



RAY WHITE NOW

THE BRIGHT SIDE

PROUDLY PRESENTING NEW ZEALAND PROPERTY MARKET INSIGHTS IN REAL TIME
DECEMBER 2024

A message from our chief executive

Dear Property Owner,

Upon reflection, 2024 has been a year of mixed outcomes. There's been progress, particularly in taming inflation, which has meant the value of every Kiwi dollar goes further, but the methods to achieve that have come with a hefty price tag for the economy.

We can take confidence in the strides made to reduce inflation from its mid-2022 peak of 7.30 per cent to a more manageable 2.20 per cent, now comfortably within the 1-3 per cent 'sweet spot' as of the last quarterly reading. However, this achievement has come at a cost, and the lingering effects of strict monetary policies continue to weigh heavily on the economy.

In August, the Reserve Bank of New Zealand (RBNZ) finally began to ease up, cutting the Official Cash Rate (OCR) after the most aggressive tightening cycle in history. While this means that interest rates are now set to finish the year in far more attractive territory for mortgage holders, the full financial impact of rate reductions will take some time to filter through the system.

The uplift in sentiment, however, has been immediate.

Earlier this year, elevated interest rates significantly curtailed consumer spending, prompting many to postpone real estate decisions until policy adjustments brought borrowing costs down. Now, with encouraging

insights from the RBNZ Governor Adrian Orr – who projects the OCR to ease to circa 3.50 per cent by the end of 2025, including a further 75 basis points of reductions over the next year – buyers and sellers are re-engaging with the market.

Our Ray White network has seen consistent monthly increases in sales activity as we approach the year's final stretch, highlighted by a surge in buyer enquiries, competitive multiple-offer scenarios, and our continued position as one of the country's highest-performing auction agencies.

Domestically, easing financial pressures and renewed market confidence paint a brighter picture for the months ahead. However, conflict and unrest in regions such as Ukraine, Palestine, Syria, Myanmar, Sudan and New Caledonia underscores the need to remain adaptable in a dynamic global landscape where external events can swiftly impact our local economy and way of life.

Through all market conditions, Ray White remains dedicated to achieving exceptional outcomes, supported by the latest market insights. Whether you're buying, selling, or gathering information for the year ahead, our network offers the expertise and knowledge to give you confidence as you navigate the next step in your property journey.

But for now, with summer knocking at the door, longer days, and the promise of new beginnings, we hope you find time to enjoy the simple pleasures of the season – whether that’s a backyard barbeque, a stroll along the beach, or a splash in the ocean.

On behalf of the entire Ray White network, we sincerely thank you for your continued support throughout a challenging but successful year. Looking ahead to 2025, we are energised to maximise new opportunities, fresh beginnings, and the chance to accomplish even more together in the coming year.

Please enjoy our 77th edition of Ray White Now.



A handwritten signature in black ink, appearing to read 'Daniel Coulson'. The signature is fluid and cursive, written on a white background.

Daniel Coulson
Chief Executive
Ray White New Zealand





FEATURED PROPERTY

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Why sell now?



Daniel Coulson
Chief Executive
Ray White New Zealand

Kiwis will ring in the new year, encouraged by a significant shift in the general uncertainty that defined the 24 months prior.

Ray White New Zealand's Chief Executive, Daniel Coulson, says that rising interest rates, subdued housing demand, and cautious sentiment have given way to a property market imbued with greater confidence.

“Easing borrowing costs and a tightening supply of homes are driving momentum right now, opening the door for opportunity to leverage a shift in conditions as buyers and sellers look to plans for the new year.”

- Daniel Coulson,
Ray White New Zealand Chief Executive

“It’s fitting that 2025 is the Year of the Snake in the Chinese zodiac – a symbol of transformation, adaptability and strategic moves. This aligns remarkably with the changing dynamics of the housing market, where agility and foresight will be key to success in 2025.”

EASING INTEREST RATES: A NEW CHAPTER

New Zealand’s monetary policy landscape is shifting following one of the most aggressive interest rate tightening cycles in recent history. The Reserve Bank of New Zealand (RBNZ) has trimmed the Official Cash Rate (OCR) to 4.25 per cent, indicating a clear downward trajectory expected to continue into 2025.

Forecasts suggest further reductions, with the OCR potentially reaching 3.50 per cent by the end of next year.

“Lower borrowing costs are already offering new energy to the property sector, giving buyers more confidence, coupled with cooling inflation that provides more purchasing power in their back pockets,” Coulson says.

“While the full impact of falling mortgage lending rates may not be felt until we’re further into 2025, the groundwork laid over the next few months will define market conditions for the year ahead. For buyers, it means the potential to leverage still-excellent buying conditions before the wind changes, and for sellers, it’s a chance to meet renewed demand head-on.

“While the housing market is improving, affordability continues to be a significant constraint on price growth. Kiwis are unlikely to experience the same purchasing motivations seen during the ultra-low interest rate and pandemic-driven housing boom.”

Selected house price sustainability metrics



Source: REINZ, Statistics New Zealand, RBNZ

BALANCING SUPPLY AND DEMAND

Market activity has started to level off, with unsold stock steadily declining and the number of days listings spend on the market dropping for the first time in five months. “We’re witnessing a tighter market as buyer activity increases, leading to healthier conditions that benefit everyone.”

Despite this, Coulson says that the pipeline for new builds and residential development continues to dwindle, reflected by building consent numbers at a five-year low. “We’re watching the impact of this reduction in future housing stock closely, as it will likely increase competition for existing properties, marking today’s conditions particularly attractive for sellers.”

“Local and central governments continue to struggle with infrastructure supply constraints, making it increasingly difficult to build new homes. This has become so contentious in some areas that new homes no longer receive Code Compliance (CCC) certification until upgrades to essential facilities, such as wastewater processing, can accommodate additional demand.

“This bottleneck restricts housing supply further, intensifying the attractiveness and level of competition for existing properties.”

THE INVESTMENT ARM

Recent tax changes to interest deductibility rules and a reduction in Bright-line Test obligations have redefined investment strategies, reflected by a rising market share for residential investors.

“We’re seeing tangible evidence that property investors have become more active throughout the last two months of 2024 thanks to a blend of more attractive rental yields, the promise of 100 per cent interest deductibility from rental expenses in 2025, and proposed tenancy law changes that will offer landlords more significant control over their investments.

“These changes are telling because investors are critical market participants, injecting both capital into the property sector and fostering a competitive environment that offers the nearly one in three Kiwi households that rent more housing choice.”

ECONOMIC RESILIENCE & GLOBAL TRENDS

Throughout a turbulent two years, New Zealand’s financial system has benefitted from a degree of resiliency, aided by a strong labour market and prudent lending practices that have helped households navigate higher mortgage lending rates without widespread distress.

“Lenders have become more competitive recently, with reports of greater incentives for house hunters, while easing presale requirements for established developers with proven track records signals a commitment to maintaining market momentum,” Coulson says.

