

CoreLogic

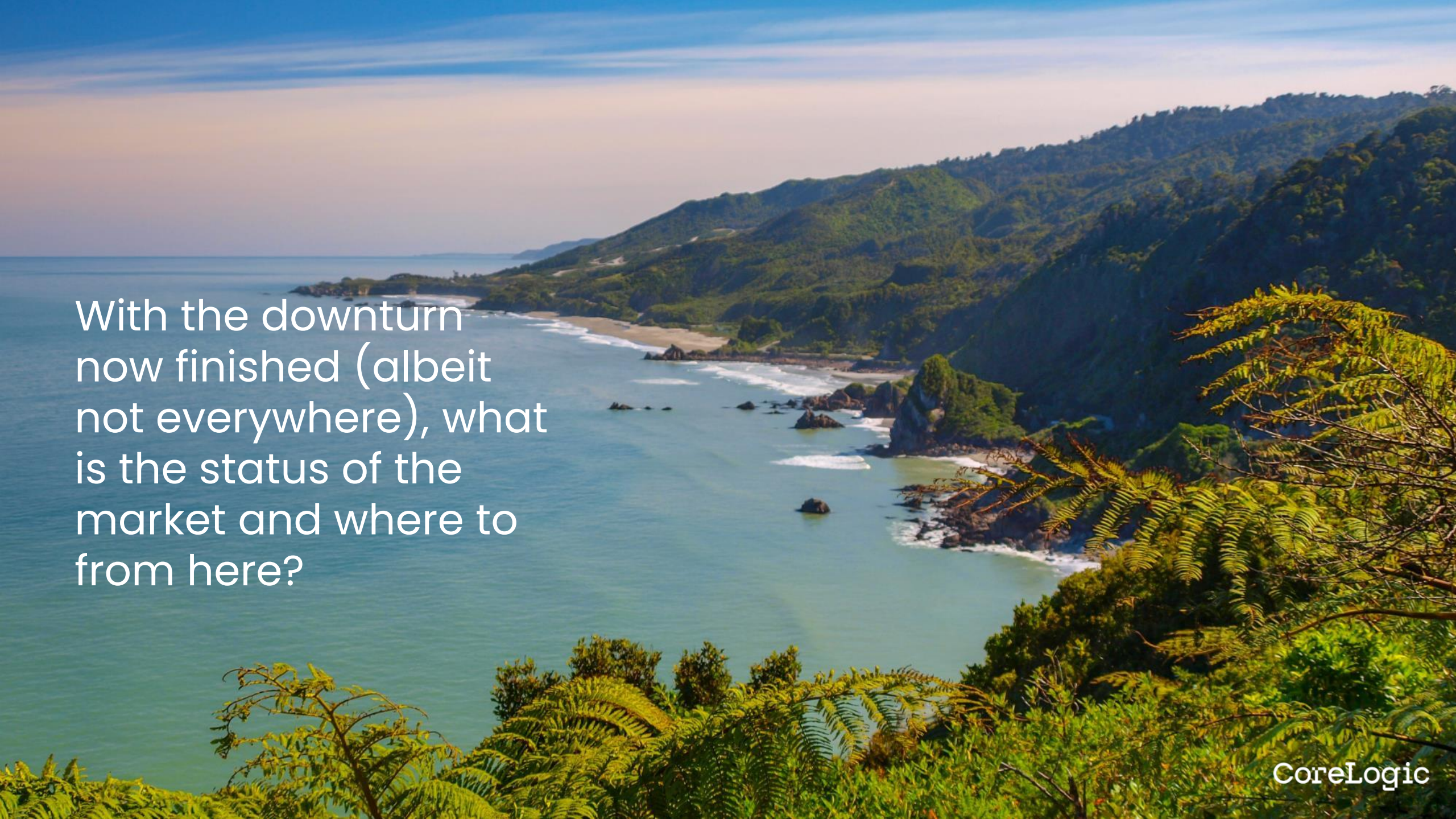
PROPERTY MARKET UPDATE

Assessing the damage

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With the downturn now finished (albeit not everywhere), what is the status of the market and where to from here?



