/Monthly Market Report

The National Market

The outlook for the housing market is looking cautiously positive, even though affordability measures show that prices have been high.

With interest rates dropping, and the commentary around the possibility of one-year fixed mortgage rates dipping to around 4.5%, there's a natural push for prices to rise, especially since they're currently about 12% below the long-term trend.

However, this price growth is likely to be steady rather than dramatic, given factors like more Kiwis moving overseas, slower rental growth as foreign workers leave, and higher costs for investors.

These elements suggest that while prices may go up, the increases will be more balanced compared to recent booms.

On top of that, the housing market is in a different place than in previous cycles, which should keep things from getting too heated. Changes to housing rules that allow for more densification, more available land for development, and a surprisingly robust level of construction activity all point to a more balanced market.

Even though building consents have dropped, it's not as sharp a decline as seen before, meaning the shortage of housing isn't as severe. This should lead to a more sustainable growth rate, with price increases likely peaking between 10% and 15%*, rather than the extreme highs of the past.

All in all, it seems like we're heading towards a healthier and more stable housing market.

The Local Market

The feedback from our offices across the region reflects a mix of cautious optimism and steady progress as market conditions gradually improve. While some areas have experienced a slight decrease in seller and appraisal enquiries, there is a general sense that the market will pick up as spring approaches, buoyed by factors such as lowering mortgage rates and increased buyer interest. Offices have noted that open home attendance and buyer activity have been sporadic but show signs of improvement, particularly in regions where unique listings are attracting attention.

Sponsorships and community involvement remain strong, underscoring Richardsons' commitment to community support & local engagement. Despite the slower winter months, the outlook for the upcoming period is hopeful, with expectations for increased activity and a more dynamic market environment as the year progresses.

The Elephant in the room

The upcoming US election could lead to more market volatility, with a Democratic win possibly resulting in higher corporate taxes that might negatively impact stock market earnings, while a split government could stabilise market reactions. For New Zealand, the effects could be mixed; while increased US trade protectionism may dampen global economic growth and affect exports, contained market volatility could mitigate significant disruption, especially for sectors reliant on US trade.

** Tony Alexander | OneRoof Blog - Should Kiwis be getting ready for another house price boom?*