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Tony Alexander

MORTGAGE ADVISERS SURVEY

September 2025

Borrowers favour one-year fixed rates

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.

- Falling test rates are making home purchasing possible for more young people.
- Brokers still largely report problems with getting applications quickly processed by banks. Buyers need to allow extra time for these delays unless they go direct to their bank.
- For investors the new debt to income rule limits are slowly becoming a constraint.

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

First home buyers have been driving the housing market in New Zealand since the start of 2023 and continue to do so. A net 19% of brokers replying in our survey this month have reported seeing more young people looking to make a purchase.

Although this 19% reading is down from the peak of 52% at the start of this year it remains above the five year average of 16% and tells us that while no particular fresh flood of first home buyers is appearing in response to recent interest cuts, many are still there.

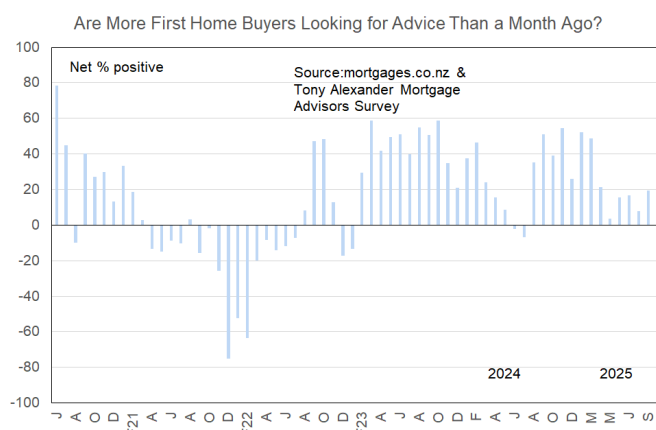
Comments on bank lending to first home buyers submitted by advisors include the following.

- Seem to be very strict on the LVR focus - with anything over 80% requiring a live deal. However, reductions in assessment rates are making it a little easier for servicing.
- Most open for low deposit preapproval now for main bank clients which is great. Test rate movement has also unblocked borrowing capacity and approvals are now quite in line with first home buyer priced properties in my region (BOP)
- Test rates continuing to come down, first home \$1m+ loans are back! DTIs may start to be the limiting factor.
- Test rates dropping along with mortgage rates helping.
- More favourable toward the FHB. There is a special rate of 3.99% from a couple of lenders which is very attractive. There are still the turnaround times that are creating problems.

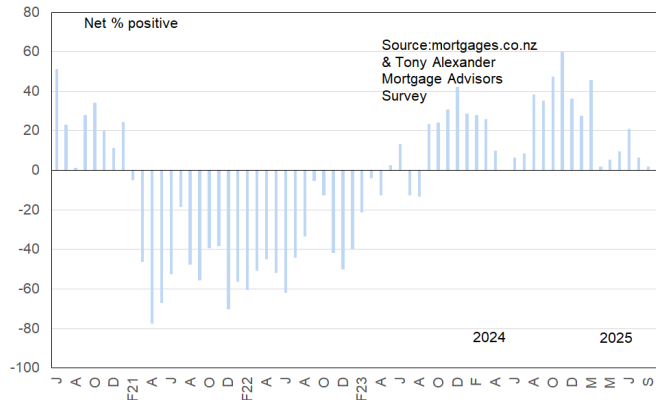
COMPARED WITH A MONTH AGO, ARE YOU SEEING MORE OR FEWER INVESTORS LOOKING FOR MORTGAGE ADVICE?

A net 2% of brokers this month have reported seeing more investors in the marketplace looking to make a purchase. This group of buyers has undergone some strong fluctuations in buying interest over the past two and a half years with periods of strength quickly disappearing only to eventually come back again.

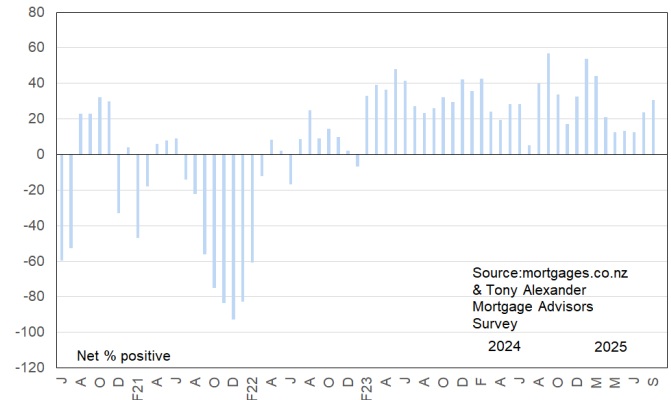
At the moment investor demand does not present as being on the strong side. Falling interest rates are attracting more interest – yet at the same time the borrowing ability of an increasing number is being impacted by the new debt-to-income rules and reduced equity in existing property holdings.



Are More Investors Looking for Advice Than a Month Ago?



Are Lenders More Willing to Advance Funds Than a Month Ago?



