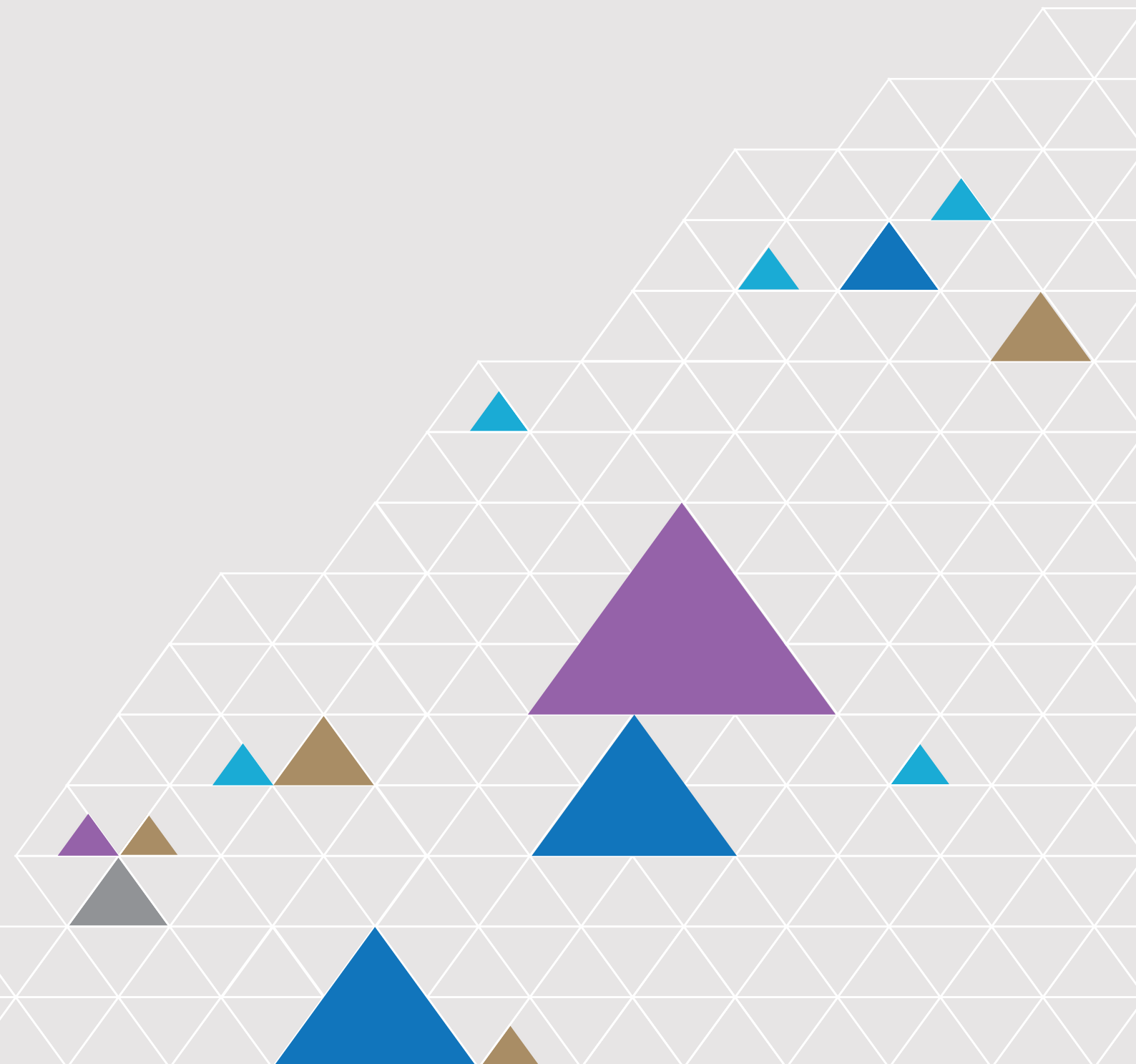


THE
HOUSING MARKET ACTIVITY

QUARTERLY REPORT

Q3 2016



Welcome to interest.co.nz's Housing Market Activity Quarterly Report

BY GREG NINNESS
Property editor



HOUSING MARKET ACTIVITY QUARTERLY REPORT

Welcome to interest.co.nz's Housing Market Activity Report for the third quarter of 2016.