AGENDA

The recent stats
Construction industry
Investor focus
Market stress
The future

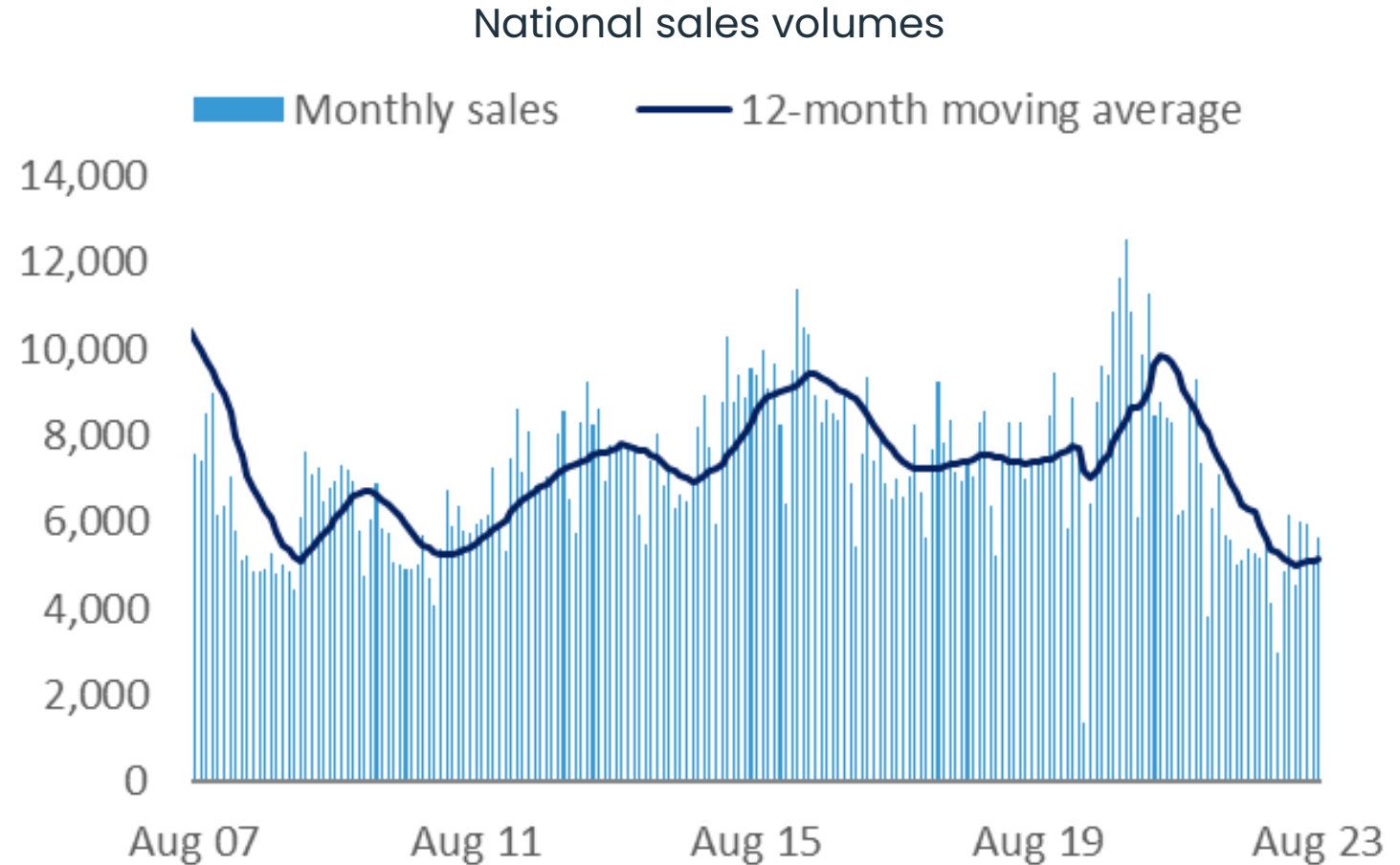
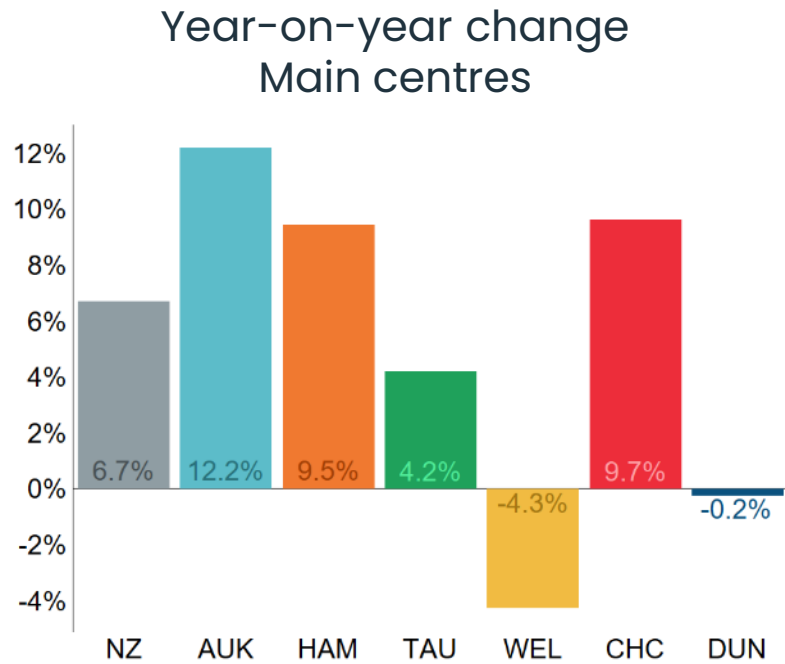
THE RECENT STATS

Volumes have bottomed out, buyers are re-emerging and prices are showing signs of increasing (albeit inconsistently)



THE RECENT STATS

Volumes increasing off historic lows

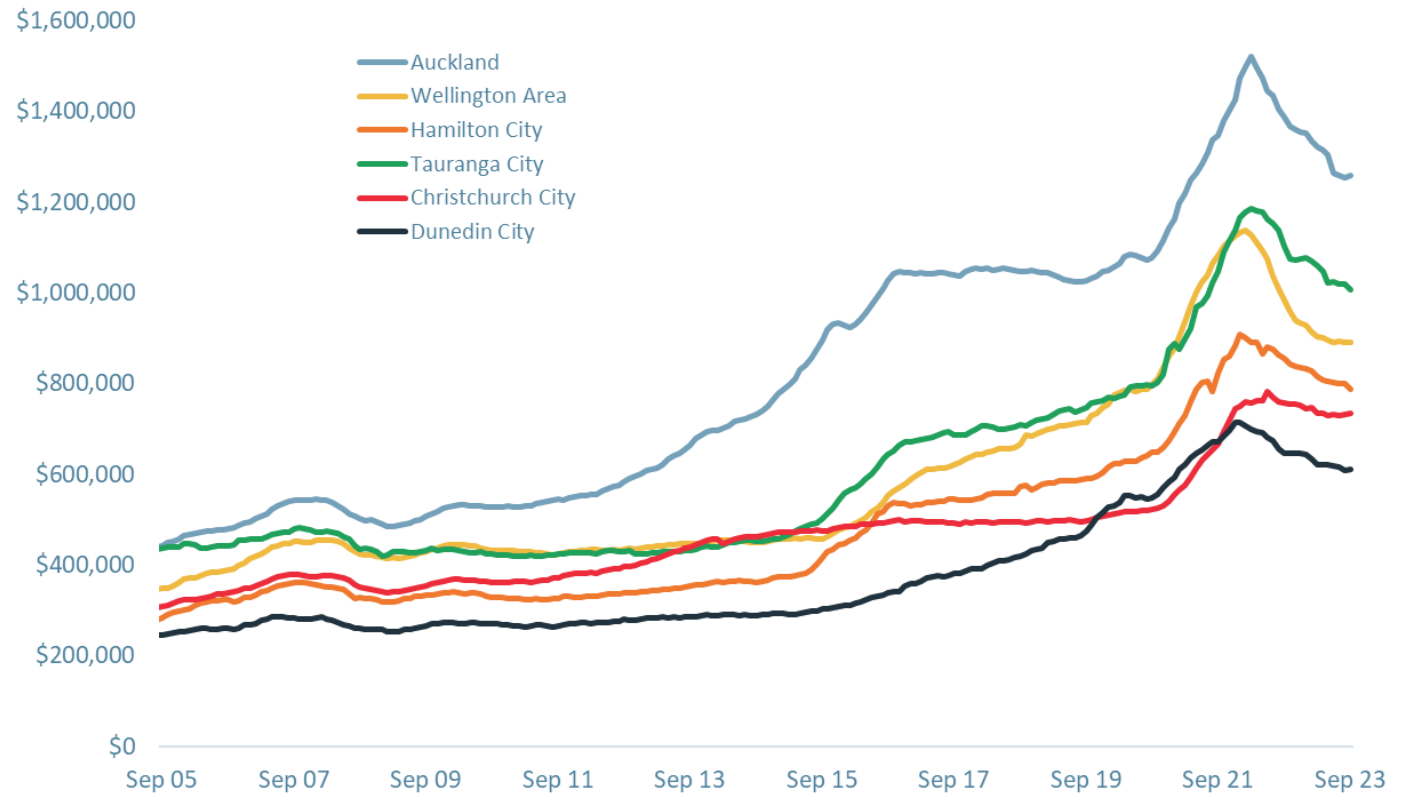


THE RECENT STATS

Values flat nationwide

Growth has been, and is likely to continue to be, muted and inconsistent across the country.

