

Harcourts MarketWatch

August 2014

Around the country our provincial sales are showing very clearly the negative effect loan-to-value restrictions have had in these fragile markets. Written sales are down across the board in the Central, Wellington and South Island provincial regions, however, average prices remain similar or slightly higher. This indicates it is buyers at the lower end of market who are unable to make a purchase.

In Auckland sales are also down, but for different reasons. A continued lack of new construction, combined with a growing population, is leading to a hesitancy among vendors to sell, for fear they will not be able to buy a suitable property elsewhere. Rental yields are also attractive, meaning vendors are much more likely to retain property when buying elsewhere.

In Christchurch it is a similar story, however there is hope on the horizon. Residential construction and new builds are ramping up and this will soon lead to more choice for buyers.

Construction in Auckland and Christchurch is desperately needed to ease demand and ease rising prices. The market elsewhere can only be helped by a removal of the LVR restrictions, allowing first home buyers the freedom to step on to the property ladder.

Hayden Duncan
Chief Executive Officer
Harcourts New Zealand
Ph: 021 222 6414
@Harcourts NZ



NORTHERN	July 2014	July 2013	Change
Total New Listings	579	732.5	-21%
New Auction / Tender Listings	210	307	-31.4%
Property on Hand	1732	1384	25.1%
Written Sales	403	565	-28.8%
Average Price	\$665,236	\$635,336	5%

In July we have seen a noticeable decrease in the number of new listings and written sales in the Northern Region. However, prices are continuing to rise year on year. This indicates the hesitancy people have about listing their house for sale in the current market, where a continued lack of new construction, combined with Auckland's growing population, means there is no certainty vendors will be able to rebuy a suitable property. People are also holding on to houses where they can, despite buying elsewhere, as rental yields are attractive.

CENTRAL	July 2014	July 2013	% Change
Total New Listings	352	360	-2.2%
New Auction/Tender Listings	57	54	5.6%
Property on Hand	2077	2092	-0.7%
Written Sales	299	369	-19%
Average Price	\$325,560	\$324,122	0%

Winter is evident in the Central region, where prices and new listings are at a similar level to last year. LVR restrictions have also taken their toll, indicated by the 19% drop in written sales. This decline is largely at the lower end of the market, with first home buyers struggling to meet new lending requirements.

WELLINGTON	July 2014	July 2013	% Change
Total New Listings	316	317	-0.3%
New Auction/Tender Listings	26	56	-53.6%
Property on Hand	1482	1478	0.3%
Written Sales	280.5	298	-5.9%
Average Price	\$362,171	\$354,522	2%

Written sales are down by 5.9%, which points to a region hit negatively by LVR restrictions. Average prices are up by 2%, which indicates the entry level of the market has been the most affected. We can expect improvement in the Wellington market when LVR restrictions are removed and first home buyers return to the market.

CHRISTCHURCH METRO	July 2014	July 2013	Change
Total New Listings	465	573	-18.8%
New Auction/Tender Listings	113	161	-29.8%
Property on Hand	1803	1450	24.3%
Written Sales	411	373	10.2%
Average Price	\$491,688	\$453,944	8%

There has been a clear drop in the number of new listings and auctions, however written sales are up by 10.2%. This indicates, while demand remains high, sellers are hesitant about listing their homes for fear they will not be able to buy elsewhere. Those looking to buy can expect more choice when spring comes. Construction will also soon lead to more choice, with Christchurch's residential construction activity now at Auckland levels. This is a reflection of the post-earthquake rebuild, with new builds making up the majority of this.

SOUTH ISLAND PROVINCIAL	July 2014	July 2013	% Change
Total New Listings	252	291	-13.4%
New Auction/Tender Listings	12	22	-45.5%
Property on Hand	1624	1745	-6.9%
Written Sales	205	223	-8.1%
Average Price	\$322,724	\$313,836	3%

Prices have remained constant, but we are seeing a drop in new listings and sales. This is partly the effect of winter, which is always significant in the south, but also LVR restrictions which are preventing first home buyers from entering the market. The slight rise in the average price indicates it is mainly entry level buyers who are the reason behind falling sales.

Disclaimer: All Harcourts MarketWatch figures are current to the end of the reported month and are compared to the same month ended for the previous year. 'Written Sales' is defined by all sales brought to contract status, where 'Settled Sales' are the results of contracts completed at the close of the reported month. Written Sales are a snapshot of the markets temperature while Settled Sales show what has happened in the previous month.

Harcourts has been in existence since 1888 and is New Zealand's largest real estate group with more than 170 offices nationwide. Harcourts has over 600 offices worldwide, located across Australia, Indonesia, Fiji, China, Hong Kong, South Africa and the USA. Visit www.harcourts.co.nz for more information.

