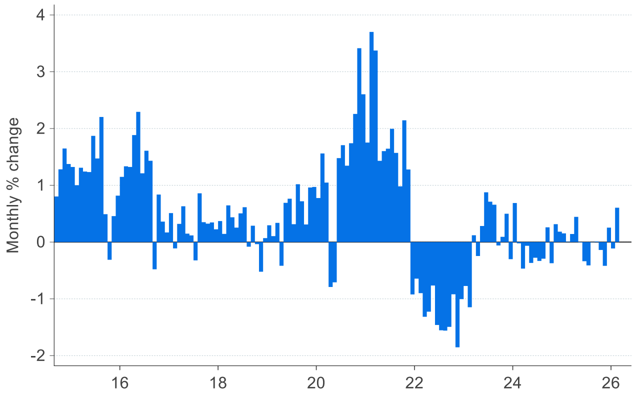
New Zealand Property Focus

Oil shock clouds the housing outlook

March 2026

At a glance

House prices saw a surprising monthly lift in February

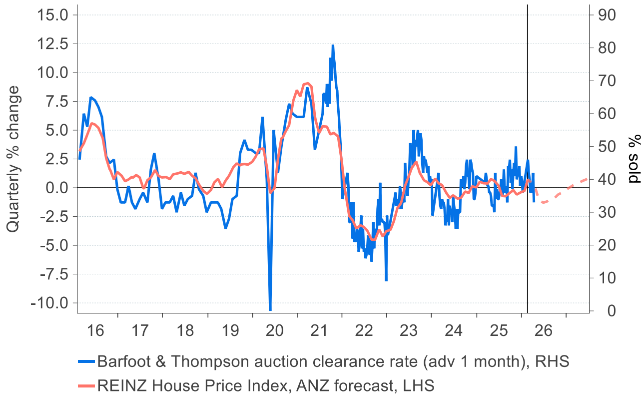


Source: REINZ, Macrobond, ANZ Research

High new listings compared to sales suggest little underlying price pressure

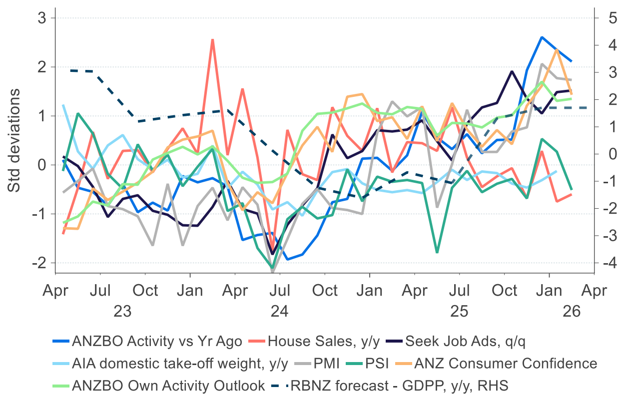
Source: REINZ, realestate.co.nz, Macrobond, ANZ Research

A smaller proportion of houses are successfully selling at auction



Source: REINZ, Barfoot & Thompson, interest.co.nz, Macrobond, ANZ Research

Watch high-frequency data for early impacts of the oil price shock

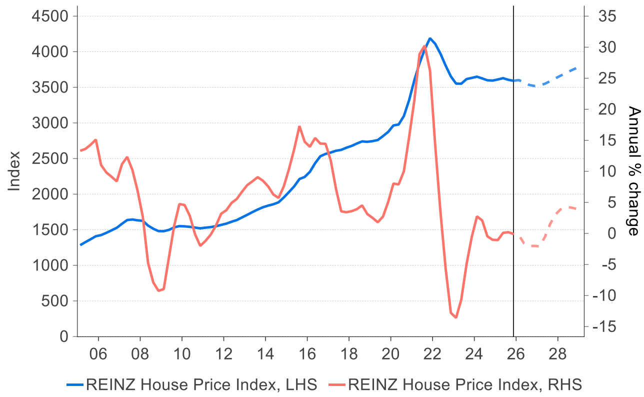


Source: Stats NZ, Business NZ, BNZ, REINZ, SEEK, AIA, Macrobond, ANZ Research

Wholesale swap rates: financial conditions have tightened

Source: Bloomberg, Macrobond, ANZ Research

Given new headwinds, we now expect a small fall in house prices over 2026



Source: REINZ, Macrobond, ANZ Research

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Confused by acronyms or jargon? See a glossary here.

ISSN 2624-0629

Publication date: 26 March 2026

Summary

Our monthly Property Focus publication provides an independent appraisal of recent developments in the residential property market.

Property Focus

House prices unexpectedly lifted 0.6% in February (ANZ seasonally adjusted) but nothing else in the market suggests we'll see rising prices from here. There are plenty of new listings compared to sales, the length of time it is taking to sell a house has been rising, and fewer homes are selling at auction. There has been a nascent recovery in the economy, with employment and net migration lifting. However, the economy is now facing extreme uncertainty in the form of a global energy shock stemming from conflict in the Middle East. Challenges for the housing market come in the form of confidence about the economic outlook (read: job security) and upward pressure on mortgage rates. The increase in wholesale swap rates has been sharp and has already started to feed into higher mortgage rates even as the Reserve Bank has said it is happy to wait and see how things play out for now. Much depends on how long the conflict in the Middle East restricts global oil supply, but given these new headwinds for the housing market, we now expect a 2% fall in house prices over 2026.
See our Property Focus section.

Mortgage Borrowing Strategy

Fixed mortgage rates were either higher or unchanged over the past month, with the rises that were seen driven by sharp increases in wholesale interest rates as the Middle East conflict has evolved – a global phenomenon. As unwelcome as the rise in some fixed mortgage rates will be to readers, those rises have been much tamer than rises seen in wholesale rates. The situation in the Middle East remains fluid. But unless we see a sustained de-escalation in the conflict, given how far wholesale rates have risen, the risk is that mortgage rates may rise further over coming weeks. At this stage we see it as a risk rather than our central scenario, but given the magnitude of the moves, it can't be ignored. Our hope is that we do see a de-escalation, and if we do, while we still expect mortgage rates to rise, that is likely to occur more gradually than if we see an escalation. As the RBNZ has said, hiking now will not bring inflation down and would dampen growth, and "a short-lived disruption and a temporary increase in petrol prices can – and should – be looked through from a monetary policy perspective if it is unlikely to have an impact on medium-term inflation". With mortgage rates up off earlier lows, we see less value in fixing for longer periods, but the 2-year offers a good mix of value and certainty. Breakevens do not favour longer-term fixes and will only work out cheaper in the long run if mortgage rates rise by more than we are projecting. However, longer-term fixes do offer more certainty.
See our Mortgage Borrowing Strategy.

