

BNZ-REINZ Residential Market Survey

9 November 2011

Mission Statement

To help Kiwi businesspeople and householders make informed financial decisions by discussing the economy in a language they can understand.

Housing Market Edging Upward

Our eighth survey of over 10,000 licensed real estate agents throughout New Zealand has found that overall the residential real estate market is moving up, but with the past month revealing a rise in the number of vendors wanting to make a sale. That is, things have moved from broadly neutral to being more of a buyers market. But there is also strongly rising buyer interest – from first home buyers but not from investors. For the fifth month in a row the perception of agents on average is that prices are rising. But at a net 12% positive this reading is the lowest since the net 5% in June feeling prices were falling.

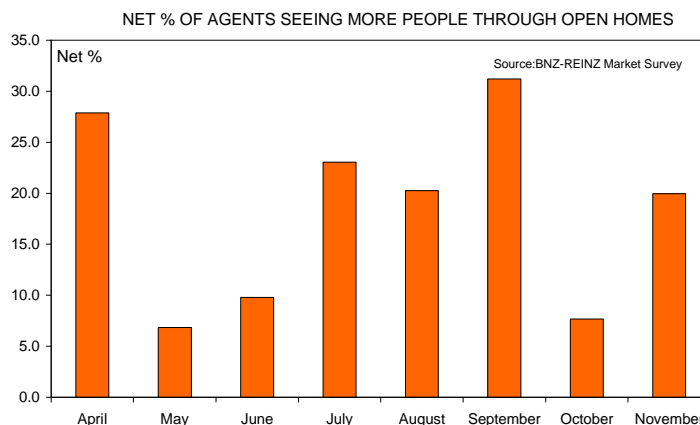
Our interpretation of the results is that they show a market driven increasingly by first home buyers but as more vendors enter the market wanting to sell there is little sign that prices are facing all that much upward pressure on average.

Our analysis of results broken down into selected regions continues to show greatest strength in the wider Auckland region.

Is the number of people going through Open Homes increasing or decreasing?

About Average

After easing off in September agents have this month noted some further increase in the number of people going through Open Homes. But the result is not far from the 18% average and not strongly suggestive of a fresh surge of interest from buyers.

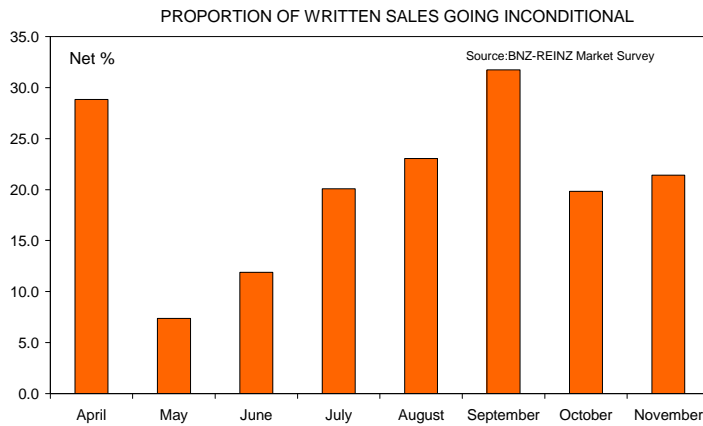


Is the proportion of Written Sales going unconditional increasing or decreasing?

Little Change

More agents are noting a greater number of sales going unconditional but this measure appears relatively stable.

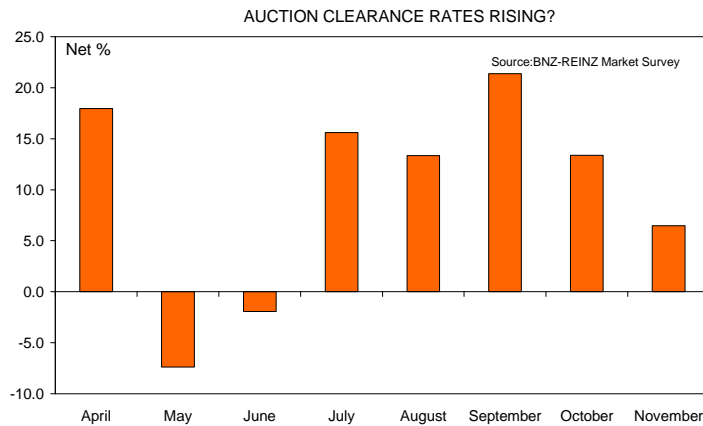
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Are auction clearance rates increasing or decreasing?

