RAY WHITE **NOW**

ONE QUARTER AT A TIME

PROUDLY PRESENTING NEW ZEALAND PROPERTY MARKET INSIGHTS IN REAL TIME

A message from our chief executive

Dear Property Owner,

Already a quarter of the way through 2024, buyers and sellers are becoming busier and have been enjoying more stable and predictable market conditions to make their next move.

The real-time data derived from our national network of 195 offices, through our Pulse platform is aflush with activity, painting a picture of a resilient and thriving market. Sales volumes have surged by 37.40 per cent, our salespeople are achieving prices that are up 11.30 per cent, and the number of new listings has seen a healthy rise of 23.80 per cent over the past year.

While March is traditionally a fairly strong month for real estate operations, these metrics have defied our expectations and reflect a strong degree of confidence in current opportunities.

One trend that stands out is the significant increase in auction activity, with participation across our Ray White network rising 84 per cent year-on-year. This is a clear sign that Kiwis have moved way past peak pessimism and now expect economic conditions to improve steadily to year-end.

Following the roller coaster highs and lows of the post-pandemic property market, our sellers are finding much-craved transparency in the auction process, with the visibility around bidding, the set date of sale, and a full and final unconditional deal on game day extremely attractive features on both sides of the transaction.

Negotiations on other sale methods are taking their time, primarily because those purchases are increasingly contingent on the buyer's ability to sell their own homes first and satisfy other due diligence. This means that while sentiment is positive and results are achieved, urgency is one feature missing from the current dynamic.

With new listings higher than they have been in such a long time, buyers have more choice, and feel confident in their ability to explore their options.

Anchoring these feel-good market anecdotes are persistent affordability constraints (mortgage lending rates remain elevated after all), more challenging profitability measures for business owners, and an uncertain global outlook.

While not ideal in isolation, these depressive features are helping to keep a lid on market vitality, which would otherwise draw the central bank's attention and likely necessitate the deployment of further tools to dampen demand.

To that end, it was pleasing to see the Official Cash Rate (OCR) remain on hold at 5.50 per cent at the last (April 10th) Monetary Policy Statement, showing that the central bank is comfortable that current measures are doing the job.

The conditions in which to buy and sell today, are the best they have been in a long time, with sellers benefitting from demand, choice and a growing proportion of finance pre-approved and ready-to-purchase buyers.

Buyers, on the other hand, continue to be encouraged by improving credit conditions, which include the growing expectation that the next OCR move will likely be a rate cut this August.

While challenges remain, there is much cause for optimism this season. Lingering fluctuations mean stakeholders must lean on expert advice and the latest market pricing information for informed decision-making. However, we're proud of the strong results achieved across our Ray White national network and look forward to showing you even more reasons why real estate results are better through the yellow door.

Please enjoy our 69th edition of Ray White Now.

Regards,

Daniel Coulson
Chief Executive
Ray White New Zealand

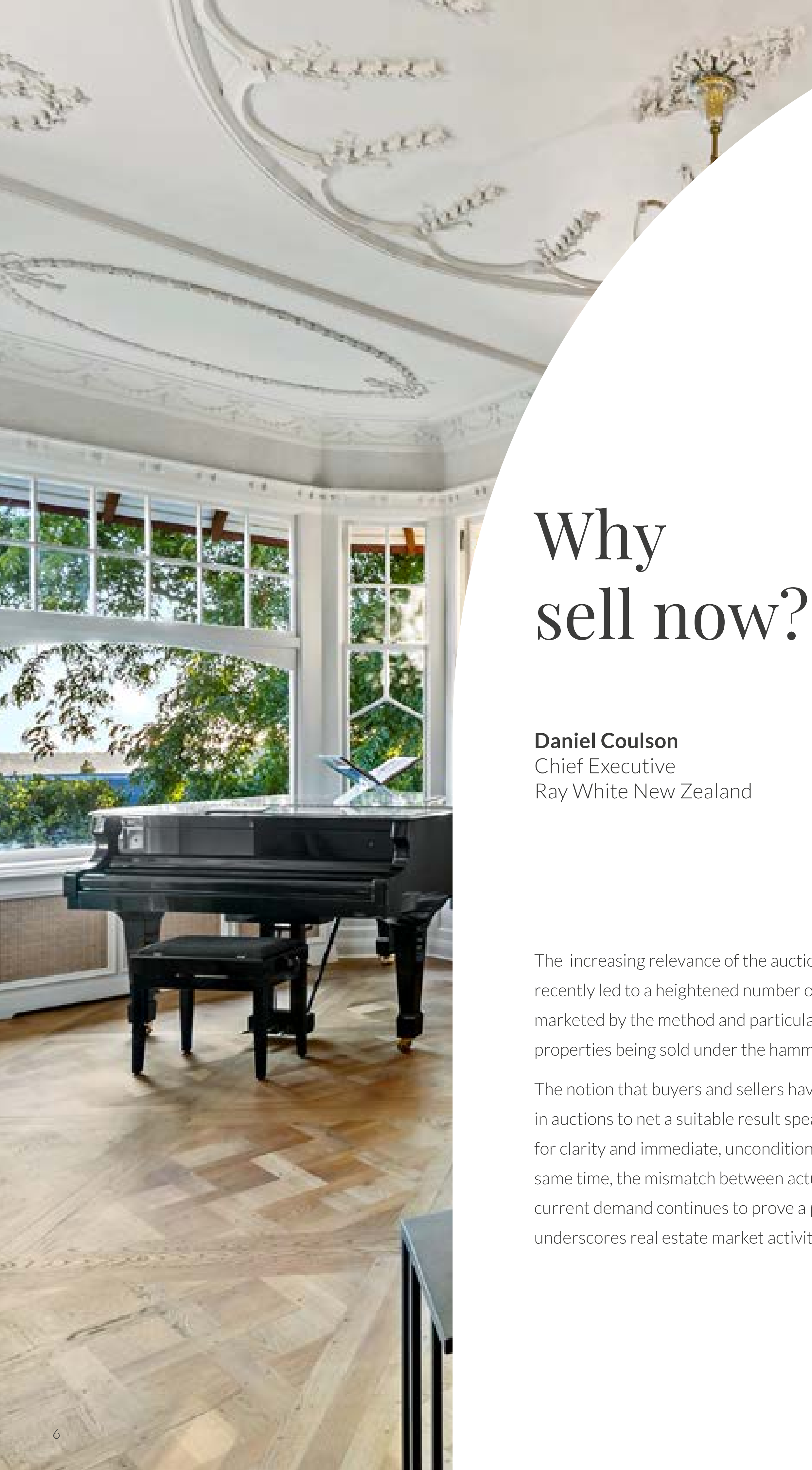
Photo: 226 Remuera Road, Remuera | Proudly marketed by Steve Koerber and Steen Nielsen Ray White Remuera

FEATURED PROPERTY
226 Remuera Road, Remuera

Proudly marketed by Steve Koerber and Steen Nielsen
Ray White Remuera

Megan Jaffe Real Estate Ltd Licensed (REAA 2008)

Contents



Why sell now?

