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TONY ALEXANDER Regional Property Insights

FEBRUARY 2024



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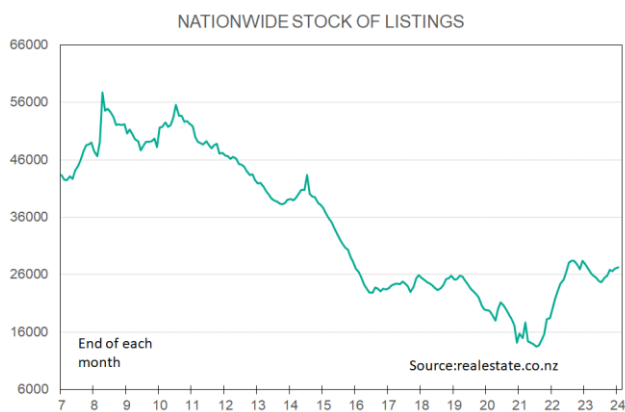
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Introduction

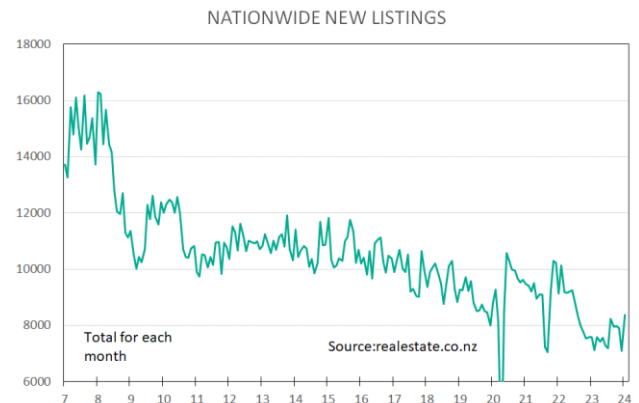
Welcome to the second issue of Regional Property Insights for 2024, prepared by Tony Alexander with the support of First Mortgage Trust.

In this month's Regional Property Insights I look at developments in the number of properties listed for sale in each region we track, where the data is available. Nationwide listings in mid-2021 fell below 14,000 and were 73% down on levels ten years earlier. Then, come the end of 2022 listings reached 28,000 before falling below 25,000 mid-2023 and now sitting back just above 27,000.



Just as the ending of the downward leg of the house price cycle in mid-2023 has been associated with the queue of buyers building up since 2021 starting to get activated, so too have delayed vendors been choosing to enter the market. For real estate agents this is good news and the rise in property availability is likely one reason why the pace of house price rises since June 2023 has recently slowed.

I look at the stock of listings for each region and the flow of new listings coming forth.



As with all the material presented in RPI, my aim is to provide information which can be collected up over time and used as input into one's property purchase and divestment decisions.

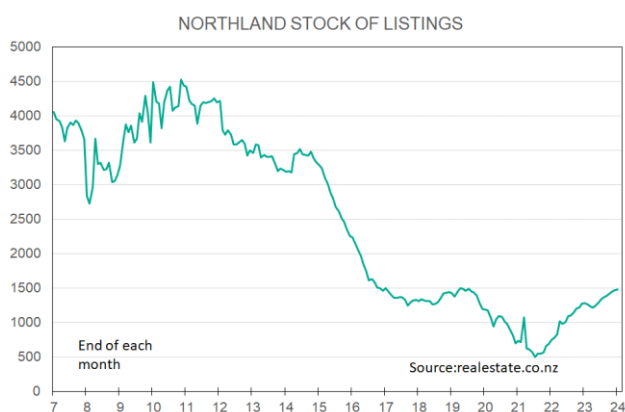
Previous issues of Regional Property Insights are available here. [First Mortgage Trust Articles](#)

Further extensive discussion of house price movements and factors affecting prices can be found in the weekly Tony's View publication available from www.tonyalexander.nz

Northland

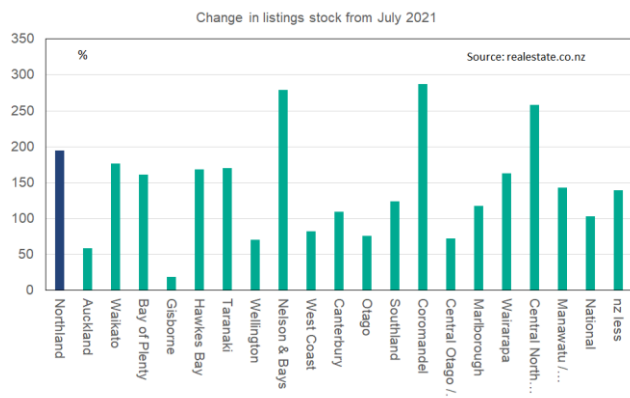
Lots of listings relative to 2021

The number of properties listed for sale in the Northland region has been trending up since mid-2021. Back then listings stood at just 503 in July, a decline of 88% from ten years earlier. Listings now stand at almost 1,500 and the decline is “only” 53% from a decade before.



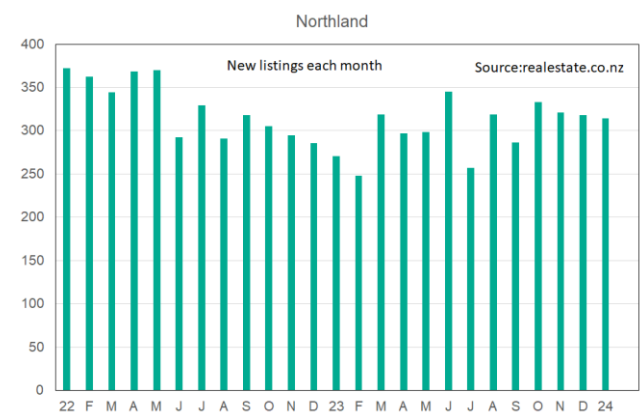
Stock numbers have in fact increased by 195% from the mid-2021 low compared with a rise of 103% nationwide from below 14,000 to 27,300.

We can reasonably say that over the past two and a half years there has been a greater increase in the number of listings in Northland than has been the case elsewhere on average. In fact, only Nelson etc. at +279% shows a greater rise for the regions we track.



This jump in listings will help explain some of the weakness seen in other measures of the real estate sector in Northland.

Looking at the trend in the number of new listings received for the Northland region each month we can see in the final graph a reasonably flat profile.



