

# /Monthly Market Report



MAY 2024



## OCR Remains Static

As we expected, the Reserve Bank of New Zealand (RBNZ) has decided to keep the official cash rate (OCR) steady at 5.5%.

The RBNZ's economic outlook hasn't changed much, but mortgage interest rates might stay higher for longer than we thought. This is because inflation is now expected to take till Q4 before it hits the 1–3% target band. With inflation likely sticking around into 2025, it's no surprise that the OCR remains high.

The good news is that New Zealand has come out of the 'technical recession' reported earlier this year. And folks who have money invested in Kiwisaver are actually seeing a steady return for the first time in years!

However, GDP growth may be limited in 2024–2025, and we might see unemployment rise due to a sluggish job market. Other factors like bank competition and offshore finance rates also impact mortgage rates, but with the OCR cut now looking more likely in 2025 than 2024, we can expect mortgage rates to follow suit.

For new borrowers and those refinancing or refixing, things are going to remain spicy for the next six to nine months. Even if mortgage rates drop significantly in 2025, new debt-to-income restrictions could still make borrowing a challenge.

## The Market

New Zealand's property prices have risen for the third consecutive month, with the national average asking price hitting \$878,100 in April, up 1.8% from last year, according to Trade Me's Property Price Index. While annual data shows a steady increase, prices may dip as buyer activity slows moving into winter. It's fair to say that the recent gains have been modest and haven't yet become what could be optimistically considered a 'trend'!

## Locally

More families are discovering the charm of Hauraki-Coromandel, resulting in increased inquiries and sales in the Thames and Hauraki plains market. While the growth isn't massive, it's a promising trend. The east coast has experienced a seasonal slowdown, but this is typical as winter approaches. Although interest rates remain high and buyer inquiries have tapered slightly, there is still interest, particularly in lower to mid-priced properties.

Open home attendance varies, but new listings in these price ranges are attracting good numbers. Sellers are wisely preparing their properties now to be market-ready for the vibrant spring season, setting the stage for a potentially strong recovery.

