

BNZ-REINZ Residential Market Survey

9 February 2012

Mission Statement

To help Kiwi businesspeople and householders make informed financial decisions by discussing the economy in a language they can understand.

Housing Market Strengthens

Our first BNZ – REINZ Residential Market Survey for 2012 has found a reasonably sharp turn for the better in New Zealand housing market activity. Each of our eight major measures of housing market strength has risen over the past month to show a residential real estate market attracting more interest from investors, even more first home buyers appearing, buyers becoming more motivated than sellers, and prices more strongly perceived to be rising. The results gel with media commentary last week regarding accommodation seekers having greater and greater difficulty finding what they want

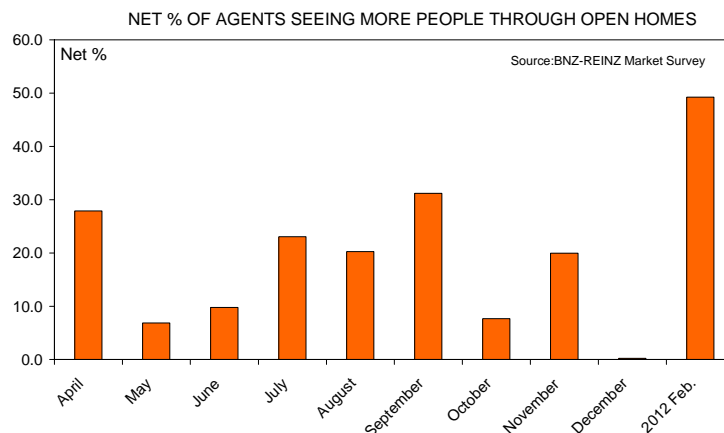
Of significant note is a sharp rise in licensed real estate agent perceptions of the number of people going through Open Homes, and price perceptions hitting a record level. More and more agents are being asked for appraisals however and it will be interesting in the coming month to see if this results in more properties coming onto the market.

Our survey has only been running since April last year so one must be careful in over-reading these results as it is possible that there is simply a seasonal effect running through the data. In that regard real estate data for January to be released by the REINZ in a few days will give some good insight into whether perceptions of agents have been reflected in actions in terms of activity and price movements.

Is the number of people going through Open Homes increasing or decreasing?

Buyers out shopping

There has been a sharp rise in the net percent of licensed real estate agents who feel more buyers are attending Open Homes to a net 49% in our early February survey compared with a net 0% in early December.

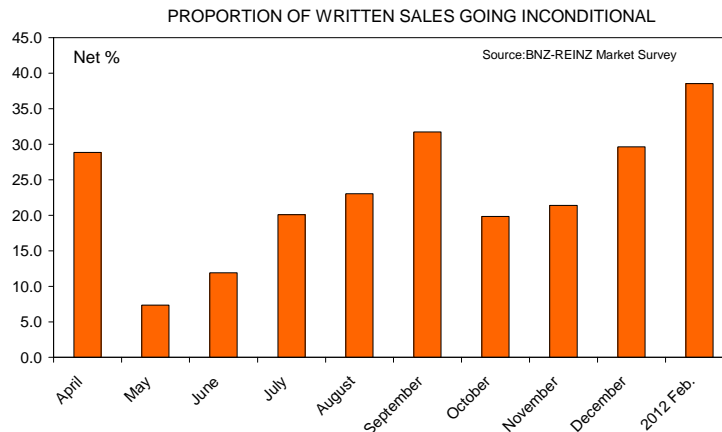


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Is the proportion of Written Sales going unconditional increasing or decreasing?

Very firm

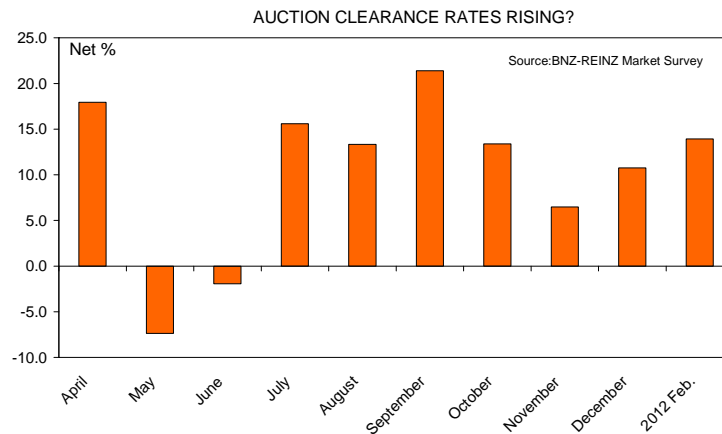
Not only are more people out examining properties but a higher proportion of those making offers are seeing them through to closure with a net 39% of agents reporting sales successfully going Unconditional compared with 30% in December.



