



## Input to your Strategy for Adapting to Challenges

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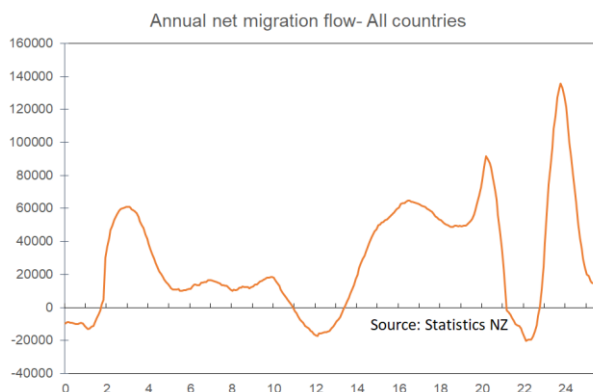
17 July 2025

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## Weak migration

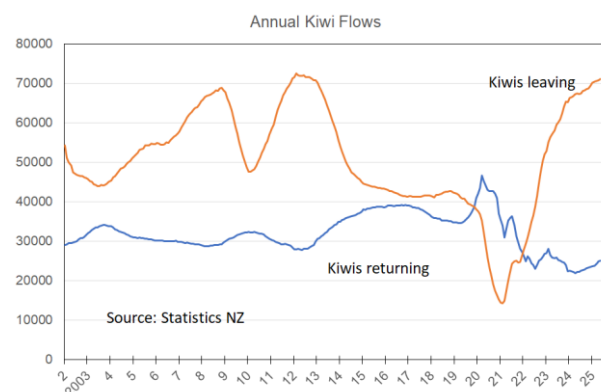
The net migration numbers for New Zealand have been surprising on the weak side in recent months and that trend continued for month of May data released last Thursday. Most attention went on the net loss of Kiwis to Australia in calendar 2024 of 30,000 people. But my focus is on the net flow across all countries.

That net flow was a gain of just under 15,000 in the year to May from 80,300 a year before and a peak of 135,000 in the year to October 2023.



These data can be highly volatile and that is not just because we Kiwis are fickle with regard to

where we live. On average each year we enjoy a gross population gain equal to about 2.7% of our population from migration. And each year we enjoy a gross migration outflow equal to about 2.0% of our population.



These are big numbers and what often happens is that at the same time one side is rising the other is falling. This can produce very large swings in the net result and that happened over 2022-23 on the upside then over 2024 on the downside.

The pace of decline this year has been much slower than last year with the net annual flow

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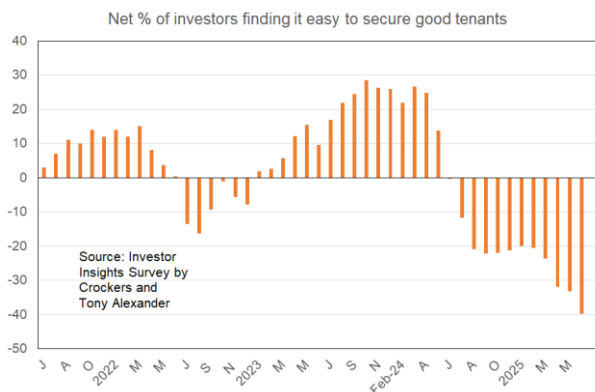


finishing 2024 at 24,000. So, things have only deteriorated by another 9,000 in the recent five month period.

My experience tells me that forecasting net migration flows is a near pointless exercise because of the large gross flows in play. But for what it is worth my expectation is that the net flow will stay low until some point in 2026. At this stage there is nothing jumping out in front of me to suggest either a fresh new big step down in the net flows or a surge back upward.

