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A market finding its feet, but not quite ready to run

As 2026 draws to a close, New Zealand's property market remains a mixed bag. There are encouraging signs, but a broad-based recovery remains elusive. Buyers are cautious, investors are largely absent and vendors are having to adjust expectations to a market that looks rather different from 2021.

According to OneRoof's November House Value Index, the national average property value is approximately $953,000, down 13.2% from its February 2022 peak. Regional differences are significant, with Southland and Dunedin recording annual growth of 6.7% and 5.3% respectively, while Auckland remains under pressure.

Interest rates: confidence matters

The Reserve Bank held the Official Cash Rate at 2.75% in October, although three of seven committee members favoured an increase.

Would another 0.25% increase really make much difference? On a $600,000 mortgage over 25 years, a mortgage rate increase from 5.50% to 5.75% would add approximately $94 per month.

Unwelcome, certainly, but perhaps the greater influence is psychological. Buyers concerned about future interest rates, employment security or further price falls are less inclined to rush.

Where have all the investors gone?

Despite the restoration of 100% mortgage interest deductibility and a two-year bright-line test, investors remain conspicuously absent.

Tony Alexander's October NZHL survey found a net 47% of agents reporting fewer investors. Rising rates, insurance, maintenance and compliance costs are affecting returns, while expectations of capital gains remain subdued.

Potential changes to property taxation following the election add further uncertainty.

Meanwhile, first-home buyers remain relatively active, benefiting from greater choice, less competition and more negotiating power.

The Coromandel reality check

Research from realestate.co.nz and REINZ highlights an interesting local trend. Over the 12 months to September, the Coromandel's average asking price was $1,015,592, compared with an average selling price of $969,696, a difference of approximately 4.5%.

While these are regional averages rather than matched individual transactions, they reinforce the importance of realistic pricing.

And then there is the 2021 question.

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Pandemic-era prices reflected extraordinary conditions, including historically low interest rates and intense buyer competition. Those circumstances no longer exist.

Holding out for a 2021 price may be a reasonable choice for owners under no pressure to sell, but it could mean waiting years for a recovery that is far from guaranteed.

As Tony Alexander observed in his October report:

"It remains the case that it is the vendors who need most to adjust their expectations in order to gain a sale, not the buyers."

Looking towards summer

Summer traditionally brings renewed interest in coastal property, and there are reasons for cautious optimism. Desirable properties, presented well and priced appropriately, continue to attract genuine buyers.

However, buyers are scrutinising condition, location, ongoing costs and value more carefully than ever.

For vendors, presentation, marketing and realistic pricing remain essential. For buyers, the current market offers time to undertake due diligence and negotiate without the frenzy of previous years.

On the Coromandel East Coast, the lifestyle remains as appealing as ever. What has changed is what buyers are prepared to pay for it.

The market may be lying flat while occasionally twitching, but there are buyers out there. The challenge is giving them a compelling reason to act.

