



18 January 2018

### **Strong end to 2017, with house prices up 5.8% in December says REINZ**

Median house prices across New Zealand rose by 5.8% year-on-year to \$550,000 – up from \$520,000 in December 2016 and median prices for New Zealand excluding Auckland increased by 6.6% to \$450,000 (up from \$422,000 in December 16) 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.

Auckland's median house price increased 1.8% in December to \$870,000 up from \$855,000 compared to December 2016.

This price growth is consistent with what we have observed with the REINZ HPI.

13 out of 16 regions saw prices increase in December, with three of those regions experiencing record prices:

- Waikato – up 11.7% year-on-year to \$525,000 (a \$35,000 increase since November 17 and a \$55,000 increase since December 16)
- Bay of Plenty – up 20.4% year-on-year to \$598,000 (a \$23,000 increase since November 17 and a \$101,500 increase since December 16)
- Wellington – up 4.7% to \$560,000 (a \$10,000 increase since November 17 and a \$25,000 increase since December 16).

Three regions saw a price decrease year-on-year – Marlborough (down 2.1% to \$372,000), West Coast (down 1.6% to \$185,000) and Canterbury (down 0.7% to \$439,000).

Bindi Norwell, Chief Executive at REINZ says: “Median house prices across New Zealand have increased 5.8% in December, representing an increase of \$30,000 since the same time last year. This increase defies the predictions of many commentators who 12 or 13 months ago were adamant that house prices would fall in 2017.

“While the increase will be welcome news to those looking to sell their property, for those first home buyers this will not have been the Christmas present they were hoping for. Although there is some hope as the rate of price increases has decreased significantly compared to previous years meaning that if the trend continues, there is more of a chance that those saving for a house deposit can keep up with increasing property prices,” continues Norwell.

“When looking at the Auckland picture, this is the first time that all seven districts have had a median price of in excess of \$700,000 highlighting how expensive the city is becoming. Additionally, North Shore City has reached a record median price of \$1,113,000 – the nearest the price has been to this point previously was \$1,105,000 in November 2016,” points out Norwell.

### **Volumes still struggling**

The number of properties sold in December across New Zealand decreased by 10.1% to 5,903 – down from 6,567 in December 2016 and the number of properties sold in New Zealand excluding Auckland decreased by 11.6% to 4,184 (down from 4,733 in December 2016).

Auckland volumes decreased by 6.4% to 1,693 (down from 1,808 in December 2016).

Nelson was the only region to experience an increase year-on-year with 76 sales compared with 71 sales in December 2016.

Regions with the biggest decrease were:

- Gisborne – a decrease of 30.6% (43 properties vs 62 in December 2016)
- Northland – a decrease of 23.4% (177 properties vs 231 in December 2016)
- Southland – a decrease of 21.4% (136 properties vs 173 in December 2016)
- West Coast – a decrease of 20.6% (27 properties vs 34 in December 2016).

“December represented a continuation of the theme we have seen throughout 2017, whereby the number of properties sold across New Zealand decreased every month when compared with the same month in 2016. It’s a tough comparison, because 2015 and 2016 were very strong years for the industry, and set quite a high bar, so any comparison was always going to be more moderate beside these outlier years,” says Norwell.

“On a positive note, there were a number of areas that saw an increase in the number of properties sold. For example, the Rangitikei District saw a 90.9% volume increase year-on-year (21 sales up from 11 in December 2016), the Buller District saw a 50% volume increase year-on-year (12 sales up from 8 in December 2016), Auckland’s Franklin District saw a 41.4% volume increase year-on-year (99 sales up from 70 in December 2016) and the Waitaki District saw a 32.4% volume increase year-on-year (45 sales up from 34 in December 2016),” continues Norwell.

“When looking at the seasonally adjusted sales volumes in December when compared to November, the figures are far more positive, showing that sales volumes were actually higher than we would anticipate for this time of year,” she continues.

### **Days to sell**

The median number of days to sell a property nationally increased by 1 day (from 31 to 32) when compared to December 2016.

Regionally, West Coast saw the biggest increase in the number of days to sell (up 26 days to 189), followed by Taranaki (up 9 days to 36), Nelson (up 8 days to 29) and Tasman (up 7 days to 30).

Regions with the biggest decreases year-on-year included Gisborne and Southland (both down 3 days to 28 days) and Hawke’s Bay (down 2 days to 27) the lowest number of days to sell for the month of December in 9 years.

