ASB
ONE STEP AHEAD

ASB Housing Confidence

November 2025

Jane Turner
ASB Senior Economist

Lower interest rates boost buying favourability

ASB Housing Confidence Survey			
Net percent who believe (3 months to October 2025) …	Good time to buy a house	House prices will increase	Interest rates will increase
Auckland	33%	9%	-46%
Rest of North Island	25%	17%	-42%
Canterbury	24%	30%	-46%
Rest of South Island	25%	25%	-37%
TOTAL NZ	**28%**	**17%**	**-43%**
Compare 3 months to July 2025	26%	18%	-36%

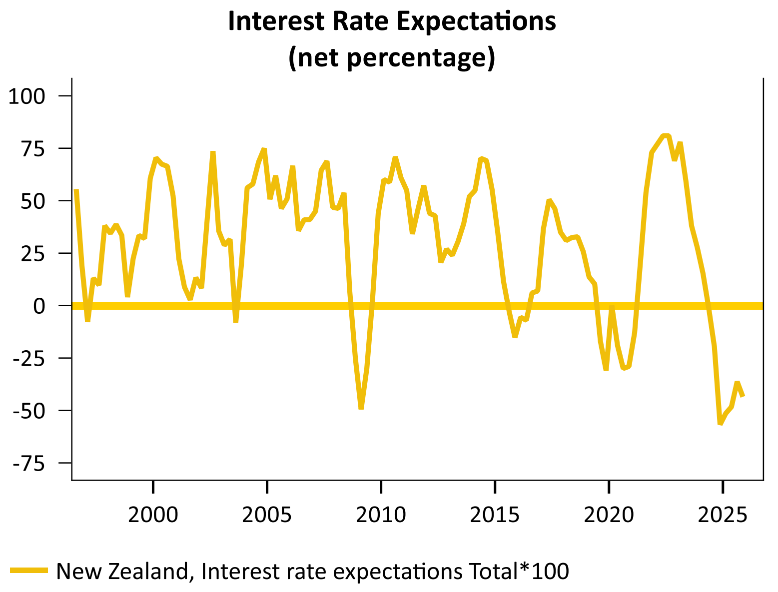
Source: Camorra

Source: Macrobond, ASB

- The Reserve Bank of New Zealand's dovish tilt since August influenced house price expectations and interest rate expectations in ASB's latest housing confidence survey (August – October). As the RBNZ communicated a more aggressive easing cycle, respondents correctly anticipated further declines in home loan rates. However, we believe the RBNZ is likely at, or very close to, the end of its easing cycle – we are interested to see how interest rate expectations evolve over the coming months and if that leads to change in re-fixing behaviour from mortgage holders.
- Respondents continue to see housing conditions as favourable to buyers, with perceptions the most favourable in 15 years. A number of conditions are contributing to positive views on entering the housing market, including relatively high levels of housing inventory to choose from, cyclical lows in mortgage rates and cyclical lows in house prices. For potential buyers, the housing market may currently be in a pre-economic recovery sweet spot as we believe housing conditions are likely to become more competitive over the coming year.
- Despite lower mortgage rates, house price expectations remain modest. Nonetheless, over the three-month survey period there was a small turnaround in optimism. House price expectations lifted in the October month, along with increased housing market activity. Along with survey respondents, ASB's outlook for house price growth also remains modest as there remains a large supply overhang weighing on the market. Population growth should absorb some excess housing stock so long as new housing construction remains restrained over the coming year. However, house price increases over the coming year are likely to be small compared to previous recovery cycles.

