

MARCH

2025

PROUDLY PRESENTING NEW ZEALAND PROPERTY MARKET INSIGHTS IN REAL TIME

# RAY WHITE NOW

M O M E N T U M   M A T T E R S





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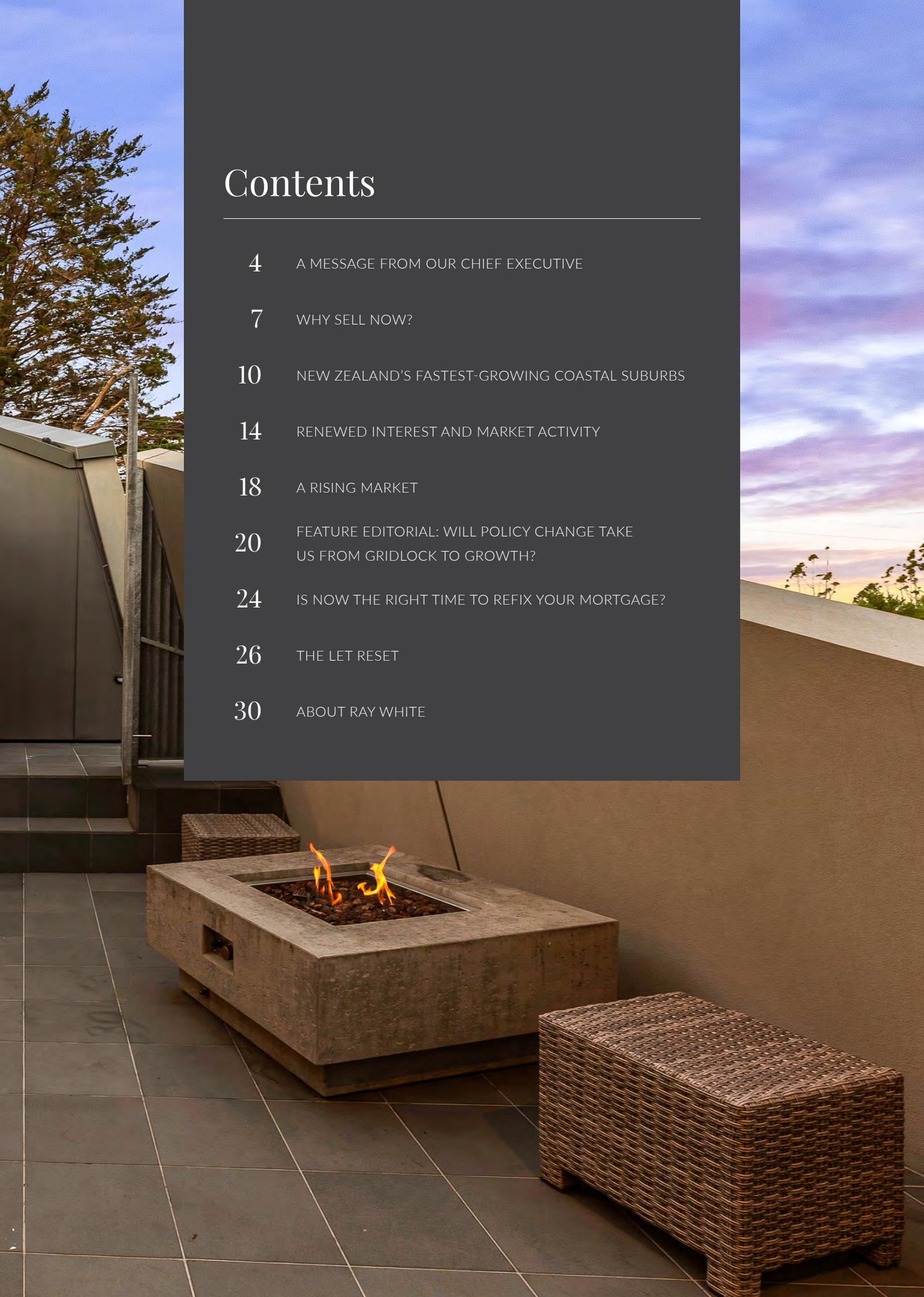
**Ray White Matakana & Omaha**

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# A message from our chief executive

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Dear Property Owner,

The residential property market is on the move again.

Following a prolonged period of uncertainty, we're seeing clear signs across the country of renewed activity. Buyers are returning, investors are re-engaging, and confidence is building. But this isn't just a market shift, it's an integral development for the broader economic flywheel.

Historically, housing is one of the first sectors to rebound, often leading the broader economy out of a downturn. Real estate moves ahead of other industries, driven by monetary policy, immigration and employment trends.

When property values rise, the effects ripple outward, stimulating business growth and consumer confidence. In New Zealand, where a significant portion of household wealth and business security is tied to residential assets, an improving market doesn't just benefit homeowners – it fuels the wider economy.

Interest rates remain the dominant force shaping market sentiment. While the Reserve Bank of New Zealand (RBNZ) continues to strip chunks from the Official Cash Rate (OCR), which is now at 3.75 per cent and expected to reach 3.15 per cent by year-end, banks have responded with significant reductions to mortgage lending rates.

For property owners, signals have been received loud and clear. Property sector dynamics have improved, and 2025 is the year for action.

Across our Ray White New Zealand network of more than 100 member branches, we've already seen auction clearance rates lift and well-positioned properties continue to attract multiple offers and competitive bidding.

Similarly, supply-side dynamics continue to evolve. The construction sector is adjusting after years of rapid expansion, and new-build supply has tightened. Developers are recalibrating, focusing on projects that align with the new reality of more cautious financing and shifting urban demand.

Meanwhile, net migration remains high, adding further pressure to housing stock. In key urban centres, the balance between supply and demand is once again tilting, reinforcing the fundamentals that drive long-term property value.

This will be a huge year for investors, too. The government's recent tax and policy adjustments have had a significant effect on market performance, and while some landlords have exited, others are now re-entering, recognising the potential for capital gain and enhanced profitability.

The conversation has shifted from uncertainty to strategy – how best to structure investment to maximise returns in a market that rewards decisiveness and care for its tenants.

Against this backdrop, the importance of expert advice and market intelligence has never been greater. Understanding the nuances – whether it's the impact of changing lending conditions, regional growth trends, or the evolving preferences of buyers and renters – will separate those who simply observe from those who act and thrive.

The market is in motion again. The question is, are you ready to move along with it?

Please enjoy our 78th edition of Ray White Now.



**Daniel Coulson**  
Chief Executive  
Ray White New Zealand





# Why sell now?



**Daniel Coulson**  
Chief Executive  
Ray White New Zealand

Three months into the new year, we are nurturing the shoots of a fresh start and a defining chapter for New Zealand's property market and ongoing economic rebound.

