

28 April 2022

## Loan to valuation ratio – new commitments summary

### Key points for March 2022

- Total monthly new mortgage commitments were \$7.3b in March, up \$1.6b (27.5%) from last month (Figure 1).
- March-22 lending levels exceeded other March lending months between 2014-2020, but is down \$3.2b (30.7%) from March-21 (the highest reported month of new mortgage commitments on record). While the new mortgage commitment value is 17.7% higher than March-20, the composition is quite different – with the number of new commitments falling 18.6% compared with two years ago, this has seen the average loan size increase by 44.5%.
- New mortgage commitments to investors were \$1.3b in March, up from \$1.1b last month, but an annual decrease of 44.0% (Figure 2). First home buyers commitments were \$1.2b, up \$247m from the previous month, and a decrease of 32.3% from last year. New mortgage commitments to other owner occupiers were up from \$3.6b in February to \$4.7b, but decreased 25.6% over the year.
- Investors accounted for 17.6% of new mortgage commitments, down from an 18.5% share last month, making this the first decrease since December-21. First home buyers made up 16.5% in March, down slightly from 16.7% in February, the third consecutive decrease since it peaked in December-21, while other owner occupiers increased from 63.6% last month to 64.7%.
- First home buyers with high LVR (>80%) decreased from 22.1% in February to 18.9%, the fifth consecutive monthly decrease, and is the smallest proportion on record. Other owner occupiers with high LVR (>80%) rose from 2.6% to 2.9%, the highest level recorded since December-21 (all percentages are before exemptions). In addition, the share of new mortgage commitments with high LVR (>60%) to investors increased from 31.4% in February to 32.1% (Figure 3).
- Residential mortgage loan reconciliation data reconciles the quarterly changes in total mortgages in New Zealand. The first quarter of 2022 recorded a net credit growth of \$4.3b (Figure 4), which is the lowest value observed since Q3 2020, and significantly lower than Q4 2021 (\$6.8b).

