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SPRING 2021

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## Helping overseas buyers follow the rules

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# Remaining resilient in an ever-changing environment



Jen Baird CEO, REINZ

**On August 17, the Prime Minister announced a nationwide Alert Level 4 lockdown due to a positive community case of COVID-19 in Auckland. When things change quickly, it is easy to default to the negative impacts this may have on real estate and the housing market. However, what we have noticed this time around is a level of optimism and people adopting the mindset of 'we have been here before, and we can do it again'.**

As parts of the country moved down the Alert Levels, we've seen resilience and flexibility across the industry. There is a sense of confidence that has remained in the market as we head into an ordinarily busy time, and many remain hopeful for a strong spring period.

Real estate professionals now have well-tested ways of working, enabling them to continue working remotely and effectively. The technology available is making it easier to purchase homes remotely with agents delivering digital tools that assist buyers to purchase with confidence such as 3D virtual tours and more comprehensive photography. It is great to see that so many of you have taken on the challenges of the last month, and quickly found solutions to help your customers, clients, and tenants.

Pre-COVID, the state of the market showed median house prices rising across every region in July. While the market was showing early signs that the rate of growth was starting to ease, it is too soon to say whether this is the general easing we see in the colder months, or if the Government's intervention in the market and signalled changes to the OCR are starting to take effect.

The industry was performing well heading into the surprise lockdown and I've had a lot of feedback that there is plenty of work happening to prepare property for spring marketing. The data over the coming months will show us how the Alert Level changes have impacted but, from here, the confidence is palpable.

It is important now more than ever to focus on wellbeing as many of us adapt to uncertain circumstances and find a new way of living for the next couple of months. We appreciate that working in real estate

can mean a busy lifestyle with at times, stress, overwhelm or burnout. It's important to manage workloads and make time to give yourself a break. Claire Turnbull, Director of Mission Nutrition, shares her story and top tips to help manage being busy without breaking on page 38. Your team's wellbeing should be a focus now too. People look to leaders for support, care, and guidance in uncertain times. But they'll also be looking to leaders for the confidence that things will improve so continuing to do all the things that build high performing teams is important right now.

Setting up your team for success on page 30 discusses how the importance of leading with vision, identifying development opportunities, and good induction programmes - are all key for a successful, healthy, and happy team.

The team at REINZ have remained resilient as ever, readjusting internally to ensure events, programmes, and day-to-day work are held at the highest level possible. We made the decision to postpone and transform our 2021 REINZ Awards for Excellence to a high caliber virtual event held in Hamilton where we celebrate excellence in the industry like never before.

It has been inspiring to see the progress made, relationships fostered, and the value created by the team in my first few months as the Chief Executive. I've joined at an exciting time, as we commit to a journey of digital transformation and change (you can read more about this on Page 34), and endeavour to develop our tools and services for members. I look forward to all that's to come as we navigate this ever-changing environment. ▲

Nga mihi,  
Jen Baird

## Harcourts welcomes Tania Greig and Shane Cortese

Tania Greig and Shane Cortese join the corporate team at Harcourts New Zealand and will be based in the Auckland Regional Office. As National Performance Coach and New Zealand Head of Academy, Tania is responsible for the provision and delivery of coaching services and resources in New Zealand, and comes to Harcourts with a strong background in real estate training and sales.

Auckland auctioneer Shane Cortese recently joined Harcourts New Zealand's award-winning northern region team as Group Auctioneer/ Assistant Regional Manager. Well known for his acting career in New Zealand before becoming an elite auctioneer at Harcourts, Shane says he is delighted to be "back in blue".

"I'm very excited to be working alongside my new colleagues in calling auctions, and in maintaining and training the Harcourts' award-winning auction culture," he adds. ▲



## Local icon to open Ray White Blenheim

The people of Blenheim and Picton can look forward to familiar faces when it comes to their property needs as the long-standing, experienced sales team led by Stu McLean, launches Ray White Blenheim | Picton.

It is the first foray into the Marlborough region in a long time for New Zealand's leading property group with Blenheim acting as the flagship office with 18 salespeople, property management, marketing and admin, while nearby Picton will operate a smaller satellite office with a handful of salespeople.

"From a marine engineering background, I grew up in a family of builders, property developers, farmers and master mariners – I got into commercial property ownership 36 years ago as a necessity and that became a full-time passion," Mr McLean said.

"I've been in the Marlborough and Nelson region most of my life having been in business here for 39 years and it's fantastic that we're able to stay here and service the people I know so well, just under the new Ray White banner.