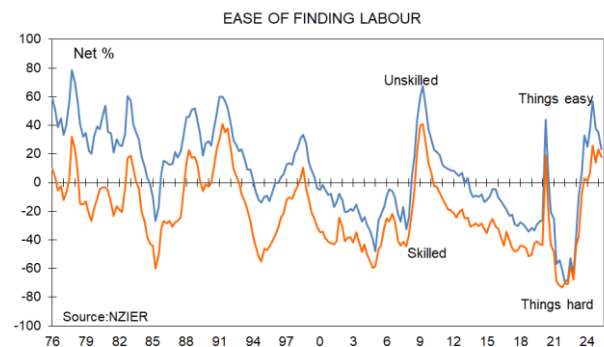
The main implications are that tenants will remain hard for landlords to find through the remainder of this year into 2026. In fact, unless the net flow booms the still ongoing firm growth in dwelling supply suggests that rent rises will remain low in New Zealand for quite some time.

It pays to note that in my last monthly survey of landlords with Crockers Property Management a record net 42% of respondents said that they are finding it hard to get a good tenant. 14 months earlier a net 25% had said things were easy.



Another implication from the weak net flow is that growth in household spending will be restrained. For the labour market the weak net flow suggests

that once the economy picks up firms could relatively quickly run into issues sourcing the labour they want. For the moment labour availability is strong, as well shown in the NZIER's recently released Quarterly Survey of Business Opinion. A net 18% of non-rural businesses have said it is easy to find skilled labour and a net 23% said unskilled people are easy to source. Note though how these measures are already pulling back from loose levels.



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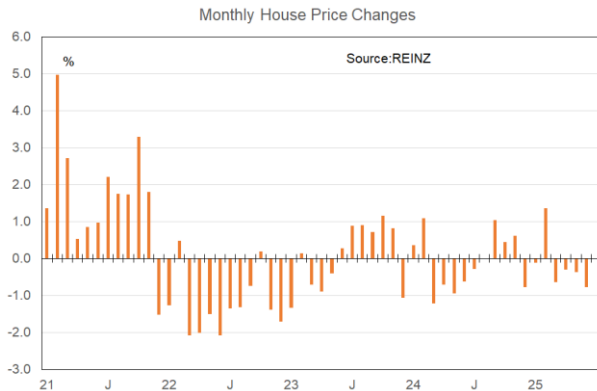
100 Ascot Avenue, Remuera, Auckland

## Real estate market confirmed to have stalled

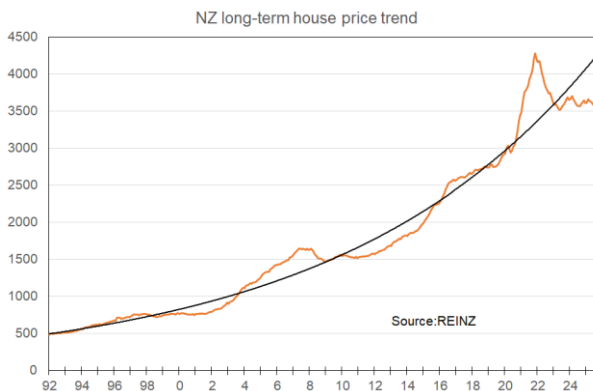
This week REINZ released their data for June on the residential real estate market in New Zealand. Here are the main things we learnt.

First, house prices are falling. They have been going down four months in a row and decreased

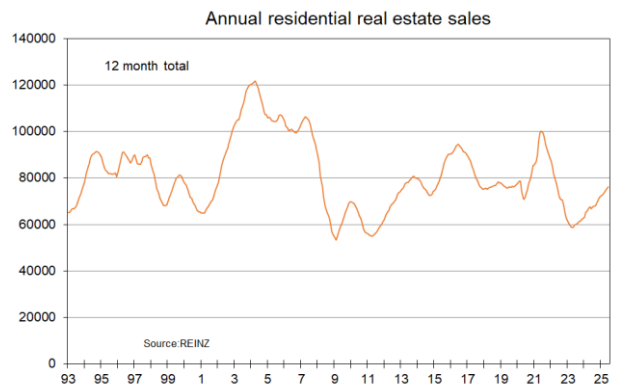
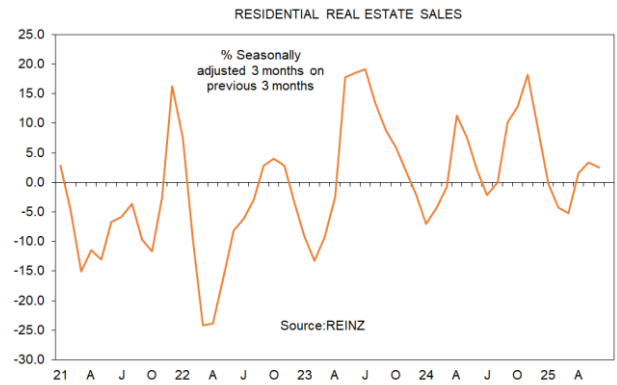
on average by 0.8% in June according to their nationwide House Price Index.