Following volatility and disruption, both at home and abroad, the tide is turning, and for residential property owners contemplating their next move, recent conditions have never been more compelling.

## ECONOMY IN MOTION

The Reserve Bank of New Zealand (RBNZ) has boldly cut the Official Cash Rate (OCR) by 50 basis points this February – a move that, while widely anticipated, has a significant bearing on residential decision-making.

Accompanying the recent decision to reduce the OCR to 3.75 per cent, the Monetary Policy Committee signalled more rate cuts, sooner, which would slash the OCR down closer to three per cent by the end of the year.

This decisive take on monetary policy has been designed to stimulate the economy, ease the cost of borrowing, and boost market confidence for the months ahead as interest rates decline and borrowing becomes more affordable, enticing buyers back into the market.

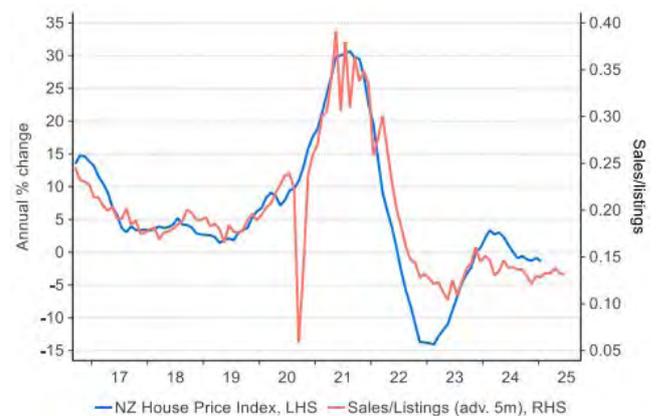
## BUYER CONFIDENCE REBOUNDS

Hesitation is out, confidence is in. Nationally, Ray White saw 1,109 property sales and \$1.07 billion in value sold during February, as well as unprecedented demand from homeowners looking to capitalise on a market with new vitality.

In February, 2,368 new listings came to market across the Ray White network, helping to achieve an all-time high in listing inventory of 6,930. At the same time, auction clearance rates are continuing to climb, reflecting apparent confidence and an increasingly competitive operating environment.

Real Estate Institute (REINZ) data also reflected the third consecutive monthly increase in its Housing Price Index (HPI) and a surge in new listings. The sales-to-listings ratio – a key indicator of market demand – has stabilised recently, suggesting that house price momentum is on a rewarding trajectory.

This shift is critical for sellers. A more substantial buyer pool means better prices, shorter timeframes to sell, and a diminishing need for price reviews. The balance of power is shifting, making this window an opportune time to attract serious buyers before the market fully transitions into a seller's domain.



Source: REINZ, realestate.co.nz, Macrobond, ANZ Research

## THE RIPPLE EFFECT

A home sale is rarely an isolated transaction – it triggers a ripple effect in the economy. When sellers achieve desirable prices, they are more likely to reinvest, whether through purchasing another property, funding lifestyle changes, or supporting other family members.

This chain reaction fuels broader economic activity, from home renovations to retail spending, reinforcing market momentum.

For those biding their time in the hope of a rapid price rebound, data reflects a different reality.

Analysts suggest that while market conditions have and will continue to strengthen, the return to peak 2021 pricing levels is unlikely to occur until 2028 or later, given new controls that limit buyers' ability to exceed acceptable debt levels.

Seven years is a long time for sellers to wait, and in a market where flexibility and opportunity are key, the decision to act now could be the difference between moving forward and being left behind.



## THE INVESTMENT EQUATION HAS SHIFTED

The new year is shaping up to be significant for residential property investors, signalling an investment return that looks increasingly attractive compared to funds and fixed-income assets.

Sellers who recognise this shift have the advantage. With more investors re-engaging with the market, properties with strong rental appeal – whether standalone homes, townhouses or well-located apartments – will attract heightened interest and the potential to achieve premium sale prices.

## AFFORDABILITY AND SUPPLY

Affordability metrics have undoubtedly improved over the last 24 months, particularly as mortgage lending rates have started to fall. Two-year fixed rates have dropped significantly from their peak, offering value and incentive for house hunters nationwide.

This has made home ownership more accessible for first-time buyers, particularly when supply is constrained. However, the landscape is varied. While the cost of home ownership remains higher in regions like Auckland and Queenstown, improving affordability has opened the door for a broader range of buyers elsewhere.

Additionally, February's surge in new listings suggests that more sellers are gaining confidence in the market's momentum. This influx of new stock offers prospective buyers plenty of options but also creates a higher degree of consideration for sellers to position their properties strategically. Well-represented, realistically priced homes will likely move quickly as the market shifts toward a more active state.



## MIGRATION AND INFRASTRUCTURE

Migration trends, government policy, and local infrastructure investment heavily influence the property market. While migration remains strong, New Zealand has long struggled with underinvestment in key infrastructure, evident in everything from health care to roading and water services. This has exacerbated housing supply constraints.

A recent pivot in government strategy, reflected by the decision to offload 109 unsold 'KiwiBuild' homes, signals a move away from intervention and a greater reliance on market forces. This step change in the government's approach to housing shows a reduced appetite for managing the housing market, with potential implications for pricing and future dynamics—a space to watch for the coming months.

## THE TIME IS NOW

The current selling environment is ideal for those considering selling in 2025. Lower mortgage lending rates, stability, and improved buyer confidence support this.

As the OCR is poised to fall further and ongoing economic adjustments encourage growth, New Zealand's residential property market will continue to evolve to benefit buyers and sellers. Homeowners that act now, informed by realistic market pricing and an understanding of current dynamics, will be in the best position to leverage opportunities ahead.

This new year offers more than a fresh start; it's a turning point for the economy. By aligning with the current trends, our teams across the country encourage you to capitalise on the conditions shaping the market and heed the call to achieve your property goals as conditions continue to improve in the months ahead.

# New Zealand's fastest-growing coastal suburbs



**Atom Go Tian**  
Senior Data Analyst  
Ray White Group

New Zealand's top-performing coastal suburbs are spread across both the North and South Islands, with strong representation from Otago and Canterbury.

Growth has been significant, ranging from 110 per cent in Canterbury's Akaroa to an extraordinary 372 per cent in Auckland's Te Arai over five years.

Our research found that the South Island dominated with six of the top-performing coastal markets. In Otago, Taieri Beach has surged 235 per cent to reach a median sale price of \$875,000, while Harrington Point sits at \$450,000 (143 per cent growth).

Canterbury is led by Clifton (132 per cent), Kaikōura Flat (129 per cent) and Akaroa. A standout performer is Kumara Junction on the West Coast, which recorded 333 per cent growth, placing it second overall with a \$650,000 median value.

In the North Island, Te Arai leads with the highest growth rate and the highest median price (3.8 million). The area has seen significant high-end development and is emerging as one of the country's premium and most exclusive coastal enclaves.