### **REINZ House Price Index (HPI)**

The REINZ House Price Index for New Zealand increased 3.8% year-on-year to 2,655. The HPI for New Zealand excluding Auckland increased 6.8% from December 2016 and Auckland’s HPI increased 0.7% for the same period.

The REINZ HPI also showed that five regions (Waikato, Bay of Plenty, Tasman/Nelson/Marlborough/West Coast, Otago and Southland) all reached new highs during December indicating strong value growth in these areas.

Regions with the highest growth year-on-year were Gisborne/Hawke's Bay (up 15.0% to 2,332), Southland (up 13.4% to 2457) and Manawatu/Wanganui (up 11.0% to 2,437).

"As there appears to be less urgency for buyers to purchase a property, as well as for vendors to sell their property, we've seen sales count drop and the days to sell increase during 2017. However, as vendors have been holding steadfast to their pricing expectations, we've still seen the price of properties going up, which is reflected here in the increased HPI," points out Norwell.

### **Auctions**

In December, auctions represented 14% of all properties sold in New Zealand, down from 18% in December 2016. This represents 827 properties sold under the hammer, down from 1,154 properties in December 2016.

Of those 827 properties sold by auction, more than half (55% - or 455 properties) were in Auckland, 13% were in Canterbury (105 properties), 8% were in Waikato (68 properties), 4.5% were in Wellington (38 properties) and 4% were from Otago (29 properties). The remainder were spread across the rest of the country.

### **Inventory**

The number of properties available for sale nationally increased by 9.3% (from 22,521 to 24,610) compared to 12 months ago, and for New Zealand excluding Auckland the number of properties available for sale increased by 2.1% (from 15,784 to 16,113).

Regions with the largest increase year-on-year in the number of properties for sale were Auckland (up 26.1%), Wellington (up 21.0%) and Canterbury (up 18.6%).

Regions with the biggest decrease year-on-year in the number of properties available for sale were Taranaki (-17.7%), Hawke's Bay (-14.9%) and West Coast (-12.2%).

"Even though Wellington saw one of the biggest increases in inventory, there is still only 7 weeks inventory left – the least in the country, which is a pattern the region has been experiencing for some time now. Additionally, the Hawke's Bay only has 9 weeks' inventory available, highlighting the popularity of the area," points out Norwell.

### **Price Bands**

Between December 2016 and December 2017, the number of homes sold fell in every price bracket except for the \$2million to \$2.99million category which increased by 4.3%. During December, 96 properties were sold for between \$2million - \$2.99million, up from 92 properties in December 2016.

The number of dwellings sold for less than \$500,000 in December 2017 fell by 18% compared to December 2016 from 3,148 to 2,577 representing 43.7% of all homes sold across the country.

"Only 560 properties across the country sold for less than \$250,000 – a 29.9% drop from December 2016. This was the lowest number of properties in this bracket on record, showing how price increases are impacting across the regions," 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.

*For further information, please contact Dee Crooks, Communications/PR Manager at REINZ, on 09 356 1753 or 021 953 308.*

#### KEY DATA SUMMARY

Median house price year-on-year	National	\$550,000 - up from \$520,000 + 5.8% year-on-year
	National ex Auckland	\$450,000 - up from \$422,000 + 6.6% year-on-year
	Auckland	\$870,000 - up from \$855,000 +1.8% year-on-year
Seasonally adjusted median house price	National	Up 1.7%, up 5.9% on December 2016
	National ex Auckland	Down 0.4%, up 6.6% on December 2016
	Auckland	Up 0.5%, up 2.0% on December 2016
Median house price month-on-month	National	\$550,000 - up from \$540,000 + 1.9% since last month
	National ex-Auckland	\$450,000 - same as last month
	Auckland	\$870,000 - down from \$880,000 - 1.1% since last month
Median days to sell	National	32 - 1 day longer than same month last year
	National ex-Auckland	30 - same as same month last year
	Auckland	34 - same as same month last year
REINZ House Price Index	National	2655 - up from 2559 + 3.8% year-on-year
	National ex-Auckland	2474 - up from 2316 + 6.8% year-on-year
	Auckland	2874 - up from 2855 +0.7% year-on-year

#### PRICE DISTRIBUTION BREAKDOWN

	December 2016		December 2017	
<b>\$1 million plus</b>	861	13.1%	833	14.1%
<b>\$750,000 to \$999,999</b>	849	12.9%	837	14.2%
<b>\$500,000 to \$749,999</b>	1,709	26.0%	1,656	28.1%
<b>Under \$500,000</b>	3,148	47.9%	2,577	43.7%
<b>All Properties Sold</b>	<b>6,567</b>	<b>100.0%</b>	<b>5,903</b>	<b>100.0%</b>