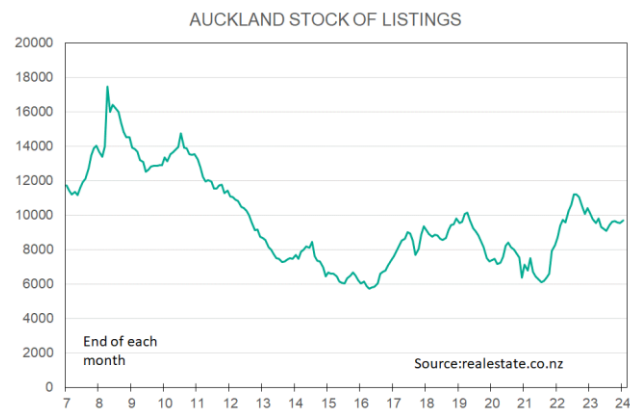
That is, plenty of new listings are coming forward, but there is no “flood” of property hitting the market since any particular point in time.

Overall, buyers face a good choice of properties in Northland, though it pays to remember that stock levels are still only half of what they were ten years ago.

Auckland

Steadier listings than elsewhere

Auckland’s graph of total property listings at the end of each month since 2007 reveals a distinct characteristic. There is no substantial falling off of listing numbers over the period from 2014 to 2016 as happened almost everywhere else around the country. Auckland enjoyed good construction growth from 2012 and the market surged earlier post-GFC than other regions because of a property shortage created by under-construction from 2004.

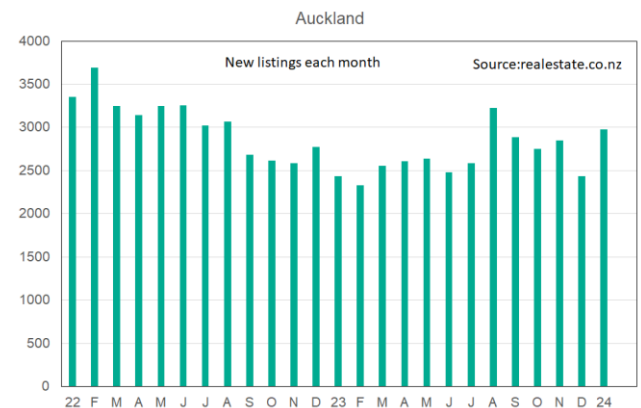


The stock of property listings in Auckland bottomed out at 6,100 in the middle of 2021, a decline of 47% from ten years earlier compared with an 80% fall for the rest of the country. This rather stark difference will again reflect the strong rise in construction providing plenty of new houses for buyers to choose from.

At the end of January this year Auckland’s stock of houses for sale stood at 9,700 which represents a 58% rise from the mid-2021 compared with a rise from then of 140% for the rest of the country. Auckland does not display the same high changes in listings stocks as the rest of the country overall. In fact listings are 26% above levels of January 2014 versus a 44% decline elsewhere in NZ on average. No other region has listings above those of a decade ago.



With regard to the number of new properties coming forward for sale each month there was a downward trend in Auckland over 2022 but possibly a small upward trend is now in place. It is impossible to call this a firm trend however because of the quick switch in listing changes between December and January shown in our final graph.

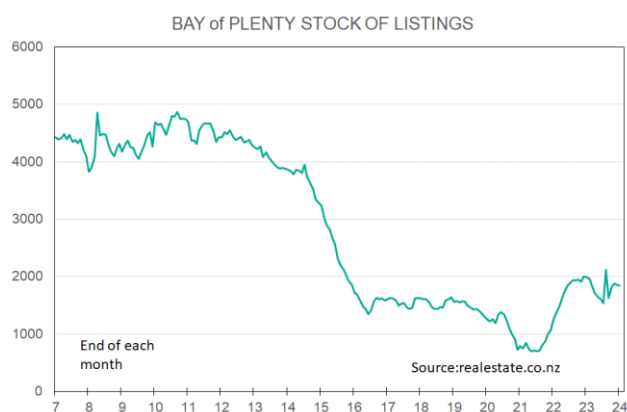


It will be interesting to see the effect on listings availability through 2024 of falling construction in Auckland combined with population growth exceeding 3% per annum attributable to the migration boom.

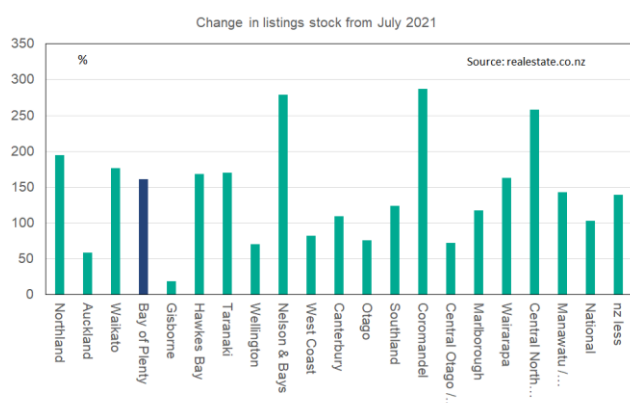
Bay of Plenty

Best listings since 2015 (almost)

In the middle of 2021, the number of properties available for purchase in the Bay of Plenty region was just over 700. This was a decline of 85% from ten years earlier compared with a fall across all the country of 72%, or 80% excluding Auckland. Stock back then was in extremely short supply.



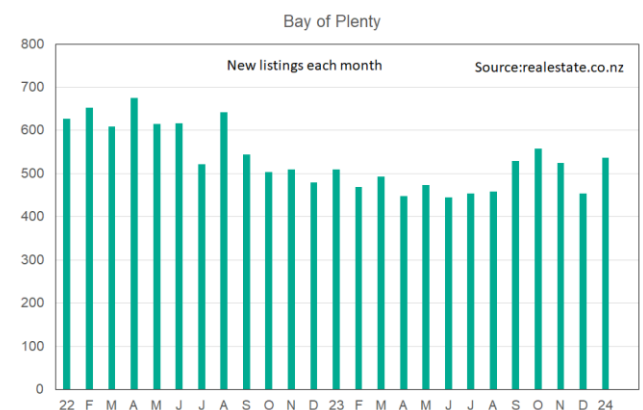
Since then stock levels have risen by 160% versus a 103% rise for all the country or 140% excluding Auckland. So, after running out of stock towards the end of the housing pandemic frenzy buyers now can pick and choose from 1,800 properties.



