



ASB Housing Confidence

May 2026

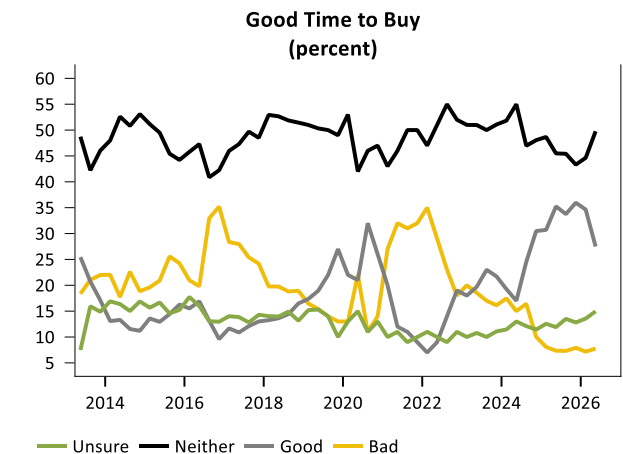
Jane Turner

ASB Economics

› Fuel crisis drives interest rate expectations higher

ASB Housing Confidence Survey			
Net percent who believe (3 months to April 2026) ...	Good time to buy a house	House prices will increase	Interest rates will increase
Auckland	23%	14%	46%
Rest of North Island	23%	18%	49%
Canterbury	7%	30%	50%
Rest of South Island	13%	26%	47%
TOTAL NZ	20%	19%	48%
<i>Compare 3 months to January 2026</i>	27%	30%	-5%

Source: Camorra

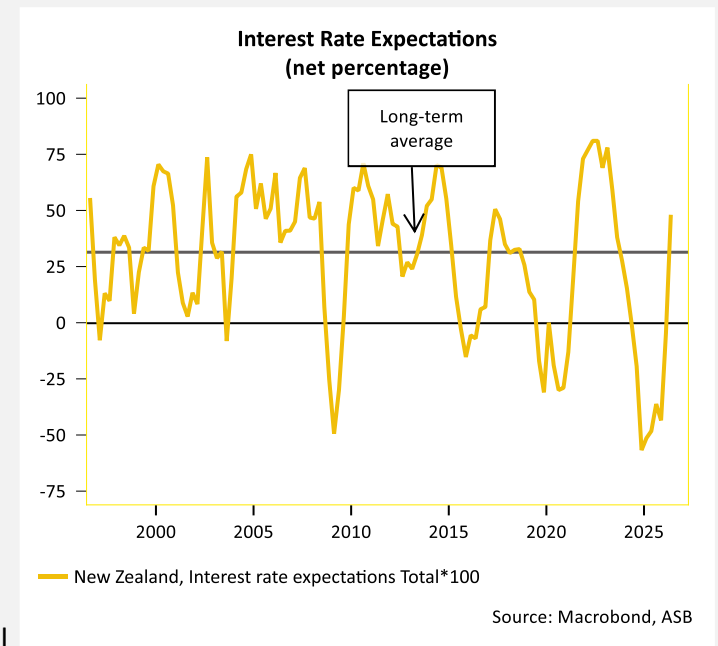


Source: Macrobond, ASB

- › **House price expectations have pared back in the wake of the fuel crisis** sparked by the outbreak of conflict in the Middle East. **Auckland led the decline in house price expectations**, suggesting the Super City may be more exposed to lifts in mortgage rates and fuel prices.
- › **Buying sentiment remains relatively positive in the North Island**, although did ease back – possibly due to the anticipated rise in mortgage rates impacting affordability. Nonetheless, it appears that **housing supply remains a key factor underpinning home buying sentiment**.
- › Cantabrians appear less concerned by the prospect of higher inflation and interest rates, at least when it comes to how it will impact the housing market, and **Canterbury expectations for house prices remain relatively buoyant**. Canterbury housing market conditions have tightened, and it is now viewed as a less favourable time to buy.
- › There has been a **sharp turn around in interest rate expectations over the past six months**, with 74% of respondents now believing we are past the lows in mortgage rates for this cycle and **55% expect interest rates to rise over the coming year**.
- › Due to the outbreak of conflict in the Middle East and subsequent closure of the Strait of Hormuz, **we expect inflation will soon be above 4%**- with risks of higher inflation the longer the conflict and disruption to trade continue. The RBNZ must lift interest rates to keep future inflation within target – the question is not if interest rates rise, but when and by how much. **We currently expect the RBNZ will start lifting the OCR in July, bringing the cash rate to 3.25% by the end of the year (from its current low of 2.25%)**.