Daniel Coulson
Chief Executive
Ray White New Zealand

The increasing relevance of the auction process has recently led to a heightened number of properties being marketed by the method and particularly high-value properties being sold under the hammer.

The notion that buyers and sellers have greater trust in auctions to net a suitable result speaks to a desire for clarity and immediate, unconditional results. At the same time, the mismatch between actual supply and current demand continues to prove a powerful factor that underscores real estate market activity.

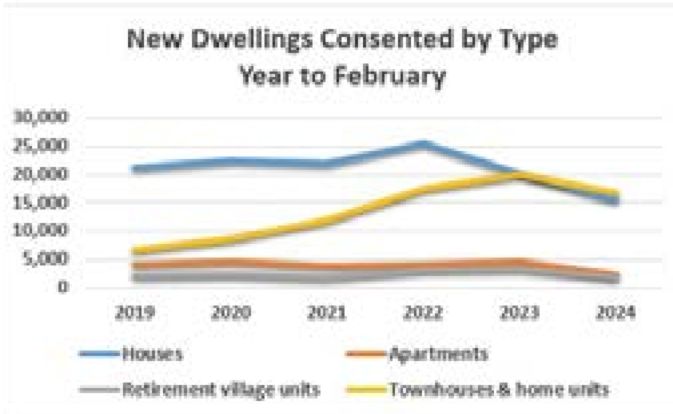
CLOUDY WITH A CHANCE OF SUNSHINE

Despite positive anecdotes from March sale results, supply-and-demand storm clouds appear to be gathering again on the residential real estate horizon.

Right now, we know that affordability is stretched, and there aren't enough private rental properties available to meet the demand from the 145,000 additional people New Zealand added to its population in 2023.

Experts have said we need an additional 55,000 houses to meet last year's demand. Still, delivery looks to be in the realm of 30,000, creating a double-digit shortfall exacerbated by a sharp decline in residential building consents.

Auckland, Wellington, and Canterbury have seen the toughest declines in forward-looking activity, with dwelling consents down 27, 40, and 20 per cent, respectively.



Source: Statistics New Zealand, interest.co.nz

Challenging financial conditions for developers, high interest rates and increases in building costs (worsened by global conflict and disruption to vital trading routes) continue to make feasibility difficult, particularly given soft off-the-plan sales.

Promising recent news has come from Building and Construction Minister Chris Penk, who has announced extensive regulatory reforms and a significant overhaul of New Zealand's Building Act to permit more variety in the selection of approved residential construction materials.

The changes, expected to pass through Parliament before year-end, have been designed to drive down the cost of building new without compromising on building construction integrity and standards.

We'll be closely watching developments in this space for their impact on affordability and the creation of new housing supply. But for now, competition for established properties continues to increase, particularly given that fewer new developments are likely to be completed in the next two years.

THE NEXT 100 DAYS

With its first 100 days in office over, the government has announced its next quarterly 'action plan' – a comprehensive work in progress emphasising housing and the property sector.

In the coming months, the Medium Density Residential Standards (MDRS), or 'townhouse bill' as it has been colloquially known, is set to become optional for New Zealand's councils. Councils that want to use the legislation must ratify it by vote.

Challenged by many, the once-bipartisan policy now seems unfit for purpose, and the government continues to look at other policy options to increase housing supply through density done well.

There is a focus on infill housing in urban areas proximate to rapid transit amenities like bus routes and train stations, offering development opportunities in these areas.

Whilst full of potential for the affordability outlook, a government focus on housing supply issues and implementing policies to facilitate more practical development means the winds are expected to change, providing a compelling reason for homeowners to explore their options now while on a more certain footing.

Photo: 226 Remuera Road, Remuera | Proudly marketed by Steve Koerber and Steen Nielsen Ray White Remuera

FINANCIAL RESILIENCE

Recent economic data releases – think business confidence surveys, inflation, employment and manufacturing data - suggest there is slightly less need for the Reserve Bank (RBNZ) to keep monetary policy tight for an extended period.

However, Kiwis have carefully balanced their household books in preparation for uncertainty in 2024.

Throughout the last 18 months, we have been inundated with messages of doom and gloom, leading many households to halt spending plans and hunker down for a period of financial consolidation.

This is fair enough, particularly considering that around 59 per cent of existing loans (by value) are due to reprice onto higher mortgage lending rates within the following year.

While the RBNZ has indicated that a restrictive monetary policy stance remains necessary to keep a lid on capacity pressures for the time being, it held the OCR steady at 5.50 per cent during its latest (April 10th) Monetary Policy Statement.

This shows us that while the central bank has pledged its continued diligence in the fight against inflation, further armour is not required…at least for now.

The lack of a move is good news for borrowers, and means that aggressive market pricing which now anticipates a rate cut as early as August, remains unchanged.

With a greater understanding of where we are headed, demand for credit appears to be on the up. Residential lending data suggests that owner-occupiers, first-home buyers, and investors are all borrowing more than they were this time last year.

Navigating the fluctuating landscape of forward-looking indicators may be complex, but one thing is clear – both buyers and sellers are increasingly motivated to transact. This presents an opportune time for our dedicated teams nationwide to highlight opportunities that benefit Kiwis searching for their next home or investment.

If you wish to learn more about current opportunities in the market today or about our Ray White service offerings, we would love to hear from you.

