

Taylor Talk

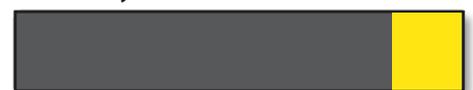
Property Management Solutions

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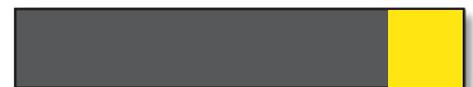
Renovated Houses and Impact on Rent



Sylvan Street, Mt Eden 17%



Millard, Three Kings 18%



Cameron Street, Onehunga, 21%



Bayfield, Ponsonby 26%



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Health home yes

Craig Pettit... Our money man

From the Desk of Mary T

At Taylor's there are always properties being redecorated or renovated. Commonly paint charts, carpet and vinyl samples lie about while property managers mull over their colour choices, and the ladies at Harvey's Curtains are very familiar with our faces as we forage through their discounted curtains.

Project managing this work is challenging as property managers balance budgets and co-ordinate our busy tradespeople as they endeavour to minimize the time the property is removed from the rental market. Owners are generally delighted with the final outcome as we achieve higher rentals and gain quality tenants who are likely to remain in their homes for longer period. The properties are in a much better condition for possible sale at some point in the future.

The properties in our portfolio have a value of hundreds of millions of dollars. At Taylors our team of property managers take the responsibility of proactively maintaining our client's valuable investment properties very seriously.

Healthy Homes Yes – But Who Pays

MANY LANDLORDS WILL EITHER INCREASE THE RENT OR SELL PROPERTY



It's hard to disagree with Phil Twyford: as the new Minister of Housing and Urban Development said last month, every New Zealander deserves a warm, healthy home to live in.

It's even harder to disagree with the numerous studies that show significant pockets of New Zealand's housing stock are below par by world standards — and fair to assume that rental properties are disproportionately represented in those pockets.

Any improvement to housing standards for rental properties will improve the health and well-being of Kiwis — particularly by reducing respiratory illnesses such as asthma and rheumatic fever, which are closely linked to cold and damp housing and which can have devastating effects on children and elderly people in particular.

It will also generate economic benefits: obvious ones, such as reduced costs to the health system, and somewhat less obvious ones, such as improved productivity by healthier workers and better educational outcomes for children.

However, these benefits will come at a cost: the capital outlay required to bring properties up to the new, and as yet undefined, standards required — making it pertinent to ask just how

these costs should be shared.

There are only three candidates. The property owner (by absorbing at least some of the capital cost), the occupant (via increased rent), or the government (via a scheme that helps fund the cost of complying with the new regulations).

Each alternative will find favour with some; however, each presents difficulties.

Property owners may seem the obvious place to start; however, while house prices are always in the headlines, the returns generated by owning a rental property are very much in the small print.

The Productivity Commission's 2012 report into Housing Affordability cites 2008 data from the Department of Building and Housing in saying that: "Although estimates vary, the net cash yield on rental properties over the 2000s house price boom is estimated to be well below 4 per cent" — often less than you could get from your local bank.

The report also noted rents were increasing "significantly less than real house price inflation" and noted that the ratio of house prices to rents had "increased markedly".

Last year, MBie's new Housing Affordability Measure concluded that housing affordability for renters "is consistently better than for first-home buyers" and that this was the case across the country.

Many landlords will be unable to swallow an increase in costs: they will either increase the rent, or sell their property.

Given the shortage of housing stock, a sale would likely be to an owner occupier.

This would have the surely unintended consequences of reducing the stock of rental housing on the market and improving the alignment between property prices and yields (in other words, further increasing the cost of renting).

However, many tenants are not in a position to pay more either.

The Ministry of Social Development's 2016 Household Incomes Report said the lowest 20 per cent of earners spent 54 per cent of their income on housing in 2015, compared with just 29 per cent in the late 1980s. Then-Prime Minister John Key acknowledged that rising rents were "putting real pressure on some people".

Installing a heat pump won't improve the living environment if it comes with a rent increase that makes the electricity required to run it unaffordable.

It is right that the Government is considering intervening in the rental property market to ensure minimum standards are met: the benefits to people living in those properties and to the economy as a whole are clear. Government initiatives and incentive programmes that support improving the housing stock, such as insulation grants, are important to help in making implementation cost effective.

However, for any such intervention to achieve its stated objective, the costs will need to be evaluated thoroughly, and apportioned appropriately.

• Bindi Norwell is the chief executive at the Real Estate Institute of New Zealand

This article was published recently in "The New Zealand Herald."



Thinking of investing in property? Here's what you should know

Craig Pettit Mortgage Adviser
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If you're thinking about buying an investment property in 2018 but you could benefit from some guidance, you've come to the right place. We understand that dipping your toes into the world of property investing can appear daunting, that's why we're here to bring confidence to your decisions. Let's start by looking at the main three benefits of property investment:

Capital growth

Capital growth is the continued growth in the value of your property over time. This strategy generally requires you to hold onto the asset over a longer period of time.

As an example, if you purchased a property in 2013 for \$300,000 and it grew in value by 5% each year it would be worth \$383,000 in 2018 and you would have made an \$83,000 capital gain, minus any expenses and taxes.

If you are looking at re-selling the property rather quickly, one thing to be mindful of is the Bright Line Test which has been in for the last few years and helps determine how much capital gains tax (which is simply payable tax on your property's profit) home buyers and sellers have to pay, should their sale be within two years of the purchase.

Rental and investment yield

Rental yield is the money you earn from rental income minus the expenses you incur owning the property. With the right structure, a property investment can generate a monthly income stream and high investment yield. Investment yield is the yearly amount of rental income you earn divided by the total loan deposit you made.

