

RAY WHITE NOW

F E B R U A R Y 2 0 2 2



Proudly presenting New Zealand property market insights in real-time



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DEAR PROPERTY OWNER,

Our 48th edition of Ray White Now is published at a time when New Zealand has moved to the Red light setting across New Zealand, which provides for a safer environment in regards to the potential rise in cases as flagged by the government.

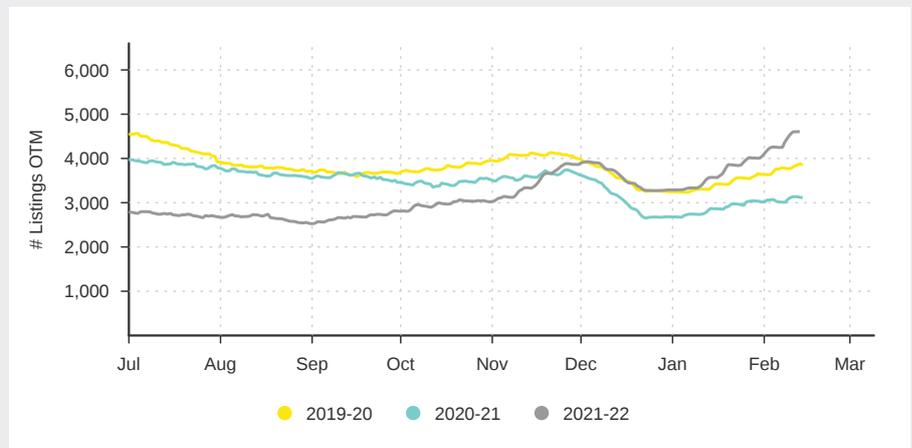
We have adopted our practices in support of the new framework. Each of our Ray White offices and licensee salespeople are aligned to the industry guidelines through the Real Estate Authority together with the Real Estate Institute of New Zealand.

The real estate market has remained consistent throughout January and the early part of February. There has been a considerable rise in listings which has allowed buyers more choice. The announcement of interest rate rises together with barriers on lending restrictions have made it more difficult for purchasers to gain approvals.

Sales for the month of January were 9 per cent down in value, however 24 per cent down in numbers on 12 months ago, which is an indicator of the rise in value of property over the past 12 months. We look more at this in our report.

During January, the number of listings entrusted to Ray White increased by 24 per cent. Given the previous months, this brought our property portfolio available for buyers to a new high of 4,558. This is a considerable lift on 12 months ago where our company was holding less than 3,000 properties. This clearly allows buyers more choice and there is the creation of a more competitive market given the number of properties that are available for buyers.

The graph to the right shows the grey line of 2021/22 and the crossover period which per cent occurred in mid November has continued to shape upwards with the blue line the indicator of stock from 12 months ago.



Source: Ray White Online Analytics

Data provided by realestate.co.nz shows the increase of new property listings has lifted to 19,897 properties, which is 28.5 per cent ahead of January 2021. In regard to the last three months, there has been a continued lift in new listings, which has seen the total stock available across New Zealand lift by close to 7,000 properties, or just over 30 per cent, in three months.

19,897 HOUSING STOCK IN JANUARY 2022
28.5% COMPARED TO JANUARY 2021

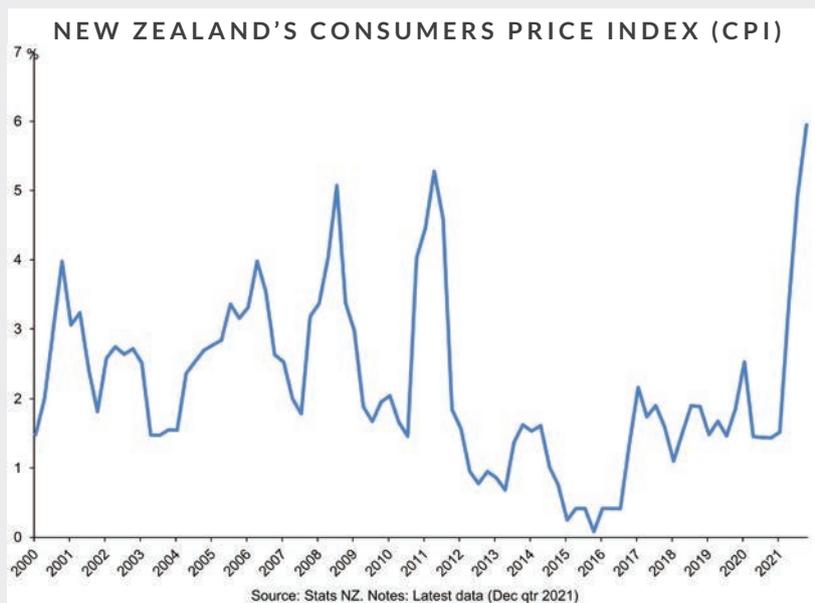
Rising property listings can act as a slight headwind for property value growth.

This in itself has created a more balanced market where buyers have more choice and the opportunity to make decisions in comparison to other properties available on the market.

The Reserve Bank of New Zealand last raised the official cash interest rates on 24 November 2021 from 0.5 per cent to 0.75 per cent. This was the second consecutive rise. The next monetary statement and official cash rate review is 24 February 2022. While lending barriers have slowed the buyer depth within the property market, it is the current inflationary effects that are having the most impact on the economy and affordability, with the annual inflationary rate being 5.9 per cent.

To put this into perspective, during the past 10 years the inflation rate has averaged at 2.15 per cent and this is in line with the inflation target of 1 – 3 per cent on average over the medium term. It is clear that the rise in inflation impacts every day life and the Reserve Bank will take this into account in their monetary statement.

Data provided by CoreLogic regarding property value and price changes show that property values continued to increase in January 2022, showing a slightly higher rate than in previous months at 2.1 per cent. Overall, however, there is a gradual easing of property growth, the annual growth rate continues at 27.5 per cent. The slowing of momentum after the extended growth period is likely to continue to occur given the further impact of rising interest rates and tighter credit conditions.



Across New Zealand, the average value of property at the end of January 2022 was \$1,028,097. This

is an average annual growth rate of 27.5 per cent, while property has risen on average across New Zealand by 6 per cent during the last quarter. Tauranga and Christchurch registered the highest quarterly increase, while Hamilton continues to maintain the strongest annual growth rate at 30.9 per cent. Across the regions, several areas increased beyond 30 per cent. They included Whangarei, Upper Hutt, Whanganui and Hastings, which showed the highest annual increase at 35.4 per cent, with an average price of \$898,385. We look at this in more detail throughout our report.

Source: <https://www.rbnz.govt.nz/monetary-policy/inflation>

Your Ray White agent is highly skilled in being able to facilitate property transactions in the current environment. Our systems and procedures are dynamically linked and our ability to connect buyers and sellers across all marketplaces has never been greater with our online marketing strategies enhanced by local print and signage marketing.

Of great importance for the success of your property is our real-time database, which is one of the most active and successful in New Zealand.

Ray White Now is produced in conjunction with real-time data from our 192 offices across New Zealand. On an annual basis, Ray White completes \$23.18 billion worth of property transactions and currently manages a portfolio of 20,291 properties through our property management division.

Carey Smith
Ray White New Zealand Chief Executive





NEW LISTING SURGE
OFFERS INCREASED
CHOICE
**MARKET CONTINUES
TO SEE QUARTERLY
VALUES INCREASE**

"During the past month we have had a strong increase in new listings coming to the market. While this provides more choice, it also enables competition for properties on the market. Our auction success continues to be strong based on the transparency of pricing."

