Why we're exceptional…
…in so many good and bad ways…
…and how we could use the good to overcome the bad.



How we’re exceptional and how we did it

- Our housing market is the world’s most amazing
- The last 30 years broke our mould
- The last two years then pulverized the mould
- Once upon a time, we built enough homes
- And they were affordable for most working renters
- But then we changed how we invested collectively
- We’re starting to work out how to change it back



Built in Frankton in 1923 for £635 & railed to Ngaio. Sold in 1988 for $105k. Renovated. Set to sell Mar 2 for $1.57m.



We used to be much better at building more homes per person. This home cost $59,684 in 2021 dollars



This factory built 1,591 homes from 1923 to 1928 and lowered home prices 25%



NZ consistently built 8-10 per thousand

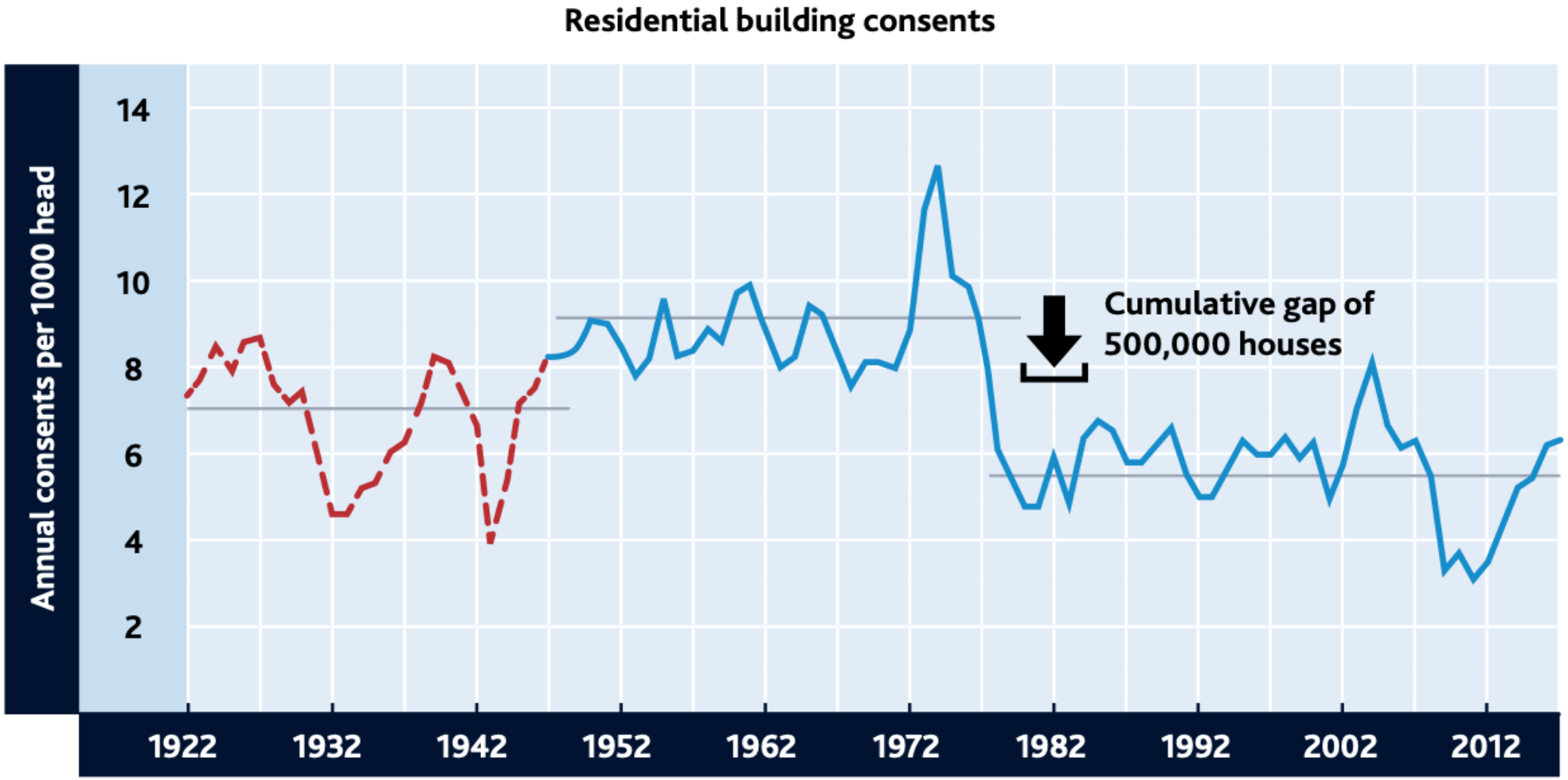
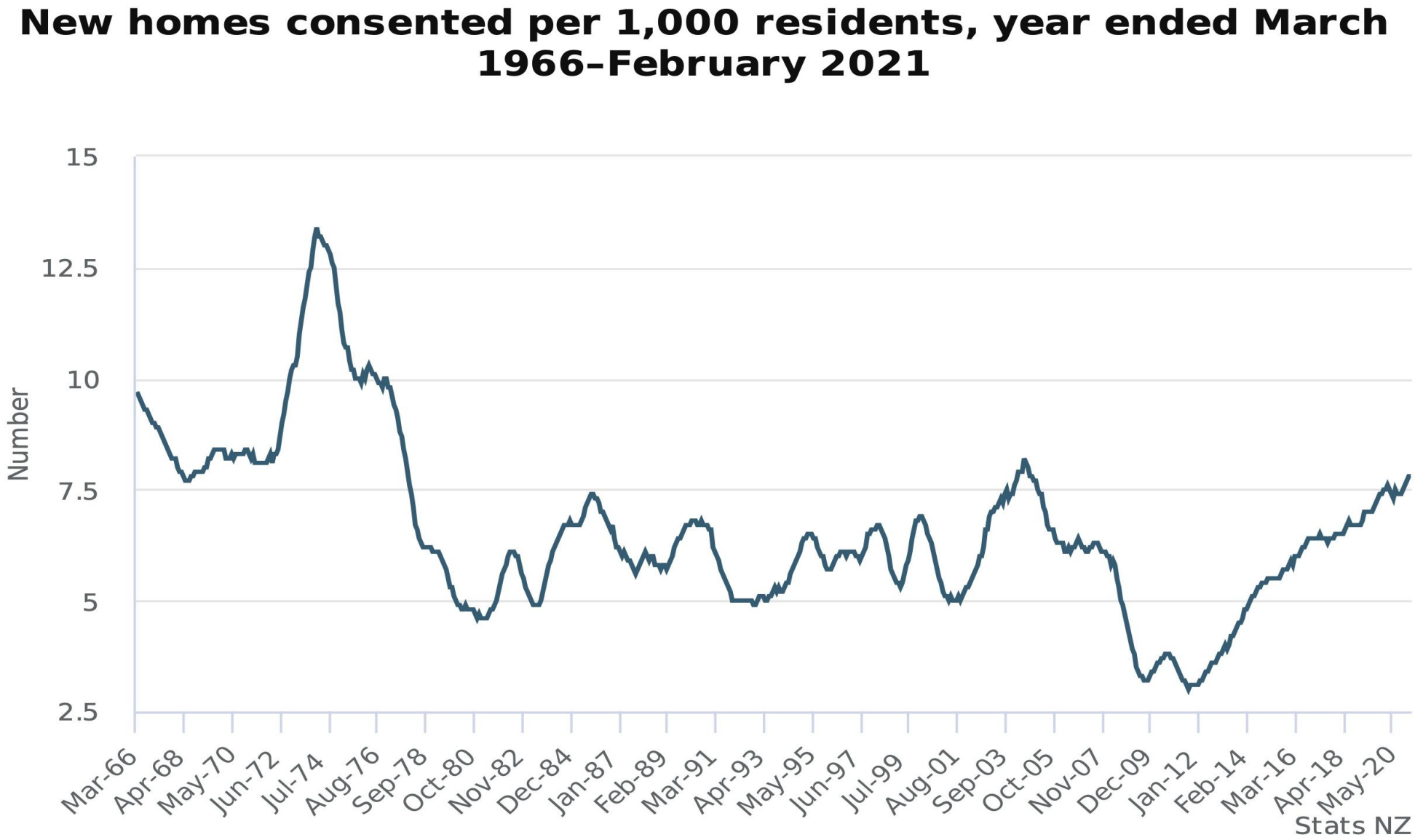
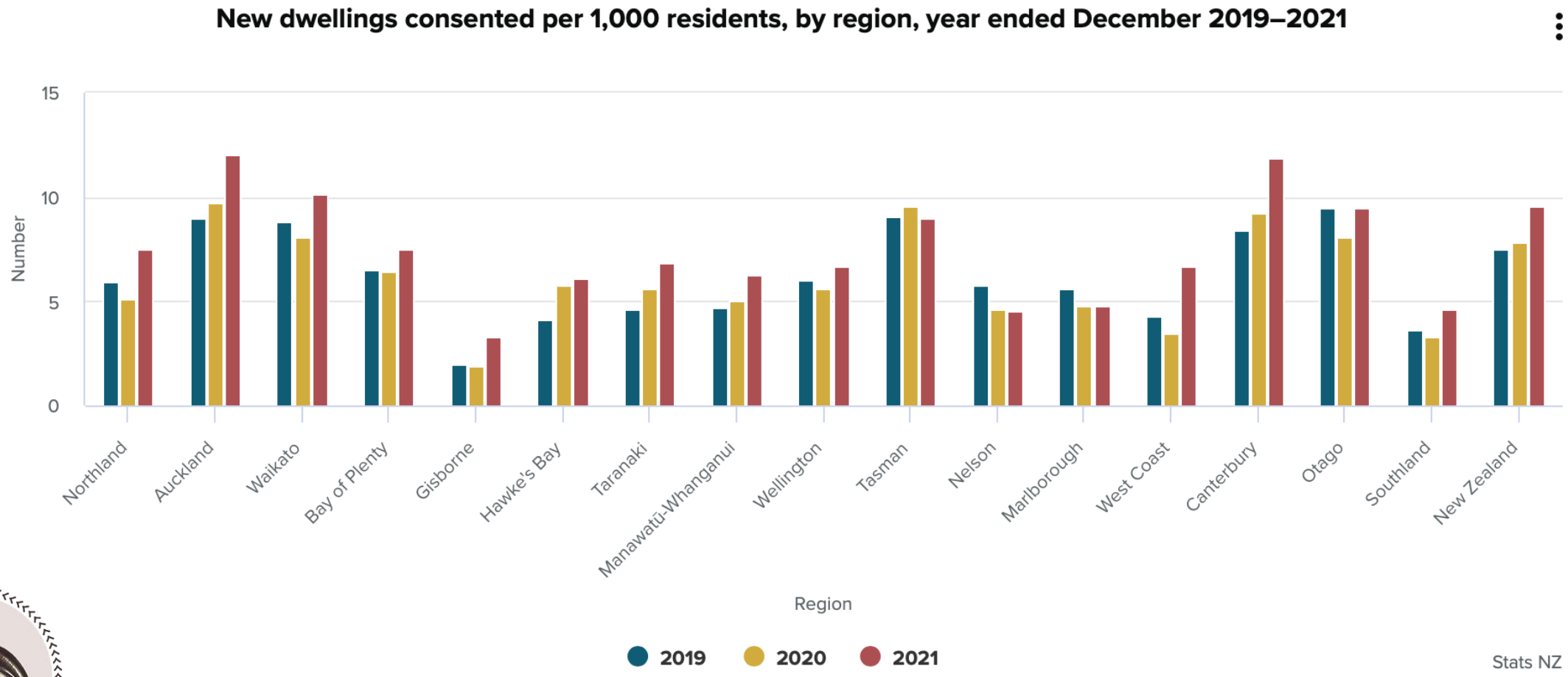


Figure 3: Residential building consents, 1922-2016 (Sense Partners)

