Prices hold steady in the face of a rising OCR

New Zealand's housing market stayed on its familiar sideways path this month. The second Official Cash Rate (OCR) rise of the cycle landed during the month, but the market's response was muted and we do not expect it to shift conditions materially through the rest of the year.

REINZ's market sales data for the past month showed prices tracking sideways nationally, with some variance up and down in the regions. Sales activity was softer than usual, led by lower sales volumes in the Auckland region. Regionally, the South Island continues to lead, with Canterbury, Otago and Southland recording the strongest performance over the past 12 months on the back of strongly performing rural and tourism sectors, and internal migration.

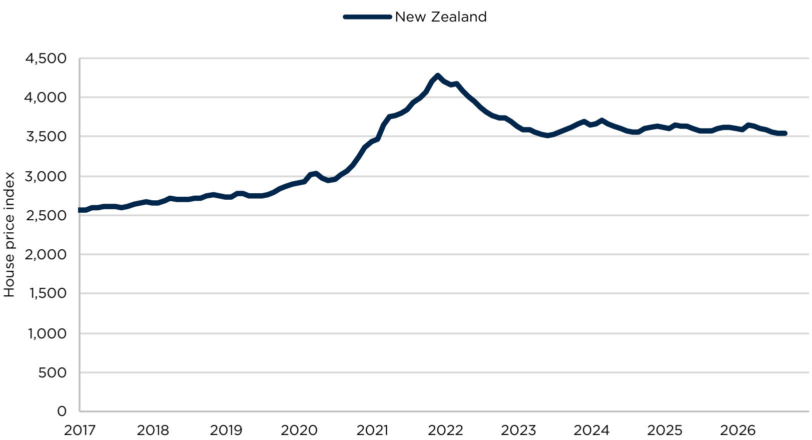
The supply of homes for sale remains high and this is the main handbrake on price growth. Interest rates are also on the radar, with the OCR moving up to 2.75% (+0.25%) during September. This has lifted short-term home loan rates but longer-term fixed rates remain unchanged. The rise was widely expected so is unlikely to be a major headwind in the short-term.

Election campaigning continues, though housing has for the most part avoided the political debate. Taxation has drawn some discussion, but the market appears to regard the more far-reaching proposals as unlikely to proceed. The softer sales volumes during August could indicate a modest election slowdown, although our agents have highlighted other factors such as the high supply of homes for sale and cost of living concerns as being key drivers for slower decisions by buyers.

Beneath the relative stability of the headline numbers, we have seen some examples of strongly contested auctions across our network where properties have hit the sweet spot for their local market. Buyers with money to spend are clearly active, but very selective and cautious of listings that are over-priced.

Our view is the market is likely to remain broadly neutral through the second half of 2026, with a continuation of the South Island outperforming the North Island. In these competitive market conditions, it is critical that sales processes are set up for success through realistic price appraisals, effective marketing and dedicated salespeople.

House prices tracking sideways



Data: Powered by REINZ and Realestate.co.nz.

