TE TAI ŌHANGA
THE TREASURY

Supplementary Analysis Report: Enabling investor visa holders to purchase or build a home in New Zealand

Purpose	This document provides analysis for Cabinet decisions which were not accompanied by a relevant Regulatory Impact Statement at the time.
Decision sought	This analysis has been developed in response to the Government's decision to allow investor visa holders to purchase or build one home in New Zealand. This will require changes to the Overseas Investment Act 2005.
Agency responsible	The Treasury
Proposing Ministers	Rt Hon Christopher Luxon, Prime Minister
Date finalised	*6 November 2025*

Description of the option Cabinet (or delegated Ministers) has chosen

Cabinet has agreed to amend the Overseas Investment Act 2005 (the Act) to allow holders of Active Investor Plus, Investor 1 and Investor 2 visas to purchase or build one residential property in New Zealand, valued at over $5 million.

Summary: Problem definition and options

What is the policy problem?

Increasing Foreign Direct Investment (FDI) is one of the ways that the Government aims to promote economic growth. As one measure to encourage investment into New Zealand, the Government implemented changes to the Active Investor Plus visa settings in April 2025 to encourage investors to choose New Zealand as a destination for their capital. These new changes have been popular.

However, at present, Active Investor Plus visa holders are unable to purchase a home in New Zealand simply by meeting their visa requirements, potentially limiting uptake of the scheme. This is because holders of a residence class visa can only purchase a home if they have been residing in New Zealand for the preceding 12 months and are physically present in New Zealand for around six months of that year. This is unaligned with the requirements for Active Investor Plus, Investor 1 and Investor 2 visas, which have shorter requirements for investors to be physically present.

What is the policy objective?

These changes aim to encourage economic development by promoting FDI into New Zealand. Specifically, these changes aim to have two incentive effects:

- More people will apply for an Active Investor Plus visa once they know they are able to buy or build a home in New Zealand on a shorter timeframe, and
- Investors who buy or build a home in New Zealand are more likely to spend time in New Zealand, better integrate into communities, and contribute more investment and expertise as a result.

What consultation has been undertaken?

The Treasury did not undertake any consultation on these specific initiatives, although the high-level proposal was informed by feedback provided by investors to MBIE.

The Treasury's advice on the Act more broadly, including on the detailed design decisions, was informed by extensive engagement with stakeholders. This includes consultation on previous revisions to the Act and ongoing engagement with key users of the Act, such as law firms and investors.

Summary: Chosen option

Costs

Land Information New Zealand's (LINZ) consenting services under the Act are cost-recovered – with customer facing services, application processing and some compliance activities funded by fees. As a result, qualifying overseas investors will be required to pay an application fee for consent to purchase a relevant property.

Changes in demand may contribute to some minor and one-off price inflation on properties valued at over $5 million.

One of the Act's purposes is to manage risks to the national interest, including national security and public order risk. The likelihood of these risks increasing as a result of this proposal are considered to be very low. Residential land transactions are low risk in general, and the regulator will still be able to screen individual properties for risks in relation to adjoining land.

Benefits

Outline the key benefits and where those benefits fall

Increased FDI, with a range of benefits for receiving firms and the wider population.

Balance of benefits and costs

Does the SAR indicate that the benefits of the chosen option are likely to outweigh the costs?

Benefits are expected to be moderate, limited by the relatively small number of Active Investor Plus visas, and costs minor. Risks are expected to be very low and manageable by existing tools under the Act and other regulatory regimes.

Benefits can be expected to consistently outweigh costs.

Implementation

How will the chosen option be implemented, who will implement it, and what are the risks?

The proposed changes will be implemented as part of the new national interest pathway being introduced in the Overseas Investment (National Interest Test and Other Matters) Amendment Bill. This is addressed on pages 38-39 of the Regulatory Impact Statement (RIS) for the Bill: https://www.regulation.govt.nz/assets/RIS-Documents/Regulatory-Impact-Statement-International-Investment-Screening.pdf

Monitoring evaluation and review

Has a plan been developed for monitoring, evaluation and review?

LINZ, as the regulator, will collect data on applications, and monitor compliance. Treasury, utilising this data, will monitor the ongoing operation of this proposal as part of its wider stewardship obligations.

