

New Zealand Property report



August 2016

National house asking prices fall for the first time since April 2016

- slow-down in Auckland demand
- significant variations across the country

The national average asking house price fell in July - the first decline in three months - while demand continued to rise.

Real-time market statistics released today by realestate.co.nz show that in July, the seasonally adjusted asking price for homes across the country fell by \$7,556 (1.3 per cent) when compared to June 2016. The average national asking price in July was \$569,971.

On the demand side, there was a 10.39 per cent decrease in viewing sessions for Auckland properties on realestate.co.nz when compared with the same time last year and users also dropped by 4.90 per cent. This continuing trend was first referenced in last month's property report and reinforces the possibility that the shine may have gone off the Auckland market.

Nationally, demand increased by 14.48 percent when compared with July 2015. Other regions which saw an increase in viewing sessions were Canterbury and Central Lakes/Otago both at 11.40 per cent, Marlborough with 19.03 per cent and Wellington with a very large 22.52 per cent increase.

Asking prices vary across the regions

'Significant variations in asking prices across the country paint an interesting picture', says Vanessa.

Auckland still continues its upward trajectory, with the July average asking price at a record high of \$898,562 (up 1.1% from the previous month).

"There have been calls across the nation for measures to rein in house prices, but it may be

that the market is actually self-correcting, albeit slightly, with buyers unwilling or unable to meet ever-increasing price rises.

"Whether the fall is the start of a trend is still to be determined," she says.

National average asking price:

April:	May:	June:	July:
\$561,283	\$570,971	\$577,527	\$569,971

"In addition to Auckland, the main centres where asking prices continued to increase were Waikato, Wellington and Otago, but in Canterbury it's a different picture where asking prices fell for the

third month in a row in July," Taylor says.

The July asking price in Canterbury stood at \$462,936, almost \$10,000 lower than in May this year (\$472,274) but demand is still high. An 8.33 per cent increase in sessions from June and 11.40 per cent increase on July 2015.

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There have also been some highs and lows in the regions, with Central Lakes/Otago asking prices falling 20.9 per cent compared with the previous month. While this could be a one-off (dropping to \$680,672) it's still significantly lower than the same time last year (\$756,063 in July 2015), comments Vanessa.

At the two ends of the country, asking prices have also fallen. In July the Northland average asking price stood at \$480,006, a 4.7 per cent fall from June (down from \$503,527).

Southland also recorded a 4.7 per cent fall, with the average asking price in July standing at \$250,041, down from \$262,285 in June.

By contrast, Nelson and Marlborough are on the up, with Marlborough the star performer. Average asking prices in the lifestyle region of Marlborough hit the half-million-dollar mark for the first time ever (\$503,997). The figures show that Marlborough had a large increase in demand in July, a month on month increase of 10.94 per cent with a large 19.03% increase on July 2015.

Property listings static

The variances across the country are also reflected in the number of new properties coming onto the market, which have remained relatively static nationally compared to the same time last year (down 0.6 per cent from July 2015). For example, regionally we see new listings down by 18.9 per cent in Wairapapa on the same time last year, while at the other extreme Central North Island was up by 35.5 per cent.

