



FROM THE DESK OF

MICHAEL LONG

My read — September 2026

- **OCR to 2.75% on 2 September** — the second hike since July, and the Committee said it "may need to increase the OCR further this year." Westpac picks December for the next one.
- **All five majors passed the full +25 bps to floating.** Fixed moved separately: Westpac's one-year to 5.19% and three-year to 5.59%, but the two-year *cut* to 5.29%. The curve is being reshaped, not just lifted.
- **Brent is US\$104, up 13.4% in a month.** Fuel drove the June-quarter CPI overshoot, and October's Q3 print decides December.
- **Construction is the growth engine.** June-quarter GDP rose 0.2% with construction up 2.7%, the best since 2023, and building work put in place reached \$8.15b — the first annual rise since 2023.
- **Development contributions become development levies** — bill in Q1 2027, councils charging 2029–30. The interim amendment bites now: councils will be able to reset DCs on **fast-track** projects not yet approved.
- **Banks put \$973m into investment property in July and \$253m into development** — close to four to one. Development lending is recovering, but that gap is where the non-banks sit.

— Got a project or refi on your mind? Give me a ring anytime on +64 27 6666 170

▶ RATES & MACRO

OCR
2.75%
+25 bps on 2 Sep;
RBNZ may go further
this year

GDP (JUN QTR)
+0.2%
Annual +1.7%;
construction the largest
contributor

Bank	Floating	Effective
Kiwibank	6.25%	21 Sep
ANZ	6.29%	23 Sep
ASB	6.29%	10 Sep
BNZ	6.34%	17 Sep
Westpac	6.39%	10 Sep

- **Full pass-through on loans, partial on deposits.** ANZ's Serious Saver rose 25 bps to 2.05%; its Online Call rose 5 bps to 0.50%.
- **Fixed is the one to watch.** Westpac's 18 Sep reprice, effective 21 Sep: 1-year 5.19%, 2-year 5.29%, 3-year 5.59%, 5-year 5.75% — it claims the lowest advertised 2-year of the big five. One-year specials elsewhere were still near 4.99% at the time of writing.
- **Wholesale-driven.** Westpac cited geopolitical pressure on wholesale rates. Non-bank construction pricing sits on that curve — expect it to firm into Q4.

Sources: RBNZ MPS 2 Sep; interest.co.nz 3–23 Sep; 1News 18 Sep; Stats NZ GDP Jun qtr. RBNZ B21 avg specials Aug 2026: 1yr 4.87%, 2yr 5.29%. Carded rates — pricing depends on LVR, security and project risk

▶ BUILD COSTS & ACTIVITY

CORDELL CCCI
+3.5%
p.a. Q2 2026 (+1.1% in the quarter); fastest since mid-2023

BRENT CRUDE
\$104
US\$103.87 at 18 Sep; +13.4% on the month since mid-2023

Building work put in place	Jun qtr
Total	\$8.15b (+5.2%)
Residential	\$5.20b (+11%)
Non-residential	\$2.95b (–3.4%)
Canterbury	\$1.44b (+13.9%)
Auckland	\$3.21b (+3.7%)

- **"Costs aren't surging again, but conditions are becoming less favourable for builders and households"** — Kelvin Davidson, Cotality. Annual growth accelerated from 3.0% to 3.5%, still under the ~4% long-run average.
- **Fuel hasn't landed yet.** Brent's 13% month reaches materials and freight in Q4 quotes. Peg escalation to a fuel index, not CPI — CPI reports the pump a quarter late.

Sources: Cordell CCCI Q2 2026 (pub. 15 Jul); Stats NZ building work put in place, Jun qtr (rel. 4 Sep); Trading Economics — Brent, 18 Sep

▶ AUCKLAND MARKET

B&T MEDIAN (AUG)
\$955K
+1.1% MoM, +0.5% YoY

B&T SALES
787
↓11.5% YoY — lowest August since 2022

Metric	Aug 2026	vs Jul
B&T median	\$955,000	+\$10,000
B&T average	\$1,098,487	–0.4%
Sales	787	–6.9%
New listings	1,456	–6.1%

- **"A solid buyer's market, but there are signs that prices are hardening"** — Peter Thompson, B&T. Median up, average down: the mix is shifting more than the market is.
- **Thirty-one straight months of rising year-on-year inventory**, and a record August days-to-sell. Stock is the binding problem.
- **REINZ has Auckland sales down 15%.** Buyers are waiting for "confirmation the return of rising prices is about to get underway" — treat that as settlement risk on anything selling off the plan today.

