mortgages.co.nz

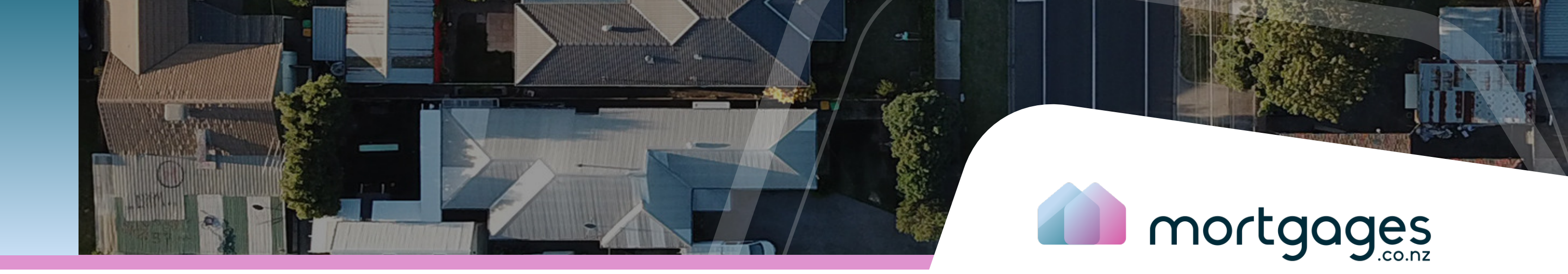
&

Tony Alexander

MORTGAGE ADVISERS SURVEY

July 2025

ISSN: 2744-5194



Young buyers and investors still seeking advice

Each month we invite mortgage advisors around the country to give insights into developments in the residential real estate market from their unique perspective. Our latest survey has attracted 52 responses.

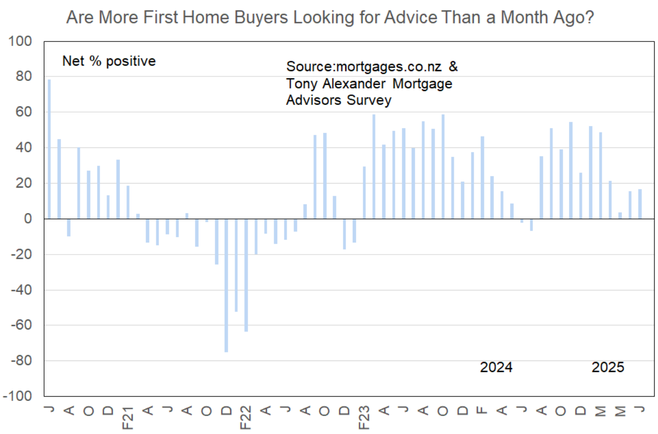
The main themes to come through from the statistical and anecdotal responses include the following.

- There continues to be a slow trend of easing bank lending criteria.
- Mortgage application processing times are perceived as still very poor by mortgage brokers.
- Buyer demand for property is still weaker than usual though first home buyers are active, owner occupiers and investors far less so.

COMPARED WITH A MONTH AGO, ARE YOU SEEING MORE OR FEWER FIRST HOME BUYERS LOOKING FOR MORTGAGE ADVICE?

A net 17% of mortgage advisors this month have said that they are seeing more first home buyers looking for some advice. This is essentially unchanged from June's result of a net 15% and the average for the five years our survey has been running of a net 16%.

The key point to note beyond the fact that this reading is still positive is that it is well down from advisor perceptions of first home buyer presence between August last year and March 2025.



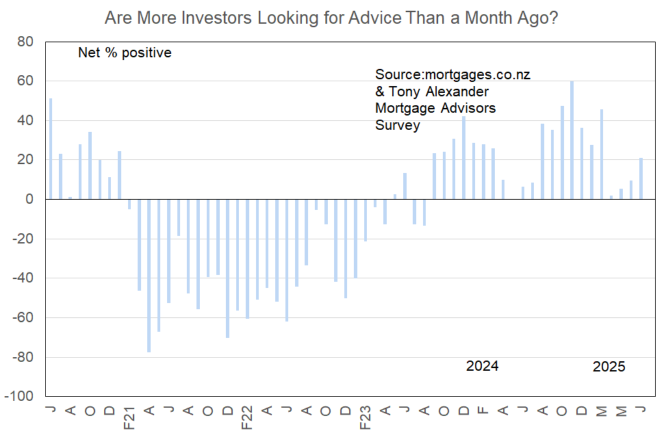
Comments on bank lending to first home buyers submitted by advisors include the following.

