



Another year gone. It's been an interesting year even if not as 'dramatic' as recent years. No quakes, no covid, increasing competition and a definite shift towards a tenant-led market. By this I mean that tenants now have greater choice of property, tenants no longer feel under pressure to act quickly and due to this shift rents have been impacted downwards.

We have been fortunate here in Christchurch that rents have not been impacted as greatly as in other centres but rent levels have certainly become a focus for potential tenants. The impacts have been offset by the fact that Christchurch has become 'the' place to be – for students, for young families, for immigrants, for just about everyone in fact. Our city has changed enormously and will continue to change as major projects like the Parakiore pool complex and the Te Kaha stadium open. It is an exciting time for our city and because of this we see continued demand for quality rental properties across the district.

It's been encouraging to see the number of new rental listings coming onto the market. Experienced investors are returning to the sector and new investors now have the courage to enter the rental investment market. (Please remember that we are available to provide a full rental assessment on any new property. Have us do this before you buy. Sounds trite but we are aware of investors who have bought based on promised incomes that the market has not met.)

With Christmas fast approaching we remind you that our team are available throughout the holidays. Our office closes at 1.00pm on Tuesday 23rd December and reopens at 8.30am on Monday

January 5th, 2026. However, during this period, a staff member will be on the end of the phone to provide our full range of services.

It may be a tenant driven market at present but there are still rules about what they can and cannot do when they rent a property.

Pay their rent on time. Overdue rent is the biggest issue that confronts the Tenancy Tribunal. Tenants must continue to pay their rent even if they are in dispute with their landlord. Tenants may feel they are suffering (what-ever the perceived reason) but they must acknowledge the loss being suffered by the landlord.

Keep property reasonable clean – and leave it that way. The Tribunal regularly addresses landlord claims for compensation for 'clean-up' costs at the end of a tenancy. Some are genuine but others fail to recognise fair wear and tear that should be expected during a tenancy.

Let the landlord know of damage or repairs that are needed. There have been instances when a tenant has tried to use the reason of 'unfixed damage' as a reason to break the lease but if turns out they have never advised the landlord of the problem. There are potential impacts of insurance cover should any damage be proven to have happened 'over time'. Landlords do try, and are sometimes successful, to claim exemplary damages under such circumstances.

Not have more than the agreed number of occupants. It is not uncommon to find more people occupying a rental than the number of occupants agreed to in the lease. Its amazing how many

people 'are just visiting'! Additional people create potential; health and safety issues, place more wear and tear on the property and this has an impact on the landlord's insurance.

Using the property for business purposes. This does not refer to 'working from home' but to operating business activities on a full-time basis. Stress can be placed on the property by office furniture, storage, production or cultivating. Again, there are potential issues with insurance and wear and tear.

Make alterations without consent. Tenants may like brightly coloured walls etc but at the end of their tenancy they should restore the property to its original condition. Best to get a landlord's permission up-front.

Equally there are rules around what a landlord can do – or not do.

Turn up unannounced. Tenants are entitled to peace, comfort and privacy under the Act. Landlords must get approval in advance if they wish to do maintenance, inspections etc. If a property is for sale then the tenants must give approval for open days.

Require professional cleaning. Tenants cannot be asked to get professional cleaning done when they vacate a property. Tenants are required to leave a property in a reasonable clean and tidy state. (Note there are provisions for carpet cleaning under the new pet regulations).

Claim any difference in rent when a property is re-let. This relates to instances when a lease is broken. A landlord is entitled to claim 'reasonable' expenses such as advertising but the Tribunal does not see rent

differential as an expense. There has been an occasional exception granted to this where landlords have provided evidence that the 'rent drop' was necessary.

Take a tenant's possessions. Even if the tenant owes money to the landlord possessions can not be taken to cover this.

Let rent arrears add up. If a tenant falls behind with their rent a landlord can not allow arrears to mount unreasonably. The Residential Tenancies Act requires parties to act in a timely manner in order to minimise potential losses. It will work against a landlord if proof cannot be submitted showing a 14-day notice, not sought to terminate the tenancy, not initiated a repayment plan. The Tribunal may see the lack of action as complacency and not award all the rent that is owed.

Not pass on bills in a timely manner. Landlords have an obligation to ensure that tenants receive bills in a timely manner. Overdue bills incur charges or may result in a loss of services.