Sources: Barfoot & Thompson Aug 2026 via interest.co.nz; REINZ Aug 2026 (rel. 15 Sep)

▶ SOUTH ISLAND MARKETS

CANTERBURY HPI
+2.7%
YoY, against a national HPI of –0.9%

CHCH MEDIAN
\$700.5K
Canterbury, Aug 2026; +1.5% YoY

Region	HPI YoY	Sales YoY
Otago	+3.5%	–24%
Canterbury	+2.7%	–10%
National	–0.9%	–13.0%

- **Canterbury is the strongest of the three main centres**, and its June-quarter building work was a 15-year record at \$1.44b. Activity is matching the price signal.
- **But the clock has lengthened:** highest August days-to-sell since 2008, on sales down 10%.
- **Otago posted a record \$895,000 median** on its lowest August sales since 2014. Treat record medians on 24%-down volume carefully in any valuation set.

Sources: REINZ Aug 2026 (rel. 15 Sep); Stats NZ — building work put in place, Jun qtr

▶ BUILDING CONSENTS

YR TO JUL 2026
40,908
↑21% on the year to July 2025

MONTHLY (SA)
–4.3%
July, after –3.7% in June — two falls in a row

- **The annual number is still climbing; the run-rate has turned.** Two seasonally adjusted falls in a row is the first real wobble in this recovery, and on trend the pipeline peaks in the first half of 2027 — when today's land deals settle.
- **Activity is accelerating even as consents slow.** Residential building work rose 11% on the year — the work in the ground is catching up with the paper, and subcontractor availability tightens from here.

Sources: Stats NZ — Building consents issued: July 2026; Value of building work put in place, Jun qtr

▶ RENTAL MARKET & YIELDS

NATIONAL RENT
\$620
per week, Jul 2026 — flat MoM and flat YoY

AKL GROSS YIELD
3.57%
\$655/wk against the \$955k B&T August median

Region	Rent/wk
Auckland	\$655
Otago	\$650
Wellington	\$600
Canterbury	\$595

- **"Stagnant rents are acting as an inflation shock absorber"** — Trade Me. Flat rents are a ~4% real cut for tenants, and Auckland is \$5 below July 2025.
- **The break-even mortgage rate is 5.10%.** At 70% LVR on the Auckland median, anything above that means interest alone exceeds gross rent, before costs.
- **Every 10 bps costs about \$670 a year** at that leverage. September's repricing is not a rounding error.

Sources: Trade Me Rental Price Index Jul 2026 (pub. 19 Aug); B&T Aug 2026. Yield and break-even are my calculations, gross and before costs

▶ MARKET PULSE

NATIONAL MEDIAN
\$750K
↓1.3% YoY — REINZ, August 2026

DAYS TO SELL
51
↑3 days YoY; HPI 3,543, –0.9%

- **Sales 5,430, down 13.0%.** Stock 32,908, up 9.7%. New listings 8,326, down 5.1%. Less coming on, less going off, and the pile still growing.
- **Wellington recorded its lowest August sales count on record** and its highest August days-to-sell on record, in the same month.
- **Auctions fell to 636 from 776** a year earlier. Vendors are negotiating privately rather than testing the room.