This is still however 52% fewer than ten years earlier as the region displayed the same collapse in listings over 2014 – 2016 as the rest of the country outside of Auckland.

The recovery in property sales around the country from the June quarter of last year has been associated with a small recovery in nationwide listing stocks and this has happened to some degree in the Bay of Plenty also.

Looking at fresh listings received each month in our final graph we see that the rise in listings is not particularly strong. There is no flood of property coming onto the market.

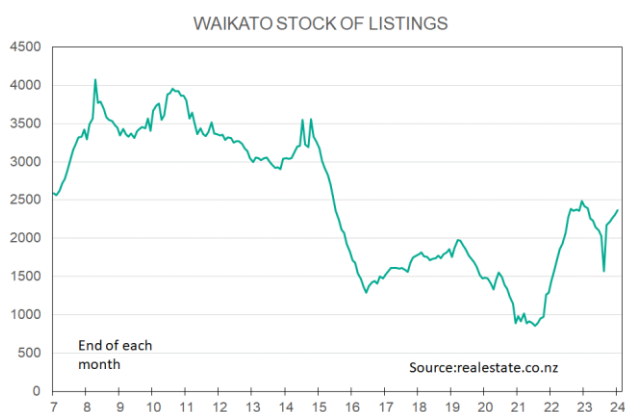


For the moment property buyers in the Bay of Plenty are enjoying almost the best number of properties to choose amongst since around 2015. How long this situation will persist once the housing market gains more strength probably later this year is difficult to say. Some will depend on the spillover of strong population growth in Auckland to its neighbouring regions, keeping in mind the tendency for Waikato and Bay of Plenty real estate markets in particular to follow Auckland with a brief lag.

Waikato

Good listings availability

After dipping sharply towards the end of last year the number of properties available for potential buyers to peruse in the Waikato region has recently recovered back almost to levels of late-2022. This means stocks are, like the Bay of Plenty discussed above, almost at their best levels since 2015.

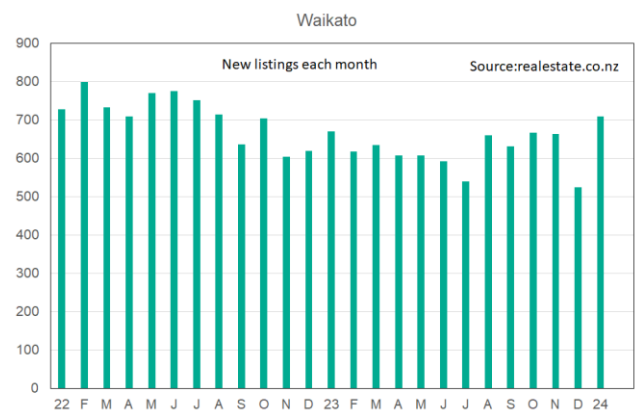


In the Waikato region in the middle of 2021 the stock of listings was down 74% from ten years earlier near 850 units. Since then stocks have recovered to near 2,400 which represents a rise from the low of around 176% compared with 103% nationwide and 140% excluding Auckland.

So relatively speaking, there has been a strong lift in property availability in the Waikato region over the past two and a half years. In particular availability has improved strongly compared with the region's neighbour to the north.



As is the case above for the Bay of Plenty region, a large dip in new listings of properties in December (data seasonally adjusted) was reversed in January. At a pinch one might say that there is an upward trend in fresh stock numbers coming forward – but the drift up is very small.



The stock of property available for buyers to peruse is now only 22% lower in Waikato than was the case ten years ago. This is the second smallest such decline behind Canterbury's 6%. (Auckland is up 26%.) In historical terms, stock availability in Waikato is quite good and only exceeded by Canterbury which benefitted from the vast freeing up of land following the 2011 earthquake 13 years ago, and Auckland because of its building boom.

Gisborne

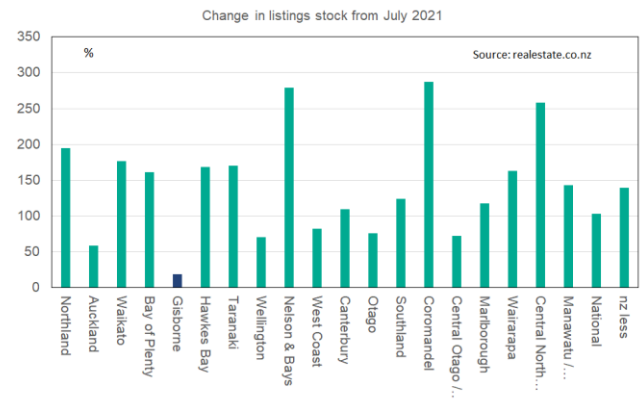
Listing stocks low

In line with the rest of the country Gisborne experienced a firm lift in listings from the low reached in mid-2021 – although in the case of this small region that low was technically 63 in the middle of 2020. The 2021 low was 77.



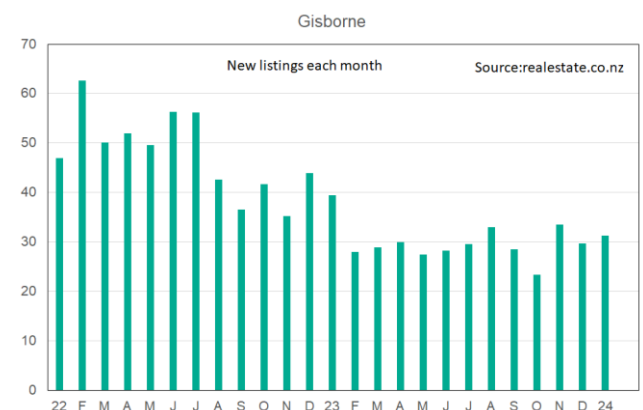
But unlike the rest of the country the availability of listings following the 2022 surge has not been sustained.

At the end of January, the stock of listings stood at only 91. This may represent a 50% recovery from the 2020-21 low, but stocks are still 74% down from where they were ten years earlier early in 2014. This is the greatest ten year decline of all the regions we track, and the nationwide ten year decline stands at 30% or 44% if we exclude Auckland.



One effect running through the Gisborne data will be Cyclone Gabrielle a year ago. But as the graph shows, stock available for purchase fell away before then.

When we look at the flow of fresh listings coming forward each month, we see that things have been relatively steady since the start of last year.



