



Embargoed media release: 00:01AM Thursday, 20 April 2023

Is this the beginning of the end for NZ house price downturn?

The stabilisation of mortgage rates is one of several market indicators signalling a possible end to the country's extended property downturn, despite early April's 50 basis point cash rate hike.

CoreLogic NZ's Housing Chart Pack, a monthly update on the country's residential housing market, shows there are green shoots beginning to emerge among metrics such as listing numbers, sales volumes and an easing in price falls.

CoreLogic NZ Chief Property Economist Kelvin Davidson said despite further house price falls in March, and subdued property activity levels, the market fundamentals are not as weak as they have been.

"Value trends remain weakest in the North Island, with parts of Canterbury and the West Coast still recording some modest *increases*," he said.

"Yet there were also hints in the sales data for March that the worst may now have passed for activity, and with new listings flows each week still very low, the total stock of property available for sale on the market is now just showing the first signs of tightening a little."

Average property values fell 2.4% in the March quarter, taking the annual decline to 10.5%, surpassing the worst point of the Global Financial Crisis.

Mr Davidson did not rule out further price falls in the short-term, but said there was little movement among banks and lenders to pass on the most recent OCR increase. This decision suggested mortgage rates may have reached their peak, allowing borrowers to quantify their 'worst case'.

"Any suggestion that interest rates have topped out will provide buyers and sellers with more confidence and is eventually likely to result in a turnaround in housing sentiment," he said.

"When you also consider continued high employment levels – and employers wanting to retain current staff at all costs – rising net migration, and the possibility that some investors could start to return to the market as they try to pre-empt debt to income ratio caps next year, there's a growing sense that the market's downturn could end in the second half of 2023. Of course, uncertainty remains high. But there does now seem to be light at the end of the tunnel."

Key Housing Chart Pack highlights:

- New Zealand's residential real estate is worth a combined \$1.57 trillion.
- Property values decreased 2.4% in the first quarter of 2023.
- Property values have fallen 10.5% in the past year, with the decline in average values surpassing the worst point of the Global Financial Crisis.

- With the Auckland region, Auckland City has recorded the smallest fall in Q1 values, down 0.8% in the three months to March 2023. Papakura has recorded the largest fall, down 6.1% over the period.
- Wellington has recorded a -20.0% drop in average property values in the 12 months to March, the largest of the main centres. Christchurch has experienced the most marginal falls, declining -2.9% for the same period.
- Sales volumes in the 12 months to March were 30.9% lower than a year ago.
- There were 7,680 new listings over the four weeks ending 9 April compared to 10,907 for the same period in 2022.
- Total stock on market is 36,172, well above the five-year average of 30,803.
- First home buyers remain a solid presence in the property market, with a 25% share of purchases over Q1 2023.
- Annual rental growth is around 3% in the 12 months to March, more subdued compared to 2022 levels, at least partly due to tenants' affordability constraints.
- Around 50% of NZ's existing mortgages by value are currently fixed but due to reprice onto a new (generally higher) mortgage rate over the next 12 months.

Download and subscribe to the monthly CoreLogic Housing Chart Pack at corelogic.co.nz/news-research/reports/housing-chart-pack.

ENDS

For interview requests or more information please email media@corelogic.co.nz.

About CoreLogic

CoreLogic NZ is a leading, independent provider of property data and analytics. We help people build better lives by providing rich, up-to-the-minute property insights that inform the very best property decisions. Formed in 2014 following the merger of two companies that had strong foundations in New Zealand's property industry – Terralink Ltd and PropertyIQ NZ Ltd - we have the most comprehensive property database with coverage of 99% of the NZ property market and more than 500 million decision points in our database. We provide services across a wide range of industries, including Banking & Finance, Real Estate, Government, Insurance and Construction. Our diverse, innovative solutions help our clients identify and manage growth opportunities, improve performance and mitigate risk. We also operate consumer-facing portal propertyvalue.co.nz - providing important insights for people looking to buy or sell their home or investment property. We are a wholly owned subsidiary of CoreLogic, Inc – one of the largest data and analytics companies in the world with offices in New Zealand, Australia, the United States and United Kingdom. For more information visit corelogic.co.nz.