


R.E.  SOLUTIONS

# PROPERTY REPORT





## DISCOVER WHAT LIES BEYOND THE MARKET SURFACE

### NAVIGATING NEW ZEALAND'S PROPERTY TERRAIN

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This comprehensive property report aims to delve into the intricate nuances of these changes, providing a detailed analysis of the monthly price fluctuations within each district.

By examining the trends and variations, this report aims to offer valuable insights for buyers, sellers, investors, and industry professionals keen on understanding the New Zealand real estate market.

### FINDING NEW ZEALAND'S PROPERTY PULSE

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The housing market is poised for changes following the formation of a new government and the agreement on policy details. Notably, the return of investors to the market is expected to drive higher prices, reversing the trend observed earlier in the year when first home buyers dominated. Recent surveys indicate a partial return of investors, with a net increase in their presence reported by both real estate agents and mortgage brokers.

The return of the ability to deduct interest expenses against rental income, set to begin in April 2024, is anticipated to expedite this trend. While concerns about rising costs, including rates, insurance, and maintenance, are noted among existing property investors, there is a suggestion that new investors may enter the market more enthusiastically.

The potential for a frenzy in the market is tempered by existing investors' reservations and concerns about the overall cost of property investment. However, surveys capturing observations of new investors suggest a more eager entry into the market, possibly driven by a desire to capitalize on the renewed momentum.

It is highlighted that the return of interest rate cuts by banks could further impact market dynamics, potentially diminishing the fear associated with interest rate levels in the coming years.

Other government policies, such as potential changes in housing intensification through Medium Density Residential Standards and reforms to the Resource Management Act, introduce uncertainties in predicting the net impact on housing supply. Similarly, alterations to the Credit Contracts and Consumer Finance Act, immigration rule tweaks, and changes in

tenant legislation contribute to the complex landscape.


The overall tone is cautious optimism, acknowledging potential challenges but also recognizing opportunities for those considering property purchases. The article also touches on the Reserve Bank's review of the official cash rate, indicating a more hawkish stance and suggesting a possible delay in the anticipated rate cuts.

As a borrower, the recommendation is to consider fixing interest rates for 12-18 months in light of the market conditions. The final note emphasizes the profitability of banks on one-year fixed-rate lending.

In summary, the housing market is undergoing

shifts with the return of investors, potential policy changes, and economic considerations influencing the landscape. The article suggests a nuanced approach for both investors and borrowers, considering the multifaceted factors at play in the market.

Article from Tony's View - Tony Alexander

LENDER	FLOATING	1 YEAR	2 YEAR	3 YEAR	4 YEAR	5 YEAR
	8.64	7.36	7.09	6.89	7.34	7.34
	8.64	7.45	7.05	6.85	6.75	6.69
	8.69	7.35	7.05	6.85	6.85	6.85
	8.40	7.30	7.05	6.85	6.85	6.85
	8.50	7.35	7.05	6.89	6.79	6.79
	8.64	7.39	7.09	6.85	6.79	6.79
	8.64	7.39	6.99	6.75	6.69	6.49



# FAQS

## ARE HOUSE PRICES DROPPING IN NZ?

As of July 2023, New Zealand house prices are recovering after a decline that began in November 2021. The overall market saw a drop of 17.98% until bottoming out in May 2023. Since then, prices have increased by 1.25%. This trend varies across different regions, with some areas experiencing sharper declines or more modest recoveries.

## WILL THE HOUSING MARKET RECOVER NZ?

The New Zealand housing market appears to be in a phase of recovery as of July 2023. After a peak in November 2021 and a 17.98% decline until May 2023, house prices have started to increase, showing a 1.25% rise in the most recent data. New Zealand's property market has historically seen upward growth, and it is likely to continue that trend over the long term, albeit at a potentially slower rate than in the past.

The New Zealand housing market is already showing signs of recovery and is expected to continue to grow in the long term.

## IS NOW A GOOD TIME TO BUY PROPERTY IN NZ?

Now could be a favorable time to buy property in New Zealand, especially for those looking for more affordable options. As of July 2023, the housing market appears to be recovering from a recent decline. Property prices have increased by 1.25% after bottoming out, and the number of properties available for sale has also increased by 85.73% between August 2021 and August 2023.



As of October 2023, the average house price in New Zealand has landed at \$908,853, indicating a 5.63% decrease from the previous year's figure of \$963,083. This translates to a decline of \$54,230 over the course of 12 months. For those keen on specific regional insights, a comprehensive table above provides monthly updated data for every part of New Zealand.

