

Property BULLETIN

ISSUE EIGHTEEN APRIL 2018

AGENTS
PLUS+

RayWhite

It has been a busy month for the AgentsPlus team with three sales in February all with multiple offers received. We have also started a new video series and we include links to those done so far on the next page.

We have also welcomed Elise Boulrieris to our team. Elise is a fantastic addition bringing strengths in marketing and customer service, and has over 10 years' experience in property management.

New legislation around property, whether implemented or proposed, is coming thick and fast from the Government – in fact more than we have seen for a very long time. We will do our best to keep you informed on the latest from the Beehive and how it will affect us all here at the grass roots.

Regards Malc, Elise and Evan



Ring-fencing losses on residential rental properties

Revenue Minister Stuart Nash announced on the 29th of March 2018 that the Government is moving ahead with plans to ring-fence losses on residential rental properties. The intention is to 'level the playing field between speculators and investors, and home buyers'. Currently investors (particularly highly geared investors) have part of the cost of servicing their mortgages subsidised by the reduced tax on their other income sources, helping them to outbid owner occupiers for properties. Rules that ring fence residential property losses so they cannot be used to reduce tax on other income are intended to reduce this advantage by adjusting the value that investors will pay for a property. There is also a perceived unfairness at a political

level which has been an important election issue in the past. [You can click here](http://taxpolicy.ird.govt.nz/news/2018-03-29-issues-paper-loss-ring-fencing-rental-properties-released) to read the IRD's issues paper. They are inviting feedback on the proposals until 11 May 2018.

<http://taxpolicy.ird.govt.nz/news/2018-03-29-issues-paper-loss-ring-fencing-rental-properties-released>



Overseas Investment Amendment Bill

The Overseas Investment Amendment Bill was introduced in late December 2017 and is currently before the Finance and Expenditure Select Committee. It seeks to implement the Government's policy on banning the sale of residential property to overseas buyers unless the

sale is beneficial to New Zealand. Some countries, including Australia, may be excluded from this.

If passed, residential property will be added to the definition of 'sensitive land' and will become subject to restrictions in the Overseas Investment Act 2005

regime. This means that those who are not ordinarily resident in New Zealand will not be able to purchase residential property unless they can demonstrate that their purchase is beneficial to New Zealand. The Select Committee is due to report back to Parliament on 21 May 2018.

Elise Boulieris Joins the AgentsPlus Team

Elise has over 10 years of property management experience, providing exceptional grounding for her successful transition into real estate sales.

With a commitment to personal and professional excellence, Elise takes an individual approach to each property interaction. Described by her clients as genuine and astute, her relaxed personality complemented by her natural ability to communicate translates to exceptional results for buyers and sellers alike.

Whether selling a beloved family home or an investment property, Elise delivers the same level of responsive care to her clients.

"Staying in touch with clients seems simple but is often overlooked. I understand buying or selling a property can be both stressful and exciting at the same time, and you want to be kept up to date every step of the way. I make sure everyone knows where they stand, and act with integrity to realise the best possible outcome for my clients."

Born and raised in Wellington, Elise matches her local market knowledge with a strong network of property buyers and sellers. With the support and experience of Malcolm Morris and Evan Tomuri, Elise's attention to detail and spot-on advice around property presentation helps ensure clients' campaigns deliver first-class results.



Tower Insurance

Tower Insurance has taken the lead by announcing that from 1 April they are going to increase their focus on risk-based pricing for natural hazards, thus reducing the cross-subsidy its policy-holders in high risk areas have been receiving for residential building insurance. They believe risk-based pricing is the fairest way to distribute the costs they face as an insurer and is an important step in better educating the community of the risks facing New Zealand.

Housing stock in New Zealand faces a wide range of climatic and geological risks unique to our size and population. The new pricing will clearly indicate to homeowners whether or not they live in a high risk location. For example, those who live in earthquake-prone areas such as Wellington and Christchurch and insure via Tower are set to face hikes in their premiums.

At present six Auckland households are paying more in order to subsidise insurance premiums for one single high-risk household in Wellington, Canterbury or Gisborne.

The pricing of insurance to account for risk is one of the signals that will clearly indicate to people where the risk in the landscape is and purchasers should consider this when making a decision to buy property.

Tower has utilised RMS, a global catastrophe modelling firm, to work out the risk and pricing for every property in New Zealand. The change would see fewer than 2.5 percent of its 350,000 customers facing an increase of more than \$250 while others could get a cut of between \$10 and \$100. That would mean a person with a \$1.3m property in Auckland's Dairy Flat area might pay just \$40 of earthquake-related costs for cover, while someone with a \$535,000 house in a high-risk part of Petone could expect to pay \$1,400.

Tower Insurance Chief Executive Richard Harding admits it may lose some customers who live in high-risk earthquake zones through its price hikes, however he expects rival insurers to eventually follow suit to avoid being overweight in high risk properties. "There will be a competitive response, it is just when and how long", he says.

While the Canterbury earthquakes were big, the costs and impact to the economy from a Wellington-centred quake would potentially be a lot higher. Richard Harding pointed to the Kaikoura quakes where the epicentre was 600km away from the capital but two-thirds of the \$2 billion-plus damage was caused in Wellington. Much of the risk in Wellington sits with the reclaimed land and the fault line which runs virtually underneath the Beehive.

The EQC levy is not risk-rated and is the same rate across the country, so insurers are only risk-rating the portion of natural catastrophe risk which is not covered by EQC. EQC's natural disaster cover on residential buildings is currently limited to the first \$100,000 + GST and \$20,000 + GST for contents. These figures haven't changed since 1993 and have been significantly downgraded with the growth in property prices and rebuild costs. This cap will increase to \$150,000 for residential buildings from July 2019, however they will stop providing cover for contents.

There is a concern around the free market covering a big proportion of natural disaster risk, and it is our belief that the Government should provide a strong backbone of insurance support given that we live in such a high-risk country. The EQC level of cover should be regularly increased to keep pace with repair costs and house prices.

Video Updates

**All about Toi
Poneke, The Hub**
[https://youtu.be/
MOMs_s-A4JE](https://youtu.be/MOMs_s-A4JE)

**Monthly Catchup
with Swampy
Marsh**
[https://youtu.be/
q4LvxEbN1v8](https://youtu.be/q4LvxEbN1v8)

Boomerang Bags
A Solution to the
plastic bag problem
[https://youtu.be/
rTS6wDlq8_s](https://youtu.be/rTS6wDlq8_s)

**February REINZ
Stats AgentsPlus
Report**
[https://youtu.be/
k1zebl8uknY](https://youtu.be/k1zebl8uknY)

Elise Boulieris
021 637 155
elise.boulieris@raywhite.com

www.rwkilbirnie.co.nz

Malcolm Morris
021 472 132
malcolm.morris@raywhite.com

Ray White – Leaders In Real Estate.

Evan Tomuri
021 866 874
evan.tomuri@raywhite.com

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