Gisborne is a very small market which can display high volatility with occasional impacts from inflows and outflows of people from other parts of the country. The fact that listings have not soared since the floods of a year ago tells us that people are not abandoning this most lovely part of the country.

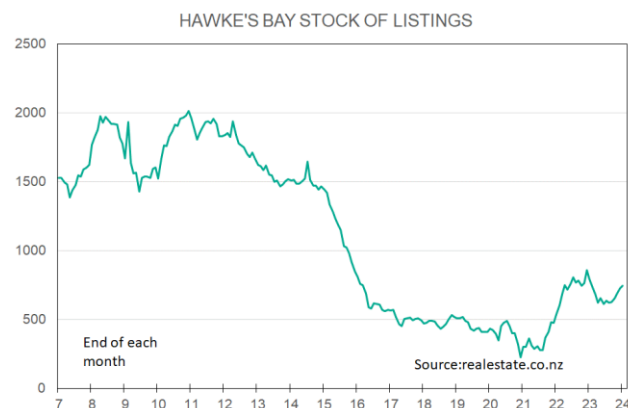
Hawke's Bay

Recent rise in new listings

Unlike its neighbouring region of Gisborne Hawke's Bay does not display quite the same falling away of listings availability after the 2022 surge. This means that whereas the rise in listings from mid-2021 for Gisborne was only 18%, for Hawke's Bay the gain has been 168%.



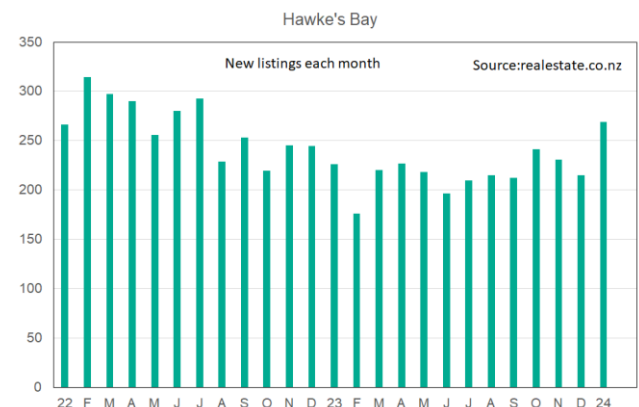
This is more than the nationwide recovery of 103% and the rise of 140% for the country excluding Auckland.



Listings actually bottomed out in Hawke's Bay slightly ahead of the pack's mid-2021 nadir at around 230 at the end of 2020. Listings now stand at 747 as at the end of January. Is this a lot?

Not really. Stocks are still 50% lower than ten years before compared with a nationwide ten year change of 30% or 44% excluding Auckland. Stock in Hawke's Bay has risen well from the 2021 lows. But by long-term standards availability remains relatively poor.

Having said that, there was a relatively strong lift in fresh listing numbers received on the realestate.co.nz website for the Hawke's Bay region through January. February's data will tell us if this is a genuine shift in availability or a one-off blip.



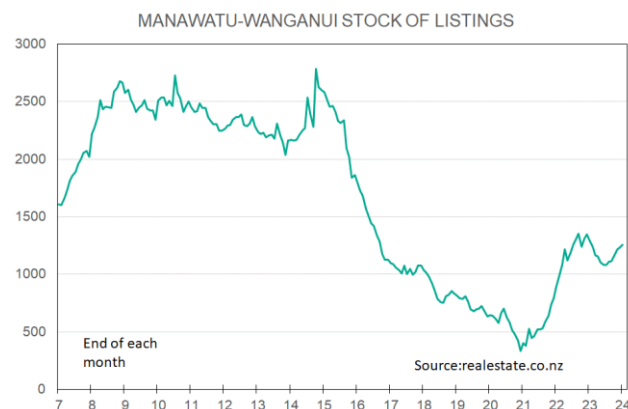
Manawatu-Wanganui

Rising listings availability

In the Manawatu-Wanganui region the number of properties listed for sale at the end of January stood at 1,260. This was a rise of 143% from the nationwide mid-2021 low-point which for the region was actually 334 reached at the end of 2020.

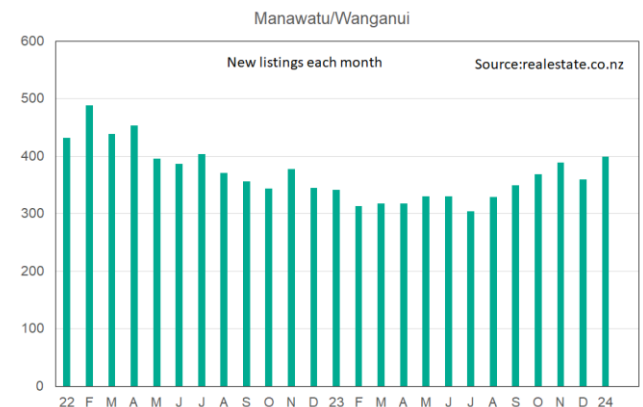


The pandemic initially caused a severe decline in property availability in the region, as seen here. This meant that come the end of 2020 listings were down 87% from ten years earlier.



As has been the case nationwide, listings have recovered over the second half of last year after earlier falling away as some fresh buyers appeared in the market. This trend may be continuing.

This next graph shows new listings of property available for sale in the region in each month since the start of 2022.



We can see that there is a clear upward trend in place since August. More people are bringing property to the market for sale.

Taranaki

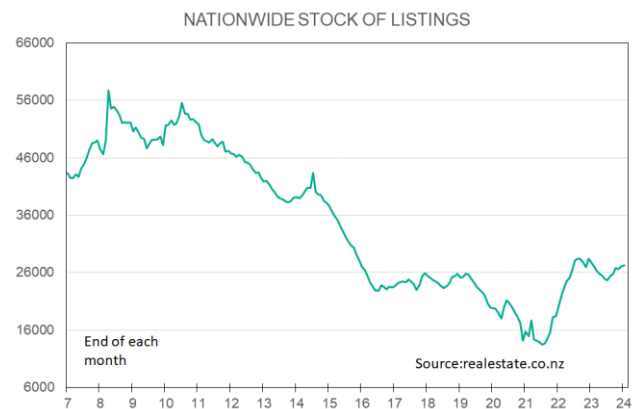
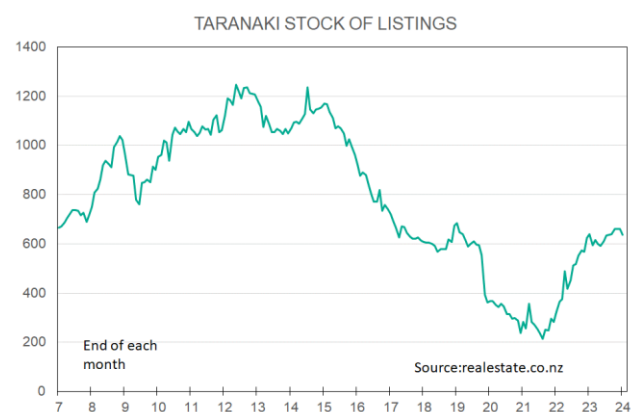
Listings 40% fewer than a decade ago

