TE KUNENGA KI PŪREHUROA
MASSEY UNIVERSITY
UNIVERSITY OF NEW ZEALAND

REAL ESTATE ANALYSIS UNIT

HOME AFFORDABILITY REPORT

QUARTERLY SURVEY MARCH 2026, VOL 37, NO.1

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

QUARTERLY RESULTS:

- At the national level, home affordability improved by 12.6% again this quarter, supported by lower mortgage interest rates, a decline in median house prices, and modest incomes growth across most regions.
- Median house prices declined in eight of the sixteen regions, with the largest quarterly decrease recorded in Marlborough, where prices fell by 11.5% (or $86,000). In contrast, the West Coast region recorded the largest quarterly increase, with median house prices rising by 6.3% (or $25,000).
- Nationally, the median house price decreased by 1.6%, representing a reduction of $13,000 during the quarter.
- Housing affordability improved by 12.6% nationally, with all sixteen regions positive gains. The most significant improvement was observed in Marlborough, where affordability improved by 21.7% primarily due to a substantial decline in house prices.
- The two-year fixed mortgage interest rate declined by 0.54 percentage points, reaching 4.46% in January 2026.
- Average weekly earnings increased by 0.92% nationally during the quarter, with all regions recording income growth. The largest increase in weekly earnings was recorded in Gisborne, where incomes rose by 3.65%.

ANNUAL RESULTS:

- At the national level, the median house price increased by 3% over the past 12 months, rising by $23,000 to $795,000 as of February 2026. During the year, median house prices declined in only three regions (i.e. Northland, Hawke's Bay and Manawatu/Whanganui), while the remaining thirteen regions recorded increases. The largest annual increase occurred in Otago, where median house prices rose by 13.2% (or $88,000). In contrast, the largest annual decline was recorded in Northland, where median house prices fell 8.9% (or $65,000).
- The two-year fixed mortgage interest rate decreased by 1.37 percentage points, from 6.03% in January 2025 to 4.66% in January 2026.
- Average weekly earnings increased by 3.49% during December 2024 and December 2025.
- The combined effects of higher incomes, lower mortgage interest rates, and moderate house prices resulted in a 23.1% improvement in national housing affordability over the past year. All sixteen regions recorded improvements in affordability over the year. The most significant annual improvement was observed in Northland, where affordability improved by approximately 32%.

GENERAL TRENDS

- The national house price-to-income ratio decreased slightly during the quarter, falling to 9.7 times the annual average wage. This reduction reflects a modest improvement in housing affordability, supported by lower mortgage interest rates, softer house prices in many regions, and continued income growth.

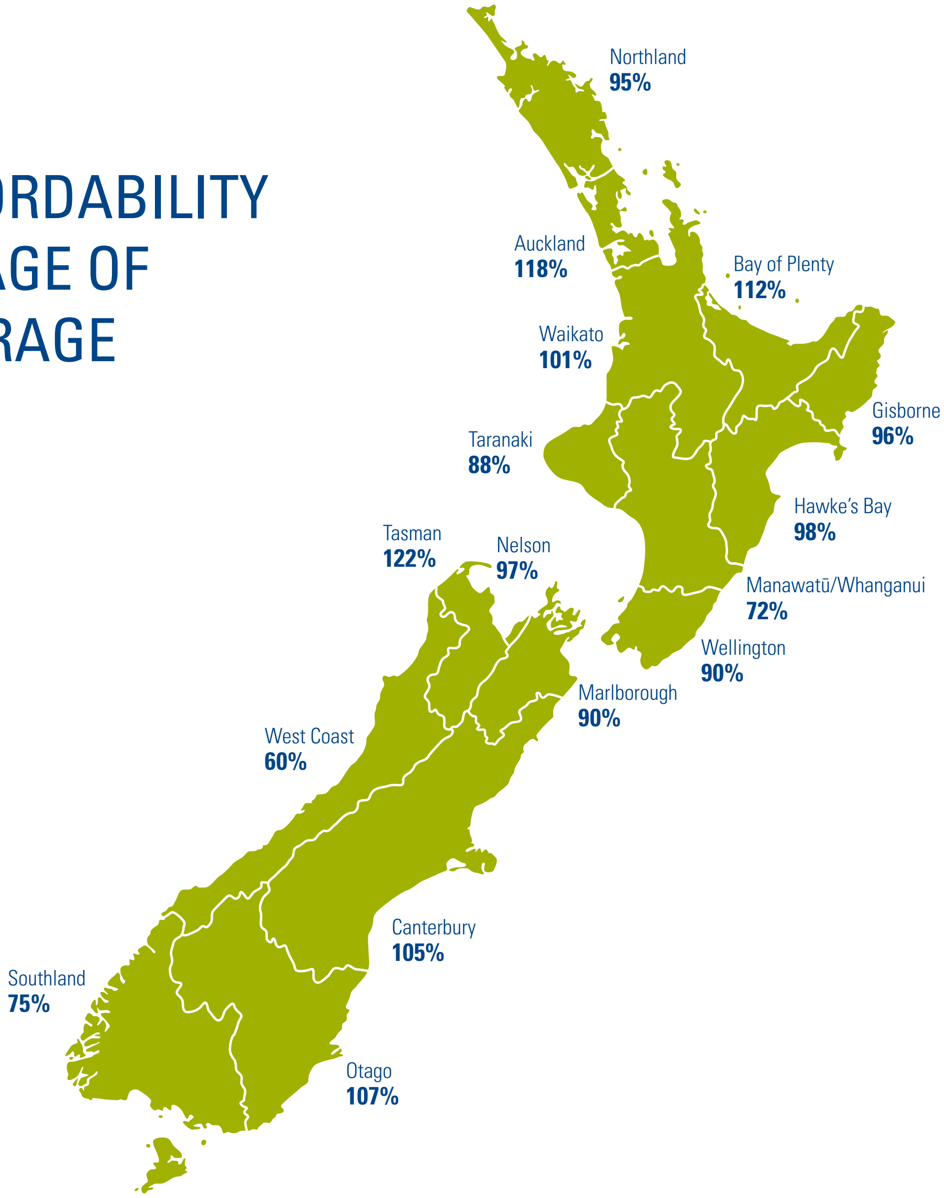
QUARTERLY RESULTS:

- National housing affordability improved by 12.6% during the quarter. The key drivers of this improvement were a decline in mortgage interest rates (down 0.54 percentage points), lower median house prices across half of New Zealand's regions and continued growth in household incomes.

ANNUAL RESULTS:

- Over the past year, national housing affordability improved by 23.1%, with all sixteen regions recording positive gains.
- This significant improvement was primarily driven by a significant reduction in mortgage interest rates (down 1.37 percentage points) and continued growth in average weekly earnings across all regions.
- Overall, the March 2026 results indicate that declining mortgage rates remain the most influential factor supporting improved housing affordability, while falling house prices in several regions and rising incomes have further strengthened affordability outcomes across New Zealand.

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	February 2025	November 2025	February 2026	Improvement	Decline	Improvement	Decline
Northland	32.8	25.7	22.3	32.0%		13.3%	
Auckland	37.0	32.2	27.7	25.0%		13.9%	
Waikato	30.5	27.2	23.7	22.2%		12.9%	
Bay of Plenty	34.6	30.8	26.4	23.6%		14.2%	
Gisborne	27.3	27.6	22.5	17.6%		18.5%	
Hawke's Bay	31.3	25.6	23.1	26.1%		9.8%	
Manawatū/Whanganui	23.3	19.6	17.0	27.1%		13.7%	
Taranaki	27.2	23.3	20.7	24.0%		11.3%	
Wellington	27.9	23.4	21.1	24.3%		9.7%	
Tasman	36.2	30.4	28.6	20.9%		5.7%	
Nelson	29.5	25.9	22.9	22.3%		11.6%	
Marlborough	28.2	27.2	21.3	24.5%		21.7%	
West Coast	16.9	14.9	14.1	17.1%		5.5%	
Canterbury	32.1	27.6	24.6	23.4%		10.8%	
Otago	29.6	27.3	25.3	14.5%		7.6%	
Southland	21.2	19.5	17.6	17.0%		9.5%	
All Regions	30.6	26.9	23.5	23.1%		12.6%	

DATA SOURCES

The Massey Home Affordability Index (MHAI) measures housing affordability by incorporating three key determinants of home ownership: median house prices, mortgage interest rates, and household incomes. By combining these factors, the Index provides a comprehensive measure of the ability of an average household to purchase a home across New Zealand's sixteen regions.

REGIONAL BOUNDARIES

The regional breakdown used in this report follows the regional classifications adopted since March 2019. Consequently, results presented in this report are directly comparable only with reports published from March 2019 onwards. Comparisons with reports published before March 2019 should be made with caution because of changes to regional classifications. The current regional structure includes the following changes: Waikato, Bay of Plenty and Gisborne are reported separately. Tasman, Nelson and Marlborough are reported separately. Kaikōura is included within the Canterbury region. Canterbury and the West Coast are reported as separate regions. Central Otago Lakes is incorporated within the Otago region.

TERMINOLOGY

Housing affordability is assessed by comparing average weekly earnings with the costs associated with purchasing a typical home. These costs are represented by the regional median house price and the prevailing two-year fixed mortgage interest rate. Average weekly earnings represent the income available to a typical household, while the combination of median house prices and mortgage interest rates provides an indication of the financial commitment required to purchase a home. Improvements in affordability generally occur when household incomes increase, mortgage interest rates decline, or house prices decrease.

MEDIAN HOUSE PRICES

Regional median house prices are compiled monthly by the Real Estate Institute of New Zealand (REINZ), using median house price data supplied by member agencies. As with any transaction-based dataset, monthly median prices may be influenced by relatively low sales volumes or changes in the mix of properties sold within a region. However, REINZ continues to enhance data collection and quality assurance processes to ensure that published figures provide a reliable indicator of residential market movements.

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AVERAGE WEEKLY EARNINGS

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

MORTGAGE INTEREST RATES

Mortgage interest rates are sourced from the Reserve Bank of New Zealand (RBNZ). The Home Affordability Index uses the average two-year fixed residential mortgage interest rate for new lending (Series B20), which reflects one of the most commonly selected fixed mortgage terms by New Zealand home buyers.

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The Massey Home Affordability Index is produced by researchers within the School of Accountancy, Economics and Finance, Massey Business School, Massey University. Massey University has campuses in Auckland, Palmerston North, and Wellington, and is recognised as one of New Zealand's leading universities for business, property, accounting, finance, and economics education and research.

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