Rental yield mirror bigger picture

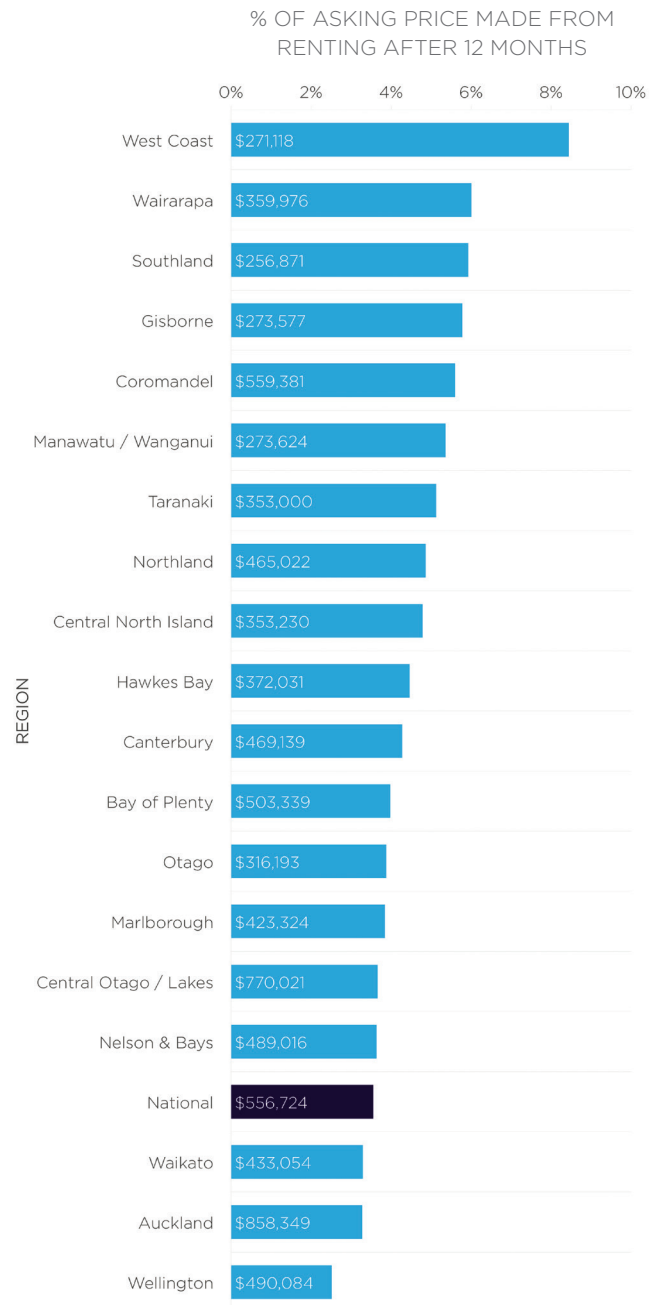
On 27 June, the Reserve Bank released official statistics for the first time showing that in May 2016 some 40 per cent of all mortgage lending was on interest-only payment terms. This percentage has been “fairly stable” since the data was first available to the Reserve Bank in July 2015.

“It reinforces what we said in last month’s property report where we stated that many investors appear to be looking for capital gain, rather than focused on rental yield,” says Vanessa Taylor.

For example, in Auckland where asking prices continue to rise, investors theoretically would receive 3.28 per cent yield over a 12-month period – based on our calculation of average asking price vs weekly rental price, excluding all external costs.

Waikato, Auckland and Wellington respectively take up the bottom three spots below the national average, while regional areas dominate the higher returns. West Coast (8.44 per cent), Wairarapa (6.01 percent) and Southland (5.93 per cent) fill the top three spots across the nation.

Areas to invest in a rental based on 12 month average



Vanessa Taylor
Head of Marketing,
realestate.co.nz

About realestate.co.nz

Realestate.co.nz is dedicated to property and is the official website of the New Zealand real estate industry. As a property listing site, the information it draws on for its property report is in real time.

Realestate.co.nz has the country's most comprehensive selection of real estate listings online. The site presents more than 97 per cent of all residential, commercial and rural properties currently marketed by real estate professionals. Focussed exclusively on people in need of property, realestate.co.nz offers superior functionality, including accurate search, school zone data and a mobile app.

