



**Typical estimated pre-tax net rental yield**  
**2.8% - 4.1%**

**Average estimated pre-tax net rental yield**  
**3.5%**

**Average estimated annual capital gain (20 years)**  
**5.2%**

**New Zealand’s residential investment market in 60 seconds**

**Biggest trends**



**Wider residential market starting to recover**

Independent forecasters are typically predicting house prices will rise over the next two years. Early signs of recovery are shown through stronger sales volumes, although prices remain flat. In the short term, price growth has been held back by the large supply of homes currently on the market for sale.



**Interest rates the one to watch**

Lower interest rates are boosting confidence in the market and are likely to be the most important driver of the market in the short-term. At a bigger picture level, risks around tariffs and global trade have added uncertainty to the market.



**Law changes support investors**

Policies put in place by the government, such as restoring mortgage interest deductibility for rentals and wider termination rights for landlords, will increase demand from investors in the medium term.

**Outlook for the next 12 months**



**Rent growth slower due to softening migration**

Net migration gains continue to ease, with the trend particularly noticeable in the Auckland region, where new arrivals typically settle first. This coincides with a period of rising vacancy rates and a clear softening in rental growth.



**Returns bolstered by lower interest rates and law changes**

Lower funding costs will mean improved equity returns for residential investors. Along with the policy changes, this is likely to lead to more acquisition activity by investors.



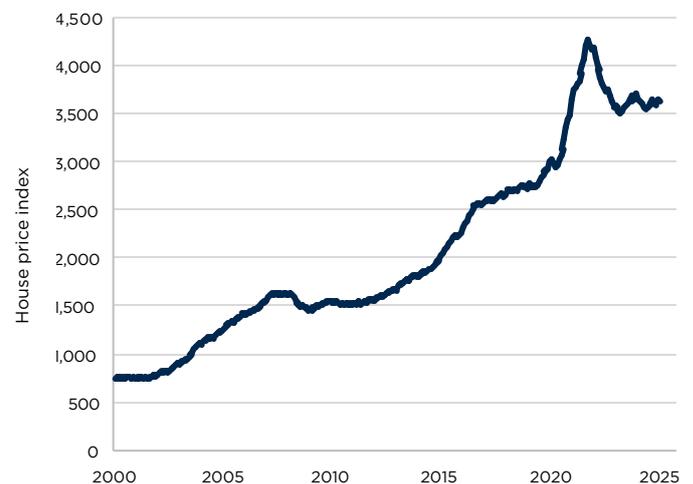
**Government and developers align on next phase**

Experienced property developers are anticipating the market’s recovery and preparing for the next cycle. The government has also been introducing pro-development policies to help streamline the development process and ultimately boost the supply of housing.

