MONTHLY MARKET REPORT

JULY 2023

A sense of 'cautious confidence' as prices remain stable.

An increasing number of Kiwis are shedding their hesitation and exploring open homes, indicating a rise in confidence within the New Zealand property market. It seems that the housing market has reached a turning point, as dwindling property stock levels have slowed down the rate of price declines across much of the country.

According to the latest figures from the OneRoof/Valocity House Value Index, the average nationwide property value experienced a tiny 1.9% drop in the three months leading up to July, settling at $943,000. This decline is almost half of what was recorded at the beginning of the year.

Only three regions saw their average asking price change month-on-month by more than 5.0%. They were the Coromandel Peninsula (up 5.9%), Gisborne (up 8.3%), and Southland (up 9.2%). The rest remained static or changed by less than 5.0%.

Monthly new property listings have been 15% below the long-term average following Covid, with Auckland experiencing the largest drop. This limited supply has had an impact on Auckland's auction rooms, with a marked rise in clearance rates and some properties attracting over 100 bids - a result that was unimaginable just six months ago. Last month, 22.1% of all listings were listed for sale by auction, up from just 15.3% in July 2022.

With a low unemployment rate of 3.4%, falling inflation, and approaching peak mortgage rates, buyers appear to be regaining confidence and returning to the market. Along with reduced supply, this will hopefully lead to a mild recovery in listings and sales volumes as we approach spring.
While we shouldn't expect a sudden surge in house prices, there have been significant changes in market dynamics over the last six months, resulting in buyers no longer holding the upper hand.

During the past week, Economist Tony Alexander conducted his monthly survey of real estate agents nationwide. The results show that 34% of agents reported buyers displaying FOMO (fear of missing out) in New Zealand, with Auckland experiencing an even higher rate of 44%. Three months ago, these percentages were considerably lower, at 7% and 8%, indicating a rapid increase in FOMO among buyers. Traditionally any change in the Auckland market will impact the Peninsula shortly afterwards.

The Peninsula's housing market has experienced a remarkable 68% increase in housing stock, resulting in 460 properties currently available for sale. However, this growth has led to a contrasting situation between the two coasts.

According to feedback from our offices, the west coast, encompassing areas like Thames, Ngatea, Paeroa, and Coromandel Town, is witnessing a surge in interest with higher levels of enquiry, increased attendance at open homes, more listings, and greater sales activity including multiple offers.

Conversely, the East Coast beaches, except for Whitianga and Matarangi, are experiencing a slower market. The region has been adversely affected by road closures and unfavourable weather conditions. Consequently, while interest in properties is on the rise, online views remain positive, and prices are holding steady, there is a challenge in enticing potential buyers to physically visit the properties due to these impediments.

The election is also having a significant impact on the interest in the beach lifestyle. Despite our offices having extensive databases of potential buyers with substantial financial resources, this political event is expected to heavily influence the market for the next three months or so.

However, once this period passes, Andrew Gibson, Branch Manager and owner of Richardsons Tairua, foresees an exciting scenario. He anticipates a surge of pent-up demand for holiday homes to be unleashed rapidly.
In other words, there is a strong belief that the market will experience a flurry of activity as buyers eagerly make their pre-Christmas beach property plans.

ANDREW GIBSON

Branch Manager / Tairua