

Broadbase International Newsletter - April 2009

A very Happy Easter to you all from the team at Broadbase International. We'll be closing over the New Zealand statutory Easter holidays (Friday 10 April and Monday 13 April), and hope you enjoy warm weather, family and chocolate over the long weekend. In this newsletter we're taking a look at what has changed on the New Zealand mortgage market over the past year or so, as well as introducing you to some of the new articles on our websites.

New Zealand Mortgages

The New Zealand mortgage market has changed a lot over the past 12 months. Interest rates are down, which is a good thing of course – interest rates on a floating mortgage were around 10.6% only one year ago. But what else do you need to know if you are thinking about taking out or renewing a New Zealand mortgage?

Interest Rates

Mortgage interest rates are down to around 6% – 6.5% for a floating rate mortgage, and you can get a two-year fixed rate mortgage for a similar rate. Longer term fixed mortgages are about 1% - 1.5% more, at around 7.5%. These rates are several percent higher than in the UK, as is normal in New Zealand's higher interest rate environment.

Nobody expects the New Zealand Official Cash Rate to go down too much more (it is currently 3%, down from 8.25% a year ago) as this would adversely affect New Zealand's competitiveness in international capital markets, but it may drop to around 2.5% in small increments over the coming months. Reserve Bank governor Allan Bollard has said that long-term fixed interest rates are too high – they were around 1% lower only a month ago – but it is widely agreed that the flexible rates are about where they should be, and that they are unlikely to climb much higher for a while.

Fix or Float?

The answer to this question really depends on your circumstances. Generally speaking, it may be best to stay on a floating rate at the moment. This gives you the flexibility to fix your mortgage if the rates improve. This could change quite quickly of course, so please [contact us](#) to arrange a personalised, up-to-date assessment of your options if you are thinking of fixing your mortgage rate.

Is it harder to get a mortgage?

Yes and no – if you are looking for a mortgage for your own home, have at least 20% deposit, you've got a good job and good credit history you'll have very little trouble getting a mortgage. If you aren't in this fortunate position you may find it harder to get a mortgage now.

New Zealand banks are generally still happy to lend to migrants with a short banking history in New Zealand. As ever, a good wodge of paperwork supporting your application may smooth the way – we suggest that you bring:

- evidence of income (generally an employment contract)
- copies of ID – passport, drivers licence etc.
- bank statements (at least 3-6 months worth)
- proof of deposit
- if you don't have a Permanent Residence visa be prepared to supply information on the progress of your application
- some other evidence of your financial history – mortgage statements, credit card statements, credit check reports etc.

Above all, you need to make sure that this paperwork is on hand rather than stuck in your container on the high seas when you are applying for a mortgage! (Though you shouldn't despair if you are in this position – there is often a good range of paperwork that you compile if you have set up internet access to your UK bank account.)

How much will I be able to borrow?

UK banks have traditionally relied on income multiples when deciding how much they will lend. Your income will still be taken into account by a New Zealand lender, but New Zealand banks also take into account a

number of other factors, including:

- affordability - how much income is available after a client has paid their bills each month
- character of a borrower (what their past banking conduct has been like, credit checks etc)
- the type of property
- how much of a deposit the borrower is putting towards the property
- whether the borrower has accrued the deposit by their own volition or if it is borrowed or gifted

Get expert advice on your New Zealand Mortgage

There are a number of banks and other lenders who offer mortgages in New Zealand. Their rates change quite frequently and their products all have subtle differences – the kind of differences that can add up to significant amounts over the term of a mortgage. We suggest that you contact a specialist mortgage adviser when you are looking at taking out or renewing your mortgage.

A good mortgage adviser will have an in-depth knowledge of the mortgage market, a good understanding of your requirements and circumstances, and relationships with key lenders. This can save you time and hassle, and means that you will get the right mortgage for your needs. You may even be offered better terms than you would receive if you approached a bank direct.

At Broadbase International we can introduce you to some fantastic mortgage specialists – professionals who we have worked with for years who you can trust to have your best interests at heart. [Contact us](#) to find out more about how we can help you to get a great deal on your New Zealand mortgage.

New Content

Some new and improved content on our websites over the past month includes;

1. What is the weather like in New Zealand? Find out in our new article on [New Zealand Weather](#), designed to help you to settle on your ideal place to live in New Zealand.
2. How much annual leave do you get in New Zealand? What are your entitlements for maternity leave? How will the new 90-day trial period affect migrants? Find out some of your rights and obligations as an employee in New Zealand in our new article on [New Zealand Employment Law](#).
3. It is sensible to find out all you can about an employer before you accept a job offer, and perhaps even before you send in your CV – even more so if your new job will have you and your family moving half-way around the world. What should you look for in a New Zealand employer? And how do you find out about a New Zealand employer when you are still in the UK? Find out more in our new article on [Researching New Zealand Employers](#).

We hope you find these articles and the rest of our content useful. We'd love to hear what you think!

Until next month...

Wishing you well until we are next in touch. Please feel free to contact [Jeremy](#), [Steve](#) or [Vivecca](#) any time if you have any questions about the financial side of life in New Zealand.

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