Whangapoua in the Coromandel has also appreciated significantly, climbing 170 per cent to \$2.5 million. The top-performing coastal suburbs also include Breaker Bay in Wellington (134 per cent) and Tangimoana, Manawatū-Whanganui (133 per cent).

## Top growth coastal suburbs

Median house price as of Dec 2024 vs 2023 and 2019

Region	Major City	Suburb	2024 Price	1Y Growth	5Y Growth
AUCKLAND	Auckland	Te Arai	\$3,800,000	72.7%	372.1%
WEST COAST		Kumara Junction	\$650,000	11.1%	333.3%
OTAGO		Taieri Beach	\$875,000	32.6%	234.6%
WAIKATO		Whangapoua	\$2,500,000	110.1%	170.3%
OTAGO	Dunedin	Harrington Point	\$450,000	9.3%	143.2%
WELLINGTON	Wellington	Breaker Bay	\$2,325,000	173.5%	134.9%
MANAWATŪ-WHANGANUI		Tangimoana	\$420,000	13.5%	133.3%
CANTERBURY	Christchurch	Clifton	\$1,780,000	6.0%	132.7%
CANTERBURY		Kaikōura Flat	\$827,000	2.1%	129.7%
CANTERBURY	Christchurch	Akaroa	\$1,250,000	31.6%	110.1%

Source: Ray White







## PREMIUM MARKET ACCELERATING

Five of the top ten growth suburbs now command values above \$1 million. The recent appreciation in the three most expensive coastal suburbs has been particularly striking:

- Breaker Bay, Wellington: 173 per cent one-year growth
- Whangapoua, Coromandel: 110 per cent one-year growth
- Te Arai, Auckland: 72 per cent one-year growth

At the more accessible end of the spectrum, Tangimoana, with a median sale value of \$420,000, and Harrington Point at \$450,000, offer lower entry points while still achieving strong capital growth. Meanwhile, Kumara Junction's 333 per cent growth highlights the potential of emerging markets outside traditional premium coastal locations.

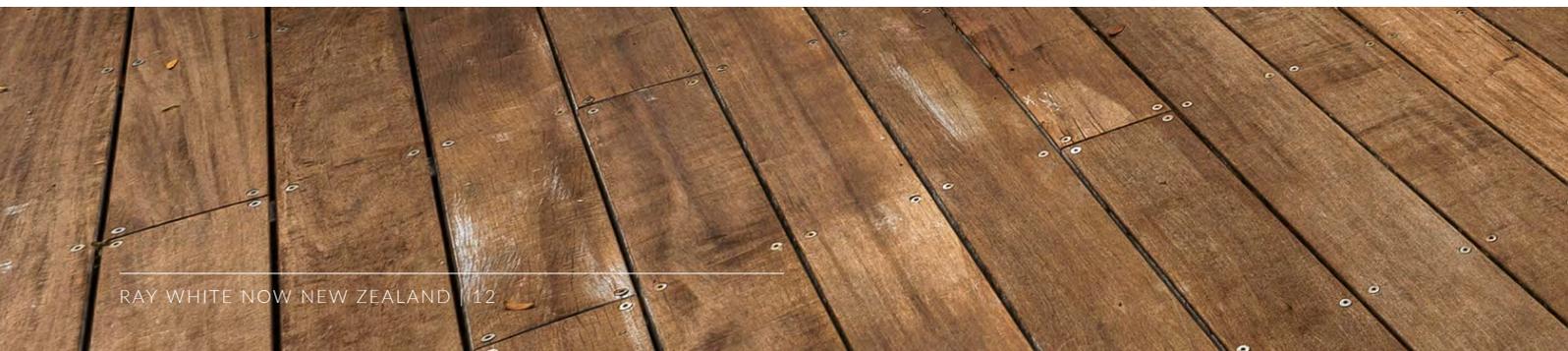
## PATTERNS ACROSS MAJOR CITIES

Auckland, Wellington, Christchurch, and Dunedin all feature high-growth outliers, but their broader coastal markets show varying trends.

Canterbury emerges as the most consistent growth market. Dunedin follows a similar trend, with Waikouaiti (69 per cent) and Brighton (63 per cent growth) reflecting steady gains. By contrast, Auckland and Wellington show wider variability, with some coastal locations seeing more modest appreciation.

## SHIFTING COASTAL DEMAND

Most notably, research findings show that smaller towns and regional coastal areas are outpacing major cities in five-year growth. This suggests a shift in buyer preferences toward lifestyle-driven locations and relative affordability, marking a significant evolution in New Zealand's coastal property market.





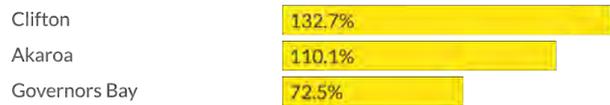
## Top growth coastal suburbs per major city

Median house price as of Dec 2024 vs 2019 (five year growth %)

