

Harcourts MarketWatch

November 2014

The Reserve Bank's announcement yesterday that LVR restrictions will not be lifted is hard news for provincial New Zealand, where written sales and prices continue to dip or remain stagnant.

Harcourts CEO Hayden Duncan says the restrictions have not had a large effect on the property market in Auckland and Christchurch, where they were designed to. Instead first home buyers outside of these two cities have been most affected.

In Auckland and Christchurch there has been a clear recovery from the winter lull that is traditional in real estate, with written sales up and average prices continuing to increase.

The provinces, by contrast, are continuing to struggle, with the South Island in particular failing to thrive.

"The Auckland and Christchurch markets are driven by low supply and high demand. LVR restrictions have not had an effect on prices, which continue to rise, because demand is growing and construction is not keeping up with it.

"Instead our provincial markets, which were never overheated, have been badly affected and average Kiwis trying to break into the property market have been prevented from doing so," Mr Duncan says.

More than ever New Zealand's property market is clearly divided – Auckland and Christchurch versus the rest of the country.

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NORTHERN	October 2014	October 2013	% Change
Total New Listings	771	828	-6.9%
New Auction / Tender Listings	346	413	-16.2%
Property on Hand	1927	1650	16.8%
Written Sales	515	513	0.4%
Average Price	\$669,698	\$644,502	4%

Written sales are up by 0.4% on the same time last year, but have jumped by 9% compared to August, when winter was taking its heaviest toll on sales. Spring is clearly having a positive effect on the property market. Stock levels are up by 16.8% on the same time last year, however the number of properties available are still not keeping up with demand. The average sales price in Auckland and Northland sits at \$669,698, which is up 4% on the same time last year. Prices continue to trend upwards.

CENTRAL	October 2014	October 2013	% Change
Total New Listings	530	527	0.6%
New Auction/Tender Listings	89	103	-13.6%
Property on Hand	2095	2144	-2.3%
Written Sales	416	321	29.6%
Average Price	\$342,271	\$332,743	3%

October has been a buoyant month for sales, with spring an attractive season to make property decisions. The Central region is the healthiest of New Zealand's provinces, partly due to the closeness to Auckland and the spill over of demand. The average price remains constant at \$342,271.

WELLINGTON	October 2014	October 2013	% Change
Total New Listings	498	455	9.5%
New Auction/Tender Listings	69	65	6.2%
Property on Hand	1517	1541	-1.6%
Written Sales	304	312	-2.6%
Average Price	\$346,330	\$370,559	-7%

Sales numbers and average prices are down on the same time last year. Wellington remains one of the best value for money regions within New Zealand, however LVR restrictions mean some first home buyers are still feeling shut out of the market.

CHRISTCHURCH METRO	October 2014	October 2013	% Change
Total New Listings	578	677.5	-14.7%
New Auction/Tender Listings	213	252	-15.6%
Property on Hand	2078	1643	26.5%
Written Sales	442	412	7.3%
Average Price	\$485,625	\$478,614	1%

October's figures show spring has well and truly taken hold of the property market, with sales numbers continuing to improve. Written sales are up by 7.3% on the same time last year and 33% on August – when winter figures were at their lowest. The average sales price remains fairly constant, up 1% on the same time last year and now sitting at \$485,625. There has been a slight dip in the number of new listings in October, but year to date figures show overall there have been 175 more listings, up 3%, and an overall 18% increase in the number of auctions.

SOUTH ISLAND PROVINCIAL	October 2014	October 2013	% Change
Total New Listings	336	381	-11.8%
New Auction/Tender Listings	30	46	-34.8%
Property on Hand	1578	1743	-9.5%
Written Sales	224	241	-7.1%
Average Price	\$314,570	\$312,508	1%

The South Island provincial market continues to show low levels of sales and listings, with average prices staying at \$314,570. This is the region that would have benefited most from a lifting of the Reserve Bank's LVR restrictions.

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 180 offices nationwide. Harcourts also has over 280 offices in Australia and offices in Indonesia, Fiji, China, Hong Kong, South Africa and the USA. Visit www.harcourts.co.nz for more information.