Less Obvious Growth In Activity

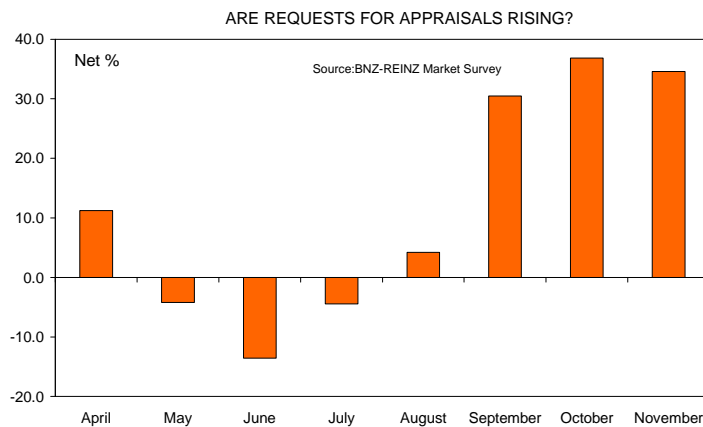
The proportion of agents noting auction clearance rates rising has eased off to a five month low in this month's survey.



Are requests for appraisals increasing or decreasing?

More Potential Vendors Possible

For the third month in a row agents have noted a large rise in the number of potential vendors seeking appraisals.

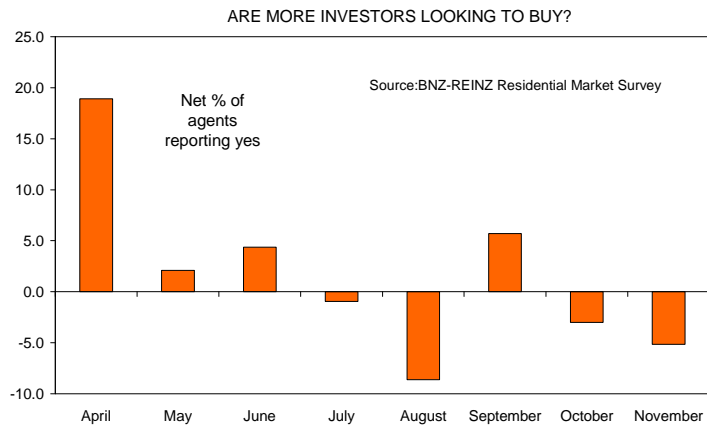


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Is the number of investors looking to buy increasing or decreasing?

Falling Investor Interest

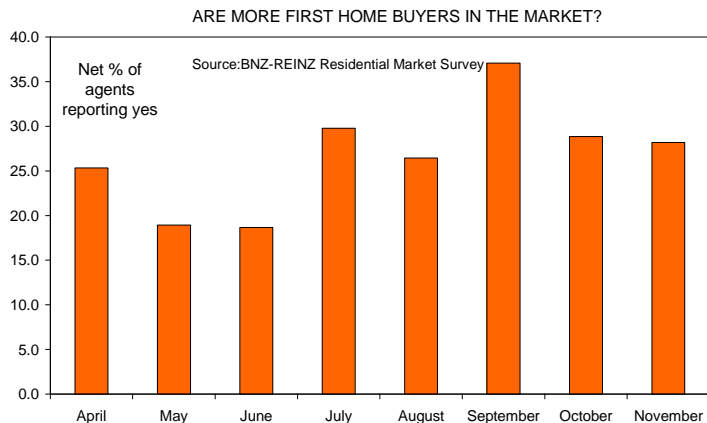
The NZ housing market is becoming less and less driven by investors.



Is the number of first home buyers increasing or decreasing?

First Home Buyers More and More Common

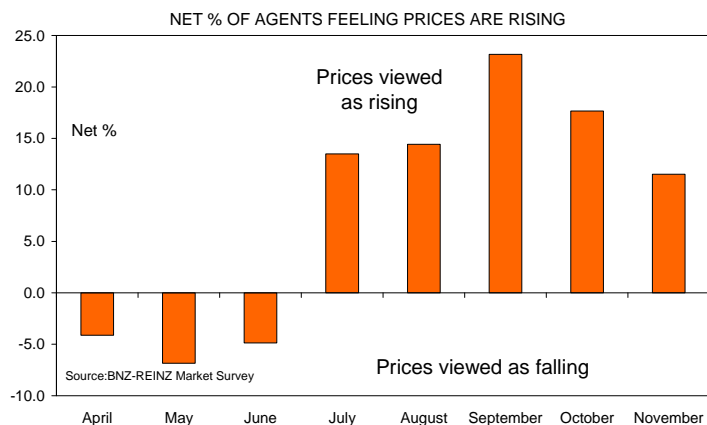
In contrast to investor activity, first home buyer activity continues to rise very strongly and is perhaps the most notable feature of our survey in recent months.



