

Latest BNZ-REINZ Residential Market Survey shows that buyers from China account for 25% of NZ houses bought offshore

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Buyers from China account for one in every four of New Zealand houses sold to offshore buyers, according to the latest [BNZ-REINZ Residential Market Survey](#).

However, according to the survey, which this month had responses from 373 real estate agents, just 6.4% of dwelling sales are currently going to people located offshore.

Anecdotal suggestions, particularly in the Auckland area, would point to higher percentages than that. But there is little either quantitative or qualitative information available on offshore buying, with the BNZ-REINZ surveys one of the few attempts to put actual figures to the the extent of foreign buying here.

The survey first asked agents questions on offshore buying in the [March](#) and [May](#) surveys last year.

That first survey a year ago came up with a result of about 9% of home sales going to offshore buyers, while the second survey came in just under 8%.

However, since then the questions have been tweaked slightly and instead of agents being asked if 'less than 10%' of buyers come from offshore they have now been asked more specifically if 'zero', 'less than 5%' or '5-10%' come from offshore.

BNZ chief economist Tony Alexander said that if the original methodology had been applied to the latest survey this survey too would have produced a reading of about 9% of buyers from offshore.

"There is no upward trend evident in the proportion of NZ dwelling sales to people located offshore," he said.

There were [reports from Australia](#) over the weekend that the Government across the Tasman will launch an investigation into the impact of foreign purchases of residential property, and whether foreign buyers are being property regulated.

China on top

But back in New Zealand, Alexander said that while people based in Australia had been the main offshore buyers of houses here (with 22%) the last time the subject was surveyed in May last year, buyers from China (with 25%) had now replaced them at the top, up from 20% last year. Australia was now in second on 20%, with the UK on 11% and the rest of Europe excluding the UK also on 11%.

The figures from the May 2013 survey had now been reworked, Alexander said, after the discovery that some data had not been properly captured in the original processing - hence the May comparative figures are different to those originally produced.

Alexander said that while the survey's data did "not allow one to say that an increasing proportion of NZ houses being sold are going to people offshore, one can say that the proportion of sales going to people located in China has risen. But then so too have our exports to China by 54% over the past year while spending by Chinese visitors in New Zealand grew 6.7%."

First home buyer recovery

Elsewhere in the latest survey, there are some signs of a tentative recovery in the numbers of first home buyers, **which dropped to just 15%** of the estimated number of total sales in December from a figure of 24% earlier last year. In the latest survey that figure has come back to about 17%, up from 16% in January.

Participation in the market by would-be first home buyers was knocked strongly by the introduction of the Reserve Bank's 'speed limits' on high loan-to-value lending from October 2013. The November and December BNZ-REINZ surveys showed that a net of close to 80% of agents reported seeing fewer first home buyers in the market.

Alexander said the latest figures showed there was a "slow recovery" in the proportion of sales going to first home buyers.

The **February survey** had overall shown quite a strong recovery in sentiment from the agents, including the reclassification again as this being a 'sellers' market. But some of these strong results have reversed somewhat in the latest survey, including the status of the market, which is now pretty much in balance between being a buyers or sellers market.

Easing off

"All eight of our main measures of sentiment in the residential real estate sector have eased off in March after rising firmly in some instances in February," Alexander said.

"On balance one could not say nationwide that it is a buyer's or a seller's market though in Auckland it is still a seller's market with a net 9% feeling that buyers are more motivated, and in Canterbury a net 14% of responding agents feel the buyers are more motivated than sellers.

"Nationwide a net 31% of agents feel that prices are rising with Auckland at a net 37%, Canterbury 52%, and Wellington 40%.

"A net 44% of agents still say that they are seeing fewer first home buyers compared with 40% last month and a net 24% seeing more first home buyers in September – just before the new [LVR] credit controls came into force.

"However a net 15% of agents say that they are seeing more investors. On average agents report that 19% of their sales are to investors which is the same as a year ago," Alexander said.

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