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For immediate release

REINZ calls for LVR review as number of sales across NZ falls significantly

The number of properties sold across New Zealand in July fell by a quarter (24.5%) when compared to the same time last year, and the number of properties sold in Auckland fell by 30.6% (for the same period) 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.

From a national perspective, this represents the lowest number of properties sold in a non-Christmas month (i.e. December/January) since August 2014.

Bindi Norwell, Chief Executive, REINZ says: “The number of sales across New Zealand has dropped significantly in comparison to the same time last year. A key reason for this is that the two biggest hurdles to purchasing a house right now are access to finance as the banks continue to tighten their lending criteria and LVR restrictions. This creates an intimidating barrier to entry to the real estate market, particularly for those saving for their first home.

“No matter where we are in the country, agents tell us that there are a good number of buyers out there, but that these two issues are impacting both investors and first-time buyers alike. When you throw in an election, winter, school holidays and one of the wettest Julys on record, it’s little wonder the number of properties sold last month fell so significantly.

“The LVR restrictions have done their job of slowing the market, but now it seems they are acting as a handbrake which is why REINZ is calling for LVRs to be reviewed for first time buyers,” 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 1.2%. Excluding Auckland, national values increased by 7.5%, whereas in Auckland dwelling values have decreased by -2.1%.

Median House Price

Compared to one year ago, median house prices for July increased in all but four regions across the country (Auckland – down 1.2% to \$830,000, Bay of Plenty – down 1.2% to \$489,000, West Coast – down 23.5% to \$195,000 and Canterbury down 2.3% to \$420,000).

The national median price increased by 3.4% year-on-year to \$518,000 (up from \$501,000) and the national median price, excluding Auckland, increased 6.1% to \$415,838 year-on-year.

Four regions also experienced record median prices year-on-year – Northland up 23% to \$455,000, Hawke’s Bay up 25.8% to \$400, 000, Nelson up 20.2% to \$493,000 and Otago up 15.3% to \$400,000.

“With the majority of the country experiencing price rises and four regions experiencing record prices, it shows that demand is still strong across significant portions of the country. Most notably this growth is seen in provincial towns rather than the bigger cities - much of this can still be attributed to people looking to exit the bigger cities for more affordable and relaxed lifestyles,” continues Norwell.

“While the median house price for Auckland has fallen slightly, the housing shortage coupled with the increased population growth means the City of Sails is likely to be protected from significant price decreases in the short term,” she continues.

Days to sell

The median number of days to sell a property nationally increased by 4 days (from 31 to 35) when compared to July 2016. Regionally, Nelson had the shortest number of days to sell (24), followed by Wellington (28) and Otago and Southland (both on 29). Property on the West Coast took the longest to sell at 111 days (but this is a significant drop on the 162 days it took in July last year), followed by Northland on 46 and the Bay of Plenty on 45.

Auctions

The number of properties sold by auction continues to decline across New Zealand with 767 auction sales in July representing 14% of all sales. This compares to 23% of all sales in July 2016 and 14% last month. For the year to June, the number of auctions has declined by 31% or 6,328 sales.

Price Bands

Between July 2016 and July 2017, the number of homes sold for more than \$1million fell by 29% from 1,002 to 708 to equal 13% of all dwellings sold. The number of dwellings sold for less than \$500,000 fell by 27% from 3,583 to 2,615 to equal 48% of all homes sold across the country.

Inventory

The number of properties available for sale nationally rose by 1,441 (7%) compared to 12 months ago, additionally the number of properties for sale in the Auckland region increased by 2,648 (49%) providing more choice to buyers. Excluding Auckland, the number of properties for sale fell by 1,207 (-8%) highlighting the impact Auckland has on the overall picture.

Compared to July 2016, the number of listings rose 19% in Waikato, 11% in Wellington and 10% in the Bay of Plenty. The regions with the biggest decrease in inventory were Southland (-32%), Otago (-25%) and the West Coast (-23%).

“Auckland is not short of properties available for sale, given that the number of properties available has increased by nearly half. The issue is purchasers being hamstrung by finance and LVR restrictions. However, in the lower South Island, listings are down making it even harder for investors and first-time buyers to compete for properties,” 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	\$518,000 - up from \$501,000 + 3.4% year-on-year
	National ex Auckland	\$415,838 - up from \$392,000 + 6.1% year-on-year
	Auckland	\$830,000 - down from \$840,000 - 1.2% year-on-year
Seasonally adjusted median house price	National	Down 1.2%, up 3.3% on July 2016
	National ex Auckland	Down 2.6%, up 6.2% on July 2016
	Auckland	Down 1.3%, down 0.8% on July 2016
Median house price month-on-month	National	\$518,000 - down from \$530,000 - 2.3% since last month
	National ex-Auckland	\$415,838 - down from \$430,000 - 3.3% since last month
	Auckland	\$830,000 - down from \$850,000 - 2.4% since last month
Median days to sell	National	35 - 4 days longer than same month last year
	National ex-Auckland	35 - 4 days longer than same month last year
	Auckland	37 - 6 days longer than same month last year
REINZ House Price Index	National	2676 - up from 2645 + 1.2% year-on-year
	National ex-Auckland	2392 - up from 2225 + 7.5% year-on-year
	Auckland	2873 - down from 2934 - 2.1% year-on-year