Leave the country for more than 3 weeks. Any landlord who leaves the country for more than 21 consecutive days must appoint an agent to act for them – and must advise the tenant who that agent is and how to contact them. This is to ensure that should issues arise during the landlord's absence there is direct communication with a party authorised to handle these matters.

Retaliate. Landlords cannot give notice or raise rents in retaliation for anything the tenant may have done.

The suggestion by the Labour Party that it may consider a Capital Gains Tax seems to have lost momentum – as one commentator put it “the idea is sinking faster than a dinghy in Cook Strait”. “The momentum is swinging towards a Government – any Government – that has no appetite for taxing Kiwi property gains”.

Why. New Zealanders are getting tired. Tired of rising living costs, Tired of housing policies that hit everyday families. Tired of policies that don’t solve the issue. And tired of politicians pretending that new taxes build new houses.

CGT is hugely unpopular because it risks skyrocketing rents. It punishes hard working property investors. It hits retirees who planned responsibly. It does nothing to build the homes that we need.

The solution is supply not squeezing. What will fix our housing crisis – faster consenting, building of infrastructure, incentives for development, less red tape, more freedom to build where people want to live.

CGT is already losing the battle. Voters are leaning towards policies that protect landlords that provide housing, support first home buyers through supply, encourage investment not punish it.

Forecast. Tax gone, housing boom coming. CGT might make loud headlines but it is unlikely to ever pass into tax code. This law will never pass, will never be implemented and will never touch Kiwi property market.

What needed are more homes, greater market stability, returned investor confidence and Kiwis keeping more of what they earn. New Zealanders expect policies that build homes, boost growth and protect opportunity.

(The name of the commentator is not included with the article).

We thought you may be interested in this article from Forsythe Barr.

If you want real returns that compound over time, relying on rental properties alone won’t get you there.

That’s the message from Aaron Ibbotson, Director/Senior Analyst, Equities, at Forsyth Barr.

Forsyth Barr research shows that future property gains almost certainly won’t match up to recent booms, and the true cost of owning a rental usually outweighs the returns.

“If my house doubles in price, can I now feed two families? No,” says Ibbotson. “If you buy one property, 50 years later you still have one property. But if you buy shares in a logistics company equivalent to the value of one truck, 50 years later you own the equivalent of many trucks. That’s one of the core principles when you invest in equities [shares] versus properties.”

We can’t pay an ever-increasing amount for houses

Since 1992, house prices have increased by 6.2% a year on average, far outpacing household income growth. House prices reached a peak in

2022, when it took 11.2 times the median disposable income to buy. Over the past three years, that ratio has fallen to 9.2 times income, still well above the long-term average of 5.7.

For growth to continue at 6.2% annually, house prices would need to reach ever-increasing multiples of income, according to analysis in new Forsyth Barr report [The House Doesn't Always Win](#). It would take 13.7 times median income to buy a house in 2040, 17.7 times in 2050, and continue to worsen. This simply isn't possible, sustainable, or statistically likely, says Ibbotson.

"Rents and house prices are not going to grow faster than household income over time. I'm not saying it will be zero growth, but maybe 4%. And the number one thing that people forget about is real [adjusted for inflation] growth. That is about 1% a year over the very long term."

Better than putting your cash under the mattress, but...

Property is like gold, says Ibbotson: they both hold their value against inflation, but they don't increase in value, only in price. In contrast, a basket of shares will increase in value and price over the same timeframe.

"My grandfather's uncle, Frank, inherited a gold coin from his grandfather that was worth a month's wages in the 1850s, and it's still worth about a month's wages now," he explains. "If Frank's grandfather had put that money in his mattress, now it would be worth only a cup of coffee, that's inflation. But if he put that money into equities back in the 1850s, in a diversified portfolio, it would be worth half a billion dollars today, that's compounding."

That's the power of spreading your money across a wide mix of businesses rather than

locking everything into a single property asset.

While capital gains between 2000 and 2022 were impressive, anyone who bought in 2021 in Auckland or Wellington funded 80% with a mortgage has seen most of their equity wiped out over the past few years. A diversified portfolio of shares might fall in value, but has never historically resulted in equity falling to almost zero in just a few years, he points out.

