

HARCOURTS MARKET WATCH.

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REGIONAL OVERVIEW

The latest residential housing figures from New Zealand's largest real estate group, Harcourts shows that inventory is down in all regions except Christchurch, where property-on-hand was up a massive 25% compared to last year. Sales activity the Central Region did not take a breather for the typically quiet January month, with written sales up 22.9%.

Harcourts CEO Hayden Duncan says that stable interest rates, more competitive mortgage products being offered by lenders, and the sound economic outlook, will continue to fuel buyer activity well into the autumn months.

"New Zealand is in a situation where we have growing population numbers, a stable economy, and growing consumer and business confidence. The only thing preventing those looking to buy property is the lack of affordable housing in the areas it's needed. With building consents lagging behind population growth, particularly in Auckland, that situation won't change without government policy change," says Duncan.



| Auckland/Northern | Jan 2015 | Jan 2014 | Change |
|--------------------|-----------|-----------|--------|
| Total Listings | 588 | 565 | 4.1% |
| New Auctions | 273 | 247 | 10.5% |
| Property on Hand | 1666 | 1744 | -4.5% |
| Written Sales | 325 | 290 | 12.1% |
| Average Sale Price | \$683,055 | \$663,298 | 3.0% |

Demand for residential property in Auckland/Northland continues to grow at a faster rate than supply. Property-on-hand is down compared to last year, and the slight increase in new listings is doing little to quell the supply shortage with available stock down 4.5%.

Average house prices in January were up 3.0% compared to last year. The supply-demand imbalance will continue to put upward pressure on house prices in 2015, particularly in Auckland where population growth is accelerating.

| Central | Jan 2015 | Jan 2014 | Change |
|--------------------|-----------|-----------|--------|
| Total Listings | 375 | 420 | -10.7% |
| New Auctions | 64 | 72 | -11.1% |
| Property on Hand | 2109 | 2274 | -7.3% |
| Written Sales | 317 | 258 | 22.9% |
| Average Sale Price | \$322,892 | \$350,182 | -8.0% |

Written sales in the Central Region were up a massive 22.9% compared to January last year with indications being that increased buyer activity will be a feature of 2015. The average house price was down 8.0%. However, January 2014 was a particularly strong month in terms of price, and this result isn't indicative of a wider trend. Supply in the region is tightening so we expect to see prices to follow an upward trend.

| Wellington | Jan 2015 | Jan 2014 | Change |
|--------------------|-----------|-----------|--------|
| Total Listings | 403 | 390 | 3.3% |
| New Auctions | 48 | 51 | -5.9% |
| Property on Hand | 1536 | 1613 | -4.8% |
| Written Sales | 219 | 245 | -10.6% |
| Average Sale Price | \$376,301 | \$348,928 | 8.0% |

Vendors in Wellington will be buoyed by the latest residential results. The average sale price in January was up 8.0% compared to last year, further evidence that Wellington's property market is on the way to recovery following the after effects of the global financial crisis. Written sales were down significantly on last year; an indication that buyers are shopping around before committing to a purchase. New listings are up 3.3% but with the positive upwards trend in house prices over recent months, we expect listing activity to increase even further compared to last year.

| South Island Provincial | Jan 2015 | Jan 2014 | Change |
|-------------------------|-----------|-----------|--------|
| Total Listings | 276 | 283 | -2.5% |
| New Auctions | 31 | 23 | 34.8% |
| Property on Hand | 1652 | 1804 | -8.4% |
| Written Sales | 203 | 212 | -4.2% |
| Average Sale Price | \$322,104 | \$349,885 | -8.0% |

It was a slow start to the year for provincial South Island with written sales down 4.2% compared to last year. The average house price remained at around the same level as last month but is down 8.0% compared to last year. With a new listings and property-on-hand down, vendors will be hoping the tightening in supply will put upwards pressure on prices. Without any incentive to sell, this market will remain stagnant.

| Christchurch Metro | Jan 2015 | Jan 2014 | Change |
|--------------------|-----------|-----------|--------|
| Total Listings | 438 | 426 | 2.7% |
| New Auctions | 145 | 180 | -19.7% |
| Property on Hand | 2010 | 1608 | 25.0% |
| Written Sales | 261 | 266 | -1.9% |
| Average Sale Price | \$402,745 | \$462,581 | -13.0% |

The increasing supply of property-on-hand is an indication that stock is not moving as quickly as it has been in Christchurch. This is further evidenced in the volume of written sales, which was down slightly on last year. Average house prices dropped 13% to \$402,752. This is the lowest price Harcourts has reported for Christchurch since January 2013 when the average house price was \$384,648.