

Welcome to your monthly update from *Quinovic Merivale* and *Rolleston* on property investment news and opportunities 21 October 2025

Another beautiful Christchurch day. More than can be said about last night when rain washed out the first T20 match against England. And we had started off so well. Another chance on Monday. And our rugby team is through to the finals of the NPC so life's not too bad.

The rental market continues to be steady. We are finding an increase in interest from renters and from potential landlords as well. Hopefully it will stay this way throughout summer.

The big news this past month was the cut in the OCR by 50 basis points – dropping it from 3.00% to 2.50%. This larger-than-expected move signals the Reserve Bank's determination to reignite and to ease financial pressure on borrowers.

"We are acting decisively to support growth and return inflation sustainably to the 2% midpoint" the RBNZ said in its statement.

Why the big cut?

- Sluggish growth – recent data shows domestic demand softening with weak business confidence. Sluggish consumer spending and slowing GDP
- Inflation under control – with inflation easing within the 1%-3% target range the RBNZ finally has room to move – pivoting from restraint to stimulus.
- Global slowdown – Trading partners including China and Australia are losing momentum putting further strain on New Zealand export and manufacturing sectors.
- Sending a clear signal – by cutting 50 basis points instead of the anticipated 25 the RBNZ is sending a strong message that it is ready to go big to kick-start growth and boost confidence.

Benefits.

- Homeowners and borrowers – expect lower mortgage repayments in the coming weeks. Expect banks and lenders to recur rates. Fixed term borrowers will feel the benefit once existing contracts roll over.
- Businesses – lower borrowing costs to make it easier to expand, invest, hire. Now is the time to take smart risks.
- Savers – savings and term deposits are going to

fall again meaning lower returns on cash. Savvy savers may now look towards greater diversification or higher yielding options.

Market reaction.

- NZ dollar fell sharply. NZX50 jumped higher. Economists divided with some praising the action, others warning that it may reignite the housing market.

What's next?

- Analysts are predicting a further 25 basis point fall before Christmas.

The risks – global issues and wage demands may reverse the current easing trend. Cheaper credit may reignite the housing sector and speculation. Policy lag may mean it takes months before these cuts flow through to consumers.

The housing market remains stable (growth is being seen in a few locations) yet slow. Over stocking still hangs over the market.

One side effect from these tougher conditions has been the shift in the traditional commission rates of between 3%-4% to sell your home. Some agencies continue the operating model but a wave of lower-commission agencies are disrupting the market, winning listings and grabbing market share.

Why are commissions dropping?

- Lower-commission agents can now access the same marketing platforms (TradeMe, One Roof, Realestate.co.nz) that the larger agencies use
- Social media, video tours, and digital campaigns make it possible for 'boutique' agents to showcase properties to a huge audience at a fraction of the cost.
- With lower overheads smaller agencies can pass these savings onto their clients.

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As a result, commission rates that once sat at around 3.95% + GST are now dipping to as low as 1.95% - 2.5% depending on the agency and region.

It has to be noted that the market is telling us that even the larger agencies are now 'negotiating' commission rates.

The rise of "value-driven" agents'

- In the past home-owners often felt obliged or "locked in" to using big-brand agencies assuming they were the only ones with the tools to sell property effectively. Not anymore
- Independent and lower-commission agents are running open homes, using professional photographers, using video, offering staging advice, listing on all the big platforms and leveraging buyer databases.

What does this mean for sellers?

- More choice
- Ability to negotiate commissions
- More transparency with clear, upfront fee structures
- More value with many agents now bundling market into the commission fee, offering turn-key service without the hidden extras.
- All of this could represent a saving of thousands.

BUT be aware that the commission rate is only part of the equation. Sellers need to still consider an agent's local knowledge, their negotiating skills and the strength of their buyer network. With more agents delivering full-service results at lower rates sellers no longer have to settle for high fees as the "industry standard". The analysts suggest commissions may continue to trend downwards.

Unfortunately, all of this has come too late for some homeowners. A sharp and unexpected rise in mortgagee sales has swept the country signalling deep financial stress for Kiwi homeowners.

For most of the past two years the number of mortgagee listings has been stable – below 50 nationwide. In October 23 listings crept past 50. In April 24 they broke 60. Now in October 25 they surpass 100 – 1-9 to be exact.

Reserve Bank data shows that the total value of impaired loans – mortgages in serious trouble – jumped \$15 million in August alone. A total of \$563 million.

Banks typically offer struggling borrowers several options before repossessing a home. These include extending the loan term. Switching to interest only payments. Offering temporary payment deferrals. Despite this in some cases it has proven to be 'too little – too late'.

Experts say that the real issue isn't high interest rates anymore – it is income loss! With lay-offs and small business failures climbing, some households have simply lost their ability to make repayments.

