

Newsletter

Harcourts Team Group

Team Group Realty Limited Licensed Agent REAA 2008



Understanding Your Borrowing Capacity



Before going house hunting, it makes good sense to know how much you can actually borrow from your lender. Your borrowing capacity is the amount that a lender will lend you to buy a property. Sounds simple but it's not: there are all kinds of factors involved that determine the amount a lender comes up with, and your loan amount can vary from lender to lender.

How much could you borrow?

There are two parts to the overall calculation that lenders work through in determining your borrowing capacity – the amount they will lend you for a mortgage.

Lenders will look at both your income and your expenses to calculate how much you have left over to make loan repayments. Even with a large deposit and several assets under your belt, it doesn't mean you have the cash flow required to repay a mortgage.

The types of things that lenders will take into consideration include:

- Salaries and wages.
- Rental income from investment properties.
- Investment income.
- Number of applicants and dependants to determine estimated living expenses.
- Credit card limits.
- Personal or car loan repayments and payments on other mortgages.

- Other commitments like maintenance, student loan repayments, etc.

How to improve borrowing capacity?

If you find you're not able to borrow as much as you would like, there are ways you can improve your borrowing capacity. By focusing on either increasing your income or decreasing your expenses, you may be able to borrow more. Here are some ways to do this:

- Save more – not only does a bigger deposit mean less to borrow, it also improves your negotiation position and shows the lender that you are able to save.
- Reduce your debt – credit card debt has a significant impact on borrowing capacity so it's always best to pay these off. Any unused credit card limits will still be counted in lender's calculations so it's worthwhile checking with your mortgage broker whether or not to

cancel these before applying for a mortgage.

- Improve your credit report – defaults and missed payments show up as a negative on your credit report so it's important you manage any debt repayments really carefully and avoid missing payments or making late payments.

While online mortgage calculators are useful in calculating a rough estimate of the amount you could potentially borrow, if you are shopping around for a home loan it's worthwhile getting in touch with your Mortgage Express adviser to discuss your borrowing capacity and lending options.

mortgage-express.co.nz

Interest Rates

Lender	Flt.	1yr	2yr	3yr	5yr
Kiwibank	5.65	4.60	4.60	4.74	5.14
Kiwibank Special	-	3.85	3.85	3.99	4.39
ASB Bank	5.70	4.29	4.35	4.55	4.95
BNZ – Std, FlyBuys	5.80	4.69	4.59	4.79	5.39
BNZ – Spec Classic	-	3.85	3.85	4.05	4.45
ANZ	5.69	4.35	4.35	4.55	4.95

As of 16/07/19

With access to over 15 lenders, six insurers and 150 loan and insurance products, our partners at Mortgage Express can help you find a home loan, a commercial loan or an insurance policy to suit. Get in touch with Mortgage Express to find out more.



0800 226 226
WWW.MORTGAGE-EXPRESS.CO.NZ

NEW ZEALANDERS
TRUST
Harcourts

Wellington Property Statistics

Source: New Zealand Property Report - June 2019

Property Asking Price
\$710,006
Up 3.3%

New Listings
530
Down 7.7%

Housing Stock
1,020
Up 8.6%

Inventory of Listings
8 weeks
LTA: 17

Real-time statistics from realestate.co.nz show June as a month of highs and lows right across the country. Four regions saw an all-time high average asking prices, while four other regions registered all-time low new listing numbers.

When realestate.co.nz started collecting data 12 years ago (2007), the average asking price for a home in New Zealand was \$410,666. By June this year, it had climbed to \$659,422 which is a 60.6% increase. New listings painted the opposite picture, falling from 12,345 in January 2007 to 7,545 in June 2019. This represents a 38.9% drop over this period.

“The property market changes month to month however looking back over an extended period of time it always paints an interesting picture”, says realestate.co.nz spokesperson Vanessa Taylor.

The Manawatu-Wanganui region led the way in June, registering a record average asking price high of \$425,239 which represents a 7.2% increase on the previous month. “All highs are taken from 12 years’ worth of data, going back to when our records began in 2007,” says Vanessa.

Next up, the Wellington region saw a 3.8% increase, jumping up over the \$700,000 mark for the first time. “The region’s average asking price has climbed slowly but steadily, sitting in the \$600,000+ bracket for the past 16 months until finally breaking into the \$700,000+ asking price bracket this June.”

realestate.co.nz



Clare Newton Smith

Licensed Real Estate Consultant

M 029 920 3324 P 04 479 7911

clare.newtonsmith@harcourts.co.nz

www.teamharcourts.co.nz

Team Khandallah Limited

Licensed Agent REAA 2008

6 Dekka St, Khandallah 6035