## SEASONALLY ADJUSTED SALES VOLUMES

	COMPARED TO NOVEMBER 2017		COMPARED TO DECEMBER 2016	
	Volume Change	Seasonally Adjusted Change	Volume Change	Seasonally Adjusted Change
New Zealand	-16.2%	0.3%	-10.1%	-6.1%
NZ ex Akl	-17.9%	-2.5%	-11.6%	-7.2%
Northland	-15.3%	6.5%	-23.4%	-17.9%
Auckland	-12.1%	6.9%	-6.4%	-2.8%
Waikato	-11.3%	4.4%	-8.1%	-5.4%
Bay of Plenty	-4.4%	10.5%	-3.3%	1.2%
Gisborne	-29.5%	-15.7%	-30.6%	-23.0%
Hawke's Bay	-27.4%	-7.4%	-13.1%	-7.2%
Manawatu/Wanganui	-15.6%	3.5%	-4.6%	-1.9%
Taranaki	-26.6%	-0.0%	-3.1%	3.2%
Wellington	-12.3%	0.6%	-12.9%	-6.5%
Nelson/Marlborough/Tasman	-22.5%	-2.8%	-5.5%	0.3%
Canterbury	-26.3%	-16.4%	-19.1%	-15.1%
West Coast	-3.6%	6.4%	-20.6%	-7.7%
Otago	-19.6%	4.5%	-2.9%	3.0%
Southland	-20.5%	7.1%	-21.4%	-15.8%

## SEASONALLY ADJUSTED MEDIAN PRICE

	COMPARED TO NOVEMBER 2017		COMPARED TO DECEMBER 2016	
	Median Change	Seasonally Adjusted Change	Median Change	Seasonally Adjusted Change
New Zealand	1.9%	1.7%	5.8%	5.9%
NZ ex Akl	0.0%	-0.4%	6.6%	6.6%
Northland	4.7%	4.3%	8.1%	9.3%
Auckland	-1.1%	0.5%	1.8%	2.0%
Waikato	7.1%	6.8%	11.7%	11.1%
Bay of Plenty	4.0%	2.3%	20.4%	20.4%
Gisborne	3.4%	2.1%	7.0%	5.5%
Hawke's Bay	-0.5%	-1.6%	17.7%	17.3%
Manawatu/Wanganui	-3.9%	-2.5%	14.0%	15.2%
Taranaki	2.3%	1.0%	2.9%	5.0%
Wellington	1.8%	2.0%	4.7%	5.4%
Nelson/Marlborough/Tasman	-8.8%	-7.2%	0.0%	0.2%
Canterbury	-4.6%	-4.4%	-0.7%	-1.3%
West Coast	10.1%	7.0%	-1.6%	-3.2%
Otago	-2.7%	0.1%	12.0%	13.2%
Southland	-6.8%	-4.9%	5.1%	5.1%

House Price Index	Index Level	1 Month	3 Months	1 Year	5 Year*	From Peak
New Zealand	2655	-0.3%	0.7%	3.8%	9.6%	-0.3%
NZ excl. Auckland	2474	-0.1%	1.4%	6.8%	7.8%	-0.1%
Northland	2563	-0.3%	0.1%	7.1%	9.7%	-0.3%
Auckland	2874	-0.5%	0.0%	0.7%	11.6%	-0.8%
Waikato	2702	0.2%	1.9%	6.7%	10.5%	New High
Bay of Plenty	2563	0.2%	1.5%	7.3%	10.8%	New High
Gisborne/Hawke's Bay	2332	-0.3%	4.0%	15.0%	9.5%	-0.3%
Manawatu-Wanganui	2437	-0.6%	0.8%	11.0%	6.6%	-0.6%
Taranaki	2709	0.7%	2.3%	4.9%	5.7%	-0.1%
Wellington	2414	-0.2%	1.3%	9.8%	8.3%	-0.2%
Tasman/Nelson/Marlborough/West Coast	2165	1.1%	3.3%	10.2%	6.9%	New High
Canterbury	2413	-1.0%	-0.3%	-1.2%	3.7%	-2.5%
Otago	2558	1.1%	2.5%	9.1%	9.9%	New High
Southland	2457	1.2%	4.2%	13.4%	5.7%	New High

Source: REINZ

\* = Compound Growth Rate