Estimated net rental yield over time: NZ



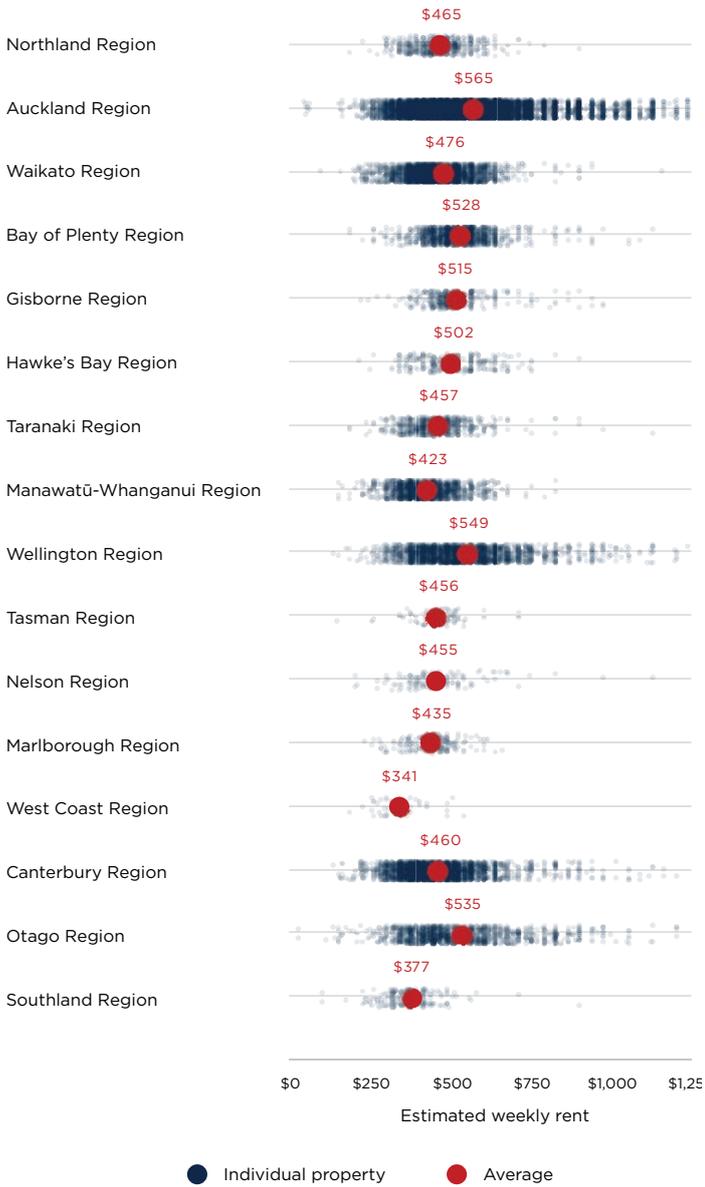
House Price index over time: NZ



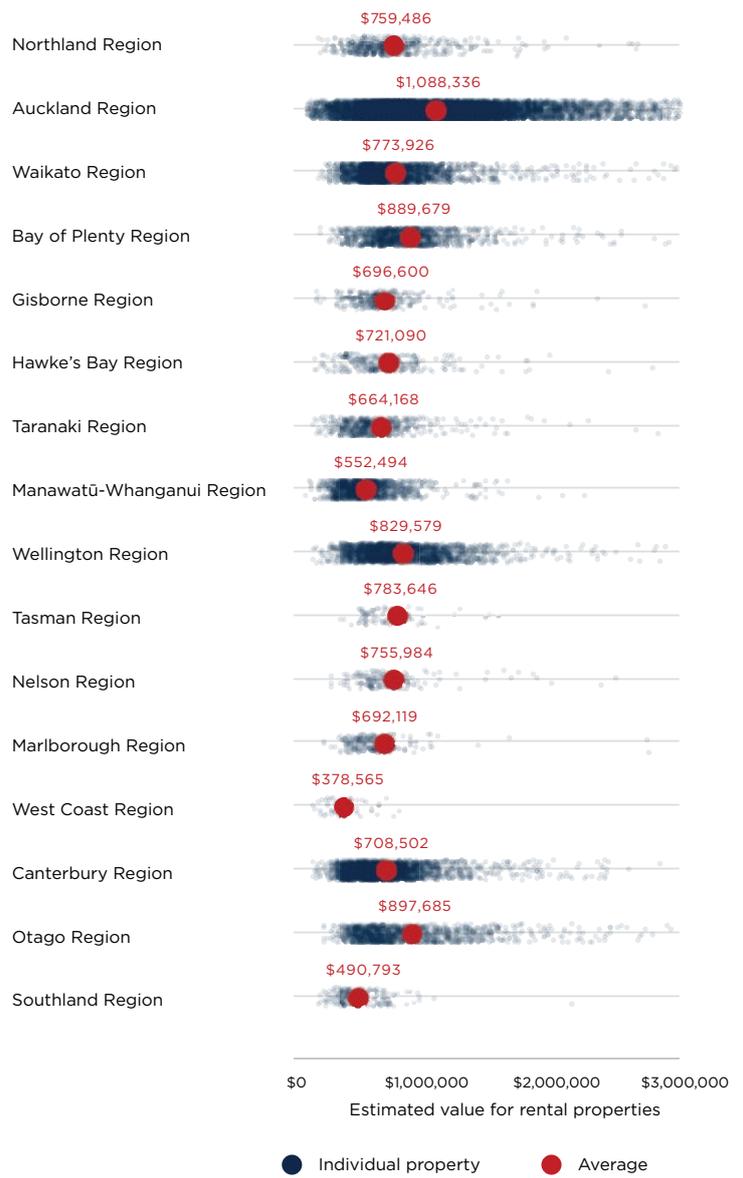
Data: Bayleys . Results estimated using bulk data sources. Properties with extreme rental yields may be due to errors in bulk data or unusual characteristics (e.g. leasehold, defects, etc). Net rental yields assume gross rents less 25% unrecoverable outgoings. All analysis is pre-tax and pre-finance. Analysis excludes properties valued more than \$5M (often multi-unit properties under single ownership).

