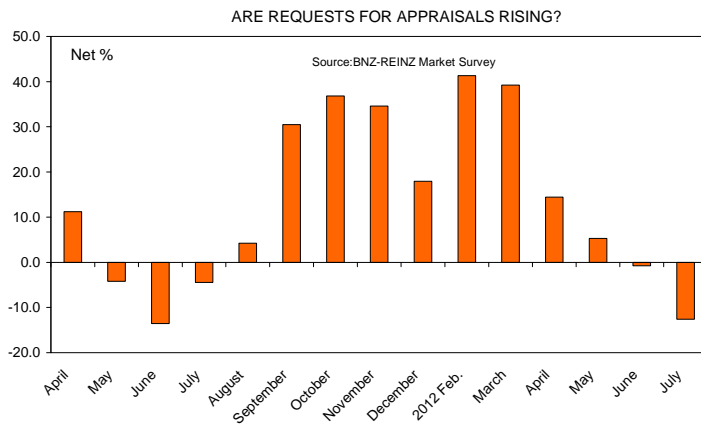


Are requests for appraisals increasing or decreasing?

Falling away further

A net 13% of agents report that they are receiving fewer requests to appraise properties compared with 1% in May. The movement of this measure back firmly into negative territory is suggestive of vendors feeling in no particular hurry to list their properties and accords with the growing anecdotal feedback of listings being in short supply. For instance this was a notable theme in our monthly BNZ Confidence Survey released earlier this week.

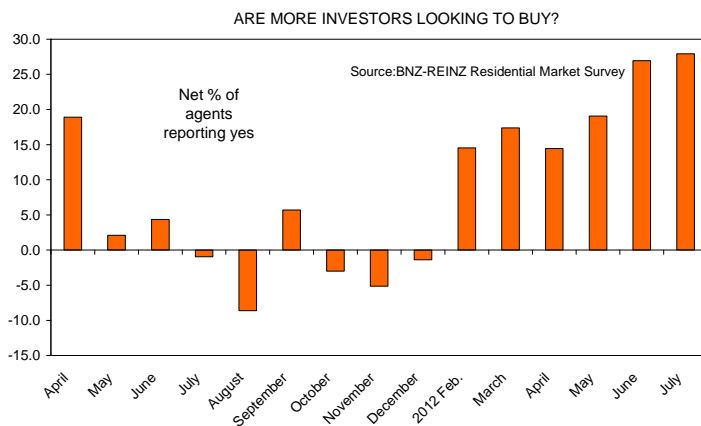
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Is the number of investors looking to buy increasing or decreasing?

Strong

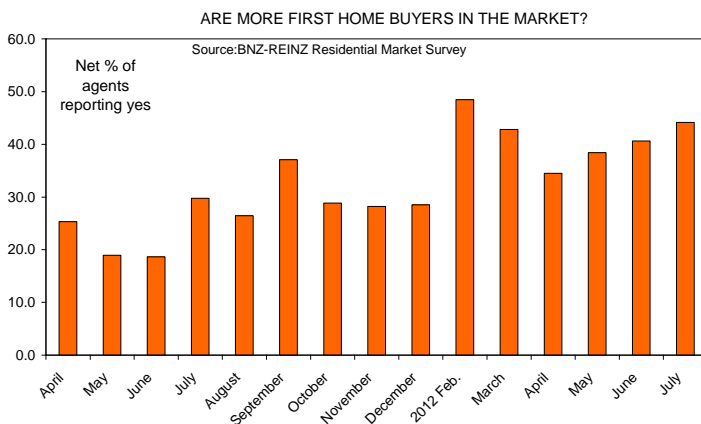
A net 28% of responding agents reported that they are noticing more investors in the market. This is a record level up slightly from 27% in June and we believe part of the recent jump in investor demand reflects the falls in interest rates of almost two months ago.



Is the number of first home buyers increasing or decreasing?

Strong again

A high net 44% of agents report more first home buyers in the market. This indicator has been at strong levels since the start of the year and is likely to remain high as awareness grows of rental property shortages in some areas.

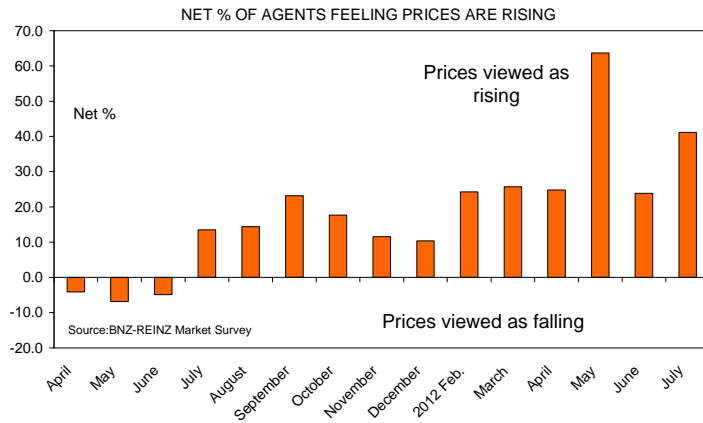


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Do prices appear to increasing, flat or decreasing?

