

26 July 2022

Loan to valuation ratio – new commitments summary

Key points for June 2022

- Total monthly new mortgage commitments were \$6.1b in June, down \$0.8b (11.2%) from last month (Figure 1). The seasonally adjusted series decreased 3.7% from last month¹ (Figure 2). In comparison to June 2021, total new commitments were down \$2.5b (29.0%).
- The value of new mortgage commitments to all borrower groups decreased this month. A total of \$1.1b of new commitments were to first home buyers, a decrease of 10.7% from last month, \$3.8b were to other owner occupiers, down 12.6% from last month, and \$1.1b were to investors, down 6.6% from last month.
- Annually, new commitments to first home buyers decreased by the largest proportion of 32.8%. New commitments to other owner occupiers and investors decreased by 28.8% and 26.2%, respectively from June 2021 (Figure 3).
- The share of new mortgage commitments to first home buyers increased slightly, from 18.2% in May to 18.3% in June, while the share of new commitments to other owner occupiers decreased 1.1 percentage points from 64.2% to 63.1%. The share to investors increased from 16.6% in May to 17.4% in June.
- The share of lending to first home buyers with high LVR (>80%) fell from 34.2% in May to 28.8% in June. The share of lending to other owner occupiers with high LVR (>80%) rose from 3.4% in May to 3.7% in June, while the share of lending to investors with high LVR (>60%) decreased from 34.4% to 31.0% (Figure 4). All percentages are before exemptions.
- The average value of new mortgage commitments across all borrower types fell from \$408,375 in May to \$405,029 in June. The average value increased 23.7% in the year from June 2021.
- There were 14,952 new mortgage commitments this month, a decrease of 10.4% from last month. This is the lowest number of commitments for a June month since data collection began in late 2013.
- Residential mortgage loan reconciliation data reconciles the quarterly changes in total mortgages in New Zealand. The quarter ended 30 June 2022 recorded net credit growth of \$3.4b (Figure 5).