Interest rate expectations: more cuts expected

- **Over half of respondents expect to see further declines in home loan rates** in the three months to October. Interest rate expectations were slightly more negative compared to the previous three months. During the survey period (August, September and October) there was a large shift in communications from Reserve Bank of New Zealand (RBNZ). At the August Monetary Policy review the **RBNZ took a dovish pivot** and signalled it was likely to cut the OCR by more than it had previously expected. The RBNZ was concerned the economic recovery was struggling to gain traction and signalled more support from monetary policy was required. In October, the RBNZ followed up with an aggressive 50 basis point cut to the OCR, cementing the RBNZ's intent and resulting in market expectations for the terminal OCR to be lowered from 2.5% to 2-2.25%.
- Over the survey period, **there was a tick up in the share of respondents expecting home loan rates to continue falling over the year ahead,** to 54% in the three months to October, up from 47% in the previous survey. These expectations proved correct with advertised term mortgage rates falling roughly 40bp from the end of July to the end of October.
- At the time of writing, we **believe the OCR is as low as its likely to go in this economic cycle, at 2.25%,** although acknowledge the risk of another cut should economic data continue to underperform expectations. With the RBNZ likely at, or very close to, the end of its easing cycle **it will be very interesting to see how interest rate expectations change in the next quarter's survey** – in particular, if respondents continue to expect further declines in home loan rates.
- The expectation of lower interest rates has had an interesting impact on the transmission of monetary policy over the past year. **Some borrowers have been reluctant to lock in fixed-term mortgage rates on the anticipation that home loan rates will be lower later this year**. Instead, they have stayed on floating or fixed for relatively short, but more expensive, term mortgage rates. And as the economy underperformed expectations this year, this strategy paid off given the declines in mortgage rates we have seen over recent months. But this behaviour has also potentially delayed the full impact of the RBNZ's monetary stimulus. **Only once borrowers are convinced they are at the low point of the current cycle, will they lock in fixed term mortgage rates and the full effect of the RBNZ's monetary stimulus will flow through to household budgets.**