We've only started to do 8-plus since 2021

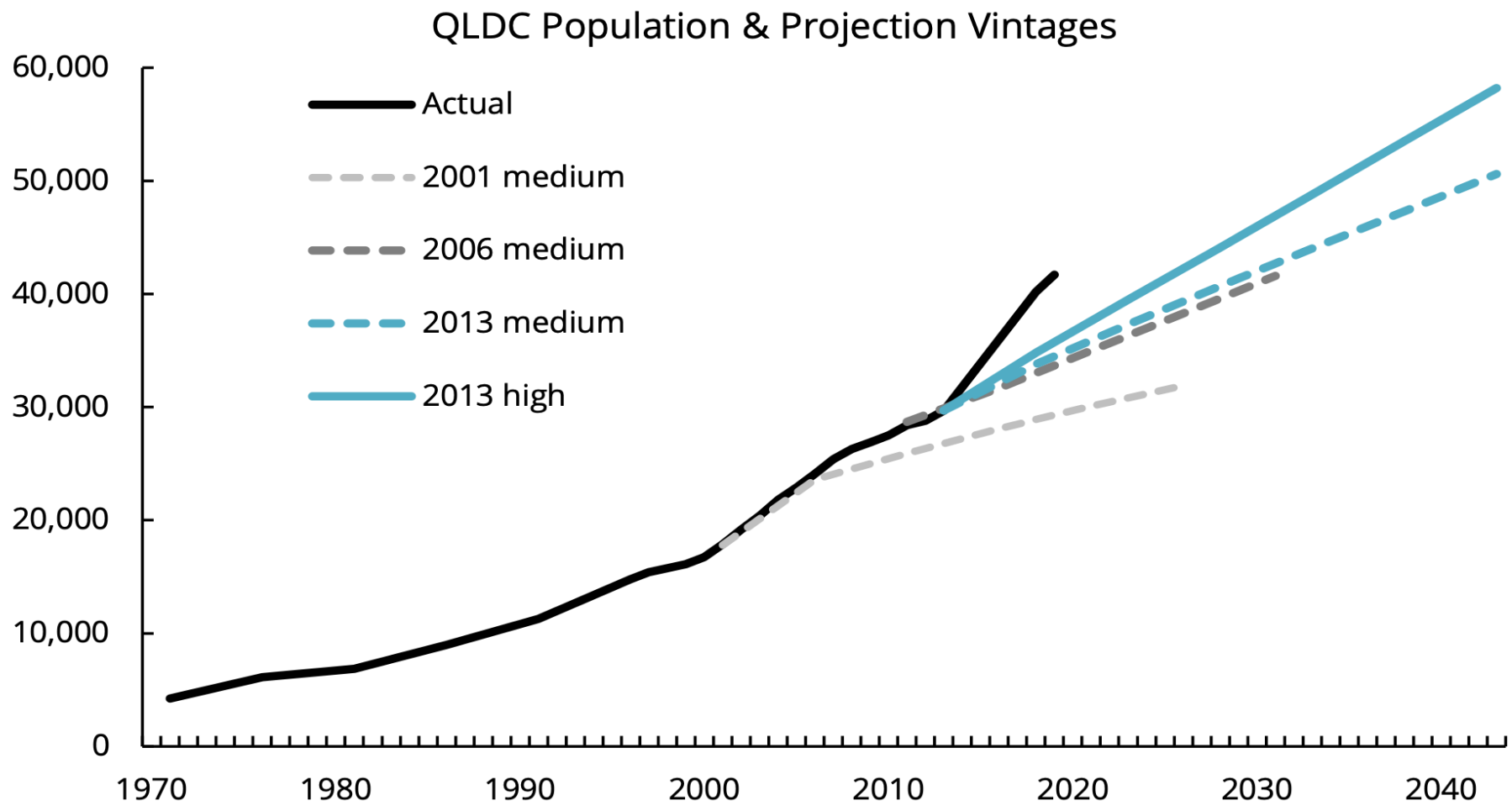


NZ hit 9.6 in 2021. Auckland at 12



We haven’t even touched the sides yet

FIGURE 3: POPULATION GROWTH HAS OUTSTRIPPED PROJECTIONS IN THE PAST DECADE



Source: Statistics New Zealand, Sense Partners

So how did we do 8-plus from 1949-1979?

- State Advances Corporation loans at 3% post-war
- For civilians too in 1958 with capitalized benefits
- Group Building Scheme plans and guarantees
- State grants and loans for council housing
- Ministry of Works funded & planned infrastructure
- We had high taxes and high investment
- Our default was to pay it forward for future growth



