

# MONTHLY MARKET REPORT

APRIL 2023

Speaking to our branches around the Peninsula and Hauraki Plains the tone is cautiously optimistic. At least while the sun is shining!

Ongoing road closures, the consistently average weather, and the ongoing closure of international tourism attractions such as Cathedral Cove, have impacted all local businesses with continued lower visitor numbers. However, Easter and ANZAC weekends provided an influx of bach and holiday-home owners who added more activity and boosted the local economies of Ngatea, Paeroa, Thames and Coromandel Town on their way to the beach.

## The Property Market

New Zealand house prices are still well above pre-pandemic levels, even after the sharpest housing market decline we've seen since the GFC.

New listings to come onto the market during April were down 18.9% nationally, while stock remained up in almost all regions compared to April 2022, which tells us that buyers are taking their time.

The latest figures from the OneRoof-Valocity House Index show the nationwide average property value of \$958,000 is still 23.9% higher than it was in March 2020, just before Covid-19 struck.

The figures also point to a likely end to the house price slump, with the nationwide rate of decline slowing from a peak of almost 5% in September to 2% in April. While this slowdown in the rate of decline varies between regions and there may still be value declines to come, much of the gains made during the boom have survived.



## The Peninsula Property Market

The peninsula is always going to be a market of two halves, the east (beach/holiday) and west coast (rural/urban).

In Thames-Coromandel there were 51 sales for April with an average of 92 days to sell. REINZ reported a record median price of \$860,000 which is up 34% from prices of 3 years ago.

In Hauraki district there were 32 sales for April with an average of 58 days to sell. REINZ reported a record median price of \$630,000 which is up 30% from prices of 3 years ago.

Most owners have realized that the market has actually changed, and they are pricing their properties accordingly. On the flip side, the buyers have also realized that now is a great time to buy. There is a good selection of properties for them to choose from and the lower number of buyers out there they have less competition.

We are achieving the best results through sale by negotiation or fixed price over other methods, such as auction or deadline sale because, in a slower market, vendors tend to choose a sales method that is less time pressured. Enquiry from database marketing remains strong which is a good indication of the strong relationships our salespeople have with their client base.

Open homes are a bit hit and miss; well attended for new listings or price reductions but taper off for older listings. The weather also affects open-home attendance.



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However, they need to be aware that there are thousands of people in the same position, and at some stage, they're all going to decide that there is no point waiting any longer. Bring it on!"

**EMMA ASHWORTH**

Principal Director



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Our team is entrenched in their communities, sponsoring events, and promoting their towns while remaining in touch with their clients, keeping them abreast of local news, market updates and new listings coming up.

## Things to keep an eye on

The Reserve Bank has signalled it's likely to ease up on loan-to-value ratio (LVR) restrictions in June, making it easier for people with smaller deposits to get lending. The move would roll back changes introduced 18 months ago, which limited the number of loans banks could give out to borrowers with less than a 20 percent deposit.

That coupled with a limited number of new listings coming to market could lead to more competition for properties. (NewsHub: What the Reserve Bank's proposed move to ease lending restrictions means for borrowers)

With the withdrawal of investors from the current market, the supply of rental properties appears to be falling.



However, in the past weeks, we have learned that New Zealand now has a migration boom, with an annual gain of 52,000 people. That is a 1% boost to our population requiring some 19,000 extra houses (Tony Alexander: 1% boost to our population requiring 19,000 extra houses)

Traditionally real estate activity is quieter in winter, the interest rates are higher than they have been for several years, and there is an election coming up. However, there are bigger long-term factors that are starting to come into play.

Economists tell us there is a migration boom underway, interest rates are going to peak, (3-5 year fixed rates have already fallen around 0.7%), construction is falling, listings are declining, and rents face new upward pressure from returning tourists and international students needing places to live.

We are optimistic about the winter months ahead. Watch this space.



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