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HIDING IN PLAIN SIGHT: THE REAL COST OF HOUSING IN WAIKATO

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Hiding in Plain Sight: The Real Cost of Housing in Waikato

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Executive Summary

The Waikato Wellbeing Project's vision is that our mokopuna are thriving. This intergenerational perspective urges us to look at the key determinants of individual and community wellbeing and ask *'what's happening now'* and, importantly, *'what might happen in the future?'*. This report draws on regional data to better reveal the state of housing affordability in the Waikato, and lays the foundations for collective action towards a more affordable, equitable housing future for us all.

We have prepared this report because while housing (quality, affordability, availability) is an intrinsic human right, housing affordability is not an abstract metric—it is a barometer of many other important indicators of inequality, wellbeing, and economic mobility.

Housing has become increasingly unaffordable in many, if not most, Western countries over the past 3 decades. In its most recent report on housing affordability, Demographia noted *"High housing prices, relative to incomes, are having a distinctly feudalising impact…where the primary victims are young people, minorities and immigrants[1]".* The Demographia report also noted a global trend of 'counter-urbanisation', where middle-income households are increasingly leaving expensive big-city markets for more affordable places, a trend which can be seen in internal migration statistics for New Zealand, and especially out of Auckland.

Historically affordable and a hub for essential workers and young families, the Waikato region has experienced a structural divergence between incomes and housing costs over the same timeframe. Adding to this, between 2018 and 2023, more than 34,000 Aucklanders moved to the Waikato[2]. While significant for those households, unless the supply of homes at least matches this demand, the process risks further elevating prices in the Waikato and potentially displacing other families, especially from Hamilton. Data from the Waikato Housing Initiative stocktake calculated that approximately 20,000 new houses were built between 2018 and 2023, with a residual shortfall of over 8,000 homes, and an additional 62,000 houses needed by 2043[3]. However, this data may underestimate the effect of the counter-urbanisation described above.

Recent housing commentary has tended to focus on flat or even falling prices since the Covid-19 related peak in 2021-22, and a stronger market for first-time buyers[4]. Some commentators have even suggested that New Zealand's obsession with house price growth as a preferred source of wealth may have finally waned[5]. Recent market evidence indicates that Waikato's median sale price has stabilised with a modest 2.6 per cent year-on-year increase but little movement in real terms. Days to sell remain elevated (57 compared with a 10-year average of 44), and while sales volumes have lifted by nearly 19 per cent, the market overall is better characterised as consolidating than accelerating.

[1] Demographia International Housing Affordability, 2025 Edition
[2] New Zealanders on the move | Stats NZ
[3] Stocktake_FINAL
[4] First home buyers well placed for 2025
[5] New Zealanders urged to break up with property | RNZ News

While some of these dynamics provide welcome relief to home buyers and renters, we are still a long way from a truly affordable housing system in the Waikato, and without structural changes, there is little evidence of sustained moderation. Waikato's housing market still excludes working families, with housing costs far outpacing income growth and rents consuming a disproportionate share of earnings.

Key regional indicators—such as the median house price of $740,000 and a regional median household gross income of $116,722[6]—reveal a price-to-income ratio of approximately 6.4:1, **signalling a deepening affordability crisis across the Waikato region.** These structural imbalances entrench long-term financial stress, limit pathways to home ownership, and reflect a systemic decoupling of housing costs from local income realities (Infometrics, 2025; REINZ, 2025; Stats NZ, 2025).

While Waikato's overall price-to-income ratio sits close to the national median, the regional average masks substantial variation. Housing affordability pressures are acute in sub-regions such as Hamilton, Huntly, and Tokoroa, where local household incomes are significantly lower but housing costs are comparable to higher-income centres. This creates disproportionate stress for lower-income whānau even though the Waikato region, in aggregate, remains mid-range in national affordability rankings.

If house prices continue to grow faster than incomes, the time required to save a deposit could stretch from **13 years today to 21 years by 2035 and 28 years by 2045**. Without change, housing will continue to drift further out of reach for many, entrenching long-term inequality and financial stress. This raises the risk of locking younger generations into a permanent renting class, even if house prices stall in the short term—a theme increasingly visible in public debate.

1. Introduction – A Roof, A Right

Stalled prices, but no relief: Waikato's affordability crisis deepens. Waikato is facing a housing crisis—not just of supply, but also of affordability. Most new homes are financially out of reach for ordinary families. The median household gross income[7] in Waikato is approximately $116,722 (inflation-adjusted to 2023 dollars, Waikato Regional Council, 2025), while the median house price is around $740,000 (REINZ, 2025).

Servicing such a home—assuming a 20% deposit and using the standard 30% gross income affordability threshold—requires a household income of around $140,000, based on a 30-year mortgage at 6.5% interest (ANZ Mortgage Affordability Tool, 2024)[8]. In contrast, the regional median income is $116,722, highlighting the affordability gap.

[6] Source: Waikato Regional Council, in 2023 dollars.
[7] All income figures are gross (pre-tax) and inflation-adjusted to 2023 dollars, unless otherwise noted.
[8] Mortgage calculation assumptions (6.5% interest, 30-year term, 20% deposit, principal & interest repayments).

The 30 per cent housing cost-to-income threshold—used here for consistency with MHUD and OECD frameworks—is best understood as a guideline rather than a strict rule. MHUD itself describes it as "arbitrary," but it is widely accepted for benchmarking both rental and ownership affordability. Lenders typically use more nuanced serviceability assessments. We use the 30 per cent threshold here to provide comparability across tenure types, but acknowledge its limitations as a universal measure of actual housing stress.

This is not about high-end housing—it is about everyday whānau: the nurse in Tokoroa, the teacher in Huntly, and the retail worker in Te Awamutu. The housing market has systematically shifted away from its core social function—providing shelter—and towards speculative asset growth.

It is important to recognise that current housing affordability challenges reflect more than short-term market fluctuations. Evidence suggests these pressures are driven by a combination of structural factors, including limited land availability, a misalignment between housing supply and household needs, restrictive planning frameworks, and slower wage growth relative to housing costs. Together, these long-term dynamics contribute to persistent barriers to homeownership and increase the risk of housing-related exclusion for many households.

2. The Income-Housing Gap

Affordability is fundamentally a question of relativity: what a household earns versus what they must pay for housing. While the house price-to-income ratio reflects long-term access to homeownership, the 30% income threshold relates to the ongoing burden of housing costs (e.g. rent or mortgage payments). Both are important but distinct measures of affordability and should be interpreted accordingly.

In the Waikato region, the income-housing gap has widened significantly over the past decade. Since 2014, median house prices have nearly doubled, while median household incomes have risen much more slowly (REINZ, 2025; Stats NZ, 2025).

Today, with a median household gross income of $116,722 (in 2023 dollars) and a median house price of $740,000, the price-to-income ratio is approximately 6.4, making homeownership increasingly unaffordable, even for many dual-income households. The Waikato region now ranks among the least affordable housing markets in New Zealand.