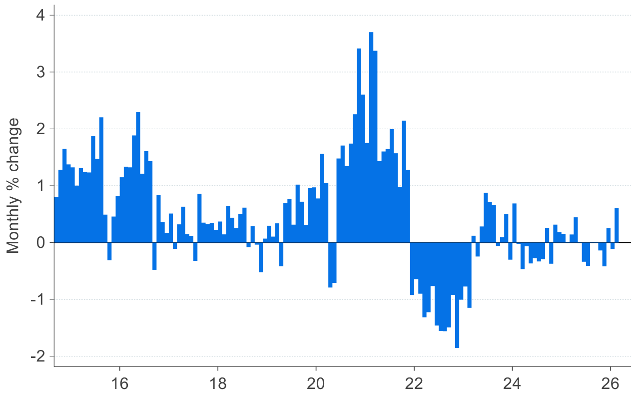
Summary

House prices unexpectedly lifted 0.6% in February (ANZ seasonally adjusted) but nothing else in the market suggests we'll see rising prices from here. There are plenty of new listings compared to sales, the length of time it is taking to sell a house has been rising, and fewer homes are selling at auction. There has been a nascent recovery in the economy, with employment and net migration lifting. However, the economy is now facing extreme uncertainty in the form of a global energy shock stemming from conflict in the Middle East. Challenges for the housing market come in the form of confidence about the economic outlook (read: job security) and upward pressure on mortgage rates. The increase in wholesale swap rates has been sharp and has already started to feed into higher mortgage rates even as the Reserve Bank has said it is happy to wait and see how things play out for now. Much depends on how long the conflict in the Middle East restricts global oil supply, but given these new headwinds for the housing market, we now expect a 2% fall in house prices over 2026.

The here and now

House prices continue to go nowhere fast. While the seasonally adjusted REINZ house price index lifted 0.6% m/m in February, it's part of an extremely patchy run (figure 1). Prices have been flat or falling for eight of the last ten months.

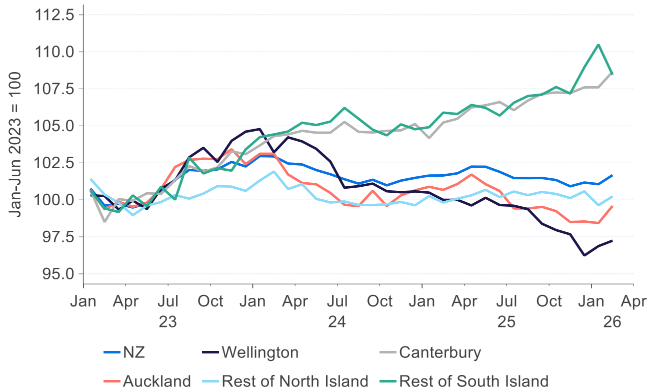
Figure 1. REINZ House price index



Source: REINZ, Macrobond, ANZ Research

The regional house price picture remains highly divergent, reflecting the broader economic performance over recent years, as agriculture and tourism have outpaced the rest of the economy. The South Island economy is overweight both and has therefore seen more growth in both population and incomes than the northern regions, supporting house price outperformance (figure 2). It's no coincidence that data this week confirmed that GDP in the South Island grew 5.2% in the year to March 2025, while the North Island managed just 2.8%. That disparity has shown up not only in house prices, but also employment, business confidence, consumer arrears and more.

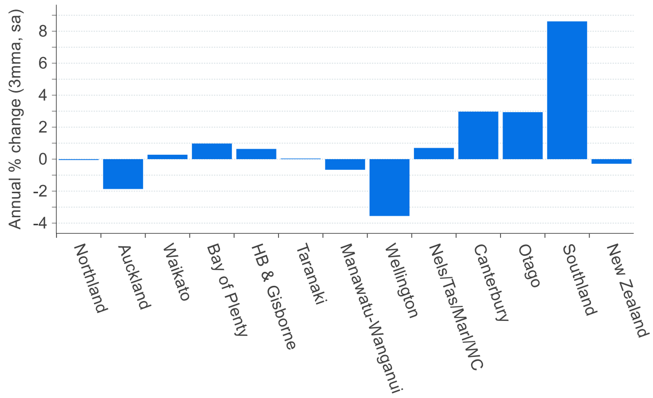
Figure 2. Change in house prices by region since the first half of 2023



Source: REINZ, Macrobond, ANZ Research

In annual change terms, the softest centres are Wellington (-3.6% y/y) and Auckland (-1.9% y/y), while at the other end of the scale, prices in Southland are up a sharp 8.6%, Canterbury 3.0%, and Otago 2.9% (figure 3). The smaller regions in the North Island remain fairly steady.

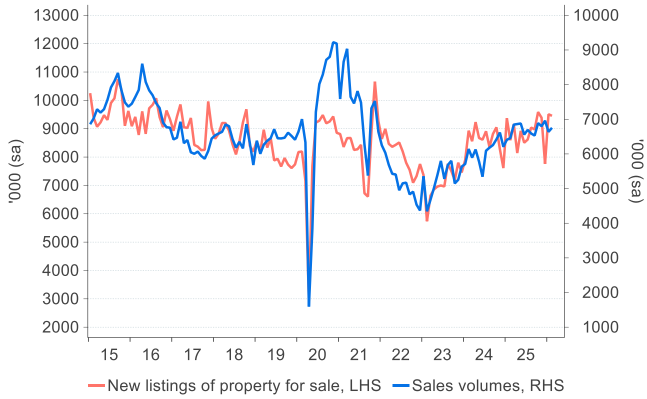
Figure 3. Change in house prices by region over the past year



Source: REINZ, Macrobond, ANZ Research

The balance between sales volumes (an indicator of demand) and new listings (an indicator of supply) tends to give a short lead on prices. In February new listings continued to outpace sales (figure 4).

