

# BNZ-REINZ Residential Market Survey

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## Mission Statement

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

## Market Very Strong

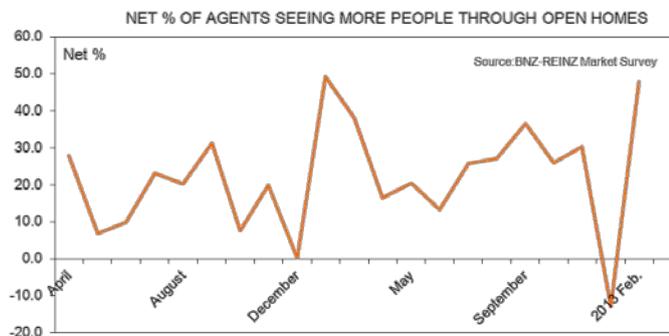
In our first BNZ-REINZ Residential Market Survey for 2013 we have found strength across all our indicators from attendance at Open Homes to auction clearance rates, and interest from first home buyers and investors. Prices are strongly seen as rising and agents view the market as being a sellers one. This month for the first time we have introduced a question regarding whether foreigners appear to be more or less active in the market. While not revealing the actual level of their presence the results do show that in aggregate there has been no rise in foreign buying activity compared with a month ago. With regard to where such buyers largely come from the top country is the United Kingdom with 27% of agents noting this, followed by China at 24%, then Australia 22%. In Auckland however Chinese buyers are seen as prevalent among foreigners by 45% of agents responding. It will be interesting to track these results over time.

Overall the survey results show that this year has started very strongly in the residential property market, as already seen in this week's data release from the REINZ.

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

### Interest near a record

A strong net 48% of responding agents report that they are noticing more people at Open Homes. There is an element of seasonality in this response as a similar jump from -13% in December occurred last year with a February 2012 reading of 49% from flat in December 2011. Nonetheless, the result is still very firm and suggestive of many buyers actively looking at properties.

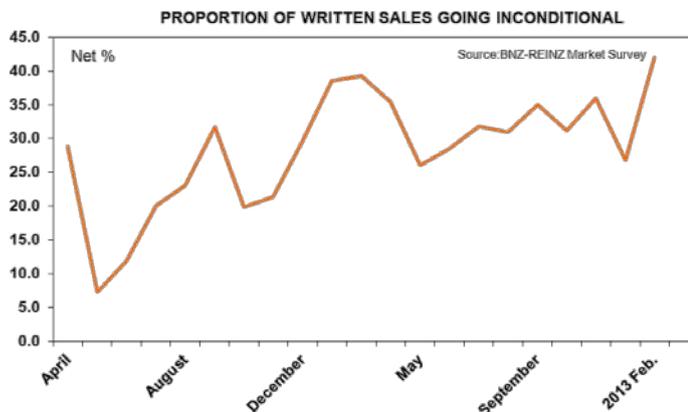


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## Is the proportion of Written Sales going unconditional increasing or decreasing?

### Sales firm

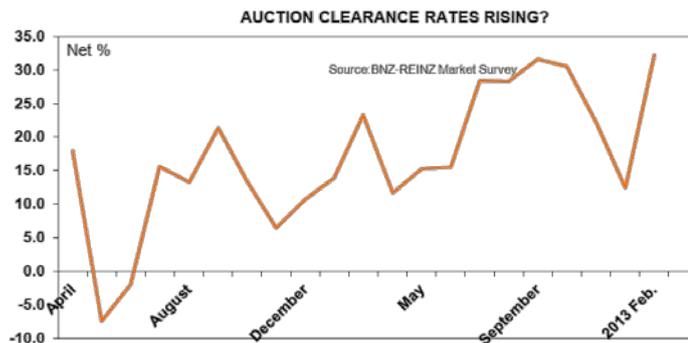
A record net 42% of agents from 27% in December report that Written Sales are going Unconditional. Thus not only are buyers showing up at Open Homes they are signing up and not backing out of the deals. This is another sign of buyer strength.



## Are auction clearance rates increasing or decreasing?

### Clearance strong

A record net 32% of agents from 12% in December report that auction clearance rates are up. Again we read this as a sign of strong buyer demand.

