

# Super City market stagnates

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Tuesday 17 April 2018 *By Miriam Bell*

Sales volumes and median prices in Auckland have fallen significantly compared to this time last year, but the regions are catching up.

Auckland's formerly hot market is now staggering along with the March REINZ data showing sales volumes down by 8.9% on February and, once seasonally adjusted, by 9.9% on March 2017.

This is significant because March is traditionally considered one of the busier months in the real estate year.

While Auckland's median house price actually crept up by 2.9% to \$880,000 in March from February, it was down by 2.4% (once seasonally adjusted) on March 2017's median of \$900,000.

This year-on-year decline in price growth stands in stark contrast to the eye-watering double digit price growth that Auckland was seeing a couple of years ago.

REINZ chief executive Bindi Norwell says the Auckland market remains steady, with prices holding up but at a more moderated level with less peaks and troughs.

The biggest change in Auckland is the decreasing investor numbers with an estimated 50% fewer investors in the market when compared to March last year, she says.

"Many are cautious about investing due to the uncertainty of the impact of new governmental rules.

With an increase in stock levels there will still be good opportunities ahead for buyers, Norwell adds.

Around the rest of the country, the market results in REINZ's latest data were mixed.

Nationwide, the median house price rose by 1.9% (once seasonally adjusted) in March to reach a new record high of \$560,000, as compared to \$550,000 in March 2017.

It was up by 5.7% on February's median price of \$530,000.

Three regions saw strong year-on-year price growth to achieve record prices. They were Gisborne (up 17.9% to \$330,000), Hawkes Bay (up 11.7% to \$445,000) and Wellington (up 10.0% to \$583,000).

Norwell says March was a very strong month from a price perspective with record prices achieved for New Zealand, along with Gisborne, the Hawke's Bay and Wellington.

"Looking at the whole country, median house prices increased in 13 out of 16 regions – the only regions not to experience an increase were Northland, Auckland and Taranaki."

However, once seasonally adjusted, sales volumes nationwide were down by 6.1% on February and by 7.8% on March 2017.

Norwell says this might look low, but March 2017 was an extremely strong month in terms of the number of properties sold.

"This is just one month's worth of data following two solid months of sales, so we're not overly concerned about this month's volume."

There were also some strong increases in the number of properties sold year-on-year in a number of regions including the West Coast, Gisborne, Nelson, Taranaki and Marlborough, she says.

ASB economist Kim Mundy says the data shows housing market activity continues to be volatile with no clear direction emerging and sales levels remaining low.

“Prices continue to firm outside of Auckland, and regional New Zealand appears to be enjoying its time in the spotlight with strong annual price growth.

“While we may be seeing some signs of a regional catch-up, following strong price growth in the larger centres over the past years, we still expect volatility to remain a key theme in the housing market until greater policy clarity emerges.”