

NELSON PROPERTY INVESTORS ASSOCIATION
SEPTEMBER 2019 NEWSLETTER
PO Box 198 Nelson
NelsonPIA@xtra.co.nz

Our sixth meeting of the year is on Tuesday 10th September 7:30 pm. My friend Mel Courtney who is a Mayoral candidate is coming to speak to us. I first met Mel in the 1970's when he was our local MP and he helped me with a community organisation problem. He has done many things since those days. Along the way he and his family have been residential property investors like you and me. These days he is a high profile city councillor and many of us think he is likely to become our next Mayor. I think both Nelson and Tasman voters need to hear from him and see what he has in mind. Regardless of who wins the Mayoral race Mel is bound to still be holding the tiller. Where he points us everyone in Nelson and Tasman will sail to. Mel is easy to listen to and you will enjoy the night.

We are back to our regular pre meeting meal at 6pm. Email me to book your table. Members have requested informal chat meetings. This is the time to chat and eat at the same time. You would be surprised what pearls of wisdom are whispered over a hot chip and cool beer.

MBIE RENTING AND YOU SEMINAR
NELSON 1 OCTOBER

I have sent you all information about our seminar being held at the Rutherford Hotel. You have to each individually register in advance to attend. Every day I hear from many of you struggling to figure out what to do about things like insurance statements, size and position of heat pumps, insulation quality and pre tenant questions and credit checks. If you do not find out what the government is saying you have to do you will be ignorant. Ignorant innocent people are always the first ones to get shot down and hurt.
<https://www.eventbrite.co.nz/e/renting-you-seminar-nelson-registration-64577708665>

THE MEDIA TELLS US EVERY SECOND DAY WE ARE THE MOST OVERPRICED PROPERTY MARKET IN THE WORLD

Are we really that bad? Who on earth believes that journalists know as much about the market as you and me? Do they actually tell the truth and are the reports they are commenting on reflect what we see?

Allegations are made that the income to purchase price in Nelson and NZ have moved out of kilter compared with the past. English immigrants are moaning and heading back home where things are much better and fairer. Rents are so high in NZ landlords are ripping tenants off compared with other countries where rents are so much better. The quality of our homes is way less than other countries.

My daughter who lives in London UK is in the process of buying her first home. Whilst I have not had a chance to view the property it is interesting to see some of the fundamentals and compare things with our world. She is buying a nice modern looking unit being one of six located in Oyster zone 9 which is 22.9 km down the line from Waterloo. The purchase price is NZ\$520000 the existing occupying tenants have been paying NZ\$2123 per month which equates to 4.8% gross. The agents say the nice tenants should probably be paying perhaps NZ\$2316 which is 5.3% gross. My daughter is

planning on living in the property so is exempt the stamp duty which is lots and I think she is getting some sort of first home buyer assistance from the UK government. The mortgage broker reports that bank floating interest is 3.8% but she has been offered a fixed two year rate at 1.8%. The monthly interest on her loan will be NZ330 per month which a way less than the rent that she could achieve or has been paying for similar accommodation. Of course just like in New Zealand there are other costs associated with owning a property. I do not have enough information to comment on these.

My point is, comparing things with similar properties in Nelson the rents and purchase prices are at a similar ratio to London UK outer suburbs. Obviously closer in properties cost more to buy and rent like they do in NZ. At the moment it looks a better proposition to buy over there compared to renting which is the same in NZ when todays new mortgage rates are factored in.

On the fundamentals NZ property prices look much the same as other normal parts of the world. Of course London is 51 degrees North compared with Nelson at 41 degrees South they are closer to that big landmass to their North East and we are surrounded by warm oceans so things are colder outside which means the heating and insulation need to be way better than Nelson. That does not mean our properties are inferior. They are just built for a different environment.

SELF RESOLUTION OF TENANCY PROBLEMS

If you have a tenancy problem the smart thing is to sort it out with your tenant rather than going through the stress of a tenancy tribunal hearing. I have recently done this and both I and the tenant parted on good terms. I had a perfect tenant. She looked after the flat and got on well with the neighbours. She just had one failing in that she stopped paying the rent! My first action was to text her advising of the missed rent. Then she was served a 14 day notice to remedy. It turned out her phone had run out of money so it was not possible to ring her and every time I visited the flat she was out but she was clearly still living there. I lodged a tribunal application but because she had no phone and there is no local mediator the only option was to head to a tribunal hearing. Delays at the tribunal are bad and cost you money if no rent is coming in. I managed to make contact by email with her. I gave her a copy of the tribunal application and suggested she might like to give notice. Landlords need to be very careful when doing this because the tribunal takes a dim view of threats and suggesting the tribunal will do this or that. So I said going was entirely her choice. However I pointed out to the nice young lady it would be a good idea to not get her name into the public arena which is what would happen if we ended up in the tribunal. Landlords have got into trouble by saying the tribunal will evict them so I said the tribunal must always follow the law. The law says the tenancy adjudicator must issue a termination order if at the time of the hearing the rent is three weeks in arrears. The judgement still needs to be equitable. I offered to forgo the requirement for 21 days notice in return for her giving immediate notice. The deal was done and the bond refund form was signed off with the tenant receiving one weeks rent and three came to me. We advertised the flat again and the new tenant moved in 7 days later at \$10 per week more. Amazing as it may seem the young tenant asked if I would supply a verbal reference once she got her finances in order and applied for a new property. I promised I would do that because I was very happy with the way things ended.

Regards
Glenn