"We have been recognised as the number one business in our previous group for 15 years running, so our ambition to continue to grow into a leadership position within Ray White is very strong" Mr McLean adds.

Ray White New Zealand Chief Agency Officer Treena Drinnan, said she was incredibly happy to welcome Mr McLean and his team to the family and said it was great for the people of Blenheim and Picton.

"We're proud to be welcoming a team so well-known and respected to the Ray White family," Ms Drinnan said. ▲

## Ray White exclusive agency partner for Three's The Block NZ for the fourth time

Ray White New Zealand is the exclusive agency partner for Three's The Block NZ for the fourth season in a row.

This season heads back to Auckland's aspirational inner-west suburb of Point Chevalier and showcases four stunning builds that are the most impressive architecturally designed houses The Block NZ has ever seen.

"As Australasia's leading property group, we're delighted to once again be the agent for New Zealand's favourite DIY show," said Ray White New Zealand Chief Agency Officer, Treena Drinnan.

"I'd also like to commend Lauren Mirabito, General Manager at Ray White Glenfield | Beach Haven | Verrans Corner, who was chosen to be a part of the judging team for The Block NZ series." ▲

## Barfoot & Thompson Commercial expands on the North Shore

Responding to the North Shore's increase in population and business activity, Barfoot & Thompson has opened a new Rodney Commercial satellite office, a sub-branch of the North Shore Commercial office.

Under the leadership of Simon Farland, North Shore Commercial Sales Manager, the new office is situated 2/2 Milner Ave in the heart of the region's business hub in Silverdale.

Farland says this recent expansion is a vote of confidence for an area filled with commercial potential.

"Our business is about people, so it's important to us to have a sense of the local community's commercial needs in advance. When people are looking to move to an area, they expect support from commercial entities in the form of ease of access to retail, office and other services to make life as convenient as possible," Farland adds. ▲



## First National Whangarei combines under the Property Brokers brand

May 31 saw First National Whangarei's office rebrand to Property Brokers. With a team of over 850 strong in more than 85 locations, the announcement of the acquisition with First National Whangarei further extended Property Brokers' commanding presence throughout provincial New Zealand.

"We are excited to be expanding into Whangarei. Mike and his team are great people, good realtors and will make a big difference in the Whangarei market. We're ambitious and look forward to being a huge part of the local community," says, Guy Mordaunt, Property Brokers Managing Director.

First National Whangarei, under Mike Procter's ownership, enjoyed a significant market share of Whangarei's real estate for many years. Procter, who has fully supported the move, says, "Property Brokers and First National Whangarei share many common principles and objectives."

"I will be staying on as the Sales Manager, and all of our team look forward to the next few years with enthusiasm," he continues.



Simon Short, Property Brokers Regional Manager for Waikato, Bay of Plenty and Northland, says they are delighted to welcome the team into the family, and to be able to service Northland. ▲

## Ownership change for Century 21 New Zealand

Longstanding Century 21 franchisee, Tim Kearins, is the new part-owner of Century 21 New Zealand. The leadership change took effect on 30 July, following the sale by previous owner Derryn Mayne of her 25% of the business.

As the Principal of Century 21 Premier in Manawatu, Mr Kearins has led a top performing team which services Palmerston North and surrounding areas. His extensive industry experience and wealth of knowledge has seen him achieve many accolades over his time with the brand including consistently being awarded Top Principal as well as achieving Centurion status.

Tim Kearins is excited about the future of C21 New Zealand.

"I am proud to be joining the New Zealand arm of the business as a part owner. Century 21 is one of the most respected names in the industry and I look forward to growing the network in more locations across the country and continuing to support our franchises, vendors, buyers, landlords and tenants," says Mr Kearins. ▲



## Southern Wide Southland joins the Property Brokers family

Southern Wide Real Estate Southland's Invercargill, Winton and Gore offices rebranded to Property Brokers on April 1, 2021. Property Brokers is one of New Zealand's largest non-franchised real estate companies, and this merger further reinforces its presence in the region.

Property Brokers Chairman Tim Mordaunt, says, "I commenced my career working for J.E Watson in Gore in 1976, and just loved working in Southland, great people, fantastic property – the best farmland in New Zealand."

Southern Wide, founded by Dallas Lucas in 1996, has controlled a significant market share of Southland rural real estate for many years.

"I have known Tim for a long time, John Faulks who will be our Regional Manager is a close personal friend, and all of our team look forward to the next few years with enthusiasm," Dallas adds.