# Pricing Indicators

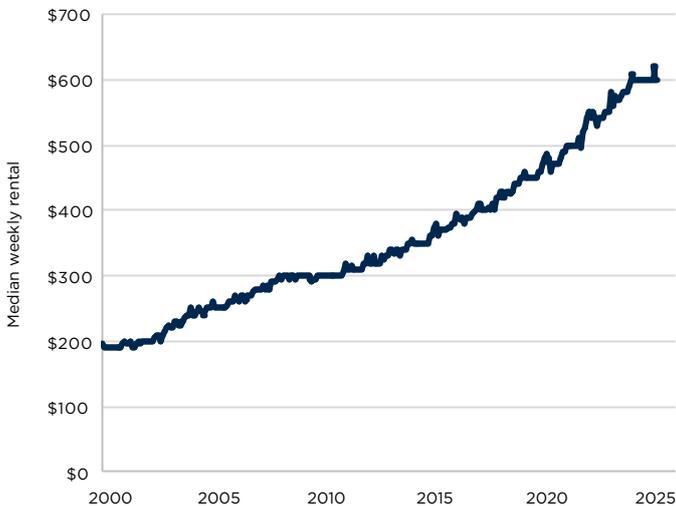
## Weekly rents by region



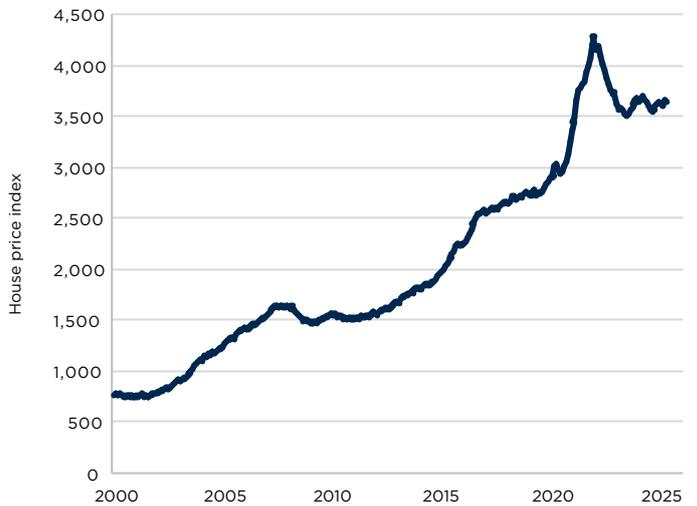
## Estimated rental home values by region