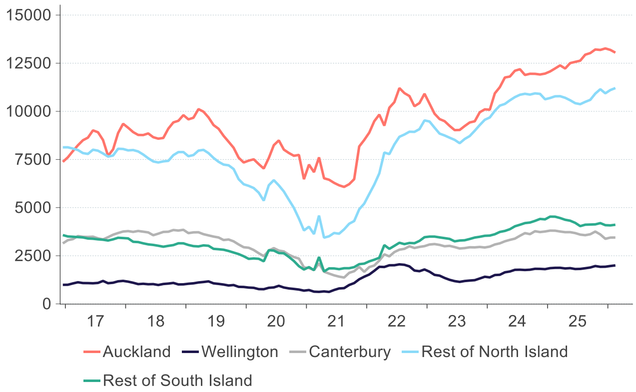
Figure 4. Sales and listings



Source: REINZ, realestate.co.nz, Macrobond, ANZ Research

The steady pipeline of new listings is showing up in inventories for sale, which continue to sit at high levels overall and are still rising in the North Island outside of Auckland and Wellington (figure 5).

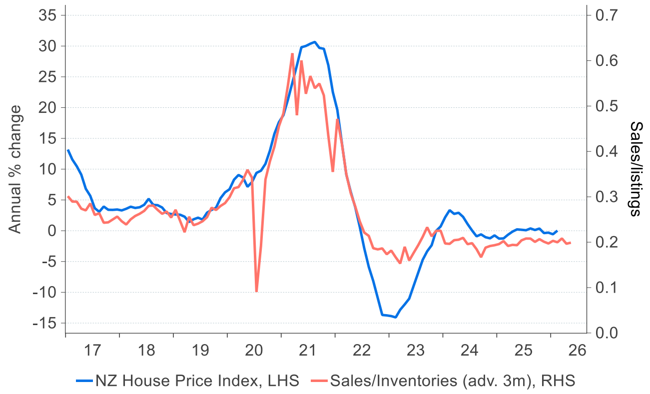
Figure 5. Inventories of property for sale



Source: REINZ, Macrobond, ANZ Research

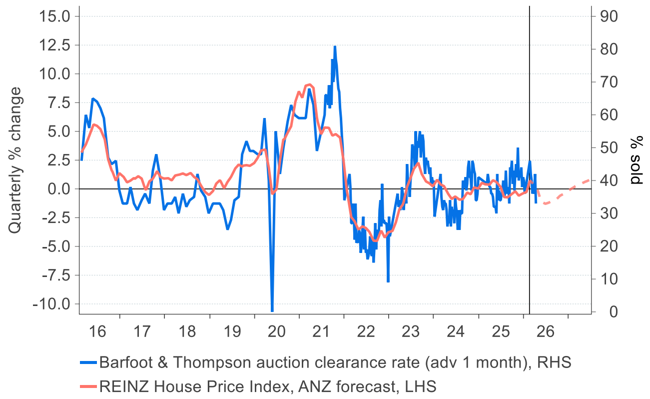
Both the sales-to-inventories ratio and the weekly auction clearance rate continue to trend downwards and point to flat to falling prices in the next few months (figures 6 and 7). Likewise, the median number of days to sell has lifted to 48, from 46 over Q4 2025. Certainly, there is not much suggesting that house prices are about to lift in a sustained fashion. We suspect the lift in February was more noise than signal in that regard.

Figure 6. Sales-to-inventories ratio



Source: REINZ, realestate.co.nz, Macrobond, ANZ Research

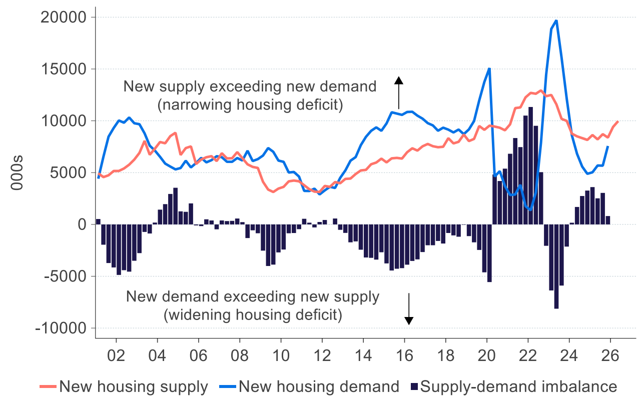
Figure 7. Auction clearance rate vs ANZ house price forecast



Source: REINZ, Barfoot & Thompson, interest.co.nz, Macrobond, ANZ Research

Although building work put in place was weaker than expected in the 2025 Q4 GDP data, that's probably timing. The pickup in consents – from what was actually a historically fairly solid level at the housebuilding trough – is helping to keep the market well supplied (figure 8).

Figure 8. New housing supply vs demand



Source: Stats NZ, Macrobond, ANZ Research

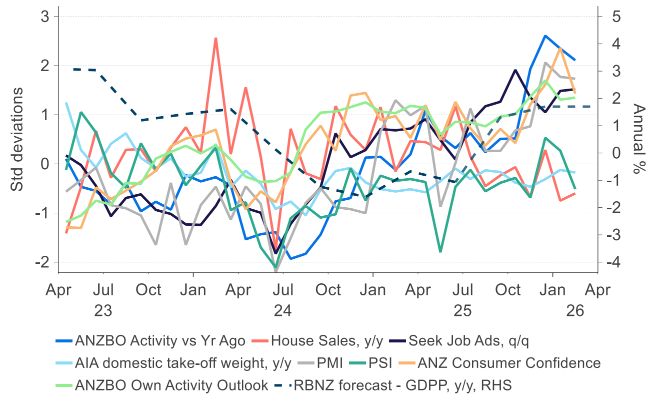
So in sum, the starting point for the housing market is nondescript – chugging along at a modest rate, essentially. While it might not make for the most exciting headlines, it's not a bad state of affairs in the bigger picture of an economy that could do with low interest rates for a period yet to entrench the economic recovery. Steady is fine.

But now, dark clouds have gathered abruptly and are shading the outlook not only for New Zealand house prices, but for economies and asset prices globally. We turn now to the potential impacts of the global energy shock precipitated by the Middle East conflict.