Limitations and Constraints on Analysis

Outline all significant limitations and constraints on the process and content of the SAR

This analysis is not included in the RIS for the changes being progressed through the Overseas Investment (National Interest Test and Other Matters) Amendment Bill (the Bill) as the RIS was completed before the commissioning and Cabinet decisions were made on the investor visa proposal. The analysis was further constrained in the following ways:

- **Limitations on scope**: The Prime Minister commissioned a paper to give effect to a single preferred option. The Cabinet paper did not consider sub-options or alternatives which could have met or contributed to the Ministers' aims. Ministers specifically directed officials to put in place a minimum threshold of $5 million so alternative thresholds were not considered. In addition, the Government has a commitment to retain the foreign buyers ban which limits the range of options available to address the policy problem.
- **Time constraints**: Timeframes to progress these changes via an Amendment Paper to the Bill are extremely tight, as the Bill is category three on the legislative agenda (priority to pass before the end of 2025). The Treasury's analysis has focussed on legislative amendments to deliver the preferred options. The full range of options to address the issue were not considered.
- **Limits on consultation**: Due to the time constraints, there has been no consultation undertaken on the proposal itself, although the issue has been raised as a concern by investors. The addition of the proposal at the Committee of the Whole House stage also

means there is no opportunity for stakeholders to comment on the changes at select committee.

Some of the limitations and constraints set out in the RIS for the Bill also apply in this case.

I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the chosen option.

Responsible Manager signature:
Mary Llewellyn-Fowler
Unit Manager, Financial Markets and Regulatory Institutions
6 November 2025

Quality Assurance Statement	
Reviewing Agency: The Treasury	**QA rating:** Meets
Panel Comment: A quality assurance panel of members from the Treasury reviewed the Supplementary Analysis Report: Enabling investor visa holders to purchase or build a home in New Zealand, dated 30 October 2025. Given the limitations noted in the paper, the panel considers that it “meets” the Quality Assurance criteria.	

Section 1: Diagnosing the policy problem

What is the context behind the policy problem and how is the status quo expected to develop?

1. The Government is committed to lifting New Zealand's economic and productivity growth, which is critical to increasing living standards and opportunities for all New Zealanders.
2. The *Going for Growth* strategy sets out how the Government will create the environment to lift economic growth in the short term, while also addressing New Zealand's enduring productivity challenge. The strategy is organised around five pillars for driving growth – one of which is promoting global trade and investment.
3. Foreign Direct Investment (FDI) into New Zealand can boost economic growth and productivity by increasing the pool of capital available to businesses and bringing in innovation and know-how from abroad.

Modernising visa settings to incentivise migrants to invest in New Zealand

4. As one measure to encourage investment into New Zealand, the Government implemented changes to the Active Investor Plus visa settings in April 2025 to better incentivise investors to choose New Zealand as a destination for their capital.
5. The re-designed Active Investor Plus seeks to attract high net worth investors by offering residence to those who invest a minimum of $5 million under the growth category, or $10 million under the balanced category. To date, the changes to the visa have exceeded expectations with over 300 new applications since 1 April 2025. If all of these applications are approved and proceed, it means a potential total minimum investment of $1.8 billion in the New Zealand economy.

Changes to the Overseas Investment Act 2005 to make it easier to invest in New Zealand

6. Changes to the Overseas Investment Act 2005 are also being progressed through the Overseas Investment (National Interest Test and Other Matters) Amendment Bill (the Bill), which was introduced in June 2025 and is expected to pass by the end of the year.
7. The primary change in the Act is the introduction of the new national interest pathway, which will start with the assumption that less sensitive forms of investment proceed unless the regulator identifies a risk to New Zealand's national interest. This change is expected to improve the experience for investors by lowering costs and reducing timeframes.

What is the policy problem or opportunity?

New Zealand has a ban on the purchase of residential land for overseas persons

8. The Overseas Investment Act imposes a ban on the purchase of residential land by foreign buyers (the "foreign buyers ban").
9. Specifically, overseas persons cannot buy residential land unless they can either meet the onerous benefit to New Zealand test or meet one of the residential tests in Schedule Two of the Act (for example, where investors plan to build new housing). Exclusions apply to Australians, Singaporeans, and permanent residents to comply with our international obligations.

10. Holders of residence class visas are not considered to be an overseas person under the Act (and therefore able to purchase a home) if they are ordinarily resident in New Zealand – that is, they have been residing in New Zealand for the preceding 12 months and are physically present in New Zealand for around six months of that year.

11. One of the streamlined pathways in Schedule Two also allows prospective residents with a valid residence class visa to purchase a single home to live in, if the person can demonstrate a commitment to reside in New Zealand – specifically that they will be physically present for 183 days per year and that they become a tax resident.

The physical presence requirement for investor class visas do not align with the Overseas Investment Act

12. At present, Active Investor Plus visa holders are unable to purchase a home in New Zealand simply by meeting their visa requirements, potentially limiting uptake of the scheme.

