

# BNZ-REINZ Residential Market Survey

12 October 2011

## Mission Statement

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

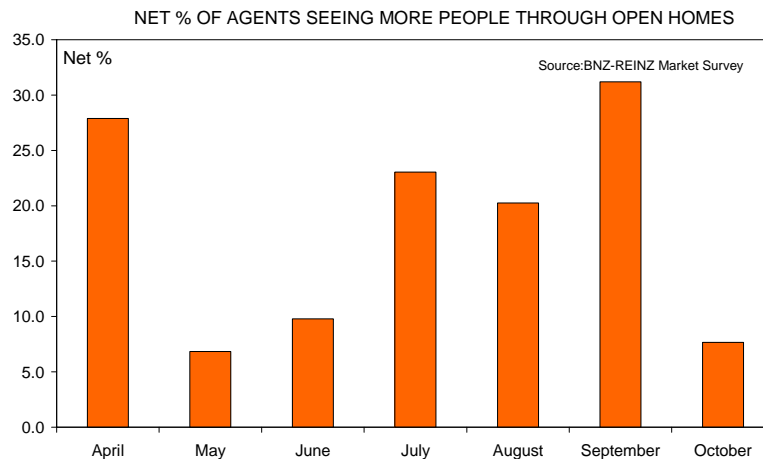
## Market Moving Upward

This month's BNZ-REINZ Residential Market Survey attracted 600 responses and shows a market still improving but with a small easing in the strength of some indicators in comparison with recent months' levels. First home buyers remain keen to buy, investors are sitting on their hands, it appears to be neither a buyer's or seller's market, and there are signs of more potential vendors coming forward. We read the measures as indicating a market generally improving but showing some signs of a mild pause – something which would be understandable in the context of worries about developments overseas and the turning of people's attention to the Rugby World Cup.

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

### Interest Still Creeping Up At Open Homes

After four strong months of more and more agents reporting rising numbers of people through Open Homes only a net 7.7% this month reported such a rise. While the important point to note is that more agents noted a rise in numbers than a fall, the result does suggest some easing in the momentum of improvement.

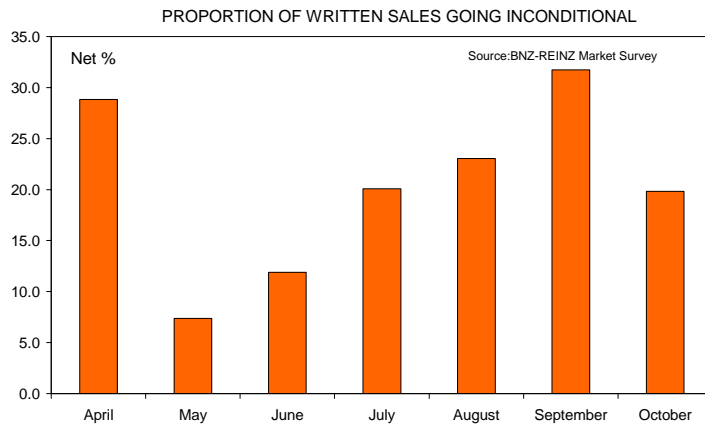


## Is the proportion of Written Sales going unconditional increasing or decreasing?

### Buyers Committed

A continuing strong proportion of responding agents note a rising as opposed to falling number of Written Sales becoming Unconditional. This particular measure of buyer commitment came in at a net 19.8% positive in this month's survey from 31.7% last month.

