

REINZ & TONY ALEXANDER REAL ESTATE SURVEY

February 2023

CONTENTS

- Are more or fewer people showing up at auctions?
- Are more or fewer people attending open homes?

- How do you feel prices are generally changing at the moment?
- Do you think FOMO is in play for buyers?
- Are you noticing more or fewer first home buyers in the market?
- Are you noticing more or fewer investors in the market?

- Are you receiving more or fewer enquiries from offshore?
- Are property appraisal requests increasing or decreasing?
- What are the main concerns of buyers?

- Are investors bringing more or fewer properties to the market to sell than three months ago?
- What factors appear to be motivating investor demand?

- Regional results

This survey gathers together the views of licensed real estate agents all over New Zealand regarding how they are seeing conditions in the residential property market in their areas at the moment. We asked them how activity levels are changing, what the views of first home buyers and investors are, and the factors which are affecting sentiment of those two large groups.

ISSN: 2703-2825

This publication is written by Tony Alexander, independent economist.

Subscribe here <https://forms.gle/qW9avCbaSiKcTnBQA>

To enquire about having me in as a speaker or for a webinar contact me at tony@tonyalexander.nz

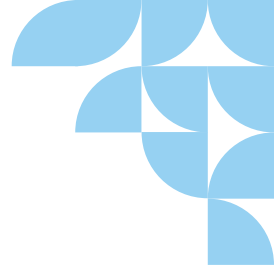
Back issues at www.tonyalexander.nz

Tony's Aim

To help Kiwis make better decisions for their businesses, investments, home purchases, and people by writing about the economy in an easy to understand manner.

Feel free to pass on to friends and clients wanting independent economic commentary.

Disclaimer: This report is intended for general information purposes only. This report and the information contained herein is under no circumstances intended to be used or considered as legal, financial or investment advice. The material in this report is obtained from various sources (including third parties) and REINZ does not warrant the accuracy, reliability or completeness of the information provided in this report and does not accept liability for any omissions, inaccuracies or losses incurred, either directly or indirectly, by any person arising from or in connection with the supply, use or misuse of the whole or any part of this report. Any and all third party data or analysis in this report does not necessarily represent the views of REINZ. When referring to this report or any information contained herein, you must cite REINZ as the source of the information. REINZ reserves the right to request that you immediately withdraw from publication any document that fails to cite REINZ as the source.



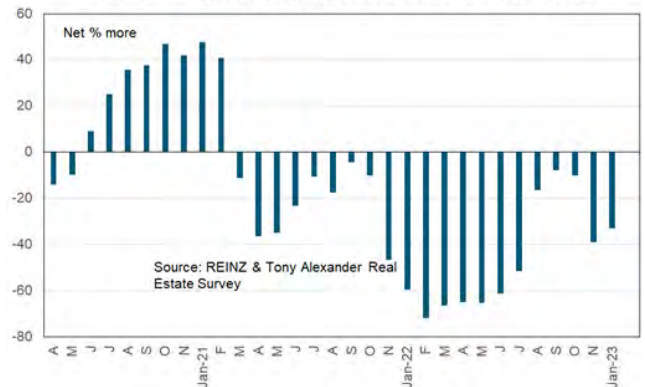
OPEN HOME DESERTION PLATEAUS

Welcome to the REINZ & Tony Alexander Real Estate Survey. This survey gathers together the views of licensed real estate agents all over New Zealand regarding how they are seeing conditions in the residential property market in their areas at the moment. We ask them how activity levels are changing, what the views of first home buyers and investors are, and the factors which are affecting sentiment of those two large groups.

The key results from this month's survey include the following.

- A net 59% of agents feel that prices are falling in their location, little changed from levels over the past 12 months.
- The withdrawal of buyers from attending opens homes shows signs of ending, but attendance at auctions continues to decline.
- Buyers remain concerned about prices falling after they make a purchase, rising interest rates, and access to finance.