Average property values

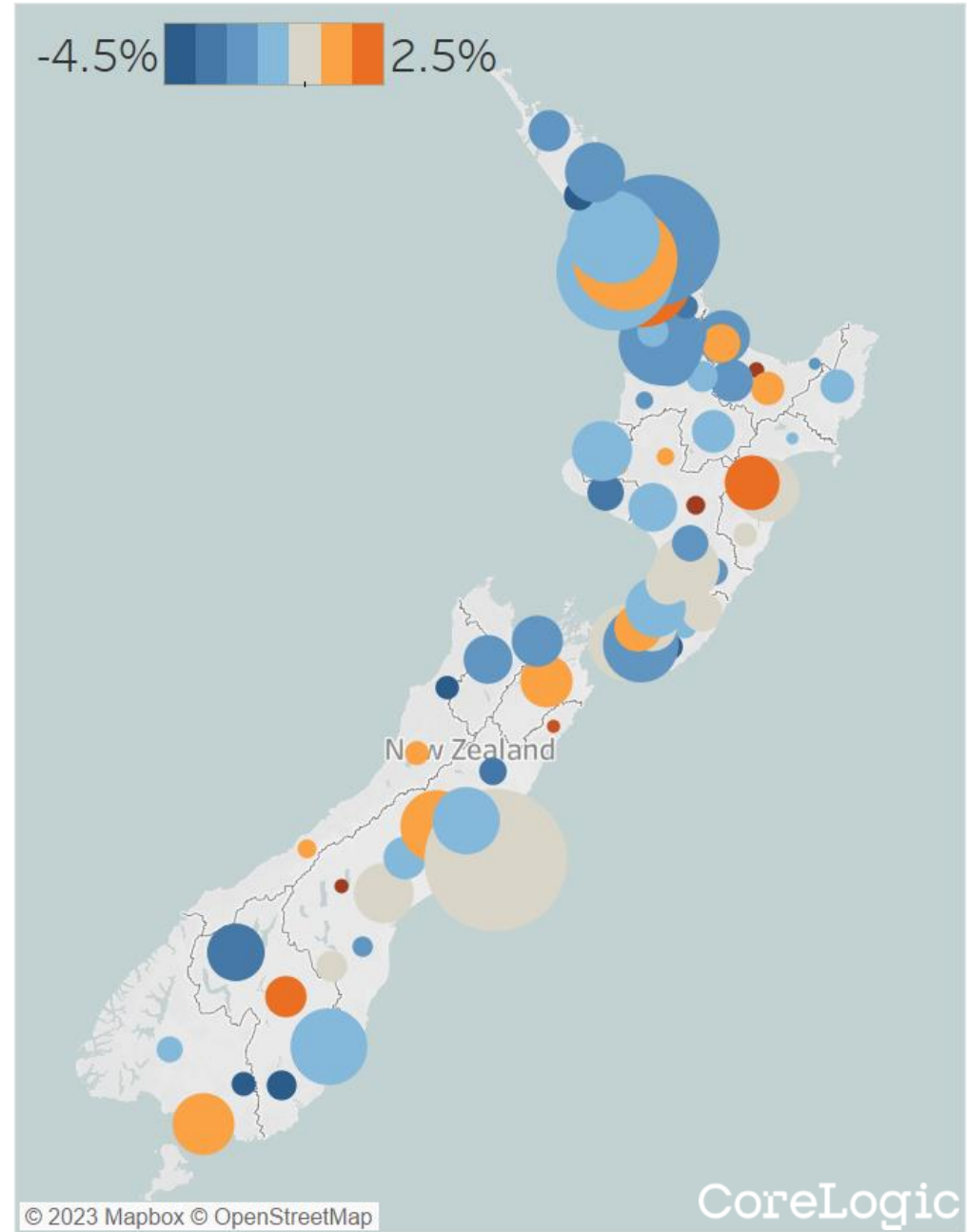


THE RECENT STATS

Patchy value change evident across the country

	Change in property values				Average Value
	Month	Quarter	Annual	From peak	
New Zealand	0.0%	-0.6%	-7.3%	-13.2%	\$905,445
Auckland	0.4%	-0.5%	-9.3%	-17.2%	\$1,259,296
Hamilton	-1.5%	-2.0%	-8.1%	-13.3%	\$787,616
Tauranga	-1.2%	-1.6%	-8.8%	-15.1%	\$1,007,262
Wellington	0.0%	0.0%	-9.6%	-21.8%	\$890,429
Christchurch	0.2%	0.2%	-3.1%	-6.3%	\$733,506
Dunedin	0.2%	-1.2%	-5.4%	-14.6%	\$610,715