Market conditions right now

Neutral

Median house price: New Zealand

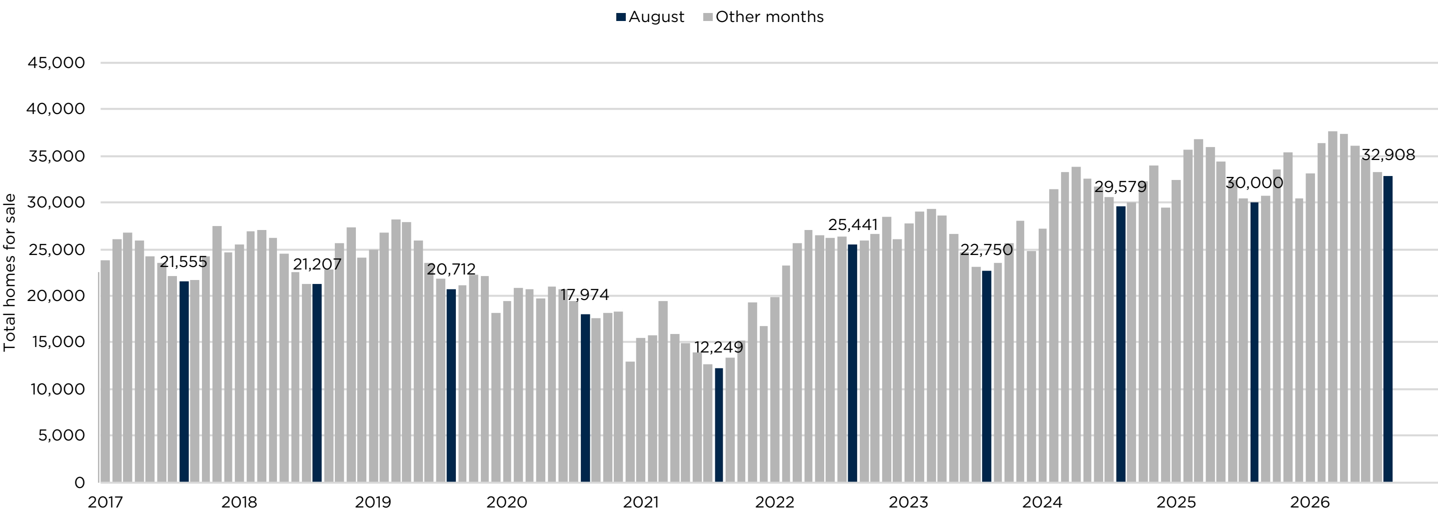
$750,000

Change in house price index over past 12 months

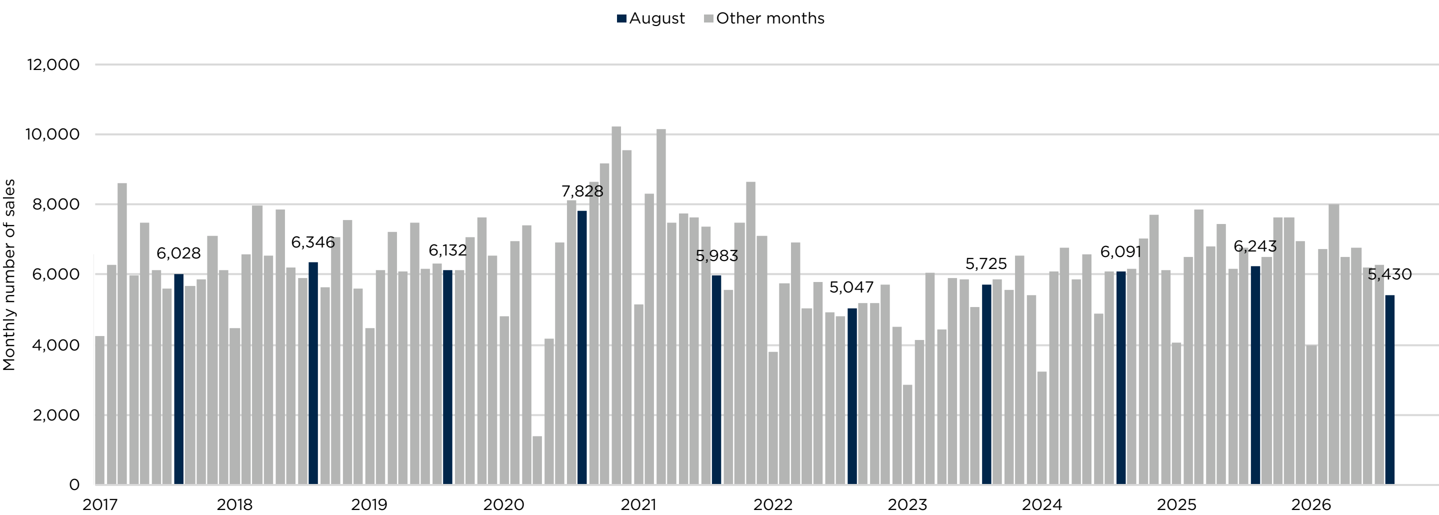
-0.9%

Activity

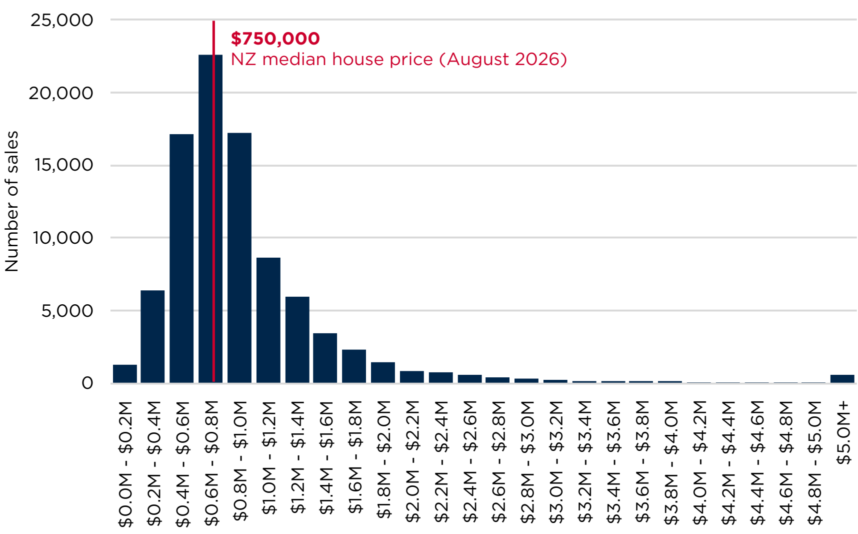
Total homes for sale is high (New Zealand)

