

NEW ZEALAND RESIDENTIAL INVESTMENT MARKET UPDATE

New Zealand's residential investment market in 60 seconds

Housing market remains in neutral
New Zealand's housing market continues in a neutral state, with prices moving largely sideways for most of 2026. Recent sales activity has been slightly softer than a year ago, while elevated stock levels continued to constrain price growth. A seasonal lift in activity is expected late 2026, but overall conditions are likely to remain broadly neutral.

Regional markets continue to diverge
The lower South Island has been outperforming other regions. Relative affordability, strong rural and tourism-related economies and internal migration gains are supporting housing demand and rental performance in these regions.

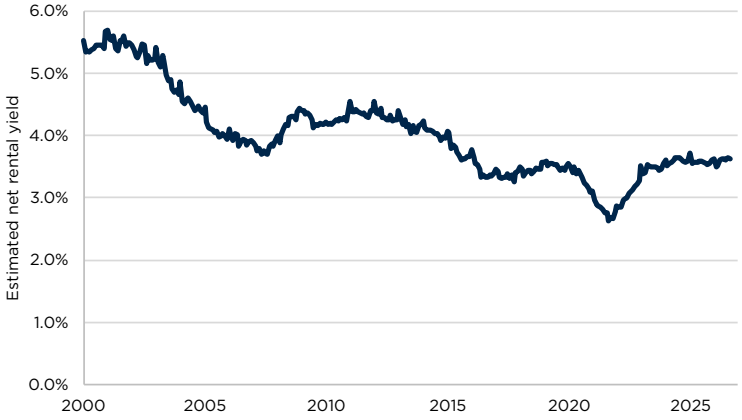
Home loan rates rising
Home loan rates have seen upward pressure as monetary policy takes steps to control inflation. Interest rates remain an important influence on the market, but recent rises have been widely expected and have not materially changed overall market conditions.

Demand remains resilient
The rental market has seen reasonably neutral conditions. Demand remains strong for well-presented properties in desirable locations and school zones, with appropriately priced homes continuing to attract tenants relatively quickly.

Tenants staying longer
Tenancies are becoming longer as the cost and disruption of moving encourage renters to remain in place. Greater flexibility around pets and minor alterations is also supporting tenant retention. Stable tenancies provide owners with more reliable cash flow and can influence their decision to retain rather than sell an investment property.

Outlook cautiously improving
Investor sentiment remains neutral, although expectations for rental and capital growth are gradually improving. Rents are expected to rise modestly in response to improving migration and tightening availability of rental homes.

Estimated net rental yield over time: NZ



Data: Bayleys. Results estimated using bulk data sources. Properties with extreme rental yields may be due to errors in bulk data or unusual characteristics (e.g. leasehold, defects, etc). Net rental yields assume gross rents less 25% unrecoverable outgoings. All analysis is pre-tax and pre-finance. Analysis excludes properties valued more than $5M (often multi-unit properties under single ownership).