Sources: REINZ August 2026 (rel. 15 Sep)

NAME
Michael LongCOMPANY
Reesby & CoPHONE
+64 27 6666 170EMAIL
michael@reesby.co.nzSPECIALISED IN
Property finance

+ I aim to reply to all queries within one business day +

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★ THE HIKE LANDED — AND IT ISN'T THE LAST

OCR

2.75%

+25 bps, 2 Sep 2026

CPI (JUN QTR)

4.1%

RBNZ projects 3.3% in Q3; band by mid-2027

- All five big-bank economists picked the move. The RBNZ delivered it with a line worth quoting to any client weighing a fix: **"We may need to increase the OCR further this year."**
- A majority of the Committee saw upside inflation risk. Westpac reads it as a hold in October and a hike in December. Inflation is not forecast back inside the 1–3% band until mid-2027 — a long runway for anyone underwriting on falling rates.
- Action:** price facilities and feasibilities on an OCR of 3.00–3.25%. Two data points decide December — the Q3 CPI print in October, and the oil price.

Sources: RBNZ Monetary Policy Statement 2 Sep 2026; Westpac IQ, Sep 2026 MPS; Stats NZ CPI Jun qtr

◀ THE OIL SHOCK BEHIND THE RATE

BRENT

\$103.87

USD/bbl, 18 Sep 2026

ONE MONTH

+13.4%

Saudi East-West pipeline closure

- An imported shock, which is the difficulty. Fuel drove the June-quarter CPI overshoot; the RBNZ is tightening into it because it cannot risk it turning domestic.
- It is already in the real economy. Real gross national disposable income fell 0.4% in the June quarter, and hospitality and transport contracted on fuel costs while construction grew 2.7%.
- Action:** Brent eased on 18 September as the market judged alternative export routes adequate — December's off-ramp, and a geopolitical bet. For freight-heavy trades, escalate on a fuel index, not CPI.

Sources: Trading Economics — Brent, 18 Sep 2026; Stats NZ GDP Jun qtr (rel. 17 Sep)

▶ DEVELOPMENT LEVIES — AND THE FAST-TRACK STING

- Announced 15–16 September by Chris Bishop, Simon Watts and Cameron Brewer.** Development contributions will be replaced by **development levies** covering water, wastewater, stormwater, transport, reserves and community infrastructure, charged on the aggregate cost of growth infrastructure across levy areas.
- Timing:** Infrastructure Funding Amendment Bill in Q1 2027; councils may transition from 2029 and must by 2030; DCs gone mid-2030. The Commerce Commission regulates, funded with \$30m through Budget 2026. Crown agencies will pay — Bishop: *"Growth should pay for growth, regardless of whether that growth is being driven by private development or the Crown."*
- The part that bites now.** Ahead of the main bill, the Local Government (System Improvements) Amendment Bill is being amended so councils can set DCs on actual infrastructure need rather than district-plan assumptions, recover cross-boundary costs, and amend DC policies within six months of a fast-track approval **without standard consultation** — applying to applications not yet approved.
- Action:** if you have a fast-track application in train, your DC line is not fixed. Get a written council estimate, sensitise it at +25% and +50%, and check your facility has headroom for a cost-to-complete revision.

Sources: interest.co.nz 16 Sep 2026; Inside Government NZ; Property Council NZ — fast-track DC gap, 15 Sep

▲ THE ELECTION, AND THE TAX BEHIND IT

ELECTION

7 Nov

Advance voting opens 26 Oct

PROJECTED SEATS

64 / 56

Govt bloc / opposition bloc

- The poll (1–3 Sep, n=1,000, MoE ±3.1%):** National 29.0%, Labour 25.9%, Green 13.9%, ACT 10.5%, NZ First 8.4%, TOP 4.5%, Te Pāti Māori 2.0%. Both major parties under 30%.
- Labour's CGT is the live property policy:** 28% on residential investment and commercial property from **1 July 2027**, with the family home, farms, shares, KiwiSaver, businesses and inheritances exempt. Only gains after the start date are taxed, though how assets are valued at that date is not yet settled.
- Action:** this lands on holders rather than trading stock — profit on property built to sell is generally already taxed as income under the existing land rules. It matters where a client retains completed stock, or sells to someone who will. Worth an hour of your accountant's time before the election, not after.