Most commentary about the residential property market focuses on movements in price, which is understandable because most people who either own a home or want to buy one are interested in what they worth or how much they might cost.

However the number of properties being sold is at least as important or perhaps more important than price, because it measures the overall buoyancy of the market and is also the main determinant of the amount of revenue the residential real estate industry earns.

A significant movement in the number of homes being sold can also be an indicator that prices might be about to move up or down.

The Housing Market Activity Quarterly Report focuses on trends in sales activity throughout the country and estimates how much commission the real estate industry is likely to have earned each quarter.

Quarterly sales statistics have been used because monthly figures can be volatile and a rise or fall in sales in a particular month does not necessarily indicate a trend. Quarterly figures should remove some of that volatility and give a better indication of market trends.

We hope our readers find the reports a useful addition to the data that is already available on trends in both the housing market and the real estate industry.



Slow start to spring takes toll on agency commissions in Auckland and Waikato/BoP

The slow start to the spring selling season in the residential property market will be starting to bite some real estate agents in the pocket, especially in the traditionally lucrative Auckland and Waikato/Bay of Plenty markets.

Data compiled by interest.co.nz from Real Estate Institute of New Zealand sales figures shows there were 22,223 residential property sales in the third quarter of this year, down 7.6% compared to the same period of last year.

That has a direct impact on the amount of commission revenue the real estate industry would have earned, with the decline in revenue

from the lower number of sales partially offset by rising property values over the same period.

Allowing for those factors, interest.co.nz estimates that the total commission revenue the real estate industry earned in the third quarter of this year was \$411 million, down 2.6% compared to the third quarter of last year.

However the effects will be felt most acutely in the Auckland market, where the number of sales in the third quarter of this year was down a whopping 21% compared to the same quarter of last year.

Interest.co.nz estimates that would have reduced the amount of commission revenue the real estate industry earned from the Auckland market in the third quarter to \$191.1 million, down 15% compared to the same quarter of last year.

The Waikato/Bay of Plenty region was also affected by the same trend but to a lesser degree, with sales down 6.8% in the third quarter compared to a year earlier, but the rapidly rising prices evident in the region over the last 12 months and the effect they would have had on commissions meant the estimated total commission revenue the industry would have earned in

the region was down by just 4.6% compared to the same period of last year.

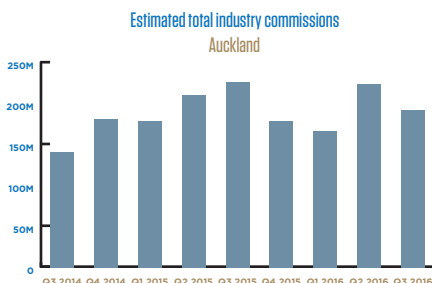
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agents in Auckland and Waikato/Bay of Plenty may be starting to feel the pinch, the good times are rolling on around the rest of the country, with the estimated commission revenue the industry earned being up in all other regions compared to the same period last year.

In Hawkes Bay and Nelson/Marlborough there were small declines in sales numbers in the third quarter compared to the same period last year, but that was more than offset by rising prices, which meant overall revenue would have increased.

And agencies in every other



region of the country would have had the best of both worlds, with sales numbers and prices both up compared to a year ago, which would have fed through to stronger commission revenues.

The most buoyant regions in the country compared to last year were Manawatu/Wanganui, Central Otago/Lakes and Wellington, with all three recording healthy rises in both sales numbers and prices, pushing up commission revenue growth in those regions by well into double figures.

Manawatu/Wanganui is one of the cheaper regions in the country (September 2016 median

quarter was up 18.9% compared to a year earlier.

In Central Otago Lakes the main driver is the white hot Queenstown market, where there is an acute shortage of affordable housing and plenty of well heeled buyers willing to splash the cash on property in the upmarket resort town.

That has pushed the median selling price in Central Otago Lakes up from \$492,500 in September last year to \$694,500 in September this year, a whopping 41% increase in 12 months.

