



RESERVE BANK

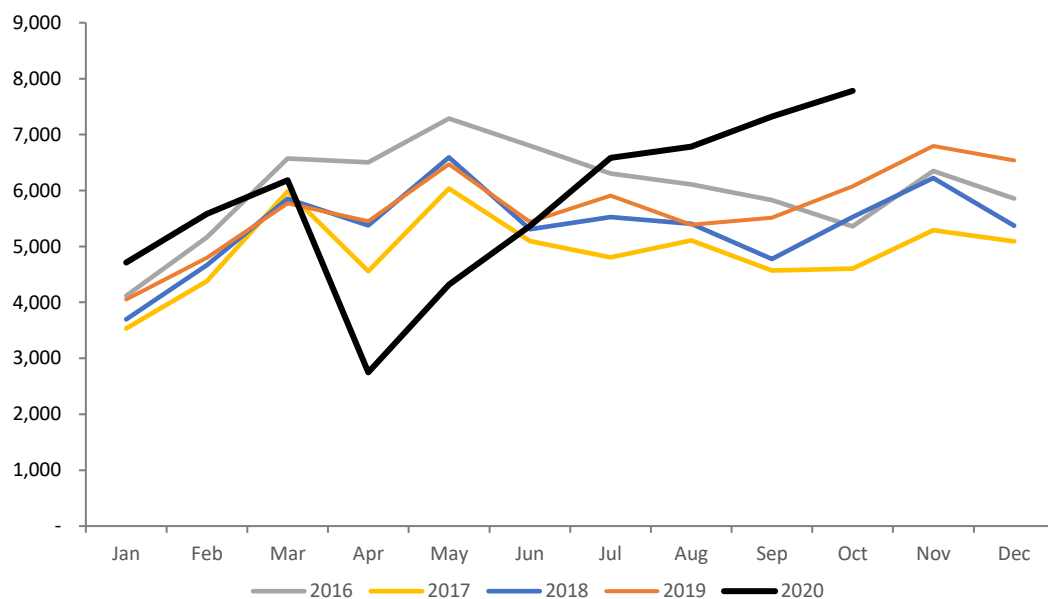
O F N E W Z E A L A N D
T E P Ū T E A M A T U A

Loan to valuation ratio – new commitments summary

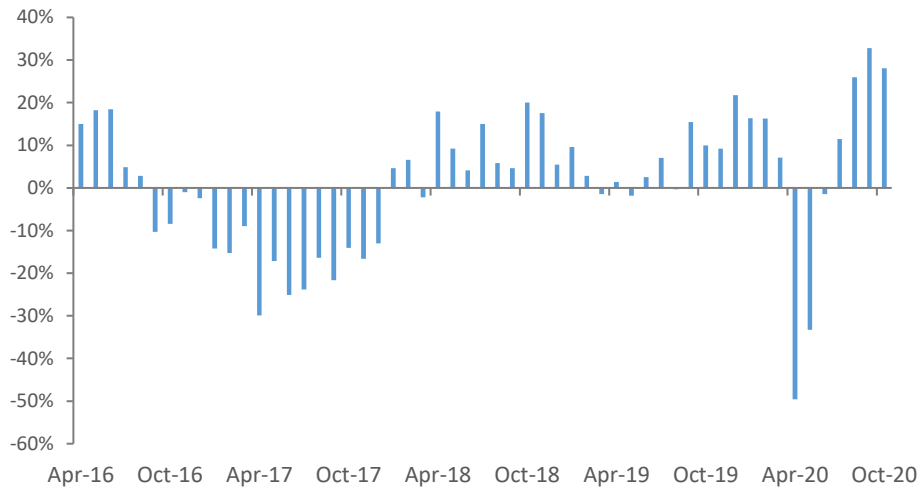
Key points for October 2020:

- Total monthly new mortgage commitments were \$7.8b in October – the highest month on record since the survey began in 2013. This is an increase of \$0.5b (6.3%) from September 2020 and 28.1% from October 2019.
- New mortgage commitments to other owner occupiers were \$4.4b in October, up from \$4.2b in September while new commitments to investors increased from \$1.7b to \$1.9b.
- First home buyers accounted for 17.9% of new mortgage commitments in October, down from 19.1% in September while share of new commitments to investors rose from 22.7% to 24.4%.
- The nationwide year-on-year growth in value of new mortgage commitments to first home buyers was 26.6%, while the annual growth in new commitments to investors was 58.8%.
- The year-on-year increase of 28.1% in new mortgage commitments was evenly split across Auckland and non-Auckland regions. The annual growth rate for new mortgage commitments in Auckland was 29.9% while areas outside of Auckland grew by 26.6%.
- Monthly new mortgage commitments with high loan-to-valuation ratio (LVR)^[1] to investors have increased since the restrictions were removed in May 2020. High LVR new mortgage commitments to investors saw a monthly increase of 22.0% in October.

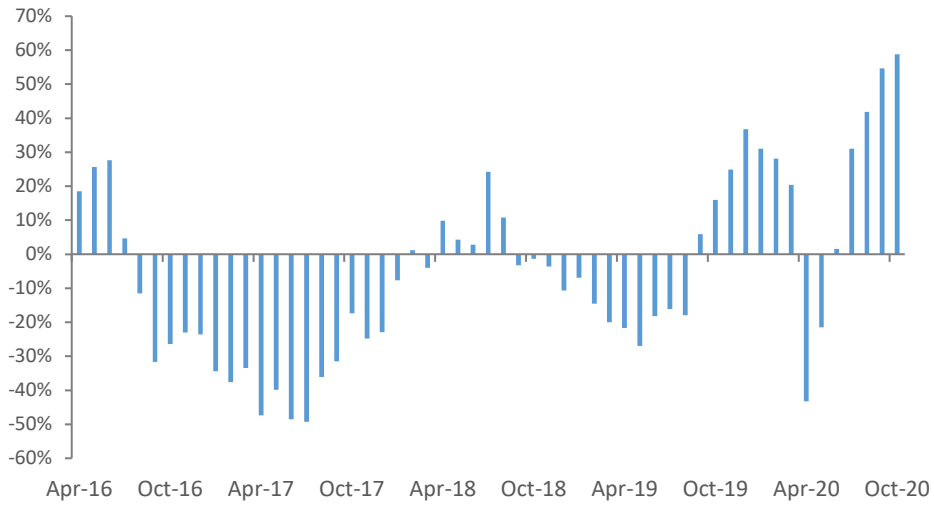
Total monthly value of new commitments (\$m)



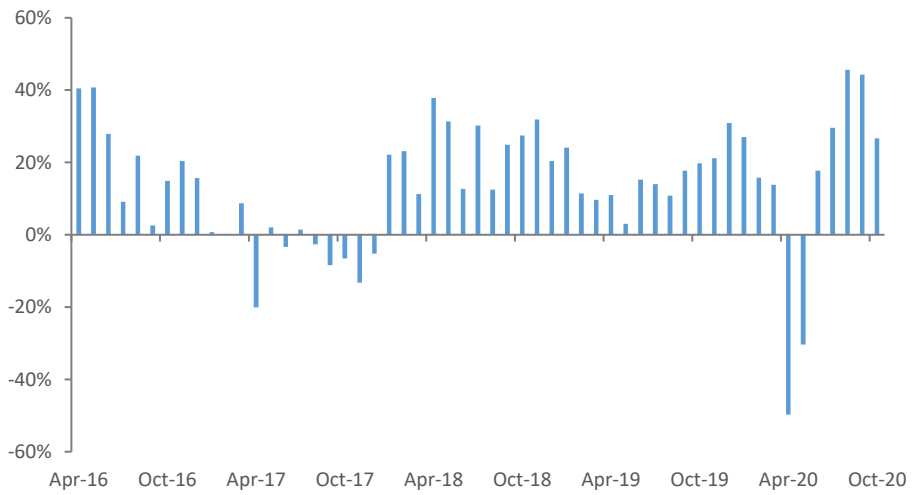
Annual growth in total new commitments (%)



