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QUINOVIC
Experts in property care and return

Welcome to your monthly update from Quinovic Merivale and Rolleston on property investment news — *20 November 2025*

What a start to summer. 29-degree days followed by cold temperatures and hail storms. We seem to have had it all this month.

The market always slows down as Christmas approaches but this year it seems to have started early. Demand is still there, and property is moving but there is no sense of urgency. Certainly, no where near panic mode but it would be good to see a few more completed agreements.

As mentioned previously rents have dipped slightly but if it is of any comfort rents in Christchurch have held up much better than those in other centres - especially Auckland, Wellington and Tauranga.

We have seen early slow-downs before and on those occasions what followed were busier than usual Decembers and Januarys – despite the holidays. Hopefully we will see the same this year.

There are confusing articles around the state of the real estate sector. Some report that market activity is on the up whilst other report on the market slowing. Auction outcomes have fallen – fewer properties being offered by auction and fewer sales “under the hammer”. Mortgagee sales continue to increase. It’s hard to get an accurate reading.

Prices continue to fall across nearly all of the country. The average price nationwide is now $900,521 – down 0.2% on the same time last year. Down 14% on 2022 prices. Auckland has seen a 2.5% drop over the past three months. Wellington 0-8% drop, Hamilton 1.8%, Napier 1.3$, Whangarei 1.9%. Only Queenstown, New Plymouth and Invercargill showed increases over the period.

For Christchurch average price is now $772,190, down 0.4% this quarter, up 1.9% annually and down 0,5% from 2022 peak.

The Reserve Bank comments “Lower mortgage rates may encourage a modest rise in activity but any significant rebound is likely to be constrained by the4 broader economic recession, cost-of-living pressures, rising unemployment and continuing global insecurity.

When the Luxon government came to power in late 2023 it came with a promise to reinstate negative gearing and to reduce the holding period required for an investment property to be sold tax-free. Under the previous government the duration an investor was required to hold a property for the gains to be tax-free increased from 2 years to 5 years in 2018 and then to 10 years for existing hoes in 2021.

Since the Luxon government was elected in November 2023 the number of new mortgages flowing to investors on a rolling annual basis has risen by 14,000 – a relative increase of 65.5%. A share of the total new mortgage sector investors now represents 15.9% - the highest proportion since mid-2018. The Kiwi investor class is well and truly back in the picture and playing a significant role in both supporting house prices and providing homes to the growing sector of renters.

Effective 1.12.2025 the loan-to-value ratio will loosen making it easier for Kiwis with smaller deposits to get a loan. From 1.12.25:-

- 25% of lending can be done to people with less than a 20% deposit (previously weas limited to 20% of lending).
- 10% of lending to investors can be done with less than a 30% deposit (up from 5%)

These changes have been made recognising falling rents, sluggish migration, rising inflation (could hit 3% for Q3) and rising unemployment

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The Labour party recently unveiled its latest “shiny” fix for New Zealand’s housing affordability. A Capital Gains Tax on property sales. This was

pitched as the golden key that would unlock housing supply, make prices fairer and fill Government coffers with revenue.

Several commentators have come out against this policy. They draw attention to several issues.

What a capital gains tax actually does-

THE PROMISE
Improve affordability
Boost housing Supply
Make it fairer
Target speculators

THE REALITY
Increased rents to offset tax
Investors leave the market- shrink supply
Everyday mum and dads get stung
Long term investors and retirees get caught in the net

The root problem isn't tax. The country's housing shortage comes from costly and slow consent processes, land locked behind zoning rules, construction delays and labour shortages and decades of underbuilding..

Taxing does not address the cause.

There seems to be a belief within some politicians than landlords are wealthy, selfish, unscrupulous, an ATM machine. In fact, the vast majority of landlords are everyday Kiwis working towards the protection of their future. Most own only 1 rental property, some 2 or 3 but the number of landlords with large holdings is very small.

Retirees may be the hardest hit. Many New Zealanders rely on investment property as their retirement plan. A capital gains tax will reduce equity, delay retirement, reduce inter-generational wealth transfer.

