



Home value decline in December sums up 2024

Property values in Aotearoa New Zealand fell -0.2% in December, marking the ninth drop in the past 10 months, according to CoreLogic's hedonic Home Value Index (HVI).

The national median value now stands at \$803,624, which is 3.9% lower than a year ago and equivalent to a drop of around \$32,200. New Zealand home values are also still 17.6% below the post-COVID peak, although 16.2% higher than the pre-COVID level from March 2020.

Around the main centres, a slightly more consistent picture is emerging, with Kirikiriroa Hamilton rising by 1.0% in December, Tauranga by 0.4%, Ōtepoti Dunedin 0.3%, and Ōtautahi Christchurch holding steady. But there is still downward pressure in Tāmaki Makaurau Auckland (-0.4%) and Te Whanganui-a-Tara Wellington (-0.8%).

CoreLogic NZ Chief Property Economist, Kelvin Davidson said that December's fall in values at the national level was an apt summary for 2024.

"Since the mini-peak back in February, property values have drifted lower at a modest pace, initially reflecting the high level of mortgage rates, but more recently the weakness of the labour market," he said.

"December's mild drop was simply a continuation of that pattern and sums up the market's soggy performance in 2024."

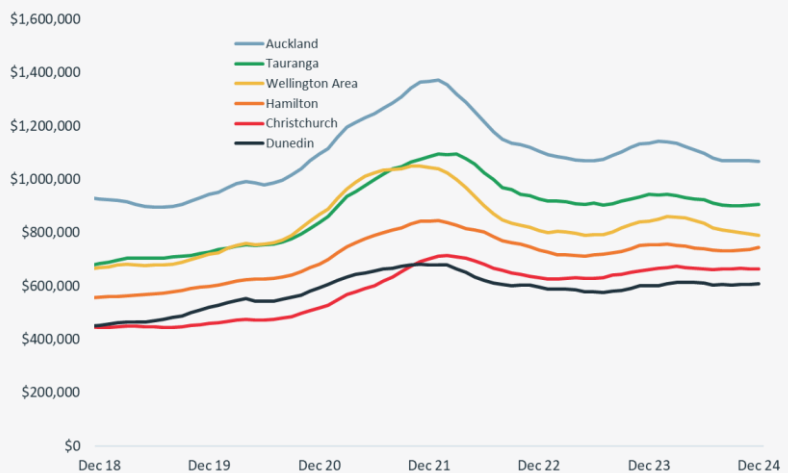
He pointed out that there has been a discernible slowdown in the rate of decline in recent months, potentially signalling that the floor for property values could be within reach. "We're still seeing some sluggish results in Auckland and Wellington, but firmer trends seem to be starting to emerge elsewhere."

"That would certainly be consistent with the influence of lower mortgage rates, particularly the falls for the internal serviceability test rates at the banks. The popularity of either floating loans or short-term fixes at present is helping those lower rates pass through fairly quickly too."

"However, job insecurity will still be playing a restraining role, as is the elevated levels of listings available on the market."

"These 'conflicting forces' may remain a key theme for the property market in 2025 as well, with the effects of lower mortgage rates dampened to some extent by a still-sluggish economy and credit restrictions in the form of debt to income ratios."

CoreLogic HVI – Main Centres



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

Index results for December 2024 – national and main centres

	Month	Quarter	Annual	From post-COVID peak	From recent cyclical peak	From pre-COVID levels	Median value
Aotearoa New Zealand	-0.2%	-0.3%	-3.9%	-17.6%	-4.6%	16.2%	\$803,624
Tāmaki Makaurau Auckland	-0.4%	-0.4%	-6.2%	-22.3%	-6.7%	8.3%	\$1,066,382
Kirikiriroa Hamilton	1.0%	1.6%	-1.4%	-12.0%	-1.7%	20.0%	\$743,667
Tauranga	0.4%	0.7%	-3.8%	-17.1%	-3.8%	21.1%	\$907,318
Te-Whanganui-a-Tara Wellington*	-0.8%	-1.9%	-6.5%	-24.9%	-8.2%	5.1%	\$789,564
Ōtautahi Christchurch	0.0%	0.3%	0.3%	-6.8%	-1.2%	40.9%	\$664,830
Ōtepoti Dunedin	0.3%	0.5%	1.0%	-10.8%	-1.1%	11.1%	\$607,327

Tāmaki Makaurau Auckland

Most of Tamaki Makaurau Auckland's sub-markets saw falls in property values in December, ranging from a modest decline of 0.1% in Manukau, up to 0.5% in Rodney, and a fall of 0.7% apiece in Auckland City and Franklin. However, North Shore ticked up by 0.1% in December and has also seen values rise over a slightly longer horizon since September as well.

Mr Davidson noted: "Abundant supply is still a significant restraint on property values in Auckland, both in terms of existing properties listed for sale, but also the flow of new-build stock being completed. North Shore has been bucking the trend to some extent in recent months, although with affordability still likely to be a challenge for many buyers in that market too, it's difficult to see a fresh boom kicking off anytime soon."