Guy Mordaunt, Property Brokers Managing Director, says, "Welcoming Southern Wide Southland into the Property Brokers family feels like a great fit. They are well respected, and we are excited to have them on board." ▲



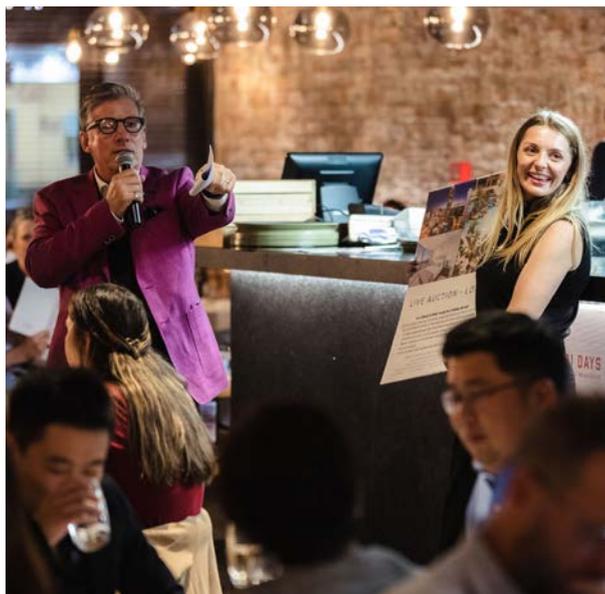
## Coromandel and Bay of Plenty Communities benefit from Harcourts Foundation Grants

Coromandel trainee drivers, a playcentre and the Thames Coast Community Kindergarten are recent recipients of Harcourts Foundation grants, thanks to Harcourts Gold Star Real Estate. The grants, worth more than \$6,800, will be used to train local job-ready people how to drive, provide safety mats for preschoolers at Parawai Playcentre and supply much-needed blinds to keep kindergarten children warm and secure. Business owners Greg and Mel Sheppard said there were many requests for funding, but these three projects stood out in terms of benefit to local people.

Bay of Plenty's Waipuna hospice also received a grant from Harcourts Katikati Streets Ahead Realty for a hi-tech bed offering support and comfort for those using the inpatient unit. Business owner John Graham presented Waipuna Hospice with the grant for \$5,765.

"Waipuna Hospice takes care of all the folks in our area from Athenree to Whakamarama," he says. "It's our local hospice, so we were extremely happy to support them."

The new electric bed will offer immediate safety and comfort for people with complex medical requirements. ▲



## Harcourts Cooper & Co bring some Christmas cheer to winter!

Harcourts Cooper & Co got the local East Coast Bays community together to celebrate mid-winter Christmas on 14 June this year, with all proceeds from the evening going to Breast Cancer Cure.

In the first of four fundraising events planned for the 2021 year - with the goal of raising over \$100,000 overall for the charity, they were thrilled to work with the highly regarded local restaurant 21 Days in Browns Bay.

The evening included entertainment, gourmet food, live and silent auctions, and a '12 days of Christmas sweepstake' to a sold-out crowd with one lucky person taking home a pair of diamond and sapphire earrings.

Overall, \$27,000 was raised, which will go directly into research to find a cure for breast cancer. Martin Cooper, with the support of his dedicated community team, the wider company, local East Coast Bays businesses, and the support of valued business partners continues to look for ways to raise money for charity as well as bring the community together and showcase quality local establishments such as 21 Days. ▲

## Auction raises \$100,000 for Hawke's Bay Cancer Society

Four hundred people attended the 16th annual Property Brokers Hawke's Bay Charity Auction in May, which raised \$100,000 for Cancer Society Hawke's Bay.

The sell-out evening held at the Toitū - Hawke's Bay Arts & Events Centre, included a varied range of 52 auction lots - from cases of wine to chainsaws and weedwhackers.

Property Brokers Hawke's Bay regional manager, Joe Snee, said organisers were a bit anxious about how the event would go, having cancelled it twice last year due to COVID-19 restrictions.

The success of the evening was a great indicator, he said. The auction raised \$97,368, but Property Brokers made the additional top-up needed to reach \$100,000. The highest-selling item on the night was the original print by New Zealand artist Dick Frizzell, which sold for \$6,900. ▲



# SPOTLIGHT

## Leading Auckland property management company to join RE/MAX

Celebrating one of the greatest recruitment outcomes since taking ownership of RE/MAX New Zealand, CEO Don Ha, announced in June that Impression Real Estate, one of the largest property management companies in central Auckland, has joined the RE/MAX network.