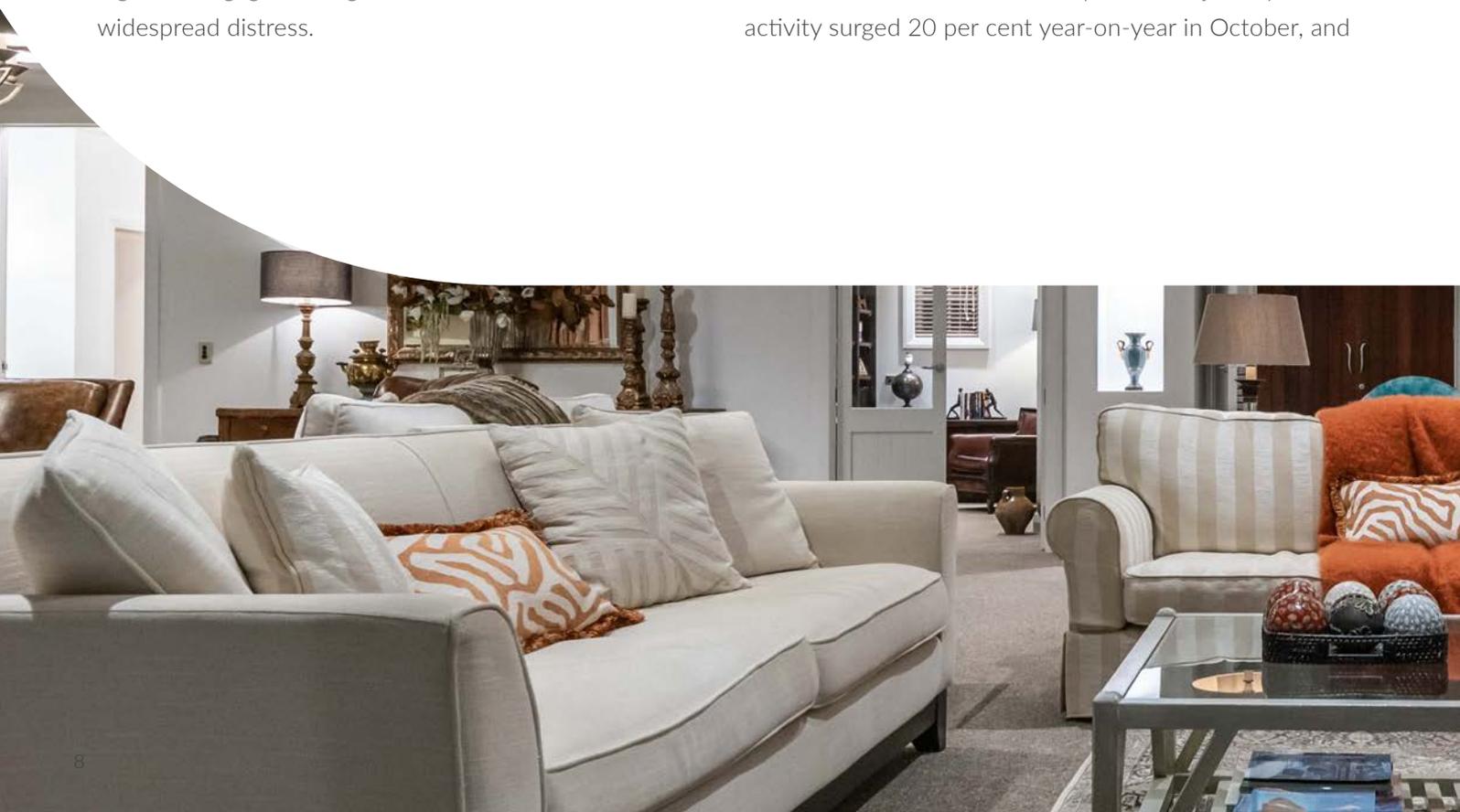
“Globally, factors including the outcome of the U.S. Presidential election could shift the dial on inflation with implications for New Zealand’s economy. International developments often have a meaningful influence here, affecting trade, investment and property market sentiment.”

THE BOTTOM LINE: WHY WAIT?

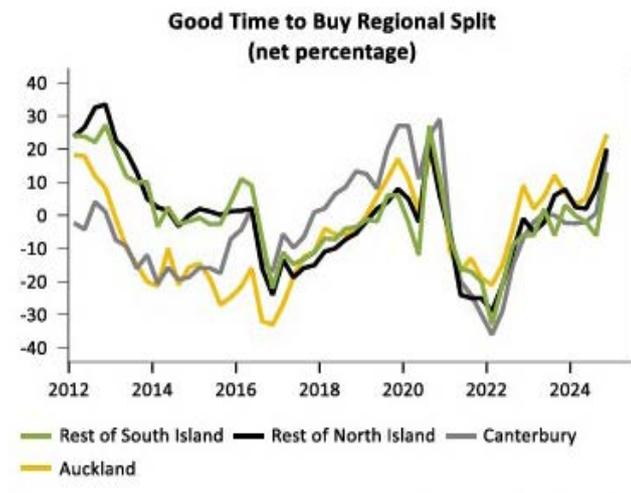
Coulson reflects on the broader property market, noting that economic indicators align favourably after a period of turbulence. “We’re seeing greater stability, which means the rewards are becoming clearer for both buyers and sellers,” he says.

“Adaptability, foresight and strategic action will define success in this dynamic environment, with sellers positioning themselves to benefit from growth and buyers still able to secure favourable outcomes ahead of anticipated growth.”

The latest data from the Real Estate Institute of New Zealand (REINZ) underscores a positive trajectory: sales activity surged 20 per cent year-on-year in October, and



house prices have stabilised after a 14 per cent drop from their late-2021 peaks.



