



## Slowing rate of decline signals potential value floor

Property values in New Zealand fell -0.5% in October according to CoreLogic's hedonic Home Value Index (HVI) - the eighth drop in a row - taking the total decline in values since February to -5.1%.

Values across Aotearoa New Zealand now stand at \$805,984, which is around 18% below the post-COVID cyclical peak but still about 16% higher than the pre-COVID level from March 2020.

Around the main centres, Te Whanganui-a-Tara Wellington dropped by -1.2% in October, with both Kirikiriroa Hamilton and Tāmaki Makaurau Auckland down by -0.7%. Ōtepoti Dunedin's fall was slightly smaller (-0.4%), while Tauranga was flat in October, and Ōtautahi Christchurch edged up by 0.2%.

Although the property market remained relatively sluggish in October, the pace of decline has roughly halved in the past couple of months after an average fall of around -0.9% from May to August.

CoreLogic NZ Chief Property Economist, Kelvin Davidson said that could be a sign of an approaching floor for property values.

"The latest fall in national home values suggests that even though mortgage rates have already dropped quite sharply, the influence of job losses and the wider feelings of reduced job security are playing the more important role at present. This was echoed in the latest ANZ consumer confidence survey. That said, it's not all one-way traffic for property values, with Ōtautahi Christchurch continuing to show relative resilience amongst the main centres, alongside Tauranga in October."

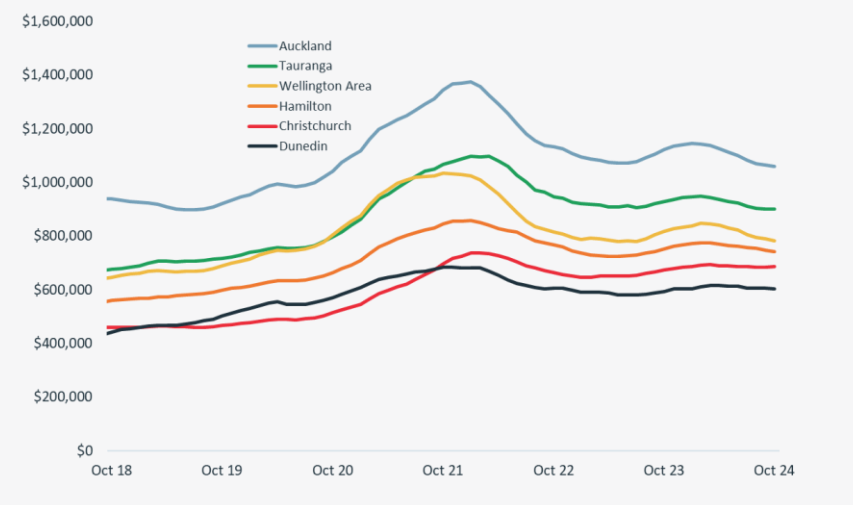
"It's hard to prove categorically, but there's certainly a 'vibe' out there that The Garden City is still considered an attractive place for people outside the area to relocate to, driven by both lifestyle and affordability."

"There has also been a change in the on-the-ground mood around Aotearoa NZ's wider property market in the past few weeks. That shift has been seen across a range of segments, from property valuers to individual investors, to developers and construction industry consultants."

"Rising sentiment may take some time to hit the 'hard data', but there's a sense that the end could be in sight for the recent downturn."

"For property investors in particular the falls in mortgage rates are key, flowing directly through to better cashflow on a typical rental purchase - or in other words reduced losses - and smaller top-ups from other income. Increased interest deductibility supports that effect too."

CoreLogic HVI - Main Centres



### Index results for October 2024 - national and main centres

	Month	Quarter	Annual	From post-COVID peak	From recent cyclical peak	From pre-COVID levels	Median value
<b>Aotearoa New Zealand</b>	<b>-0.5%</b>	<b>-1.7%</b>	<b>-2.9%</b>	<b>-18.0%</b>	<b>-5.1%</b>	<b>15.6%</b>	<b>\$805,984</b>
Tāmaki Makaurau Auckland	-0.7%	-2.3%	-5.8%	-23.0%	-7.5%	7.2%	\$1,058,756
Kirikiriroa Hamilton	-0.7%	-2.0%	-1.1%	-13.4%	-4.2%	18.1%	\$742,928
Tauranga	0.0%	-1.1%	-3.0%	-17.9%	-5.0%	19.9%	\$900,931
Te-Whanganui-a-Tara Wellington	-1.2%	-3.0%	-4.3%	-24.5%	-7.7%	5.6%	\$781,759
Ōtautahi Christchurch	0.2%	0.0%	1.8%	-7.0%	-1.2%	40.6%	\$685,438
Ōtepoti Dunedin	-0.4%	-0.3%	1.8%	-11.6%	-1.9%	10.1%	\$604,595

