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**Property listings still falling**

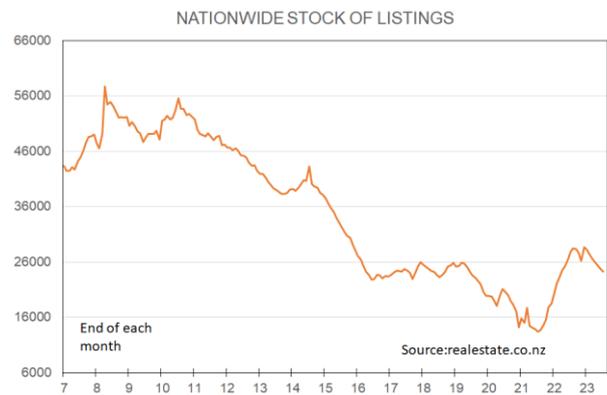
In last week’s issue of Tview Premium I wrote a section entitled “Unusual listings data” discussing the end of month data on the stocks of properties listed for sale with realestate.co.nz. I noted that the numbers did not seem to reflect the reality on the ground because they showed a strong 13% jump in listings over the month despite a decline in the number of properties freshly listed and reports of good sales from agents in my monthly survey.

This Friday realestate.co.nz noted that a human error had occurred and the numbers were actually lower than reported. This is what they were supposed to show.

At the end of July the number of properties listed for sale with realestate.co.nz was down 15% from the peak of 28,700 reached at the end of 2022. The 24,300 now on the market was a 1.8% decline from the end of June.

Something I have highlighted recently in some of my writings has been the decline in stocks for a few of the regions. Specifically, in Auckland at the end of July the number of properties for people to peruse was down 20% from the peak reached in

August last year. Canterbury is down 11% from its peak reached in March.



Wellington listings are now down 49% from their August 2022 peak.

These main centre declines have come about through a combination of fewer fresh listings coming to the market in recent months, and the pickup in sales noted by REINZ recently. All the numbers are adjusted for seasonal influences therefore we can safely say that the range of properties which potential buyers can peruse and choose from is falling away.

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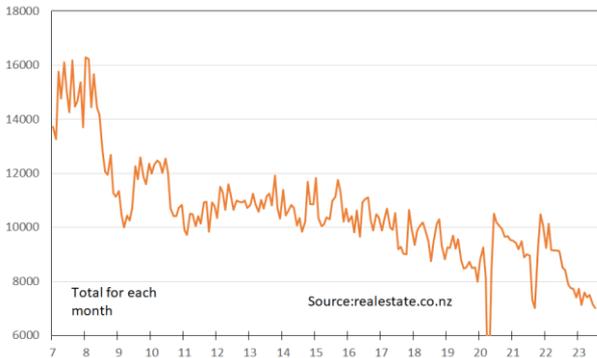
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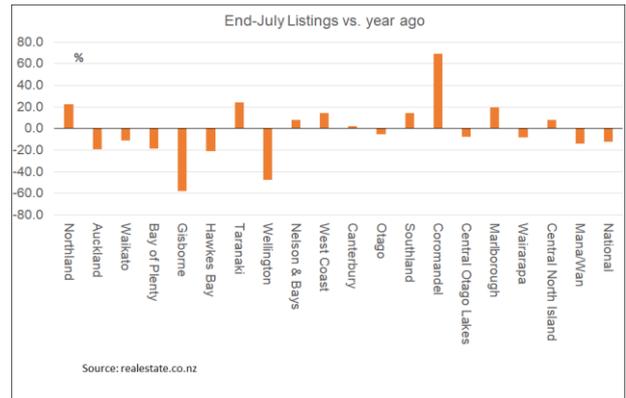


This next graph shows how latest stock levels compare with the average since 2007 for each of the regions. Auckland is not much below and that is because of the construction surge.



This graph shows the change in stocks from July last year for all regions. It's not that great a graph

because the presence of ups and downs plus some big region names means the columns look quite small. But Auckland stocks are down 19%, Bay of Plenty 19% also.



As noted previously, history tells us that when sales rise there do tend to be more properties brought forward to sell – though that has not happened yet. But the influx of buyers exceeds the influx of sellers, and the stock of listings declines.

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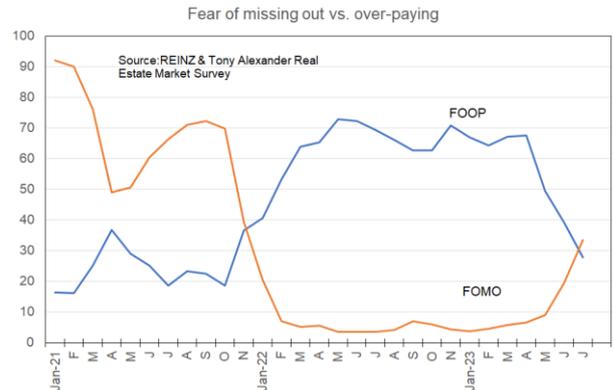
With listings now down 15% from their late-2022 peak on average and with few vendors pressured to sell because of employment concerns held by them or their bank, listings are likely to keep declining.