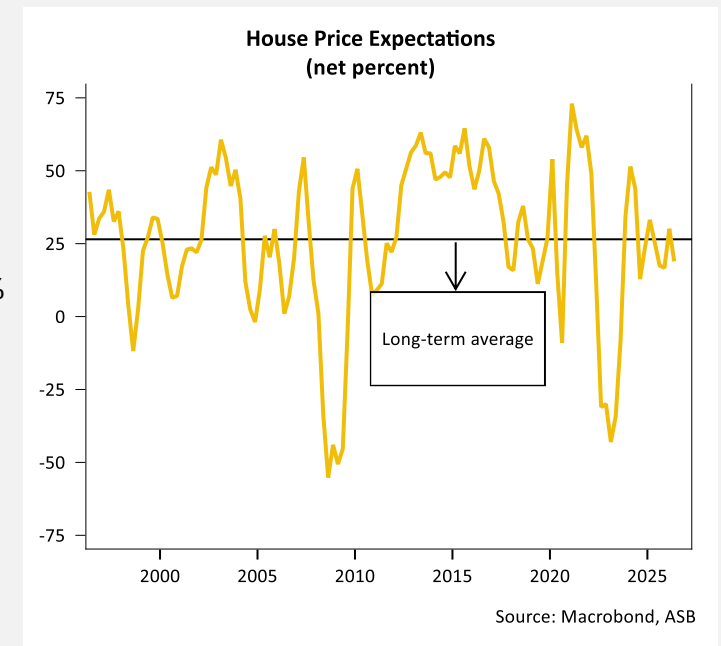
› Interest rates widely expected to rise

- › There has been a **sharp turn around in interest rate expectations** over the past six months. **The majority of respondents now believe we are past the lows in mortgage rates for this cycle** and over half expect interest rates to rise over the coming year. There was a particularly sizable shift in interest rate expectations in the March and April month surveys, implying the Middle East conflict and subsequent fuel crisis was the key event triggering the change in interest rate expectations.
- › In the three months to April, **net 48% of respondents now expect interest rates to rise over the coming year**. This compares to net 5% expecting interest rates to *decline* in the three months to January, and a large turnaround compared to six months ago – where net 43% of respondents were expecting interest rates to fall.
- › Only 7% of respondents expected mortgage rates to fall in the three months to April. **74% of respondents believe interest rates are past their lows** – with 19% expecting interest rates to remain unchanged and 55% expecting interest rates to rise.
- › **Uncertainty around the outlook remains elevated** – with the proportion of those unsure around the interest rate outlook remaining unchanged at 19% in the three months to April. While uncertainty around the economic outlook is elevated and we are unsure about many things over the next few months, **one thing ASB is confident of is that interest rates will be higher by the end of this year**. The risks to inflation are firmly skewed to the upside due to the supply shock impacting food and fuel prices.
- › The outbreak of conflict in the Middle East and subsequent closure of the Strait of Hormuz – a key transit passage for crude oil and fertilizer - has resulted in disruption to the global supply of crude oil and fertilizer. As a consequence, we expect higher prices for fuel and food will contribute to **inflation rising above 4% for the rest of 2026**, with risks skewed to the upside the longer the conflict and disruption to trade continue. **The RBNZ must lift interest rates to keep future inflation within target** – the question is not if interest rates rise, but when and by how much. **We currently expect the RBNZ will start lifting the OCR in July, with a steady run of rate hikes at each meeting bringing the cash rate to 3.25% by the end of the year (from its current low of 2.25%).**
- › **Mortgage rates**, particularly for longer-terms, **have already started to rise in response to changes in wholesale interest rate markets**. However, we don't expect the RBNZ to start lifting the OCR until July – which will keep short-term rates (i.e. floating rates and borrowing rates under 1 year) anchored for the next month or so.
- › **Expectations of rising interest rates will likely see households willing to lock in mortgage rates now** – potentially for slightly longer terms to protect themselves from higher mortgage rates over the next year. More discussion on mortgage rates can be found in our [home loan rate report](#).