Glossary of terms

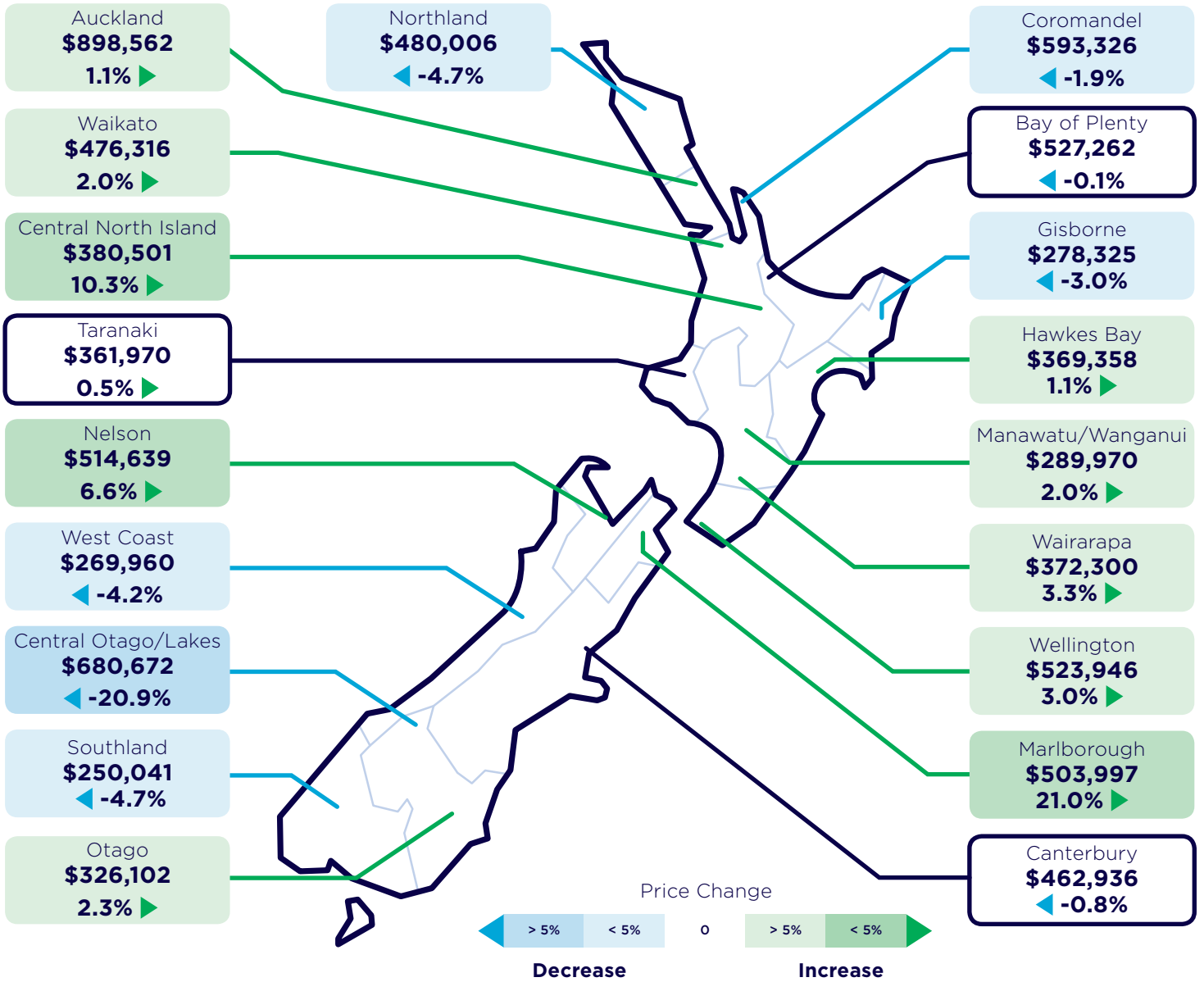
Realestate.co.nz provides valuable property market data not available from other sources.

- **Average asking price** gives an indication of current market sentiment. Statistically, asking prices tend to correlate closely with the sales prices recorded in future months when those properties are sold. As it looks at different data, average asking prices may differ from recorded sales data released at the same time.
- **Inventory** is a measure of how long it would take, theoretically, to sell the current stock at current average rates of sale if no new properties were to be listed for sale. It provides a measure of the rate of turnover in the market.
- **New listings** are a record of all the new listings on realestate.co.nz for the relevant calendar month. As we reflect 97 per cent of all properties listed through registered estate agents in New Zealand, this gives a representative view of the market.
- **Seasonal adjustment** is a method we use to better represent the core underlying trend of the property market in New Zealand. This is done using methodology from the New Zealand Institute of Economic Research.
- **Truncated mean** is the method we use to provide statistically relevant asking prices. The top and bottom 10 per cent of listings in each area are removed before the average is calculated, to prevent exceptional listings from providing false impressions. . Read more [here](#).