Vanessa McKenzie

Ray White Zone Chairperson for Northland.

New Zealand has now moved into the protective framework known as the red traffic light system across the country. This is the government's latest response to managing suppression of the COVID-19 pandemic and providing enough safety frameworks for the economy to continue to operate and for fewer restrictions given vaccination levels across the nation.

There have been several announcements regarding managed isolation and quarantine facilities and the pending international border changes for Australia and for many other parts of the world, which expect to see borders becoming less restrictive from mid-March 2022.

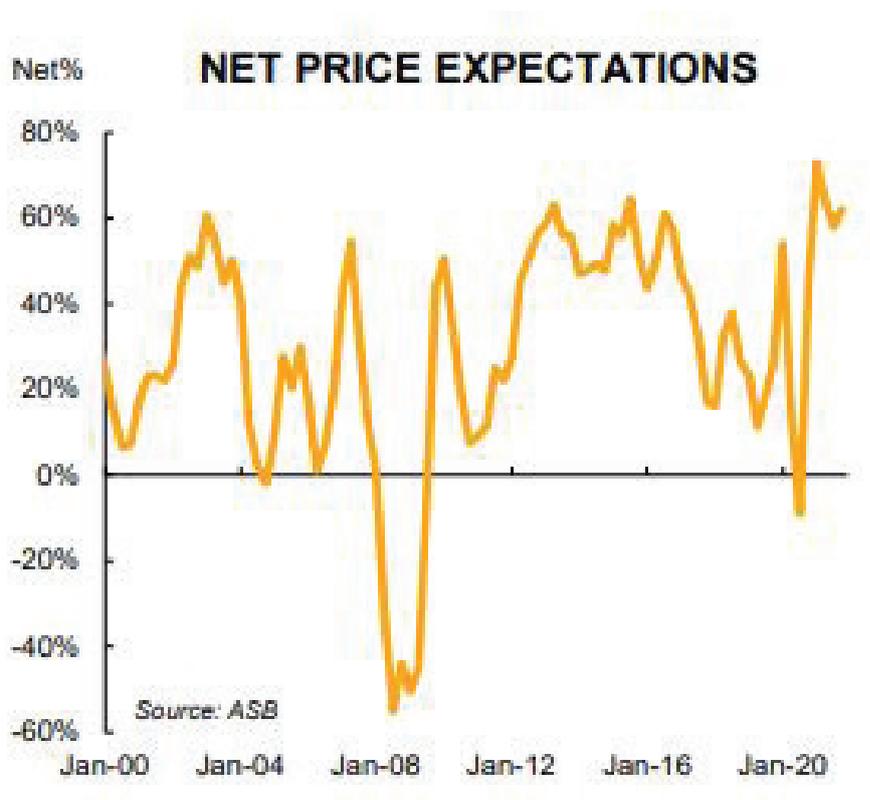
For the real estate market, while there are safety protocols in place, there has been a continuance of open homes and safe property viewings. Sales numbers decreased over the same time last year, however, prices have remained strong and there has been a continued upward trend in property values.

We have seen a noticeable increase in new listing activity, allowing purchasers to come into the market with confidence of choice. While there are prevailing headwinds around interest rates and the higher barriers for lending, the surge in property prices lifting by 27.5 per cent across New Zealand in the last 12 months shows the purchasing of residential real estate continues to outweigh most of the current headwinds within the market.

Housing confidence is largely underpinned by price increases connected to the affordability of buying a home and maintaining mortgage requirements. In the latest ASB Housing Confidence Survey, while the overwhelming majority of New Zealanders expect interest rates to keep rising, most of those who took the survey predicted that house prices would also keep rising. While the number of people who believe it is a good time to buy a home has decreased, 62 per cent believe house prices will increase in the next 12 months. The overriding message from the survey is that while interest rates are rising, the market can handle the expected changes and absorb those through house price increases.

One of the key areas of interest for many is the area of the first home buyer. Largely measured through their activity to be able to raise a deposit against house prices which continue to rise in some areas quite sharply.

Since changes to the CCCFA took effect on 1 December last year when the responsible lending code was updated, there has been some difficulty for first home borrowers to get into their own home, even after some of them had received approvals.



Source: ASB Housing Confidence - Three months to October, December 2021

In looking at the Reserve Bank lending data up until the end of last year, it suggested first home buyers continue to remain active in the market even considering the barriers.

The figures showed banks approved 2,624 mortgages to first home buyers and, as an indication, it was 21 per cent down on the December 2020 mortgage lending, which saw 3,338 approved first home buyers.

But when you look at the numbers there has been a downturn in overall activity, particularly evidenced in December when the numbers were down by 29 per cent in comparison to 12 months ago, where mortgage lending to first home buyers is down 21 per cent year-on-year which means there could be a slight increase in approvals to first-time buyers in percentage terms.

The first home buyer provides a number of positives in regards to purchasing while also taking some pressure off the rental market. In December, the overall share of the first home buyer was 28.8 per cent with loans above 80 per cent. On average, the first home buyer purchases property valued at \$744,000.

The market in the last quarter has seen properties rise by an average of 6 per cent. Overall, in the last 12 months, the average price across New Zealand has risen to \$1,028,097. This is an increase of 27.5 per cent which backs onto the previous year with an average across New Zealand of 28.8 per cent

In their latest report, CoreLogic acknowledge there are mixed results even across the main centres, with sales numbers down. However, the continued strength of pricing in the Auckland market and the continued growth in Christchurch may have run its course given such high increases have been achieved.

They also make note of the average property value in Hamilton and the annual growth rate in Tauranga which has increased by 31.3 per cent during the last 12 months, however has slowed since October 2021.

In the regional areas, price growth in the past quarter saw Whangarei hit a high of 8 per cent closely followed by Rotorua with a quarterly increase of 7.3 per cent. This, however, didn't translate annually for Rotorua which has been more recently discovered in respect of value, with an annual increase of 18.9 per cent. As opposed to areas such as Hastings and Napier in the Hawke's Bay region which have had annual increases of 30 per cent or more.

