



Hi everyone. I trust that you all had a great Christmas break and managed to get some time away from the usual hassles of daily life. Paige, Matt and I managed a trip to Tauranga and then across to Gisborne and around the East Cape. A lovely get-away in a very interesting part of the country.

But it was back to work. There has been little change in the demand from potential tenants. At time of writing, we only have two properties coming to the end of their lease and by the time the leases end both will have been re-let. However, on the supply side things have slowed with fewer properties entering the market. Not in itself unusual at this time of the year – traditionally the busiest months are January thru to March. We have contracts on several new listings that they are still in various stages of construction so will not hit the market until later in the year.

So please if you know of any properties becoming available or know of friends seeking guidance on property management issues, please let us know.

Looking for articles for this newsletter it is evident that things have been very quiet on the media front around the rental or property sector. Unlike in this office where we all prepared for the opening of Quinovic Rolleston on February 1st. Or I should say the ‘soft opening’ as for a while that team will continue to operate out of the Merivale offices. Finding suitable office space in Rolleston is proving difficult given the short supply. We propose sharing the office with a friend’s accountancy business so we do have specific needs- ones we hope can be met within the next few months.

You know the saying about ‘well laid plans etc’. Having organised the staffing for Rolleston the new property manager that we had selected chose to resign prior to joining. We have been very fortunate in being able to fill that vacancy and Fiona Innes will be joining the team effective 12th March She will work alongside Nicky Dunn who will manage the new office. Nicky is well known to all clients who have moved under the new office as she has previously managed all the properties.

The balance of Nicky’s portfolio has been distributed between the Merivale team and I am pleased to introduce Desiree Stevens who has joined that team as a property manager.

As we went into summer and the new year figures show that rent levels hit new highs across the country. The median rent across New Zealand is now \$625 for the month of December – the first increase in almost 6 months. When compared to December 2022 tenants are paying an additional \$45 per week on average. TradeMe’s Property Sales Director Gavin Lloyd comments “Many people will be watching the new government as recent legislation has reshaped the Reserve Bank to a singular mandate – to bring down inflation.

	All property	5+ bed	3-4 bed	1-2 bed
New Zealand	\$625 +7.8%	\$1,095 +11.7%	\$695 +6.9%	\$540 +9.1%
Auckland	\$660 +7.3%	\$1,150 +12.7%	\$750 +7.1%	\$580 +9.4%
Wellington	\$650 +0.0%	\$1,315 -2.6%	\$750 +3.4%	\$570 +3.6%
Christchurch	\$560 +12.0%	\$930	\$650 +8.3%	\$500 +11.1%

We don't know why there was no % change for Christchurch 5 bedroom+ rent. However, the large increases in the other areas is a reflection of the strong demand (competition creates higher prices), high migration (internal and external) and high student numbers (especially impacts the 5 bedroom+ category). One change that we have noted is an increasing interest in 1-2 bedroom properties. For many this is all they need but previously they may have liked to have had a 'spare' room. Rent increases have led to down-sizing. For others the attraction of a newly built, central city property is the attraction and as we know there are many of these hitting the market.

There are several indications that the property rental sector is secure as we enter into 2024.

- According to the Real Estate Institute of New Zealand January 24 has seen slower sales and a significant increase in the number of properties available. A total of 2,995 properties sold during the month. Despite there being more properties to choose from buyers are being cautious given cost of living increases, inflation, interest rates increases and government reforms.
- There is a looming crunch coming for the residential construction sector as new dwelling consents tumble. Figures from Statistics NZ show that 37,259 new dwellings were consented – down 12,299 fewer (-25%) than in 2022. This despite of record migration and an extreme housing shortage.

- The Reserve Bank is to introduce new regulations that will restrict the size of home loans. The proposed 'debt to income' (DTI) restrictions will compliment existing measures such as loan-to-value restrictions (LVR) the difference being that a households income will be the basis for loan levels. For example, the ratio may be 6:1 so if earning \$100,000 the maximum loan will be \$600,000. (the ration is yet to be confirmed but expected to be 6 for owner occupiers and 7 for investors). The Reserve Bank see this restriction will enhance financial stability and will lower the likelihood of widespread household defaults. It is thought that the new criteria may help first-home buyers as it may impact on many investor buyers thereby reducing competition. It is thought DTI's will be introduced mid-year.

