

NELSON PROPERTY INVESTORS ASSOCIATION
JUNE 2019 NEWSLETTER
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Our fourth meeting of the year is on Tuesday 25 th June 7:30 pm. at the Honest Lawyer with the normal pre meeting dinner to enjoy with fellow investors. Yet again we have a top rate speaker. Nick Goodall from Core Logic is speaking. Nick is the person who presents the monthly video clip saying what is going on in the real estate market. Core logic owns QV, Terranet, and Property Guru. They are the source of all useful information on the market both rentals and selling.

It took a bit of pushing over a few years to get Nick down here. Do not miss this one off opportunity to hear from a person and a company who has access and publishes more than we can ever understand.

THE MARKET AND WHAT ON EARTH IS GOING ON

I do not know if you are like me but I get sick and tired of the news media reporting this and that about what is happening when in fact all they are reporting is what they think is happening in Auckland. The media is full of stories about the market both good and mostly bad. A lot of what is published is clearly originating from self interest groups that engage in talking the market up or how bad rotten landlords are.

Nick from Core Logic has told me he has his eye on Nelson. The strange thing is Nelson hardly ever gets a mention in the real estate news. Yet we all know that things are humming along and our sale prices along with rent levels have never been better. I have studied Trade Me for many years and recorded properties for sale and for rent. Sure Trade Me does not have the selling market to themselves but they totally dominate the rental market. The TM for sale statistics are good enough to see what is happening in the various markets around the country. That being when Realestate.co.nz is up or down so too is TM. Comparing figures over the last four years shows how we are performing. You look and make your own judgement.

Year	2016	2017	2018	2019
Figures for 1 June				
Nelson rentals advertised	140	121	96	90
Tasman rentals advertised	78	69	57	69
NZ rentals advertised	10908	9573	9729	8302
Nelson for sale on TM	169	158	741	249
Tasman for sale on TM	419	346	200	428
Year to April				
Nelson Building consents	166	238	227	367
Tasman Building consents	371	369	415	371
New Zealand numbers	28617	31758	33632	36238

If one compares the number of properties advertised to let compared with the number of rentals in the last published census of 2013 it shows Nelson has a vacancy rate of 1.88%, Tasman 1.74%, Canterbury 2.65% and Auckland 3.46%. This cannot be true one might say! There are thousands of people waiting for housing in Auckland and Twyford is building Kiwi build houses as fast as he can in Canterbury and Auckland. This over supply is evidenced by stagnating rental prices in both cities.

I have gathered up each and every rental advertised in Nelson and run them through my computer. I did this last time in January and did it again last week.

	22-Jan-19			
	1 Brm	2Brm	3 Brm	4+ Brm
Average	275	404	475	643
Median	280	392.5	460	600
Adverts	13	22	21	8

	1-Jun-19			
	1 Brm	2Brm	3 Brm	4+ Brm
Average	342	437	507	605
Median	340	420	495	557.5
Adverts	19	23	25	16

From these figures I deduce that there are more larger houses to let and their rent prices have eased. But all the smaller properties are about the same and their rents have gone up significantly. I have noticed when letting that there is lots more interest in the smaller properties than the larger ones and there seems no market resistance to the rents being asked. I must admit for the three one bedroom properties I have had to let this year all have been let at rents well below what the TM figures indicate others are achieving.

Quick stop the presses. The rent statistics from MBIE just arrived into my in box. Surprise they show the rents are much lower than mine. So low they are almost laughable and only a fool would believe them. Bearing in mind that the properties I have let have hardly been executive class I do think my tiny sample is a fair and reasonable comparison. I got more for my Murphy Street flats than the so called MBIE average. So why are MBIE figures consistently lower than our world. Firstly theirs is a 6 month rolling average so in a rising market their numbers are weighted down by old out of date numbers. But more importantly as they say their figures are from bond lodgements. I am surprised by the number of bonds they claim are being lodged. Clearly a lot of the bonds are coming from renting outside of the open private market you and I operate in. Like for instance Housing New Zealand, council pensioner flats and friends and family? Who knows and who cares. We all operate in the world that Trade me operate in. The true open private market is all we have access to. Leave the government housing to the civil servants and politicians in Wellington who subsidize their rentals by charging more tax or local body rates.

Another issue in the market place are the Healthy Homes legislation. Here is what has come into my in box.

Yesterday's announcement follows the February announcement of the standard's high-level policy direction. The standards are now final and will become law on 1 July 2019, requiring compliance at different times from 1 July 2021. Since the February announcement, more details have been clarified. The most substantial clarifications have been to the requirements for landlords to make compliance statements in any new, or renewed, tenancy

agreement from 1 July 2020. For more details on these requirements please consult our website: <https://www.hud.govt.nz/residential-housing/healthy-rental-homes/healthy-homes-standards/>.

To view the Residential Tenancies (Healthy Homes Standards) Regulations 2019, please visit the Government's legislation website, here: <http://www.legislation.govt.nz/regulation/public/2019/0088/latest/whole.html>.

