

MONTHLY MARKET REPORT

FEBRUARY 2024

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The Good News

The end of summer has seen an increase in property activity, particularly new listings, which for the first time since Covid gives prospective purchasers a range of options. New listings were up across all regions. The most significant increases were observed in Northland (up 94.6%), Coromandel (up 85.3%) and Auckland (up 64.0%).

"Stock levels hit an 8-year high as new listing levels bounce back to welcome buyers." *

The good news is that despite this increase in supply, prices have largely remained stable. There has been a marginal rise in the national average asking price (\$899,756), up 3.0% on the same time last year, and up 1.2% from January. However, this upward trend is gradual and moderate, rather than abrupt.

So, while the market shows signs of recovery and increased activity, the pricing landscape has yet to experience significant excitement. This means there are still opportunities for buyers to find the occasional favourable deal before the window of opportunity closes.

In other good news, Wednesday's announcement from the Reserve Bank holding the Official Cash Rate (OCR) rate at 5.5% has provided some certainty for vendors and buyers, unsure about whether the rate would come down, hold, or increase.

Based on the latest forecasts from OneRoof/Valocity, it is anticipated that the average property value across the country will reach its post-Covid peak of just under \$1.1M by the third quarter of 2025. The Auckland and Wellington regions which suffered the greater declines in value, are expected to reach this milestone within a three-year timeframe.

The Local Activity

All of the 10 Richardsons offices have seen an uptick in quality listings, inspections, and sales activity, although open homes still remain slow.

Much of the 'heavy lifting' is still being done by our west coast and Hauraki teams, although some east coast offices are seeing the return of the multi-offer. On the whole, buyers are still cautious and interest rates are still cited as the biggest stumbling block, followed by bank lending criteria.

Activity in most offices has been at the mid to lower end of the listed property values although bucking that trend, the Pauanui team was delighted to recently make a record beachfront sale.

Interest rates

To paraphrase Economist Tony Alexander:

Despite inflation still being high at 4.7% it pays to remember that monetary policy operates with a delay of around 18-24 months. The first cash rate increase occurred in October 2021, followed by more substantial rises in April 2022. The most significant tightening was in late 2022, with a 0.75% increase in October.

We are not even 18 months into the period where the strongest impact on inflation is expected. Therefore, calling for additional monetary policy tightening now is akin to 'The kids screaming "Are we there yet" in the back of the family car on a road trip'.

Better to apply Rachel Hunter's saying of 'it won't happen overnight, but it will happen!'

*Realestate.co.nz, February Market Report

