Housing Market Update

September Quarter 2026

Ministry for Cities, Environment, Regions & Transport

New Zealand Government
Te Kāwanatanga o Aotearoa

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Purpose of the report

The purpose of the quarterly housing market update is to provide the Ministry for Cities, Environment, Regions & Transport (MCERT), relevant housing agencies, the residential property and construction sector, and the wider public with an overview of housing and rental markets, residential construction, and broader economic conditions.

Each update features analysis of changes from the last quarter and the previous 12 months. It aims to provide a regular snapshot of current housing and rental market conditions by bringing a range of indicators together into one view and considering recent trends and emerging outlooks.

Any questions or feedback can be directed to enquiries@mcert.govt.nz.

Coverage and sources

This update covers statistics and information from the latest quarter – September 2026 – and includes data available up to 22nd October 2026. However, where the data is lagged this will be noted. The update references a range of publicly available data and some internally produced data where noted.

Abbreviations and Terms

Abbreviations are used throughout this document for brevity. A glossary of abbreviations and key terms used can be found on page 9.

Our approach to analysing the housing market

Housing outcomes are shaped by many interconnected systems. Factors such as land use regulation, infrastructure provision, financial conditions, demographic change, and social services interact to influence housing costs, availability and quality, and people's ability to access secure and stable homes.

On a quarterly basis, to understand changing trends in the housing market, we analyse three interconnected markets: rental, property, and residential construction.

Housing market data is subject to short-term volatility. To distinguish signal from noise, the Housing Market Update focuses on trends over time rather than individual monthly observations, and where possible prefers indexes over point measures such as medians.

We assess changes in the housing system using our affordability indicators, tracking changes in rental and house purchase affordability over time. We also combine leading indicators (for example, listings and consents) with lagging indicators (for example, house and rent price indices) to gauge current conditions and direction. This is set within the broader macroeconomic context and complemented by sector reports that data alone may not capture.

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Key insights

The economy is recovering, but growth remains slow, fragile and uneven across regions.

- GDP grew by 0.2% in the June 2026 quarter and 1.7% over the year, with construction making the largest positive contribution to quarterly growth.
- Economic and labour-market conditions vary across the main regions, with Canterbury showing stronger growth and lower unemployment than Auckland and Wellington.
- Gradually rising net migration and improving activity are supporting housing demand, but higher mortgage rates, elevated unemployment and global uncertainty continue to constrain it.

Rental inflation is stabilising at a low rate, and further affordability gains are likely to be limited.

- The period of outright rental declines has likely ended with rents for new tenancies rising modestly through the September quarter.
- Rental affordability improved nationally and across all regions through June 2026, but the pace of improvement is beginning to moderate as rents start to lift and wage growth remains subdued.
- Rental inflation is expected to remain modest, with elevated supply limiting growth even as net migration gradually increases demand and regional differences narrow.

Housing demand remains subdued, keeping national house prices broadly flat despite differing regional trends.

- National house prices fell by 1.5% over the year to September 2026, with declines in Auckland, Wellington and Waikato offset by growth in Canterbury and Otago.
- First-home buyers remain active, supported by KiwiSaver withdrawals and high-LVR lending, while investor demand remains weak.
- Elevated listings, subdued sales, rising mortgage rates and weak income growth are expected to keep near-term demand soft and limit improvements in overall affordability.

Residential construction is recovering from recent lows, but growth remains uneven and exposed to persistent headwinds.

- Annual dwelling consents increased by 21% in the year to August 2026, while the value of new-dwelling construction activity was 11% higher in the June quarter than a year earlier.
- Growth is concentrated in the South Island, particularly Canterbury and Otago, while activity across much of the North Island remains weaker.
- Subdued demand for new builds, rising interest rates, high inventory and increasing construction costs mean the recovery is likely to be modest, regionally concentrated and vulnerable to further shocks.

The economy

Situation

Slow economic recovery underway, but not without headwinds

Economic activity is recovering, but at a modest pace. GDP increased by 0.2% in the June 2026 quarter, following growth of 0.9% in the March quarter, and 1.7% over the year ended June 2026.[1] Construction made the largest positive contribution to the quarterly growth. Residential building intentions have been increasing for a while, and activity has now started to respond, although not at the same rate as the growth in consenting.

The economic recovery remains uneven across the main regional economies, and this is also reflected in their respective housing markets. Economic growth continues to be led by the South Island; with Southland, Otago, Canterbury and Nelson–Tasman all growing by more than 1% in the year to June 2026. Parts of the North Island are now also beginning to recover, albeit with a lag, with growth emerging in Waikato and the Bay of Plenty.[2]

Some economic factors are supporting housing demand, while others continue to weigh on it

Competing forces are keeping housing demand subdued. While improving economic activity and gradually increasing net migration are supporting demand, higher mortgage rates, elevated unemployment and uncertainty are constraining household purchasing power and borrowing capacity. The strength of these effects is also varying across regions, with comparatively stronger economic and labour-market conditions providing more support to housing demand in Canterbury than in Auckland and Wellington.

Net migration is gradually increasing, providing some additional population-driven demand for housing. Annual net migration increased to 20,500 in the year to August 2026, from 9,100 a year earlier.[3] However, it remains well below the levels seen before Covid-19, limiting the extent of support it is currently providing to housing demand. The broader economic recovery is also gradually supporting household confidence and housing demand.

However, those positive factors are being offset by rising mortgage rates, elevated unemployment and global uncertainty. The national unemployment rate increased to 5.6% in the June 2026 quarter, with labour-market conditions varying substantially across the main regions. Over the year to June 2026, unemployment was 6.4% in Auckland and 5.3% in Wellington, compared with 4.1% in Canterbury.[4]

Outlook

The economic recovery likely remains slow, fragile and uneven

The economic outlook remains finely balanced. Improving economic conditions, rising net migration and stronger construction intentions point towards a gradual recovery in housing activity. However, these tailwinds are being offset by significant headwinds. Higher global fuel prices are adding to inflation and production costs, including construction costs. The Reserve Bank of New Zealand has indicated that further OCR increases may be required, which would place additional upward pressure on mortgage rates and further constrain housing demand. The New Zealand Treasury's 2026 PREFU similarly forecasts continued economic recovery while highlighting downside risks associated with global oil and financial-market developments.[5]

Overall, with this economic outlook we do not expect a sharp or broad rebound in housing activity in the near term. However, the demand for housing support in lower income levels persists[6] as inflationary pressures[7] and unemployment remain high. The detail on the dynamics in the rental market, property market, and construction sector is discussed ahead.

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[1] Stats NZ, June Quarter 2026, Gross Domestic Product
[2] Infometrics, May 2026, Media release
[3] Stats NZ, June Quarter 2026, International migration
[4] Stats NZ, June Quarter 2026, Labour market statistics
[5] The Treasury, September 2026, pre-election economic and fiscal update
[6] MSD, September 2026, Housing register – 18,837 applicants with 2,196 new applicants
[7] Stats NZ, Annual CPI growth in September 2026 quarter at 3.7%

Rental market

Situation

Rental inflation stabilising after a period of decline

While rent growth remains well below the rapid increases seen in 2022 and 2023, the market appears to have shifted from outright declines towards subdued growth. Rent prices for new tenancies have begun to rise modestly over the last six months, as elevated housing supply constrains stronger increases even as net migration gradually lifts demand. In the year to September 2026, rents for new tenancies at a national level rose 0.9%, while rents for existing tenancies rose 0.1%.[8] With rents beginning to rise modestly and unemployment remaining elevated, lower-income households may face increasing pressure from housing costs. 417,369 people were receiving a main benefit at the end of September 2026, up 1.7% annually.

Rental market conditions have shifted across the country over the last few years. Wellington experienced the sharpest declines seeing its lowest point in May 2025 at -9.0%, but the decline has since eased, with annual rent growth turning positive at 1.1% in September 2026. Auckland followed a similar but less pronounced pattern, with annual rent growth remaining weak for about two years before turning positive in April 2026 and reaching 1.4% in September. For both regions, this is the largest annual increase since mid-2024, suggesting rents have moved past their recent low points.

Canterbury has experienced a more stable rental market than the North Island regions, with rental inflation remaining mostly positive in recent years. However, the gap appears to be narrowing as rents in Auckland and Wellington slowly begin to rise again. Canterbury rents increased by 2.0% over the year to September 2026.

Rental affordability has improved, but further gains may be limited

Nationally, rental affordability increased by 3.5% annually to the end of June 2026, as income growth continued to outpace rent growth. However, the pace of improvement for rent affordability has begun to moderate, after reaching 4.1% annual growth in March 2026.[9] Rental affordability improved across all regions over the year. The largest improvements were recorded in the Wellington region and the Hawkes Bay, both up 5.3%. Auckland's rental affordability has continued to improve up 3.4% following a period of relative stability over the past year. In Canterbury, rental affordability has been relatively volatile in the last year and is now 3.2% higher than a year earlier.

Through to June 2026, improvements in rental affordability in Wellington and Auckland have been supported by falling rents for new tenancies, while in Waikato and Canterbury they have been driven by slower growth in rental prices. Wage growth may also be supporting this increased affordability, with the labour cost index salary and wage rates increasing 2.0% over the year to June 2026.[10] With rents for new tenancies beginning to stabilise and rise modestly, further improvements in rental affordability are likely to be more limited.

Outlook

The rental market appears to have moved into a period of modest growth following the declines seen through much of 2024 and 2025. Regional differences may continue to narrow if the recent recovery in rent growth in Wellington and Auckland is sustained. Looking ahead, elevated housing supply is expected to continue limiting rent increases, while gradually rising net migration should provide increasing support to demand. As a result, rental inflation is expected to remain subdued and further improvements in rental affordability are likely to be limited.

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[8] Stats NZ, September 2026, Selected price indexes

[9] MCERT, June 2026, Change in Housing Affordability Indicators

[10] Stats NZ, June Quarter 2026 Labour Market Statistics

Property market

Situation

North and South Island house prices diverge keeping national growth flat, but affordability improves across both

During the past two years, on average national house prices have been gradually edging downwards and the rate of decline was relatively modest and stable. However, over the year to September 2026, house prices significantly fell by 1.5 % nationally, driven by declines across several North Island regions, including Auckland (-3.2 %), Wellington (-4.5 %) and Waikato (-2.2 %). In contrast, prices continued to rise in Canterbury (+3.1 %) and Otago (+2.8 %).[11]

Falling house prices across much of the North Island are supporting an improvement in deposit affordability, making it somewhat easier for prospective buyers to accumulate the deposit required to purchase a home. In parts of the South Island, deposit affordability has also improved despite rising house prices, reflecting relatively stronger economic and income growth.

