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Experts in property care and return

*Welcome to your monthly update from Quinovic Merivale and Rolleston on property investment news* *5 August 2026*

Fire the Editor. The newsletter is late – again. My apologies.

This ongoing “Indian Summer” is certainly proving good for business. Late June and July have been amongst the best months ever for new business. Not all of these properties well come on board immediately and not all of them are from recent discussions with the owners. In fact, one of them stems from discussions held over 10 years ago. Patience is a virtue.

On the tenancy side things are a little slower – as would be expected this time of year. Enquiries are steady. Decision making is somewhat slower. Properties new to the market are getting the most attention. Family homes are being snapped up. The Rolleston market is picking up. Rooms in houses are very slow but it is winter and outside peak student market time.

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What is lacking is media coverage on anything related to the rental – or even real estate – market. So, this may be a shorter newsletter than normal.

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The real estate market is slower but Christchurch remains stronger than just about anywhere else in the country. The threat of increasing inflation, the raising of the OCR to 2.50% and higher interest rates is dampening demand. As we approach the elections the real-estate market may slow even further. Good for the on-going rental market.

Not all is bad however. According to independent economist Tony Alexander there are signs that New Zealand’s economy is beginning to stabilise – “however the housing market has yet to receive the memo”.

With falling fuel prices, easing global tensions (sure these can shift day to day) and a more optimistic economic outlook are helping to lift confidence, home buyers and investors remain cautious, keeping the property market subdued despite expectations of better times ahead.

The key question now facing home owners, investors and first-home buyers is simple: When will house process actually begin to recover.

Several recent developments have improved the country’s broader economic outlook. Amongst these is the expectation that the Reserve Bank of New Zealand may delay any further OCR increases until later in the year or into early 2027.

Normally Improving economic sentiment flows through into increased housing activity. This time however buyers are tasking a much more cautious approach. The housing market remains characterised by:

- Careful buyers
- Longer selling periods
- Greater negotiation
- Stable but subdued activity.

Investor confidence remains weak. When interviewed by Alexander landlords mention uncertainty surrounding both market conditions and Government policy. One issue that continues to frustrate landlords is tenant quality. Landlords report difficulty finding suitable long-term tenants. (ED: We can’t say this is a factor we face regularly).

One factor that could improve conditions over the medium term is stronger migration. As populations growth strengthens the current oversupply of housing is absorbed rental demand is expected to grow.

The other factor affecting investor confidence is the up-coming General Election. There is uncertainty around:

- Changes to tenancy legislation.
- Tighter regulations favouring tenants.
- The return of restrictions on mortgage deductibility.
- Additional property tax changes.

(ED: Such changes will be highly dependent on which party, or coalition of parties, wins the elections. Three months out there has been a complete lack of policy announcements by most parties is relation to housing and rentals. Minor parties have advocated for drastic changes but may not be in a strong position to actually implement these).

Alexander believes that the economy is on the up. It may be a slow and measured recovery over the next 12-24 months.

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We did come across one article that asked the question "Will Labour scrap interest deductibility?"

The opinion was that a return to full removal of interest deductibility looks unlikely. Former Labour politician David Parker has been quoted as saying "we probably should have stopped at 50%" and this is considered the most likely middle ground position.

Even this position has its impact on landlord profitability and on rents But, according to economist Gareth Keirnan and Victoria University's Max Rashbrooke a landlord's tax position does not drive rents. A tenant's ability to pay drives rents.

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The Five Biggest Factors That Will Drive New Zealand's Property Recovery in 2027

1. Migration — Population Growth Creates Housing Demand New Zealand's property market has always moved in step with population. More people mean more households, more rental demand, more pressure on supply — and ultimately, upward movement on price. After hitting a significant low in 2025, net migration has been recovering. But the headline number only tells part of the story. What matters as much as the volume of arrivals is the composition — where people are settling, what stage of life they're in, and whether they're arriving as renters or prospective buyers. Skilled migrants in their 30s and 40s settling in Auckland, Wellington or Christchurch drive a very different type of demand than student arrivals or temporary workers. Regional settlement patterns are equally important — growth concentrated in major centres puts pressure on already constrained urban housing stock, while slower-growing regions may see little benefit. Investors and developers watching migration trends in 2026 and early 2027 will get early warning signals about where demand is building before prices move.