The post-war drive to build homes



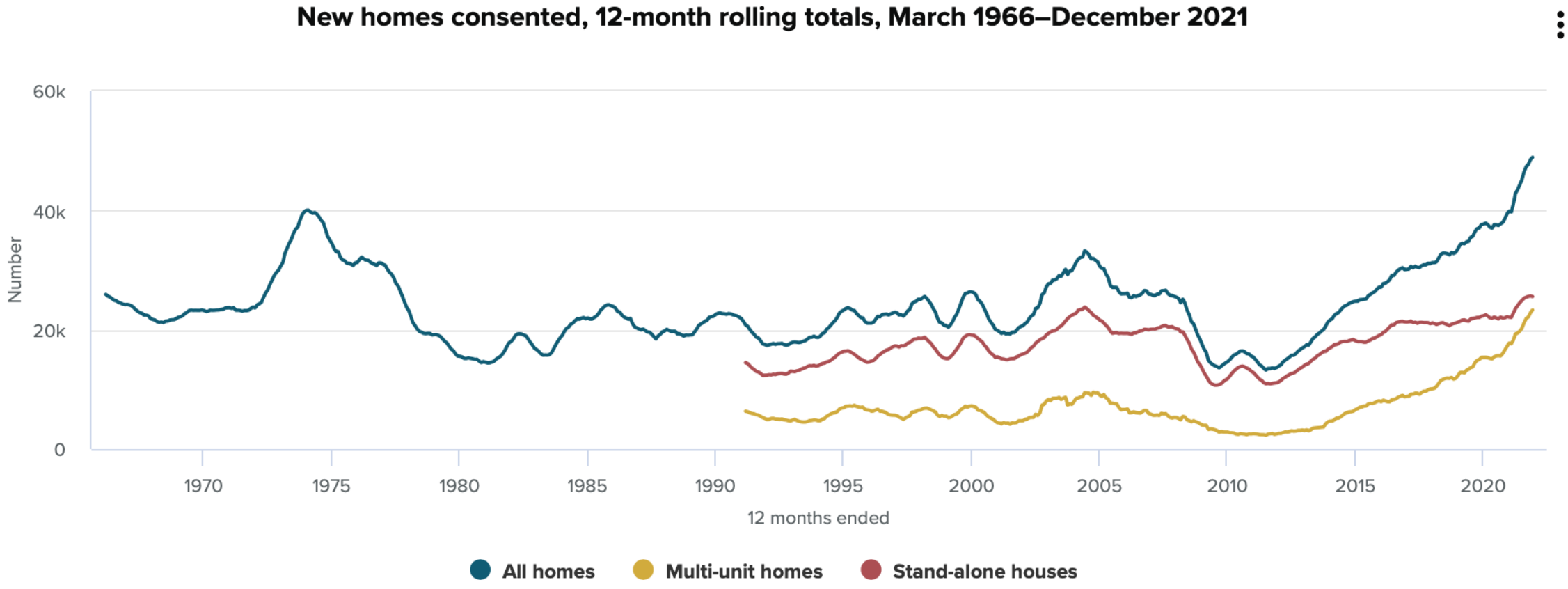
How we stopped paying it forward

- State house programme cut back in 1980s
- End of State Advances Corp cheap loan
- End of capitalized child benefits
- Dismantling of Ministry of Works
- Restructuring of Councils and end of subsidies
- Taxes cut and ‘ideal’ state size set at 30%
- Net crown debt limited to 20-30% of GDP

The task and the opportunity ahead

- Bi-partisan acceptance supply changes everything
- We have to build 50k/year for 30 years
- Housing is the key to healthy kids and climate