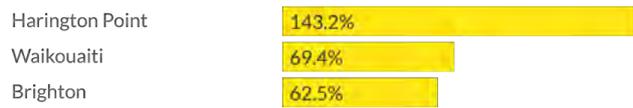
### Other



### Christchurch



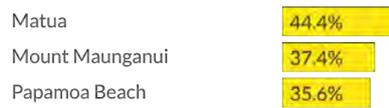
### Dunedin



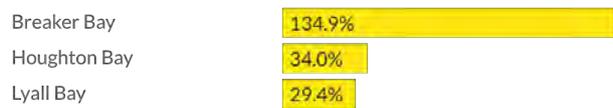
### Auckland



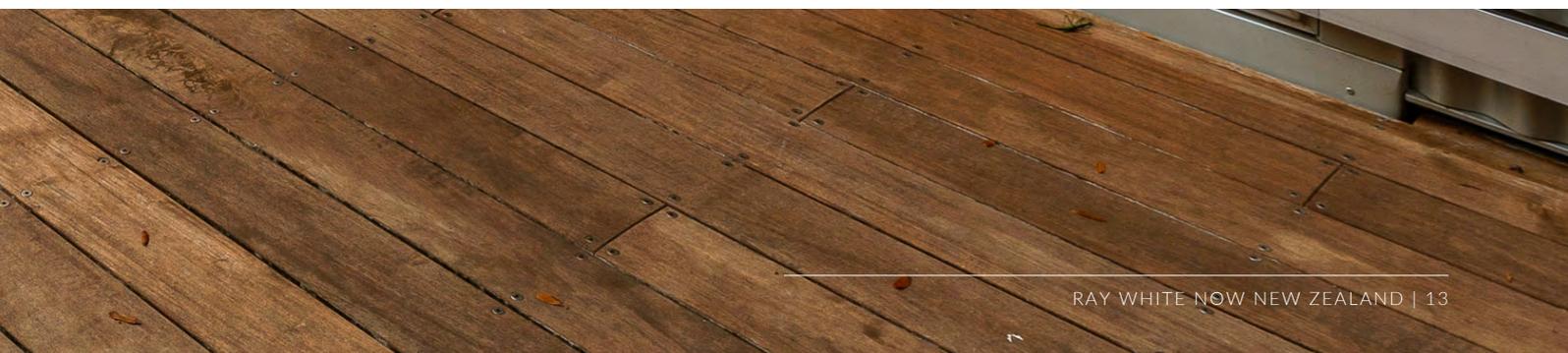
### Tauranga



### Wellington



Source: Ray White



# Renewed Interest and Market Activity



**Treena Drinnan**  
Chief Agency Officer  
Ray White New Zealand

As we enter March, the real estate market continues to gain momentum, driven by renewed buyer energy and increasing investor interest. The recent Official Cash Rate (OCR) reduction has added further confidence to the market, and additional rate cuts are forecast.

This, coupled with key lenders now offering mortgage rates below five per cent, has encouraged more buyers to actively explore their purchasing options.

Nationwide, we're seeing tangible signs of increased activity. While some regions are experiencing this shift sooner than others, confidence is undeniably returning to both buyers and sellers. But are investors truly coming back? The data suggests a measured re-entry, particularly in areas where rental demand remains high and yields are solid.

Just last month, our Ray White network put demand to the test with our 'Real Estate of Origin' appraisal drive. This was extremely successful, generating significant momentum and close to 3,000 appraisals booked.

The campaign is expected to bring a strong wave of new listings to the market, reinforcing the pipeline of opportunities for both sellers and buyers.

At the start of January, we were thrilled to hit the ground running with a standalone 136-page Herald Homes lift-out, a premier showcase of Ray White listings. This set the tone for an active start to the year, further supported by auction events nationwide. These campaigns, backed by discounted marketing packages, provided exceptional exposure for vendors looking to engage with an increasingly active buyer pool.

As we progress through the first quarter, the market's direction will continue to be shaped by affordability, access to credit, and overall economic sentiment. What remains

clear is that momentum is building, and whether you're a buyer, seller, or investor, being informed and ready to act is key.

If you're considering your next move, talk to your local Ray White expert today. The market is shifting, so make sure you're positioned to take advantage of it.

## BUYER SUMMARY

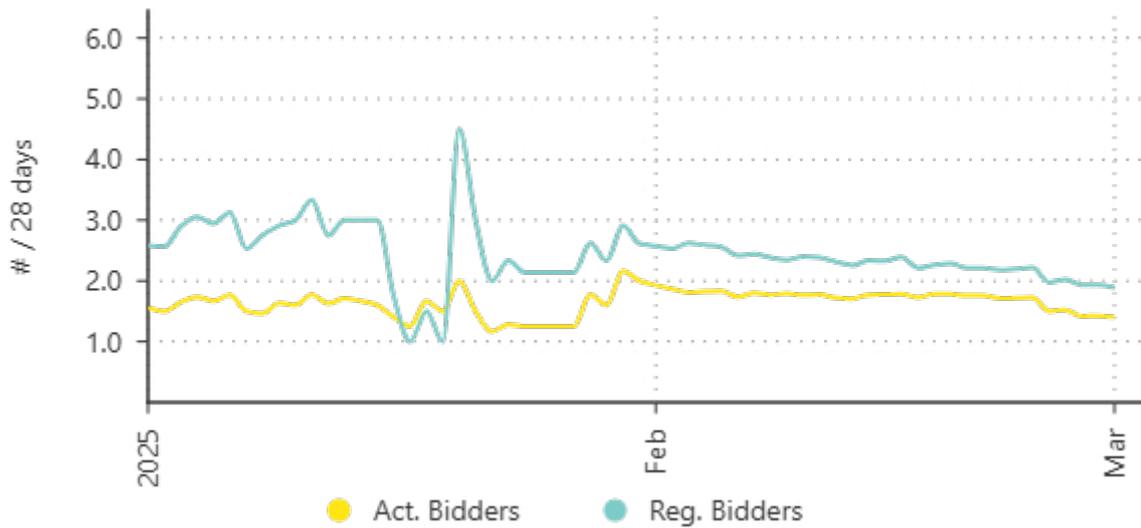
- **Increased Sales Activity:** 1,109 properties sold in February, a 5.40 per cent lift from last year.
- **Market Stability:** February 2024 sales were 53 per cent higher than 2023, indicating steady market conditions.
- **More Choice:** Inventory is at its highest level (6,997 properties), providing buyers with more options.
- **Competitive Market:** Increased listings mean buyers should act decisively, particularly in high-demand areas.

## SELLER SUMMARY

- **Renewed Seller Confidence:** More sellers are coming to market with optimism about achieving a sale.
- **Increased Listings:** 2,368 new properties listed, a 21.10 per cent jump from January 2025.
- **Favorable Conditions:** Positive momentum and strong buyer activity mean now is a great time to list.
- **Ongoing Demand:** While listings are rising, buyer demand remains strong, ensuring opportunities for well-priced properties.

## LIVE LISTINGS

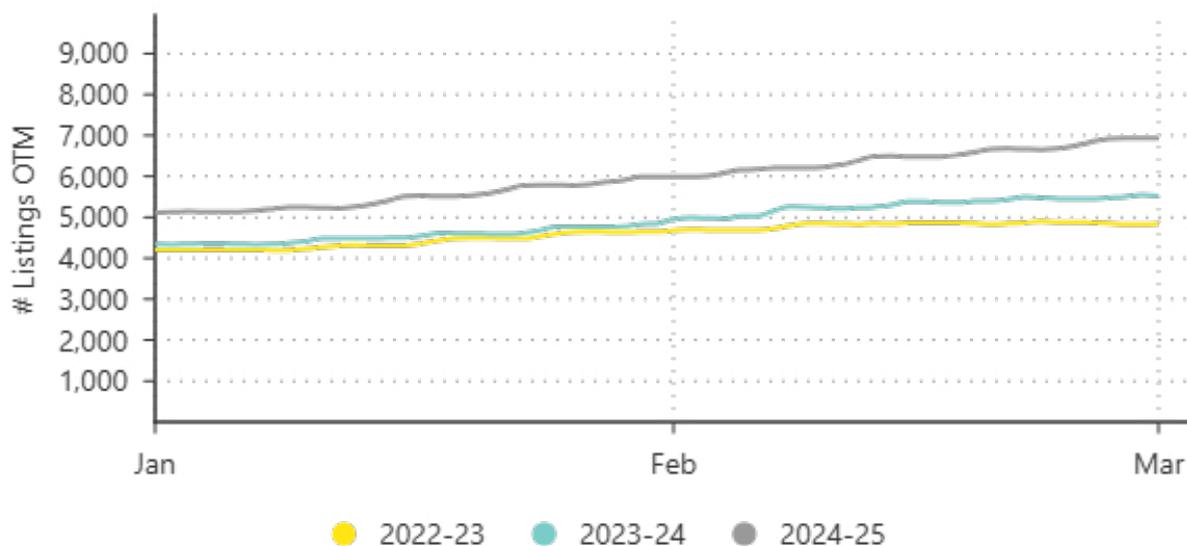
This graph shows the number of live listings on Ray White's channels. For the month ending February 2025, our live listings count decreased to 2,450 from 2,489 in February 2024, marking a 1.57 per cent decrease year-on-year.



