



# **REINZ & TONY ALEXANDER REAL ESTATE SURVEY**

May 2023

# CONTENTS

---

## Page 1

- Are more or fewer people showing up at auctions?
  - Are more or fewer people attending open homes?
- 

## Page 2

- How do you feel prices are generally changing at the moment?
  - Do you think FOMO is in play for buyers?
  - Are you noticing more or fewer first home buyers in the market?
  - Are you noticing more or fewer investors in the market?
- 

## Page 3

- Are you receiving more or fewer enquiries from offshore?
  - Are property appraisal requests increasing or decreasing?
  - What are the main concerns of buyers?
- 

## Page 4

- Are investors bringing more or fewer properties to the market to sell than three months ago?
  - What factors appear to be motivating investor demand?
- 

## Page 5

- Regional results

This survey gathers together the views of licensed real estate agents all over New Zealand regarding how they are seeing conditions in the residential property market in their areas at the moment. We asked them how activity levels are changing, what the views of first home buyers and investors are, and the factors which are affecting sentiment of those two large groups.

ISSN: 2703-2825

This publication is written by Tony Alexander, independent economist.

Subscribe here <https://forms.gle/qW9avCbaSiKcTnBQA>

To enquire about having me in as a speaker or for a webinar contact me at [tony@tonyalexander.nz](mailto:tony@tonyalexander.nz)

Back issues at [www.tonyalexander.nz](http://www.tonyalexander.nz)

### Tony's Aim

To help Kiwis make better decisions for their businesses, investments, home purchases, and people by writing about the economy in an easy to understand manner.

Disclaimer: This report is intended for general information purposes only. This report and the information contained herein is under no circumstances intended to be used or considered as legal, financial or investment advice. The material in this report is obtained from various sources (including third parties) and REINZ does not warrant the accuracy, reliability or completeness of the information provided in this report and does not accept liability for any omissions, inaccuracies or losses incurred, either directly or indirectly, by any person arising from or in connection with the supply, use or misuse of the whole or any part of this report. Any and all third party data or analysis in this report does not necessarily represent the views of REINZ. When referring to this report or any information contained herein, you must cite REINZ as the source of the information. REINZ reserves the right to request that you immediately withdraw from publication any document that fails to cite REINZ as the source.

# FEW CONVINCING SIGNS YET OF BOTTOMING OUT

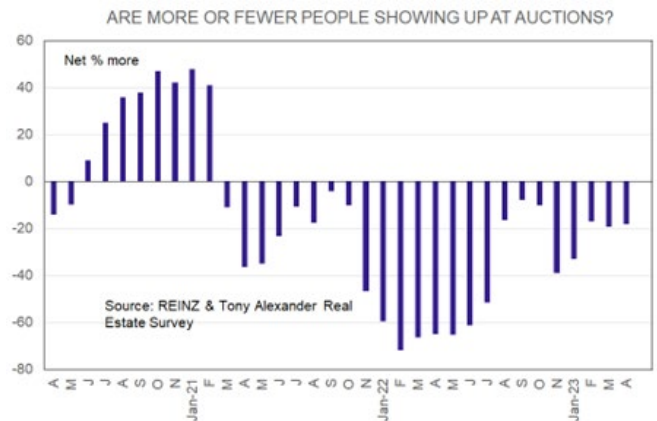
Welcome to the REINZ & Tony Alexander Real Estate Survey. This survey gathers together the views of licensed real estate agents all over New Zealand regarding how they are seeing conditions in the residential property market in their areas at the moment. We ask them how activity levels are changing, what the views of first home buyers and investors are, and the factors which are affecting sentiment of those two large groups.

The key results from this month's survey include the following.

- No upward trends as yet in auction or open home attendance.
- Agents still overwhelmingly feel that prices are falling.
- First home buyers are back but investors remain on the side-lines.
- Buyer concerns about access to finance are slowing easing, but worries about interest rates remain elevated.

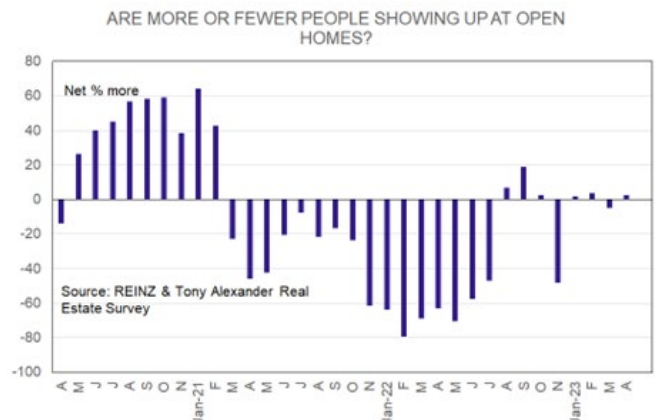
## ARE MORE OR FEWER PEOPLE SHOWING UP AT AUCTIONS?

