

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.

Residential Real Estate Market Improving At A Slowing Pace

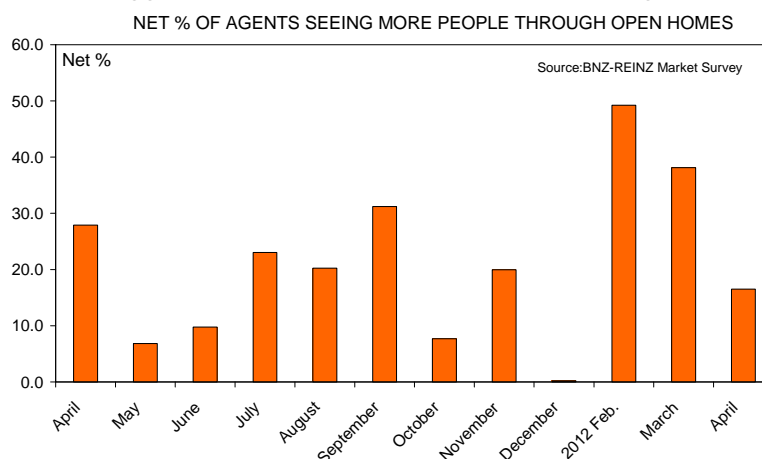
Our April survey of over 10,000 licensed real estate agents around New Zealand has found that in general conditions are perceived as strong in the marketplace. More and more agents perceive that the numbers going through Open Homes are rising, but at a net 17% feeling this way the result is down from a net 38% in March and the lowest outcome since December.

Practically all other measures have also eased back slightly over the month and we read this as consistent with a residential real estate market which is improving but not becoming over-heated. In fact a net 4% of agents still perceive that it is more a buyers rather than a sellers market. Having said that a net 25% perceive prices to be rising.

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

Early year surge fading

A net 17% of respondents perceive more people to be going through Open Homes however this is down from a net 38% in March and suggestive of a market which is not attracting panicked buyers.

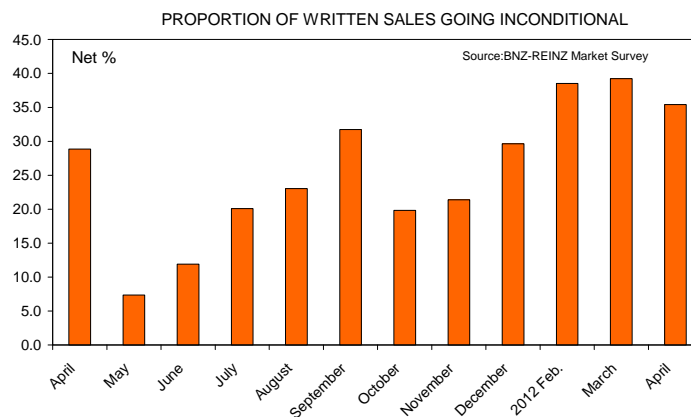


Is the proportion of Written Sales going unconditional increasing or decreasing?

Sales success rate remains high

A net 35% of agents note that more Written Sales are going Unconditional. We simply read this as saying few buyers are backing out of agreements.

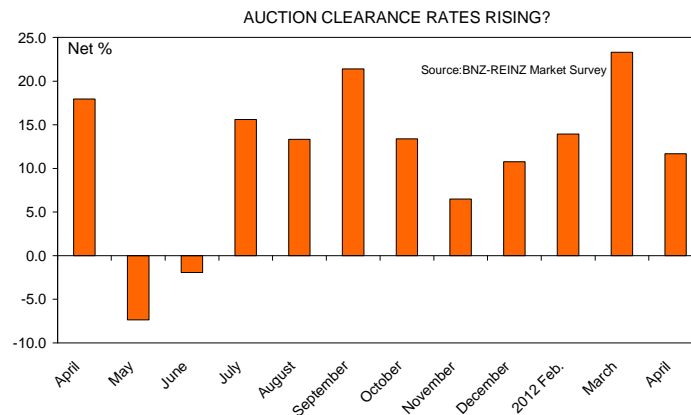
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Are auction clearance rates increasing or decreasing?