As an example, if you earned \$10,000 in rental income after your expenses and deposited \$100,000 on your loan your investment yield would be 10%.

Tax benefits

There are tax advantages for all types of property investors; you can claim expenses you incur owning the property and if your rental income is less than your mortgage payment, you can offset losses incurred in the property investment against your taxable income.

Why existing home owners might buy an investment property

If you're an existing property owner who has been paying off a mortgage, you may have equity in your property which could allow you to make another purchase without having to put down a deposit or make a large upfront financial commitment. The more equity you have the better, as the lender will likely be more willing to approve a higher loan

amount. It's important to note however, that there are lending restrictions with banks depending on your deposit size, whether it be equity or cash. That's why it's as good a time as any to speak to a mortgage advisor as banks are capped at lending up to 65% on an investment property, while borrowing from a non-bank lender often isn't as tough, commonly lending at 80% for investments.

But what if you're a first home buyer? Can you still purchase an investment property? The answer is yes. It's not uncommon for property investors to purchase an investment property the first time that they buy a property. This is partly because banks may increase the borrowing capacity for if you apply for an investment property, as the bank will factor in the rent that you'll earn from the property, as well as your income. Purchasing an investment as your first property can be a great way to build a solid financial foundation for the future. You'll get all the benefits of owning a home, such as building equity in a large asset, whilst still enjoying the flexibility of renting.

If you'd like to see how much equity you have and are thinking about investing in property, get in touch so we can talk about your options.

Recent Rentals

Highland Park
\$600pw

3 Bedroom house,
1 bathroom,
double garage.
Sunny backyard.
Recently renovated.

Grey Lynn
\$800pw

3 Bedroom, 1 ½ bath
and single garage.
Tastefully renovated
small town house,
with sunny deck and
rear site.

College Hill
\$625pw

1 Bedroom, 1 bath with
a single carpark.
Stylish modern apartment,
lots of natural light and
wide sunny deck.

Mt Eden
\$490pw

Large home unit,
tidy but somewhat
dated - single garage,
down long driveway in a
quiet bush setting.

Grafton
\$495pw

1 Bedroom house
close to hospital.
Comes with 2 tandem
carparks and a gym in
the building.

Residential Rental Review

Oct 2018 Rental Prices

Compiled by REINZ	1 Bedroom			2 Bedroom			3 Bedroom			4 Bedroom		
	Median Price	Price Range	No. Let	Median Price	Price Range	No. Let	Median Price	Price Range	No. Let	Median Price	Price Range	No. Let
City Centre	\$421	\$371 - \$498	229	\$550	\$478 - \$650	169	\$692	\$585 - \$855	28	-	-	-
Ponsonby	\$460	\$400 - \$535	24	\$672	\$640 - \$845	22	\$890	\$847 - \$1,011	17	-	-	-
Grey Lynn and Westmere	\$463	\$436 - \$509	14	\$650	\$596 - \$695	15	\$800	\$783 - \$927	9	\$822	\$780 - \$875	6
Mt. Albert & Pt. Chevallier	\$322	\$262 - \$350	32	\$487	\$420 - \$530	30	\$615	\$550 - \$650	30	\$1,150	\$832 - \$1,287	7
Sandringham	\$350	\$257 - \$387	19	\$460	\$422 - \$500	29	\$600	\$543 - \$676	33	\$750	\$682 - \$765	11
Mt. Roskill	\$380	\$290 - \$420	13	\$455	\$410 - \$490	20	\$550	\$508 - \$593	35	\$650	\$597 - \$690	13
Mt. Eden	\$380	\$350 - \$410	46	\$500	\$430 - \$563	55	\$720	\$678 - \$753	25	\$860	\$770 - \$992	7
Epsom	-	-	-	\$530	\$481 - \$571	39	\$710	\$596 - \$845	23	\$880	\$793 - \$995	13
One Tree Hill & Ellerslie	-	-	-	\$457	\$440 - \$500	42	\$610	\$580 - \$696	33	\$750	\$655 - \$800	15
City Bays	\$355	\$290 - \$450	10	\$550	\$502 - \$683	23	\$830	\$793 - \$1,100	17	\$900	\$760 - \$1,037	11

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From the Desk of Mary T

Paraprosdokians

Paraprosdokians are figures of speech which the latter part of the sentence or phrase is a surprise or unexpected

1. The fattest knight at King Arthur's round table was Sir Cumference. He acquired his size from too much pi
2. I thought I saw an eye doctor on an Alaskan island, but it turned out to be an optical Aleutian
3. She was only a whisky-maker but he loved her still

4. A rubber-band pistol was confiscated from an algebra class, because it was a weapon of math disruption
5. No matter how much you push the envelope, it'll still be stationary
6. A dog gave birth to puppies near the road, it was cited for littering
7. A grenade thrown into a kitchen in France would result in Linoleum Blowna-part
8. Two silk worms had a race, they ended up in a tie
9. A hole has been found in a nudist camp wall. The police are looking into it
10. Time flies like an arrow. Fruit flies like a banana
11. Atheism is a non-profit organisation
12. Two hats were hanging on a hat rack

- in the hallway. One hat said to the other: 'you stay here, I'll go on a head'
13. I wondered why the baseball kept getting bigger – then it hit me
14. A sign on the lawn at a drug rehab centre said: 'keep off the grass'
15. The midget fortune teller who escaped from prison was a small medium at large
16. The soldier who survived mustard gas and pepper spray is now a seasoned veteran
17. A backward poet writes inverse
18. In a democracy its your vote that counts. In feudalism it's your count that votes
19. When cannibals are a missionary they got a taste of religion