

# Home Truths

Monthly analysis of New Zealand's housing market



March 2013

The New Zealand housing market continued ticking over at a fairly high rate of revs in February. REINZ data shows that the monthly number of sales remained around 6700 in seasonally adjusted terms, which is a bit above average. Similarly, the number of days to sell fell a little further, and prices kept rising.

## REINZ housing data

	Feb-13	Jan-13	Feb-12
<b>House sales, number, s.a.</b>	6736	6755	6064
Mth % chg	-0.3	3.3	6.2
Ann % chg	7.5	21.1	37.0
<b>Days to sell, sa</b>	32.5	34.6	38.4
<b>House Price Index (s.a.)</b>	3567.2	3548.2	3299.0
Mth % chg	0.5	1.0	-0.3
Ann % chg	8.1	7.2	2.7

The market upturn is now well-established. Nationwide annual house price inflation has reached 8.1%. Our "big call" that house prices would rise 9% in 2013, no longer looks like a big call at all. This market is being driven by low interest rates. Rates are likely to stay low for most of this year. And therefore house prices will just go on rising.

Of course, housing supply has also played a role in regional house price disparities over the past couple of years. We took a close look at housing supply in each region of New Zealand (except Canterbury) in research released yesterday - the bulletin is attached below. The upshot is that Auckland's underbuilding problem is extreme. To keep pace with population growth, Auckland needs 9500 new dwellings each year - more than double the current rate of building. To unwind the shortage that has built up in recent years, Auckland would need to build an even higher number of dwellings each year. But elsewhere, there is little evidence of underbuilding at all. The building industry is quite likely to stay subdued in most of New Zealand except Auckland and Canterbury.

### Dominick Stephens

Chief Economist

(09) 336 3671

## Contact Details

<b>Dominick Stephens</b> , Chief Economist	Ph: (64-9) 336 5671	dominick_stephens@westpac.co.nz
<b>Michael Gordon</b> , Senior Economist	Ph: (64-9) 336 5670	michael_gordon@westpac.co.nz
<b>Felix Delbrück</b> , Senior Economist	Ph: (64-9) 336 5668	felix_delbruck@westpac.co.nz
<b>Nathan Penny</b> , Economist	Ph: (64-9) 336 5669	nathan_penny@westpac.co.nz

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