



## All the pointers say – buy now

A combination of stable, but low, interest rates, a declining number of new house starts and a lift in the level of migration means that the price of houses is likely to start rising soon.

Rod Templeton, Chief Executive of Mortgage Link, said that the storm clouds that had hung over the housing market for the last 18 months, were starting to lift.

“While there are many influences affecting the market at present, these should not take away from the fact that it is a good time to buy.

“Prudent buyers are talking with our Mortgage Link advisers so that they get a better understanding of the present lending market and the opportunities that abound.

“Our advisers are also well versed in considering all the other factors that influence people’s lives, both in the short

and long term. Is your job secure, are your children going to university in the next year or two, are you approaching retirement, could your partner be returning to the workforce?

Rod Templeton said that he was heartened by the recent comments of the Reserve Bank governor, Alan Bollard, with his intentions to keep interest rates down for a protracted period.

“Home buyers can now take their time in deciding the type of mortgage that they require. Some enjoy the certainty of having their rates fixed, while others are comfortable with the flexibility of floating. Again, our advisers can advise on the best option for the individual.

“The interest rate fall over the last few months is definitely resulting in a lift in mortgage applications. According to recent figures, mortgage applications

were at a 16-month high, led by the baby boomers (aged 44-62) and also Generation X (28-43 years).”

Rod Templeton thought that the big unknown facing the housing market over the next 18 months was the lift in migration numbers.

“Over the last 12 months there has been a dramatic drop in the number of new houses built to the point where we almost have an undersupply. During the March quarter consents were down 43 per cent on a year ago.

“When you match this fact against the predictions from some economists that the country could have up to 30,000 people migrating to New Zealand this year, then you can see that there is going to be strong demand for houses with a subsequent lift in prices. Now is such a great time to buy,” he said.

## Investors find new appetite for property

The chance to find a bargain, some interest rate certainty and a small lift in economic confidence are among factors luring investors back to property.

For the first time in five years, there are places where you can buy a house or apartment, rent it out and have a surplus after covering mortgage and property management costs.

With house prices possibly bottoming out and Reserve Bank Governor Alan Bollard indicating that the OCR will stay low until near the end of 2010, rental buys are appearing more attractive.

Craig Seton from Mortgage Link Manawatu says there is a strong demand for property among some financially sound investors, while a few first-timers are also testing the waters. “With property prices and interest rates lower, rental yields are higher, therefore income better covers outgoings.”

He says investors have been encouraged by Dr Bollard’s assurances over interest rates. However, money is harder to come by as lenders have tightened their criteria because of the global credit crunch.

“Those that have equity (in property or cash) are able to borrow and take advantage of the current market. Fortunately, we are able to source loans from many different lenders so we can often help a client who may not be able to obtain a loan from their own bank.”

QV’s recent findings are backed up by Malcolm McDonald of Mortgage Link South Canterbury. He says the local

market has been more active in the last three months.

“Those who retained their interest in property are finding that values that have diminished are coming back. In a climate where there is very little opportunity for some potential home owners to qualify with mainstream lenders for a home loan, the demand for rental accommodation will remain strong.”

# Ask us the tough questions

Finding your new home is just the start. Getting finance and knowing how to make it fit with your life (and your plans) is the next stage. But relax, with us it’s not difficult. We can help you to work out what you can afford, assist you to find the most appropriate deal, with the right rate, term and conditions.

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# Refinancing – it pays to consult

Refinancing a home loan to gain a better interest rate or improve cashflow requires specialist advice.

Gary Haberfield from Mortgage Link Waikato says it is crucial that borrowers have the right advice and information to make an informed decision. So that he and other Mortgage Link advisers can drive this process, they will initially ask their clients a lot of questions.

“We need to consider their current position and what goals they may have, ie selling and upgrading, or purchasing investment properties. Do they want to pay the loan off quickly or would they prefer to have more cash in their pockets? Do they want to borrow extra funds to renovate the home, buy a car, take a holiday, or to refinance some short-term debt such as credit cards or hire purchases?”

Although the Reserve Bank governor Alan Bollard has brought some certainty to the issue of interest rates with his latest OCR cut, it remains a complex issue made even trickier due to the banks tightening their lending policies.

“Clients are frequently coming to see us because their applications for finance have been declined by their own bank. Once we get the information together we can often go back to the same bank and obtain an approval.

This saves the client the need to change banks although this is also an option if required.”

Michael Walters from Mortgage Link Otago says the downward slide in interest rates has been good news for borrowers. “Most people at the moment are excited about coming off a 9% mortgage. This can make a major difference in their household budget – a lot more than food or petrol.

“But it’s still important to consult a professional before re-fixing, so that personal requirements and plans for the property can be factored in. Working with a mortgage adviser will give a customer market comparisons.”

The banks’ break costs, which have had some negative publicity recently, are also part of the mix. “We will ask for the lenders’ break costs / fees on our clients’ behalf. These can change daily so it’s important to get a quote completed by the lender. These quotes are valid for 1-3 days normally. We will work out if it’s a viable option for the client.”

Gary says overall the situation is positive. “The reduction of the OCR and the assurance that it will remain low until at least late 2010, is good news for borrowers as it gives them the confidence of some stability, and this is beneficial for the real estate industry as a whole.”

## IN BRIEF

### New faces on board

Perhaps it is a sign of more positive times that seven people have gone through our induction process at Mortgage Link recently and have now began careers throughout the Group. They included a team in Christchurch as well as new faces in Wairarapa and Kapiti Coast

### Home loan health check

Are you having trouble meeting payments on your home loan? Anyone with a mortgage should have a regular “health-check” to ensure they have a loan that suits their lifestyle and financial goals. During a recession, when many people experience money worries because of job loss or cuts in overtime, it is important to seek advice from specialists. We can help restructure your loan if necessary, and ensure your lender is kept informed about any potential issues.

### Staying in touch

We would like to increase the database for our popular e-newsletter that contains industry articles as well as stories on other topics. Its style is newsy and informative. If you would like to subscribe, remind us which branch you would like to deal with and email us at: [info@mortgagelink.co.nz](mailto:info@mortgagelink.co.nz)



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