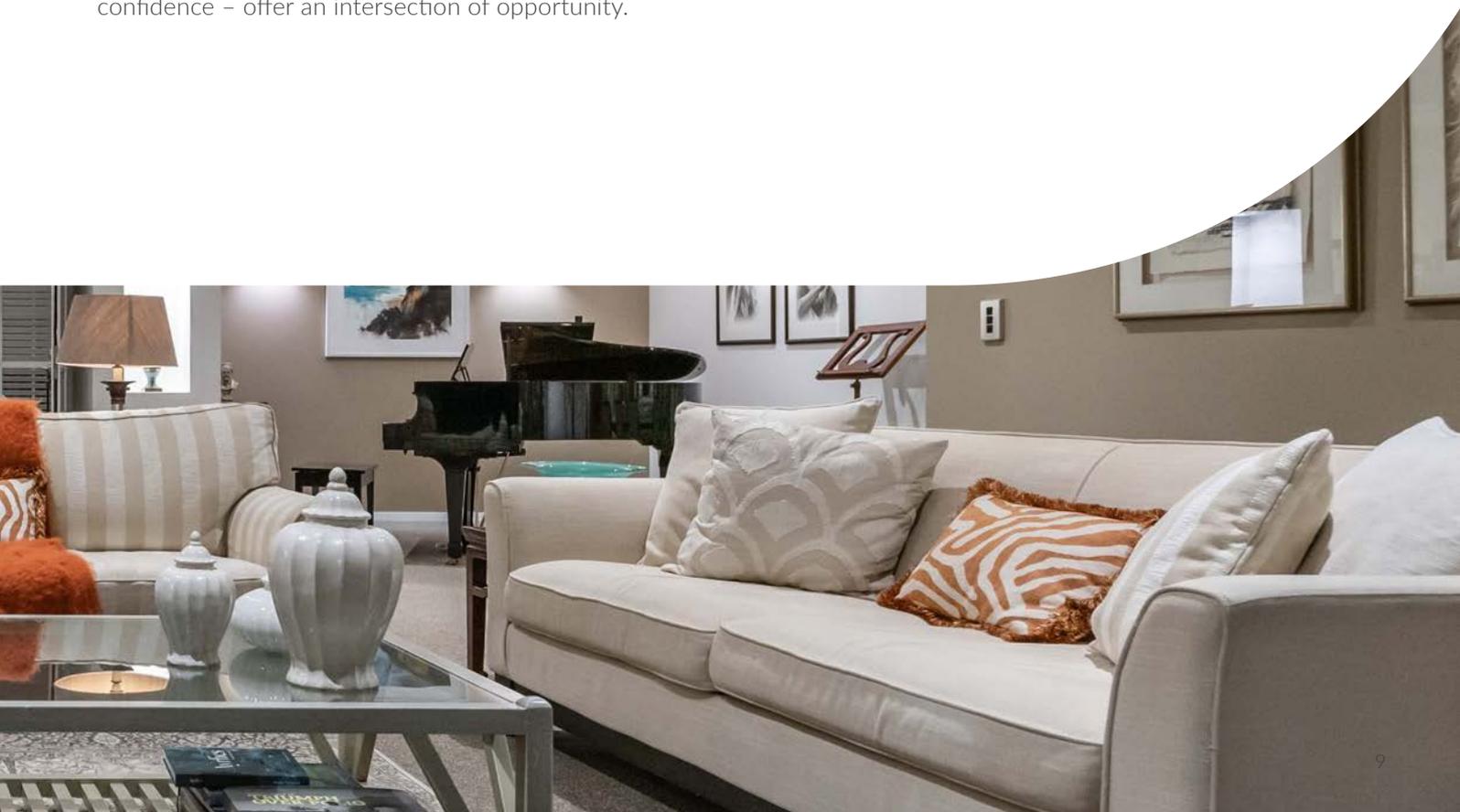
Source: Macrobond, ASB

“Market sentiment surveys, such as ASB Bank’s recent Housing Confidence Survey, reflect growing optimism, with a more significant share of respondents now expecting price gains over 2025, setting the stage for momentum to build in the first few months of the new year.

“As we step into a new era for the property market, one thing is clear – timing is everything. The current conditions – easing rates, tightening supply, and growing confidence – offer an intersection of opportunity.

“For sellers, it’s a chance to redefine expectations and secure an optimal outcome. For buyers, it’s the foundation for future success and a new chapter for your family. As we close 2024 and look ahead, the question is no longer, “Why sell?” but rather, “Why wait?”

- Daniel Coulson,
Ray White New Zealand Chief Executive



A decade of shifting housing priorities



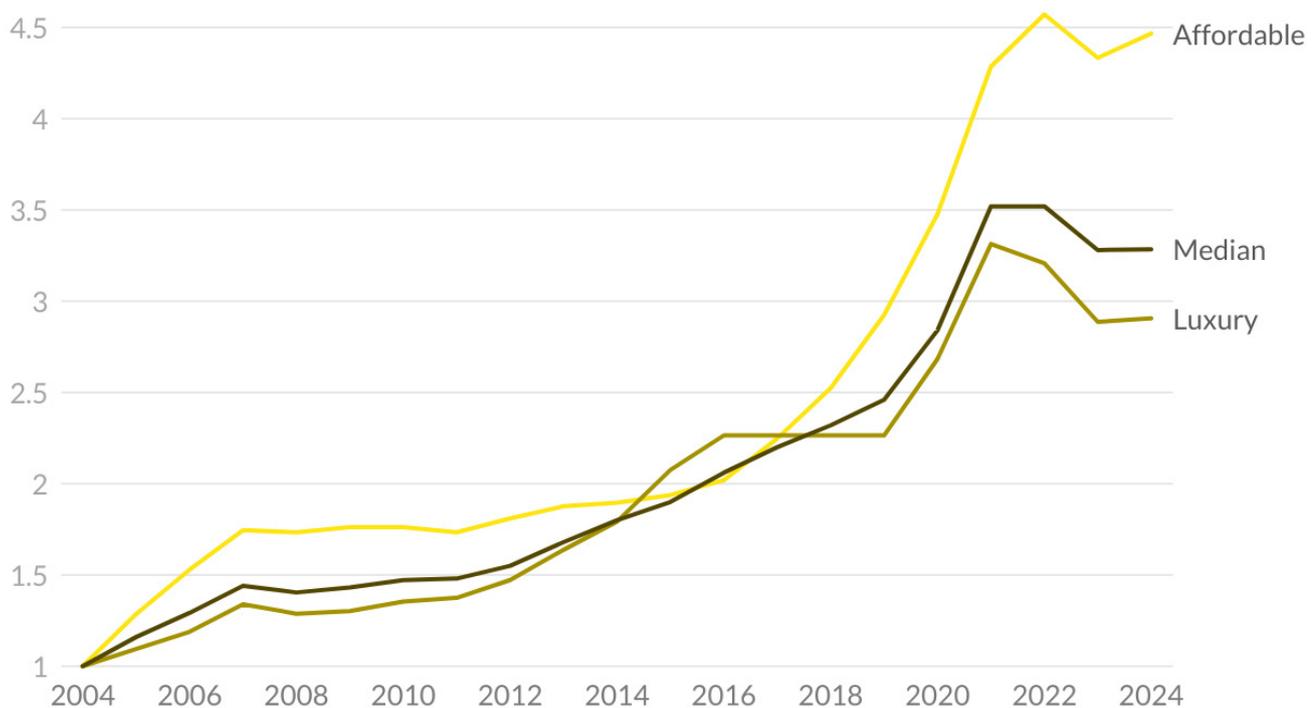
Atom Go Tian
Senior Data Analyst
Ray White Group

Over the past two decades, New Zealand's housing market has experienced a remarkable shift, particularly across different price segments. This analysis delves into three key market segments: the affordable (properties priced within the bottom 10 per cent of the market), the median, and the luxury (houses priced in the top 10 per cent of the market).

From 2004 to 2024, the affordable market segment saw occasional price rises followed by stabilisation. The market, while fluctuating, remained relatively balanced across all price points. However, the last decade has brought a dramatic shift. Affordable homes more than doubled in value during this time. Meanwhile, the median and luxury segments saw strong growth in the first half of the decade, but their momentum slowed and even reversed after 2020.

New Zealand house price growth

Median house price vs luxury house price and affordable house price (index)



Source: Ray White Economics

This dramatic rise in affordable housing prices can be largely attributed to ‘mortgage fatigue’ – the burden of rising interest rates on owners of more expensive homes, whose larger mortgages and higher payments have limited the ability to ‘trade-up’. As a result, more affordable homes have become increasingly attractive, particularly in established neighbourhoods where their affordability and location offer greater appeal.

