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For immediate release

47 less residential properties sold each day in August, but residential prices increase

Not a single region in the country experienced an increase in the number of properties sold during August 2017 (compared to the same time last year) – a phenomenon that has only happened three times in the last seven years, according to the latest data from the Real Institute of New Zealand (REINZ) – source of the most complete and accurate real estate data in New Zealand.

Overall, the number of properties sold across the country fell by 20% during August, a reduction of 1,472 properties, when compared to the same time last year. This is the equivalent of 47 less properties being sold each day in August 2017 when compared to August 2016.

Regions with the biggest reduction in volumes were Southland (-37.3%), Northland (29.4%), Taranaki (25.9%), Waikato (25%) and Auckland (21.5%).

Bindi Norwell, Chief Executive, at REINZ says: “Again, we’ve seen the number of properties sold across the country drop significantly. The drop in volume this month meant that, on average, 47 fewer properties were sold each day in August 2017 in comparison to August 2016 – that’s a big drop. Banks’ lending criteria and LVRs are still impacting first home buyers and investors.

“If you looked at the number of properties sold, without looking at the bigger picture, one might assume that the market was showing significant signs of slowing. However, as prices are holding up, and even increasing, then it suggests that people may be holding off from selling their property unless it’s absolutely necessary,” points out Norwell.

Residential prices increase

Residential property prices across New Zealand increased by 8.2% year-on-year to \$530,000. Nationally, excluding Auckland, median prices increased 10.9% year-on-year and Auckland median prices decreased by 1.2% year-on-year.

However, on a month-on-month basis, Auckland’s median price increased by 1.2% or by \$10,000.

Contributing to the overall increase, five regions across the country experienced record median prices in August year-on-year:

- Southland (up 22% to \$250,000)
- Nelson (up 12.6% to \$518,000)
- Hawke’s Bay (up 19.1% to \$405,000)
- Manawatu/Wanganui (up 18.8% \$285,000), and
- Marlborough (up 16.7% to \$420,000).

In August, a fifth region has exceeded the median house price of half-a-million-dollars for the first time. Nelson - with a median price of \$518,000 - now joins Auckland, Bay of Plenty, Wellington and Tasman as a region that has had a median sales price over half-a-million-dollars at least once historically. The data also suggests that the Waikato is not too far away from reaching this milestone, with four of the last five months having median prices in the \$480,000 bracket.

Only four regions experienced a decrease in median price during August (compared to August 2016) – Auckland, Gisborne, Tasman and the West Coast.

“August has seen a lot happening from a price perspective across the country; property prices increased by 8% in comparison to the same time last year, five regions recorded record median prices and five regions now have a median price ‘tag’ of more than half-a-million-dollars – all of which are clear indicators of New Zealand’s strong regional economy. Auckland’s median price, although experiencing a slight decreased year-on-year, has remained relatively stable,” says Norwell.

REINZ House Price Index

The REINZ House Price Index, which measures the changing value of property in the market, showed that the value of dwellings in New Zealand overall increased by 0.5%. Excluding Auckland, national values increased by 7.0%, whereas in Auckland dwelling values decreased by -2.9%. This indicates strong value growth in some regions and a decline in Auckland.

“Activity in Gisborne is an excellent example of the HPI in practice. The median price decreased 10% since August 2016 and 23% since last month. This could indicate a rapidly declining market, but the HPI for Gisborne/Hawkes’ Bay increased 16.6% year-on-year – the highest increase in the country. This is because in July 2017, 36% of sales were under \$250,000 and 45% of sales were in the \$250,000-\$499,999 price bracket. However, in August 2017 52% of sales were below \$250,000 and 38% of sales were in the \$250-\$499,999 price bracket. This shows how changing market composition can affect the median price. The HPI movements tell us that the value of dwellings in Gisborne have increased since last month and increased strongly since last year,” says Norwell.

Days to sell

The median number of days to sell a property nationally increased by 7 days (from 30 to 37) when compared to August 2016.

Regionally, Waikato saw the biggest increase in the number of days to sell (up 11 days to 39), followed by Northland (up 10 days to 47), Taranaki (up 10 days to 45) and Auckland (up 9 days to 40).

Only two regions saw a decrease in the number of days to sell - the West Coast (down 45 days to 79 the lowest in 5 months) and Southland (down 2 days to 37).

Auctions

The number of properties sold by auction continues to decline across New Zealand with 799 auction sales in August – down 55% on the same time last year. Auctions now only represent 14% of all sales nationally.

In Auckland, which traditionally sees a large portion of sales sold by auction, only 418 (or 23%) of all properties sold in August were via auction – this is a decrease of 61% in comparison to August 2016.

Only two regions saw an increase year-on-year in the number of properties auctioned – Hawke’s Bay (from 9 to 15 properties) and Marlborough (from 6 to 11).

Price Bands

Between August 2016 and August 2017, the number of homes sold fell in every price bracket. The number of properties sold for more than \$1million fell by 18% from 964 to 787 to equal 13% of all dwellings sold.

The number of dwellings sold for less than \$500,000 fell by 38% from 3,746 to 2,705 to equal 46% of all homes sold across the country.

Inventory

The number of properties available for sale nationally increased by 0.4% (from 21,462 to 21,555) compared to 12 months ago, whereas the number of properties for sale in the Auckland region increased by 27.3% year on year (from 6,073 to 7,731). Excluding Auckland, the number of properties for sale fell by 10.2% (from 15,389 to 13,825) highlighting the impact Auckland has on the overall picture.

In addition to Auckland, only two other regions experienced an increase in listings – Waikato (10.9%) and Wellington (10.6%). The regions with the biggest decrease in inventory were Gisborne (29.5%), Southland (28.3%) and Marlborough (25.2%).

Inventory continues to remain an issue for a number of regions, with Wellington, Nelson and Hawke's Bay all having less than 10 weeks' inventory available.

"Despite the decrease in the number of properties sold, overall, the market is in a strong position as listings remain low and demand for good properties remains high. Agents across the country expect the market to pick up as we move into Spring and even more so once the election is over," concludes Norwell.

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.

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