



14 June 2017
For immediate release

NZ house prices still increasing, led by strong regional growth

National median house prices increased 6.7% to \$540,000 (up from \$506,100) in the year to May 2017, according to the latest data from the Real Institute of New Zealand (REINZ) – source of the most complete and accurate real estate data in New Zealand. Seasonally adjusted, this increase is 6.2%.

Bindi Norwell, Chief Executive Officer at REINZ, says: “May housing activity clearly shows continued buoyant activity across a number of regions which contrasts with the continuing stability of the Auckland region. We saw record median prices achieved in 4 of the 14 regions we measure – Northland (\$450,000), Manawatu/Wanganui (\$269,000), Nelson/Marlborough (\$483,250) and Southland (\$238,000) – suggesting that the regions continue to hold up overall.

“Auckland median house prices increased 5% year-on-year to \$865,000, showing continued growth in the Auckland housing market, albeit at a slower rate than the previous year. Compared to April it increased 1.6%,” continued Norwell.

HPI continues to show stable market

The REINZ HPI indicates that housing market activity nationwide year-on-year has lifted 5.0%, up in Auckland by 1.8% and outside Auckland by 11.1%. However, housing market activity month-on-month activity nationwide was down 0.4%, down 0.7% in Auckland and up 0.2% outside Auckland, indicating strong price growth in some regions and a stable market in Auckland.

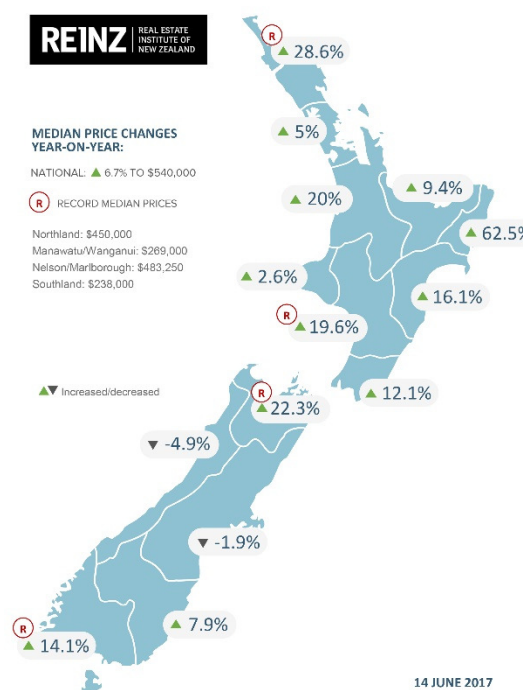
Sales volumes decreasing

Sales volumes decreased on a year-on-year basis nationally (-18.4%), in Auckland (-27.5%) and outside Auckland (13.6%). On a seasonally adjusted basis, this indicates a decrease nationally of -22.2%, in Auckland of -31.2% and national excluding Auckland of -17.4%.

Inventory

The number of properties available for sale rose by 131 in May 2017 compared to 12 months ago, although:

- The number of properties for sale in the Auckland region has increased by 2,814 (+47%).
- Outside Auckland the number of properties for sale fell by 2,683 (-14%).



Compared to May 2016 the number of listings fell 0.7% in Canterbury, 6.9% in Wellington and 6.1% in Waikato. The largest declines occurred in Northland (-607), Manawatu/Wanganui (-571) and Otago (-302).

Auction rates

The number of dwellings sold by auction continues to decline across New Zealand with 956 properties sold by auction, in comparison to 1,982 in May 2016 – a decrease of 52%. Additionally, auctions accounted for 13% of total property sales, down from 22% in May 2016.

When looking at auctions across the regions, Auckland saw 536 auctions in May 2017 (down from 1277 a year ago, representing 24% of sales in May 2017 versus 42% in May 2016), while over the same period Waikato declined to 10% of sales versus 13%, Wellington stayed consistent with 6% of sales (up from 5%), and Canterbury decreased to 12% from 15%.

Days to sell lengthens

The median days to sell nationally increased by five to 37 days, compared to 32 days in May 2016. Regionally, Hawke's Bay had the shortest median days to sell at 30 days followed by Wellington and Nelson/Marlborough at 31 days. Westland had the longest median days to sell at 196 days, followed by Taranaki at 42 days, while in Auckland the median days to sell was 40 days, 8 days longer than in May 2016.