Do prices appear to be increasing, flat or decreasing?

Prices Rising

In general more agents feel prices are rising than falling though confidence about this has backed off over the past two months.

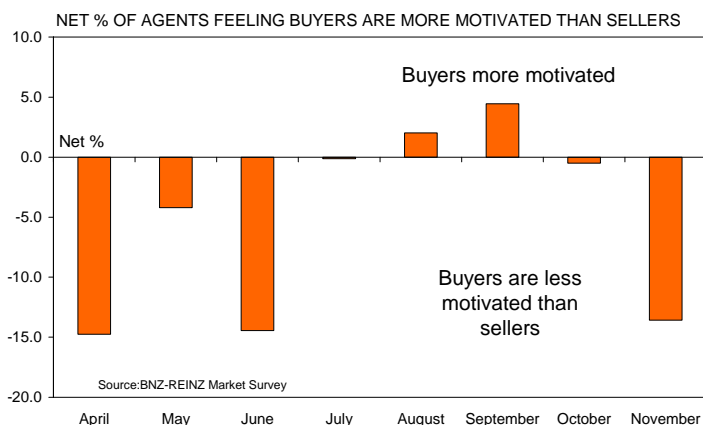


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Who appear more motivated to transact – the buyers or the sellers?

Sellers More Interested

After four months in which things were quite balanced we have this month seen a strong net 14% of respondents state that they feel the sellers are more motivated than the buyers.



What are the main factors holding buyers back?

None of these measures appreciably differ from their averages. But compared with October a few more agents feel people believe prices will decline and pessimism about selling one's own house has become a more important impediment to buying.

	Latest %	Month Ago %	Average %
They feel prices will decline	22.8	19.2	25.5
Worries about securing finance	17.9	18.7	17.5
Not confident they can sell their house	18.5	15.5	18.6
Poor quality of listings	32.8	36.3	29.3
Other	8.0	10.3	9.0

What are the main reasons people are buying?

More people are buying because they are trading down and fewer because they are trading up (see two questions below also), but apart from that few changes are apparent.

	Latest %	Month Ago %	Average %
Fear of missing out/Feel time is right for prices	10.0	13.3	10.5
Trading up	13.6	13.5	14.5
Trading down	17.6	16.4	17.0
Shifting into town	13.8	14.0	14.5
Arriving from overseas	5.5	5.2	5.8
Relationship breakdown	13.3	11.6	12.4
Commuting costs	2.5	2.2	2.9
Schooling	8.4	8.3	8.4
Want closer proximity to shops	2.3	2.1	2.1
Want closer proximity to relatives	3.1	2.8	3.0
Want closer proximity to health care services	2.5	2.7	2.2
Investing	0.3	0.4	0.5
First home	1.1	1.1	1.3
Earthquake	1.9	2.1	2.1
Good interest rates	0.2	0.2	0.4
Other	3.8	3.9	2.9

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What are the main reasons Written Sales fail to go unconditional?

There are no changes from the norm in this section.

	Latest %	Month Ago %	Average %
Finance	36.6	35.6	39.6
LIM report	6.0	5.9	6.2
Builders report	47.5	46.6	46.3
Earthquake/insurance	1.6	4.5	3.2
Can't sell own house	1.5	1.3	1.5
Other	6.9	6.0	3.8

What are the main factors motivating vendors to sell?

This table does not change much but it is interesting to note that more people are trading down while fewer are trading up than average.

