

News Release

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Going up – new build lending hits four-year high [\(+video\)](#)

Growth in lending for new house builds is at a four-year high, outstripping growth for new loans for existing houses according to the latest figures released by ANZ, New Zealand's largest home lender.

In the year to September 2018, lending for new builds grew at 9%¹ outstripping growth for new loans for existing houses at 5%.

While buying an existing house is still the most popular option making up 64% of ANZ's loan book, new builds are now up to 8% of total lending.

"We are in the midst of one of the three biggest booms in new building consents that New Zealand has ever seen," said ANZ Managing Director for Retail and Business Banking Antonia Watson.

"As a result new builds are a higher share of both the total stock of properties as well as properties on the market.

"Demand for housing, particularly in Auckland, remains strong and the shortfall in houses being built has meant it's been a stretch for some buyers to get their foot on the property ladder in the past.

"At a time when more houses are desperately needed, it's great to see increasing numbers of customers embark on new builds.

"Other factors supporting the growth in new builds were low interest rates, construction cost inflation easing in Auckland, easing land prices around the Auckland periphery, and - promisingly for the future - new models for funding infrastructure enabling Greenfields development."

Consents for alterations² were also up 7% in the year to September 2018.

"In the past we've seen the number of property owners moving from one house to another decline and I think what we are also seeing is people are choosing to invest in their existing property through renovation," Ms Watson said.

ANZ's Top Tips for managing your own grand design

- Get advice early, especially if you are managing the project yourself.
- Talk to your bank about the budget and contingency. We ask a lot of questions because we want to help you make the right decisions about your finances.
- Identify what might need upgrading or changing beyond what you have planned (re-piling, storm water, earthquake strengthening etc.) Often these will need to be done as part of the consent process.

¹ ANZ data from September 2017 to September 2018.

² CoreLogic data shows 23,393 new consents from September 2017 to September 2018

- Set a goal and don't over capitalise – do you want to maintain value, increase capital gain for sale or create a dream home you want to live in forever? This should dictate how much you invest in the project.
- Avoid DIY disappointment – kitset homes or relocating a building on to land might seem like a cheaper option but can come with complex lending requirements you need to know up front.
- Think about the features you are adding. A hobbit-inspired house might sound amazing to you, but will it appeal to the next buyer?
- Do your research and know the basics – knowing things like the average cost per square metre to build when looking at quotes will help you make informed decisions.

The five C's of building - Geoff and Patty's Grand Designs New Zealand journey

It's the question that always comes first in grand designs – "so, what's the budget?"

Then over the course of the building journey viewers watch as they try desperately to stick to that budget.

Looking back on their build, ANZ customers and Grand Designs New Zealand homeowners Geoff and Patty Coley say sticking to 'the five C's of building', concept, communication, consideration, contingency and compliance, kept them on track.

"Have a very clear vision about what you want to achieve is really important, and then write a comprehensive brief so there is no misinterpretation about what your mission is," Mrs Coley said.

"We didn't leave anything to chance and we made sure we stuck to our plan, because as soon as you start changing your mind it costs money."

The couple featured early on in the Grand Designs New Zealand series as they navigated the highs and lows of building their 'Jetty House' in Mangawhai.

The name comes from the old wharf pilings Mrs Coley found in a Tauranga scrap yard and fell in love with.

"That is a really good example of how seeing something that is not in your budget, and falling in love with it, can dramatically change the project."

While the rest of the build came in to budget, the famous wharf piles and the complexities of how they worked into the house meant the couple did spend more than they planned.

"We were aware of the extra costs and could manage it, but you should be realistic about what you can afford and generous with your contingency as you just never know what might happen."

[Watch the video](#) – The five C's of building.

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Download video here: <https://vimeo.com/302178293>