“We are seeing a continuing trend of strong median house price growth in many of the regions year-on-year, however, a lack of inventory continues. In Auckland, with sales volumes down, inventory levels increasing, the number of days to sell increasing and the level of auctions decreasing you might have expected to see prices decreasing in Auckland – however, this is not the case,” points out Norwell.

“This can be explained by looking at the wider fundamentals currently at play in New Zealand. Given the considerable mismatch between population growth, increasing immigration figures, low interest rates, high housing demand and low building consents and housing supply, it's clear why prices are still rising – although at single rather than double-digit growth levels.”

“We believe that overall buyers are being more cautious – we're heading into winter which traditionally sees a slowdown in activity, we're in an election year, some political uncertainty globally in some of our traditional trading markets and first-time buyers are finding access to capital more difficult. This goes some way to explaining the intricacies of what we're currently seeing in the New Zealand market,” concludes Norwell.

Million-dollar home sales drop

Between May 2016 and May 2017, the number of homes sold for more than \$1 million decreased from 1,240 to 1,066 sales, or 14.5% of all properties sold. The number of dwellings sold under \$500,000 also declined - by 1,103 - between May 2016 and May 2017.

ENDS

For regional commentary and tables, please see the accompanying report.

For further information, or to request an interview with Bindi Norwell, please contact Dee Crooks, Communications/PR Manager at REINZ on 09 356 1753 or 021 953 308.

Note to Editors:

The monthly REINZ residential sales reports remain the most recent, complete and accurate statistics on house prices and sales in New Zealand. They are based on actual sales reported by real estate agents. These sales are taken as of the date that a transaction becomes unconditional, up to 5:00pm on the last business day of the month. Other surveys of the residential property market are based on

information from Territorial Authorities regarding settlement and the receipt of documents by the relevant Territorial Authority from a solicitor. As such, this information involves a lag of four to six weeks before the sale is recorded.

*Seasonal adjustment is a statistical technique that attempts to measure and remove the influences of predictable seasonal patterns to reveal how the market changes over time.

National median house price year-on-year	National	\$540,000 - up from \$506,100 +6.7% year-on-year
	National ex Auckland	\$430,000 - up from \$386,500 +11.3% year-on-year
	Auckland	\$865,000 - up from \$824,000 +5.0% year-on-year
Month-on-month median house price	National	\$540,000 – steady on April
	National ex-Auckland	\$430,000 – down 1.1% on April: \$435,000
	Auckland	\$865,000 – up 1.6% on April: \$851,000
Seasonally adjusted median house price	National	Up 0.1% on April, up 6.2% on May 2016
	National ex-Auckland	Up 0.5% on April, up 11.5% on May 2016
	Auckland	Up 0.6% on April, up 4.4% on May 2016
Median days to sell	National	37 – five days longer compared to May 2016
	National ex-Auckland	36 - four days longer compared to May 2016
	Auckland	40 – eight days longer compared to May 2016
House Price Index	National	2,680 – up 5.0% on May 2016
	National ex-Auckland	2,390 – up 11.1% on May 2016
	Auckland	2,881 – up 1.8% on May 2016
Other changes of note	The number of properties available for sale rose by 131 in May compared to 12 months ago, although the number of properties for sale in the Auckland region has increased by 2,814 (+47%). Excluding Auckland, the number of properties for sale fell by 2,683 (-14%). Compared to May 2016 the number of listings fell 0.7% in Canterbury, 6.9% in Wellington and 6.1% in Waikato. The largest declines occurred in Northland (-607), Manawatu/Wanganui (-571) and Otago (-302).	

Further Data

Across New Zealand the total value of residential sales, including sections, was \$5.088 billion in May 2017, compared to \$5.905 billion in May 2016 and \$4.162 billion in April. For the 12 months ended May 2017 the total value of residential sales was \$55.842 billion. The breakdown of the value of properties sold in May 2017 compared to May 2016 is:

Price Distribution Breakdown				
	May-17		May-16	
Under \$250,000	836	11.4%	1,305	14.5%
\$250,000 - \$499,999	2,483	33.8%	3,117	34.6%
\$500,000 - \$749,999	1,951	26.5%	2,233	24.8%
\$750,000 - \$999,999	1,018	13.8%	1,114	12.4%
\$1,000,000 - \$1,999,999	895	12.2%	1,066	11.8%
\$2,000,000 - \$2,999,999	121	1.6%	125	1.4%
\$3 million and over	50	0.7%	49	0.5%
Total	7,354		9,009	
Under \$500,000	3,319	45.1%	4,422	49.1%
Over \$1 million	1,066	14.5%	1,240	13.8%