Photo: 226 Remuera Road, Remuera
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Sharp decline in luxury supply

Atom Go Tian
Senior Data Analyst
Ray White Group

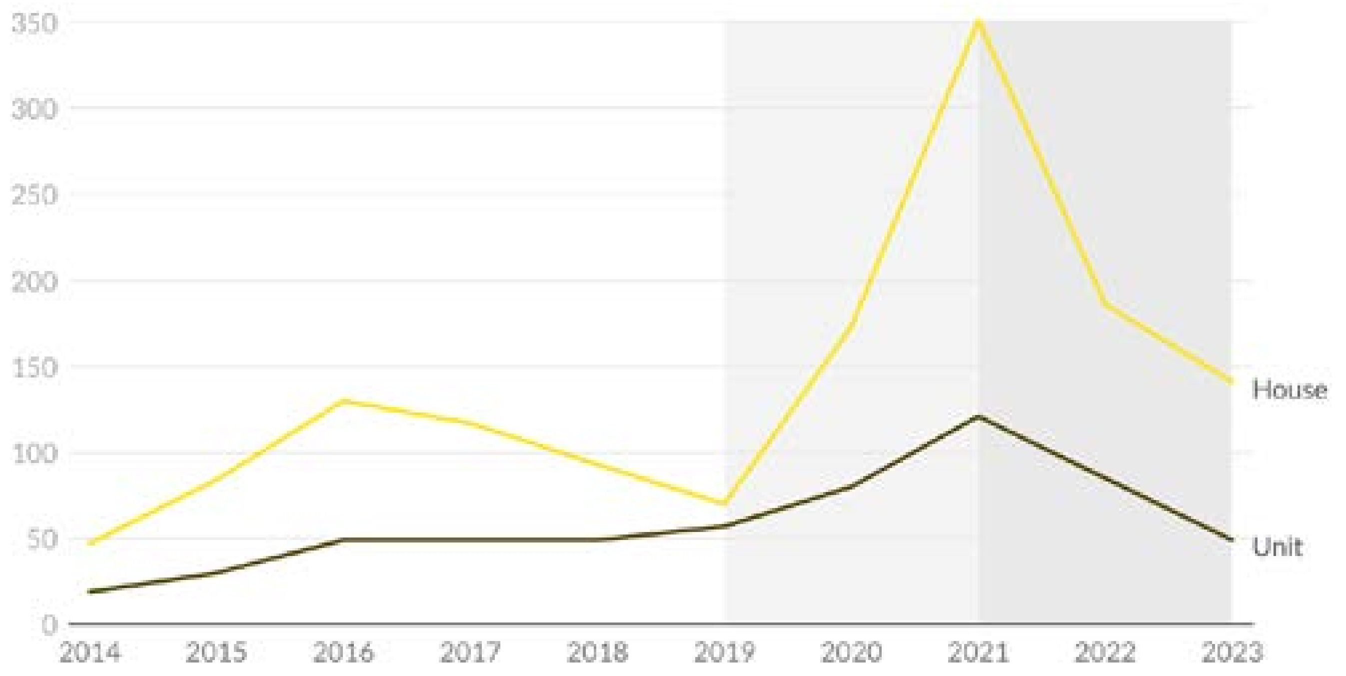
The latest data from our Ray White New Zealand network shows that the proportion of luxury transactions nationwide continues to decline due to a shortage of genuinely high-end homes.

Atom Go Tian, Ray White Group Senior Data Analyst, says that regional price differences offer a different perspective on luxury in various Kiwi markets.

He says homes selling for more than $5 million in Auckland are generally considered top-tier, with comparable apartments and units expected to fetch upwards of $3 million.

Luxury house and luxury unit sales drop by half in the past two years, reversing the growth seen between 2019 and 2021

Total Transactions - Luxury Houses vs Luxury Units (New Zealand)



Source: Ray White

"Higher prices are generally anticipated in New Zealand's largest city, with a concentration of wealth and the most significant proportion of choice. It is the dominant luxury region, accounting for 88 per cent of New Zealand's luxury house sales and 80 per cent of all luxury apartment and unit sales.

"Wellington, on the other hand, with its smaller geographical urban area, features an entry point for standalone luxury of around $3 million or $2 million for attached residences and a market that is steadily increasing in performance.

"The proportion of luxury sales concluded in Wellington has risen by eight per cent year-on-year. By comparison, other markets only grew by 1.50 to 1.70 per cent during the same period.

Auckland still claims lion's share of luxury house sales but Wellington boasts the larger growth rate over the past two years

Count of luxury house sales per city as per cent of total luxury house sales

City	2014	2023 ▼	2014 vs 2023
Auckland	96	88	-8
Wellington	4	12	8

Source: Ray White

Photo: 226 Remuera Road, Remuera | Proudly marketed by Steve Koerber and Steen Nielsen Ray White Remuera

The last 12 months have been volatile for the residential sales market, and just 141 luxury homes and 49 luxury units changed hands in sales during the year. While sales volumes were down significantly from recent highs, a wicked combination of changing economic conditions, higher debt servicing costs and global unrest meant that premium property owners held tightly onto their assets, and ultra-wealthy buyers watched from the sidelines.

AUCKLAND

In Auckland, a concentrated proportion of luxury homes are located in the city-fringe suburb of Remuera, which offers excellent schooling, upscale amenities, accessible transit in most directions, and a location near the golden-sanded eastern bay beaches.

However, once we turn our attention to 'unit sales', Remuera is replaced by Parnell. This equally prestigious area knocks on the door of the CBD, naturally lending some areas of the neighbourhood to higher-density development.

Our research generally shows that suburbs like Parnell, Kohimarama and the North Shore's Milford are consistently in demand among high-net-worth buyers.

Top 10 suburbs for luxury house sales

Count of house sales over $5M

Suburb	City	No. of Luxury House Sales
Remuera	Auckland	26
Herne Bay	Auckland	7
Epsom	Auckland	6
St Heliers	Auckland	5
Takapuna	Auckland	5
Orakei	Auckland	5
Glendowie	Auckland	5
Mission Bay	Auckland	4
Milford	Auckland	3