"I am honoured and grateful that the directors and advisory board of Impression Real Estate chose to partner with RE/MAX after reviewing many brands. I am very proud that their decision was based on our people, our leadership and great support team, the value they saw in our progressive brand, and our global reach," says Mr Ha.

The move brings a large team of highly skilled and experienced property professionals into the RE/MAX New Zealand network.

"The company has built an excellent reputation since it was established in 1999 and is by far the largest manager of city apartments. The team currently manages up to a billion dollars of investors' assets ranging from residential apartment and terrace homes to commercial buildings and retail.

"RE/MAX Impression rentals division will rebrand the current Federal Street, Auckland location, with 21 staff members



representing years of knowledge and experience. The newly merged sales division in 430 Queen Street will service all existing landlords and the project marketing of new builds including apartments, terrace houses, sub-divisions, and house and land packages," Mr Ha said.

RE/MAX Impression launched Monday 14 June 2021, and Mr Ha says this will be a great partnership for RE/MAX New Zealand and its network of broker owners and agents. ▲



## Property Brokers Cancer Society Charity Golf Ambrose Tournament and Auction raises \$21,500

Over one hundred golfers attended the Property Brokers Cancer Society Golf Ambrose Tournament and Auction in May, which raised \$21,500 for Whanganui Cancer Society.

Ritesh Verma, Property Brokers Whanganui's Branch Manager, said the fundraiser was part of Relay for Life, but it had to be postponed due to COVID-19 restrictions.

The most popular auction items included a signed All Blacks jersey generously donated by celebrity guest Christian Cullen, and a gorgeous glass piece donated by Katie Brown. The weather played along, and everyone in attendance had a fantastic day. ▲

## Barfoot & Thompson offers Northern Mystics fan a money-can't-buy experience

Megan Runnalls walked away with a "money can't buy experience" through the Barfoot & Thompson Check In & Win promotion.

Megan's family and friends were joined at home by Northern Mystics players Michaela Sokolich-Beatson, Bailey Mes, and Ama Agbeze for a delicious lunch, along with a netball skills session in the backyard.

"The kids (and adults!) had an absolute blast! What an amazing prize - thank you so much!" says Megan. ▲



# 21 years of Auctioneering Excellence



**Mark Sumich,**  
Chief Judge, Auction Sector Group

The recent 21st running of the New Zealand Auctioneering Championships was a festival of outstanding oratory skills. While it has (in a classic non-verifiable manner) been described as a mere, annual warrant of fitness, the contestants are honed and deadly serious about their intentions and desires.



Joint Premier Winners Mark McGoldrick and Conor Patton with Mark Sumich

In what has become compulsory viewing for all auction junkies, the event was split into four categories for the first time. We saw the Schools' Division attended by many courageous youths, all commendably prepared by their mentors and confirming that the tentacles of auctioneering spread through all ages. This section still appears to have significant growth. Third-time attendee, Nimish Singh was a very worthy winner, out of Kerikeri High School. The efforts of trainer Ross Paterson should not go unnoticed in his overseeing of these enterprising Northlanders.

Our Rising Star group saw 19 rookies slugging it out over the sale of a Wellington property in the picturesque suburb of Whitby. This auction was particularly well-handled by many of these newbies, although young Travers Smyth from that auction breeding ground of Cooper & Co, took out the accolade (and the Colin Brown Memorial Cup) with a rendition worthy of a higher division. He seems to have ample promise, as does the impeccably attired runner-up Daryll Roberts, giving Harcourts a 1-2 finish. Credit to Aaron Davis and his wider Harcourts' team for their ongoing



Rising Stars Division Winner Travers Smyth



Open Division Runner Up Tina Chamberlain



Open Division Winner Sam Walmsley



Premier Winner Mark McGoldrick



Premier Winner Conor Patton

promotion of the attributes of high-quality auctioneering.

The more senior callers were split into a Premier Division for the elite bunch and an Open Division for many full-time auctioneers and several who are now out of the rookie ranks, but maybe not up to taking on the big guns just yet. That Open Division saw a previous Rising Star winner Sam Walmsley emerge victorious with a dominating call, selling off a neglected Newmarket carpark. Last year's Novice winner Tina Chamberlain was a brave second, while the other finalists Craig Stewart, Shane Cortese and Kyle Siebert were all fantastic in what was a riveting final with a complicated GST issue to resolve.

All five (and several who did not final), look excellent candidates pressing forward a year or two. The winner and runner-up are

guaranteed places in next year's Premier Division, if they wish to accept.

