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&

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MORTGAGE ADVISERS SURVEY

May 2026

Fixing two years strongly preferred

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 44 responses.

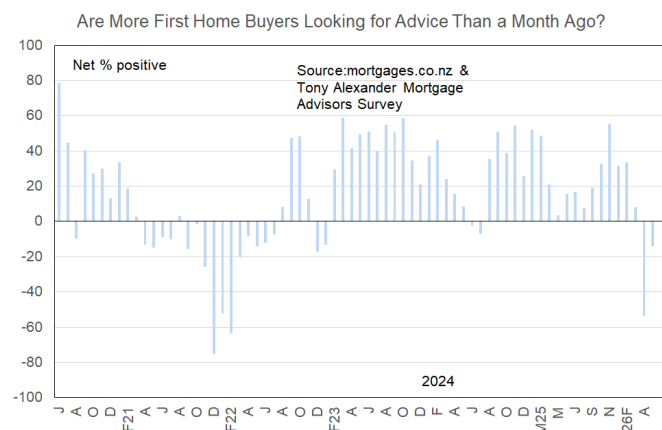
The main themes to come through from the statistical and anecdotal responses include the following.

- Some slight easing of lending criteria is underway, focussed more on first home buyers than others.
- Buyers are wary of the environment around them and especially of interest rates rising.
- Borrowers strongly prefer fixing two years over any other term.

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

Our survey has recorded a substantial pullback in the extent of first buyers stepping back from the housing market. Whereas last month a net 54% of mortgage brokers said that they were seeing fewer first home buyers, this month just a net 16% have reported a decline.

Caution from buyers continues but the initial shock brought on by the US invasion of Iran and increased interest rate expectations has faded to some degree.



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

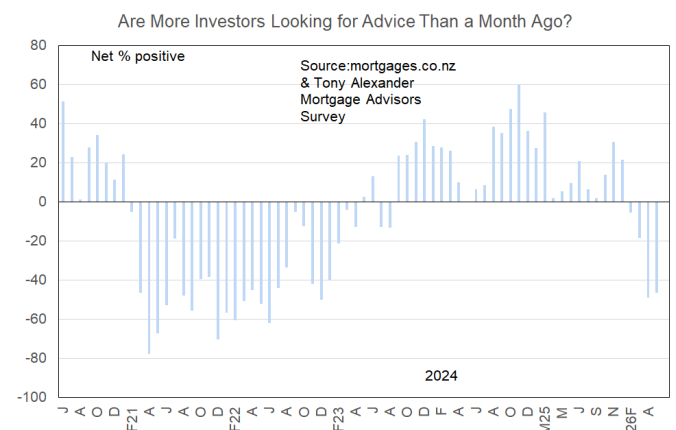
- First home buyers remain very active with those committed to house buying seemingly unconcerned about interest rate movement at this stage. I've noticed an increased level of construction enquiry this month.
- First Home Buyers keeping us going strong along with those looking to upsize and downsize. Nice to see the market affordable for these people after the high prices from 2021.
- Lots of property on the market for my first home buyers - almost too much choice.
- The banks are chasing these now.
- Banks very welcoming to first home buyers and one bank recently switched to offering 5% deposit and this sits outside Kianga Ora.
- More availability for above 80% lending.

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

In contrast to the pulling back from the brink seen with young buyers, for investors the shock of the US invasion and myriad other factors affecting expected investment property returns is producing a strong stepping back from the market.

A net 48% of advisors have this month reported that they are seeing fewer investors coming forward for financing advice. This is statistically unchanged from the net 49% of last month.

Conditions with regard to investors have broadly returned to where they were in 2022.