	Latest %	Month Ago %	Average %
They think prices are going to fall	3.2	2.7	3.3
Need the money	18.5	19.5	20.6
Trading up	10.7	12.3	11.1
Trading down	17.5	15.9	15.4
Leaving town	13.7	14.7	13.6
Leaving the country	7.6	7.8	7.8
Relationship breakdown	15.7	14.5	15.7
Commuting costs	2.0	1.0	1.4
Schooling	2.8	3.9	3.5
Want closer proximity to shops	1.3	1.2	0.9
Want closer proximity to relatives	2.1	1.3	1.9
Want closer proximity to health care services	2.3	2.2	2.1
Earthquake	0.5	0.3	0.5
Bank request, job loss	0.1	0.0	0.2
Retirement	0.2	0.1	0.3
Estate sales	0.2	0.0	0.2
Other	1.7	2.6	1.9

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CITIES

In this section we report only for areas with at least 10 responses and have created some larger areas in order to at least provide some information. One might note the appearance of investors in the Wellington region compared with others, the much more motivated sellers than buyers in Hawkes bay, and some fairly divergent price measures around the country. Enjoy

	# of Responses	# of people through Open Homes	% of Written Sales Unconditional	Auction Clearance rate	Requests for Appraisals	Investors buying	First home buyers	Prices	Buyers more motivated?
Auckland City	50	4.0	14.0	-2.1	28.0	-8.0	16.0	50.0	16.0
North Shore City	37	21.6	8.1	12.5	21.6	-10.8	29.7	56.8	8.1
Christchurch City	26	42.3	26.9	28.6	0.0	-26.9	19.2	30.8	0.0
Wellington, Porirua & Hutt Valley	29	41.4	37.9	17.6	44.8	37.9	65.5	17.2	6.9
Manukau City	26	23.1	-3.8	14.3	15.4	-7.7	15.4	26.9	19.2
Waikato/BOP Region & Other	25	4.0	12.0	-7.1	52.0	-8.0	8.0	-32.0	-32.0
Whangarei/Northld	24	12.5	20.8	-11.8	58.3	-4.2	20.8	-20.8	-37.5
Waitakere City	26	34.6	57.7	39.1	23.1	26.9	34.6	50.0	7.7
Rodney District	15	26.7	26.7	16.7	46.7	0.0	20.0	20.0	-26.7
Napier, Hastings & Hawkes Bay other	14	25.0	40.0	0.0	50.0	-20.0	35.0	-10.0	-50.0
Tauranga	15	26.7	13.3	15.4	73.3	13.3	40.0	6.7	-33.3
Hamilton City	21	0.0	33.3	0.0	33.3	-14.3	47.6	0.0	-14.3
Other Auckland	9								
Waikato Country	17	-11.8	23.5	0.0	58.8	0.0	17.6	-47.1	-11.8
Dunedin City	10	60.0	60.0	0.0	40.0	10.0	50.0	40.0	0.0
Manawatu/Wanganui & P. Nth, Wang. City	22	31.8	27.3	6.3	22.7	-40.9	22.7	-9.1	-27.3
Canterbury/Westland & Other West Coast	11	9.1	27.3	22.2	-27.3	-27.3	18.2	18.2	-18.2
Queenstown/Central Otago Lakes/Other	11	0.0	-9.1	37.5	36.4	-36.4	-9.1	-27.3	-45.5
Mount Maunganui & Papamo	5								
Timaru/Mid/South Canterbury	11	9.1	-18.2	-28.6	18.2	-54.5	0.0	18.2	-27.3
New Plymouth, Hawera & Taranaki Other	10	60.0	30.0	-33.3	60.0	20.0	40.0	-40.0	-60.0
Wairarapa	9								
Rotorua + Taupo	9								
Kapiti Coast	12	-8.3	-16.7	0.0	8.3	-33.3	41.7	-41.7	-91.7
Invercargill + Gore	5								
Marlborough/Kaikoura & Nelson+Marl.	11	0.0	9.1	16.7	63.6	0.0	9.1	27.3	18.2
All	486	20.0	21.4	6.5	34.6	-5.1	28.2	11.5	-13.6

Each month in this Cities section we shall report results for locales where at least 10 responses are received, or where we feel one can reasonably group some locations together and still have reasonably valid conclusions.

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Summary

NZ's housing market is slowly improving but without much price pressure. First home buyers are increasingly present while investors are sitting on their hands as more vendors appear willing to transact.

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The BNZ-REINZ Market Survey is run (usually) on the first Tuesday of the month after the first Thursday. In the email sent to REINZ member email addresses respondents are asked to click on a URL which takes them to a survey site. Respondents are asked if they feel various measures of real estate market activity are increasing or decreasing and to identify various factors in play influencing buyer and vendor behaviour. Results are collated within 48 hours and this report is distributed to all BNZ Weekly Overview recipients, REINZ members, and the media.

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