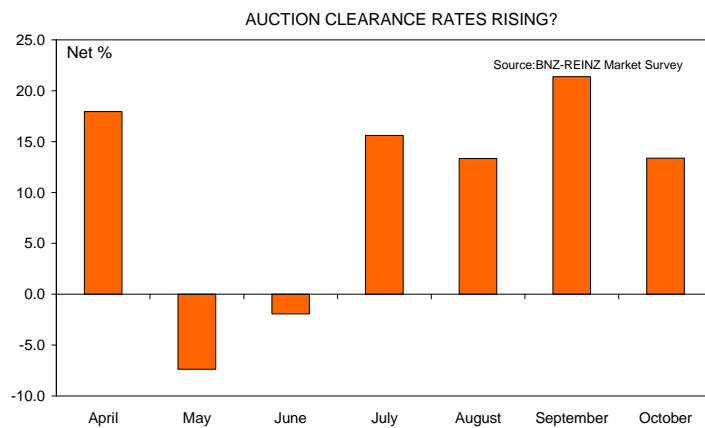
# BNZ-REINZ Residential Market Survey



## Are auction clearance rates increasing or decreasing?

### Auction Activity Strong

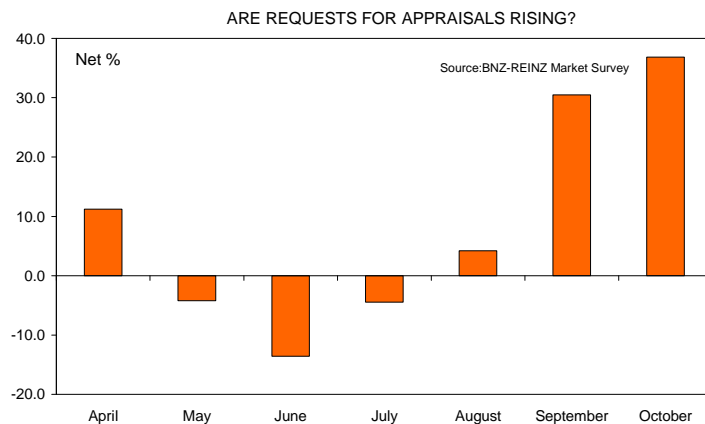
A net 13.4% of agents responding in our survey yesterday note that auction clearance rates are rising. Auction clearance rates tend to be a leading indicator of market strength used in other countries and this result suggests that fundamentally the market remains firm.



## Are requests for appraisals increasing or decreasing?

### Vendors Coming Out Of The Woodwork

More potential vendors are now entering the market. This month a net 36.8% of licensed agents reported that they have seen an increase in the number of appraisals requested by potential vendors. This is a record level for this measure in the seven months our survey has been running.

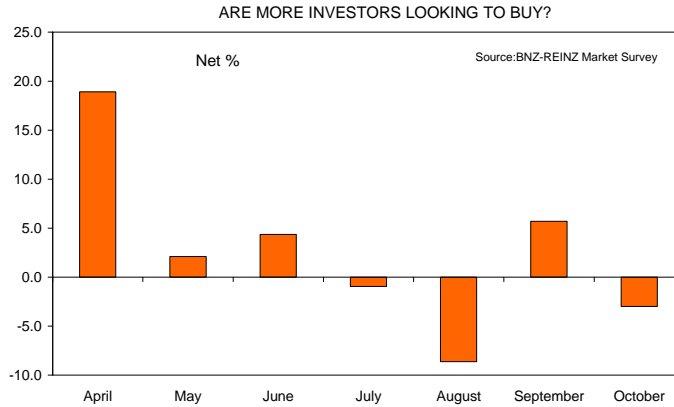


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## Is the number of investors looking to buy increasing or decreasing?

### Investors Sitting On Their Hands

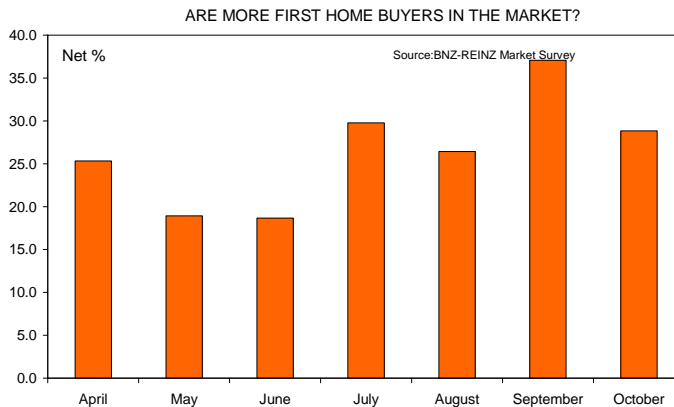
Interest from investors remains weak with a net 3% of responding agents noting that they are seeing fewer investors in the market.



