



# The NZHL Property Report

by Tony Alexander.

May 2025

FINANCIAL FREEDOM. FASTER.

## About NZHL

NZHL is a passionately Kiwi, passionately local home loan and insurance network currently helping more than 50,000 New Zealanders collectively save millions of dollars in interest costs every year.

Part of Kiwi Group Capital Ltd (KGC) which are 100% Government owned, NZHL operates with an Independent Board and 70 local business owners nationwide. NZHL believes in helping Kiwis achieve financial freedom, faster and takes a structured, personalised approach to bring this to life.

[nzhl.co.nz](http://nzhl.co.nz)

## Input to your Strategy for Adapting to Challenges

Feel free to pass on to friends and clients wanting independent economic commentary

ISSN: 2703-2825

May 2025

To subscribe click this link <https://forms.gle/qW9avCbaSiKcTnBQA>

To enquire about having me in as a speaker or for a webinar email [tony@tonyalexander.nz](mailto:tony@tonyalexander.nz)

Back issues at [www.tonyalexander.nz](http://www.tonyalexander.nz)

## My Aim

To help Kiwis make better decisions for their businesses, investments, home purchases, and people by writing about the economy in an easy-to-understand manner.

## Falling interest rates not stimulating buying

Welcome to the NZHL Property Report by Tony Alexander. This survey gathers together the views of licensed real estate agents all over New Zealand regarding how they are seeing conditions in the residential property market in their areas. We ask them how activity levels are changing, what the views of first home buyers and investors are, and the factors which are affecting sentiment of those two large groups.

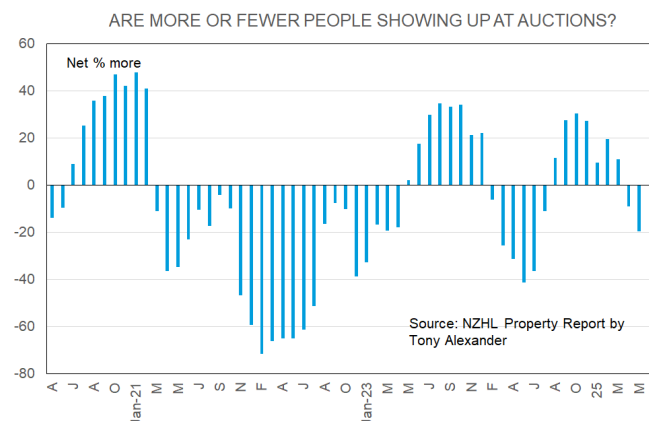
The key results from this month's survey which yielded 263 responses include the following:

- Fewer people are attending open homes and auctions, and more agents report that overall house prices are falling.
- A strong buyer's market is in play however buyers are holding back amidst continuing worries about employment.
- The positive impact on the housing market of falling interest rates appears to have run its course for now.

### Are more or fewer people showing up at auctions?

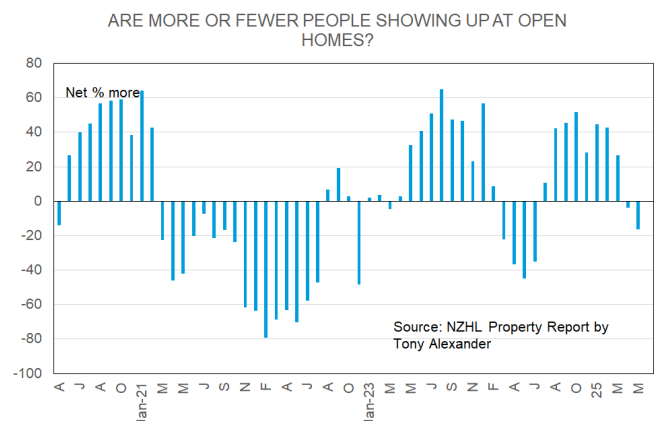
A net 20% of real estate agents responding in this month's survey have reported that they are seeing fewer people attending auctions. This is a deterioration from a net 9% seeing fewer last month and the weakest result since -37% in June last year.

In October a net 30% of agents said they were seeing more people at auctions therefore things have changed substantially over the space of seven months. This has happened in spite of falling interest rates.