- Infrastructure for homes the missing link
- National and Labour want to solve that
- They’re now working on the ‘how’
- The ‘why’ is not in question any more

We’re getting better at more & smaller homes



Annual breakdowns for multi-unit homes and stand-alone houses started from the year ended March 1991.

Stats NZ



Bernard Hickey from The Kākā – Mastercraft - November 7 2025 - Wellington

The real culprit is land costs, which can be solved

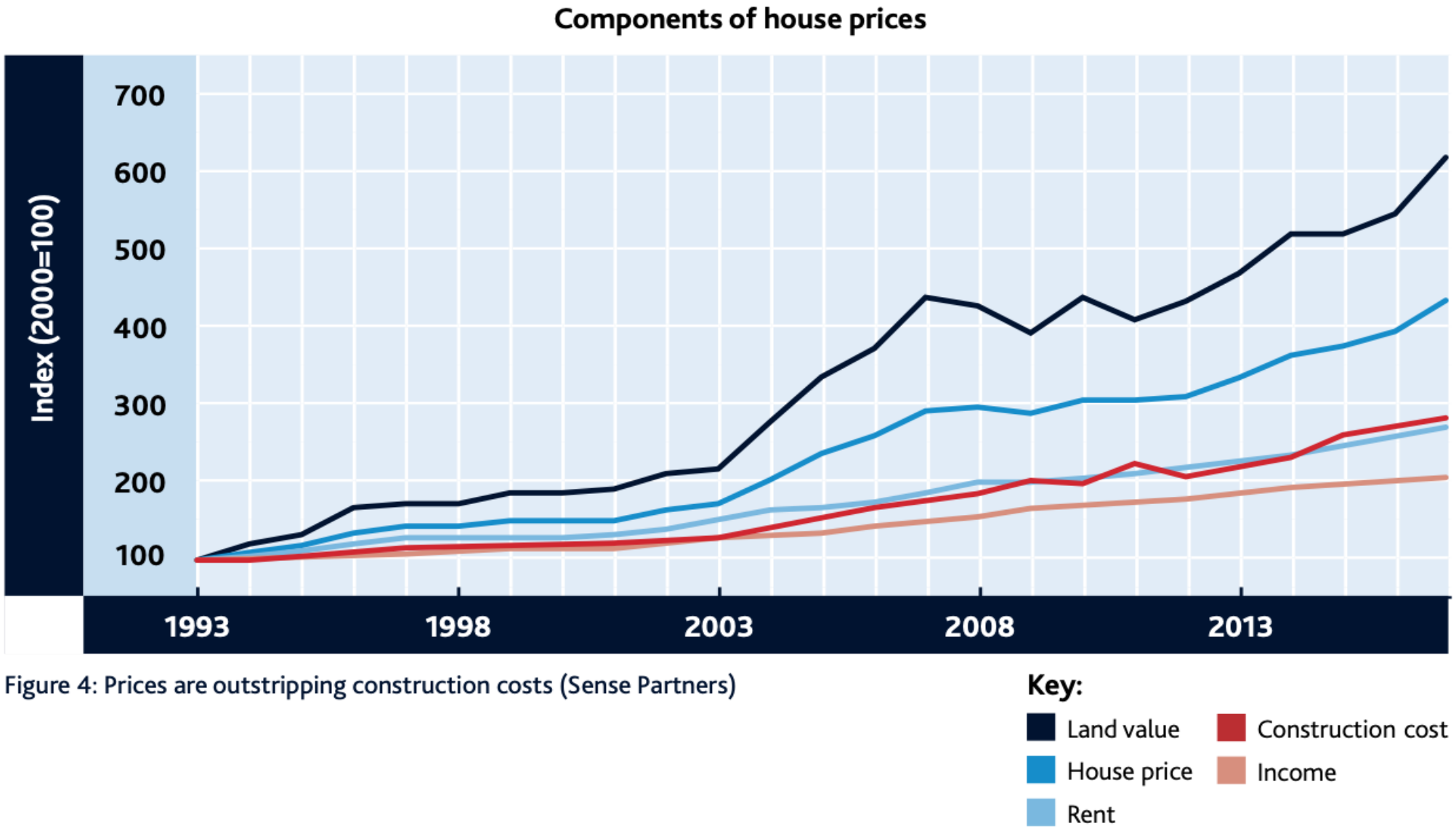
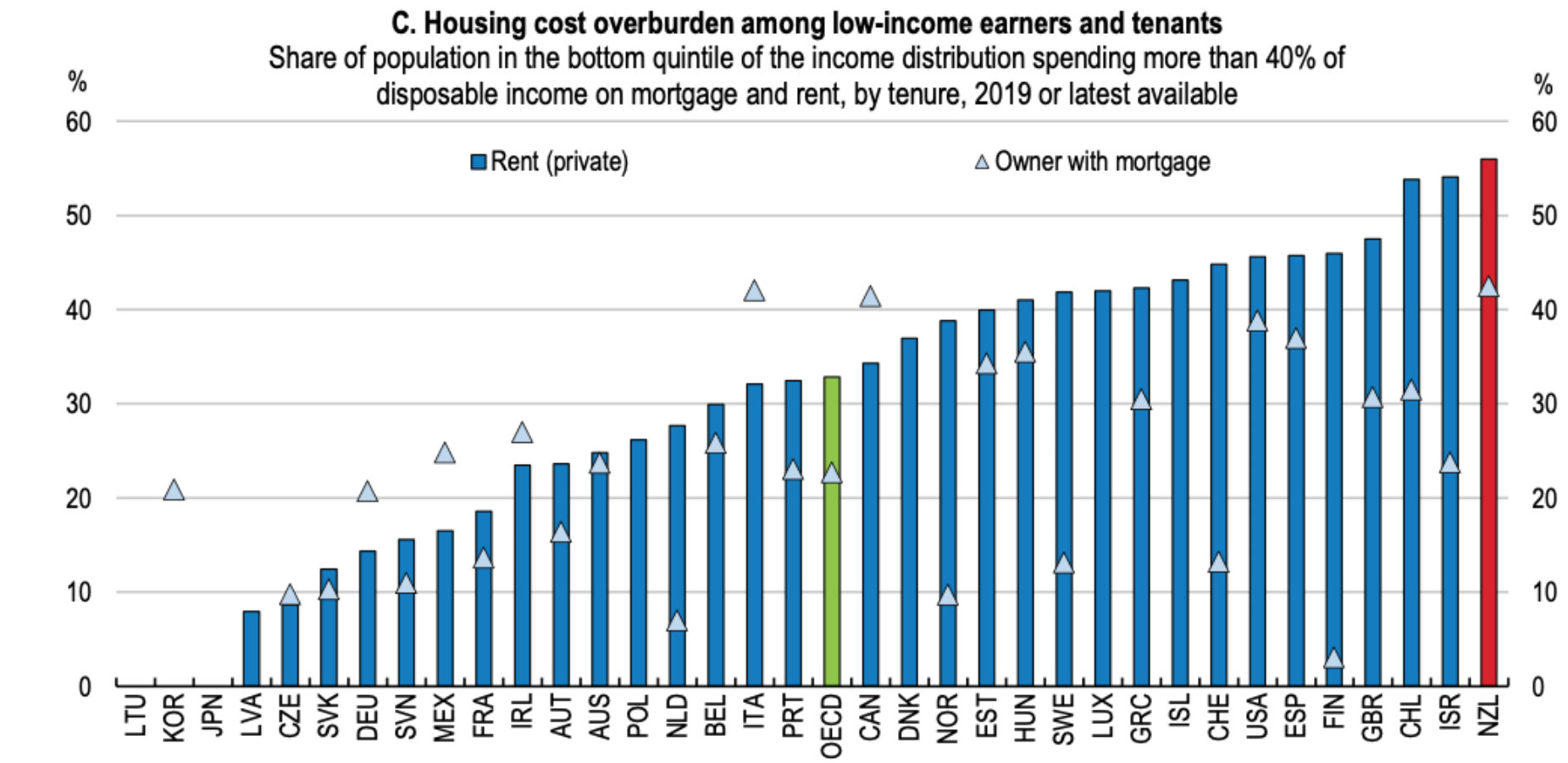