2. Interest Rates — The Biggest Lever in the Room No single factor has done more to suppress New Zealand's property market over the past three years than mortgage rates — and no single factor will do more to unlock it. When borrowing is expensive, buyers either can't qualify for the loans they need or choose to wait. The dramatic OCR cutting cycle of 2024–2025 brought genuine relief to the market, with nine consecutive cuts taking the official cash rate down to 2.25%. But with inflationary pressures re-emerging in 2026 — driven in part by global oil price movements — the RBNZ has signalled rate rises are back on the table, with most major bank economists forecasting the OCR climbing to between 3.25% and 4% by mid-2027. For the property recovery, this creates a narrow window. Buyers who move while rates are still relatively low will benefit most. As rates rise, borrowing capacity shrinks, and the pool of eligible buyers contracts with it. The 2027 property market will be shaped significantly by how aggressively the RBNZ acts and how quickly fixed mortgage rates respond — and whether confidence holds long enough for the recovery to gain real momentum before affordability tightens again.

3. Infrastructure — Confidence Built in Concrete Infrastructure spending is one of the most underrated drivers of property values — and one of the most reliable. Every road built, hospital upgraded, school opened or public transport link extended does several things simultaneously: it creates jobs in the short term, signals long-term government commitment to a region, and makes surrounding land more liveable, accessible and attractive. The result is almost always upward pressure on nearby property values. New Zealand has significant infrastructure catch-up to do. Years of deferred investment left gaps in roading, hospital capacity, school rolls and public transport — particularly in fast-growing regions. The current pipeline of government and private infrastructure spending, including major projects in Auckland, Wellington and the regions, will play a meaningful role in shaping where property growth concentrates in 2027. Areas within reach of new transport links, hospital precincts or education facilities historically outperform the broader market — and that pattern shows no sign of changing.

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4. Employment — Jobs Are the Foundation of Everything People buy property where they have jobs. That sounds obvious — because it is. But the relationship between employment and property demand is one of the most consistent and powerful forces in any real estate market. Cities and regions that are creating jobs attract workers, retain residents and build the kind of economic confidence that turns renters into buyers. When employment is strong and people feel secure in their income, they're willing to commit to a 30-year mortgage. When job security is uncertain, even buyers who can afford to purchase often choose to wait. New Zealand's employment picture heading into 2027 is mixed. Some sectors — construction, healthcare, technology and tourism — are showing genuine growth, while parts of the public sector and retail have faced contraction. The regions and cities that emerge with the strongest employment bases will lead the property recovery. Watch where the jobs are going — the property growth will follow.

5. Affordability — The Floor That Limits Everything All the migration, infrastructure spending and employment growth in the world won't drive a property recovery if buyers simply cannot afford to buy. New Zealand's housing affordability challenge is well documented. Even after the price corrections of 2022–2025, median house prices across most major centres remain high relative to median incomes. First home buyers — the engine room of any healthy property market — continue to face significant deposit and serviceability hurdles, despite improved lending conditions. Affordability sets the floor. It determines which markets have genuine organic demand and which are vulnerable to sharp corrections the moment rates move or conditions tighten. The regions and price points where affordability is strongest will see the most sustained and sustainable growth in 2027 — not the premium end where prices are held up by sentiment as much as substance. For investors, the affordability story is also about rental yields. Markets where gross yields are improving relative to purchase prices are signalling real underlying demand — and that's where the smart money will be looking.

The five factors rarely move in isolation — they interact, reinforce and sometimes counteract each other. The most confident buying and investing decisions in 2027 will be made by those who understand not just each factor in isolation, but how they're moving together.

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Finally, a note from Sharon.

'I am incredibly proud and privileged to have been re-elected as Chairperson of the Quinovic Franchise Advisory Council. After nearly 19 years in the property management industry, this role is a meaningful way for me to give back to the wider Quinovic network that has been such an important part of my journey. This re-election reflects the confidence my fellow franchisees have in my leadership and commitment to strengthening the Quinovic network.

The Franchise Advisory Council serves as a vital conduit between our franchisees and our Group Office., ensuring that ideas, feedback, opportunities and challenges are shared openly for the benefit of all. I genuinely enjoy collaborating with fellow council members as we discuss the future and work together to strengthen our businesses across New Zealand.

The role allows me to be at the forefront of industry changes, ensuring I bring the latest insights and best practices back to my own business at Merivale and Rolleston. Ultimately this benefits the people who matter most – our clients. Investors and tenants. We can ensure that they receive informed, professional advice and exceptional service from a company committed to continuous improvement."

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Best wishes to you all.

Sharon