Typical estimated pre-tax net rental yield

2.8% - 4.2%

Average estimated pre-tax net rental yield

3.6%

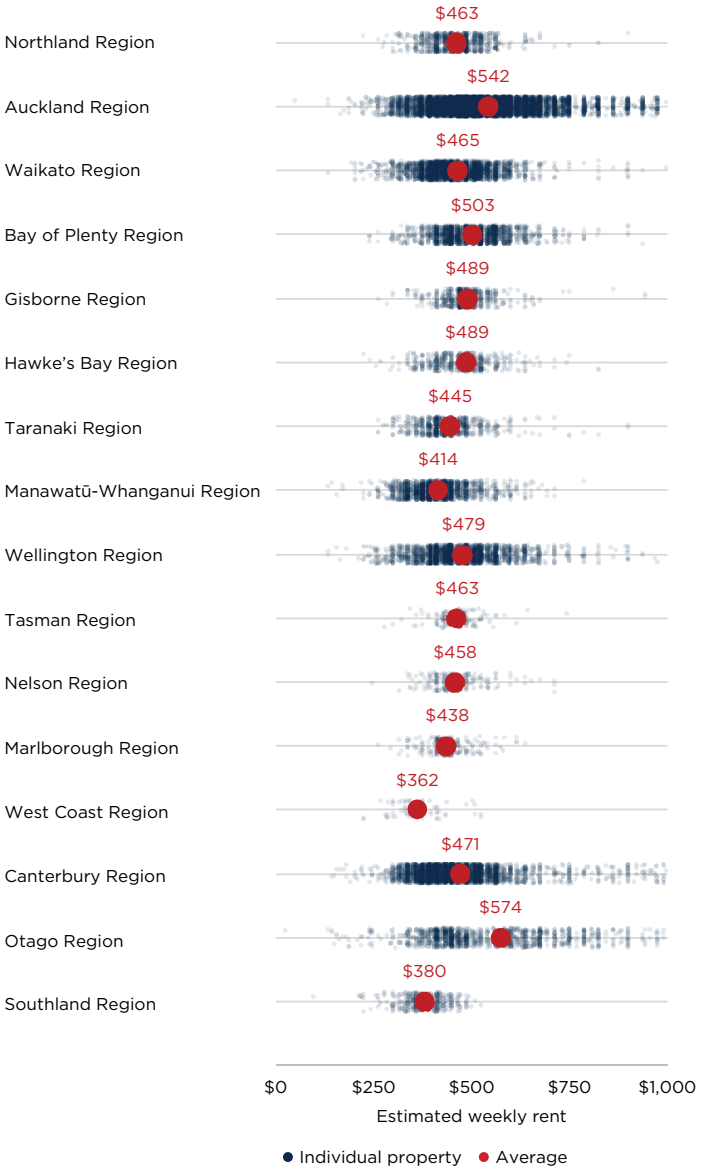
Average estimated annual capital gain (20 years)