That, combined with a 6.8% increase in sales between the third quarter of last year and the third quarter of this year, meant estimated commission revenue was up by 31.4% over the same period.

So in terms of residential sales activity and industry revenue, a mixed picture is emerging in different parts of the country.



THE MOST BUOYANT REGIONS IN THE COUNTRY COMPARED TO LAST YEAR WERE MANAWATU/WANGANUI, CENTRAL OTAGO/LAKES AND WELLINGTON, WITH ALL THREE RECORDING HEALTHY RISES IN BOTH SALES NUMBERS AND PRICES,



\$256,600) and its housing market is likely to have been affected by mortgage lending restrictions which have seen many investors abandon Auckland for cheaper pickings in the provinces.

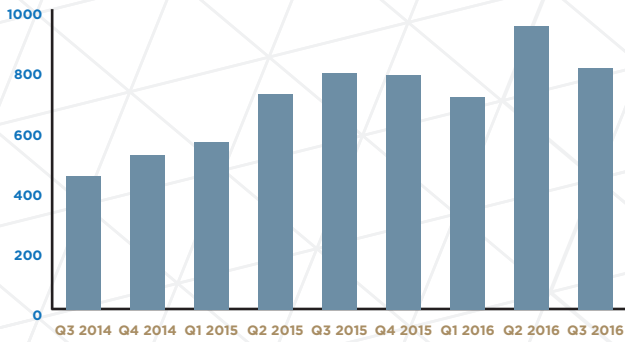
That meant the number of homes sold in the third quarter of this year was up 28% on the same period of last year, and that combined with rising prices pushed up the estimated commission revenue the industry earned in the region by 44% over the same period.

A similar trend was evident in Wellington, where a 9.5% increase in sales and rising prices meant commission revenue in the third

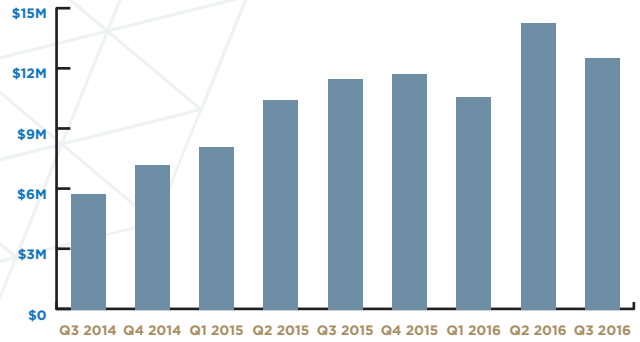
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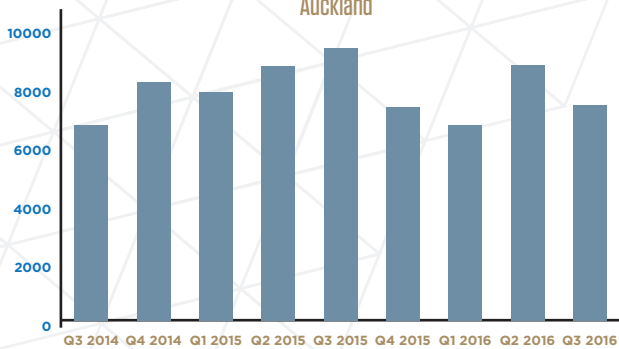
Number of sales each quarter
Northland



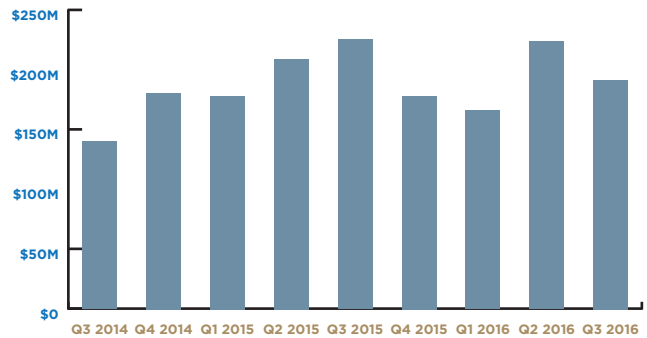
Estimated total industry commissions
Northland



