

James Clarke Comments on Interest Rates and the Future of New Home Supply in New Zealand

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Rising interest rates are reshaping the housing landscape across New Zealand, and property developer James Clarke says the effects are being felt from financing through to buyer decision-making and long-term supply planning.

With the Reserve Bank holding the Official Cash Rate at historically high levels, developers are facing steeper borrowing costs while buyers contend with increased mortgage repayments. Clarke, founder of James Clarke Property, says the current climate highlights the crucial role developers play in balancing affordability, investor demand and future supply.

?Interest rates affect every layer of the market,? Clarke said. ?They influence not just whether buyers can purchase, but also whether developers can deliver projects on time, at scale, and to the standard New Zealanders expect.?

He notes that higher rates have made borrowing for land acquisition, construction and project holding more expensive, forcing many developers to delay or scale back projects. ?High financing costs change the

equation. Developers are weighing whether to proceed now or hold off until the market stabilises. At James Clarke Property, our approach is careful but forward-looking ? we focus on developments that will remain attractive regardless of short-term rate fluctuations.?

Regions like Queenstown, where lifestyle and investment demand remain strong, depend on long-term planning. Clarke believes developers who continue building through tighter conditions will be best placed once rates ease. He says buyer behaviour is also shifting: first-home buyers are stretching further, investors are reworking yields, and lifestyle buyers are becoming more selective. ?Some buyers step back temporarily, but many still want high-quality homes in desirable locations. Our role is to anticipate that demand and create properties that remain viable long after the current rate cycle ends.?

Despite higher mortgage costs, he says short-term rental properties, particularly in Queenstown?s holiday market ? continue to attract interest due to their flexibility for both holiday letting and long-term leasing.

Clarke warns that if developers pull back too sharply, the slowdown in new supply will compound affordability issues when demand rebounds. ?When developers pull back, it creates a lag in supply. The risk is that when interest rates eventually fall, buyer demand surges again but there aren?t enough homes available. That imbalance drives prices higher and keeps housing affordability out of reach.?

Developer James Clarke is continuing to progress key projects to ensure momentum is not lost in regions where demand is stable. Clarke says his strategy focuses on locations with enduring appeal such as Queenstown and Great Barrier Island, where tourism, lifestyle, and long-term desirability underpin resilience. ?These places aren?t driven purely by transactional demand. Even in higher-rate environments, people still aspire to live, work or invest in these areas. That gives developers confidence to keep building.?

Efficiency in subcontractor management, sustainable construction and quality control remain central to protecting margins and meeting expectations. While economists remain divided on when rates may ease, Clarke believes the current conditions reward disciplined planning. ?It?s about smart financing, efficient construction and strong relationships with subcontractors. Those who stay active in the market will be ahead of the curve when conditions shift.?

He adds that high-rate environments can spur innovation in design efficiency, financing models and construction methods. Clarke says the sector must avoid retreating too far during this cycle. ?Developers play a key role in ensuring supply keeps pace with demand. Yes, higher rates make it harder, but they also make it more important. At James Clarke Property, we remain committed to delivering homes that balance affordability, quality and lifestyle value, regardless of rate cycles.?

About James Clarke Property

James Clarke Property is a New Zealand-based development company specialising in residential projects in Queenstown and Great Barrier Island. Founded by developer James Clarke, the business is focused on delivering homes that combine quality craftsmanship, lifestyle appeal and long-term value. With a strategy built on resilience and foresight, the company continues to contribute to sustainable housing supply across the country.

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James Clarke Property

James Clarke Property, builds homes and communities through residential intensification and urban regeneration, supporting New Zealand's evolving urban landscape with integrity.

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