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Experts in property care and return

Welcome to your monthly update from Quinovic Merivale and Rolleston on property investment news *31 August 2026*

Greetings from Christchurch on a somewhat colder day. Our spell of good weather has continued – it will soon be Spring. It's been cold but over-all it has been dry. The weather has not stopped potential renters from looking. Demand has been surprisingly heavy for this time of year.

Demand is not the problem. It is matching demand with what properties are currently available. The big demand is for family homes – that's why places like Rolleston are doing well. Lots of new homes being built many of them as rentals. But family homes anywhere will go quickly provided they are in good condition, close to good schools, public transport and supermarkets. What is readily available are inner city apartments, generally smaller, multi-level and without outside family space. If only the market could get this match better.

That's not to say that inner-city apartments are not popular. They are but to young professionals and single people and sadly this tenant profile does not make up a large portion of the market.

The elephant is once again in the room.

Renters United has yet again chosen to criticise Quinovic over what they claim to be poor quality properties. At least on this occasion Quinovic has been named along with other major names in the market such as Bayley's, Crockers, Barfoot and Thompson, Hookers, Oxygen, Harcourts – the list goes on. Interestingly on the list is Wolfbrook which is surprising because to the best of our knowledge they mainly handle new build properties.

We understand that the Renters United survey covered approx. 3,000 rental properties. The distribution of those properties has not been disclosed (at least in the publicly issued summaries). We also understand that less than 40 of those sampled were Quinovic managed properties. Yet the publicly released information is headed "New Zealand's worst property managers. It seems a huge leap to apply a small survey group (there are well over 200,000 rental properties in New Zealand) to reach that headline conclusion.

Renters United are seeking, amongst other things, the registration of property managers, a more comprehensive Healthy Homes system and the use of qualified independent Healthy Homes assessors.

This is interesting.

- Quinovic has always given its support to a system of registration of property managers.
- Nor should it be acceptable that some property managers and some private landlords conduct their own Healthy Home surveys. Quinovic Merivale and Rolleston has always used independent qualified certifiers to do these reports.
- The matter of the Healthy Homes survey detail is for the Government to consider but applied correctly the current system does address the key issues for both owners and tenants.

Then comes the matter of compliance. As Property Managers we cannot force an owner to comply with the Healthy Homes standards. BUT we can refuse to manage properties that don't. Over the last few years, we have stepped back from managing several properties due to non-compliance. What is disappointing is that other property management companies pick them up.

Quinovic does not disagree with some of what is being suggested but we are disappointed by the headline grabbing commentary contained in some of the publicly distributed media releases. We appreciate that it is election time and that Renters United wish to be visible with their concerns but a decrease in emotion and an increase in facts and communications would probably be more beneficial for all parties.

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We at Quinovic Merivale and Rolleston would like to thank those of our clients that took the time to respond to recent press releases in support of the service that we provide. We do try our hardest.

When you see new builds included among the "problem properties" you have to ask why. The answer is simple. New builds are seldom constructed with rental in mind. The current building standards do not match the Healthy Homes Standards in several instances. The assumption that new-builds meet rental standards is incorrect and this discrepancy needs to be addressed by Government agencies.

According to TradeMe Property Customer Director Gavin Lloyd, Christchurch is the market to watch – it is the standout market in the country. It is the fastest moving market – the Christchurch "days to sell" is typically 42 days. The national average is 70days. Some markets are taking twice as long – the West Coast 111 days. Northland 95 days,

Why is this happening in Christchurch? Lloyd pits it down to three key factors.

- Well priced housing
- Strong local confidence.
- Population growth.

We came across an article from 1976 which made for interesting reading. Sadly, it is incomplete but it does give clues as to the issues facing landlords at that time, especially around costs vs income.

(It would have been nice to reproduce the actual article as it is in the editorial and print style of the day but this Editor lacks the skill set to do this)

THE LANDLORD
The official organ of the Landlords Association Inc

September 1976.

EDITORIAL:

Are rentals realistic? – current swing to ownership flats.