This is important when we consider that the decline in stocks to below 14,000 in the middle of 2021 appears to have been the key driver of a last gasp extra 11% rise in nationwide property prices back then despite rising interest rates, net migration outflows, the return of LVRs, and new tax rules hitting investors.

For young home buyers the window of opportunity to make a purchase from a good range of properties on offer with vendors willing to negotiate is disappearing. Already from my monthly survey of real estate agents with REINZ we can see that the gauge of FOMO has lifted

from the 4% - 9% range from the start of 2022 until May to now 34%.

In the same vein, FOOP – fear of over-paying – has declined from 68% of agents observing buyers displaying it to now just 28%. The measures have now crossed over. More people now indicate concern about missing out than are worried about over-paying.



Keep in mind that the decline in listings, rise in sales, fall in FOOP and rise in FOMO are happening while fixed mortgage rates have still been climbing.

Hence my warning that the popular view of average house prices creeping up only slowly in a softly softly fashion over the next couple of years which will scare no-one is probably misplaced.

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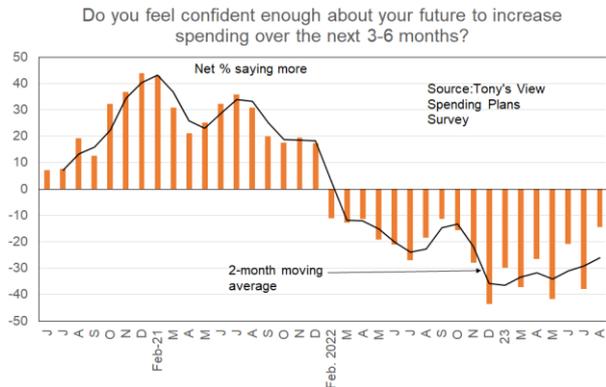
**In case you missed it**

Yesterday I distributed the results of my monthly survey of residential real estate agents throughout New Zealand. Key insights include these.

- For the first time since November 2021 FOMO exceeds FOOP, that is, more agents say buyers are worried about missing out than say they are worried about making a purchase then watching prices fall away.
- There has been a rise in requests recently for property appraisals, suggesting more stock coming forward soon for buyers to peruse.
- Attendance numbers at auctions and open homes continue to rise.
- First home buyers remain the key driving force in the market while investors have only small market presence.

[Tony-Alexander Report August-2023.pdf](#)  
[\(tonyalexander.nz\)](#)

My latest Spending Plans survey showed an improvement in the net proportion of people planning to cut spending in the next 3-6 months to just 14% from 38% last month. This is the least bad result since September last year.



But consumers still plan exercising restraint with the biggest planned areas of cutback being eating out, furniture and appliances, and clothing & footwear. In contrast, apart from groceries, higher spending is planned on international travel, shares, domestic travel, and wellbeing.

[TV-Spending-Plans-Survey-August-2023.pdf](#)  
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**If I were a borrower, what would I do?**

This coming Wednesday the Reserve Bank will review their official cash rate and the chances are high that they say virtually nothing which will alter current market beliefs about what the Reserve Bank are planning. That is, they are likely to stick to the script of five weeks ago and leave the official cash rate at 5.5% while stressing that they don't see the need for any further increase.

They will release updated economic forecasts and there is always a chance that the markets over-interpret their analysis one way or the other. But they are likely to leave in place their indication that the first cash rate cut won't come until late next year and that the developments relevant to inflation's prospects over the past five weeks are evenly balanced.



One important point to note perhaps is that the increases in fixed mortgage rates which banks have undertaken recently have likely taken interest rates to higher levels than the Reserve Bank feels is necessary to get inflation comfortably back below 3%. But for now they are likely to accept the extra economic weakness these rate rises implies for two reasons. First, the housing market is starting to turn upward despite the higher mortgage rates.

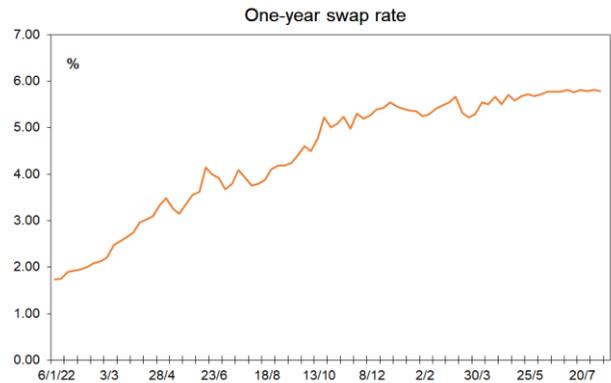
Second, they can easily cut interest rates sooner than late-2024 if they eventually assess that things might have got a bit too tight this year.

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That is something most of us think they will eventually do, hence the forecast most analysts have that the first easing of monetary policy will come before the middle of next year. That implies we may see some cuts in fixed mortgage rates conceivably before the end of this year.

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Turning to the rate movements in wholesale markets this week – things today sit almost exactly where they were a week ago.



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