

# Economic Note

REINZ Housing data – August 2024

13 September 2024

## Remaining subdued regardless of the OCR cut

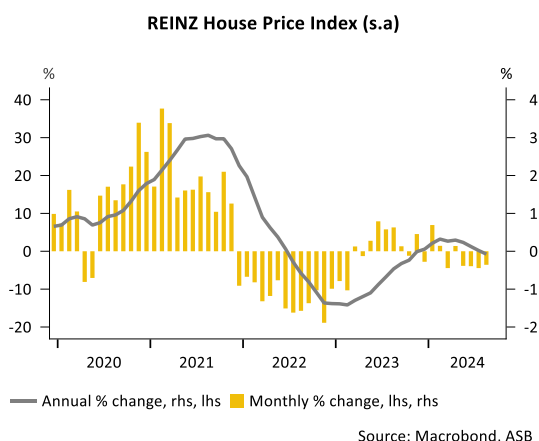
- House sales in August declined, after a rebound in July.
- House prices continued to fall, for the fourth consecutive month.
- New listings and total inventory levels continue to creep up.
- We expect that over the remainder of 2024 that housing market activity will strengthen, supported by further interest rate cuts. However, offsetting forces do not suggest a quick turnaround.

### Market activity

In August, data from REINZ showed no early signs of strength in the housing market, despite substantial falls in mortgage rates since mid-July. Over the month, house sales dropped by 3.1% seasonally adjusted (down 0.7% annually). Ten regions experienced a monthly decline in sales, with Otago seeing the largest drop at 12.1%, following a moderate 6% increase in July (seasonally adjusted). Auckland's market also faced a 6.8% annual decrease in house sales, and a 3.2% decrease compared to last month (seasonally adjusted). On the bright side, Hawke's Bay experienced the largest gain in house sales, with a 13.2% mom lift and the second highest number of sales in the year on a seasonally-adjusted basis.

Meanwhile, the House Price Index (HPI) for New Zealand showed a seasonally-adjusted monthly decline of 0.4% and an annual decrease of 0.8%. House prices in Auckland lifted slightly by 0.1% mom (seasonally adjusted), along with three other regions, while 12 regions experienced declines in house prices.

REINZ Housing Data	Aug-24	Month ago	Year ago
<b>National</b>			
Sales (s.a % mom)	-3.1%	9.8%	8.8%
House price index (s.a % mom)	-0.4%	-0.4%	0.6%
House price index ( % yoy)	-0.8%	0.2%	-4.6%
Days to Sell (s.a)	47.6	45.6	39.7
<b>Auckland</b>			
Sales (s.a % mom)	-3.2%	14.8%	8.5%
House price index (s.a % mom)	0.1%	-1.3%	0.4%
House price index ( % yoy)	-2.8%	-2.5%	-5.1%
<b>Wellington</b>			
Sales (s.a % mom)	-3.1%	9.4%	12.7%
House price index (s.a % mom)	-0.1%	-1.5%	1.3%
House price index ( % yoy)	-1.5%	-0.3%	-5.4%
<b>Canterbury</b>			
Sales (s.a % mom)	-7.4%	9.4%	8.1%
House price index (s.a % mom)	-0.9%	0.5%	1.3%
House price index ( % yoy)	1.8%	4.0%	-1.5%



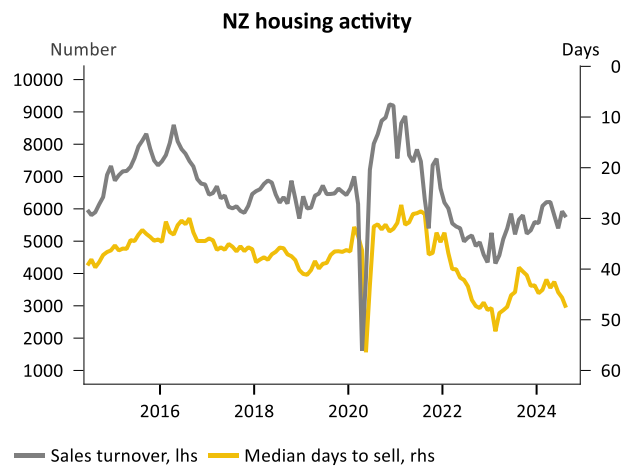
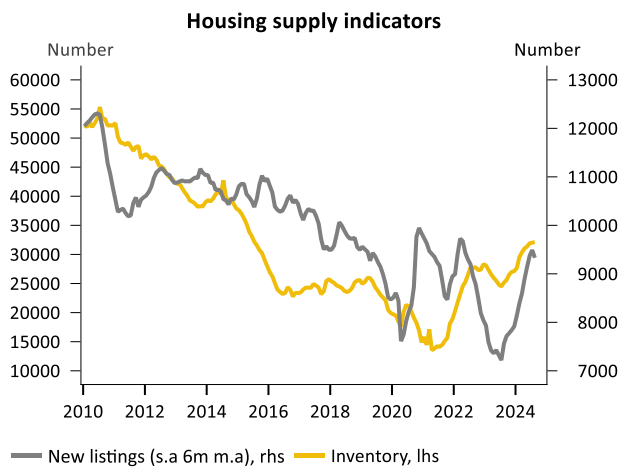
After observing some signs of rebound in July, we thought there was some chance that the housing market would continue to lift in August, especially following mortgage rate declines, mounting expectations of imminent OCR cuts, and the tax changes implemented on July 31st. However, at this very early point there are no signs of any pick-up in sales that went unconditional over August.