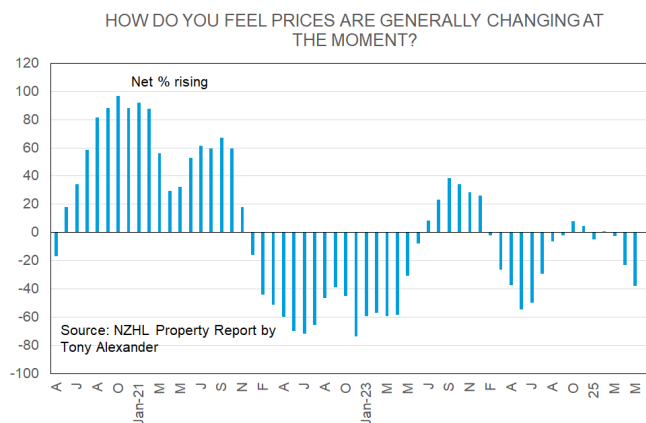
### Are more or fewer people attending open homes?

A net 16% of agents compared with 4% last month have reported that they are observing fewer people showing up at open homes. As with auction attendance this is the weakest result since June last year and tells us that there are deep concerns held by buyers which overwhelm the positive impact of falling interest rates. Further on in this report we examine the things buyers are showing greatest concern about – employment ranks highly.



## How do you feel prices are generally changing at the moment?

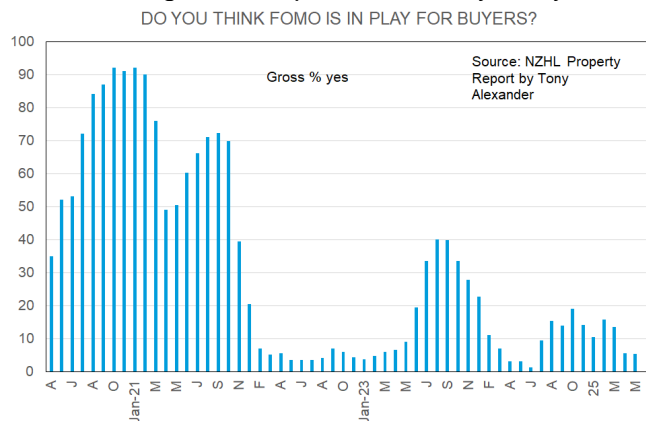
As recently as February there were more agents reporting prices rising than reported that prices were falling for dwellings in their location. Now, a net 38% say that prices are going down and again this is the weakest result since June last year before interest rates started falling. Prices and price changes reflect the relative levels and changes in demand for and supply of the item in question. If prices are falling this tells us there are more sellers or at least more motivated sellers of houses than buyers.



## Do you think FOMO is in play for buyers?

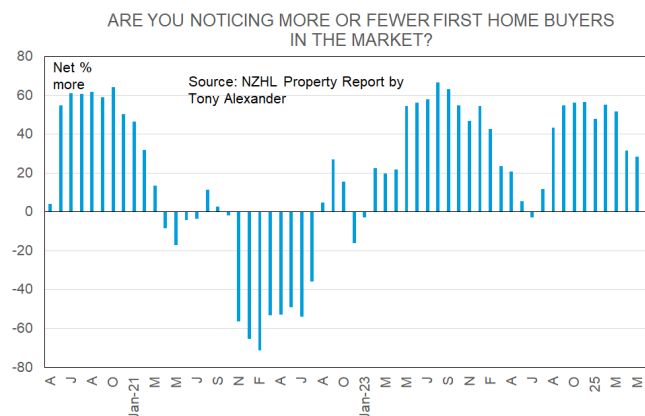
FOMO = Fear of missing out

It comes as no surprise that with agents reporting easing prices and weakening numbers of buyers at open homes and auctions FOMO is being rarely observed. Only 5% of agents say they can see FOMO. This is down from 6% last month, a recent relatively low peak of 19% in October, and only just ahead of 3% a year ago before monetary policy was signalled to ease. Buyers feel almost no anxiety about missing out on a purchase if they delay