Clearance rate seen to be rising

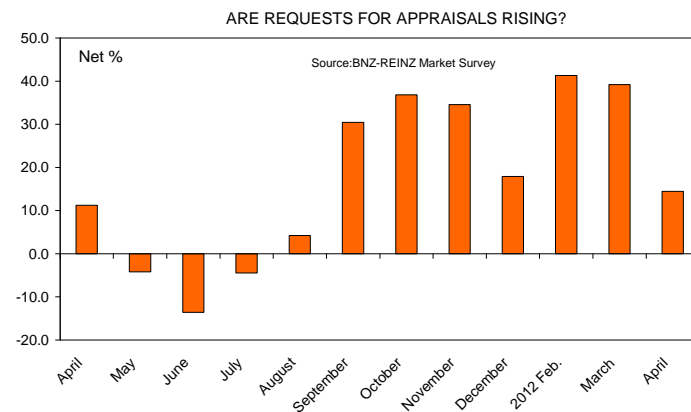
A net 12% of agents feel that auction clearance rates are rising. This result however is down from a net 23% last month and as noted in the introduction suggests to us that although the market is improving it is not running away.



Are requests for appraisals increasing or decreasing?

Rising but not as rapidly

A net 15% of agents report that they are receiving more requests for property appraisals from potential sellers. If our survey captures not the change in appraisals from month to month but some comparison with average, then given that the average for the full 12 months we have run the survey is 17% this outcome suggests no flood of properties as likely to hit the market anytime soon.

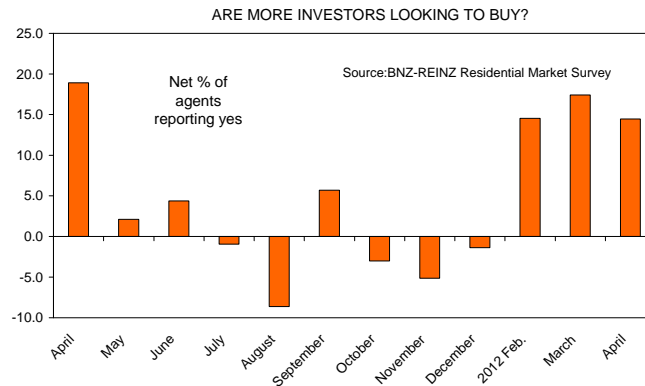


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Is the number of investors looking to buy increasing or decreasing?

Strong and above average

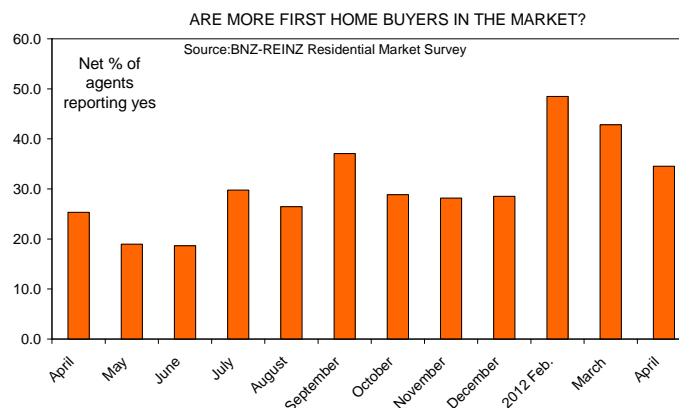
A net 15% of agents report more investors appearing in the market. This makes for three strong months and backs up reports in our separate BNZ Confidence Survey showing strong conditions in the residential property management sector.



Is the number of first home buyers increasing or decreasing?

