



# NZ Property Market Outlook

Stephen Toplis | March 2021

This document has been produced by Bank of New Zealand (BNZ).

BNZ is a registered bank in New Zealand and is only authorised to offer products and services to customers in New Zealand.

# Property Big Picture

## In Aggregate

- Driven by ultra low interest rates
- And poor returns elsewhere
- Fundamentals taking a back seat

## What happens when/if

- Interest rates stop falling
- Fundamentals take centre stage

# Property Big Picture

## Commercial

- Employment growth to moderate
- Working from home becomes the norm

## Industrial

- Distribution centres in the ascendancy
- Medium term investment outlook positive
- NZ on a firmish growth track

# Property Big Picture

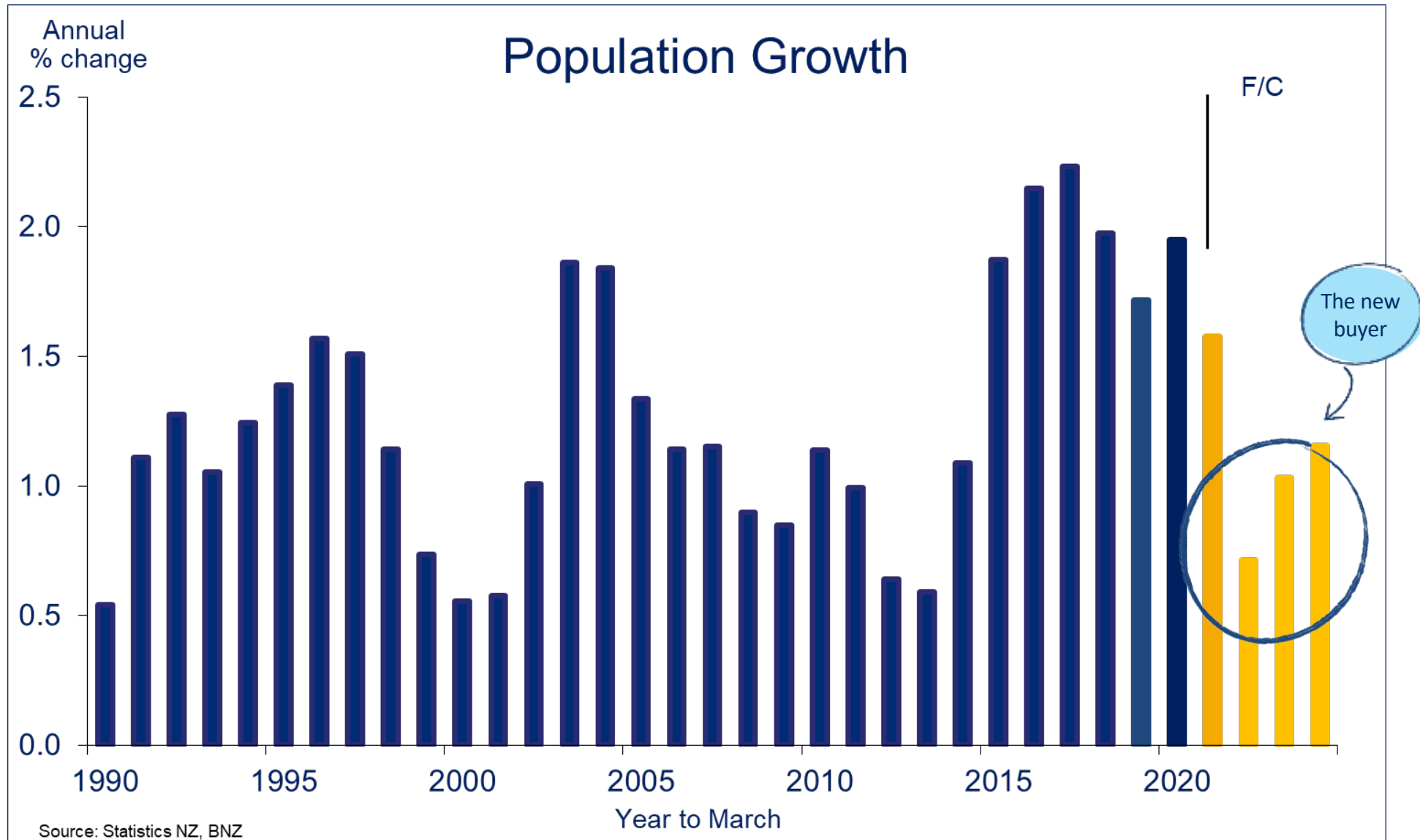
## Retail

- High street in trouble for a while
- Regional and online distribution positive
- Overall consumption picture okay