Prices rising

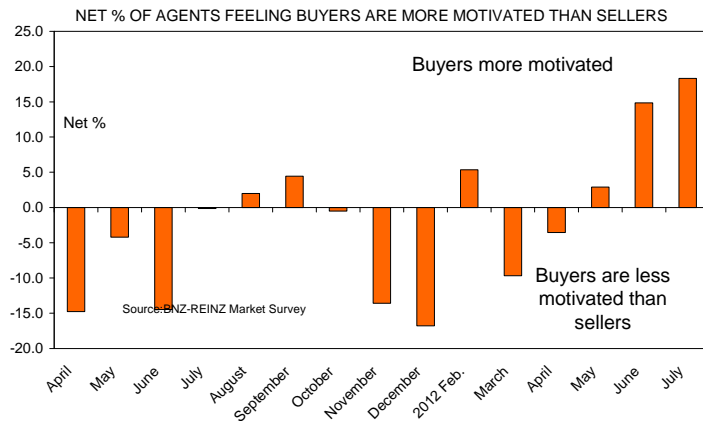
A net 41% of agents feel prices are rising and actual price gauges are decidedly going up.



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

Sellers market in place

A record net 18% of agents report that buyers are more motivated than sellers – making a firm trend toward this being a sellers market as shown clearly in the graph.



What are the main factors holding buyers back?

There are fewer and fewer buyers holding back because they feel prices will decline, fewer also feeling they may not be able to sell their own house, but many not able to find a property which suits them. These changes are fully in line with the measures already discussed.

	Latest %	Month Ago %	Average %
They feel prices will decline	13.4	19.7	22.4
Worries about securing finance	18.5	15.0	18.0
Not confident they can sell their house	13.4	18.8	18.0
Poor quality of listings	42.4	38.5	31.6
Other	12.3	7.9	9.9

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What are the main reasons people are buying?

In this section we are looking for any strong divergence of answers from their average levels. There has been a noticeable lift in buyers making their first home purchase and below average numbers of people trading up or down.

	Latest %	Month Ago %	Average %
Fear of missing out/Feel time is right for prices	14.6	12.3	11.0
Trading up	13.1	14.7	14.4
Trading down	13.9	14.5	16.4
Shifting into town	16.6	16.7	15.5
Arriving from overseas	5.5	5.3	5.7
Relationship breakdown	11.0	12.3	12.2
Commuting costs	1.8	2.0	2.5
Schooling	9.2	7.6	8.4
Want closer proximity to shops	2.5	1.7	2.2
Want closer proximity to relatives	2.5	3.3	2.8
Want closer proximity to health care services	2.5	2.7	2.1
Investing	0.5	0.5	0.5
First home	2.3	1.2	1.4
Earthquake	0.9	0.9	1.6
Good interest rates	0.7	1.5	0.4
Other	2.6	2.9	3.3

What are the main reasons Written Sales fail to go unconditional?

No clear trends are evident in this measure.

	Latest %	Month Ago %	Average %
Finance	32.8	27.9	36.6
LIM report	6.4	7.5	6.2
Builders report	52.6	56.4	49.7
Earthquake/insurance	3.0	2.2	2.8
Can't sell own house	0.2	0.6	1.0
Other	4.9	5.3	4.0

What are the main factors motivating vendors to sell?

Nothing interesting to report here.

	Latest %	Month Ago %	Average %
They think prices are going to fall	3.4	2.3	3.0
Need the money	16.8	17.4	19.2
Trading up	13.5	11.8	11.6
Trading down	16.9	17.3	16.5
Leaving town	14.3	14.3	14.0
Leaving the country	8.7	8.0	7.6
Relationship breakdown	13.9	16.0	15.5
Commuting costs	0.6	1.6	1.3
Schooling	3.9	2.2	3.3
Want closer proximity to shops	1.1	1.1	1.1
Want closer proximity to relatives	2.0	2.4	1.8

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Want closer proximity to health care services	2.6	2.7	2.3
Earthquake	0.2	0.3	0.4
Bank request, job loss	0.0	0.0	0.1
Retirement	0.2	0.0	0.3
Estate sales	0.1	0.0	0.2
Other	1.7	2.6	2.0

CITIES

This month more responses than were received than in June, but only 333 compared with 256. Only in Auckland City, North Shore, Christchurch and Manukau were more than the minimum 20 responses received to allow statistically accurate reporting. Therefore from next month we shall move to a Regional Council basis and report those results.

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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 48 hours and this report is distributed to all BNZ Weekly Overview recipients, REINZ members, and the media.

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