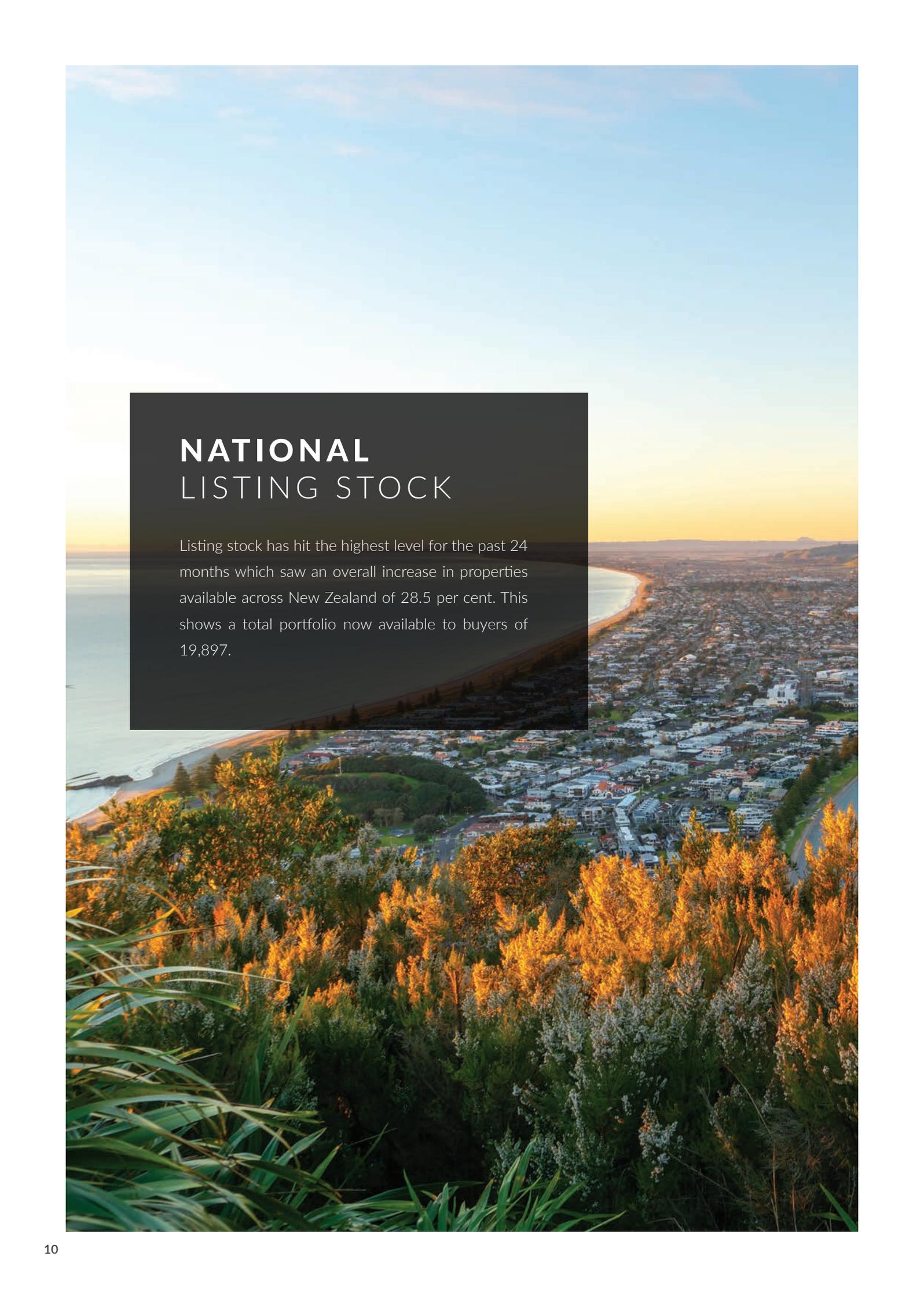
Property values in Queenstown and Lower Hutt represented the smallest rises over the quarter and both had a negative change in property values for the month of January 2022.

CORELOGIC HOUSE PRICE INDEX NATIONAL AND MAIN CENTRES

Change in Property Values

	Month	Quarter	Annual	Average Value
New Zealand	2.1%	6.0%	27.5%	\$1,028,097
Auckland	3.3%	6.7%	26.6%	\$1,474,257
Hamilton	2.8%	6.5%	30.9%	\$908,475
Tauranga	2.4%	6.9%	31.3%	\$1,166,975
Wellington	0.7%	2.7%	20.0%	\$1,133,688
Christchurch	0.8%	8.2%	35.0%	\$750,979
Dunedin	0.2%	4.7%	20.6%	\$714,945

Source: CoreLogic Property values surprise on the upside, posting a 2.1% rise over the month

An aerial photograph of a coastal town, likely in New Zealand, taken during the golden hour of sunset. The town is densely packed with residential buildings and stretches along a curved coastline. The foreground is dominated by lush green and yellowish-brown vegetation, possibly coastal shrubs, which are backlit by the low sun, creating a warm, glowing effect. The sky transitions from a pale blue at the top to a bright orange and yellow near the horizon. A dark, semi-transparent rectangular box is overlaid on the left side of the image, containing white text.

NATIONAL LISTING STOCK

Listing stock has hit the highest level for the past 24 months which saw an overall increase in properties available across New Zealand of 28.5 per cent. This shows a total portfolio now available to buyers of 19,897.

There have been substantive rises in listing stock on the realestate.co.nz website. The Hawke's Bay now has 77 per cent more stock than the same time last year at 528 properties. While the Manawatu area has seen a rise of 121 per cent to 885 properties. Wellington is another market that has seen a substantive rise in properties available, now having 1,490 properties on the market, which is 111 per cent more than this time 12 months ago.

When we look at our Ray White real-time Pulse data, it shows that listings on the market continue beyond the same level from last year. It now shows that we have 4,558 properties listed for sale, which is a substantial rise on the same time last year, and equates to an additional 1,482 properties.



