

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

## 5 Things to Know Before Locking in Your New Interest Rate

Recently, the Reserve Bank of New Zealand (RBNZ) increased the Official Cash Rate (OCR) by 50 basis points, from 4.75 per cent to 5.25 per cent. It's the 11th successive increase and takes the OCR to its highest level since December 2008. As some New Zealand mortgage holders prepare to re-fix their mortgage in the next 6 months, many are likely to see their interest rates double from 3 per cent or less to more than 6 per cent. Before locking in new interest rates, it's important for borrowers to know these 5 things.

### 1. Know when your existing fixed rate expires

Before your fixed rate term comes to an end, you'll need to decide whether to refix your home loan at a new interest rate or change to a floating interest rate. If you choose not to re-fix or if you do nothing, your home loan will automatically switch to a floating interest rate the day after your fixed term ends. To plan your next steps, contact your mortgage adviser or lender at least 6 to 8 weeks before your fixed rate is due to expire.

### 2. Know what your plans and goals are

When deciding how long to refix, consider your plans and goals. Think about any changes to your current



situation that could affect your home loan. For example, are you planning to sell your home, do you have a new baby on the way, are you changing your job or lifestyle? Each of these situations requires more flexibility so a shorter fixed term may be preferred.

### 3. Know what the different rate options are

Understand the difference between fixed interest rates and floating interest rates, and the pros and cons of each.

#### *Floating interest rates:*

- More flexibility allowing extra repayments

- No break fee so you can fix part of your mortgage at any time
- Repayments fluctuate with interest rate changes making it harder to budget
- Rates tend to be higher than fixed interest rates.

#### *Fixed interest rates:*

- More certainty with set repayments which can simplify budgeting and financial planning
- Locking in a fixed interest rate ahead of an increase could save you money
- No benefit if interest rates drop
- Does not allow for any extra repayments or early repayments.

#### 4. Know how your mortgage is structured

Splitting your home loan and spreading your risk over a few loan terms could help minimise the impact of higher mortgage repayments as interest rates continue to rise. At the same time, it's important not to lock yourself into too long a loan term and potentially miss out on an interest rate downturn.

Before refixing your home loan, talk to your mortgage adviser about your current situation and what's on the

horizon for you both short-term and long-term, so you can decide on the right home loan structure for the coming two to three years.

#### 5. Know what other lenders are offering

It pays to check what interest rates and incentives other lenders are offering before you refix with your current lender, and to compare your fixed interest rates to see how they stack up. Talk to your mortgage adviser about opportunities to renegotiate your fixed interest rates, or find out if refinancing is right for you.

As a large number of Kiwi homeowners will be rolling off fixed interest rates this year, rising interest rates and higher repayments will understandably be a source of concern. Keeping track of changes in fixed interest rates can be hard, and not all deals are advertised. That's why it's important to work with a mortgage adviser – such as those at Mortgage Express – who can help you compare lenders and interest rates to find the right financial solution.

Source: [www.mortgage-express.co.nz](http://www.mortgage-express.co.nz)

## The Future of New Zealand Property Looks Green

With the increasing need for housing in New Zealand, sustainability is now more important than ever. Designs must incorporate green building techniques that take into account environmental responsibility and resource efficiency to ensure a bright future of property across New Zealand. By understanding what sustainable designs are, their advantages, and preparing accordingly - we can ensure Aotearoa remains habitable for generations to come!

#### What is green building?

Sustainable building or “green building” is a flexible term used to describe a building process whereby every aspect is required to be environmentally responsible and resource-efficient. From planning and construction, to maintenance, renovation and eventually demolition, consideration is given to the building materials, the processes used to create it, as well as its lasting impact.

Green buildings are built around creating healthy, natural environments for people to live and work in, and make particularly efficient use of resources such as energy and water. Green buildings



have lower operating costs, as energy and water efficient homes cost less to run, are warmer and drier, and deliver health benefits to those who live and work in them.

All buildings in New Zealand must comply with the Building Code that sets standards for things like the right levels of moisture, fire safety, overall health and safety, and energy efficiency. However, given the environmental challenges we're currently facing in the wake of a particularly destructive cyclone, it's evident that incorporating further eco-friendly designs

and construction choices is the responsibility of all New Zealanders planning a new build or renovation.

#### Why build eco-friendly homes?

As well as being good for the environment and our health, green buildings are good for the bottom line. Green commercial buildings deliver better returns for owners and investors and are in greater demand from tenants. International evidence shows that green buildings enjoy better occupancy and better returns and have lower operating costs (including energy). \*

Unlike many New Zealand homes which are known to be damp and unhealthy, green buildings offer modern comforts and energy saving features which are better for overall health and wellbeing.

But there are far-reaching benefits too: green buildings have a lower carbon footprint, help reduce waste, and place less strain on the grid. Switching to renewable energy sources, such as solar or wind power, helps reduce pollution and greenhouse gases impacting climate change.

### Where do you start?

The New Zealand Green Building Council (NZGBC) advocates for regulatory and industry-wide change so that all homes and buildings in Aotearoa may be green and sustainable, making healthier, happier New Zealanders.

To support New Zealand on its path to a low carbon future, here are some important starting points:

- Use renewable materials
- Reduce waste and carbon impacts

- Design for water and energy savings

- Adopt innovative technology.

Before planning a new build or renovation, get advice from any one of these experts:

- [NZ Green Building Council \(NZGBC\)](#)
- [Building Research Association of New Zealand \(BRANZ\)](#)
- [Eco Design Advisor](#)
- [Smarter Homes \(Government site\)](#)

Source: [www.nzgbc.org.nz](http://www.nzgbc.org.nz)

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