For affordability seekers, the West Coast region emerges as the go-to destination, featuring the Buller, Ruapehu, and Waitomo districts with the lowest average house prices, ranging from \$332,716 to \$368,528 according to October 2023 data.

Conversely, at the upper end of the spectrum,

the three most expensive areas boast average house prices in the seven figures:



















**QUEENSTOWN-LAKES DISTRICT:** \$1,677,669

**AUCKLAND:** \$1,261,776

**THAMES-COROMANDEL DISTRICT:** \$1,132,182

# WHAT ARE PROPERTIES SELLING FOR IN MY AREA?

DECEMBER 2023

LOCATION	AVERAGE HOUSE PRICE	12 MONTH PRICE CHANGE	ANNUAL PRICE CHANGE
NEW ZEALAND	\$1,050,000	\$963K  \$1.05M	-\$54K -5.63%
AUCKLAND	\$1,261,776	\$1.4M  \$1.3M	-\$105K -7.74%
BULLER DISTRICT	\$332,716	\$320K  \$332K	-\$12K -3.74%
CARTERTON DISTRICT	\$617,920	\$680K  \$617K	-\$62K -9.24%
CANTERBURY	\$750,000	\$753K  \$750K	-\$12K 0.77%
GISBORNE	\$596,121	\$631K  \$596K	-\$35K -5.59%
HAWKE'S BAY	\$589,470	\$611K  \$589K	-\$22K -3.62%
MANAWATU-WANGANUI	\$589,181	\$637K  \$598K	-\$39K -6.19%
MARLBOROUGH	\$695,549	\$722K  \$695K	-\$26K -3.68%
NELSON	\$772,610	\$814K  \$772K	-\$42K -5.18%
OTAGO	\$792,814	\$765K  \$792K	+\$27K 3.60%
PALMERSTON NORTH	\$636,879	\$674K  \$636K	-\$37K -5.55%
SOUTHLAND	\$488,974	\$493K  \$489K	+\$4K 0.84%
TARANAKI	\$475,641	\$439K  \$475K	+\$36K 8.33%
TASMAN	\$771,692	\$820K  \$771K	-\$48K -5.92%
WAIKATO	\$722,371	\$762K  \$722K	-\$40K -5.28%
WELLINGTON	\$807,000	\$1.1M  \$800K	-\$71K -6.52%
WESTLAND DISTRICT	\$382,713	\$390K  \$382K	-\$7K -1.89%



## NEW ZEALAND PROPERTY MARKET OVERVIEW | DECEMBER 2023

The current New Zealand property market is dynamic and experiencing fluctuations. Changes are noticeable both nationally and in specific regions, raising questions about the market's current state. Investors and homeowners seek information about ongoing developments in house prices, rental trends, buyer demographics, and interest rate movements.

### HOUSE PRICES AND MARKET BEHAVIOR

Recent data reveals that property prices in New Zealand have been on a rollercoaster ride. They reached their peak in November 2021 and subsequently dropped by 17.80%. Since bottoming out in May 2023, house prices have shown a 2.82% increase, according to REINZ house price index data up to September 2023. The varying rates of decline or growth across regions highlight that the performance of individual properties is influenced by their location.

### REGIONAL VARIATIONS

Different regions display diverse trends in property prices. For instance, Opotiki District experienced the sharpest decline at 100.00%, while Central Otago District saw no change compared to its peak. This emphasizes that the impact on property values varies significantly based on location.

## MARKET SALES AND FUTURE PROJECTIONS

The number of property sales in New Zealand hit its peak at 100,108 in June 2021, later declining to 58,763 in May 2023. However, the market has started to recover, with 60,776 properties sold in the 12 months leading up to September 2023. Forecasts suggest a standard annual increase of 6% in house prices for Auckland and 5% for the rest of the country, rates lower than those experienced in the past.

### FUTURE GROWTH POTENTIAL

Undervalued areas such as Grey District, Wellington City, and Christchurch City might witness faster price increases, while overvalued areas like Mackenzie District and South Waikato District could experience slower growth. Auckland properties are estimated to be undervalued by 9.30%, indicating potential capital growth in comparison to overvalued regions.

### INFLUENCE OF INTEREST RATES

Higher interest rates play a significant role in shaping the market's dynamics. The Reserve Bank's actions to increase the Official Cash Rate (OCR) aim to control inflation and moderate the economy, potentially affecting property investment. Investors should consider the impacts of high interest rates and tax changes, along with the opportunities presented by decreased property prices and increased inventory.