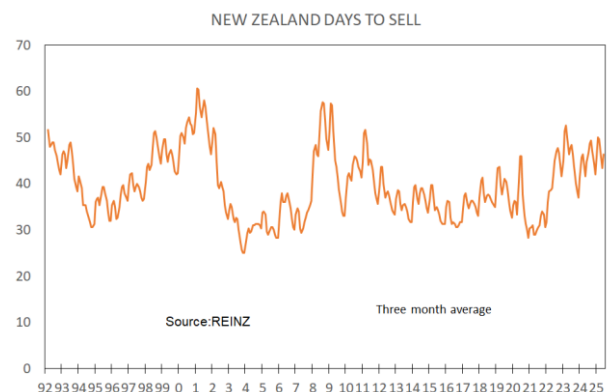
This is the only pricing measure I look at because it adjusts for shifts in the types of dwellings transacted each month and captures transactions at the time the agreement is signed, not when property title transfer occurs further down the track. Average house prices are where they were early in 2021.

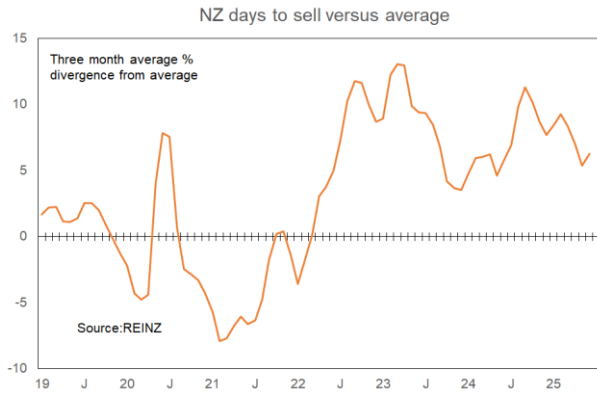


With regard to sales the number in the June quarter was ahead by 15% on a year ago. In rough seasonally adjusted terms June quarter sales were up about 2.5% from the March quarter. So, there is growth, but it is slow and the main thing to note is the slowdown compared with the initial surge after monetary policy started easing in August last year.



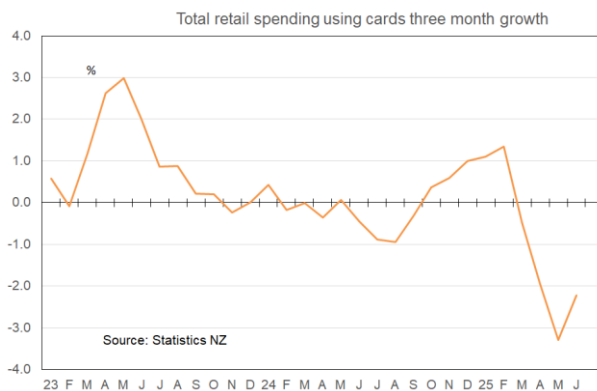
Finally, on average in June it took 50 days to sell a dwelling. A year ago it took 47 days and the average time taken during this year's June quarter was six days longer than the average for this period. So, turnover is slower than usual.





## Consumer spending weak

Total retail spending in NZ using debit and credit cards decreased in seasonally adjusted terms by 0.2% in June and by 2.2% in the June quarter. There is underlying weakness still in household spending and the volume decline is greater than indicated here as prices have been rising and the data used in this area are nominal.