- Over 80% LVR lending still tricky unless its a "Live Deal" and this is putting off some potential purchasers who want certainty on getting the finance before getting too emotionally attached to a property, or the expectation they can purchase a home
- Banks appear to be keen to support FHB at the moment and whilst pre approvals are not obtainable, most banks are supporting the live applications with some expediency.
- Most banks are live deals only for any non bank clients, regardless of LVR. Makes providing a range of options tricky

COMPARED WITH A MONTH AGO, ARE YOU SEEING MORE OR FEWER INVESTORS LOOKING FOR MORTGAGE ADVICE?

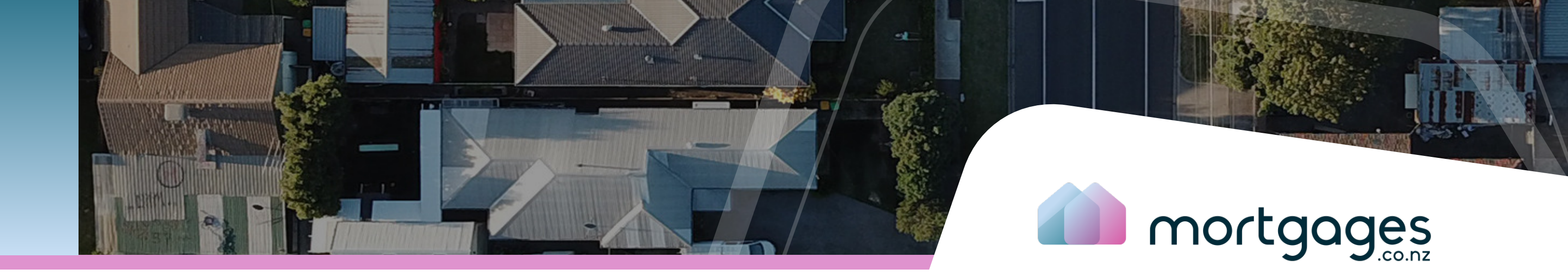
A net 21% of mortgage brokers have reported that they are seeing more investors looking for financial advice. This tells us that although the housing market is dominated largely by young buyers at the moment and has been since early-2023, there are people looking to purchase for investment purposes.

But as is the case noted for those young buyers just above, investor interest is weaker than it was over the period from August last year to March this year.



Comments made by advisors regarding bank lending to investors include the following.

- With test rates having dropped over the past several months, DTI's are now more commonly popping up as a limiting factor

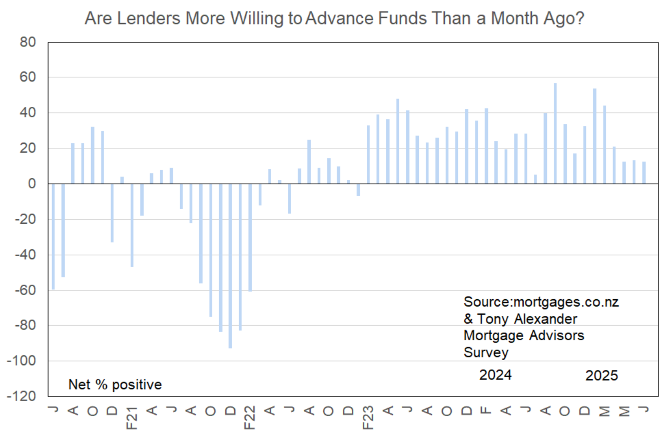


- Some lenders have now done away with having to include Body Corp costs as a separate expense for investment properties in the debt servicing calculation.
- UMI is coming down with certain banks. Assessors seem to be asking a lot more questions and more supporting documentation than before.