In the Taranaki region the number of properties listed for sale at the end of January stood at 640. This was a strong rise of 170% from mid-2021 compared with a nationwide listings increase of 103% and a 140% rise for all of the country excluding Auckland.



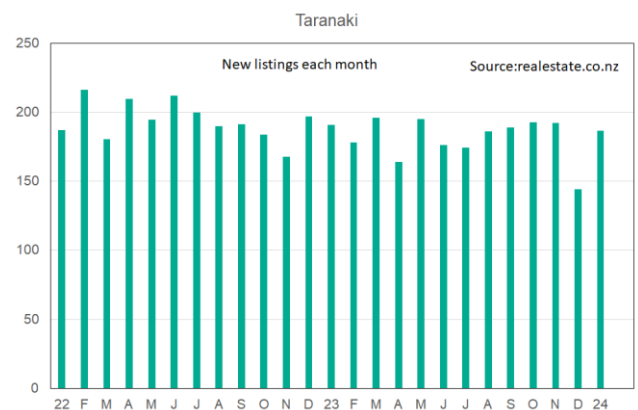
The Taranaki rise in listings is on a par however with Hawke's Bay and only slightly more than Manawatu-Wanganui.

This next graph shows end of month listings stocks since 2007 and we see that the profile matches that for the country overall. Listings fell firmly over the 2014-17 period. But the drop at the end of 2019 and start of 2020 was far sharper than for the country overall, shown in the graph just below the one here for the Taranaki region.



The Taranaki region does not tend to attract as much quick buyer interest during the upward leg of the nationwide price cycle. But perhaps when attention is paid, this drop in property availability tells us things can change quickly.

The recent improvement in listings from lows around the middle of last year is a bit weaker than for NZ overall and our final graph here shows that there is no upward trend in the number of fresh listings coming to the market each month.

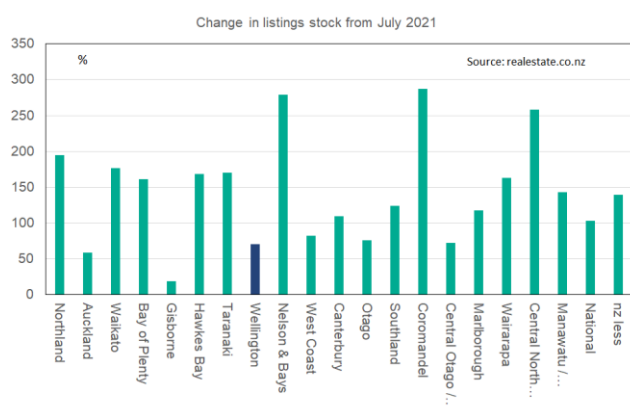


Wellington

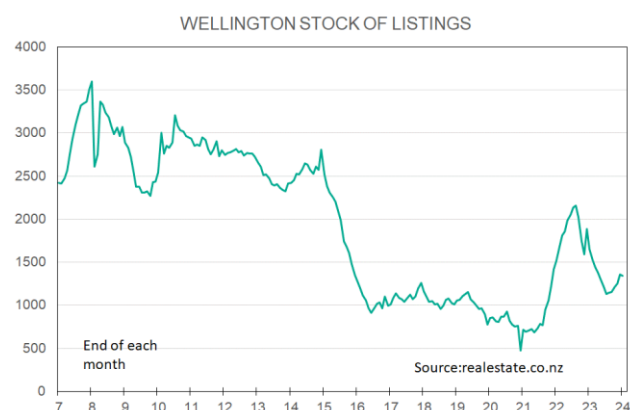
Listings down rapidly

Our final region for North Island coverage, Wellington, has been displaying some fairly strong price rises since the nationwide price measure started moving up in June last year. Why might this be the case? Actually, answering this question is why I decided to focus this month's issue of Regional Property Insights on property listings data from realestate.co.nz

At the end of January the number of properties listed for sale in the Wellington region stood at 1,340. This was a 70% rise from the nationwide low in mid-2021. So far so good.

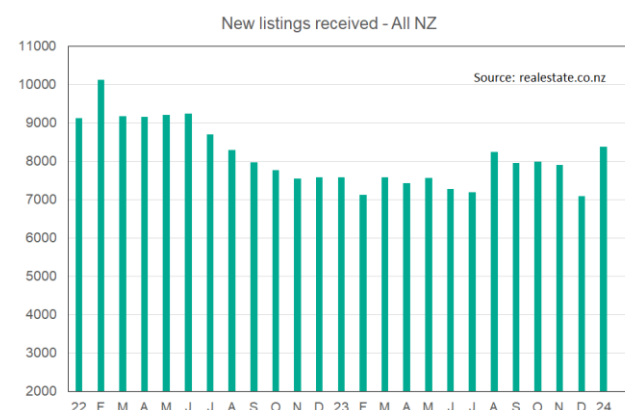
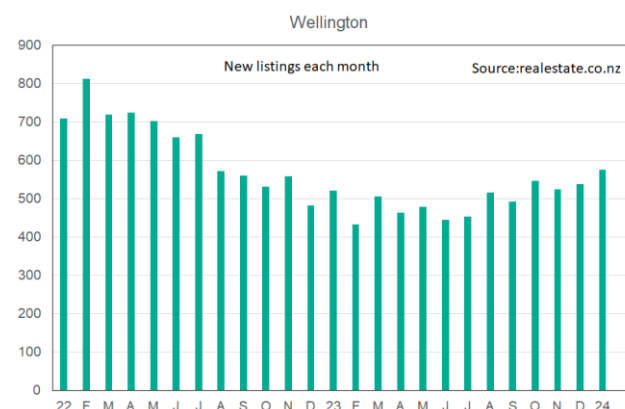


But the nationwide gain in listings stock since then has been 103% or 140% if we exclude Auckland. Wellington's rise in listings has been only half of what most of the rest of the country has experienced.