The ultimate Premier test saw eleven callers scramble their way through a complicated bidding sequence in their Heat, where they sold a Cambridge landholding. The four finalists to emerge were 2019 winner Aaron Davis, Bayleys' guru Conor Patton, the charming Cantabrian Lisa Yardley-Vaiese and 2017 runner-up Mark McGoldrick. This quartet traipsed off to view an award-winning Western Springs villa and they recounted their inspections with four stellar calls to cap off the event. Lisa's incline remains very steep as she progresses toward her Holy Grail. With two REINZ finals under her belt, her time is coming. Aaron remains the constant in New Zealand auctioneering – you have to beat him to win a gong in New Zealand auctioneering – which is exactly what Mark and Conor did. In an inseparable couple

of calls, these two were duly announced as joint winners. A first occurrence, but with few complaints as they raised the unraisable bar to yet another level, with some astonishing arithmetic, auction savvy and a vocabulary of epic proportions. These two fine gentlemen will represent New Zealand in the Australasian sequel in Sydney in October (bubble-dependent), where the aforementioned junkies will inevitably assemble.

Thanks to our many fine sponsors (Property Press, ABC Photosigns, Apollo Auctions, Auctions Live, Barfoot & Thompson, Bayleys, Harcourts, Sothebys International, Property Ventures, Ray White Damerell Group, realestate.co.nz, and Unlimited Potential). Thanks to the REINZ staff, to my excellent judging panels, to the very patient bidders and especially to all the callers who make the whole gig worthwhile. May you all continue to excel. 🏆

# Helping overseas buyers follow the rules



**Anna Wilson-Farrell**, Group Manager,  
Overseas Investment Office

**New Zealand is a great place to live, and property here is in high demand. This includes demand from overseas buyers for different types of real estate.**

Overseas investment coming into New Zealand is vital for a buoyant economy. It brings new capital, generates jobs and builds our international trade connections. However, it is important overseas investment is high quality and in the best interests of New Zealanders.

That's where the Overseas Investment Act comes in. The rules in place require some overseas investment be screened to make sure the standards are met and, where necessary, steps are taken to manage risks.

The rules apply to overseas people and businesses buying real estate in New Zealand. Different requirements are in place for different types of real estate. There are rules covering purchases of farms, forestry blocks and mixed-use rural land, commercial and industrial property, and tracts of land for housing development, as well as houses and apartments.

Land purchases by an overseas buyer will usually require some sort of approval under the Act.

## **The rules are changing**

It's important to know that the Overseas Investment Act is changing, with new rules in effect from 5 July and more changes coming. The reforms are designed to reduce the screening of lower risk investments, increase the focus on higher risk investments and simplify the requirements for investors.

Several rule changes will impact overseas buyers of real estate, especially larger purchases by overseas investors and investors who make multiple purchases.

There is a new, simplified 'investor test' which overseas investors must meet to invest in New Zealand. Repeat investors who have already passed the new investor test no longer need to pass the test each time (provided nothing has changed), meaning faster application processes.

In addition, the lease period threshold for when leases of sensitive land need overseas investment approval has increased to 10 years.

Later this year the advertising requirements for farm land sales will be strengthened and updated to ensure New Zealanders have the opportunity to purchase land ahead of advertising to overseas investors.

## **Buying a house or apartment**

Following law changes in 2018, most overseas people are not able to buy residential property in New Zealand, however there are two exceptions.

People who have a residence class visa and intend to live in New Zealand can apply to purchase a home to live in. Overseas people can also make an investment in an apartment bought off the plans in a new development, or where the developer holds an exemption certificate (there is a handy list of exemptions on our website). Different rules apply to Australian and Singaporean citizens because of free trade agreements with New Zealand.

