

Home Truths

12 February 2016

On track, so far

Last year Home Truths was of the view that the Auckland and Christchurch housing market would slow over 2016, while markets in many other parts of New Zealand would pick up.

The latest batch of housing market data, relating to January 2016, certainly confirms that the Auckland housing market has turned down. Real Estate Institute figures revealed that seasonally adjusted Auckland house sales were 6.2% down in January compared to December, leaving turnover 27% lower than the August 2015 peak. And the REINZ's House Price Index for Auckland fell 0.3% in January (seasonally adjusted). Auckland house prices have now fallen almost 6% from the peak, and are back to their July 2015 level.

The Quotable Value (QV) measure of house prices has finally caught up with what the Real Estate Institute data has been saying for some time – that Auckland house prices are falling. QV registers house sales a couple of months after the REINZ records them, and the QV data actually refers to average sale prices over a three month period. So QV was always going to be tardier in picking up a sudden market downturn like the one we observed in October last year.

The latest housing market data was less clear when it comes to New Zealand outside of Auckland. The Real Estate Institute data for January actually suggested that seasonally adjusted house sales and prices fell across virtually the whole North Island. That is a marked change from last year, and is obviously at odds with our expectations. But we are not reading too much into it – this could be a one-month blip in the data. Other sources, such as QV and realestate.co.nz, still suggest that housing markets are gathering momentum across most of the North Island except Auckland. We would need more data to persuade us that the trend had reversed.

Finally, all of the data sources seem to agree that Christchurch house prices are rising gently and that turnover is reasonable but not spectacular, which is not too far off what we would have expected.

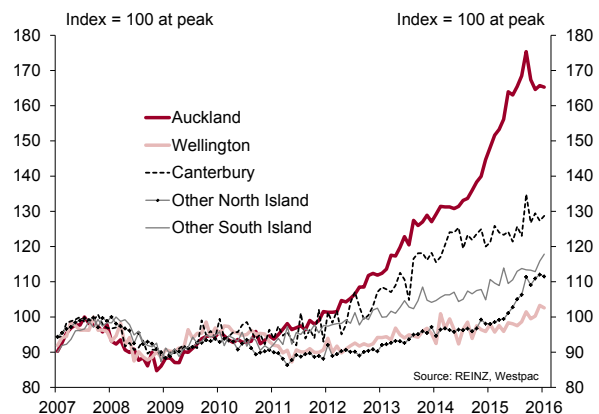
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REINZ housing data

	Jan-16	Dec-15	Jan-15
House sales, number, s.a.	7266	7722	6668
Mth % chg	-5.9	2.7	-10.3
Ann % chg	4.3	3.5	2.6
Days to sell, sa	34.1	33.4	34.9
House Price Index (s.a.)			
Mth % chg	-0.1	0.8	1.6
Ann % chg	10.7	12.6	8.5

REINZ house price index, seasonally adjusted



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