Auction rooms around the country still remain relatively quiet. A net 18% of the 471 agents responding in this month's survey have reported that they are seeing fewer people showing up. Conditions are not as bad as during all of 2022 apart from just ahead of the record tightening of monetary policy by the Reserve Bank on 23 November. Interest rate moves and expectations matter when it comes to the level of interest people have in purchasing a dwelling.



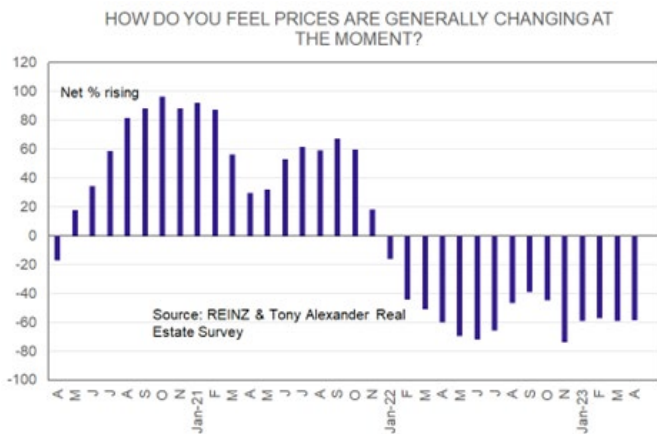
## ARE MORE OR FEWER PEOPLE ATTENDING OPEN HOMES?

In contrast to the continuing deep weakness in auction attendance, for the first four months of this year things have stabilised with regard to open home attendance. A net 3% of agents have said that more people are attending open homes. This result does not yet allow us to say that an improving trend is underway. As we discuss below, buyers remain firmly concerned about interest rates, access to finance, and the risk of house price falls — but not about their employment.



## HOW DO YOU FEEL PRICES ARE GENERALLY CHANGING AT THE MOMENT?

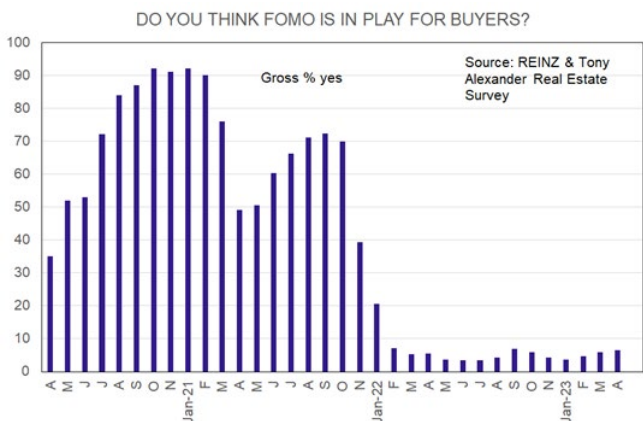
A net 58% of agents feel that prices are falling. This is unchanged from the previous three months and tells us that it is very unlikely that when REINZ release their April data the numbers will show that prices are rising. Comments supplied by agents this month show buyers are making lowball offers for properties which vendors continue to refuse.



## DO YOU THINK FOMO IS IN PLAY FOR BUYERS?

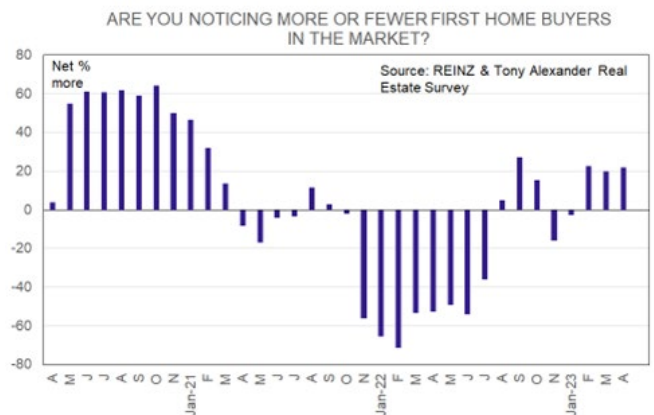
FOMO = Fear of missing out

The graph here shows that there is an upward trend underway in the proportion of agents who feel that FOMO is being felt by buyers. However, this is a visual representation only and at 7% the latest reading still bespeaks of minimal concern by buyers that if they wait they will end up missing out on either a low price or a suitable property. Buyers continue to feel that time is on their side.