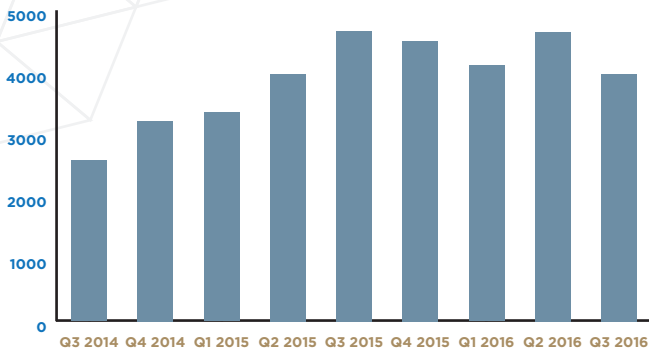
Number of sales each quarter
Auckland



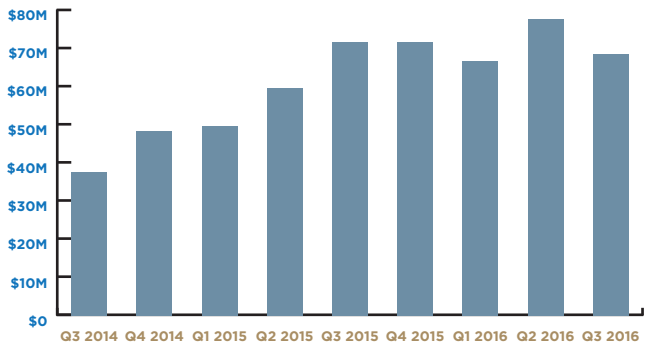
Estimated total industry commissions
Auckland



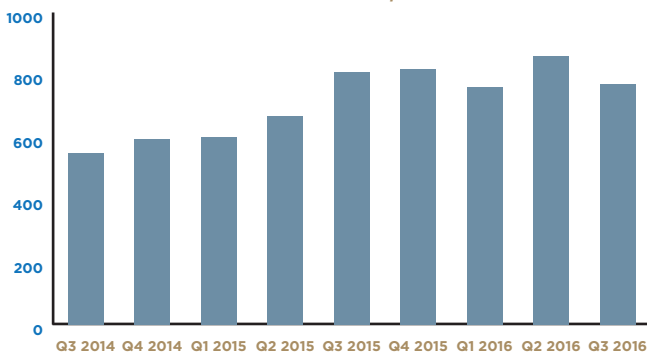
Number of sales each quarter
Waikato/BOP/Gisborne



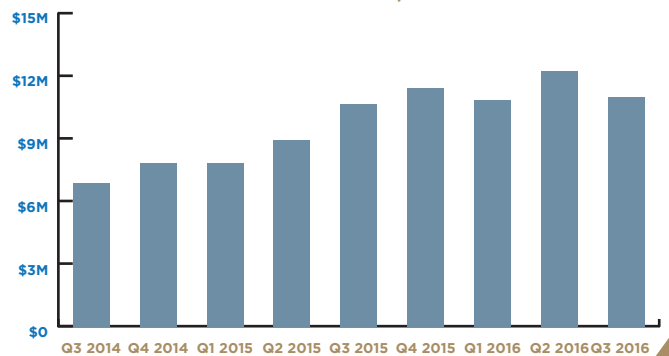
Estimated total industry commissions
Waikato/BOP/Gisborne



