



**Mike Robson**  
Licensee Salesperson  
M 021 484 288 | T 09 376 2186  
Mt Eden & Epsom Specialist | [mikerobson.co.nz](http://mikerobson.co.nz)  
Damerell Group Ltd (Licensed REAA 2008)

**RayWhite**  
DAMERELL GROUP

Tony Alexander - 13 August 2020

## Getting better – with an interruption – Tony Alexander

When my report was sent out on the monthly REINZ & Tony Alexander Real Estate Survey yesterday comments were made regarding how the change in our Alert levels is bad, but this is not a repeat of the March – May shock. Officials have been warning for months that we should expect Covid-19 to reappear, and so it has. Bank lending policies factored this in, probably so too have business sentiment readings. I'd also noted the risks in recent articles including the ones I had already prepared for this week's Tony's View and Tview Premium before Tuesday night. So, I've not changed them. And so, into it. I start this week by running through recent results from my monthly surveys which back up a view that our economy is on a growth path. But I'll then look at other data sources to illustrate how this path of improvement is one which doubles back every now and then.

### From this week's REINZ and Tony Alexander Real Estate Survey.

1. More people are showing up at auctions.
2. More people are showing up at Open Homes.
3. More agents now feel that house prices are rising rather than falling or staying flat.
4. More investors and first home buyers are becoming active in the property market.
5. Fewer investors are looking to sell their property.
6. Buyers have become more motivated to get a transaction completed as compared with sellers – solidly a seller's market now in all parts of the country.
7. Fewer buyers are now worried that prices will fall.
8. Fewer buyers are worried about their income or job prospects.
9. Fewer investors are hopeful of finding a bargain.

### From Tony's Valuers Survey

1. Fewer valuers are noting reductions in off the plan financing requests (pre-construction pricing insights). Still negative – just less so.
2. Valuers are pricing more conservatively than before, but to an easing degree.
3. More valuers feel that residential property prices are rising, and fewer feel that commercial property prices are falling.

### From Tony's Spending Plans Survey

1. More people plan boosting their spending on
  - Domestic travel
  - Home renovations
  - Gardening supplies
  - Investment property

2. Fewer people plan cutting back spending on

- Motor vehicles
- Furniture & appliances
- Eating out
- Clothing & footwear
- Sporting/fitness equipment

3. Fewer people expect reduced incomes.

4. Fewer people expect reduced work hours.

5. Fewer people expect reduced business profits.

6. More people feel better about their future.

7. More people feel that their wealth is rising.

8. More people are confident about the future.

There are many risks out there of course, most notably potential failure to contain infection at the border and the return to social distancing restrictions. But what matters is the direction of change in a marketplace, and for now that direction is toward the better side of things

**With regard to those risks, here are the main ones commonly cited.**

- Ending of the wage subsidies
- Ending of the first mortgage deferral scheme
- Second wave of Covid-19
- Ending of the catch-up spending from lockdown
- The pipeline of current building projects may end without enough new projects.
- Declines in commodity prices in response to weak world growth.
- Awareness of these much-discussed risks, along with the deterioration in Australia's economic outlook because of the outbreak in Victoria, may help account for the latest readings in the ANZ Business Outlook Survey.
- The early-August readings from one week's worth of data collection show employment intentions falling to a net 21% negative from 15% in July versus 51% negative in April, investment intentions weakening to a net 15% negative from 7% in July and -45% in April.

The easing off of these and other measures in the monthly ANZ survey, reminds us that our economy remains challenged, and businesses are still playing things from the cautious side whilst being sensitive to the trend in news reports. They remind us that we are still some distance away from the government and Reserve Bank being able to completely rule out the need for additional economic support measures.