While deposit affordability matters for entering the housing market, mortgage serviceability determines how affordable home ownership is once a household has purchased. With mortgage rates beginning to rise and wage growth subdued alongside weak economic conditions, improvements in overall housing affordability are likely to be limited.

First-home buyer activity holds up as investor demand remains weak

First-home buyers continue to be active in the market, supported by increasing KiwiSaver withdrawals and a rise in lending at high loan-to-value ratios (55% of FHB lending with LVRs above 80 percent). In contrast, investor activity remains relatively subdued. With rental inflation and house prices broadly flat, the potential returns from residential property investment remain less compelling than during periods of stronger rental or capital growth.

Properties continue to come onto the market despite subdued sales

At the same time, the stock of properties available for sale remains elevated, with around 34,000 listings currently on the market. This reflects a continued flow of properties coming onto the market while sales remain relatively subdued. Some of this supply reflects newly completed dwellings entering the market, while the majority of listings (roughly three in four properties[12]) appear to be existing homes, potentially reflecting investors selling properties and older owners or multiple property owners looking to realise their housing wealth.

Outlook

Housing demand is expected to remain subdued, keeping house prices broadly flat

The near-term outlook remains subdued. Further increases in mortgage rates would weaken mortgage serviceability across New Zealand and could place additional downward pressure on housing demand. Net migration has started to pick up modestly. If this continues, stronger population growth could gradually provide some support to housing demand and, potentially, investor activity. However, given weak economic conditions, subdued income growth and pressures on mortgage serviceability, we expect overall housing demand to remain soft in the near term and national house prices to remain broadly flat. First-home buyers are likely to remain active, supported by access to borrowing at high debt-to-income (DTI >6)[13] and loan-to-value ratios (55% of new FHB lending was above 80% LVR)[14] and high levels of KiwiSaver withdrawals.

[11] REINZ, September 2026, New Zealand property report
[12] Realestate.co.nz, 21st October 2026, listings for sale – new builds
[13] RBNZ, September 2026, Financial stability indicators
[14] RBNZ, September 2026, Residential mortgage lending by borrower type

Residential construction

Situation

Building intentions continue to rise, with some indications that activity is picking up

Annual consenting has risen steadily since mid-2025 and in the year to August 2026, 41,268 new dwellings were consented, 21% more than in the previous year.[15] Consent issuance normally responds to a rise in prices and sales activity, so the previous peak in 2022 was largely driven by house price growth, low interest rates, easy access to finance and investor demand in 2021. In contrast, the current upward trend comes in an environment of flat house prices, high inventory of existing stock, rising interest rates and low investor demand. Yet despite these headwinds intent to build has been growing, noting that developers have up to 2 years to commence construction.

The national figure masks significant regional variation. Consents per 1,000 residents rose from 6.4 to 7.7 nationwide over the past year. Regionally, Canterbury and Otago lead at 12.8 and 11.8 respectively, with Canterbury close to its 2022 peak and Otago above it. Auckland has recovered to 9.5 from 8.0 but remains below its peak of 12.7, while other North Island regions continue to sit well below previous highs.

Growth in activity is also very regionally based

The value of work put in place for new dwelling construction nationwide was 11% higher in 2026 Q2 than the same period in 2025, indicating that activity has increased. But the variance across the country is stark: Auckland was up 12%; Wellington 4% and the Rest of the North Island was flat year on year. In contrast Canterbury was up 24% and the Rest of the South Island up 39%. The increase in the value of activity across the South Island was $363m compared to $226m in the North Island showing the significant strength of the South Island economy and its contribution to national results.[16]

But other indicators suggest this growth in activity might be slowing

Residential development lending,[17] construction jobs advertised and filled[18] showed improvement over the first half of the year before slowing and falling over the last quarter. This suggests that some of the earlier confidence in the market has been tempered by changing and more challenging economic conditions.

Outlook

The signs are good, but the headwinds remain stubborn

All in all, increasing consents are a strong sign that the sector is ready to build, but the same headwinds remain and don't seem to be dispersing any time soon – demand for new builds is subdued, interest rates are on the rise again, investors are largely absent and there is a large inventory of existing and newly completed dwellings already for sale. Construction costs have risen 3.2% over the past year,[19] with cost increases due to direct fuel costs and the increased price of petroleum derived materials. This will create further downward pressure on already reduced margins.

The next year is likely to be characterised by modest growth rather than a boom. While the sector appears willing to build and activity should continue rising from recent lows, persistent demand and financing headwinds mean growth is likely to be uneven, regionally concentrated, and vulnerable to further economic shocks.

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[15] Stats NZ, August 2026, Building Consents
[16] MCERT, June 2026, internal rebasing of Stats NZ Work Put in Place to account for change in construction costs.
[17] See charts Residential Development Lending, P17
[18] See charts on page 17
[19] Stats NZ, October 2026, Consumer Price Index, purchase of new housing

Glossary of key abbreviations and terms

CCC	Code compliance certificate: A formal statement issued by the local consent authority, that building work carried out under a building consent complies with that building consent.
CPI	Consumers price index: The CPI is a measure of inflation for New Zealand households. It records changes in the price of goods and services. It influences interest rates and is used to calculate changes to benefit payments.
DTI	Debt-to-income levels: Restrictions put in place on the amount of lending that a bank can make to owner occupiers with a DTI of 6 or above and investors with a level of 7 or above.
FHB	First home buyer: Someone buying their first home.
GDP	Gross domestic product: Reported quarterly, GDP provides a snapshot of the performance of the economy. GDP is New Zealand's official measure of economic growth. Two quarters of negative growth is classed as a recession.
GFC	Global financial crisis: The period of extreme stress in global financial markets and banking systems between mid-2007 and early 2009.
HPI	House price index: The index measures price change over time and is a better measure of market change than median or average sales prices, which can be heavily influenced by the composition of sales. Our preferred HPI is from REINZ.
LVR	Loan-to-value ratio: Limits on the amount of credit that banks can extend to mortgage borrowers with high LVRs (low deposits). This lessens the potential for large mortgage losses in the event of a significant correction in the housing market. LVR restrictions were implemented in October 2013 and have been adjusted from time to time.
OCR	Official cash rate: The official cash rate is set by the Monetary Policy Committee at the Reserve Bank. Monetary policy and OCR's primary purpose is to retain an 'inflation target of 1% to 3% over the medium-term, with a focus on the 2% mid-point'. A 'neutral' OCR is an interest rate band at which the rate neither stimulates nor restrains the economy.
RPI	Rental price index: The RPI measures changes in rent for private sector rentals. The 'flow' measure captures changes for dwellings that have a new tenancy started in the reference month. The 'stock' measure shows rental price change across the whole rental population – including current tenancies. Rents for existing tenancies tend to be 'sticky' (rise and fall more slowly), due to contractual and relationship-based considerations.
RBNZ	Reserve Bank of New Zealand: Aotearoa New Zealand's central bank with responsibilities including managing inflation and monetary policy, with a core focus on the OCR.
STR	Mortgage service test rates: Used to assess a borrower's ability to service payments should rates rise above the current borrowing. Rates can be between 1.5% to 2.5% above market rates. Test rates don't always adjust immediately when interest rate changes.
Rental affordability	The change in rental affordability indicator compares changes in rental prices for new tenancies with the growth in median household disposable (after tax) income. Factors that can affect rental affordability are rental prices and household disposable income. Rental affordability figures are subject to revision as the Rental Price Index (RPI) is recalculated.
Deposit affordability	The change in deposit affordability indicator compares changes in house sales prices with the growth in median household disposable (after tax) income. Factors that can affect deposit affordability are house sales prices and household disposable income.
Mortgage serviceability	The change in mortgage serviceability indicator compares changes in the purchasing power of mortgage interest payments for new home loans with the growth in median household disposable (after tax) income. Factors that can affect mortgage serviceability are mortgage interest rates, house sales prices, and household disposable income.

General terms

Index: Tracks value change over time, from an original benchmark but does not provide a value itself.

Seasonal adjustment: Removes the influence of seasons from a series, for example, buyer interest in the warmer months of the year can affect price.

Structural and cyclical: Structural refers to fundamental, long-term shifts in an economy, while cyclical refers to short-term fluctuations tied to the business cycle.

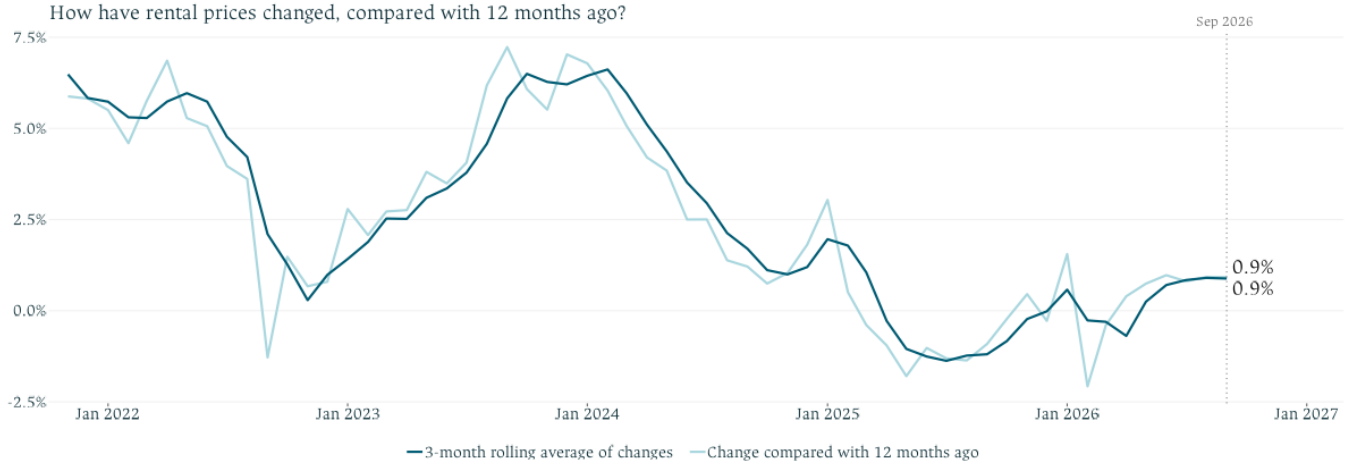
Tradeable and non-tradeable inflation: Components of the CPI; tradeable inflation coming from the price changes for imports and non-tradeable being based on domestically created products and services.

Also see: [Statistical terms and concepts glossary | Australian Bureau of Statistics (abs.gov.au)]

Rental market charts

Rental price change

How have rental prices changed, compared with 12 months ago?



