

NELSON PROPERTY INVESTORS ASSOCIATION
JULY 2021 NEWSLETTER
PO Box 198 Nelson
NelsonPIA@xtra.co.nz

Our fourth meeting of the year is on Tuesday 13th July 7:30 pm with the optional before meeting meal at 6 pm. We have Williams Corporation sharing with us. Kathryn Marshall the general manager and Carl Da Costa will be speaking. Carl is one of their top sales consultants.

Just in case you are not familiar with the Marshall name Kathryn is Seddon Marshall's daughter. Seddon is the father figure of our association and has been the vice president for as long as I can remember. The other name in the business is Horncastle. One of our committee members sold one of his rentals recently. It was built by Horncastle and Marshall. Jason describes the property as his best investment property ever. I managed that property for a decade and it survived all manner of tenants. It brought in the rent. Seddon has been suggesting for several years we get Williams Corporation to speak. After reading they had talked at the Canterbury PIA it motivated me to close the deal to get them up here at long last. Read a bit more about the firm below. Note we will start the meeting by holding our AGM. Thanks for those committee members who are standing again. We have room for more. We need a range of property investors on the committee to remind us old hands what today's challenges are and come up with ideas for our meetings. Let me know by email if you want in.

OUR LAST MEETING ON INTENSIFICATION

It was great to hear from the TDC what their plans are for intensification. Jacque spoke to me several years ago to see if there was a need for small rental units and who rents them. She mentioned at the time about the units that had been built in Richmond West and how they were not selling. My comment at the time was they are too far away from the Mall. Well time has moved on and now the developer is building more there because the market has discovered them. But the TDC took up my suggestion (I am sure I was not the only heckler) and now they think it is a wonderful thing to have intensification in Talbot, Elizabeth, Croucher, and Oxford Streets. They are yet to pick up on my suggestion of Edward, Roeske, George, and William Streets. Not that owning property in Sundial Square and Edward Street influenced my opinion in any way. That is just a co-incidence.

Jacqui wrote the following. *"I enjoyed being part of your meeting last night, so thanks for giving TDC the opportunity to explain our plans for intensification.*

Also thanks for dinner - sorry in the rush I forgot to mention!

It's a very relevant group for us to come in to contact with so perhaps we can do some future presentations on topics of interest in due course?

I'm copying my colleague Anna in, so that she can add your details to our community database for consultation on the Tasman Environment Plan. This way you will be kept up to date with progress on that.

I'm not sure if the review of the Future Development Strategy which I am responsible for and which starts in July 2021 will be of direct relevance, but may be another option."

As for the Nelson city council. (small c is not a mistake). I am still angry about this email I got the day before the meeting. *“My apologies for the short notice, however some other priorities mean I am unable to attend.”*

From what I read the NCC solution to following the Governments direction re intensification is to give the proceeds of the pensioner flats sale to some (but not all) of the private charitable trusts who have residential rental investments in their portfolios and to encourage repurposing of privately owned underutilised first floor office space in the central city. They claim they have consulted widely on their plans. Well our association has not been consulted despite multiple requests to hear from them. I have owned a commercial property in the central city for 30 years and have a non-commercial interest in another two. Three friends have multiple properties in the CBD and none of us have heard from the council. Most have significant residential investments as well. In earlier information put out by the NCC there was a suggestion of increasing the permitted residential coverage but I cannot figure out if that idea has been progressed.

Sure most of our members are neither developers nor speculators but we certainly do own the 12000 rental properties in our area. As a general rule of thumb it is possible to get a better rate of return out of high density properties, so we do have a vested interest in pushing for this.

WILLIAMS CORPORATION

Williams Corporation is the seventh biggest New Zealand building company. It sells its new apartment / townhouse projects in a 50/50 split to investors and owner-occupiers in Auckland, Wellington and Christchurch. Last year they built 550 homes and this year will deliver 800. It usually only takes one day to sell a typical development of 15 townhouses off the plan. With the Government recent tax changes it is expected that investors will gravitate even more strongly towards new builds. Nelson PIA wants to expose its members to what is available outside of Nelson whilst at the same time does not want to suggest this or that is a better or worse investment. Over the last 40 years I have dabbled in the share market, purchased a standalone house in Christchurch, joined a syndicate investment in Christchurch and another one in Wellington as well as my Nelson activities. One of those out of town investments performed fantastically and the others limped along producing modest returns well below what I could have got in Nelson. One thing I learnt along the way was I am not an expert and really have no idea in advance which project will perform best. As the saying goes nothing ventured nothing gained.

MEMBERSHIP

Yes it is that time of the year to renew your membership. Thanks for all of you who have paid promptly again. Those that were financial members for the 20/21 year will get another invoice reminding you to hurry along. Failure to pay will mean your magazine will stop. Those of you on the free mailing list are welcome to keep getting our newsletter and attending our meetings. In fact just being there does assist us. Being a financial member means you get the monthly magazine, a discount card for great deals off Bunnings, Initio property insurance, credit checks and a few other suppliers. But more importantly it helps support our lobbying central and local government and keeps our local and national organisation funded to carry out the work on your behalf. So do not be shy. It only costs \$185 per year to be a member.

AN ODD THING TO MAKE SOME MONEY FROM

I have a commercial tenant who is keen to get a higher turnover and lower operating cost and a higher profit. As an investor I have the same goals. The tenant needed to put a bit of extra plant outside and had to get my permission to do so. They adamantly refused to pay extra rent for this. So I had my work cut out to appear a helpful sympathetic landlord and convince them to pay me some more money. After a bit of a struggle I got from them a plan showing how much room they needed including the space around it for servicing and safety. Now this space was not the same shape and area as a car park so I could not use the market rate of leasing a car park. But a car park lease figure gave me an idea of a typical charge in that area of town. So I worked out the area being leased, divided that by the total area of the property. Multiplied that ratio by the RV for the land and arrived at the bit of dirt being valued at \$16500. I picked 10% return out of the air and told them the cost would be \$1650 + GST per year. The calculations and methodology convinced them and the deal was done. The art of being a landlord is not about power and demands it is about being seen to be reasonable and proving it.