1. Seasonal adjustment conducted using X13 method.

Figure 1: Total monthly value of new mortgage commitments before exemptions

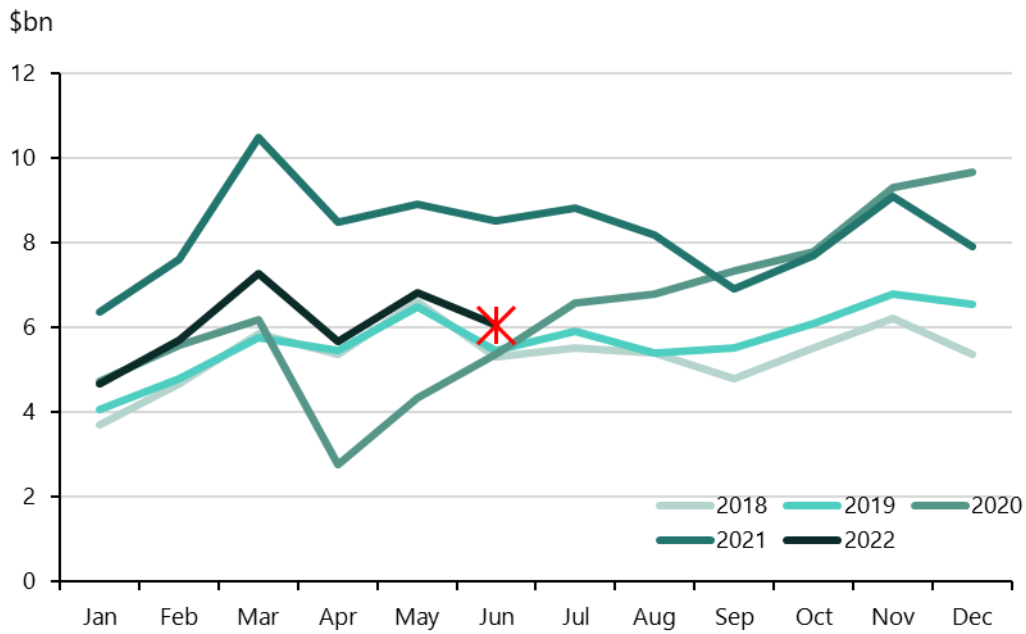


Figure 2: Seasonally adjusted total new commitments

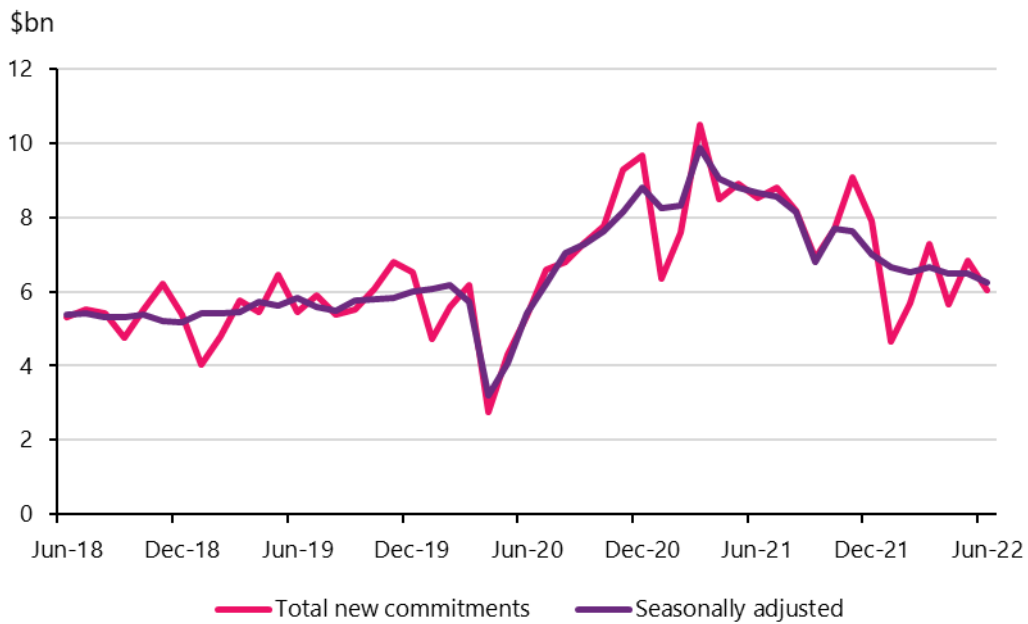


Figure 3: Annual growth in new mortgage commitments by borrower type

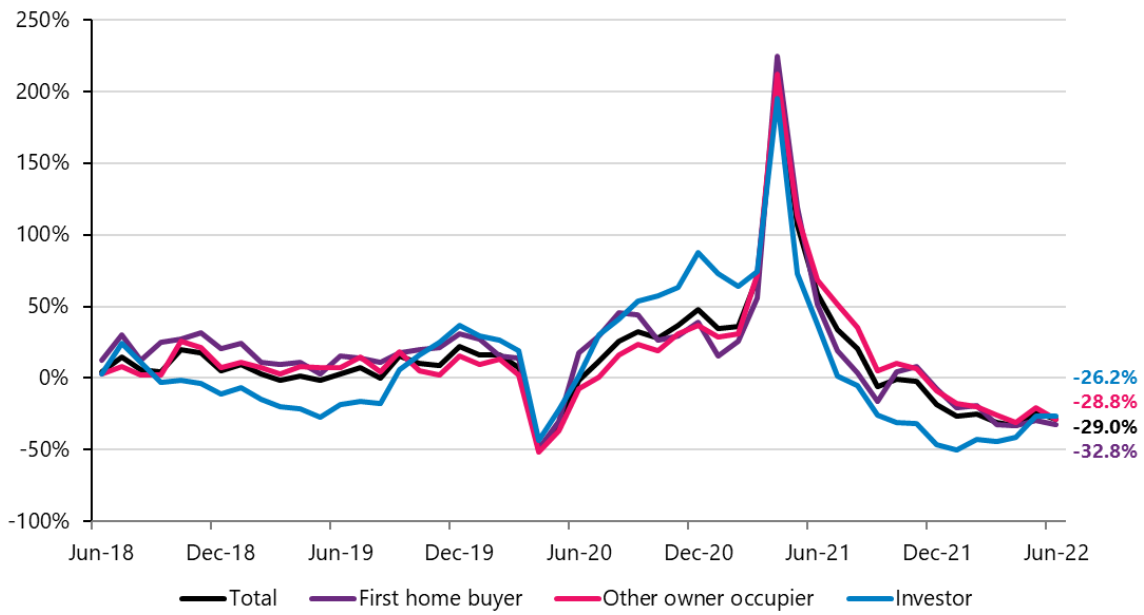


Figure 4: Share of high LVR lending for each borrower type

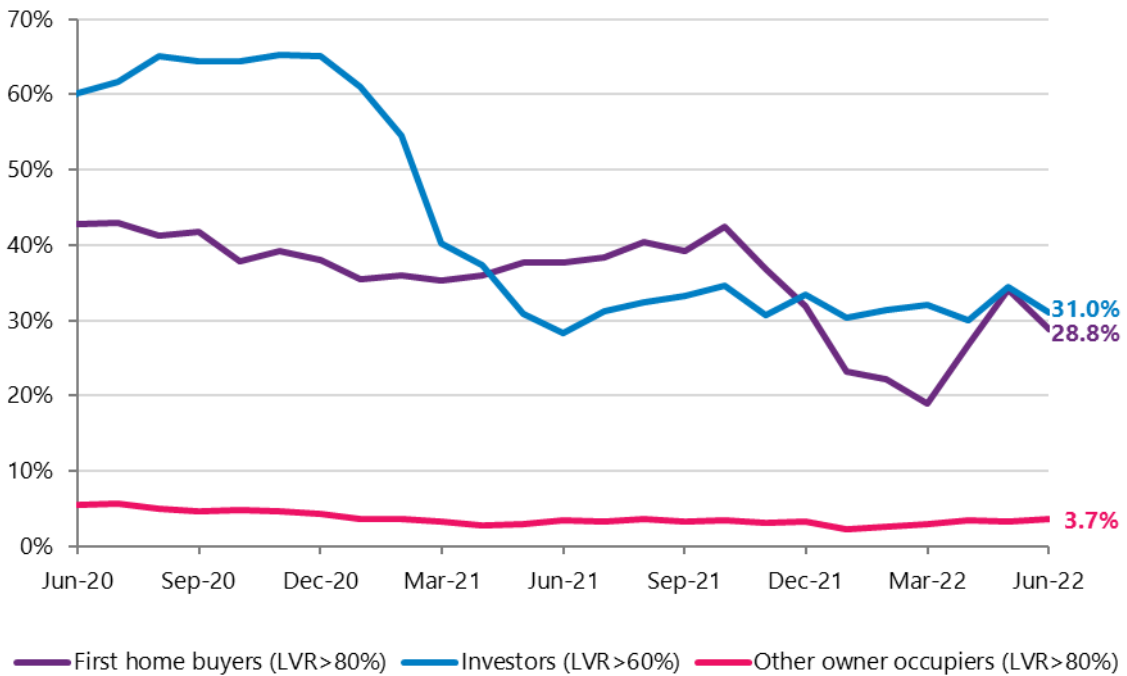


Figure 5: Quarterly net credit growth