## Median rental over time: NZ



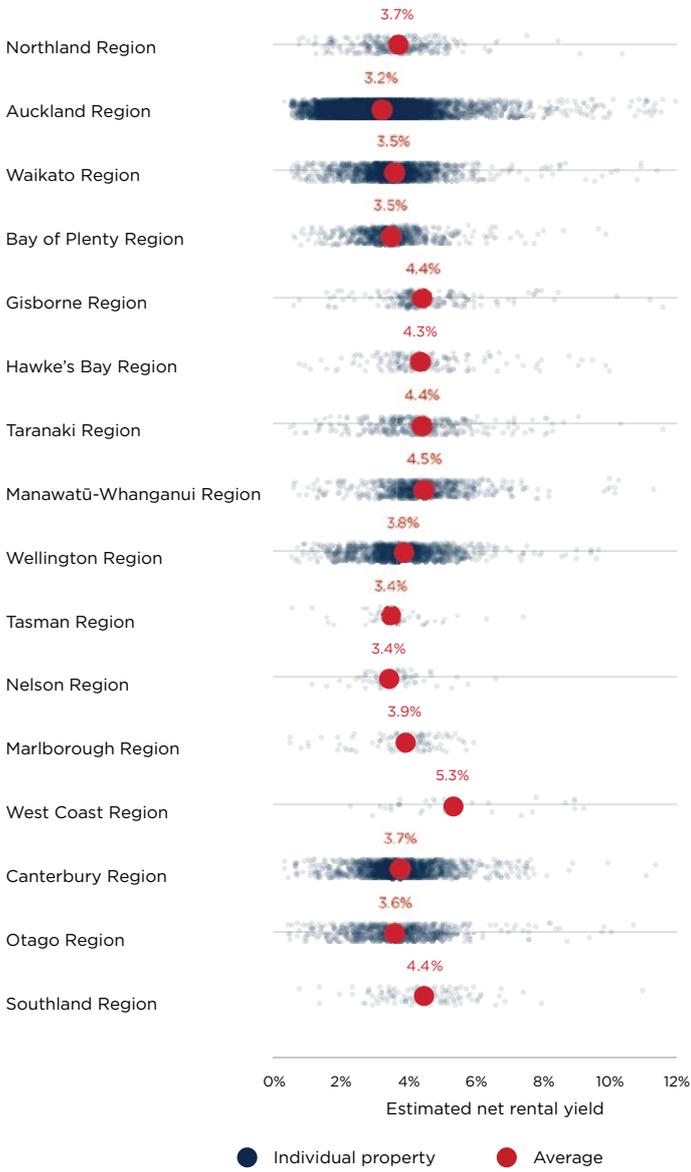
## House price index over time: NZ



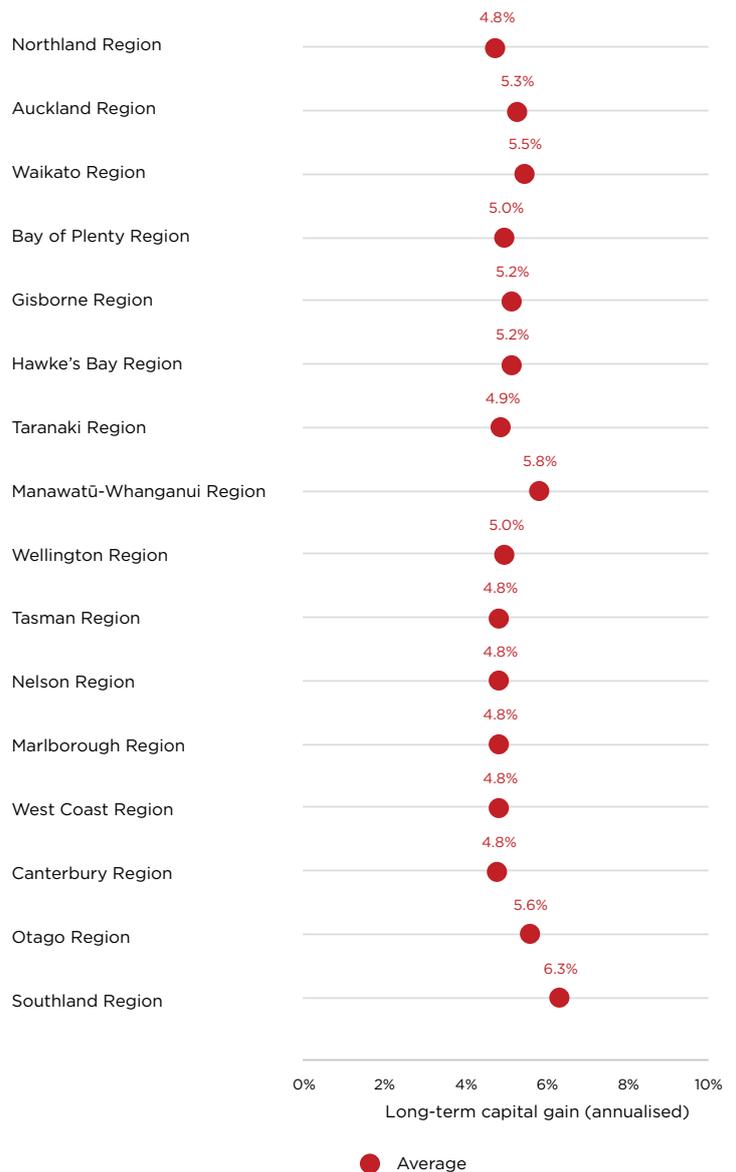
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# Return indicators