Figure 4: Prices are outstripping construction costs (Sense Partners)

An opportunity for build-to-rent

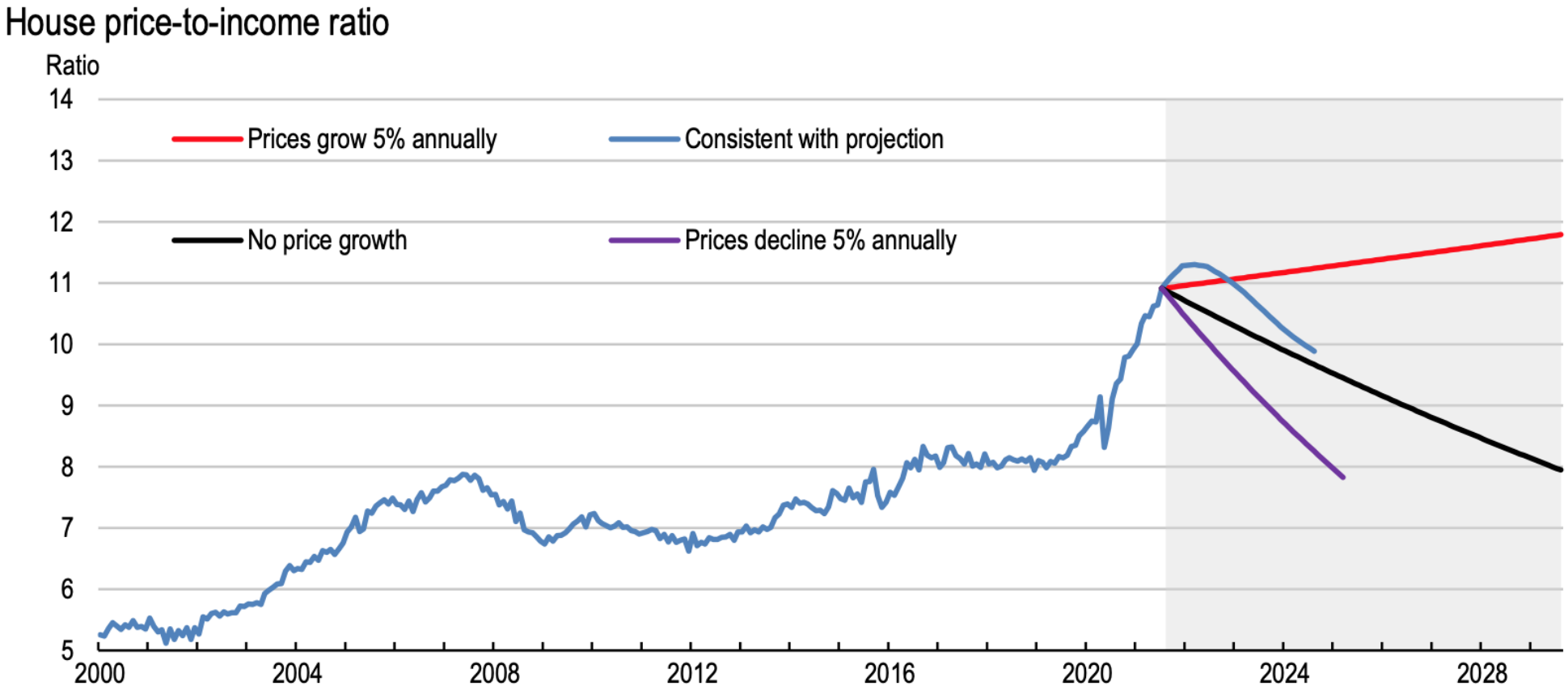


1. Sample average excluding Chile, Mexico, Korea and the United States for which gross income instead of disposable income is used.
Source: Stats NZ; OECD National Accounts at a Glance; OECD Affordable Housing database.

StatLink https://stat.link/4dr09i

It will have to happen over 30 years

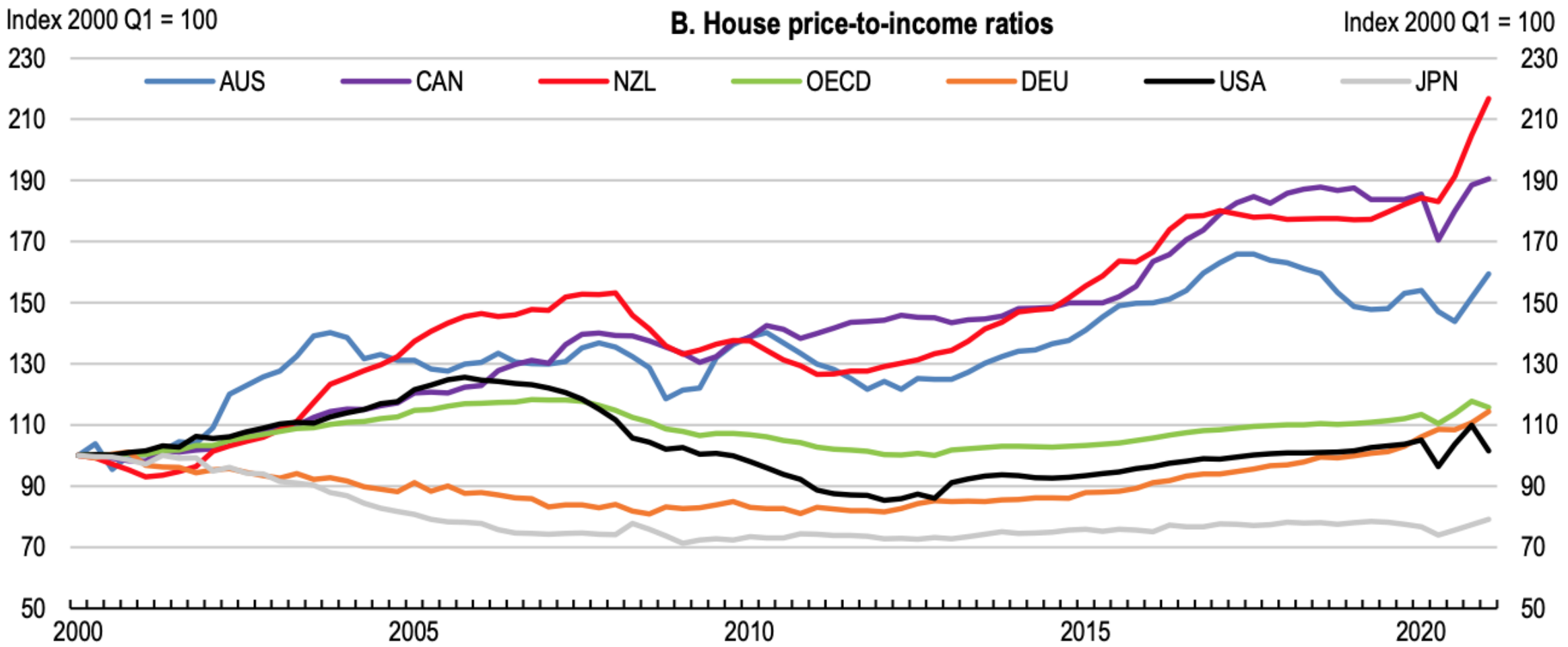
Figure 1.40. It will take many years for the median house price-to-income ratio to return to the pre-COVID level if house prices do not fall



