

# MONTHLY MARKET REPORT

JUNE 2023



## The Market

Top 5 reasons why a technical recession is the best sort of recession, or what New Zealand's weirdest recession so far means for house prices:

1. The presence of good job security has generated a greater interest in the housing market among thousands of individuals who have refrained from buying since mid-2021. Although some people are currently unable to purchase due to high interest rates, the expected decrease in rates next year is likely to motivate the backlog of potential buyers.
2. The ongoing feelings of job security have other positive implications such as the likely recovery of retail spending. This doesn't mean people with jobs are all doing OK. The cost of living has risen sharply and we're all laying off the fancy cheeses at present!
3. Buyers who already have substantial funds available will be the first to take action, and there are indications that this has already begun based on the May statistics. Additionally, the influx of immigrants may have contributed to increased activity among first-home buyers in major urban areas.
4. The robust job market, coupled with buyers who have saved significant amounts for house deposits, has considerably increased overseas travel.
5. Some businesses have chosen to retain their employees during the period of reduced cash flow in 2023, anticipating future growth and potential staff shortages. To compensate, they have made cuts in other areas such as investments in equipment, advertising, and marketing. However, there will be businesses whose cash flow provides no alternative but to lay off staff this year in order to remain financially viable, leading to a possible increase in unemployment rates in 2024.

## Our Market

What a difference a month can make. Last month we spoke of 'cautious optimism/less pessimism' following the boost of the OCR reaching its peak and the loosening of bank LVR requirements.

Now the general view amongst property analysts is that the housing market has almost certainly bottomed out. In the words of Tony Alexander's monthly real estate agent survey '[buyers] are starting to get off their couches and re-engage with the market'.

So, a month on, is there any evidence that this 'cautious optimism' is well-founded? The short answer is yes. And here's some of our evidence:

- Hauraki Coromandel Sales – 2023 Q1 - 236 sales, 2023 Q2 - 324 sales
- Property values are still 25-35% ahead of March 2020 values.
- The average current house value in Thames-Coromandel District was down 7.3%, Hauraki District 8% in March 2023, compared to a year earlier. The decline was not as low as in New Zealand (11.4%).
- The return of the multi-offer! Several offices negotiating multi-offers with two or more buyers.
- Despite the east coast roading challenges people are still choosing to move to Whitianga permanently

In other news, the Kopu-Hikuai (SH25A) repairs have started, and the road is anticipated to reopen in March next year. The teams will be working night and day, literally, to get the road repaired. This is undoubtedly going to have a positive impact on our market as buyers will have easier access to the east coast beaches.



"Considering the above factors, the market for lifestyle properties and holiday homes may remain quiet until later in the housing recovery cycle, but they may not! So, if you're thinking of buying, you may want to get ahead of the curve!

Could it please stop raining though?!"

**EMMA ASHWORTH**

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