Source: StatsNZ (CPIM.SE9041F)

Rental price change by region

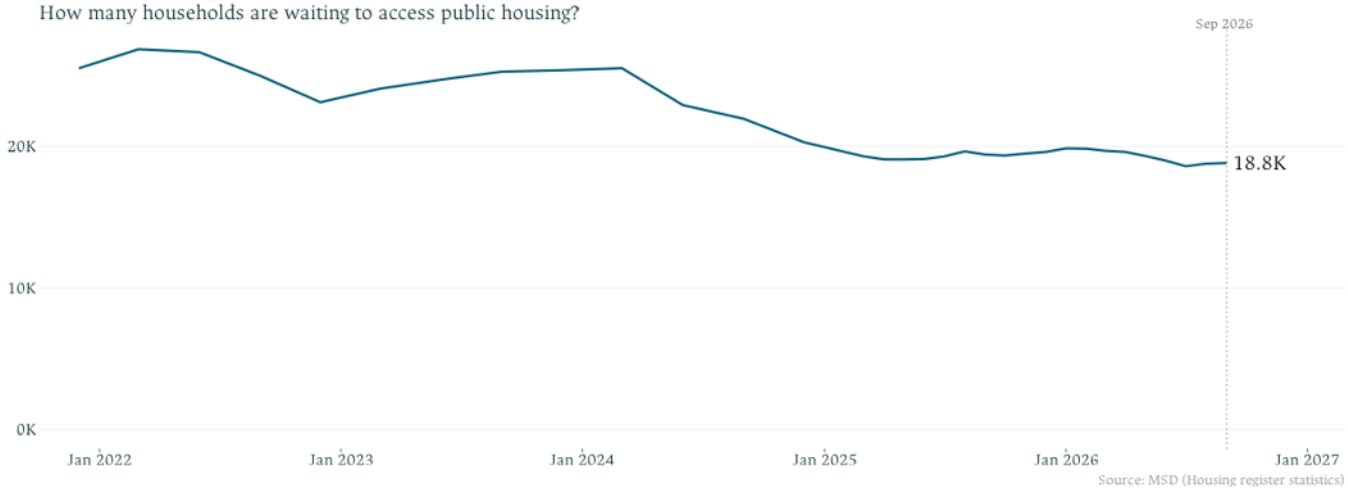
How have rental prices changed, compared with 12 months ago?



Source: StatsNZ (CPIM, 12 month change)

Housing register

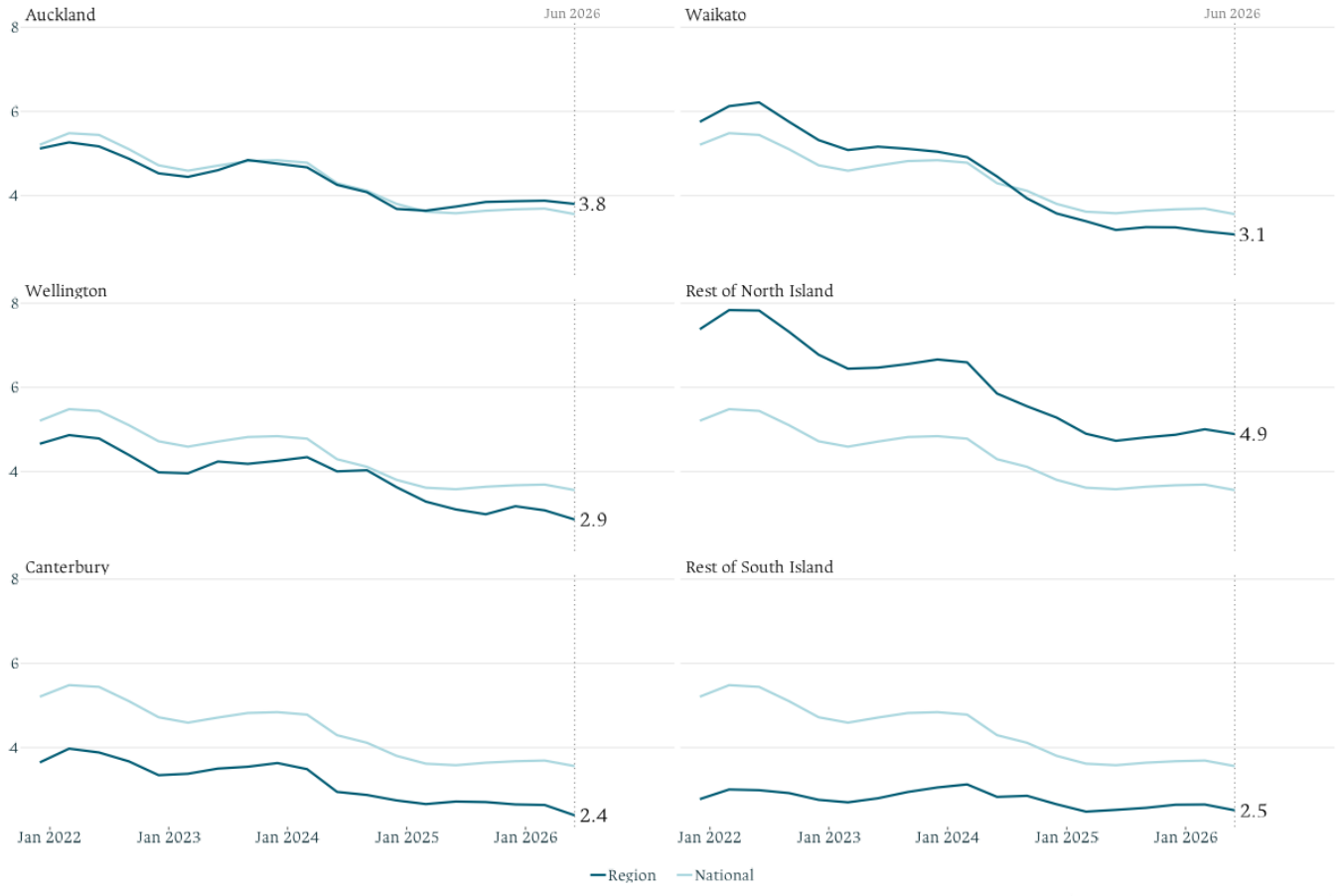
How many households are waiting to access public housing?



Source: MSD (Housing register statistics)

Housing register per 1000 people by region

How many households are waiting to access public housing?

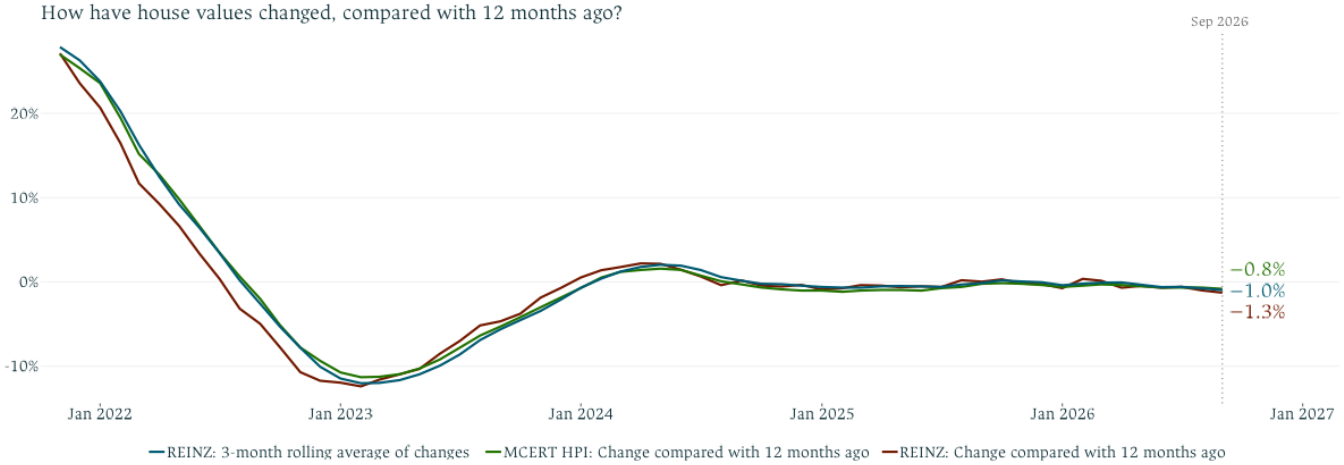


Source: MSD (Housing register statistics, per 1000 people)

Property Market Charts

House Price Index change

How have house values changed, compared with 12 months ago?



Source: REINZ/HUD HPI (3-month rolling average of 12-month change)

House Price Index change by region

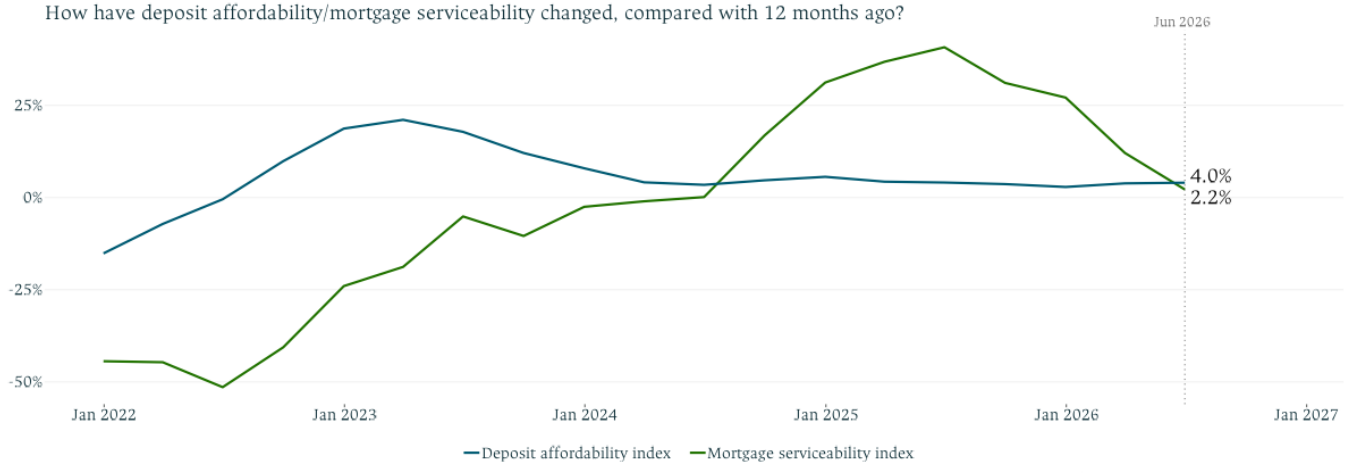
How have house values changed, compared with 12 months ago?



