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.

Strong Seller's Market Continues

The 253 licensed real estate agents who responded in our survey this month have noted a falling away of first home buyers in the market but still strongly rising prices and an over-whelming perception that it is a seller's market throughout most, but not all, of New Zealand. In contrast with the previous two months when agents noted a falling away of potential vendors asking for valuations, this month there has been an improvement, but only to a net 0%. Our BNZ Business Survey contained over two pages of responses from people in the residential real estate sector telling us that listings are scarce however and getting scarcer.

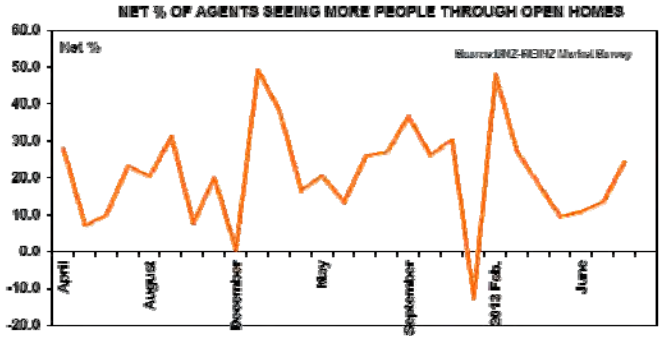
Perhaps the result which stands out most this survey is the record low net 18% of agents reporting that they are seeing more first home buyers in the market. Perhaps rules for high loan to value lending have already been tightened by banks ahead of official policy implementation by the Reserve Bank.

This month we also asked what agents thought young buyers would do to get around such rules. Overwhelmingly the expectation is that they will get money, guarantees, or direct equity participation from parents. The second highest expected option is extra finance from second tier (more expensive) lenders.

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

Slightly above average

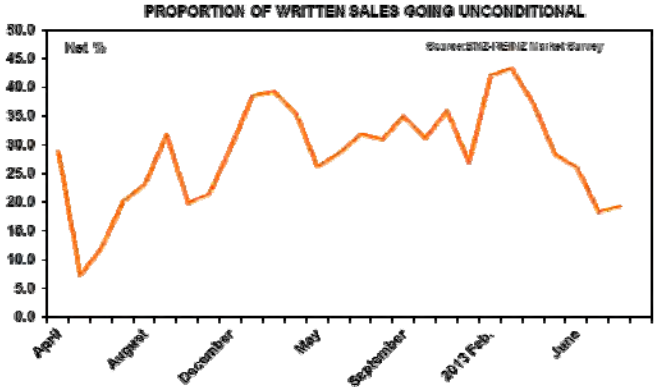
For the third month in a row more agents have reported that they are noticing more people going through Open Homes. So interest from buyers appears to be at least remaining firm at a net 24% positive versus the two year average of 21%. This reading is particularly strong in the Bay of Plenty at 55%.



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

Lowish reading still at 19%

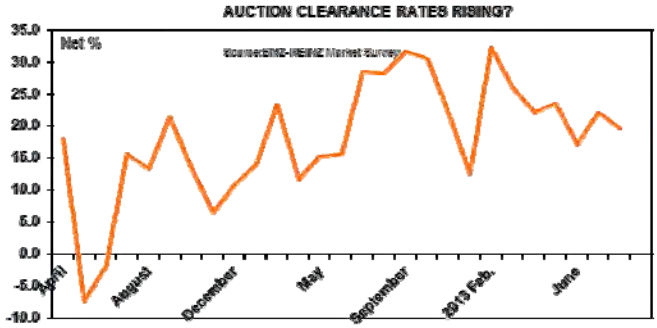
This measure does not appear to be telling us all that much at the moment apart from perhaps one or two more people pulling out of contracts than in the past.



Are auction clearance rates increasing or decreasing?

Average clearance

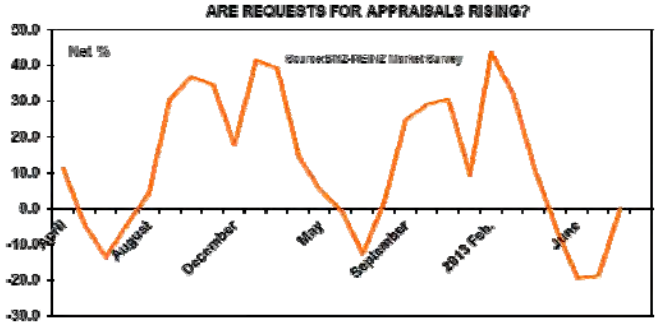
There is no upward or downward trend in this measure which sits now at a net 20% positive compared with an average reading of 18%.



Are requests for appraisals increasing or decreasing?

