

PROPERTY INVESTMENT NEWS

PROPERTY LAW, FINANCE, MANAGEMENT, SALES – Panel Discussion –

An expert panel answer questions at our February Members' Meeting

Maurice Clark, Wellington developer, engineer and principal of McKee Fehl welcomed us to our new premises. He provided a brief overview of the earthquake strengthening and re-purposing of the building.

The Member's Meeting involved a 'question and answer' session between our members and an expert panel. The expert panel consisted of representatives from Rainey Collins lawyers, Collective First National Real Estate Agents, Rival Accounting and the Comprende Property Management company.



The first meeting at our new venue - 1908 Room in the Public Trust Building



COME AND CELEBRATE...

... at our first member's meeting post COVID-19!

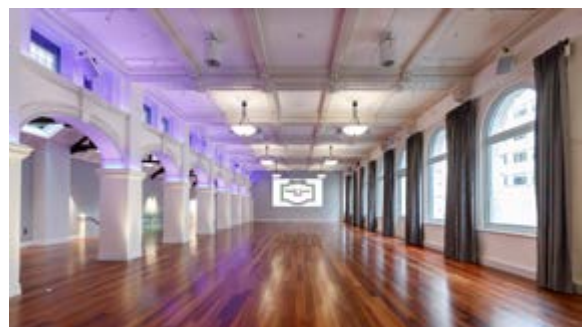
Speaker: Nicola Willis M.P., National housing spokesperson

Date: Monday 29th June 2020, 6.45pm for 7.15pm start

Location: Grand Hall, Public Trust Building

131-135 Lambton Quay

This will be followed by our ANNUAL GENERAL MEETING



Meeting venue - Grand Hall, Public Trust Building

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FROM THE PRESIDENT

THE TIMES, THEY ARE A-CHANGIN'

I hope this newsletter finds you and yours safe and well and that the lockdown and COVID19 have not impacted you negatively.

As we move through level 2 the media are prophesizing a recession, possibly the worst ever. 20% drops in property values, mass unemployment and misery for all. I find myself looking back to 2007 and the GFC and yes it was a difficult time for many, however it was also a time of opportunity as well. I started a business, bought property and became Vice President of the association all around that time. The COVID19 pandemic will cause the economy to change, but change isn't always bad. When the rules change, learn the new rules and keep playing the game, don't miss your turn and wish for the rules not to change. "For he that gets hurt, will be he who has stalled"

Speaking of change, WNPIA is moving toward a change. In our last member survey, we asked your opinion on the number of property associations in Wellington and the majority of respondents preferred to have a single association rather than the current two. Therefore, a draft constitution is currently before the executive committees of both Wellington and Capital Property Investors Associations with the current plan of ratifying a merger of the two associations at the soonest available members meetings. More details will be sent directly to you as things progress.

As you should by now know, the NZPIF Conference has been rescheduled from 2020 to October 15th-17th 2021. Your tickets are valid for this new date, however please contact us if you require a refund, or better yet, to buy tickets as you can now make the new dates.

Finally, I am also making a change. After 5 years of holding the presidency of WnPIA I have decided to step down from the role at this year's AGM. It has been a pleasure and an honour to serve the association as well as being an opportunity to learn many things about property investment, politics and people. A new president will be elected at the AGM on Monday the 29th June.

I wish you all health and success in these changing times.

RICHARD BACON

President
The Wellington Property Investors' Association



DATES FOR YOUR DIARY

Monday, 29 June

Members' Meeting and Annual General Meeting

Speaker: Nicola Willis MP, National Housing spokesperson

Public Trust Hall

The Public Trust Building
131-135 Lambton Quay
Wellington

6.45pm for 7.15pm start

Monday, 27 July

Members' Meeting

Speakers:

• Henry Lee, Wellington Sales Manager, HRV

"The ventilation standard is one of 5 healthy homes standards. HRV will outline how mould and dampness caused by poor ventilation is harmful for tenants' health as well as landlords' property."

• Tania McCrystal, New Business Manager, Comprende

"A good property manager can be invaluable and Comprende will outline how beneficial having a great property manager can be."