## Are you noticing more or fewer first home buyers in the market?

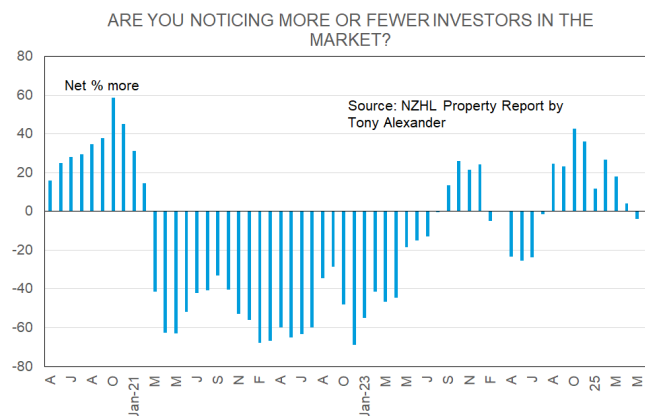
A net 29% of real estate agents have reported seeing more first home buyers in the market. This is little changed from 31% last month and although down from 52% two months ago tells us that young buyers are still appearing in greater numbers. Given the weak demand measures already discussed this indicates that it is other categories of buyers who are missing from the market – not first-time purchasers



## Are you noticing more or fewer investors in the market?

A net 4% of agents have reported seeing fewer investors in the marketplace looking to purchase a property. This is down from +4% last month but well away from the recent peak of +43% in October last year.

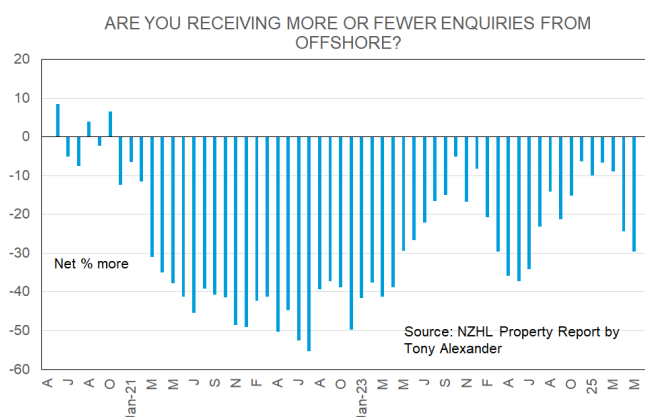
As happened in 2023, increased buying from first home purchasers encouraged investors also to enter the market, perhaps to a greater degree than back then because of the encouragement provided by falling interest rates and restoration of interest expense deductibility. But their demand has waned in the face of concerns about council rates, insurance, maintenance costs, and difficulties finding a good tenant. Hopes for capital gains are also perhaps less than seen before.



## Are you receiving more or fewer enquiries from offshore?

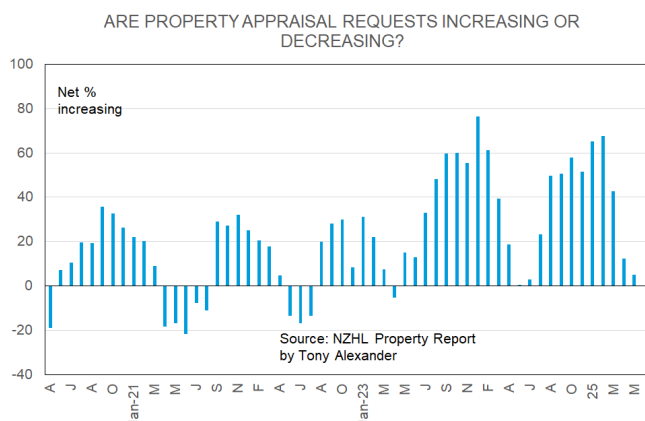
More and more agents – a net 30% now – are reporting that they are receiving less enquiry about New Zealand residential property purchasing by people located offshore. This result is not far removed from the net 37% in May last year who reported less enquiry.

While there are always offshore Kiwis coming back looking to purchase a home, the desire currently from these people to do so is low.



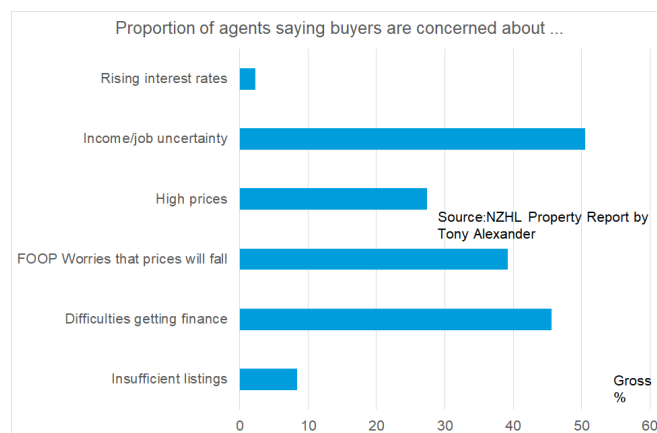
## Are property appraisal requests increasing or decreasing?

