CoreLogic

NZ Hedonic Home Value Index (HVI)

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Housing market close to a trough

Property values in Aotearoa New Zealand edged -0.1% lower in January, marking the fifth month in a row with limited movement.

The CoreLogic Home Value Index (HVI) shows that after a cumulative decline of -4.1% over the six months from March to August, there has only been a further combined fall of -0.4% since then - a potential sign that a rebound in prices could be taking shape.

The national median value now stands at $803,819, which is -17.5% below the record highs from late 2021/early 2022, but still 16.3% above the pre-COVID level from March 2020.

Around the main centres, it was a broadly flat month in January, with Tauranga and Ōtepoti Dunedin both seeing growth of +0.1%, and Tāmaki Makaurau Auckland and Ōtautahi Christchurch at -0.1%. Kirikiriroa Hamilton stood out, growing +0.5%, while Te Whanganui-a-Tara Wellington remained soft (-0.6%).

CoreLogic NZ Chief Property Economist, Kelvin Davidson said the recent stability in property values at the national level could be a sign of future growth potential.

"Since the 'mini downturn' seen through the middle part of last year petered out in August, national property values have been in a holding pattern - not moving clearly in either direction," he said.

"But with mortgage rates having dropped significantly from their peaks, property sales volumes have continued to rise in recent months and may well start to reduce the available stock of listings on the market in the near term."

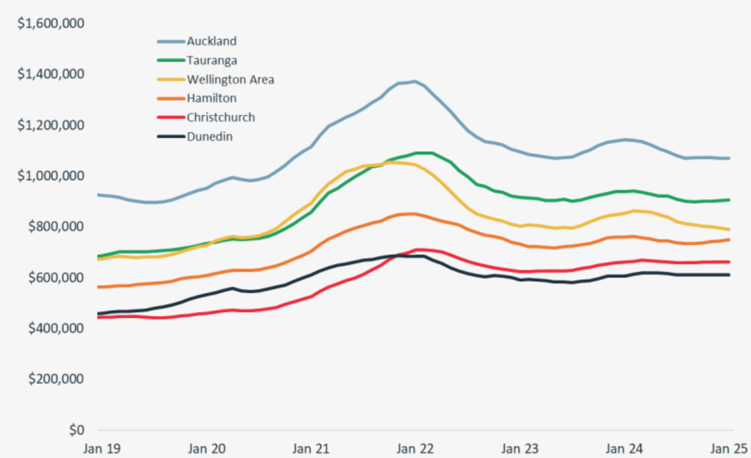
"That would create more competitive pressure amongst buyers, and it wouldn't be a surprise to see property values start to rise again shortly."

He noted some caution was still warranted.

"After all, not all areas have stopped falling, including Wellington. Given that the economy remains soft and the labour market subdued, it is unlikely we will see a sharp upturn in values."

He also noted debt to income ratio caps will also play a role in dampening the market in 2025.

CoreLogic HVI – Main Centres



* Wellington area = City, Porirua, Upper & Lower Hutt

Index results for January 2025 – national and main centres

	Month	Quarter	Annual	From post-COVID peak	From 2024 mini peak	From pre-COVID levels	Median value
Aotearoa New Zealand	**-0.1%**	**-0.3%**	**-4.3%**	**-17.5%**	**-4.5%**	**16.3%**	**$803,819**
Tāmaki Makaurau Auckland	-0.1%	-0.3%	-6.5%	-22.1%	-6.5%	8.5%	$1,069,140
Kirikiriroa Hamilton	0.5%	1.6%	-1.6%	-12.0%	-1.7%	20.0%	$748,944
Tauranga	0.1%	0.5%	-3.6%	-17.1%	-3.8%	21.1%	$904,920
Te-Whanganui-a-Tara Wellington*	-0.6%	-1.7%	-7.4%	-25.1%	-8.5%	4.8%	$790,007
Ōtautahi Christchurch	-0.1%	-0.1%	0.0%	-6.8%	-1.1%	41.0%	$661,721
Ōtepoti Dunedin	0.1%	0.1%	0.9%	-10.8%	-1.2%	11.1%	$611,677

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Tāmaki Makaurau Auckland

Tamaki Makaurau Auckland's sub-markets were a mixed bag in January, with North Shore recording a 0.3% rise, and Waitakere and Manukau flat (with Auckland City only down slightly, by -0.1%). However, in the more outlying areas the value patterns were weaker, with falls of between -0.3% and -0.5% in Papakura, Franklin, and Rodney.

Over a slightly longer three-month horizon, there have been signs of growth in North Shore and Waitakere (0.8% and 0.7% respectively), although other parts of Auckland have remained more subdued.

Mr Davidson commented: "It would appear that the downwards momentum across many parts of Auckland is slowing, and North Shore certainly looks to be a market worth keeping an eye on as a possible guide to where the rest of the city goes in the next few months."

"Even so, with buyers still having plenty of choice, not least because of the pipeline of new property still being completed in Auckland, it's difficult to see a broad-based upturn kicking off anytime soon."

