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For immediate release

Real estate industry sees highest annual volume increase in 23 months

The number of properties sold in April 2018 across New Zealand increased by 6.6% compared to the same time last year, the highest year-on-year increase the real estate industry has seen in 23 months according to the latest data from the Real Estate Institute of New Zealand (REINZ), source of the most complete and accurate real estate data in New Zealand.

In April, 6,368 houses were sold across the country in comparison to 5,973 in April 2017. However, the number of properties sold in New Zealand excluding Auckland increased by 8.4% year-on-year (from 4,163 in April 2017 to 4,514 in April 2018) due to the sales increase in the Auckland market being a more moderate 2.4% increase (from 1,810 sales in April 2017 to 1,854 house sales in April 2018).

Regions with the largest increase in sales year-on-year were:

- West Coast – up 50.0% from 22 sales to 33 – the highest number of sales for the month of April in 5 years
- Southland – up 36.1% from 119 sales to 162
- Marlborough – up 30.8% from 65 sales to 85
- Nelson – up 30.1% from 73 sales to 95
- Manawatu/Wanganui – up 22.7% from 326 sales to 400.

Bindi Norwell, Chief Executive at REINZ says: “The last time there was an annual increase in the number of properties sold that was this strong, was in May 2016. It’s a pleasing result for the industry that we’ve had 3 out of 4 months of 2018 seeing positive year-on-year volume increases suggesting that the market is in a good position.

“Across the country, 12 out of 16 regions saw a year-on-year increase in the number of properties sold, with 7 of those regions experiencing double digit growth highlighting what a strong month April was. The only regions not to see an annual increase were Gisborne, Taranaki, Wellington and Otago – this is likely down to the fact that all four regions saw a decrease in the availability of listings rather than being a result of a subdued market,” continues Norwell.

House prices across NZ continue to climb

The median house price for New Zealand rose 1.9% in April 2018 to \$550,000 up from \$540,000 in April 2017 and median prices for New Zealand excluding Auckland increased by 5.7% year-on-year to \$460,000 – the exact same figure as the previous month.

Median prices for Auckland decreased marginally by 0.6% to \$850,000 (down from \$855,000 in April 2017). The REINZ HPI which factors in changes within the property mix (e.g. price bands and house size), saw an increase of 0.9% year-on-year for Auckland, showing that prices are holding up in the region.

April also saw three regions achieved record prices:

- Manawatu/Wanganui – up 19.4% to \$305,000 (up from \$255,500)
- Nelson – up 15.8% to \$550,000 (up from \$475,000)
- Otago – up 19.5% to \$460,000 (up from \$385,000).

Other regions that saw strong increases in price during April were Southland (up 19.0% to \$250,000), Gisborne (up 14.3% to \$320,000) and Hawke's Bay (up 12.0% to \$431,250).

“Prices increased in 14 out of 16 regions across New Zealand showing the continued demand for good properties particularly as listings continue to remain low in many parts of the country. The only exceptions to the price increases were Auckland and Canterbury – down 0.6 and 0.9% respectively – but these are only very small decreases and actually suggest that these markets have stabilised now.

“Looking at the price breakdown for the Auckland markets explains why the region experienced a decrease in median price. The number of properties sold for between \$250k to \$750k increased and the number of properties sold in the \$750k and above brackets fell, thereby, bringing the overall median price down. This is why it's so important to look at the REINZ HPI in order to get a true understanding of what is actually happening in the market,” she continues.

“It's positive to see more sales in the more affordable price brackets. We welcome the Minister of Housing's comments earlier this week which outlined that the building programme for KiwiBuild 'kicks in when the \$2 billion Budget appropriation takes place on Budget day' next week and that the Government 'would build 16,000 homes in the first three years of the KiwiBuild programme'. The KiwiBuild programme will make a significant difference to housing affordability around the country, but these homes need to be built as quickly as possible to help first home buyers and those on low incomes to be able to get a foot on the property ladder,” continues Norwell.

REINZ House Price Index (HPI)

The REINZ House Price Index for New Zealand, which measures the changing value of property in the market, increased 3.8% year-on-year to 2,706. The HPI for New Zealand excluding Auckland increased 6.6% from April 2017 which equals the record high set last month of 2,546.

The REINZ HPI showed that 11 out of 12 regions experienced an increase in their HPI over the past 12 months, highlighting the continued strength of the property market. The only region not to experience an increase was Canterbury, which experienced a minor decrease of 0.3% year-on-year – nothing for the region to be concerned about.

The Gisborne/Hawke's Bay region again had the highest annual growth rate at +14.7%, again followed by Manawatu/Wanganui in second place (+12.7%) and Southland in third place (+11.4%) highlighting the strength of these regions.