Source: REINZ/HUD HPI (3-month rolling average of 12-month change)

Change in deposit affordability/mortgage serviceability indicators

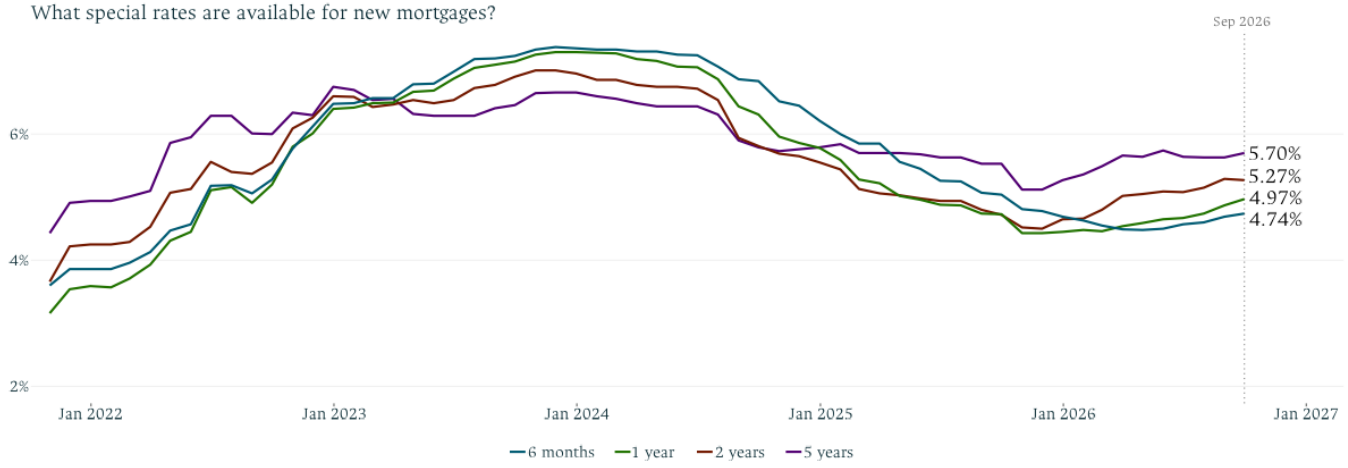
How have deposit affordability/mortgage serviceability changed, compared with 12 months ago?



Source: HUD (Change in Housing Affordability Indicators)

New residential mortgage special interest rates

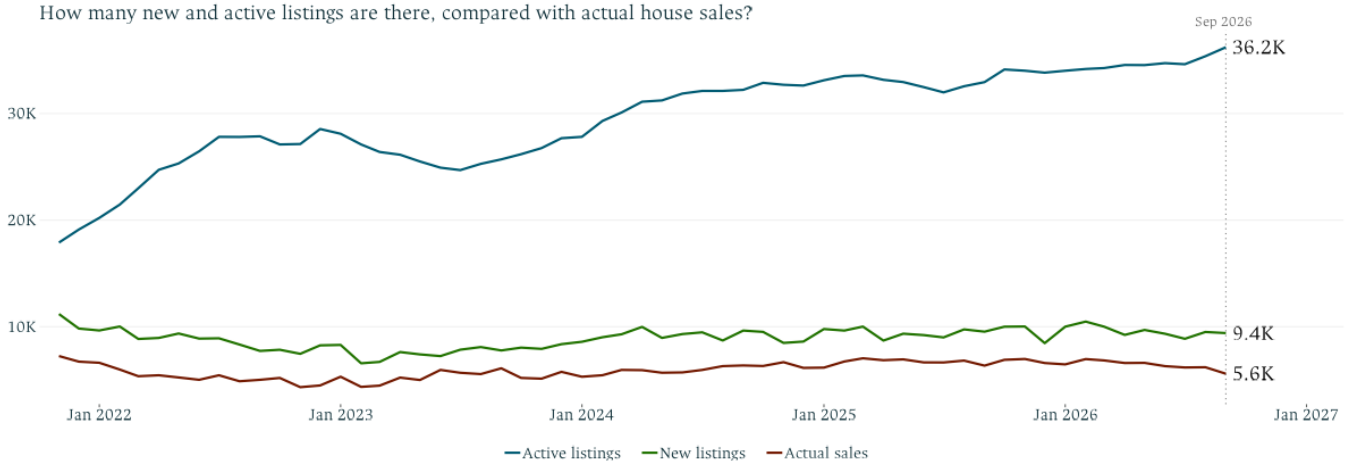
What special rates are available for new mortgages?



Source: RBNZ (INRL.MAL2)

Residential listings and sales

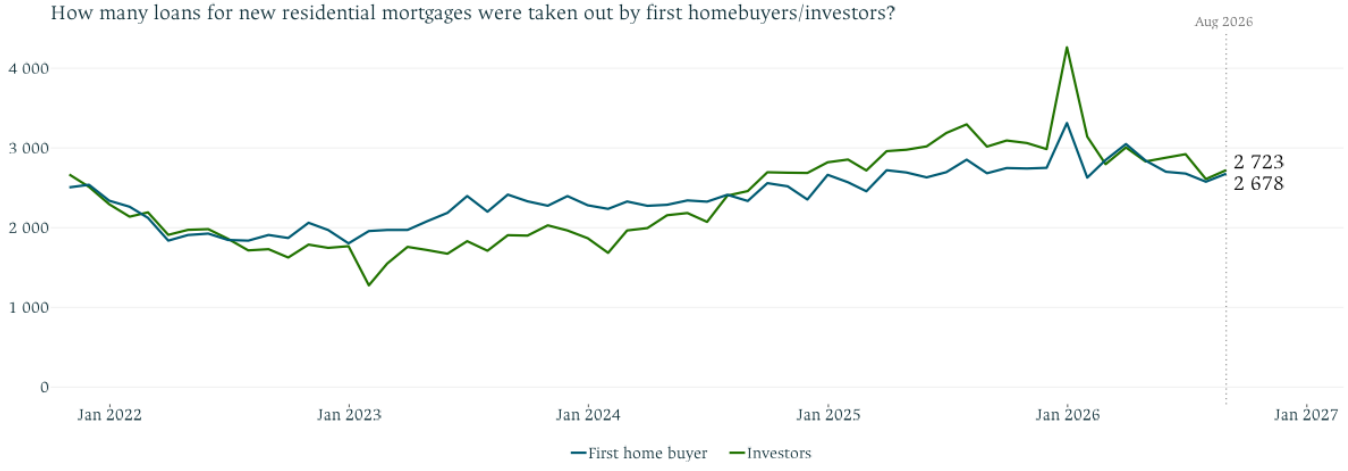
How many new and active listings are there, compared with actual house sales?



Source: Realestate.co.nz/REINZ (Seasonally adjusted)

First homebuyer/investor new residential mortgage borrowing

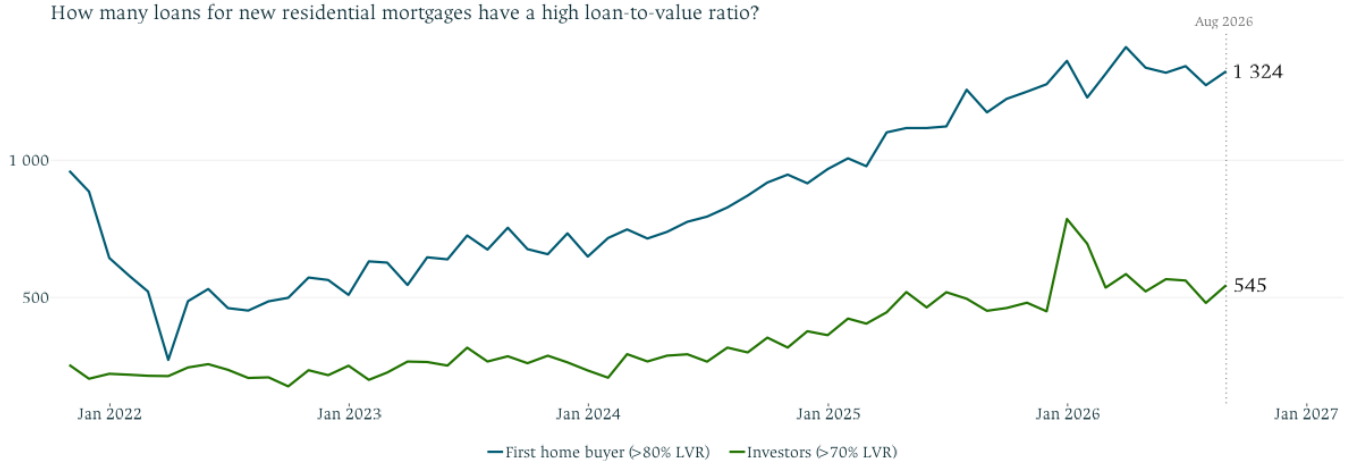
How many loans for new residential mortgages were taken out by first homebuyers/investors?



Source: RBNZ (LVRN.MMB2, seasonally adjusted)

High LVR New residential mortgage borrowing

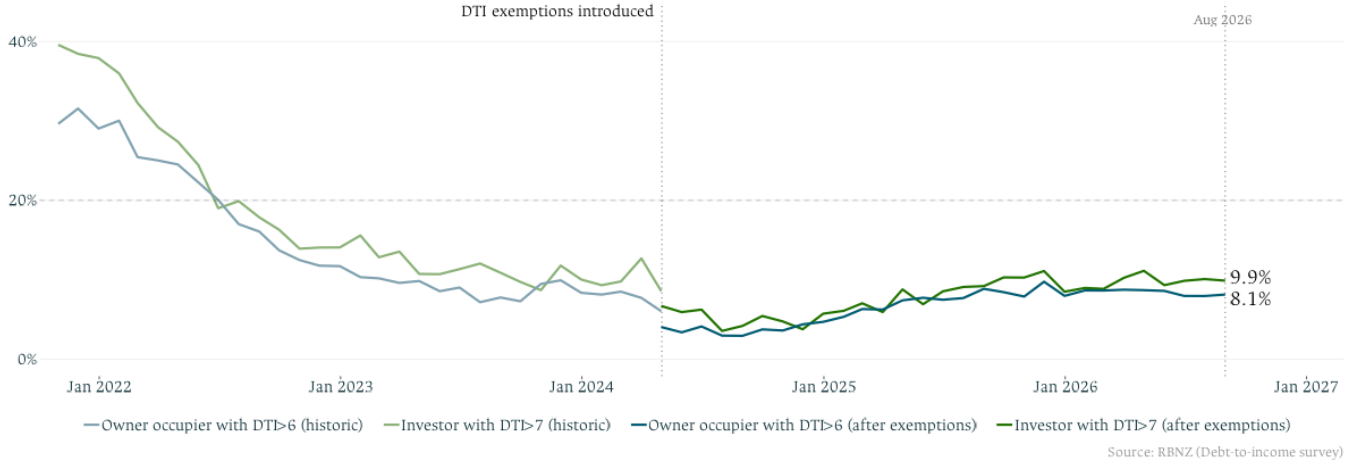
How many loans for new residential mortgages have a high loan-to-value ratio?