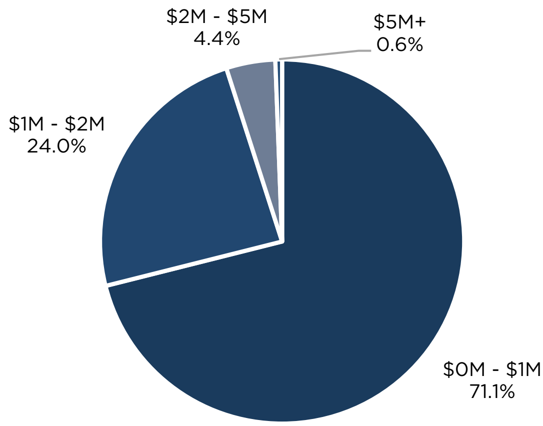


Sale counts a bit soft (New Zealand)



Price distribution for sales over past 12 months (New Zealand)

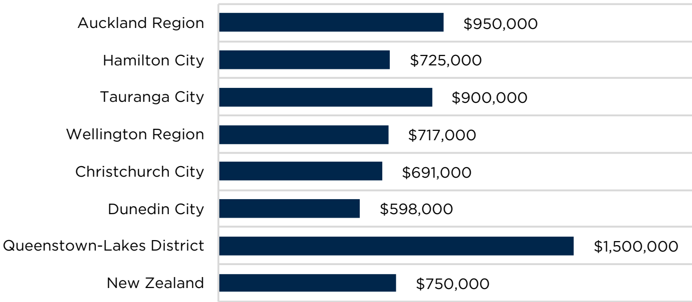




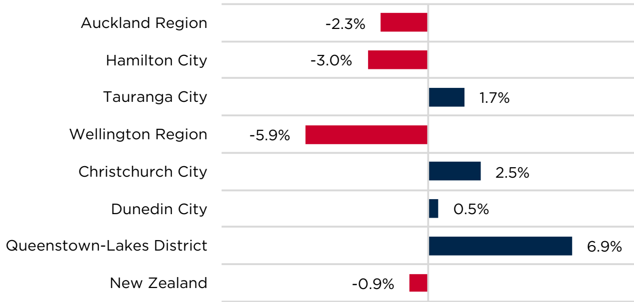
Data: Powered by REINZ and Realestate.co.nz. Graphs highlight comparable months to help navigate the seasonality of the market over the year.