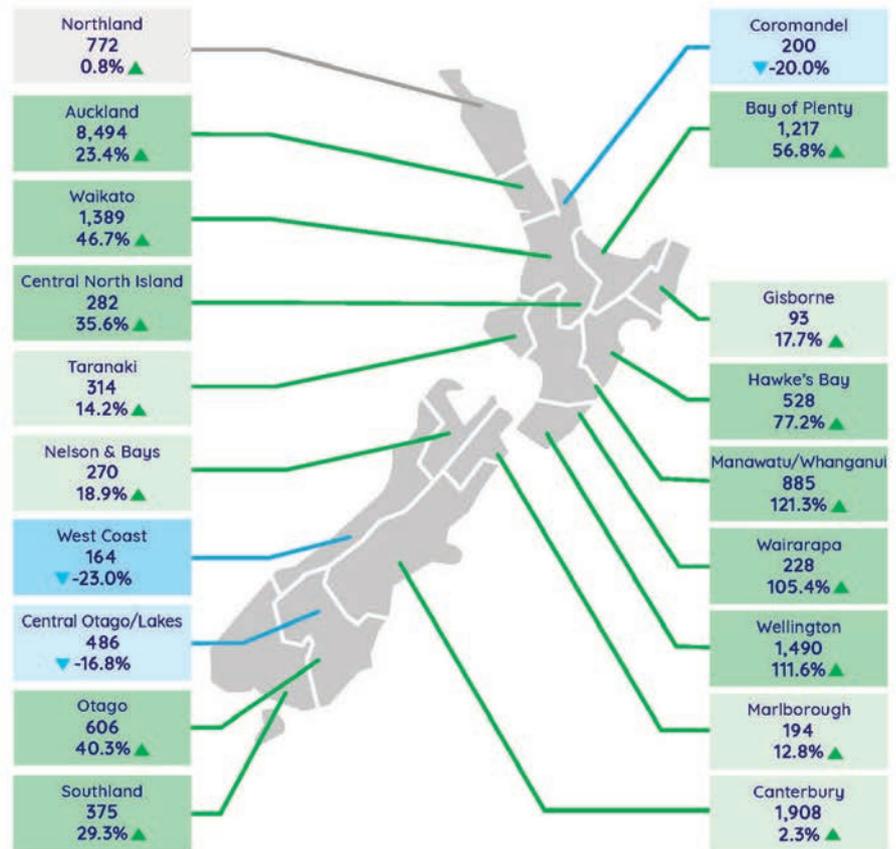
Housing stock

Housing stock in January 2022

19,897

Compared to January 2021

28.5%

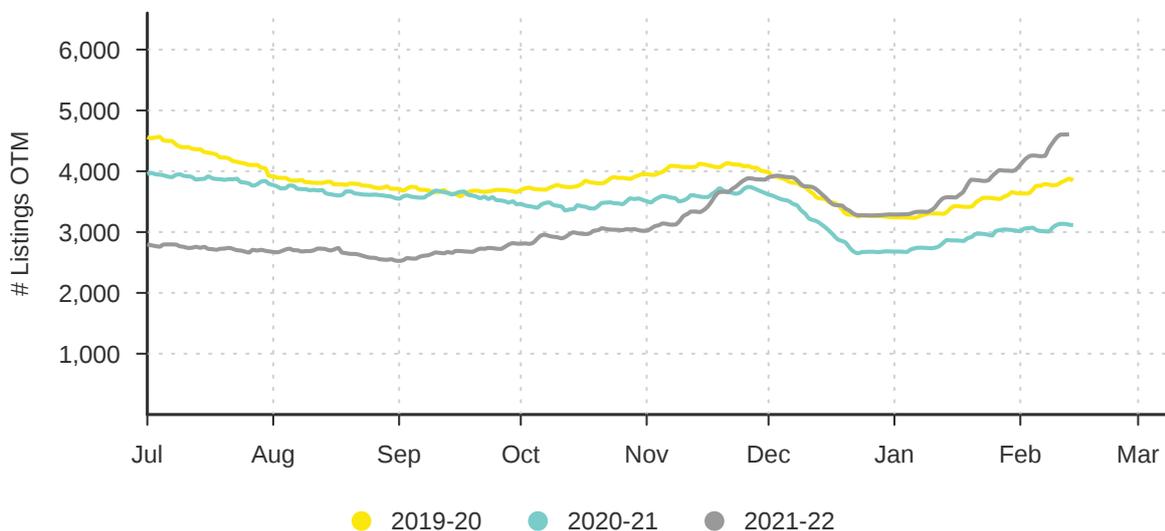


Listing change



The stock map shows the total number of residential dwellings that are for sale on the penultimate day of the month.

Stock data adjusted for multiple listings.



Source: Ray White Online Analytics



NEW ZEALAND IS IN THE MIDST OF THE BIGGEST RENOVATION IT HAS EVER SEEN

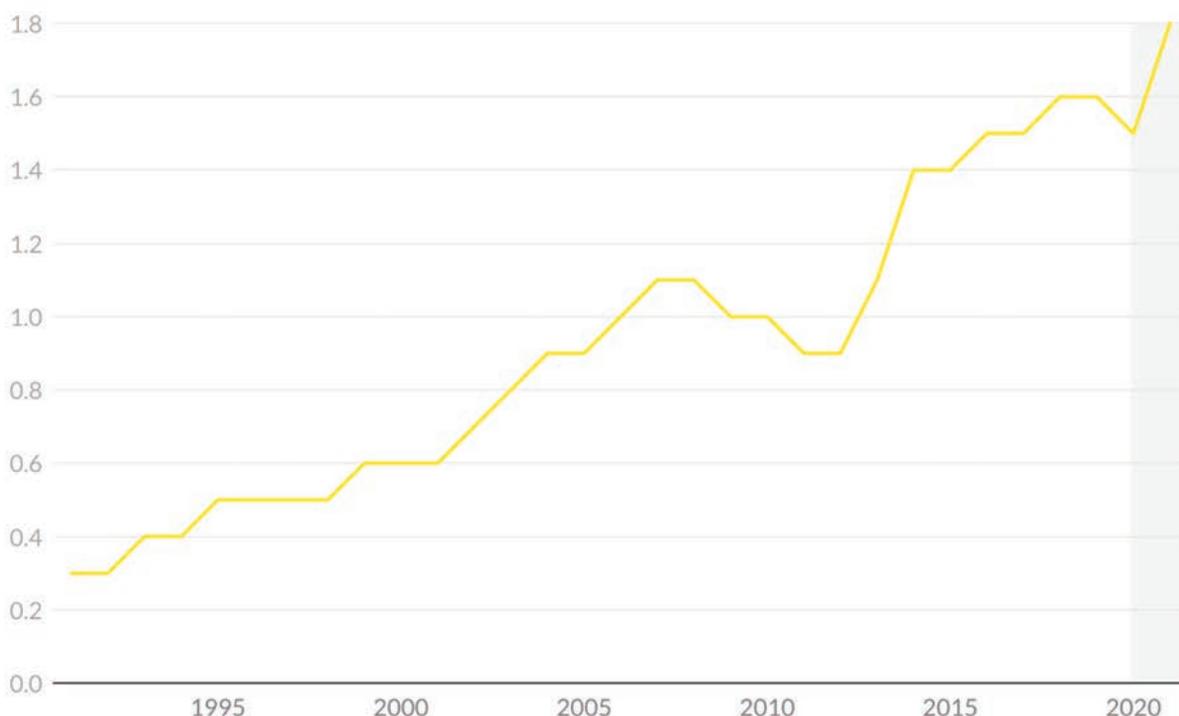
Nerida Conisbee

Ray White Chief Economist

Have you just renovated your home? Or are you planning a major overhaul of your property? If so, it seems like you are not alone. Like we have spent a lot of money buying houses since the start of the pandemic, we have also spent a lot improving them. So much so, the value of consents for alterations and additions to existing homes hit a record high of \$1.8 billion in 2021.

New Zealand renovation activity has hit a record high during the pandemic

Value of consents for alterations and approvals (\$B)



Source: Ray White, Stats NZ



Many of the drivers of this renovation activity are similar to what drove house price increases - very low interest rates and high savings rates. Add to this, a lot of time stuck at home and the result was a lot of much nicer kitchens, new bathrooms and beautiful outdoor areas. This level of spending on our homes is unlikely to have taken place without the pandemic.

By location, Auckland residents spent the most on their homes in 2021 at \$640 million. This was followed by Wellington (\$111.6 million) and then Christchurch (\$95.5 million). The areas that saw the biggest increases from 2020 included Opotiki, Horowhenua and Masterton, rising by in excess of 80 per cent.

Auckland residents spent the most on their homes in 2021 but the biggest increase was in Opotiki

Highest growth in house alterations and additions approvals by value (\$M)

Territorial Authority	2020	2021	% Change
Opotiki District	2.0	4.5	120.0%
Horowhenua District	6.5	12.1	86.8%
Masterton District	7.2	13.3	84.3%
Clutha District	3.7	6.7	82.3%
Kaikoura District	1.6	2.9	79.8%
South Wairarapa District	8.7	15.5	77.7%
Buller District	1.9	3.4	77.7%
Tararua District	4.4	7.4	69.6%
Ruapehu District	3.5	5.8	68.4%
Stratford District	2.0	3.3	64.9%

Source: Ray White, Stats NZ



Having a look at the average renovation spend per home, Auckland residents are spending the most with many capitalising on the sharp rise in house values. The average renovation approved was \$126,000. Coming in second was Queenstown-Lakes District at \$116,000, with Wellington third at \$106,000.

Auckland residents are spending the most on their renovations

Territorial Authority	Average spend per home
Auckland	\$126,408
Queenstown-Lakes District	\$116,497
Wellington City	\$106,344
Waimakariri District	\$101,467
South Wairarapa District	\$88,956
Tauranga City	\$86,453
Western Bay of Plenty District	\$85,378
Hamilton City	\$83,693
Opotiki District	\$83,030
Ashburton District	\$78,644

Source: Ray White, Stats NZ



While we have spent a lot of money and time renovating our homes, it is unlikely to continue at the same rate. With interest rate increases has come a slow down in lending - this is moderating house price growth and will also moderate spending on improving our homes. Building costs are also increasing rapidly, pushed up by stuck supply chains and difficulties in finding labour. Finally, we are likely to see savings rates reduce this year as we start to travel again and spend our money going out instead of on our homes.