COMPARED WITH A MONTH AGO, ARE YOU FINDING LENDERS MORE OR LESS WILLING TO ADVANCE FUNDS?

In this month's survey a net 13% of brokers have reported that banks are becoming more willing to advance funds. This is the third net 13% reading in a row and this measure has been in positive territory since February 2023 when the young buyer driven recovery in the housing market started.

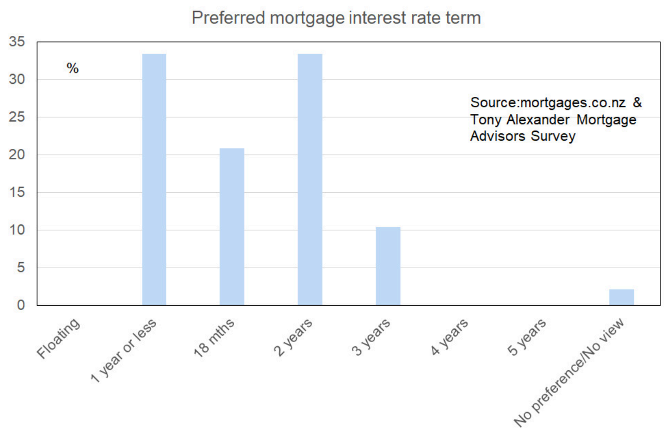
In their comments brokers mainly noted slight easings still being underway in many lending criteria but with the occasional tightening here and there.



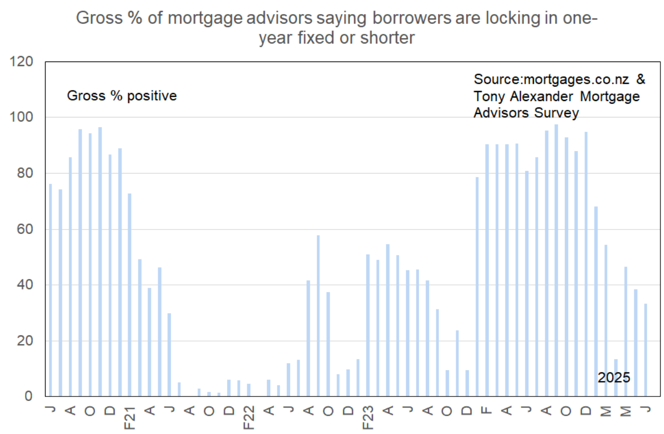
WHAT TIME PERIOD ARE MOST PEOPLE LOOKING AT FIXING THEIR INTEREST RATE?

Kiwis very rarely fix their mortgage interest rate for longer than three years, even when the five year rate was only 2.99% for an eleven month period over 2020-21. The first graph here shows 33% of brokers indicating borrowers are preferring to fix one year or less, 21% for 18 months, 33% for two years, and 10% for three years.

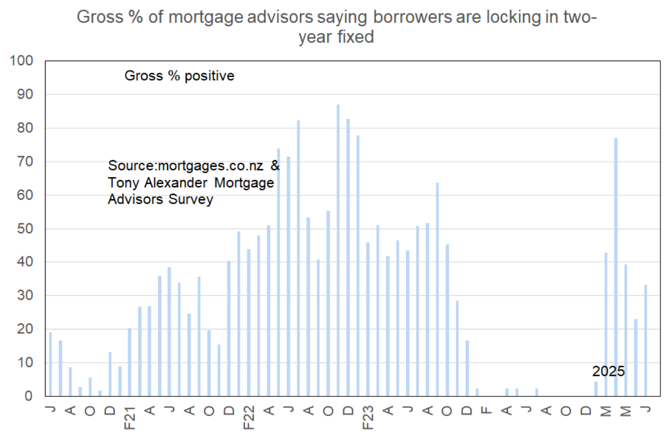
In that regard the spread of rate preferences appears as a relatively normal situation and not something perhaps driven by people having a strong expectation for where interest rates might be headed.