## **Good advice from a real estate professional**

Breaches of the Overseas Investment Act can easily be avoided. The

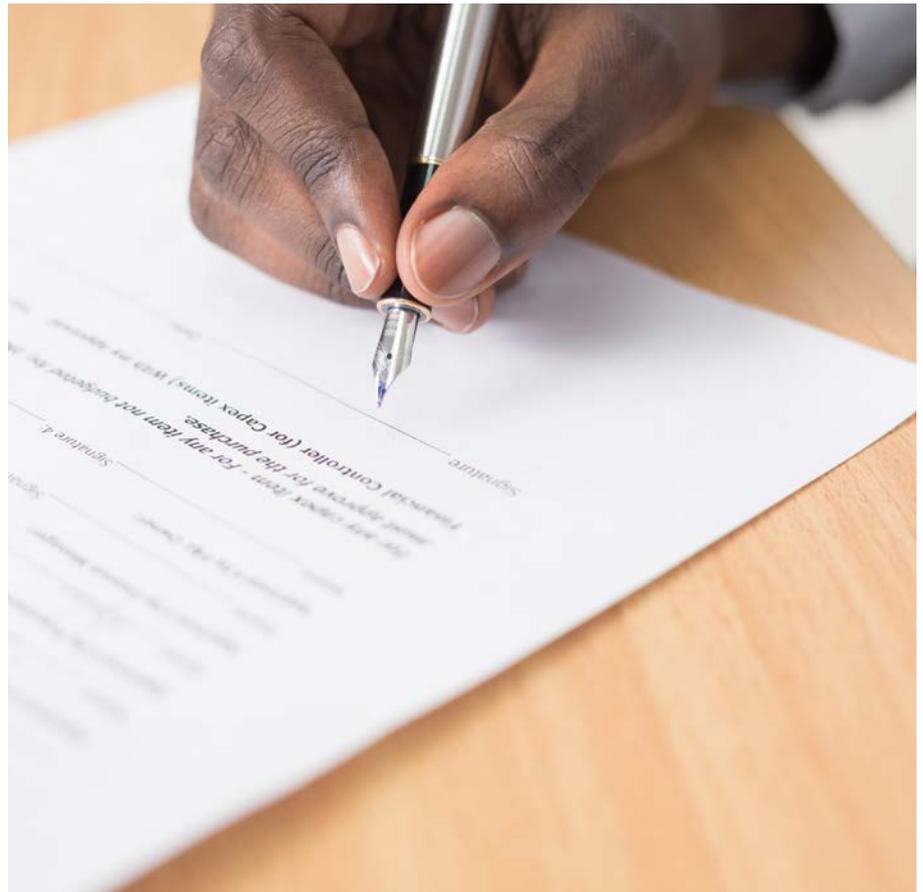
overseas investment monitoring and enforcement team recognise real estate agents have been giving prospective buyers good advice about the rules for overseas investment into New Zealand. Unfortunately, that advice isn't always taken and our law enforcement function has had to come into play.

Real estate agents play a very important role and are uniquely placed to make sure any overseas buyer knows there are overseas investment rules in place which need to be complied with. If you are aware that a prospective buyer is an overseas person, please make sure they know about the rules, and recommend they seek legal advice.

We want to make it as easy as possible for prospective overseas buyers to understand what they need to do to comply with the law.

Our website has advice and information for overseas investors, with process guidance and all the information required to make an application. We regularly receive calls from prospective overseas buyers of real estate, and we are always happy to help them find the information they need.

*The Overseas Investment Act is administered by Toitū Te Whenua Land Information New Zealand. We have the responsibility for regulating overseas investment in New Zealand's sensitive land, significant business assets and fishing quota for the benefit of all New Zealanders. This includes ownership of residential property by non-New Zealand residents purchased after October 2018. ▲*



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# A city coming of age...



**Blair Bowcott,**  
General Manager Growth

**From a rural mecca to one of New Zealand's fastest growing cities, Hamilton is on the cusp of adulthood. As the city takes on the enviable task of defining what it wants to be as it grows, Blair Bowcott explains how taking a boundaryless approach is the key to Hamilton's success.**

Hamilton's popularity is no secret, we're already New Zealand's fourth largest city with more than 170,000 people calling Hamilton home.

Our city and region reflect our nation – we are ambitious, young, diverse, smart and progressive. Already, Hamilton has everything it needs to be one of the best places in the country to live, work, and raise families.

We're growing, in fact, we're one of the fastest growing regions in the country – our population has increased nearly 10% in the past five years.

Waikato's growth is not only substantial but also at a faster rate than Auckland. Infometrics' regional economic profiles show its growth in 2020 has exceeded Auckland's in the key indicators of economy, employment, population and standard of living.

We know how we manage this growth will define us for years to come.

It's not just us.

Nationally, there is a shortage of housing and need to increase housing availability and developable land.

Like other high growth areas, Hamilton City Council is working hard to reduce barriers to development and enable more housing sooner. We're working alongside our neighbours, central government, and iwi to take on the opportunities and challenges of growth together.

This concept of joined-up, boundaryless planning will achieve better outcomes for our communities. More homes,

infrastructure in the right place and outstanding transport connections are all things we can achieve by working together.