Māori and Pacific individuals in the region experience median personal incomes $8,000 to $15,000 below the regional average (Stats NZ, 2025), reflecting longstanding structural inequities in education, employment, and pay. These income gaps further deepen exclusion from homeownership and increase housing stress.

Throughout this analysis, inflation-adjusted (real, 2023 dollars) median household income is used for affordability comparisons to ensure consistency and comparability across years. We note that this income estimate ($116,722) is higher than alternative measures—such as the 2023 Census estimate of $91,800 and Infometrics' unpublished 2025 estimate of $98,350.

These differences reflect variations in methodology and inflation adjustment. Our use of the Waikato Regional Council's series ensures consistency over time, but may understate affordability stress compared with more conservative measures[9].

For affordability ratio calculations, this report applies the Waikato Regional Council's inflation-adjusted household income series (expressed in constant 2023 dollars) as the primary income measure. Census 2023 household income figures are incorporated for demographic and distributional context, while Infometrics estimates are drawn on for extended time-series continuity. This approach provides consistency in affordability ratios while acknowledging definitional differences across statistical sources.

Where individual-level disparities are cited, these refer to gross median personal incomes. This standardisation avoids conflating income scales and provides a clearer picture of affordability pressures. These disparities are not a reflection of individual failure—they represent a systemic misalignment between labour market conditions, housing supply systems, and equity-focused policy settings.

3. Rental Pressure Rising

Housing is considered affordable[10] when the rent is less than 30% of the household's income.[11] By that benchmark, a significant share of Waikato renters remain in housing stress. High rents force families to cut back on essentials—such as food, transportation, and education—or to overcrowd substandard housing.

Median rent consumes, on average, 22.3% of disposable income (or 25% of gross income). For lower-income renters, this rises to 32–43% of gross income (Waikato Regional Council, 2024; Stats NZ, 2023)[12]. These rental burdens are not uniform across all groups. Māori and Pacific households, sole parents, and disabled tenants often face higher effective burdens due to reduced access to quality housing and secure tenure.

When measured against the regional median household gross income $116,722 (2023 dollars), the average renter is approaching the 30% housing stress threshold. For low-income or single-earner households (those earning less than $55,000, or 60% of the median), this burden often exceeds 32%, and in some cases rises as high as 43% (MBIE, 2025; HLFS, 2024).

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[9] Household income estimates are primarily drawn from Waikato Regional Council's inflation-adjusted household income series (in 2023 dollars), which is used for all affordability ratio calculations. Census 2023 figures are cited for demographic context, and Infometrics estimates are included where longer time-series consistency is required. This ensures comparability while acknowledging differences in measurement across sources.

[10] In this report, housing is considered "affordable" if housing costs—whether rent or mortgage payments—do not exceed 30% of gross household income, as defined by New Zealand's Ministry of Housing and Urban Development (HUD). This threshold reflects both government and banking sector standards, and is widely used in affordability assessments across Aotearoa

[11] 30% threshold refers to MBIE's standard affordability metric. See MBIE (2024).

[12] Using $560/week and $116,722 income, MBIE and Waikato Wellbeing Project data show median rent in late 2024 is $550–$560, and $116,722 income from Waikato Regional Council reports.

This estimate is consistent across different methodologies, including MBIE's rental bond data and HLFS figures. This briefing uses income for all rent burden analyses to maintain consistency[13]. Rising rent burdens are also contributing to increased demand for MSD housing supplements and community emergency housing services.

In many cases, this strain pushes households out of the private rental market and into social housing systems, including Kāinga Ora or community housing providers. In more extreme situations—particularly for sole parents, youth, or those without strong support networks—this can result in acute housing insecurity or even homelessness[14].

The affordability ceiling is not only a personal hardship—it carries systemic consequences. High housing costs suppress consumer spending, reduce workforce productivity, and increase the fiscal burden on emergency housing and health services. A functioning rental sector is not a luxury—it is a prerequisite for regional economic resilience.

4. Spatial Inequality – Where You Live Matters

Not all parts of Waikato experience housing affordability equally. While affordability pressures in and around Hamilton are well recognised, the burden is often heavier in towns like Tokoroa, Huntly, and Ngāruawāhia. These communities tend to have lower median household incomes yet face housing costs that rival or exceed those in some higher-income areas.

For example, in South Waikato, HUD's Affordability Index (2024) indicates that 43% of renters spend more than 30% of their gross income on housing, signalling widespread rental stress in towns such as Tokoroa and Putāruru. This level of housing stress exceeds national benchmarks, placing sustained pressure on public services, income support systems, and health outcomes.

The local housing market in Tokoroa has also been influenced by rising investor activity, particularly in the low-cost housing segment. As a community, the recent loss of major employers will put greater stress on families in the short term[15]. Between 2021 and 2024, investor purchases in South Waikato increased by 24%, according to CoreLogic's 2024 Regional Property Investor Trends Report. This surge in investor demand reduces the stock available to owner-occupiers and exacerbates price inflation in already vulnerable sub-markets.

This regional divergence highlights the limitations of one-size-fits-all housing policy tools. Uniform affordability thresholds or flat-rate first-home buyer subsidies fail to account for localised disadvantage and market dynamics. In this context, place-based housing policy is not optional—it is essential.

[13] Rounded figures in other parts of this briefing refer to city-level estimates, where the rent burden for Hamilton renters is approximately 25% (MBIE + HLFS, 2024). Differences reflect localised income and rental variations.
[14] MSD and Salvation Army Housing Pressures Reports (2023–2024) have documented a rise in transitional housing waitlists and youth homelessness in regional NZ.
[15] South Waikato going for growth despite Kinleith job losses - South Waikato District Council

The emerging Regional Spatial Strategies (RSS) framework provides a valuable vehicle for more targeted interventions. However, it must be accompanied by real funding commitments, transport infrastructure, and employment corridor development to unlock genuine affordability. At its core, the geography of housing affordability is the geography of opportunity-or its absence.

5. The Deposit Dilemma – Chasing the Rainbow

Saving for a deposit has become a near-impossible task for many families in the Waikato. With a median house price of $740,000 (REINZ, 2025), a 20% deposit requires saving $148,000. For a household earning a median household gross income of $116,722 annually (2023 dollars), setting aside 10% of gross income each year—assuming no rent burden, student or other consumer debt, no investment returns, and static house prices and income—would take around 13 years to reach that deposit[16].

In contrast, during the early 2000s, the same deposit could be saved in just 6 to 8 years, thanks to lower house price-to-income ratios. This trend is locking an entire generation out of homeownership and risks entrenching a permanently excluded renter class. Policy must make the deposit ladder scalable—not an insurmountable wall.

In practice, median renters spend approximately 25% of their gross income on rent (MBIE and HLFS, 2024 data, projected forward to 2025 using Q1 trends), leaving little room to save. These households are not failing to budget—they are constrained by a housing system that has decoupled from local income realities.

In addition to the baseline trajectory (7% house price growth vs 4.2% income growth), alternative sensitivity runs have been undertaken (**Appendix 3**). Under a moderated growth scenario (5% annual house price growth and 5% household income growth), the required years to accumulate a 20% deposit in 2045 are significantly improved, at approximately 15–17 years, but are still longer than at present. This reinforces the conclusion that, even under more balanced macroeconomic growth conditions, affordability remains structurally inequitable.