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

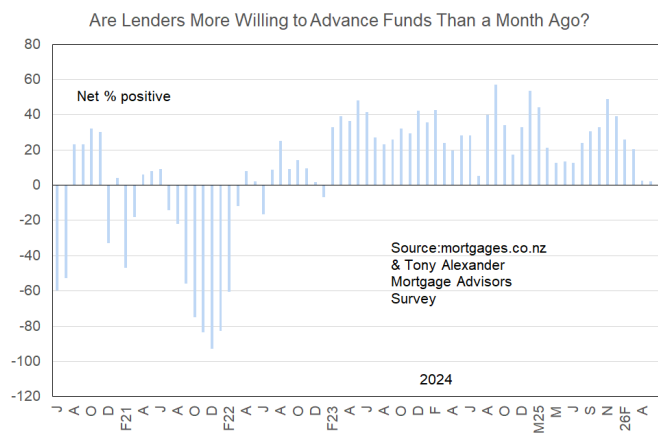
- Banks continue to lend to good customers. Some are lending higher than 70% LVR on a case by case basis. Anything 'outside the box' needs to be squeaky clean credit wise.
- DTI's catching up
- One bank offering 85% LVR for a limited time which has a nice appeal to investors who have been previously leverage locked.
- For existing investors seeking interest only extensions the majority of banks are requiring full applications which in many instances ends up driving their clients off to another bank.
- Now looking to go over the 70% threshold in some circumstances.

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

Our survey this month has produced the same result as a month ago with regard to broker perceptions of the willingness of lenders to advance funds. Things remain in the positive but only at a reading of a net 2%.

In contrast, in March a net 20% of advisors felt that lenders were loosening their lending criteria and in November last year this reading was 49%.

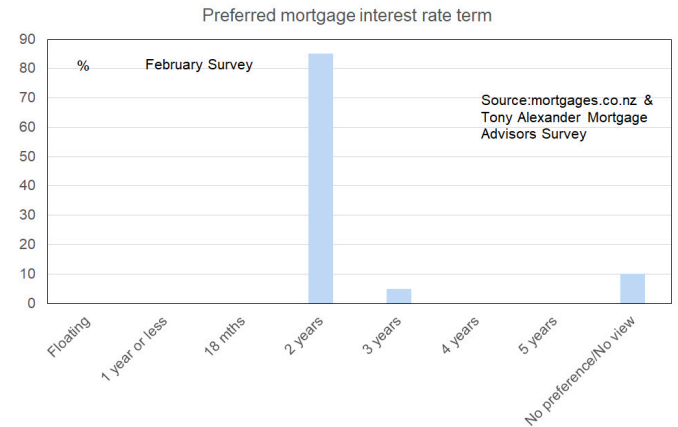
Funds are being made available by the banks, but some new caution may understandably have crept in as we all regard events offshore in particular with some trepidation.



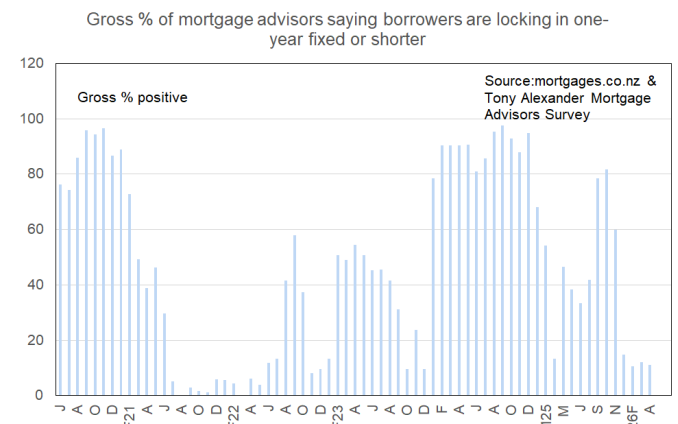
WHAT TIME PERIOD ARE MOST PEOPLE LOOKING AT FIXING THEIR INTEREST RATE?

