



News Release

12 September 2014

August real estate market 'idling'

Summary

- *5,481 dwellings sold in August 2014, down 7.0% on July and down 16.3% on August 2013*
- *National median price of \$420,000, up \$4,000 (+1.0%) on July and up \$30,000 (+7.7%) on August 2013*
- *Days to sell eased by one day to 38 days compared to July, and eased four days compared to August 2013*

REINZ, the most up to date source of real estate data in New Zealand, announced today that there were 5,481 dwelling sales in the month of August, down 16.3% on August 2013 and down 7.0% compared to July. The national median price was \$420,000 for the month of August, an increase of \$30,000 compared to August 2013, and an increase of \$4,000 from July.

Real Estate Institute of New Zealand (REINZ) Chief Executive Helen O'Sullivan says, "The real estate market appears to be 'idling' as buyers and perhaps even more so, sellers, await the outcome of the September 20 election. Sales volumes are 7.0% down from July 2014, and are 16.3% down on 2013 levels. The upcoming election is not the only factor however, as this is the tenth consecutive month of sales volumes being below the prior year's levels."

"While LVR restrictions are still cited as being a significant factor, lack of listings continues to be an issue in most parts of the country, with low stock levels restricting buyer choice. All eyes are on listing numbers which would normally be increasing at this time of year, but which may be impacted by the timing of the general election."

"Prices are relatively steady with the median price rising by 1% from July, and year on year price increase now at 7.7%. Auckland and Canterbury remain the dominant contributors to the increase in the national median price, with regions outside of these two areas representing just 14% of the increase. Price-wise the residential housing market remains a tale of two cities and the rest of the country, although the volume decline is now apparent in all areas."

Sales Volumes

REINZ data shows there were 5,481 unconditional residential sales in August, a 7.0% decrease on sales recorded for July, and a 16.3% fall from August 2013. Typically, sales in August are slightly higher than July, however on a seasonally adjusted basis the level of sales was about flat compared to July and down 12.0% compared to August 2013.

Two regions recorded an increase in sales volume compared to July with Taranaki recording the largest increase of 8.4%, followed by Central Otago Lakes with 1.1%. Compared to August 2013 all 12 regions recorded a decrease in sales volume with Otago recording the largest fall of 27.5%, followed by Hawkes Bay with a fall of 22.6% and Northland with a fall of 21.1%.

While the total number of sales was down 16.3% compared to August 2013, the number of sales below \$400,000 fell by 24.8%. This follows a fall in sales below \$400,000 of 21.8% between July 2013 and July 2014. This may be indicative of fewer sales in the lower price brackets since the imposition of the LVR restrictions.

Prices

The national median house price rose by \$4,000 (+1.0%), from \$416,000 in July, to \$420,000 in August. Compared to August 2013 the national median house price increased by \$30,000 (+7.7%), with seven regions recording an increase in the median price. 70% of the increase in the national median price compared to August last year occurred in Auckland, with Canterbury/Westland contributing 16% of the increase and Waikato/Bay of Plenty contributing 6%. Together these three regions accounted for 92% of the increase in the median price between August 2013 and August 2014, with the remaining nine regions contributing 8% of the increase in the median price.

Central Otago Lakes recorded the largest increase in median price compared to August 2013, with a 10.5% increase, followed by Southland with a 9.8% increase and Canterbury/Westland with a 9.6% increase. Compared to July, Southland recorded the largest increase in median price, up 16.9%, followed by Hawkes Bay with 9.3% and Northland with 5.5%.

The REINZ Stratified Housing Price Index, which adjusts for some of the variations in the mix that can impact on the median price, is 4.8% higher than August 2013, at 3926.5. The Auckland Index has risen 5.8% compared to August 2013, with the Christchurch Index up 11.0% and the Wellington Index up 2.8%.

Days To Sell

Dwellings took one day longer to sell in August compared to July at 38 days. Compared to August 2013, the median number of days to sell was four days longer. Six regions saw an improvement in the number of days to sell between August 2013 and August 2014, with Northland recording the largest improvement of 12 days. Auckland saw its number of days to sell ease by five days.

For the month of August, Canterbury/Westland recorded the shortest days to sell at 31 days, followed by Auckland at 34 days and Otago at 35 days. Northland recorded the longest number of days to sell at 64 days, followed by Nelson/Marlborough at 56 days and Waikato/Bay Of Plenty with 55 days. Over the past 10 years the median days to sell for the month of August has averaged 37 days across New Zealand.