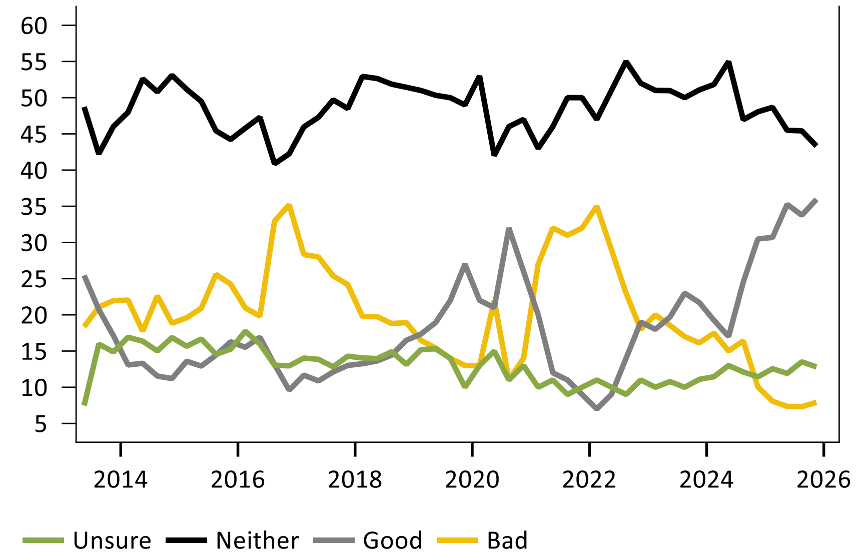


Source: Macrobond, ASB

Good time to buy? Yes, respondents think so

- **Respondents view now as a good time to buy**. Net 28% of respondents felt it now was a good time to buy (three months to October) - **the highest level since mid-2010** when the housing market was still in its post-Global Financial Crisis funk.
- A number of conditions are contributing to positive views on entering the housing market, including relatively **high levels of housing inventory, cyclical lows in mortgage rates and cyclical lows in house prices**. On the other hand, the weak state of the labour market may be contributing to some continued caution from prospective buyers.
- **A number of indicators point to housing market conditions remaining in favour of buyers**. New listings of houses for sale (seasonally adjusted) have increased throughout spring and this lift in supply has outpaced the modest pickup in demand. The total number of houses available for sales (realestate.co.nz) continues to climb and, on a seasonally-adjusted basis, is at decade highs. With plenty of options on the market, prospective buyers can take their time and remain picky.
- Meanwhile, the number of days it takes for a house to sell, as reported by REINZ, remains elevated – the **median of days to sell was 45 days in October.** This compares to the 2012-2020 period where the number of days to sell averaged 36 days and rarely lifted above 40.
- **For potential buyers, the housing market may currently be in a pre-economic recovery sweet spot** as we believe housing conditions are likely to become more competitive over the coming year. Mortgage rates are at, or close to, cyclical lows. House prices are stable following the declines seen over 2022. We do expect the market to tighten and for prices to gently lift over 2026.
- **Job security concerns may have explained some buyer caution over the past two years**. The weaker economy has led to employers paring back the size of the work force. Consequently, those still employed may feel less confident about their job stability and be wary of making big financial commitments. We believe the labour market is at a turning point, with labour demand now stabilising with employment set to recover over 2026. Labour earnings growth has lifted and is finally rising at least fast enough to match the pace of inflation.

Good Time to Buy (percent)

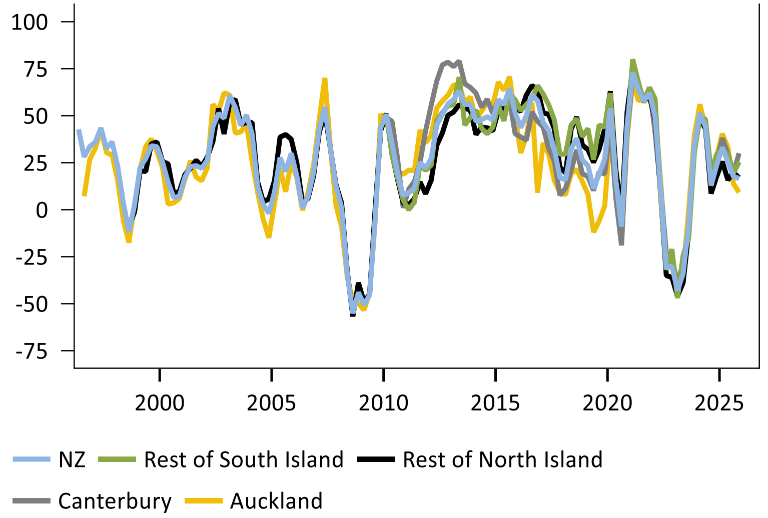


Source: Macrobond, ASB

House price expectations: slightly less positive

- **House price expectations edged slightly lower** in the three months to October. **Net 17% of respondents expect that prices will increase over the coming year** – down a touch from net 18% in the three months to July. However, while the quarter average was lower – over the three month survey period there was a small turnaround in optimism.
- There was **a change in tone from the Reserve Bank of New Zealand (RBNZ) in August**, and the RBNZ subsequently cut the Official Cash Rate (OCR) by 50 basis points in October. Mortgage rates fell in response to the more aggressive easing approach and the expectation of a lower OCR end point. **Subsequently, house price expectations lifted in October relative to August.** October also saw a lift in housing market activity with REINZ reporting a 4% seasonally-adjusted lift in turnover.
- Nonetheless, **optimism that prices will increase has waned over the past year**, from a peak of net 33% expecting an increase in prices at the end of 2024 when the RBNZ was at the start of its easing cycle. The RBNZ is now at, or close to, the end of its easing cycle. As a result, **interest-rate-induced house price growth has likely come to an end.**
- Over the past year, house prices have more or less remained flat. Lower interest rates have stimulated demand. However, the large overhand of supply has kept a lid on house price growth.
- Looking ahead, there are **a number of competing forces on house prices over the coming year.** We expect **growth in labour incomes** and increased job security will contribute to stronger housing demand over 2026. **Population growth** via net immigration will likely remain low by historical standards – but still positive.
- However, **supply has been the dominant factor in the housing market over the past year**. There remains a large supply overhang weighing on the market. Rents for new tenancies have declined over the past year, which also suggests an excess supply in the housing market.   Population growth should absorb some excess housing stock so long as new housing construction remains modest over the coming year.
- We expect to see **modest growth in house prices** over the coming year, in line with a broader recovery in household demand. The lift in house prices will likely be mild compared to previous cycles.