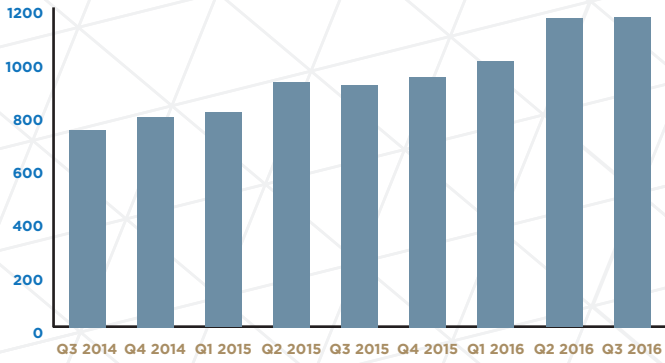
Number of sales each quarter
Hawkes Bay



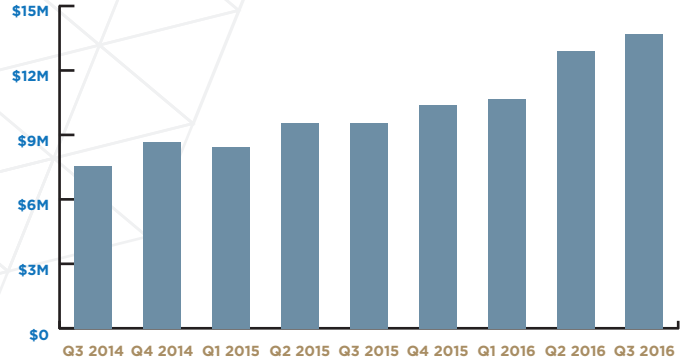
Estimated total industry commissions
Hawkes Bay



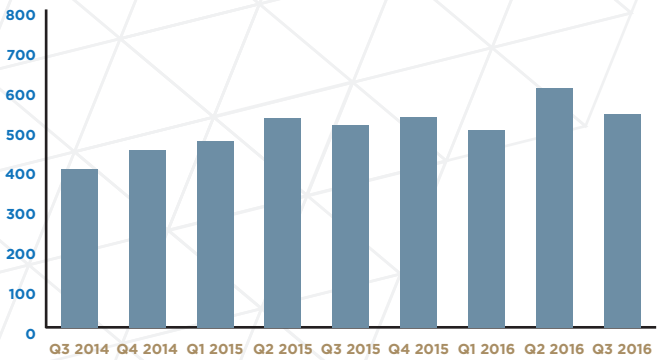
Number of sales each quarter
Manawatu/ Whanganui



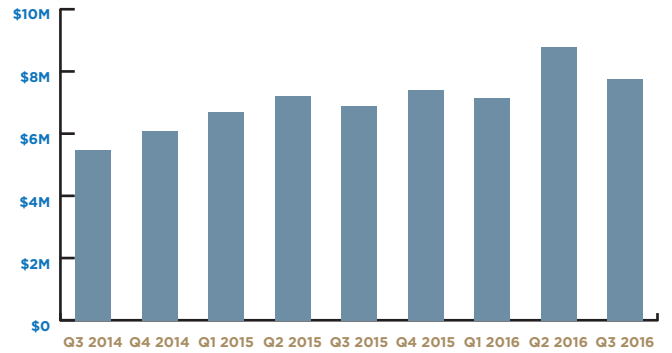
Estimated total industry commissions
Manawatu/ Whanganui



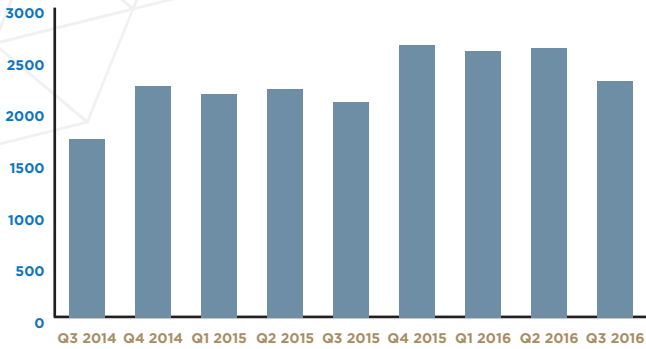
Number of sales each quarter
Taranaki



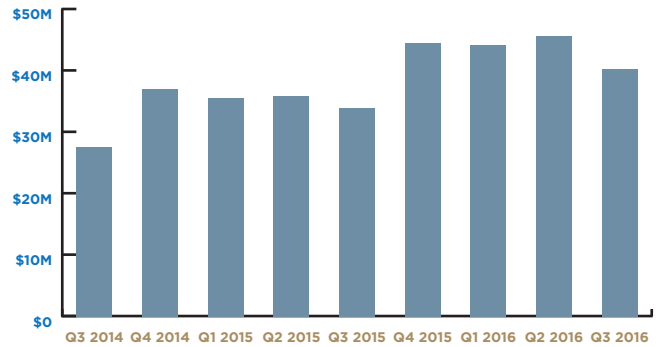
Estimated total industry commissions
Taranaki