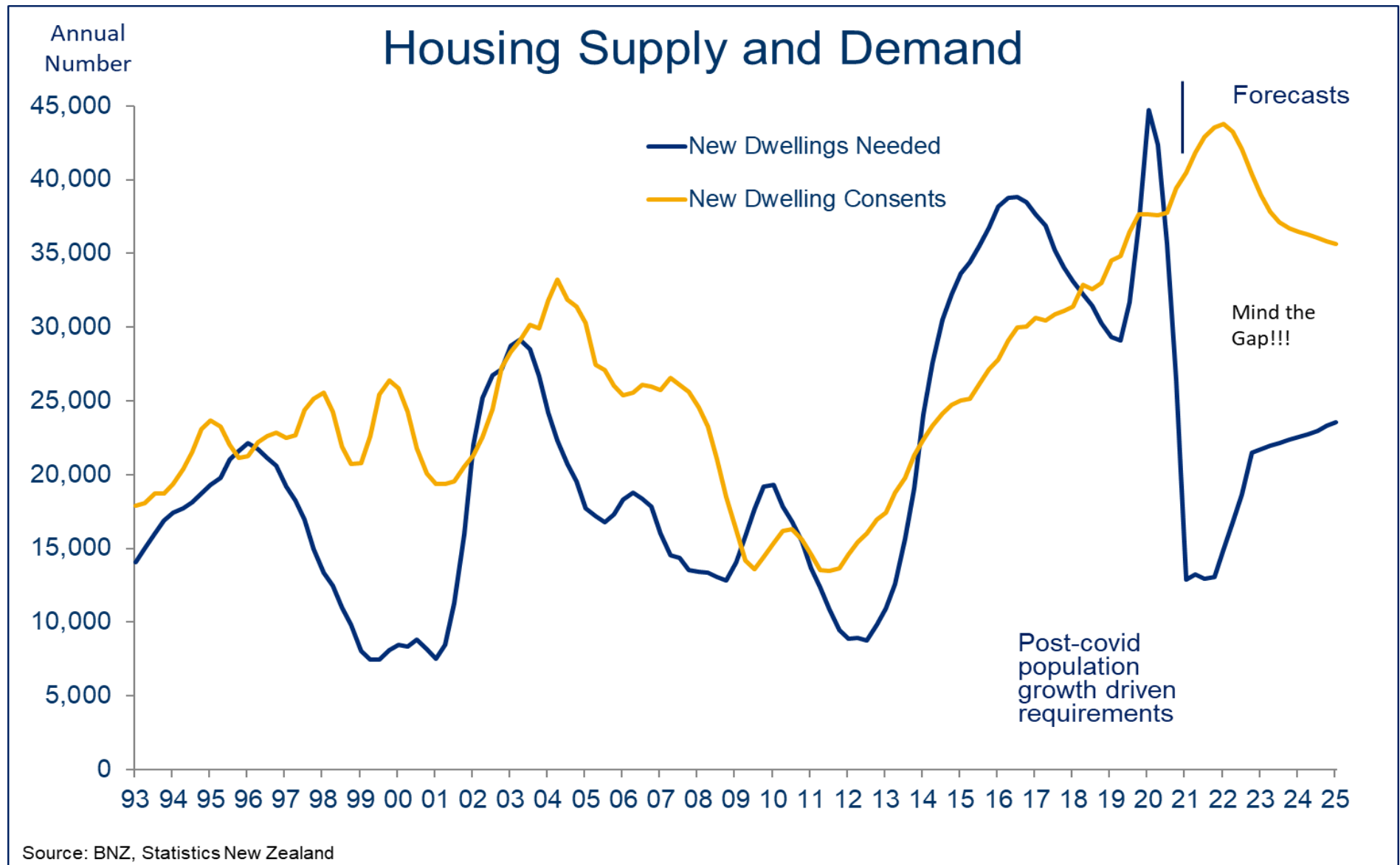
## Residential

- Housing shortage remains
- But not for long, perhaps
- Population growth stunted
- Supply strong
- Serious valuation issues
- Government wants an end to apparent excesses