This is not about boundary changes, it's about recognising how our communities live, work and play across territorial boundaries.

This partnership delivered the Hamilton-Waikato Metropolitan Spatial Plan last year, taking a long-term view of where people will live and how they will get around. It also provides the opportunity to pursue innovative funding models for our priority development areas. Work over the next 12 months will investigate long-term transport solutions, including mode-shift.

It's nationally recognised we're leading the country with this work.

## **More houses in the pipeline**

In the short-term, we're already seeing the benefits. 2019 saw an historic high with 1,639 building consents granted for new homes. Although the numbers dropped last year, the momentum has returned in 2021 with 997 new houses consented in the first seven months.

It's not just the numbers of homes changing, it's also the type. Urban dwelling and a city that's easy to get around has seen a surge in housing density. Townhouses and duplexes made up just 15% of new dwellings 10 years ago, now making up more than half (55%) of new consents in 2021. As our city realises the impact of the National Policy Statement for Urban Development, this will only increase.



Hamilton CBD and Waikato River



London Street, Hamilton



Ruakura Key Transport Connections Extension, May 2021

Hamilton actively monitors land supply, with serviced land infrastructure available for 3,300 houses in greenfield areas too.

**A place to work, a place for business**

Industrial and commercial land prices are cost-effective, and business is thriving. Hamilton’s economy is prosperous and diverse, contributing around 3.4% of the national GDP.

Hamilton’s location is at the core of the economic corridor between Whangarei and Tauranga, and the ‘golden triangle’ of Auckland, Hamilton and Tauranga, puts it in the centre of a freight and distribution sector critical to our country. That triangle is less than 20% of New Zealand’s land area but contains half our population and generates 52% of the national GDP. Freight movements in Waikato are surging and projected to increase by more than 50% in the next 30 years.

This will be enhanced by significant public and private investment in rail, road and inland port facilities, including the recent addition of Te Huia passenger train and Waikato Expressway due to open in 2022.

Government stimulus funding is speeding delivery of infrastructure to support the city’s nationally important logistics networks. Hamilton and the wider metro area offer space for mammoth distribution centres and the transport connections to reach most of the North Island for 24-hour delivery.

Historically renowned for our agriculture sector and our history as a ‘cow-town’, we are recognised for a growing agritech sector. Gallagher, Livestock Improvement Corporation (LIC), and NDA Group were ranked as the top three companies in this year’s Technology Investment Network Agritech Insights report based on revenue and call the wider area home.

**For us, it’s about people**

Hamilton is a popular place to live and

a magnet for Aucklanders who want the benefits of the city life with reduced commuter times and competitive house prices.

Economic factors aside, Hamilton’s real selling point is the people who live here and the lifestyle they create. While it’s true living expenses are cheaper than other big centres, that’s not why people choose to live here.

Significant investment in the central city provides a vibrant heart for the whole region. This revitalisation through commercial developments and greater residential intensification is incentivised through development contribution remissions.

This is a significant drawback for those looking for an urban lifestyle outside of the other big centres.

We are all about enhancing this quality of life for our residents making Hamilton a great place to live, work, play and visit. ▲

# Takapuna Beach: Where the Cloud meets the Sea!



**Craig Sloots**, Director of Marketing & Sales, Southern Cross Cables

It's 6am Saturday. You're sipping coffee and looking through the plans for the day. One open home in Devonport, two in Belmont, and two auctions in Takapuna. A five-bedder on The Strand towards Takapuna Beach, and an apartment on The Promenade with a dated bathroom. Both are popular with several contracts sent out for review.

In what is becoming more common, most contacts have enquired whether the properties are equipped for high-speed internet and two auction interests are from overseas. A couple in London (let's call them Phil and Lisa) who are looking for their daughter currently in Los Angeles, seeking to come back to New Zealand given the current pandemic situation. Another from a Singapore ex-pat businesswoman (let's call her Abby) seeking to return home. Given the travel restrictions, both required online video tours of the properties and will be attending the auction virtually via Zoom.

Abby uses a New Zealand qualified conveyancing lawyer, based in Singapore, and will settle out of her HSBC account. Phil and Lisa are using a lawyer in Invercargill, and will settle out of a Barclays account in London and their daughters Citibank account in LA. When did real estate get this global?

The above scenario is hypothetical of course, yet unbeknown to you (and most of the population) is that the global connectivity that underpins the modern real estate business is dependent on some non-descript cables lying on the sea-floor.