Source: RBNZ (LVRN.MMB2, seasonally adjusted)

Financial stability indicator

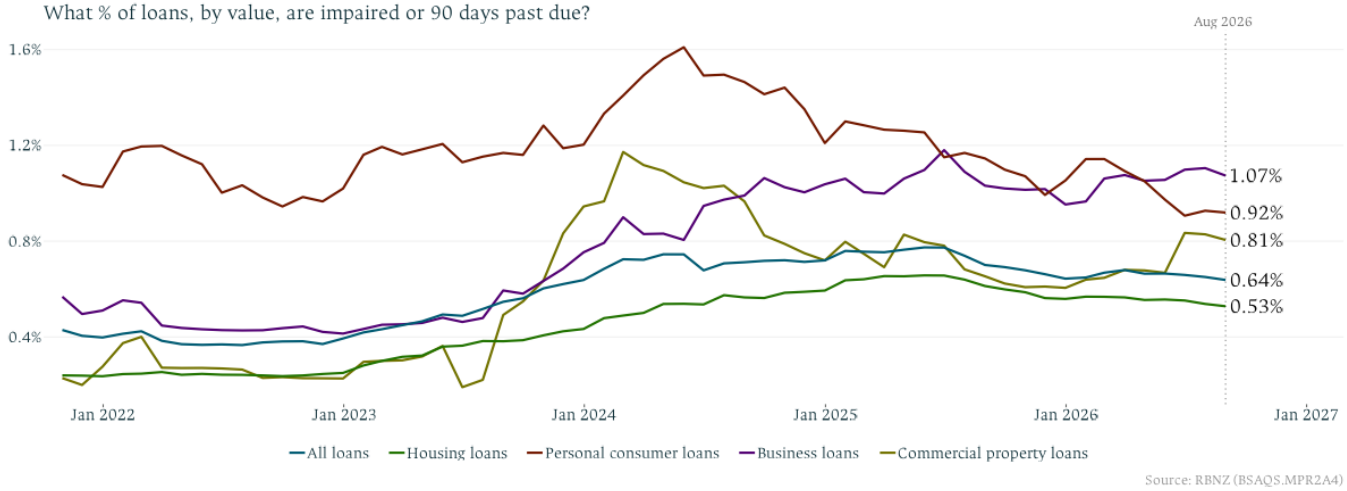
What percentage of lending is above the debt-to-income ratio (DTI) threshold?



Source: RBNZ (Debt-to-income survey)

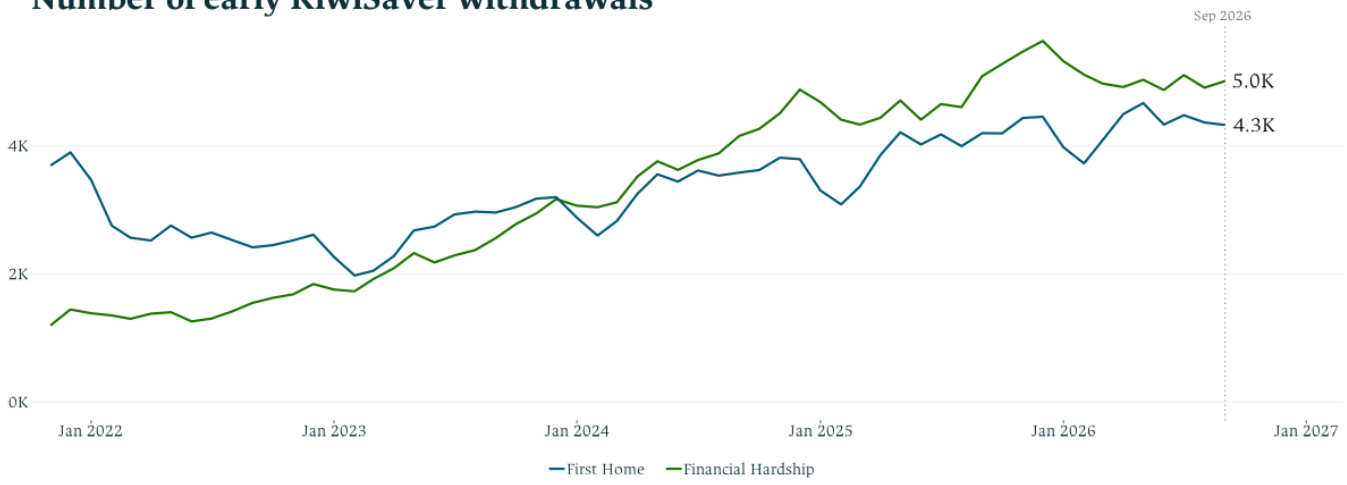
Non-performing loans ratio

What % of loans, by value, are impaired or 90 days past due?



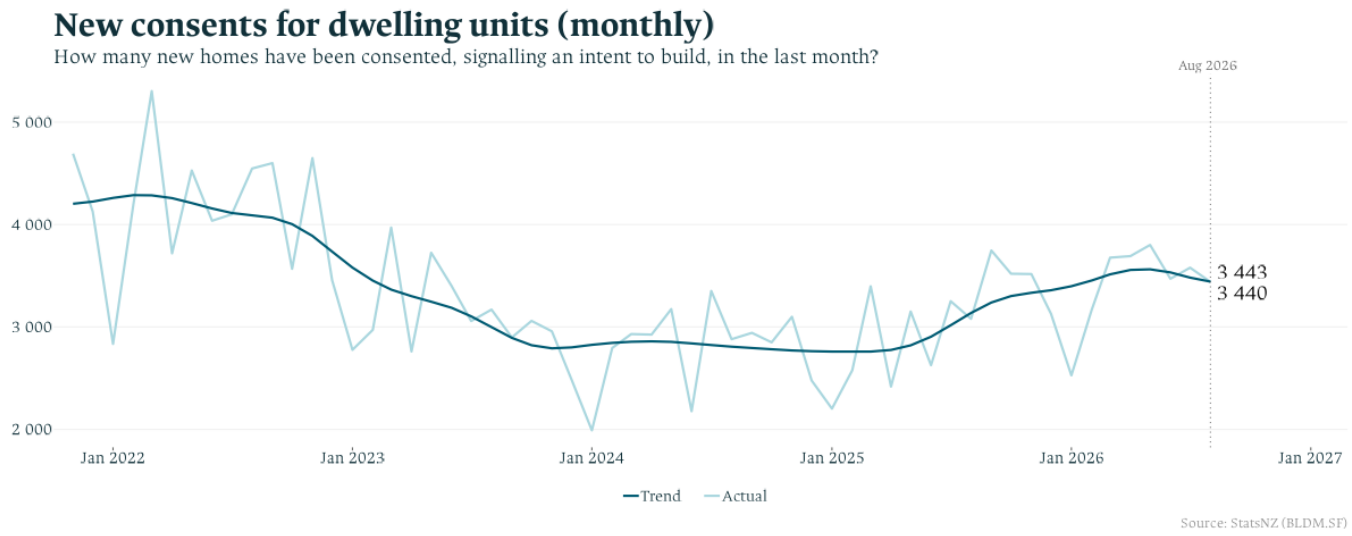
Source: RBNZ (BSAQS.MPR2A4)

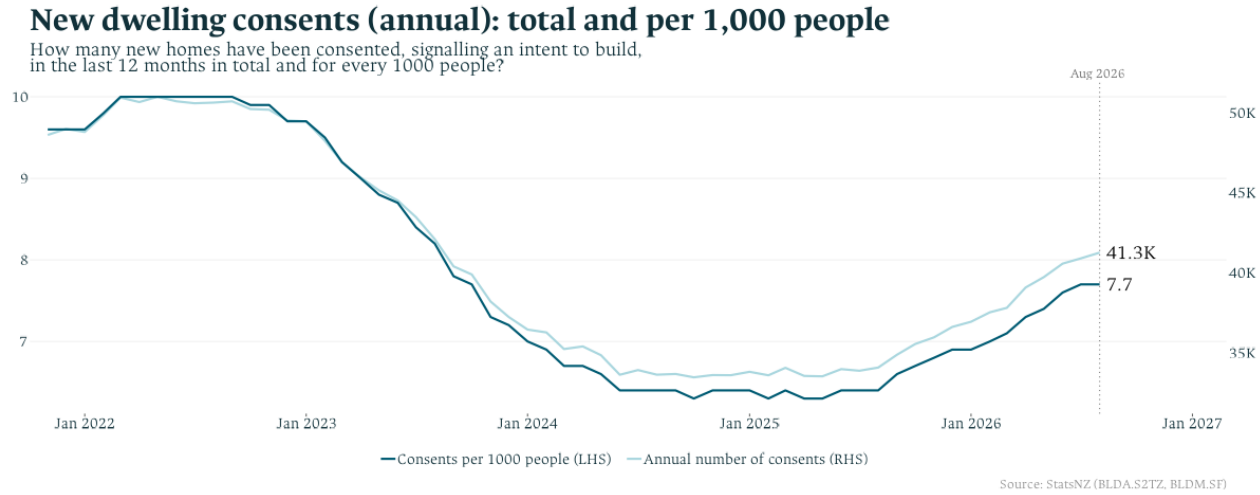
Number of early KiwiSaver withdrawals



Source: IRD (KiwiSaver Statistics, 3-month rolling average counts)