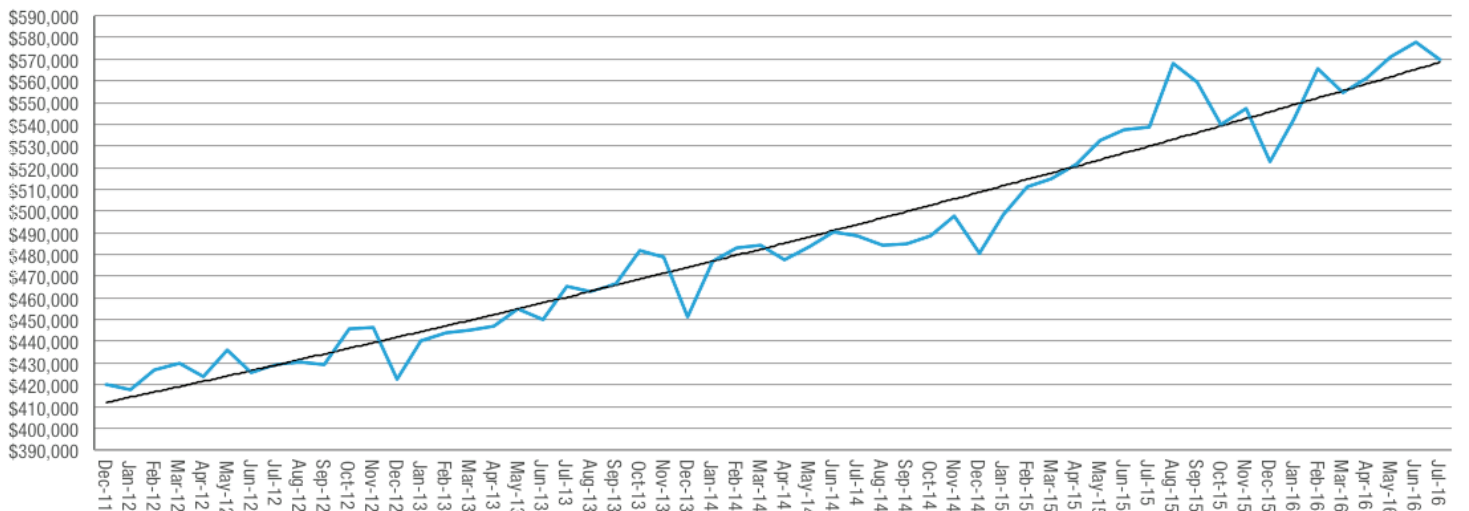
Property asking price

Property Asking Price for July 2016 **\$569,971**
Compared to prior month **-1.3%**



Asking prices for new listing calculated as seasonally adjusted prices using X12 ARIMA methodology