Modelling using historical Stats NZ data suggests that to maintain the current 13-year savings timeline, household incomes would need to grow at over 6.2% per year—far above the 30-year regional average of 4.2%[17]. Sensitivity analysis reveals that even slight deviations from this growth rate can substantially prolong deposit timelines. Without structural reform and a significant improvement in New Zealand's economic productivity, such wage growth is unrealistic.

While this 20 per cent deposit scenario reflects standard banking practice, alternative deposit pathways exist. For example, Kāinga Ora's First Home Loan scheme allows deposits as low as 5 per cent for eligible households. Shared equity or progressive ownership models can also reduce upfront barriers.

[16] 12.7 years = $148,000 ÷ $1,167 annual savings (based on 10% of $116,722 income) and a deposit calculation of $740,000 × 20% = $148,000

[17] The base case is static, while scenario modelling (e.g., 2035/2045 projections) uses historical growth trends.

Appendix 3 includes sensitivity testing, showing years-to-save under 5%, 10%, and 20% deposit scenarios. This illustrates that while lower deposits reduce timeframes, the overall affordability gap remains substantial.

Financial literacy and access to better information is important, but alone it cannot overcome the structural affordability gap. In recent years, a range of housing initiatives—such as shared equity schemes, progressive homeownership pilots, and income-indexed support models—have been trialled both in New Zealand and internationally to address deposit barriers. These approaches aim to align housing access more closely with actual income levels, particularly for median renters. Without such mechanisms, the deposit requirement remains out of reach for many, reinforcing inequality in housing outcomes. Media commentary has increasingly described this as a generational divide—where today's young families face barriers that were absent for their parents, risking the creation of a 'generation rent[18].

6. What's Changed: Historical Trends in House Prices vs Income

In the early 2000s, a household saving 10% of its gross income annually could expect to reach a standard deposit in just 6 to 8 years, thanks to relatively low house prices and more favourable house price-to-income ratios. By 2025, that timeline has nearly doubled, stretching to around 13 years, even before accounting for real-world constraints such as rent, inflation, or cost-of-living pressures. Historic trends from Infometrics and Statistics New Zealand (Stats NZ) indicate that over the past decade, house prices in New Zealand have increased at an average annual rate of approximately 7%, while household incomes have grown at a rate of just 4.2% (Infometrics, 2025; Stats NZ, 2025). These trends underpin long-run affordability models and highlight a growing structural imbalance.

In the near term, following the Covid-19 related peak, prices in Waikato are currently broadly flat in real terms, reflecting a softer labour market and tighter credit conditions. However, the long-run divergence between house prices and household incomes remains pronounced. The forward trajectories shown here are not forecasts but scenario paths that illustrate how affordability pressures persist even under stable nominal pricing.

The current moderation in prices is primarily a result of low economic activity and concerns about job security, which means people are hesitant to enter the market and take on debt. Hoping that economic growth and household balance sheets remain stressed cannot be a long-term strategy for more affordable housing. Unless sustained income growth outpaces housing cost increases, the time required for households to accumulate a deposit remains extended, locking younger generations out of ownership.

[18] https://www.theguardian.com/world/2021/sep/30/haves-and-have-nots-how-the-housing-crisis-is-creating-two-new-zealands-a-photo-essay

Figure 1 illustrates this divergence. In 1995, median house prices were approximately three times median incomes, consistent with a healthy market. However, from around 2003 onwards, house prices began outpacing income growth, breaking past affordability thresholds. By 2025, the gap between income and house prices has widened dramatically, with prices exceeding 6 times the median household income, making most homes unaffordable for average earners.

Figure 1 compares the median house price (in red) with the median household income (in black), alongside two internationally recognised affordability thresholds:

- The green dashed line represents three times the median income, a standard benchmark for the maximum affordable house price.
- The blue dashed line represents five times the income, often considered the upper limit beyond which housing is deemed severely unaffordable.

The shaded zones highlight the depth of the crisis:

- The light green area indicates when house prices exceed three times the average household's income, suggesting unaffordable housing.
- The darker green area indicates when prices exceed 5 times the income, signalling severe unaffordability.
  The space above 5 times the income, where Waikato's current house prices sit, highlights the *unaffordable zone*—now the norm, not the exception.

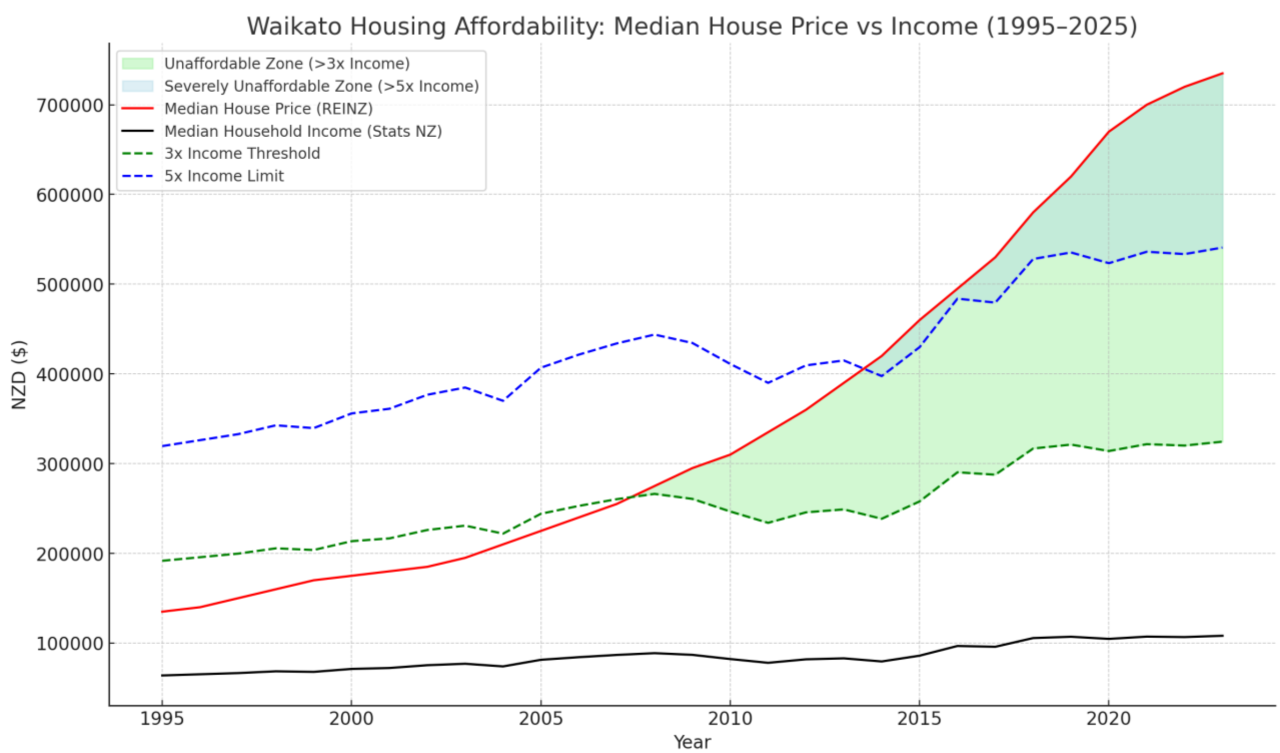


Figure 1 Waikato Housing Affordability – Median House Price vs Median Household Income (1995–2025)[19]

[19] See Appendix 5 for notes on data sources and limitations.