13. Holders of the Active Investor Plus, Investor 1 and Investor 2 resident class visas are required to be physically present in New Zealand for a specified number of days. Under the growth category for Active Investor Plus visas, investors must spend 21 days per year in New Zealand over the three-year investment period. Under the balanced category, investors must spend at least 105 days in New Zealand over the five-year investment period.

14. For Investor 1 visas, investors are required to spend 44 days in each of the last two years of their three-year investment period in New Zealand, or 88 days at any time over the three-year period. For Investor 2 visas, investors must spend 146 days per year in New Zealand, or 438 days at any time over the four-year investment period.

15. As outlined, the requirement to be physically present in New Zealand for these investor visa holders does not align with the requirements under the Act to be considered 'ordinarily resident'. This means that they are not able to purchase a home in New Zealand simply by meeting their visa requirements – rather to do so they must commit to staying longer in New Zealand than required by the visa alone.

16. In some cases, Investor 1 and Investor 2 visa holders who were able to buy residential property prior to the foreign buyers ban can no longer sell their current home to buy another.

17. While there has been a significant increase in the number of applications for the Active Investor Plus visa since April, we understand that various industry stakeholders and those connected to high-net-worth individuals have commented that removing the barrier to buying a home in New Zealand would attract more people to apply for the visa.

What consultation had been undertaken?

18. The Treasury did not undertake any consultation on these specific initiatives, although we understand that the high-level proposal was informed by investor feedback received by MBIE.

19. MBIE consulted with a range of stakeholders as part of the Active Investor Plus review in 2024. As part of this consultation stakeholders pointed to settings outside the immigration system as irritants for investor migrants. This included the restrictions under the Act on the ability to buy residential property.

20. The Treasury's advice on the Act more broadly, including on the detailed design decisions, is informed by extensive engagement with stakeholders on the Act, including previous consultation rounds and ongoing engagement with key users of the Act such as law firms and investors.

Section 2: Assessing the option chosen to address the policy problem

What scope was the chosen option considered within?

21. The scope within which the chosen option was selected was determined by the original commissioning and direction from Ministers. This included retaining the foreign buyers ban to preserve the protections that currently apply for ordinary residential homes.

22. Ministers sought data on current property values (by region) to inform their identification of the appropriate value threshold – aiming to limit the impacts on the wider housing market. As a result, they directed officials to put in place a minimum threshold of $5 million.

23. The chosen option for investor visa holders was also proposed in the context of the existing Bill and its timeframes. A regulatory impact statement (RIS) was produced for the Bill, and is available at the following link: https://www.regulation.govt.nz/assets/RIS-Documents/Regulatory-Impact-Statement-International-Investment-Screening.pdf

What options were considered by Cabinet?

24. In September 2025, Ministers commissioned a paper that considered a single option with the following parameters [CAB-25-MIN-0297 refers]:

    a. Holders of Active Investor Plus, Investor 1and Investor 2 visas would be allowed to purchase or build one residential property in New Zealand,

    b. The value of the residential property to be purchased or built must be over the minimum threshold of $5 million, and

    c. The value of the property purchased does not count towards the investment requirements the person must meet to secure their visa.

25. Cabinet also confirmed that the proposed changes do not apply to investments in farms or otherwise sensitive land, which will continue to be required to meet the other tests in the Act, as determined by the relevant assets in the transaction.

26. A further option to set differentiated thresholds based on regions (that is, $5 million threshold for Auckland and Queenstown, $2.5m for the rest of New Zealand) was considered by Ministers but not by Cabinet.

27. As the Government had agreed to retain the foreign buyers ban, any options related to the repeal of the ban were also not considered by Cabinet. This includes any option where overseas persons are not required to obtain a consent (e.g., an exemption).

Ministers subsequently agreed to implement Cabinet's decisions via the national interest test

28. Operating under delegation, Ministers subsequently made decisions on policy detail to implement the proposal. Specifically, Cabinet's decisions will be implemented using the new national interest pathway being put in place by the bill to screen for risks to the

national interest. That is, once they hold relevant visas, investors will be able to apply for consent to buy or build a house under the national interest test.

Is the chosen option likely to address the problem, meet the policy objectives, and deliver a positive net benefit?

29. The policy objective, as agreed by Cabinet, is to facilitate investment into New Zealand businesses and communities, while preserving the protections that currently apply for ordinary residential homes.

Attracting more Active Investor Plus applications

30. Two incentive effects are expected from the changes in this paper:

    a. More people will apply for an Active Investor Plus residence visa once they know they are able to buy a home in New Zealand, and

    b. Investors who buy a home in New Zealand are more likely to spend time in New Zealand, integrate into communities, and be more involved in the New Zealand investment, philanthropic and business ecosystem.

