



# HOME AFFORDABILITY REPORT

QUARTERLY SURVEY SEPTEMBER 2025, VOL 36, NO.3

**OVERALL, HOME AFFORDABILITY HAS IMPROVED AGAIN DURING THIS QUARTER, LARGELY DRIVEN BY A DECLINE IN MORTGAGE INTEREST RATES, A DROP IN MEDIAN HOUSE PRICES, AND A MODEST INCREASE IN HOUSEHOLD INCOMES.**

## QUARTERLY RESULTS:

- At the national level, home affordability improved again this quarter, driven by a decline in mortgage interest rates, a drop in median house prices, and a modest increase in incomes across most regions.
- Median house prices declined in eight regions, with the most significant quarterly decrease recorded in the West Coast region (down 10.5% or \$45,000). In contrast, the Gisborne region experienced an increase of 16% (or \$95,000), making it the region with the sharpest rise.
- Nationally, the overall median house price fell by 0.3% (a reduction of \$2,000) during the quarter.
- Affordability improved by 1.6% nationally, with ten regions showing improvement. Remaining six regions experienced deterioration. The most significant improvement was observed in the West Coast, where affordability rose by 13.1%. Whereas in the Gisborne region affordability was deteriorated by 13.8%.
- The two-year fixed mortgage interest rate decreased by 0.07%, reaching 5.59% as of July 2025. This marks a return to the medium-term downward trend in rates after several years of increases driven by the Reserve Bank.
- Incomes increased by 0.11% nationally during the quarter, with a mix trend where half of the regions experiencing an upward trend and the remaining half experiencing a downward trend in average weekly earnings. The largest increase was recorded in the Marlborough region, with a 2.03% rise.

## YEARLY RESULTS:

- At the national level, the median house price declined slightly by 0.5% over the past 12 months, falling by \$4,000 to \$761,000 as of August 2025. During the last twelve months, median house prices declined in only two regions (i.e. Northland and Wellington), while the remaining fourteen showed an improvement.
- The largest increase was recorded in the Gisborne region (up 11.3% or \$70,000). The largest decrease occurred in Wellington (down 6.3% or \$50,000).
- The two-year fixed mortgage interest rate decreased by 1.56 percentage points, from 7.15% in July 2024 to 5.59% in July 2025.
- Average weekly earnings increased by 3.16% during the same period.
- The combined effects of higher incomes, lower mortgage interest rates, and adjustments in median house prices resulted in a 24.6% improvement in national housing affordability over the past year observed across all sixteen regions.
- Most significant improvement in affordability was observed in Wellington region (29.2% improvement in affordability).

## GENERAL TRENDS

- The national house price-to-income ratio slightly decreased this quarter, reaching 9.4 times the annual average wage. This reflects a modest improvement in housing affordability, influenced by declining house prices and rising incomes.