# Population Growth Wilts

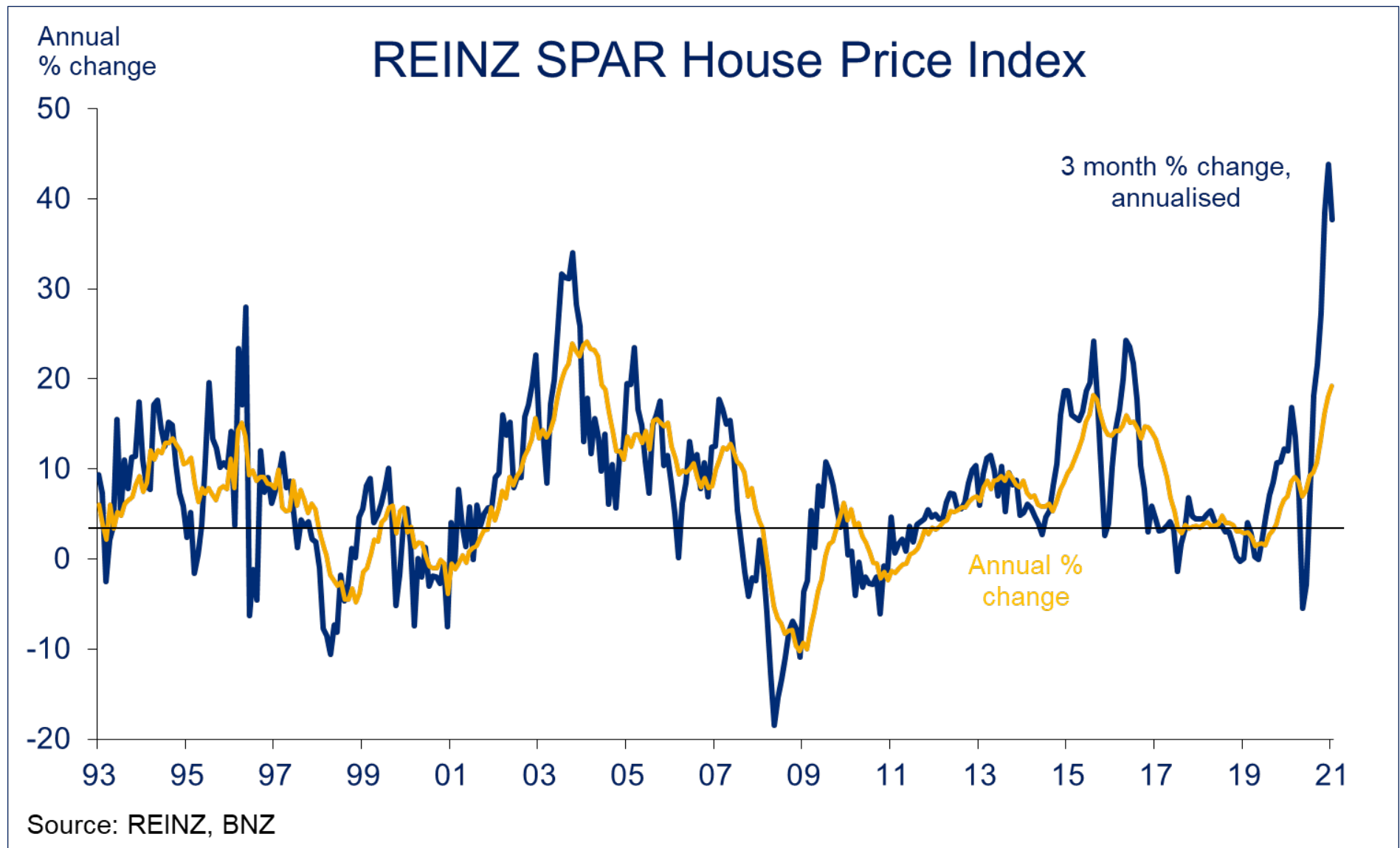


# Are We Overbuilding?

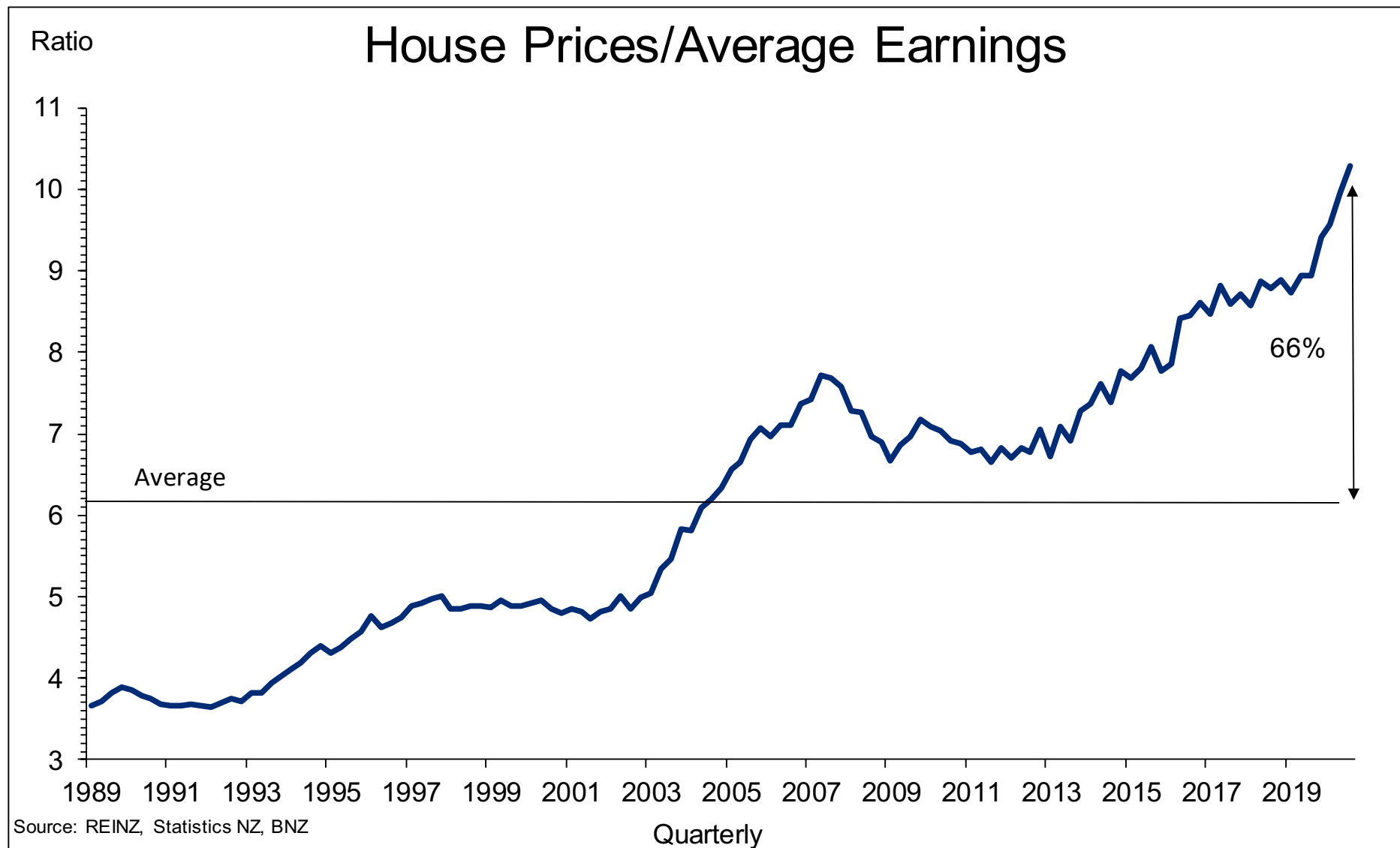




# Yet House Prices Scream Higher

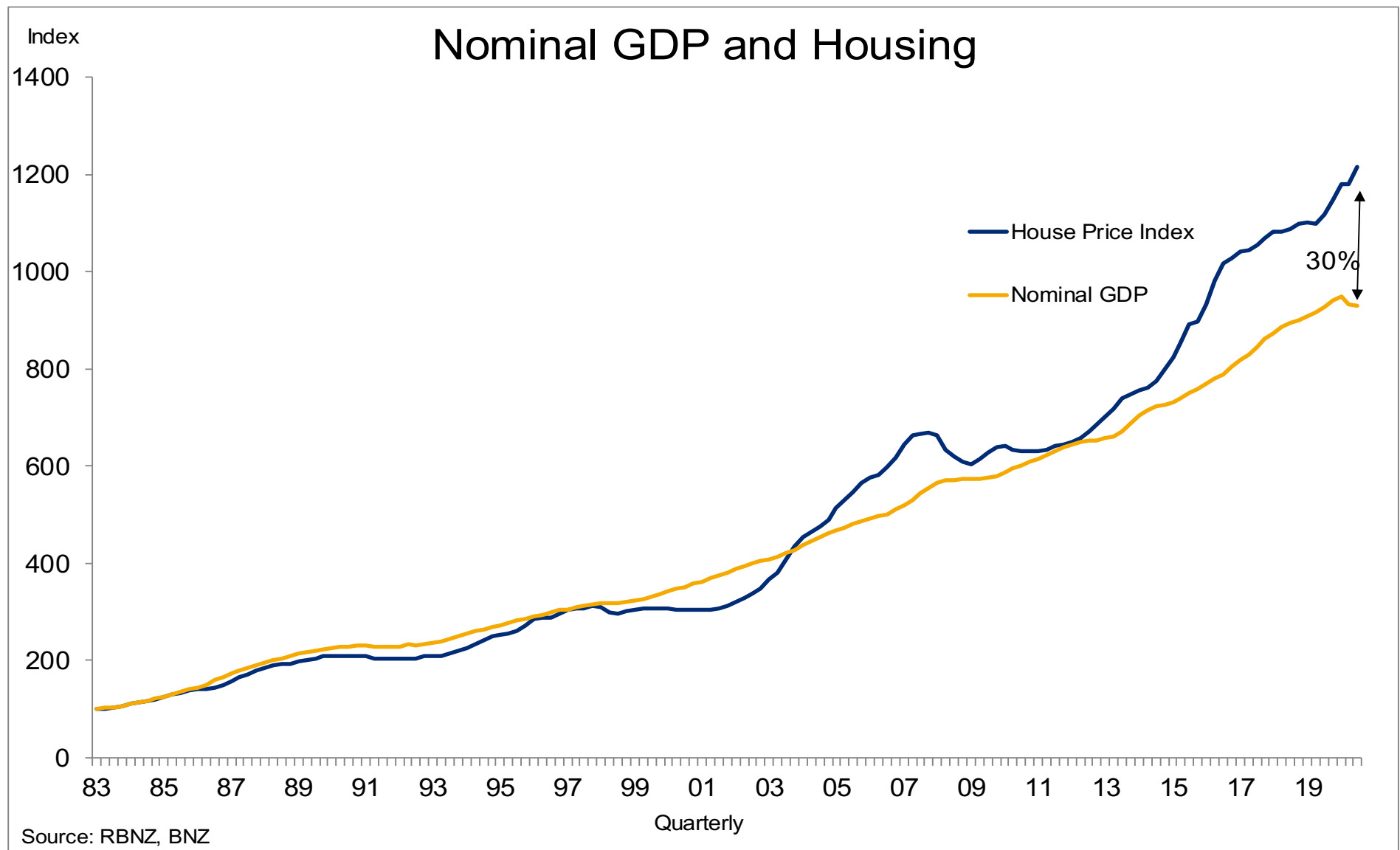


# Prices Getting Silly?

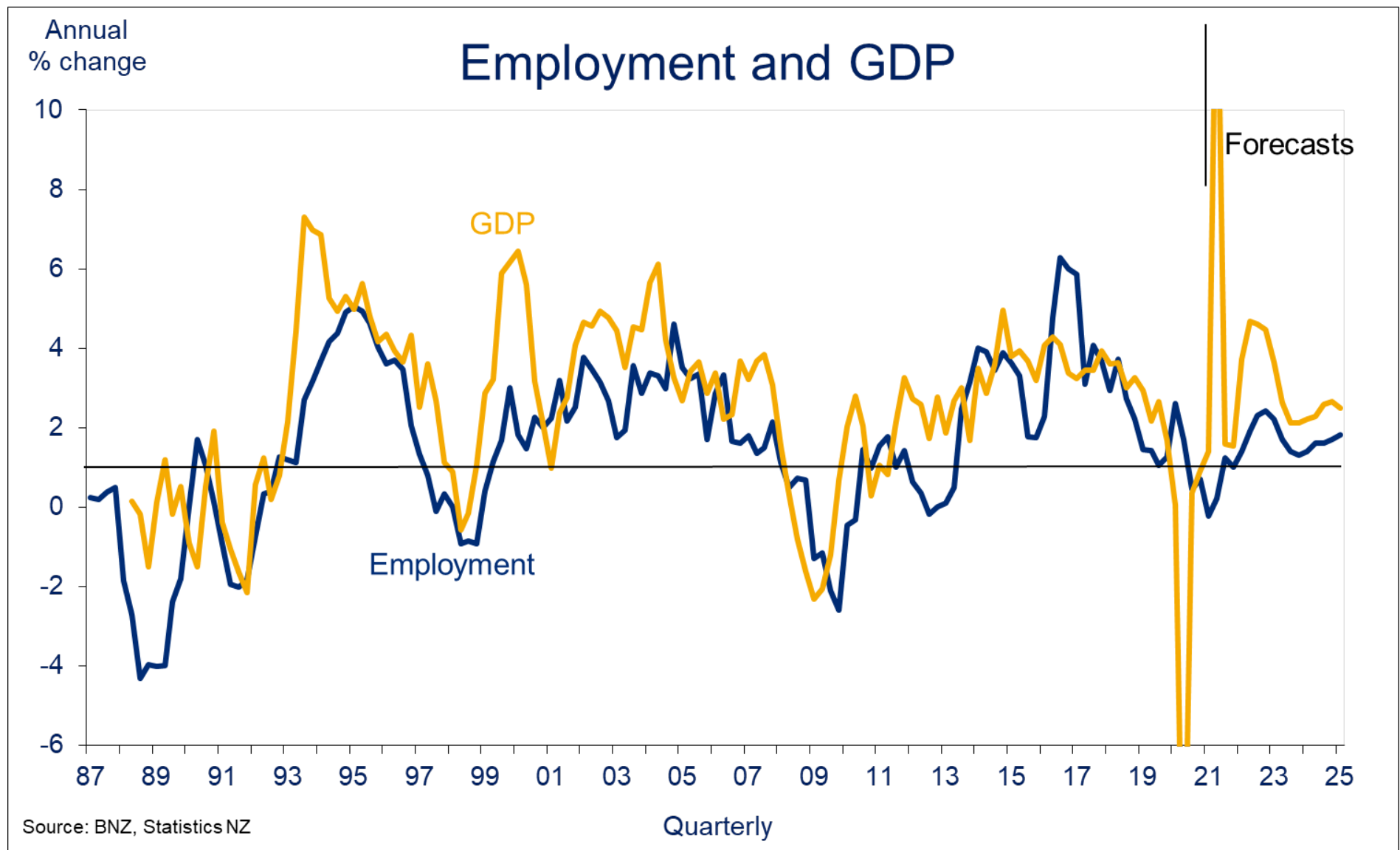