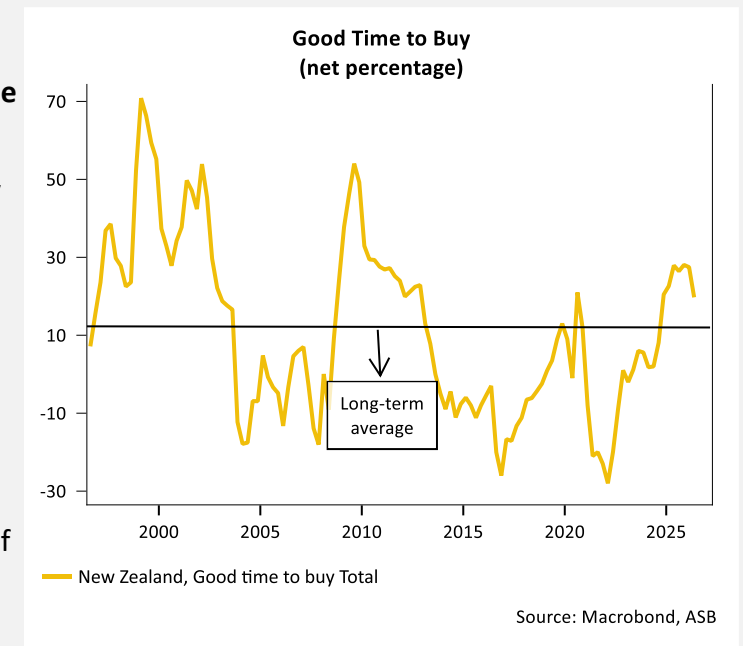
› House price expectations: Auckland leads sentiment drop

- › **House price expectations pared back in the three months to April 2026**, with net 19% expecting house prices to increase over the coming year – down from net 30% in the three months prior.
- › **House price expectations had picked up heading into Summer** as mortgage rates dropped to fresh lows and improving household financial conditions supported consumer confidence. **However, as the implications of the Middle East conflict** on fuel prices and interest rates **became apparent, house price expectations pared back through March and April.**
- › Nonetheless, **some optimism remains, with 33% of respondents expecting higher house prices over the coming year** (albeit down from 42% in the previous survey). There was a corresponding tick up those expecting house prices to remain unchanged – up to 37% in the three months to April, compared to 31% in the three months prior.
- › It appears **the change in economic backdrop has not been severe enough to drive increased concerns of house price declines.** Just 14% expect house prices to fall over the coming year, only slightly up on 12% in the summer survey.
- › Regional variations in the housing market persist – the **largest fall in house price sentiment was in Auckland** with price expectations declining by 19 percentage points (to net 14% expecting an increase, down from net 33%). **The change in sentiment across the rest of the country was more modest**, with house price expectations falling 6 percentage points in the rest of the North Island and falling 8 percentage points in the South Island. The relatively sharp change in sentiment in Auckland vs the rest of the country **implies the Super City is either more highly leveraged** (and more sensitive to interest rate changes) or **more sensitive to higher fuel prices** (possibly due to longer commutes).
- › **Despite expectations of higher interest rates and the recent lift in fuel prices, Canterbury’s expectations for its housing market outlook has barely changed.** Canterbury house price expectations remain buoyant with net 30% expecting prices to rise. For more discussion on Canterbury’s strong economic performance – see our latest [regional scoreboard](#).
- › **House price expectations have been oscillating around the long-term average of net 25% over the past year or so and has been broadly consistent with house prices trending sideways.** House prices have seen small declines over the second half of 2025 and into early 2026, and we expect price growth will remain subdued this year.

