

The NZHL Property Report

by Tony Alexander.

August 2024

FINANCIAL FREEDOM. FASTER.

About NZHL

NZHL is a passionately Kiwi, passionately local home loan and insurance network currently helping more than 50,000 New Zealanders collectively save millions of dollars in interest costs every year.

Part of Kiwi Group Capital Ltd (KGC) which are 100% Government owned, NZHL operates with an Independent Board and 70 local business owners nationwide. NZHL believes in helping Kiwis achieve financial freedom, faster and takes a structured, personalised approach to bring this to life.

nzhl.co.nz

Input to your Strategy for Adapting to Challenges

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

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My 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.

Further strengthening in activity

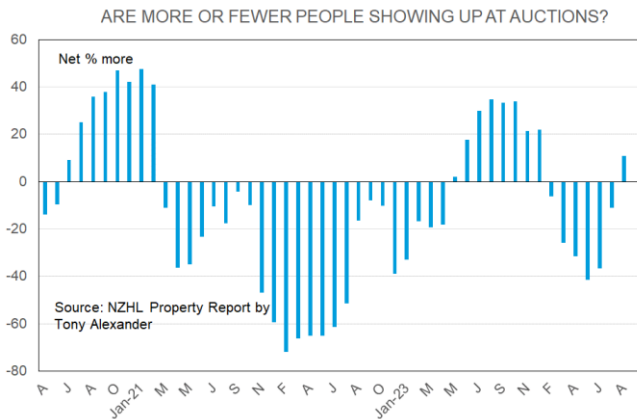
Welcome to the NZHL Property Report by Tony Alexander. This survey gathers together the views of licensed real estate agents all over New Zealand regarding how they are seeing conditions in the residential property market in their areas. We ask them how activity levels are changing, what the views of 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 which yielded 338 responses include the following.

- Many more first home buyers and investors are being observed in the market by real estate agents.
- The lift in investor demand is however being accompanied by a lift in the number of investors looking to sell.
- Concerns about interest rate levels have collapsed following the recent sea-change in monetary policy. However buyer worries about employment remain elevated.

Are more or fewer people showing up at auctions?

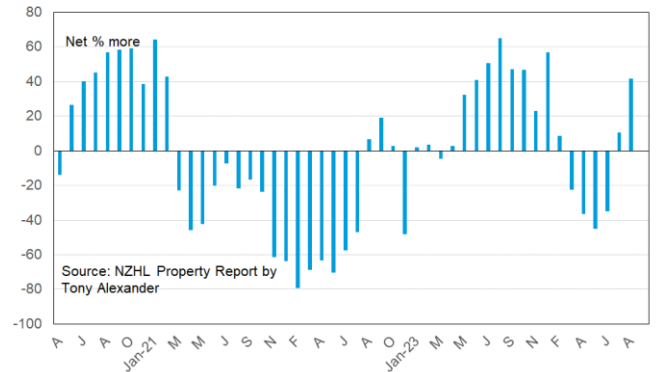
For the first time since January there are more real estate agents around the country saying that more people are attending auctions than fewer. At a net 12% positive the result this month is up from -11% last month and a low of 41% in our end of May survey. As with all our other survey measures this result shows a movement back into the cyclical housing upturn phase which appeared in the middle of 2023 then disappeared amidst a flood of listings and decline in optimism about the economy and the track for interest rates.



Are more or fewer people attending open homes?

A strong net 42% of agents this month have reported that more people are attending open homes. This is the second month in which this measure has improved strongly, shifting from +11% last month and -35% two months ago. Comments from real estate agents indicate that while many people are now actively perusing property there is still a gap between what buyers are willing to pay and what vendors are willing to accept.

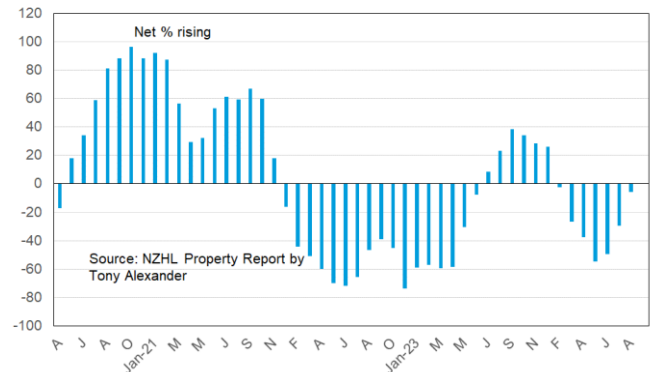
ARE MORE OR FEWER PEOPLE SHOWING UP AT OPEN HOMES?



How do you feel prices are generally changing at the moment?

