



## Property Management Update

October 2015

Welcome to the second edition of our quarterly property management update. As it turns out, the article on rental WOFs featured in the first edition was quite timely, with the Government introducing their plans for compulsory insulation and smoke alarms shortly afterwards. The new law should be passed into law later this year, at which time we will be able to confirm the specific details.

A summary of the proposed law change is below:

- Smoke alarms to be compulsory from 1 July 2016. It appears one smoke alarm will be required. Tenants will be required to replace batteries and report faults (whereas tenants do not have to replace batteries at present).
- Insulation in the ceiling and under the floor to be compulsory as of 1 July 2019, except where the design/construction of the house makes it impractical to do so. It appears that the standard of insulation required will be equal to the standard introduced for new homes in 1978.
- Tenancy agreements will be required to state the level of ceiling, wall and underfloor insulation from 1 July 2016.
- The MBIE will have added power to investigate and take action against landlords directly for failing to meet legal requirements (especially where the health and safety of tenants is at risk.) Currently the MBIE can only pursue a case on a tenant's behalf.
- Provisions for retaliatory notice are expected to be strengthened. Currently tenants have 14 days to apply to Tribunal on the grounds of retaliatory notice being given. This is expected to be extended to 28 days, and a maximum penalty of \$2,000 introduced for giving such notice. Retaliatory notice is where a tenant is given notice to vacate after requesting repairs or similar (i.e. notice given as retaliation to a tenant's request).
- It will also be faster to regain possession of a property where the tenancy has been abandoned.



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## Office Update

Since the last update in June, we have introduced Viewing Tracker into our business. This excellent system allows us to keep track of all enquiries for each property, ensuring every potential tenant is followed up.

By streamlining the letting process, we can help to reduce vacancies for our clients as much as possible. Another innovation we have introduced (along the same lines), is our online tenancy application – this allows potential tenants to apply for a property straight after a viewing. No need for tenants to pick up or drop off hard-copy applications – applications can now even be filled in on a smartphone, any time, 24/7.

*Check out [raywhitetimaru.viewingtracker.com](http://raywhitetimaru.viewingtracker.com) or our website [rwtimaru.co.nz](http://rwtimaru.co.nz) to see for yourself.*

**Ray White®**

## Latest Rental Statistics

Market Rent in Timaru Township:  
01 Feb 2015 – 31 Jul 2015

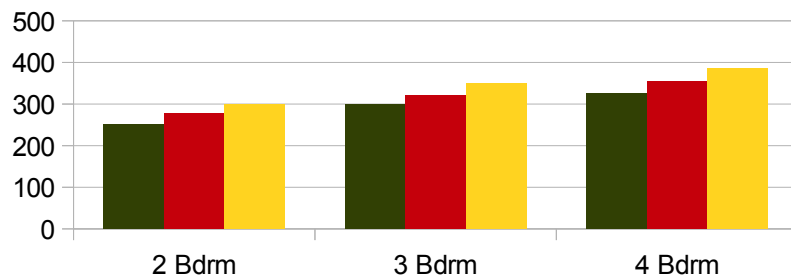
Number of bonds received: 357

LOWER QUARTILE \$240

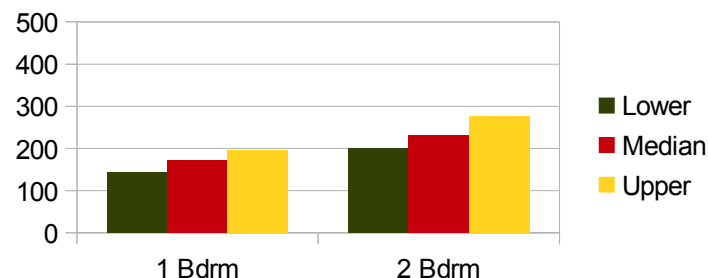
MEDIAN \$290

UPPER QUARTILE \$330

## Houses



## Flats



## Investments For Sale



105 Church St

\$299,000

3 Beds 1 Bath 1 Car



3/20 Selwyn St

\$210,000

2 Beds 1 Bath 1 Car



39 Cambridge St

Offers Over  
\$289,000

3 Beds 1 Bath 2 Cars

## Recently Rented



22 Kowhai St

\$350 per week

3 Beds 1 Bath 2 Cars



32 Wilson Street

\$280 per week

3 Beds 1 Bath 0 Cars



346 Wai-iti Road

\$320 per week

3 Beds 1 Bath 1 Car

## Available Rentals



## Market Update

We are finding that the market has softened somewhat, with more rental properties than usual currently available - giving potential tenants more choice.

This can be attributed to the usual cycle of the rental market, rather than a structural change in the market - winter is always the slowest time of the year. We are anticipating stronger demand over the coming months as the market heats up in line with the weather.

The months around the end and start of the year are usually busiest as that is the time that people are moving (to start new jobs, new schools etc.) Summer is also a great time to be renting a property, with the warmth and sunshine allowing us to present properties at their best.

The rents being asked are holding steady, with little perceptible change from the previous quarter. However, viewing the changes in rent over the last 12 months there has been a clear increase, and this becomes ever more obvious looking back 24 months. We can comfortably predict that rents will continue to steadily move upward over the remainder of 2015, and into 2016 - in line with the long-term trend.



## Interest Rates

The Reserve Bank (RBNZ) has cut the Official Cash Rate (OCR) on 10 September, to 2.75% - almost back down to the historic lows of 2.5% that were reached at various times throughout the period 2009 - 2014. It appears from the comments of the Governor of the Reserve Bank, and other market commentators, that there is scope for the OCR to be reduced further (probably to stimulate growth and inflation if the economy weakens).

Mortgage rates on offer have dropped to levels not seen for decades. This is obviously good news for those that are borrowing or considering borrowing to fund investment in property. On the flipside, returns on bank deposits are also currently low, which combined with low mortgage rates makes property investment look very attractive.



## Mortgage Health Check

We are proud to be able to offer mortgage health checks to our services in conjunction with Loan Market. This is free of charge and could help you identify whether you could reduce your mortgage payments (lower interest rates) and if you are looking to expand your rental portfolio will enable you to see if you are in a financial position to do so now or in the future (using current equity in your properties etc.)

**Ray White® Loan Market** 

*If you would like to arrange for a free mortgage health check please contact us today [rentals.timaru.nz@raywhite.com](mailto:rentals.timaru.nz@raywhite.com) or 03 688 6277*