House Price Expectations Regional Split (net expectations)



Source: Macrobond, ASB

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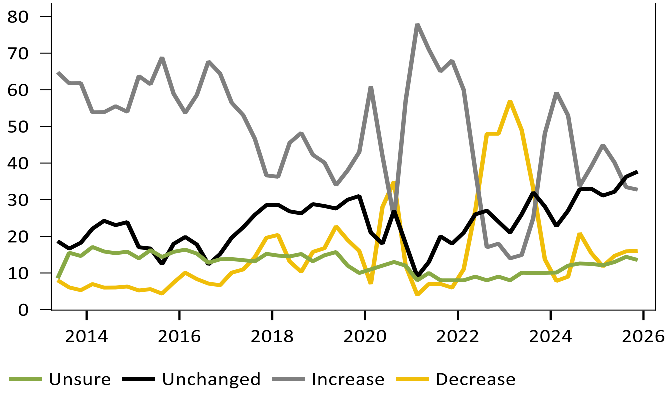
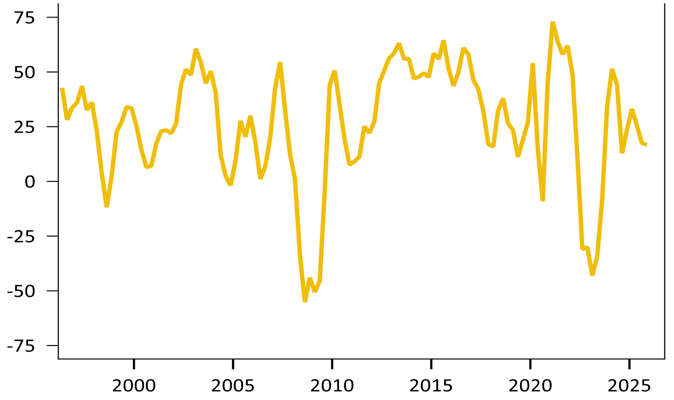
The Details

House Price Expectations
(percent)



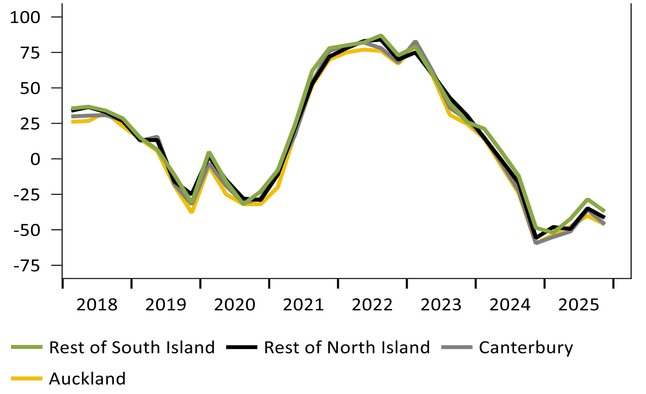
Source: Macrobond, ASB

House Price Expectations
(net percent)



