

Your Roadmap to Securing Finance and Settling on Your Dream Lifestyle Block Without the Stress

Transitioning from a standard residential home to a lifestyle block in New Zealand is an exciting step, but it introduces distinct financial and logistical challenges. Our mission is to simplify this process, inspiring the confidence and action you need to achieve your goals. This guide clarifies the two main complexities: how banks view lifestyle blocks, and how bridging finance works to close the timing gap.





The Lifestyle Block Challenge: Land Size Dictates Your Deposit

Banks treat lifestyle blocks—properties in a rural setting but close to town—differently from standard urban homes. Since they are hybrid assets, lending criteria focus heavily on the land size and the home's value, which directly impacts your Loan-to-Value Ratio (LVR), or the deposit you need.

The Bank's Rationale: Why Larger Land = Higher Risk

- **Niche Buyer Pool**

Properties over 10 hectares are often too large for typical families but too small for commercial farmers, leading to a reduced number of potential buyers.

- **Higher Risk on Sale**

A smaller buyer pool means that in a forced sale, banks may need to significantly drop prices, increasing potential losses for the lender.

- **Non-Economic Use**

Banks lend against a home plus extensive, non-income-generating land that is challenging to value accurately and difficult to sell quickly.

Why Size Matters: Deposit Requirements

Standard Residential

Typically require a **20% deposit** (80% LVR). This is the baseline for urban properties.

Up to 10 Hectares (Rural Lifestyle)

Many lenders maintain an **80% LVR (20% deposit)** for properties up to this size. However, for 5-10 hectares, lender discretion is key.

Assessment factors include:

- Proximity to major town/city
- Proportion of value from dwelling
- Applicant's income and financial strength

Notably, **Kiwibank** may offer high-LVR (up to 90%) lending for properties up to 15 hectares.

Over 10 Hectares (Rural/Farm)

This is the critical threshold. Properties exceeding 10 hectares are often reclassified as "Rural" or "Farm."

LVR typically drops to **70% (requiring a 30% deposit)** or even **50%**.

ANZ and other major banks significantly reduce LVR once this limit is exceeded, often requiring a substantial deposit.

While standard owner-occupied residential properties typically require a 20% deposit (80% LVR), this rule can change dramatically once land size is factored in, particularly around the crucial 10-hectare mark.

The difference of just a few hectares can determine whether you need a 20%, 30%, or even 50% deposit. We work to match your target property size with the most favorable lender policies available, navigating these nuances to secure the best outcome for you.



Valuation and Usage Constraints

For a property to receive favorable residential LVR treatment, lenders impose two additional criteria:

1 Improvements Value

The house, shedding, and other permanent improvements must constitute no less than 40% of the total property value. This ensures the property remains easily marketable as a residence.

2 Income Exclusion

Even if you plan to run a few head of stock or generate minor income from the land, banks will not include this income when calculating your debt servicing capacity. The loan must be serviceable purely on your existing income streams.



Bridging Finance: Solving the Timing Puzzle

Bridging finance is a specialized, short-term home loan designed to "bridge the gap" between purchasing your new lifestyle block and receiving the settlement money from your existing home sale. It allows you to settle on the new property without having to perfectly align the settlement dates of both sales.

Open vs. Closed Bridging: Understanding the Risk

Closed Bridging

This applies only if your existing home is already under an unconditional contract with a fixed settlement date. This is lower risk for the bank.

Open Bridging

This is required if you purchase the new lifestyle block before securing an unconditional sale on your existing home.

The type of bridging loan depends on how certain your existing sale is:

If you choose Open Bridging, you are asking the bank to cover two mortgages simultaneously with an unknown repayment date. Because of this uncertainty, Open Bridging is considered higher risk, leading to tougher qualification requirements and often a higher interest rate premium.