Source: Ray White Online Analytics

## LISTINGS ON THE MARKET

In February 2025, 6,930 properties were on the market, compared to 5,300 in February 2024. This represents a 26 per cent increase in new listings year-on-year, reflecting growing vendor confidence and an active property market.

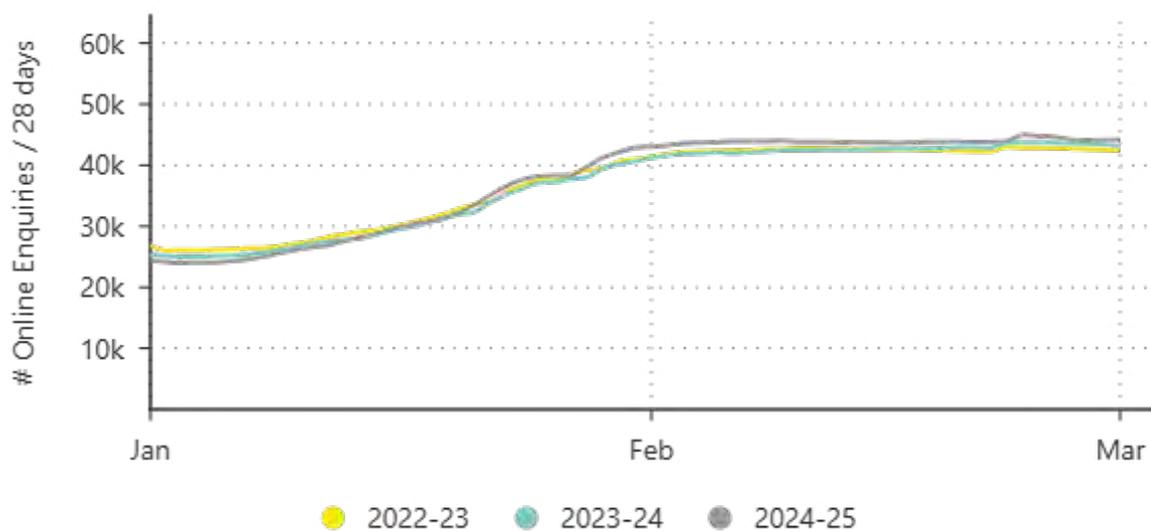


Source: Ray White Online Analytics

## ONLINE ENQUIRIES

In February 2025, Ray White recorded 5,201,360 online users, up from 5,067,300 in February 2024. This represents a 2.60 per cent increase, reflecting strong engagement with Ray White listings.

Online enquiries also grew year-on-year, with 44,127 recorded in February 2025 compared to 43,477 in February 2024. This 1.50 per cent increase highlights sustained buyer and seller interest.

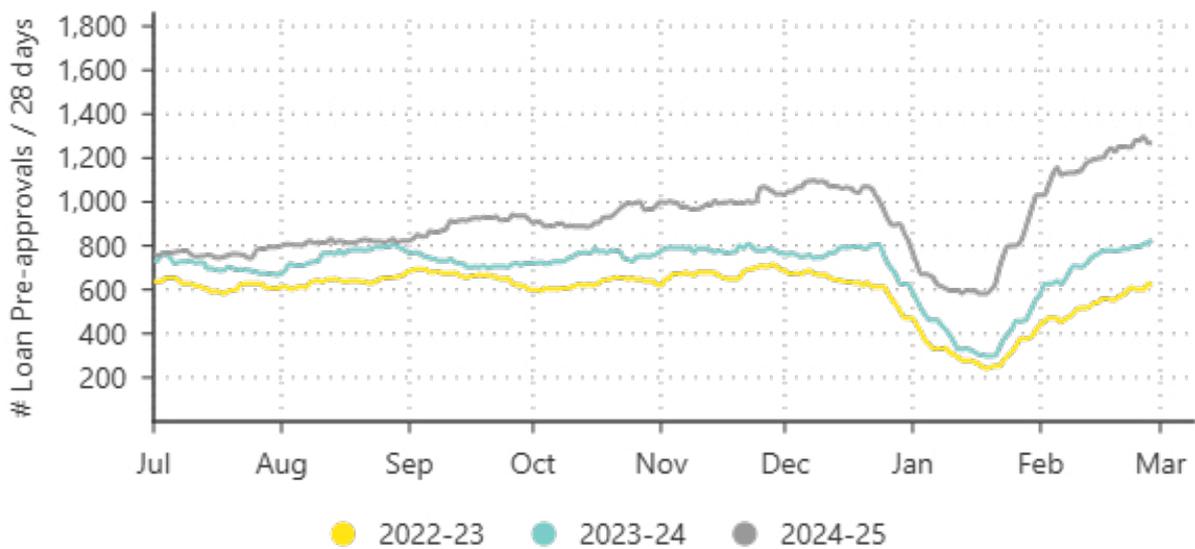


Source: Ray White Online Analytics

## LOAN PRE-APPROVALS

Loan Market recorded a significant rise in pre-approvals, with 8,250 processed between 1 July 2024 and 28 February 2025, compared to 6,125 in the same period of 2023-24. This 34.70 per cent increase signals strong confidence in the market and growing buyer readiness.

These results reinforce the strength of Loan Market's role in supporting property buyers, further driving momentum across the industry.