Wellington's listing stock shot up strongly from late-2021 to mid-2022. But since then it has fallen to a far greater degree than elsewhere in New Zealand. It is this fall which really sets Wellington aside. Compared with the middle of 2022 Wellington's stock of listings has fallen by 37% while nationwide they have decreased just 3% while rising 5% excluding Auckland.

The pattern of change in new listings is about the same in Wellington as nationwide since the start of 2022 – shown in these two graphs first for Wellington then all NZ.



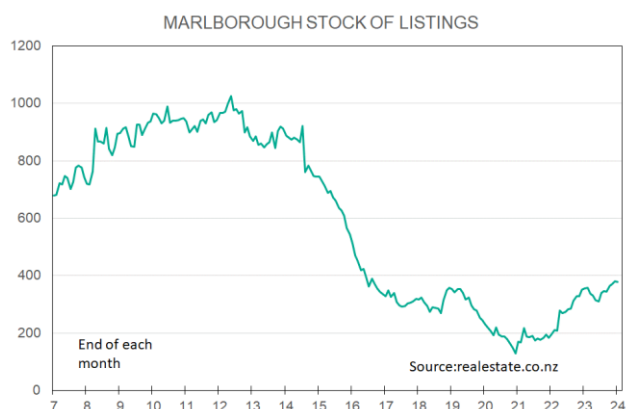
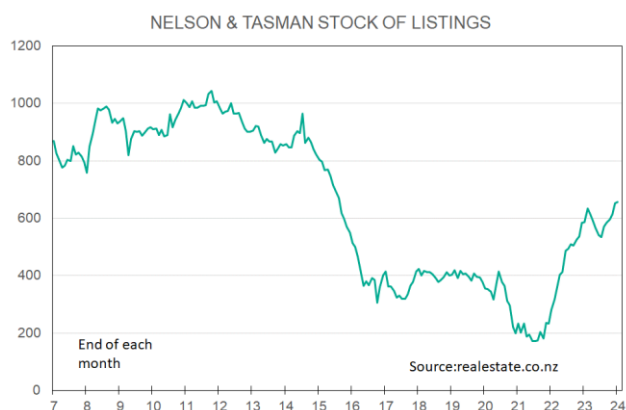
The collapse in Wellington stocks seems to reflect a combination of firm sales and lack of fresh construction. The upshot is some unique price pressure not being observed elsewhere by and large.



Nelson, Tasman, Marlborough

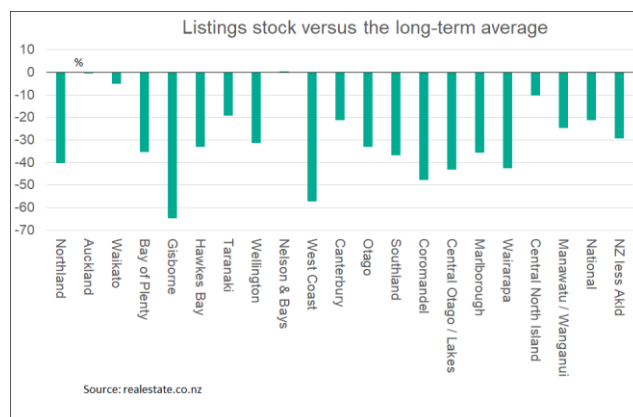
Marlborough short of stock

Our first two graphs here show that there has been a greater recovery in listings stocks in the Nelson/Tasman area than in Marlborough since the lows experienced by both regions in 2021.

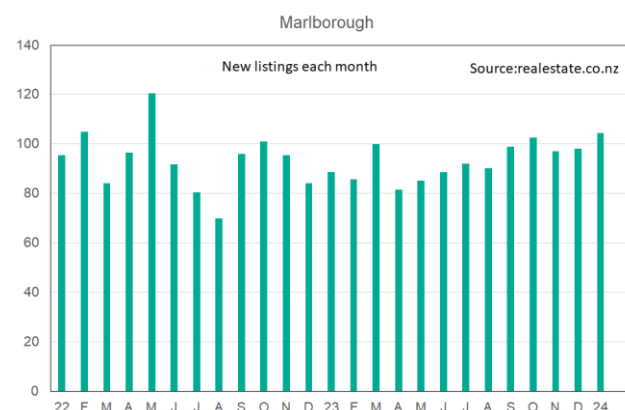
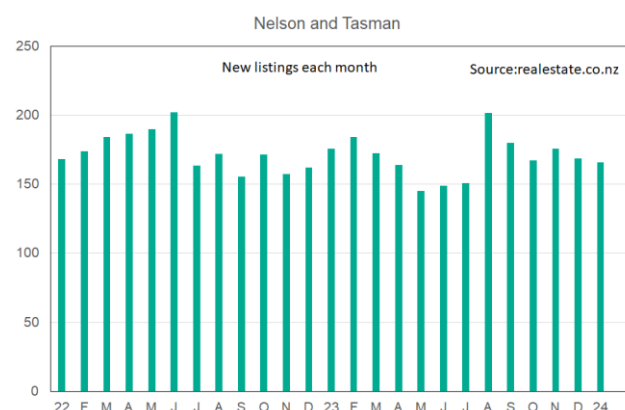


More than that, listings in the Nelson/Tasman area are only 24% down from where they were ten years ago while in Marlborough, they are down by 57%. The nationwide decline is 30% and excluding Auckland 44%.

We can say that listings are in quite short supply in Marlborough but relatively plentiful in Nelson/Tasman. In fact, this is the only region where listings are above the long-term average from 2007.



Are many fresh listings coming forward? The next two graphs show that there is no upward trend in fresh listings each month for Nelson/Tasman, but a small trend upwards is apparent in Marlborough. On the face of it this trend would have to be a lot stronger to make much of a difference.