Brace for impact

Just when the economic recovery was starting to feel real. High-frequency indicators of economic growth have been mixed but by and large have suggested that the economic recovery has continued into the New Year (figure 9).

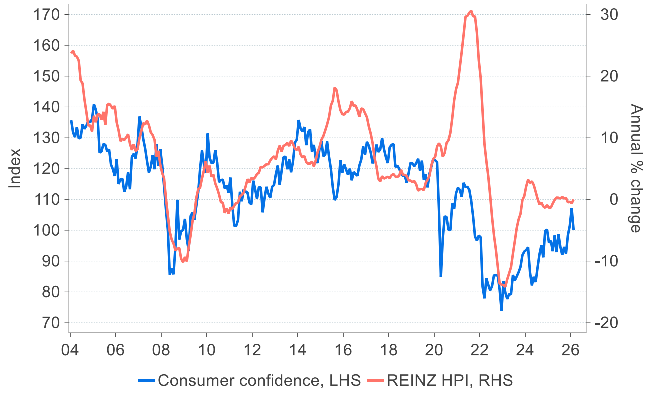
Figure 9. 1Standardised activity indicators



Source: Stats NZ, Business NZ, BNZ, REINZ, SEEK, AIA, Macrobond, ANZ Research

Households were starting to believe consumer confidence had lifted back to what could be considered 'normal' levels after four years in the doldrums (figure 10), and improved economic sentiment, and greater job security looked set to support housing demand this year.

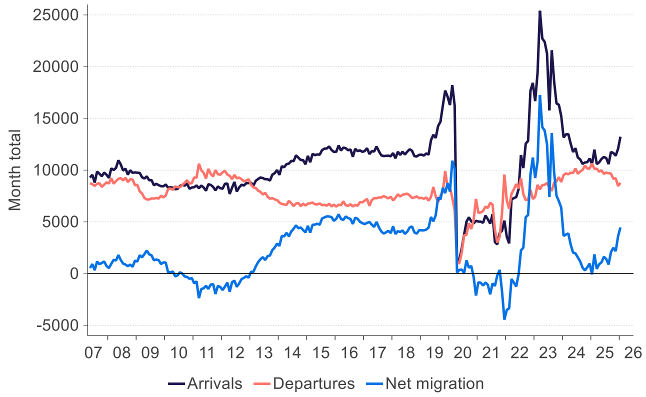
Figure 10. Consumer confidence and house prices



Source: ANZ, REINZ, Macrobond, ANZ Research

Net migration has also been lifting without labour demand (figure 11), providing modest support to housing demand.

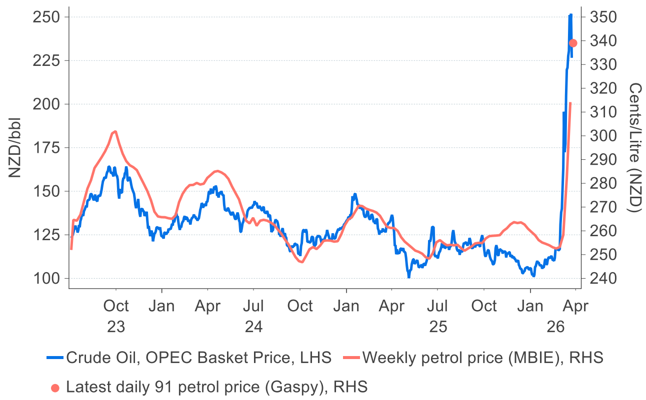
Figure 11. Net migration (sa)



Source: Stats NZ, Macrobond, ANZ Research

But now, global oil prices have soared as the market has come to the realisation that this will not be a short-lived interruption to global energy supplies out of the Middle East, but a more prolonged disruption with persistent impact on supply and therefore energy prices. The most visible and immediate impact has been on the price of petrol at the pump (figure 12).

Figure 12. Global oil prices



Source: OPEC, MBIE, gaspy.nz, Macrobond, ANZ Research

But that's only the start. Fuel isn't just a consumer product. It is an input into the production and movement of every good, and many services to the extent that people need to get around too. And it's not just oil: fertiliser, various industrial chemicals, plastics, global food prices … We're looking down the barrel of broad-based cost-push inflation, but at this stage it's impossible to accurately gauge how extreme it could get, and how long it might last. The best one can do in terms of forecasting is make assumptions that will turn out to be wrong in the fullness of time, but which are helpful storytelling devices. For the sake of argument, if the oil price holds at USD100/bbl and then gradually declines towards USD75/bbl by year end, we see CPI inflation peaking around 3.6% in the September quarter this year, as opposed to declining from here as we had forecast previously.

Despite the inevitable jump in inflation, our base case is that the RBNZ will not hike the Official Cash Rate any earlier than we were already forecasting (December). As well as increasing our inflation forecast, we've also knocked 0.7% off our GDP growth forecast this year. That's a very different scenario from inflation caused by an overheated economy. There is nothing the RBNZ can do about the initial inflation spike, and raising the OCR more aggressively than necessary would exacerbate what is already going to be a painful situation for many, as the RBNZ Governor laid out in a speech this week. That doesn't mean it would be riskless for the RBNZ to look through the inflationary spike. If inflation expectations and firms' price-setting behaviour change, and the medium-term inflation picture deteriorates, they may end up having to raise interest rates by even more later to get inflation back in its box. The Governor made that clear too. There is no risk-free policy option at this point, and no policy option (for monetary policy or fiscal policy) that makes this all better. New Zealand just got poorer, and all fiscal and monetary policy can try to do is first, do no harm, and second, try to share the pain sensibly around the economy and over time.

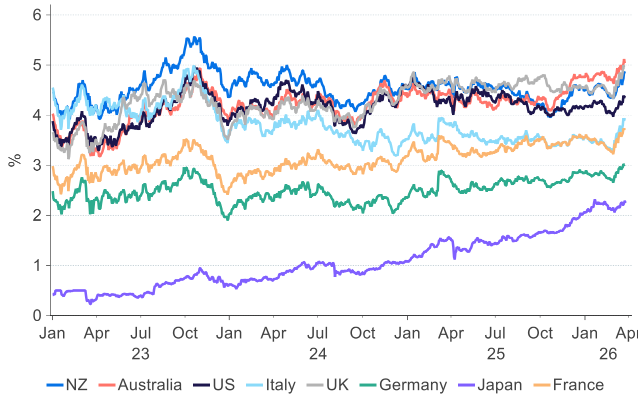
Before you get too excited about the notion that the RBNZ won't be hiking the OCR any time soon, it's worth noting that that is not least because interest rates have gone up all by themselves. The recent lift in wholesale swap rates has been ferocious at both short and long horizons (figure 13).

