

27 October 2022

Loan to valuation ratio – new commitments summary

Key points for September 2022

- Total monthly new mortgage commitments were \$5.1b in September, down \$0.3b (5.1%) from last month (Figure 1). The seasonally adjusted series decreased 3.0% from last month¹ (Figure 2). In comparison to September 2021, total new commitments were down \$1.8b (25.9%).
- A total of \$1.1b of new commitments were to first home buyers, a decrease of 5.3% from last month, \$3.2b were to other owner occupiers, down 3.4% from last month, and \$0.8b were to investors, down 10.6% from last month.
- Annually, new commitments to investors decreased by the largest proportion of 34.3%. New commitments to other owner occupiers decreased by 28.0%, while new commitments to first home buyers decreased only 9.3% from September 2021 (Figure 3).
- The share of new mortgage commitments to first home buyers decreased only slightly from the record high of 20.8% last month to 20.7% in September. The share of new commitments to other owner occupiers increased from 61.3% to 62.5%. The share to investors decreased from 16.7% in August to 15.8%, the same share as the record low in July-22.
- The share of lending to first home buyers with high LVR (>80%) increased from 30.2% in August to 32.8% in September, the third consecutive monthly increase. The share of lending to other owner occupiers with high LVR (>80%) increased from 2.9% in August to 3.3% in September, while the share of lending to investors with high LVR (>60%) decreased from 35.4% to 34.7% (Figure 4). All percentages are before exemptions.
- The average value of new mortgage commitments across all borrower types fell for a fourth consecutive month, down 1.7% from \$358,263 in August to \$352,243 in September. However, this decline is smaller than those observed in July and August, and the average loan size across all borrower types was still up 1.4% annually.
- There were 14,578 new mortgage commitments in September, down 3.5% from 15,109 in August. Compared with September 2021, new mortgage commitments were down 27.0% from 19,961. September 2022 had the lowest number of commitments for a month of September 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 September 2022 recorded a record high interest charged of \$3.2b (Figure 5). Interest charged hit a record low of \$2.3b in the quarter ended 30 September 2021, and has been steadily increasing since then.