"Three years ago it was possible to build new flats for rental with an assurance that the return would realize at least ten per-cent nett per annum on the sum invested. Indeed, some landlords used these criteria to establish what they thought to be a "realistic" and reasonable rental figure. Land agents were continually advertising this return where new flats were being built for rental, and sometimes quoted gross figures of 13-15% per annum.

But what of today (remember this was 1976)? Landlords have awakened to the fact that, along with legislation such as the "Rents Appeal Act" and the current freeze on rentals, as accentuated by the rapid increase in the cost of building, the average percentage return for new flats has dropped from ten to six or seven percent nett based on annual rentals (assuming that the accommodation has an occupancy rate of one hundred percent). If the landlord has vacancies he may find that his nett return is around five percent per annum.

What trend is evident? We view with alarm the increasing tendency for investors to forego any attempt to build for rental purposes when the sale of property as Ownership Flats offers a much more palatable return on capital invested. This trend indicates a depression in the rental market which will be felt in years to come with, as a direct result, fewer new flats becoming available, and those that are available will demand a much higher rental than has been seen over the past twelve months."

The article went on to give some costings of new construction but these are incomplete. However, of interest

- Two new units at $13,000 each
- Land $7,000
- Incidentals (carpet, blinds, clothesline) $3,150
- Income from two units at $32.00 per week = $3,328
- Gross percentage return 9.2%

It strikes us that the conversation over 50 years remains familiar. Rising costs and declining returns. Investors choosing to sell as Ownership Flats rather than retain as rentals. Reduced supply equating to higher rentals.

The figures are significantly different and today's market is undoubtedly more heavily influenced by interest rates, tax policy, compliance, planning and economic pressure.

But the underlying message is the same. Housing supply relates to incentives.

As the country heads towards national elections The New Property Investors Federation met with different parties to seek clarification on some issues. The interviewer was Matt Ball

Dr Deborah Russell, Labour, Revenue Spokesperson

I want to say at the outset that this was a good meeting, and it felt like we were listened to. That doesn't mean we've changed Labour's mind on everything; it would be crazy to expect that. It does mean that our views will be considered, mostly.

We discussed the following topics:

- Adjusting Labour's CGT for inflation
- Interest denial (removing interest deductibility)
- Removing ring fencing for new builds
- Changing tax treatment for investments which build on Healthy Homes

Indexing CGT for inflation
Under Labour's current policy, capital costs can be offset, but there is no adjustment for inflation. We think this is unfair, because people will be taxed on nominal, not real, gains. It's especially bad in the current high inflation, low capital gain environment. The bad news is this policy is now set, so there's no chance of it changing pre-election. We'll focus on getting change post-election, if Labour is in power. We think they should adopt the Australian position, which only taxes capital gains after costs and inflation. One positive. Dr Russell confirmed that anyone who is in negative equity at 'valuation day' (1 July 2027) will have CGT calculated on their purchase price, not the 1 July 2027 valuation. This removes the possibility that someone could end up paying CGT even when they've sold their house for less than they bought it for.

Interest denial (removing interest deductibility)
We can expect a decision on this policy in early October, after the pre-election fiscal update is released, which is on 26 September.
The key point we put forward was that this is a very bad policy for tenants. It will put upward pressure on rents, act as a disincentive to improve properties, would likely reduce rental supply as people sell and that would further lower house prices. Which, incidentally, would render Labour's CGT largely ineffective.
There is, we believe, no reason for Labour to remove interest deductibility if they have a CGT. We think this is a politically defensible position, and we hope they adopt it. However, if they do go for it, we have argued they should keep interest deductibility for new builds, including any new build investments bought under
Labour's previous interest denial policy. Not doing so would kill investment in new rentals.

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Dr Russell isn't the decider for this policy but will raise our points with the people who are – leader Chris Hipkins and finance spokesperson Barbara Edmonds. My view on this policy is that there is a good, data-based argument to be made against it and we hope Labour will listen.

Ring-fencing & expensing
We put forward two policies which we think will be positive for the rental sector and for both landlords and tenants. One is the removal of ring-fencing for new builds, the other is to allow the expensing of expenditure that would improve on Healthy Homes standards (e.g. double glazing, additional insulation) or reduce tenants' cost of living (e.g. heat pump hot water cylinders, solar).