4.4%

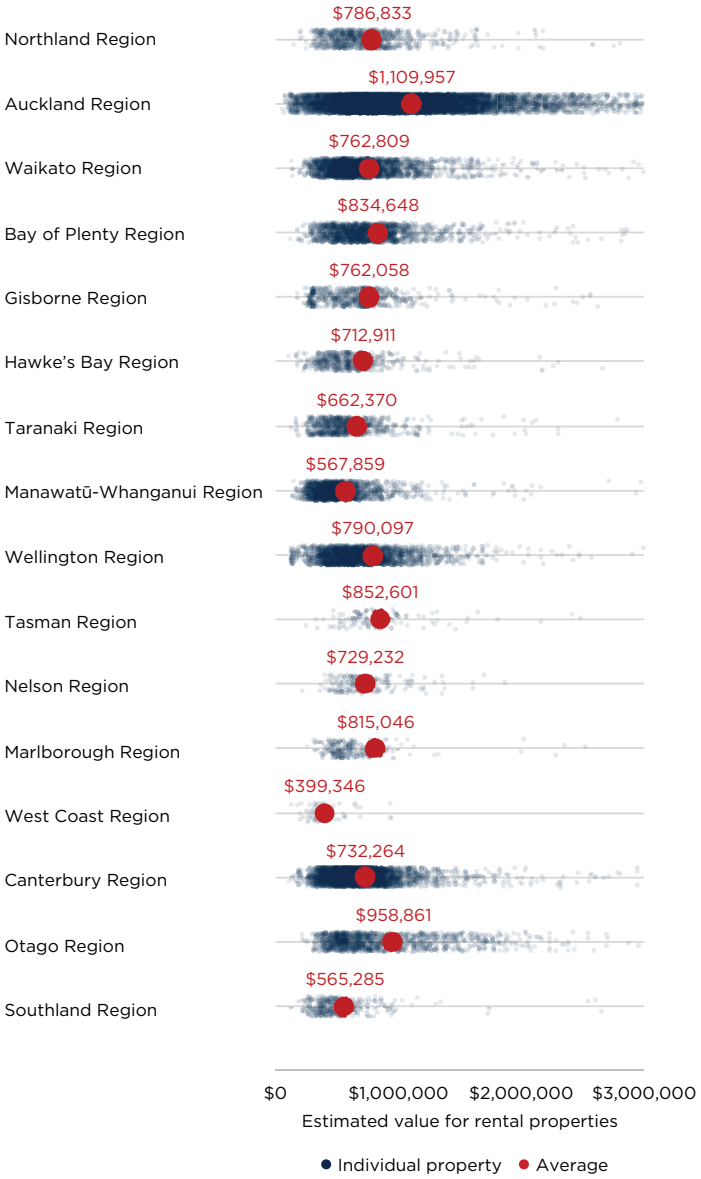
1 April 2026 – 30 September 2026

Pricing indicators

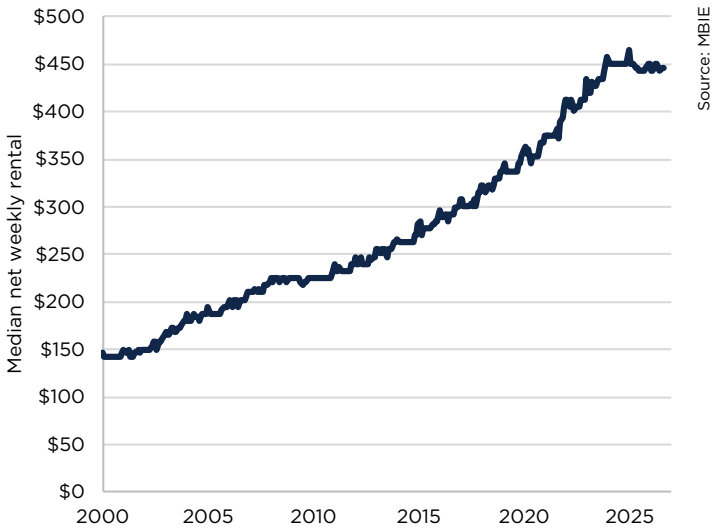
Weekly net rents by region



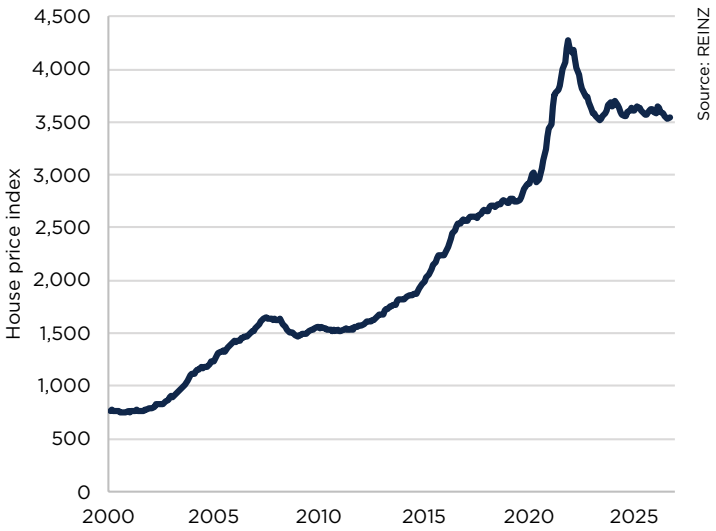
Estimated rental home values by region



Median net rental over time: NZ



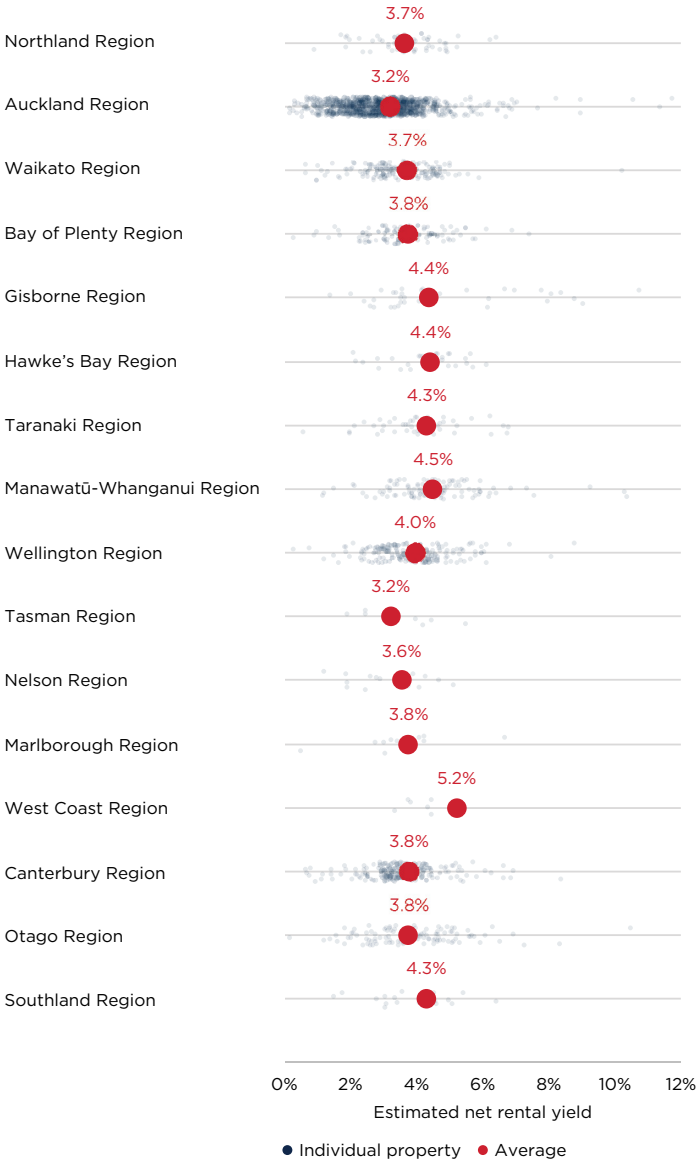
House price index over time: NZ



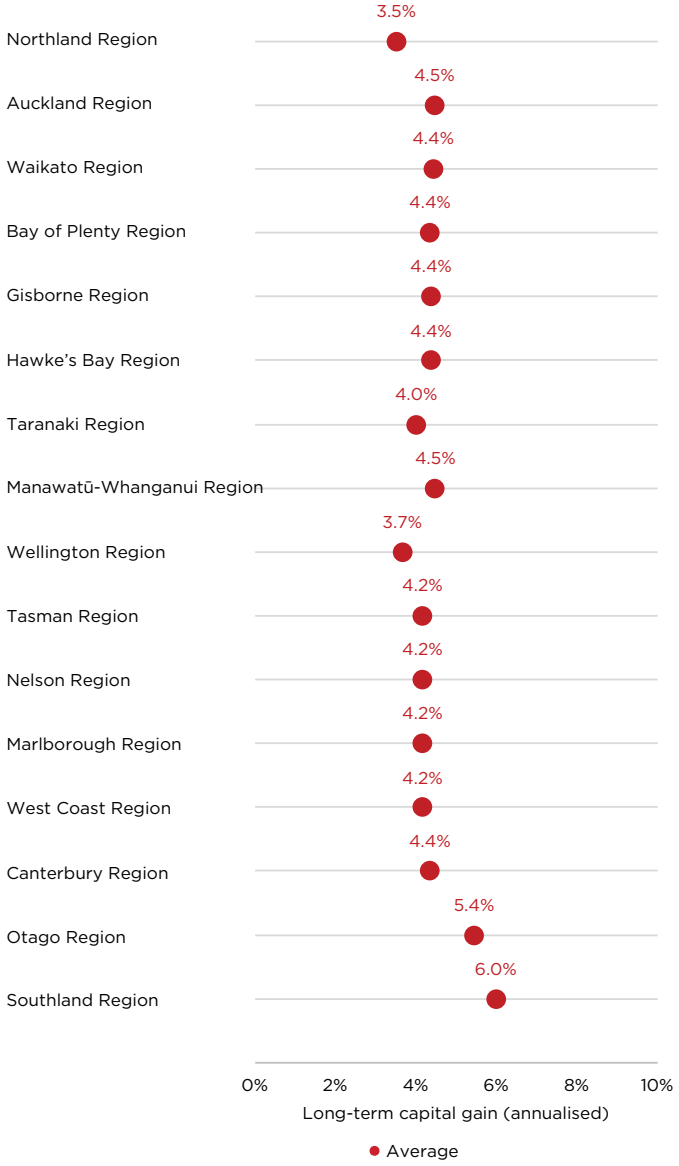
Data: Results estimated using bulk data sources. Properties with extreme rental yields may be due to errors in bulk data or unusual characteristics (e.g. leasehold, defects, etc). Net rental yields assume gross rents less 25% unrecoverable outgoings. All analysis is pre-tax and pre-finance. Analysis excludes properties valued more than $5M (often multi-unit properties under single ownership).