## Is the number of first home buyers increasing or decreasing?

### First Time Buyers Surging

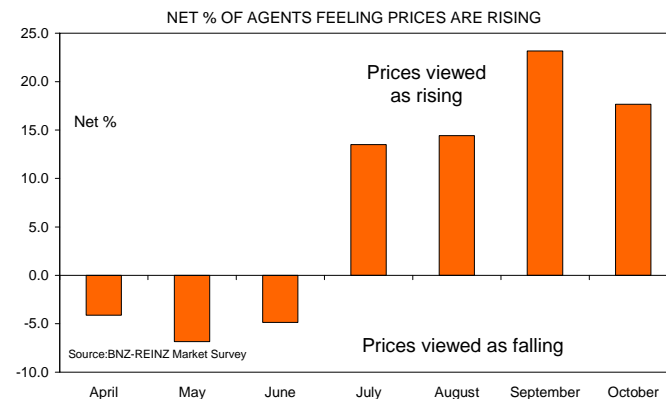
In contrast to the disinterest of investors the level of enquiry from first home buyers continues to grow with a net 28.8% of agents saying they are seeing more such buyers. This measure has been at very strong levels since July and suggests that first home buyers consider the time to be right to make a purchase, perhaps encouraged by continuing low interest rates and a slowly improving labour market.



## Do prices appear to be increasing, flat or decreasing?

### Prices Perceived As Rising

A net 17.7% of agents report that they feel average dwelling prices are rising. This measure has been positive since July.

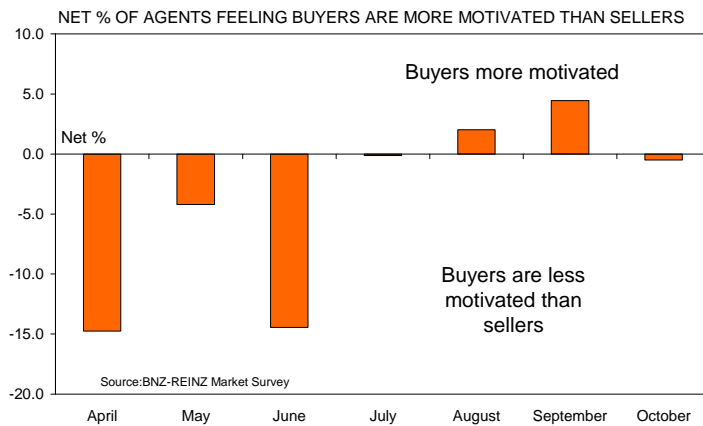


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## Who appear more motivated to transact – the buyers or the sellers?

### Mildly Veering Toward A Sellers Market

This measure has been oscillating around zero since July and this month a net 0.5% of agents reported that they feel sellers are more motivated than buyers whereas in September a net 4.5% reported that they felt buyers were more motivated. We read the results as indicating a market in which neither buyers or vendors feel there is a need to make fast decisions. Perhaps this explains the weakening in dwelling sales seen recently in the data reported by REINZ.



## What are the main factors holding buyers back?

There has been a slight rise in the number of potential buyers holding back because they feel prices will fall. But the 22.8% result is still below the average of 25.5% and not too much suggestive therefore of a generalised shift in pricing expectations.

	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?

The number of people buying because they are trading down has shifted to an above average reading of 17.6%. But like all other measures this result is not much different to the average.

	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

# BNZ-REINZ Residential Market Survey

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

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

Little change here.

	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 measure has also produced a rise in the proportion of respondents saying people are trading down and it will be interesting to see if this trend continues.