1908 Room
The Public Trust Building
131-135 Lambton Quay
Wellington

6.45pm for 7.15pm start

Monday, 31 August

Members' Meeting

Speaker: Wellington Mayor Andy Foster

Topic: "Planning and the vision for housing/development. Providing more housing for Wellington"

1908 Room
The Public Trust Building
131-135 Lambton Quay
Wellington

6.45pm for 7.15pm start

Saturday, 3 October

'Introduction to Property Investment'

A one day course designed for the Absolute Beginner & Beginner levels

Topics: Property Investment Structure & Analysis, Mortgage Banking, Property Law, Property Management, Property Acquisition & Sale

1908 Room
The Public Trust Building
131-135 Lambton Quay
Wellington

6.30am-4.30pm (with breaks)

Cost: \$180 per person Maximum class size: 20
Please email the Administration at wellington@nzpif.org.nz to book

NON-MEMBERS: A door charge of \$30 applies to non-members for the Members' Meetings

DRESS STANDARD: Semi-formal or formal

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 furniture related for one of your properties, contact
 Barry Beaumont at (029) 200 5300 or email him at
 barryb@bigsave.co.nz and he would be more than happy to help.

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PROPERTY MANAGEMENT

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Email: hello@groverent.com **Website:** <https://www.groverent.com/>

For enquiries please contact Amanda Broughton, Proper Technology Ltd. **Mobile:** (021) 337192

COVID-19 and REAL ESTATE?

Hello fellow property enthusiasts. With no new Covid-19 cases in Wellington, and with no new cases appearing in the city and throughout the country, it is important that we all do our bit to maintain any potential spread and social harm. During these uncertain times it is important to stay vigilant. One thing that property investors are always good at is dealing with is change, whether from the government changes to legislation or banks' lending restrictions, the current situation will be no different as we have to adapt and change but this time to the unknown.

I would like to shed some light on how real estate will continue to operate and what possibly might happen after now we are out of lock down and into level 1. Like all businesses, we are guided by the Ministry of Health, and our priority is the wellbeing of our clients, team and community.

The success of agents, investors, buyers, sellers in these types of 'uncertain' markets is directly linked to their ability to adapt and make good decisions from good information. In today's world where everyone has an opinion, it is important to focus on facts and formulate your own opinion. Most of our clients are currently having conversations with us already. In your situation, if you would like to have a chat, we can then work out the best options moving forward.

The key principles that drive the property market is Supply vs Demand.

Looking at the facts, New Zealand continues to be perceived as one of the safest countries in the world to live in and traditionally when there is a tough situation overseas such as a pandemic, Australian bush fire, civil unrest, etc – people choose to come to/back New Zealand, creating more demand for property. Right now ex-pats from around the world have come back (and are currently squatting with friends/family) and will need to actively look to buy or rent. We also have people from all over the world who have moved to New Zealand and are looking to make this place home. This will further push demand up in New Zealand.

In terms of supply, another key point is that people are now a lot less likely to sell / leave rentals and move away from New Zealand (further reducing supply of properties to market). This is particularly evident in the significant drop of migration to Australia from 60k+ in 2012 to 30+ in 2019 – and with the covid-19 situation and new border controls the

number of people leaving NZ to move overseas (anywhere) in the foreseeable future is going to be very, very small (further reducing supply).

In terms of demand, many markets have taken a hit and this will reduce those people's ability to purchase properties and recently there was a noticeable drop in some people's Kiwisaver due to a fall in the stock market. Another area to keep an eye on is the potentially growing/temporary unemployment situation – but this is likely to resolve itself when the virus situation subsides and normal global operation resumes.

Wellington have been typically holding very low stock numbers for sale for quite some time now. And should an increase in demand for property outstrip supply, we should be seeing a highly competitive environment – which typically increases price (Especially if buyers coming from overseas who have a much higher value perspective on properties here). Should a market reach an even lower critical mass of listings than now, we could enter a territory where people simply won't sell their main home as there are no houses to buy. Forcing the market into a chicken or egg situation, where most homeowners will be chicken to come to market with no certainty to purchase.