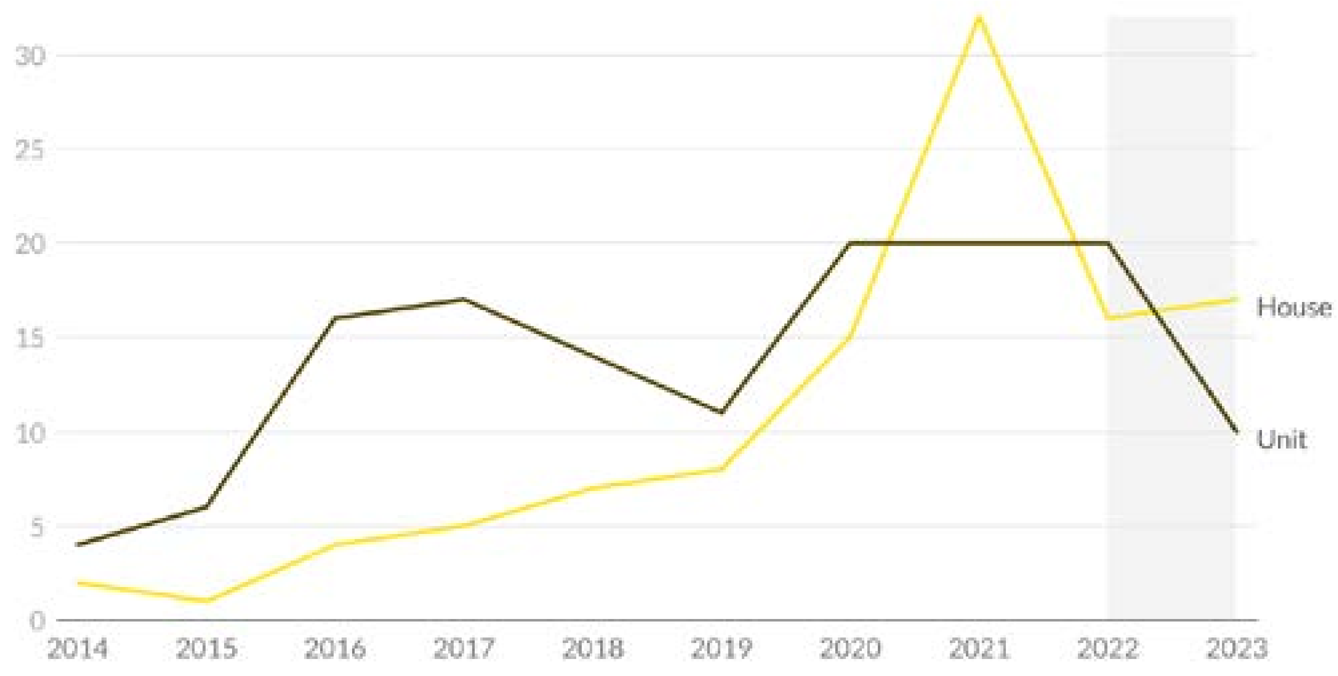
WELLINGTON

Wellington ended 2023 with 17 houses sold above $3 million. This is a slight increase from 2022, but still, almost half of the peak reached in 2021 when 32 luxury houses were sold.

Luxury unit sales in Wellington reached a peak of 20 units in 2020 and stayed there until 2022. Last year, sales dropped in half to just 10 units worth more than $2 million.

Wellington luxury house sales increased slightly while luxury unit sales dropped in half

Total Transactions - Luxury Houses vs Luxury Units (Wellington)



Source: Ray White

Mount Victoria, Wadestown and Kelburn share the top spot for suburbs with the most luxury house sales in Wellington. The suburbs share proximity to Wellington's central amenities, vibrant communities, and established residential neighbourhoods, which have an attractive mix of modern and historic homes.

The city has been challenged by capacity, and few luxury units are available for sale, particularly when compared with Auckland's inventory. However, luxury unit sales in Wellington are concentrated in and around Oriental Bay, the region's prime waterfront community.

Our data reveals that the luxury property market across our main centres is highly nuanced. While Auckland remains the dominant player, appetite exists in Wellington, and specific suburbs across both regions continue to buck economic fluctuations and be sought after by well-funded buyers. We anticipate further growth and activity in the luxury market sector as economic conditions stabilise.

Settling into a new pace

Treena Drinnan
Chief Agency Officer
Ray White New Zealand

The latest mortgage lending figures suggest that the market has surpassed its lowest point and Kiwis are feeling optimistic about their prospects, reflected in ongoing residential market activity.

While past months have provided buyers with opportunities to refine their negotiation skills, current listing data indicates a particular confidence among sellers in introducing new properties to the market.

Buyers, too, are displaying increased engagement buoyed by the prospect of declining interest rates, improved economic conditions and a desire to act before potential policy changes - specifically referencing Debt-to-Income (DTI) measures, stoke uncertainty.

However, the current record-high inventory of properties for sale offers buyers more options and leeway to conduct thorough due diligence. Concurrently, sellers find themselves in a favourable position to transact in a market where banks reportedly ease lending criteria to attract mortgage funding.

SUPPLY AND DEMAND DYNAMICS

Although the pace of residential construction is slowing from previously unprecedented levels, industry commentators anticipate a downturn in construction, particularly impacting the residential market around 2025/26.

Despite a nearly 30 per cent decrease in residential consent numbers over the past year, a pre-existing pipeline of planned projects promises to keep builders occupied. Yet, lurking beneath the surface is an immigration program exerting significant pressure on the rental market and undermining the housing supply gains accrued during the pandemic. In essence, the supply of homes fails to meet demand, potentially leading to upward pressure on property prices in the medium term if this trend persists.

SUPPLY

In March, the Ray White New Zealand network introduced 2,225 new properties to the market, marking a 34.77 per cent increase compared to the same period last year. Simultaneously, team members achieved 1,587 sales for the month, representing a 37.85 per cent increase in value compared to the previous 12 months.

DEMAND

While expectations of a high-interest rate environment persist among Kiwis for much of the year, survey results suggest a growing belief that mortgage lending rates have peaked. This sentiment is likely to continue attracting the attention of buyers and sellers awaiting the opportune moment to act.

Anticipating stabilisation in live listings in the coming months alongside increased website enquiries and loan pre-approval requests, it remains to be seen whether projected interest rate cuts materialise around the fourth quarter of 2024 and whether they will be substantial enough to inject momentum into an otherwise cautious market.

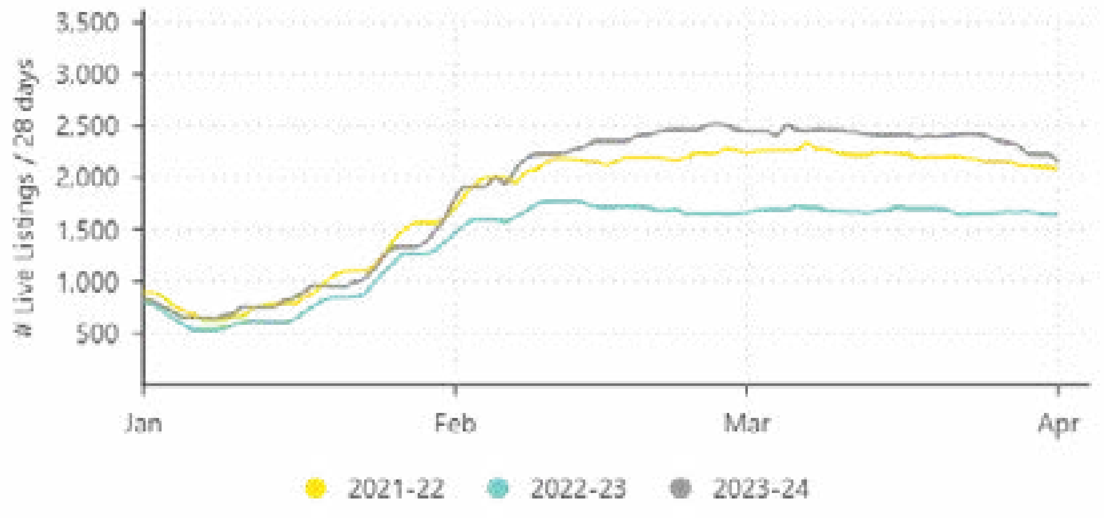
The auction process remains the most transparent and competitive method of sale; this is supported by the number of new listings coming to market that continue to favour auction as the preferred method of sale. Signalling a notable shift in seller confidence and acknowledgement of the effectiveness of the auction process in achieving market-tested, unconditional sale prices within defined timelines.