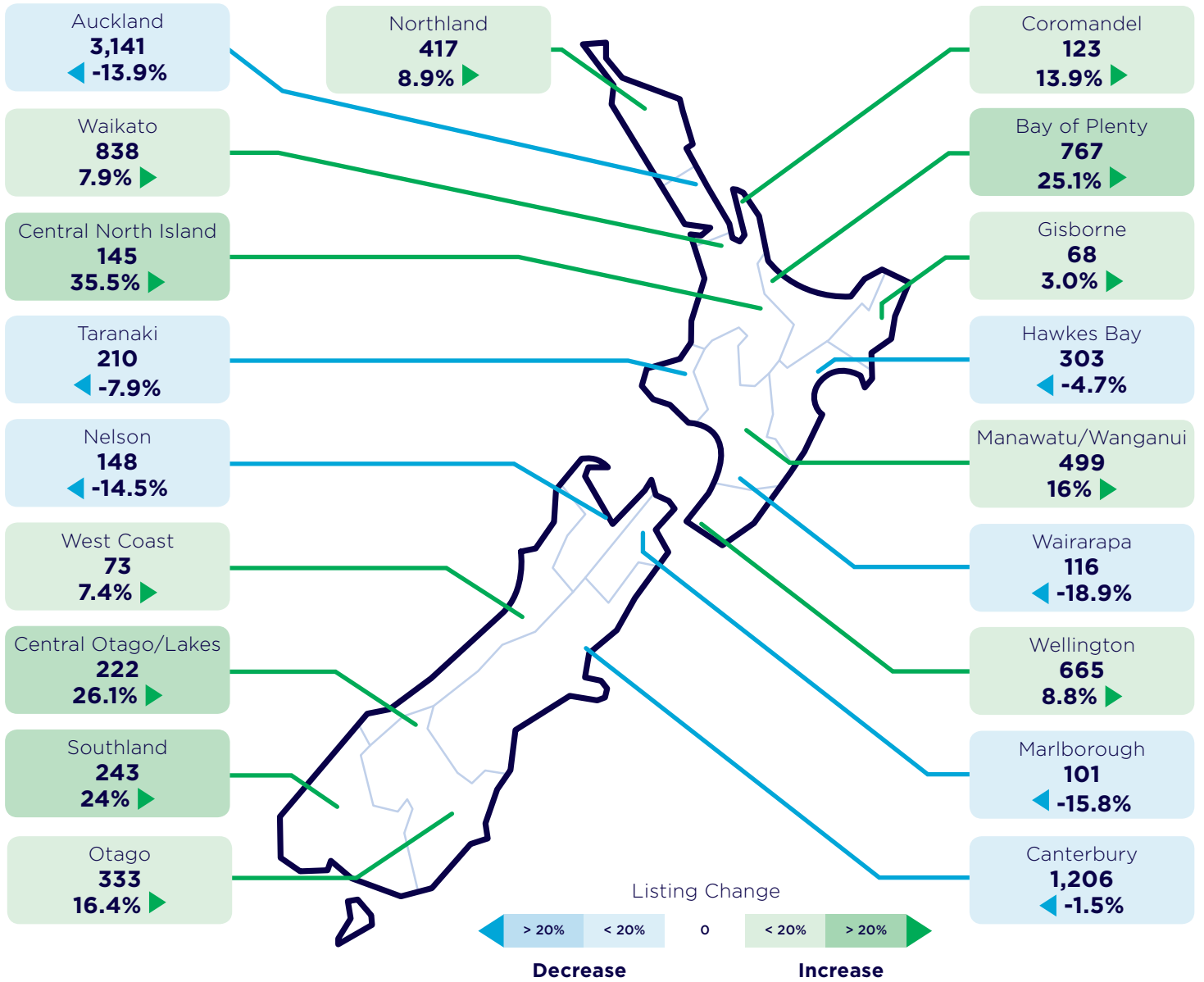
Property Asking Price for July 2016 **\$569,971**





