

REINZ launches new House Price Index to measure movements in housing market

This month we're unveiling the REINZ House Price Index – the REINZ HPI.

It's going to provide a level of detail and understanding of the true movements of housing activity over time to a higher standard than anything that's gone before it.

Replacing our previous HPI which was based on the Stratified Median

Approach, this index is based on the Sales Price to Appraisal Ratio methodology - or SPAR as it is known.

It's been developed in partnership with the Reserve Bank of New Zealand (RBNZ) over the past 12 months. RBNZ conducted a thorough analysis of the best HPI methodology and found SPAR to be the best choice for the New Zealand market.

The reason why the REINZ HPI model available is due to it's:

- **Timeliness** – This is the number one advantage. REINZ data is based on unconditional sales supplied by you, our members, so it is more current than any other data source available
- **Accuracy** – The goodwill of our members to provide complete and accurate data combined with the automated and manual data cleansing that REINZ undertakes means our database has a high level of accuracy.
- **Stability** – Our ongoing investment in REINZ data means the stability of the one-month indices has improved. The data is also more complete.
- **Disaggregation** – Disaggregation means you can focus on a smaller data set allowing you to compare building typology and suburbs, for example, apartment sales prices or three bedroom houses in Invercargill.

These advantages will result in the REINZ HPI being recognised as THE Gold Standard in New Zealand house price analysis tools by financial organisations, media commentators, and public.

Currently, data on median and average house prices are open to being skewed by market composition changes. This means observed changes in these values could be almost entirely due to the changed nature in the underlying sample (e.g. an unusually large representation of high-end housing sales) rather than changes in the true market value. The REINZ HPI

The number one advantage between REINZ data and other housing data on the market is that REINZ has access to sales data from the time the price is locked in (unconditional date) as opposed to when the house changes hands (settlement date) which can often be weeks/months later. Therefore, the REINZ HPI is the best measure of recent housing market activity.

takes many aspects of market composition into account resulting in a more accurate observation of market value.

As Members, you will have the most in-depth access to this market leading tool. Whilst we will provide the public and non-members a level of access for free, only REINZ Members will be able to access the most truly insightful levels of our House Price Index.

We hope you share our excitement about the launch of the new REINZ HPI. At a time when everyone from the Reserve Bank down is screaming out for a truly accurate picture of movements in the market, we are confident this new House Price Index is set to deliver.

If you have any questions about the new REINZ HPI, please phone 0800 473 469 or email statistics@reinz.co.nz

You can also click on the links below for more information.

- [HPI video introduction from REINZ CEO Bindi Norwell](#)
- [Understanding REINZ HPI & FAQ](#)
- [Online Instruction Video Available on Enhanced REINZ Statistics Website](#)