



News Release

20 January 2014

Mixed Price Data and Softer Volumes in December Market

Summary

- *5,688 houses sold in December 2013, down 1.1% on December 2012*
- *New median high price for New Zealand at \$427,000; \$2,000 (+0.5%) above the previous record high set in November*
- *Waikato/Bay of Plenty, Manawatu/Wanganui, Taranaki, Nelson/Marlborough and Canterbury/Westland all reach new high median prices; the third consecutive month of record median prices for Waikato/Bay of Plenty and the fourth month for Canterbury/Westland*
- *The Christchurch and Other South Island Stratified House Price Indices both reached new highs*
- *More than 1 in 5 sales were by auction in the 12 months to December 2013*

REINZ, the most up to date source of real estate data in New Zealand, announced today that there were 5,688 dwelling sales in the month of December, down 1.1% on December last year and down 18.3% compared to November. The national median price increased \$2,000 compared to November to \$427,000, a new record median high. Waikato/Bay of Plenty, Manawatu/Wanganui, Taranaki, Nelson/Marlborough and Canterbury/Westland all reach new high median prices.

Real Estate Institute of New Zealand (REINZ) Chief Executive Helen O'Sullivan says, "The softer trend in sales noted in November 2013 continued into December. The shorter selling month in December means that a drop from November sales volumes is a normal part of the seasonal pattern; however, the ten year average fall is 13.6%, while this year sales volumes have declined 18.3% from November. While a small number of regions bucked the trend, other parts of the country recorded significantly greater falls in volume than the national figure."

"Five regions posted new record high median prices, with some regions, such as Manawatu/Wanganui, Taranaki and Northland seeing sharp increases that are unexpected given the general trend in prices in these regions. While seasonal volatility may be in play, in some regions the median sales price may well have shifted upwards as a result of fewer sales taking place in lower price bands as compared to previous periods. "

"The effect is not seen across the board however, with Auckland reporting a \$20,000 fall in the median price from November 2013. Further data is needed over the next few months to determine if this is a new trend, or a short term effect caused by a change in the pace of sales at lower price points given the increased complexity some buyers in these price points now have to navigate."

Sales Volumes

REINZ data shows there were 5,688 unconditional residential sales in December, a 1.1% fall on December 2012, and a fall of 18.3% from November. Over the previous 10 years the average decline between November and December has been 13.6%, indicating that sales in December were not as high as would be normally expected at this time of year.

Five regions recorded increases in sales volume compared to December last year, with Waikato/Bay of Plenty recording the largest increase of 9.1%, followed by Central Otago Lakes with 6.8% and Canterbury/Westland with 2.5%. Ten regions recorded a decrease in sales volume compared to November, with Manawatu/Wanganui recording the largest decrease with -37.0%, followed by Southland with a decrease of -26.5% and Wellington with a decrease of -24.4%.

While the total number of sales was down 1.1% compared to December 2012, the number of sales below \$400,000 fell by 14.4%. This follows a fall in sales below \$400,000 of 19.6% between November 2012 and November 2013. This may be indicative of fewer sales in the lower price brackets since the imposition of the LVR restrictions, and a resulting relative uplift in the median price in some regions.

Prices

The national median house price rose a modest \$2,000 (+0.5%), from \$425,000 in November, to \$427,000 in December to a new all time high. Compared to December 2012 the national median house price increased by \$38,000 (+9.8%), with 10 regions recording an increase in the median price. 67% of the increase in the national median price compared to December last year occurred in Auckland and 15% occurred in Canterbury/Westland. Together these two regions accounted for 81% of the increase in the median price between December 2012 and December 2013.

Waikato/Bay of Plenty, Manawatu/Wanganui, Taranaki, Nelson/Marlborough and Canterbury/Westland all recorded new median highs in December, with Waikato/Bay of Plenty reaching \$346,500, Canterbury/Westland \$395,000, Manawatu/Wanganui \$249,500 and Taranaki \$333,000. Auckland's median price however softened, down \$20,000 from November 2013. Compared to December 2012 Taranaki recorded the largest increase in median price, up 18.5%, followed by Canterbury/Westland with 12.5% and Auckland with 12.1%.

The REINZ Stratified Housing Price Index, which adjusts for some of the variations in the mix that can impact on the median price, is 9.2% higher than December 2012. The Christchurch and Other South Island Indices both recorded new highs in December as well. The Auckland Index has risen 14.4% compared to December 2012, with the Christchurch Index up 7.2% and the Wellington Index up 2.0%.

Days To Sell

Dwellings took one day more to sell in December compared to November at 32 days. Compared to December 2012, the median number of days to sell was steady at 32 days. Six regions saw an improvement in the number of days to sell between December 2012 and December 2013, with Waikato/Bay of Plenty recording the largest improvement of 10 days, Taranaki saw an improvement of nine days and Northland, Central Otago Lakes and Otago all saw an improvement of two days.

For the month of December, Canterbury/Westland recorded the shortest days to sell at 27 days, followed by Otago and Wellington at 29 days, and Auckland at 30 days. Northland recorded the longest number of days to sell at 58 days, followed by Central Otago Lakes with 49 days and Hawkes Bay with 48 days. Over the past 10 years the median days to sell for the month of December has averaged 34 days across New Zealand.