One part of the equation which could save the above situation is there will be a short-term shock to the market and those in financial hardships may need to put their houses up for sale. The government stimulus package that was announced is designed to address this issue and if it does everything that it plans, we should see New Zealand getting through these upcoming months much better with some additional supply for selling and these people moving into the market as tenants.

From having boots on the ground here in our market, not paying much attention to the media, I can say that this last week has seen a lot of agents out and appraising homes and a real increase in activity. There is not signs of the market slowing down and competition between buyers is keeping prices robust.

Regardless of what happens in the uncertain months ahead, it is important that we open up the lines of communication and keep these conversations going. Depending on your own individual circumstances you want to be talking with your bank, tenants, family, clients, employers or even with us, your friends in real estate, to talk through and discuss the situation,

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so that you can safe guard yourself as much as possible.

Tony Alexander, financial commentator, mentions that the virus is different to any recession due to these 3 points:

1. Relief at cessation of the loss of life.
2. Pride in a community spirit of togetherness against a common threat.
3. The embracing of freedom.

All I can say for sure that the world will be different and to be prepared for change. Whatever shape or form that may be!

Here at Team YIP, Collective First National, one thing will remain the same: We will continue to provide upfront, honest information and our business will always focus on the health, safety and wellbeing of our community This is our highest priority.

If you want to have a chat about how your situation could be affected or benefit from the situation, feel free to give us a call. We can also have a chat about the market value of your properties, what you can do to maximise profit / return on renovations, rental appraisal updates, etc. Even if it is just for a quick chat! We would love to hear from you and get to know all the members!

Stay safe everyone!

William YIP & Clint Fitzgibbon – Team YIP

Your Friends in Real Estate
 021 106-9997 (William), 021 0885-0406 (Clint)
 William.YIP@CollectiveFN.co.nz
 Clint.Fitzgibbon@CollectiveFN.co.nz

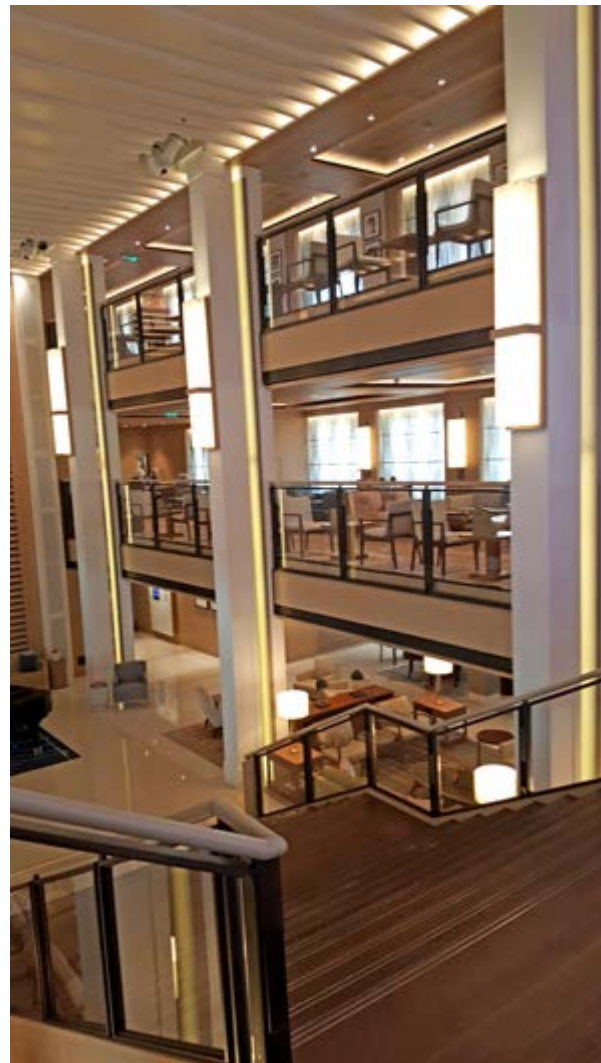
MEMBER EVENTS

Monday 3rd February 2020.