Figure 13. Wholesale swap rates

Source: Bloomberg, Macrobond, ANZ Research

This hasn't been specific to New Zealand; it's global. Markets are now technically pricing two to three hikes this year (versus just one after the February Monetary Policy Statement), but we would be very cautious about interpreting that literally as the collective wisdom of the market as to what they think is the most likely outcome. Markets are currently extremely illiquid with pricing driven primarily by large money flows as foreign punters are less active in the market and significant numbers of people rush to fix their mortgage debt. That is perhaps a reason to think the move might not persist as long as if it were a fundamental recalibration of the outlook for monetary policy. But for now, it is what it is, and moves have been large enough to feed through into retail rates. Long-term yields have also been rising as markets ponder what inflation might average over the next decade or so, and the sustainability of the outlook for fiscal in a bunch of countries that already have eye-wateringly high government debt. But everyone has been dragged along for the ride (figure 14).

Figure 14. Global 10-year bond yields



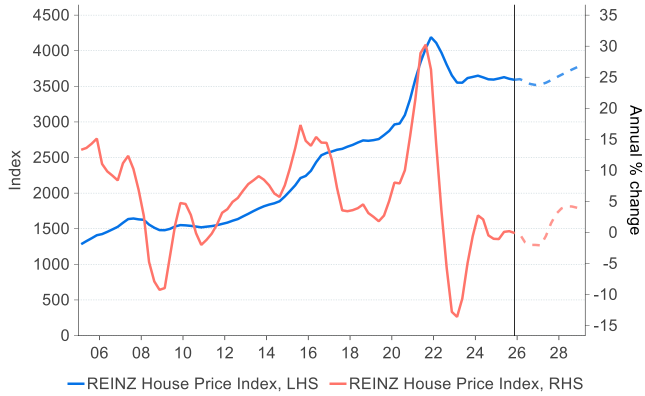
Source: RBNZ, US Treasury, SBJ, Bloomberg, Macrobond, ANZ Research

While not many mortgages are issued for terms beyond 3 years, upward pressure on bond yields is dragging up the long end of yield curves and ensuring there is "nowhere to hide". See our Mortgage Borrowers Strategy on page 8 for more discussion, including what retail mortgage rates have been doing. Suffice it here to say that increases in interest rates are a significant headwind for the housing market, but the impact will depend hugely on whether it turns out to be a blip or a persistent move.

The impact on confidence and the broader economy will also depend on how protracted the disruption proves to be, and whether the physical supply of oil is interrupted. However, even if the Strait of Hormuz reopens soon, oil prices are likely to remain elevated for a period, reflecting damage to some production facilities in the Middle East, ongoing geopolitical risk premia, and renewed inventory-building demand.

One way or another, lower household confidence and upward pressure on mortgage rates as a result of the oil shock will weigh on a housing market that was already short on momentum before the conflict. We have now pencilled in small falls in house prices over coming months, leaving house prices down 2% over 2026. A protracted conflict in the Middle East could see a steeper fall in house prices; but equally a quick resolution within the next month or two could see the market stabilise sooner. We continue to see a modest increase in house prices as likely from 2027 onwards as an economic recovery settles in.

Figure 15. House price forecast



Source: REINZ, Macrobond, ANZ Research

Housing market indicators for February 2026 (based on REINZ data seasonally adjusted by ANZ Research)

	Median house price			House price index		Sales		
	Level	Annual % change	3-mth % change	Annual % change	3-mth % change	# of monthly sales	Monthly % change	Average days to sell
Northland	$626,563	-8.6	-5.1	-1.5	-0.7	184	+1%	61
Auckland	$1,010,050	1.2	0.0	-1.1	-0.2	2,161	+6%	49
Waikato	$757,694	3.4	0.6	0.4	-0.1	720	+12%	48
Bay of Plenty	$819,560	3.5	1.2	1.7	-0.3	410	+1%	47
Gisborne	$652,487	13.6	0.4	0.6	0.4	36	+1%	53
Hawke's Bay	$693,128	-0.8	1.1	0.6	0.4	221	+1%	49
Manawatu-Whanganui	$534,111	-3.2	-0.6	-0.3	-0.4	343	+19%	44
Taranaki	$614,149	1.6	1.4	0.9	-0.2	149	-12%	42
Wellington	$779,289	1.4	-0.3	-2.8	-1.2	588	-7%	58
Tasman, Nelson & Marlborough	$743,189	3.8	0.4			191	-12%	48
Canterbury	$704,920	2.4	1.1	3.3	0.7	1,156	+5%	44
Otago	$752,886	13.5	2.5	1.6	1.1	432	+3%	46
West Coast	$431,960	12.3	0.9	0.3	0.4	34	-16%	51
Southland	$524,429	10.1	2.7	7.0	4.1	152	-2%	41
New Zealand	**$793,860**	**3.2**	**1.0**	**0.0**	**0.1**	**6,754**	**+2%**	**48**

Mortgage borrowing strategy

This is not financial advice about any product or service. The opinions and research contained in this document are provided for information only, are intended to be general in nature and do not take into account your financial situation or goals. Please refer to the Important Notice.

Summary

Fixed mortgage rates were either higher or unchanged over the past month, with the rises that were seen driven by sharp increases in wholesale interest rates as the Middle East conflict has evolved – a global phenomenon. As unwelcome as the rise in some fixed mortgage rates will be to readers, those rises have been much tamer than rises seen in wholesale rates. The situation in the Middle East remains fluid. But unless we see a sustained de-escalation in the conflict, given how far wholesale rates have risen, the risk is that mortgage rates may rise further over coming weeks. At this stage we see it as a risk rather than our central scenario, but given the magnitude of the moves, it can't be ignored. Our hope is that we do see a de-escalation, and if we do, while we still expect mortgage rates to rise, that is likely to occur more gradually than if we see an escalation. As the RBNZ has said, hiking now will not bring inflation down and would dampen growth, and "a short-lived disruption and a temporary increase in petrol prices can – and should – be looked through from a monetary policy perspective if it is unlikely to have an impact on medium-term inflation". With mortgage rates up off earlier lows, we see less value in fixing for longer periods, but the 2-year offers a good mix of value and certainty. Breakevens do not favour longer-term fixes and will only work out cheaper in the long run if mortgage rates rise by more than we are projecting. However, longer-term fixes do offer more certainty.