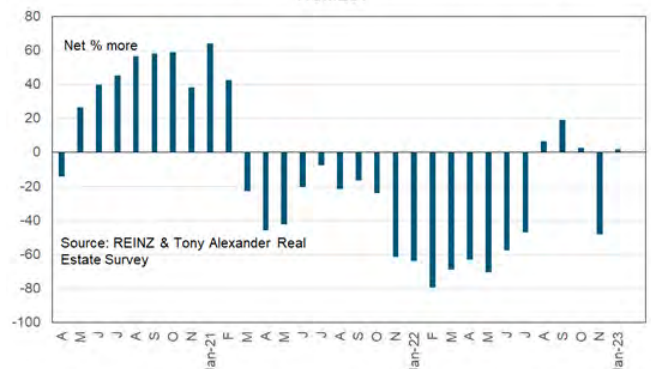
ARE MORE OR FEWER PEOPLE SHOWING UP AT AUCTIONS?



ARE MORE OR FEWER PEOPLE ATTENDING OPEN HOMES?

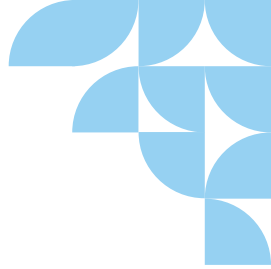
For the first time in a long while a key difference has emerged in what agents are noting with regard to auction attendance and open home attendance. Whereas in this survey a net 33% said they were seeing fewer people attending auctions, a net 2% have said that they are seeing more people at open homes. This “neutral” reading is perhaps another early indicator of people pulling back from the brink they were pushed to by the Reserve Bank’s late-November policy tightening and warning of recession.

ARE MORE OR FEWER PEOPLE SHOWING UP AT OPEN HOMES?



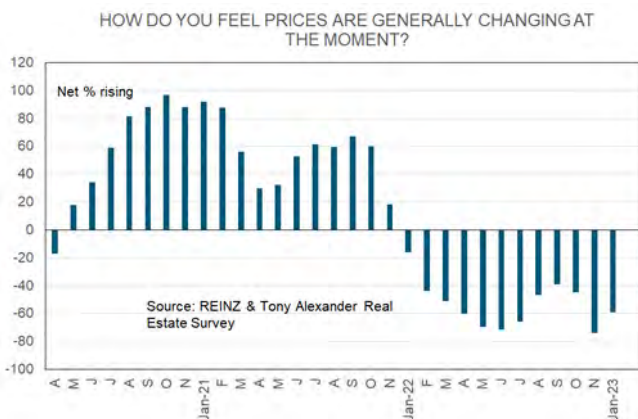
ARE MORE OR FEWER PEOPLE SHOWING UP AT AUCTIONS?

Following the Reserve Bank’s tightening of monetary policy on 23 November, agents reported a substantial decline in the number of people attending auctions. Our latest survey undertaken at the end of January shows that people remain at home. A net 33% of respondents have said that they are seeing fewer people attending auctions, little changed from the net 39% of two months ago when our last survey was undertaken.



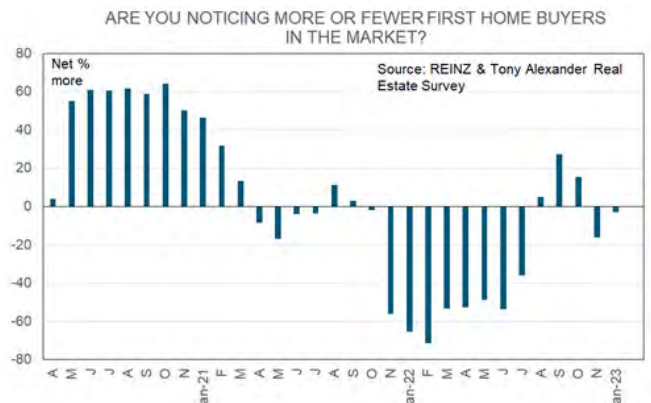
HOW DO YOU FEEL PRICES ARE GENERALLY CHANGING AT THE MOMENT?