PRICE DISTRIBUTION BREAKDOWN

	July 2017		July 2016	
\$1 million plus	708	12.9%	1,002	13.8%
\$750,000 to \$999,999	674	12.3%	925	12.8%
\$500,000 to \$749,999	1,478	27.0%	1,741	24.0%
Under \$500,000	2,615	47.8%	3,583	49.4%
All Properties Sold	5,475	100.0%	7,251	100.0%



SEASONALLY ADJUSTED SALES VOLUMES

	COMPARED TO JUNE		COMPARED TO JULY 2016	
	Volume Change	Seasonally Adjusted Change	Volume Change	Seasonally Adjusted Change
New Zealand	-10.1%	-3.3%	-24.5%	-23.9%
NZ ex Akl	-10.6%	-3.1%	-21.5%	-20.5%
Northland	3.8%	18.1%	-26.9%	-27.9%
Auckland	-8.8%	-2.2%	-30.6%	-29.9%
Waikato	-15.4%	-9.1%	-32.2%	-30.7%
Bay of Plenty	-6.1%	4.3%	-25.4%	-23.0%
Gisborne	-13.6%	15.4%	-21.5%	-16.7%
Hawkes Bay	-11.4%	-5.1%	-5.1%	-3.9%
Manawatu/Wanganui	9.8%	11.8%	-5.4%	-3.8%
Taranaki	-1.2%	7.4%	-7.4%	-11.2%
Wellington	-21.2%	-7.9%	-20.7%	-20.0%
Nelson/Marlborough	0.5%	7.6%	-8.8%	-7.8%
Canterbury	-14.1%	-3.6%	-20.3%	-16.1%
Westland	-25.8%	-12.5%	-14.8%	-9.7%
Otago	-11.7%	-1.9%	-29.8%	-29.0%
Southland	-12.7%	-7.1%	-27.0%	-29.6%



SEASONALLY ADJUSTED MEDIAN PRICE

	COMPARED TO JUNE		COMPARED TO JULY 2016	
	Median Change	Seasonally Adjusted Change	Median Change	Seasonally Adjusted Change
New Zealand	-2.3%	-1.2%	3.4%	3.3%
NZ ex Akl	-3.3%	-2.6%	6.1%	6.2%
Northland	7.1%	6.3%	23.0%	20.7%
Auckland	-2.4%	-1.3%	-1.2%	-0.8%
Waikato	5.2%	2.4%	9.1%	8.3%
Bay of Plenty	-12.3%	-13.5%	-1.2%	-2.6%
Gisborne	11.5%	1.4%	16.0%	12.6%
Hawkes Bay	7.2%	6.1%	25.8%	27.6%
Manawatu/Wanganui	-2.9%	-4.1%	6.7%	6.0%
Taranaki	-3.0%	0.2%	3.2%	4.4%
Wellington	-7.5%	-4.2%	8.9%	9.2%
Nelson/Marlborough	-10.5%	-9.1%	9.0%	9.9%
Canterbury	-3.4%	-1.9%	-2.3%	0.0%
Westland	-22.0%	-21.3%	-23.5%	-10.9%
Otago	3.9%	1.2%	15.3%	13.9%
Southland	1.1%	1.3%	4.7%	5.3%

REINZ House Price Index Data

House Price Index	Index Level	1 Month	3 Months	1 Year	5 Year*	From Peak
New Zealand	2676	0.0%	-0.6%	1.2%	10.5%	-0.6%
NZ excl. Auckland	2392	-0.1%	0.3%	7.5%	7.7%	-0.1%
Northland	2555	0.9%	1.9%	14.9%	9.4%	New High
Auckland	2873	0.1%	-1.0%	-2.1%	12.3%	-3.0%
Waikato	2624	0.0%	0.0%	8.0%	9.9%	0.0%
Bay of Plenty	2497	0.2%	0.4%	4.7%	10.7%	-0.3%
Gisborne/Hawke's Bay	2225	-0.9%	2.6%	17.2%	8.1%	-0.9%
Manawatu-Wanganui	2382	0.0%	2.9%	14.7%	6.3%	New High
Taranaki	2652	1.8%	2.2%	7.8%	5.7%	New High
Wellington	2295	-0.7%	0.4%	10.3%	7.8%	-0.7%
Tasman/Nelson/Marlborough/West Coast	2029	-0.2%	1.6%	10.5%	6.3%	-0.5%
Canterbury	2393	-0.3%	-2.1%	-0.4%	4.7%	-2.2%
Otago	2387	1.1%	1.9%	12.6%	9.6%	New High
Southland	2282	0.8%	2.0%	8.8%	4.3%	-0.2%

Source: REINZ

* = Compound Growth Rate