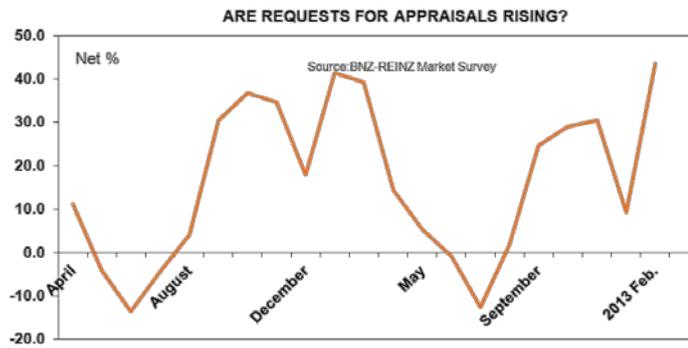


## Are requests for appraisals increasing or decreasing?

### Vendors not rushing forward

There has been an increase in the number of agents reporting that more people are asking for appraisals of their property to a record net 44% from 9% in December and 41% a year ago. However, early in 2012 and late in 2011 strong readings for this measure did not produce an obvious lift in listings and alleviation of difficulties for buyers and there seems little reason for believing anything different will happen this time around.

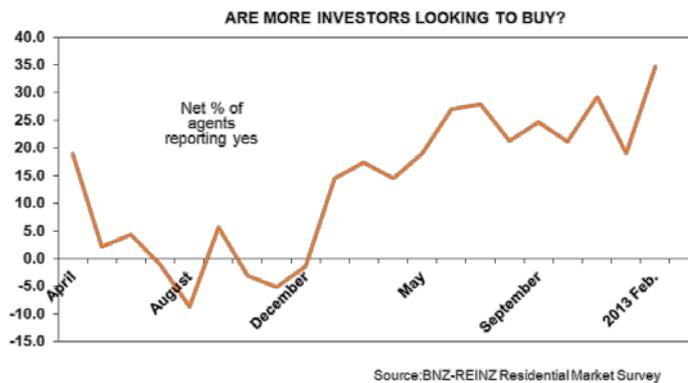
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## Is the number of investors looking to buy increasing or decreasing?

### Record Interest

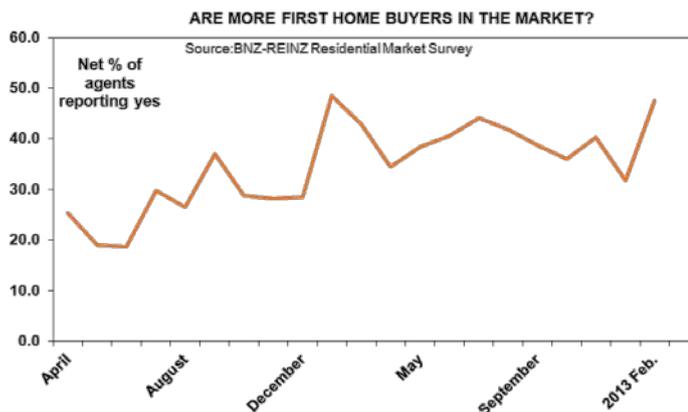
There has been a rise in the net percent of agents reporting that more investors are in the market to a record net 35% positive from 19% in December and 15% a year ago.



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

### Easing a tad

A near record net 48% of agents report that they are noticing more first home buyers in the market. This reading is second only to 49% exactly a year ago and well up from 32% in December. Contrasting this result therefore with the one just above we can say that while demand from first home buyers remains strong it may be the case that more proportionately new investors are now entering the market than new first home buyers.

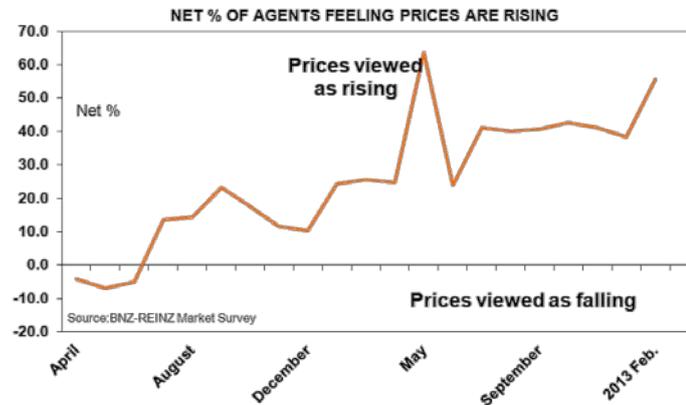


# BNZ-REINZ Residential Market Survey

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

### Prices up

A net 56% of responding agents report that they feel prices are rising. This is the second highest result on record after the net 64% recorded in May last year. December's result was 38% and February 2012 24%. Prices are clearly widely seen as going up and many more forecasters now appear of the view we have expressed that over 2013 prices on average will rise more than they did during 2012.