The True Cost of Bridging

Bridging loans are typically structured on an interest-only basis for a short term, usually capped at six months. The interest rate is based on the lender's variable rate plus a risk premium (often 1% to 2% higher than standard floating rates).

This structure means the costs accumulate quickly. **For example, a bridging loan of \$800,000 might cost over \$760 per week in interest payments alone.** If the sale of your existing home is delayed, these costs quickly erode your overall equity. The ultimate goal is to minimize the duration of the bridge.

Your Mandatory Safety Net: The Plan B Requirement

Due to the elevated risk of Open Bridging, banks require absolute confidence in your ability to manage the temporary dual-debt burden. The approval process is rigorous and goes beyond a standard income check.

To qualify for an Open Bridging loan, you must satisfy the bank that you have:

01

Financial Stability

Demonstrated capacity to service all debt commitments simultaneously.

02

Realistic Expectations

An accurate, appraised valuation of your current home to ensure the projected sale price is achievable.

03

A Robust "Plan B"

Crucially, the bank requires a contingency plan in case the sale is delayed beyond six months or the house sells for less than expected (a shortfall). This "Plan B" typically necessitates proof of substantial liquid savings to cover any accumulating interest costs and potential shortfalls. Elevate Wealth helps structure your 'Plan B' presentation to the bank, maximizing your chance of approval while minimizing the impact on your liquid savings.

Strategic Alternatives: Mitigating Risk

Given the high cost and strict conditions associated with bridging finance, we always prioritize strategies that reduce or eliminate the need for an Open Bridge:



Sell First, Then Buy

The safest approach. Selling your existing home first eliminates all timing risk and bridging costs, allowing you to buy the lifestyle block with unconditional cash in hand. The trade-off is often the need for temporary rental accommodation.



Extended Settlement

Negotiate a longer settlement period (e.g., 90 to 120 days) on the new lifestyle block. This provides the crucial time needed to secure an unconditional sale on your existing home without needing complex finance.



Contingency Offers

Make the purchase of the new lifestyle block conditional upon the successful, unconditional sale of your existing home. While this can be a risk in a competitive market (as sellers may prefer non-contingent offers), it is a powerful way to manage risk.

Lender Landscape: Bank vs. Non-Bank Solutions

Major Banks

Preferred for competitive rates and long-term mortgages. They offer the best bridging rates but are rigid on criteria, especially the land size limits (often 10 hectares) and the requirement for a strong "Plan B" liquidity buffer.

Non-Bank Lenders

These institutions offer greater flexibility in lending criteria and specialized loan products. They can be crucial for borrowers whose land size exceeds major bank thresholds, or whose financial profile does not meet the bank's strict liquidity rules for an Open Bridge. Non-banks are well-regulated but typically charge higher interest rates than major banks. They function as an essential safety net or ultimate Plan B.

Your choice of lender depends on how closely your lifestyle block and personal finances fit the bank's specific LVR and risk criteria

Best for Low Cost: Mainstream Banks

For lifestyle blocks, the "best" bank depends on your specific financial situation and property. Mainstream banks offer competitive rates and often require smaller deposits, but are generally the most restrictive on land size.

Lender	Key Advantage	Typical Scenario
Kiwibank	Most flexible on land size (up to ~15ha)	Land ≤15ha, strong applicant profile, seeking lowest interest rate.
Co-operative Bank	Relationship-based lending, flexible risk appetite	Standard lifestyle block (≤10ha), personal banking relationship valued.
The Big Four (ANZ, ASB, BNZ, Westpac)	Best interest rates and cash contributions	Properties fitting narrow definition (usually ≤5ha). Best choice <i>only if</i> your land size is small and your financial profile is simple.

Best for Flexibility: Non-Bank Solutions

Non-bank lenders, comprised of well-regulated and trustworthy institutions, become essential when your property falls outside the strict land-size limits set by mainstream banks (typically over 10 to 15 hectares) or if your financial situation is complex, such as being self-employed or having irregular income.

