

/Monthly Market Report



JULY 2024



National Average Asking Price Holds Steady for Another Month

As the national average asking price remains steady, the market is experiencing significant regulatory changes and a dynamic supply landscape. Expert advice and thorough market research are vital for buyers and sellers navigating these evolving conditions.

New Regulations and Market Stability

Recent regulatory changes, including new debt-to-income ratios (DTIs), loosened loan-to-value ratios (LVRs), adjustments to the bright-line rule, and modifications to interest deductibility, are now in effect. Despite these changes, the national average asking price has shown remarkable stability.

Stock and Listings: A Year-on-Year Increase

According to Realestate.co.nz total stock increased in all regions, during July, by 32.3% year-on-year to 30,556 properties for sale. The total number of homes for sale has remained over 30,000 for five consecutive months. New listings were also unseasonably high, up 31.3% year-on-year, breaking a seven-year trend of low listing levels in July. Displayed price remained the most popular method of sale across the Peninsula, making the process more transparent for buyers and sellers alike.

Inflation is Finally Back in its Box

New Zealand's CPI inflation for the June 2024 quarter came in at 0.4%, below the Reserve Bank's forecast of 0.6%. Despite annual inflation being reported at 3.3%, 1.8% is attributed to the September 2023 quarter, which is expected to diminish soon. In recent weeks, several bank economists have brought their forecasts for interest rate falls forward from mid-2025, and large parts of the market are now predicting a 0.5% OCR reduction in November. With two more OCR announcements to come before then—in August and October—there's a possibility that falls could come earlier, which would be welcome news for all borrowers.

Navigating Changing Times

Nationally, and more importantly, across the Bay of Plenty and Waikato, prices remained static between June and July, with changes of less than 1.0%, marking 18 months of largely unchanged prices nationally. This period of price stability is significant, but it remains to be seen how this month's new regulatory changes will impact the market. Some of our teams are reporting a backlog of vendors waiting to list following the new bright-line rules that came in on 1 July.

In a nutshell

Vendors are currently hesitant to lower their prices, anticipating potential increases if interest rates decrease further. Meanwhile, buyers are negotiating diligently due to limited stock, hoping to secure the best deals (a bargain!) while waiting for more favourable market conditions.

Our suggestion for buyers transacting in the current market is to conduct thorough research on their local market conditions. Stable prices could benefit those looking to invest in property, but with an increased supply of rental properties, understanding local rental demand is crucial to get the best ROI. For sellers, particularly those impacted by the shortened bright-line test, realistic pricing is essential. Some may face difficulties achieving their desired price, especially if they purchased at the market peak and now potentially face selling at a loss.

Realestate.co.nz comment for July

"In July, average asking prices varied across the country. Canterbury, Central Otago/Lakes District, Coromandel, Gisborne, Marlborough, and Otago saw average asking prices grow month-on-month and year-on-year. In contrast, Central North Island, Hawkes Bay, Nelson, Northland, Waikato, and West Coast saw average asking prices decrease month-on-month and year-on-year..."