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

### A sellers' market

A high net 20% of agents feel that buyers are more motivated to get a deal done than sellers – thus making for a sellers' market as was strongly the case over the middle part of last year.



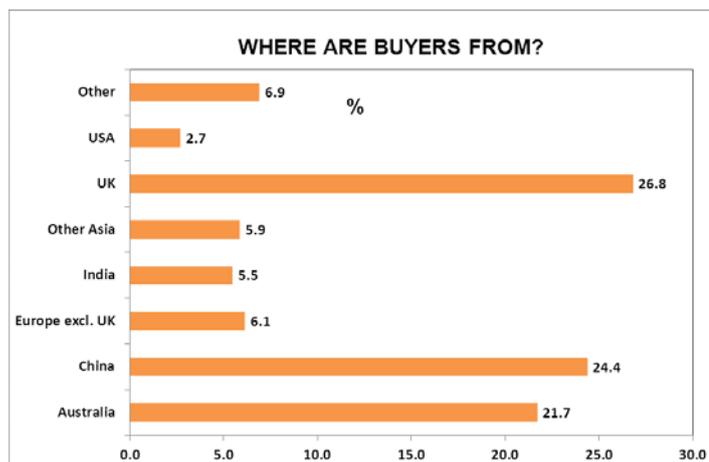
## Are You Noticing More or Fewer Buyers From Overseas?

This is the first time we have included this question and we have done so in response to the increasing incidence of comments that Kiwis are being outbid at auctions by foreigners. The results would not appear to support that claim in that a net 0% of responding agents feel that there are more buyers from overseas.

## Where are foreign buyers mainly coming from?

Nevertheless, there are offshore buyers in the market and when asked where they are coming from we see the biggest group is people from the United Kingdom followed by Chinese then Australians.

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## What are the main factors holding buyers back?

Not many people are now holding off from buying because they think that prices will fall. If they are refraining from making a purchase then not being able to find the property they want is the overwhelming reason.

	Latest %	Month Ago %	Average %
They feel prices will decline	11.5	13.7	19.8
Worries about securing finance	13.8	21.6	17.8
Not confident they can sell their house	14.3	16.1	17.2
Poor quality of listings	51.1	37.0	35.0
Other	9.2	11.6	10.1

## What are the main reasons people are buying?

Nothing surprising here.

	Latest %	Month Ago %	Average %
Fear of missing out/Feel time is right for prices	9.7	9.7	10.6
Trading up	10.4	10.9	13.3
Trading down	10.0	11.0	14.7
Shifting into town	10.3	10.9	14.3
Arriving from overseas	6.5	4.6	5.5
Relationship breakdown	8.6	7.8	11.1
Commuting costs	1.5	1.3	2.2
Schooling	6.7	7.2	7.8
Want closer proximity to shops	1.9	2.1	2.0
Want closer proximity to relatives	2.1	2.0	2.6
Want closer proximity to health care services	1.4	1.9	1.9
Investing	0.2	0.4	0.4
First home	14.6	14.7	5.2
Earthquake	0.4	0.3	1.2
Good interest rates	14.3	14.0	4.4
Other	1.4	1.4	2.8

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

Nothing to get excited about yet.

	Latest %	Month Ago %	Average %
Finance	30.6	31.8	34.7
LIM report	9.0	5.8	6.4
Builders report	54.3	55.9	51.2
Earthquake/insurance	1.6	2.3	2.7
Can't sell own house	1.1	1.3	1.1
Other	3.4	2.9	4.1

## What are the main factors motivating vendors to sell?

Relative to average there are not all that many people selling currently because they need the money.

	Latest %	Month Ago %	Average %
They think prices are going to fall	2.1	2.3	2.8
Need the money	10.5	12.0	17.3
Trading up	13.0	12.1	11.7
Trading down	14.5	15.0	16.0
Leaving town	12.8	13.5	13.5
Leaving the country	6.8	7.0	7.4
Relationship breakdown	12.6	12.7	14.7
Commuting costs	1.0	0.8	1.2
Schooling	2.9	3.6	3.2
Want closer proximity to shops	1.4	1.1	1.2
Want closer proximity to relatives	2.2	1.5	1.7
Want closer proximity to health care services	1.8	1.6	2.1
Earthquake	0.2	0.2	0.3
Bank request, job loss	0.2	0.0	0.1
Retirement	10.8	10.7	3.2
Estate sales	5.3	4.5	1.7
Other	1.9	1.5	1.8