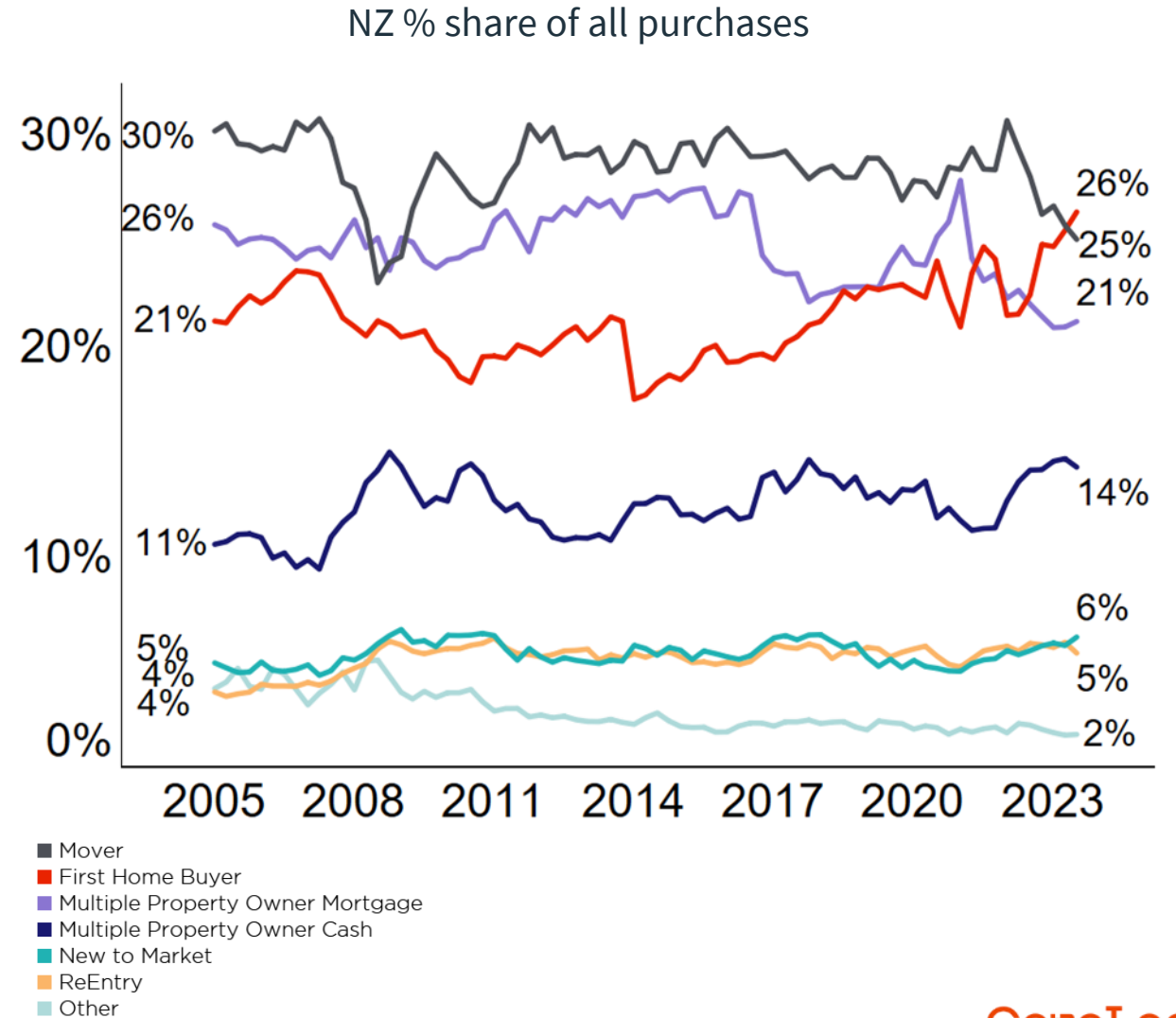
Change in value – 3 months



THE RECENT STATS

First home buyers remain active

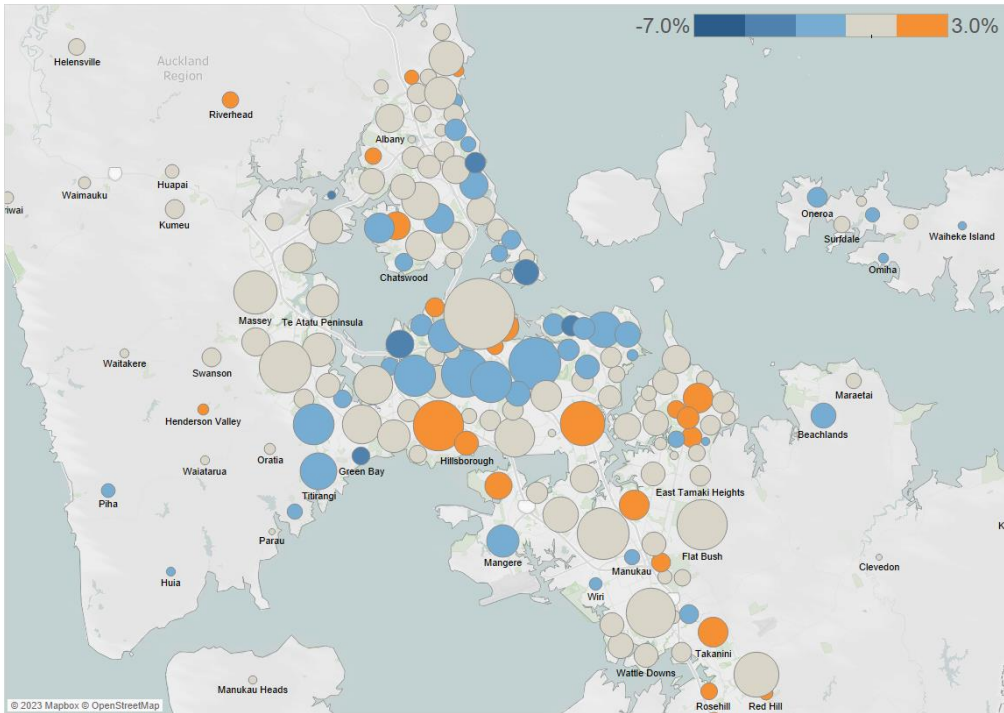
Assisted by Kiwisaver, first home loans/grants, willingness to modify expectations, broad market entry points, motivation to leave the rental market.



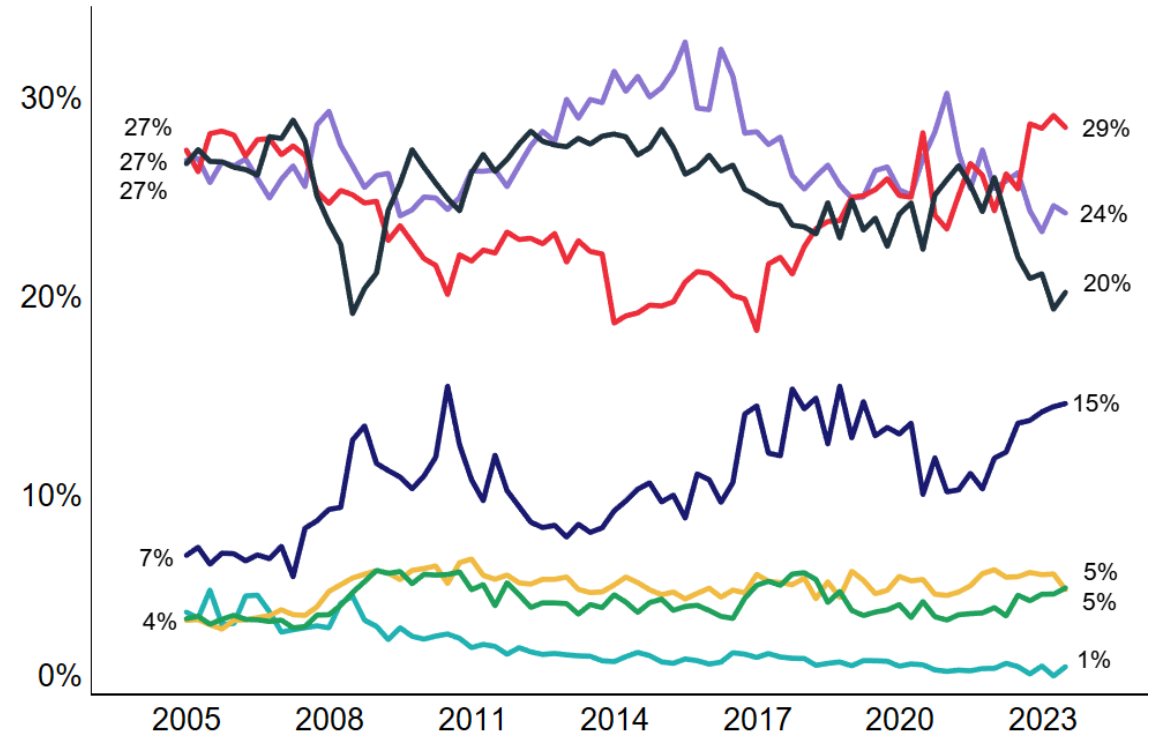
THE RECENT STATS

Auckland – FHBs prominent and values turning

% 3 month change in median values



Auckland % share of all purchases



- Mover
- First Home Buyer
- Multiple Property Owner Mortgage
- Multiple Property Owner Cash
- New to Market
- ReEntry
- Other