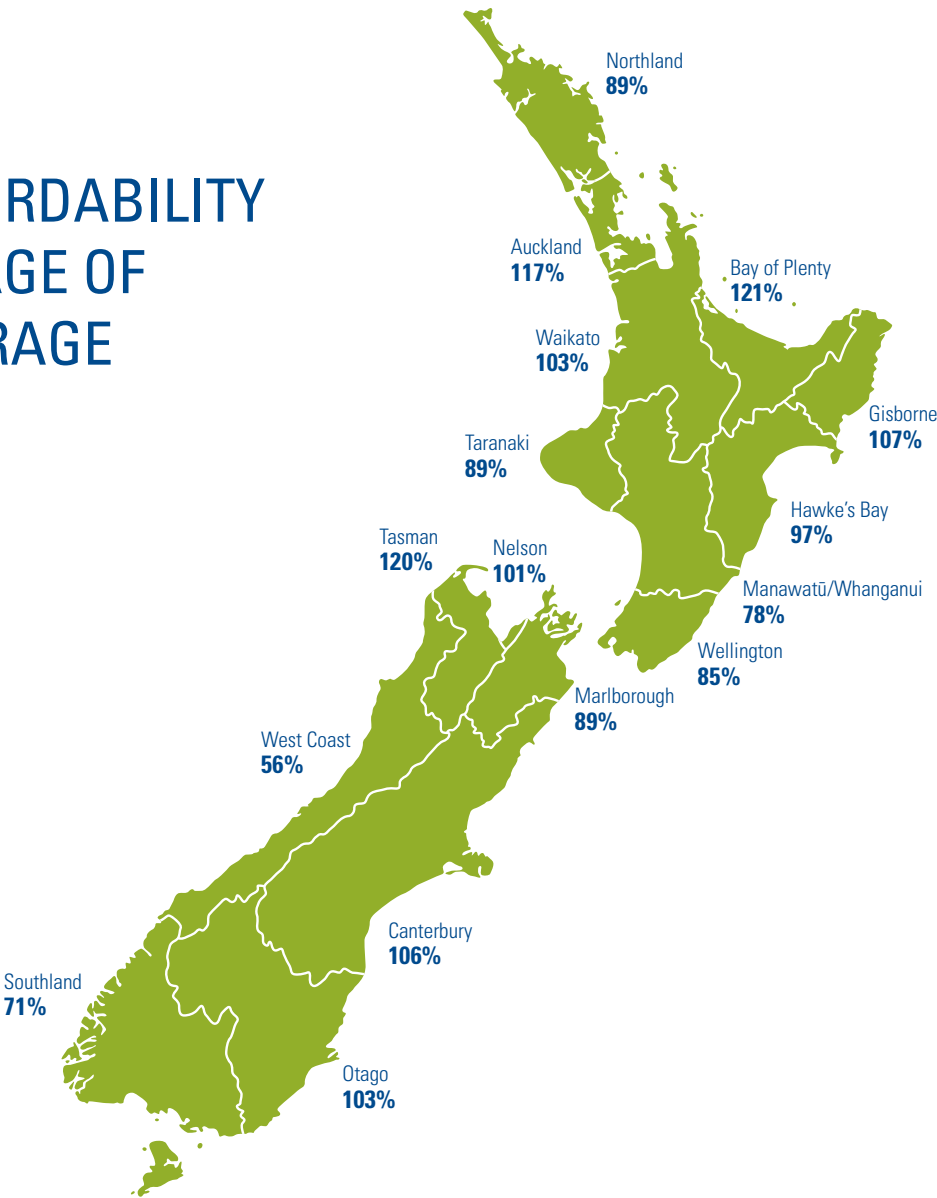
## QUARTERLY RESULTS:

- National housing affordability slightly improved by 1.6% during this quarter, supported by a 0.3% decline in median house prices.
- The key drivers of this improvement were:
  - A decrease in mortgage interest rates (down 0.07 percentage points),
  - Lower median house prices in half of the regions, and
  - Modest growth in household incomes.

## YEARLY RESULTS:

- Over the past year, national housing affordability improved by 24.6%, with all sixteen regions showing positive gains.
- This significant improvement was primarily driven by:
  - A notable decrease in mortgage interest rates (down 1.56 percentage points),
  - Slight adjustments in median house prices, and
  - Steady growth in average weekly earnings across most regions.

# REGIONAL AFFORDABILITY AS A PERCENTAGE OF NATIONAL AVERAGE



HOME AFFORDABILITY INDEX				PERCENTAGE CHANGE IN HOME AFFORDABILITY IN THE LAST 12 MONTHS		PERCENTAGE CHANGE IN HOME AFFORDABILITY IN THE LAST 3 MONTHS	
Region	August 2024	May 2025	August 2025	Improvement	Decline	Improvement	Decline
Northland	33.7	26.1	24.5	27.2%		6.2%	
Auckland	42.0	32.7	32.1	23.7%		1.9%	
Waikato	36.8	28.6	28.3	23.2%		1.1%	
Bay of Plenty	40.9	33.0	33.2	18.9%			0.6%
Gisborne	34.9	25.8	29.4	15.7%			13.8%
Hawke's Bay	33.7	27.4	26.6	20.9%		2.7%	
Manawatū/Whanganui	28.0	20.9	21.3	23.8%			2.4%
Taranaki	31.0	24.1	24.4	21.3%			1.4%
Wellington	32.9	25.8	23.3	29.2%		9.8%	
Tasman	41.5	33.3	33.0	20.4%		1.0%	
Nelson	34.6	26.2	27.7	20.1%			5.8%
Marlborough	33.0	26.0	24.6	25.6%		5.4%	
West Coast	19.1	17.6	15.3	19.7%		13.1%	
Canterbury	37.2	29.5	29.1	21.7%		1.2%	
Otago	34.8	27.5	28.3	18.8%			2.9%
Southland	24.2	21.5	19.5	19.2%		8.9%	
All Regions	36.4	27.9	27.5	24.6%		1.6%	