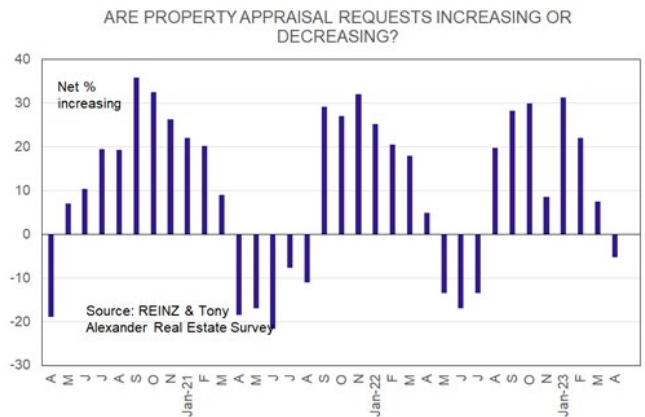
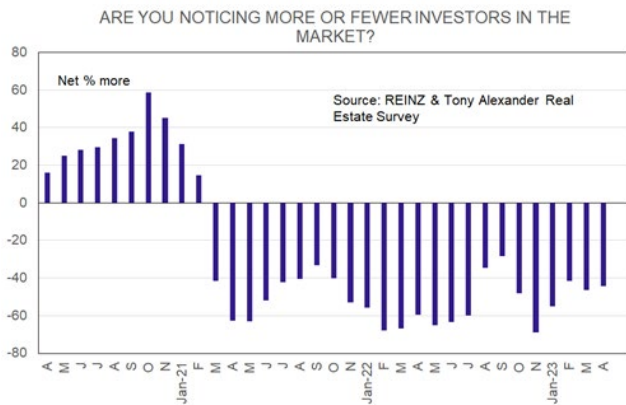
## ARE YOU NOTICING MORE OR FEWER FIRST HOME BUYERS IN THE MARKET?

For the third month in a row a net 22% or thereabouts of agents have said that they are seeing more first home buyers in the market. As previously noted, these generally young buyers are likely to be motivated by the changing equation between renting and buying as rents continue to rise but prices have substantially declined. They are also likely to feel confident in their incomes and in many cases will have built up larger deposits which can help reduce debt needed and dampen the impact therefore of higher interest rates.



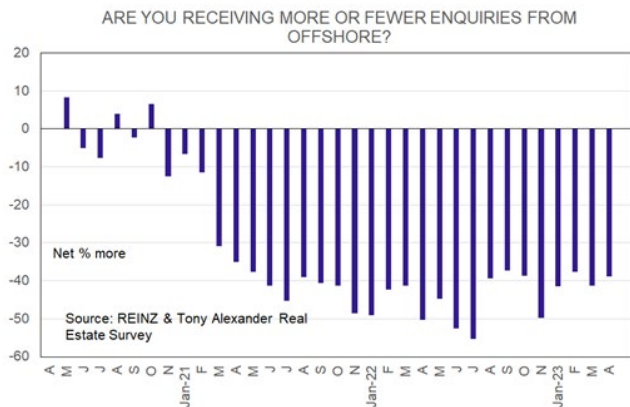
## ARE YOU NOTICING MORE OR FEWER INVESTORS IN THE MARKET?

There is still no sign that investors are returning to the market. A net 44% of agents have this month said that they are seeing fewer investors. The result is consistent with others since March 2021 just after tax changes for investors were announced. This clearly shows the effectiveness of this policy in reducing investor demand for property yet also helps explain the results from my separate survey with Crockers Property Management showing rising rent pressures and growing ease of finding good tenants. The rental pool is not being grown and this can be attributed to at least this government tax policy change. The beneficiaries for now of the tax change are other buyers. But the price will be paid by renters.



**ARE YOU RECEIVING MORE OR FEWER ENQUIRIES FROM OFFSHORE?**

There continues to be very little interest in NZ property from people located offshore. A net 39% of agents this month have reported reduced interest from offshore.