Photo: 226 Remuera Road, Remuera | Proudly marketed by Steve Koerber and Steen Nielsen Ray White Remuera

LIVE LISTINGS

This graph shows the total number of live listings on Ray White's channels.

For the month ending March 2024, our live listings count increased by 34.77 per cent when compared to the same period last year.

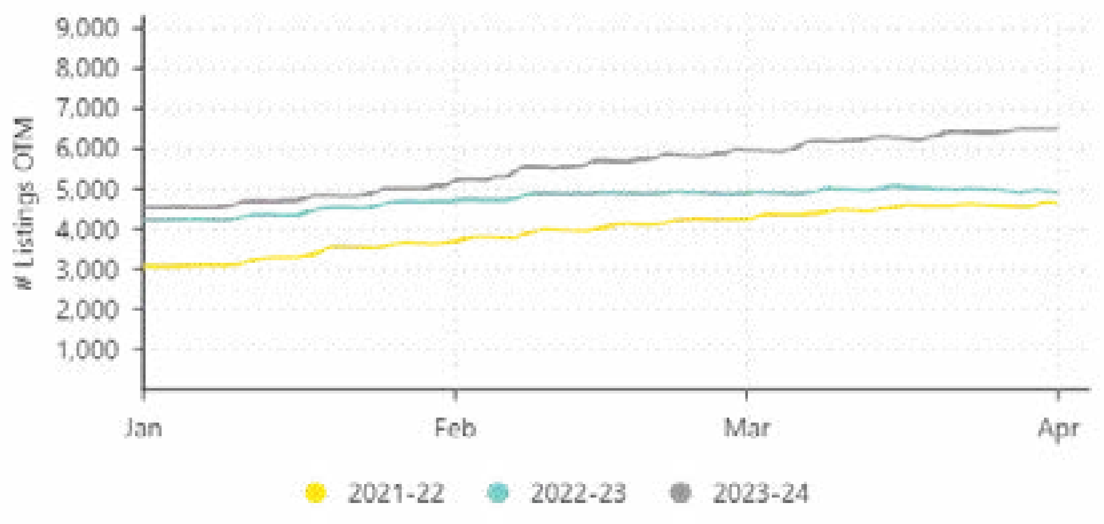


Source: Ray White Online Analytics

LISTINGS ON THE MARKET

This graph compares the total number of listings live on the market over the past three years.

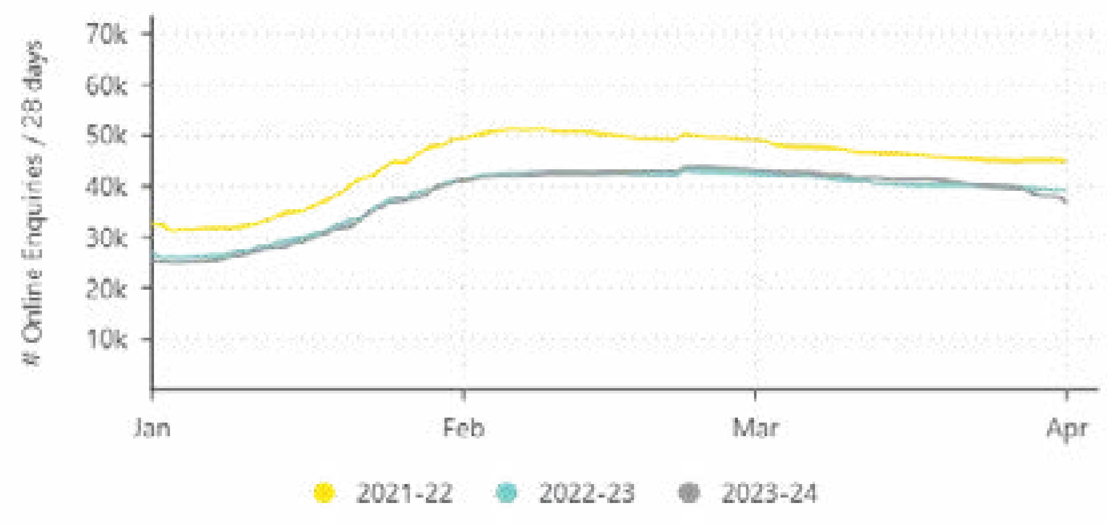
For the month ending March 2024, this rose to 6,545 reflecting a rise of 32.54 per cent year-on-year.



Source: Ray White Online Analytics

ONLINE ENQUIRIES

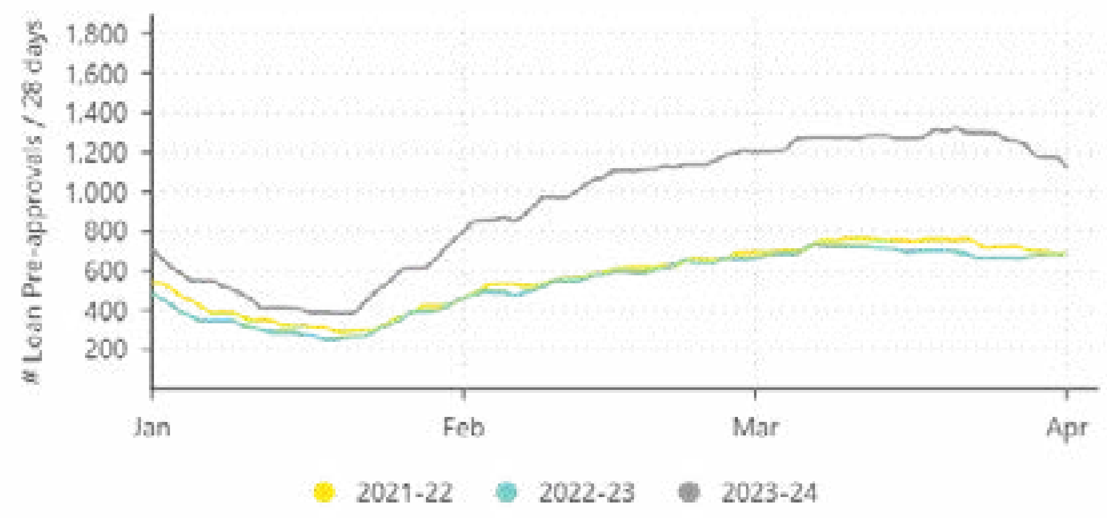
This graph compares digital enquiry received on Ray White listings over the past three years. In March 2024, this decreased by 3.10 per cent year-on-year, although the number of online users increased by 11.64 per cent.