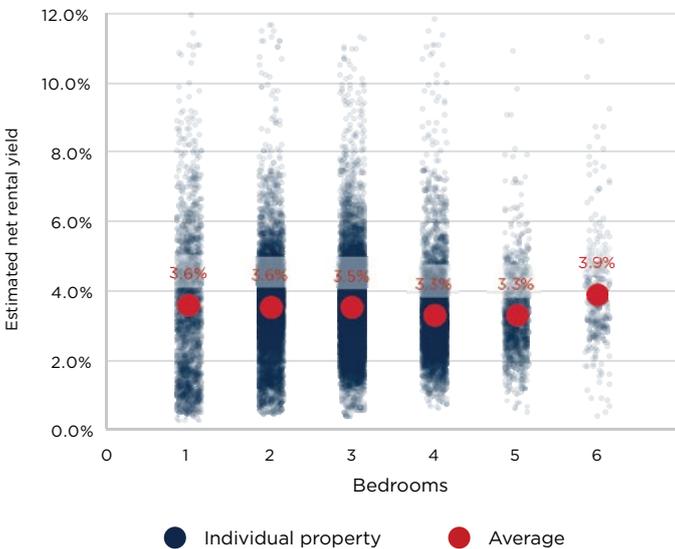
## Estimated net rental yield by region



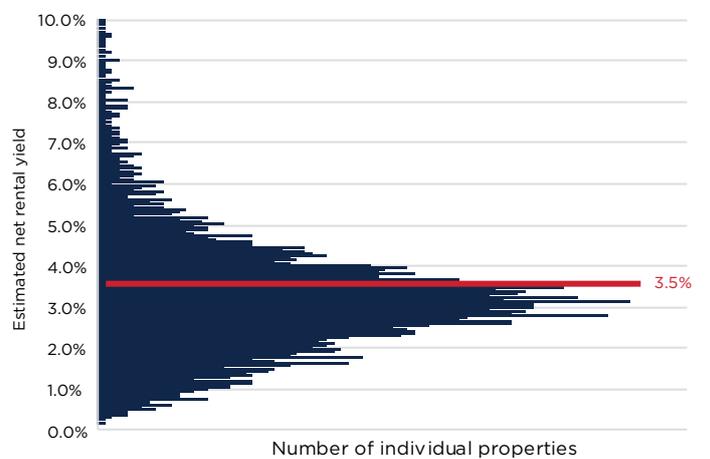
## Annualised capital gains (20 years) by region