CONSTRUCTION INDUSTRY

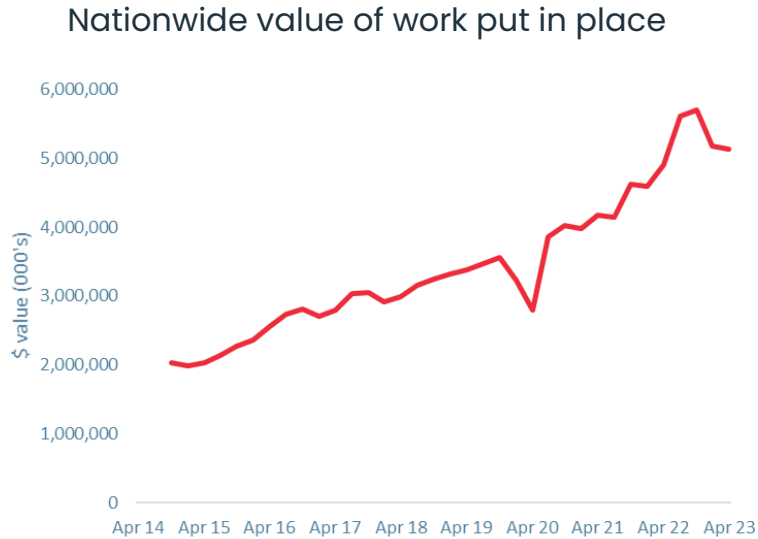
Building consents are consistently falling away, but how is the broader market coping?