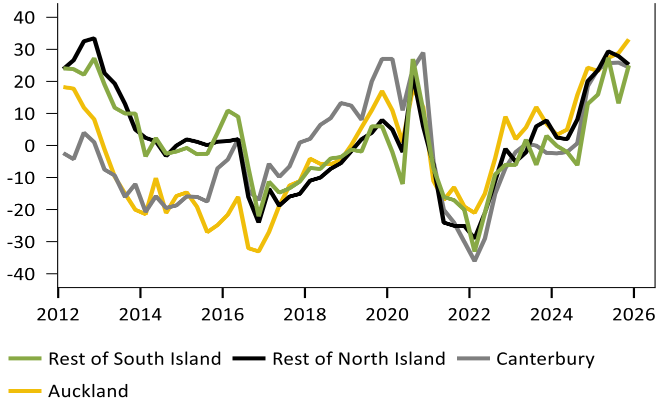
Source: Macrobond, ASB

Interest Rate Expectations Regional Split
(net expectations)



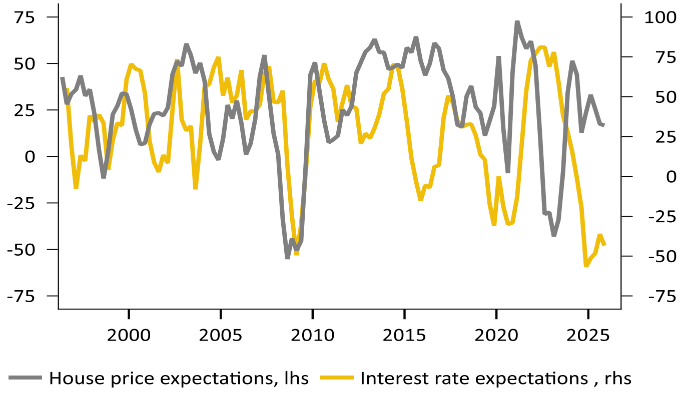
Source: Macrobond, ASB

Good Time to Buy Regional Split
(net percentage)



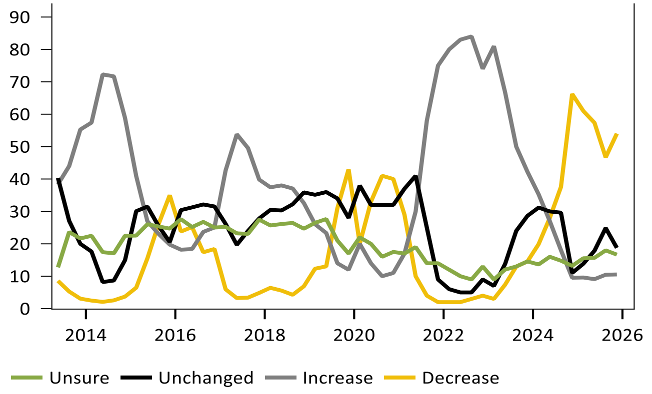
Source: Macrobond, ASB

Interest Rate Expectations and House Price Expectations
(net percentage)



Source: Macrobond, ASB

Interest Rate Expectations
(percent)



Source: Macrobond, ASB

Appendix

- **Housing Confidence Survey is conducted every three months by ASB Bank since July 1996.**
- We ask respondents about their expectations for house prices and interest rates over the next 12 months, and if it is a good time to buy a property.
- This quarter, from August to October 2025, 2,886 respondents from Auckland, other parts of North Island, Canterbury, and other parts of South Island participated in our survey.

Contact us

ASB Economics & Research			Phone
Chief Economist	Nick Tuffley	nick.tuffley@asb.co.nz	(649) 301 5659
Senior Economist	Mark Smith	mark.smith4@asb.co.nz	(649) 301 5657
Senior Economist	Chris Tennent-Brown	chris.tennent-brown@asb.co.nz	(649) 301 5853
Senior Economist	Jane Turner	jane.turner@asb.co.nz	(64) 27 360 5035
Economist	Yen Nguyen	yen.nguyen@asb.co.nz	
Economist	Wesley Tanuvasa	Wesley.Tanuvasa@asb.co.nz	
Administration Manager	Caro Phillips	caro.phillips@asb.co.nz	

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