## Estimated net rental yield by bedroom count: NZ



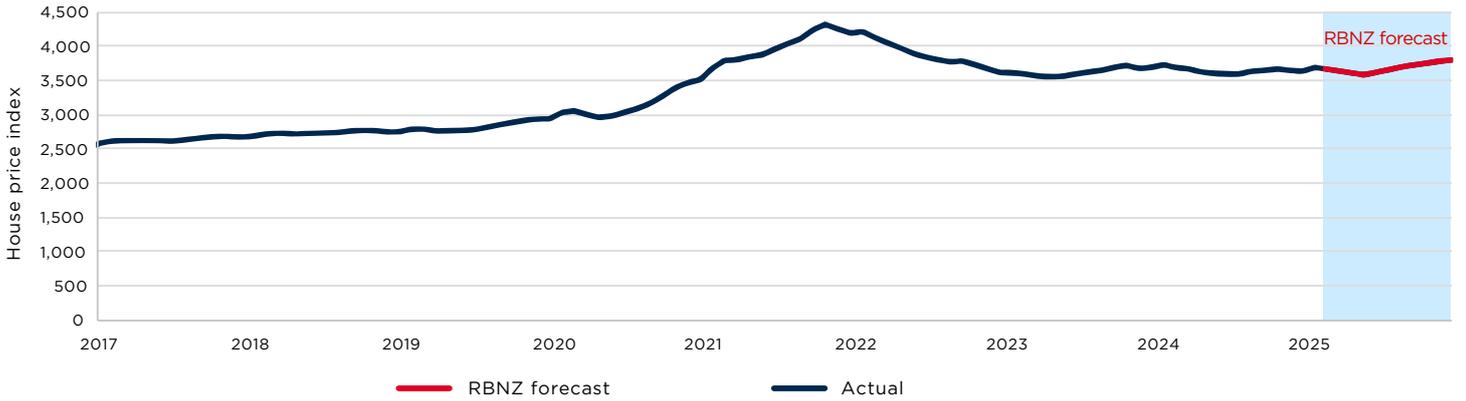
## Distribution of net rental yields: NZ



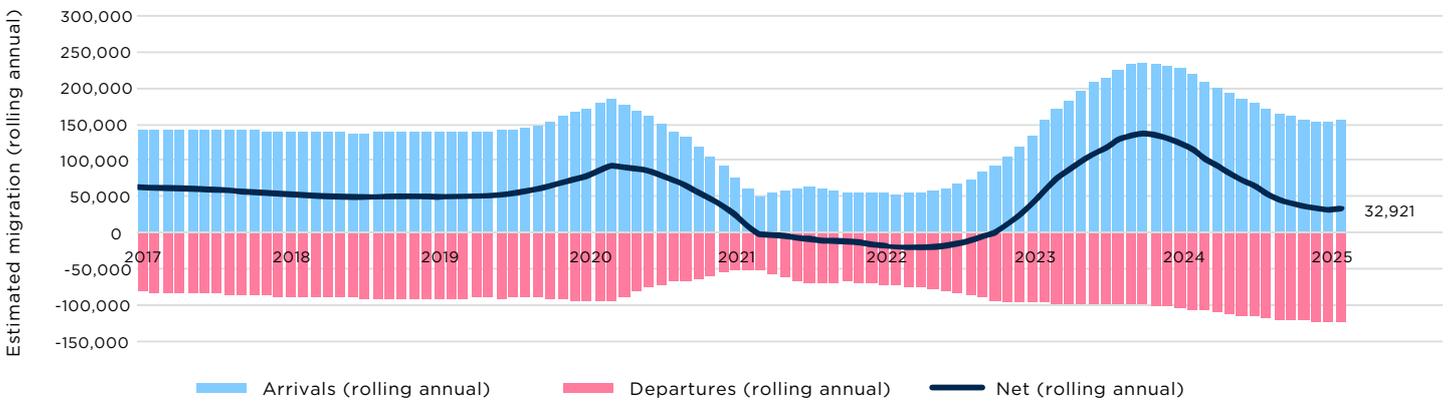
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# Lead indicators

## Independent forecast for house prices



## Migration flows



## Interest rates



Data: RBNZ, Stats NZ.

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