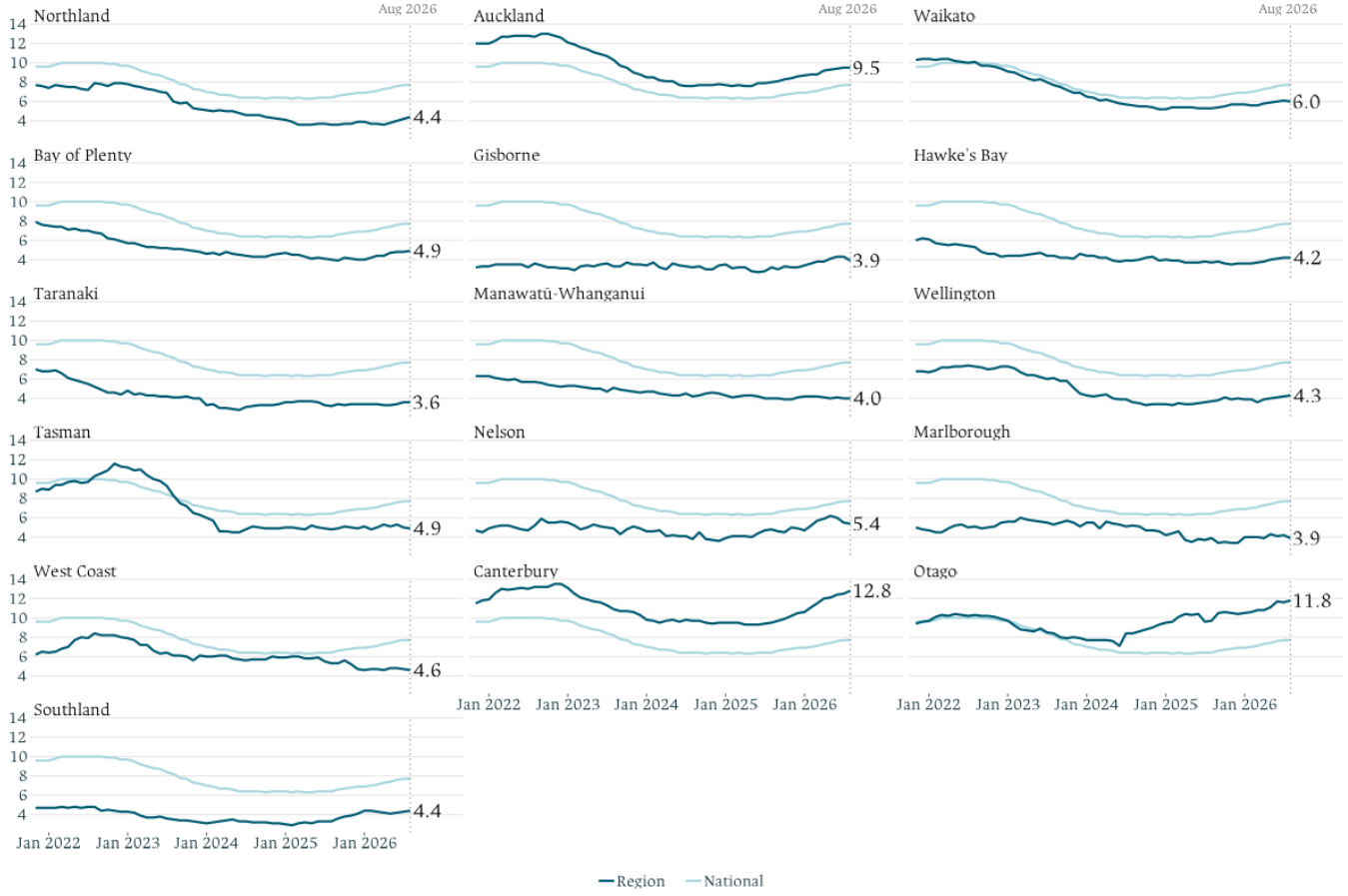
Residential Construction Market Charts





New consents for dwelling units per 1000 people (annual) by region

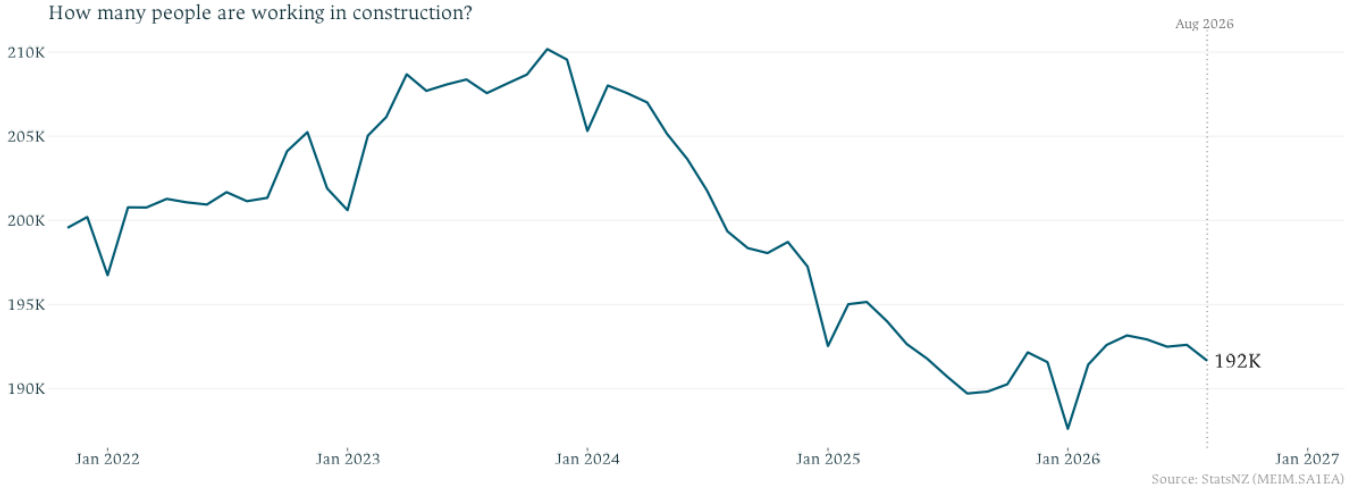
How many new homes have been consented, signalling an intent to build, in the last 12 months for every 1000 people?



Source: StatsNZ (BLDA.S2)

Filled construction jobs

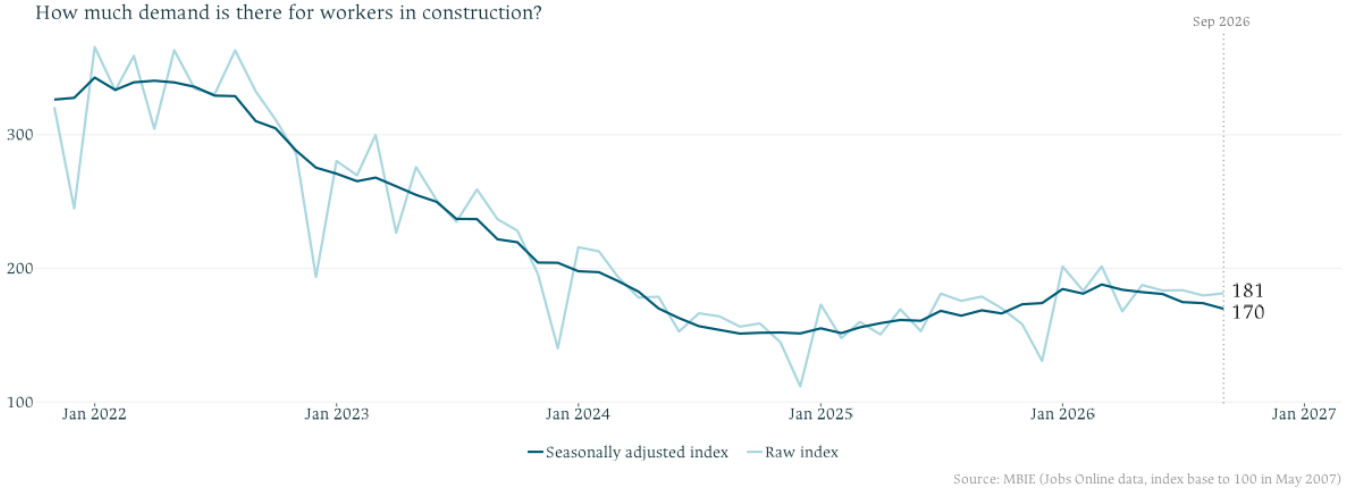
How many people are working in construction?



Source: StatsNZ (MEIM.SA1EA)

Listed construction jobs (index)

How much demand is there for workers in construction?



Source: MBIE (Jobs Online data, index base to 100 in May 2007)

Business loans for residential property development

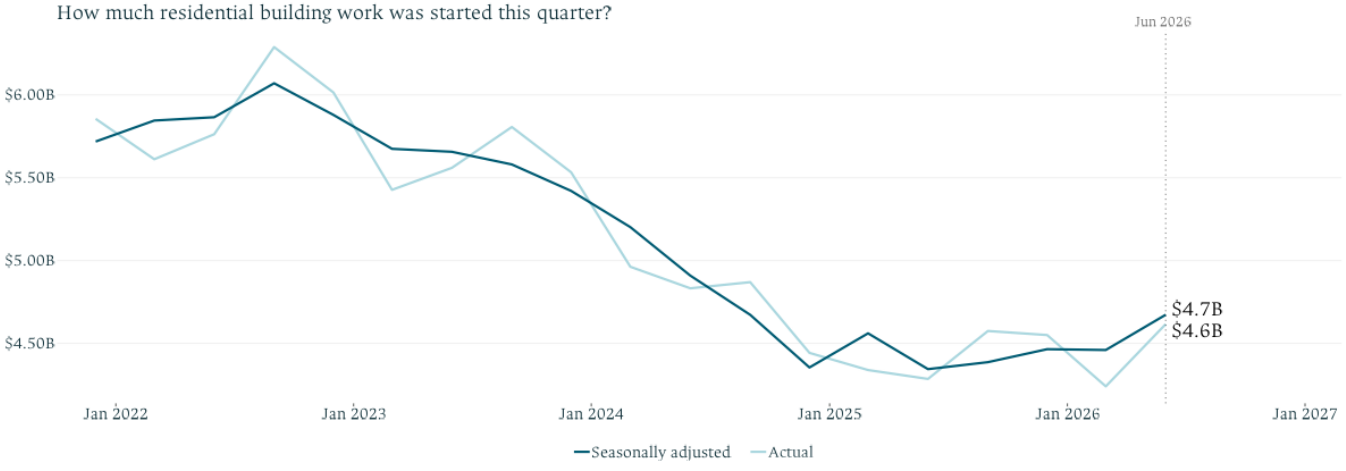
How much is being borrowed by businesses for residential property development?