Are auction clearance rates increasing or decreasing?

Clearance rates perceived as improving

In spite of the strong Open Home interest only a few more agents are reporting that auctions clearance rates are rising. But the key point is that they are perceived to be rising and this is consistent with a firming housing market.

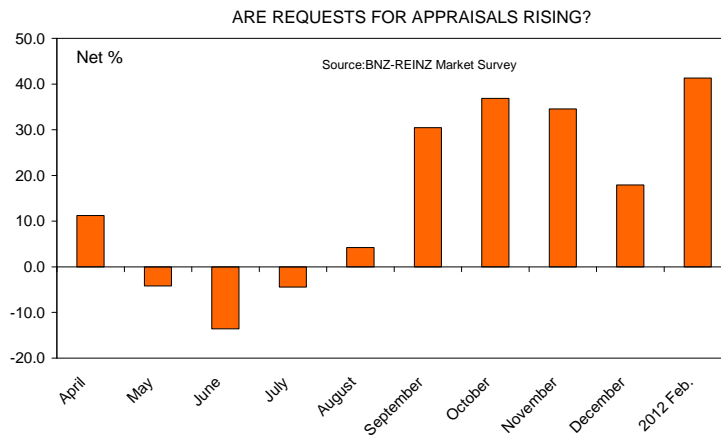


Are requests for appraisals increasing or decreasing?

More potential vendors appearing

The proportion of licensed agents noting that more potential sellers are seeking appraisals has risen to a record high. However it is interesting to note that such growth back between September and November did not yield a surge in the number of properties appearing on the market therefore we are hesitant to read this firm February result as suggesting the general listings shortage will ease soon.

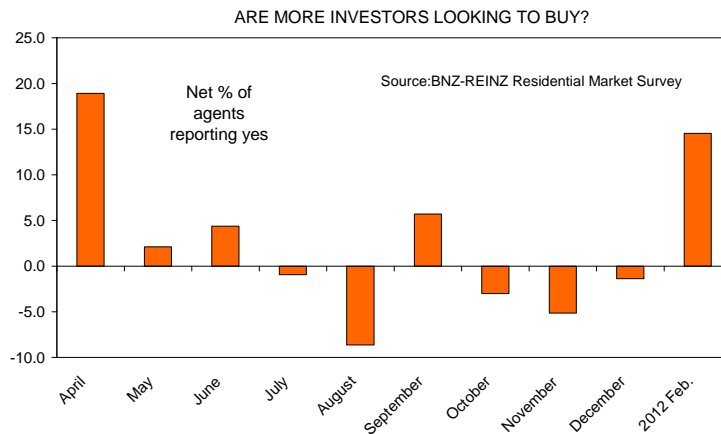
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Is the number of investors looking to buy increasing or decreasing?

Investor interest rising at last

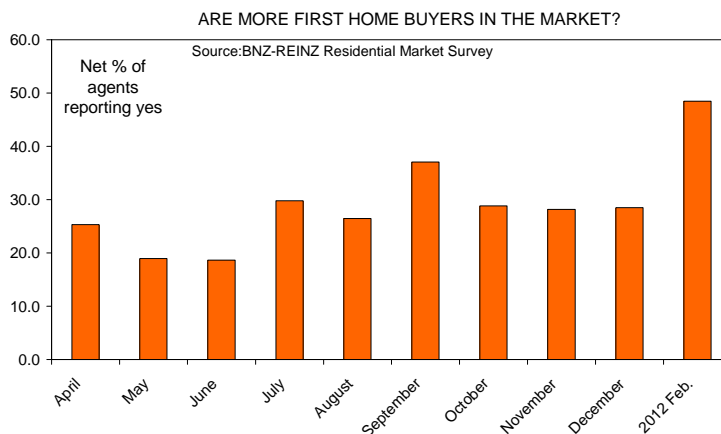
There has been a lift in the proportion of agents feeling that there are more investors in the marketplace. This is an important development in the context of the previous eight surveys when interest from investors was not seen to be changing. The increasing attention being given in the media to rental accommodation shortages and rising rents may be spurring investors back into action after retreating in the face of taxation policy changes.



Is the number of first home buyers increasing or decreasing?

First home buyers flooding in

More and more first home buyers are perceived to be in the real estate market now with a net 49% of licensed agents reporting such this week compared with 29% in December. This is a record result.