There is very strong preference from borrowers for fixing their mortgage interest rate for a two year

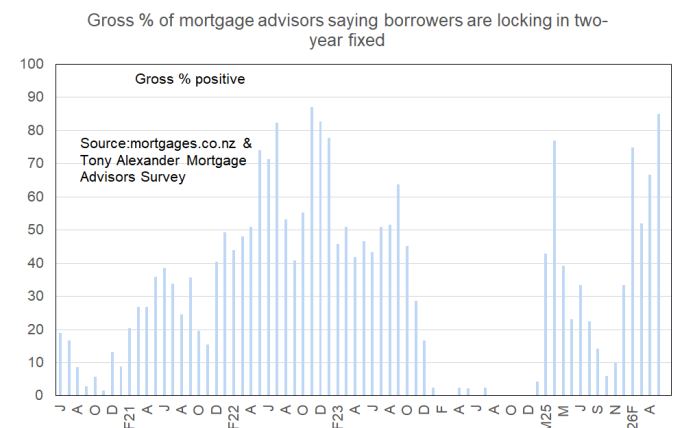
period. 85% of brokers say that this is the preferred option with 5% saying three years is preferred and the remaining 10% saying there is no preference.



Borrower interest in fixing for just one year is minimal to zero.



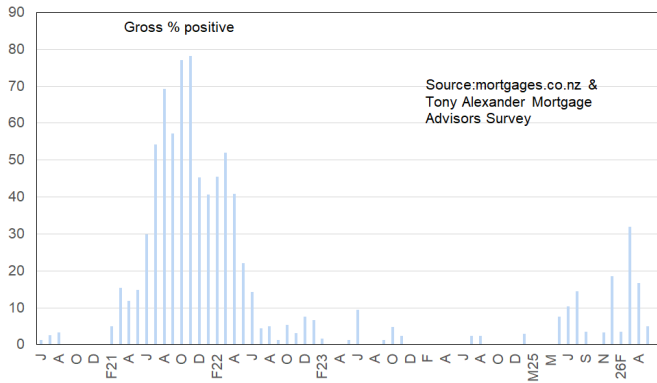
The two year term has been strongly preferred since our first survey for the year early in February.



Only when mortgage rates were unusually low during the Covid period did Kiwi borrowers show

any strong preference for the “long” time period of three years.

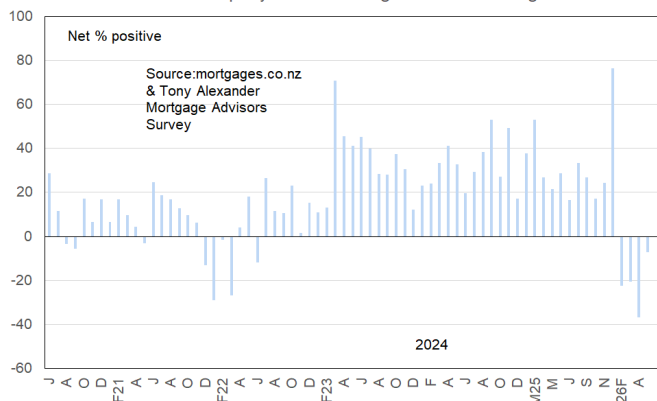
Gross % of mortgage advisors saying borrowers are locking in three-year fixed



ARE MORE PROPERTY OWNERS ASKING ABOUT REFINANCING?

The strong easing off from property owners in enquiring about refinancing has ebbed for now. This earlier run of firm net negative responses to this question may reflect the ending of the cashback war between lenders. This month one or two brokers have noted some cashback offers as starting to appear again.

Are More Property Owners Asking About Refinancing?



Mortgage Advisors' Comments

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

- Notable slowdown in new enquiries - pipeline of preapproved buyers quickly disappearing now

and expect a very slow June/July/August for settlements now.