Auctions

Nationally there were 1,186 dwellings sold by auction in December representing 20.9% of all sales and an increase of 7.6% on the number of dwellings sold by auction in December 2012. Auctions have been increasingly favoured as a sales method in certain centres over the past year; for the 12 months to December 2013 the total number of sales by auction reached 16,505 or 20.6% of all sales, compared to 11,950 or 16.1% of all sales for the 12 months to December 2012.

Transactions in Auckland again dominated the auction market in December, representing 70.2% of the national total of auction sales. Almost 38% of all dwelling sales in Auckland were by auction in December; up from the 37% of sales by auction in December 2012. Sales by auction in Waikato/Bay Of Plenty accounted for 10.1% of the national total, Canterbury/Westland accounted for 13.7% of the national total, and all other regions combined accounted for the remaining 5.9% of auction sales in December 2013.

Summary Auction Statistics for December 2013			
	Dec-13	Nov-13	Dec-12
Total Auctions for Month	1,186	1,718	1,102
Auctions as % of Total Sales	20.9%	24.7%	19.2%
Total Auctions for Year Ended...	16,505	16,421	11,950
Auctions as % of Total Sales	20.6%	20.5%	16.1%
Annual Growth in Auctions %	38.1%	50.0%	68.3%
Breakdown by Regions...			
Auckland Region	70.2%	72.4%	73.6%
Waikato/BOP Region	10.1%	7.9%	7.9%
Wellington Region	1.3%	2.4%	2.1%
Canterbury/Westland Region	13.7%	11.7%	10.7%
Rest of NZ	4.6%	5.7%	5.7%
Source: REINZ			

Further Data

Across New Zealand the total value of residential sales, including sections was \$3.07 billion in December, compared to \$3.74 billion in November, and \$2.73 billion in December 2012. For the 12 months ended December 2013 the total value of residential sales was \$40.11 billion, the first time more than \$40 billion of property has been sold in a 12 month period since November 2007 (just over six years ago).

The breakdown of the value of properties sold in December 2013 compared to December 2012 is:

	December 2013		December 2012	
\$1 million plus	409	7.2%	263	4.6%
\$600,000 to \$999,999	1,136	20.0%	921	16.0%
\$400,000 to \$599,999	1,589	27.9%	1,586	27.6%
Under \$400,000	2,554	44.9%	2,984	51.9%
All Properties Sold	5,688	100.0%	5,754	100.0%

There were 430 fewer (-14.3%) sales under \$400,000 in December 2013 compared to December 2012, compared to a drop of 66 sales (-1.1%) for all price brackets between the two periods.

REINZ Stratified Median Housing Price Index

The REINZ Housing Price Index fell 1.0% compared with November to sit at 3,847.3. Auckland fell by 3.4% in December, Christchurch rose 0.5%, and Wellington fell by 5.3%. Christchurch and Other South Island reached new highs in December. For the 12 months to December, the Auckland Index rose 14.4%, the Christchurch Index rose 7.2% and the Wellington Index increased 2.0%. The National Index increased 9.2% compared to December last year.

	Index Level	1 Month	3 Months	12 Months	5 Years (CAGR)	From Peak
New Zealand	3,847.3	-1.0%	1.8%	9.2%	4.7%	-1.0%
Auckland	4,572.1	-3.4%	0.4%	14.4%	8.0%	-3.4%
Wellington	3,480.8	-5.3%	1.8%	2.0%	2.1%	-5.3%
Christchurch	3,666.3	0.5%	4.8%	7.2%	5.9%	New Hi
Other North Island	3,403.8	3.2%	4.6%	8.4%	2.1%	-0.1%
Other South Island	3,766.0	1.0%	5.8%	6.7%	4.3%	New Hi
Sections	5,699.0	12.0%	12.6%	22.2%	4.7%	New Hi

* CAGR is Compound Annual Growth Rate

* The Christchurch data needs to be treated with some caution due to compositional changes in the suburb mix caused by the earthquakes in the city

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For more real estate information and market trends data, visit www.reinz.co.nz. For New Zealand's most comprehensive range of listings for residential, lifestyle, rural, commercial, investment and rental properties, visit www.realestate.co.nz - REINZ's official property directory website.

Editor's Note:

The monthly REINZ residential sales reports remain the most contemporary and up-to-date statistics on house prices and sales in New Zealand. They are based on actual sales reported by real estate agents. These sales are taken as of the date that a transaction becomes unconditional and includes sales as of 5:00pm on the last business day of the month. Other surveys of the residential property market are based on information from Territorial Authorities regarding settlement and the receipt of documents by the relevant Territorial Authority from a solicitor. As such, this information involves a lag of four to six weeks before the sale is recorded by the Territorial Authority.

The REINZ Monthly Housing Price Index is calculated using a technique known as stratification, which provides an averaging of sales prices for common groups of houses. This approach is considered a more robust analysis of actual house price trends and was developed in conjunction with the Reserve Bank.

The REINZ Monthly Housing Price Index is based on a value of 1000 in January 1992, the first month for which electronic information is available. Changes in the index represent movements in housing prices, where the mix of sales between the groups is held constant and are more likely to reflect genuine property price movements.