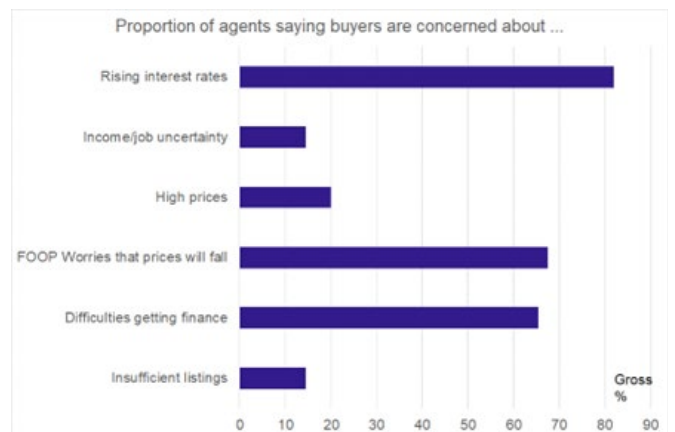


**ARE PROPERTY APPRAISAL REQUESTS INCREASING OR DECREASING?**

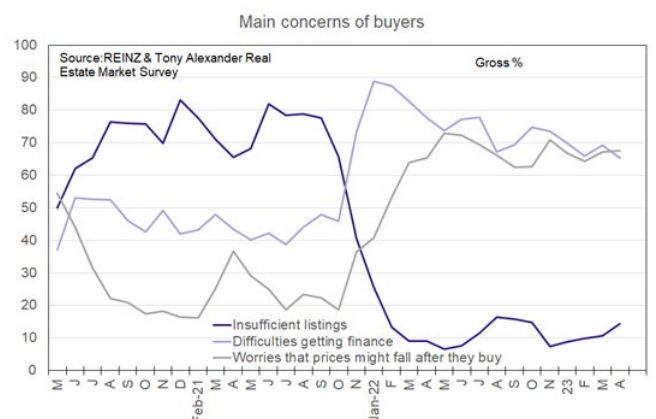
This measure has undergone an interesting change in the past two months. If vendors were feeling pressure to sell, we would expect a rise in the number making enquiries as to the market value of their property. But this month a net 5% of agents have noted that they are receiving fewer appraisal requests. Can we read into this that property listings are about to substantially decline? I do believe they are in the process of trending down; however, the graph tells us that autumn traditionally brings a decline in property appraisal requests as potential vendors prefer waiting until the approach of warm months before putting their property on the market.

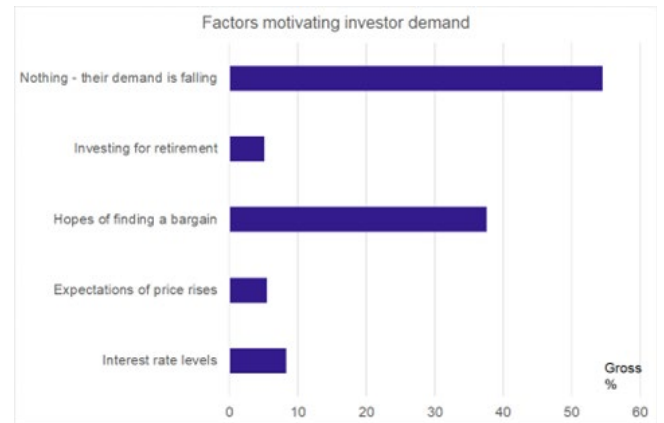
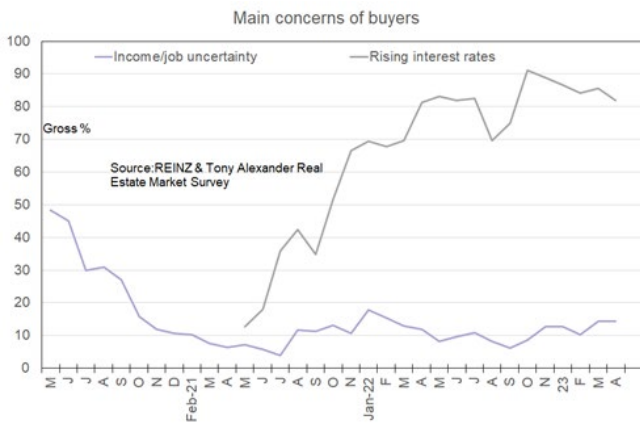
**WHAT ARE THE MAIN CONCERNS OF BUYERS?**

Buyers remain strongly concerned about interest rate levels, the potential for prices to fall further, and access to finance.