Viking Orion Cruise Ship Tour held 3rd February
- Organized by House of Travel Brandon Street



Photographs inside the cruise ship



SPONSOR'S PROFILE – Robert Inwood Flooring

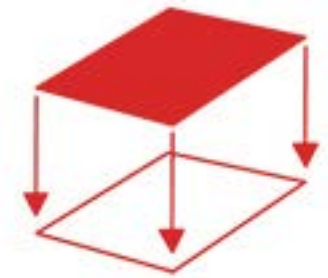
'Wellington Flooring and Carpet Specialists'

Robert Inwood Flooring Ltd has more than 45 years' experience in the flooring industry in the Greater Wellington Region. They are also a registered member of Flooring NZ, which means you know they provide quality flooring products and services.

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HOW TO GET INTO PROPERTY INVESTMENT

Thinking of diving into property investing? There are many ways to get started – whether you’re looking to invest for cash flow or for capital gains. So let’s look at some common and effective strategies to maximise your property opportunities.

Purchasing for income (rent)

Rental properties have long been a popular investment tool for Kiwis wanting to earn a little extra cash over time, while also benefitting from any increase in property value. However, before making this long-term commitment, it’s important to understand what it entails.

For example, not every property is a good rental candidate, so take the time to explore the market, looking for the right neighbourhood and building conditions. Then, don’t forget to factor in all the costs – including any maintenance, Insurance and property management costs. This will help you get an idea of the profits that you might generate, and ensure you make a wise investment decision.

And of course, we are here to help you sort out your finance, from borrowing to using an existing property to fund your purchase.

Becoming an occupying landlord

If you already own a home and would like to earn from it without selling it, why not rent out one of your rooms to a flatmate? On the flip side, the rent you’ll receive could help you save more money or even pay off your mortgage faster. On the other side, though, there are some key things to consider. For example, the Residential Tenancies Act wouldn’t automatically cover you, so make sure you use a flat-sharing agreement and understand your tax obligations.

Subdividing

If your property sits on a large section, you might want to divide it up into smaller plots to sell or lease. As you can imagine, this is not as simple as drawing a line in the sand.

First of all, you need to check if you can subdivide, by searching the district plans as well as the legal title of your property. You’ll need to obtain a resource consent from the council, prepare a survey plan, get your subdivision plan approved by LINZ and then lodge the new titles.

Yes, it’s a lengthy and costly process, so if you are contemplating this option, be sure to talk to a property lawyer first. They will help you avoid the pitfalls and turn this complex move into a profit-making venture.

Adding a minor dwelling

If subdividing sounds like too much of a mission, another way to use your land is to simply add a minor dwelling as a rental for extra income. Basically, it’s like getting a two-house return for the price of one-and-a-half. But once again, remember to check the local regulations first. Each local authority uses district plans

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to run the building consent process, and the definition of ‘second dwelling’ may vary. As a rule of thumb, you shouldn’t need a building consent if your second dwelling is smaller than 10 square metres, but things change if there’s a bathroom or a kitchen...

Buying for capital gains

Lastly, you have the option to buy for capital gains. This happens when you buy a property and, by the time you sell it, it has increased in value. Of course, the success of this move depends on the fluctuations in the housing market. If you buy when the market is at its peak, for example, and sell when it’s in a trough, you might generate ‘negative capital gain’. Essentially, you’d lose money on your investment.

That’s why it’s important to listen to industry experts and ask for help every step of the way. As mortgage advisers, we can help you understand which investment is best suited for you, and find the right home loan to make it happen.

Article provided by [Your Home Loan](#).

Contact Andrew on Mobile: 020 40946120

Disclaimer: Please note that the content provided in this article is intended as an overview and as general information only. While care is taken to ensure accuracy and reliability, the information provided is subject to continuous change and may not reflect current development or address your situation. Before making any decisions based on the information provided in this article, please use your discretion and seek independent guidance.





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6 DAY PACKAGE SAVE \$295pp
 Valid for travel from 01 Nov to 31 March 2021
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 Share twin.
 Explore the now famous Riverside Market, see the city from above on a gondola ride and stay in the heart of the Waipara Valley wine region, perched high above an award winning vineyard.