Overall, home affordability has improved again during this quarter, largely driven by a decline in mortgage interest rates, a drop in median house prices, and a modest increase in household incomes.

## DATA SOURCES

The Massey Home Affordability Index takes into account the cost of borrowing (mortgage interest rates) as well as house prices and wage levels.

Note that the regional breakdown within this report and the March report has changed from earlier editions. The regional breakdown in this current report is unable to be fully compared to reports prior to March 2019. The regional breakdown contained herein for the 3 month and 12 month periods are unable to be directly compared with earlier reports. Please contact the authors for comparisons with earlier editions of this report. Waikato/Bay of Plenty/Gisborne district is now 3 separate districts: Waikato; Bay of Plenty; Gisborne. Nelson/Marlborough/Kaikoura district is now comprised within Tasman; Nelson; Marlborough districts. Kaikoura is now contained within Canterbury district. Canterbury/Westland district is now 2 districts: Canterbury; West Coast. Central Otago Lakes district is now contained within Otago district.

## TERMINOLOGY

Housing affordability for housing in New Zealand can be assessed by comparing the average weekly earnings with the median dwelling price and the mortgage interest rate. The earnings figure represents the money available to the family, or household unit, and the median dwelling price combined with the mortgage interest rates provide an indicator of the expense involved.

## MEDIAN DWELLING PRICES

Median dwelling prices for various regions within New Zealand are released monthly by the REINZ. The figures are obtained from a survey of member agencies' sales during that specific month. There may be irregularities in the data resulting from errors in the returns or processing, but when individual returns are combined with those of other agencies the distortion is likely to be small. In some months there may be very few transactions and this can result in somewhat non-representative median prices. The REINZ continues to research ways of improving the quality of the data. The research, and other continuing action by the REINZ to monitor and improve data quality, should minimise data errors.

## AVERAGE WEEKLY EARNINGS

Average national and regional weekly earnings data is provided directly by Statistics New Zealand.

### AUTHORED BY

**Arshad Javed**

**Property Group, Real Estate Analysis Unit (REAU)  
School of Accountancy, Economics and Finance |  
Te Kura Huinga Tahua**

### ENQUIRIES MAY BE ADDRESSED TO:

Massey Communications Team

Phone: 021 660 260

Email: [communications@massey.ac.nz](mailto:communications@massey.ac.nz)

**Website** <https://www.massey.ac.nz/>

## AVERAGE MONTHLY INTEREST RATES

The Reserve Bank New Zealand (RBNZ) publishes a range of data on mortgage interest rates. Some interest data provided by the Reserve Bank has been discontinued in April 2017 (E5.10 Total Monthly yield weighted average % on balance sheet).

The Reserve Bank series selected for this quarter's home affordability index is based on a 2-year fixed new residential average mortgage interest rates at the end of month for registered banks (B20). This quarter's interest rate was 7.07%, which was increased from 5.55% last year in April 2022.

## SCHOOL OF ACCOUNTANCY, ECONOMICS AND FINANCE | TE KURA HUINGA TAHUA MASSEY UNIVERSITY

Massey University has three campuses, located in Palmerston North, Wellington and Auckland, in New Zealand. The University has an enrolment of 33,000 students with approximately 13,000 business students. There are five schools within the Massey Business School.

## IMPORTANT DISCLAIMER

No person should rely on the contents of this report without first obtaining advice from a qualified professional person. This report is made available on the terms and understanding that Massey University and the authors of this report are not responsible for the results of any actions taken on the basis of information in this report, nor for any error in or omission from this report.