

Hasn't winter struck home over the past few days. Really cold. Still it hasn't really had much impact on the level of enquiry about rental properties. It is definitely higher than is usual for this time of the year though to be honest not all enquiries are leading to new tenancies or new listings. There is a lot of competition out there in the marketplace and it is certainly a tenant's market at the moment with more properties available than people looking. Nothing that we haven't worked through before.

It is great to be back to 'normal' after the Covid-19 lockdown. We are able to get that maintenance job done. We are able to complete our inspections. And of course, we are able to show people through any vacant properties. There is still some nervousness from tenants around letting people into their property. We have to respect this and work with them. We truly don't get the feeling that tenants are using Covid-19 as an excuse to keep us out.

Demand seems to be focussed on family homes rather than apartments. Certainly, in the suburbs rather than within the 4 avenues. Young professionals are out looking but seem to be seeking suburban properties rather than 'downtown'.

We mentioned last month that we are involved with a development in Rolleston which will be offering twin key properties which have the flexibility of providing either a larger than usual single accommodation or income potential from two separate leases. Some of you have expressed an interest in these and we are of course happy to speak with any of you about this offer.

On a more cautious note. We are hearing reports that some of the newer apartment blocks within the city are showing signs of being 'leaky buildings'. This is hearsay and as yet we are to hear of any in which this has been proven. But a caution should you be considering investing in such a property.

Just on this note. Please remember that we are very happy to work with you if you are considering expanding your portfolio. We can guide you as to where in the city demand is high. What style of property tenants are looking for? What price range tenants are working within. Whether or not the property will comply with the Healthy Homes standards etc. We work with these questions every day and we would be pleased to assist.

Healthy Homes. What a complex issue this has become with regards to timing, scope, penalties and the like. So, in an attempt to clarify.

- The deadline for having identified the scope of work required to bring a property up to the required standards has shifted from 1.7.20 out to 1.12.20.
- From 1.12.20 all letting agreements must carry a clause which confirms that the owner is aware of what is required and that the owner will meet those requirements no later than 1.7.21

To date we have done really well on getting those initial inspection surveys completed. Over 92% of all our properties have been inspected. Many have passed without the need for any further action. Many require a small number of things to be rectified in order to meet the standards. The owners have got a copy of the report and are aware of what is needed and most have allowed us to proceed on getting this work done. Some have asked to do the work themselves which is of course fine and some are obviously delaying the expenditure until a time closer to the deadline.

This last action worries us the most. As was evidenced with the new insulation standards last year, **homeowners who delayed getting the work done were caught out by a shortage of contractors and a shortage of materials which meant they could not comply by due date. We are all aware of those court cases which arose after that whereby tenants took landlords to court for non-compliance or MBIE inspectors found properties did not comply and the owners were fined heavily. The fact that owners had raised work orders didn't carry any weight as the courts considered that owners had had plenty of notice regarding due dates.**

And the new legislation carries with it higher increased fines for failure to meet the regulations.

- Landlords failing to advise property is on the market - \$1,800
- Landlords failing to provide Healthy Homes information - \$750
- Landlord acting to terminate tenancy without grounds - \$6,500
- Landlords failing to take reasonable steps to facilitate the installation of fibre connections if requested

There are fines for tenants who fail to meet their commitments as well.

We still have a few owners who have not given us permission to undertake an inspection of their property. The key reasons seem to be

- It is a relatively new property so it will meet the standards. NOT necessarily so especially in the areas of heating (that heat pump just may not be of adequate size to meet the standards and draughts).
- I plan to sell the property before the implementation of the new standards. That's fine but if you think that the potential buyer of your property will be an investor then this is short term thinking. It will sell to an investor faster if the work has already been done. And you can bet on any potential investor over-valuing the costs of any work needed which may impact on the selling price.
- The inspections cost between \$180 and \$220 +GST depending on the size of the property. If you haven't had your property inspected yet please give this some serious consideration.

One last thing. Without a Certificate of Compliance or a letter from the owner declaring that all the necessary standards have been met technically a property can not be rented out – so potentially no income and a fine. It simply isn't worth it.

The restrictions imposed by the Government around tenancy termination have now been lifted. Termination notices, if justified, can now be issued. Rents can now be increased effective from 26.9.20.

The New Zealand Property Investors Federation has expressed its strong disappointment that the Government has not listened to its concerns about proposed changes to the Residential Tenancies Act. They are particularly concerned about the amendment that removes a landlord's right to issue 90 days notices to tenants. The new procedure is cumbersome – and allows for anti-social behaviour by tenants. Should a tenant display 3 acts of anti-social behaviour over a 3-month period then a landlord must apply to the Tenancy Tribunal to end the tenancy. Given how long it takes to get a hearing before the Tribunal means that anti-social behaviour must be tolerated for a longer period of time.

Interestingly this new rule does not apply to Housing New Zealand or social housing providers who can still be able to end a tenancy without having to give a reason. This is seen as blatant discrimination against private landlords.

A recent survey showed that only 3% of tenancies are ended through a 90-day notice. It seems a heavy-handed solution to a comparatively small problem.

Realtors are reporting a heavier than anticipated interest in properties for sale. Some properties are selling within 24 hours, many within one week. Multiple offers are being received on properties. This is being put down to pent up demand after Covid lock-down. Some to extremely low interest rates attracting first home buyers. Some to a shortage of stock available for sale. Some to the reduction of the LVR requirements allowing banks to lend a higher percentage of their funds to people with a low deposit and to investors. Having said this the total number of properties being sold remains down on same time last year.

The accuracy of CV ratings is being brought into the limelight with many properties selling in excess of CV – some by up to 50%. This is in stark contrast to the predictions of many pundits that's post-Covid we would see a 10-20% drop in house prices. In fact, in June we saw the median house price rise by 9.2%. Analysts are now saying that September will be a key month in terms of what will happen to the median house price for the future. Wage subsidies will have ended, the mortgage holidays will have finished, and of course we have an election. Unemployment figures may be the key.

Wishing you all a happy month ahead

Sharon, Caroline, Andrea and Tracy and Sue