Q1 2023

Property **Pulse** Report

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Key insights

Most homeowners think house prices will **continue to decline** over the next 12 months but we are seeing a reduction in the number who think this. This suggests we may be nearing the bottom of the market.

As Aotearoa approaches a recession **homeowners** are pessimistic about selling their homes, with the majority (73%) believing it's a bad time to sell.

Property seekers are positive about the market, with 55% of them thinking now is a good time to buy a home.

The biggest concern for homeowners looking to sell is not getting the **best price** for their property. However, 12% of homeowners still plan to sell in the next 6 months.

April 2023

A snapshot of Aotearoa

We surveyed over 7,000 **homeowners** and over 600 **buyers** across New Zealand.

73% of homeowners think it is a bad time to sell their home.

55% of property seekers think now is a good time to buy a home.

The biggest **concerns for vendors** are

43% Not getting the best price for their home

14% Rising interest rates

13% Lack of a suitable property to move to

The biggest **concerns for buyers** are

Rising interest rates 32%

inflation and cost of living 23%

38% of homeowners think house prices will **decrease** in the next 12 months, this is a 2 point drop from Q3 suggesting sentiment is that we're near the bottom of the market.

47% of buyers think house prices will **decrease** in the next 12 months, this is a 2 point drop compared to Q3. This again suggests an anticipated change in the market.

A snapshot of the market

We are here

COLD
75-89 MEDIAN DAYS ONSITE

COOL
60-74 MEDIAN DAYS ONSITE

NORMAL
50-59 MEDIAN DAYS ONSITE

WARM
40-49 MEDIAN DAYS ONSITE

HOT
28-39 MEDIAN DAYS ONSITE

Supply and demand

Average asking price March 2023

The national average asking price dropped over $100,000 over the past year and continued to fall for the fourth consecutive month.

	Price	% change year-on-year	% change month on month
Nationwide	$866,000	▼ -10.9%	▼ -0.5%
Auckland	$1,094,450	▼ -13%	▼ -0.2%
Wellington	$864,700	▼ -12.9%	▲ +0.5%
Canterbury	$697,900	▼ -3.1%	▼ -0.6%

Supply & demand compared to our Q3 report

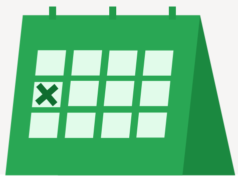
While both supply and demand experienced a drop in Q3, Q1 shows a positive supply trend around the country, led by Canterbury, with relatively stable demand nationwide.

	Supply	Demand
Nationwide	▲ +5%	▲ +0.1%
Auckland	▼ -3%	▼ -1.4%
Wellington	▼ -4%	▼ -1%
Canterbury	▲ +15%	▲ +4%

Average days on site for the quarter*

79 days

+16% compared to our Q3 report



Methods of sale**

* For listings that ended during this period. ** For listings that started during this period

Expert commentary

Uncertainty still remains in the market but the declines in property values are slowing and we are approaching the end of interest rate rises, giving promise that buyers and sellers will both have more certainty as we head out of the winter months. We are starting to see some pent up demand particularly in the Auckland market, meaning houses in the upper bracket price wise are starting to sell quicker. This coupled with a bit of certainty could tempt more sellers back into the market heading into spring.

Gavin Lloyd
Sales Director at Trade Me Property

The housing market is still in decline, with house prices falling and sales volumes at very low levels. It's taking longer – a lot longer – to move a house in the market, and sellers will need to be patient. Auckland and Wellington continue to drive the housing market decline, with larger falls in prices, lower demand, and lower supply as the market stagnates. That stagnation is being led by households throughout 2023 refixing onto higher mortgage rates, which is putting budgets under intense pressure. But the Reserve Bank has done most of the heavy lifting already with interest rate rises, and retail banks are having to compete more for the mortgages that are out there – a silver lining of sorts.

Brad Olsen
Principal Economist and Director at Infometrics

We believe interest rates will start to ease in 2024 due to the fact that the Reserve Bank will or has probably increased the rates too much, which will undoubtedly push the country into a recession requiring them to reduce rates again. House prices may drop a little bit more however once again, I believe we are near the bottom of the market. We will continue to see an increase in activity from first-home buyers, even more so now that the Reserve Bank has eased LVR restrictions.

Paulette Trotter
Mortgage Advisor at Loan Market

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