Source: Ray White Online Analytics

LOAN PRE-APPROVALS

This graph compares the number of loan pre-approvals submitted via Loan Market brokers over the past three years. The number of loan pre-approvals received was 1,174 for the month ending March 2024, up 73.16 per cent year-on-year.



Source: Ray White Online Analytics

Photo: 226 Remuera Road, Remuera | Proudly marketed by Steve Koerber and Steen Nielsen Ray White Remuera

Auctions increase in popularity

Sam Steele
Head Auctioneer,
Ray White New Zealand

Recent clarity in political policies and the growing inventory levels have led to an exceptionally active and resilient period for Ray White's auctions.

March bore witness to a vibrant surge in activity, and auction volumes across our network continue to strengthen following a series of encouraging outcomes in the preceding months.

The market's resurgence has peaked as property owners utilised the summer period to make crucial decisions and auction their properties with transparency.

Nationally, a record 744 auctions were conducted, a significant 54 per cent increase from the same period last year.

The surge in the number of listings contributed to a pleasing clearance rate of 50.60 per cent, reflecting a six per cent uptick from the previous year and reinforcing confidence in market conditions.

Buyers were delighted by the variety of choices available, with an average of two registered bidders per auction intensifying competition.

A notable trend was the embrace of the auction sale method, which commanded a 37.30 per cent share of newly listed properties nationwide. This preference was particularly evident in major centres, where 50 per cent of sellers opted for auctions across various asset categories.

Throughout the month, auctions consistently outperformed other sales methods, evident in their remarkably short average time on the market—just 26 days compared to 42 days for private treaty sales.

These figures highlight the crucial role of selecting the right sales approach in today's fast-paced marketplace, where swift transactions are as crucial as success rates.

Sales teams confirmed an improved sentiment among buyers, who remain cautious yet engaged, alongside an influx of fresh inventory.

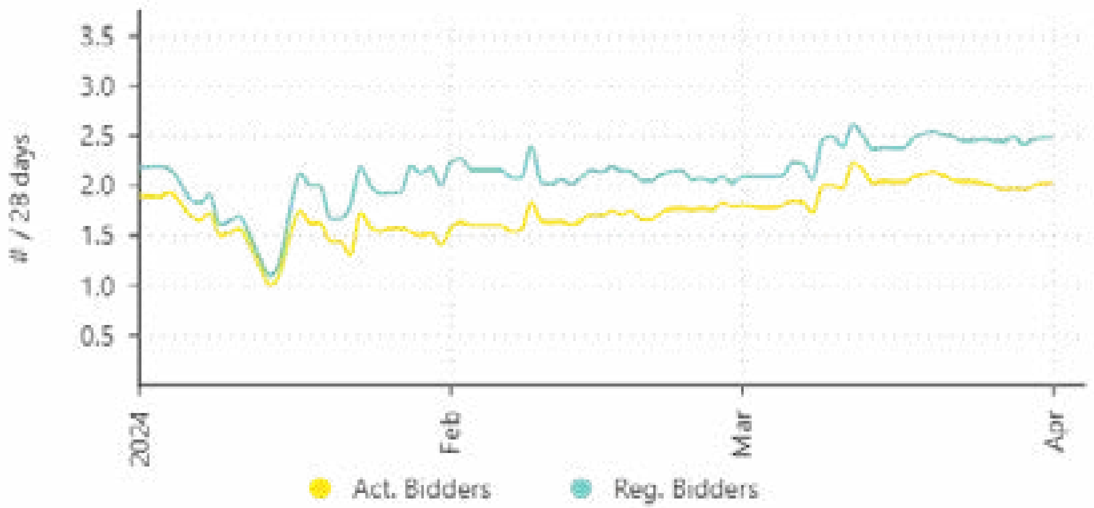
The transparent and competitive nature of auctions continues to be highly valued by all parties involved, leading to positive outcomes and bolstering consumer confidence.

This strategic alignment with prevailing market sentiments positions Ray White New Zealand as a steadfast advocate for auctions as the preferred sales method, with all indicators pointing to heightened confidence in the process.

As we conclude the traditionally active summer season, we are poised to leverage auctions' inherent advantages, fostering increased engagement and confidence among buyers and sellers alike.

BIDDING BY MONTH

This chart illustrates the number of registered bidders and active bidders per auction for March 2024.



Source: Ray White Online Analytics

Photo: 226 Remuera Road, Remuera | Proudly marketed by Steve Koerber and Steen Nielsen Ray White Remuera

The intersection of infrastructure and residential development

Ray White New Zealand

In a world where the connectivity of our landscapes measures progress, the spotlight on transport infrastructure continues to engineer transformation in long-held rural areas.

Horticultural areas across the country are on the cusp of a suburban revolution, fuelling a quest for transportation solutions that ripple through neighbouring communities.

As sprawling lifestyle properties give way to new and vibrant neighbourhoods, local governments are taking proactive measures to prepare for the next three decades of growth. For landowners, this spells a golden opportunity to realise the inherent value of land in strategic development corridors.

Research from the University of Auckland has provided compelling evidence that up-zoning tracts of land under the Unitary Plan directly led to one-third of the new dwellings consented in the SuperCity between 2016 and 2021.

Researchers say that around 21,800 new dwellings consented during this time directly resulted from Unitary Plan up-zoning, which underscores such strategies' effectiveness and potential for future urban development.

The Unitary Plan, a comprehensive planning document adopted in 2016, has been instrumental in managing Auckland's regional development and land use. A full review of the Plan will begin by 2026, offering a fresh opportunity to allow density in certain areas, intensify existing communities, and increase capacity in greenfield locations.