A net 5% of agents have reported receiving more requests for property appraisals. This is the weakest result since June last year and not far removed from the 1% low of May 2024. This suggests to us that the rise in vendors in response to increased demand is now fading – perhaps as they see that falling interest rates are not boosting prices. Hopes of achieving prices some might have paid in 2020-21 might have faded quite quickly for those affected.

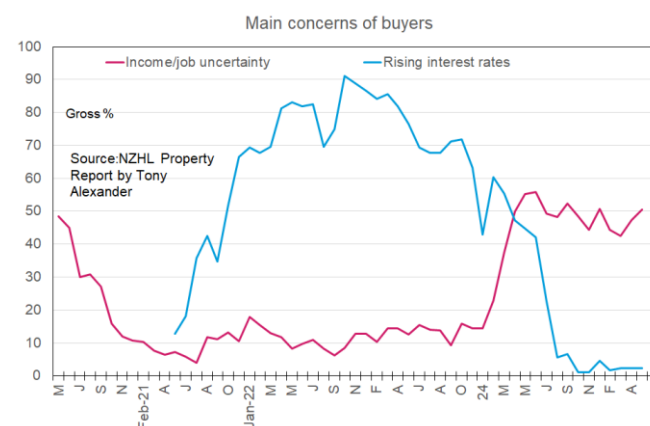


## What are the main concerns of buyers?

Each month in this section we start with an all-encompassing graph showing the things which are of concern to buyers. The top two concerns of buyers remain employment and getting finance.



Employment worries soared in the first half of last year and although these worries eased slightly as monetary policy eased, they have now risen for two months in a row. At 51% the proportion of agents saying that buyers are worried about their incomes is not far removed from the 56% result of June last year.



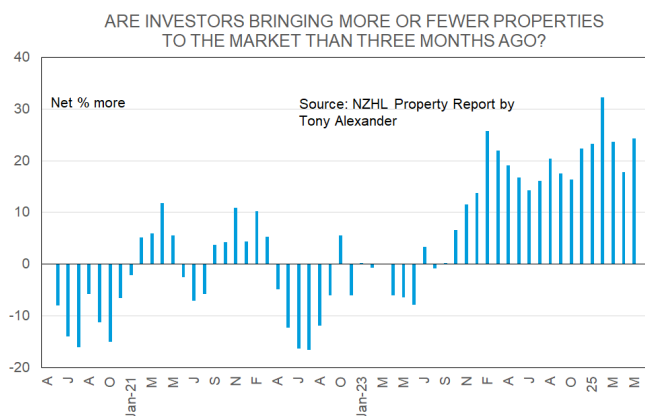
It is interesting to note in the following graph that worries about prices falling after making a purchase (FOOP = fear of over-paying, the black line) have been rising since the end of last year. Confidence in capital gains for this housing cycle recovery have evaporated quite quickly.



## Are investors bringing more or fewer properties to the market to sell than three months ago?

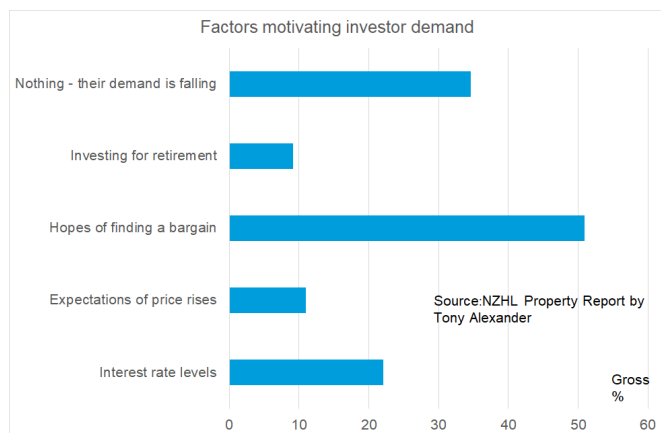
As noted here previously, there are many measures driving commentary in recent months regarding more investors looking to make a property purchase. However, measures of desires by existing investors to sell are rare. We have one of those measures here and it has been telling us that since late in 2023 many investors have been looking to take advantage of improving buyer demand to reduce their property exposure.

