OneRoof House Price Report - July 2024

Good news for cashed-up first-time buyers, who are benefiting from more choice and lower prices.

OneRoof 01 Jul 2024

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The average property value in Kelvin Heights, Queenstown-Lakes, has dropped to $2.717m in the last three months. Photo / Getty Images

OneRoof research has identified New Zealand's "biggest loser" suburbs, where value drops are delivering buyers discounts of up to $120,000.

The average property value in just over 500 suburbs has fallen in the three months to the end of June, according to the latest data from the OneRoof-Valocity House Value Index.

That's up from 322 suburbs in the three months to the end of May.

The analysis found that the size of the discount is also on the increase, with the average quarterly value drop for June $17,990, compared to $14,398 at the end of May.

The numbers are good news for cashed-up first-time buyers, who have benefited from more choice and lower prices.

OneRoof found 20 suburbs where the average property value dropped more than $50,000 in the last three months.

Most were in Auckland, but wealthy buyers in Kelvin Heights enjoyed the biggest benefits, with the average property value in the Queenstown-Lakes suburb down $122,000 to $2.717m.

Because the OneRoof research concentrated on the dollar size of the value drop, wealthier suburbs tended to be over-represented at the top of the rankings.

The list suggests where cashed-up buyers should concentrate their efforts before interest rates eventually come down and property start to rise again.

In percentage terms, Kelvin Heights' average property value dropped only 4.3%, but because of the values involved even small percentage shifts in the suburb can translate to big dollar discounts (it's 7.8% year-on-year rise meant it was up $197,000 on June 2023).

Bigger percentage drops in lower-value suburbs tended to deliver smaller dollar savings. Greymouth's average property value was down 5.5% over the quarter but that meant it fell just $26,000 to $447,000.

The latest OneRoof figures also New Zealand’s post-slump recovery is losing momentum, with the nationwide average property value down 0.9% to $969,000 in the last three months.

The OneRoof-Valocity figures showed quarterly value drops in 10 regions – up from the three recorded in last month’s house price report.

The downturn has accelerated in Auckland, with the region’s average value down 2.1% in the three months to the end of June, compared to -1.1% in the three months to the end of May.

Values also fell hard over the quarter in Hawke’s Bay (-2.1%), Wellington (-1.3%), and Nelson (-1%), while the average property value in West Coast went from quarterly growth of 4% to -0.2% within the space of a month.

The sudden change in fortunes is noticeable in the other regions and reflects choppiness in the market.

Canterbury appears to be the country’s most stable region, with the slowdown in value growth in the last three months more a product of seasonality than other external pressures.

No major metro saw property value growth in the last three months. Outside Auckland, the downturn was strongest in Wellington City (-1.9%) and Hamilton (-1.8%).

Values in Dunedin and Christchurch dipped, but the cities appear to be weathering the switch to a buyer's market better than the others. In Auckland, the biggest drops were in Manukau and Papakura.

While house values in most regions are still above June 2023 levels, when the post-Covid slump reached its endpoint, growing economic uncertainty, the ongoing cost of living crisis and higher interest rates have eroded the strong gains homeowners made in the second half of last year.

However, other indicators suggest the market is rolling with the punches. New listings for the 30 days to June 20 were up 23% annually while sales for May were 10% higher than in May 2023 and May 2022 (although 10% below the 30-year average).

First-home buyers still dominate the market, but their share of new mortgage registrations has dropped over the last six months. Changes to tax and lending rules from July 1 could lead to extra competition from investors.