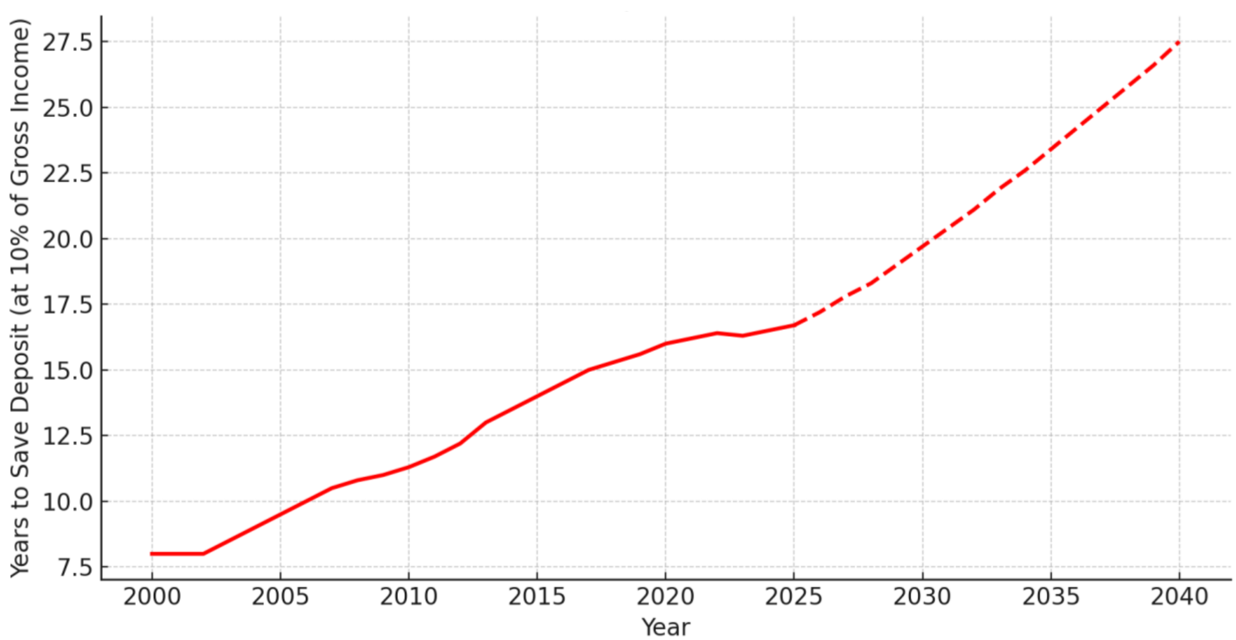
This chart clearly illustrates that the challenge is not just rising prices, but the decoupling of housing costs from local income realities. Without a significant structural shift, this affordability chasm will continue to grow, entrenching inequality and locking out future generations from homeownership.

The data reflects a fundamental shift: what was once a plausible pathway to homeownership in the early 2000s has become a prolonged and increasingly unreachable goal. Even without projecting into the future, the historical evidence reveals a steady erosion of affordability over a single generation.

7. What Might the Future Hold?

While it's always risky to assume the future will repeat the past, the time required to save a 20% deposit could stretch to 21 years by 2035 and over 28 years by 2045, to reach a deposit, assuming house prices continue to grow at 7% annually and incomes at 4.2%. Sensitivity testing in Appendix 3 shows how outcomes vary under different growth assumptions.

As shown in **Figure 2**, the time needed to save a deposit has grown significantly over time. It is projected to worsen under current trends. This deposit time is projected to worsen if current trends persist for Waikato households.



Source: REINZ (House Prices), Stats NZ HLFS & Infometrics (Household Incomes); Author's projections from 2026

Figure 2: Years to save a 20% deposit in the Waikato - Affordability Erodes Over Time[20]

[20] See Appendix 5 for notes on data sources and limitations.

These estimates are derived from an income–deposit accumulation framework that assumes a constant household savings effort of 10% of gross income, with no offsetting rent burden or investment returns. These parameterised assumptions are deliberately conservative, designed to isolate the income–price dynamics. However, it is important to note that the modelling assumes no rent, no inflation, and no investment returns, making this a best-case scenario.

In practice, most households face ongoing rental or consumption constraints, which would further extend the horizons for deposit accumulation. Most first time buyers are also facing the difficult trade-offs between saving for a house deposit, raising a young family, paying off student debt and setting up a retirement savings scheme (KiwiSaver or other). Sensitivity analysis is available in **Appendix 3.**

To keep pace with these escalating deposit requirements, households would need to raise their annual savings rate, reaching 13% of gross income by year 10, and over 16% by year 20. For most families, especially those facing rising rents and living costs, this level of sustained saving is unrealistic.

This trajectory reflects a deepening challenge to housing affordability. Without structural change, the deposit barrier will continue to grow, locking many—especially younger, renting, and middle-income households—out of homeownership altogether.

Current labour market conditions reinforce this picture. National unemployment sits at 5.2 per cent, while Hamilton resident employment fell by nearly one per cent in the year to June 2025. Softer labour demand is consistent with more extended selling periods and limited real price growth.

Affordability, once a simple function of budgeting, has become a compounding structural constraint. The challenge is no longer static—it intensifies with each passing year.

8. The True Costs of Unaffordable Homes

Many families are told affordable housing is "available"—but only in more distant areas. However, when transport, energy, and childcare costs are factored in, these so-called 'affordable' homes can be more expensive over time.

Commuting costs are estimated using IRD mileage rates. The Tier 1 rate (~$0.74/km in 2023) includes both fixed and variable costs. For households already owning a vehicle, marginal commuting costs are better represented by Tier 2 rates (typically $0.20–$0.40/km). Based on a 33 km return commute over 200 workdays, marginal annual operating costs range from approximately $2,600 to $5,000. Even at the lower bound, these costs materially erode the real affordability of peripheral housing.

For families commuting to Hamilton from Huntly (21km), Tokoroa (87km), or Te Kauwhata (59km), where public transport is limited, real costs may be even higher. This burden is not just financial.

Research by the NZTA and the Social Wellbeing (Investment) Agency indicates that high transport stress has a negative impact on wellbeing and labour force participation, particularly among women and caregivers. The consequences are most severe for Māori and Pacific households, who face longer average commutes and lower access to infrastructure.