Source: RBNZ (BSPA.MALA4.P3ZC3)

Value of residential building work put in place

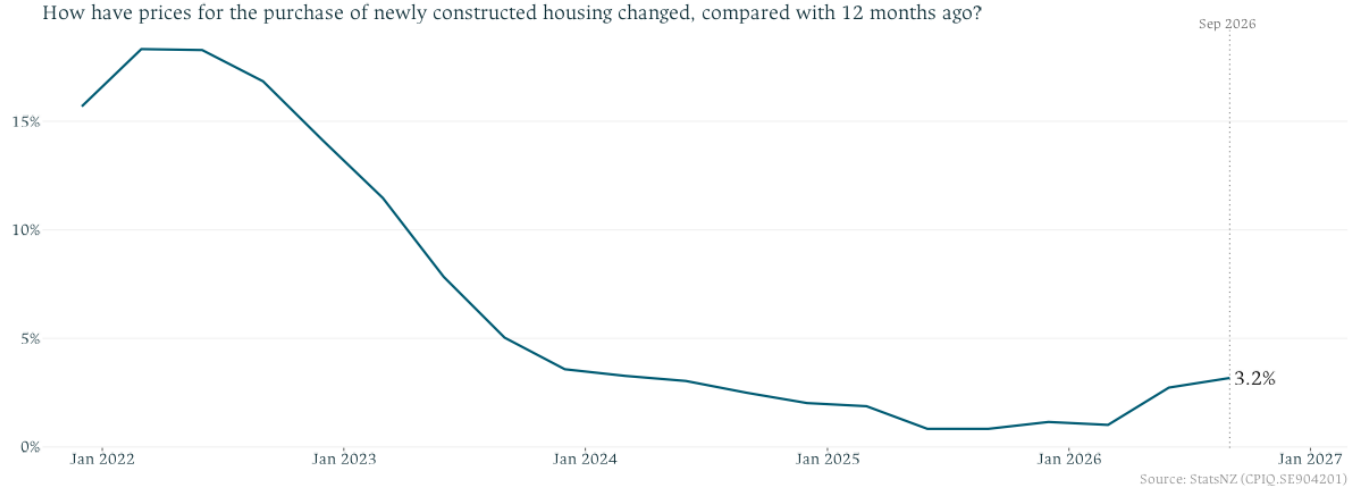
How much residential building work was started this quarter?



Source: StatsNZ (BASQ.SATZ1000C2S/SATZ1000C2A)

Change in the cost of construction of new houses

How have prices for the purchase of newly constructed housing changed, compared with 12 months ago?

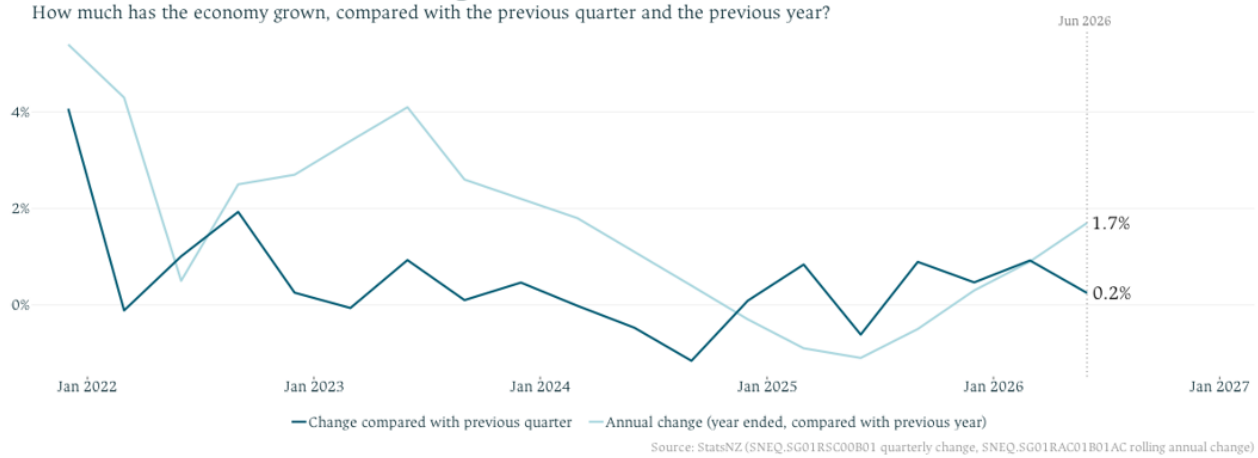


Source: StatsNZ (CPIQ.SE904201)

Macroeconomic charts

Gross Domestic Product change

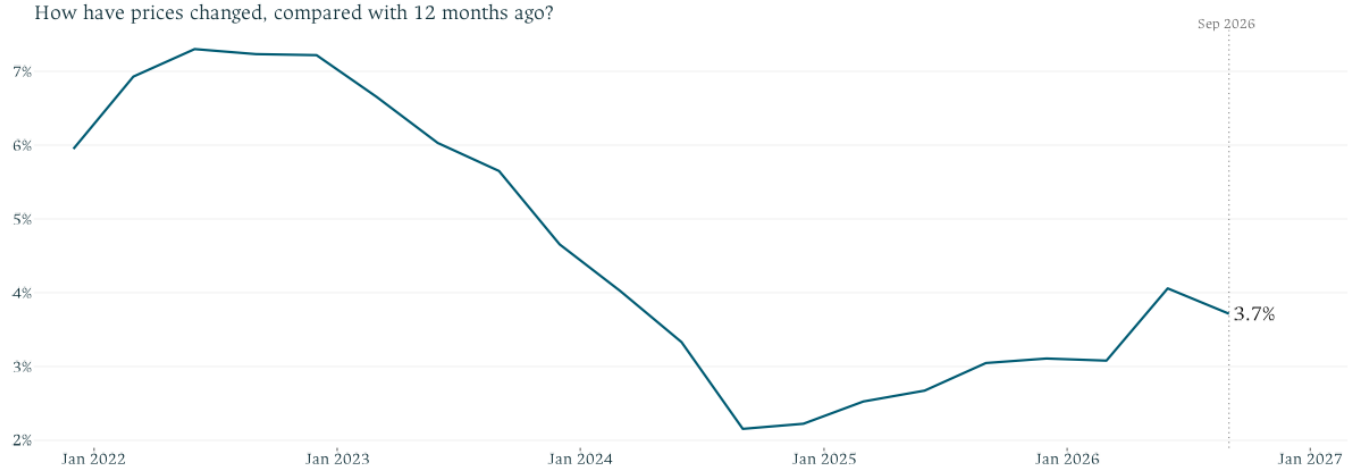
How much has the economy grown, compared with the previous quarter and the previous year?



Source: StatsNZ (SNEQ.SG01RSC00B01 quarterly change, SNEQ.SG01RAC01B01AC rolling annual change)

Consumers Price Index change

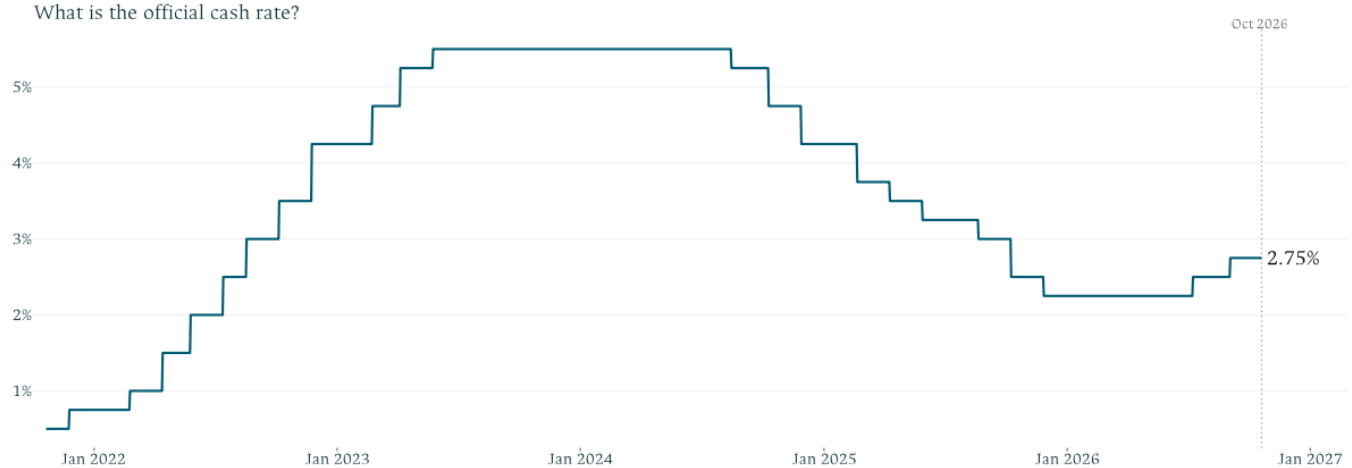
How have prices changed, compared with 12 months ago?



Source: StatsNZ (CPIQ.SE9A)

Official Cash Rate

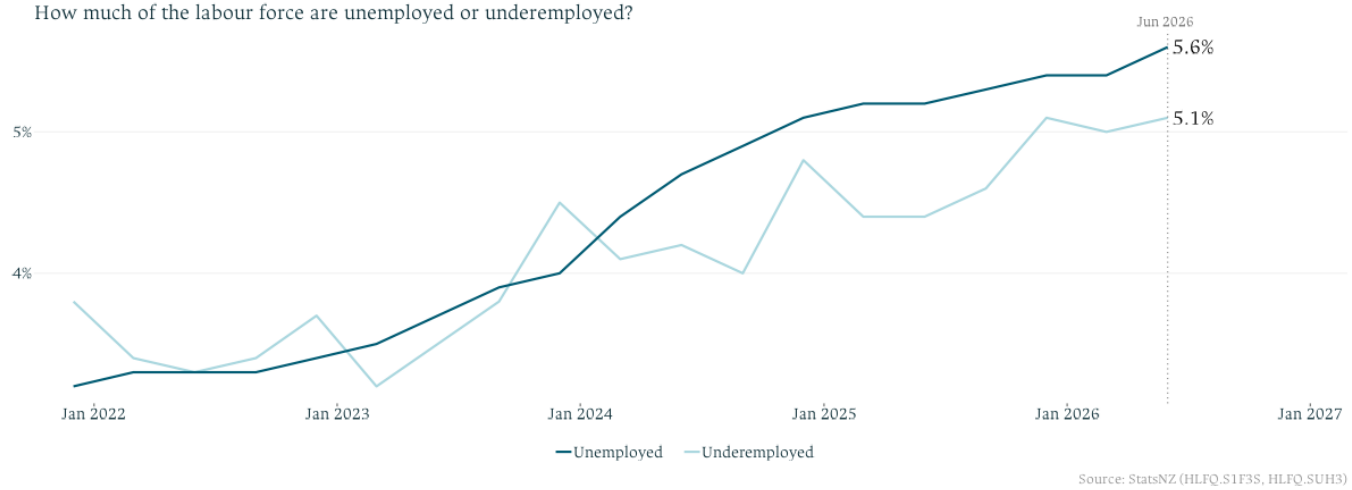
What is the official cash rate?