Agents overwhelmingly feel that prices are falling. A net 59% this month have reported that prices are falling in their location. This is little different from the net 74% of two months ago and as the graph shows is consistent with price change observations broadly since early in 2022.



ARE YOU NOTICING MORE OR FEWER FIRST HOME BUYERS IN THE MARKET?

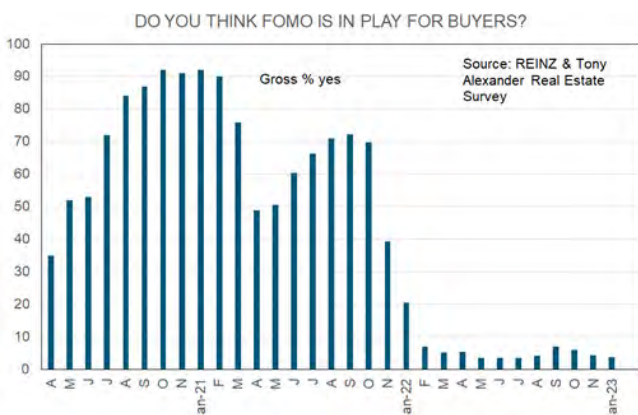
There has been a small easing in the proportion of real estate agents reporting that they are seeing fewer first home buyers in the market. A net 3% are seeing fewer young buyers compared with a net 16% two months ago. The first home buyers are not back – but they are not standing as far away from the market (and perhaps open homes) as was the case in the weeks after the Reserve Bank’s record 0.75% increase in the official cash rate two and a half months ago.



DO YOU THINK FOMO IS IN PLAY FOR BUYERS?

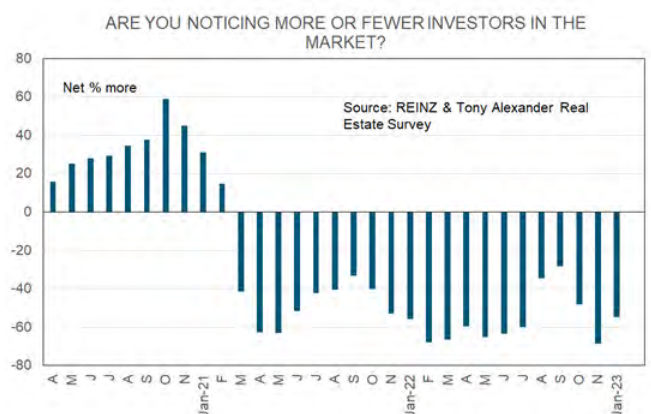
FOMO = Fear of missing out

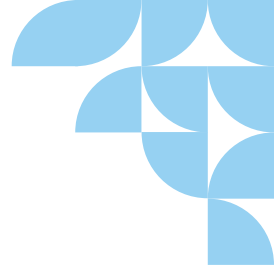
FOMO remains absent from the New Zealand residential real estate market.



ARE YOU NOTICING MORE OR FEWER INVESTORS IN THE MARKET?

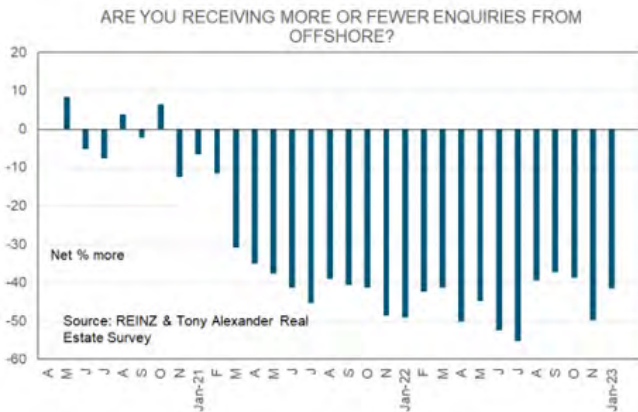
Investors have been out of the market since the return of (stronger) LVR rules early in 2021 and the Finance Minister’s tax impositions of late-March 2021. A net 55% of responding agents this month have reported seeing fewer investors, little improved from the net 69% of two months ago.