The great renovation boom may mean our bathrooms will never look as good as they do now but hopefully the end of lockdowns and our ability to travel again will mean that it will matter less.

A photograph of three people walking on a lawn in front of a modern house. The house has a large green bush in front of it and a patio area with a table and chairs. The sky is blue with some clouds. The text is overlaid on a dark semi-transparent box in the center of the image.

WHAT ARE WE SEEING IN THE MARKET RIGHT NOW?

Several factors drive real estate markets; however, the two basic fundamentals of supply (the number of total properties for sale) and demand (the number of buyers active in the marketplace) play a significant role in establishing market conditions that favour sellers or buyers. In general terms, when supply is low and demand is high, conditions are favourable for sellers. Conversely, when supply is high and demand is low, conditions are favourable for buyers.



SUPPLY

Throughout February, we saw 1,669 'new listings' come onto the market 2.85 per cent up on January 2021. This was met by 844 sales for January, a decrease of 30.48 per cent year on year. With a total of 4,077 listings on the market in January for buyers to choose from up 34.91 per cent year on year.

DEMAND

Our strong volume of buyer demand is continuing to drive our results. Across all of our metrics, January demand was still high. The initial buyer metric we consider is the number of buyers viewing properties online. Throughout January, we saw 3.636 million views across our Ray White websites which resulted in over 47,790 enquiries. The demand hasn't stopped at online activity either.

Ray White New Zealand saw 200 properties scheduled to go to auction last week, just shy of being on par with this time last year. With 7 per cent of these properties sold prior, it still demonstrates the strength of the buyer pool.

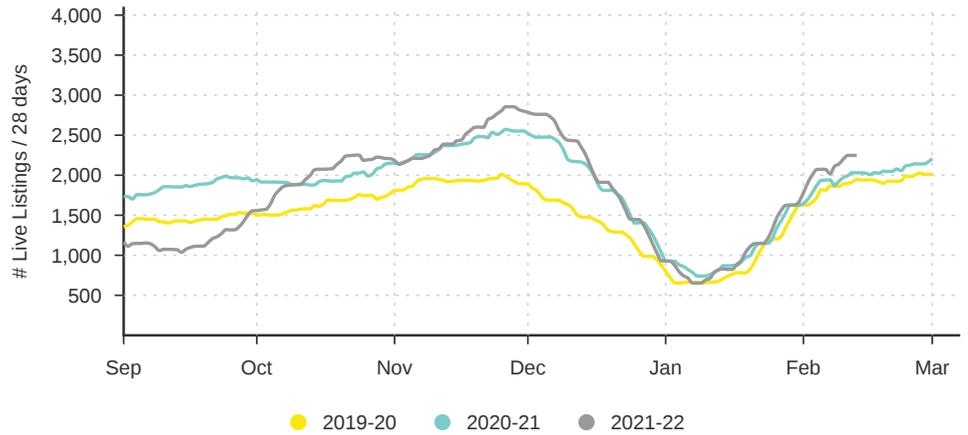
Our auction clearance rate for last week is sitting at 62.6 per cent. We are seeing quality homes in good locations with multiple bidding registrations and active bidders.

The final consideration we look at when measuring the volume of demand in the market, and arguably the most significant, is the number of people obtaining pre-approval for finance. Pre-approvals are a key leading indicator to buyer confidence, knowing they have the financial capacity to buy the property. Our partners at Loan Market are still seeing record numbers of pre-approvals across the country, with 19.89 per cent more than this time last year (refer to page 19). This is despite the major changes to the Credit Contracts and Consumer Finance Act (CCCFA) which came into force on 1 December 2021.

As we continue to see strong numbers across these buyer metrics, we often ask ourselves why?

LIVE LISTINGS

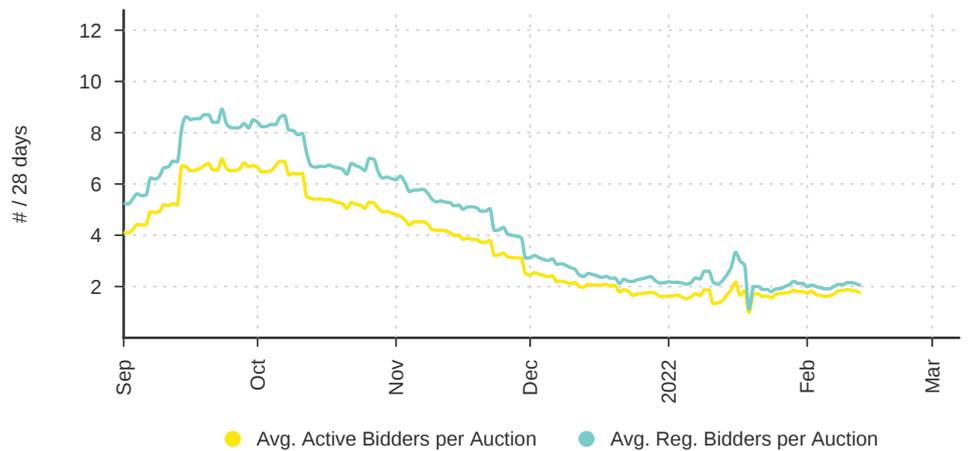
This chart shows the total number of live listings are up for the month of January by 2.85 per cent compared to the same time last year.



Source: Ray White Online Analytics

BIDDING BY MONTH

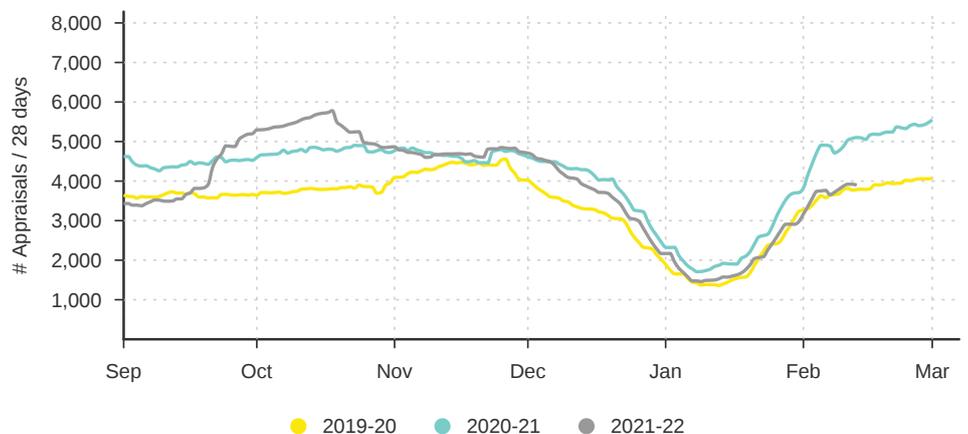
This chart illustrates the average number of registered bidders per auction for the last six months.



Source: Ray White Online Analytics

APPRAISALS

This chart compares the number of appraisals Ray White salespeople have made over the 2019, 2020 and 2021 calendar year.