## AUCKLAND SKYLINE

### INVESTMENT TIMING AND STRATEGY

Although the market presents challenges with falling prices, opportunities exist for buyers due to the increased supply of properties. Considering the cyclical nature of property price fluctuations, the current phase appears to be close to or at the market bottom. Investors are advised to seize opportunities when available, as timing the market perfectly is unpredictable, and securing financing is also crucial in taking advantage of lower prices.

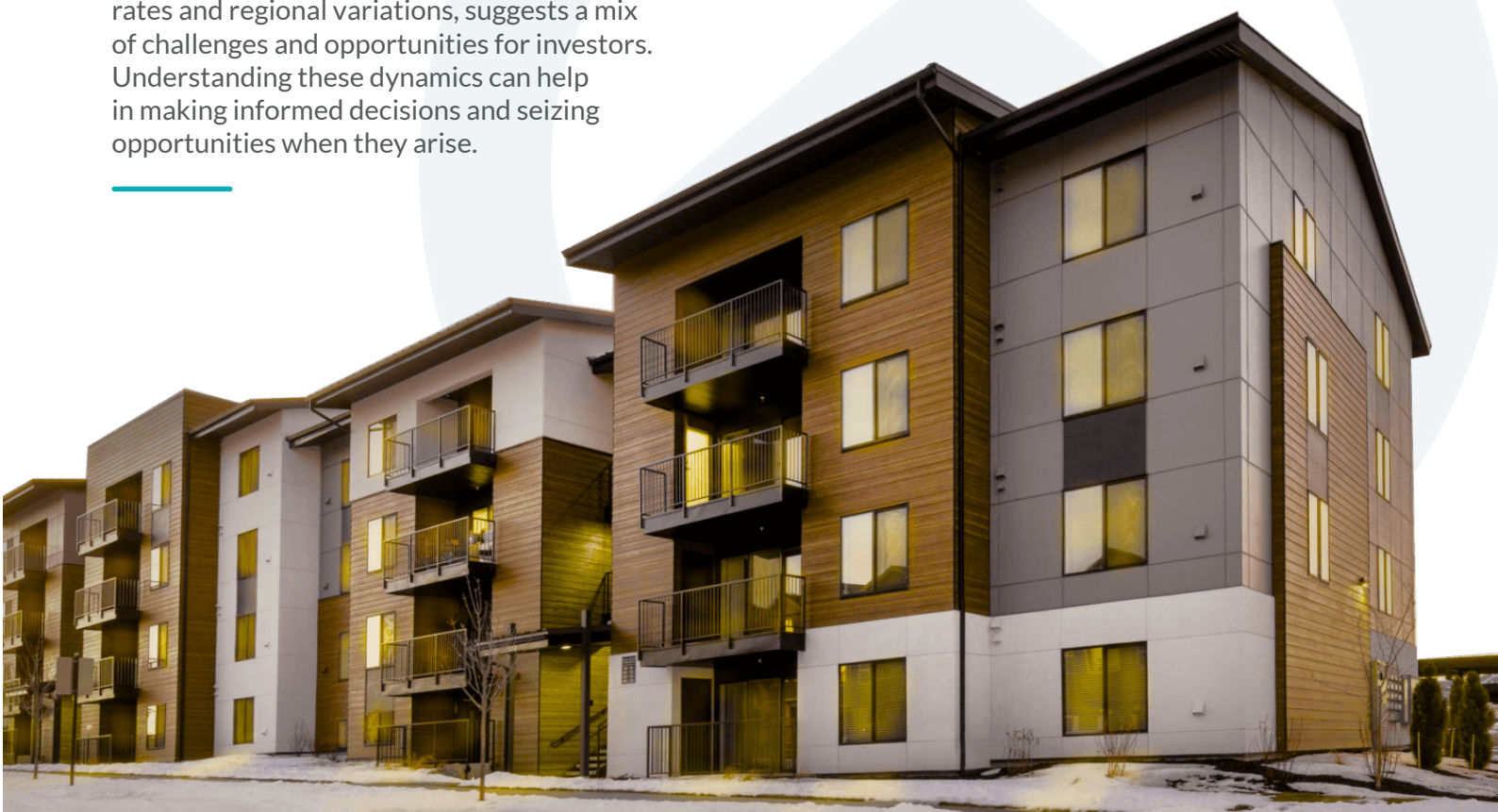
The property market's cyclical nature, influenced by various factors such as interest rates and regional variations, suggests a mix of challenges and opportunities for investors. Understanding these dynamics can help in making informed decisions and seizing opportunities when they arise.

### HAVE QUESTIONS?

Contact us at  
[hello@re-solutions.co.nz](mailto:hello@re-solutions.co.nz)



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