A net 7% of agents throughout the country continue to feel that prices are falling in their area of operation. This is not the case everywhere with the table of regional results at the end of this report showing agents feel that prices are now rising in Hawkes Bay, Wellington, Canterbury, and Dunedin.

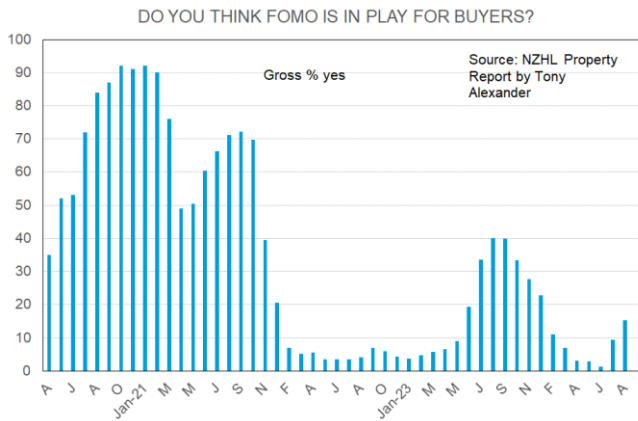
HOW DO YOU FEEL PRICES ARE GENERALLY CHANGING AT THE MOMENT?



Do you think FOMO is in play for buyers?

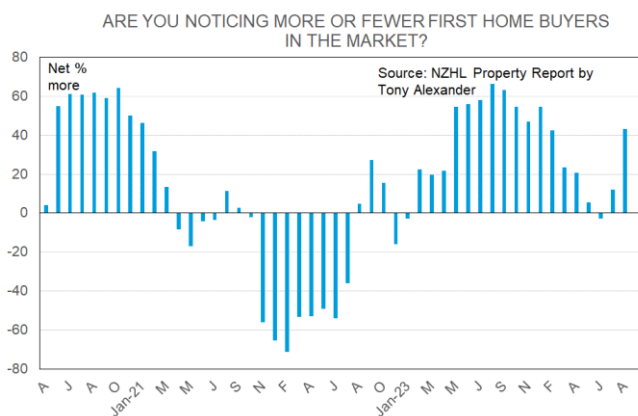
FOMO = Fear of missing out

Our monthly gauge of FOMO is rising but not at the same speed with which most of our other measures are improving. The proportion of agents saying that they are observing buyers display fears of missing out has lifted to 15% from 9% last month and the record low of 1% two months back. The comments from agents indicate buyers are more interested in making a purchase but apart from a small number of cases do not observe that buyers are fretting.



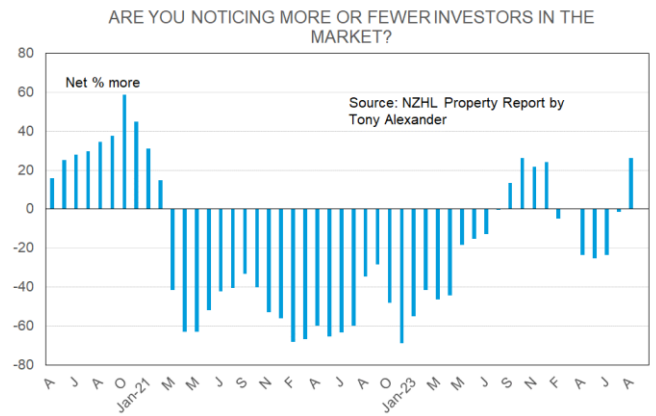
Are you noticing more or fewer first home buyers in the market?

Whereas a month ago the uptick in agent observations of extra first home buyers in the market was relatively small, this month the net proportion observing this rise has risen to a firm 43% from 12% in our end of July survey. Young buyers remain active, and it is worth noting that it was buying by first home purchasers which drove the 2023 upturn which eventually fizzled out.



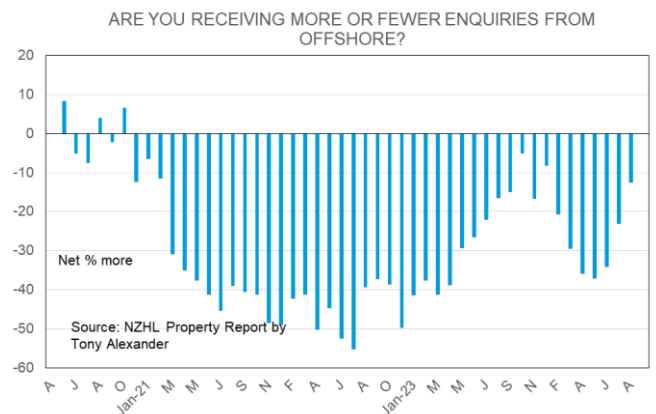
Are you noticing more or fewer investors in the market?