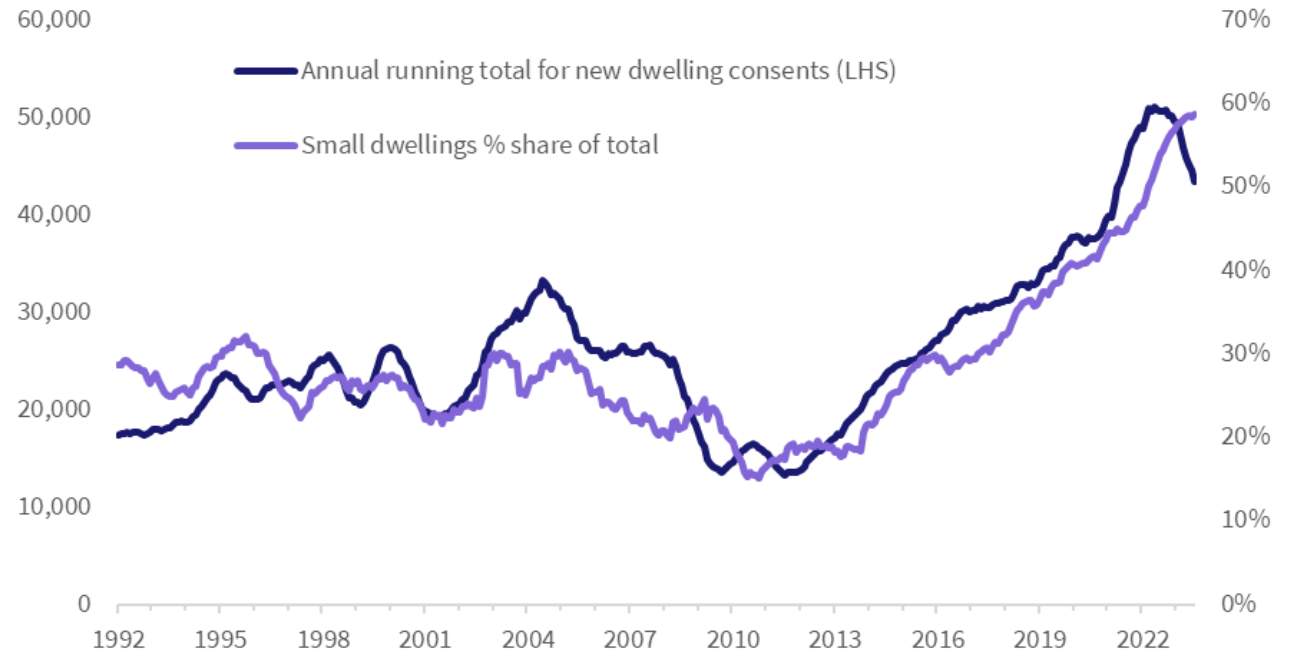
CONSTRUCTION INDUSTRY

Consents falling but share of small dwellings holding

Value of work put in place holding up better



Nationwide building consents



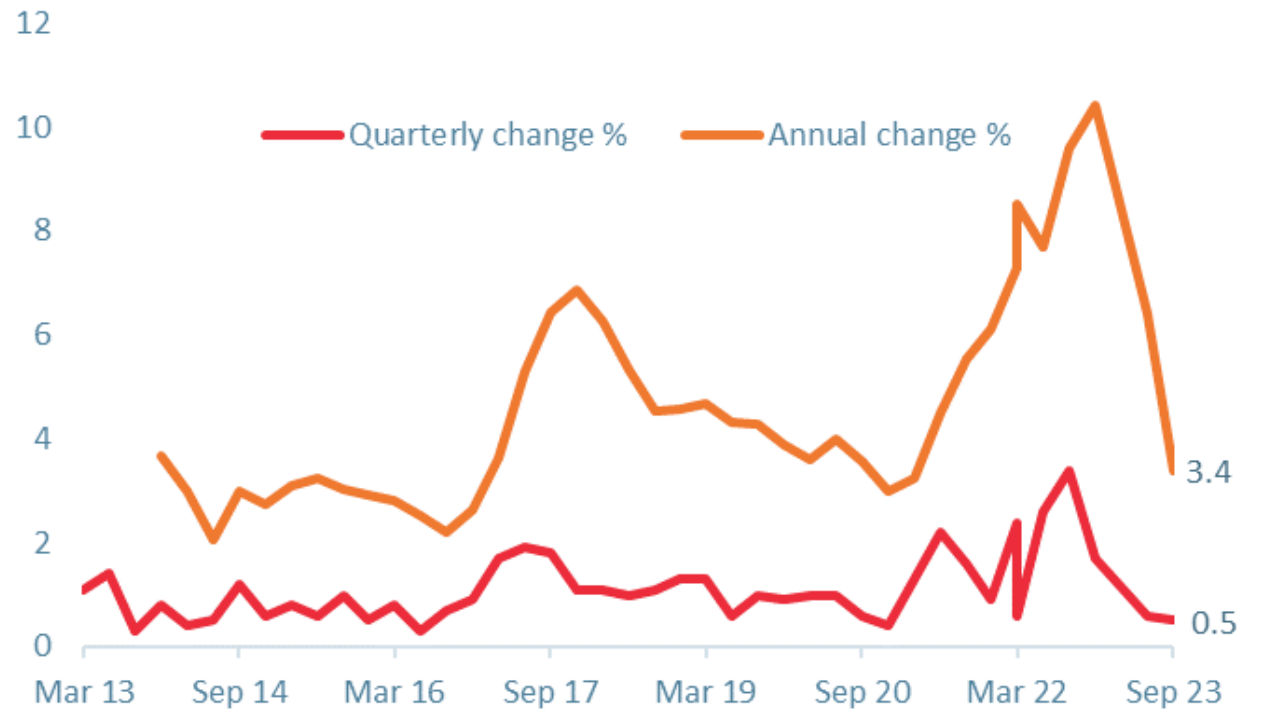
CONSTRUCTION INDUSTRY

Cost to build remains high

Important to note it's not getting cheaper to build, but the rate of growth is slowing – easier supply chains and slightly more capacity.

Labour contributes about 50% of the overall cost so the tight labour market continues to flow through to increased wages.

% change in Cordell Construction Cost Index (CCCI)

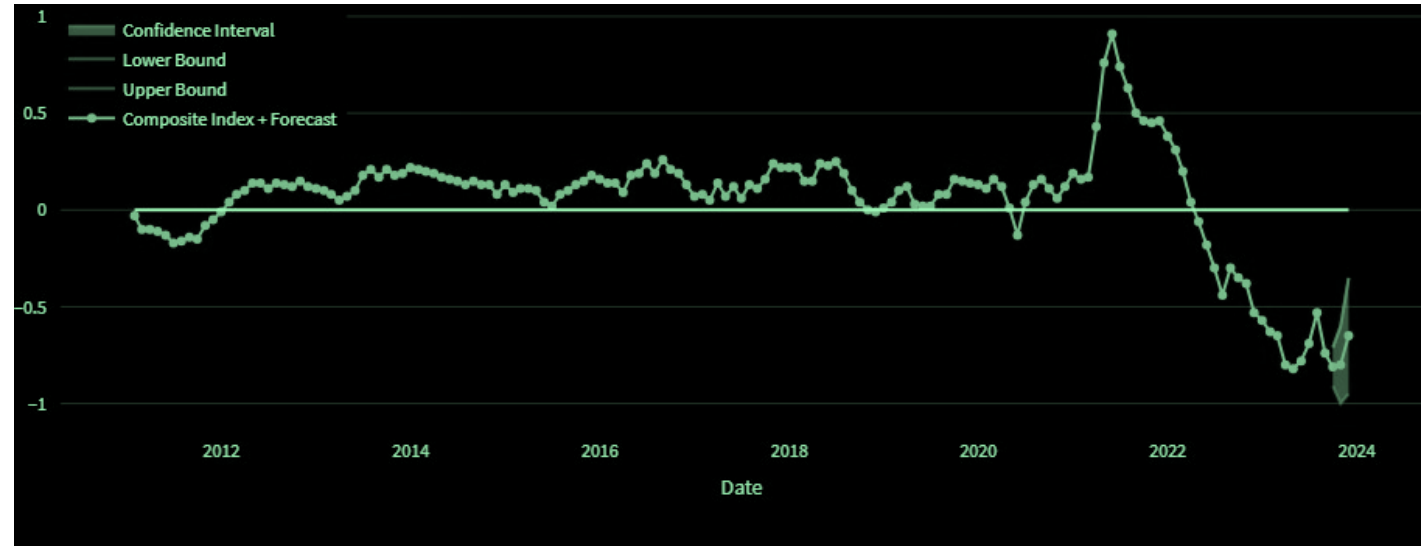


CONSTRUCTION INDUSTRY

Some cause for optimism

Working group (CanConstructNZ) and members tracking and forecasting the state of the construction sector and the prevailing operating environment

NZ Construction Industry Composite Index



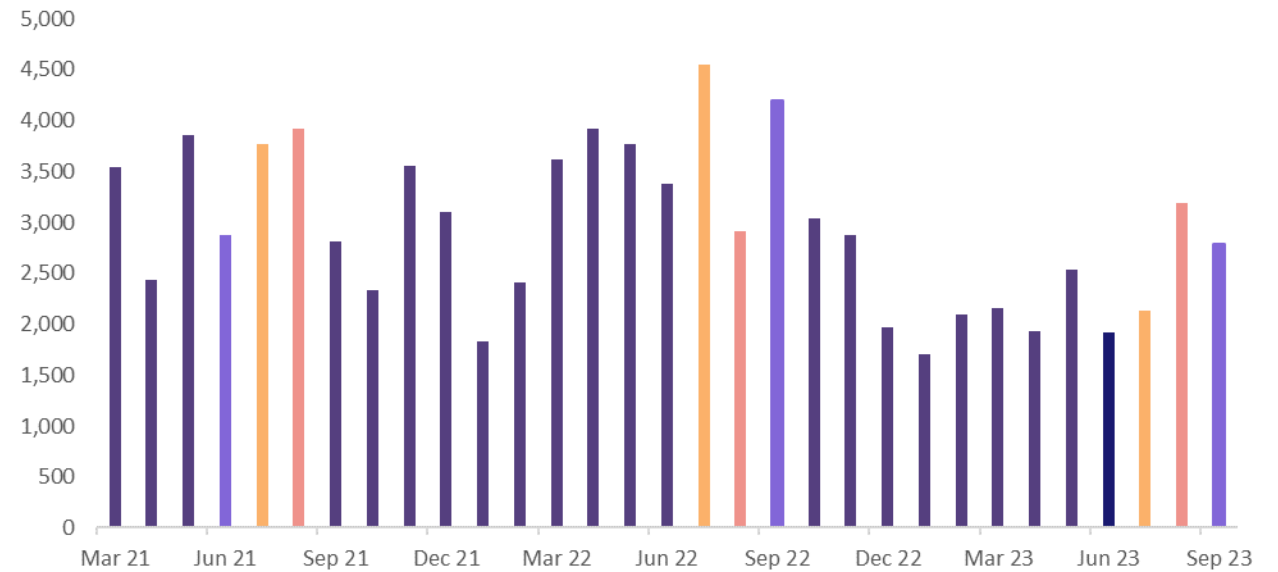
Source: Massey University (experimental)

CONSTRUCTION INDUSTRY

Greenfields still being created

August 2023 had more Greenfields created than August 2022, though September wasn't as strong.