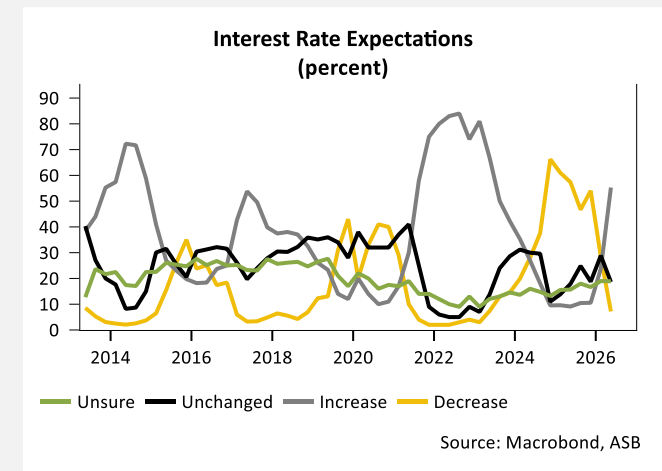
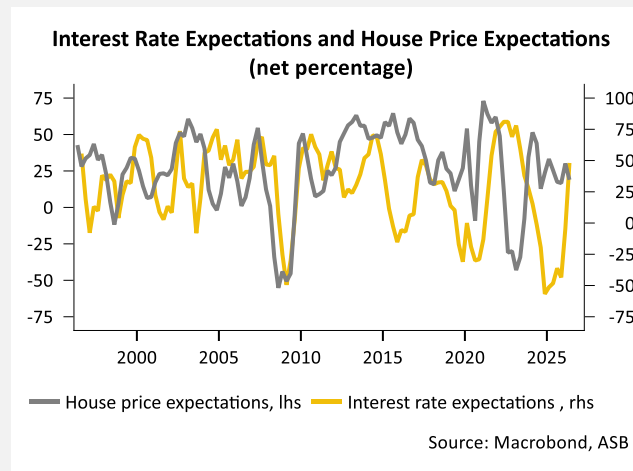
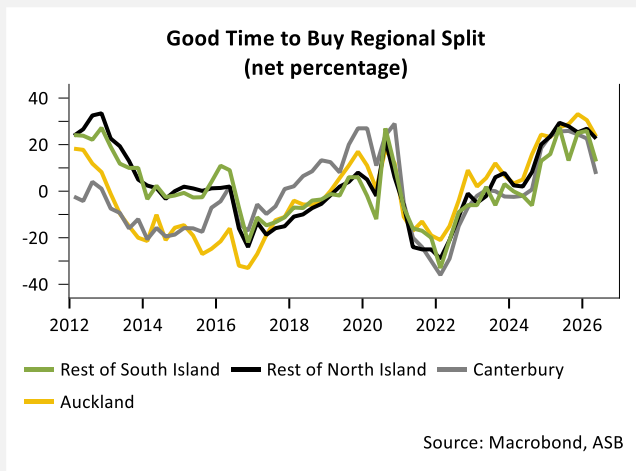
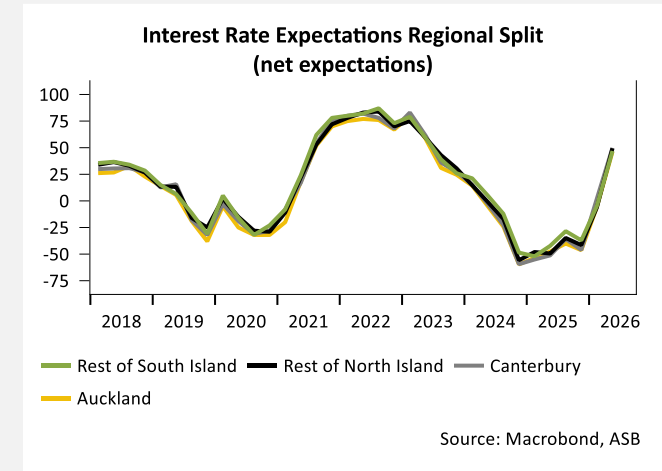
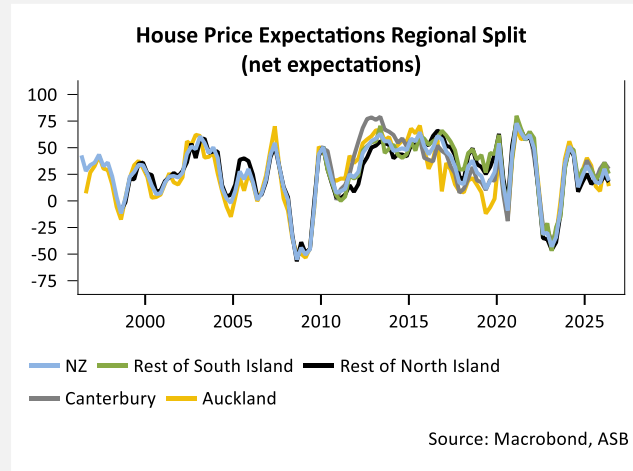
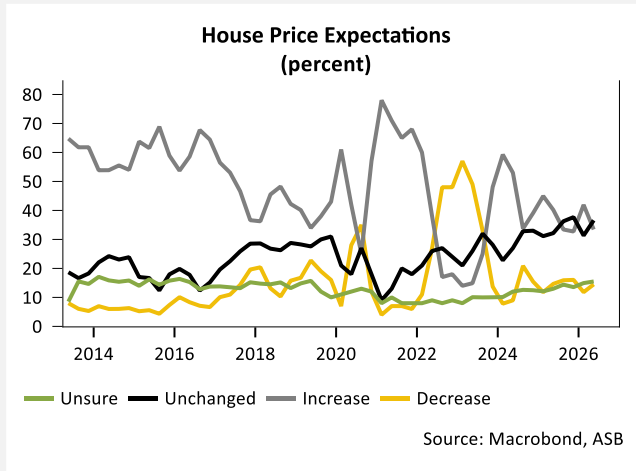