Developers will also slow. For many the money to move onto a new development comes from the sale of the previous one. Tax their gains and project feasibility drops, fewer projects proceed, supply evaporates. It's like asking developers to "please fix the housing problem …. But we will charge you if you succeed".

Look abroad. Countries like Australia, Canada and the UK have Capital Gains Tax systems yet they still suffer the same problems as here in New Zealand.

Suggestions for improvement:

- Fast track consents
- Investment in infrastructure
- Reduce compliance drag
- Incentivise new builds
- Cut red-tape strangling growth

Commentator Greg Ninness also looked at the proposed policy. His fundamental take is simple – in order to tax a capital gain there needs to be a gain to tax. Something he says can no longer be taken for granted. In the current market capital losses are more likely to be the case rather than capital gains.

Interest.co.nz has tracked the changes to the REINZ lower quartile selling price back to 2004. In September 2025 the lower quartile price was \$590,000. That's the price at which 75% of sales are above and 25% are below. So, it is a proxy for the most affordable, and for investors potentially the most lucrative, end of the market. In September 2024 it was \$594,000 so a property bought in 2024 and resold in 2025 would have incurred a loss of \$4,000 or -0.7%. Go back to September 2022 the lower quartile was \$610,000 which would give a loss of \$20,000 or -3.3%. Go back further and yes that property would have earned a capital gain. If it had been held for 5 years at that point then the gain was \$90,000 or +18%. These figures reinforce the old adage that property investment is a long-term game.

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Lighthouse mortgage director Michael Vincent draws our attention to the fact that “people have an over-reliance on the fact that paying off their home is their ticket to retirement. But Vincent highlights that a paid off home provides security but NOT income. “You can’t eat a brick. You can’t sell of a bedroom to go on holiday. Unless you camp in the backyard and rent it out it is not going to provide a steady income stream. Even mortgage free homes attract expense. Things like rates, insurance, maintenance. What a mortgage free home does offer is equity which if used correctly can provide a reasonable return.

New pet related rules within the Residential Tenancies Act 1986 come into effect from December 1st, 2025. These changes impact both landlords and tenants.

Existing tenancies: There is no change for existing tenants who ALREADY have a pet including for a tenant who has had their original tenancy agreement extended.

The changes to the rules will affect any new tenant or an existing tenant who requests a pet after 1.12.25

Written consent required: If a new or existing tenant wants to keep a new pet they must obtain a landlord’s written consent and agree to any reasonable conditions such as paying a PET BOND.

A landlord is required to respond to a pet request within 21 days – failure to respond may result in a fine of up to $1,500.

Declining a request: A blanket “no pets” clause will no longer be enforceable. Landlords must approve a pet request unless there are reasonable grounds to decline. Examples of reasonable grounds include – the property is unsuitable for the pet’s size or type (e.g. Fencing), Body Corporate of local bylaws prohibit pets, the pet has a history of misconduct or previous damage.

Reasonable condition can be applied. The requirement of the payment of a pet bond, requiring the pet to be restrained during lawful landlord / agent visits (i.e. inspections), requiring professional carpet cleaning at the ned of the tenancy.

All tenants will be liable for pet-related damage that is more than fair wear and tear – even if the tenant does not own the pet. This includes all damage resulting from the keeping of a pet, not just direct damage caused by the animal.

Consent applies ONLY to the specific pet / pets approved.

Enjoy the build-up to Christmas and hopefully your summer holidays.

Best wishes to you all.

Sharon;

TERMS AND CONDITIONS APPLY
https://www.quinovic.co.nz/holiday-voucher-terms-and-conditions/?fbclid=IwY2xjawNjtrhleHRuA2FlbQIxMABicmlkETFOV1NNRVpqTXZ5SGpBc045AR611THUoveikpoaYyoU5ywzK3NzW037mWsXWD0tWjwCrS-YWSodu1250d6BWg_aem_i8jVn8xqz3izFx3b5iGtzw