Source: Ray White Online Analytics

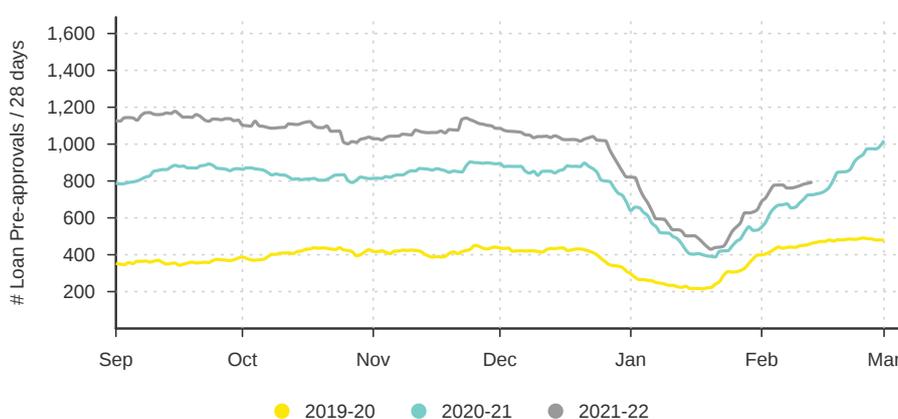
SO WHAT FACTORS CONTRIBUTE TO MARKET SENTIMENT?

Interest rates continue to underpin purchasers buying power. The OCR currently sits at 0.75 per cent, with the next monetary policy review announcement set for 23 February 2022.

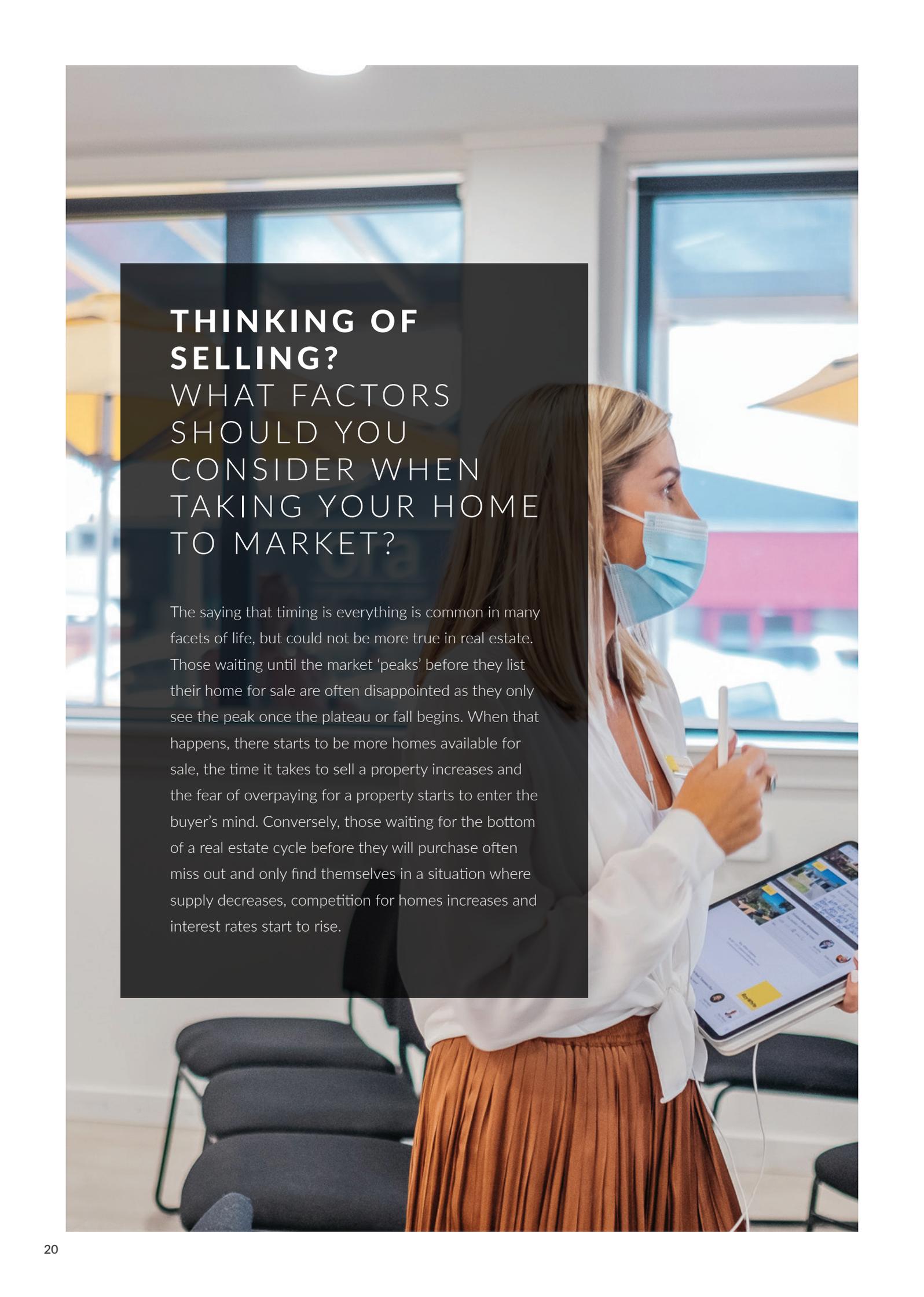
- Interest rates - are a driver of home affordability, and in many areas, while prices have risen considerably in the last 12 months, corresponding interest rates whilst increasing remain at historically low levels in comparison.
- Lending environment - a significant market headwind is the changing lending environment. Not only are rates on the rise, credit availability has gotten tougher. Loan-to-value ratios have returned, new Credit Contracts and Consumer Finance Act rules - which make accessing lending harder - are in place, and the Reserve Bank is consulting on debt-to-income ratios.
- Affordability - house prices in 2021 rose dramatically high across the country in 2021 with recent data released by CoreLogic showing a 27.6 per cent growth across the market.
- Housing supply - along with an increase in listings, there is a strong pipeline of new build supply set to hit the market, with new home consents at record levels and the construction industry in overdrive.
- Net migration - travel to New Zealand remains largely restricted but the Government has released plans to ease border measures over the coming months. "As a result of COVID-19, the number of New Zealand citizens leaving New Zealand to live overseas had slowed considerably".

LOAN PRE-APPROVALS

This chart compares the number of loan pre-approvals submitted via Loan Market brokers over the past three years.



Source: Ray White Online Analytics



THINKING OF SELLING? WHAT FACTORS SHOULD YOU CONSIDER WHEN TAKING YOUR HOME TO MARKET?

The saying that timing is everything is common in many facets of life, but could not be more true in real estate. Those waiting until the market 'peaks' before they list their home for sale are often disappointed as they only see the peak once the plateau or fall begins. When that happens, there starts to be more homes available for sale, the time it takes to sell a property increases and the fear of overpaying for a property starts to enter the buyer's mind. Conversely, those waiting for the bottom of a real estate cycle before they will purchase often miss out and only find themselves in a situation where supply decreases, competition for homes increases and interest rates start to rise.

So that begs the question; if picking the timing is so hard, when is the best time to list your home for sale?

There are several factors to consider which all have an influence on both supply and demand, which as already outlined in this document are the key contributors to property prices.

- Number of properties for sale
- Interest rate trajectory
- The time it takes to sell a property
- Method of sale

When you list a property for sale, while you may look at what the property offers in relation to the price you are asking for to determine value, the market will also look at both of these factors and what else is available for a comparable price. This means that the more homes available at your price point, the more choice buyers have. The more choice buyers have, the less likely they will be to compromise on what they are looking for. That means, that for any compromises your home may have, the price will need to reflect that. Conversely, where a home ticks every box on a buyers wish list, a premium price can be achieved.

