



NUMBER OF HOUSES SOLD ACROSS NZ FALLS BY 9.5% IN FEBRUARY

The number of residential properties sold in February fell by 9.5% from the same time last year to 5,954 (down from 6,576) according to the latest data from the Real Estate Institute of New Zealand (REINZ).

Regions with the lowest percentage change in annual sales volumes during February were:

- Northland: -27.2% (from 232 to 169 – 63 less houses)
- Nelson: -20.0% (from 120 to 96 – 24 less houses)
- Otago: -14.9% (from 422 to 359 – 63 less houses) – the lowest for 11 months.

Regions that saw an annual increase in sales volumes during February were:

- Marlborough: +5.5% (from 91 to 96 –5 more houses)
- Southland: +2.9% (from 174 to 149 –5 more houses)
- Hawke's Bay: +0.4% (from 231 to 232 –1 more house).

Bindi Norwell, CEO at REINZ says “The lower level of sales volumes compared to the same time last year can be attributed to a number of things – the raft of legislative changes impacting the housing market at the moment, the increasing difficulty in accessing finance (despite a record low OCR and very low mortgage rates from the banks) and vendors’ pricing expectations.

What we’re hearing from salespeople around the country is that vendors and investors are taking a ‘wait and see’ approach to the housing market – much like you would normally see around election time. This is particularly true in relation to the recently announced Capital Gains Tax proposals from the Tax Working Group.”

Median House Prices

February saw 15 out of 16 regions experience an annual increase in the median price, with 5 regions seeing record median house prices highlighting the strength of the housing market around much of the country. With house prices continuing to rise at such a pace, this puts even more of a dampener on any notions of New Zealand following in Australia’s footsteps in the short to medium term. Even Auckland saw an increase from January, showing it has returned to the same, stable or flat market we’ve been seeing since April 2017.

Compared to the same time last year, there were five regions that saw record median prices achieved in February:

- Gisborne: +25.8% to \$390,000 (up from \$310,000)
- Manawatu/Wanganui: +23.4 to \$352,000 (up from \$285,250)
- Southland: +20.8% to \$290,000 (up from \$240,000)
- Wellington: +16.2% to \$640,000 (up from \$551,000)
- Hawke's Bay: +6.4% to \$472,500 (up from \$444,000)

Days To Sell Close to 50

In February the median number of days to sell a property increased by 3 days from 44 to 47 when compared to February last year. For New Zealand excluding Auckland, the median days to sell increased by 1 day to 43.

However, Auckland saw the median number of days to sell a property increase by 8 days from 49 to 57 – the highest number of days to sell since February 2009.

Manawatu/Wanganui had the lowest days to sell of all regions at 30 days, down 10 days from 40 at the same time last year. The West Coast always has the highest days to sell of any region (at 91 days in February 2019), but the median number of days to sell in Northland has reached a high of 61 days - the highest in since August 2015.

February Breakdown – Price Distribution:

• \$1million plus	• 746	• 12.5%
• \$750,000 to \$999,999	• 910	• 15.3%
• \$500,000 to \$749,999	• 1,825	• 30.7%
• Under \$500,000	• 2,473	• 41.5%
• All Properties Sold	• 4,372	• 100%

Inventory

February saw 7 regions with an annual increase in inventory levels.

Regions with the largest increases were:

- Taranaki: +8.3% from 641 to 694 (+ 53 properties)
- Auckland: +6.7% from 9,588 to 10,234 (+ 646 properties)
- Hawke's Bay: +6.7% from 493 to 526 (+ 33 properties)
- Marlborough: +5.7% from 349 to 369 (+ 20 properties)

Regions with the biggest falls in inventory were:

- Gisborne: -32.2% from 143 to 97 (– 46 fewer properties)
- West Coast: -26.1% from 595 to 440 (– 155 properties)
- Manawatu/Wanganui: -21.9% from 1,093 to 854 (– 239 properties)
- Southland: -20.2% from 623 to 497 (– 126 properties)
- Otago: -20.0% from 689 to 551 (–138 properties)

Wellington once again saw the lowest levels of inventory with only 8 weeks, closely followed by Otago and Hawke's Bay on 9 weeks and Gisborne on 10 weeks.

February Sees Auctions Returning To Normal

Auctions were used in 11.1% of all sales across the country in February, with 663 properties selling under the hammer.