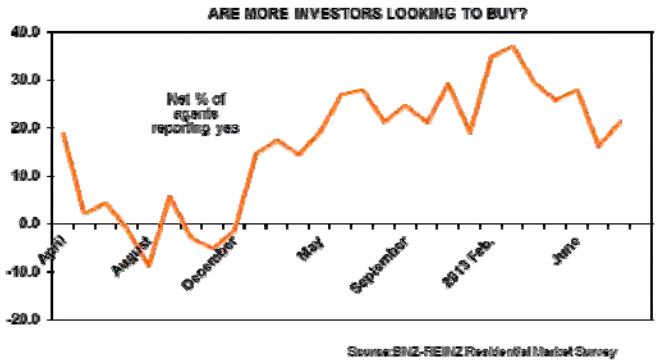
Less dire

There has been an improvement in this measure back to a net zero after two months in which potential vendors seemed to disappear. This could be either natural volatility in this measure or the return of a few more vendors. However responses in our BNZ Confidence Survey released last week strongly suggest listings are proving very hard to get so at first blush we would be unwilling to interpret this change as a move back toward better vendor availability.



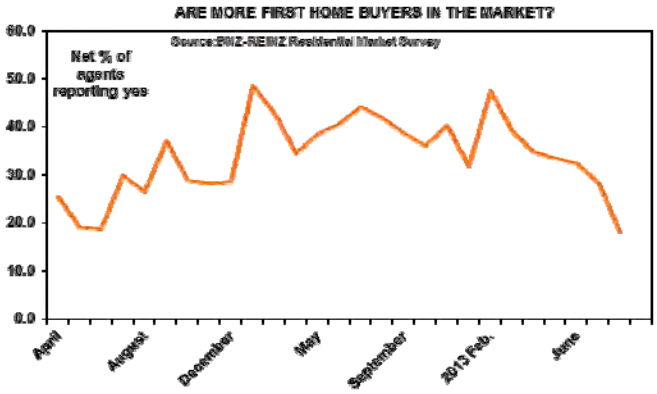
Is the number of investors looking to buy increasing or decreasing?

Interest about average
Agents continue to report more investors being in the market with a net 21% versus a 16% average saying they see more about.



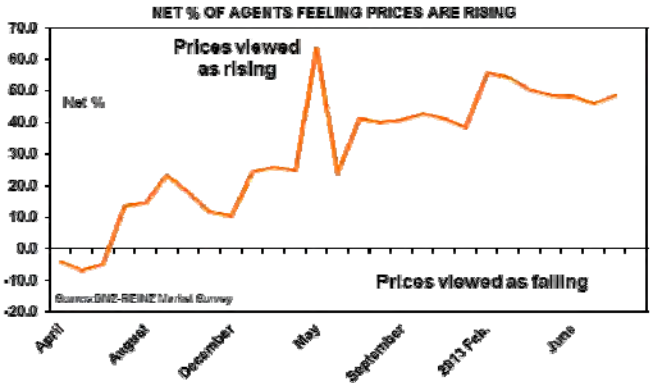
Is the number of first home buyers increasing or decreasing?

Throwing their hands up in frustration?
This could be this month's most interesting result. A record low 18% of responding agents report that they are seeing more first home buyers in the market. The average is 34% and the latest result continues a downward trend in place since March. This result appears to run counter to the argument some have put forward that first home buyers have flooded the market the past few weeks in order to secure a loan before new Reserve Bank rules come into force. However, given some evidence that banks have already tightened their high loan to value lending in anticipation of the rule change this result may reflect first home buyers starting to give up on their home ownership dreams for now.



Do prices appear to increasing, flat or decreasing?

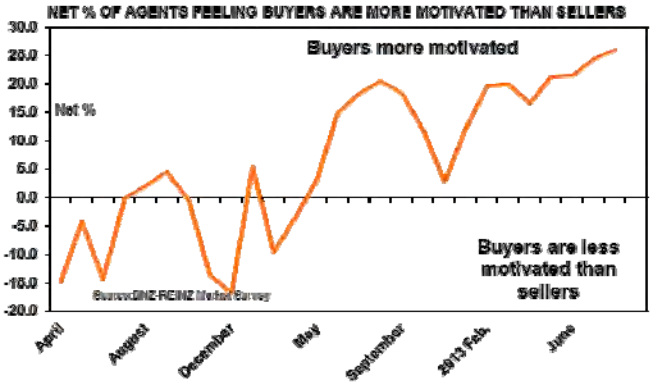
Widespread price rises
A strong net 48% of responding agents report that they perceive house prices to be rising. The Auckland outcome is 82% and at the other end of the spectrum is Hawkes Bay/ Gisborne at just 5%.



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

Record seller's market - again

Agents overwhelmingly report that it is a seller's market with a record net 26% seeing buyers as being the most motivated party.



If you operate outside Auckland, are you finding the number of buyers shifting from Auckland increasing or decreasing?