Interest rates were cut to record low levels during 2020 and have remained at these low levels until late 2021 when more recently, we have seen upward pressure on the cost of borrowing. These increases have followed the tightening of monetary policy, which is expected by almost every commentator to continue in 2022. Right now, purchasing power remains historically strong, however as interest rates continue to increase, the amount a purchaser may be willing and able to pay will likely decrease.

When it comes to marketing your home, many suggest that the longer a property is available for sale the harder it will be to sell it for maximum value. While this is not conclusive for every single property on the market, generally, active purchasers seek out 'new listings' and web portals push new homes to market to those actively searching for a home. This is why most salespeople recommend a method of sale that makes the property available for sale for a limited time period.

When it comes to deciding which method of sale is right for you and your home, there are many different ways of selling. However, these can effectively be broken down into two categories: 'price' and 'no price'. The difficulty in the market at present is predicting what a purchaser may be willing to pay for a property. Meaning that the risk of both overpricing your home (and remaining on the market for an extended period of time) or underpricing your home (and not achieving the maximum price) remains high. For this reason, many salespeople are recommending that the method of sale you choose removes the price barrier, allowing purchasers to engage with your home at a price point they are willing to pay. In addition to this, following this process over a condensed period of time will allow you to put all prospective buyers into competition with one another, which ultimately will provide you with the best offer the market is willing to pay at that time. This is why many suggest that auction continues to provide a robust method of sale in changing market conditions.

HOW DO WE CREATE THE MOST COMPETITION FOR YOUR PROPERTY?

1. MARKETING EXPOSURE

Our enviable position comes from an unwavering commitment to marketing and auctions - whether that be safely on-site or in-room.

In January, Ray White New Zealand had 1,669 live listings, with the number of sales down 30.48 per cent year on year. The Ray White Group passed through 23.3 per cent market share in New Zealand residential sales in January 2022.

Last month, Ray White New Zealand had 174 properties scheduled to go to auction, leading to a strong all sold clearance rate of 62.5 per cent.

TENDER AND EXCLUSIVE LISTING

Our approach to tender and exclusive is aligned with our marketing methods of creating competitive situations between buyers to create the best outcomes for our vendor clients.

We have never lost faith in the value we can bring our vendors in a challenging market through effective marketing. If you choose to sell, we will be suggesting an investment in marketing as we believe it enables us to maximise competition and clearly illustrates your intent to sell and therefore attract genuine buyers. We appreciate that some people would prefer to sell quietly or off-market. While this is not a normal recommendation, we welcome discussion on all opportunities to take your property to the market.

2. GENERATING BUYER ENQUIRY

Being one of the largest real estate groups in the country has direct advantages for our sellers. Our ability to target the largest pool of buyers within a campaign is a strength that you can be confident will assist us in delivering the best possible result for you. In the current market conditions, it's critical to target the broadest possible audience and to be as efficient as possible in tailoring appropriate messaging to your potential buyers. After all, our focus is to seek out the buyer for your property that will pay more than everyone else.

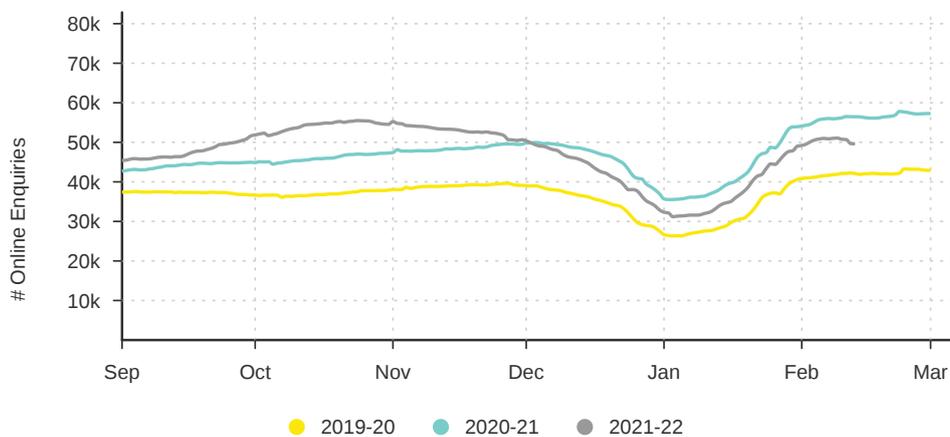
We do this by having the greatest number of relationships with buyers in the market today. Combine our relationships with our use of technology; we can engage with buyers on a level that will ensure we can find the premium buyer for your property.

In addition to our ability to target broad audiences, Ray White Concierge, our communication specialists, unique to Ray White, can target one of the most influential audiences, our local communities. Our 120 years of real estate experience enables us to understand that a catalyst for creating competition is leveraging the local community. Our data shows that up to 60 per cent of property purchasers come from neighbours and their friends in some cases.

Ray White Concierge can communicate to property owners in surrounding streets, positioning your property to ensure it is at the centre of our communities' attention. Our dedicated team of 100+ Ray White Concierge specialists, in coordination with our appointed agent, can deliver a layered community communication program including telephone calls, SMS and email, ensuring that the most influential people are alerted early to the sale of your property.

ONLINE ENQUIRIES

This chart compares the number of online enquiries made through Ray White websites from 2019, 2020 and 2021. It shows online enquiries have slightly dipped down 12 per cent below levels at the same time last year.



Source: Ray White Online Analytics

3. UNRIVALLED BRAND PRESENCE AND MEDIA PROFILE

As Australasia’s largest real estate group, we are supported by a dedicated and highly experienced team of newshounds in our PR team who work seven days a week. The team excels at winning “earned media”, the exposure that money cannot buy; it must be earned.

Our media exposure dominates all other brands in terms of publicity - which is the sweet spot. Our profile in newspaper advertising and editorials, along with a large number of listings on oneroof.co.nz, realestate.co.nz and trademe.co.nz/property - is also huge.

To put a price on the power of our media coverage, in January, Ray White New Zealand achieved more than NZ\$1,179,607 worth of earned media mentions in print, online, radio and TV, according to iSentia, our media intelligence agency, with a potential reach of 4,509,344 people. That’s free publicity for the group and all its members. Our experienced in-house journalists can get your property the exposure that money can’t buy.

When a home is listed with Ray White, our clients are introduced to the national public relations service; a team that’s plugged into the New Zealand media and has the sole focus of achieving more exposure for the properties we sell to the audience that matters most.

4. DEEP DATA SET

In times of uncertainty property sellers need facts, not media speculation, to be able to create informed decisions. Whether that be a decision to list your property on the market or to be in touch with real-time market conditions. The reliance on data and proof points has never been more important for good decision making. As the most successful real estate group in Australasia, we have access to the largest pool of up to date information available and have the experience to help you analyse relevant data to help you make the right decision.

A young couple is shown from the chest up, embracing each other joyfully. The woman on the left has her eyes closed and a smile, with her hand on the man's head. The man on the right is looking towards the camera with a wide, open-mouthed smile. Both are wearing light blue denim shirts over white t-shirts. The background is a plain, light blue color.

HOW TO MAXIMISE YOUR CHANCES OF MORTGAGE APPROVAL

The CCCFA (Credit Contracts and Consumer Finance Act) only came into force in December, and the credit crunch is already starting to bite.

The legislation aims to protect vulnerable borrowers from loan sharks and requires lenders to scrutinise applicants' financial history more closely. However, many home loan seekers have found themselves rejected by the banks. The latest data shows the proportion of successful home loan applications has dropped from 36 per cent to 30 per cent. According to media reports, grounds for refusal include too much spending on takeaways and Christmas shopping.

