



Hi all. What a great day it has turned out to be after a very cold and slightly wet start. I look out over the Southern Alps and there has been a magnificent fresh fall of snow. In parts it looks like it is right down to the ground. Sparkling in the sun. There was even a scattering across parts of the Port Hills. Quite a contrast to the wonderful display of blossom we have witnessed in Hagley Park this past week.

Spring has sprung and we are seeing a slight uplift in enquiry levels. Quite common at this time of the year. Some are students – and we really don't handle a large number of student flats – but others are people moving into the city from elsewhere in New Zealand or from offshore. The market has been somewhat flat over the past month so this uplift, whilst yet to turn into firm rental contracts, is most welcome.

There has been very little media coverage around the rental sector this past month. A couple of reports about 'naughty' landlords but little else. What we have seen.

- Based on bond data from Tenancy Services the median rent across New Zealand in July was \$600.00 a week. It has been constant at \$600 since last December – apart from January when it blipped up to \$608 before dropping back in February. Nothing unusual about that. Demand is high in January and so is competition between potential tenants. However, at a regional level there has been some movement. When compared to June 24 rents moving up has been seen in Waikato, Westland, Southland and Marlborough. Downward movement has been experienced in Auckland, Wellington, Gisborne, Tasman and according to this report in Christchurch – by \$10 per week. We are not too sure about this. It is not our experience. As mentioned above rents often dip over winter months. What we are

experiencing is for property to take a bit longer to rent but rent levels remaining steady.

- An article about Kainga Ora caught our eye. Apparently over recent months they have been actively taking tenants to the Tenancy Tribunal because of rent arrears. According to a Kainga Ora spokesperson the agency acts early when a tenant falls behind. They work with them to develop a repayment plan. Around 75% of all defaulting tenants comply with that plan. Only when they refuse to engage is action taken under the Residential Tenancies Act.

Sounds good but makes it hard to reconcile a specific case mentioned. The tenant was behind by \$34,440. You have to ask how? If you applied the average rent of \$520 (and KO rents would be lower) that's equal to at least 66 weeks of rent arrears. And KO say they move quickly???? To rub salt into the wound the Tribunal directed that this debt be cleared by the addition of \$60 per week to the tenants rent. They are assuming of course that this tenant suddenly starts paying the rent but at \$60 per week it will take over 570 weeks to clear. Hopefully we are not the only ones thinking something is fundamentally wrong. And stupid.

- An Auckland landlord was trying to evict his tenant due to the number of offensive emails the tenant was sending him. This went before the Tribunal. The gist of the issue was that the tenant was complaining about the quality of workmanship on a recent repair. The landlord disagreed and took no further action on the complaint. The emails became somewhat heated. However, after listening to both parties the Tribunal ruled that the eviction would not be supported and directed the landlord to have the roof reassessed and repaired in accordance with that assessment.

Things don't seem to be improving for the real estate sector. It has ended winter on a fairly flat note but carries with it a heavy burden into Spring.

- That burden is the excessive number of “old stock” properties on the market. Properties where sales have been attempted on at least one occasion. The property has been advertised, open days held, in some cases an auction held or in others a tender process completed and yet the property has not sold.

In some businesses this may be viewed as ‘dead stock’. The industry refers to this as ‘overhang’ – the difference between the stock available for sale at the end of each month minus the number of properties sold the following month. At the end of August 24 there were almost 25,000 such unsold properties languishing in the market. That was more than three times as many as the fresh, new listings that came onto the market in August and more than four times the number of properties sold in August. The ‘overhang’ at end August was up 41.12% compared to August 23 and was at a 10 year high for the month of August.

- The number of days to sell a property rose to an average of 50 days – the first time it has reached 50 since 2008 when it sat at 57.

There has been considerable talk around rent increases in New Zealand. So how do we compare? In Auckland that increase has been 4.7% over the past 12 months. Elsewhere –

Sydney + 13.9%
Tokyo + 11.0%
Berlin + 6.9%
Frankfurt + 5.1%
Geneva + 4.3%
Los Angeles + 3.9%
Monaco + 3.9%
Zurich + 3.8%
London + 3.5%

And on the other side of the ledger
Hong Kong – 0.8%
Toronto – 1.9%
Singapore – 4.8%

We thought we would do something a little different this month. In recent newsletters we have drawn you attention to landlords being caught in breach of the Residential Tenancies Act (RTA). Of course, for most of our readers, it is our responsibility to be aware of the RTA and keep up with recent amendments. But not all recipients of our newsletters are our clients. We distribute also to financial advisors, mortgage brokers, real estate agents, construction companies and to private landlords.