Strong again

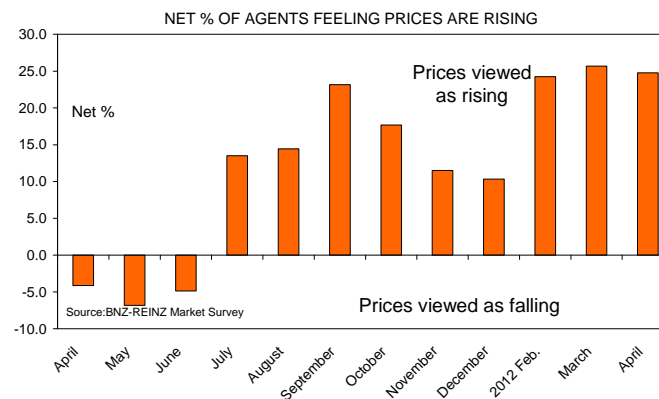
A net 35% of agents report that they are noticing more first home buyers in the market. This strong result is consistent with anecdotal reports of first home buyers seeking property.



Do prices appear to be increasing, flat or decreasing?

Prices seen as rising

A net 25% of respondents feel prices are rising. This makes for three months of strong results.

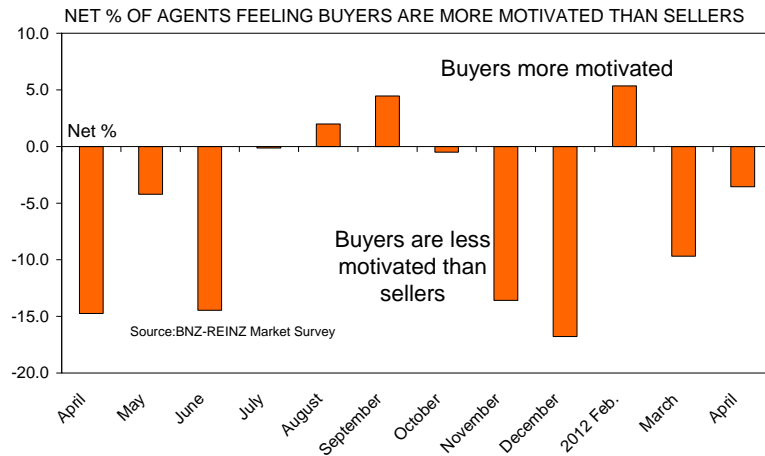


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Who appear more motivated to transact – the buyers or the sellers?

Market balanced

With just a net 4% of agents feeling that sellers are more motivated than buyers one can say that realistically it is neither a buyers nor a sellers market.



What are the main factors holding buyers back?

The poor quality or outright availability of listings is becoming a more important factor in causing buyers to hold back from making a purchase. This accords with the anecdotal evidence.

	Latest %	Month Ago %	Average %
They feel prices will decline	19.0	17.8	23.9
Worries about securing finance	17.3	18.8	17.9
Not confident they can sell their house	17.1	18.2	18.4
Poor quality of listings	35.6	32.7	29.9
Other	11.0	12.5	9.9



What are the main reasons people are buying?

In this section we are looking for any strong divergence of answers from their average levels. As yet no major changes have occurred.

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	Latest %	Month Ago %	Average %
Fear of missing out/Feel time is right for prices	10.5	11.6	10.4
Trading up	14.8	13.4	14.4
Trading down	15.3	15.9	16.9
Shifting into town	16.6	16.3	15.3
Arriving from overseas	5.8	6.2	5.7
Relationship breakdown	12.5	12.1	12.4
Commuting costs	2.6	1.5	2.6
Schooling	9.0	7.7	8.4
Want closer proximity to shops	2.2	2.4	2.1
Want closer proximity to relatives	2.7	2.3	2.7
Want closer proximity to health care services	1.4	2.1	2.0
Investing	0.3	0.3	0.5
First home	1.6	1.7	1.3
Earthquake	0.8	1.0	1.7
Good interest rates	0.0	0.5	0.3
Other	3.9	5.1	3.4

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

More and more often people are pulling out of buying because of a poor builders report.