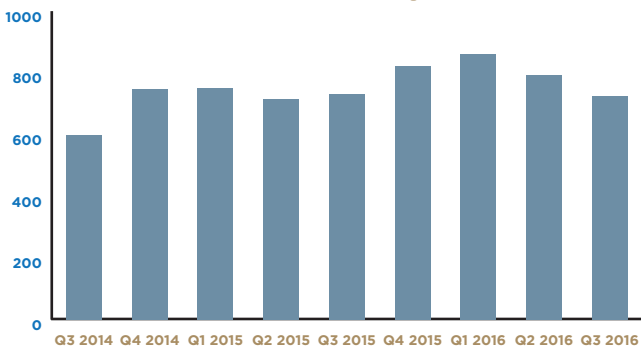
Number of sales each quarter
Wellington



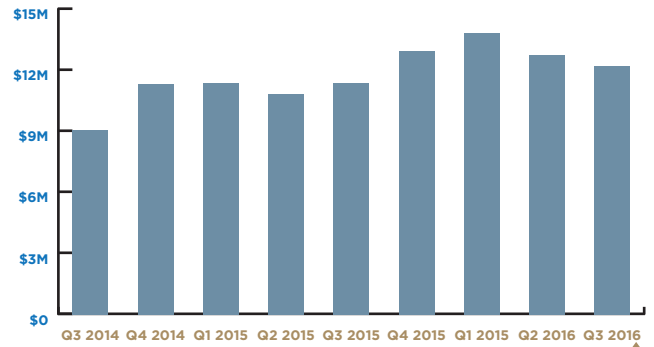
Estimated total industry commissions
Wellington



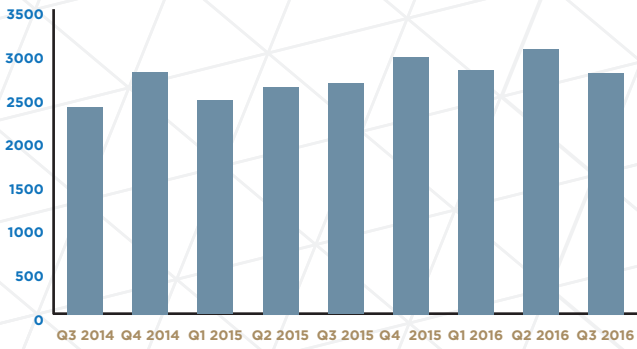
Number of sales each quarter
Nelson/ Marlborough



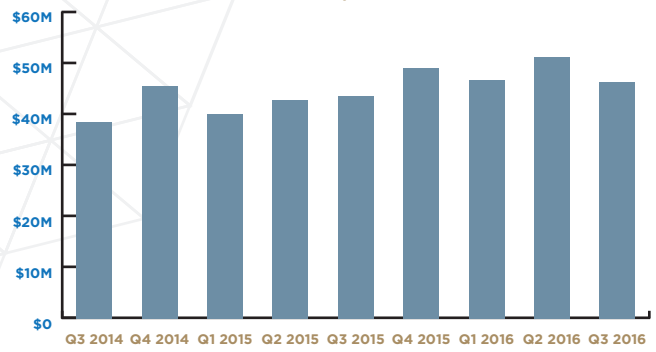
Estimated total industry commissions
Nelson/ Marlborough



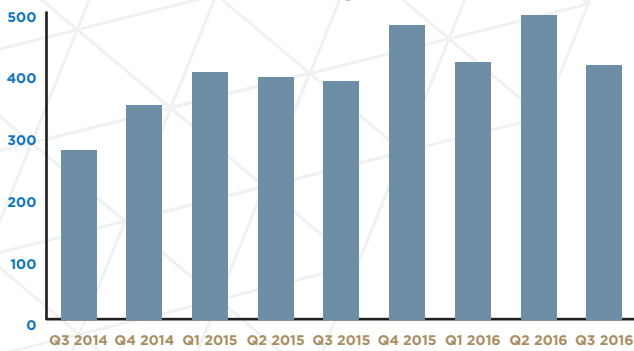
Number of sales each quarter
Canterbury/ Westland