	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

# BNZ-REINZ Residential Market Survey

## CITIES

Readers are invited to delve into the table below to identify results for areas where we have received at least 10 responses. In Auckland City and Waitakere City strong positive sentiment reigns with mild investor interest. In Wellington's Hutt Valley investor demand is quite strong even though overall buyers are not considered to be too motivated. In Tauranga the market appears subdued. Wellington/ Porirua is showing a tad more strength than last month.

	# 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	70	5.7	28.6	25.8	28.6	10.0	32.9	55.7	21.4
North Shore City	52	-3.8	21.2	23.4	26.9	-1.9	30.8	48.1	19.2
Christchurch City		26.9	25.0	29.7	44.2	-28.8	19.2	48.1	30.8
Wellington + Porirua	26	26.9	19.2	33.3	34.6	26.9	57.7	11.5	-19.2
Hutt Valley	12	-16.7	16.7	33.3	41.7	66.7	66.7	25.0	-25.0
Manukau City	26	53.8	34.6	42.9	42.3	19.2	38.5	34.6	15.4
Waikato/BOP Region									
Other	22	9.1	13.6	7.1	54.5	-27.3	4.5	-31.8	-18.2
Whangarei/Northld	32	-3.1	15.6	0.0	59.4	-15.6	6.3	-21.9	-34.4
Waitakere City	31	22.6	41.9	46.4	6.5	16.1	41.9	61.3	19.4
Rodney District	17	-29.4	0.0	-7.7	29.4	-17.6	17.6	-5.9	-47.1
Napier City	11	-63.6	-36.4	-37.5	-9.1	-54.5	45.5	-27.3	-45.5
Tauranga	16	-12.5	0.0	10.0	56.3	-31.3	18.8	6.3	18.8
Hamilton City	16	-18.8	-12.5	6.3	43.8	-6.3	56.3	0.0	-31.3
Other Auckland	19	10.5	52.6	13.3	63.2	15.8	42.1	15.8	5.3
Waikato Country	21	14.3	9.5	-14.3	47.6	0.0	19.0	-19.0	19.0
Dunedin City	11	63.6	54.5	33.3	54.5	9.1	54.5	27.3	-27.3
Manawatu/Wanganui and Palmerston North	14	7.1	42.9	11.1	35.7	0.0	57.1	-14.3	-21.4
Canterbury/Westland & Other West Coast	19	15.8	36.8	44.4	31.6	-21.1	42.1	31.6	21.1
Queenstown/Central Otago Lakes/Other	24	20.8	8.3	47.1	25.0	4.2	0.0	8.3	-20.8
Mount Maunganui & Papamoia	7								
Hastings City & Hawkes Bay Other	17	5.9	11.8	0.0	41.2	5.9	11.8	23.5	17.6
Timaru/Mid/South Canterbury	11	-9.1	0.0	-28.6	36.4	-36.4	-9.1	18.2	27.3
New Plymouth City	10	70.0	40.0	-20.0	50.0	20.0	50.0	-20.0	-50.0
Wairarapa	7								
Rotorua + Taupo	14	-28.6	-28.6	-35.7	50.0	7.1	21.4	-14.3	-7.1
Kapiti Coast	13	-15.4	-7.7	-11.1	23.1	-38.5	23.1	-7.7	-69.2
Invercargill + Gore	9								
Marlborough/Kaikoura	10	-30.0	50.0	-42.9	60.0	-50.0	20.0	-20.0	-10.0
All	600	7.7	19.8	13.4	36.8	-3.0	28.8	17.7	-0.5

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.

# BNZ-REINZ Residential Market Survey

## Summary

Our seventh survey of over 10,000 licensed real estate agents around New Zealand has shown that overall the residential real estate market continues to improve but the pace of that improvement has ebbed slightly. First home buyers remain strongly interested, investors are sitting on their hands (on average), and nationwide it appears we have neither a buyer's or a seller's market.

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The BNZ-REINZ Market Survey is run (usually) on the first Tuesday of the month provided there is a three day gap with the end of the previous month. 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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