Recent changes to the Unit Titles Act have come into effect. Those of you with properties on Unit Titles may wish to refer to www.unittitles.govt.nz

Interest.co.nz estimates the real estate industry earned around \$1.56 billion in gross sales commissions in 2023. A big figure but in fact the lowest level since 2019. This is a \$780 million from the peak of 2021.

This coincides with a significant drop in the number of registered real estate agents in the country.

We came across a couple of newsletters on the NZ Property Investors federation website that you may find interesting.

1)
The world of property investment is a dynamic landscape, influenced by shifting markets, emerging technologies, evolving regulations, changing societal needs and – politics! In this environment of transformation, it's important for us to unite, share knowledge, and collaborate to navigate the complexities and seize the opportunities that lie ahead.

When I became an 'accidental' President just under 12 months ago there were many questions that I asked myself. The biggest one of all is the one we all share. While money may seem like a driving force in our investing journey, there are more noble motivations at play. Are we making our world a better place in our pursuit of a better lifestyle for ourselves and our families?

I challenge you to ask yourself as a property investor 'what is it you really want'? Your initial response may be a property portfolio of some sort, but that is a very superficial response. It's important to dig deeper and start working on your "why" and what you are really hoping that property investing will do for you.

The expected and usual response is to have financial freedom. But really it is not about the next property, but in fact something far more important... having choices.

Human history is full of examples of cooperation, collaboration and care, and that is our natural disposition – not competition and the exclusive

pursuit of self-interest. Many traditional communities have survived because of deeply rooted, socially structured cooperation. For example, Maori tribal groupings are particularly good at greetings, connections to the land and people that continue to stand them well. These are worthy values we share. And every Property Investor Association in the country is a perfect example of valuable cooperation.

We are facing an epic housing shortage over the coming years for multiple reasons including fewer investors, but also due to immigration which will be reinforced in the future by immigration and climate change.

Despite the challenges of recent years with escalating costs and new taxes to pay there has actually never been a more needed time to own residential rentals and you are answering one of society's greatest needs: for a roof over the head of our population. And if you are a member of a Property Investor Association you are doing it in the best way possible. That is through networking with like-minded people, increasing knowledge and impartial advice and by understanding the rules and the marketplace you are operating in. By joining up with others you are striving to be the best you can on behalf of the tenants you provide a home for.

In our country private investors provide just over 85% of all rental housing so our members and others are essential. In the last year having spoken with many members it impresses me how much our members care about their tenants. Meeting the requirements of Healthy Homes was never a big issue as we are the people who took opportunities to improve our properties and make them appealing to the best of tenants.

Most successful people define their success with happiness, inner peace, and positive contributions – much more than money. Think about your way and make the small and big changes to keep you on track to define your own success.

Rather than define your success with money, consider how that money makes our world a better place. We are happier because of what it enables us to:

- Have more experiences
- Spend more on others
- Have things to look forward to
- Own our future.

Above all we have made our own luck and therefore have choices in life, all the while being good stewards of our homes and tenants.

2)

This is an exciting year to be parting of New Zealand's rental housing industry. While there are constant challenges investing in 'bricks and mortar' rental homes, the importance of our place in the system is crucial. The demand on housing is ever increasing post Covid, with high levels of immigration and record interest in moving to New Zealand. We know that climate change is going to increase people shifting to cooler climates, and it will be hard to keep the borders closed on refugees.

Before Christmas, Housing First, a social housing provider in Christchurch invited me to a breakfast with other owners. It was a pleasure to see several Canterbury Property Investor Association members also there, as we heard about the great work these agencies do. And this is repeated around the country.

Many owners find there is the satisfaction of meeting housing needs, alongside the convenience of having competent managers take care of their rental is a good solution for their investing. The added incentive in recent times is having tax deductibility allowed on the rental providing this type of housing. One of the barriers has been insurance as not all companies will cover social housing as tenants. Sometimes education is needed of the care the managers take to cover the risk of damage. It is only really an issue if the property has to change providers as this is more difficult than ever.

The public private partnership and spirit of collaboration are visible in a very positive way through the connections. The removal of tax deductibility, rising expenses and other risks associated with owning rental housing has changed many owners' future plans. It's a good time to review your investing, and considering social housing is a viable option for some rental investments.

With so many of our clients being based in Auckland, I am hoping to get face to face with as many as I can to say hello.- it is always nice to be able to put faces to names

So Nicki and I are coming to Auckland on March 27th and 28th and hosting a small event on both nights 530-730 pm in Auckland Central.

We will be emailing out the full details before the end of the week but please SAVE THE DATE in the meantime

Kind Regards
Sharon