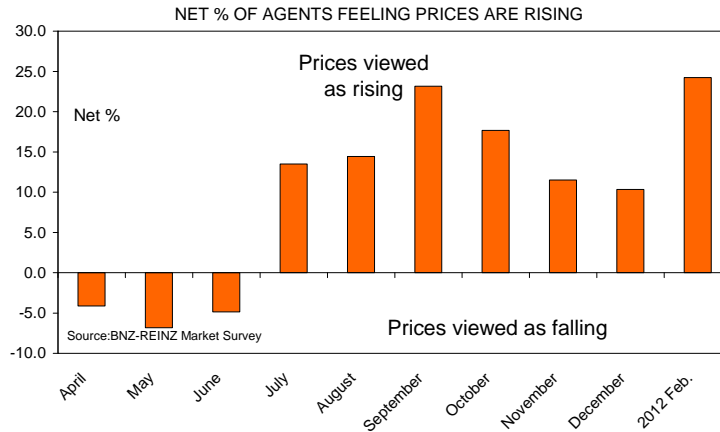


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Do prices appear to increasing, flat or decreasing?

Prices perceived as rising

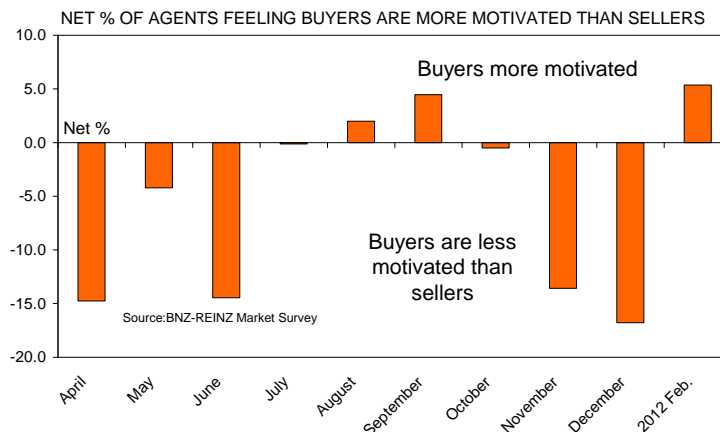
More and more agents perceive that prices appear to be rising with a net 24% reporting so this week compared with just 10% in December.



Who appear more motivated to transact – the buyers or the sellers?

Buyers getting active

There has been a substantial change in agent perceptions of who is more motivated to transact. A record net 5% feel that buyers are now more motivated compared with a net 17% in December who felt that sellers were more motivated.



What are the main factors holding buyers back?

Worries about securing finance (some related to insurance) have increased over the past month and there has been a notable jump in the proportion of agents reporting poor quality of listings as a reason for buyers holding back.

	Latest %	Month Ago %	Average %
They feel prices will decline	21.7	25.4	25.0
Worries about securing finance	21.1	18.9	17.9
Not confident they can sell their house	17.3	20.1	18.6
Poor quality of listings	30.5	24.5	29.0
Other	9.4	11.1	9.5

BNZ-REINZ Residential Market Survey



What are the main reasons people are buying?

A few more agents perceive that people are buying because they fear missing out while a record low 15.4% cite people choosing to trade down. Perhaps somewhat challenging the popular belief that Christmas gatherings lead to big family arguments, there was a drop to a record low 10.5% in the proportion of responses being that people are buying a house because their relationship has broken down! Probably the result is not truly statistically significant.

	Latest %	Month Ago %	Average %
Fear of missing out/Feel time is right for prices	11.5	8.9	10.3
Trading up	15.0	13.4	14.5
Trading down	15.4	19.1	17.1
Shifting into town	18.4	15.5	15.1
Arriving from overseas	5.6	5.4	5.7
Relationship breakdown	10.5	13.5	12.4
Commuting costs	2.0	2.2	2.7
Schooling	9.0	8.8	8.4
Want closer proximity to shops	2.1	2.4	2.1
Want closer proximity to relatives	2.0	2.3	2.8
Want closer proximity to health care services	2.2	1.5	2.1
Investing	0.3	0.6	0.5
First home	0.8	1.4	1.3
Earthquake	1.5	1.7	1.9
Good interest rates	0.6	0.1	0.3
Other	3.2	3.2	3.2

What are the main reasons Written Sales fail to go unconditional?

None of these measures are far from their averages.

	Latest %	Month Ago %	Average %
Finance	38.5	35.0	38.4
LIM report	5.6	5.5	6.0
Builders report	47.6	52.7	47.7
Earthquake/insurance	3.3	0.9	2.9
Can't sell own house	0.6	0.7	1.3
Other	4.4	5.2	4.1

BNZ-REINZ Residential Market Survey

What are the main factors motivating vendors to sell?

None of these measures stick out this month.