Estimates from the Social Wellbeing (Investment) Agency show that transport-related stress significantly reduces household satisfaction in outer-urban areas.[21] The time cost is equally high. Long commutes reduce family time, increase stress, and undermine community connection. Research by the NZTA and the Social Wellbeing (Investment) Agency has shown that households facing high access costs—whether due to transport, time, or limited digital connectivity—report significantly lower life satisfaction.

This reality disproportionately impacts Māori and Pacific families, many of whom already face longer commutes and less access to infrastructure. It also reduces labour market participation among parents and caregivers, particularly women.

Affordability must account for these total life costs, not just listing prices. Urban planning must shift from asking, *"What does infrastructure cost?"* to "*What human and productivity returns does it unlock?"*

Investments in public transportation, local employment opportunities, and social infrastructure should not be regarded as ancillary considerations; instead, they are integral components of the solution to enhancing affordability.

The Government's reform direction is also relevant in this context. Up-zoning around public transport nodes, combined with greenfield expansions supported by new infrastructure financing mechanisms, has the potential to reduce location-related transport costs over time. Affordability is therefore a function not only of housing prices, but also of how well land-use, infrastructure funding, and transport access are aligned.

9. The Human Cost – Health and Wellbeing Impacts of Housing Stress in Waikato

Housing stress is more than an economic issue—it is a public health crisis. The Waikato DHB (2024) reports rising stress-related illness in low-income communities, often linked to insecure tenure, overcrowding, and poor housing conditions.

According to the 2023 Waikato Social Wellbeing Survey—a regional implementation of the Quality-of-Life Project led by Waikato councils and administered by IPSOS New Zealand—1 in 5 households reported cutting back on food or healthcare to afford rent or mortgage payments.

[21] Based on NZTA's 2023 Transport Resilience Modelling, average annual commuting costs from outer districts to Hamilton are estimated at $5,000–$5,500 per household. The Social Wellbeing Agency (2024) reports that households facing transport-related stress are 22% more likely to report low life satisfaction.

These burdens are being experienced within a weaker labour market context. National unemployment is 5.2 per cent, and Hamilton employment fell slightly in the year to June 2025, adding to payment stress and arrears risk for households already at the margins.

Nearly 1 in 4 households reported living in conditions that aggravated chronic respiratory illness, particularly in damp, poorly insulated rentals. 29% of households in the lowest income quartile reported experiencing mental distress related to housing insecurity. These are presented in **Figure 3,** including mental distress (29%), respiratory illness (23%), and school absenteeism (15%)[22].

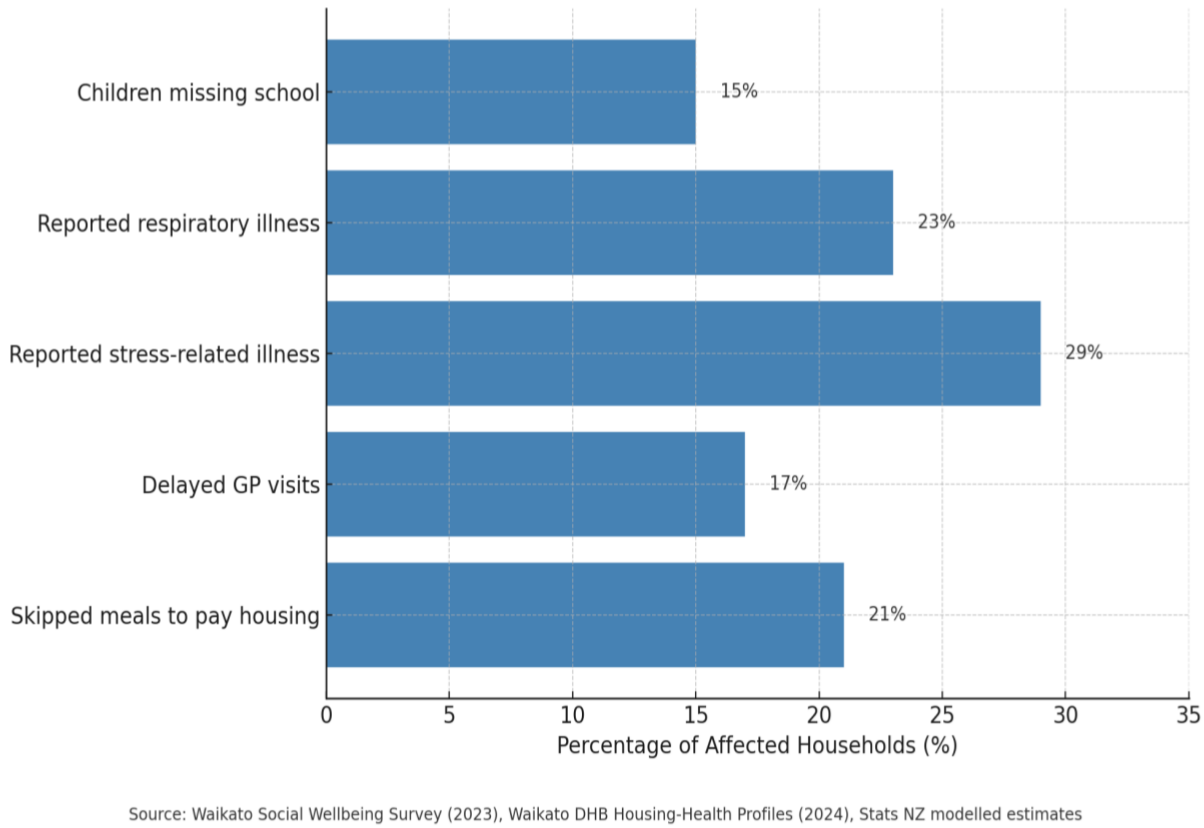


Figure 3: Health and Wellbeing Impacts of Housing Stress in Waikato[23]

10. Sub-Regional Pressures within Waikato

Housing stress is uneven across the region. South Waikato renters, for example, report average rent-to-income ratios exceeding 43% (HUD Affordability Index, 2024). In Hamilton, low-income renter households face rent burdens above 32% of disposable income (MBIE bond data, 2024).

[22] Note: Figure 3 presents data from households in the lowest income quartile who also report housing-related stress indicators (e.g., cutting back on essentials, overcrowding, or mental distress). Being in the lowest income quartile alone does not equate to housing stress. This distinction is important when interpreting the wellbeing burden.

[23] See Appendix 5 for notes on data sources and limitations.

Thames-Coromandel presents a structurally different profile, with house prices inflated by holiday-home demand and constrained land supply, producing persistently high price-to-income ratios that disproportionately disadvantage local wage earners and an older demographic. These distributional and spatial disparities highlight the uneven impact of housing affordability across communities in Waikato[24].

Children are especially affected. Overcrowding and housing instability contribute to higher rates of school absenteeism, particularly among Māori and Pacific families. Cold, mouldy environments are associated with a higher incidence of asthma and chest infections—conditions that carry lifelong health and cost burdens.

These are not abstract problems. The downstream effects are measurable: lost productivity, increased demand for healthcare, and reduced educational outcomes—the social and economic cost of poor housing quality ripples through the entire regional system.