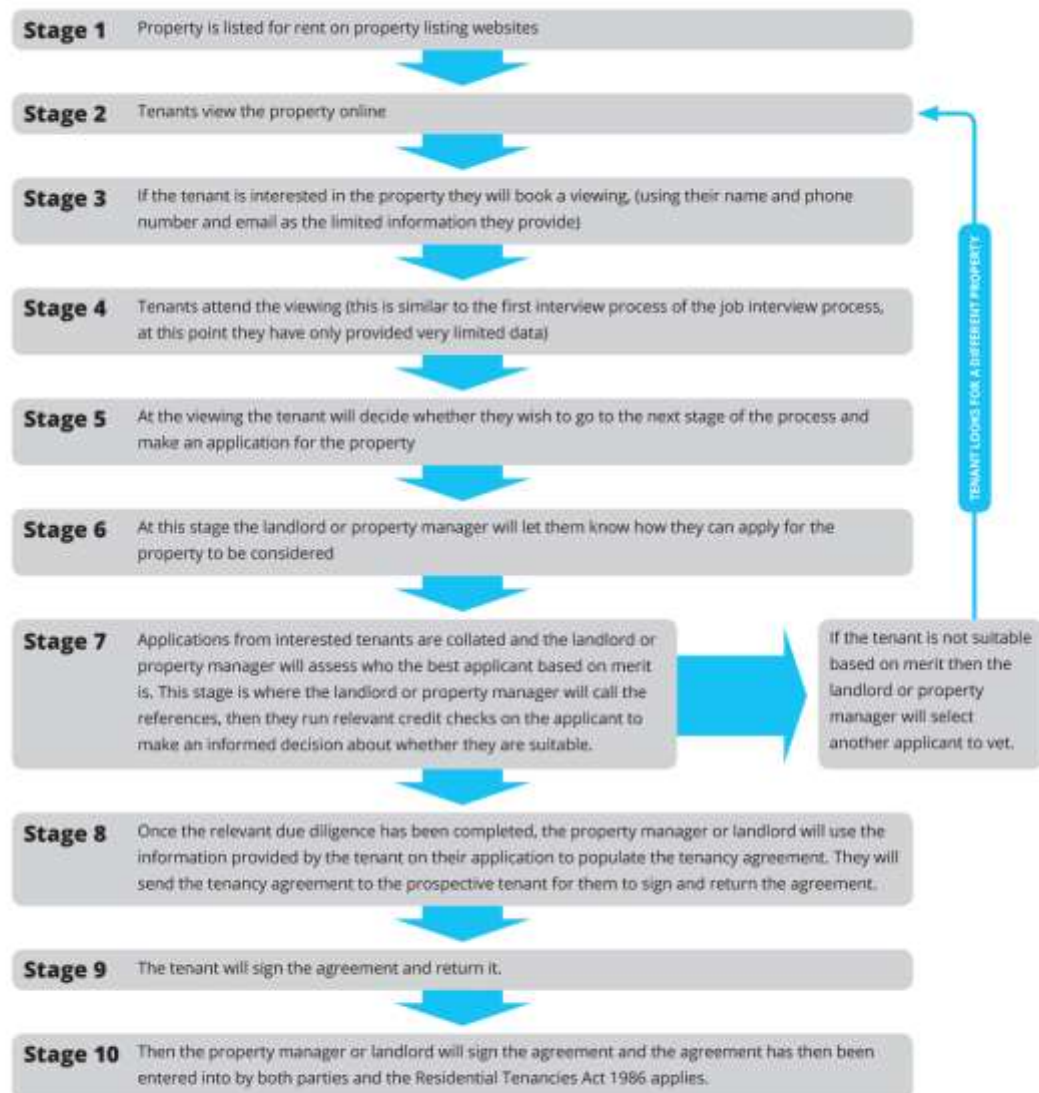
Being forever the conscientious landlord I have looked at some of our existing properties to try and determine if the existing extractor fans are compliant. Some were smaller than the law calls for but might still meet the standard if we could only figure out how many Litres / second they suck. We asked MBIE and they could not help. So I asked Mr google and perhaps the answer we got off the web will be acceptable in the Tenancy Tribunal. I have purchased an air flow meter off Ali express. The formula is air speed x area of ducting. My guess is some tenant at some stage is going to take me to the tribunal because his fan is not sucking enough. I need to be prepared in advance to meet the risk.

The other issue that might get worse is the privacy commissioner has started to flex his muscles. The officials have guessed that choosing a tenant is like choosing a new employee. Scotney Williams has taken it upon himself to meet with the civil servants and they have softened their approach slightly. He has produced a good flow chart which he claims they agree with. This is what he has published.

The tenancy application and vetting process

The tenant application and vetting process is a ten stage process.

The minimum information is captured at each stage to assist the landlord or property manager or landlord in doing the things they need to do at that stage.



Regards Glenn

Hope to see you at the next meeting.

PS so far 50% of you have paid your renewal subscriptions. Hurry along please. My computer is beeping looking for your money.