# Well Overvalued



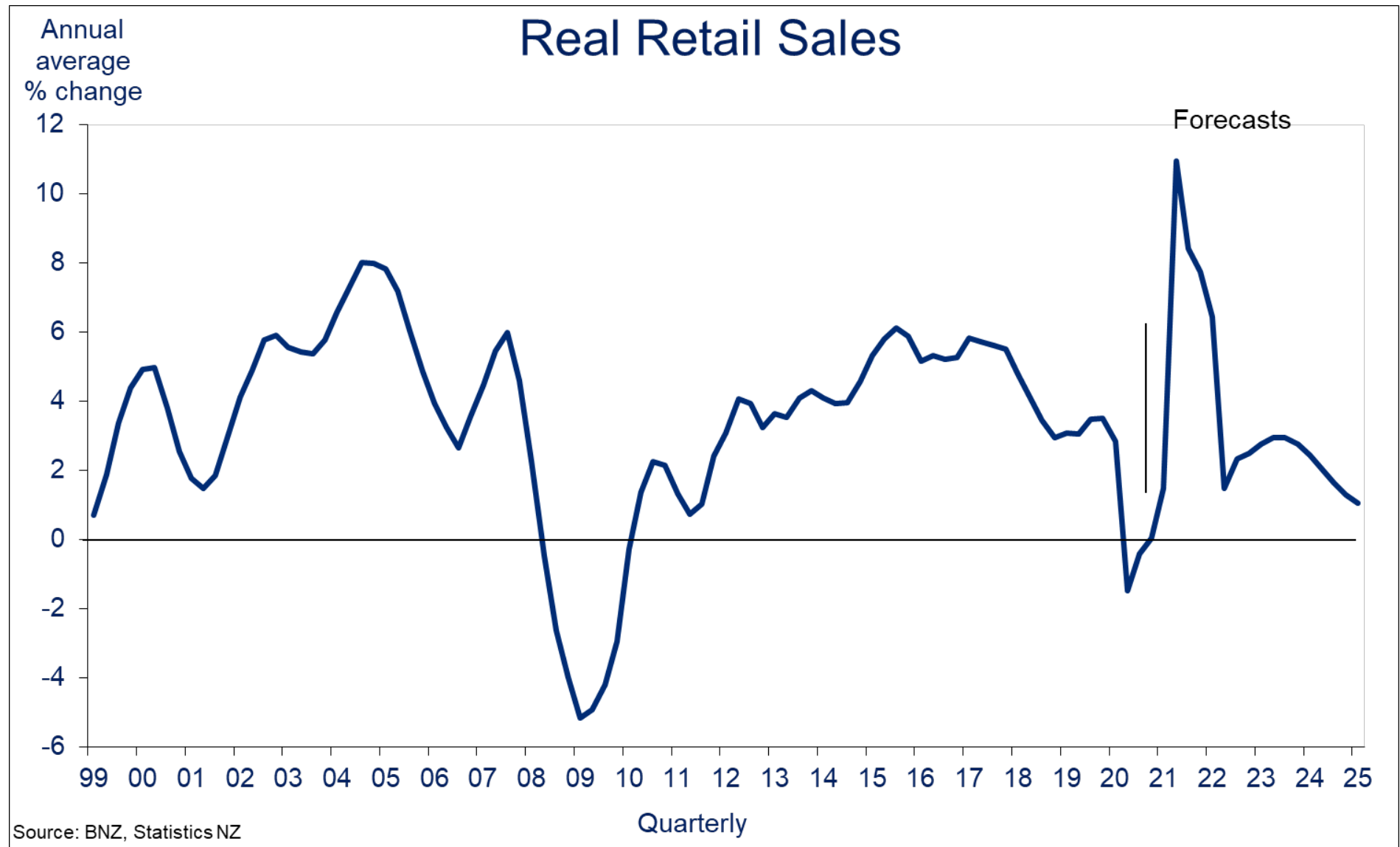
# Employment Growth Constrained



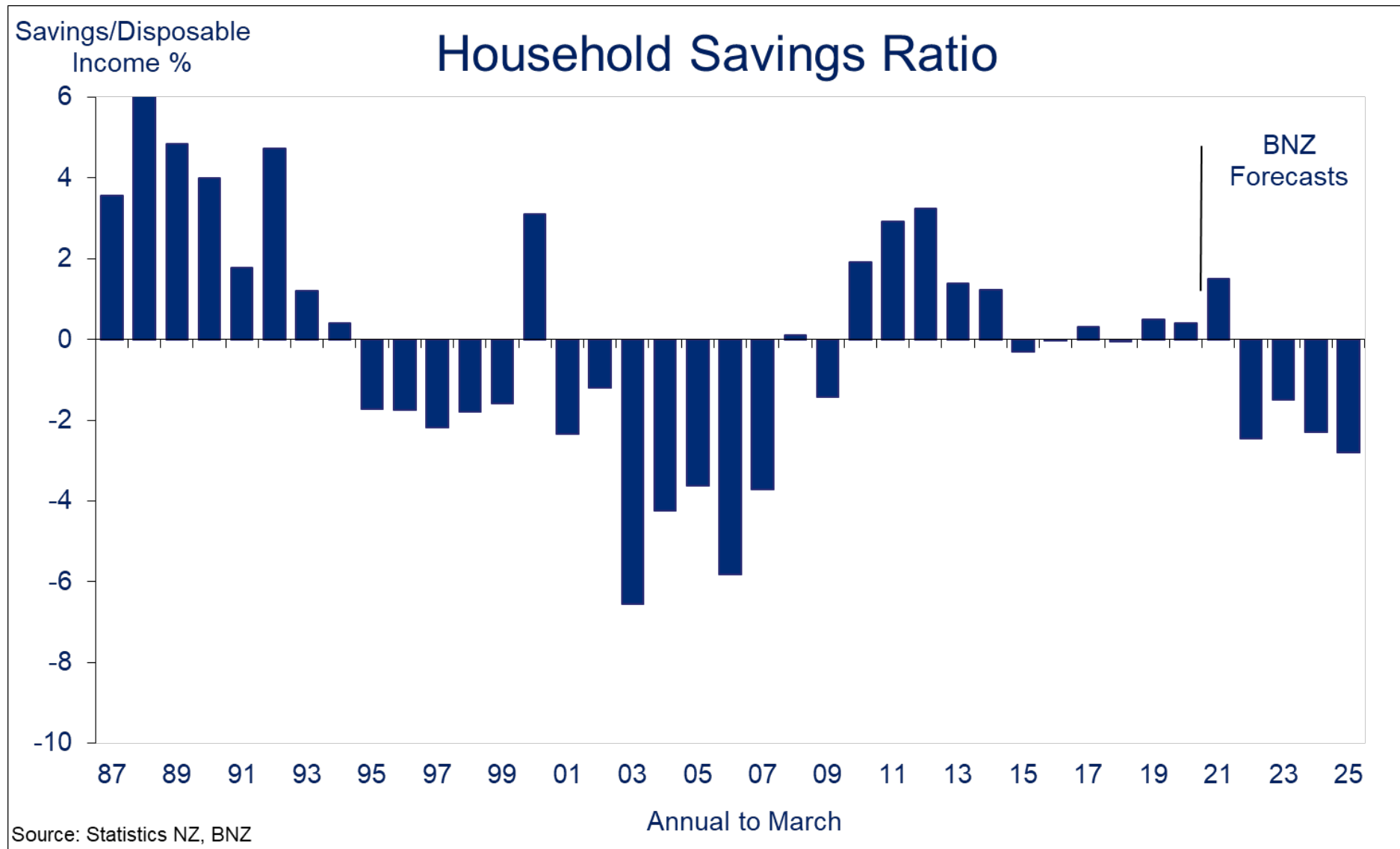
# Working From Home

- The sick
- Lifestyle
- Banks
- Vodafone
- Government

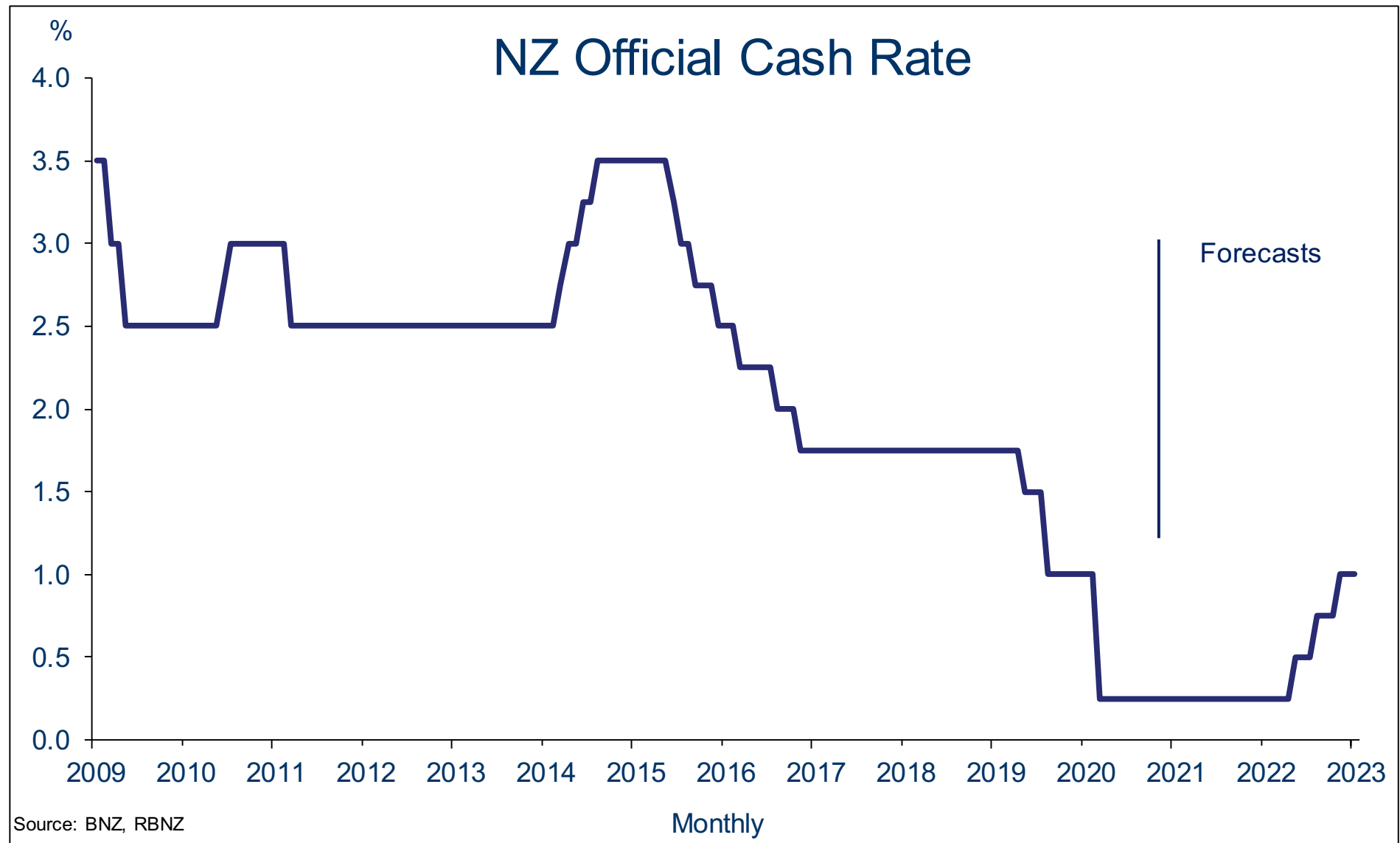
# Retail Strong But Slowing



# Spending Exceeds Earning



# Next Rate Move Is Up



# Conclusion

- New Zealand is in a prime position
- No Covid means outperformance
- But expansion looking increasingly non-sustainable
- Asset price values problematically high
- Rate increase(s) likely
- Caution required



# Disclaimer

The information in this publication is provided for general information purposes only, and is a summary based on selective information which may not be complete for your purposes. This publication does not constitute any advice or recommendation with respect to any matter discussed in it, and its contents should not be relied on or used as a basis for entering into any products described in it. Bank of New Zealand recommends recipients seek independent advice prior to acting in relation to any of the matters discussed in this publication.

Any statements as to past performance do not represent future performance, and no statements as to future matters are guaranteed to be accurate or reliable.

Neither Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.