Policy must move beyond treating housing as physical infrastructure. It must recognise housing as a core social determinant of health, on par with clean water, education, and nutrition. Integrated service delivery, connecting housing, health, and income support, is not a luxury—it is essential for regional wellbeing and economic resilience.

11. Who Are We Building For?

The new housing supply in Waikato is not meeting the community's needs. Most new builds are large-format homes in greenfield subdivisions—out of reach for first-home buyers and moderate-income renters. HUD's 2024 Pipeline Tracker shows fewer than 12%[25] of homes under construction in Waikato meet affordability criteria (defined as housing costs below 30% of gross income for households earning ≤80% of the regional median).

The pipeline favours investor-oriented typologies: townhouses marketed for capital gains rather than stable tenure. High land prices, infrastructure levies, and planning restrictions constrain the feasibility of affordable typologies, while speculative development remains incentivised. This trend reflects national concerns that speculative investor activity is crowding out first-home buyers. Media reports regularly highlight how such dynamics directly erode pathways into ownership for ordinary working families.

This reality forces essential workers—such as nurses, teachers, and tradespeople—to either commute long distances or leave the region. Councils must adopt more equitable zoning, accelerate the release of public land, and integrate demand-side assessments into their consent processes. The Government's *Going for Housing Growth* programme recognises this by requiring 30 years of feasible supply and enabling streamlined land release.

[24] Sources: MBIE Rental Bond Data (2024); HUD Affordability Index (2024); Stats NZ Household Labour Force Survey; Infometrics sub-regional data.

[25] HUD defines 'affordable' new housing as dwellings priced within reach of households earning at or below 80% of the regional median income, with housing costs under 30% of gross income. Only 12% of new builds in Waikato meet this threshold (HUD Pipeline Tracker, 2024). Updated Public Housing Plan: Including 2024 -2025 delivery released - Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development

The programme advances a three-pillar reform: (1) freeing land / removing planning barriers, (2) replacing development contributions with a Development Levy and simplifying Infrastructure Funding & Financing, and (3) incentives for growth. Two Bills are expected by November 2025, with the new planning system coming into force in 2027. The Pillar 1 consultation closed on August 17, 2025. These changes have material implications for Waikato's growth corridors, plan settings, and cost recovery mechanisms. Further changes in the liability framework for housing development will also affect affordability and the allocation of risk.

Current planning and investment settings have not kept pace with regional demand. Factors such as high land and infrastructure costs, as well as planning constraints, limit the viability of smaller, more affordable builds. At the same time, price appreciation has reinforced the financial attractiveness of higher-value developments relative to lower-cost housing supply.

12. Community Voices – Lived Experience is Evidence

Behind every statistic is a lived experience: the parent bidding on 15 rentals, the student couch-surfing to attend Wintec, the family evicted with nowhere to go. These are not anecdotes—they are evidence of a system that fails to provide secure, affordable homes.

Recent Stats NZ estimates (2023 Census Severe Housing Deprivation) indicate that 1,953 people in the Waikato region experience severe housing deprivation—living without shelter, in temporary accommodation, or severely overcrowded dwellings. MSD data indicates a rising demand for transitional housing across South Waikato, Waikato District, and Hamilton City. Incorporating these quantitative indicators alongside lived narratives strengthens the case for systemic intervention.

Both the Productivity Commission and Te Waihanga (2023) emphasise the need to integrate community voice into evidence-based planning. Te Waihanga's Infrastructure Strategy explicitly recommends incorporating qualitative, lived experience data into regional investment and planning tools.

These stories are essential for equity. Many Māori, Pacific, disabled, and young renters remain invisible in census averages and underrepresented in zoning decisions and housing policy. Incorporating their perspectives requires participatory planning[26], decentralised funding, and systems to capture frontline feedback. Including these voices is not symbolic—it is critical data.

This approach transcends mere consultation; it elevates community insight to the level of primary policy evidence. For housing policy to equitably address the needs of all individuals, it must fundamentally prioritise those whom the current system disenfranchises most severely. Recent models, such as He Kāinga Oranga, demonstrate how integrating lived experience into planning tools can directly improve health and housing outcomes.

[26] For example, participatory budgeting, tenant co-design, and lived experience panels.

13. Rethinking Affordability – A Systemic Challenge

Too often, affordability is reduced to a price metric. The term 'systemic' in this briefing refers to structural drivers embedded across land use policy, wage trends, investment incentives, and housing supply systems—not merely isolated or cyclical market shifts.

However, true affordability must encompass not only income but also location, access, and future resilience. A $650,000 home in a transit-poor suburb may be less affordable than a $720,000 home in a walkable, well-connected centre. The current tools—30% income thresholds, regional median multiples—miss the interaction between housing and other life costs. Households with similar incomes face very different burdens depending on their location, household composition, and tenure security.

A more effective strategy would integrate dynamic affordability indicators, such as net disposable income (after housing and transport costs), regional cost inflation, and commuting time, as used in OECD housing assessment frameworks.

In this context, affordability should be regarded as a composite measure encompassing social equity, productivity, and alignment with infrastructure.

What is required at this juncture is a cohesive policy alignment among housing, income support, and regional transport planning. Genuine affordability reform necessitates cross-agency coordination and sustained investment in income-matched supply. A system characterised by such fragmentation cannot be effectively addressed through isolated interventions.

14. Building a Path to Affordability

Housing affordability is not a siloed problem. It reflects a complex interplay of land use regulation, wage stagnation, infrastructure lag, market incentives, and spatial development. A credible path forward requires a systemic reframing of what affordable housing means—and how we measure and deliver it.

True affordability emerges when housing costs align with local incomes, when transport and energy burdens are minimised, and when communities have access to stable tenure and public amenities. This requires coordination across housing agencies, local councils, the Ministry of Social Development, and the Ministry of Housing and Urban Development (HUD).

The system must shift from a reactive to a preventive approach. This means expanding public and transitional housing stock, enabling community housing providers, reforming infrastructure funding to incentivise infill, and integrating affordability into regional spatial strategies. Such a system should be built around equity, not just efficiency.

Affordability is the product of system settings. This analysis demonstrates that affordability is not only a persistent problem, but one that is structurally compounding over time. Unless income growth outpaces house price inflation or policy changes reshape the supply, future generations will face even greater barriers than those we face today.

Without change, the region risks embedding a permanent renting class. Without structural reform, we will continue to patch over symptoms. With it, we can build a housing ecosystem that serves all generations and income levels, particularly those who are often left behind. Without significant changes in supply, financing, or income growth, affordability constraints are expected to persist, particularly for younger and lower-income households.

Bridging the growing home ownership divide will require more than incremental change. As this report has shown, the time it takes for a median-income Waikato household to save a deposit is not only long—it is getting longer. This is a structural issue, driven by a persistent mismatch between house price inflation and income growth. The Government's Going for Housing Growth programme recognises these realities, introducing Housing Growth Targets that require councils to enable 30 years of feasible housing capacity and removing rural-urban boundaries that have artificially constrained land supply. At the same time, public debate shows growing scepticism about whether central government reforms will meaningfully shift affordability.

