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## New Zealand woos the wealthy with golden visa changes

The country is introducing a minimum property investment of \$3mn as part of a plan to entice foreigners seeking 'a safe haven' or outdoor lifestyle



A home near Queenstown that until recently was off limits for many foreign buyers, through Bayleys © Still Vision Photography

Tara Loader Wilkinson

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PayPal co-founder Peter Thiel is no stranger to controversy. But when his New Zealand citizenship was granted in 2011 under “exceptional circumstances” — despite having spent just 12 days in the country — the revelation sparked public outcry when it came to light in 2017. A year later, then prime minister of New Zealand Jacinda Ardern ushered in a law that largely banned foreign and speculative purchases of existing homes in a move aimed at cooling the housing market and addressing affordability concerns.

It was a flagship policy for the Labour party alongside a pledge to build 100,000 affordable homes within a decade, in response to widespread discontent that the international elite were snapping up swaths of coastal or lakeside land. Thiel’s plans to build a large luxury lodge on the photogenic shores of Lake Wānaka, a beauty spot within a vast glacial basin on the South Island, were rejected in 2022.

But following recent changes to visas, for the first time in seven years, foreigners are now able to buy existing homes — or build new ones.

In April this year, the Active Investor Plus visa, introduced in 2022, was “enhanced” — to make it simpler and more attractive to wealthy foreign investors. Immigration New Zealand (INZ) has received 329 applications for its “golden visa” residency-by-investment programme, which now requires a minimum amount of NZ\$5mn (\$2.93mn) — down from NZ\$15mn — in return for citizenship eligibility after between three and five years of residency.





Lake Wakatipu and Queenstown appeal to those who love the outdoor life © Moritz Wolf/Alamy

As of the end of August, Americans accounted for 42 per cent of applications, followed by Chinese nationals at 15 per cent and applicants from Hong Kong at 12 per cent. The submitted applications represent potential minimum investment totalling NZ\$1.995bn according to INZ. So far, 51 applicants have transferred their funds and been granted a visa. There is no limit on the number of Active Investor Plus applications per year.

This month, potential applicants were thrown further bait. In a *volte face* following the country's property purchasing ban for foreigners, holders of the Active Investor Plus visa are now eligible to buy or build a home worth NZ\$5mn or more.

It follows a turbulent time in the country's property market. After a pandemic-driven surge in house prices between 2020 and 2022 — when average prices rose by 41 per cent — the market cooled, with values falling and then levelling out.

"Since 2023, the market here has been pretty flat," says Kelvin Davidson, chief property economist at data analyst Cotality, adding that unemployment and economic weakness have led to property values "treading water".







This house in Auckland, recently listed with New Zealand Sotheby's International Realty, met the NZ\$5mn threshold and was purchased by foreign buyers

As of this month, average house prices have now dropped 17.2 per cent since the peak of January 2022, to NZ\$809,113. Major cities have felt the impact most — Auckland down 22.5 per cent, and Wellington 25 per cent, according to Cotality. Over the past year, property values have edged up slightly in Christchurch (3.3 per cent), but down slightly in Wellington (2.6 per cent).

Will the change to foreign ownership rules have an impact on house prices? Unlikely, believes Davidson. In the past year there were about 960 sales of properties above NZ\$3mn, according to real estate agent Bayleys, Knight Frank's partner in New Zealand. "We estimate there's only about 0.4 per cent of all dwellings across New Zealand valued at more than NZ\$5mn, so it's a small segment," says Davidson.

With a new pool of foreign buyers, sellers may bump up the price of their property to make them eligible for foreign purchase, Davidson warns. "Some people may try to inflate their price, but, like anybody, foreign buyers don't want to overpay. The changes to the rules aren't likely to turn our flat market into a new boom."



A modern beach house in Papamoa, on the North Island, listed with Bayleys © Amanda Aitken Photography Ltd

Others predict a gradual trickle-down effect. Jonathan Sinclair, national director of residential at Bayleys, says: “I suspect that more transactions will take place; while it’s not going to solve the market slowdown, it will help to restore overall confidence.” Sinclair believes that most visa-driven transactions will take place in Auckland and Queenstown, with a few key “lifestyle destinations” such as Bay of Islands, Omaha, Matakana, Hawke’s Bay and Mount Maunganui.

“We’re talking about beachfront estates in Omaha, vineyards in Hawke’s Bay and architecturally designed homes in Queenstown. Properties that don’t just offer a house, but a lifestyle package,” says Sinclair.