The national trend of affordable housing outperforming other market segments is most pronounced in the regions. The standout performer has been the Manawatū-Whanganui region, where entry-level homes surged an astonishing 270 per cent, rising from \$95,000 a decade ago to \$351,500 today. Regions such as Gisborne, Southland, and Hawke’s Bay have seen similar transformations, with their affordable segments growing by more than 200 per cent.

Regions with fastest growing affordable house prices

House price from the 10th percentile of house prices (as of 2024 vs 2023 and 2014)

Region	2024 Price	1Y Growth	10Y Growth
Manawatū-Whanganui Region	\$351,500	2.8%	270.0%
Gisborne Region	\$417,500	11.3%	247.9%
Southland Region	\$300,000	7.5%	242.9%
Hawke's Bay Region	\$460,000	3.4%	229.8%
Northland Region	\$400,000	0.0%	185.7%
Bay Of Plenty Region	\$520,000	0.0%	162.6%
Waikato Region	\$480,000	-4.0%	159.5%
Otago Region	\$400,000	3.9%	158.1%
Taranaki Region	\$360,000	-2.0%	148.3%
Wellington Region	\$540,000	1.9%	136.8%
West Coast Region	\$210,000	3.7%	133.3%
Marlborough Region	\$457,000	-3.3%	122.9%
Nelson Region	\$513,000	-3.2%	106.3%
Tasman Region	\$540,000	-4.4%	103.0%
Canterbury Region	\$475,000	5.6%	98.7%
Auckland Region	\$725,000	-1.4%	77.3%

Source: Ray White

Source: Ray White Economics

Given a comparatively high starting point for entry-level properties in Auckland, growth in this segment over the past decade has been the smallest of any region at only 77 per cent. In fact, its affordable housing segment declined by 1.36 per cent in the past year as affordability amid rising debt servicing costs became more challenging. The South Island's West Coast remains the most affordable region for entry-level homes, with the bottom 10 per cent prices at just \$210,000.

Even here, affordable homes have increased by 133 per cent over the decade.

These regional variations highlight the significant rise in the entry point to homeownership across New Zealand. What was once 'affordable' in many areas is now priced at levels that would have been unimaginable a decade ago.

While wage growth has also risen, the shift is a fundamental transformation in the market which continues to drive appetite for quality, affordably priced housing options.







A golden opportunity in real estate

November has been a standout month in the real estate market, marking a pivotal moment for both buyers and sellers. At Ray White, we are proud to have achieved \$1.49 billion in sales, reflecting a remarkable 23.20 per cent increase from November 2023 - making it our best month of the year.

This success mirrors broader market trends, with stable property prices, robust stock levels, and increasing buyer activity creating favourable conditions for all participants. Over the past two years, property prices have remained consistent, offering buyers the stability and predictability sellers need. The national average asking price for November saw a slight dip to \$846,150, reinforcing this stability.

For sellers, heightened buyer activity and shorter days on the market present a significant opportunity. Ray White's auction strategy continues to lead the way, with properties consistently selling in less than 30 days. Auctions remain a key driver of success, delivering competitive outcomes and swift results.

The outlook for buyers is equally positive, thanks to recent reductions in borrowing costs. The Reserve Bank of New Zealand's (RBNZ) decision to lower the Official Cash Rate (OCR) by 1.25 per cent since August has made financing more accessible. This has boosted buyer confidence, evidenced by increased property inspections and auction participation.



Treena Drinnan
Chief Agency Officer
Ray White New Zealand

Strong national stock levels, the highest for November in eight years, mean buyers now have more options than ever before. At the same time, sales activity is picking up, offering sellers a dynamic market to achieve strong outcomes. The balance between supply and demand creates an environment where buyers and sellers can thrive.

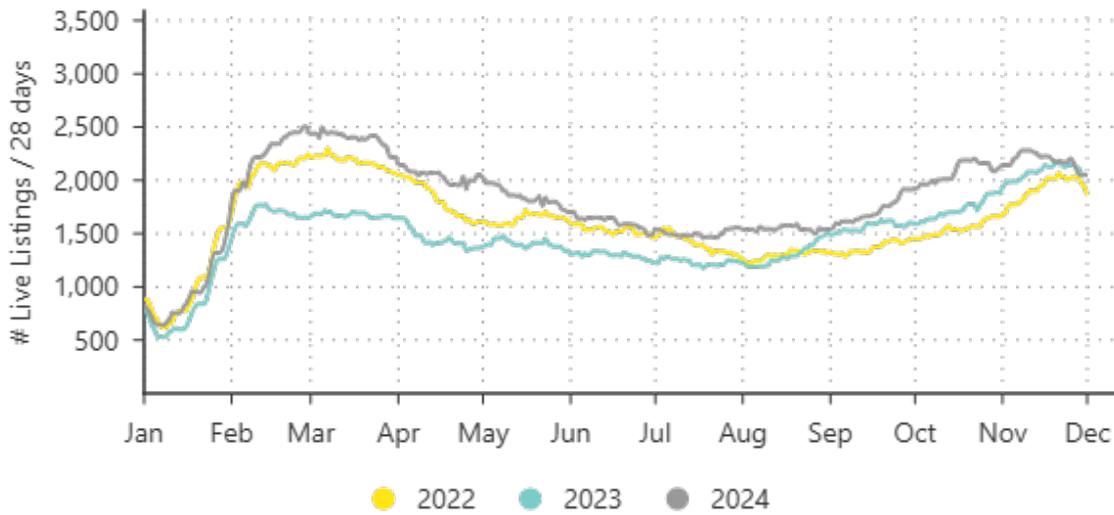
As we head into 2025, market conditions remain positive. This period of stability and opportunity is expected to continue, encouraging confidence for those considering buying or selling. Acting decisively in this market, with the guidance of an experienced agency, can make all the difference.

As we approach summer, the market continues to show signs of increased confidence, making now the perfect time to consider your next move in real estate. Whether you are buying or selling, Ray White is here to guide you through the process with expert advice and trusted service.

Thank you for choosing Ray White – our national team is proud to be your chosen partner in real estate success.

LIVE LISTINGS

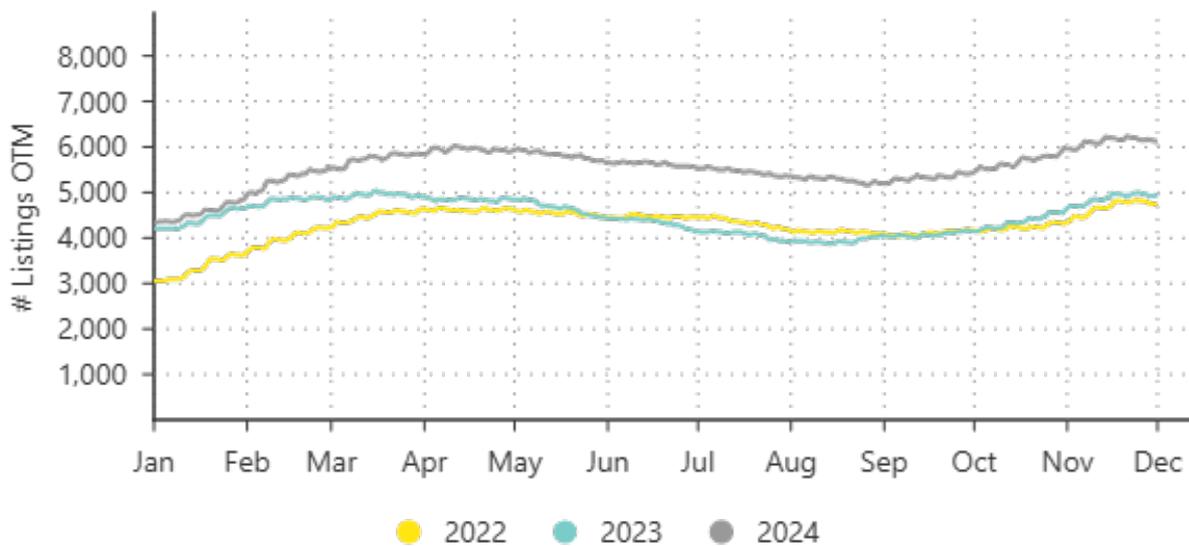
This graph shows the number of live listings on Ray White's channels. For the month ending November 2024, our live listings count increased by 0.34 per cent compared year-on-year.



