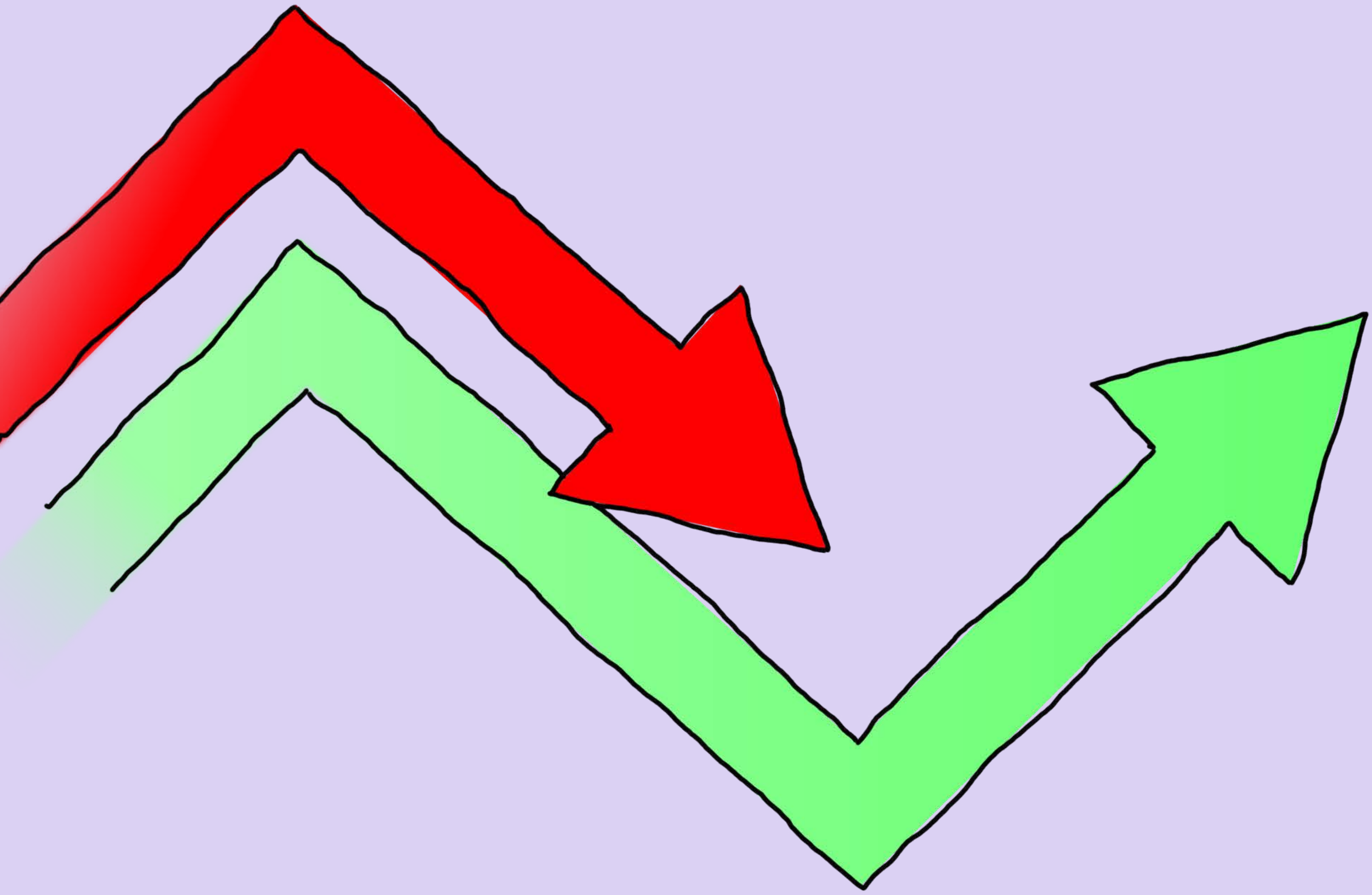
Housing Market Cheat Sheet

Spot the boom early, spot the bust earlier.



OPES PARTNERS

Property cycles aren't random. This "cheat sheet" shows the early signs of a boom and the early signs of a bust, plus what to do in each case.

Keep it handy. When you see 2-3 signals lining up, run the numbers, adjust your plan, and act before the headlines catch up.

Signs a **Boom** is building

#1 Money gets cheaper

What it means: Mortgage rates fall, or banks relax their test rates and rules. Suddenly, the monthly payment looks smaller, so more people can "afford" to buy.

What to look for: Headlines about rate cuts; banks advertising lower rates; easier pre-approvals.

What to do: Run the numbers with a higher "what-if" rate so you're not caught off guard when rates go back up. Try the mortgage repayment calculator now: www.opespartners.co.nz/mortgage/calculator

#2 Credit grows faster than incomes

What it means: Banks are writing more home loans much faster than people's pay is rising. That pushes prices up beyond what rents and wages can justify.

What to look for: Big jumps in new lending; bank reports talking about strong mortgage growth.