County of Greenfield creation through CoreLogic MasterMap team



INVESTOR FOCUS

Investors aren't as active but haven't fled the market. Are they about to come back?



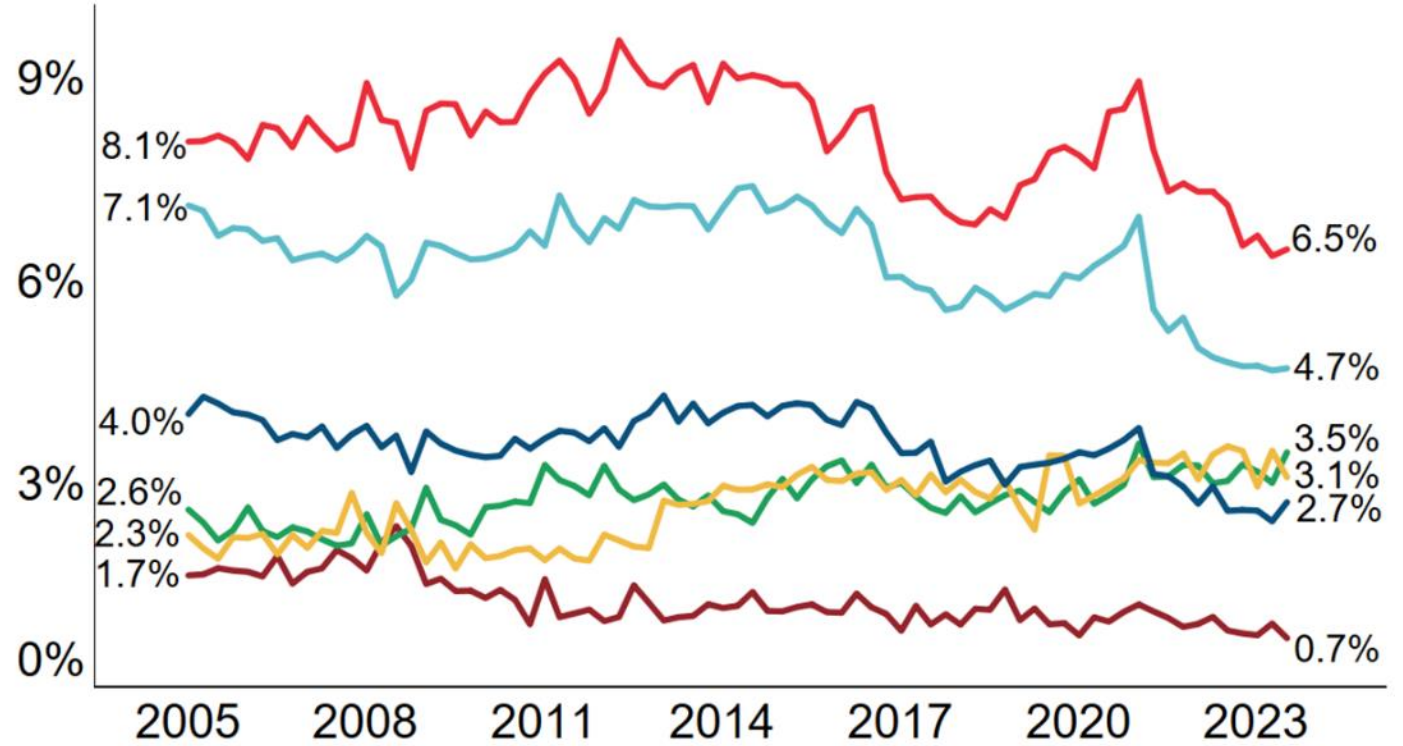
INVESTOR FOCUS

Activity has reduced

Notably from those who might otherwise be buying their 2nd, 3rd or 4th investment property.

Those multiple property owners with 10 or more properties haven't been as affected.

NZ % share of all purchases
Multiple Property Owners



- Total 2 properties
- Total 3-4 properties
- Total 5-9 properties
- Total 10+ properties
- New to Area
- New MPO

INVESTOR FOCUS

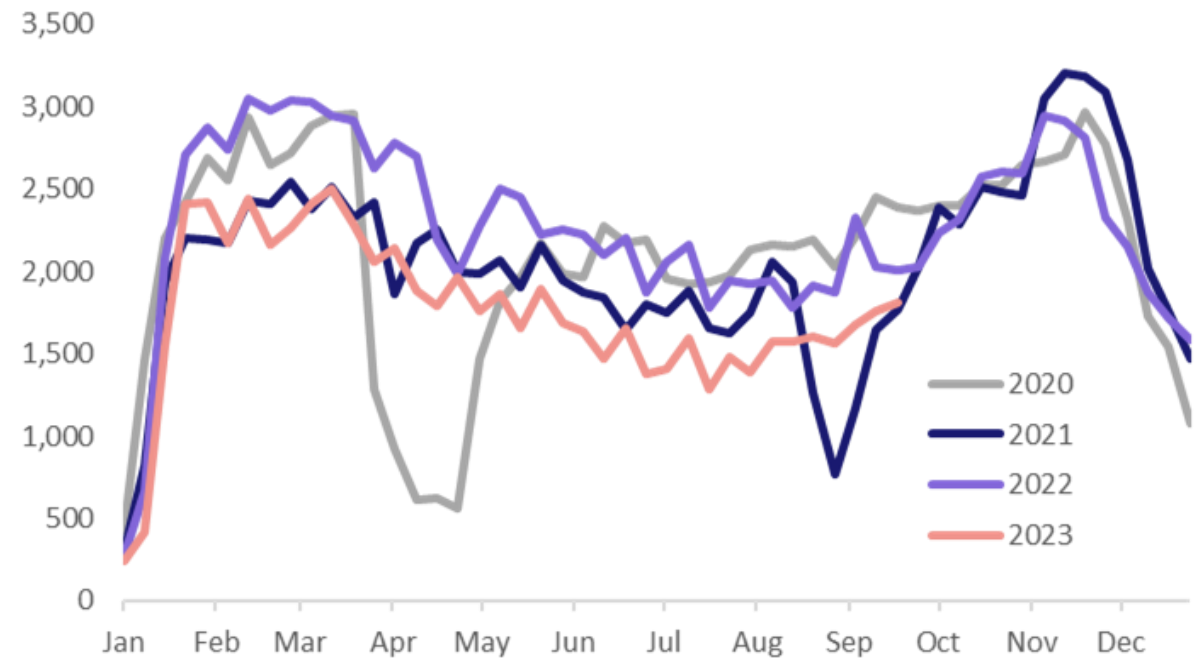
No signs of investors exiting the market

Possibly holding on for the end of their Brightline period?