These well-regulated, licensed institutions offer significant flexibility, operating under strict regulatory oversight to ensure legitimacy and client protection. While offering this flexibility, non-bank lenders generally charge higher interest rates and often require a larger deposit, typically a minimum of 20% to 30%.

Lender	Key Advantage	Typical Scenario
Resimac	Known for structured, flexible solutions for unique property types.	Lifestyle blocks well over 15 hectares or properties with unique, non-standard features.
Avanti Finance & Liberty Financial	Quick processing times and willingness to consider non-standard income structures.	Financially strong borrowers who don't fit main bank's rigid criteria (e.g., contractors).
First Mortgage Trust (FMT)	Focuses on larger, complex property transactions and development finance.	Rural/Commercial properties bordering on 'lifestyle' requiring a business or investment approach.

Your Partnership with Elevate Wealth: Essential Guidance for Lifestyle Blocks

For a lifestyle block mortgage, a mortgage broker is essential. We act as the gatekeeper to the proprietary policies of all lenders, simplifying wealth creation and inspiring confidence by turning complex financial challenges into a clear roadmap. As your trusted guide, we specialize in the nuances that mainstream lenders often overlook, ensuring your transition is seamless.

How We Elevate Your Transition:



Unlocking Hidden Lending Limits

Mainstream banks have proprietary and often fluctuating policies for lifestyle blocks, with land size limits varying significantly (e.g., 5ha vs 15ha). Experienced brokers know which banks currently accept larger blocks and which have capacity in their high-LVR exceptions pool, ensuring you don't miss out on optimal financing.



Strategic Application Structuring

For larger lifestyle blocks (e.g., 20+ hectares), brokers possess the expertise to structure your application to maximize your borrowing power. We can advise on how to potentially split your loan into Residential and Rural components, which can lead to better blended interest rates and more favorable terms than a single, all-encompassing loan.



Expedited Non-Bank Access

If your lifestyle block doesn't fit the strict criteria of mainstream banks, a broker can quickly pivot to non-bank lenders. This direct access to flexible, well-regulated non-bank solutions saves you weeks of application time and prevents unnecessary delays, ensuring your finance is secured efficiently.



Next Steps: Secure Your Personalized Lifestyle Block Roadmap

Get Your Personalized Lifestyle Block Roadmap


Navigating the unique landscape of lifestyle block financing requires specialised knowledge. From understanding loan-to-value (LVR) requirements for larger land sizes to structuring bridging finance for a smooth transition, the complexities can be daunting.

Our expert advisors are here to demystify the process, providing clear, actionable strategies tailored to your specific aspirations. We'll help you overcome challenges and secure the best possible finance solution for your dream lifestyle block.




35+ Lenders We Work With

Access a broad network of lenders, including those specializing in unique lifestyle block financing, larger land sizes, and LVR considerations.



20+ Years Experience

Benefit from our extensive industry experience in complex property finance, ensuring seasoned guidance for your significant lifestyle block investment.



Dedicated Personalised Service

Receive tailored advice and comprehensive support through every step of your lifestyle block journey, from initial assessment to settlement.

Contact us today to book a complimentary Strategy Session

Important Disclaimer

This disclaimer outlines the important considerations regarding the information provided in this presentation. Please read carefully:



Information Validity

Lender policies, interest rates, and criteria for lifestyle blocks change regularly. The information provided in this presentation was correct as of September 2025 and is intended for general guidance only.



Individual Circumstances

Individual circumstances may vary and affect eligibility for programs mentioned.



Future Results

Past performance or examples are not a guarantee of future results.



Professional Advice Required

This content does not constitute financial or legal advice. It is strongly recommended that readers consult with a qualified professional (such as a financial adviser, accountant, or lawyer) before making any financial decisions.



Liability

Elevate Wealth is not liable for any actions taken based on this information.



Market Fluctuations

Market conditions and regulations are subject to change without prior notice.