Source: Ray White Online Analytics

# A rising market



**Sam Steele**  
Head Auctioneer  
Ray White New Zealand

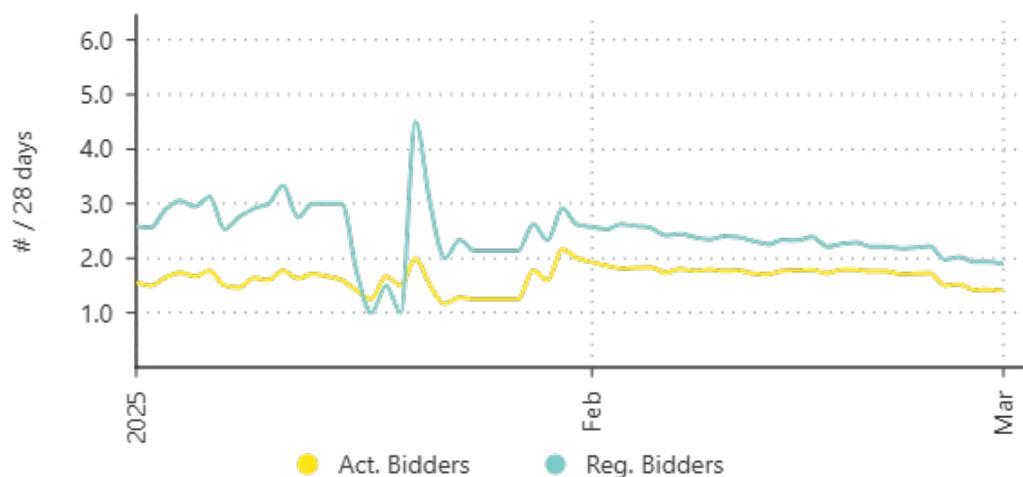
The central bank's recent decision to lower the Official Cash Rate (OCR), combined with rising public confidence and traditional active market seasonality, has created a market environment ripe for increased prosperity across the Ray White's auction network.

February saw an uplift in auction volumes nationwide, building on the positive momentum of previous months. Property owners capitalised on the traditionally active summer selling season, leveraging auctions' transparency and competitive advantages.

Ray White saw 918 scheduled auctions across New Zealand in February – marking a 3.85 per cent increase over the same period last year.

A rising clearance rate of 53.8 per cent also underscores growing confidence among both buyers and sellers. Notably, the average number of registered bidders per auction climbed to 2.40, up from 1.90 the previous month.

Auctions gained considerable traction, accounting for more than one-third of all new property listings nationwide, with a 34.30 per cent share.



Source: Source: Ray White Auctions





Our sales teams have observed a distinct shift in buyer sentiment. Numerous auctions have recorded over 25 registered bidders each. While some remain measured in their approach, the influx of new inventory and recent OCR reductions have fuelled greater engagement and confidence.

The inherently competitive nature of auctions continues to drive strong results, reinforcing trust and delivering successful outcomes.

*“The inherently competitive nature of auctions continues to drive strong results, reinforcing trust and delivering successful outcomes.”*

**Sam Steele**

Head Auctioneer, Ray White New Zealand

As the market transitions in line with seasonal trends, Ray White New Zealand remains committed to championing auctions as the preferred method of sale. Auctions foster engagement and secure outstanding results for buyers and sellers alike.

We are proud to have been one of the country’s top-performing auction agencies through a challenging year and look forward to building on this momentum to deliver even greater success in 2025.

# Will policy change take us from gridlock to growth?



**In a bold attempt to shift the dial on New Zealand's long publicised 'housing crisis', the Government's latest 'Going for Housing Growth' programme announcements tackle the fundamental roadblocks holding back development and affordability.**

The latest 'Going for Housing Growth' (GfHG) changes, which strongly emphasise land supply, infrastructure funding, and incentivising local councils, represent a significant overhaul of housing policy.

But do they go far enough? What opportunities does this present for investors, developers, and existing homeowners?

## THREE PILLARS OF CHANGE

The GfHG programme rests on three core pillars of change: freeing land for development, improving available infrastructure financing mechanisms, and incentivising councils to embrace growth. Each aspect is critical in addressing long-standing systematic issues in New Zealand's property market.

### Unlocking land supply: The end of artificial scarcity?

Historically, New Zealand's urban land supply has been constrained by planning rules that limit both outward expansion and intensified development. This artificial scarcity has fuelled high land prices, making new housing developments challenging and costly to deliver while pushing affordability out of reach for the end user.

The government's commitment to easing these planning restrictions has been welcomed by many industry groups as a move that could pave the way for an increase in the affordable housing supply.

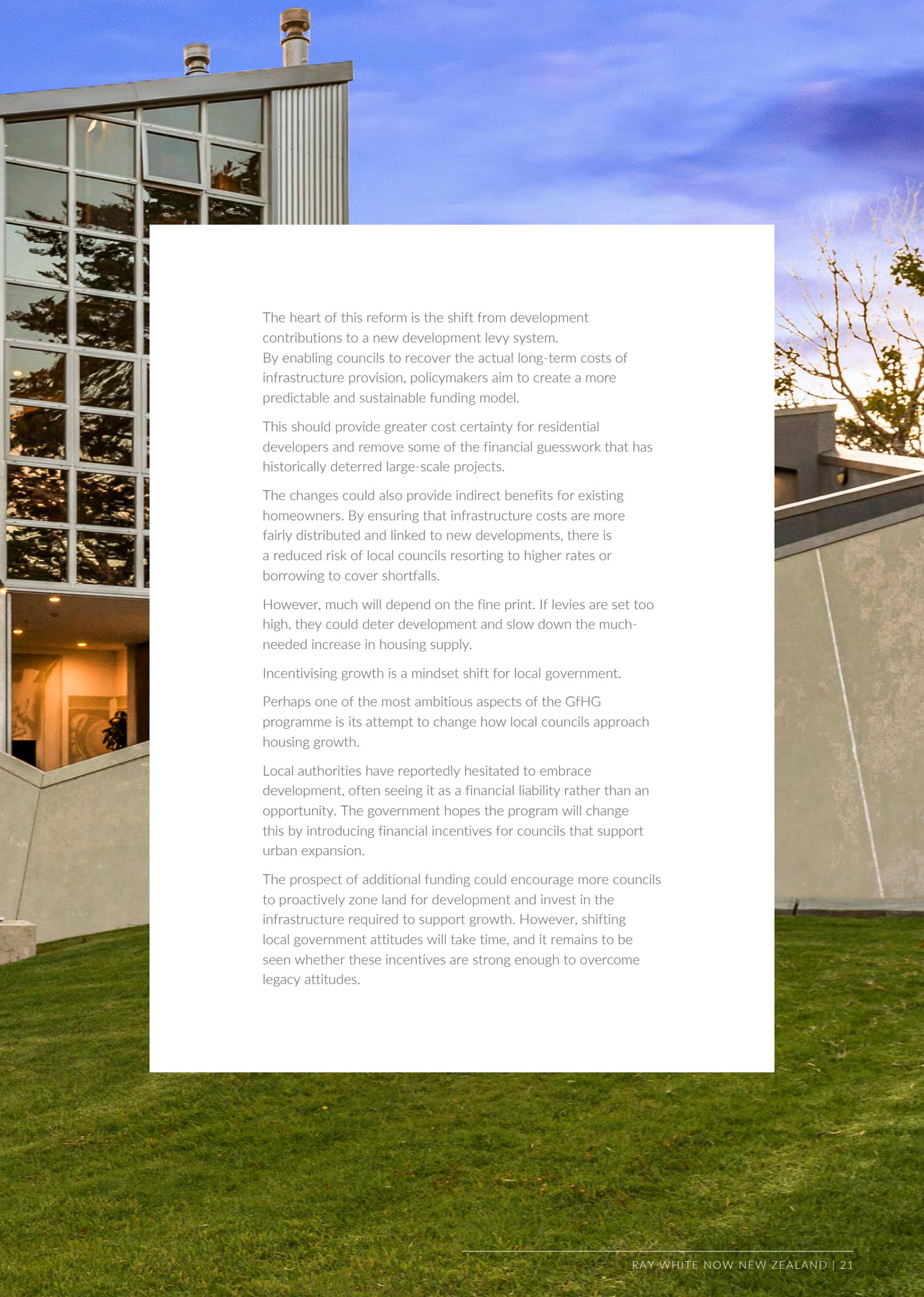
The implications for residential investors and property developers are significant. A more flexible planning framework has the potential to unlock new development sites, increase competition in the land market, and reduce speculation-driven price inflation.