The next two graphs examine how these concerns have shifted over time. Note the substantial fall in worries about listings from late in 2021, but the small lift in this measure which is now underway. Worries about getting finance are slowly declining but price decline concerns continue at high levels, as do worries about interest rates shown in the second graph below.



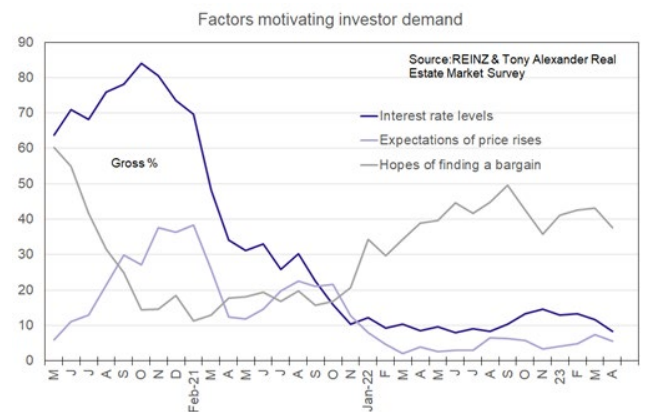
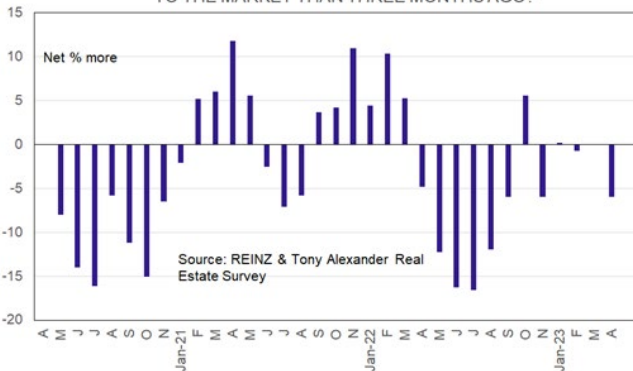


**ARE INVESTORS BRINGING MORE OR FEWER PROPERTIES TO THE MARKET TO SELL THAN THREE MONTHS AGO?**

There is no rising trend in agent observations that more investors are looking to bring their properties to the market. In fact, this month a net 6% of agents have reported that fewer investors are stepping forward to sell. There remains no wave of investor selling since March 2021 – just a sharp decline in buying.

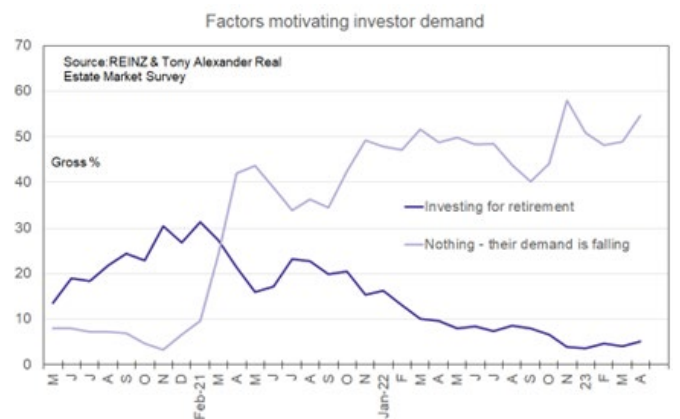
There is little trend in any of these measures of investor motivation, as shown by the following two graphs.

**ARE INVESTORS BRINGING MORE OR FEWER PROPERTIES TO THE MARKET THAN THREE MONTHS AGO?**



**WHAT FACTORS APPEAR TO BE MOTIVATING INVESTOR DEMAND?**

For those few investors who are thinking about buying, the biggest motivation is the hope of finding a bargain. Buying for retirement is low as a driving factor.



## REGIONAL RESULTS

The following table breaks down answers to the numerical questions above by region. No results are presented for regions with fewer than 7 responses as the sample size is too small for good statistical validity of results. The three top of the South Island regions are amalgamated into one and Gisborne is joined with Hawke's Bay.