Recent developments

There have been no changes to median floating, 6-month, 4-year and 5-year rates over the past month but increases of between 0.06% and 0.11% were recorded for 1-year to 3-year rates. As unwelcome as that will be to readers, the fact is, wholesale interest rates have risen by a much greater amount. Indeed, wholesale 2- and 3-year interest rates are up 0.50% and 0.53% respectively since the day we published our February Property Focus.

Thoughts and views

One obvious risk stemming from the disparity between moves in wholesale rates and mortgage rates is the possibility that mortgage rates rise sooner, and by more, than we are projecting. Readers may therefore then ask why we don't we favour fixing for longer now, before that happens. The answer is that it might not happen, especially if we see a de-escalation in the Middle East conflict. There is considerable uncertainty, and we doubt anyone is wanting to take a big punt on geopolitics, so we think it makes sense to formulate a fixing strategy that is resilient to multiple scenarios. Cost matters but so does certainty (which is higher the longer you fix for, but costs more too). In situations like this, some mix of the two will likely appeal to most people. Those for whom certainty is paramount may lean towards fixing for longer, whereas those wanting to keep costs down in the near term may prefer a shorter term.

For its part, the RBNZ has said it will look through the rise in fuel prices as long as inflation expectations don't become unanchored, and the medium-term inflation outlook is acceptable. It would help if the conflict doesn't escalate or become longer-lasting. That speaks to not over-reacting, and the OCR remaining on hold for now.

We continue to pencil in OCR hikes from December. While the risks look skewed to earlier hikes given the inevitable rise in inflation, it's nuanced, because the conflict also poses downside risks to growth, and there are scenarios where the shock *delays* hikes. We are loath to change our forecasts until we have more information about which way things are tracking. In such a messy, ambiguous situation, borrowers need to balance their own appetite for certainty against the cost of it.

With mortgage rates up off earlier lows, fixing for longer is by definition less attractive on a cost basis now, and as our breakevens show (see our infographics overleaf), it is only worth fixing for 3 years or longer if you expect 1- and 2-year rates to move up towards 6%. That could happen, but it is not what we are forecasting. A term like the 2-year perhaps offers a good mix of certainty and cost. It'll protect you well into the upcoming business cycle, but it's still below 5%, which is likely to be manageable for most borrowers. However, those worried about the risk of rolling over onto a sharply higher rate at the end of that may want to consider fixing for longer, but they must of course weigh up the additional upfront cost involved.

Figure 1. Carded special mortgage rates*

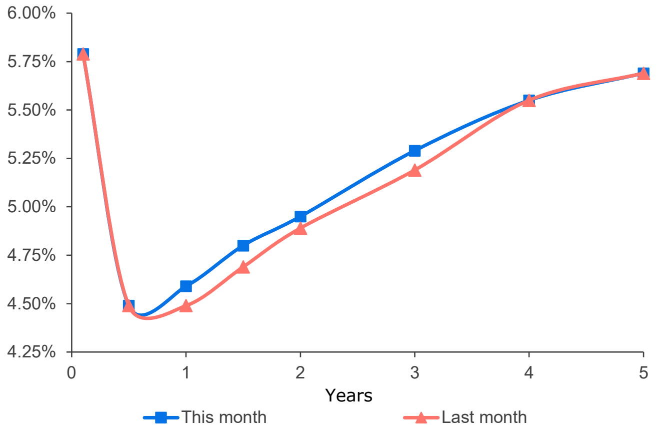


Table 1. Carded special mortgage rates*

Term	Current	Last month
Floating	5.79%	5.79%
6 months	4.49%	4.49%
1 year	4.59%	4.49%
18 months	4.80%	4.69%
2 years	4.95%	4.89%
3 years	5.29%	5.19%
4 years	5.55%	5.55%
5 years	5.69%	5.69%

Source (figure 1 and table 1): interest.co.nz, ANZ Research

*Median of the five largest banks

Breakevens

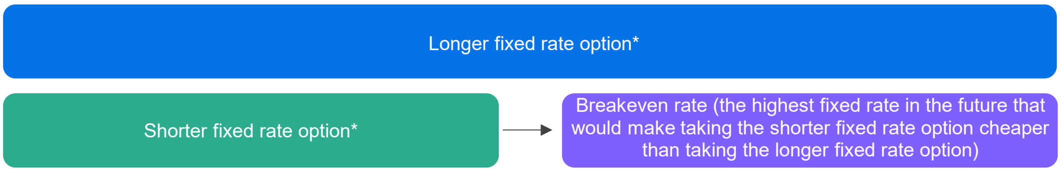
Table 1. Special mortgage rates and breakevens*^

		Breakevens for 20%+ equity borrowers					
Term	Current	in 6mths	in 1yr	in 18mths	in 2 yrs	in 3 yrs	in 4 yrs
Floating	5.79%	3.39%					
6 months	4.49%	4.69%	5.22%	5.40%			
1 year	4.59%	4.96%	5.31%	5.60%	5.97%	6.33%	6.25%
18 months	4.80%	5.10%		5.78%			
2 years	4.95%	5.28%	5.64%	5.89%	6.15%	6.29%	
3 years	5.29%	5.58%	5.87%	6.03%	6.18%		
4 years	5.55%	5.76%	5.97%				
5 years	5.69%			*Median of the five largest banks			

