



LVR restriction easing confirmed

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The Reserve Bank of New Zealand – Te Pūtea Matua has confirmed its proposal to ease mortgage loan-to-value ratio (LVR) restrictions.

LVR restrictions promote financial stability by limiting high-risk mortgage lending. This is done with the aim of reducing the impact and severity of housing market corrections by increasing the resilience of the banking system and households.

Feedback was sought from registered banks in late April on the implementation of the proposal. Following a review of the feedback received, the decision has been made to proceed with easing the restrictions.

Deputy Governor Christian Hawkesby thanked industry participants for their constructive feedback.

“In making this decision it is important to reiterate our assessment that the risks to financial stability posed by high-LVR lending have reduced to a level where we believe the current restrictions may be unnecessarily reducing efficiency,” Mr Hawkesby says.

Restrictions on high-LVR residential mortgage lending set a ‘speed limit’ on how much new low-deposit lending banks can do.

From 1 June 2023 LVR restrictions will be eased, from:

- 10% limit for loans with LVR above 80% for owner occupiers, and
- 5% limit for loans with LVR above 60% for investors.

To:

- 15% limit for loans with LVR above 80% for owner occupiers, and
- 5% limit for loans with LVR above 65% for investors.

The previous LVR settings were put in place November 2021 when risks were elevated. The restrictions built resilience in the financial system, which has been evident in the past year as house prices have fallen without widespread impacts to financial stability.



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More information

[Media release — Reserve Bank proposes to ease LVR restrictions](#)

[Loan-to-value ratio restrictions](#)

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