This analysis has made the housing affordability challenge in Waikato unmistakably clear and urgent. The data speaks for itself: with deposit saving times stretching from 13 years today to potentially 28 years by 2045, and price-to-income ratios exceeding six times the median household income. The window for incremental solutions is closing.

Recognising this imperative, the Waikato Wellbeing Project (WWP) is currently commissioning comprehensive work to identify specific, actionable interventions that will make a meaningful contribution towards genuinely affordable housing solutions at the scale and speed our region demands.

Appendix 1: Acronyms

Acronym	Full Form
GfHG	Going for Housing Growth
HUD	Ministry of Housing and Urban Development
HLFS	Household Labour Force Survey
MBIE	Ministry of Business, Innovation and Employment
NPS-UD	National Policy Statement on Urban Development
NZTA	New Zealand Transport Agency
DHB	District Health Board
OECD	Organisation for Economic Co-operation and Development
MSD	Ministry of Social Development
RMA	Resource Management Act
RSS	Regional Spatial Strategies
HUD Pipeline Tracker	Ministry of Housing and Urban Development Pipeline Tracker
NZ	New Zealand
ANZ	Australia and New Zealand Banking Group
He Kāinga Oranga	Housing and Health Research Programme, University of Otago

Appendix 2: Glossary of key terms

Term	Definition	Source
Affordable Housing	Housing that costs no more than 30% of gross household income. This threshold is used to assess if housing is financially sustainable.	HUD NZ – Affordability Measure
Price-to-Income Ratio	A measure of affordability comparing the median house price to the median household income. A ratio above 5 times often indicates unaffordability.	OECD Housing Affordability Dashboard
Housing Stress	When more than 30% of a household's gross income is spent on housing, it creates economic strain.	Stats NZ – Housing Stress Indicators
30% Rule	A benchmark used globally (including by HUD) to define housing affordability based on the proportion of income spent on rent or mortgage.	HUD NZ – Housing Affordability
Median Household Income	The midpoint income for all households—half earn above, half below. Used for eligibility and affordability assessments. This figure refers to gross (pre-tax) income, which is used for affordability calculations throughout this document, particularly for home ownership modelling.	Stats NZ HLFS
Shared Equity Model	A co-ownership approach where a government or third party contributes equity to reduce buyers' upfront cost.	Kāinga Ora Shared Ownership Scheme
Inclusionary Zoning	A planning tool requiring developers to include a percentage of affordable units in new builds.	Auckland Council Guide
HUD Pipeline Tracker	A dashboard showing the volume and type of dwellings under construction or planned, including affordability classification.	Public homes - Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development;
Commuting Stress	Stress related to travel time, cost, and reliability in daily commutes—often affecting wellbeing and labour outcomes.	NZTA – Transport Resilience Modelling
Spatial Inequality	Disparities in housing access, pricing, and public service distribution across geographic locations.	NZ Treasury – Spatial Economics Research
Net Disposable Income	Income remaining after housing and transport costs; a more holistic measure of affordability than gross income.	OECD Affordable Housing Database
Lived Experience Data	Qualitative, narrative-based insights from affected residents are used alongside quantitative indicators in policymaking.	Te Waihanga Infrastructure Strategy
First-Home Buyer Grants	Financial subsidies for first-time buyers are typically used to help with the costs of a deposit.	Te Tūāpapa Kura Kāinga – First Home Grant
Greenfield Development	Housing built on previously undeveloped land often requires new infrastructure and transport connections.	NZ Urban Development Capacity Dashboard

Appendix 3: Selected Data Points and Calculations

This appendix combines actual data from 2023–2024 with projected 2025 estimates based on trends observed in the first and second quarters of 2023. Projected figures are based on the most recent available data from Stats NZ, Waikato Regional Council (real, inflation-adjusted to 2023 dollars), Infometrics, HUD, and MBIE as of the second quarter of 2025. All historical and projected figures use real, inflation-adjusted (2023 dollars) median household gross income and median house price data, consistent with the main text.

These tables summarise the affordability challenge facing Waikato households and provide sensitivity testing around deposit requirements, growth assumptions, and commuting costs. The results show that while individual assumptions can shift the numbers, the structural reality remains: homeownership affordability is severely stretched, and cost burdens extend across both ownership and rental markets.

Key Indicators of Housing Affordability – Waikato (2025)

The table below summarises key housing affordability indicators for Waikato as of 2025, combining historical data, inflation-adjusted income estimates, and scenario-based projections. These figures highlight the structural gap between household incomes and housing costs, and demonstrate how affordability pressures extend across both ownership and rental markets.

Indicator	Value (2025)	Source
Median House Price (Waikato)	$740,000	REINZ, July 2025 *+2.6% year-on-year. Days to sell: 57 (10-year average 44). Inventory: ~23 weeks. Sales: +18.9% year-on-year.*
Price-to-income ratio (Waikato)	~6.4 times	Infometrics, Q1 2025
Median household gross income (Waikato)	Inflation-adjusted (real) income: $116,722	(Waikato Regional Council, 2023–2025) for time-series or affordability ratio calculations.
Required Income to Afford $740K Home (30% rule, 20% deposit)	$140,000	ANZ Mortgage Calculator, 2024
Deposit Required (20%)	$157,600	HUD, 2025
Years to Save 20% Deposit at $8,200/year	~13 years (assuming 10% of gross income saved annually, with no rent burden)	With a median household gross income ($116,722, 10% savings is $11,672/year. For a $148,000 deposit (20% of $740,000), it would take ~13 years.

Years to Save by Year 10	~21 years (under the assumption of 7% house growth, 4.2% income growth)	The author's calculation is based on 30-year national averages
Years to Save by Year 20	~28 years (under the assumption of 7% house growth, 4.2% income growth)	The author's calculation is based on 30-year national averages
Savings rate needed to hold at 13 years (by year 20)	>16% of gross income	The author's calculation is based on 30-year national averages
Median Weekly Rent (Hamilton)	\$550–\$570 for late 2024	MBIE Rental Bond Data, 2024
Rent as % of income (median household)[27]	22.3% of disposable income. For comparison, this equates to approximately 25% of gross income.	Waikato Chamber of Commerce/Infometrics, June 2024
Rent as % of income (low-income households) (e.g. <\$82k). for *some low-income or single-earner households*	~32%	MBIE + HLFS, 2024
Rent as % of income (most stressed households)	~43%	HUD Affordability Index (2024). South Waikato renters exceeding 30% threshold
Note: All rent-to-income ratios in this appendix are presented on a disposable income basis unless otherwise specified. Gross income ratios are provided only for comparative purposes. This ensures comparability with HUD and MBIE affordability benchmarks, which are conventionally defined relative to disposable household income.		

