

# Economic Note

REINZ Housing data – August 2021

14 September 2021

## Housing market sails through lockdown

- Housing market sails through August lockdowns
- Still no evidence rate of house price inflation is slowing
- Two-pronged response likely from RBNZ in October

REINZ Housing Data	Aug-21	Month ago	Year ago
<b>National</b>			
Sales (s.a % mom)	-17.1%	-4.2%	3.8%
House price index (% mom)	2.0%	2.4%	1.5%
House price index (% yoy)	31.1%	30.5%	9.6%
Days to Sell (s.a)	29.6	30.0	32.6
<b>Auckland</b>			
Sales (s.a % mom)	-9.0%	-3.4%	9.0%
House price index (% mom)	2.0%	3.3%	1.8%
House price index (% yoy)	27.9%	27.6%	10.5%
<b>Wellington</b>			
Sales (s.a % mom)	-7.6%	-4.3%	11.1%
House price index (% mom)	1.8%	1.0%	2.2%
House price index (% yoy)	39.0%	39.7%	10.7%
<b>Canterbury</b>			
Sales (s.a % mom)	-18.0%	-9.2%	3.6%
House price index (% mom)	2.8%	3.6%	1.0%
House price index (% yoy)	31.2%	28.9%	7.6%

The property market largely took August's shift up in Alert Levels in its stride. That's the message from today's August REINZ figures. House sales predictably slumped given the country spent the final two weeks of the month at Alert Level 4. But the fact sales fell 'only' 17% despite just under half of the month in full lockdown is testament to the strength of demand, as well as the increased ability of the industry to shift online.

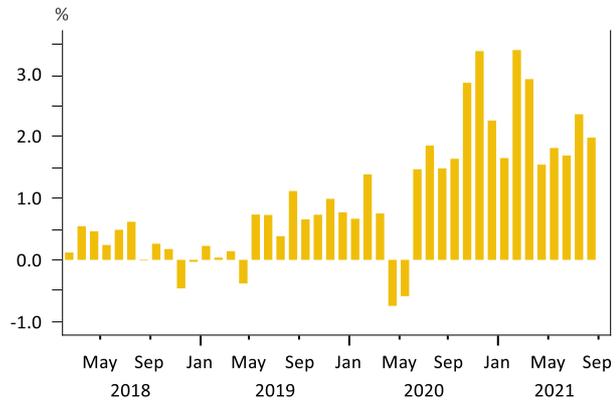
Marketing/sales campaigns would have been well advanced by the time lockdown hit. And REINZ reported that there were still an average of 158 properties sold per day during lockdown, compared to 208/day in the first two weeks of the month. Auckland led the way on this front with sales down just 9% over the month. Clearly, Auckland sales will take a bigger hit in September with AL4 being extended. The rest of the country should enjoy a bounce.

We noted in our latest [Home Economics](#) that we're yet to see any material evidence that the rate of house price inflation has slowed this year. And this remains the case even now.

The REINZ House Price Index increased another 2% in August, *lifting* the annual percent change to 31.1%. The second consecutive 2%+ monthly gain adds weight to the idea the market reaccelerated from July once it had adjusted to the investor tax changes.

This aligns with our top-of-market house price inflation forecasts (+22% calendar 2021), but it will be of high concern to the RBNZ. It furthers the case for the OCR to be lifted, and soon. The Bank clearly doesn't want the mortgage rate curve to droop given the heavy schedule of re-fixings due to take place over the coming 12 months. Today's data also support our expectation additional RBNZ macroprudential tools are on the way. First cab off the rank is likely to be a tightening in LVR restrictions to owner-occupiers next month.

REINZ NZ House Price Index (monthly % change, s.a)



Source: Macrobond, ASB

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