So, a short quiz about the rules under the current RTA. Test yourself – as you have read there have been several substantial penalties issued when landlords have been found in breach. Ignorance of the RTA is not an excuse in the eyes of the Tribunal.....



- 1 If I manage my own rental property, how long can I go overseas for without having to appoint an agent in New Zealand?
- 10 consecutive days
 - 14 consecutive days
 - 21 consecutive days
 - 30 consecutive days

Penalty

Landlord failing to appoint agent when outside New Zealand for longer than 21 consecutive days - \$1500

- 2 The landlord's father-in-law is a retired electrician. Can he replace a faulty light switch at their rental property?
- Yes
 - No

Penalty

Landlord failing to meet obligations in respect of, maintenance, and health, and safety requirements - \$7200

- 3 The tenant has reported the kitchen tap is leaking. You have arranged for a plumber to attend. How much notice does the tenant have to be given of the plumber turning up?
- Turn up whenever they can fit it in
 - 24 hours
 - 48 hours
 - 7 days

Penalty

Unlawful entry by landlord - \$1500

- 4 How much is the maximum bond that can be held
- 1 weeks rent
 - 2 weeks rent
 - 4 weeks rent
 - 6 weeks rent

Penalty

Landlord requiring bond greater than amount permitted - \$1500

- 5 There are 5 Standards to be met for Healthy Homes. Insulation, Draught Stopping, Heating. What are the other 2?
- Curtains
 - Smoke Alarms
 - Drainage
 - Ventilation
 - Carpets

Penalty

Landlord failing to meet obligations in respect of, the healthy homes standards requirements - \$7200 for each breach

- 6 The landlord is really keen to get a tenant into the property quickly and doesn't complete a tenancy agreement until after they are in place. Is this OK?
- Yes
 - No

Penalty

Landlord failing to ensure tenancy agreement in writing, signed, and provided to tenant - \$750

- 7 The landlord is sick of the tenant constantly paying their rent a little late each week, but they do pay the rent before the next payment is due. How much notice can the landlord give the tenant to vacate the property.
- 21 days
 - 28 days
 - 90 days
 - They can't terminate the tenancy for this reason

Penalty

Landlord acting to terminate tenancy without grounds- \$6500

- 8 The landlord has a preference for a particular type of tenant for their house. Can they discriminate by
- Age
 - Nationality
 - Religion
 - All of the above
 - None of the above

Penalty

Unlawful discrimination- \$6500

- 9 The landlord has advertised their property for \$500 per week and realised the rent is too low and asks prospective tenants how much they can pay for the property. How much can the weekly rent be
- \$500 (the amount advertised)
 - \$550 (an extra 10%)
 - \$600 (an extra 20%)
 - The tenant can tell them their best offer

Penalty

Landlord inviting or encouraging bids for rent - \$1500

- 10 What is the minimum number of weeks between property inspections
- 1 week
 - 4 weeks
 - 8 weeks

- d. 3 months

Penalty

Interference with privacy of tenant - \$3000

- 11 The property is owned by a company. How much notice do they have to give to have the property for their own use
- 21 days
 - 42 days
 - 63 days
 - 90 days
- 12 The landlord wants their son to move into the property. How much notice do they have to give to have the property for them to move in.
- 21 days
 - 42 days
 - 63 days
 - 90 days
- 13 The landlord wants to sell the property. How much notice to they have to give for the tenant to move out
- 21 days
 - 42 days
 - 63 days
 - 90 days

We will send you the answers next week. Good luck

Sharon has just returned from the annual Quinovic Conference in Taupo. It was exciting and we found ourselves amongst the three finalists in the 'Office of the year' and 'Highest Sales' (new business) categories. Congratulations to the entire team.

Please – if you know of anyone considering engaging a property manager we would love to know. Any opportunity to present ourselves in front of potential new clients is very much appreciated.

Best wishes to all
Sharon