The good news is that you can take action to improve your prospects even in a tightened lending environment. Here are some tips to give you the best chance of approval.

1. REDUCE YOUR SPENDING NOW

Lenders will ask to see your latest three months of bank statements. Tighten your belt in the run-up to applying for a home loan. There's not much you can do about the holiday spending that's already happened. However, your daily barista coffees and weekly UberEats may be seen as unnecessary expenditure. Before you splash the cash, ask yourself whether you really need that item.

And why not use one of the many online tools available to work out a personal budget. These ensure you build an awareness of your spending and go a long way to helping you understand your borrowing capacity and what you can afford to repay. Only about 10 per cent of people have a budget.

2. PAY YOUR BILLS PROMPTLY

Lenders will also check your credit history. Maximise your credit score by making prompt, regular payments on utilities, credit cards, personal loans and rent. Ideally, you should clear outstanding debts before applying for a mortgage. Be sure to cancel any credit or store cards you no longer use and consider reducing your balance limits. You can check your credit report for free at Credit Simple or Equifax.

3. SAVE, SAVE, SAVE

The bigger your deposit, the less risky you are for lenders. Tighter loan-to-value rules mean only 10 per cent of new lending can go to low-deposit owner-occupiers (those with an LVR above 80 per cent). Ideally, your deposit should be a minimum 20 per cent of the property's value. A healthy deposit and a strong track record of regular savings get a big tick from lenders.

4. SORT OUT YOUR PAPERWORK PRONTO

Make sure you don't stumble at the last hurdle. Get together all the supporting paperwork beforehand for a smoother, faster application process. Alongside bank statements for current and savings accounts, lenders also need proof of ID and income. Employees should have three most recent payslips. And the self-employed will need accountant-prepared financials.

EXPERT HELP FROM YOUR LOAN MARKET ADVISER

It may be a rockier road than it used to be, but it's not all doom and gloom. You can take action to get on the right footing, so contact your adviser as soon as you begin considering a mortgage application. We are here to offer expert guidance on personal finance and account conduct to ensure the best possible outcome for you. Let's get started!

ABOUT LOAN MARKET

Naturally, we all want the best when it comes to our home, and the same should apply to our home loan.

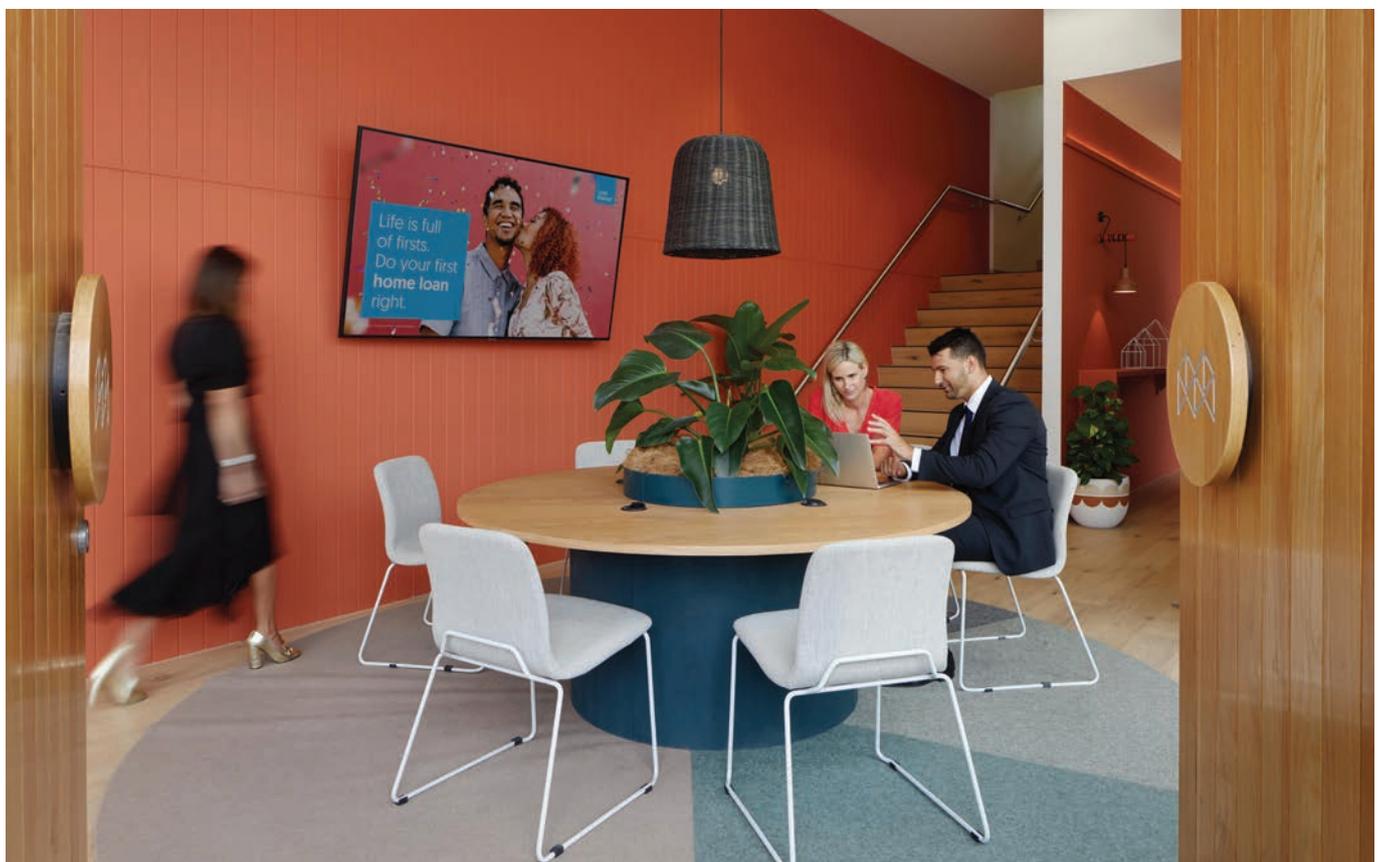
That's where our partners at Loan Market can help. Whether speaking to first home buyers, investors or owner-occupiers, Loan Market advisers can compare rates and features from over 20 banks and lenders to help potential buyers get the right finance in place to secure the property they want.

During the sales process, your Ray White salesperson will introduce potential buyers to their recommended local Loan Market adviser, who will respond quickly to provide them with the information they need to find a home that suits their needs.

Exposing your property to a pool of educated and, where possible, pre-approved purchasers who are ready to make an offer or bid at auction increases the likelihood of getting your home sold and settled on time and at the right price.

Your local Loan Market adviser can even assist you with your own home finance options. As one of Australasia's largest financial adviser networks, Loan Market enjoys industry links and contacts that mean they are better placed to negotiate on your behalf with major banks and secure lenders. They may even be able to find you a better deal with your own bank.

loanmarket.co.nz



ABOUT RAY WHITE

Ray White is a fourth generation family owned and led business. It was established in 1902 in the small Queensland country town of Crows Nest, and has grown into Australasia's most successful real estate business, with more than 930 franchised offices across Australia, New Zealand, Indonesia and Hong Kong.

Ray White today spans residential, commercial and rural property as well as marine and other specialist businesses. Now more than ever, the depth of experience and the breadth of Australasia's largest real estate group brings unrivalled value to our customers. A group that has thrived through many periods of volatility, and one that will provide the strongest level of support to enable its customers make the best real estate decisions.

raywhite.co.nz



Ray White's first auction house, 'The Shed' Crows Nest, Queensland.



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