

NELSON PROPERTY INVESTORS ASSOCIATION
MAY 2018 NEWSLETTER
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Our fourth meeting of the year is being held at Honest Lawyer Monaco on Tuesday 22nd May 7:30 pm. We are having a second go at running a mix and mingle night. If you recall we had to can the previous attempt at running it due to the big storm Fehi. The bar will be open during the evening and the idea is we will get a chance to chat to each other about all the issues that have been bugging us recently. Sometimes it helps to get our thinking sorted if we verbalise our problems with someone else. There is a huge pool of knowledge and skill amongst our members. Some of the committee will share their specialised knowledge. For those members have no problems we desperately need you to come and share with the rest of us how you achieve such peace in your property investing life. Also we will be having another brief AGM. The 6 pm pre meeting meal is on again. Get your bookings into me ASAP. I will send out a menu a couple of days before the meeting. Things worked well last month with the new meal booking system.

IT IS ALL GO OUT ON THE BUILDING SITES

I recently attended a TDC long term planning meeting for developers and others with an interest in the market (like me). This meeting followed on from three meetings that were held last year. I found it fascinating to see how they have filled in and ticked lots of little boxes. Plans show the planners have made ample provision for growth over the next ten years. But this assumes their estimates of expected growth are correct. They think there will be 3000 building consents issued over the next ten years. It is predicted that most of these new homes will go into Richmond. Tasman's 12 month rolling average of new building consents has been 380 for some time now. The most recent statistics indicate that this number is sharply increasing. There were 61 in March. If the trend line continues we could be looking at around 600 this year. I ask you how does anyone arrive at a 10 year figure of 3000 ?. These figures are remarkable when it is considered that as each new subdivision has hit the market all that are available have been sold within a few hours. There are insufficient sections to meet the demand. The big bung of Richmond West has been pulled. Watch this space on building consents once the long delayed sections start hitting the market.

The name of the game is "guess who caused the blockage". I recall the finger being pointed at land bankers, council planners and building consenters, Banks and their LVR's, Governments and their bright line taxes targeting speculators, the RMA, and last but not least the availability of builders and contractors. Let the game commence has been said more than once in the past. Nelson city is limping along behind its sister territorial authority. A respectable 37 building consents were issued in February. This is an all time high. Of course we all know that Nelson has run out of flat land. The solution for that problem is obvious dear Watson. All they have to do to solve that problem is move the boundary.

THE MARKET

Summer has ended. Things are not as hot this month. The Nelson / Tasman numbers to let on Trade Me have jumped from 77 in January to 191.

This trend is just a repeat of what we have seen in the past winters gone by, but it still comes as a shock. The only answer for landlords is to drop the rent a bit. Dropping your tenant quality and taking a prospect that has bad credit is just asking for trouble.

The next question people ask is what caused it. The first thing to blame has to be AirBnB units being withdrawn from the holiday home market and returned to the rental market for the winter. However looking at the new advertisements on Trade Me gives no indication of this. I would think indicators would be people advertising furnished or specifying the property being available short term only. The other massive change is the sudden drop of Indian students / short term work visa holders. For me and my portfolio one good tenant has given notice to buy their own property and two top rate tenants have new jobs and are moving to Christchurch. Those moving mention higher pay and lower rent in Christchurch.

OLD DOG LEARNS A NEW TRICK THAT HAD BEEN FORGOTTEN

I am not sure if it is the first sign of dementia but from time to time I face tenancy issues that I have dealt with in the past but cannot figure out how to handle now. Late last year I discovered an unregistered un warranted car on a large site that has five flats on it. The car was on a common portion of the site some distance from the flats. It looked to me as if someone up the street had dropped it there. Now a decade or so ago I was punished for disposing of a car the wrong way so once bitten twice shy. First I rang the Police. No it was not a stolen car. The Police said they were not permitted to tell me who owned it or where the owner lived.

I then rang MBIE call centre. Their first advice was to call the Police. They then suggested calling the city council. They then said to issue a 14 day notice to the tenants. And here I was thinking Tenancy Services were there to be helpful and offer conflict resolution advice. Giving a 14 day notice to five good tenants would be a great way to upset the good relationships with the tenants in a whole block of flats. A long time ago it was permissible to obtain a vehicle owner and their address after paying a small fee. This was withdrawn in the interests of privacy. I asked my friendly motor garage owner and a few other people. Then my net friends on Property Talk offered advice. They quoted a hard to find URL to a section of the Motor Transport Authority. After paying a fee of \$14 it was possible to get the name and address they said. So I paid and zap the name came back (without the address). That name did not match any of the tenants. So I go back and say I need to address for me to do my duty as a landlord. Zap within minutes the address came back. It was one of my flats. I went to the tenant and she says... Oh I am just helping my son who does not live here! In due course the car disappeared.

The moral of the story is and what I had learnt again is this. Do not seek advice from people and organisations that are able to punish you. It is not in their interest to help you avoid the punishment they are poised to inflict on you.