Golf clubs with residences, such as Te Arai Links and The Hills, are also being teed up for more foreign buyers (they were previously available to some under specialist commercial and other exemptions). Te Arai Links is a 75-minute drive from Auckland, and The Hills a 20-minute drive from Queenstown. With the US dollar favourable against the NZ dollar, the developers behind the projects, Jim Rohrstaff of Legacy Partners and his business partner, American investor Ric Kayne, are hoping for interest from US buyers. Kayne, who was granted New Zealand residency in 2015, says: “As someone who went through the previous version of the Investor Resident Visa process in New Zealand, I’m thrilled to see that the government has created a sensible pathway for those looking to invest in New Zealand and purchase a home.”



Te Arai Links, a golf resort near Auckland, is hoping for interest from foreign buyers © Ricky Robinson



With its extreme geographical isolation, more than 2,000km away from its closest neighbour Australia, New Zealand has long been considered an escape from geopolitical turmoil. Other increases in visa applications happened after the UK's Brexit referendum, and the first election of Donald Trump as president in 2016. Post-Covid 19, applications spiked, increasing by 87 per cent in 2022/3, before falling back down.

"The same thing that people complain about — us being so far away — can be the greatest attraction," says New Zealand-born Rob Flaus, who currently lives in Venice, Los Angeles with his New York-born wife and 10-month-old son. Flaus, along with his colleagues, a team of creatives and designers at a leading tech company, was recently made redundant — he believes, "as part of the AI-arms race".

"Now I'm jumping on the bandwagon of what a lot of people my age are doing: pulling plan B. For us that means moving to New Zealand," he says. As soon as his wife's visa comes through, Flaus and his family will move home to start working at his father's financial services business. "We love life in America but it is so expensive, with the property taxes, not to mention the homelessness issues, gun crime, job automation, and we had to weigh it up. And if you look at the state of the world right now, the chess pieces are not moving towards peace. New Zealand seems like a safe haven."



A beachfront property at Te Arai Links © Jono Parker

With its expansive landscapes ready for discovery and adventure, and low population density, the country ranked ninth in the US News & World Report list of the best countries in 2024, coming in at second place for comfortable retirement.

New Zealand offers a number of retirement visas, including a temporary two-year renewable visa for those aged at least 66, who can invest NZ\$750,000. Parents or grandparents of adult New Zealand residents can also be sponsored via the Parent Resident Visa, requiring a minimum investment of NZ\$1mn and settlement funds, for an indefinite stay. As of the end of September, a new Parent Boost Visitor Visa will be introduced. While not a pathway to residence, it allows parents of New Zealand citizens — provided they have adequate funds and health insurance — to stay in New Zealand for five years, and reapply for a second term.

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The Antipodean country is attracting nomadic workers too. Starlink's arrival in 2021 was a game-changer for internet connectivity, and this year, for the first time in its five-year history, Savills Executive Nomad Index placed a New Zealand city, ranking Auckland ninth out of 30, just below Barcelona and Bahamas and above the Algarve. In January this year New Zealand changed its long-term visitor visa to allow for fully remote employment for up to nine months.



A modern home overlooking Drift Bay near Queenstown, listed with New Zealand Sotheby's Realty

But for many, New Zealand's quality of life is what wins out. Its landscape allows for skiing and surfing — with as little as a three-hour drive between them in some cases, around Christchurch and Waikato, for example. “The lifestyle is the main motivation for those considering New Zealand,” says Dominic Jones, managing director of [Greener Pastures New Zealand](#), a residency-by-investment and lifestyle advisory firm, which offers funds for visa applicants, including those investing in the country's kiwifruit sector. Jones himself was raised in rural New Zealand with family in the dairy and kiwifruit industries; after building a career as a banker and fund manager in London, he moved back home in 2019. The Kiwifruit Fund will be the firm's third; the first two manage more than NZ\$225mn in assets.

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Jones says that two-thirds of those who have expressed interest in the visa are American, a quarter are from Asia and the rest are from Europe. “We get people who are very unhappy with their political situation [and want to move now], and others who believe that there will be consistent political changes over the next decade and don't like the volatility.”

“Nothing will ever be 100 per cent positive,” caveats Jones, of the current

mood in the country in reaction to the changes in foreign home investment rules. “There will always be concerns about newcomers pushing up prices. But in reality, a NZ\$5mn house is not going to crowd out locals. I think most people are thinking it will be a good thing — by the time some have invested for residency and bought a house, that's NZ\$10mn into our economy.”

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