

## REINZ Housing Data – January 2023

14 February 2023

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## Contact

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## Data summary

	Actual	Prev
<b>All monthly figures sa</b>		
Sales volumes – m/m	14.0%	-3.6%
Sales volumes – y/y (3m m.a.)	-32.4%	-36.6%
Days to sell	47	47
<b>REINZ House Price Index</b>		
m/m – sa	-0.6%	-1.2%
y/y (3m m.a.)	-13.8%	-12.8%

3m m.a. = 3-month moving average

## New year, similar trajectory

### Bottom line

2023 kicked off where 2022 ended: with prices grinding lower. Prices are just more than 15% below their November 2021 peak. We maintain our forecast for a peak-to-trough decline of 22%.

### Key points

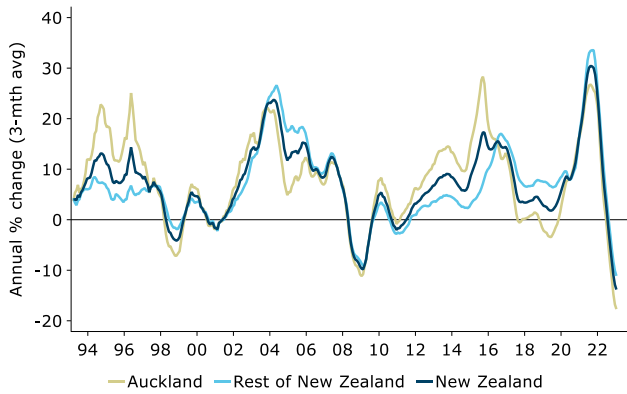
In the month of January:

- At the national level, the REINZ house price index (HPI) fell 0.6% m/m in January (ANZ seasonal adjustment) to be down just over 15% from its November 2021 peak. Annual house price inflation slowed another 1.0ppt on a 3mma basis to -13.8%. This was a touch stronger than our expectation, but it's unwise to read too much into a single month's data, especially given the scope for revisions to the seasonally adjusted numbers as new data are released.
- All regions except for Gisborne/Hawke's Bay saw monthly price declines in January (ANZ seasonal adjustment). The Gisborne/Hawke's Bay HPI lifted 0.7% m/m, but that's most likely just down to monthly volatility in the data. On an annual basis (3mma), prices are down in every region, from -4.0% in Taranaki to -20.9% y/y in Wellington.
- Sales were up a seasonally adjusted 14.0% m/m in January, although they remain 32.4% lower than this time last year on a 3mma basis. The monthly increase in sales could point to a stronger-than-expected start to 2023 for the housing market, but one data-point does not make a trend. The data can be volatile from month to month, and there's always the chance that the jump in sales gets revised away in subsequent months as seasonal adjustment quirks do their thing.
- The median number of days it is taking to sell a house (an indicator of market tightness) remained flat at 47 (ANZ seasonal adjustment). That's still very elevated relative to recent years (excluding the 2020 lockdown). It suggests the market will continue cooling as we head through the first half of 2023.

Today's data is consistent with our forecast for a 22% peak-to-trough decline in house prices. The smaller-than-expected fall in the HPI and the bounce in sales may point to a slightly stronger start to 2023 than we had anticipated, but it's unwise to read much into one month's data given the scope for volatility and revisions.

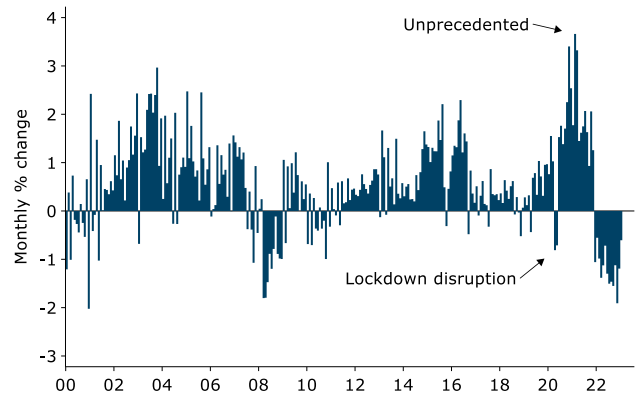
Risks remain on both sides of our house price forecast. On the upside, and as noted in [our latest Property Focus](#), fixed mortgage rates could be close to peaking (no promises!), and net migration could be contributing more to the demand pulse than we've assumed – but it's early days and the net migration data is prone to significant revision for a few months after release. See our [Quarterly Economic Outlook](#) for further discussion. On the flip side, the household sector is yet to feel the full brunt of rate hikes, and as the economy slows and the labour market softens, we could see a material lift in forced house sales just as households aren't really in the mood to buy. For now, we will be watching this data keenly to see whether the strength in January's sales numbers was just a blip, or whether the housing market is finally finding a floor.