	Latest %	Month Ago %	Average %
They think prices are going to fall	2.9	3.4	3.2
Need the money	18.6	20.7	20.4
Trading up	11.6	11.1	11.2
Trading down	16.7	17.5	15.9
Leaving town	15.3	14.4	13.9
Leaving the country	7.1	6.6	7.5
Relationship breakdown	14.7	16.1	15.7
Commuting costs	0.9	1.0	1.2
Schooling	3.4	2.4	3.3
Want closer proximity to shops	1.8	1.5	1.1
Want closer proximity to relatives	1.3	0.9	1.7
Want closer proximity to health care services	2.4	1.9	2.1
Earthquake	0.3	0.5	0.5
Bank request, job loss	0.3	0.1	0.2
Retirement	0.5	0.4	0.3
Estate sales	0.4	0.2	0.2
Other	1.8	1.3	1.8

BNZ-REINZ Residential Market Survey

CITIES

In this section we report only for areas with at least 10 responses and have created some larger areas in order to at least provide some information. Christchurch sticks out as attracting little interest from investors yet as with most other areas good growing interest from first home buyers with those buyers seen as more motivated than the sellers. In the wider Wellington region sellers remain more motivated than buyers and the same applies in Whangarei/Northland where prices are perceived by agents to be falling.

Each number shown here (apart from the first column) is the net % of licensed real estate agents responding positively.

	# of Responses	. # of people through Open Homes	% of Written Sales Unconditional	Auction Clearance rate	Requests for Appraisals	Investors buying	First home buyers	Prices	Buyers more motivated?
Auckland City	37	59.5	54.1	42.4	43.2	32.4	59.5	81.1	51.4
North Shore City	22	72.7	63.6	15.8	36.4	50.0	72.7	63.6	54.5
Christchurch City	32	34.4	28.1	22.7	50.0	-12.5	28.1	65.6	28.1
Wellington, Porirua & Hutt Valley	27	63.0	37.0	0.0	59.3	11.1	59.3	18.5	-14.8
Manukau City	19	78.9	52.6	53.3	15.8	52.6	52.6	73.7	36.8
Waikato/BOP Region & Other	26	23.1	19.2	-11.1	42.3	0.0	26.9	-7.7	-7.7
Whangarei/Northld	22	36.4	27.3	0.0	54.5	0.0	36.4	-18.2	-45.5
Waitakere City	16	62.5	75.0	40.0	37.5	37.5	68.8	75.0	50.0
Rodney District	10	70.0	70.0	25.0	40.0	30.0	70.0	0.0	20.0
Napier, Hastings & Hawkes Bay other	20	55.0	40.0	0.0	45.0	-5.0	65.0	0.0	15.0
Tauranga	14	57.1	42.9	50.0	64.3	14.3	57.1	14.3	-28.6
Hamilton City	16	43.8	43.8	26.7	31.3	6.3	62.5	6.3	12.5
Other Auckland	9								
Dunedin City/Otago	10	60	40	0	40	40	20	60	10
Manawatu/Wanganui & P. North, Wang. City	12	33.3	8.3	-14.3	58.3	0.0	16.7	-16.7	-33.3
Canterbury/Westland & Other West Coast	8								
Queenstown/Central Otago Lakes/Other	9								
Mount Maunganui & Papamoia	8								
Timaru/Mid/South Canterbury	5								
New Plymouth, Hawera & Taranaki Other	12	66.7	66.7	0.0	58.3	33.3	50.0	8.3	-33.3
Wairarapa	6								
Rotorua + Taupo	8								
Kapiti Coast	8								
Invercargill + Gore	7								
Marlborough/Kaikoura & Nelson+Marlborough	12	50.0	41.7	-28.6	41.7	0.0	33.3	0.0	-25.0
All	392	49.2	38.5	13.9	41.3	14.5	48.5	24.2	5.4

BNZ-REINZ Residential Market Survey

Each month in this Cities section we shall report results for locales where at least 10 responses are received, or where we feel one can reasonably group some locations together and still have reasonably valid conclusions.

Summary

This month's survey has shown rising activity in the residential real estate market with prices perceived to be moving upward, more first home buyers, investors starting to make an appearance, and more potential vendors seeking property appraisals. The results add to the case for an upward leg of the housing cycle.

For further information contact Tony Alexander, Chief Economist, 04 474-6744, tony.alexander@bnz.co.nz www.tonyalexander.co.nz

The BNZ-REINZ Market Survey is run (usually) on the first Tuesday of the month after the first Thursday. In the email sent to REINZ member email addresses respondents are asked to click on a URL which takes them to a survey site. Respondents are asked if they feel various measures of real estate market activity are increasing or decreasing and to identify various factors in play influencing buyer and vendor behaviour. Results are collated within 48 hours and this report is distributed to all BNZ Weekly Overview recipients, REINZ members, and the media.

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