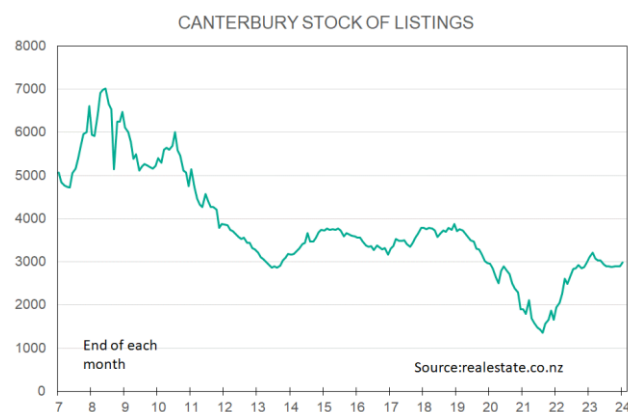
Canterbury

Relatively good availability

In the Canterbury region at the end of January the number of properties listed for sale stood at 2,990. This was a firm rise of 109% from the lows of mid-2021 compared with a nationwide gain from that time of 103% and 140% excluding Auckland. The lift in Canterbury is slightly below the non-Auckland average.

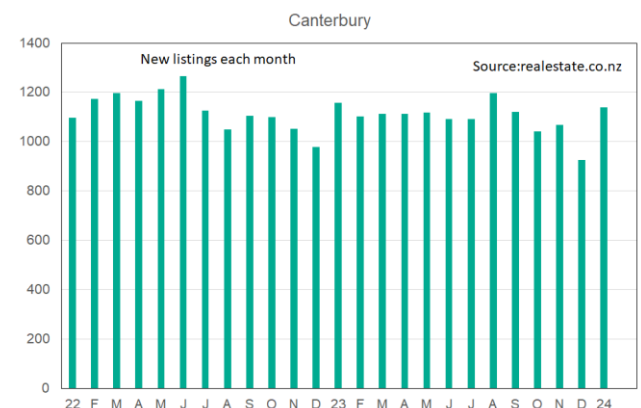


But compared with ten years ago in January 2014 stock availability in Canterbury was only 6% down versus a 30% decline for all NZ and 44% decline outside of Auckland. The post-earthquake building boom in Canterbury and townhouse-driven surge in Auckland have produced relatively good stock levels.

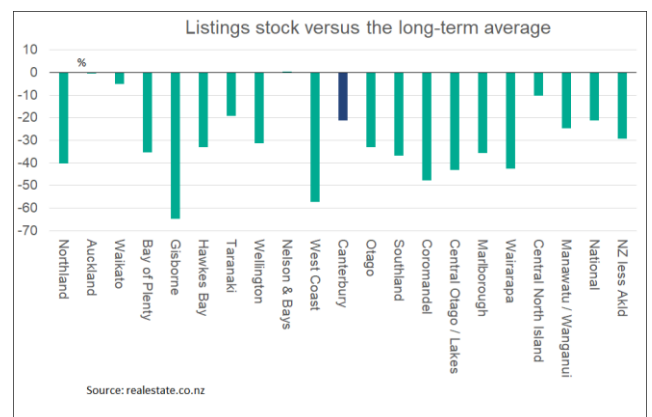


Stock levels in Canterbury have eased only marginally from their recent peak about 12 months earlier to about the same degree as the easing for the country overall.

Our third graph here shows that there is no upward trend in pace in the number of fresh property listings coming forward in the Canterbury region.



Where we sit currently for Canterbury is with stock levels only 21% below their long-term average from 2007 compared with a 29% fall outside of Auckland.



Dunedin City/Otago

Stick drying up quicker than average

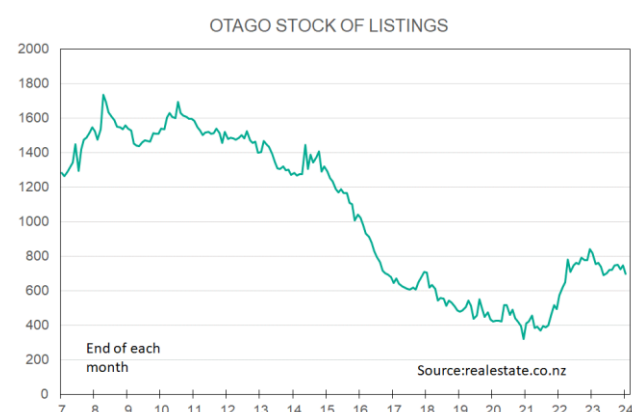
The data from realestate.co.nz cover Otago and Central Otago. Thus comments here would mainly cover Dunedin but also with some other locations in the mix.

At the end of January, the number of properties available for people to buy in Otago stood at 700. This was 33% below the average since 2007 which is slightly more than the nationwide position below average of 21% though not far from the ex-Auckland position of 29% below average. Stock is in shortish supply but not outrageously so.

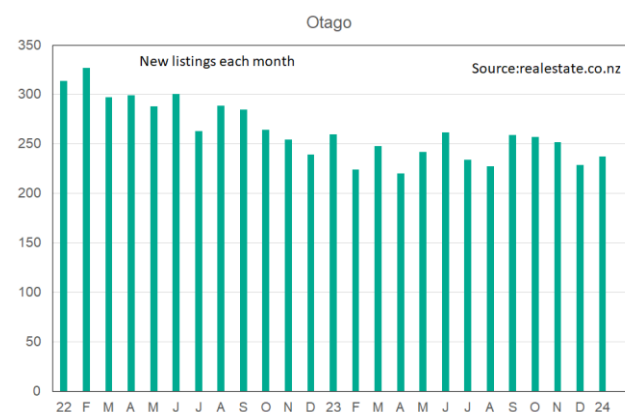
Since stock levels bottomed out nationwide in the middle of 2021, they have improved by 103%. For Otago the improvement has been slightly less at 76%.



Moreover, since peaking late in 2022 NZ stocks overall have fallen just 4% whereas in Otago the decline has been 17%. Stock is drying up slightly more quickly than average in Otago now the housing cycle recovery is underway.



Contributing to the relative drying up of stock in the largely Dunedin area here is the downward trend in the number of fresh property listings coming to the market.

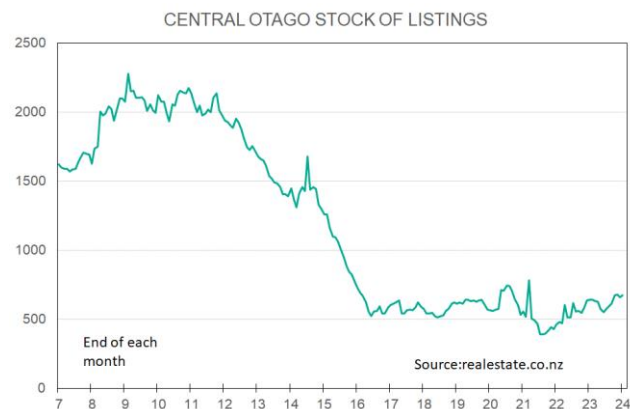


Queenstown Lakes

Stock in relatively short supply

The realestate.co.nz data cover an area defined as Central Otago. Therefore the data discussed here capture more than just the usual Queenstown Lakes district and would include the likes of Alexandra and Roxburgh for instance.