**Annual house price inflation is firmly negative...**



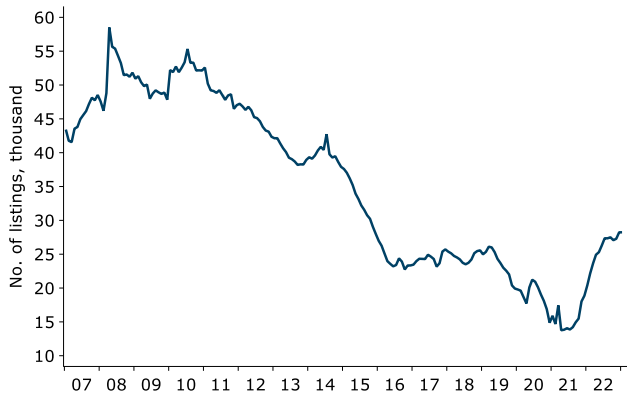
Source: REINZ, Macrobond, ANZ Research

**...with prices still falling on a month-on-months basis**



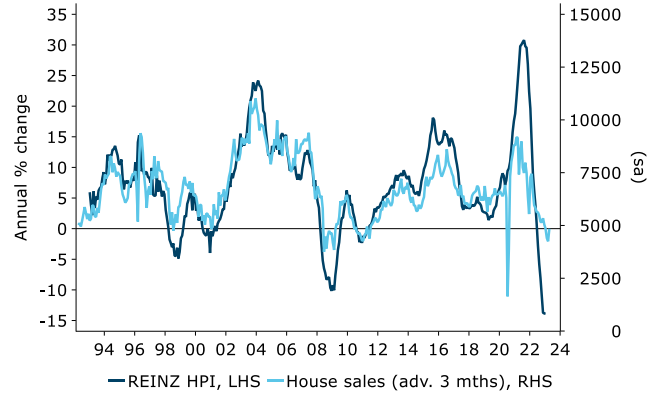
Source: REINZ, Macrobond, ANZ Research

**The number of properties available for sale in January at its highest level since November 2015**



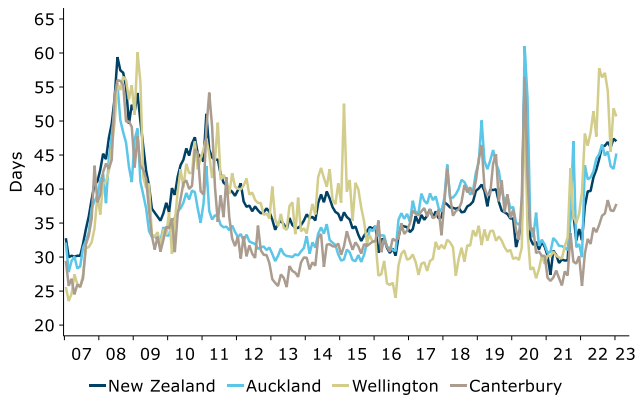
Source: realestate.co.nz, Macrobond, ANZ Research

**The sales-price gap has more than closed, consistent with a 'loose' market**



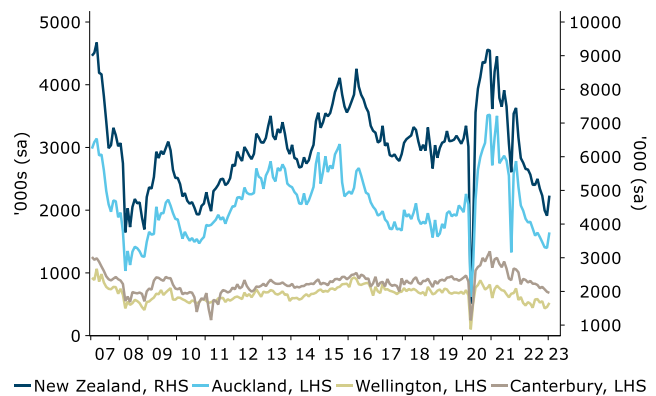
Source: REINZ, Macrobond, ANZ Research

**Median days to sell remained flat, but are still elevated and suggestive of a loosening market. There is some volatility across the regions.**



Source: REINZ, Macrobond, ANZ Research

**Sales are well off their highs, but January's data showed a stronger than usual lift in sales, especially in Auckland**



Source: REINZ, Macrobond, ANZ Research



## Contact us

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