Looking at expensing first, Labour has already proposed a policy which would allow expensing of up to $10,000 per item for small businesses, and Dr Russell confirmed this would apply to rental businesses. Big tick for that. It applies to items which are currently able to be depreciated, not capital items, which would leave out double glazing. We've asked if the tax treatment for double glazing could be changed to allow it as well as it's a significant positive for renters which should be encouraged.

On removing ring-fencing for new builds, Dr Russell asked us to send her a formal policy paper, which we will do. We're pleased there is some interest in this idea. If you're wondering why we're only asking for it to be taken off new builds, it's simply because there's no way Labour could be seen to support a policy like that given their previous 'no tax breaks for landlords' position. However, a policy which gives new builds a better tax treatment is consistent with their desire to incentivise more house building and their exemption for new builds under their previous interest denial policy.

Luke Somervell, President, Renters United

We had a general discussion about the rental sector and sharing our concerns and priorities. Our meeting took place shortly after Renters United released the results of their Aotearoa Renters' Survey 2026. It showed that 78% of respondents said they spent more than 30% of their weekly income on rent. In addition, 20% say they live in properties that do not comply with Healthy Homes standards.

Now, like the surveys NZPIF does, the respondents were self-selecting, so the results aren't statistically robust. You can't say 78% of all renters spend over 30% of their income on rent; you can only say that 78% of the people who completed the survey do. However, the survey does highlight that there are plenty of people who find it hard to get good quality, affordable rental accommodation. And the key point is that this is what drives some of Renters United's concerns, and their policy aims. It's important we understand this. People feeling like they don't have security in their tenancy is also a major concern, as outlined in the survey. It's worth a read.

From our side, I wanted to ensure that Luke understood the impact that Labour & the Greens' interest denial policy would have on renters. Luke has previously supported this policy in the media and expressed scepticism about the policy's impact on rents, so I talked him through what mortgaged rental owners would have to do to keep afloat financially if this policy came back. Rents will rise; the only question is by how much.
Did I convince him? I don't know, but the important thing is we've had the discussion. One thing I have realised over many discussions around interest deductibility is that a lot of people don't know how much tax landlords pay, collectively. Did you know that we paid $1.12 billion in tax in 2023/24? The average person, who only hears about "$2.9 billion tax breaks for landlords" in the media, could be forgiven for thinking we pay not much, if any, tax. That's something we need to change.

David Bainbridge-Zafar, Opportunity, Housing

With Opportunity high in the polls and now much more likely to be in parliament and in a position of influence, it was high time we met with them.

Unfortunately, they hadn't released their housing policy in time for our meeting, so we weren't able to discuss specifics, but we did have a good general discussion.

We talked about Land Tax, which we now know won't see the light of day in the next parliament having been ruled out by both National and Labour. Thanks to Opportunity's 'Citizens Income', any increase in costs to rental owners from land value tax will be able to be passed on to renters, so the impact will be mitigated. Let's say this isn't my biggest policy worry going into the election from a property investment standpoint.

On the housing supply side, I expect that Opportunity will broadly support the current direction being taken by the major parties. The details will be interesting though, for example how much will they support the current RMA reforms, Build to Rent or Fast Track for housing?

On the Residential Tenancies Act side, expect to see higher Healthy Homes standards, and perhaps a different approach. I'm really guessing now as David didn't give much away, but perhaps they would even support things like a rental warrant of fitness.
One thing he did say is that the party would support evidence-led policy, regardless of whether it came from the left or right. If so, that's a good thing.

Ideology and idealism lead to policies like Labour's Kiwibuild – nice idea but completely impractical and unachievable, as anyone in the sector would have told them.
That reinforces the need for NZPIF to always have policies or proposals which are grounded in facts, backed up by data and supported by real world experience.

We will report on any other housing / rental related policies that may be announced by any parties as we lead up to the elections.