Source: Ray White Online Analytics

LISTINGS ON THE MARKET

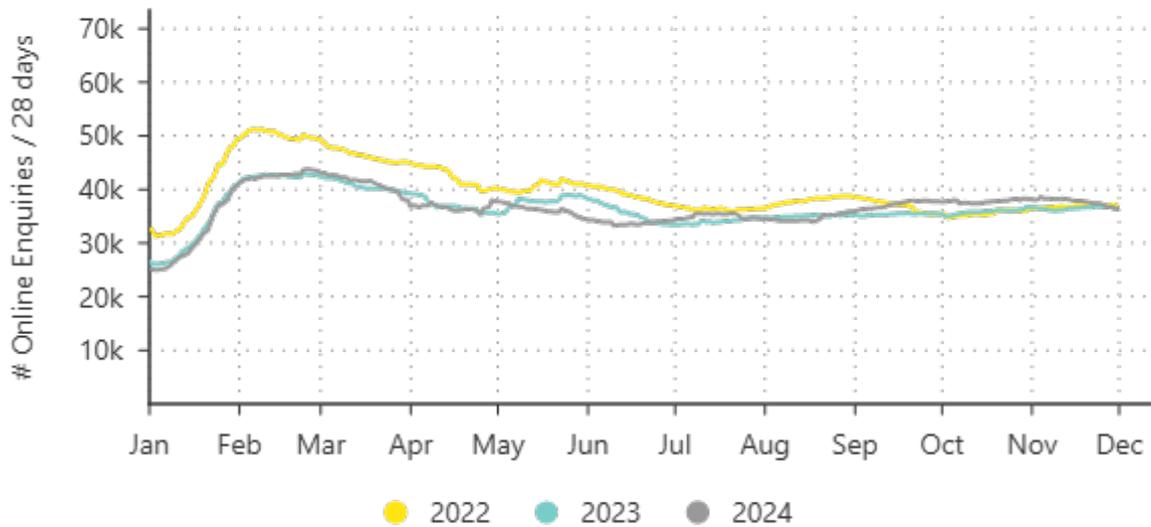
This graph compares the total number of listings on the market over the past three years. For the month ending November 2024, our listings on the market were up 24.19 per cent year-on-year.



Source: Ray White Online Analytics

ONLINE ENQUIRIES

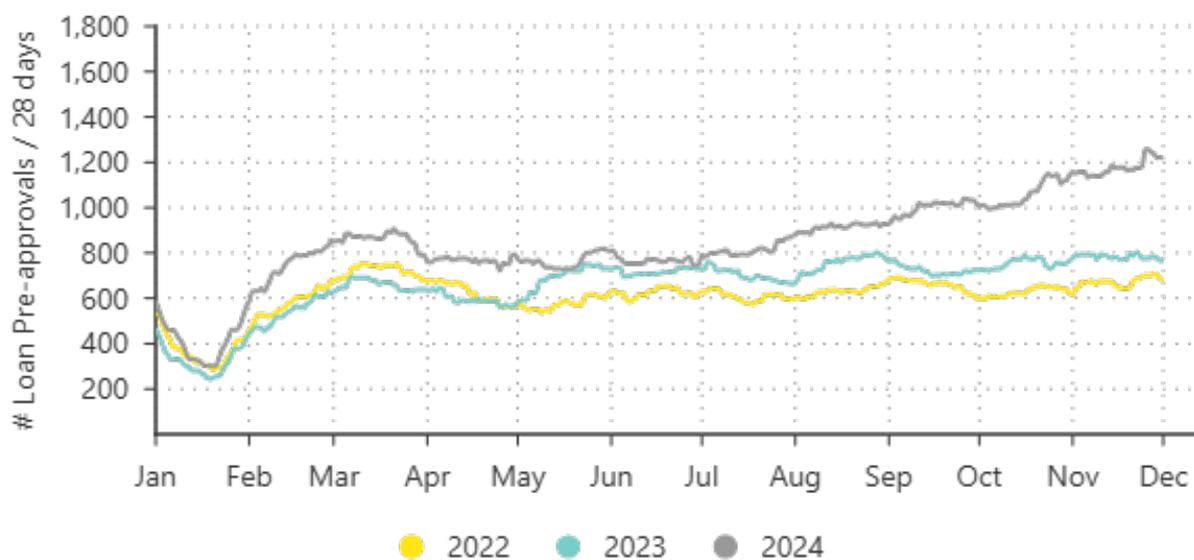
This graph compares digital enquiries received on Ray White listings over the past three years. In November 2024, this decreased by a nominal 0.50 per cent year-on-year, with the number of online users down 5.28 per cent.



Source: Ray White Online Analytics

LOAN PRE-APPROVALS

This graph compares the number of loan pre-approvals submitted via our financial partner, Loan Market. The number of loan pre-approvals received for November 2024 was 1,221, up 59.19 per cent year-on-year.



Source: Ray White Online Analytics



Confidence grows with easing inventory



Sam Steele
Head Auctioneer,
Ray White New Zealand

The central bank's recent decision to lower the Official Cash Rate (OCR), coupled with rising public confidence and easing inventory levels, has created an environment primed for increased activity across our Ray White auction network.

November saw a meaningful rise in auction volumes across the national network, building on the positive momentum from previous months. Property owners seized the opportunity of the traditionally busy summer selling season, capitalising on the transparency and competitive advantages auctions provide.

Ray White hosted 902 auctions nationwide in November, reflecting a 41.80 per cent increase from October. With a clearance rate of 57.60 per cent, the results highlight the growing confidence of both buyers and sellers. Notably, the average number of registered bidders per auction rose to 2.5 – up from 1.8 in October.

“November’s results highlight the growing confidence of both buyers and sellers.”