	Month	Quarter	Annual	From post-COVID peak	From recent cyclical peak	From pre-COVID levels	Median value
Rodney	-0.5%	-1.6%	-6.1%	-21.3%	-6.8%	14.6%	\$1,231,718
Te Raki Paewhenua							
North Shore	0.1%	1.7%	-3.4%	-18.0%	-3.6%	10.1%	\$1,305,469
Waitakere	-0.2%	0.5%	-5.1%	-23.9%	-5.3%	7.2%	\$932,493
Auckland City	-0.7%	-1.2%	-7.7%	-23.5%	-8.6%	3.6%	\$1,141,601
Manukau	-0.1%	-0.3%	-6.2%	-22.8%	-6.2%	12.2%	\$1,006,960
Papakura	-0.3%	-0.8%	-7.6%	-23.4%	-7.6%	12.5%	\$829,217
Franklin	-0.7%	-2.0%	-6.0%	-23.2%	-6.4%	15.6%	\$895,627

Te Whanganui-a-Tara Wellington

The wider Te Whanganui-a-Tara Wellington area remained soft in December, with falls in values across the board. The 0.1% decline in Kapiti Coast was modest, but Wellington City (-0.9%) and Lower Hutt (-1.2%) were notably more sluggish.

Commenting on the Wellington market, Mr Davidson said: "It was more of the same in December, with property values generally remaining weak. To some extent, housing affordability has been restored in Wellington off the back of the significant fall in values in the past 2-3 years. As such, the latest declines seem more attributable to public sector cut backs and the negative effect this will be having on economic and housing market sentiment across the wider region."

	Month	Quarter	Annual	From post-COVID peak	From recent cyclical peak	From pre-COVID levels	Median value
Kāpiti Coast	-0.1%	0.6%	-2.6%	-21.5%	-6.2%	14.0%	\$803,279
Porirua	-0.3%	0.3%	-3.6%	-22.3%	-4.6%	11.2%	\$750,960
Te Awa Kairangi ki Uta							
Upper Hutt	-0.3%	-1.9%	-4.7%	-23.9%	-6.6%	7.5%	\$715,225
Te Awa Kairangi ki Tai							
Lower Hutt	-1.2%	-1.7%	-6.8%	-26.3%	-8.1%	6.8%	\$670,573
Wellington City	-0.9%	-2.3%	-7.3%	-25.0%	-9.4%	2.9%	\$893,048

Regional results

After starting to show some resilience in November, some provincial property markets continued that nascent trend in December. For example, Whangarei, Napier, and Palmerston North all edged up by 0.2%, with Nelson's figure at 0.1%. Elsewhere, any falls remained fairly modest, although Gisborne and Hastings did both see values decline by 0.5% in December.

"It's early days, but we may now be seeing the influence of lower mortgage rates starting to come through providing a subtle boost to property values around some parts of provincial NZ," Mr Davidson noted.

"Housing affordability can sometimes be more favourable in these areas too, alongside the solid support provided by farming-based economies, which have been holding up relatively well lately."

"However, a sudden or strong upturn in property values across large swathes of the country still doesn't seem particularly likely until the wider weakness of the labour market starts to turn around."

	Month	Quarter	Annual	From post-COVID peak	From recent cyclical peak	From pre-COVID levels	Median value
Ahuriri Napier	0.2%	0.9%	-2.8%	-19.3%	-3.9%	14.2%	\$689,140
Te Papaioea							
Palmerston North	0.2%	-0.2%	-2.6%	-18.7%	-3.5%	15.6%	\$603,002
Heretaunga Hastings	-0.5%	0.3%	-4.9%	-19.2%	-5.4%	21.4%	\$722,870
Whangārei	0.2%	-1.0%	-5.6%	-21.3%	-6.4%	12.1%	\$714,374
Whanganui	-0.3%	-0.1%	2.5%	-13.4%	-1.8%	28.7%	\$487,570
Rotorua	-0.1%	0.4%	0.2%	-13.7%	-1.8%	22.1%	\$619,602
Tūranganui-a-Kiwa							
Gisborne	-0.5%	-2.7%	-8.9%	-19.5%	-10.3%	21.3%	\$561,168
Whakatū Nelson	0.1%	0.6%	1.0%	-11.8%	-0.2%	15.4%	\$727,505
Ngāmotu New Plymouth	-0.3%	0.5%	2.0%	-1.9%	-1.9%	46.7%	\$698,364
Waihōpai Invercargill	-0.2%	1.0%	4.3%	-2.7%	-0.5%	27.8%	\$469,154
Tāhuna Queenstown	-0.1%	0.2%	1.9%	-5.5%	-1.2%	31.0%	\$1,433,921

Property market outlook

Looking ahead to 2025, Mr Davidson noted that many of the key drivers for the property market might continue to work in opposing directions – such as the supportive influence of lower mortgage rates, but the restraint from abundant listings and labour market uncertainty.

"We suspect that 2025 could prove to be a year of conflicting forces for NZ's housing market, with the net result being a relatively subdued upturn in sales volumes and property values. Our expectation is that values could increase by around 5% in 2025 across NZ as a whole, which would be pretty subdued compared to some past cycles."

"The recent falls in property values may well come to an end shortly, but one factor for the year ahead that the market hasn't had to contemplate before is likely to be the effect of debt to income ratio rules. These may not be a factor for everybody and won't stop mortgage lending dead in its tracks. But by the middle of the year it certainly wouldn't be a surprise if the DTI limits are a very common part of the general discussion around NZ's mortgage market."

"In addition to an underlying economy which might take a bit of time yet to get back on its feet, the DTI caps are another reason for caution about the prospects for the property market in 2025," Mr Davidson concluded.

For more property market news and insights: 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.