Source: RBNZ (INM.MP1.N.nae)

Unemployed and underemployed

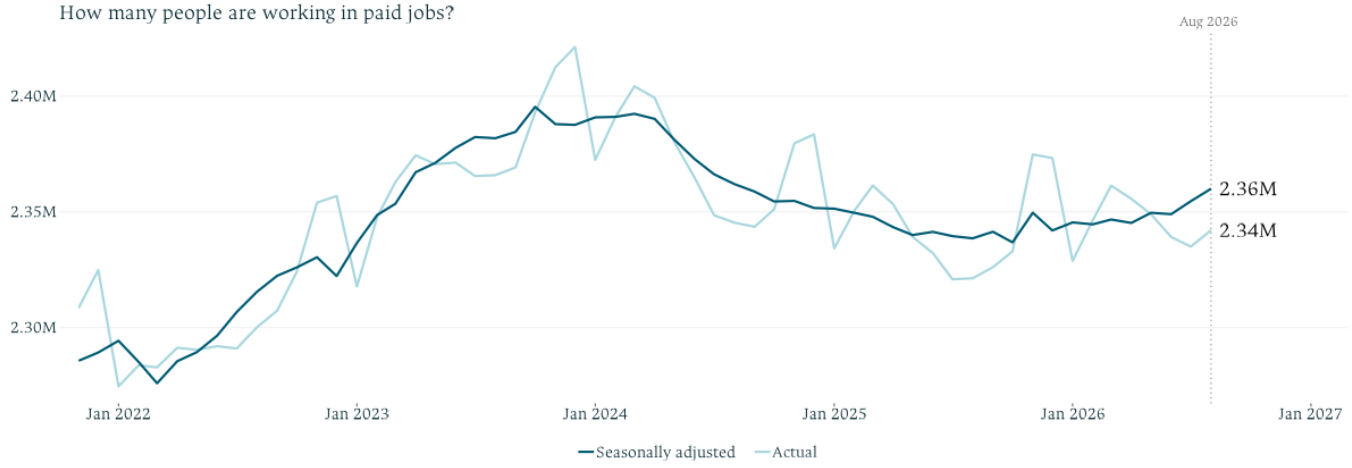
How much of the labour force are unemployed or underemployed?



Source: StatsNZ (HLFQ.S1F3S, HLFQ.SUH3)

Filled jobs

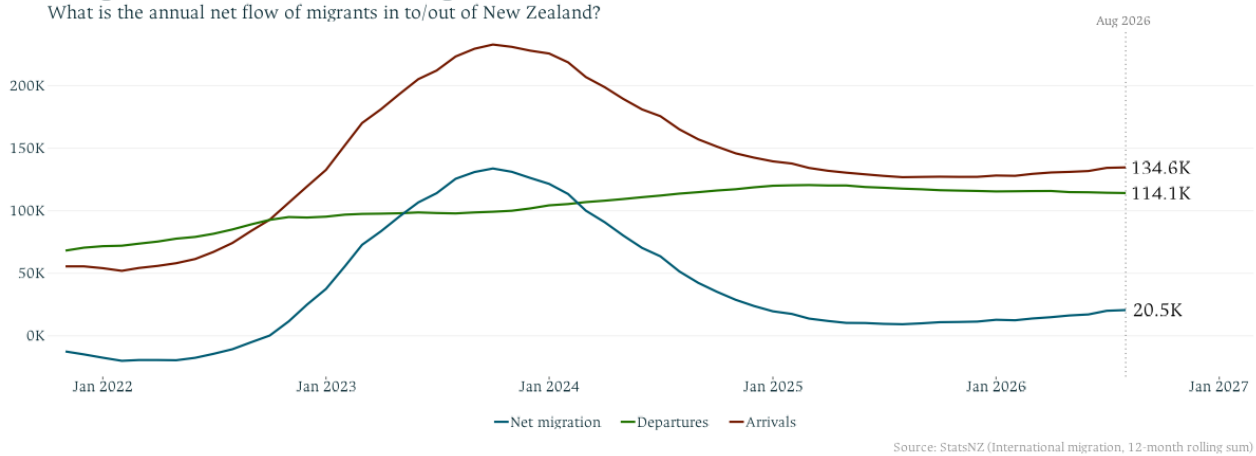
How many people are working in paid jobs?



Source: StatsNZ (MEIM.S1ZS/S1ZA)

Long-term international migration (annual)

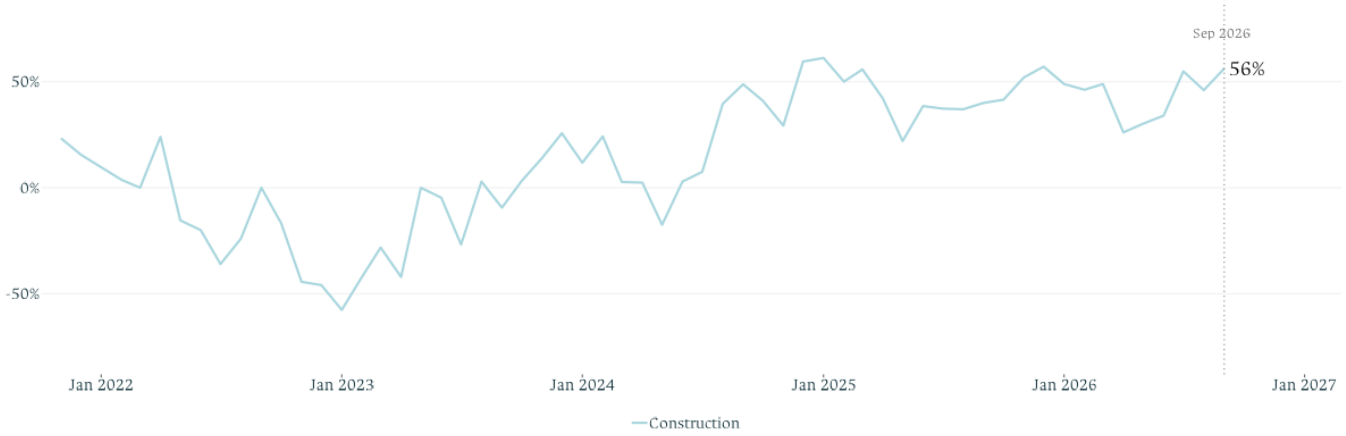
What is the annual net flow of migrants in to/out of New Zealand?



Source: StatsNZ (International migration, 12-month rolling sum)

Business outlook - activity

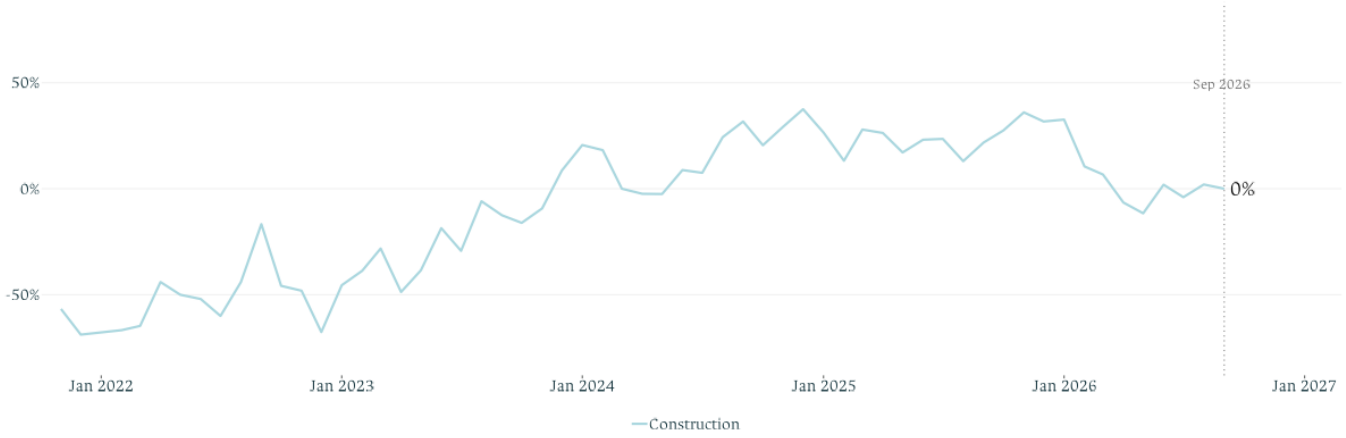
Are businesses expecting activity to increase or decrease in the next 12 months? (% expecting increase minus % expecting decrease)



Source: ANZ Business Outlook Survey

Business outlook - ease of accessing credit

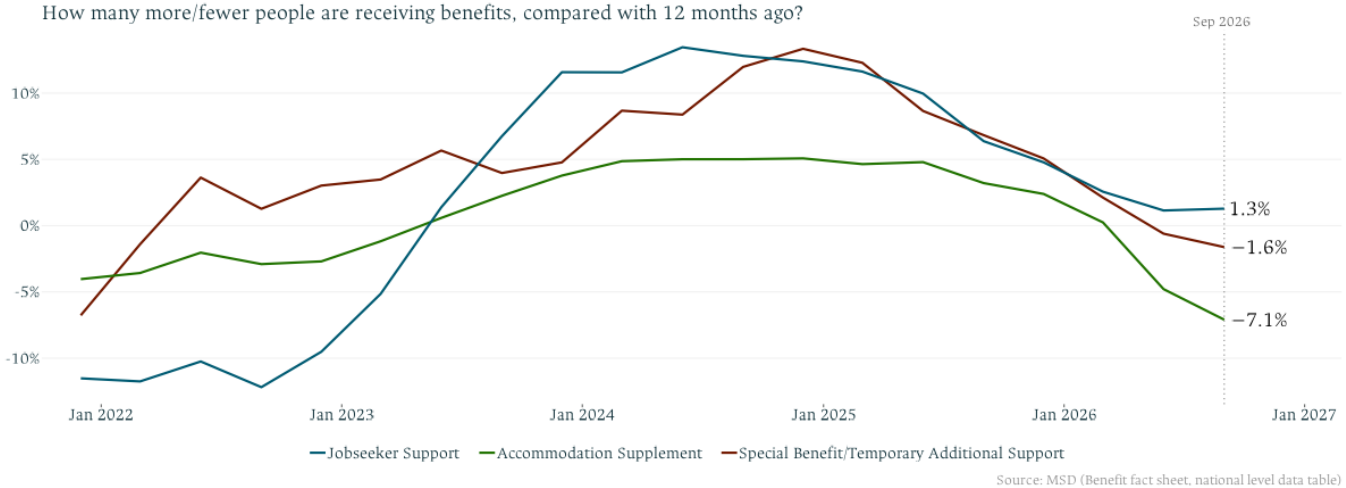
Are businesses expecting access to credit to improve or worsen in the next 12 months? (% expecting improve minus % expecting worsen)



Source: ANZ Business Outlook Survey

Benefit recipients change

How many more/fewer people are receiving benefits, compared with 12 months ago?



Source: MSD (Benefit fact sheet, national level data table)