31. As noted, the changes to the Active Investor Plus visa have exceeded expectations with over 300 new applications with a potential total minimum investment of $1.8 billion since 1 April 2025. These numbers could continue annually, or taper as the changes become the norm (and any backlog of demand for New Zealand properties is therefore worked through).

32. If this volume was continued annually, a 10% increase resulting from the changes in this paper could increase foreign investment into New Zealand by upwards of $180m annually. However, while we expect the changes in this paper will make Active Investor Plus visa a more attractive pathway for migrants (thereby increasing application numbers and investment in New Zealand), it is difficult to estimate the magnitude of the impacts on future application numbers and on the additional investment this brings.

Intended benefits of foreign investment

33. Foreign investment has two distinct economic benefits – namely, it:

    a. Provides one route to accessing global pools of financial capital which are necessary to support businesses to grow and innovate. New Zealand's national savings are insufficient for all these undertakings to be progressed at the scale required to support long-run economic growth (noting there are some other sources for these funds, such as bank financing), address our infrastructure deficit and respond to climate challenges.

    b. May embody knowledge that helps us to overcome some key productivity challenges, and as a result support capital deepening, the diffusion of innovation, and greater competition.

34. The evidence for the second category of these benefits is somewhat mixed – with the evidence for productivity gains and technological spillovers being difficult to measure, inconsistent, and sometimes statistically insignificant (at least for New Zealand in more recent studies). However, it is also worth noting that this literature does not find detriments or costs as a result of foreign direct investment either.

35. The Treasury provides a fuller outline of this literature in the RIS for the Bill.

Limited impact on the housing market

36. These changes will impact only a small proportion of the housing market – houses that are valued at $5 million or above, which is approximately 0.53% of the housing stock across New Zealand (see Figure 1 below).

37. This small proportion of the housing market can be expected to experience a small and temporary uplift in prices following the changes coming into effect. This could be geographically concentrated – e.g., Queenstown and Auckland, where there is a larger proportion of over $5 million properties than other parts of New Zealand. Properties valued somewhat below $5m could also see a slight uplift in prices – where values are bid up to form part of the qualifying subset.

38. In addition to the low proportion of qualifying houses, any effect on house prices would be limited by visa numbers, which are unlikely to increase beyond the hundreds on an annual basis and not all of the approved applicants are expected to purchase a home. Therefore, the changes are likely to impact less than 0.53% of the housing stock.

Figure One: New Zealand residential properties by price bracket[1]

	Auckland			Queenstown			All of New Zealand		
	# of homes	% of homes	cumulative %	# of homes	% of homes	cumulative %	# of homes	% of homes	cumulative %
<$2m	491,086	85.21%	85.21%	21,465	77.59%	77.59%	1,840,857	93.57%	93.57%
$2m-2.5m	36,838	6.39%	91.60%	2,100	7.59%	85.18%	57,079	2.90%	96.47%
$2.5m-$3m	19,186	3.33%	94.93%	1,250	4.52%	89.69%	27,878	1.42%	97.89%
$3m-$5m	22,020	3.82%	98.75%	1,938	7.00%	96.70%	31,164	1.58%	99.47%
$5m+	7,192	1.25%	100.00%	913	3.30%	100.00%	10,415	0.53%	100.00%

39. Overall, this policy is unlikely to have any substantial impact on house prices on an ongoing basis. Key drivers of the housing market will not be directly affected by the changes, which include interest rates, restrictions on land and housing supply, and tax settings. This means that even a full relaxation of the foreign buyer ban would likely only result in a small, one-off and potentially temporary, uplift in house prices.

Risks to national interest, national security or public order

40. Residential land transactions are generally considered low risk and are unlikely to directly present a risk to the national interest, national security or public order[2]. Investors who qualify for this policy must meet good character and fit and proper person requirements to obtain their visa.

[1] Data provided by Toitū Te Whenua Land Information New Zaland, based on a data collected in February 2025. Valuations are based on latest capital valuation (CV) for rating purposes. CV is an estimate of the most likely selling price at the time of valuation, including the value of the land and any improvements. Valuations are refreshed every three years, and so the data represent valuations dating from early 2022 to early 2025.

[2] National Security and Public Order risks can be difficult to define and change over time but include serious threats to one of the fundamental interests of society. National interest is a broader concept that includes national security but may also take into account goals and priorities relating to prosperity and welfare.

