



News Release

13 October 2014

September real estate market moves on from election

Summary

- *5,911 dwellings sold in September 2014, up 7.8% on August and down 12.0% on September 2013*
- *National median price of \$420,000, the same as August and up \$20,000 (+5.0%) on September 2013*
- *Days to sell improved by three days to 35 days compared to August, and eased four days compared to September 2013*

REINZ, the most up to date source of real estate data in New Zealand, announced today that there were 5,911 dwelling sales in the month of September, down 12.0% on September 2013 but up 7.8% compared to August. The national median price was \$420,000 for the month of September, an increase of \$20,000 compared to September 2013, and steady from August 2014.

Real Estate Institute of New Zealand (REINZ) Chief Executive Helen O'Sullivan says, "The real estate market appears to have moved on from the election, with a noticeable increase in activity over the last 10 days of the month. Despite stronger activity in the latter part of the month, sales volumes were again well down on the same time last year, meaning that sales volumes compared to last year have now fallen for 11 months in a row. The pace of price increases has eased significantly, with the annual rate of price increase now only five percent, compared to more than ten percent in April."

"A key theme reported by agents across the entire country is a lack of new listings. Unusually, listing levels are low even in Auckland where prices are at historically high levels, with the increased prices not tempting vendors into the market. There has been some pick up in listings in line with the start of spring, albeit not at the usual levels for this time of year. This may in part be a lag effect from the election - as with sales activity, listing interest is reported as having picked up in the last week of the September. We will be closely watching listing levels in October as a continued lack of choice is frustrating would-be buyers."

Sales Volumes

REINZ data shows there were 5,911 unconditional residential sales in August, a 7.8% decrease on sales recorded for August, and a 12.0% fall from September 2013. Typically, sales in September are higher than August with the seasonally adjusted number of sales up 0.8% on August, although down 15.8% compared to September 2013.

10 regions recorded an increase in sales volume compared to August with Otago recording the largest percentage increase of 25.4%, followed by Northland with 19.1% and Hawkes Bay with 14.6%. Compared to September 2013 all 12 regions recorded a decrease in sales volume with Taranaki recording the largest fall of 31.5%, followed by Auckland and Nelson/Marlborough with a fall of 17.1%.

While the total number of sales was down 12.0% compared to September 2013, the number of sales below \$400,000 fell by 18.2%. This follows a fall in sales below \$400,000 of 24.8% between August 2013 and August 2014. This may be indicative of fewer sales in the lower price brackets since the imposition of the LVR restrictions.

Prices

The national median house price rose was steady at \$420,000 compared to August. Compared to September 2013 the national median house price increased by \$20,000 (+5.0%), with nine regions recording an increase in the median price. 68% of the increase in the national median price compared to September last year occurred in Auckland, with Canterbury/Westland contributing 20% of the increase and Waikato/Bay of Plenty contributing 5%. Together these three regions accounted for 92% of the increase in the median price between September 2013 and September 2014, with the remaining nine regions contributing 8% of the increase in the median price.

Central Otago Lakes recorded the largest percentage increase in median price compared to September 2013, with a 14.3% increase, followed by Taranaki with an 11.6% increase and Canterbury/Westland with a 10.1% increase. Compared to August 2014, Central Otago Lakes recorded the largest percentage increase in median price, up 12.6%, followed by Taranaki with an 11.0% increase and Canterbury/Westland with a 3.3% increase.

The REINZ Stratified Housing Price Index, which adjusts for some of the variations in the mix that can impact on the median price, is 4.1% higher than September 2013, at 3933.5. The Auckland Index has risen 7.7% compared to September 2013, with the Christchurch Index up 7.1% and the Wellington Index up 1.7%.

Days To Sell

Dwellings took three days fewer to sell in September 2014 compared to August 2014 at 35 days. Compared to September 2013, the median number of days to sell was four days longer. Just one region saw an improvement in the number of days to sell between September 2013 and September 2014, with Southland recording an improvement of one day. Auckland saw its number of days to sell ease by two days.