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- 2 nights at the Greystone PurePod including dinner and breakfast
- Christchurch Gondola pass
- Tramway dinner in Christchurch



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4 DAY PACKAGE SAVE \$199pp
 Valid for travel from 01 Oct to 31 March 2021
 from **\$995** pp
 Share twin.
 Dive deep into this dramatic and beautiful region. Stay in Te Anau, the gateway to the Fiords. Experience Doubtful Sound on an overnight cruise and see the wonders of a glowworm cave tour.

PACKAGE INCLUDES

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- Te Anau Glowworm Caves tour

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Terms and conditions apply. Package pricing is based on share twin and is priced in New Zealand Dollars. Pricing is correct at the time of submission but is subject to change without notice. **Christchurch Food and Wine Package:** Valid for travel from 01 November 2020 to 31 March 2021. Car hire is with Thrifty Rental Cars and subject to an excess at time of collection. Blackout periods may apply. Surcharges may apply over special event periods and over school holidays. Inclusions are subject to change based on operational capabilities. Quote package code ANZ206DCHCFW. **Fantastic Fiordland Package:** Package price is based on twin share and is correct at the time of submission and is subject to change without notice. Valid for sale until 31 July 2020. Valid for travel from 01 October 2020 to 31 March 2021. Blackout periods may apply. Quote package code: ANZ204DFF. CMPNZHOLS20. Please note that full terms and conditions apply - see your House of Travel consultant for details.

Commercial Tenants: DEFAULTING ON YOUR LEASE DUE TO COVID-19

by Grace Sharp
30 Mar 2020

The unprecedented situation we are currently experiencing with Covid-19 is causing a great deal of uncertainty for commercial tenants and landlords alike. As a business owner who leases premises, you may have had to close down your business completely for the time being, or you may be operating at reduced capacity from home. If that is the case, you are likely worried about how you will afford to keep paying rent on your commercial premises.

Talk to your landlord

As soon as possible, you should talk to your landlord. Everyone is affected by the current Covid-19 situation. Therefore it will not come as a surprise to your landlord that you are struggling financially and expecting to have difficulties paying the rent; they may well be in a similar situation themselves.

Your landlord may consider it worthwhile to reduce the rent for a period of time, because a lower rent amount coming in is preferable to having the premises vacant, and having to look for a new tenant at this difficult time.

Government's Covid-19 financial support

If you are facing the prospect of not being able to pay your rent, look into the Government's Covid-19 financial support package. If you are an employer, contractor, sole trader, or self-employed then you may qualify for the Covid-19 wage subsidy. This subsidy is a lump sum payment designed to help you pay staff (or yourself, if you are self-employed) over the next few months. The Work and Income website has detailed information about what is available and how to apply.

No access in an emergency

If your lease was entered into after 2012, and is on the Auckland District Law Society standard form, it is likely to include a "no access in emergency" clause (27.5). This clause provides that if there is an emergency which means the tenant is unable to access the premises to conduct business, then a fair proportion of the rent and outgoings will cease to be payable. If the tenant remains unable to access the property for nine months (or such other period as the parties have agreed to in the first schedule of the lease), or if it can be established with reasonable certainty that the premises will not be accessible for that period, then either the tenant or the landlord may terminate the lease with 10 working days' notice.

The "no access" clause was inserted after the Christchurch earthquakes, because of the scenario where business premises could not be accessed due to damage and/or areas being cordoned off. The current level four shutdown of all non-essential businesses is a different kind of emergency, and tenants with businesses that provide non-essential services are now unable to access their premises to fully conduct business.

At this stage the second part of the clause relating to termination will not yet come into play, but the part relating to rent and outgoings not being payable may well, meaning that tenants may be able to have their rent and outgoings reduced for the duration of the shutdown. This is uncharted territory for commercial leases in New Zealand. It remains to be seen what might be considered a "fair proportion" of rent and outgoings that the tenant will not have to pay. An older version of the lease, one that has been varied or had clauses deleted, or one that has been uniquely drafted may not contain this sort of clause. It is imperative that you talk with your legal advisor to see if your lease includes a "no access" provision, and to discuss how this might be relevant to your particular circumstances.

Landlord can cancel the lease

Paying rent is an essential term of a lease, so failure to pay it is a breach of the tenant's obligations under the lease.