## If I were a borrower, what would I do?

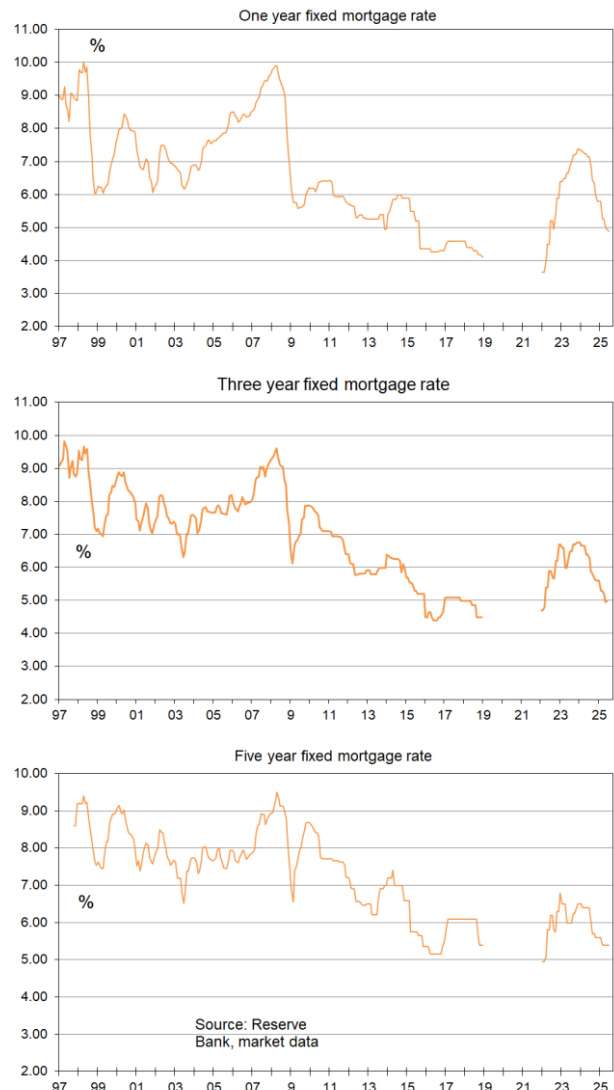
There was little net movement in NZ wholesale interest rates this week. There was some downward pressure from generally weak data for NZ on retail spending, real estate, and immigration. But this was offset by rising interest rates in the United States in response to evidence of tariff increases feeding through to inflation to a so far fairly minor degree.

At this stage there seems little reason for expecting any big changes in NZ wholesale interest rates over the remainder of this year. That means if we are to see any decent changes in mortgage rates it will have to be driven by bank competition shifts and not changes in funding costs.

[Lani Allard - Luxury, Lifestyle and Residential Real Estate](#)

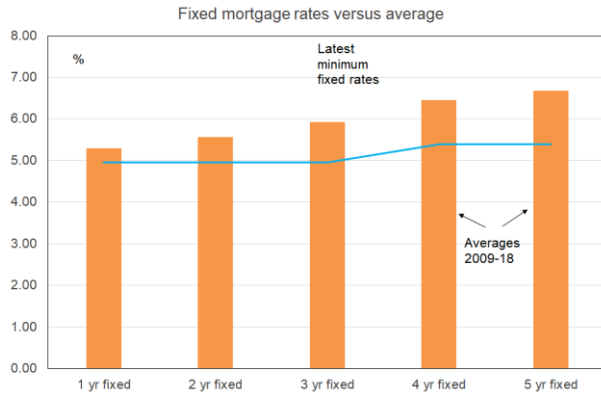
If I were borrowing at the moment, I'd personally opt for fixing three years at 4.99%. The 4.95% rate disappeared a fortnight ago. But I don't have a view as yet that medium to long-term fixed mortgage rates will be embarking on an upward cycle in the next year, so fixing shorter is probably okay. But I'd fix three years and shift my mental energy towards other things.

These three graphs show mortgage rates since 1997 excluding the period of deflation worries (2019) and the pandemic.



This graph shows how current rates compare with averages from 2009-18.





To see the interest rates currently charged by major lenders go to [www.mortgages.co.nz](http://www.mortgages.co.nz)

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