



Thriving in a SHIFTING MARKET

Amid changeable economic drivers and shapeshifting buyer behaviour, deducing true market value for homes across New Zealand's residential real estate market has become increasingly challenging.

Following astronomical windfall gains collected by residential property owners during the pandemic and preceding cyclical upswings, homeowners are well-positioned to maximise current conditions to leverage opportunities.

Over 2022, New Zealand's residential real estate market recalibrated in the face of global volatility and uncertain economic conditions. However, we now find ourselves amid a period of fine-tuning, where economic drivers, including monetary policy, migration,

employment and wage growth, are more predictable, allowing Kiwis to implement best-laid plans.

For buyers and sellers searching for opportunities in 2023, staying ahead of the real estate curve is essential.

RESEARCH AND ANALYSIS

Before making any significant investment, Bayleys' salespeople recommend a thorough due diligence programme. With more publicly available information than ever before, it is challenging to sift through local market information,

economic data releases and the latest demographic trends, with the sticky part being the analysis side of the coin. Often facts and figures – take median sales data, for instance – can be misleading given volatile monthly nuances, so qualified interpretation is required to come to the correct conclusion. That's where Bayleys' residential sales experts step in. They are qualified to analyse recent comparable sales, neighbourhood trends and patterns which impact buyer behaviour and ultimately help to net an optimal result.

LOCATION

The old adage 'location, location, location' is no more critical than in residential real estate. Buyers searching for a family home, holiday house or investment opportunity are advised to comb areas with desirable amenities including schooling, healthcare, services, retail and entertainment. Kiwis can find the best value in evolving neighbourhoods where improvements and gentrification provide the greatest chance of value uplift. Communities with broad buyer appeal will have strong transportation links, employment opportunities and access to green spaces – which will become even more valuable amid rising concerns around climate change and loss of vegetation.

CONDITION

While location is paramount when it comes to real estate, the condition of a property is equally essential. This summer, adverse weather events across the Upper North Island have exposed infrastructure fragilities with broad implications for asset value, livelihoods and insurance. Safety and longevity will be critical considerations for house hunters as they look for well-maintained homes of good construction with documentation to support quality renovations completed by reputable firms. If you're a purchaser with the skills to add value, we recommend undertaking rigorous due diligence processes to ensure projects are feasible from a zoning, financial and skill standpoint. Bayleys recommends always consulting with qualified professionals regarding renovations and add-value works.

NEGOTIATIONS

Anecdotal evidence suggests that sellers in the current market are more open to negotiations amid lower levels of competition and a greater understanding of the financial conditions preventing purchasers from paying the astronomical highs of the last market upswing. It's worth noting that actual market value is the point where buyers and sellers feel they've gained value. To achieve this, it is essential to lean on the expertise your Bayleys salesperson provides. Recent neighbourhood comparable sales information analysed against neighbourhood demographics, zoning and future development potential all contribute to an accurate value assessment, but can be tricky for those not in the industry to assess.

As New Zealand's largest, full-service real estate agency, Bayleys understands that in more depressive market cycles, sellers will look to negotiate. As a result, our salespeople are trained to add value, elevating real estate services above the competition to find the right buyer, not just the first, ultimately delivering the best possible result.

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BIG PICTURE

To maximise the value of a residential real estate asset, it's advised to always look at the big picture and the home as a long-term investment. Market hawkers encourage house hunters to look for properties that have the potential to appreciate over time, which offers the best chance to build equity and provide a return on the initial investment in the years to come.

Effective residential investors understand that property is one of the only instruments to be leveraged, as lenders loan money using a property as security. So, as the potential for value uplift increases, so too does the owners' ability to leverage equity to provide an opportunity to purchase the next asset – or trade up into a new home.

Over the past 12 months, shifting market dynamics have given homeowners some cause for concern as they adopt a wait-and-see approach concerning where prices are headed next. However, the cyclical flow of the residential property market needn't be intimidating simply because there's no perfect time to buy or sell. Instead, it's a matter of utilising educated, experienced advice from qualified professionals equipped to achieve the best possible result.

To year-end, the underlying factors driving housing market activity will continue as Kiwis make their move for family, employment and lifestyle factors, underpinning a consistent level of activity and creating opportunities for buyers and sellers in 2023.

Traditionally, Bayleys has performed very well during less buoyant periods in the market simply because we offer the tools, knowledge, skills and nationally-connected network that others don't. Rather than compromising on commission, salespeople are trained to add value to each transaction by investing in innovative, targeted marketing, casting the net wider and leveraging international connections to maximise the value of clients' assets.

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