If rent has been in arrears for 10 working days or more, the landlord can issue a notice of their intention to cancel the lease. The Property Law Act sets out strict requirements for what that notice must contain, including

allowing a reasonable amount of time (at least 10 working days) to pay the rent. If the tenant does not pay the rent within that specified period of time, the landlord may then cancel the lease. The landlord's notice should also advise the tenant of their right to apply to the court for relief against cancellation of the lease. In general, a court will prevent the cancellation of the lease if the tenant can pay the rent and any other associated costs, but if they cannot then the cancellation will likely go ahead. Once the lease is cancelled, the landlord can re-enter the premises and change the locks. In practical terms, it may not be possible for a tenant to take the matter to court during the shutdown. You should talk with your legal advisor about the practicalities of pursuing legal action at this time, to make sure that you are not unfairly disadvantaged.

What about the rent arrears?

Even if a lease is cancelled, the tenant is liable for any money owing (rent arrears and anything else they have agreed to pay for).

The tenant may be an individual or a corporate entity such as a company. The tenant's assets – whether personal if they are an individual, or commercial if they are a corporate entity – must be used to pay what is owing, which may involve using savings or selling tangible assets. This obligation could lead to a very serious situation for the tenant, as they may have to declare bankruptcy (if an individual) or wind up (if a commercial entity) if they do not have sufficient assets to meet their debt.

Is there a guarantee?

Many commercial leases have a guarantor who has signed along with the tenant and landlord. The guarantor is a person who agrees to be personally liable for the tenant's obligations under the lease in the event that the tenant cannot meet them. This includes liability for rent arrears. If a tenant cannot pay their rent, the landlord is entitled to call upon the guarantor, and can do so before issuing a notice of intention to cancel as referred to above. The guarantor is legally obliged to personally pay whatever is owing. Often the guarantor is the individual person or persons behind the tenant entity – for example the people who are Directors of the tenant company – but in some cases they may be a third party. If the guarantor is able to pay the rent arrears, then the lease can continue. However in the current circumstances, a guarantor may find themselves in the difficult situation of having to sell assets, or even declare bankruptcy, if they cannot afford to carry out the guarantee.

So what should a tenant do?

If you are in the position of being unable to pay your rent because of Covid-19, it would be best to be upfront with your landlord. If you do agree to any form of rent reduction, or any other variation to the terms of the lease, you must record this in writing. If possible, you and your landlord should each sign a copy of the written agreement, which can be done in separate copies that are scanned to each other. If that is not practical (for example because you cannot print or scan) then you can set out the agreement by email to each other. The most important thing is that you keep a documentation trail which can be referred to later.

You should also seek legal advice as soon as possible. Your legal advisor will be able to help you work out your rights and obligations under your own lease, including if a "no access" clause applies, negotiate some form of payment plan or reduced rent period, apply to the court for relief against cancellation of the lease, or deal with cancelling the lease altogether if appropriate.

Grace Sharp, Solicitor, Rainey Collins, Wellington.

Call us Toll Free on 0800 733 424



PROPERTY INVESTMENT NEWS

WELCOME TO OUR NEW MEMBERS:

Kerry Stewart
David Stewart
Warren Charlton
Beverley Charlton

Roman Francis
Noeline Holt
Eamonn Sullivan
Lorraine Sullivan

Shane Beverley
Peggy McConnell
Julie Pepper
Nicola Rankin

Housing First Ltd
Pencarrow Construction Ltd
Blake Property Enterprise Ltd

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Wellington 6140

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Email: wellington@nzpif.org.nz

Sponsorship & Newsletter
Partnership Manager: Martin (027) 604-7329
Email: ahdl1@outlook.com

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New Zealand

All cheques are to be marked Not Transferable / Account Payee only and made out to
The Wellington Property Investor's Association Inc.

Alternatively, email your form to wellington@nzpif.org.nz and pay your fees by internet banking.
Our bank account details are 01-0509-0076737-00. Please enter your name as a reference.

MEMBERSHIP INCLUDES AN ANNUAL SUBSCRIPTION TO THE NEW ZEALAND PROPERTY INVESTOR MAGAZINE

**THE WELLINGTON
PROPERTY INVESTORS'
ASSOCIATION INC.**



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