41. In addition, subsequent decisions by Ministers have ensured there will continue to be a mechanism to screen for risks associated with these transactions, further lowering the risk level. This is expected to be highly streamlined, focusing primarily on adjacent property, limiting compliance costs for applicants. See the implementation section for additional detail in this regard.

42. The changes in this paper are also only applicable to a very small proportion of residential land. Investments in farms or otherwise sensitive land will continue to need to go through relevant screening processes under the Overseas Investment Act (such as the benefit to New Zealand test or farmland benefit test).

Direct costs

43. As noted, investors will be required to apply for consent to buy or build a house under the national interest test.

44. This will provide the regulator an opportunity for LINZ to rapidly screen proposed purchases to determine whether risks to the national interest could exist. Given residential land is relatively low risk, this would likely only involve an address check to see whether the property adjoins a sensitive site.

45. LINZ's consenting services are cost-recovered – with customer facing services, application processing and some compliance activities funded by fees. As a result, qualifying overseas investors will be required to pay an application fee for their consent application to be considered.

46. As consent processing can be expected to be highly streamlined, fees can be expected to be low relative to those for other pathways under the Act.

Net effects

47. There is likely to be a net benefit as a result of these changes as benefits are likely to be result from additional investment, risks and costs will be low, and benefits and costs can be expected to arise commensurately. That is, benefits can be expected to consistently outweigh costs, regardless of the volume of consents.

What are the marginal costs and benefits of the chosen option?

Affected groups	Comment	Impact	Evidence Certainty
Additional costs of the chosen option compared to taking no action			
Investors	Qualifying investors will be charged a cost-recovery fee when applying to buy a property.	Very low	High
New domestic buyers of houses valued around or above $5m	Minor increase in house prices, for properties valued near or above $5m.	Low	Medium
Wider public	Risk from additional overseas investment	Very low	Medium
Costs to the Crown	Potentially additional enforcement costs, where these are not cost-recovered	Low	High
Total costs		Low	
Additional benefits of the chosen option compared to taking no action			
Investors	Benefits from being able to buy homes in New Zealand Additional information on investment opportunities as a result of more time spent in the country.	Moderate	Medium
Owners of houses valued around or above $5m.	Small increase in prices when selling properties (expected to be temporary).	Low	Medium
Firms	Benefits including financing benefits and other benefits of foreign direct investment.	Moderate	Medium
Wider economy and public	Ongoing positive externalities due to additional investment and economic growth. Some benefit expected from investors integrating into communities, being more involved in the New Zealand investment, philanthropic and business ecosystems as a result of buying a home in New Zealand.	Moderate	Low to medium
Total benefits		Moderate	Low

Section 3: Delivering the chosen option

How will the proposal be implemented?

48. The changes that Cabinet agreed to in September will require changes to the Overseas Investment Act 2005, which will be progressed via an Amendment Paper to the Overseas Investment (National Interest Test and Other Matters) Amendment Bill at the Committee of the Whole House stage, expected to be by end of 2025.

49. Implementation of this proposal will be folded into the implementation plan for the Bill, as outlined in paragraph 178 to 181 of the RIS, which involves new operational processes, changes to IT systems, transitional arrangements to manage existing consents and applications, and communication with staff and stakeholders. That plan includes a full summary of risks and mitigations as outlined in paragraph 181.

50. Implementation will include setting a fee for the service. The Treasury will work with LINZ to identify and establish this fee, to ensure the policy can come into effect on enactment.

51. Guidance on the operation of the pathway will also be provided through a Ministerial Directive Letter (issued under section 34 of the Act). This will include guidance on matters such as the types of conditions that LINZ could impose for new build transactions. This will also be issued before the policy comes into effect.

How will the proposal be monitored, evaluated, and reviewed?

52. LINZ, as the regulator, collects data on applications, notifications and compliance activities for the overseas investment regime. This will continue following the implementation of the Bill, including the changes in this paper.

53. LINZ would be involved in monitoring activities post-transaction to ensure investors comply with the $5 million requirement and other relevant conditions. The need for monitoring the purchase of homes would be limited, but monitoring would be required to determine the cost of building work.

54. MBIE reports quarterly to the Minister of Immigration and the Minister for Trade and Investment on Active Investor Plus visa volumes and investment trends. Comparison of Active Investor Plus visa numbers, data consent figures and investment trends will inform an evaluation of the proposal's success.

55. The collection of data and ongoing monitoring activities will help inform an assessment of the success of the changes. Treasury's existing arrangements established to meet its regulatory stewardship function for the regime, including the standing committee on investment (a cross-agency group that considers foreign investment risk), will also be utilised for ongoing monitoring and evaluation of the changes.