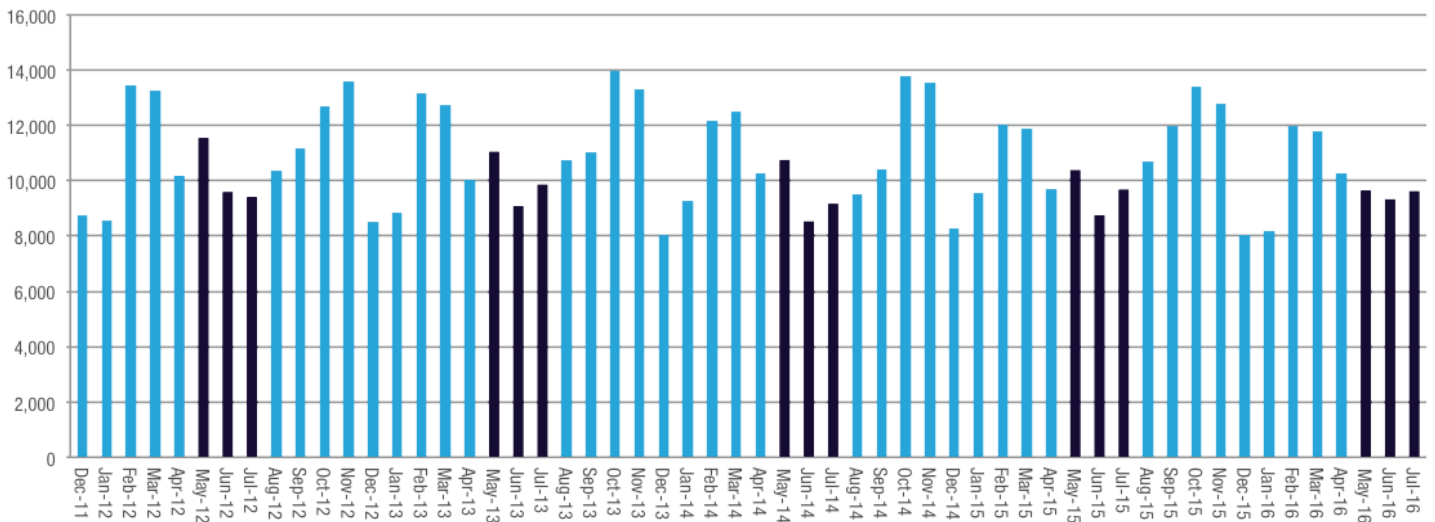
Property new listings

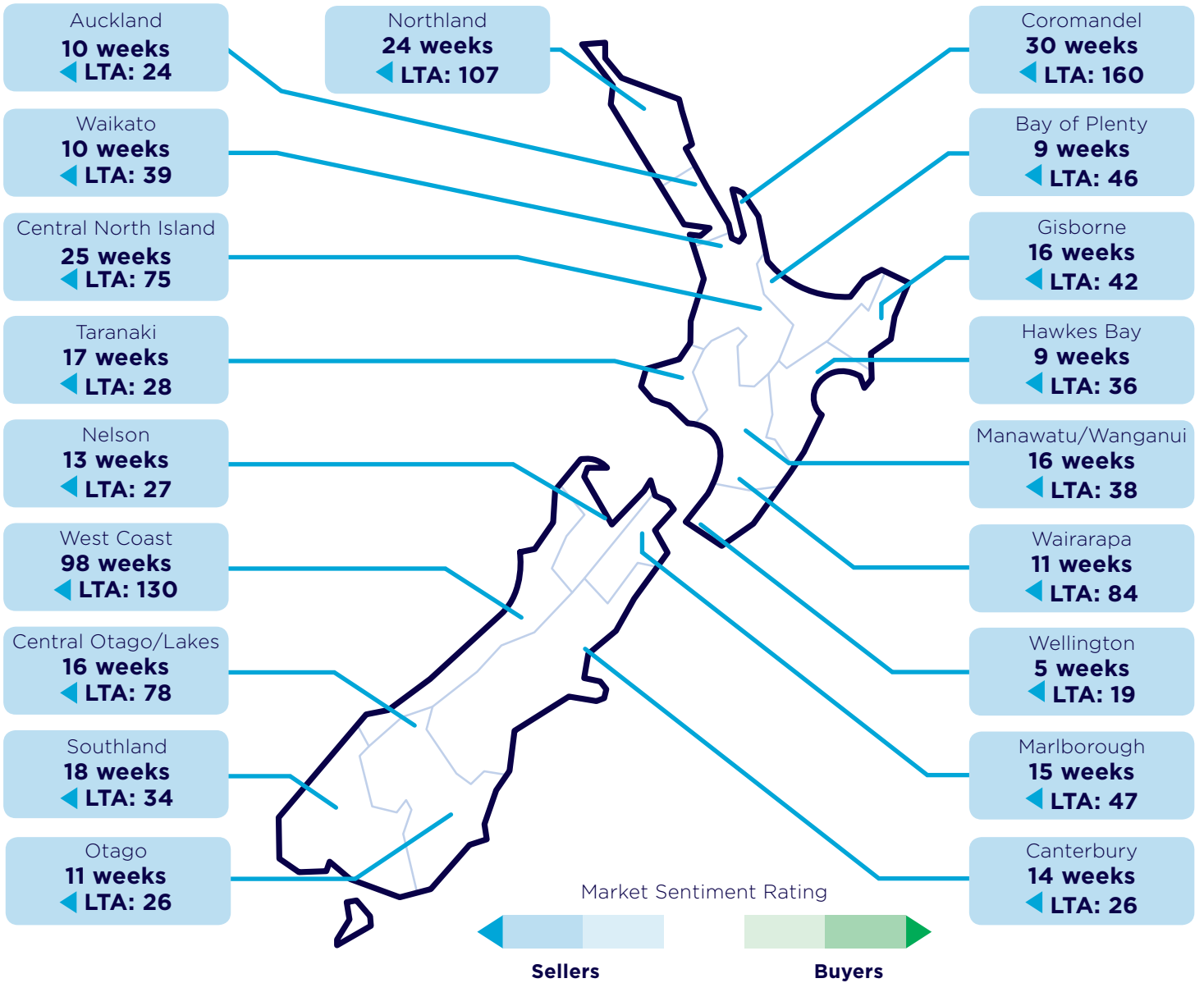
New Property Listings for July 2016 **9,618**
Compared to July 2015 **-0.6%**



