

ANZ wins battle of the mortgages as Auckland's real estate market fuels cut-throat rivalry

By [Matt Nippert](#), [Caleb Tutty](#) Friday Jun 24, 2016

As the battle for mortgages rages, ANZ Bank charges ahead to seize the crown, write Matt Nippert and Caleb Tutty.



ANZ has charged ahead to seize the mortgage crown.

A deep analysis of mortgage registrations revealed a changing of the guard amongst the city's banks with ANZ set to take over as Auckland's leading mortgage provider.

Analysis by the *Herald's* Insights team has seen mortgage information for all of New Zealand's 1.7 million land titles scanned and sorted. The results are broken down by neighbourhood and year, allowing assessments on which areas of New Zealand are the most and least leveraged, and which bank is winning the cut-throat mortgage war in the lucrative Auckland market.

An interactive map showing the winners and losers in the ongoing mortgage wars can be found at insights.nzherald.co.nz.

Broadly the data shows the New Zealand residential mortgage market is dominated by the big four banks - ANZ, Westpac, ASB and the BNZ - which among them have issued nearly 93 per cent of registered mortgages. The rest of the market is taken up by regional players such as TSB or relatively new arrivals such as Kiwibank and HSBC.

The Auckland market is experiencing considerable churn and change, with the city's urban areas the most leveraged in the country and historic market leader ASB losing ground to ANZ.

Nearly two-thirds (64.2 per cent) of West Auckland properties are subject to a mortgage, compared to barely a third (35.8 per cent) in the central North Island district of Taupo.

Of the four most-leveraged areas in the country, three are the large northern, southern and western zones of Auckland. The other is Christchurch suburb Rolleston, which is undergoing considerable post-earthquake development.

An analysis of mortgages registered in the first five months of 2016 shows nearly one in three (32.4 per cent) mortgages registered in Auckland this year were in the name of ANZ.

These gains far outstrip the 2016 market share of its rivals: ASB 22.7 per cent; Westpac 20.8 per cent; BNZ 16.5 per cent. This trend should see ASB, historically the dominant player when it traded as Auckland Savings Bank, overtaken by ANZ later this year as the largest mortgage provider in Auckland.

The banks contacted for this story quibbled over a percentage point or two - their own data has more reliable, but not public, information on mortgage values, not just raw numbers of registrations - but broadly agreed with the *Herald's* conclusions about the market breakdown.

Sarah Berry, the general manager of banking products at ANZ, said her organisation's results were no accident. "Our strategy really reflects that we've been underweight, but now we're in line with the market," she said.



The Auckland market is experiencing churn and change, with the city's urban areas the most leveraged in the country and historic market leader ASB losing ground to ANZ. Photo / Steven McNicholl

Given ANZ is the largest bank in the country, Berry put the improvement in Auckland market share down to being able to take advantage of its scale.

"We've got more branches, more mobile bankers, and also backed up with a strategic focus on customer service," she said.

Despite requests from the *Herald* for an interview, and in contrast with the other big three banks, ASB would only reply with written statements issued through a spokeswoman. They emphasised ASB's historic role links with Auckland and acknowledged intense competition for market share.

"ASB's strong competitive position in Auckland comes from its earliest foundation as an Auckland bank in 1847. We have continued to grow since that time by understanding our customers and their needs," the statement said.

"Competition between lenders in the Auckland housing market has been intense in recent years. ASB's approach has been to focus on quality lending as opposed to chasing market share."

Shane Howell, Westpac's chief product officer, said the data showing Westpac was stronger in the South Island and had the oldest mortgage book in the country was almost certainly down to a customer-base heavy on mainland farms.

"Our Trustbank heritage is really important, and we're overweight in the South Island in terms of our national market share," he said.

Howell said characterising the New Zealand economy as two-speed, particularly for residential lending, wasn't far off the mark and meant an Auckland strategy was a must-have for banks chasing customers.

"Auckland's nearly doubled in population since 1990. How we attack Auckland is very different than other areas. Our migrant teams are key in winning us our fair share of new customers," he said.