Those hardest hit are

- Buyers from 2021 – 2022 who purchased at peak prices
- Low deposit borrowers with little equity in their homes
- Families who stretched to maximum mortgage terms but now face job or income loss. Many of these homeowners are now in negative equity – owing more than the property is now worth – leaving them little if any room for refinancing or restructuring.

The harsh reality. When a mortgagee sale occurs, the property is sold by the bank to recover the loan balance. But if the sales price doesn't fully cover the debt – including bank fees, penalties and real estate commissions – then the borrower can still be left owing thousands. This could lead to bankruptcy!

Mortgagee sales are more than just a statistic – they are a warning sign. Even with lower interest rates the New Zealand economy remains fragile and households are walking a financial tightrope.

Better late than never! New meth contamination rules for rental homes.

It has taken more than seven years, but the Government has finally announced new meth contamination regulations for rental properties. And they come at a time when meth use is on the rise.

The Associate Housing Minister, Tama Potaka, said a lack of legislative rules for acceptable levels of meth residue in rentals had caused long-standing confusion and disproportionate responses to low levels for too long.

Under the current national standard properties with a level of more than 1.5 micrograms per 100cm² qualify as contaminated – whether the contamination comes from meth being smoked or manufactured.

In a 2028 report by Sir Peter Gluckman recommended that where meth had only been consumed, contamination would have to hit 15 micrograms per 100cm² before decontamination was required.

Since then, confusion has reigned because the Tenancy Tribunal, the Real Estate Authority, and Kainga Ora adopted Gluckman's recommendation while banks and most insurance companies stuck to the 1.5 microgram standard.

Potaka said that landlords and tenants deserved clarity on when rentals must be tested for residue and on how these issues should be navigated during a tenancy.

Under the new rules rental properties will be considered contaminated if meth residue exceeds 15 micrograms per 100cm² and will require decontamination until levels are at or below that level.

If a property has meth residue levels above 30 micrograms per 100cm² landlords and tenants will have the option of quickly ending the tenancy. Landlords will be required to engage professional testers in specific circumstances where there is evidence of contamination and testing and decontamination will have to follow scientifically robust processes. Standards New Zealand will be commissioned to review the existing standard to ensure consistency with the final regulations. The new regulations are expected to come into force next year.

Footnote: Wastewater testing data released in May revealed a significant increase in meth consumption. It showed 15 kilograms of methamphetamine was consumed every week in March 2019. Between Jan and March 25 an average of 33kg's was consumed weekly.

Much is being made of the current rental market. Numbers of properties available to rent are up 24% compared to a year ago. The average asking rent is down \$20.

According to website Realestate.co.nz they received 6,401 new listings in September – up 18% compared to September 24. These new listing pushed the total number of properties advertised on that site to 8,224 – up 23.6%.

In some regions the increases are much more with the biggest increases being on the West Coast (up 133%), Hawkes Bay (up 109%), Wellington (up 106%) and Wairarapa (up 100%). "Across the motu rental stock is in plentiful supply".

At the same time rents are coming down (no surprises there). The average asking rent on Realestate.co.nz in September was \$624 a week down \$20 a week (-3.1% compared to September 24.

Investors are aware that the rental market is cyclical. Peaks and lows are to be expected. We are now heading into summer and a new year and in locations such as Christchurch this means more students, more families coming into town, more immigrants.

We see no reason to panic. Renting is not just about income. It is also about having the right tenants for the right length of time. A good tenant who looks after the property could save a landlord much more than \$1,000 a year in maintenance alone.

Downtime between tenancies represents a complete financial loss to a landlord over that period. Far better to ensure that you keep a good tenant than to try and find another. Say your property rents for \$650 a week. Downtime between tenancies averages out at around 2-3 weeks. Let's say \$1,500. At \$20 a week that equates to 75 weeks. If it is necessary to negotiate a lower rent you may still be coming out ahead in the longer term.



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The Christchurch property market has been rocked by explosive allegations that four Harcourts franchisees colluded in cartel-style agreements – potentially driving up costs for home buyers and sellers. The four franchisees hold a “significant” share of the Christchurch real estate market and questions are being asked about fair competition.

Commerce Commission Chair Dr. John Small revealed that the franchisees entered into agreements that impacted pricing structures, including commission rates, despite supposedly competing against each other. “For most Kiwis buying and selling a house is a major transaction. People should be able to trust the process is free of collusion”. The Commission stressed that cartel laws apply even within franchise networks warning that breaches could carry criminal sanctions and hefty financial penalties under the Commerce Act.

The four franchises affected by this claim are Four Seasons Realty 2017 Limited, Gold Real Estate Group Limited, Grenadier Real Estate Limited and Holmwood Real Estate Limited.

The Commerce Commission is yet to make any findings public.

Until next month

Best wishes Sharon.

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