

MEDIA RELEASE

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Rising interest rates worrying Kiwis

The latest Research New Zealand polling indicates that increased mortgage interest rates are beginning to have an effect, Research New Zealand Director Emanuel Kalafatelis says.

Rising mortgage interest rates are a concern for 68% of Kiwis with mortgages the latest Research New Zealand polling shows.

Mr Kalafatelis said that the company's latest poll of social attitudes asked those with mortgages if they were concerned whether rising mortgage interest rates may make it difficult to keep up with their mortgage repayments.

"We found that 24% of homeowners were very concerned and 44% somewhat concerned," Mr Kalafatelis said.

"As you would expect, the level of concern decreased with rising income. For those earning \$40,000 a year or less 83% were concerned or very concerned compared with 62% of those earning \$70,000 or more a year."

"It seems to indicate that the Reserve Bank's monetary policy is starting to bite and having an impact on the attitudes of Kiwis with mortgages," Mr Kalafatelis said.

There had been some concern about the effectiveness of the Reserve Bank's monetary policy in light of the high level of the dollar and the inflationary pressures of a growing economy.

Reserve Bank Governor Allan Bollard told Parliament's finance and expenditure select committee recently that monetary policy was effective. However, it had taken longer to have an effect because of high commodity prices, the housing boom and an excess of global investment funds, Dr Bollard said.

The poll was taken between the 12th and 20th of September. Over that time (13 September) the Reserve Bank held the Official Cash Rate, which influences interest rates, at 8.25% after four successive quarterly rises. Also over that time (17 September), KiwiBank announced a three-year fixed rate of 8.6%, half a percent lower than rivals.

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The Research New Zealand poll of 500 people aged 15 and over was conducted by telephone between the 12th and 20th of September. Of the 500 people interviewed, 206 had mortgages.

The maximum margin of error for results based on this sub-sample is +/- 6.8 % (at the 95% confidence level). The data has been weighted to ensure it is an accurate representation of New Zealand's general population. The poll was not taken on behalf of any organisation but as part of Research New Zealand's monthly survey of attitudes and opinions.

Respondents who had mortgages were asked: *Some commentators are saying that if interest rates go up, homeowners may find it difficult to keep up with their mortgage payments. How concerned are you personally with this possibility? Would you say you are very concerned, somewhat concerned or not concerned at all.*

Results by income level

	Total	Under \$40,000	40,000 - \$69,999	\$70,000 plus	Don't know/refused
Base =	206*	43	46	111	6**
	%	%	%	%	%
Very concerned	24	43	31	15	0
Somewhat concerned	44	40	34	47	87
or Not concerned at all	32	17	35	38	13
Total	100	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those that have a mortgage

**Low base number of respondents-results are indicative only.

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