Number of mortgaged multiple property owners potentially affected by the 5 year bright line test



Flow of properties being listed for sale

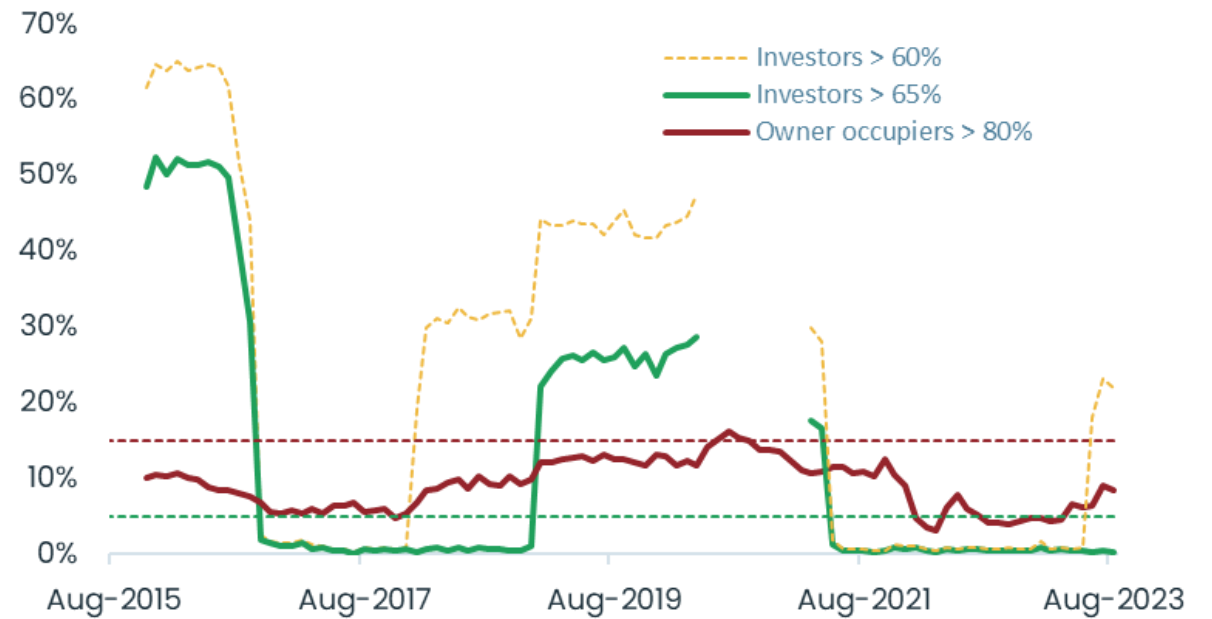


INVESTOR FOCUS

Loosened LVRs have been welcomed

Reduced deposit/equity requirement has been immediately embraced by property investors

Share of lending at high LVR



MARKET STRESS

What of those
mortgage holders still
to re-fix at higher rates?



MARKET STRESS

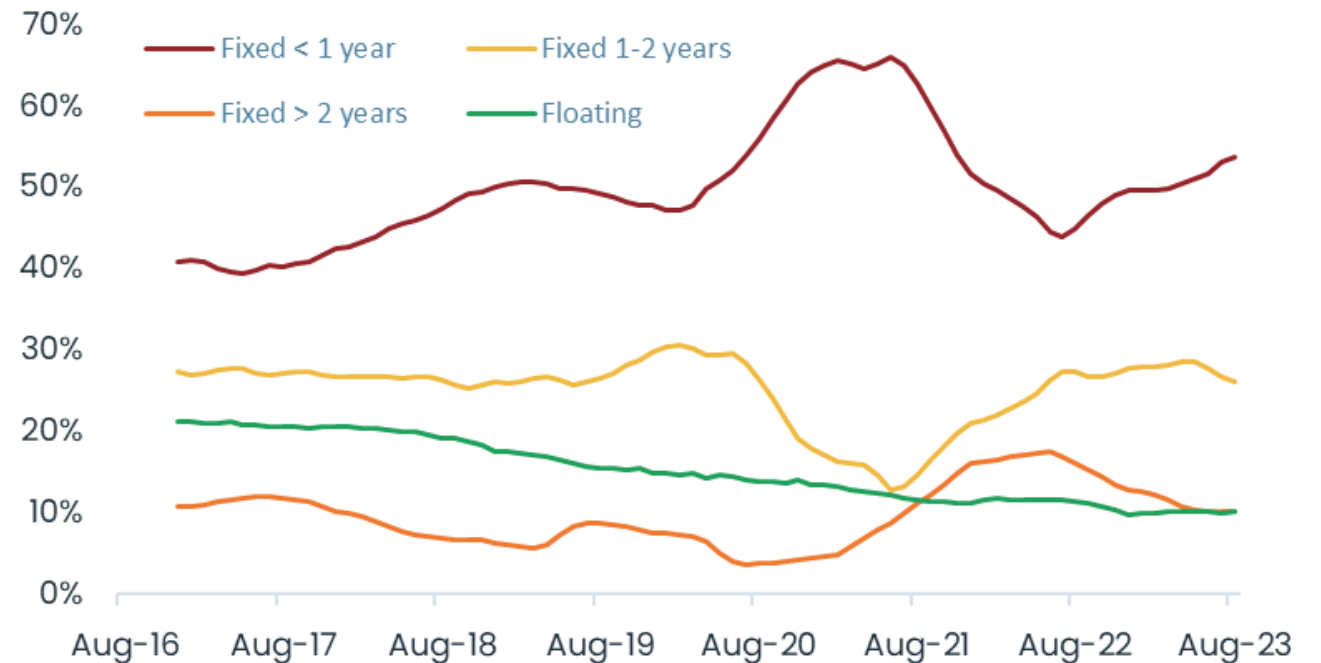
The re-financing wave is still being worked through

Mortgage arrears and 'forced sales' are low by historic standards but have increased and should continue to be monitored

As should arrears of other lending types, especially for those who bought at the peak

But so far, low unemployment has aided a smooth adjustment

Share of lending on different terms



THE FUTURE

The downturn is over, but
don't expect values to take off
again

Affordability remains
stretched, which will
limit demand
→

Investors still face
challenging times, not
all will be alleviated by a
change in Government
→

Some volatility could
continue to be a
feature of the market
into 2024
→





Thank you

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