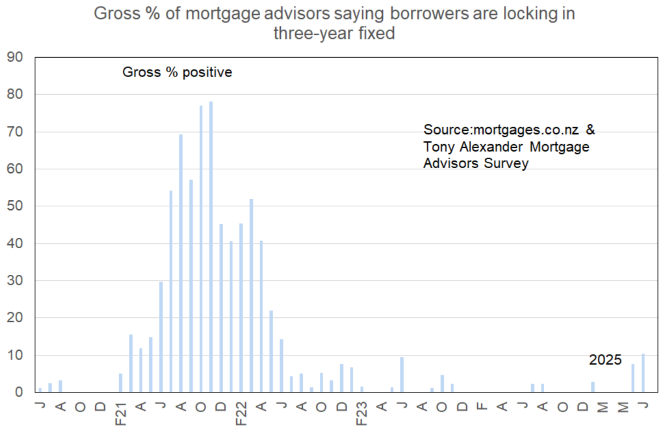
This graph shows the changes in the proportion of agents saying people prefer fixing one year. The trend has been down since the start of the year.



This next graph shows how interest in fixing two years has just eased off after soaring in popularity over the March to May period.

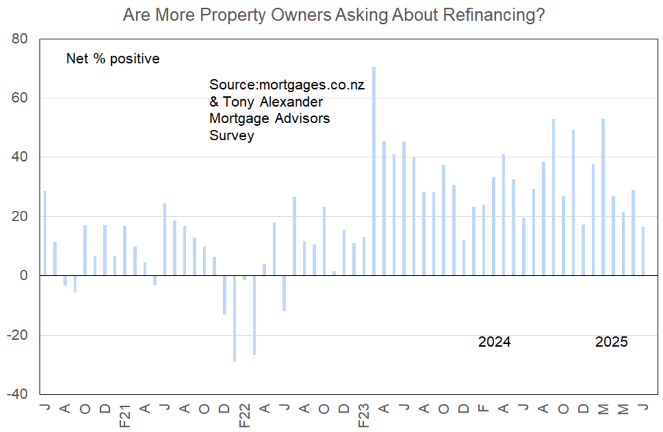


There is a small rise underway in the proportion of people fixing their mortgage interest rate for three years.



ARE MORE PROPERTY OWNERS ASKING ABOUT REFINANCING?

A net 17% of brokers have reported seeing more property owners enquiring about refinancing. This is the lowest such reading since late-2013 and may indicate either no great confusion about what is happening with interest rates, or no large feeling that banks are competing aggressively for business.



Mortgage Advisors' Comments

Following are some of the general comments which mortgage advisors volunteered in this month's survey. Enjoy.

- Lenders' assessment times remain shocking and showing no sign of improvement which continues to be very frustrating.
- Turnaround times with banks are still too slow. Some valuers seem to be very pessimistic. Buyers understand that they now hold the upper hand in negotiations, sellers still holding out for prices above the market. More and more properties going under-offer then being renegotiated by purchasers once the building report comes through.
- Turnaround times are the biggest issue and communication. A lot of assessors at the banks are not answering their phones or taking contact numbers off their emails - while I understand they are working through a big workflow it makes it much harder on our end to get anything resolved if there any urgent requirements. They must be working a bit of overtime in an effort to clear queues as I have had some approvals coming in over the weekends.
- Upturn in enquiries for build funding in last few months and this continues to be more popular than in recent 12 months.
- A definite slowdown across our team reflecting some softening of buyer activity across Christchurch market. Those new buyers entering appear to be acting more promptly but the pipeline of active buyers in market is shrinking.
- Long wait times for loan applications from all banks.
- Service levels continue to be absolutely shocking from the majority of banks. Incredible that it can take the better part of a month to get a preapproval or refix a loan with some. There is a major gap in service levels between going bank direct and using an adviser. A colleague (also a broker) was able to secure a 4 hour approval by going direct to one bank on a deal that as an adviser I wouldn't even have been able to submit. Clients should not be disadvantaged for choosing to seek advice.

