



**TORRENT
SECURITIES**

A Guide for New Zealand Wholesale Investors

Investing in Non-Bank Lenders

**Torrent Securities Limited
1 Rimu Street,
Riccarton
Christchurch 8041**

A Lucrative Opportunity for New Zealand Wholesale Investors

As a qualified wholesale investor in New Zealand, you have access to unique investment opportunities that are not available to retail investors. One such opportunity lies in the non-bank lending sector, particularly in property-focused first mortgage markets for construction, land development, and investment. This paper will explore why investing in this sector can be a compelling choice for wholesale investors seeking to diversify their portfolios and potentially achieve attractive returns.

The Growing Non-Bank Lending Market in New Zealand

The non-bank lending sector in New Zealand has been experiencing significant growth in recent years. As of 2025, there are 782 businesses operating in the Non-Banks and Other Financial Institutions industry, with a compound annual growth rate (CAGR) of 3.0% between 2019 and 2024. This growth has been driven by several factors:

1. Regulatory changes affecting traditional banks
2. Economic pressures creating demand for alternative financing
3. Technological advancements enabling efficient lending services

Advantages of Investing in Non-Bank Lenders

1. Higher Potential Returns

Non-bank lenders typically offer higher interest rates compared to traditional banks, often 3-5% above main bank rates. As a wholesale investor, you can potentially benefit from these higher yields, especially in the current low-interest-rate environment.

2. Diversification

Investing in non-bank lenders focused on property and first mortgage markets provides an opportunity to diversify your investment portfolio. This sector offers exposure to real estate without the need for direct property ownership, potentially reducing overall portfolio risk.

3. Capitalising on the Property Market

The New Zealand property market, particularly in land development and subdivision, remains robust. The market size of the Land Development and Subdivision industry in New Zealand is \$4.3 billion in 2025. By investing in non-bank lenders focused on this sector, you can indirectly participate in this growth.

4. Supporting Economic Growth

Non-bank lenders play a crucial role in financing construction and development projects that might not meet traditional bank lending criteria. By investing in these lenders, you contribute to economic growth and development in New Zealand.

Key Focus Areas for Non-Bank Lenders

1. Construction Financing

Non-bank lenders often provide financing for construction projects that may not qualify for traditional bank loans. These projects can range from residential developments to commercial properties, offering a diverse range of investment opportunities.

2. Land Development

The land development sector in New Zealand is experiencing steady growth. Non-bank lenders play a vital role in financing land subdivision and development projects, which are essential for addressing housing demands and urban expansion².

3. First Mortgage Investments

First mortgage investments offer a level of security, as they are backed by real property assets. Non-bank lenders specialising in this area can provide attractive risk-adjusted returns for wholesale investors.

Considerations for Wholesale Investors

As a wholesale investor, you are considered to have the knowledge and experience to assess the merits and risks of these investments³. However, it's important to consider the following:

1. **Due Diligence:** Thoroughly research the non-bank lender's track record, management team, and lending practices.
2. **Risk Assessment:** Understand the risks associated with property-backed loans, including market fluctuations and potential defaults.
3. **Liquidity:** Be aware that investments in non-bank lenders may have lower liquidity compared to publicly traded securities.
4. **Regulatory Compliance:** Ensure that the non-bank lender complies with all relevant regulations, including the Non-bank Deposit Takers Act 2013¹.

Conclusion

For qualified wholesale investors in New Zealand, investing in non-bank lenders focused on property and first mortgage markets presents a compelling opportunity. The sector offers potential for higher returns, portfolio diversification, and participation in the growing property and development market. As the non-bank lending sector continues to evolve and expand, it is likely to play an increasingly important role in New Zealand's financial landscape, offering attractive investment prospects for those who qualify as wholesale investors.