- There is a noticeable slow down in enquiry.
- Mixed feeling about the state of play. It's a story of 2 halves. A lot of people nervous and taking their time, and equal amount aggressive and using this as an opportunity to jump. Enquiry levels seem to be consistent
- Developers giving more incentives for purchases to make purchases more attractive. Huge increase in EV's, solar power, green loans. Went from maybe one enquiry per week or fortnight to one per day.
- The existential threat created by removal of trail from one lender is about to become very real.
- Still a lot of people wanting to sell (to upsize) from their 2 bedroom properties that they purchased at the peak of the market, as they have kids now, but no equity or negative equity so unable to do so.
- Most banks have reduced turn around times. Some are acceptable now.
- Banks are not falling over themselves to be competitive.
- One bank's changes where they'll only pay for 1 average refix now will be interesting to watch unfold once they stop paying trail at the end of this month (they increased the upfront commission 0.05% and based on an annual loan this equates to one refix - after that they want us to work for free).
- Small cost of living changes only,
- Lack of urgency all round - market is slowing with Winter on its way.
- Very busy with refixes currently as we expected the interest rates to be at their lowest. Cash retention requests the norm now and this takes a lot of admin time, but good outcomes for clients.
- Buyers typically still trying to get a good buy. Many first home buyer homes are marketed for Auction, and this proves frustrating to them as many are not in a position to purchase cost effectively at Auctions if they have low deposits. In the low deposit space majority of lenders have their doors closed to preapprovals which when a buyer does find a home adds urgency to their applications which the lenders often don't step up too meeting.

- Managing cashflow is still very important and using new tools to consolidate expenditure into categories is helpful, but the client still needs to make the tough decision on where and how they spend their hard-earned money. That is where coaching and professional advice becomes critical.
- A buyer's market continues. Clients are being fussy and trying to make the most of the subdued market - at times to their detriment.
- I'm finding that many banks are adopting AI assessments (initial) and we're getting a lot of push back on things required that don't make sense and the assessors are unable to override these requests meaning that there is a lot of confusion and delays in getting responses. Also noting that assessments through the broker channel are alarming disproportionate to assessments via "direct to bank". Given that we anticipate around 60% of lending is done via broker channel this does look like the banks are prioritising the broker channel lower than the "direct to bank" which is not a good look to the clients. as such we encourage clients to obtain pre-approvals to avoid the untimely delays
- One major lender continuing to innovate / provide pricing to attract clients. Others just ticking along really. Some increasing test rates. No change in demand for me, but have heard whispers through agents and other brokers / BDM's at the banks that the busy season is over /slowing. Some properties taking longer to sell etc, more choice out there perhaps?
- Election is really putting people off
- Offers are still being made but overall down on quality enquiries. First Home Buyers still exist so focusing on those, again live deals are key to getting Bank replies in line with expectations.
- RBNZ is still behind the market, speed limits are out of touch, banks cherry picking. Aus banks must love NZ.
- We've not seen much new enquiry for a few weeks. Most FHBs that we talk to are getting nervous about interest rates rising and job security. They understand that now is a buyer's market and a good time to buy but they are still nervous.
- Test Rates increasing slightly since last month.
- Small high value client base in Wellington. Very quiet. Some minor restructuring work. I hear Auckland brokers are busy which makes me envious !
- More renovations/construction queries. A lot of them are small loans for 'green' lending. Caution from buyers with forecasts of interest rates going up. Of course, everyone is sensitive to rate increases with recent memories of 2023. Debt servicing rates for lending assessments increasing slowly.
- Slow market. Buyers have plenty of choice and are being picky. Offers they do make are lower than sellers price indications, but they are not afraid to offer less.
- One bank doing cashback for over 80% which will make them an attractive option - my bet is others will follow now
- FHB totally dried up about 3-4 weeks ago (pretty much instant). But coming back now. Still they are being very cautious with affordability.
- I've had the quietest 4 months I've had for several years. I'm finding customers are concerned about jobs, the economy, the USA/Iran war, and the election year doesn't help
- One bank has launched a free refinance service. This is only available to customers going directly to the bank (not through mortgage advisers) which is disappointing. Another lender will pay 0.90% cash on >80% High LVR RBNZ exempt loans. Including Kāinga Ora First Home Loans regardless of LVR who will receive a minimum payment of \$5,000. They have also increased maximum cash contribution cap up to \$30,000. One bank currently offering a reduced 6m fixed rate of 4.39% or 5.05% for high LVR.
- Transactions are happening, but they are very slow (Wellington) and drawn out with buyers really taking their time given current favourable market conditions for them.
- The market is fairly quiet, enquiries are down.

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This publication is written by Tony Alexander, independent economist.

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