

Economic Note

REINZ Housing Data

11 March 2021

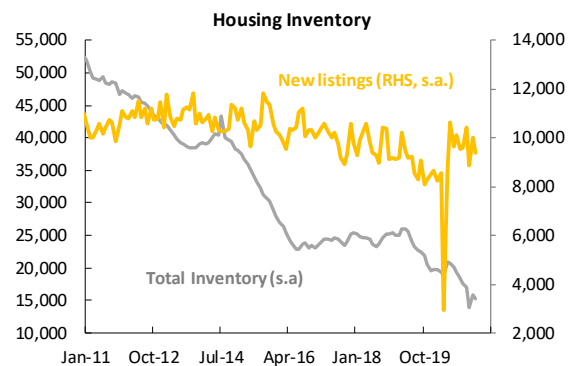
Summer scorcher

- House price inflation heads into the 20's
- Partly a dash to beat LVR restrictions?
- We look for the pace of house price inflation to slow from here

REINZ Housing Data	Feb-21	Month ago	Year ago
National			
Sales (s.a % mom)	12.2%	-20.0%	7.5%
House price index (% mom)	3.6%	1.7%	1.5%
House price index (% yoy)	21.5%	19.0%	8.6%
Days to Sell (s.a)	26.1	28.8	31.1
Auckland			
Sales (s.a % mom)	13.8%	-21.8%	16.1%
House price index (% mom)	4.6%	0.6%	2.0%
House price index (% yoy)	20.7%	17.5%	6.9%
Wellington			
Sales (s.a % mom)	8.2%	-17.6%	4.5%
House price index (% mom)	4.2%	2.7%	1.0%
House price index (% yoy)	29.2%	25.3%	11.1%
Canterbury			
Sales (s.a % mom)	10.9%	-22.6%	5.7%
House price index (% mom)	2.7%	1.9%	1.4%
House price index (% yoy)	16.8%	15.6%	4.3%

Summer ended in a scorcher for the housing market according to this morning's REINZ figures.

House sales (seasonally adjusted) rebounded strongly over the month, as we'd suggested they might after January's surprise weakness (itself likely partly a seasonal adjustment issue). Nationwide sales bounced 12% mom, with the increase fairly evenly spread across the country. Importantly, the pace of house sales continues to run ahead of new listings which is dragging unsold inventory to ever lower-lows.

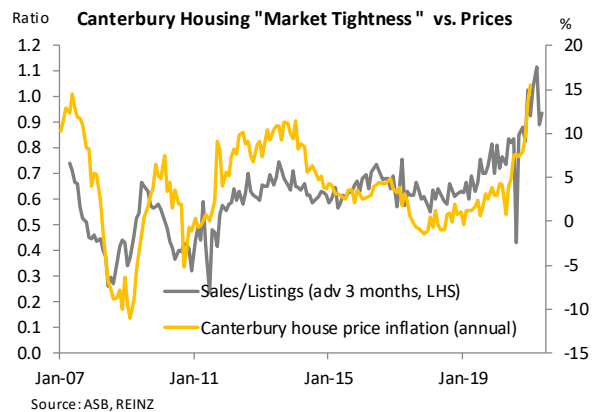
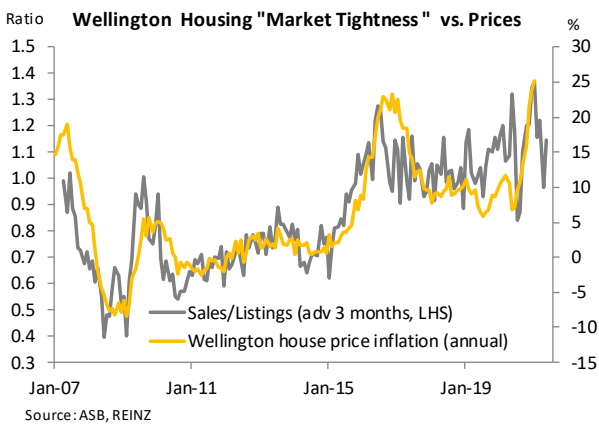
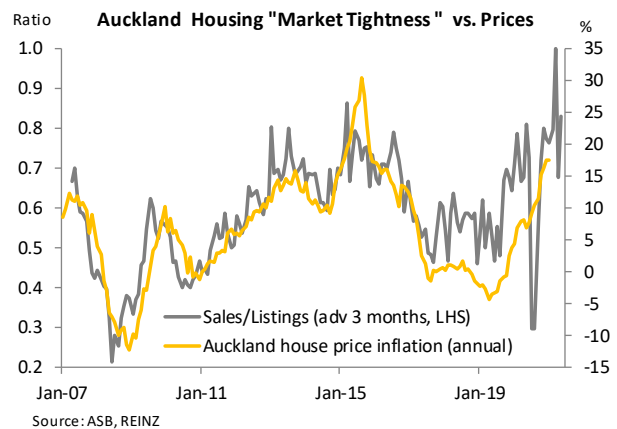
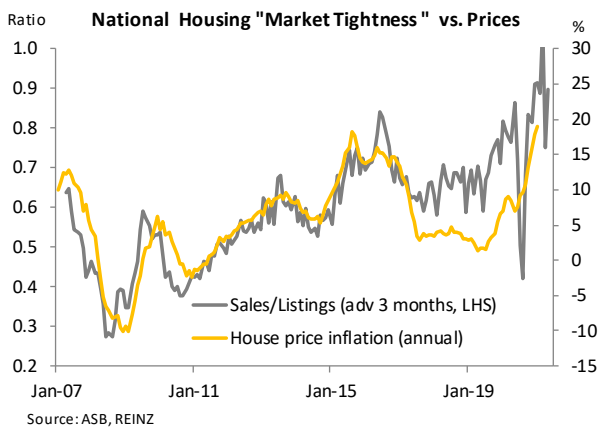


Source: realestate.co.nz

In other words, the supply response to date has been very light. Sales/listing ratios continue to point to an extremely tight real estate market which is continuing to squeeze prices higher (charts below).

This was certainly evident in February with the REINZ HPI posting a whopping 3.6% (s.a) monthly increase. We make this the (equal) strongest seasonally adjusted monthly increase in around 25 years. Interestingly, this seemed to be a story of strength in the major cities particularly (Auckland +4.6%, Wellington +4.2%). We suspect at least part of February's outsized house price gains reflects buyers scrambling to get in ahead of the (formal) return of RBNZ LVR restrictions this month.

From here, we're looking for the pace of house price gains to slow a little. Our latest [Home Economics](#) report, released yesterday, noted that reduced fiscal support, tightening credit conditions, and the fact mortgage rates are about as low as they will go all suggest housing momentum could be close to peaking. That doesn't mean the upturn is over though. The market remains extraordinarily tight and we expect house price inflation to hold a double-digit pace over the remainder of the year. A 15% expansion is forecast for the year to December.



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