1. Seasonal adjustment conducted using X13 method.

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

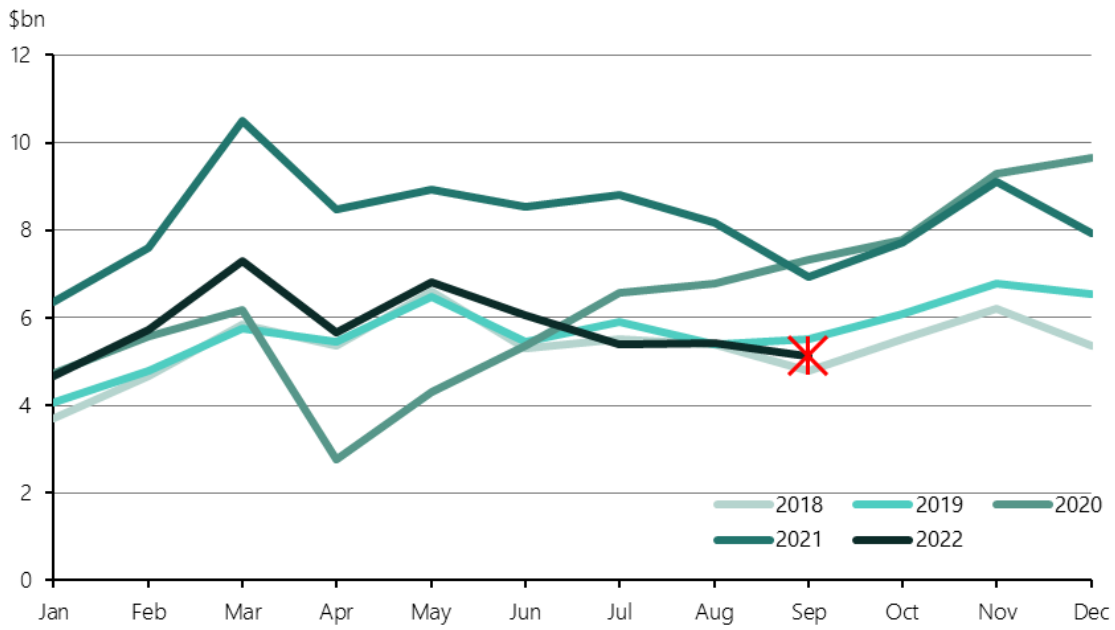


Figure 2: Seasonally adjusted total new mortgage commitments value



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

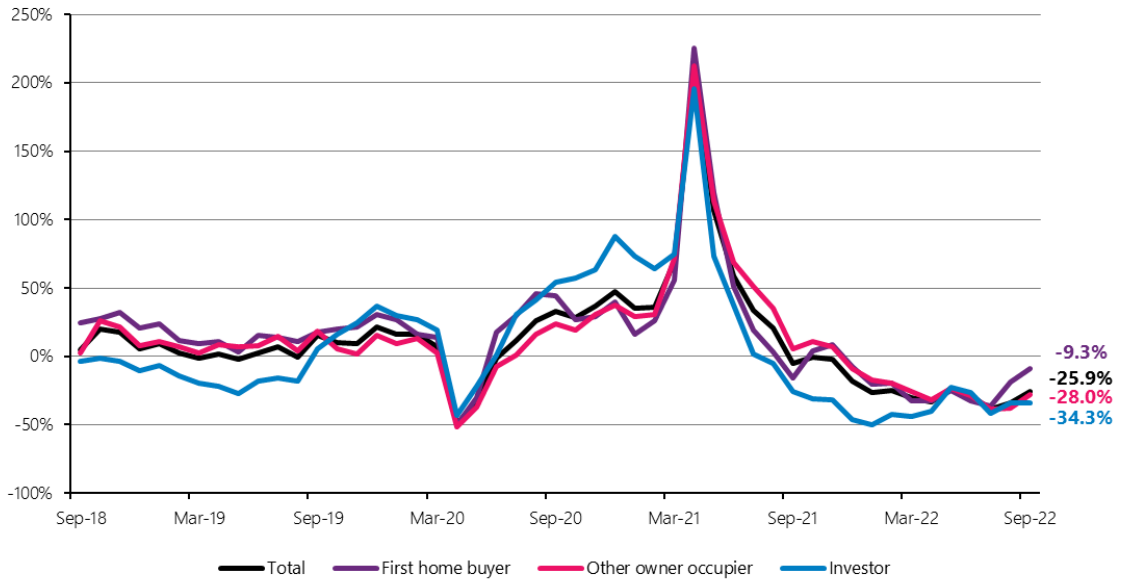


Figure 4: Share of high LVR lending for each borrower type

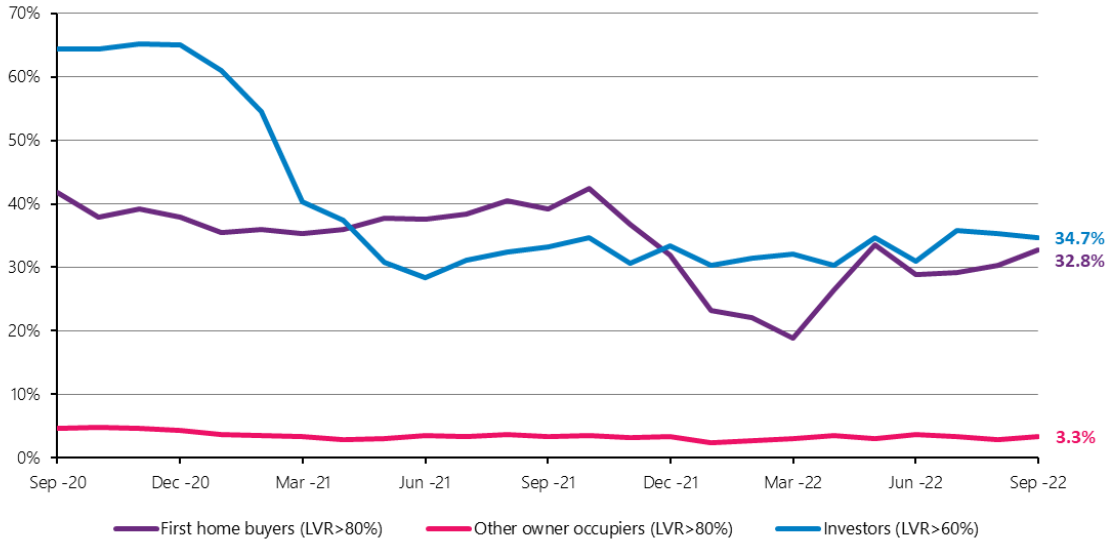


Figure 5: Quarterly interest charged