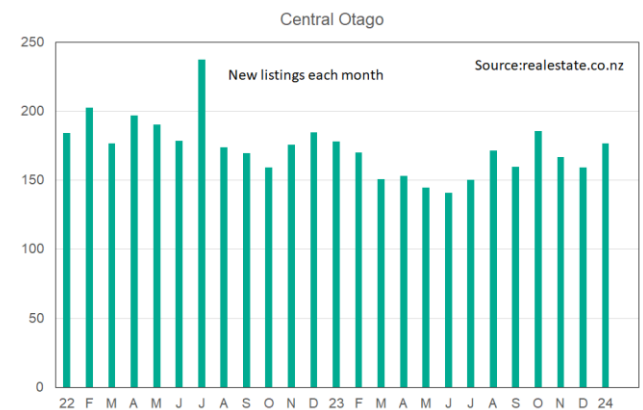
At the end of January this year the number of properties available for purchase in Central Otago stood at 675. This was 53% down from the number available ten years ago and compares with a nationwide decline over this period of time of 30% or 44% excluding Auckland. Stock availability has relatively worsened.



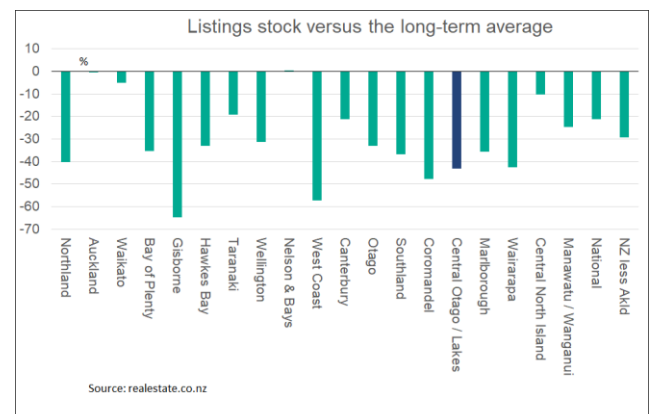
There has been a slight improvement from the lows of 2021. But whereas this gain nationwide adds up to 103% the Central Otago gain is smaller at 70%.



It looks like this situation reflects a strong lift in buying rather than a dearth of fresh listings being brought to the market. The listings trend shown in this next graph is almost flat since the start of 2022.



Compared with the average from 2007, current stock levels in Central Otago are 43% down versus a 21% decline nationwide and 29% fall excluding Auckland. Stock is in relatively short supply in Central Otago.



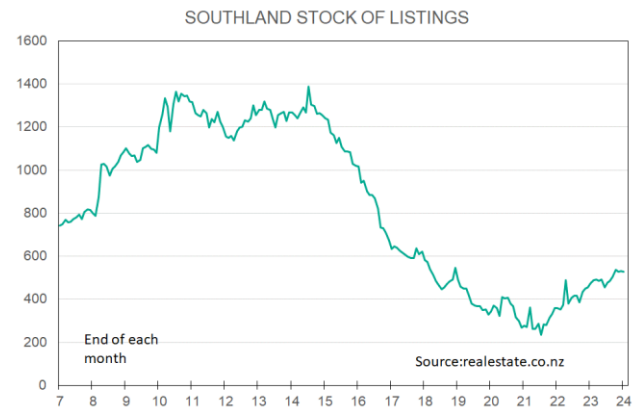
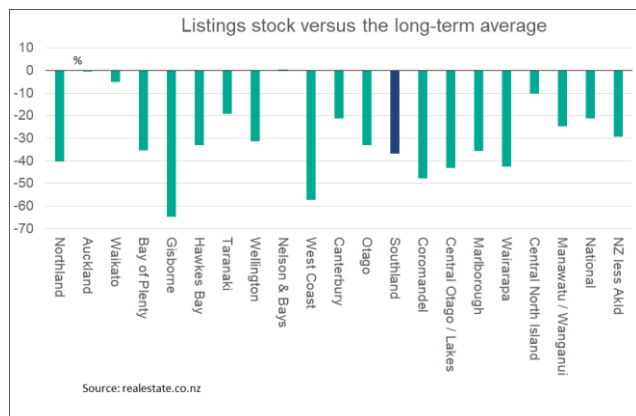
Southland

Stock relatively tight

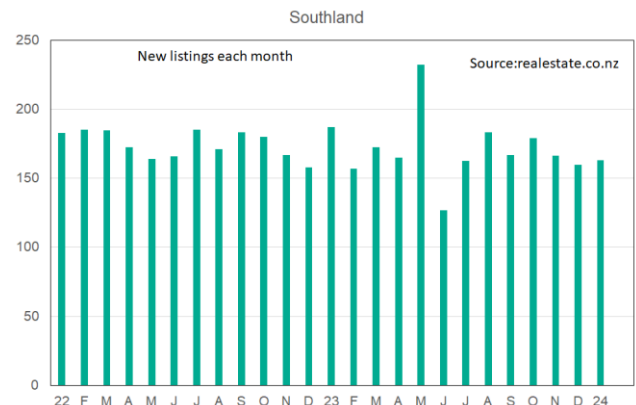
At the end of January there were 530 properties on the market in the Southland region. This represented a rise from the record lows of 2021 of 124% compared with 103% nationwide and a 140% rise excluding Auckland. It feels about average for the region then.



Like the rest of New Zealand stock levels fell precipitously over the 2014-17 period and the recovery leaves things still very difficult for buyers. At the end of January stock levels in Southland were 37% below average which exceeds the 21% position for all NZ and 29% below average state for the country excluding Auckland. Things in an historical sense are relatively tight in the Southland region.



Are many fresh listings coming to the market each month? The number averages about 170 but there is no upward (or downward) clear clearly apparent in the final graph here.



This publication is written by Tony Alexander, independent economist. You can contact me via LinkedIn or email tony@tonyalexander.nz

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