Property investors often rely on back-of-the-envelope calculations to work out they're making a gain, tending to brush over the true cost of upkeep and fixed outgoings. Rates, insurance and maintenance have risen to the point where they now consume around a third of gross yields, currently sitting just below 4%, Ibbotson says.

"I ask my friends who own rentals, what is your honest cashflow? The vast majority who are in their 40s have big mortgages and cash losses. If they genuinely deduct all the fees and costs, it's in the red. The honest cashflow is often very low."

Plus, he notes, rising property prices reflect renovations and improvements over the years. Homeowners add rooms, refurbish kitchens, and put in pools, which drive up median house prices. If you buy a rental and do the bare minimum maintenance, its value won't keep up with the rest of the neighbourhood.

By contrast, a diversified investment portfolio keeps working in the background, with different assets performing at different times to smooth out the bumps.

Why buying a home makes sense – but a rental may not

While he's highly sceptical about the real returns on rentals, Ibbotson believes that buying a home

has plenty of non-financial benefits. A home typically provides a huge sense of security, particularly when you have children, so home ownership can be an excellent lifestyle decision.

Equally, if you have a substantial investment portfolio and property (excluding your home) makes up only 10% or 20% of your overall wealth, that's a very reasonable approach, he says. In that case, property adds diversification, is tax efficient, and can be enjoyable as a direct investment if that interests you.

For everyone else, though, investing in rental properties is a missed opportunity to put money into the share market and potentially see it gain real value over time. Talking through these trade-offs with a qualified adviser can help investors avoid blind spots and build a strategy that actually fits their long-term goals.

"People often don't understand that when you own a portfolio of equities, you own a small proportion of hundreds of fantastic businesses that do great things. Broadly speaking, you can get nominal returns of 8% or 9% over the long term. Real compounding is why the markets are so fantastic, and why I'm evangelical about people investing in the stock market over the long term."

ASB Housing Confidence

Lower interest rates have positively influenced housing confidence and buying conditions in New Zealand, despite modest house price expectations.

Current Housing Market Conditions

- Net 28% of respondents believe it is a good time to buy, the highest since mid-2010.
- Factors contributing to positive views include

high housing inventory, low mortgage rates, and low house prices.

- The number of houses available for sale is at decade highs, allowing buyers to be selective.

Interest Rate Expectations and Trends

- Over half of respondents expect further declines in home loan rates, rising from 47% to 54%.
- The Reserve Bank of New Zealand (RBNZ) has shifted to a dovish stance, cutting the Official Cash Rate (OCR) by 25 basis points.
- Current expectations suggest the OCR may stabilize around 2.25%, with potential for another cut if economic data underperforms.

House Price Expectations and Market Dynamics

- House price expectations have slightly decreased, with a net 17% expecting increases, down from 18%.
- Despite lower mortgage rates stimulating demand, a significant supply overhang has kept house prices stable.
- Future growth in house prices is anticipated to be modest, influenced by labour income growth and population dynamics.

Buyer Sentiment and Economic Outlook

- Job security concerns have led to cautious buyer behaviour, but the labour market is stabilizing.
- Increased employment and earnings growth are expected to enhance housing demand in 2026.
- The overall sentiment indicates a potential tightening of the housing market, with prices expected to rise gently over the next year.

Opinion and Recap- John Bolton Squirrel

- The Reserve Bank cut the Official Cash Rate (OCR) by 0.25% on 26 November, taking us down to 2.25%—and most likely bringing us to the bottom of the interest rate cycle.
- With more and more green shoots starting to emerge in the economy, and many households

starting to feel the benefit of lower interest rates, the expectation is that this last little bit should be enough to ensure we can all go into next year feeling a bit more positive.

- There's unlikely to be too much movement in interest rates off the back of the news. Floating rates will drop, and short-term rates may come down slightly—but with the banks competing hard on cashbacks at the moment, that's about it.

The Reserve Bank (RBNZ) cut the Official Cash Rate (OCR) by a further 0.25% on 26 November, down to 2.25%. It's exactly what the market was expecting, which is as it should be. (Things were a bit disconnected for a while there—the left hand didn't really know what the right hand was doing—but ideally there shouldn't ever be any big surprises with this stuff.) And given the state of things, I think it was the right call.