"The Unitary Plan, a comprehensive planning document adopted in 2016, has been instrumental in managing Auckland's regional development and land use. A full review of the Plan will begin by 2026, offering a fresh opportunity to allow density in certain areas, intensify existing communities, and increase capacity in greenfield locations."

The northwest region between Westgate and Whenuapai has emerged as a vital artery for the city's growth story. The area is poised for a transformative leap via ambitious infrastructure projects, including a proposed Rapid Transit Corridor (RTC). This visionary plan promises seamless connectivity from the Kumeu-Huapai area to critical destinations and lays the groundwork for future development of comprehensive new residential areas.

While these projects have been marinating for years (amidst bureaucratic tangles), the new government has pledged a commitment to creating pathways to fund critical infrastructure. It is currently investigating greater use of options like private-public partnerships. The promise of tangible progress in an area that has long restrained development is particularly promising for developers.

Councillors have drawn inspiration from success stories like the Northern Expressway along Auckland's North Shore, and investors are tuning in to the pulse of infrastructure-driven growth. The ripple effect is palpable, with land values previously soaring along strategic corridors, mirroring the development surge.

As growth has occurred throughout the region, land demand and associated values have the potential to rise, and land within the range of the State Highway network and Rapid Transport Networks tend to command higher prices than less accessible areas.

Real estate investors are always looking out for news about where high-value infrastructure projects are taking place. Despite economic challenges, there remains consistent demand for development-ready residential land, particularly following the Council's decision to adopt its Future Development Strategy (FDS) at the end of last year.

Councillors voted to withdraw zoning designations for approximately 4,800 hectares of land on the fringes of Auckland's urban boundaries. At the same time, they pledged to prioritise infrastructure spending in areas where growth is already occurring.

Recent New Zealand Infrastructure Commission research found that in 2010, Auckland's urban land values were more than two times higher than those of adjacent rural land. Just last year, the ratio has risen to 4.40, demonstrating that change in neighbouring areas can shift the dial of associated land values.

A local example is South Auckland's Drury, where work has commenced on a new town centre set to accommodate a forecast of 60,000 new residents over the next three decades.

Landowners in nearby suburbs, including Runciman, Ramarama, and Ararimu, report that their lifestyle blocks are in steady demand, often with an enquiry received from large-scale development entities interested in further investment across the high-growth area.

While there is plenty of land to develop, there is a lack of supporting zoning designations to support progress.

Residential construction levels have fallen nearly 10 per cent from their peak two years ago.

Economic conditions and a combination of capacity constraints, building costs, and the burden of higher interest rates have impacted house builders and development entities.

The latest estimates reveal that New Zealand is building far too few homes to meet the enormous population growth. Forecasters say we'll need an additional 125,000 homes over the next five years to meet demand from growth and migration.

Central Government initiatives to increase housing supply include a $1 billion 'Build for Growth' proposal that would see regional councils earn $25,000 for every dwelling consented to above a five-year average. It's a welcome measure that has the potential to attract greater engagement from Councils concerned about their balance sheets.

The landscape for residential development is continually changing, but the push for housing remains very real. While one-rural communities grapple with growing pains and sections in urban areas get smaller, we can identify the inherent potential of land well-serviced by infrastructure, which continues to create opportunities for landowners and the potential to provide density done well.

Key insights from research have found evidence to suggest that upzoning can lead to more homes and improved affordability, with increased capacity across the supply chain helping to reduce development costs overall.

Photo: 226 Remuera Road, Remuera | Proudly marketed by Steve Koerber and Steen Nielsen Ray White Remuera

Huge month for new listings

Loan Market
loanmarket.co.nz

February saw a significant number of new properties listed for sale nationwide, which is excellent news for sellers making a move and buyers eagerly awaiting more choices.

More than 11,700 new 'for sale' properties were added to realestate.co.nz in February, which is 44.80 per cent more than the same period 12 months prior.

Bolstered by this surge in new listings, 31,424 properties were listed in February—the highest number for a February month since records began nearly 10 years ago.

Despite coming off a very low base in February 2023, new listings increased in every single New Zealand region, reflecting seller confidence that now is the best time to market properties.

Buyers have been pretty busy, too, with the number of views per property being 10.10 per cent higher than the previous year.

Engagement, too (how long potential purchasers spend viewing a property or interacting with the listing), also increased to 22.60 per cent year-on-year.

ON EVEN GROUND

Realestate.co.nz spokesperson Vanessa Williams said New Zealand's property market is in a much better place than this time last year.

"Last February saw us dealing with a very different summer as Kiwis grappled with the effects of back-to-back weather events.

"In a typical February month, we would see around 11,000 new listings come onto the market. Seeing numbers in the 'normal' range tells us that Kiwis are becoming more positive about listing their properties for sale. This is great news for buyers, offering them a wider array of options," she said.

"We haven't seen this level of buyer opportunity in more than eight years. The high number of people searching on our site shows that this increase in options is being met with interest."

"However, this is not a one-sided buyer's market. Instead, the market appears to be in balance," Ms Williams said.

"After the highs and lows of the past few years, we are now seeing signs across the board that the property market is recovering, which is good news for those looking to buy or sell across the motu."

Loan Market is a specialised financial services company with expertise in mortgage brokering, business loans, refinancing and investment. We are Ray White affiliated and work alongside lenders to find the best home for a deal, providing clients with tailored solutions that meet individualised needs.

Photo: 226 Remuera Road, Remuera | Proudly marketed by Steve Koerber and Steen Nielsen Ray White Remuera

Reinventing the rental reality

Zac Snelling
Head of Property Management
Ray White New Zealand

In true business fashion, the government has swiftly moved from its '100 Day Plan' to a second round of action items – and we're thrilled to see a spotlight on reform within the rental sector.

While we are still awaiting confirmation, our team is hopeful for a potential easing of the regulations that were initially aimed at bolstering tenants' rights but, in certain instances, inadvertently led to adverse outcomes.

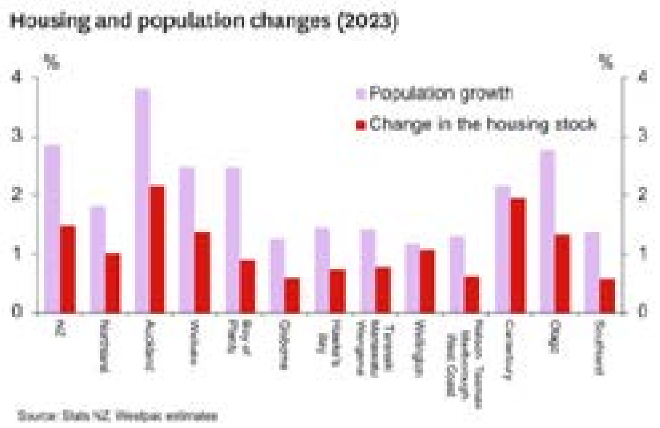
A Residential Tenancies Act Amendment Bill looks likely to be on the agenda before the end of July. Proposed changes include restoring landlords' ability to effect 90-day no-cause terminations.