Return indicators

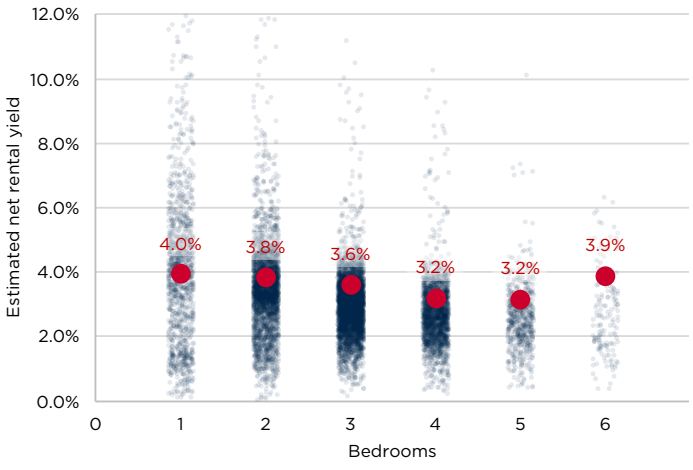
Estimated net rental yield by region



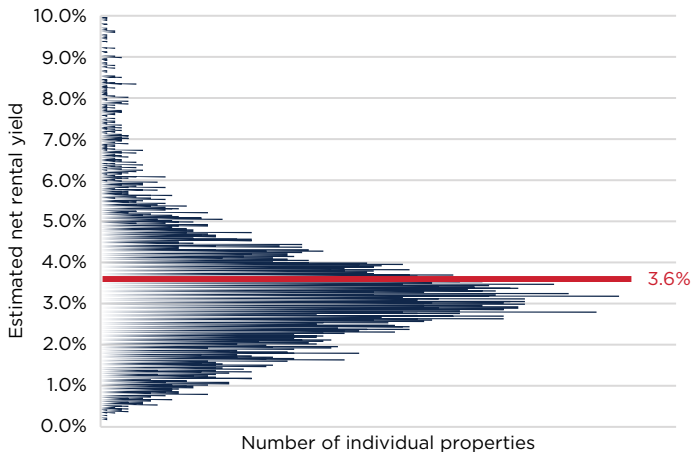
Annualised capital gains (20 years) by region