Actual data of new listings

New Property Listings for July 2016 **9,618**

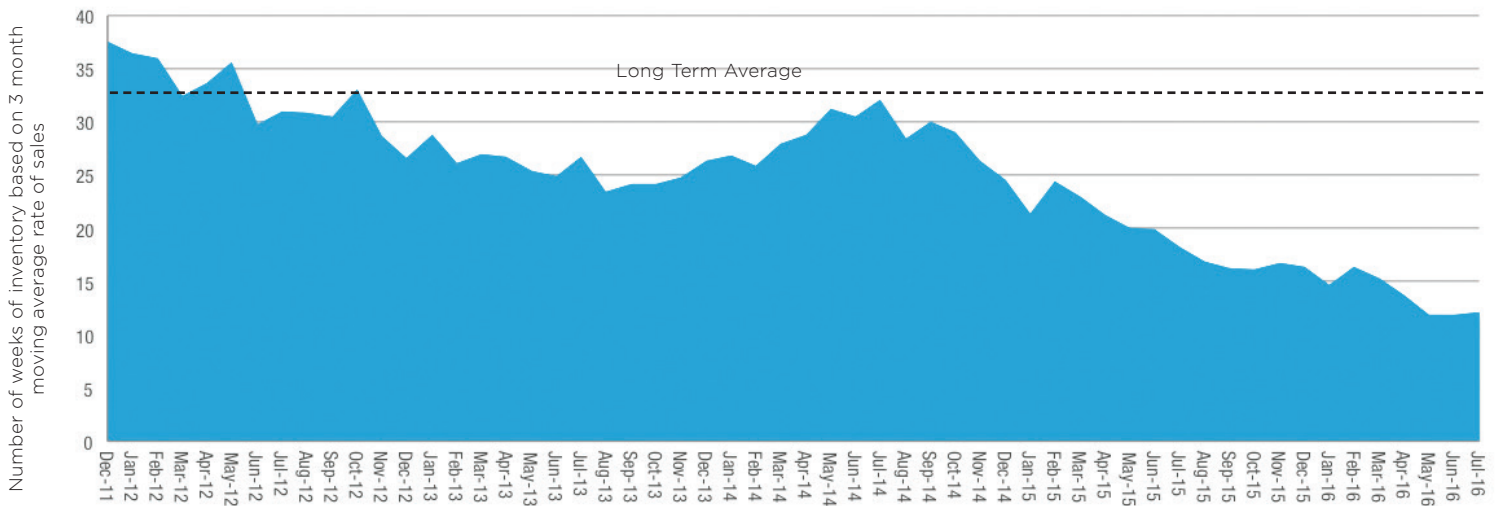




The inventory levels reflect the projected number of weeks to clear existing inventory of unsold homes on the market matched to the Long Term Average (LTA) for the region based on 8 years of seasonally adjusted data.

NZ Inventory of Listings for July 2016 **12 weeks**

NZ Property Market - Inventory - Number of weeks of inventory based on rate of seasonally adjusted sales



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