**The median days to sell a property increased by two days, from 45 to 47 days, compared to July (seasonally adjusted), and by eight days compared to the previous year.** In Wellington, the median of days to sell increased even more sharply, by five days (from 42 to 47 days). The market continues to favour buyers, with new listings and inventory levels remaining higher compared to the previous year.

### The upshot: no sign of pick up yet

There has been no evidence yet that falling mortgage rates and OCR cut speculation has translated into added market activity. And it is pretty early, as purchase decisions for house sales that went unconditional in August will likely have been made prior to August. As the RBNZ has now cut the OCR and signalled more interest rates cuts to come, we expect there will be more housing market activity over the remainder of 2024 as people increasingly respond to the falls in interest rates. However, we have not seen any material changes in the key drivers of house price movements (read more [here](#)) for the time being. We expect little change in overall house prices over 2024 given the large inventory of dwellings still on the market.

The latest data show subdued electronic card spending and a weak housing market in August, alongside the reduced pace of net migration, and the levelling off of tourism numbers (see more [here](#) and [here](#)). These data releases should continue to give the RBNZ confidence to further ease the monetary policy. Our current forecast is for an additional 50bps of cuts in the OCR by the end of 2024, with the OCR expected to reach 3.25% towards the end of 2025. The anticipated decline in mortgage interest rates following the OCR cut will undoubtedly support the housing market. However, we foresee a material strength in house prices will only come through once sales activity has strengthened enough to overcome the weight of stock on the market.



#### ASB Economics & Research

Chief Economist  
Senior Economist  
Senior Economist  
Senior Economist  
Economist  
Administration Manager

Nick Tuffley  
Mark Smith  
Chris Tennent-Brown  
Kim Mundy  
Yen Nguyen  
Caro Phillips

[nick.tuffley@asb.co.nz](mailto:nick.tuffley@asb.co.nz)  
[mark.smith4@asb.co.nz](mailto:mark.smith4@asb.co.nz)  
[chris.tennent-brown@asb.co.nz](mailto:chris.tennent-brown@asb.co.nz)  
[kim.mundy@asb.co.nz](mailto:kim.mundy@asb.co.nz)  
[yen.nguyen@asb.co.nz](mailto:yen.nguyen@asb.co.nz)  
[caro.phillips@asb.co.nz](mailto:caro.phillips@asb.co.nz)

#### Phone

(649) 301 5659  
(649) 301 5657

[www.asb.co.nz/economics](http://www.asb.co.nz/economics)

@ASBMarkets

**Disclaimer**

This document is published solely for informational purposes. It has been prepared without taking account of your objectives, financial situation, or needs. Before acting on the information in this document, you should consider the appropriateness and suitability of the information, having regard to your objectives, financial situation and needs, and, if necessary seek appropriate professional or financial advice.

We believe that the information in this document is correct and any opinions, conclusions or recommendations are reasonably held or made, based on the information available at the time of its compilation, but no representation or warranty, either expressed or implied, is made or provided as to accuracy, reliability or completeness of any statement made in this document. Any opinions, conclusions or recommendations set forth in this document are subject to change without notice and may differ or be contrary to the opinions, conclusions or recommendations expressed elsewhere by ASB Bank Limited. We are under no obligation to, and do not, update or keep current the information contained in this document. Neither ASB nor any person involved in the preparation of this document accepts any liability for any loss or damage arising out of the use of all or any part of this document.

Any valuations, projections and forecasts contained in this document are based on a number of assumptions and estimates and are subject to contingencies and uncertainties. Different assumptions and estimates could result in materially different results. ASB does not represent or warrant that any of these valuations, projections or forecasts, or any of the underlying assumptions or estimates, will be met.