

# BNZ economists had expected continued improvement in housing affordability but now say any improvement next year will be 'glacial' and affordability will start to deteriorate again in 2025

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Source: [123rf.com](#)

BNZ economists are conceding that their previous expectations of continued improvement in housing affordability "have been flattened".

Late last year BNZ chief economist Mike Jones had [compiled a new housing affordability index](#) and said housing affordability was expected to continue to improve through 2023 as lower house prices (over the first half of 2023) and steady growth in incomes offset higher expected debt servicing costs.

He said then: "Based on our projections, affordability, as proxied by the [housing affordability] index, will have improved back to pre-Covid levels by around the end of 2023. This compares to our house price forecast which, if correct (a big 'if'), would put house prices still 10-15% above pre-Covid levels by end 2023. Again, this is testament to solid household income growth."