

House prices expected to resume their downward trajectory according to latest survey by Tony Alexander and REINZ

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Economist Tony Alexander

The latest survey of real estate agents by economist Tony Alexander and the Real Estate Institute of New Zealand (REINZ) suggests another wave of price falls is imminent.

The report summarising the latest survey results noted the REINZ's House Price Index rose by a modest 0.2% in October, but says that now appears to be an outlier.

"The decline in price observations of real estate agents captured by our monthly survey suggests a return to monthly price falls is imminent," the report says.

There were 74% more agents who felt prices were falling in their area at the end of November than who felt they were rising, up from 45% at the end of October.

In other signs the market is continuing to cool the survey found there has been what is described as a "sizeable decline" in the number of people attending open homes and auctions.

In the case of open homes that is a reversal from the previous month which found more people were attending open homes.

The report points the finger at recent actions by the Reserve Bank for the continued slowing in the market.

"The Reserve Bank's increase in the Official Cash Rate to 4.25% [and] predictions of a 5.5% peak and 20% fall in house prices have combined to push buyers back from the market for now," the report says.

In line with the generally quieter market there had been no sudden rush of requests for market appraisals from prospective vendors and there was also very little interest from overseas buyers.

"There is no sign people currently offshore are showing any firm interest in the New Zealand housing market," the reports says.

And as for FOMO (fear of missing out) motivating buyers, that appears to have all but disappeared. "FOMO is essentially not present in the New Zealand housing market," the report bluntly states.