The BNZ's share of the market had been in decline a decade ago but in recent years had recovered after re-establishing its mortgage-broking business. Photo / Steven McNicholl Rounding out the big four banks, the BNZ's director of retail and marketing Craig Herbison, used the opportunity of a 25-minute interview about the Auckland market to mention his bank's slogan "good with money" six times.

"There is definitely competition. There's a lot of market opportunity in growth and lending, particularly Auckland," he said.

According to mortgage maturity data, the BNZ's share of the market had been in decline a decade ago but in recent years had recovered after re-establishing its mortgage-broking business. "That was the point you saw new entrants to the market, and we'd been out of the mortgage broker market for almost 12 years and re-entry saw us really get back into the situation we're in now. We were almost out of the one-in-four [big banks] conversation."

Rapidly rising prices in Auckland - ASB noted they peaked at 29 per cent annually to September last year - have seen a steady growth in housing debt, with Treasury Secretary Gabriel Makhoulf this week saying it had risen 26 per cent in the past five years to \$216 billion.

Perhaps unsurprisingly the big four banks were keen to downplay any talk of bubbles. The ANZ's Berry preferred to describe Auckland's market as "complex" but also said: "We do recognise that it can be tough to be a first-home buyer in Auckland."

Several others preferred to talk how low interest rates were encouraging their customers to repay loans faster. The BNZ's Herbison said 43 per cent of its customers were ahead on repayments.

Westpac's Howell said the average 8 per cent growth in household credit was well-below the 15 per cent rises that preceded the global financial crisis.

More surprisingly, perhaps, is that most banks are not only keenly aware of, and have some sympathy for, affordability concerns that risk seeing large swathes of the population being collateral damage in Auckland's still-raging mortgage wars.

Herbison said research into Auckland's non-property owners found most felt a door had been shut.

"Auckland is becoming a situation of the have-homes and the have-nots. There's a sense of despondency," he said.

Aside from trying to be "good with money" and planning and saving more, there doesn't appear to be any answers on the horizon, said Herbison.

"It's just a feature of the market. I guess if you think the average median price is pushing a million dollars in Auckland and income is \$100,000, it still feels the average income isn't enough to buy a home. Yet there are still people lining up to buy these homes in a way in which the banks feel is safe for them and safe for us."



Kiwibank was founded in 2001 and has grown into the largest challenger of the big four Australian-owned banks. Photo / Paul Taylor

Minor houses

Auckland's game of homes isn't all about the positioning and power-plays of the great banking houses: Recent years have seen the emergence of new players and the repositioning of some old.

Kiwibank was founded in 2001 and has grown into the largest challenger of the big four Australian-owned banks.

While it says it has 7 per cent market share, *Herald* analysis of mortgage registrations suggests it wrote just 4.5 per cent of property loans this year. The plucky state-owned enterprise is strongest in the capital and the surrounding suburbs where its market share, particularly in Porirua, nudges 10 per cent.

A Kiwibank spokesman said it backed itself against larger rivals: "Competition amongst banks is healthy, nationwide. Our strength has always been in our competitive pricing."

TSB, given its roots in Taranaki, may be a minnow in Auckland with a mere 1 per cent of the market, but it's a force to be reckoned on its home turf.

It dominates the New Plymouth market, with 40.2 per cent of mortgage registrations, and is also the biggest player in Stratford (29.8 per cent) and South Taranaki (27.6 per cent).

A spokeswoman says the bank last year grew its credit book by 17 per cent and opened two new service centers in Auckland for a total of five.

HSBC isn't trying to be a pretender to the throne with a spokesman saying it's happy to stay a boutique provider. *Herald* analysis suggests the UK-based bank has 0.8 per cent of the Auckland market, which accounts for three-quarters of its New Zealand property lending. The bank says it's happy with its slice of the market and it caters mainly to "affluent New Zealanders and permanent residents with international banking requirements".

HSBC was the only bank to answer questions about the value of its New Zealand mortgage book and said it had grown to around \$1.2 billion by the end of 2015.

- NZ Herald