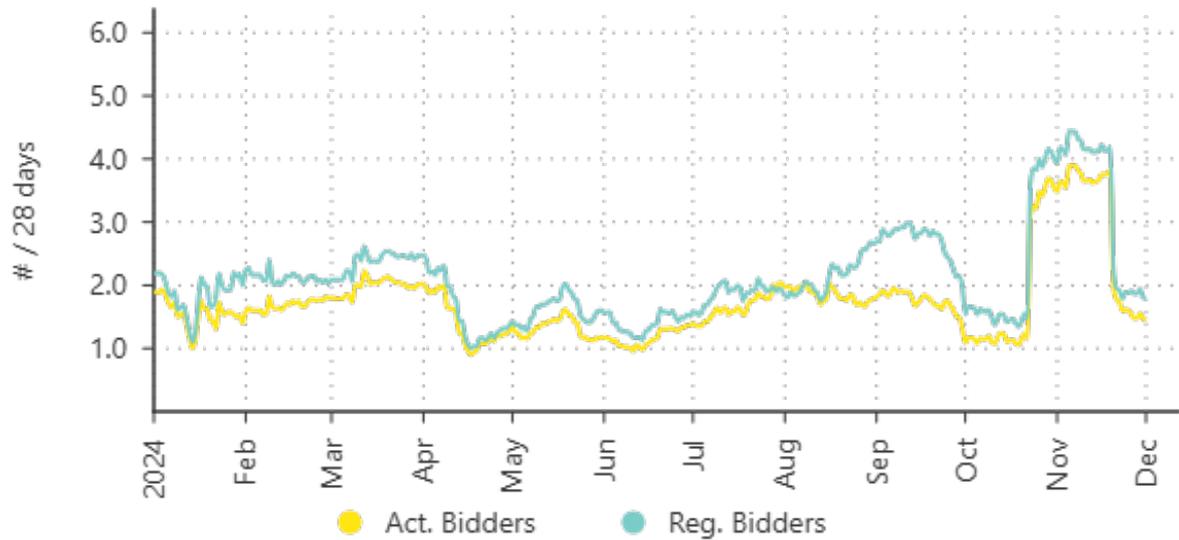
– Sam Steele,
Ray White New Zealand, Head Auctioneer

Auctions gained significant traction, making up nearly one-third of all listings across New Zealand, with a 32.40 per cent share of new property listings.



BIDDING BY MONTH

This chart illustrates the number of registered bidders and active bidders per auction for November 2024.



Source: Source: Ray White Auctions

Our sales teams have noticed a distinct shift in buyer sentiment. While some remain cautious, the influx of new inventory and the recent OCR reductions have driven increased engagement and confidence. The competitive nature of auctions continues to generate strong results, reinforcing trust and delivering successful outcomes.

As the market transitions into its traditional seasonal patterns, Ray White New Zealand continues to champion auctions as the preferred sales method, fostering engagement and achieving exceptional results for buyers and sellers. We are thrilled to have been one of the country's strongest-performing auction agencies through a challenging year and we look forward to building on this and delivering optimal outcomes in 2025.

The 12 days of Christmas

From the 'Partridge in a Pear Tree' stability brought by easing inflation and softening interest rates to the 'Ten Lords A-Leaping' of mortgage lending conditions making borrowing more accessible, New Zealand's real estate market is poised for a more predictable year in 2025.

While we count down to the festive season, challenges remain, but the overall sentiment in New Zealand's real estate market is shifting from volatility and uncertainty to enthusiasm and intrigue. With each new development – whether that's the 'Five Golden Rings' of Built-to-Rent (BTR) projects or the 'Seven Swans A-Swimming' demand for waterfront homes – the landscape is set for a year of progress – tempered by thoughtful navigation and strategic decision-making.

PARTRIDGE IN A PEAR TREE: MARKET STABILITY

Stability is a foundational element of the housing market, which Kiwis crave after several years of volatility and disruption. The latest data from Statistics New Zealand shows well-contained inflation as we head into Christmas, with modest increases in housing rents, supporting expectations of inflation around two per cent in the coming months. Homeowners can expect to transact under more predictable market conditions, but whether values will see steady growth or minor fluctuation remains to be seen. The RBNZ's action to lower the Official Cash Rate (OCR) is already setting the stage for future savings on mortgage bills, encouraging sales activity as buyers and sellers leverage more stable market conditions.

“Stability is a foundational element of the housing market, which Kiwis crave after several years of volatility and disruption.”

TWO TURTLE DOVES: BUYER & SELLER SENTIMENT

Confidence is starting to return to the market. Real Estate Institute of New Zealand (REINZ) data shows

a 20 per cent increase in sales activity in October, suggesting buyers and sellers are becoming more active. Despite this, sellers still need to be strategic in meeting the market. The oversupply contributing to the 'buyer's market' is shrinking, although new listings are still surging by 20-odd per cent year-on-year. For buyers, conditions support securing a home before competition intensifies in the new year.

THREE FRENCH HENS: MIGRATION & HOUSING DEMAND

Migration is a significant driver of housing demand. Adding new residents bolstered population numbers through the first half of the year, yet expected economic benefits were thin on the ground, as more people did not necessarily translate into greater productivity. This saw a tightening of the rental market, with average rental rates stabilising and supply remaining steady. The summer months will be critical in testing the resilience of the rental market. At the same time, house price predictions indicate upward trends driven by migration and constrained housing supply. Urban centres like Auckland and Christchurch are likely to continue to see strong demand, while regional areas may benefit from migration overflow.

FOUR CALLING BIRDS: GOVERNMENT POLICY CHANGES

Government policy changes, such as the introduction of Debt-to-Income (DTI) restrictions and the restoration of mortgage interest deductibility for investors, will significantly shape the property market. While the DTI rules have put a cap on borrowing for leveraged buyers, particularly investors, easing Loan-to-Value (LVR) rules promote greater sales activity. Investors may be



better positioned to return to the market as interest rates ease and tax changes bolster demand. This shift in policy is expected to contribute to a more balanced market, encouraging buyers and sellers to act decisively.

FIVE GOLD RINGS: BUILT-TO-RENT

The rise of Built-to-Rent (BTR) development in New Zealand is one of the most significant trends on our radar for the coming decade. The Government's push to make it easier for corporate investors to develop and manage rental properties is changing the landscape for 'Mum and Dad' investors. As the BTR market matures, it's expected to bring higher-quality rental properties, with professional management offering stability for tenants and investors alike. While the new model may see some market disruption, ultimately, it's expected to benefit the property investment sector by raising standards and increasing the availability of long-term rentals that provide security of tenure.

SIX GEESE A-LAYING: NEW DEVELOPMENTS

Housing development declined in 2024, with residential building consents recently hitting a five-year low. This reduction in supply could create future pressure on housing availability. With fewer new homes in the development pipeline, buyers may compete for a limited supply of properties that meet their needs. As we head into 2025, developers may face challenges increasing supply, further pushing up the value of existing homes.

SEVEN SWANS A-SWIMMING: COASTAL MARKET TRENDS

The demand for waterfront properties across New Zealand remains high, with sales data showing buyers are willing to pay a 40 per cent or more premium for these homes, partly due to limited supply.



Popular areas such as Bay of Islands, Marlborough Sounds, Auckland's North Shore, and Queenstown (Lake Wakatipu) are expected to increase in demand through the summer months, especially in the upper quartile and luxury market. These purchasers are more resilient against financial fluctuations, which drives demand for lifestyle properties with growing interest in remote and technical design homes.