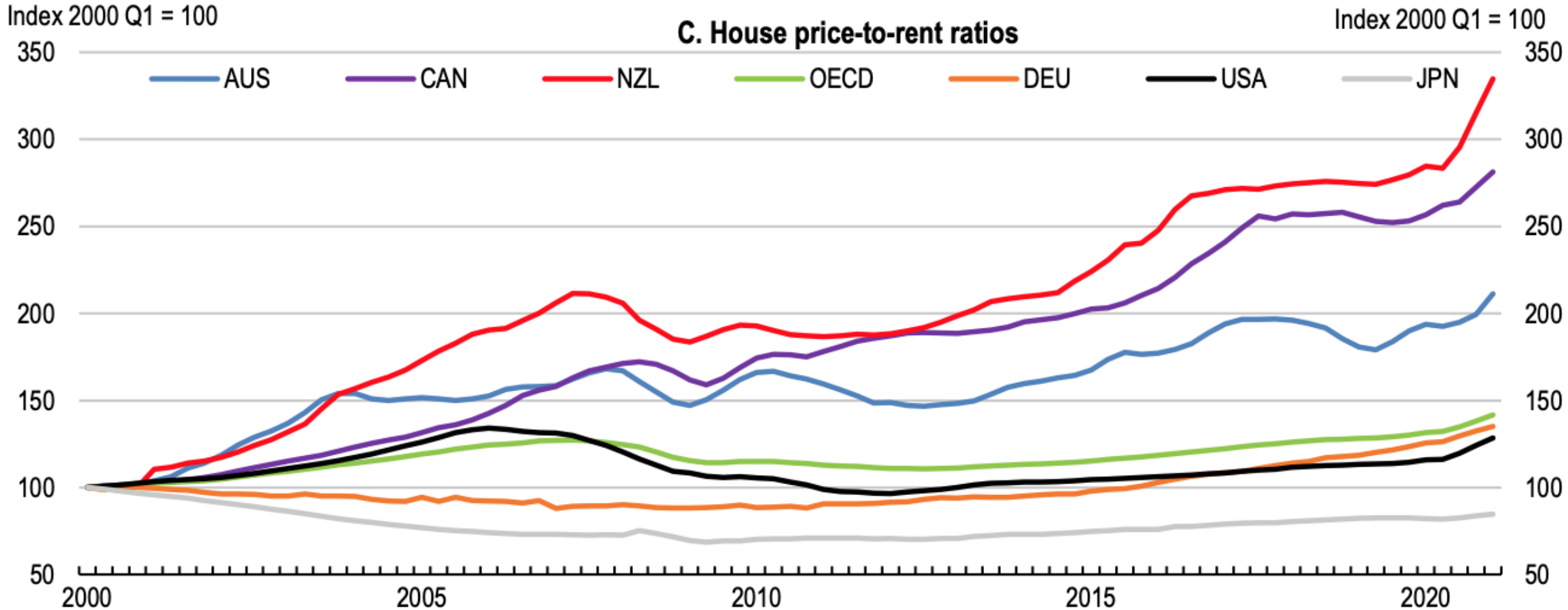
Note: Projection by RBNZ.
Source: RBNZ projections.

