

# Property Management Focus.

Bringing you the [latest news](#) from the world of New Zealand property management.

## Increased Loan to Value Ratio is **great news for property investors**

There is great news for property investors looking to enter the property market or grow their current property portfolio.



**Effective 1 January 2019, changes to Loan to Value Ratio (LVR) restrictions mean property investors now require only a 30 percent deposit or existing equity to borrow, down from the previous 35 percent required.**

The changes to restrictions also make it easier for owner occupiers to borrow: While the minimum deposit required is still 10 percent banks can now lend up to 20 percent of their new lending at above 80 percent LVR.

Adrian Orr, Governor of the Reserve Bank of New Zealand, says that risks to New Zealand's financial system have eased over the past six months up to the last quarter in 2018, a result of the cumulative effect of a slowdown in household lending growth, reduced high LVR lending, and slowing interest-only lending rates.

The changes, which should effectively make it easier for first home buyers and investors to purchase property, appear to be the start of a gradual relaxation of LVR restrictions which were initially designed to cool the housing market.

Economists say LVR will remain a key part of the Reserve Bank's 'regulatory toolkit' but predict Governor Adrian Orr will proceed to ease LVR restrictions further if the market remains stable.

### What the changes mean

LVR restrictions apply to all residential investment lending across New Zealand. The Loan to Value Ratio is the proportion of your home loan compared to the value of the property you are purchasing.

If you are considering buying a residential investment property, you will now require at least a 30 percent deposit, or you can use the existing equity in either your current family home or existing investment property as security. It is important to note that the LVR will be different depending on the type of property used as security.

### Some exemptions to the LVR restrictions still apply:

1. Loans to investors committing to a purchase at an early stage of construction or buying a residence from the developer within six months of completion are exempt from LVR restrictions.
2. Loans to be used for remediation – for example, weather-tightness issues – to bring a property up to new building codes or to comply with new rental property standards – are also exempt.

LVR restrictions apply to new high-LVR loans only, and not retrospectively to existing loans. Existing borrowers are only affected if they choose to take out a 'top up' loan.

### A good time to buy

Mortgage experts agree that conditions in the New Zealand property market could make it an ideal time to consider property.

General Manager of Mortgage Express, David Gopperth, says, "Factors like the restrictions on foreign buyers, combined with a relatively low interest rate and little movement to the OCR expected for the course of this year, make this a good time to consider property investment."

Despite the Reserve Bank's loosening of LVR limits, an increase in lending is not a clear-cut outcome and lenders may choose to continue being cautious in their approach to lending. Working with an experienced and knowledgeable mortgage adviser can make all the difference to the success of your application.

**Mortgage Express' team of mortgage advisers have access to a panel of lenders and product providers and are able to match the right financial solution to each client. The team has considerable experience in the New Zealand property market and understand the complexities that come with changes to policies. Call a Mortgage Express Mortgage Adviser today on 0800 226 226.**

 Mortgage Express

A full disclosure statement is available on request.

# Don't delay insulate today!



This is the message that the Ministry of Business, Innovation and Employment (MBIE) is sending to landlords in a warning that if landlords haven't met the 1 July 2019 deadline for ceiling and underfloor insulation; they face the prospect of being fined. A fine which will be paid to the tenant.

**If a tenant is aware that the property they are renting does not meet the insulation standards, they can take their case to the Tenancy Tribunal who can fine the landlord a penalty of up to \$4,000.**

It could be financially rewarding for tenants to report landlords who are not meeting their obligations. The MBIE Tenancy Compliance and Investigation Team will be focusing on compliance and enforcement of insulation requirements from July.

MBIE can make applications to the tribunal on behalf of a tenant when a property does not meet the insulation standards and are making no apologies, stating that landlords and property managers have had three years to meet these new regulations.

Read more information on insulation regulations here:

[https://www.tenancy.govt.nz/maintenance-and-inspections/insulation/compulsory-](https://www.tenancy.govt.nz/maintenance-and-inspections/insulation/compulsory-insulation/)

[insulation/](https://www.tenancy.govt.nz/maintenance-and-inspections/insulation/compulsory-insulation/) or contact your

Harcourts Property Manager who understands these requirements and can help to ensure that your property is compliant.

Harcourts clients rate our service  
an average of **4.7 out of 5** stars.



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