Bringing you news from the world of New Zealand real estate.

Economic Stress Affects NZ's Housing Sector

Economic stress has a major impact on New Zealand's housing sector, as rising interest rates and higher mortgage repayments stretch already tight household budgets. With the latest inflation figures showing price rises are not easing, the Reserve Bank of New Zealand could lift the OCR again this year to further dampen inflation. So, what should you do if you're experiencing mortgage stress or are unable to cope with higher mortgage repayments?

High inflation, rising interest rates

Latest figures show inflation in New Zealand currently sits at 7.2 per cent, the highest it's been in three decades. To dampen spending and control inflation, the Reserve Bank of New Zealand recently raised the Official Cash Rate (OCR) to 3.5 per cent, and has indicated it may do so again over the coming months.

Most lenders increased their fixed term interest rates in response to the increase in OCR, and the impact on homeowners of higher mortgage repayments in conjunction with the high cost of living is understandably concerning.

Economist Cameron Bagrie said every day Kiwis are already feeling some "real pain". And, while there are some positive signs, such as low unemployment and wages increasing, it does not offset the skyrocketing cost of the essentials.

If interest rates continue to rise, more Kiwis could experience mortgage stress.



In particular, homeowners who are refinancing or refixing their home loan in the coming months, could be hit with a big hike in mortgage repayments after enjoying the record low interest rates of the previous few years.

Brad Olsen, principal economist at Infometrics said around 44 percent of mortgages are set to roll over in the next year, which will see interest rates jump for many, putting stress on people's finances. As the costs of basics get more expensive and mortgages increase, it's likely Kiwis will need to clamp down further on spending which could actually help slow inflation.

How to handle mortgage stress

Mortgage stress can be defined as a difficulty in paying everyday expenses while covering the rising cost of mortgage repayments. Mortgage stress is generally caused by an uncomfortable change in debt to income ratio because

of a change to a financial situation or a steep rise in interest rates.

If you are experiencing mortgage stress, or you believe you may soon have trouble meeting your mortgage repayments, it's vital you talk to your mortgage adviser or lender right away. Your mortgage adviser may be able to present your case to the lender for consideration or provide advice around possible solutions such as:

- A hardship variation with a view to extending your loan term, taking a repayment holiday, or both.
- Debt consolidation to reduce high interest debt and help save on high interest charges.
- Mortgage refinancing or switching to an interest only loan for a short time.
- Selling your existing home and moving to a more affordable area, or downsizing to a smaller home.



While it's important to note that not all of these options will necessarily be available to all homeowners, and that the right financial solution will depend on your personal situation and your lender, these may be solutions you can

take advantage of, even for a short time, until you are back on your feet again.

Get in touch with a Mortgage Express branded mortgage adviser who can help you plan ahead and ensure you are financially prepared for a change in financial situation or a time of economic uncertainty.

Visit www.mortgage-express.co.nz for more information.

Summer, when the market feels the heat

Traditionally summertime is a time for sun and fun, but it is also a time when people get excited to make life changes, and that includes moving house.

At Harcourts we often get busy when the country goes on holiday, and this is because summer is often heralded as one of the hottest times to list and sell your property and can often achieve very strong results for those who choose to list at this time.

Here are three reasons why you should consider selling over summer:

More buyers as well as serious buyers are engaging in the market

Summer is a great time to sell as it is an easy and convenient time for buyers to get out and about to visit open homes.

The Harcourts network works for you

Our network of knowledgeable and experienced sales consultants want to achieve the best results for you, so they work year round (even in high summer) to ensure they meet and exceed your expectation when it comes to selling your home in a timely manner.



Your home looks better in the sun

We all look better in the sun and so does your home. With the sunlight pouring in the windows and the ability to leave your windows and doors open, you can really leverage the weather when selling through the summer months.

By creating the feeling of additional space as the outdoor and indoors connect and the increased light pouring in through windows and doors, you can also make open homes a much more pleasurable experience than at any other time of year.

If you're thinking of selling and want to deal with the real estate experts in your area, talk to your local Harcourts office and select a sales consultant who will help you achieve the greatest results this summer. Visit harcourts.net/nz for more information.

Merry Christmas from Harcourts

To our valued clients, Harcourts wish you a safe and peaceful festive season. In warm appreciation of your support during the past year, we extend our very best wishes to you and your loved ones.

Merry Christmas!