Days to sell

The median number of days to sell a property nationally increased by 2 days from 34 days in April 2017 to 36 days in April 2018. This is 2 days more to sell a property than it took in March this year.

Auckland saw the median days to sell a property increase by 2 days to 37 (up from 35 in April 2017) and the same number of days as in March 2018.

Regions with the biggest decrease in the median number of days to sell were West Coast (-68 – the lowest number of days to sell for the month of April for 5 years), Taranaki (-6 days) and Bay of Plenty (-2 days).

Regions with the biggest increase in the median number of days to sell were Gisborne (+11 days), Marlborough and Southland (both +8 days) and Manawatu/Wanganui (+6 days).

Auctions

Auctions were used in 13.2% of all sales across the country in April, with 843 properties selling under the hammer – this is down from April 2017, when 17.3% of properties were sold via auction showing that auctions are becoming a less popular method of sale across the country.

For the third month in a row, Gisborne had the highest percentage of auctions across the country with more than half of all properties (57.6%) in the region sold under the hammer, followed by Auckland on 23.5% and the Bay of Plenty on 14.5%.

In Auckland, 436 properties (23.5%) were sold by auction in April 2018 compared to 559 properties (30.9%) in April 2017.

Inventory

The number of properties available for sale nationally increased by a marginal 1.1% (from 25,988 to 26,269) compared to 12 months ago. This figure was again buoyed by inventory increases in Nelson (+19.9% - an additional 74 properties – the largest annual inventory growth since January 2009), Waikato (+9.2% - an additional 161 properties, the exact same increase as last month) and Canterbury (+8.2% - an additional 306 properties).

The New Zealand excluding Auckland inventory level fell by 0.5% from 17,061 in April 2017 to 16,975 in April 2018. However, Auckland's annual inventory increase of 4.1% is the lowest annual increase since October 2016.

Regions with the biggest falls in inventory were:

- Southland – down 16.2%
- Marlborough – down 11.9%
- West Coast – down 11.7%
- Manawatu/Wanganui – down 10.8%.

Highlighting the lack of inventory across the country, the Wellington region still has the lowest level of inventory across the whole country with only 8 weeks' inventory available to those looking to purchase in the area. The Hawke's Bay again only has 9 weeks' inventory; however, this is the first positive annual inventory change since July 2014.

Price Bands

Between April 2017 and April 2018, the number of homes sold for less than \$500,000 across New Zealand fell from 44.6% of the market (2,664 properties) to 43.1% of the market (2,747 properties) which is reflected by the overall increasing median price.

The number of properties sold in the \$500,000 to \$750,000 bracket increased from 26.9% in April 2017 to 28.3% in April 2018. At the top end of the market, houses sold for more than \$1 million decreased from 14.2% of the market in April 2017 to 13.8% of the market this year.

ENDS

Notes to Editors

The monthly REINZ residential sales reports remain the most recent, complete and accurate statistics on house prices and sales in New Zealand. They are based on actual sales reported by real estate agents. These sales are taken as of the date that a transaction becomes unconditional, up to 5:00pm on the last business day of the month. Other surveys of the residential property market are based on information from Territorial Authorities regarding settlement and the receipt of documents by the relevant Territorial Authority from a solicitor. As such, this information involves a lag of four to six weeks before the sale is recorded.

For further information, please contact Dee Crooks, Head of Communications at REINZ, on 09 356 1753 or 021 953 308.