For the month of September, Canterbury/Westland recorded the shortest days to sell at 30 days, followed by Auckland and Otago at 31 days. Central Otago Lakes recorded the longest number of days to sell at 71 days, followed by Northland at 69 days and Hawkes Bay at 54 days. Over the past 10 years the median days to sell for the month of September has averaged 35 days across New Zealand.

Auctions

Nationally there were 1,072 dwellings sold by auction in September representing 18.1% of all sales, and a reduction of 534 on the number of dwellings sold by auction in September 2013. For the 12 months to September 2014 the percentage of homes sold by auction was lower than the 12 months to September 2013 at 23.9%, with 13,812 homes sold by auction in the year ending September 2014 compared to 16,005 for the year ending September 2013.

Transactions in Auckland again dominated the auction market in September, representing 70.1% of the national total of auction sales. 32.8% of all dwelling sales in Auckland were by auction in September 2014, compared to 43.8% of all dwelling sales in Auckland in September 2013. Sales by auction in Waikato/Bay Of Plenty accounted for 9.7% of the national total, Canterbury/Westland accounted for 13.4% of the national total, and all other regions combined accounted for the remaining 5.0% of auction sales in September 2014.

	Sep-14	Aug-14	Sep-13
Total Auctions for Month	1,072	931	1,606
Auctions as % of Total Sales	18.1%	17.0%	23.9%
Total Auctions for Year Ended...	13,812	14,346	16,005
Auctions as % of Total Sales	19.0%	19.5%	19.9%
Annual Growth in Auctions %	-13.7%	-5.7%	55.5%
Breakdown by Regions...			
Auckland Region	70.1%	69.3%	75.3%
Waikato/BOP Region	9.7%	10.2%	8.1%
Wellington Region	1.8%	1.3%	2.1%
Canterbury/Westland Region	13.4%	12.9%	9.8%
Rest of NZ	5.0%	6.4%	4.7%
Source: REINZ			

Further Data

Across New Zealand the total value of residential sales, including sections was \$3.220 billion in September, compared to \$2.939 billion in August, and \$3.408 billion in September 2013. For the 12 months ended September 2014 the total value of residential sales was \$38.775 billion.

The breakdown of the value of properties sold in September 2014 compared to September 2013 is:

	September 2014		September 2013	
	Count	%	Count	%
\$1 million plus	428	7.2%	382	5.7%
\$600,000 to \$999,999	1,173	19.8%	1,245	18.5%
\$400,000 to \$599,999	1,570	26.6%	1,743	25.9%
Under \$400,000	2,740	46.4%	3,350	49.9%
All Properties Sold	5,911	100.0%	6,720	100.0%

There were 610 fewer (-18.2%) sales under \$400,000 in September 2014 compared to September 2013, compared to a drop of 809 sales (-12.0%) for all price brackets between the two periods.

REINZ Stratified Median Housing Price Index

The REINZ Housing Price Index rose 0.2% compared with August to sit at 3,933.5. Auckland rose 0.8% in September, Christchurch fell 1.8%, and Wellington fell 2.8%. For the 12 months to September the Auckland Index rose 7.7%, the Christchurch Index rose 7.1% and the Wellington Index rose 1.7%. The National Index increased 4.1% compared to September last year.

	Index Level	1 Month	3 Months	12 Months	5 Years (CAGR)	From Peak
New Zealand	3,933.5	0.2%	0.5%	4.1%	4.0%	-0.9%
Auckland	4,904.4	0.8%	1.9%	7.7%	7.6%	New Hi
Wellington	3,478.8	-2.8%	4.7%	1.7%	0.9%	-5.4%
Christchurch	3,747.6	-1.8%	0.9%	7.1%	4.6%	-3.2%
Other North Island	3,306.3	-0.3%	-0.3%	1.6%	1.0%	-3.0%
Other South Island	3,839.0	3.5%	3.6%	7.8%	3.4%	New Hi
Sections	5,143.5	-6.5%	-1.4%	1.6%	3.4%	-9.7%

- * 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.