› Still viewed as a good time to buy – except in Canterbury

- › **Net 20% felt it was a good time to buy in the three months to April** – a dip from net 27% in the prior survey. Respondents have felt it's been a relatively good time to buy since late 2024 – it is the most positive buying sentiment has been since the period post the Global Financial Crisis. **Falling mortgage rates have supported affordability, while a strong supply of new houses onto the market has allowed for more choice for potential buyers.**
- › **Half of respondents were neutral on housing market buying conditions**, with 50% feeling it was neither a good or bad time to buy in the three months to April – a lift from 45% in the previous survey. Meanwhile, **27% of respondents still believe it to be a good time to buy**, down from 35% in the previous report. The rise in fuel prices and expected rise in mortgage rates do not appear to put off potential home buyers – with only 8% viewing it a bad time to buy.
- › While higher mortgage rates and the higher cost of living are expected to impact affordability – **it appears that availability of choice remain a key factor underpinning home buying sentiment.**
- › Housing demand and house sales dropped over the first quarter of 2026, despite fresh falls in mortgage rates in late 2025 and improving labour market conditions. Softer demand conditions saw the **median number of days to sell continue to hover around 45-47 days (on a seasonally adjusted basis)** – indicating there remains no sense of urgency in the housing market. The number of new listings remains relatively steady and the total number of houses available for sale has trended higher indicating an overhang of supply persisting in the housing market.
- › While home buying sentiment was reasonably positive and uniform across Auckland and the North Island, **sentiment is less positive in the South Island – and particularly so in Canterbury where the regional economy is stronger and the housing market is tighter.** Only net 7% felt it was a good time to buy in Canterbury, compared to net 13% in the South Island (excluding Canterbury) and net 23% in Auckland and the North Island.
- › Looking ahead, the pace of net immigration has lifted in recent months, and **stronger population growth may start to absorb some of the excess housing stock.** However, higher inflation, led by increased food and fuel prices, is set to impact consumer demand and business profitability. We expect the economy to weaken over 2026, and this will delay the recovery in the labour market. **The higher cost of living, job security concerns and rising mortgage rates are likely to dent housing demand throughout this year.**



> The Details



> 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 February to April 2026, 2942 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	Kim Mundy	kim.mundy@asb.co.nz	
Senior Economist	Jane Turner	jane.turner@asb.co.nz	
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	



Important Disclaimer - This document is published solely for informational purposes. It has been prepared without taking account of your objectives, financial situation, or needs. Before acting on the information in this document, you should consider the appropriateness and suitability of the information, having regard to your objectives, financial situation and needs, and, if necessary seek appropriate professional or financial advice.

We believe that the information in this document is correct and any opinions, conclusions or recommendations are reasonably held or made, based on the information available at the time of its compilation, but no representation or warranty, either expressed or implied, is made or provided as to accuracy, reliability or completeness of any statement made in this document. Any opinions, conclusions or recommendations set forth in this document are subject to change without notice and may differ or be contrary to the opinions, conclusions or recommendations expressed elsewhere by ASB or Commonwealth Bank. We are under no obligation to, and do not, update or keep current the information contained in this document. No person involved in the preparation of this document accepts any liability for any loss or damage arising out of the use of all or any part of this document.

Any valuations, projections and forecasts contained in this document are based on a number of assumptions and estimates and are subject to contingencies and uncertainties. Different assumptions and estimates could result in materially different results. No representation or warranty is made that any of these valuations, projections or forecasts, or any of the underlying assumptions or estimates, will be met. Past performance is not a reliable indicator of future performance.