For the second month in a row the net proportion of agents noticing more investors has taken a sizeable step up. A net 25% of agents around the country now say that they are seeing more investors in the market, up from a net 2% last month and 24% two months ago saying that they were seeing fewer investors.



Are you receiving more or fewer enquiries from offshore?

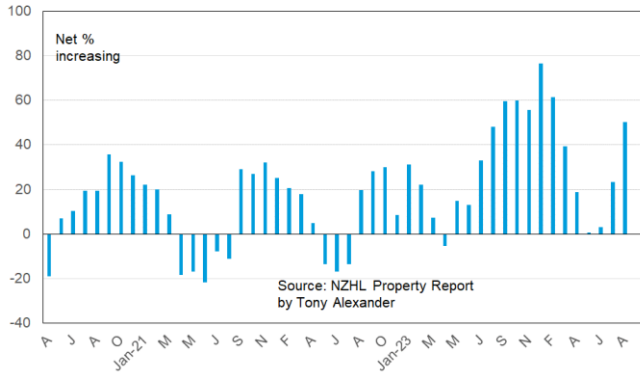
The degree of disinterest from offshore in New Zealand's residential property market has eased for the second month in a row but not to a sufficient degree to make one think people outside the country (largely Kiwis) will become a driving force in the market. Rules affecting foreign buyers mean this market is unlikely to have a substantial impact for a very long time.



Are property appraisal requests increasing or decreasing?

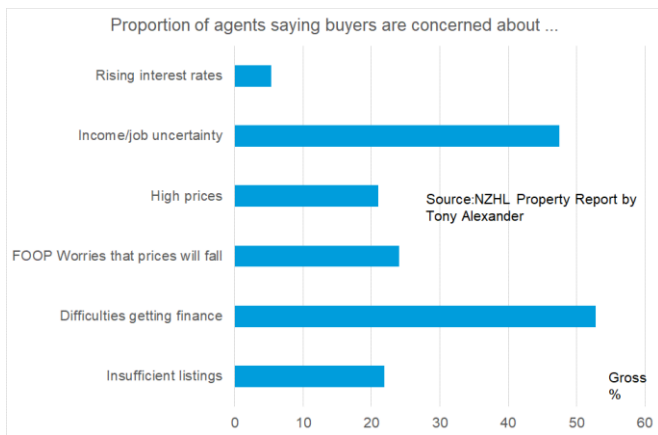
As people see evidence growing of the housing market improving those with an interest in selling their property are increasingly stepping forward. A net 50% of agents have reported that they are receiving more requests for appraisals. This is worth noting. The graph shows 50% is not a record but it is a rather high reading. Last year one factor contributing to the stalling of the upturn from early in the year was a flood of listings which largely appeared over January and February this year. The growth in appraisal interest now suggests listings numbers are likely to remain strong nationwide on average going forward.

ARE PROPERTY APPRAISAL REQUESTS INCREASING OR DECREASING?



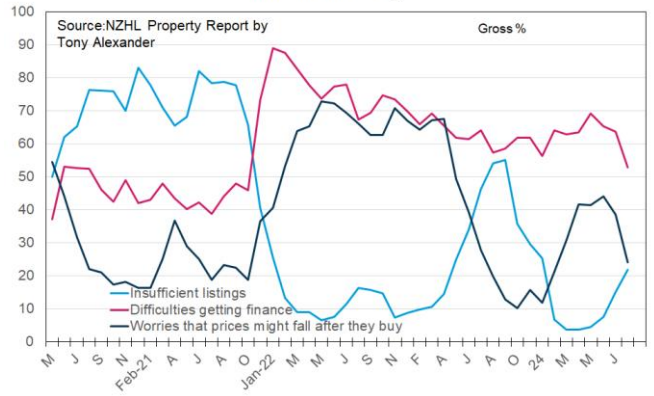
What are the main concerns of buyers?

Each month in this section we start with an all-encompassing graph showing the things which are of concern to buyers. The top two concerns of buyers are getting the finance they want and maintaining their income. Worries about interest rates are very low as are concerns about the quantity of listings.



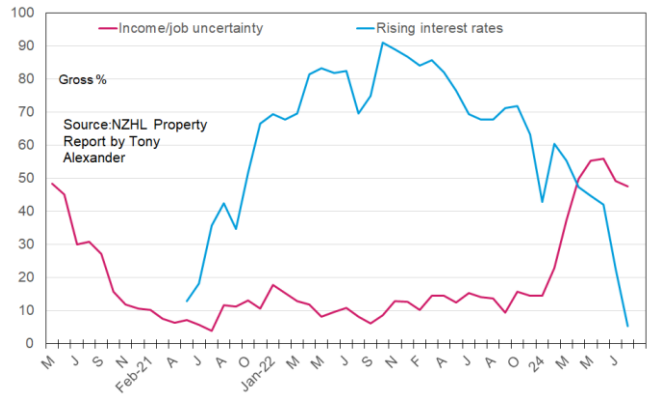
This next graph below shows a fresh downward movement in worries about accessing finance which will be interesting to monitor. Will banks assist the rising purchase requirements of people by easing up on their lending rules? One of my other surveys suggests the answer may be yes. Worries about prices falling – the black line – are newly easing off after rising early this year. Note that although concerns about listing numbers are low, they are rising.