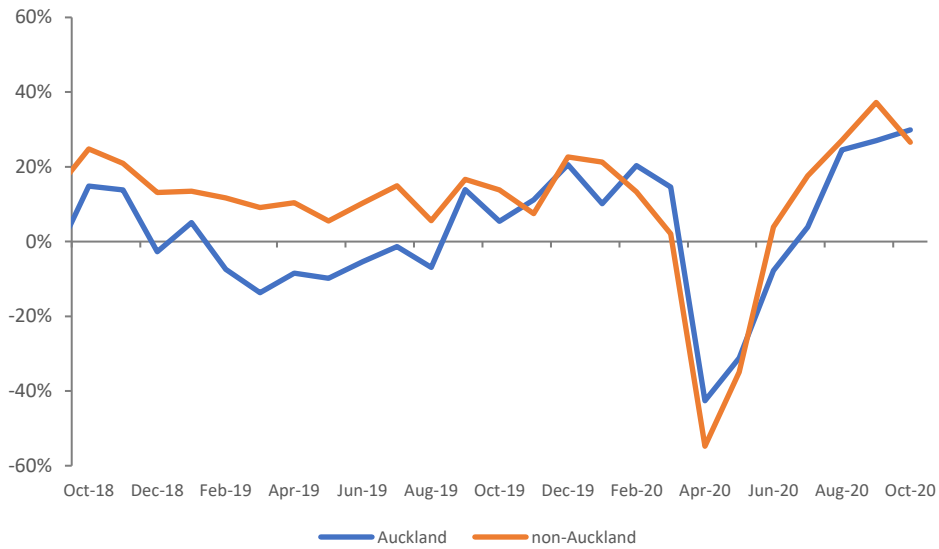
Annual growth in new commitments to investors (%)



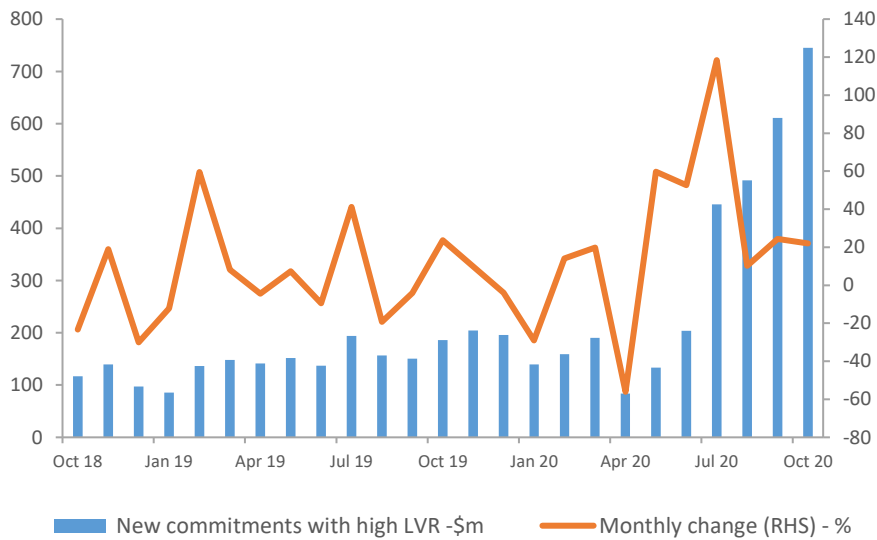
Annual growth in new commitments to first home buyers (%)



Annual growth for new commitments by region (%)



Monthly change in new commitments to investors with high LVR



¹ High LVR means monthly value of committed residential mortgage lending, where the loan-to-valuation ratio (LVR) is above 80%. Low LVR means monthly value of committed residential mortgage lending, where the loan-to-valuation ratio (LVR) is 80% or below.

¹ For investors, high LVR means monthly value of committed residential mortgage lending, where the loan-to-valuation ratio (LVR) is above 70%. Low LVR means monthly value of committed residential mortgage lending, where the loan-to-valuation ratio (LVR) is 70% or below.