	Latest %	Month Ago %	Average %
Finance	36.1	33.9	37.9
LIM report	4.8	7.2	6.0
Builders report	54.7	51.4	48.6
Earthquake/insurance	0.7	3.6	2.8
Can't sell own house	0.5	0.5	1.1
Other	3.1	3.4	3.9

What are the main factors motivating vendors to sell?

No divergences from the norm are apparent here.

	Latest %	Month Ago %	Average %
They think prices are going to fall	2.0	3.2	3.1
Need the money	17.3	16.6	19.8
Trading up	11.1	12.4	11.3
Trading down	17.1	19.5	16.3
Leaving town	13.7	13.5	13.9
Leaving the country	8.5	6.7	7.5
Relationship breakdown	15.7	14.7	15.6
Commuting costs	2.0	1.1	1.3
Schooling	3.4	3.1	3.3
Want closer proximity to shops	1.6	1.2	1.1
Want closer proximity to relatives	1.7	1.8	1.7
Want closer proximity to health care services	2.9	2.5	2.2
Earthquake	0.2	0.2	0.4
Bank request, job loss	0.0	0.0	0.2
Retirement	0.3	0.3	0.3
Estate sales	0.1	0.2	0.2
Other	2.2	3.1	1.9

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CITIES

In this section we report only for areas with at least 10 responses and have created some larger areas in order to at least provide some information.

Buyers are viewed as strongly more motivated than sellers in all parts of Auckland and Christchurch, while sellers still remain far more motivated in Wellington and Northland. Prices are not perceived to be rising everywhere with weakness viewed in Waikato and Northland, and generally flat price change perceptions evident in Hawkes Bay, Tauranga, Hamilton City, Otago and Manawatu-Wanganui.

Each number shown here (apart from the first column) is the net % of licensed real estate agents responding positively.

	# 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?
Auckland City	45	11.1	35.6	14.0	6.7	24.4	35.6	62.2	33.3
North Shore City	28	25.0	42.9	12.5	-3.6	14.3	32.1	50.0	3.6
Christchurch City	15	33.3	46.7	16.7	20.0	33.3	46.7	73.3	33.3
Wellington, Porirua & Hutt Valley	20	0.0	25.0	25.0	-25.0	-15.0	15.0	15.0	-45.0
Manukau City	13	46.2	30.8	18.2	46.2	23.1	61.5	69.2	61.5
Waikato/BOP Region & Other	26	-7.7	23.1	-9.5	19.2	-7.7	15.4	-15.4	-30.8
Whangarei/Northld	13	0.0	15.4	-9.1	53.8	-7.7	-7.7	-23.1	-53.8
Waitakere City	14	35.7	42.9	46.2	7.1	28.6	64.3	100.0	57.1
Rodney District	11	54.5	54.5	55.6	-18.2	18.2	36.4	45.5	18.2
Napier, Hastings & Hawkes Bay other	24	20.8	29.2	4.8	41.7	-4.2	37.5	-4.2	-25.0
Tauranga	12	25.0	33.3	-9.1	33.3	50.0	66.7	0.0	-8.3
Hamilton City	13	23.1	30.8	15.4	23.1	38.5	38.5	0.0	-23.1
Dunedin City/Otago	13	7.7	7.7	0.0	15.4	7.7	46.2	7.7	7.7
Manawatu/Wanganui & P. North, Wang. City	15	20.0	40.0	54.5	20.0	-6.7	40.0	-6.7	-13.3
New Plymouth, Hawera & Taranaki Other	8								
Kapiti Coast	8								
Invercargill + Gore	2								
Marlborough/Kaikoura & Nelson, Richmond	10	20	70	0	40	60	40	20	10
Canterbury/Westland & Other West Coast	10	0	50	0	0	40	-20	30	0
All	339	16.5	35.4	11.7	14.5	14.5	34.5	24.8	-3.5

Each month in this Cities section we shall report results for locales where at least 10 responses are received, or where we feel one can reasonably group some locations together and still have reasonably valid conclusions.

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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

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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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