StatLink https://stat.link/01e7zr

We are truly exceptional

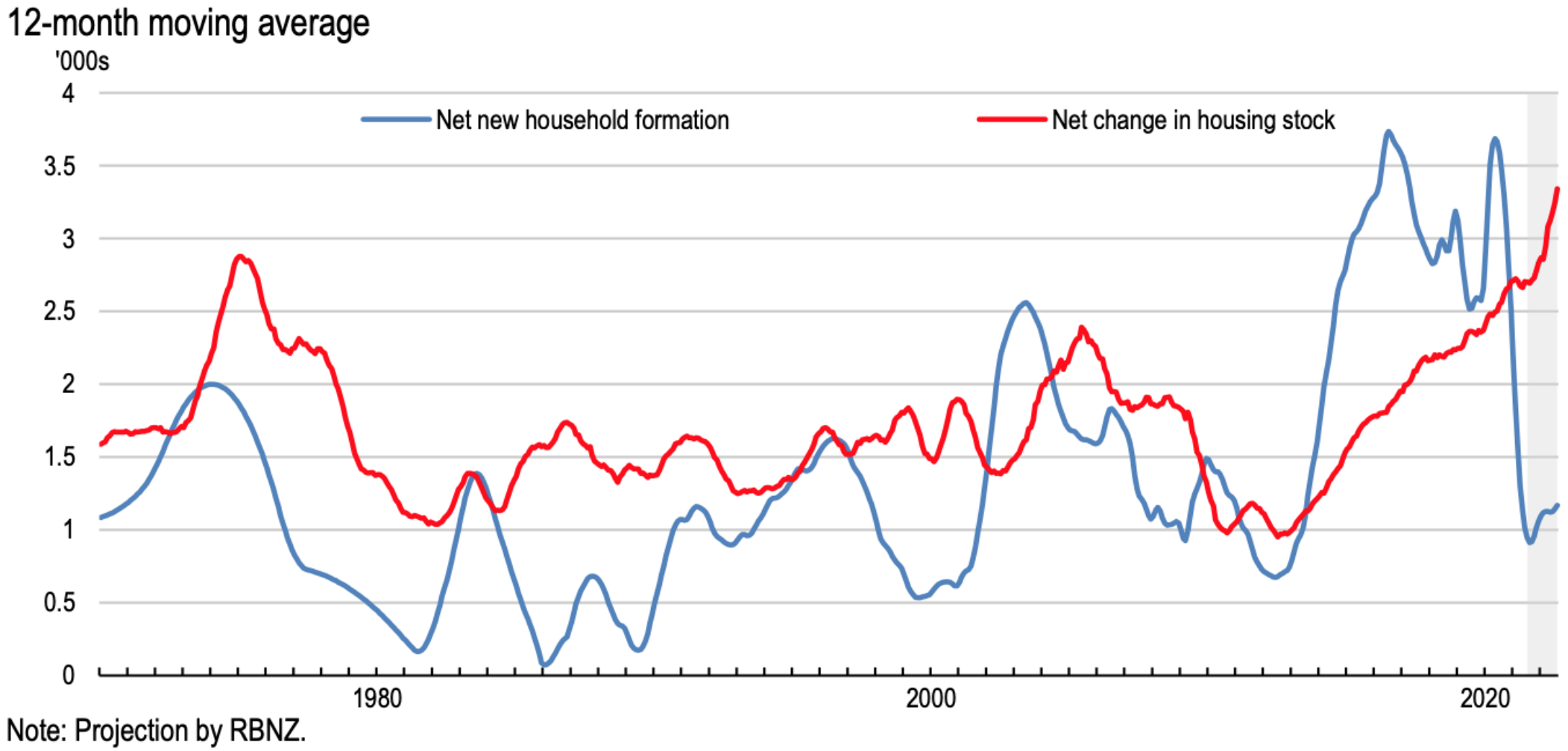


And not just relative to incomes



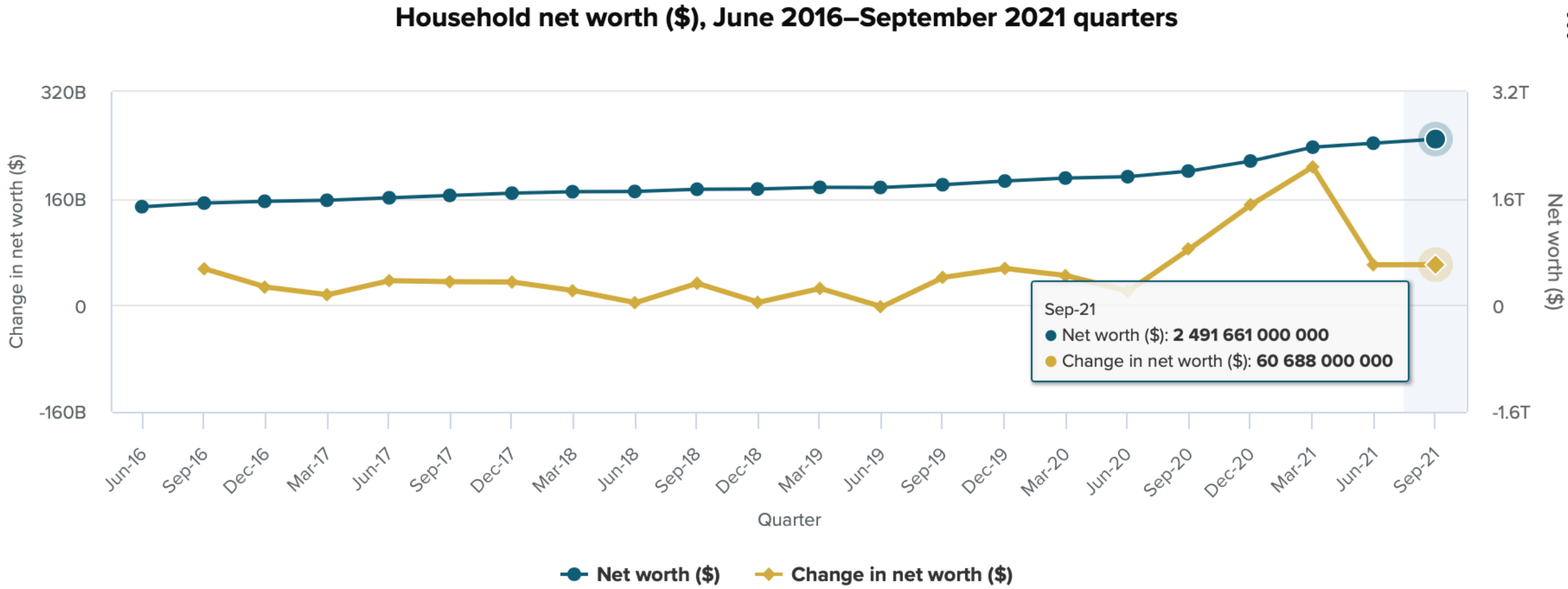
We have to ‘overbuild’ for 30 years

Figure 1.38. New housing supply ran behind demographic demand in the years preceding the pandemic

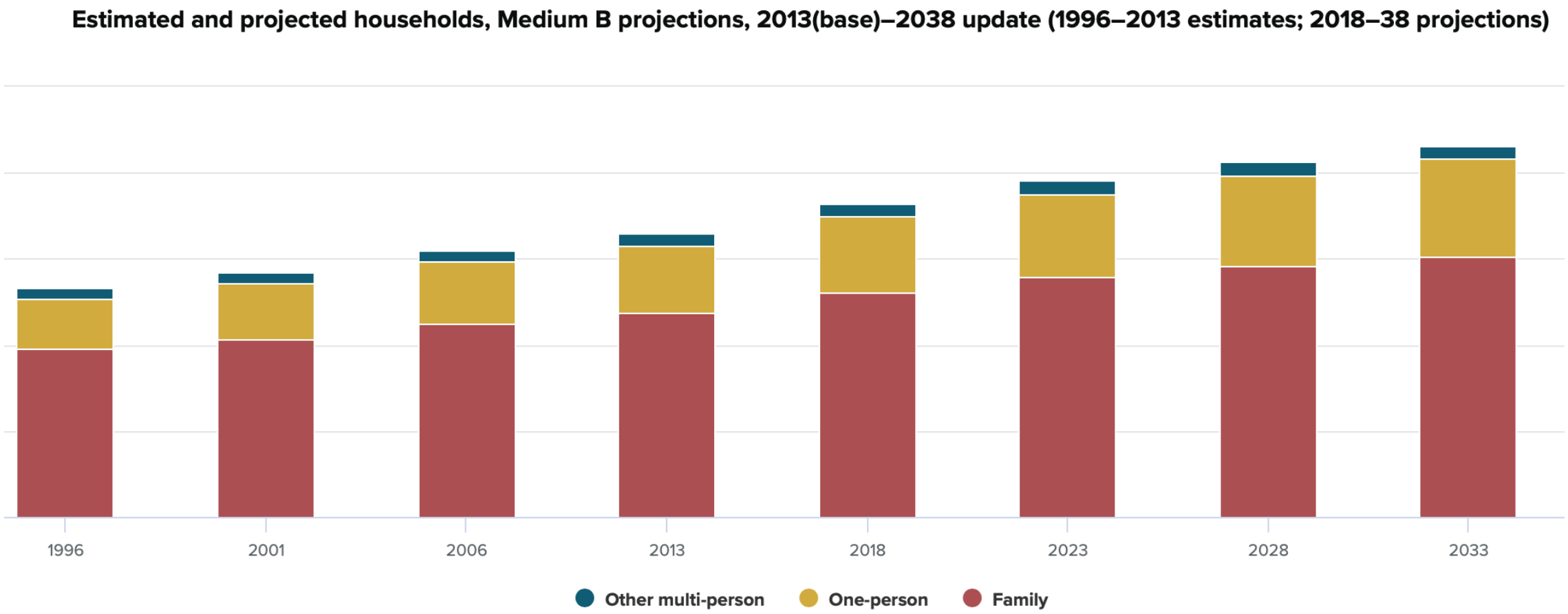


Note: Projection by RBNZ.

No shortage of capital or equity



No shortage of new households either



The task and the opportunity ahead

- New ways to fund infrastructure for housing
- GST share for councils?
- Hypothecated funds outside core crown debt
- Rebalanced new lending to new builds
- Repurposing institutional funds to housing
- Connecting housing to low-carbon transport
- We can be exceptional for all the right reasons