

Investor lending on the increase

Latest Reserve Bank data shows Investor lending jumped to its highest level for over a year in October, as overall lending soared last month.

- Tuesday, November 26th 2019



Investors borrowed \$1.19 billion in October, up from \$1.02 billion the same month last year. The figure was the highest level borrowed by investors since August 2018, according to RBNZ data.

The investor figures also compare favourably to October 2017, when investors borrowed \$1.04 billion.

Overall lending was up to \$6.07 billion in October, the highest volume since May. Home buyers borrowed more than October last year (\$5.52 billion), and October 2017 (\$4.6 billion).

The data indicates a resurgence in the housing market following the Reserve Bank's OCR cut in August, and the abandonment of a potential capital gains tax. Mortgage advisers have also reported banks beginning to loosen their serviceability tests for borrowers over the winter months.

The figures come as the Reserve Bank announces its latest Financial Stability Report tomorrow morning. Economists are divided over whether the RBNZ will loosen LVR speed limits from their current levels, amid the house price upturn of recent months.

High LVR lending, of more than 80%, was up to \$615 million last month, up from \$613 million in September, and \$494 million in October 2018. First home buyers took the lion's share of that lending, representing \$429 million of high LVR borrowing last month.