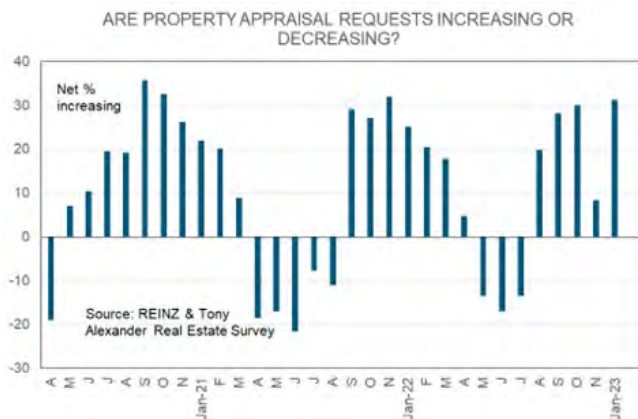
ARE YOU RECEIVING MORE OR FEWER ENQUIRIES FROM OFFSHORE?

There remains extremely little interest in the NZ residential real estate market from people located offshore. This has been the case since early in 2021.



ARE PROPERTY APPRAISAL REQUESTS INCREASING OR DECREASING?

There has been a rise in the net proportion of agents seeing more requests for property appraisals this month to 31% from just 8% late in November. The change is substantial, but the 31% reading is consistent with many other readings over the past three years and therefore not suggestive of a new wave of property being placed on the market.

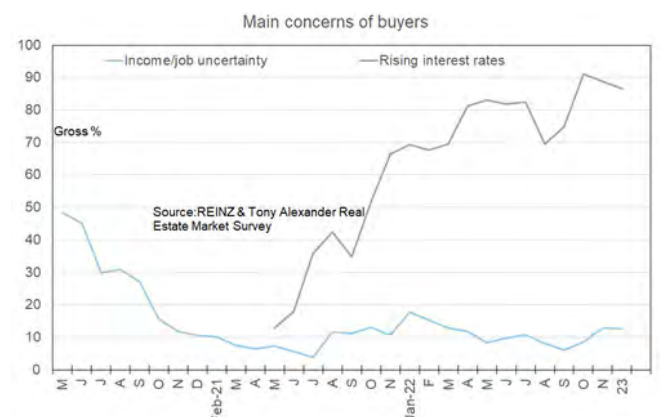
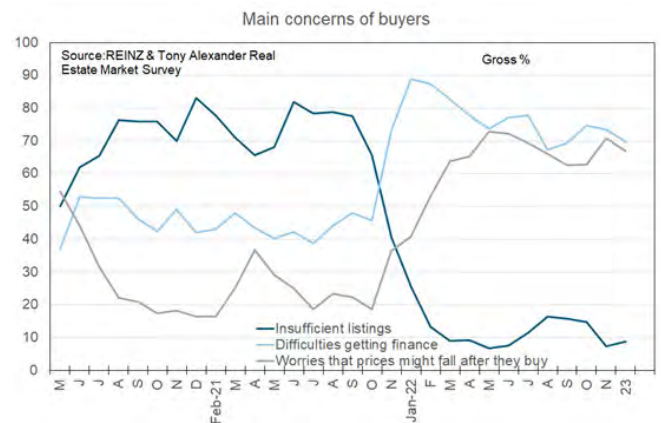


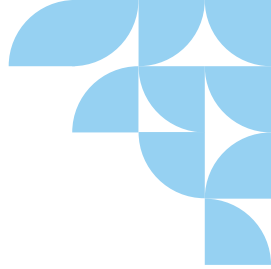
WHAT ARE THE MAIN CONCERNS OF BUYERS?

As has been the case for some time now, the top three worries which potential residential property buyers have remain high interest rates, access to finance, and concerns that prices will fall after they have bought.