## Tāmaki Makaurau Auckland

Each of Tamaki Makaurau Auckland's sub-markets saw property values decline in October, although the falls in Papakura and Franklin were marginal (-0.1%). Elsewhere, the falls ranged from -0.4% in Rodney, up to -0.8% in Auckland City and -0.9% in Manukau.

Generally speaking, values across Tamaki Makaurau Auckland are still around 21-24% lower than the post-COVID peak (apart from a drop of closer to 26% in Waitakere), while the falls since the more recent 'mini peak' at the start of this year have typically been between -7% and -9%.

Mr Davidson added: "Auckland's property market continues to be weighed down by abundant supply, both in terms of existing properties listed for sale as well as the continued pipeline of new-builds being completed. However, there are signs in a market such as Papakura that values have started to flatten out to some degree, so it'll be interesting to see if the falls also lessen or stop altogether in other parts of the super-city in the next few months too."

	Month	Quarter	Annual	From post-COVID peak	From recent cyclical peak	From pre-COVID levels	Median value
Rodney	-0.4%	-1.1%	-4.5%	-21.4%	-6.8%	14.5%	\$1,217,057
Te Raki Paewhenua North Shore	-0.6%	-1.4%	-5.5%	-20.6%	-6.6%	6.7%	\$1,266,751
Waitakere	-0.6%	-2.2%	-6.1%	-25.7%	-7.5%	4.7%	\$920,361
Auckland City	-0.8%	-3.4%	-6.3%	-23.6%	-8.7%	3.5%	\$1,141,716
Manukau	-0.9%	-2.0%	-5.7%	-23.6%	-7.3%	11.0%	\$994,664
Papakura	-0.1%	-0.8%	-6.2%	-23.5%	-7.7%	12.4%	\$823,957
Franklin	-0.1%	-2.2%	-3.7%	-21.3%	-4.1%	18.4%	\$913,129

## Te Whanganui-a-Tara Wellington

The wider Te Whanganui-a-Tara Wellington area underperformed in October, with Porirua down by -0.5%, and then the falls increasing to -0.7% to -0.8% in the Hutt Valley, and to more than 1% in both Kapiti Coast and Wellington City itself. Porirua has been slightly more resilient than elsewhere over a wider three-month horizon – while across the rest of Wellington, values are down by close to 3% or more since July.

"Wellington looks to be a good example of where job insecurity is outweighing the benefits to sentiment and households' finances of lower mortgage rates. This could also make it an interesting test case for property values, in terms of the strength of any recovery in 2025 amidst the backdrop of labour market weakness."

	Month	Quarter	Annual	From post-COVID peak	From recent cyclical peak	From pre-COVID levels	Median value
Kāpiti Coast	-1.2%	-3.6%	-0.7%	-22.7%	-7.8%	12.3%	\$791,787
Porirua	-0.5%	-1.0%	-3.3%	-23.5%	-5.9%	9.4%	\$721,249
Te Awa Kairangi ki Uta Upper Hutt	-0.8%	-2.8%	-1.2%	-23.0%	-5.5%	8.9%	\$719,203
Te Awa Kairangi ki Tai Lower Hutt	-0.7%	-3.0%	-3.9%	-25.6%	-7.4%	7.8%	\$693,810
Wellington City	-1.5%	-3.5%	-5.3%	-24.5%	-8.8%	3.5%	\$867,454

## Regional results

Reflecting the counteracting influences of lower mortgage rates and job losses, property value trends across many of the provincial markets remained patchy in October. Nelson, Whanganui, Rotorua, and Gisborne all edged higher, while Queenstown was stable. But value falls of -0.7% or more were seen in Invercargill, Whangarei, and Napier.

"Putting aside the normal monthly variability that you see in any part of the cycle, it's interesting to note the recent divergences over the year as a whole," Mr Davidson noted, pointing to areas such as Napier and Whangarei which were down by -7% to -9% since the latest mini-peak, compared to Whanganui and Invercargill, which were down by -1 to -2%.