Main concerns of buyers



Following the easing of monetary policy by the Reserve Bank last month people’s worries about interest rates are assessed by agents as essentially collapsing. But we should note the continuing high levels of concern about employment and income which agents are detecting.

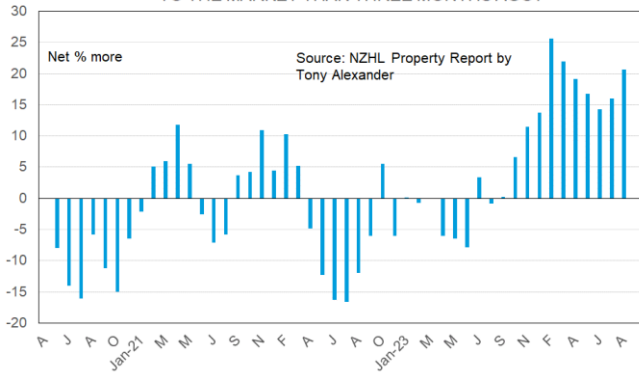
Main concerns of buyers



Are investors bringing more or fewer properties to the market to sell than three months ago?

The graph below shows us that the third highest net proportion of agents on record are reporting that they are seeing more investors looking to sell their properties. There are likely to be a number of factors behind this. Some will be looking to sell because the time has come to fund their retirement. Some will be bringing selling plans forward in time because of the extra costs of running a rental business – soaring council rates and insurance costs along with maintenance expenses. Others may be selling because of the brightline test changes.

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

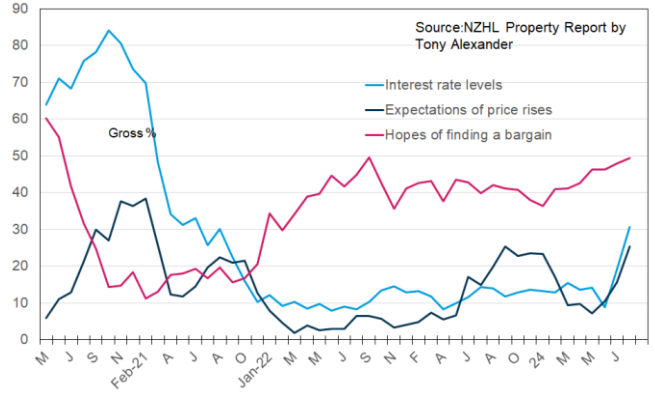


What factors appear to be motivating investor demand?

For the rising number of people looking to purchase an investment property the main motivation is the hope of finding a bargain. The second highest motivator is falling interest rates.

Bargain hopes continue to trend upward, but the main changes this month have been rises in interest rates and price rise expectations as motivators.

Factors motivating investor demand



	A	B	C	D	E	F	G	H	I	J
	#obs	Appraisals	Auction	Open H.	Prices	FOMO	FHBs	Invest.	O/seas	Inv. selling
Northland	17	80	-13	-7	-40	0	0	20	-27	-13
Auckland	129	44	24	53	-1	20	48	33	-8	15
Waikato	33	59	-10	3	-28	0	14	7	-7	52
Bay of Plenty	34	48	19	48	-10	23	42	29	-6	0
Hawke's Bay	10	100	0	70	30	20	60	30	-60	0
Taranaki	5									
Manawatu-Wanganui	16	36	-14	29	-14	7	36	29	-14	43
Wellington	31	40	-3	53	10	20	63	20	-3	33
Nelson/Tasman	16	31	13	6	-38	6	38	6	-19	25
Canterbury	22	68	14	68	9	9	64	36	-23	36
Queenstown Lakes	10	50	-30	10	-10	0	20	10	0	10
Otago exc. Qtown	12	50	42	33	8	50	58	25	-8	8
Southland	3									
New Zealand	338	50	12	42	-7	15	43	25	-14	20

- | | |
|---|---|
| <ul style="list-style-type: none"> 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? | <ul style="list-style-type: none"> 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? |
|---|---|

*Please note –Tony Alexander is an independent economist. His views are his own and not necessarily shared by NZHL or vice versa. The NZHL Property Report by Tony Alexander is based on the findings of a monthly survey of real estate agents conducted by Tony and is brought to you by NZHL in a sponsored capacity.

This publication is written by Tony Alexander, independent economist. You can contact me at tony@tonyalexander.nz

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