NZ Rental Market
• National average weekly rent at its highest in 15 months
• Canterbury second most expensive rental market in July
• 13 of New Zealand's 19 regions record year-on-year declines in available rental stock

New Zealand's rental market is showing signs of tightening with the national average rent climbing to $642/week, it's highest in 15 months, while the number of rental properties available declined. Latest data from realestate.co.nz shows national rental stock fell to 7,303 properties in July, the lowest level recorded so far this year. Across the motu, 13 of New Zealand's 19 regions recorded year-on-year declines in total available rental stock.

The greatest year-on-year stock declines were recorded in Otago (52.7%), Wellington (38.2%) and Waikato (30.5%), highlighting that rental supply is tightening across much of the country.

Vanessa Williams, General Manager – Customer at realestate.co.nz, says the latest figures suggest demand is beginning to outpace supply in some regions. "July's data could signal a turning tide in the rental market. Many regions saw an increase in new listings last month, but total stock levels falling, suggesting tenants are snapping them up fast. It's a sign that renter demand remains strong."

What's happening in the regional markets?

Canterbury positions itself one to watch. The average weekly rent in Canterbury hit an all-time high in July, climbing to $694, up from $623/week the year before, making it the second most expensive region in New Zealand during July, behind only Central Otago Lakes District ($885/week). The data puts Canterbury ahead of Auckland ($689/week), the Bay of Plenty ($651/week) and the national average ($642/week). Despite rising rents, 1,110 new rental listings came onto the market in July, just shy of the region's all-time high of 1,111 new rental listings, back in August 2016.

Williams notes that with the region's average weekly rent and new listings increasing significantly in July, only time will tell if this is a sustained trend. However, she says Canterbury is increasingly carving out its own unique position within New Zealand's property market and ongoing investment across the region is helping to underpin both buyer and renter demand.

"For some time, we've described Central Otago Lakes District as a market that operates to its own rhythm, and Canterbury is beginning to show similar characteristics. The region has enjoyed strong momentum in the sales market this year, and we're now seeing that confidence reflected in rental prices as well."

The latest rental figures build on earlier observations from realestate.co.nz that Canterbury has become one of New Zealand's standout property markets. "We've previously highlighted Canterbury as offering some of the country's best buying opportunities. This month's rental data suggests it's also becoming an increasingly sought-after place to rent, reinforcing Canterbury's growing appeal for people looking to call the region home."

Across the Ditch

Australian investors are increasingly looking at New Zealand, with early signs suggesting changes to Australia's negative gearing and capital gains rules (announced by the Labor government in May) are pushing capital across the Tasman. Non-bank lender Pepper Money reported a 650% jump in Australian enquiries for NZ investment property post-announcement — small base numbers, but a clear signal.

Queenstown is the standout destination. Queensland couple Dick and Penny Webster recently paid NZ$2.13m for a lakeview three-bedroom short-stay property, projecting a ~10% return versus 5-7% from Australian options. Of 68 enquiries on the listing, 40 came from Australians. Other areas drawing interest: Wānaka, Central Otago, Auckland, Christchurch, and lake districts — lifestyle-plus-investment locations rather than standard suburban rentals.

The appeal stacks up: no NZ stamp duty, a housing market that's already been through its post-pandemic correction (unlike Australia's), and favourable currency conversion giving Australian buyers extra purchasing power.

Worth noting for clients, though — Australian tax residency doesn't disappear with an NZ purchase; ATO obligations on foreign income and gains still apply, and short-stay yields need to be weighed against management costs, insurance (natural hazard risk is a real NZ-specific factor), and occupancy assumptions.

Bottom line: it's early days — a few hundred enquiries isn't a wave — but worth watching, especially in tightly held premium markets like Queenstown and Wānaka where even modest additional offshore demand can move pricing for local buyers too.

For those of you who follow golf we are pleased to announce that Quinovic offices are sponsoring the NZPGA tournament in 2027.

This has been a strong year for Quinovic Merivale and Rolleston. However, we are forever seeking new listings to meet the demand. I know we ask you continuously but if you are aware of people seeking a property manager to take care of their rental properties we would definitely appreciate the opportunity to present ourselves to them.

Kind regards,
Sharon