Gisborne had the highest percentage (56.4%) (29 properties), followed by Auckland on 21.5% (292) and Bay of Plenty came in third with 13.2% (59 properties)

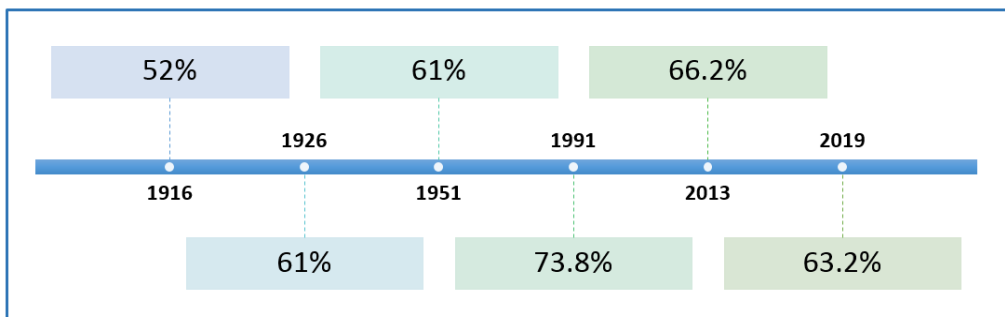
Source: REINZ.co.nz

NUMBERS THAT TELL THE STORY

THE TRUTH BEHIND THAT 'DRAMATIC DROP' IN NEW ZEALAND HOME OWNERSHIP

For years we've been talking about the dramatic drop in Kiwi home ownership rates. The problem is, according to the numbers, it isn't true. We boast that New Zealand once led the world in home-ownership, but New Zealand never had the world's highest rate of home ownership - nor anything even approaching it. **The story the numbers do tell, though, is fascinating.**

In 1916, 52% of Kiwi homes were owned by the occupier. Ten years later, in 1926, that figure had increased to 61% — and there it stayed for 25 years, until 1951. From there, it progressively increased between 1951 and 1991 until it reached 73.8%, the highest level in our history.



By 2013 home ownership had dropped back to 66.2% - and now sits at around 63.2%, just marginally ahead of where it was in 1951. This means that we currently rank at 44 in the table of 50 nations with the highest rates of home ownership - well behind first-ranked Romania (96.4%) and second-place Singapore (90.7%), and in the same ballpark as Australia (65.5%), the US (64.5%) and the UK (63.5%).

This invites a couple of observations. Firstly, despite at least four property cycles since 1980 - each leading to a doubling of house prices over the previous cycle. **The current rate of 63.2% home ownership is not far shy of the 93-year average of around 65% - which means successive generations of Kiwis appear to have adapted to, and overcome, the reality of higher house prices.**

Secondly, something changed in the years leading up to 1991, giving rise to a big increase in home ownership, before numbers fell back to the long run average. While it would be easy to blame that drop on spiralling house prices, probably with some validity, it would be well worth going back and reviewing the overall mix of policies which were in place, at the time, and which may have contributed to that increase.

From memory, the Government promoted a 'Home Ownership Account' scheme in the 1970s and 1980s, in which first-home buyers were encouraged to save in return for a Government contribution toward their first home. While this type of scheme has partly been replaced by the first home buyer provisions of KiwiSaver, it would be worth revisiting the program to see if there are lessons for us in 2019.

This all begs the obvious question: does any of this really matter? Indeed, there are a growing number of Kiwis who hold the view that the pursuit of home-ownership is a pointless exercise and that the choice to rent frees us up to enjoy life, now, rather than struggling to pay off a mortgage throughout our working lives. The superficial appeal of this position is obvious in the short term - but it misses the longer-term benefits of home ownership.

After a few early years of hard slog paying the mortgage two things happen for most of us; our income increases and our house gains in value - and the combined power of these two things gives us the ability to make choices which we would be much more difficult if we did not own property. It enables us to go into business, contribute to the education of our kids, travel, renovate our homes, invest in additional property, and purchase consumer goods. But perhaps even more importantly - it provides us with retirement choices which enhance our quality of life and reduce our burden on the State.

These things matter. Indeed, the extent to which home ownership underpins and fuels the New Zealand economy cannot be underestimated - and protecting this relationship should be a primary consideration for policy makers regardless of political ideology. The good news is that our rate of home ownership has stayed remarkably stable for almost 100 years, and not the massive drop perceived.

Source: Ashley Church, the former CEO of the Property Institute of New Zealand and the Auckland Property Investors' Association. He has been a regular media commentator on property matters for more than 20 years and now writes on behalf of First National Real Estate and OneRoof.



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