EIGHT MAIDS A-MILKING: REGIONAL GROWTH AREAS

Regional areas of New Zealand have been affected by widespread cost-of-living pressures and challenging economic conditions in 2024. While many regions report softness in sectors like retail, hospitality, construction and manufacturing, early signs of recovery are emerging, including a rise in international visitors. Optimism is growing for 2025, with regions that feature affordable housing options, family-friendly community amenities and established or under-construction infrastructure poised to capture the most value growth as families and first-home buyers relocate in search of value. Future projections indicate continued expectations in areas with these credentials, like the Western Bay of Plenty, Northern Auckland and Southwest of Christchurch Central.

“Optimism is growing for 2025, with regions that feature affordable housing options, family-friendly community amenities and established or under-construction infrastructure poised to capture the most value growth.”

NINE LADIES DANCING: LUXURY PROPERTY TRENDS

The luxury property market in New Zealand is hotly contested and undersupplied, with the highest concentrations in Auckland and Queenstown. These properties typically feature luxury amenities on large landholdings with advantageous natural features. A relatively small proportion of high-net-worth buyers and overseas investors are the primary buyers.

Despite market volatility, demand for these homes remains strong, driven by the enduring appeal of premium locations.

TEN LORDS A-LEAPING: INTEREST RATES & LENDING

Mortgage lending rates have shown signs of stabilising, with a decrease in short-term retail rates driving more activity in the housing market. Competitive lending conditions, including waiving low equity premiums and bank cashback incentives, make it a good time for borrowers. House prices are projected to rise by around six per cent in 2025 despite persistent affordability challenges.

ELEVEN PIPES PIPING: FIRST HOME BUYERS

First home buyers have enjoyed improved affordability through the latest market downturn as house prices decreased. However, challenges are rising, with mortgage serviceability still higher than in previous years. Despite the rising cost of ownership, as Kiwis face higher costs for council rates, insurance, and ongoing maintenance, the long-term outlook for homeownership remains positive, with a rising proportion of home owners compared to those that rent.

TWELVE DRUMMERS DRUMMING: THE BIG PICTURE

New Zealand's economic landscape is influenced by external and domestic factors, including the potential impact of trade tariffs and the RBNZ's monetary policies. Though affected by global economic pressures, the housing market remains stable with signs of a housing recovery. The RBNZ's moves to reduce the OCR have re-energised market sentiment since the easing cycle began in August. Overall economic indicators continue to improve, boding well for the first half of the new year and buyers and sellers turn their attention to the new year objectives.

As 2025 unfolds, it's clear that while challenges remain, opportunities for growth and stability abound for those navigating the market with their eyes open.

Building a faster future

Loan Market

Loan Market
loanmarket.co.nz

The Government has introduced a self-certification scheme for builders, aiming to speed up the construction process and improve the quality of new homes. Although still in the consultation phase, the scheme promises two key changes:

SELF-CERTIFICATION FOR QUALIFIED PROFESSIONALS:

Builders, plumbers, and drainlayers will be able to self-certify their work on low risk builds, eliminating the need for an inspection. This aligns them with electricians and gasfitters.

STREAMLINED CONSENT FOR EXPERIENCED BUSINESSES:

Major developers with a proven track record – such as those building hundreds of similar homes annually – will be able to bypass some of the traditional consent processes.

Building professionals are already required to meet quality standards, including maintaining licenses and keeping detailed records. Under the new scheme, additional safeguards will be put into place, including:

- Clear processes for customers to address poor workmanship;
- Strengthened qualification requirements for building professionals;
- Stringent disciplinary actions for careless or incompetent self-certifiers.





GOVERNMENT FOCUS ON CUTTING RED TAPE

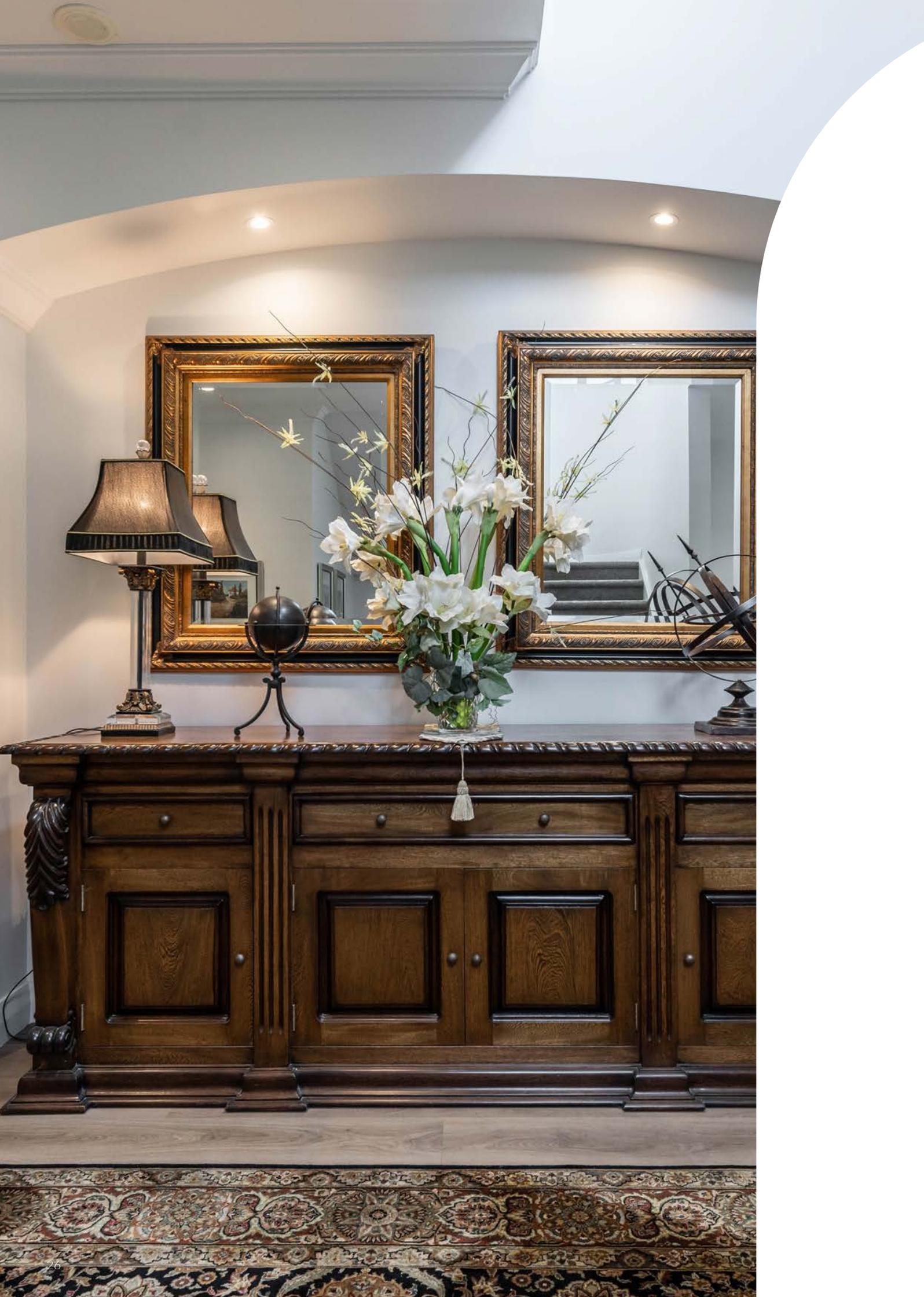
Construction Minister Chris Penk has emphasised that while the current consent system was designed to protect the customers from subpar work, it has become overly bureaucratic, creating unnecessary delays and costs.