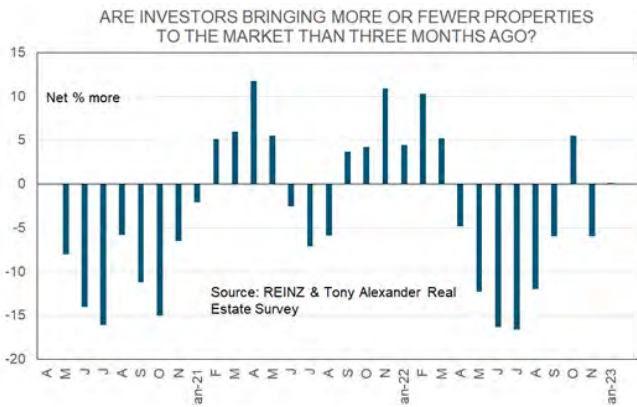
The following graph shows that there is a mild trend decline underway in worries about gaining access to finance. But such access is perceived by people to be a lot more difficult than before the November 2021 tightening of LVR rules on banks and then the December introduction of changes to the Credit Contracts and Consumer Finance Act.





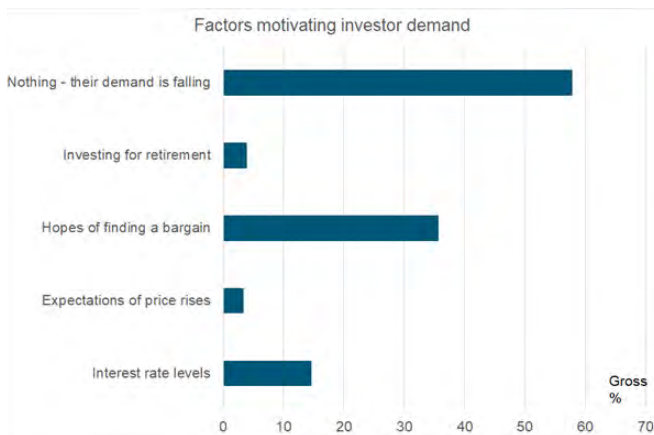
ARE INVESTORS BRINGING MORE OR FEWER PROPERTIES TO THE MARKET TO SELL THAN THREE MONTHS AGO?

A net 0% of agents have reported seeing more investors stepping forward to sell their properties. This reading is consistent with others since early last year showing that despite rising interest rates there is no wave of investors looting to offload their properties.

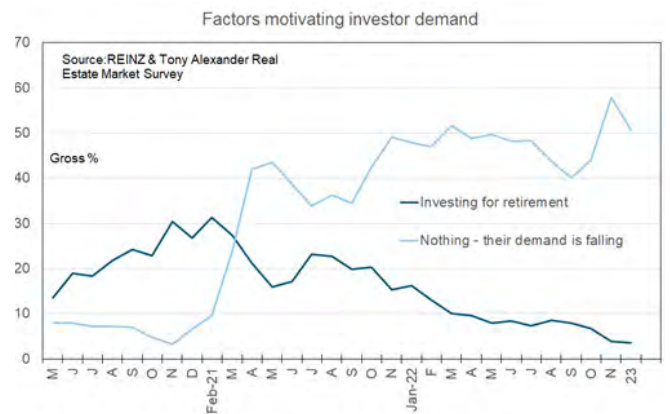
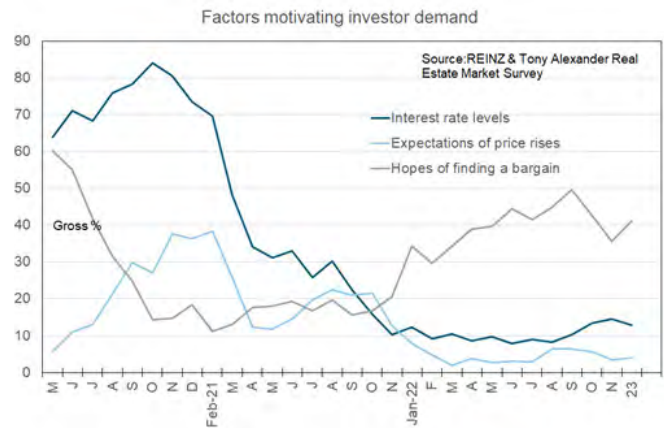


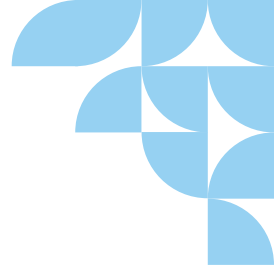
WHAT FACTORS APPEAR TO BE MOTIVATING INVESTOR DEMAND?

