

Hi all. My apologies for the lateness of this month's newsletter - but it was intentional.

Over the last weekend the national conference of The New Zealand Property Investors Federation was held here at Te Pae. Along with the principles of several other Quinovic offices around the country and from Quinovic Group Office I attended the conference and wanted to report back on some of the matters raised. Parts of the conference were not applicable to Quinovic activities – such as commercial property management or body corporate management – but those sections of the conference that we did attend were extremely interesting.

Key note speaker Mike Yardley spoke about the changing demographics impacting the residential rental investment sector. In no set order.

- Families are getting smaller so less demand for 4-bedroom plus properties
- Increasing car congestion – need to factor in availability of parking.
- Aging population – need to factor in accessibility to shops, church etc. Mike referred to “15-minute cities” – everything within 15 minutes of the property.
- Population growth continues therefore housing demand continues to grow.
- Home ownership will remain a goal but will continue to decline in % terms.
- Rentals are a business and must be treated such.
- Borrowing is easier for the wealthy, it is easier for those with multiple income streams – i.e. Shares, investments, property in addition to salary income.
- More younger New Zealanders are choosing Not to put down roots. They hope to travel or be transient in terms of job opportunities. Home ownership is seen as an impediment and not so important.
- Buy where wages are on the increase and employment is stable.

- A key part of Mikes address related to the transfer of wealth. Globally over \$1 trillion will move from ‘baby boomers’ to the next generation over the next 20 years – the largest movement of money in history. Much of this will remain invested, or be invested, in property. Remember that currently New Zealand does not have an inheritance / gift tax or death duties or a capital gains tax. Out of sync with many other leading countries.

To paraphrase New Zealand Mortgages address – predict 4.99% interest rates by end of year. Don't forget why you invest – yield, capital growth. Don't forget family time. Where is extremely important when investing in property. Have a fabulous accountant.

Other comments from other speakers.

- Landlords had been picked on over recent years through Government legislation.
- Never change your direction
- Have an exit plan
- Know the right time to enter and exit the sector.
- Ride out the rough timers – sector always cyclical
- Passive income or return on investment.
- 22% of investors are female.
-

A presentation that I found particularly interesting was by Liz Harris, a prolific investor here in Christchurch.

- Liz purchased her first property – it was her neighbours boarding house – 40 years ago.
- Today she has over 600 tenancies.
- Managed by her family.
- Many are boarding homes, student accommodation, studios or 1 bedroom.
- Very high weekly rental income and acceptable annual profit.
- Renovations only ever done from retained earnings.

And a couple of statistics.

- 565k investor rental homes in the country
- 500k private landlords.

“Housing is not the economy but you can’t have an economy without housing”. – Tama Potaka

The Quinovic Group rental held its national conference in Taupo. The keynote speaker was representing Tenancy Services. Highlights from this presentation.

- The aim of Tenancy Services is to provide help to both landlords and tenants. To build good relationships with both parties and to solve any problems that may arise during a tenancy.
- Key functions of TS are Bond Retention and associated support, Dispute Resolution, Tenancy Compliance and Investigation, information and education. There is also a Unit Title Services section to assist people considering buying or living in a unit-title property
- They work closely with the Property Management sector to build the right knowledge, skills and attitude. To influence compliance and behaviour change in the market via information products, education campaigns and community/sector partnerships.
- Under their Compliance and Investigation team they safeguard public trust and confidence in housing and tenancy markets. Monitor and enforce compliance with both landlord and tenant obligations.
- Reduce harm and improve wellbeing through better quality housing.
- They are introducing new technology within the Bonds management system. Highly efficient, digital systems with greater visibility. Enhanced business to business systems to better handle bulk lodgements, direct debit and direct credit connections.
- They gave advance notice of changes in 2025 to the way refunds will be handled, the way changes to

owner of tenant’s details will be recorded, how transactions between landlord and tenant are handled.

They then went on to discuss changes to the residential tenancies act.

- Reintroduction of 90 day “no-cause” terminations
- Return landlords notice periods for ending periodic tenancy to 42 days.
- Return tenants notice period for ending a periodic tenancy to 21 days.
- Reintroduction of a landlord’s ability to end a fixed term tenancy at the end of the tenancy without requiring to give cause.
- Pet bonds
- Prohibiting smoking indoors

They also advised that the Tenancy Tribunal can make decisions based on documentation instead of at a hearing.

The role of the Compliance Team

- Monitor unenforceable clauses within tenancy agreements i.e. commercial cleaning if carpets at end of tenancy.
- Incomplete, or lack of a tenancy agreement.
- Improper use of extension, renewal or variation to a tenancy agreement.
- Non-lodgement of bonds.
- Lack of notice before arriving on property for inspection or maintenance.
- Non-compliance of healthy homes standards and smoke alarm standards.
- Not attending to maintenance issues in a timely manner.
- Maintenance work not carried out by a licensed practitioner when required.

Some compliance statistics. (July 23 – June 24)

- 6029 landlord applications and 1290 tenant applications heard Q4 23/24
- 607 compliance cases resolved (10% increase)
- Finding that more tenants are willing to come forward with tenancy issues.
- Top reasons – rent arrears, bond refunds, termination, compensation for damages.

Recent comments from economist Tony Alexander.

“Reports would indicate that since early this year there has been a decided shift in power towards tenants. Whereas at the end of last year a net 26% of rental accommodation providers said it was easy to find good tenants now a record 22% say it is hard.

One factor at work may be the rapid decline in immigration. Another would be the higher proportion of first home buyers entering the market.

The power change can be seen with rents. At the end of 2023 82% of landlords said they would increase rents within the following 12-month period. Now only 64% say that. The average rent rise landlords think they can get is 4.5% compared to 5.8% last December and 6.3% last July.

On a more positive note: More landlords are reporting that their banks are willing to lend. Banks can see the cyclical turning of the residential property market which is currently underway coupled with continued strong demand from first home buyers and of course falling interest rates. (We are now seeing some fall in mortgage interest rates)”

Within our offices we are finding things a bit more irregular than we would see at this time of the year previously. There is still demand for properties though demand in Rolleston has slipped a little. Certainly, prospective tenants are not rushing into decisions. It is taking a bit longer to find tenants. But we are finding them.

New listings are erratic. Some owners are buoyed by the slight improvements to the market and are placing properties that they had planned to rent out onto the sales market. However, some of these have come back as sales price expectations were not met. Should you be aware of properties that may come up for rental please do let us know. Your help would be greatly appreciated.

Enjoy the wonderful weather we are currently experiencing. Forecasters it may not last.

Kind regards
Sharon