"Lower house prices in the latter two areas may have given their markets some insulation. Of course, the affordability argument certainly doesn't apply in somewhere like Queenstown, where the market has only fallen slightly in 2024 despite a median value of \$1.5m."

	Month	Quarter	Annual	From post-COVID peak	From recent cyclical peak	From pre-COVID levels	Median value
Ahuriri Napier	-1.1%	-2.7%	-3.6%	-22.0%	-7.0%	10.4%	\$664,145
Te Papa-i-Oea Palmerston North	-0.4%	-1.1%	-2.7%	-19.1%	-3.7%	15.0%	\$597,788
Heretaunga Hastings	-0.1%	-0.9%	-1.8%	-18.6%	-4.9%	22.5%	\$704,418
Whangārei	-0.8%	-2.5%	-4.2%	-20.8%	-8.9%	12.8%	\$725,235
Whanganui	0.2%	-1.2%	4.1%	-12.3%	-1.2%	30.4%	\$478,421
Rotorua	0.1%	0.5%	0.7%	-13.2%	-1.1%	22.8%	\$639,059
Tūranganui-a-Kiwa Gisborne	0.1%	-2.3%	-4.6%	-15.2%	-6.7%	27.7%	\$582,112
Whakatū Nelson	0.5%	-0.2%	-0.4%	-13.0%	-1.1%	13.9%	\$714,062
Ngāmotu New Plymouth	-0.1%	-0.4%	2.4%	-3.3%	-3.3%	44.6%	\$689,049
Waihōpai Invercargill	-0.7%	-1.5%	3.1%	-4.5%	-1.6%	25.4%	\$474,212
Tāhuna Queenstown	0.0%	-0.6%	1.7%	-6.8%	-0.6%	29.2%	\$1,500,090

## Property market outlook

Looking ahead, although the recent downturn in property values across many parts of the country seems to be slowing and could be almost over, the chances of a sharp or sudden boom still seem relatively low, according to Mr Davidson.

“Housing affordability remains challenging, whether that’s for people paying high rents while still trying to save a deposit, or servicing the mortgage once they’ve finally got the funds together.”

“In addition, the stock of available listings on the market remains at multi-year highs, and this will take some time to dissipate, especially with a solid number of new-builds still being completed.”

“On top of that, the weakness of the underlying economy suggests that the labour market may not bottom out for a while yet, continuing to dampen the influence of lower mortgage rates. Although banks’ serviceability test rates may well continue to trend downwards – which would raise households’ borrowing capacity – the counteracting force of debt-to-income ratio limits could also become a more noteworthy factor in 2025.”

Put simply, a modest upturn for property sales and values across Aotearoa NZ looks fairly likely in the next 12-18 months, while something akin to the post-COVID boom isn’t a plausible central scenario at this stage.

For more property market news and insights: [www.corelogic.co.nz/news-research](http://www.corelogic.co.nz/news-research)

CoreLogic is the largest independent provider of property information, analytics and property-related risk management services in Australia and New Zealand.

### Methodology

The CoreLogic Hedonic Home Value Index (HVI) is calculated using a hedonic regression methodology that addresses the issue of compositional bias associated with median price and other measures. In simple terms, the index is calculated using recent sales data combined with information about the attributes of individual properties such as the number of bedrooms and bathrooms, land area and geographical context of the dwelling. By separating each property into its various formational and locational attributes, observed sales values for each property can be distinguished between those attributed to the property’s attributes and those resulting from changes in the underlying residential property market. Additionally, by understanding the value associated with each attribute of a given property, this methodology can be used to estimate the value of dwellings with known characteristics for which there is no recent sales price by observing the characteristics and sales prices of other dwellings which have recently transacted. It then follows that changes in the market value of the entire residential property stock can be accurately tracked through time.

The detailed ‘frequently asked questions’ and methodological information can be found at: <https://www.corelogic.co.nz/our-data/hedonic-index>

CoreLogic is able to produce a consistently accurate and robust Hedonic Index due to its extensive property related database, which includes transaction data for every home sale in every region and territorial authority. CoreLogic augments this data with recent sales advice from real estate industry professionals, listings information and attribute data collected from a variety of sources.

The results can be shown in index form and as a median dollar value. The median value is the middle estimated value of all residential properties derived through the hedonic regression methodology that underlies the CoreLogic Hedonic Home Value Index.