However, the effectiveness of these changes will depend on how well local councils implement the reforms. Resistance to urban sprawl and higher-density living remains a power undercurrent in local communities and governance.

### Who pays for growth?

Even with the land supply freed up, the fundamental challenge remains: Housing cannot exist without roads, water, and essential services. Funding critical infrastructure projects has been arduous and often inefficient, as local councils are challenged by the cash flow required to support demand.

The government says the GfHG program introduces a suite of new financing tools designed to ensure that growth pays for itself rather than burden existing taxpayers.



The heart of this reform is the shift from development contributions to a new development levy system. By enabling councils to recover the actual long-term costs of infrastructure provision, policymakers aim to create a more predictable and sustainable funding model.

This should provide greater cost certainty for residential developers and remove some of the financial guesswork that has historically deterred large-scale projects.

The changes could also provide indirect benefits for existing homeowners. By ensuring that infrastructure costs are more fairly distributed and linked to new developments, there is a reduced risk of local councils resorting to higher rates or borrowing to cover shortfalls.

However, much will depend on the fine print. If levies are set too high, they could deter development and slow down the much-needed increase in housing supply.

Incentivising growth is a mindset shift for local government.

Perhaps one of the most ambitious aspects of the GfHG programme is its attempt to change how local councils approach housing growth.

Local authorities have reportedly hesitated to embrace development, often seeing it as a financial liability rather than an opportunity. The government hopes the program will change this by introducing financial incentives for councils that support urban expansion.

The prospect of additional funding could encourage more councils to proactively zone land for development and invest in the infrastructure required to support growth. However, shifting local government attitudes will take time, and it remains to be seen whether these incentives are strong enough to overcome legacy attitudes.



## OPPORTUNITIES IN AN EVOLVING MARKET

For those in the property sector, the GfHG programme offers the potential for a significant transition, one that presents both challenges and opportunities.

### For investors and developers:

- The easing of land-use restrictions could create new investment hotspots, particularly in areas previously constrained by zoning laws.
- A more predictable infrastructure funding system may reduce financial risks associated with large-scale developments.
- Increased council incentives for growth could lead to more streamlined planning approvals, cutting down on bureaucratic delays.

### For existing homeowners:

- As new housing supply comes online, price appreciation in some areas may moderate, but there is also potential to drive up the desirability of well-established suburbs serviced by strong infrastructure.
- Improved infrastructure funding mechanisms could result in better local amenities and services, enhancing property values in the long term.
- The reduction in ratepayer-funded infrastructure costs could alleviate pressure on council rates, keeping the cost of ownership more stable.

## UNANSWERED QUESTIONS

One of the key concerns of critics of the GfHG programme is the timeline. Many of the proposed changes will take years to implement, and full legislative backing is not expected until 2027.

Given the scale of New Zealand's immediate housing challenges, this delay may test the patience of market participants eager for action.

Additionally, while the programme aims to improve infrastructure funding efficiency, there is a risk that development levies could be set too high, discouraging new building activity. Striking the right balance between fair cost recovery and ensuring continued investment in housing will be critical.

Another potential challenge is how well the government can navigate the political and local government hurdles that have historically stymied housing reform. Resistance from local councils, community groups, and entrenched interests could slow progress or negatively affect policy outcomes.

## DIRECTION OF TRAVEL

Despite these uncertainties, the GfHG program represents one of the most comprehensive attempts in recent history to address the systemic barriers to housing development in New Zealand.

By holistically tackling issues of land supply, infrastructure funding, and council incentives, the government may well lay the groundwork for a more responsive and sustainable housing market.

The coming years will be a period of adaptation for those with interests in the property sector, and the key will be staying ahead of the curve to identify opportunities and position oneself strategically as the new landscape takes shape.

In the end, while no single policy can solve our housing issues overnight, the programme offers a compelling blueprint for progress.

The question now is whether execution will match the ambition. If it does, New Zealand's housing market may finally start to break free from the constraints that have held it back for so long.



## Is now the right time to refix your mortgage?

Homeowners and prospective buyers will welcome the Reserve Bank of New Zealand's recent decision to reduce the Official Cash Rate (OCR) by 0.50 percentage points, which will flow through to lower mortgage rates for those who have a floating rate.

The rate cut also raises the question of whether people should now fix their mortgages, and, if so, for how long?

Commenting before the Reserve Bank (RBNZ) decision, independent economist Tony Alexander noted that, historically, it was unusual for New Zealand to have a three-year fixed rate lower than 4.99 per cent.

With that in mind, he advised borrowers to think carefully before holding out for rates to drop significantly further.

Mr Alexander also discussed whether borrowers who locked in a five-year fixed rate of 2.99 per cent in 2020 or 2021 should consider breaking their loan and refixing.

He noted: *"If I break, will the bank pay me out the 2.0 per cent difference for the remainder of my five years? Probably not. Do I think there is a strong risk of fixed mortgage rates jumping a lot higher in the next 14 months? No. So, if I were in such a position, I would run the 2.99 per cent out to its maturity and continue congratulating myself on being clever for fixing back then rather than taking the candy of the 2.29 per cent for one year."*

## FIXED VS. FLOATING SPLIT

Mr Alexander's thoughts are general advice only, and our team at Loan Market encourages you to seek advice tailored to your unique financial situation.

When it comes to structuring your home loan, there are a few key factors to consider.

Fixing your loan provides certainty, as your repayments stay the same for the length of the fixed term. This stability makes budgeting easier and protects you from potential interest rate rises. However, breaking a fixed-term loan early can result in break fees, and you may miss out on savings if interest rates drop further during your fixed period.

On the other hand, a floating-rate loan moves in line with market interest rates, meaning your repayments could increase or decrease over time.

