

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

Managing High Interest Rates and Mortgage Repayments

With the Reserve Bank of New Zealand holding the Official Cash Rate (OCR) at 5.5 per cent in October 2023, borrowers are having to get used to higher interest rates and mortgage repayments, as a drop in interest rates this year seems unlikely. For those deciding whether to refix or refinance their mortgage, or for those grappling with a higher cost of living, here are three strategies to help reduce the impact of higher interest rates on mortgage repayments.

1. Keep a money diary

With inflation around the 6 per cent mark, far outside the target range, the Reserve Bank of New Zealand (RBNZ) has been raising the OCR to bring demand back into balance with supply. By increasing interest rates, the RBNZ aims to encourage New Zealanders to spend less and save more, which will help to rein in inflation.

With interest rates remaining at high levels, at least for the foreseeable future, now's the time to keep a close eye on spending, by tracking where your money is going and looking for areas to trim back on. Even the smallest amounts add up over time so it's worth making this a priority.



To track spending, write down every purchase in a money diary, using your phone, a spreadsheet, or a written journal. Do this for at least a week but a month is preferable, as it forces you to think about how much you're spending and what it is that you're buying.

While it might sound like a bit of a bore having to write down everything you spend, doing this can help entrench good spending habits. After all, it's easy to lose track of your spending, especially when using

a credit card or buy now pay later facilities.

A money diary is the first step in getting control of your budget by planning future spending and making changes to spending habits.

2. Don't stop investing

With more pressure on the budget from a rising cost of living and higher mortgage repayments, it's tempting to shy away from investments. But maintaining investments or continuing to invest wisely can be a

smart financial strategy and a viable means of boosting long-term returns. Diversifying your investments across various assets could help balance the impact of rising interest rates on your overall financial situation. If you can afford to save, even a small amount, then explore your investment options by seeking investment advice from a financial adviser who is able to provide financial advice relating to investment products.

3. Use cash instead of cards

Remember the saying, “Cash is king”? Well, New Zealanders don’t appear to agree. A survey by the RBNZ found

that nearly nine out of ten Kiwis prefer paying for things without using cash, opting for electronic bank transfers or bank cards instead.

But that could be about to change, and cash could make a comeback in the fight to beat overspending. Many Kiwis who struggle to understand the value of the dollar when not physically using cash, could find it easier to visualise where their money goes by drawing it out and paying cash instead.

Using cash is a great way to help prioritise paying important expenses first, because once the money is spent - it’s gone!

While no one can predict with absolute certainty what the remainder of 2023 will bring, cutting back on spending, saving more, and planning ahead will ensure you’re prepared no matter what comes your way.

Another way to save money is to ensure your home loan is structured efficiently, helping you repay your mortgage faster and get debt-free sooner. Talk to the team of Mortgage Express branded mortgage advisers today, and get advice about refinancing, refixing and home loan restructuring.

www.mortgage-express.co.nz

A Housing Market Upturn is Good News for Sellers

New Zealand’s property market may be shifting from a buyer’s market to a seller’s market, driven by greater buyer demand – in particular from first home buyers taking advantage of favourable house price conditions – and lower-than-usual listings in what is traditionally the busy spring selling season.

Read on to find out more about the two important changes to market conditions that could see sellers regain the upper hand.

First home buyers leading the charge

One of the key driving forces behind a shift in the market is the influx of first home buyers. Slightly lower house prices and less competition has seen a greater number of individuals and families eager to take their first steps onto the property ladder, in what is considered by many to be the most favourable market conditions for first home buyers in recent years.

Across most markets in New Zealand, real estate agents – including those



at Harcourts – are reporting **an increase in buyer activity at open homes and at auction.**

The busy spring selling season is underway

Spring is traditionally a busy time for New Zealand’s property market, with a surge in listings matching an influx in buyers eager to find their dream

homes. As the spring listing increase begins, the market offers a wider selection for buyers.

This, in turn, boosts confidence for sellers to list their properties for sale, knowing they will have more opportunities to secure their next home once their property is sold.

Bryan Thomson, Managing Director – Harcourts New Zealand said, “For this later part of 2023, month on month we have continued to see an upward lift in volume growth, signalling a positive trend.

While the increase is from a low starting point, all upturns have to start somewhere, and we are optimistic that the summer months will see a marked improvement in all growth aspects of the real estate market.”

Strategic approach for sellers

For those considering selling their property in this evolving market,

there are several strategies that can be employed to optimise outcomes:

- **Pricing wisely.** While demand is high, it's important for sellers to set a competitive but realistic asking price for their property. This will attract serious buyers and maximise the potential for a quick sale.

- **Showcasing the property's unique features.** Highlighting the distinctive features of a property can make it stand out from the rest in a competitive market. Whether it's a stunning view, a well-designed layout, or modern amenities, these aspects can sway buyers in your favour.

- **Timely decision making.** With competition on the rise, acting promptly on offers and negotiations can be crucial. Sellers should be prepared to make decisions in a timely manner to keep the momentum going.

- **Professional guidance.** Engaging the services of an experienced real estate agent can make all the difference when it comes to navigating this shifting market. They have the expertise to guide sellers through the process and negotiate on their behalf. Visit harcourts.net/nz today to engage your local expert team.

Gumboot Friday update

The Harcourts Foundation proudly backed Gumboot Friday for a second year in 2023. Last year we raised an incredible \$167,652.45 which gave 1215 counselling sessions directly to Kiwi kids battling with their mental health.

Gumboot Friday is a nationwide initiative dedicated to providing much-needed free kids counselling. Since its inception in 2018, Gumboot

Friday has successfully raised in excess of an impressive \$6m. This significant effort has allowed them to finance over 42,000 counselling sessions for nearly 20,000 children, at an average session cost of \$150.

Looking ahead, Gumboot Friday aims to extend their reach by funding over 40,000 additional free counselling

sessions in the next 12 months. By participating in this meaningful cause, together we can make a lasting difference in children's lives. This year we have raised \$87,000 to date and know over the coming weeks that this total will increase.

It's not too late to donate, please visit harcourtsfoundation.org/gumbootfriday today.

A promotional banner for Gumboot Friday. On the left, a white box contains the text "GUMBOOT FRIDAY IS BACK!" in blue, with "3rd Nov, 2023" below it. In the center is a graphic of a black gumboot with "I AM HOPE" written on the heel and "GUM BOOT FRIDAY" on the side. On the right, a white box says "DONATE HERE" next to a QR code. At the bottom right, it says "PROUDLY SUPPORTED BY Harcourts Foundation" with the Harcourts logo.

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