Evidence of buyers looking outside Auckland

This is only the second month in which we have asked this question and the net 35% of agents this month responding yes is not too dissimilar to July's result of 42%.

When LVR rules tighten what methods do you feel low-deposit buyers will use to get around the new bank restrictions?

A wide range of responses to this question was received from agents. They can be broadly classified as follows with the number of occurrences of each shown on the right hand side. Basically agents expect family to assist and buyers to find extra commercial finance sources.

Use family/parents' money to make the deposit.	93
Borrow from other sources, solicitors, etc.	38
Get family/parents to guarantee the debt	35
Not buy anything/do nothing	10
Save more	9
No need to worry, banks will find ways around the rules	7
Parents to take an equity stake	6
Use Kiwisaver	5
Prices will get driven down	4
Buy in partnership with another young couple	3
Shift to a cheaper location	1
Ask vendors to leave money in	1
No impact will be felt from the rules	1

DATA TABLE

	# 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?	Akld Buyers?
April 2011	312	27.9	28.8	17.9	11.2	18.9	25.3	-4.1	-14.7	
May	190	6.8	7.4	-7.4	-4.2	2.1	18.9	-6.8	-4.2	
June	635	9.8	11.9	-1.9	-13.6	4.4	18.7	-4.9	-14.5	
July	742	23.0	20.1	15.6	-4.4	-0.9	29.8	13.5	-0.1	
August	498	20.2	23.0	13.3	4.2	-8.6	26.5	14.4	2.0	
September	561	31.2	31.7	21.4	30.5	5.7	37.1	23.2	4.5	
October	600	7.7	19.8	13.4	36.8	-3.0	28.8	17.7	-0.5	
November	486	20.0	21.4	6.5	34.6	-5.1	28.2	11.5	-13.6	
December	435	0.2	29.7	10.7	17.9	-1.4	28.5	10.3	-16.8	
2012 Feb.	392	49.2	38.5	13.9	41.3	14.5	48.5	24.2	5.4	
March	362	38.1	39.2	23.3	39.2	17.4	42.8	25.7	-9.7	
April	339	16.5	35.4	11.7	14.5	14.5	34.5	24.8	-3.5	
May	414	20.5	26.1	15.4	5.3	19.1	38.4	63.6	2.9	
June	256	13.3	28.5	15.5	-0.8	27.0	40.6	23.8	14.8	
July	333	25.8	31.8	28.4	-12.6	27.9	44.1	41.1	18.3	
August	485	27.0	30.9	28.3	1.9	21.2	41.9	40.0	20.4	
September	429	36.6	35.0	31.6	24.7	24.7	38.7	40.8	18.4	
October	289	26.0	31.1	30.6	29.1	21.1	36.0	42.6	11.8	
November	367	30.2	36.0	22.1	30.5	29.2	40.3	41.1	2.7	
December	421	-12.8	26.8	12.4	9.3	19.0	31.8	38.2	12.1	
2013 Feb.	572	48.0	42.1	32.3	43.6	34.7	47.5	55.5	19.5	
March	355	27.2	43.3	26.0	32.3	37.1	39.3	54.2	19.9	
April	500	18.2	37.1	22.1	11.0	29.4	34.8	50.2	16.6	
May	549	9.5	28.2	23.5	-5.1	25.9	33.5	48.5	21.3	
June	439	10.7	26.0	17.2	-19.4	28.0	32.3	48.3	21.4	
July	377	13.5	18.3	22.1	-18.8	16.2	28.4	45.9	24.4	42.4
August	253	24.4	19.3	19.5	0.0	21.3	18.1	48.4	26.0	35.3

REGIONAL RESULTS

We only supply results for regions where at least 20 responses are received – but squeezed Hawkes Bay/Gisborne in nonetheless at 19 where it appears to be a buyer's market still, prices appear flat, investor demand is light, and not too many extra Aucklanders are being seen out and about. Note however the high net 64% of agents in the Waikato saying they see people from Auckland shifting in and the high 56% for Bay of Plenty.

	# 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?	Akld Buyers?
Northland	13									
Auckland	83	16	19	31	10	25	11	82	55	-
Waikato	26	23	31	32	0	31	15	31	4	64
Bay of Plenty	29	55	41	33	3	21	45	28	31	56
Hawkes Bay/Gisborne	19	32	16	-13	-16	0	26	5	-5	12
Taranaki	4									
Manawatu/Wanganui	10									
Wellington	25	40	-24	24	-4	16	20	36	24	13
Nelson/Marl. W. Coast	5									
Canterbury	24	13	25	7	8	42	21	79	54	31
Otago	11									
Southland	5									
All	**253**	**24.4**	**19.3**	**19.5**	**0.0**	**21.3**	**18.1**	**48.4**	**26.0**	**35.3**

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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 2-3 days and this report is distributed to all BNZ Weekly Overview recipients, REINZ members, and the media.

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