NZ Property Pulse

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NZ buyer breakdown: Which groups are behind the sales volume decline?

In this Pulse article, Cotality NZ Chief Property Economist, Kelvin Davidson looks at the actual purchase figures that underpin the normal Buyer Classification % market shares. It shows that:

- **The key group behind the overall drop in sales volumes this year has been movers,** with many would-be relocating owner occupiers just choosing to stay put instead
- **Debt-backed investors have also reduced their activity a little, but haven't abandoned the market either,** despite some challenges
- **First home buyers are genuinely a strong presence,** by % share or number of deals – even under the current lower income caps for First Home Loans

A switch to number of deals

Typically we use our Cotality Buyer Classification framework to look at *market shares* for each different group, with first home buyers (FHBs) for example hitting a new monthly record high of 29% of activity in August. By contrast, movers (i.e. relocating owner-occupiers) have recently been more cautious than usual, while mortgaged multiple property owners also dipped back again in August, after a small bounce up in June and July.

Of course, market shares must always add up to 100% and sometimes one group can see their percentage figure go up just because other purchasers have pulled back a bit in terms of raw numbers. As such, this article switches the focus to look at the numbers of transactions taking place which underpin our usual market share analysis.

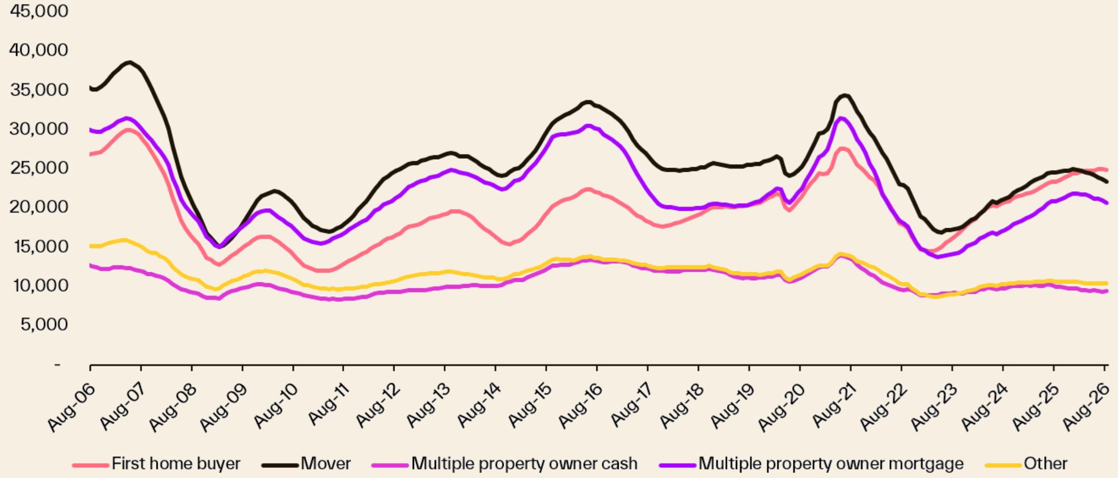
Movers are where the weakness lies

After a consistent run of growth from mid-2023 to late last year, overall property sales volumes have shown a year-on-year decline each month so far in 2026. This has resulted in the annual running total dropping from 91,973 in December to 89,043 now (as at August).

The group that's made the largest contribution to the slowdown has been movers – or relocating owner-occupiers – with their annual running deal total dropping from 25,044 in December to 23,398 now. Granted, this isn't a huge collapse, but it does show a degree of caution.

Annual rolling sales total by buyer group (Source: Cotality)

*'Other' can include purchasers such as cash foreign buyers and people re-entering the market after a period of non-ownership



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Now, it's important to note that movers can only relocate if there's another property to buy. But a lack of available listings is clearly not an issue at the moment. Instead, this is buyer caution, against a backdrop of economic uncertainty – with the unemployment rate above average and job security somewhat diminished, movers are simply tending to stay where they are more often than usual, rather than trade up (or down).

A more pronounced comeback by movers may not be on the cards for a while yet, with economic growth not really anticipated to strengthen on a sustained basis until perhaps the second half of next year.

Multiple property owners haven't abandoned the market

Turning to mortgaged multiple property owners, including 'Mum and Dad' investors – despite the challenges they currently face, such as subdued rental growth, higher operating costs, and political uncertainty (e.g. possible capital gains tax in 2027), it's worth noting there are still quite a few of them out there. The debt-backed investors have made almost 20,800 purchases in the past 12 months, with cash MPOs taking around 9,400*. These totals have also dropped recently, but not as much as the fall for movers.

This is important, because although first home buyers are strong at the moment (and hence not needing as many rental properties), there is always a structural need or want for rental accommodation, and the government cannot cater for all or much of that.

First home buyers are showing genuine strength

And just to touch on first home buyers briefly, this group has already been getting a lot of attention lately, and for good reason – with their market share rising because they're simply doing more deals.

Over the past 12 months they've purchased around 24,950 properties, up from a cyclical low of 14,523 in early 2023. To be fair, the number of FHBs has been slightly higher at certain points in the past – such as the boom in 2021 and the pre-GFC period in 2006-07 – but the latest figures are still pretty impressive against a backdrop of economic uncertainty.

As we've noted many times before, they have several factors in their favour – including reduced property values (partly reflecting an abundance of listings/choice available on the market), lower mortgage rates than at the peak, access to KiwiSaver for at least part of the deposit, and really taking advantage of the banks' allowances for low-deposit lending under the RBNZ's LVR rules.

Of course, FHBs don't sell anything, so where is the property coming from for them to buy? Sources here include new-builds (which are plentiful at the moment), investors reducing their portfolios, and existing owner-occupiers who are leaving the market.

* We split MPOs into cash versus mortgaged because the financing method is important when assessing the effects of changes in mortgage rates or the interest deductibility rules