Source: interest.co.nz, ANZ Research

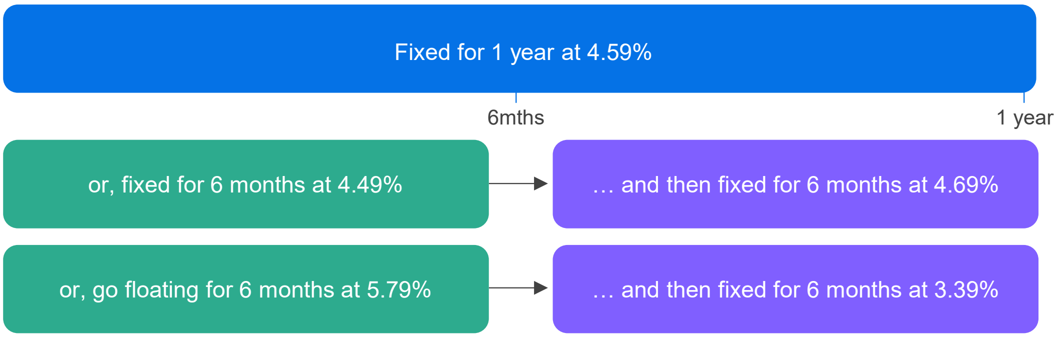
^ Floating rate breakeven assumes floating rate won't change. If it falls, the breakeven will be higher; if it rises, the breakeven will be lower.