Major markets

Median house price

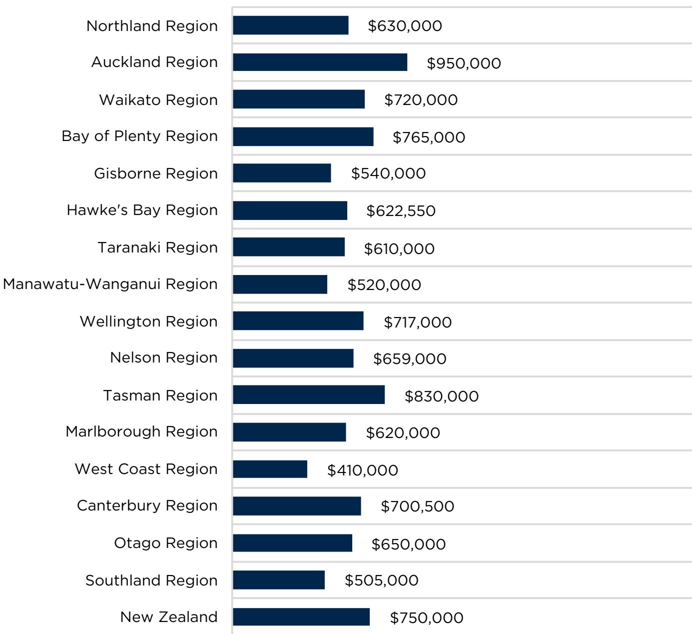


Change in house price index over past 12 months

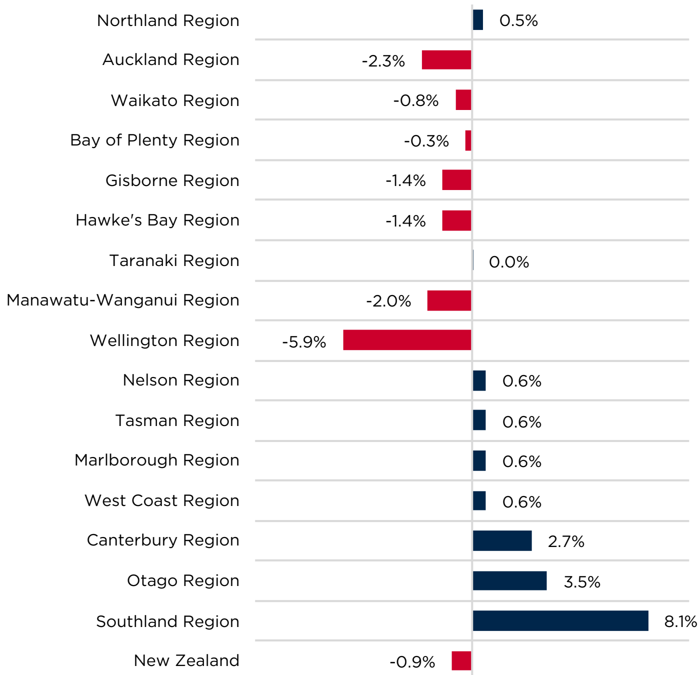


Regional

Median house price



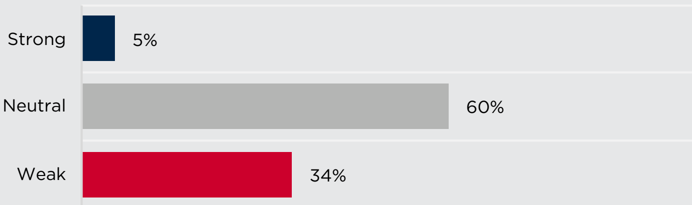
Change in house price index over past 12 months



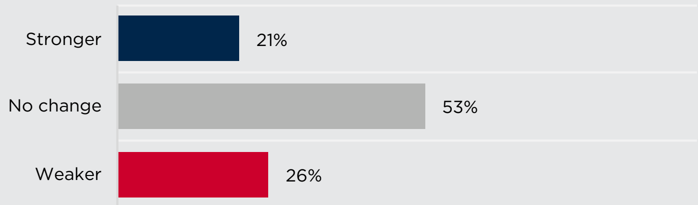
Data: Powered by REINZ.

Market sentiment

How are market conditions in your market right now?



How are market conditions in your market changing?



What's the most common challenge you're facing with buyers?

#1	Slow decision making
#2	Too much choice reducing urgency
#3	Fear of overpaying

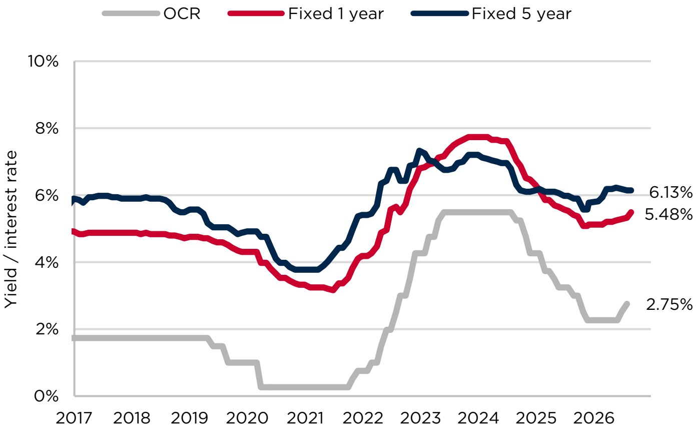
What's the most common challenge you're facing with vendors?

#1	Price expectations higher than market
#2	Waiting for the market to improve
#3	Frustration at slow market

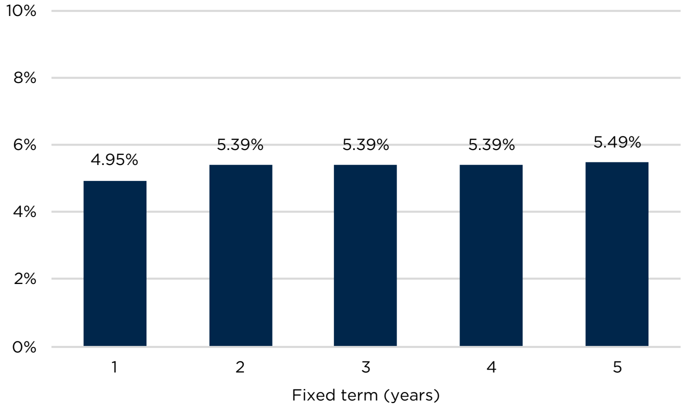
Data: Bayleys quarterly sentiment survey of agents, property managers and mortgage brokers. September 2026 results. n = 296 for residential agents.