Sources: Taxpayers' Union-Curia poll Sep 2026 (a single poll — read the trend, not the point estimate); Waatea News 16 Sep; Beehive

DEVELOPER'S TIP — SEPTEMBER 2026

- Reprice the stack on 3.00%, not 2.75%.** The RBNZ may go further this year and Westpac picks December. A deal that only works at today's OCR doesn't work.
- Re-test your interest reserve.** Feasibilities capitalise interest at the term-sheet rate. A reserve set in June is already two hikes short — and that arrives as a cost-to-complete problem, not a rate problem.
- Fast-track does not fix your DC.** If the application isn't approved yet, the council will be able to reset the contribution. Get it in writing and sensitise it.

★ GOLDEN VISA OPENS TO BUILD-TO-RENT

- Announced 8 September; commences December 2026.** Build-to-rent becomes an acceptable investment under the **Growth** category of the Active Investor Plus visa. The \$5m minimum is unchanged and BTR may form "part of" the investment.
- The gate is narrow.** Access only through managed funds approved by Invest NZ. Direct investment is not available, and neither the applicant nor their family may live in a development they fund.
- There is currently not one eligible fund.** The Acceptable Managed Fund List (24 August) runs to roughly 78 funds with no BTR fund among them. Simplicity applied within two days; Invest NZ's eligibility guidance is still unpublished.
- What it means for you.** This mobilises *equity*, into a handful of institutional funds, and the national pipeline is only 8,362 units. The opportunity is selling or partnering a project into one: 20+ dwellings, single ownership sustainable, consent granted or lodged, main metro, mostly one- and two-bedroom, cost-to-value at or under 0.80.
- The trap.** "Build-to-rent land" under the Income Tax Act must *continuously* meet the definition — 20+ dwellings, single ownership, a 10-year fixed-term tenancy offered to every tenant. Break it once and it can never qualify again. A feasibility-stage decision, and the loss of exit flexibility is permanent.

Sources: Beehive 8 Sep 2026; Immigration NZ; Invest NZ Acceptable Managed Funds List (24 Aug); Property Council BTR Tracker at 30 Jun 2026; NZ Herald 10 Sep

★ WHERE THE DEVELOPMENT MONEY IS GOING

NEW BANK DEV LENDING

\$253m

July 2026 — \$144m residential, \$109m commercial; +32% YoY

INTO INVESTMENT PROPERTY

\$973m

+42% YoY — close to four times the development flow

- Banks are funding finished assets, not development risk.** Of \$1.23b of new commercial property lending in July, \$973m went to investment property against \$253m of development. The RBNZ explains it plainly: investment lending carries *"the lowest spread to wholesale interest rates, reflecting generally high levels of security"*, at LVRs typically under 65%. Development is the opposite trade — and banks are paid to prefer the first.
- Development lending is recovering, from a low base.** Residential development is up 53% on July 2025 (\$94m to \$144m), total development up 32%. The series is volatile — \$375m in May, \$217m in June — so read the direction, not the month.
- That gap is the non-bank market.** Non-bank claims reached \$22.6b in the June quarter, up 6.3%. The RBNZ puts the sector at just under 3% of intermediated credit and does not regulate non-deposit-taking finance companies at all — which is most of the development market.
- Presales are no longer the universal gate.** Lenders increasingly underwrite on residual LVR and refinance availability. Capital is available; deal flow is the constraint — one lender described the market in July as *"everyone standing near the dance floor waiting for someone else to make the first move."*
- Action:** a bank decline on presales or serviceability is usually a category preference showing up in your deal, not a verdict on the project. Take it to the non-bank market with a complete feasibility, a costed build contract and a credible exit.

Sources: RBNZ New lending by purpose (C70), Jul 2026, rel. 4 Sep — RBNZ notes historical revisions Dec 2022–Jun 2026, so read annual comparisons with care; RBNZ Non banks (T1/T4) Jun qtr; RBNZ FSR May 2026; NZ Adviser 6 Jul 2026

NAME
Michael Long

COMPANY
Reesby & Co

PHONE
+64 27 6666 170

EMAIL
michael@reesby.co.nz

SPECIALISED IN
Property finance

+ I aim to reply to all queries within one business day +

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