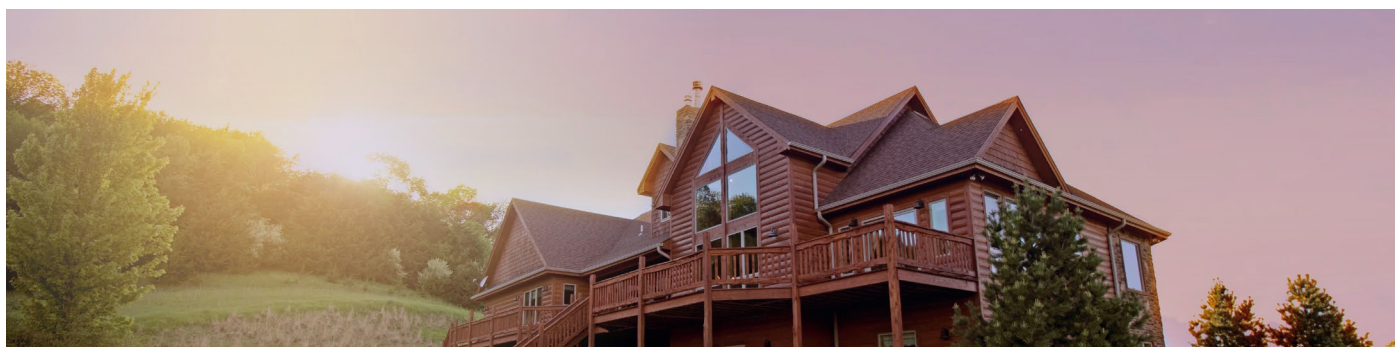
Best use of the table is achieved by picking a variable and comparing a region's outcome with the national result shown in bold in the bottom line. For instance, in Auckland a net 25% of agents note that they are seeing more first home buyers. But in Wellington this is 51%, Queenstown Lakes unsurprisingly is -8%.

The table shows net percentages apart from the FOMO question in column F. The net percent is calculated as the percentage of responses saying a thing will go up less the percentage saying it will go down.

- |   |   |
|---|---|
| A. # of responses   | G. Are you noticing more or fewer first home buyers in the market?                              |
| B. Are property appraisal requests increasing or decreasing?    | H. Are you noticing more or fewer investors in the market?                                      |
| C. Are more or fewer people showing up at auctions?             | I. Are you receiving more or fewer enquiries from offshore?                                     |
| D. Are more or fewer people attending open homes?               | J. Are investors bringing more or fewer properties to the market to sell than three months ago? |
| E. How do you feel prices are generally changing at the moment? |   |
| F. Do you think FOMO is in play for buyers?                     |   |

	A #obs	B Appraisals	C Auctions	D Open H.	E Prices	F FOMO	G FHBs	H Invest.	I O/seas	J Inv.selling
Northland	24	0	-50	-29	-83	0	-25	-38	-50	-29
Auckland	176	-10	-9	10	-57	8	25	-39	-36	-10
Waikato	47	11	-21	-2	-66	4	34	-49	-34	-2
Bay of Plenty	31	23	-26	23	-68	6	16	-23	-35	19
Hawke's Bay	19	32	-26	5	-74	11	21	-58	-53	16
Taranaki	7	-29	-29	0	-57	29	14	-86	-71	14
Manawatu-Wanganui	21	5	-14	0	-62	5	24	-67	-33	14
Wellington	41	-37	-12	41	-49	5	51	-46	-46	-7
Nelson/Tasman	23	9	-17	-26	-78	0	4	-48	-35	-4
Canterbury	51	-14	-24	-14	-39	6	22	-51	-43	-2
Queenstown Lakes	12	-33	-33	0	0	17	-8	-42	0	-17
Otago exc. Q'town	10	0	-40	-50	-80	0	0	-60	-60	-40
Southland	6	-33	-33	-50	-50	17	17	-50	0	-33
<b>New Zealand</b>	<b>471</b>	<b>-5</b>	<b>-18</b>	<b>3</b>	<b>-58</b>	<b>7</b>	<b>22</b>	<b>-44</b>	<b>-39</b>	<b>-6</b>

This publication is written by Tony Alexander, independent economist. You can contact me at [tony@tonyalexander.nz](mailto:tony@tonyalexander.nz)  
Subscribe [here](#)



This publication has been provided for general information only. Although every effort has been made to ensure this publication is accurate the contents should not be relied upon or used as a basis for entering into any products described in this publication. To the extent that any information or recommendations in this publication constitute financial advice, they do not take into account any person's particular financial situation or goals. We strongly recommend readers seek independent legal/financial advice prior to acting in relation to any of the matters discussed in this publication. No person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.