Seasonally Adjusted Sales Volumes

Main Regions	Seasonally Adjusted Sales Volumes			
	Compared to April		Compared to May 2016	
	Volume Change	Seasonally Adjusted Change	Volume Change	Seasonally Adjusted Change
New Zealand	22.9%	-1.0%	-18.4%	-22.2%
NZ ex Akl	22.9%	1.0%	-13.6%	-17.4%
Northland	17.4%	1.0%	-31.4%	-35.3%
Auckland	22.8%	-2.8%	-27.5%	-31.2%
Waikato	34.4%	3.3%	-19.0%	-21.4%
Bay of Plenty	14.2%	-12.2%	-13.3%	-18.0%
Gisborne	9.2%	-0.4%	-9.8%	-13.2%
Hawkes Bay	14.2%	-12.2%	-13.3%	-18.0%
Manawatu/Wanganu	29.7%	7.3%	-2.5%	-4.9%
Taranaki	9.1%	-8.8%	-15.5%	-18.1%
Wellington	9.2%	-0.4%	-9.8%	-13.2%
Nelson/Marlborough	44.0%	23.7%	1.1%	-2.5%
Canterbury	30.4%	4.1%	-5.4%	-11.4%
Westland	70.8%	29.2%	32.3%	28.7%
Otago	21.3%	3.7%	-10.7%	-14.2%
Southland	45.4%	7.1%	-26.7%	-30.7%

Seasonally Adjusted Median Price

Main Regions	Seasonally Adjusted Median Prices			
	Compared to April		Compared to May 2016	
	Median Change	Seasonally Adjusted Change	Median Change	Seasonally Adjusted Change
New Zealand	0.0%	0.1%	6.7%	6.2%
NZ ex Akl	-1.1%	0.5%	11.7%	11.5%
Northland	7.1%	7.0%	28.6%	27.7%
Auckland	1.6%	0.6%	5.0%	4.4%
Waikato	-0.4%	1.0%	20.0%	19.6%
Bay of Plenty	2.2%	-1.3%	9.4%	8.5%
Gisborne	-0.9%	0.1%	26.5%	22.5%
Hawkes Bay	-3.2%	1.6%	16.1%	18.0%
Manawatu/Wan	5.3%	7.0%	19.6%	20.0%
Taranaki	2.9%	2.9%	2.6%	2.8%
Wellington	-3.5%	-1.9%	12.1%	11.2%
Nelson/Marlboro	7.5%	7.1%	22.3%	18.7%
Canterbury	-3.5%	-3.2%	-1.9%	-1.1%
Westland	18.2%	8.7%	8.7%	-0.9%
Otago	-2.5%	-0.3%	7.9%	6.6%
Southland	13.3%	9.3%	14.1%	14.2%

Source: REINZ

House Price Index Data

House Price Index	Index Level	1 Month	3 Months	1 Year	5 Years*
New Zealand	2680	-0.4%	-0.1%	5.0%	10.8%
New Zealand ex Auckland	2390	0.2%	1.4%	11.1%	7.7%
Northland	2529	0.8%	4.5%	19.0%	9.1%
Auckland	2881	-0.7%	-1.0%	1.8%	12.9%
Waikato	2596	-1.0%	1.6%	10.8%	9.8%
Bay of Plenty	2506	0.6%	2.0%	10.9%	10.7%
Gisborne/Hawkes Bay	2192	0.8%	4.4%	18.1%	7.9%
Manawatu/Wanganui	2294	-0.9%	1.2%	16.1%	5.5%
Taranaki	2601	0.9%	2.5%	8.8%	5.0%
Wellington	2292	0.2%	0.8%	15.1%	7.8%
Nelson/Marlborough/Tasman/West Coast	2040	2.3%	4.5%	13.7%	6.6%
Canterbury	2431	-0.5%	-0.5%	2.3%	5.0%
Otago	2371	1.1%	2.3%	16.9%	9.6%
Southland	2287	2.2%	2.9%	11.3%	3.9%

Source: REINZ

* = Compound Annual Growth Rate