Now, even though buyer demand has once again weakened away, a net 24% of agents say that more investors are looking to sell. This is up from 18% last month but the same result as two months ago.

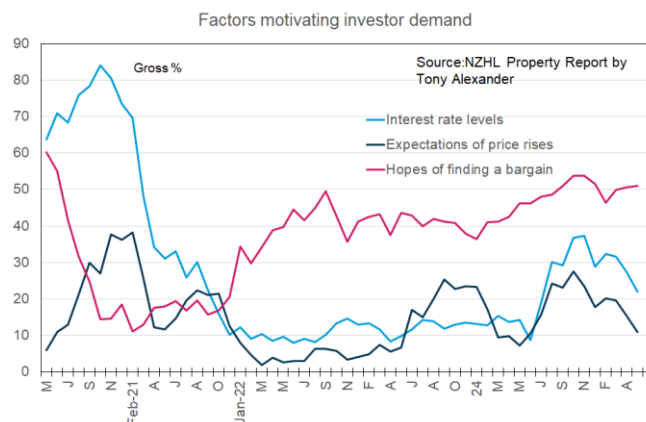


## What factors appear to be motivating investor demand?

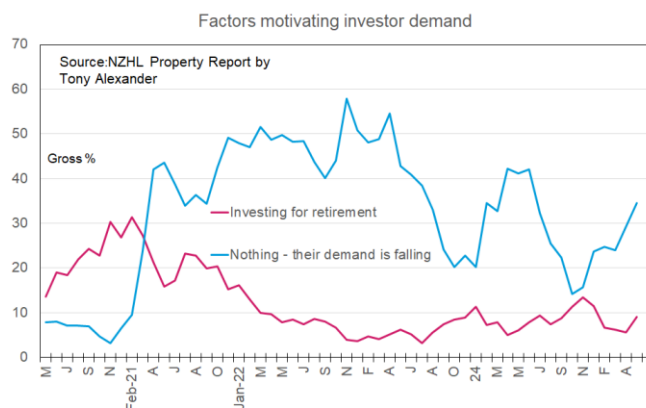
For investors looking to make a purchase the prime motivation remains the hope of finding a bargain.



Anticipation of interest rates falling and then actual falls encouraged investors to buy from the middle of last year. But now, that factor has strongly faded away. The same goes for expectations that prices would rise. Only 11% of agents say that investors are motivated by hopes of prices going up. In October this reading was 28%.

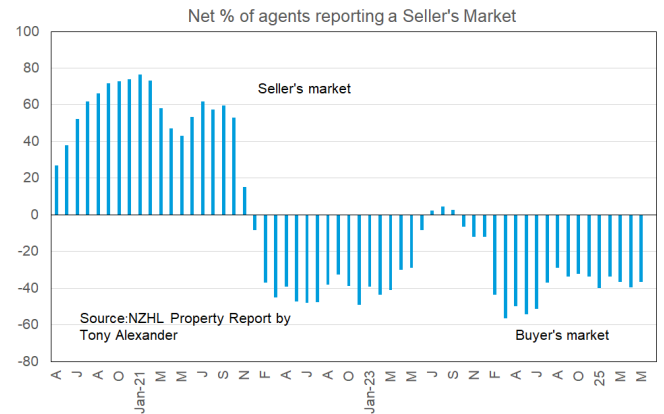


There is no trend in the proportion of agents feeling investors are motivated by a desire to prepare for their retirement.



## Are we in a buyer's or seller's market?

Overall, a net 37% of real estate agents around the country feel that we are in a buyer's market – shown by the columns being below the horizontal zero line in the following graph. Only for a very short time last year did agents consider sellers to have strong bargaining power. Since the very start of 2024 agents have been of the opinion that it is the vendor who feels more motivated to get a transaction completed – not the potential buyer.



This publication is written by Tony Alexander, independent economist. You can contact me at [tony@tonyalexander.nz](mailto:tony@tonyalexander.nz)

Subscribe here <https://forms.gle/qW9avCbaSiKcTnBQA>

*This publication has been provided for general information only. Although every effort has been made to ensure this publication is accurate the contents should not be relied upon or used as a basis for entering into any products described in this publication. To the extent that any information or recommendations in this publication constitute financial advice, they do not take into account any person's particular financial situation or goals. We strongly recommend readers seek independent legal/financial advice prior to acting in relation to any of the matters discussed in this publication. No person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.*