Auctions

Nationally there were 931 dwellings sold by auction in August representing 17.0% of all sales, and a reduction of 485 on the number of dwellings sold by auction in August 2013. For the 12 months to August 2014 the percentage of homes sold by

auction was unchanged from August 2013 at 19.5%, however, 931 homes were sold by auction in August compared to 1416 in August 2013.

Transactions in Auckland again dominated the auction market in August, representing 69.3% of the national total of auction sales. 30.2% of all dwelling sales in Auckland were by auction in August, compared to 38.6% of sales by auction in August 2013. Sales by auction in Waikato/Bay Of Plenty accounted for 10.2% of the national total, Canterbury/Westland accounted for 12.9% of the national total, and all other regions combined accounted for the remaining 7.7% of auction sales in August 2014.

	Aug-14	Jul-14	Aug-13
Total Auctions for Month	931	978	1,416
Auctions as % of Total Sales	17.0%	16.6%	21.6%
Total Auctions for Year Ended...	14,346	14,831	15,527
Auctions as % of Total Sales	19.5%	19.8%	19.5%
Annual Growth in Auctions %	-7.6%	0.5%	57.8%
Breakdown by Regions...			
Auckland Region	69.3%	68.7%	73.1%
Waikato/BOP Region	10.2%	9.4%	8.4%
Wellington Region	1.3%	1.8%	2.3%
Canterbury/Westland Region	12.9%	13.9%	10.2%
Rest of NZ	6.4%	6.2%	6.0%
Source: REINZ			

Further Data

Across New Zealand the total value of residential sales, including sections was \$2.938 billion in August, compared to \$3.063 billion in July, and \$3.314 billion in August 2013. For the 12 months ended July the total value of residential sales was \$38.964 billion.

The breakdown of the value of properties sold in August 2014 compared to August 2013 is:

	August 2014		August 2013	
\$1 million plus	368	6.7%	365	5.6%
\$600,000 to \$999,999	1,123	20.5%	1,162	17.7%
\$400,000 to \$599,999	1,467	26.8%	1,665	25.4%
Under \$400,000	2,523	46.0%	3,356	51.3%
All Properties Sold	5,481	100.0%	6,548	100.0%

There were 833 fewer (-24.8%) sales under \$400,000 in August 2014 compared to August 2013, compared to a drop of 1,067 sales (-16.3%) for all price brackets between the two periods.

REINZ Stratified Median Housing Price Index

The REINZ Housing Price Index rose 1.1% compared with July to sit at 3,926.5. Auckland rose 0.4% in August, Christchurch fell 0.8%, and Wellington rose 5.5%. For the 12 months to August the Auckland Index rose 5.8%, the Christchurch Index rose 11.0% and the Wellington Index rose 2.8%. The National Index increased 4.8% compared to August last year.

	Index Level	1 Month	3 Months	12 Months	5 Years (CAGR)	From Peak
New Zealand	3,926.5	1.1%	0.0%	4.8%	4.4%	-1.1%
Auckland	4,867.8	0.4%	2.8%	5.8%	7.7%	-0.4%
Wellington	3,580.8	5.5%	3.1%	2.8%	1.2%	-2.6%
Christchurch	3,815.9	-0.8%	0.8%	11.0%	6.6%	-1.5%
Other North Island	3,315.5	-0.8%	-0.4%	1.9%	1.2%	-2.7%
Other South Island	3,707.8	-1.6%	-1.2%	5.1%	2.7%	-1.6%
Sections	5,502.9	-3.1%	1.1%	6.5%	4.5%	-3.4%

* CAGR is Compound Annual Growth Rate

* The Christchurch data needs to be treated with some caution due to compositional changes in the suburb mix caused by the earthquakes in the city

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For more real estate information and market trends data, visit www.reinz.co.nz. For New Zealand's most comprehensive range of listings for residential, lifestyle, rural, commercial, investment and rental properties, visit www.realestate.co.nz - REINZ's official property directory website.

Editor's Note:

The monthly REINZ residential sales reports remain the most contemporary and up-to-date 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 and includes sales as of 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 by the Territorial Authority.

The REINZ Monthly Housing Price Index is calculated using a technique known as stratification, which provides an averaging of sales prices for common groups of houses. This approach is considered a more robust analysis of actual house price trends and was developed in conjunction with the Reserve Bank.

The REINZ Monthly Housing Price Index is based on a value of 1000 in January 1992, the first month for which electronic information is available. Changes in the index represent movements in housing prices, where the mix of sales between the groups is held constant and are more likely to reflect genuine property price movements.