

Property BULLETIN

ISSUE TWENTY JULY 2018 ■

AGENTS
PLUS+

RayWhite

Welcome to our July newsletter. We hope you are wrapped up warm over winter and have been enjoying the Matariki celebrations which are getting better each year. The fireworks last Saturday night (14/07) was well worth the wait and the whale taking up residence for a week in the harbour certainly was a highlight.

With the shortage of stock we have seen some brilliant sales close through our office last week. 11 offers were received for 2/49 Apu Street and 27 tenders were received for 176a Queens Drive. Both achieved exceptional prices - way above anticipated levels, so if you are looking to get a great sale price talk to us now as to how we can take advantage of the current market shortage.

Regards Malc, Elise and Evan



More rules More regulations

The *Health and Safety at Work (Asbestos) Regulations 2016* came into force in April 2018.

There was huge confusion even after the regulations came into force over what exactly this meant for residential landlords at the time of the introduction and if all or some the regulations were to apply.

The wording of the legislation suggested that every residential rental property built before the year 2000 would require a comprehensive asbestos management plan.

WorkSafe has since released a policy clarification stating that asbestos management plans are not automatically required for all rental properties – instead they'll only be required if work is being planned and to be completed on a property which creates a risk of exposure.

Landlords must identify asbestos and document plans for managing its risks in an asbestos management plan, if there is

a risk of exposure to respirable asbestos fibres from work being carried out on the property.

Exposure is likely to occur from dust created when drilling or cutting into asbestos-containing materials so the types of work that create risk may include renovations, refurbishments or demolition work.

Landlords also have to ensure they co-ordinate and co-operate on these duties with other people involved in any such work, such as property managers and building contractors

Asbestos management plans can cost thousands of dollars and are required for all commercial properties and the news was welcome relief to residential landlords and property managers.

You can access Work Safe's asbestos guidance for landlords and property managers [here](http://www.agentsplus.co.nz) or view on our website www.agentsplus.co.nz

Withdrawing from Kiwi Saver

To be eligible to make an early withdrawal for a first home from KiwiSaver a purchaser must intend to be the occupier of the property. This normally simple test becomes muddled when a trust is purchasing the property. It is important to understand when a withdrawal can be made. By signing up for an agreement under the false impression that you are eligible to withdraw your KiwiSaver, you as purchaser might end up having to cancel

the agreement, or significantly delay the confirmation and settlement.

As a general rule, Kiwi Saver providers advise that trust purchasers are not eligible to withdraw from KiwiSaver regardless of how the home will be used. Properties must normally be bought by the purchaser in their personal capacity in order to be eligible to make an early withdrawal. There are some exceptions to this rule. For

instance, ANZ will allow a trust purchaser to withdraw their KiwiSaver if the applicant is a trustee and beneficiary of the trust. This may not be the only exception, and a lucky few may be able to withdraw from other providers. It is important not to rely on these unusual occurrences and plan ahead with full knowledge of your situation or for you to utilise the services of a Mortgage broker who understands the complexities around the process.

Reserve Bank Update

The Reserve Bank's new governor... Adrian Orr appointed April 2018 has just released in June his first FSR- **Financial Stability Report** (FSR). Published twice a year the Reserve Bank assesses and reports on the soundness and efficiency of the financial system.

Since Mr Orr's appointment he certainly has cut a great impression with excellent clear communication.

I don't know him personally but I am told he is a really "down to earth bloke, and great for a chat". Following on from the previous Governors..... Brash, Bollard and Wheeler, he certainly cuts a different impression in his briefings.

Obviously the appointment was part of a change process going on at No 1 The Terrace. He brings a wealth of world experience to the job, rejoining the bank from running the Super Fund for the Govt. Digging into the FSR there is quite a bit of content in regards to the LVR's in place at the current time. The initial reason behind

their introduction was to provide stability and de-risk the banking sector by reducing the growth of credit and house prices. Since introduced there have been 4 adjustments to the LVR's over time from both a regional perspective and what they capture. His explanation and analysis for their continued use is **right on the button.**

The full effects of the LVR's have been a significant fall off in lending growth and the rebalancing of consumer debt. It is also reducing the growth of house prices.

The Reserve Bank has said they are looking for a further sustained period of moderate house and credit growth before they will consider their removal again in November 2018.



Mention in the FSR is also made of the dairy sector in that whilst milk fat prices are high and most farmers are now cash flow positive with a payout now over \$6.50, banks still have a high concentration of debt.

Reserve Bank creates a dashboard for Banks' Disclosure

The Reserve Bank has introduced a new innovation in the form of a dashboard which contains meaningful information to market participants about a bank's business and its risks. You can see it here. The Dashboard is published 40 working days after the end of each calendar quarter and sets out financials of all 15 banks.

<https://bankdashboard.rbnz.govt.nz/summary>

M Bovis

M Bovis, whilst not mentioned in the FSR report, may also be a small part of the consideration to keep things in place at the current time. An anticipated total cull (as at 28th of May) of 150,000 cows (across 190 farms) seems a lot in a numerical sense but is small in relation to the national herd of 4 million cows (across 20,000 farms). No country with M Bovis has managed to eradicate the disease. Until July last year, when the first case was reported on a South Canterbury farm, New Zealand was one of only two countries that were free of M Bovis. Norway is now the only one. Some commentators have said it may actually increase milk products in the short term as it will effect worldwide supply. I hope MBIE and the farmers get on top of this problem quickly as something that is hard to detect is hard to stop. No doubt the outbreak will cause financial difficulties to some but I am sure the banks will be accommodating to those farmers affected.

Current LVR Restrictions

Check out the current LVR Restrictions for borrowers [here](#)

Or view on our website at www.agentsplus.co.nz

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