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

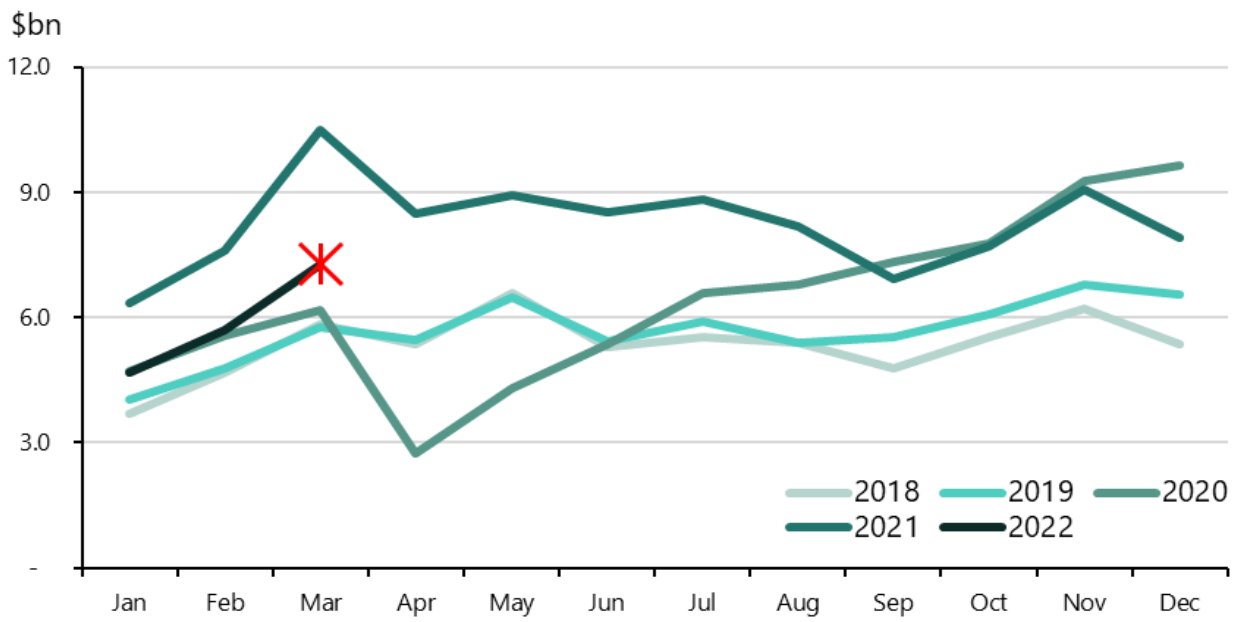


Figure 2: Annual growth in new mortgage commitments by borrower type

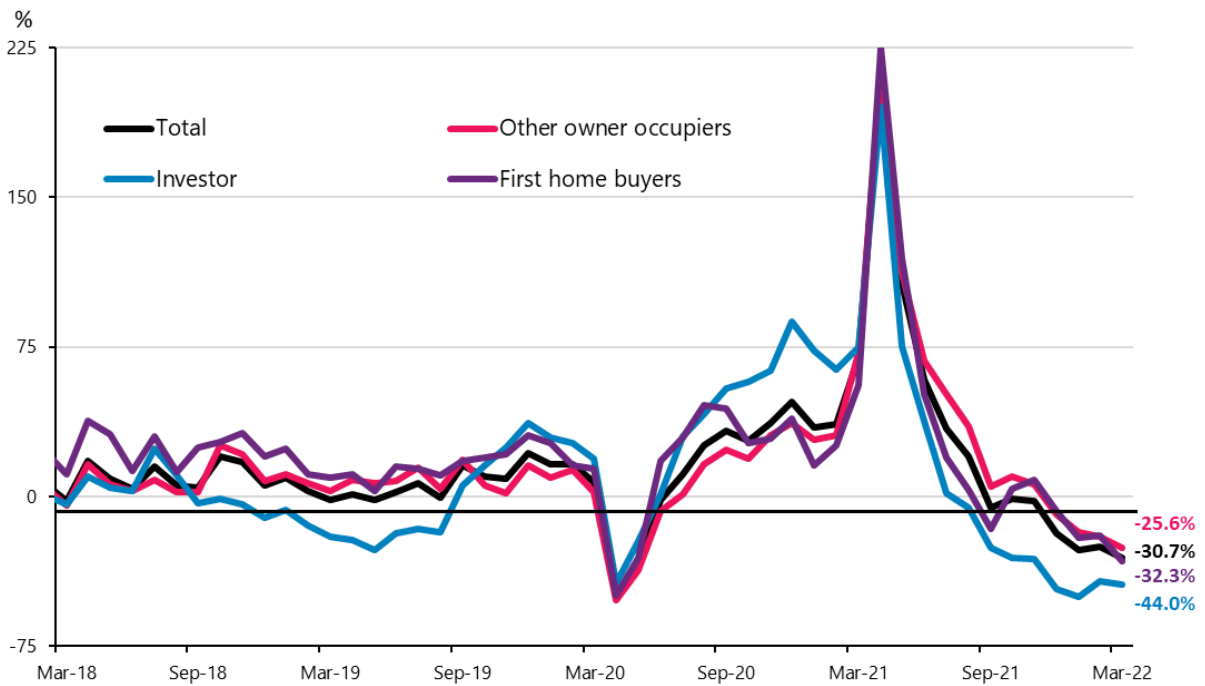


Figure 3: Share of high LVR by borrower type

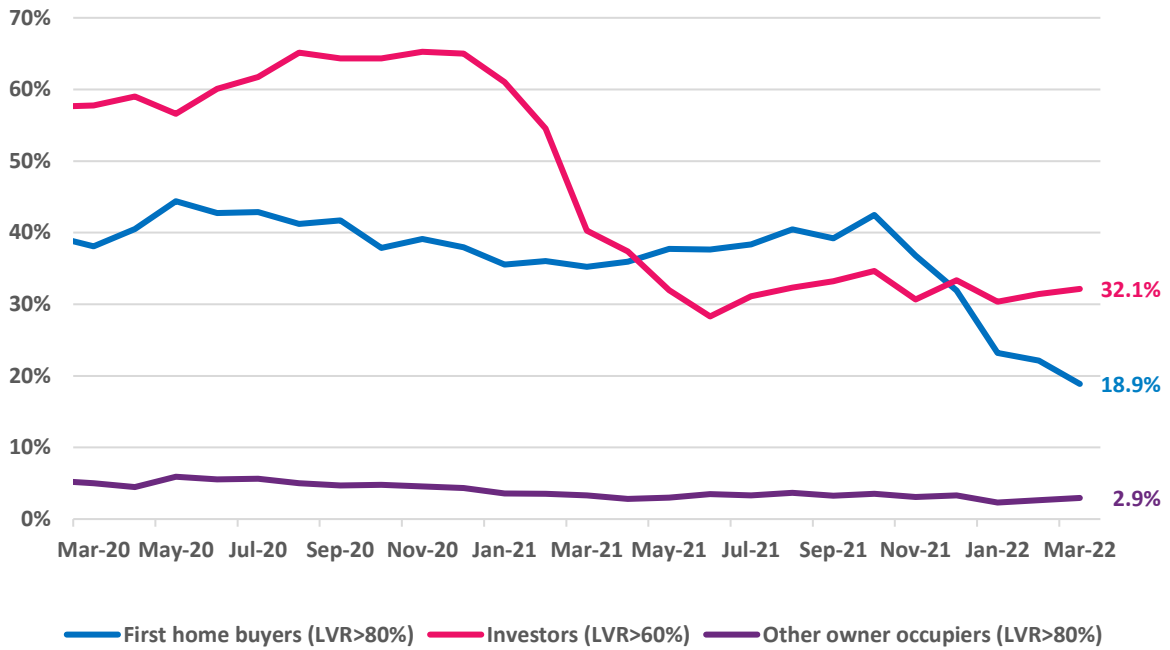


Figure 4: Quarterly net credit growth