	Month	Quarter	Annual	From post-COVID peak	From 2024 mini peak	From pre-COVID levels	Median value
Rodney	-0.5%	-1.8%	-7.0%	-21.5%	-7.1%	14.3%	$1,216,586
Te Raki Paewhenua North Shore	0.3%	0.8%	-3.6%	-18.0%	-3.6%	10.1%	$1,291,965
Waitakere	0.0%	0.7%	-5.1%	-23.8%	-5.1%	7.4%	$942,671
Auckland City	-0.1%	-0.8%	-8.1%	-23.1%	-8.1%	4.1%	$1,131,326
Manukau	0.0%	0.0%	-6.4%	-22.9%	-6.4%	12.1%	$1,014,115
Papakura	-0.4%	-0.9%	-7.2%	-23.4%	-7.5%	12.6%	$815,455
Franklin	-0.3%	-0.5%	-5.8%	-22.7%	-5.8%	16.3%	$900,200

Te Whanganui-a-Tara Wellington

The wider Te Whanganui-a-Tara Wellington area still stands out in terms of lingering property value weakness. Indeed, values dipped across the board in January, ranging from fairly modest declines in Kapiti Coast and Porirua, up to drops of 0.6% in Lower Hutt and 0.7% in Wellington City itself.

As Mr Davidson noted: "Parts of the Wellington area may be showing signs of optimism, or at least less pessimism."

"But the latest data still shows that values in and around the Capital are generally facing continued downwards pressure, linked to the elevated level of listings available on the market, and presumably also the underlying concerns about public sector employment."

	Month	Quarter	Annual	From post-COVID peak	From 2024 mini peak	From pre-COVID levels	Median value
Kāpiti Coast	-0.1%	0.0%	-4.5%	-21.9%	-6.7%	13.5%	$808,515
Porirua	-0.2%	0.2%	-3.7%	-22.4%	-4.7%	11.0%	$752,261
Te Awa Kairangi ki Uta Upper Hutt	-0.4%	-1.4%	-6.1%	-24.2%	-6.9%	7.1%	$708,418
Te Awa Kairangi ki Tai Lower Hutt	-0.6%	-1.8%	-6.7%	-26.3%	-8.1%	6.7%	$670,538
Wellington City	-0.7%	-2.1%	-8.6%	-25.3%	-9.8%	2.4%	$886,088

Regional results

The early signs of some modest gains in property values that had started to become evident around regional areas in November and December have continued into January. That being said, Gisborne did drop by -0.5%, and Palmerston North and Invercargill also edged lower in January. But seven of the other eight markets covered in this section were either flat or rose by up to 0.3%, with New Plymouth showing a more robust 0.9% increase.

"It remains early in the process, but there are signs in a number of provincial areas that lower mortgage rates have brought the falls in property values to an end, and some modest growth might even have restarted in certain markets," Mr Davidson said.

"Again, there's cause for caution about how strong or sudden an upturn in property values might be in 2025, especially with the unemployment rate still rising. But the first signs of growth nevertheless seem to be emerging."

	Month	Quarter	Annual	From post-COVID peak	From 2024 mini peak	From pre-COVID levels	Median value
Ahuriri Napier	0.2%	1.3%	-3.6%	-19.1%	-3.6%	14.5%	$689,554
Te Papaioea Palmerston North	-0.2%	-0.7%	-3.4%	-19.0%	-3.8%	15.1%	$601,785
Heretaunga Hastings	0.1%	-0.6%	-4.9%	-18.9%	-4.9%	22.0%	$690,337
Whangārei	0.3%	-0.2%	-5.8%	-20.8%	-5.8%	12.8%	$719,145
Whanganui	0.1%	-0.2%	2.5%	-13.3%	-1.7%	28.8%	$486,074
Rotorua	0.0%	-0.1%	-0.4%	-13.5%	-1.5%	22.5%	$608,130
Tūranganui-a-Kiwa Gisborne	-0.5%	-1.6%	-7.8%	-17.9%	-8.5%	23.7%	$581,918
Whakatū Nelson	0.1%	-0.3%	1.7%	-11.7%	-0.3%	15.6%	$742,790
Ngāmotu New Plymouth	0.9%	0.9%	0.6%	-1.0%	-1.0%	48.1%	$703,040
Waihōpai Invercargill	-0.2%	-0.5%	2.5%	-2.8%	-0.5%	27.7%	$468,161
Tāhuna Queenstown	0.1%	0.4%	2.4%	-5.1%	-0.7%	31.5%	$1,631,244

Property market outlook

Looking ahead, Mr Davidson noted that the continued slowdown in net migration continues to dampen overall population growth and marginal demand for property, especially in the rental sector.

He said that would likely weigh on investor sentiment in the near term.

"Even so, the tax rules have become more favourable for mortgaged investors again, and of course lower interest rates are shrinking the top-ups from other income that are typically required to sustain rental property cashflows. Some extra demand from investors this year is firmly on the cards, although the debt to income ratio rules will be something this group may have to weigh up too."

"Other buyer groups will also tend to target property in a lower mortgage rate environment, and certainly conditions remain favourable for first home buyers too. A more liquid and faster-moving market may also help existing owner-occupiers to get their house sold and allow them to press ahead with the next purchase."

"All in all, 2025 looks set to be a stronger year for the property market than 2024, but the slowly emerging growth in values in some areas is not universal yet, and the upturn this year could well be more muted than in the past," he concluded.

For more property market news and insights: www.corelogic.co.nz/news-research

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.

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