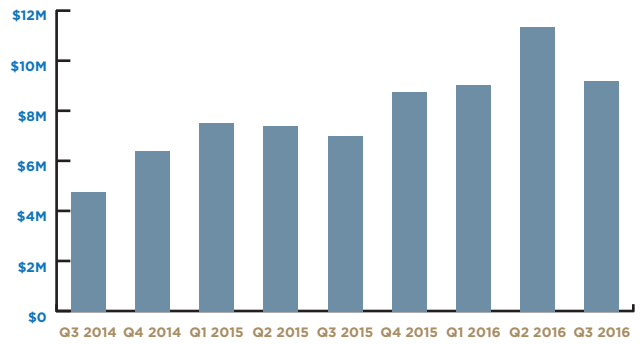
Estimated total industry commissions
Canterbury/ Westland



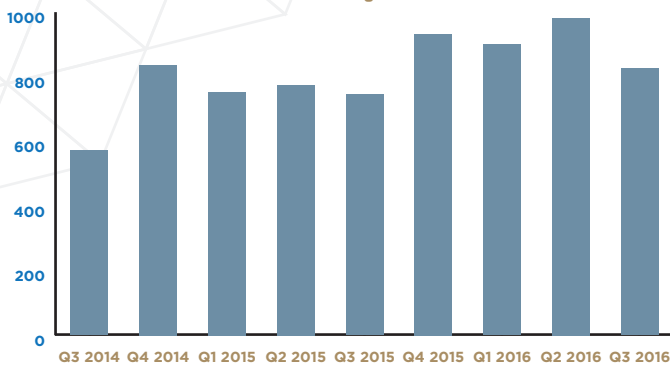
Number of sales each quarter
Central Otago/ Lakes



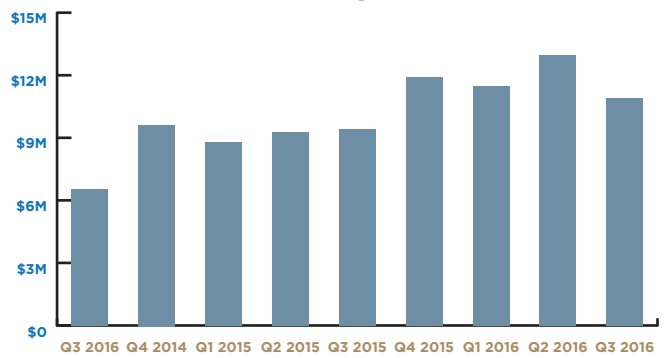
Estimated total industry commissions
Central Otago/ Lakes



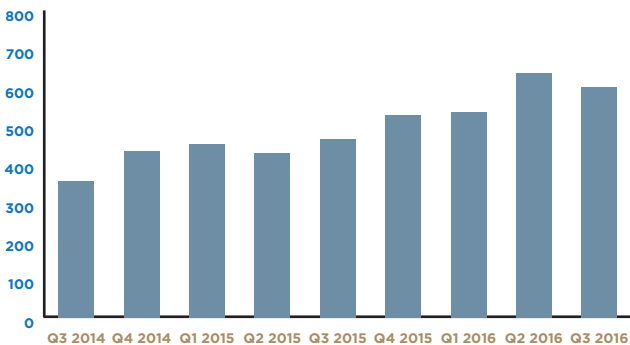
Number of sales each quarter
Otago



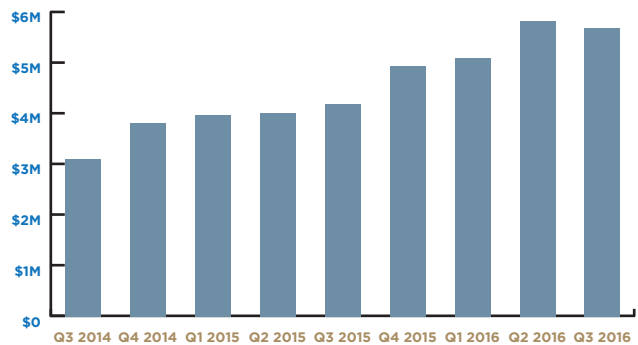
Estimated total industry commissions
Otago