## REGIONS

In all regions numbers through Open Homes are strong with Wellington interestingly the highest at a net 64% of agents noting this. Auction clearance rates are seen as having weakened in Manawatu/Wanganui and Nelson/Marlborough/West Coast. These two regions also stick out with regard to agents noticing fewer investors as opposed to more in all other parts of the country. First home buyers are seen as out in force everywhere though less so in Nelson, and there is not a region where prices are not perceived in aggregate to be rising. Note not only the net 82.5% reading for prices seen as rising for Auckland and 79% for Canterbury, but the next highest reading of 50% being recorded for Wellington. In Northland, Bay of Plenty, and Manawatu/Wanganui it remains the case as it was in early-December that sellers are seen as more motivated than buyers. Nelson etc. is also seen by agents as having sellers more motivated though this result was a net positive 31% for buyers being more motivated before Christmas. One wonders what has changed.

Only in four out of the 11 regions listed do agents feel that there are more foreign buyers appearing with Northland leading at a net 15%. Foreigners are decidedly not seen as active in Wellington and Nelson etc.

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	# of Responses	# people through Open Homes	% Written Sales Uncond.	Auction Clearance rate	Requests for Appraisals	Investors buying	First home buyers	Prices	Buyers more motivated	More foreign buyers
Northland	33	39.4	48.5	18.2	69.7	36.4	33.3	15.2	-18.2	15.2
Auckland	214	48.1	41.0	43.5	37.7	39.6	47.2	82.5	41.0	13.7
Waikato	50	30.0	36.0	23.1	62.0	14.0	40.0	28.0	2.0	-2.0
Bay of Plenty	39	38.5	51.3	22.6	46.2	33.3	51.3	15.4	-15.4	-15.4
Hawkes Bay/Gisborne	24	54.2	45.8	20.0	37.5	41.7	54.2	25.0	0.0	4.2
Taranaki	19	52.6	42.1	11.1	26.3	21.1	47.4	42.1	36.8	-5.3
Manawatu/Wanganui	24	33.3	29.2	-11.1	50.0	-4.2	62.5	37.5	-20.8	-16.7
Wellington	52	63.5	34.6	27.6	48.1	48.1	63.5	50.0	15.4	-28.8
Nelson/Marl. W. Coast	20	40.0	35.0	-20.0	45.0	5.0	20.0	10.0	-25.0	-25.0
Canterbury	67	59.7	50.7	52.2	34.3	49.3	46.3	79.1	34.3	-7.5
Otago	33	51.5	45.5	8.0	45.5	33.3	45.5	39.4	15.2	6.1
Southland	0	Option might have dropped off! Sorry.								
All	572	48.0	42.1	32.3	43.6	34.7	47.5	55.5	19.5	0.0

With regard to our final question regarding where foreign buyers are coming from we noted above that in Northland and Auckland agents clearly note firm offshore interest. In Northland this comes largely from Australians then British, whereas in Auckland Chinese buyers account for almost half the observed foreign buyers.

	Australia	China	Europe Excl. UK	India	Other Asia	UK	USA	Other
Northland	47.6	4.8	11.9	0.0	2.4	26.2	7.1	n/a
Auckland	9.8	44.8	5.7	9.5	9.5	18.3	2.5	n/a
Waikato	28.8	16.9	5.1	6.8	3.4	35.6	3.4	n/a
Bay of Plenty	31.8	9.1	4.5	6.8	2.3	40.9	4.5	n/a
Hawkes Bay/Gisborne	32.3	6.5	3.2	3.2	6.5	41.9	6.5	n/a
Taranaki	17.4	13.0	8.7	4.3	4.3	47.8	4.3	n/a
Manawatu/Wanganui	43.5	17.4	4.3	8.7	4.3	17.4	4.3	n/a
Wellington	26.2	9.8	8.2	1.6	3.3	44.3	6.6	n/a
Nelson/Marl. W. Coast	38.9	5.6	5.6	0.0	0.0	33.3	16.7	n/a
Canterbury	23.3	21.9	6.8	2.7	5.5	38.4	1.4	n/a
Otago	47.6	4.8	11.9	0.0	4.8	26.2	4.8	n/a
Southland	Opps. Forgot							
All	21.7	24.4	6.1	5.5	5.9	26.8	2.7	6.9

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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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