

# MONTHLY MARKET REPORT

MAY 2023



It's been a bit of a rollercoaster for the global economy, but we have noticed an increase in optimism across the board over the last couple of weeks. While the local impact is still uncertain, our beloved Hauraki-Coromandel is starting to recover from the battering we received weather and economy-wise this 'summer'.

Feedback from our offices shows an increase in open home attendees, inspections, and enquiry, multi offers on desirable, well-priced properties and an overall increase in sales.

The OneRoof Valocity House Price Index Report\* for May makes interesting reading for Hauraki Coromandel. Whangamata, Thames, Tairua, Coromandel, Matarangi, and Whitanga have shown corrections in property value over the last 12 months of between 7 and 8%.

However, the more niche suburbs such as Hahei, Pauanui and Cooks Beach have shown slight increases in value. The thriving Hauraki towns of Ngatea and Paeroa have also shown a value increase of 0.8% and 2.2% respectively.

Proposed changes by the Reserve Bank of New Zealand to ease loan-to-value restrictions, along with recent updates to the Credit Contracts and Consumer Finance Act (CCCFA), are boosting positive sentiment.

Although these changes primarily affect first-time homebuyers and leveraged investors, they indicate a shift away from pessimism, and anything that makes buying and selling easier will support demand and activity in the coming months.

The Reserve Bank of New Zealand has indicated that it is unlikely to raise the official cash rate further, following last week's 0.25 percentage lift to 5.5%.

The RBNZ doesn't expect to start cutting the rate until late 2024 but there is a reasonable chance it will start before that Tony Alexander suggests early next year.

While inflation remains high, we are seeing wholesale lending rates decrease in recent weeks, providing greater certainty for purchasers ready to take action.

CoreLogic chief property economist Kelvin Davidson describes the housing downturn as on its last legs but doesn't expect an immediate or strong upturn. "It's not optimism but less pessimism," he says. "The idea that you can see the end but we're not quite there."

Another significant impact right now is the softening of immigration policies to help ease labour shortages. Immigration has accelerated rapidly, and the government is actively attracting high-value investors through its Active Investor Migrant Programme.

This increase in immigration will impact the demand for properties in our larger centres.



"To finish on an optimistic note, and looking ahead to the coming months, there's every reason to be positive, especially as activity picks up and we approach October's general election deadline".

**EMMA ASHWORTH**

Principal Director