For those investors who are thinking about buying, the main motivation is hopes of finding a bargain.



Despite the continuing decline in prices and falls in readings of household sentiment, there is no fresh trend upward underway in the proportion of potential investor buyers who are motivated by the prospect of gaining a bargain.





REGIONAL RESULTS

The following table breaks down answers to the numerical questions above by region. No results are presented for regions with fewer than 7 responses as the sample size is too small for good statistical validity of results. The three top of the South Island regions are amalgamated into one and Gisborne is joined with Hawke’s Bay.

Best use of the table is achieved by picking a variable and comparing a region’s outcome with the national result shown in bold in the bottom line. For instance, nationwide a net 42% of agents report that they are seeing fewer enquiries from offshore. But for Queenstown this reading is a net 18% positive.

The table shows net percentages apart from the FOMO question in column F. The net percent is calculated as the percentage of responses saying a thing will go up less the percentage saying it will go down.

If anyone is interested, I can make available time series for each measure shown here. Contact me at tony@alexander.nz.

- A. # of responses
- B. Are property appraisal requests increasing or decreasing?
- C. Are more or fewer people showing up at auctions?
- D. Are more or fewer people attending open homes?
- E. How do you feel prices are generally changing at the moment?
- F. Do you think FOMO is in play for buyers?
- G. Are you noticing more or fewer first home buyers in the market?
- H. Are you noticing more or fewer investors in the market?
- I. Are you receiving more or fewer enquiries from offshore?
- J. Are investors bringing more or fewer properties to the market to sell than three months ago?

| | A #obs | B Appraisals | C Auctions | D Open H. | E Prices | F FOMO | G FHBs | H Invest. | I O/seas | J Inv.selling |
|--------------------|------------------|------------------------|----------------------|---------------------|--------------------|------------------|------------------|---------------------|--------------------|-------------------------|
| Northland | 37 | 54 | -24 | -3 | -51 | 8 | -5 | -46 | -41 | -8 |
| Auckland | 229 | 11 | -33 | 0 | -67 | 4 | 0 | -56 | -39 | -4 |
| Waikato | 57 | 25 | -54 | -33 | -79 | 5 | -30 | -67 | -51 | 12 |
| Bay of Plenty | 48 | 56 | -35 | 13 | -65 | 2 | 17 | -56 | -33 | 19 |
| Hawke’s Bay | 24 | 29 | -17 | 0 | -54 | 4 | 21 | -58 | -50 | -25 |
| Taranaki | 12 | 8 | -33 | 17 | -50 | 0 | -25 | -75 | -50 | -8 |
| Manawatu-Wanganui | 15 | 67 | -7 | 20 | -73 | 0 | 0 | -40 | -33 | 20 |
| Wellington | 48 | 50 | -17 | 58 | -60 | 2 | 10 | -65 | -44 | -6 |
| Nelson/Tasman | 30 | 37 | -20 | 0 | -43 | 0 | -20 | -57 | -47 | -24 |
| Canterbury | 66 | 39 | -39 | 2 | -35 | 2 | 0 | -42 | -52 | 3 |
| Queenstown Lakes | 11 | 36 | -36 | -27 | -18 | 9 | -27 | -45 | 18 | 0 |
| Otago exc. Q’town | 21 | 62 | -52 | -24 | -67 | 10 | -19 | -62 | -38 | 14 |
| Southland | 10 | 70 | -40 | 0 | -30 | 0 | 10 | -20 | -60 | 80 |
| New Zealand | 612 | 31 | -33 | 2 | -59 | 4 | -3 | -55 | -42 | 0 |