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

- DTI looking to become more of a factor soon.
- More banks are offering 10 years interest only.
- More clarity is required for the expenses such as council rates, home insurance and other expenses.
- Investors are on the hunt for bargains - banks very willing to approval and advance funds easily.
- DTIs are starting to become a consideration factor with the investors, and the depleting values are making it more difficult for the investors to use equities for purchase.

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

A quite strong net 31% of mortgage advisors have reported that banks are becoming more willing to advance funds for home purchases. This is well above the five year average for this measure of just 7% and the strongest reading since March.

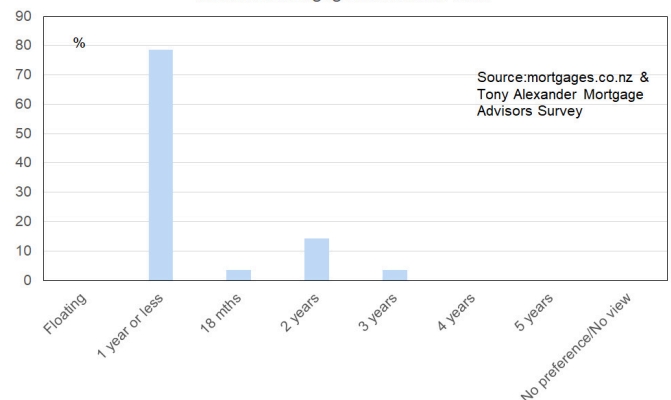
In that regard it is one of a growing number of indicators telling us that greatest weakness in the economy occurred in the first half of this year (around April-May) and now things are starting to line up for superior economic and housing market growth before year-end.

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

Following the recent easing of monetary policy by the Reserve Bank the resulting cuts in mortgage lending rates have been largest for the floating and one year fixed terms.

As a result this month a high 79% of brokers have said that the term mostly favoured for fixing by borrowers is just one year. This is up from 42% last month and just 33% two months ago. One and two year fixed rates are commonly near 4.75% compared with near 4.95% for three years.

Preferred mortgage interest rate term





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have in the past; queue times may have improved slightly but largely just wait in the queue.

- A large pipeline of preapprovals waiting for the trigger to be pulled.
- New-builds are coming back.
- Seems to be exceptionally busy at the moment, and for some banks, turnaround times have improved.
- Customers are more positive and want to settle into their new home before Christmas 2025
- It has been a little quiet the last couple of months but some more enquiries starting to come in with Spring in the air and interest rates now well below the 5% level. Not really seeing too many investors.
- Old school investors with low yielding high value properties in big cities / bigger portfolios are sitting on their hands or downsizing their portfolio's while the younger investors looking outside of big cities or those with one or two rentals are the only investors that are actively buying.
- Market is hot. I feel very bullish concerning my industry over the coming 3 years. Good old days are back.
- Most First Home Buyers loving the market in Wellington at the moment.
- One, Two Year Fixed Rates really popular, 3 year rate not so much.
- People expect interest rates to drop further.
- First Home Buyer enquiry up and as expected for this time of year.
- Bank turn around times still slow.
- More competitive purchasing landscape and whilst there is still an abundance of choice, the typically price first home buyer home is going into strong multi offers. Auctions are also very active and buyers taking a gamble and getting RV's done prior to (I have had a number of clients doing this lately). Punters seem to be feeling fast more optimistic around the costs involved with the mortgage, and with rates now back at a more affordable level, our clients really seem to be getting the approval and being very active with looking and making offers.
- Turnaround times have improved.
- Interest is picking up as usual at the start of Spring but it's not the long-awaited flood yet.

Some banks' turnaround times creeping up again after coming down a bit, hopefully they are hiring.

- FHBs are out in numbers, easily outnumbering investors at this time. Lenders are preferring existing customers for over 80% LVR lending, with some exceptions. Turnaround times seem to have improved by a bit.
- I'm seeing more first home buyers cancelling contracts due to building reports.
- Turnaround times are down finally. Still a bit away from the 3 days that were prevalent a few years ago. It seems this week the market has turned, and buyers are back in droves and therefore more clients at my end.
- We are low volume compared to many but there's definitely an uplift now that Spring is here in the Bay of Islands. Not sure it's anything other than that the rates/ test rates allowing borrowers to qualify more now than 12 months ago
- Turn around times are getting slightly better. Lower rates are a relief to many customers.
- Its extremely busy
- A definite slowdown in new enquiry/new buyers entering the market. Those in our pipeline however are active and transactions are happening, however October/November may see a slow down based on our team observations.
- Have seen some big improvements in turnaround times from a couple of the major banks but still room for improvement. Possibly some early signs of increased activity in the FHB market - spring making people feel more positive?
- Most Banks still taking 8-10 working days to pick up applications and 3-4 working days to respond to rework.
- After a very busy first half of the year first home buyers seem to have gone quiet. Lower interest rates that spiked activity earlier in the year have now become 'the norm'. Job security continues to be a challenge. As does profitability (or lack thereof) for a lot of small businesses. Banks are really scrutinising self-employed applications, likely based on the ongoing challenging economic environment.
- Market seems to have slowed again. Hopefully Spring delivers with the lower interest rates in place.

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This publication is written by Tony Alexander, independent economist.

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