Number of sales each quarter
Southland

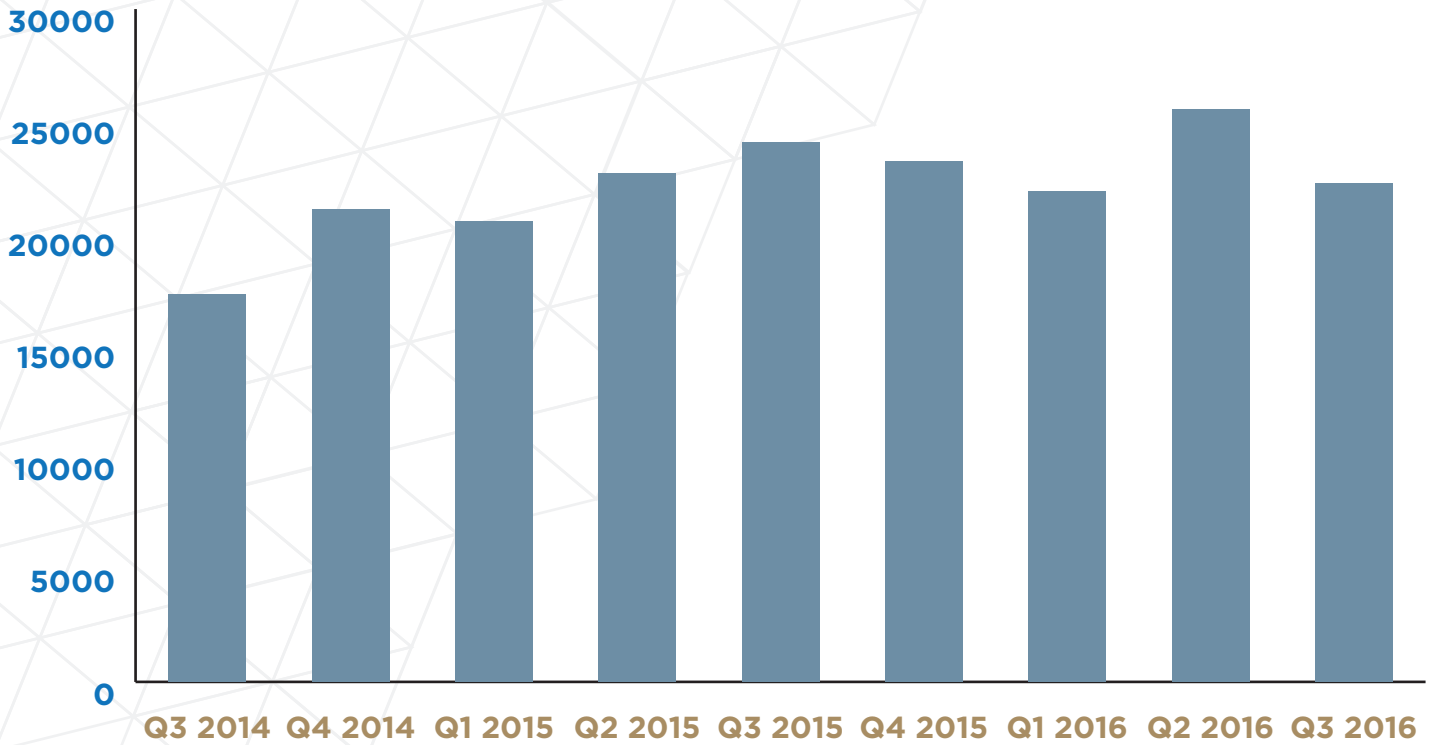


Estimated total industry commissions
Southland



Number of sales each quarter

Total NZ



Estimated total industry commissions

Total NZ