- Mixed bag with lender appetite and usually the fastest will win the business. Xxx bank waiver of LEP has won some deals if the waiting time works for buyers. Lenders still finding ways to make it difficult for their existing customers too. Still feel adviser channels are under serviced and out of favour from a number of Banks in 2025.
- The lending activity seems to be up and down all the time, with a slow steady increase showing overall.
- Main banks are extremely slow with their assessments, getting handover loan docs out
- Getting increasingly frustrating to get SME lending/self employed lending from some of the main banks. Deals that would have been approved a few months ago are getting declined (1 years drop in income declared a "trend" by one Credit Manager), or taking forever to be approved after clients jumping through multiple hoops. Overall enquiry on par with last year at this time. Increase is Sell/Buy applications with current home owners looking to upgrade to a newer/ larger home.
- Banks are still struggling with turnaround times. I don't know how they will cope when the market picks up.
- Seeing more clients wanting to change banks specifically for the Cash Contribution and have, as a result, been more successful on obtaining a retention payment from existing bank to retain client.
- Still significant inconsistency across banks with processing times - several applications have been actioned only on the day of or the day before finance at our insistence. If this was not pushed by us, the finance day will have been and gone without any communication from the bank. There are a couple that are particularly worse than other than this. We are daily monitoring finance dates and chasing banks for approvals. Seeing a huge numbers of processing errors too particularly around incorrect interest rates.
- They seem more willing to lend, but the turnaround times are a joke. It's much harder/ impossible to preapprove new to bank clients
- The big gripe is turnaround time and channel inequity with this. People looking at the longer fixed terms now, 3 years under 5% is tempting more and more. Turnaround time has gone from diabolical to awful (yes, it's improved but still poor). Frankly, my turnaround time isn't as good as I'd like it either, we have lots on at the moment.
- Demand from buyers is nothing like I have seen this year (or most of last year)- since this Easter it has been high demand and hard to keep up!
- Low confidence, buyers market, good options to those ready to take the plunge
- Things are busy - lenders assessment time frames are still very lengthy and longer finance time frames are required and in some cases still needing to be extended. A number of lenders have advised they are adding additional resources to their assessment teams, but this has not translated into faster approval times yet. As the market picks up and Auctions revert to the norm, we could see this put further pressure on all parties involved.
- I think people are sitting and waiting as house prices still seem to be falling. The clients looking to sell and buy are stuck as they are unable to sell
- Lots of clients wanting advice but not really committing to urgently look. So much stock out there for the FHB's to choose from. Seeing values of homes holding especially in the Kapiti region so that's promising.
- Turnaround times have shortened a little but mostly still horrendously slow
- Buyers are cautiously becoming more active. Lenders have still not caught up on workload and a simple response is taking an unusually long time, often without much thought to the question posed but rather a blanket broad response. Seems like some lender staff are tired and have lost some of their will to go the extra mile, to offer good customer support, or to even consider any scenario outside policy or where common sense should prevail but so-called "policy" calls for something else. There is also another bank moving away from BDM support to "desk BDM" support, but to be fair, the "mobile" BDM in this instance was pretty useless anyway and so the bar is set very low.
- Time to get a loan approved from banks is still a major issue
- Still remains busy with green shoots of new builds
- Banks' turnaround times are still a real issue. No consideration of the fact there is a client at the end of the application. Nearly had a client lose a house due to a large bank not responding in a decent time. Real opportunity for KB and other

smaller banks to gain some market share due to better service

- Over the last month, I've seen a fall in enquiries for new buyers, whether it's my marketing strategy that needs work I don't know. Buyers are not in a hurry and can be picky on dwellings to suit their needs.
- Its not that busy. Banks are slow. The banks all have rate cards which means the rates can change at any time. This is not going to be good when rates start to increase.

ISSN: 2744-5194

This publication is written by Tony Alexander, independent economist.
Subscribe here https://forms.gle/qW9avCbaSiKcTnBQA
To enquire about having me in as a speaker or for a webinar contact me at tony@tonyalexander.nz
Back issues at https://tonyalexander.nz

Tony's Aim

To help Kiwis make better decisions for their businesses, investments, home purchases, and people by writing about the economy in an easy to understand manner.

Feel free to pass on to friends and clients wanting independent economic commentary.