Estimated net rental yield by bedroom count: NZ



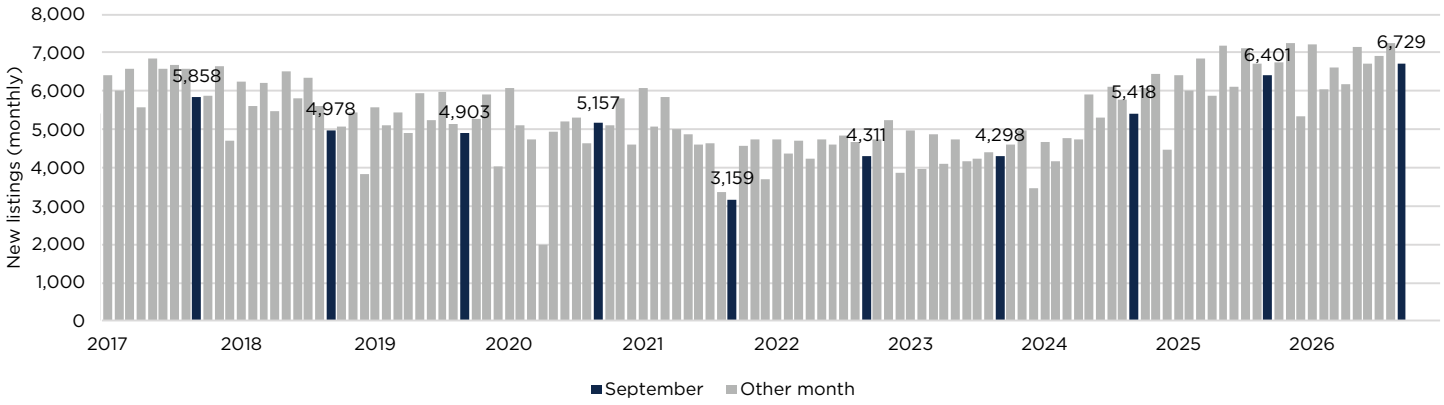
Distribution of net rental yields: NZ



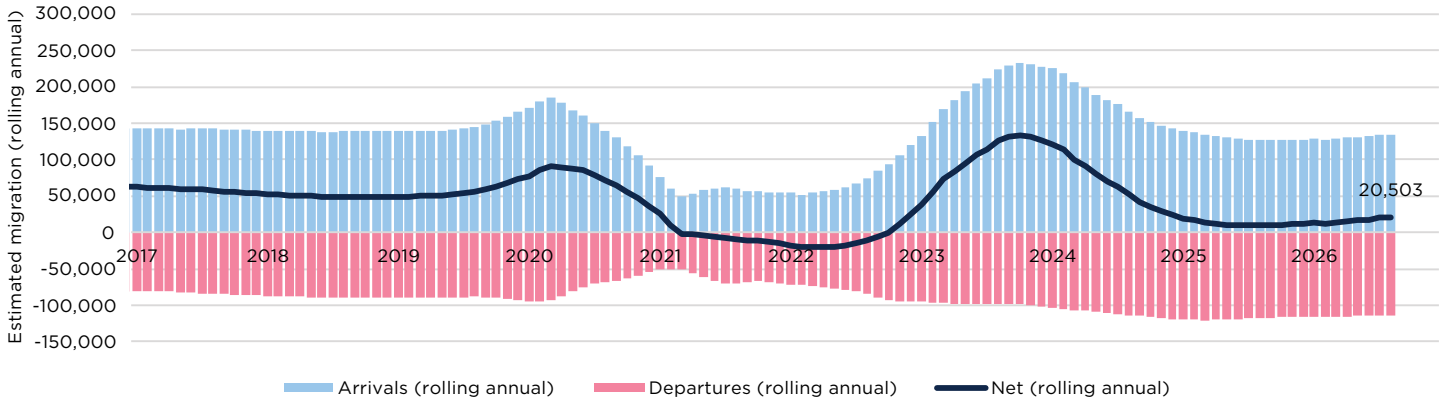
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Lead indicators

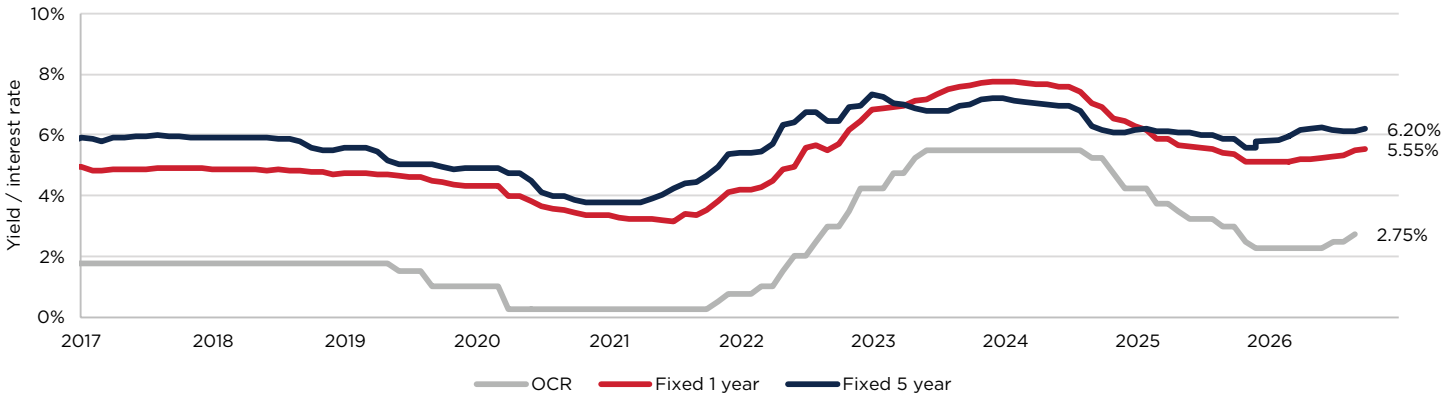
Number of new rental listings



Migration flows



Interest rates



Data: MBIE, Realestate.co.nz, REINZ, RBNZ, StatsNZ

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