Key – how to read our infographics

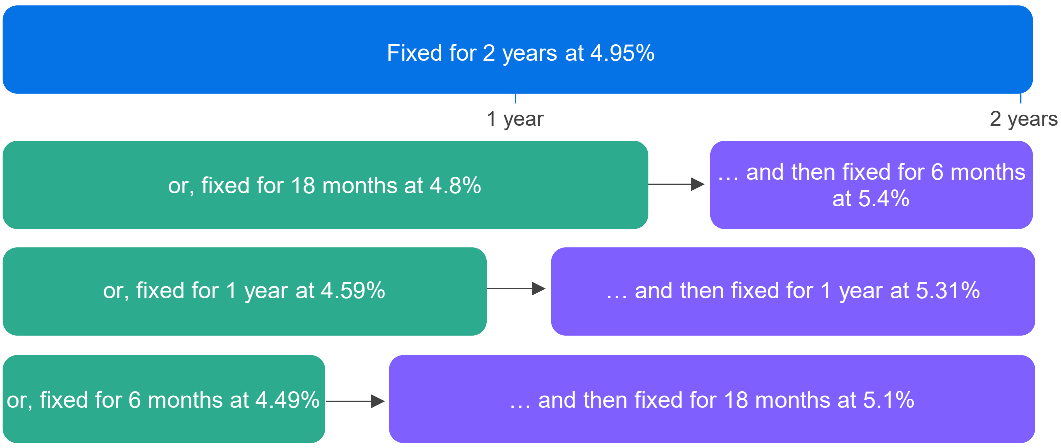


* Current advertised special mortgage rate, median of 5 largest banks

1 year horizon^

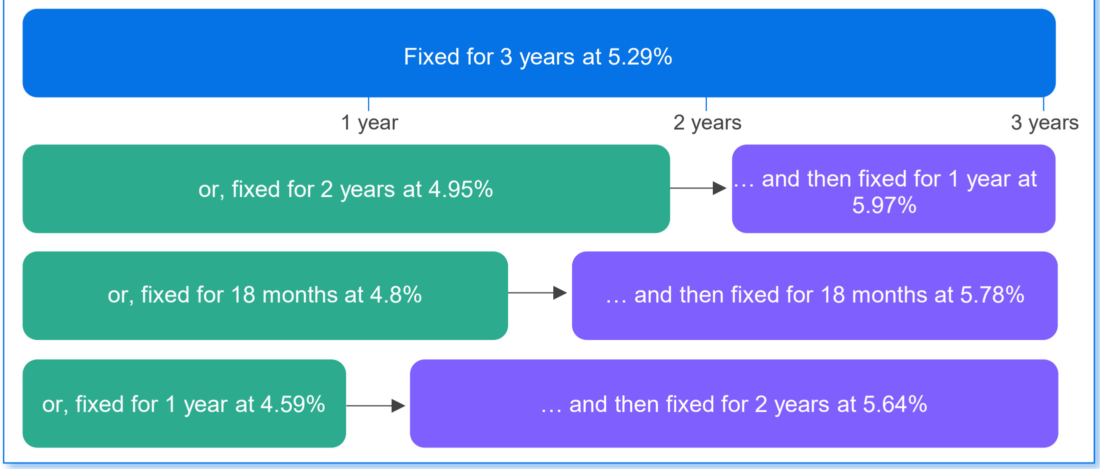


2 year horizon

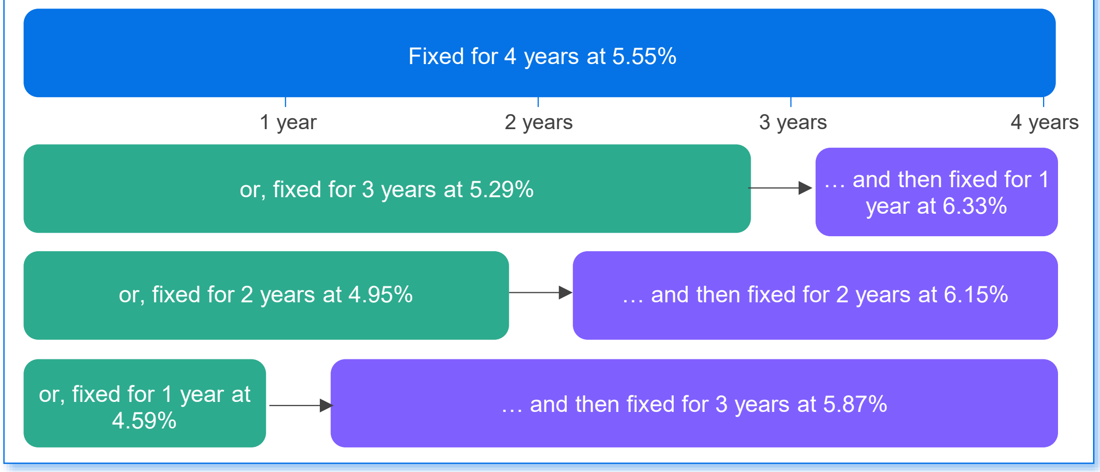


Breakevens

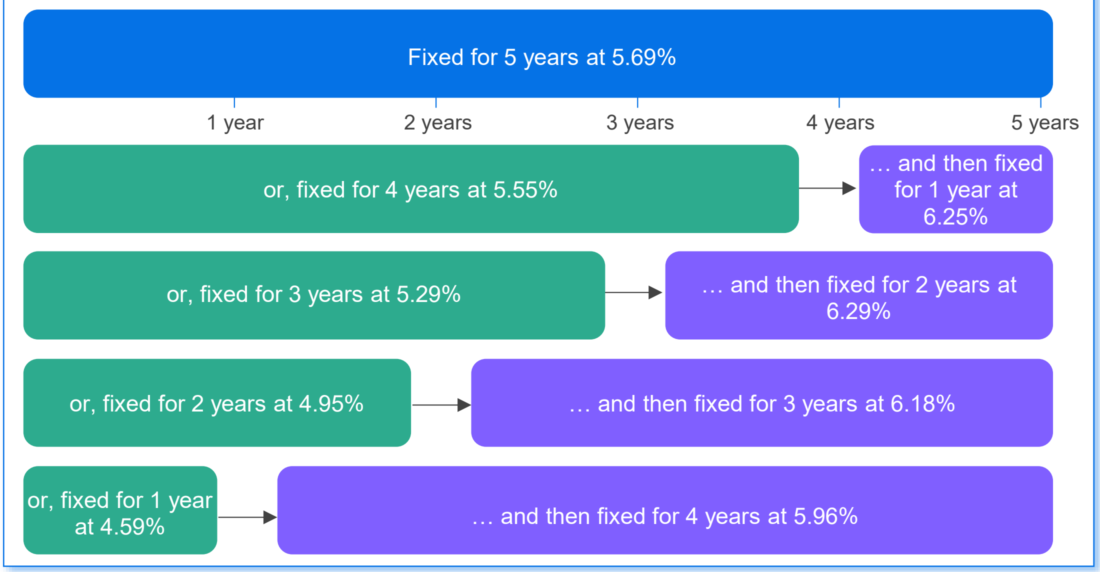
3 year horizon



4 year horizon



5 year horizon



Source: interest.co.nz, ANZ Research calculations

Key forecasts

Weekly mortgage repayments table (based on 30-year term)

	Mortgage Rate (%)													
Mortgage Size ($000)	4.25	4.50	4.75	5.00	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
200	227	234	241	248	255	262	269	277	284	292	299	307	315	323
250	284	292	301	309	318	327	336	346	355	364	374	384	393	403
300	340	351	361	371	382	393	404	415	426	437	449	460	472	484
350	397	409	421	433	446	458	471	484	497	510	524	537	551	564
400	454	467	481	495	509	524	538	553	568	583	598	614	629	645
450	511	526	541	557	573	589	606	622	639	656	673	690	708	726
500	567	584	601	619	637	655	673	691	710	729	748	767	787	806
550	624	643	662	681	700	720	740	760	781	802	823	844	865	887
600	681	701	722	743	764	786	807	830	852	875	897	921	944	968
650	737	760	782	805	828	851	875	899	923	947	972	997	1,023	1,048
700	794	818	842	867	891	917	942	968	994	1,020	1,047	1,074	1,101	1,129
750	851	876	902	928	955	982	1,009	1,037	1,065	1,093	1,122	1,151	1,180	1,209
800	908	935	962	990	1,019	1,048	1,077	1,106	1,136	1,166	1,197	1,227	1,259	1,290
850	964	993	1,023	1,052	1,082	1,113	1,144	1,175	1,207	1,239	1,271	1,304	1,337	1,371
900	1,021	1,052	1,083	1,114	1,146	1,178	1,211	1,244	1,278	1,312	1,346	1,381	1,416	1,451
950	1,078	1,110	1,143	1,176	1,210	1,244	1,278	1,313	1,349	1,385	1,421	1,458	1,495	1,532
1000	1,134	1,168	1,203	1,238	1,273	1,309	1,346	1,383	1,420	1,458	1,496	1,534	1,573	1,613

Mortgage rate projections (historic rates are special rates; projections based on ANZ's wholesale rate forecasts)

	Actual			Projections						
	Sep-25	Dec-25	Current	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
Floating Mortgage Rate	6.6	6.1	5.8	5.8	5.9	6.0	6.2	6.7	6.7	7.0
1-Yr Fixed Mortgage Rate	4.7	4.5	4.6	4.6	4.8	5.1	5.3	5.4	5.5	5.5
2-Yr Fixed Mortgage Rate	4.7	4.7	5.0	5.0	5.0	5.2	5.4	5.4	5.5	5.5
3-Yr Fixed Mortgage Rate	5.0	5.0	5.3	5.3	5.4	5.4	5.5	5.6	5.6	5.6
5-Yr Fixed Mortgage Rate	5.5	5.3	5.7	5.7	5.7	5.8	5.8	5.9	6.0	6.0

Source: RBNZ, ANZ Research

Wholesale interest rate forecasts

	Actual			Forecasts						
	Sep-25	Dec-25	Current	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
Official Cash Rate	2.25	2.25	2.25	2.25	2.25	2.25	2.50	3.00	3.00	3.25
90-Day Bank Bill Rate	2.45	2.52	2.54	2.52	2.57	2.67	3.09	3.34	3.42	3.59
NZ 2-yr swap	2.86	2.93	3.45	3.27	3.32	3.46	3.58	3.64	3.69	3.72
10-Year Bond	4.25	4.40	4.72	4.50	4.50	4.50	4.50	4.50	4.75	4.75

Economic forecasts

	Actual			Forecasts						
	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
GDP (Annual % Chg)	-1.0	1.1	1.3	1.0	2.1	1.8	2.1	2.0	2.6	2.8
CPI Inflation (Annual % Chg)	2.7	3.0	3.1	2.8	3.5	3.6	3.3	2.7	1.7	1.4
Unemployment Rate (%)	5.2	5.3	5.4	5.3	5.2	5.1	4.9	4.8	4.7	4.6
House Prices (Quarter % Chg)	0.5	-0.6	-0.4	0.3	-0.8	-1.1	-0.4	0.2	0.7	1.0
House Prices (Annual % Chg)	0.1	0.2	-0.1	-0.3	-1.6	-2.0	-2.0	-2.1	-0.6	1.5

Source: RBNZ, Statistics NZ, REINZ, Bloomberg, ANZ Research

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Last updated: 18 June 2025

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