“A single-storey home might go through 10 or more inspections – this is excessive,” he has said. “The self-certification scheme will focus on low-risk, basic homes, freeing up resources for larger, more complex developments, where most defective work occurs.”

He added that by shifting more responsibility to builders, who will carry greater risk for defects, the new model aims to improve quality, reduce unnecessary bureaucracy, and lower liability risks for local councils and ratepayers.

The initiative can potentially stimulate long-term activity in the housing market by speeding up the building process and lowering costs. As builders gain greater autonomy, more homes will be built faster, potentially helping to ease the housing shortage and drive growth in the market.

For market stakeholders, this means greater opportunity and greater necessity to stay informed about the latest financing opportunities.



The rental rebalance



Zac Snelling
Head of
Property Management
Ray White New Zealand

New Zealand's private rental sector is entering 2025 with a shifting balance of supply and demand, creating new opportunities for landlords and tenants, says Ray White New Zealand's Head of Property Management, Zac Snelling.

"Back in February, I wrote that quality rentals were in short supply, costs for tenants were climbing, and layers of regulation were weighing heavy on the sector. While the latter is still somewhat true, conditions today feel far more favourable, with supply and demand striking more balance and opportunities on both sides of the coin beginning to bud.

"But just like a garden, our market requires more than just sunshine to thrive. It demands careful planning, ongoing attention, and the right tools to ensure it remains productive.

"As we look ahead to 2025, landlords, investors, and tenants need to stay atop the shifting landscape, navigating regulatory changes and economic trends that will continue to shape the sector," he says.

NAVIGATING REGULATORY CHANGE

One of the key drivers of optimism across the sector has been the introduction of the Residential Tenancies Act (RTA) amendments, which are expected early in the new year.

Snelling believes these amendments will provide greater certainty for both landlords and tenants, particularly in regard to clearer lease terms and a strong framework for pet requests in tenancies. The former could take effect

almost immediately, while pet-related rules are expected to be phased throughout 2025, adding complexity for private landlords to navigate.

"Additionally, with the July 2025 deadline for Healthy Homes compliance approaching, landlords must act now to avoid scrambling for materials and services. Many property owners may find value in professional property management services that ensure all new standards are met and maintained during this time.

"For some time, my team and I have urged our landlords to get up to speed with regulatory changes now, especially to avoid issuing incorrect notices or failing to comply with new standards. The risks of fines, penalties and operational disruptions are significant and can have long-term financial and reputational consequences."

THE ECONOMICS OF PROPERTY MANAGEMENT

Beyond compliance, economic change has had the most significant bearing on the industry. Snelling notes that higher interest rates and inflationary pressures slowed investor appetites in 2024, but the anticipation of further rate reductions and tax policies could reinvigorate the market.

"Following a staggered reintroduction, landlords can claim 100 per cent of their interest expenses on rental investment from April 2025, meaning many are now in a stronger financial position. This reintroduction of tax incentives is expected to help restore investor confidence, spark activity, and ultimately increase tenants' housing choices.

"Given the current economic climate, property management fees remain tax deductible, presenting a strong case for landlords to use professional services to stay compliant and maximise portfolio returns in the long term."

PROPERTY MANAGERS IN AN EVOLVING MARKET

Snelling says the number of property managers in New Zealand has increased by over 50 per cent in the last 10 years. As demand for skilled professionals increases, so does the need for education and training within the sector.

“Ray White New Zealand has been at the forefront of this shift, investing heavily in the education of our property management teams. With 91 per cent (and counting) of the network’s property managers now holding New Zealand Qualifications Authority (NZQA) accreditation, we strive for the highest standard of expertise in property management.

“This commitment to education is especially crucial for our customers as the government has signalled a move away from licensing and regulating the industry.”

“Property management is critical not only to the financial health of investors but also to the wellbeing of tenants, ensuring that the most fundamental human need – housing – is met with professionalism and care.”

– Zac Snelling, Ray White New Zealand, Head of Property Management.

“Uneducated landlords (or their property managers) need to be more careful with an increasing customer awareness of rights & obligations that highlights the need for certified, experienced property management to navigate these complexities.”

MARKET TRENDS AND PREDICTIONS

For the months ahead, Snelling points to several key trends that will impact both landlords and tenants.

“While the supply and demand for rental properties have come into better balance over the past year, the real test will come in the typically busy months of January through March. Historically, this period sees a surge in new tenancies, and the market may be under pressure to meet that demand for certain types of properties.

“Down the line, forecasts indicate house prices will grow in 2025, with factors including migration, lower lending rates, and a restrained development pipeline potentially driving long-term asset appreciation.”

Snelling says these factors have provided a boost for experienced investors preparing for a market recovery.

“The evolving market landscape presents fresh opportunities for keyed-in investors. While some regions grapple with a scarcity of affordable housing, residential developers have held onto unsold inventory from earlier projects – move-in ready homes that meet Healthy Homes standards poised to deliver attractive rental yields. These properties are catching the eye of investors keen to grow their portfolios as the market regains momentum.”

THE YEAR OF FLEXIBLE PROPERTY MANAGEMENT

“Shifting market dynamics in the property management sector throughout 2024 have highlighted an acute need for professional guidance that has never been more urgent. As the market becomes more regulated and economically complex, having an expert on your side is crucial.

“In-house, we proudly launched our Ray White Choice product suite to great reception, with the tools supporting ‘do it yourself’ landlords to gain freedom and choice from their property management provider.

“With the proper support, landlords can continue to thrive throughout variable conditions, and tenants can enjoy the security and stability they deserve. We’re proud to take charge of providing industry-leading services that meet the needs of today’s market, ensuring a brighter, more secure future for all.

“As we move into 2025, landlords and tenants who stay informed and adaptable will be best positioned to capitalise on emerging opportunities and navigate any choppy waters ahead.”

– Zac Snelling, Ray White New Zealand, Head of Property Management.



About Ray White

Ray White is a fourth-generation family-owned and led business.

Established in 1902 in the small country town of Crows Nest, Queensland, we are proud to have grown into Australasia's most successful real estate business, with over 1,000 franchised offices across New Zealand, Australia, Indonesia, and Hong Kong.

Ray White today spans residential, commercial, and rural property, marine and other specialist businesses.

Now more than ever, the depth of experience and the breadth of Australasia's largest real estate group bring unrivalled value to our customers. A group that has thrived through many periods of volatility and one that will provide the strongest level of support to enable its customers to make the best real estate decisions.



RAY WHITE,
AUCTIONEER,

GENERAL AGENT.

CROWS NEST LAND OFFICE.

**LAND
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RE
DENT
STOCK.**

**FARM
IMPLEMENTS
& DAIRYING
MACHINERY**

OFFICE

10
**Alan White
House** ▶

The first Ray White Real Estate office
Crows Nest, 1902
Moved to this site and restored in 1994
by the White Family



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