What to do: Be cautious if your deal only works because "the bank will lend it." Make sure the cash flow works, too. Stress-test any deal in Opes+: plus.opespartners.co.nz

#3 Prices outrun rents & wages

What it means: House prices rise for months while rents and incomes lag. That's a sign that credit (not real demand) is doing the heavy lifting.

What to look for: Price charts climbing faster than rent charts; price-to-income or price-to-rent ratios hitting new highs.

What to do: Prefer properties where rent covers the mortgage today, not only in a perfect future. Check the rental yield calculator: www.opespartners.co.nz/calculators/rental-yield

#4 Demand gets a shove, and supply can't keep up

What it means: A wave of people arrives – like migration, new jobs pop up, or confidence flips from "wait and see" to "buy now." However, it still takes years to zone, consent, and build.

What to look for: Strong migration numbers; jobs growing; crowded open homes; days-to-sell dropping.

What to do: Move early in improving suburbs, don't chase bidding wars, and target areas with tight supply but solid rental demand. See which regions look over/undervalued: www.opespartners.co.nz/over-under-valued

#5 Developers ramp up

What it means: More consents, cranes, and off-plan projects sell out in hours.

What to look for: "Stage 1 sold out" ads; new suburbs marketed heavily; lots of presale incentives.

What to do: If buying off-plan, stress-test your settlement at higher interest rates and slower resale markets. Run a quick cash flow in Opes+: plus.opespartners.co.nz

#6 Policy tailwinds

What it means: Tax or rule changes make investing easier, like more interest deductibility or looser deposit rules.

What to look for: Government or central bank announcements that clearly help buyers.

What to do: Great news – but still run a worst-case cashflow, not just the rosy one. Get a free 1:1 Portfolio Planning session with one of my financial advisers: www.opespartners.co.nz/book-your-free-session-2

Signs a **Bust** is underway

#1 Credit pulls back

What it means: The cost of money jumps (rate rises) or lending rules tighten, so banks say "not now." Fewer approvals, tougher criteria, and refinancing get harder.

What to look for: Pre-approvals lapse; your broker says, "Serviceability is the issue;" banks lift test rates or shave max borrowing.

What to do: Protect liquidity. Keep cash buffers, avoid bridging finance, and don't assume you can refinance on better terms later. Learn how revolving credit can help: www.opespartners.co.nz/mortgage/revolving-credit

#2 Forced selling & builder distress

What it means: Some owners must sell (job loss, rate reset). Developers delay, cancel, or can't complete builds; subbies go unpaid. Overbuilding makes this worse.

What to look for: "Mortgagee sale" in listings; builders offering big settlement incentives; receivers appointed to projects.

What to do: If buying, price in risk: thorough due diligence on developer finances, defects, and completion guarantees. Developer Database is a good tool to get free data about all major players in NZ: opespartners.co.nz/developer-database

#3 Price cuts spread beyond the fringe

What it means: Not just fringe areas – good suburbs start discounting. And policy shocks can speed this up.

What to look for: Price reductions on quality stock, valuers marking down, and fresh rules that reduce investor demand or tighten credit.

What to do: Negotiate hard and make conservative offers.

#4 The economy feels it

What it means: Job losses, business profits under pressure, tighter business credit, or external shocks (financial crisis, pandemic, war, natural disasters) hit confidence and demand.

What to look for: Layoff headlines, paused sites, tradies chasing work, weak consumer confidence, and sudden events that dent jobs/tourism/incomes.

What to do: Diversify. Mix locations and property types so one shock doesn't hit everything at once.

#5 The downward feedback loop

What it means: Falling values shrink collateral, banks lend less, fewer buyers can transact, prices fall further.

What to look for: Lower bank valuations than the agreed purchase price, top-up requests at refinance, and LVR breaches.

What to do: Keep LVR conservative. If you must sell, move early. Quickly check your property's LVR: www.opespartners.co.nz/mortgage/lvr/lvr-calculator

#6 The rental market bends the wrong way

What it means: In oversupplied pockets, vacancies rise, and landlords offer freebies (weeks-free, free parking). Even as prices fall, cash flow weakens when you need it most.

What to look for: More rental listings are lingering, landlords are offering advertising incentives, and rents are flattening or slipping in specific suburbs or new-build clusters.

What to do: Get fresh rent appraisals, adjust pricing realistically, and don't panic. Talk to a property manager; you don't have to use our service. www.opespropertymanagement.co.nz

Quick **next steps**

#1 Stress-test your deals

At higher rates, lower rents, and longer vacancy periods. Use Opes+ and test your numbers.

plus.opespartners.co.nz

#2 Tidy your balance sheet and plan buffers

Build your Wealth Plan – to crunch the numbers and give you a personalised goal.

mywealthplan.opespartners.co.nz

#3 Track the turn daily or weekly

Subscribe to the Property Academy Podcast and Opes Partners YouTube channel.

www.youtube.com/@opes_partners

www.opespartners.co.nz/shows/the-property-academy-podcast