Market drivers

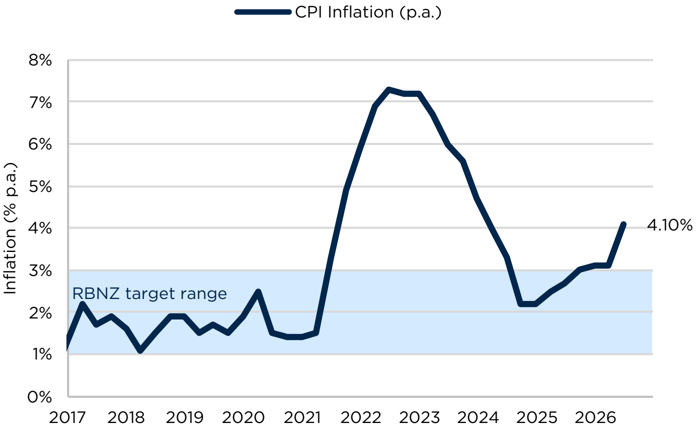
Interest rates down from peak but rising



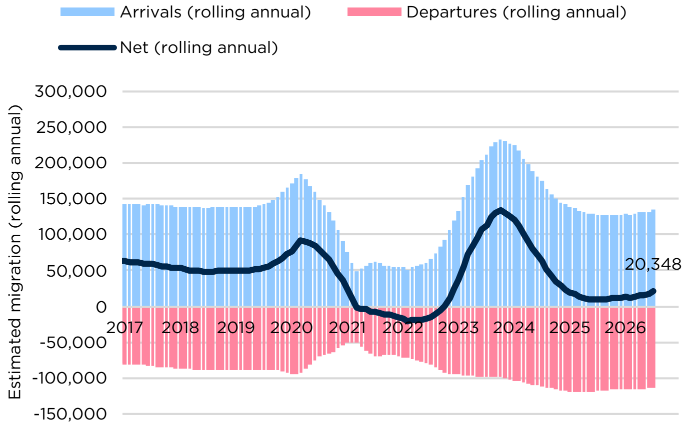
Home loan rates (20%+ deposit)
Lowest carded for 5 major banks



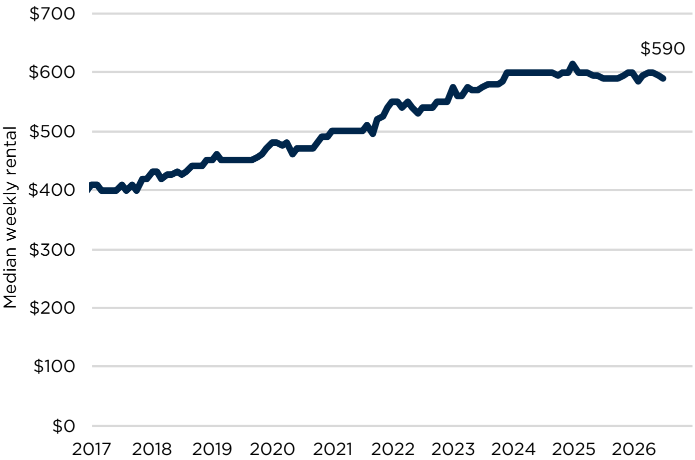
Inflation running a bit hot



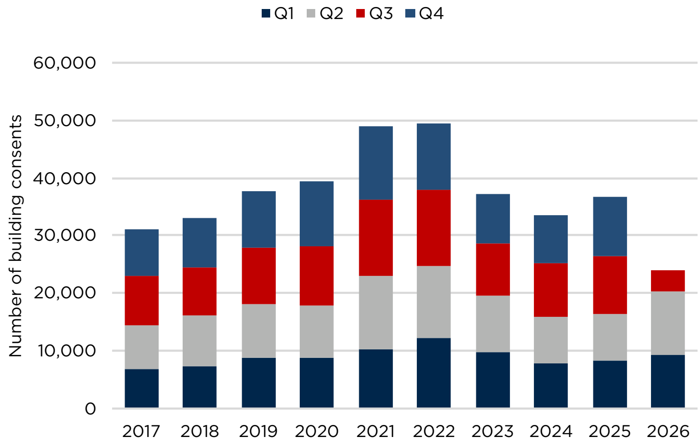
Migration down but starting to recover



Rents steady



Building consents steady



Data: RBNZ, Stats NZ, MBIE.

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