Tenant notice periods could return to 21 days if they wish to move, and landlord notice periods would return to 42 days if they want to sell.

These and the opportunity to charge a pet owner bond, we believe will bring positive outcomes for the sector, with changes hoped to encourage more landlords to invest at a time when demand for rentals has reached a fever pitch along with record-high migration.

While we won't look a gift horse in the mouth (changes are good), pressure is coming from all angles, and capacity constraints may make it challenging to produce more supply for some time yet.

Residential building consents have dropped nearly a quarter year-on-year. While building activity remains consistent - as builders work through the previous year's backlogs – when we look at current population growth and our ability to meet demand for homes, there is a distinct mismatch.



Source Statistics New Zealand, Westpac Economics

For residential investors, the cost of servicing debt will continue to be a significant consideration, but one that is helped by a recent stay in the Official Cash Rate, prompting sooner-than-expected projections of potential rate cuts.

Clarity around interest deductibility will provide further comfort. Existing asset owners are now eligible to deduct 80 per cent of their interest costs from rental income in the 2024/25 tax year and 100 per cent from then on.

Debt-to-Income (DTI) rules are another critical area investors will watch with interest. We expect to hear more from policymakers about implementing these tools in the coming months.

These are challenging times for the sector, and at Ray White, we recognise a duty to stand by landlords so that together, we can provide better support to tenants and ensure the sector's overall sustainable health.

Our Ray White team, a significant player in New Zealand's residential rental market, manages more than $17 billion in investment property across 197 locations. With this substantial share, we bear a crucial responsibility to effect change when necessary – and that's exactly what we've been doing.

Lax regulation and industry guidelines have long-fuelled scepticism about professionalism and trust in handling Kiwi property assets, and we have made significant strides in reshaping New Zealand's property management industry standards.

Across our network, we have made significant strides in reshaping our property management standards. These standards now reflect our core pillars of value: Education Standards, Financial Security, and Customer Choice.

Photo: 226 Remuera Road, Remuera | Proudly marketed by Steve Koerber and Steen Nielsen Ray White Remuera

EDUCATION

Our focus on education has meant we are now New Zealand's most qualified property management network, with the highest number of New Zealand Qualifications Authority (NZQA) accreditations in every office.

Our property managers have a better understanding of legal frameworks and policy processes that affect both renters and landlords, with minimum training requirements keeping staff engaged, abreast of change, and full of value for you.

SECURITY

Financial security is also a vital focus that provides confidence for our network. Our customers and clients can rest assured their assets and income are being handled with integrity via independent financial review processes and ongoing monitoring.

In providing customer choice, we aim to offer end-to-end wraparound support and flexible service options for landlords to take control of their tenancies without the long-held 'one-size-fits-all' approach to services and fees.

CHOICE

We are thrilled to comprehensively unveil our Ray White Choice products suite at events nationwide over the second weekend in May. Between the 6th and 12th, our teams will hold more than 50 educational events, showcasing our industry-exclusive property management tools designed for self-managing landlords.

These events will allow you to learn firsthand how our cutting-edge solutions save time by streamlining tenancy management and provide a critical resource for navigating industry change.

From casual letting to routine inspections, rent management, arrears support, and consulting, these services provide targeted support for your objectives as a hands-on landlord. We invite you to register for one of our events or visit our new website at pm.raywhite.com for more information.

We're on a mission to create a more innovative, responsible, and flexible environment for landlords and tenants across New Zealand and would love for you to join us in discovering what property management is really all about—connecting people with properties to thrive.

Photo: 226 Remuera Road, Remuera | Proudly marketed by Steve Koerber and Steen Nielsen Ray White Remuera

About Ray White

Ray White is a fourth-generation family-owned and led business.

Established in 1902 in the small country town of Crows Nest, Queensland, we are proud to have grown into Australasia's most successful real estate business, with over 1,000 franchised offices across New Zealand, Australia, Indonesia, and Hong Kong.

Ray White today spans residential, commercial, and rural property, marine and other specialist businesses.

Now more than ever, the depth of experience and the breadth of Australasia's largest real estate group bring unrivalled value to our customers. A group that has thrived through many periods of volatility and one that will provide the strongest level of support to enable its customers to make the best real estate decisions.

Ray White's first auction house, 'The Shed' Crows Nest, Queensland.

Ray White Remuera

Megan Jaffe Real Estate Ltd Licensed (REAA 2008)

226 Remuera Road, Remuera

Arguably New Zealand's most impressive restoration ever, the acclaimed Remuera family mansion known as Barochan is to be sold by auction.

Constructed in 1916, masterfully extended in 1930, and remastered to the highest quality standards of today from 2017 to 2022, Barochan sits graciously anchored at the base of Ohinerau Mount Hobson, at the highest point of Remuera's Golden Mile.

With a gloriously wide street presence, the circa 1000sqm home occupies three sun-drenched north-facing sites and commands panoramic sea, gulf, harbour, and city views.

The recent restoration focused on enhancing the home's vast layout, spectacular views, and plentiful amenities, whilst maintaining the timeless character and original natural materials.

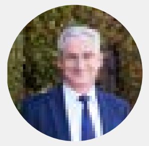
Devoid of white, no surface of this classic, architecturally designed home has escaped numerous craftsmens' touch - the attention to detail is so outstanding that even perfectionists will be impressed.

Original native and imported timbers have been carefully repurposed to create the most beautiful bespoke herringbone floors and richly textured oak paneling.

Private from neighbours and acoustically engineered for silent living, features such as a German filtered air and humidity control system, all-wall insulation, and fully ducted air conditioning, differentiate this residence from normal high-end homes. Old and new steel and stone foundations underpin an almighty structure. Mostly unseen, their presence is surely felt.

Most who aspire to own a brand-new luxury home in such a premium Auckland location wouldn't relish the many years of work required to create an environment like this. At Barochan, all the passionate work, and more, has been done.

The owners want to spend more time with family overseas. Reluctantly, and luckily, they invite you to stake your claim for one of New Zealand's finest homes.



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