One thing to keep in mind is that interest rates move in cycles. Over the course of a 30-year mortgage, rates will fluctuate, sometimes unexpectedly. That said, a well-structured loan isn't just 'set and forget.' A floating rate provides flexibility to make extra repayments or lump sum payments without penalty, potentially helping you pay off your loan faster and save on interest.

For many borrowers, a split-rate mortgage can offer the best of both worlds. By dividing your loan into fixed and floating portions, you can balance stability with flexibility. The fixed portion provides certainty in repayments, while the floating portion allows you to make extra payments when it suits you.

Our team of experts can calculate different repayment scenarios tailored to your situation to help you make a decision. Contact us, and we'll find the right loan structure for you.

**Loan Market**  
loanmarket.co.nz

# The let reset

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**Zac Snelling**  
Head of Property Management  
Ray White New Zealand



More than any other year in recent history, 2025 is poised to provide significant and positive change for landlords nationwide.

Motivated by evolving legislation, tax policy, monetary policy, and market sentiment, many residential property investors are re-engaging with the market, presenting both a time of opportunity and caution. Here's an update on what's unfolding in the sector and what landlords need to pay attention to in the coming year.

## **POSITIVE MOMENTUM**

It's been a journey for residential investors over the last few years. However, 2025 is shaping up to be a banner year, with a hoard of positive change.

With a strong demand for rental properties and favourable market conditions, investors are increasingly looking at property management services to ensure they remain compliant and ahead of returns to leverage opportunities as they emerge.

At Ray White New Zealand, we've seen a notable increase in demand for our professional services. Recently, many landlords have asked, 'What is the current tenancy legislation status?'

Interest has been exceptionally high among do-it-yourself landlords managing their own properties, which signals renewed appetite from landlords looking to capitalise on current opportunities but who have realised they require expert guidance to navigate an increasingly complex landscape.

One of the most significant changes impacting this appetite is the February reduction to the Official Cash Rate (OCR). The Reserve Bank of New Zealand (RBNZ) slashed the OCR by 50 basis points to a new cycle low of 3.75 percent, and further reductions are expected later in the year.

This decision set off a spree of lowered mortgage lending rates from banks, which has improved the cash flow position of many landlords. For property investors, this signals a chance to borrow at more favourable rates and enhance profitability in their portfolios.

## **RTA CHANGES: A KEY DEVELOPMENT**

On 30 January, the government announced a slew of changes to the Residential Tenancies Act, including significant amendments to notice periods for the end of tenancies, tenure, and the sale process. More changes are expected in March, and another tranche will be confirmed later in the year.

These updates are part of a broader effort to address long-standing issues within the sector, and they present both challenges and opportunities for landlords.

Of particular importance is the ongoing shift in the legislation surrounding pet allowances. New rules are expected to mandate more relaxed conditions for tenants with pets, allowing landlords to adjust their rental policies and attract a broader range of tenants.

Rental properties currently allowing pets generally achieve higher rental values, making this a preferential point of difference. As with most changes, landlords who proactively adjust their property management practices can tap into this segment before the rule changes become mandatory.

The risk of non-compliance is also a growing concern.

A recent example from our team at Ray White highlights the importance of staying ahead of change: a landlord approached us after being fined nearly \$10,000 for inadvertently breaching several new provisions, including rules regarding minor property alterations.

The case serves as a stark reminder that basic mistakes in the current climate can be costly, which is why our team continues to offer consultancy support to help landlords avoid these pitfalls and stay compliant.

## **HEALTHY HOMES AND COMPLIANCE DEADLINES**

As the final compliance deadline for Healthy Homes Standards, 1 July 2025, approaches, landlords must proactively ensure their rental properties meet these minimum standards.

With just four months or so remaining until the compliance deadline, landlords must immediately ensure their properties are up to code. This includes ensuring that properties meet minimum heating, insulation, ventilation and moisture control standards.

Failing to comply risks hefty fines and can affect your properties' rental appeal.

## **GAME-CHANGING TAX POLICY**

One of the most significant changes for investors in 2025 is the full reintroduction of interest deductibility, which will take effect on 1 April. This will allow landlords to deduct the interest on their mortgage or loan from their rental income, reducing their taxable income and overall tax liability.

This change signals a shift from the complex tax landscape that landlords have navigated in recent years. For many, it's a welcome step towards restoring the incentives to invest in rental properties privately.

This change will reduce the effective cost of borrowing, giving landlords more flexibility to expand their portfolios or improve existing properties. While the broader economic picture remains complex, the return of interest deductibility offers tangible benefits for investors, which could help improve balance sheets and increase investment returns.

## PROFESSIONAL STANDARDS AND INDUSTRY IMPROVEMENTS

While the property management sector's future looks bright and busy, it is not without its challenges. Recent media coverage has raised concerns about the sector's lack of professional standards. As a result, industry groups, echoed by Housing Minister Christopher Bishop, have been calling for the introduction of formal standards for property managers.

At Ray White New Zealand, we believe these changes are necessary to improve the sector's professionalism, motivating our teams to raise the bar over the last few years with our 'New Standard in Property Management' initiative.

More than 91 per cent of our network's property managers now hold New Zealand Qualifications Authority (NZQA) accreditation. This commitment to excellence ensures that our clients receive the highest standard of expertise, no matter where they are in the country.

From my dual capacity as a member of the Real Estate Institute of New Zealand's (REINZ) Property Management Sector Group, the push for higher standards in property management is gaining momentum, and at Ray White, we're proud to be leading the charge, ensuring that our clients benefit from the best possible service in an increasingly complex environment.

## MAKE THE MOVE CAMPAIGN

Our property management team remains committed to leveraging opportunities as the property market progresses. Next month, we will launch our 'Make the Move' campaign, offering genuine incentives for landlords looking to switch to Ray White from their current (or non-existent) property management provider.

By transitioning to Ray White, landlords can ensure that their properties are in the most capable and attentive hands and that they are well-positioned to take advantage of market opportunities as they arise. To learn more about this campaign, please contact our team directly.

As we move through 2025, landlords can be confident that the outlook is brighter, provided they remain adaptable and proactive.

Whether you are navigating compliance deadlines, taking advantage of interest deductibility, or adjusting your rental policies in light of new legislation, we are here to provide the support and expertise you need to thrive.

The key to success in property management is continuous attention to detail, and we're here to support you every step of the way.

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### **Zac Snelling**

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# 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.



**WHITE,**  
**PIONEER,**  
**REAL ESTATE AGENT.**  
**LAND OFFICE.**  
**FARM**  
**IMPLEMENTS**  
**& DAIRYING**  
**MACHINERY**

OFFICE

The first Ray White Real Estate office  
Crow's Nest, 1902.  
Moved to this site and restored in 1974  
by the White Family.

Ray White's first auction house, 'The Shed' Crow's Nest, Queensland.



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