The economy's not exactly in terrible shape—agriculture's booming, exports generally are doing well courtesy of the weak NZD, and more and more of us are now starting to feel the benefit of lower interest rates.

But consumer confidence is still in the negatives—down again in October after a brief uptick in September—and that's the big thing that needs to change before people feel comfortable going out and spending money again. This final little bit of relief (plus the prospect of a summer break just around the corner) should help with that.

What's the outlook on the OCR from here?
At this stage, the RBNZ's forecast hasn't explicitly factored in any further cuts next year—although it's reserving the right to change its mind on that, depending on how the data plays out over summer. But to me, it feels safe to say we're at the bottom.

Our next OCR decision isn't until 18 February 2026, which is a decent way off, even in economic terms. With the green shoots we're seeing out there already, and mortgage rates likely trending a bit further downwards, by the time we come back from break next year I suspect we'll all be feeling a lot more positive about things.

What does the recent OCR result mean for mortgage rates?

Floating rates have dropped off the back of this verdict, and short-term rates could come down slightly too, but don't expect much more than that.

Eagle-eyed borrowers will have noticed that this time round, the banks haven't come out with the same pre-emptive rate cuts they did in the lead-up to our last couple of OCR announcements. And what that really tells us is that the banks aren't expecting any further reductions either.

Assuming this is the bottom, the last thing they'd want to do is drop their rates—and squeeze their margins—only to have to turn around and bump them back up again in the not-too-distant future. That's not a good look for anyone.

The other spanner in the works as far as rate cuts are concerned is that the banks are playing incredibly hard on cashbacks right now. We've got three major lenders all offering 1.50%, which is insane when you consider the going rate is usually somewhere between 0.70% and 1.00%.

Now, the reason the banks are doing this is because not only are big cashbacks a really effective way of winning and retaining customers, but they're also a whole lot cheaper than the alternative i.e. competing on rates.

The explanation is a little convoluted.

1. It means they're targeting a much smaller portion of the market—i.e. the 5-10% of customers who are refinancing or repricing at any given moment—rather than mortgage borrowers across the board.

2. Cashbacks are paid upfront but then become a liability on the banks' balance sheet which they can amortise over three or four years. Over four years, that 1.50% cashback translates to a roughly 0.40% discount per year, across that 5-10% of the market.

3. Compare that with the cost of even a 0.20% discount across the entire market—and there's a pretty clear winner.

The obvious implication for borrowers is that if lenders have chosen cashbacks as the key battleground for new customers—which it looks like they have—they're probably not going to go all out on rates as well. All that said, bank margins are running pretty high at the moment.

Wholesale rates have climbed slightly in the wake of this week's OCR decision—but with the one-year swap rate currently around 2.50%, and the main banks all offering a headline one-year rate of 4.49%, they're right at the upper limit of the usual 1.70% to 2.00% range.

Depending on how competitive the banks are willing to get—and if that competition does spill over from cashbacks into mortgage rates—there could be scope for that one-year rate to fall slightly to around 4.29%.

I find it hard to believe that this is the 18th Christmas / year end newsletter that we have sent out. It's been terribly satisfying watching the business grow over these years. Of course, we

would not have grown had it not been for the fantastic support we have had from our clients. Thank you so very much for continuing to have trust in us to manage your property. We do try hard to do everything right and hopefully that shows in the service level that we provide. We wish you and your families all the very best for Christmas and the New Year. We all look forward to working with you again in 2026.

The other major contributors to our ongoing success are my staff. Without them I would be lost. Each has made a significant contribution to the business and to the relationships we enjoy with clients. I want them to know just how much I appreciate them. We are like a family – we have our ups and downs – but we are here to support each other all of the time. Thank you team.

Best wishes to everyone. Take time out to relax and we will see you in January.

Sharon.

Enjoy the build-up to Christmas and hopefully your summer holidays.

Best wishes to you all.

Sharon;



TERMS AND CONDITIONS APPLY

https://www.quinovic.co.nz/holiday-voucher-terms-and-conditions/?fbclid=IwY2xjawNjtrhleHRuA2FlbQlxMABicmlkETFOV1NNRVpqTXZ5SGpBc045AR611THUoveikpoaYyoU5ywwK3NzW037mWsXWD0tWjwCrS-YWSodu1250d6BWg_aem_i8jVn8xqz3izFx3b5iGtzw