KEY DATA SUMMARY

MEDIAN HOUSE PRICE YEAR-ON-YEAR

NATIONAL

\$550,000 - up from \$540,000 + 1.9% year-on-year

NEW ZEALAND EX AUCKLAND

\$460,000 - up from \$435,000 + 5.7% year-on-year

AUCKLAND

\$850,000 - down from \$855,000 -0.6% year-on-year

SEASONALLY ADJUSTED MEDIAN HOUSE PRICE

NATIONAL

Up 0.7%, up 2.3% on April 2017

NEW ZEALAND EX AUCKLAND

Up 0.7%, up 6.3% on April 2017

AUCKLAND

Up 0.4%, down 0.1% on April 2017

MEDIAN HOUSE PRICE MONTH-ON-MONTH

NATIONAL

\$550,000 - down from \$560,000 - 1.8% since last month

NEW ZEALAND EX AUCKLAND

\$460,000 - same as last month

AUCKLAND

\$850,000 - down from \$880,000 - 3.4% since last month

MEDIAN DAYS TO SELL

NATIONAL

36 - 2 days longer than same month last year

NEW ZEALAND EX AUCKLAND

35 - 2 days longer than same month last year

AUCKLAND

37 - 2 days longer than same month last year

REINZ HOUSE PRICE INDEX

NATIONAL

2706 - up from 2608 + 3.8% year-on-year

NEW ZEALAND EX AUCKLAND

2546 - up from 2389 + 6.6% year-on-year

AUCKLAND

2900 - up from 2874 +0.9% year-on-year



SEASONALLY ADJUSTED SALES VOLUMES

	COMPARED TO MARCH		COMPARED TO APRIL 2017	
	VOLUME CHANGE	SEASONALLY ADJUSTED CHANGE	VOLUME CHANGE	SEASONALLY ADJUSTED CHANGE
New Zealand	-19.6%	1.6%	6.6%	2.3%
NZ ex Akl	-17.8%	1.1%	8.4%	4.0%
Northland	-13.1%	-1.7%	6.5%	1.9%
Auckland	-23.8%	0.3%	2.4%	-1.2%
Waikato	-25.1%	-5.9%	6.5%	1.1%
Bay of Plenty	-7.8%	6.9%	11.2%	5.7%
Gisborne	-21.3%	-13.1%	-4.8%	-13.0%
Hawke's Bay	-17.0%	4.5%	5.3%	0.2%
Manawatu/Wanganui	-7.6%	3.8%	22.7%	16.5%
Taranaki	-25.4%	-12.1%	-6.7%	-12.4%
Wellington	-20.4%	2.2%	-2.2%	-4.8%
Nelson/Marlborough/Tasman	-24.5%	-1.3%	23.7%	17.8%
Canterbury	-17.7%	7.5%	13.4%	9.0%
West Coast	-26.7%	0.2%	50.0%	40.3%
Otago	-11.6%	0.5%	-0.8%	-4.7%
Southland	-22.9%	0.4%	36.1%	21.6%



SEASONALLY ADJUSTED MEDIAN PRICE

	COMPARED TO MARCH		COMPARED TO APRIL 2017	
	MEDIAN CHANGE	SEASONALLY ADJUSTED CHANGE	MEDIAN CHANGE	SEASONALLY ADJUSTED CHANGE
New Zealand	-1.8%	0.7%	1.9%	2.3%
NZ ex Akl	0.0%	0.7%	5.7%	6.3%
Northland	0.0%	-0.4%	8.3%	6.3%
Auckland	-3.4%	0.4%	-0.6%	-0.1%
Waikato	-1.4%	-1.4%	2.5%	2.6%
Bay of Plenty	-0.9%	0.3%	8.6%	7.1%
Gisborne	-3.0%	-5.2%	14.3%	13.0%
Hawke's Bay	-3.1%	-3.2%	12.0%	13.9%
Manawatu/Wanganui	3.9%	4.3%	19.4%	20.3%
Taranaki	6.4%	5.8%	5.8%	4.9%
Wellington	-5.3%	-1.4%	3.1%	4.5%
Nelson/Marlborough/Tasman	0.6%	3.6%	10.1%	11.0%
Canterbury	-2.0%	-1.4%	-0.9%	-0.8%
West Coast	-20.0%	-12.4%	4.2%	3.4%
Otago	14.1%	11.6%	19.5%	19.7%
Southland	5.0%	6.0%	19.0%	19.0%

PRICE DISTRIBUTION BREAKDOWN

	April 2017		April 2018	
\$1 million plus	851	14.2%	879	13.8%
\$750,000 to \$999,999	852	14.3%	941	14.8%
\$500,000 to \$749,999	1,606	26.9%	1,801	28.3%
Under \$500,000	2,664	44.6%	2,747	43.1%
All Properties Sold	5,973	100.0%	6,368	100.0%

House Price Index	Index Level	1 Month	3 Months	1 Year	5 Year*	From Peak
New Zealand	2706	-0.1%	1.8%	3.8%	9.3%	-0.1%
NZ excl. Auckland	2546	0.0%	2.3%	6.6%	8.1%	New High
Northland	2679	0.0%	3.4%	6.7%	10.0%	0.0%
Auckland	2900	-0.3%	1.4%	0.9%	10.7%	-0.3%
Waikato	2771	-0.3%	1.2%	5.4%	10.9%	-0.3%
Bay of Plenty	2610	-0.6%	1.1%	5.9%	10.9%	-0.6%
Gisborne/Hawke's Bay	2447	-0.4%	5.2%	14.7%	9.9%	-0.4%
Manawatu-Wanganui	2606	2.1%	4.6%	12.7%	8.0%	New High
Taranaki	2731	0.3%	1.5%	5.4%	5.3%	New High
Wellington	2489	-0.2%	3.6%	8.7%	8.9%	-0.2%
Tasman/Nelson/Marlborough/West Coast	2203	-0.1%	2.4%	9.4%	7.8%	-0.1%
Canterbury	2452	-0.1%	0.0%	-0.3%	3.4%	-0.8%
Otago	2674	1.0%	4.6%	10.2%	10.3%	New High
Southland	2489	0.3%	0.8%	11.4%	5.8%	New High

Source: REINZ

* = Compound Growth Rate