



May this Indian Summer never end. What a run we have had over recent weeks – though our actual summer was lousy.

The thing about good weather is that it keeps people out and looking at rental properties. And the market does remain steady. Usually by June it has started to taper away.

The demand is strong for 3- or 4-bedroom suburban houses especially if in the right school zones and close to facilities. People are out looking for apartments, or smaller homes, in both urban and city environments.

Some inner-city properties are proving hard to move especially if there is no garage or designated parking area. Competition is high as there are a good number of units available within the 4 avenues and we have seen some downward movement in rentals. At this point this is not significant but it is a renter's market, there are plenty of places available and if these conditions should continue then we may see a greater downward movement in rent levels on inner city apartments.

This should be music to your ears if you are a Christchurch landlord. As one 'headline' stated "an avalanche of people moving into the city".

The figures. The population of the South Island has increased by over 85,000 since 2018 and more than half have moved into Christchurch and neighbouring areas.

Why are they coming?

- The area is seen as more progressive than other centres around the country
- The economy within the area is increasing higher than in other centres
- Housing is seen as more affordable – and this includes rents. The level of rent is similar but the quality of the property that this level gets you in Christchurch is superior. (An interesting fact. Over three quarters of the people viewing Christchurch properties are from outside the area.)
- Schooling is seen as being of a high standard.
- There is a 'buzz' around Christchurch that is not being experienced in the other centres
- There are fewer people, less traffic, more recreational areas, commute times are shorter, people are friendlier.

Christchurch has been rebuilding for more than a decade and finally people are seeing the payoff. Strong cities attract people. People build demand. Christchurch shows every sign of continuing to get stronger.

Back to 3- or 4-bedroom houses. Families looking for bigger homes in Christchurch now face the fiercest pressure in New Zealand's tightening rental market. Such houses have hit a record median price of \$660 per week as supply shrinks and competition intensifies. (Quote from TradeMe). By comparison similar houses in Bay of Plenty average \$670 – up \$10 on 2025. Auckland \$660 – down \$10. Wellington \$600 – down \$40.



There's an interesting new player in the New Zealand housing sector. Australia. It seems that following announcements and recent changes related to Aussie tax laws New Zealand is now being seen as "a tax haven". Australians have started to compare New Zealand property values with those at home and are realising there is greater value over here. Even with rental investments. When they compare costs, local rates, rent returns and taxes New Zealand is an attractive place to invest in.

A recent study showed that 30% of people in Brisbane are considering buying overseas and that New Zealand is their number one destination.

The Australian market is seen as "somewhat irrational" for buyers seeking value. After years of growth prices in Australia remain high, affordability is stretched and buyers fear "buying at the peak".

New Zealand tells a different story. Values have fallen 17.5% from the 2022 peak. We offer more attractive entry points. We offer a better lifestyle.

It's not just about price. Buyers are also chasing space, scenery and a slower pace of life. They want to reduce exposure to bushfires, cyclones, rising insurance costs. New Zealand is being seen as a safer, calmer long-term play.

New Zealand is also viewed as having fewer barriers to entry than some other countries. It is closer, the legal systems are similar and there is a strong trans-Tasman relationship.

To quote one respondent "you don't have to stay local to build wealth".

There has been considerable media coverage, especially with the Iran war, that things are bad in New Zealand financially. Some are predicting situations similar to those at the time of the GFC.

Economist and commentator Tony Alexander disagrees. He accepts that the widely anticipated upturn in the economy will be delayed and likely softened – but it will not be cancelled. He gives four reasons.

- Firstly, there is good growth in incomes for primary producers especially in dairy and red meat. The good prices producers have been getting have been boosted by the relatively weak New Zealand dollar. We produce what a lot of the rest of the world values and wants.
- Second, monetary policy has eased considerably since mid-2024 with the likes of one-year-fixed mortgages sitting around 4.65% compared to 7.14% two years ago.
- Third, the effects of the Iran war do not come at a time when our economy has been doing well and businesses have become cyclically wasteful in their spending and structure. Instead, businesses have been trimming excess expenses over the past 3 years – including labour. Related to these years of restructuring investments and strategic moves that had been put off are now being actioned because they are key to long term growth.
- Four, there are a host of smaller positive factors at play. Foreign student numbers are rising. Tourist numbers are up. The ski



season may be a boomer given the very low rate of exchange of the NZ dollar. Net migration numbers have improved of 24,000 people compared to 11,000 a year back. Infrastructure spending is growing.

Now it is Acknowledged that the economy will be challenged by the effects of the Iran war. Business margins will be crimped and consumers will cut back on spending. But we are not facing a GFC, covid post-pandemic correction of a monetary policy-induced crunch.

Much has been made by the media around the "Golden Visa" classification for foreign buyer. Interest is apparently high but to date only 16 properties valued at over \$5 million have been bought by foreigners. The majority of these in Auckland or Queenstown. Buyers have been from the US, South Korea, China, Germany and Japan. Most of the high value properties sold over recent months have been to locals or expatriate New Zealanders. Confidence remains high amongst leading realtors that interest in the "Golden Visa" program will continue with many interested parties "in the pipeline".

The "Golden Visa" eligibility criteria have recently been expanded to include making a donation of \$1 million or more to New Zealand charities.

Finally, something for those of a certain age who may be considering moving into a retirement village. (Sounds like the Editor).

The perfect apartment has been advertised by Summerset. It is in Auckland, it is approximately 200 square metres in size and it can be yours for \$12 million. That's not an error - \$12 million. (This doesn't sound like the Editor).

We have to assume that if you can afford \$12 million for a licence to occupy then you are not overly worried by the \$3.6 million that will be retained when the licence to occupy finishes.

It will be very interesting to see what the demand is like.

Wishing everyone all the best.

Kind regards Sharon.