Notes for Housing Affordability Indicators:

- All income figures are gross (pre-tax) and inflation-adjusted to 2023 dollars unless otherwise stated.
- The 30% affordability threshold is applied here as a commonly used benchmark, consistent with HUD and OECD measures, but should be interpreted as a rule-of-thumb rather than a fixed requirement.
- Deposit calculations assume median house prices and a 20% deposit requirement; sensitivity testing (Appendix 3B) provides alternative scenarios for 5% and 10% deposits.
- Rent-to-income ratios vary substantially by household type. Estimates of 32–43% reflect lower-income quartiles and South Waikato sub-regional results.
- Projections of deposit saving years are illustrative scenarios, based on historic national averages for income and house price growth, and should not be interpreted as forecasts.

[27] Median household income is based on HLFS and Infometrics estimates as of 2025. Lower-income households face a higher rent burden, exceeding 30%

- Household income measures in this report draw primarily on the Waikato Regional Council's inflation-adjusted household income series (expressed in 2023 dollars), which provides continuity for affordability ratio calculations.
- Census 2023 data are referenced for demographic and distributional context, while Infometrics estimates are incorporated where extended time-series consistency is required. This triangulation ensures methodological coherence, while recognising definitional differences across statistical sources.

Deposit Sensitivity – Years to Save a Home Deposit

The table below illustrates how deposit requirements affect the time needed for a median Waikato household to save, assuming 10% of gross income is saved annually. Even with reduced deposit requirements (via Kāinga Ora or shared equity schemes), saving remains a multi-year task under current price-to-income ratios.

Deposit Level	Required Deposit	Years to Save (10% gross income saved)
20% (standard)	$148,000	~13 years
10%	$74,000	~6.5 years
5% (First Home Loan eligible)	$37,000	~3.2 years

Notes for Deposit Sensitivity:

- Assumes median gross household income of $116,722 (2023 dollars).
- Saving rate fixed at 10% of gross income annually, with no rent burden or investment returns.
- Based on the median Waikato house price of $740,000 (REINZ/Infometrics, 2025).
- Market conditions: Nominal prices are broadly flat; activity is improving, but liquidity remains below historical norms.
- Labour market context: Unemployment 5.2% (national, June 2025); Hamilton residents' employment −0.9% (year to June 2025); annual average Hamilton unemployment 6.9% (year to March 2025).
- Reduced deposit thresholds ease upfront barriers but do not alter the structural affordability gap.
- These estimates are derived from an income–deposit accumulation framework that assumes a constant household savings effort of 10% of gross income, with no offsetting rent burden or investment returns.
- These assumptions are deliberately conservative, designed to isolate the income–price dynamics. In practice, most households face ongoing rental or consumption constraints, which would further extend the horizons for deposit accumulation.

Affordability Scenarios – Deposit Timeframes under Different Growth Paths

This table models deposit saving timelines under alternative assumptions for house price and income growth. It shows that unless income growth accelerates significantly, saving for a 20% deposit will extend well beyond a typical working life.

Short-horizon statements reflect observed conditions as at July 2025 (REINZ; Stats NZ HLFS). Multi-year trajectories are presented as scenario exercises, parameterised on long-run price and income growth rates. They are not forecasts. Flat nominal prices in the near term do not materially shorten deposit accumulation horizons unless income growth significantly outpaces housing costs.

Scenario	House Price Growth	Income Growth	Years to Save (20%) by 2045
Conservative	5%	4.2%	21 years
Base Case	7%	4.2%	28 years
Optimistic	5%	5%	17 years

Notes for Affordability Scenarios:

- Scenarios based on long-run averages for national house price growth (5–7%) and income growth (4.2–5%).
- Assumes 10% annual savings, no rent burden, no investment returns.
- Results are illustrative scenarios, not forecasts.
- Findings underline the systemic imbalance: incomes cannot realistically "catch up" without structural change.
- By 2045, deposit accumulation horizons could extend to approximately 28 years under a scenario assuming long-run house price growth of 7% annually and household income growth of 4.2%.
- These scenario-based trajectories highlight the persistence of structural misalignment between house prices and household incomes.

Commuting Cost Sensitivity – Marginal vs Full Costs

The table below compares annual commuting costs for a typical 33 km return commute over 200 working days, using IRD Tier 1 (full ownership costs) and Tier 2 (marginal operating costs) rates. It shows how peripheral "affordable" housing can impose hidden costs that undermine affordability.

Distance (return)	Days/year	Tier 1 ($0.74/km)	Tier 2 ($0.30/km)
33 km	200	$4,884	$1,980

Notes for Commuting Cost Sensitivity:

- Tier 1 rate (~$0.74/km, 2023) includes fixed ownership costs (depreciation, insurance, registration, etc.).
- Tier 2 (~$0.30/km) reflects marginal running costs, appropriate where households already own a vehicle.
- Costs exclude parking, congestion, or time lost, which further increase the burden.
- Sources: IRD Mileage Rates (2023), NZTA Transport Resilience Modelling (2023), Social Wellbeing Agency (2024).

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Appendix 5: Figure Notes and Methodological Caveats

This appendix provides methodological notes for Figures 1–3 in the main report. These notes clarify data sources, definitions, and limitations to ensure transparency and robustness in interpreting the results.

Figure 1: Waikato Housing Affordability – Median House Price vs Household Income (1995–2025)

- Data: Annual average house prices (REINZ) and inflation-adjusted household income (Waikato Regional Council, 2023 dollars).
- Benchmarking: International affordability benchmarks are included at 3 times and 5 times income multiples.
- Methodological note: Annual averages smooth volatility; therefore, short-term stagnation/dips (early 2010s, mid-2020s) appear less pronounced than in the monthly series.
- Income note: Household income estimates ($116,722, 2023 dollars) are higher than Census 2023 ($91,800) and Infometrics 2025 ($98,350). This may understate affordability stress.
- Interpretation: Long-run divergence between prices and incomes is structural. Short-term relief periods do not change the underlying exclusionary trajectory.

Figure 2: Affordability Erodes Over Time – Years to Save a 20% Deposit (2000–2045)

- Data: Median house prices (REINZ/Infometrics, Q1 2025) and household incomes (Waikato Regional Council, inflation-adjusted to 2023 dollars).
- Assumptions: 10% of gross household income saved annually; no rent burden; no investment returns.
- Scenarios: Base case: 7% annual house price growth, 4.2% annual income growth.
- Alternative scenarios (5% price growth and 5% income growth) are shown in Appendix 3 as sensitivity tests.
- Interpretation: Projections are illustrative scenarios, not forecasts. They show deposit timelines stretching to 21–28 years without structural change, reinforcing intergenerational exclusion.

Figure 3: Health and Wellbeing Impacts of Housing Stress in Waikato

- Data: Waikato Social Wellbeing Survey (IPSOS, 2023), regional Quality-of-Life indicators.
- Population: Households in the lowest income quartile who also reported housing stress indicators (e.g., cutting back on essentials, overcrowding, poor housing quality).
- Clarification: Being in the lowest income quartile alone is not equivalent to housing stress; the stress condition is applied separately.
- Indicators: Share of affected households reporting mental distress, respiratory illness, or school absenteeism.
- Interpretation: The results are indicative of wellbeing burdens, rather than comprehensive epidemiological measures. They highlight compounding social and health costs among vulnerable groups.