They are the reason you can connect to websites all around the world, and potential clients overseas can browse listings in New Zealand, contact you via Zoom, transfer money and so on. When you go home and relax with Netflix streaming, download the latest digital book, or fire up the Xbox for some PvP action against your online

mates in Australia or Japan, once again you guessed it, it is thanks to these subsea cables.

Your smart phone and WiFi or cable connection connect to your providers mobile tower or network aggregation point, but then at some point in their network, for connection to the rest of the world it connects to a subsea cable. If you do a search for a farmhouse for renovation in Provence or Tuscany, the information will flow across that network of fibre.

Imagine a garden hose. That's the approximate width of the undersea cables that currently connect New Zealand to the rest of the world and can lie up to 8,000m below sea-level.

Southern Cross Cable Network operates two of the four existing cables out of New Zealand and recently installed the landing of its new Southern Cross NEXT cable at Takapuna Beach which will add a third high-speed route to its existing network. The new Southern Cross NEXT cable will be the largest cable connection ever built from New Zealand and will approximately double New Zealand's current total international capacity potential.

Submarine cables carry over 95% of New Zealand's international communications. While most people think satellites, they simply don't have the capacity or capability to meet total demand. Like a modern home is more attractive to potential buyers if it is high speed internet capable, so the attractiveness and capability of a country is

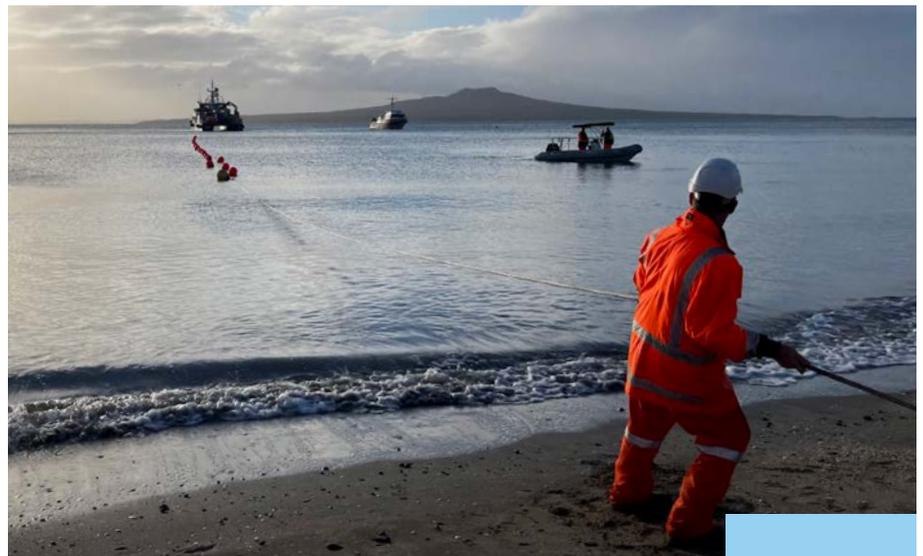


increased through strong reliable internet connection globally.

The Southern Cross network will comprise around 45,000km of fibre once the NEXT project is complete, which is enough to traverse New Zealand top to bottom over 28 times. The network links New Zealand to Australia and the United States, with connections to Fiji and Hawaii, and soon to Tokelau and Kiribati. From these main content centres in Australia and the United States, further cables link to other content centres in other countries in a web of fibre connectivity. Over 400 submarine cable systems interconnect the globe, with every continent, except Antarctica, connected via submarine cable connectivity.

Far from being a recent invention, submarine cables have been providing communications solutions for a very long time. Queen Victoria sent the first telegrams via a Trans-Atlantic cable to President Buchanan of the United States in 1858, and New Zealand had its first international cable in around 1871.

Takapuna has a rich history in submarine cables with the COMPAC cable landing in the 1960's, later replaced by the ANZCAN cable in the 70's and the PacRim East cable in the late 80's. In 2000, the existing



Southern Cross cable to the USA landed in Takapuna (with the second cable to Australia landing in Whenuapai), and by mid-2022 the new Southern Cross NEXT cable will be complete into Takapuna, providing enough capacity to stream over 4.5million Ultra-HD 4K Netflix videos simultaneously.

So, as you're sipping that coffee, scanning your emails or talking to that potential overseas client interested in a New

Zealand property, it is interesting to pause and think of the marvel of engineering that powers our modern global industries.

If you have time, I recommend a call in at the Takapuna Library to view the "Te Ika-a-Maui" mural, by artist E. Mervyn Taylor, and restored by Wellington artist Dr Bronwyn Holloway-Smith, commissioned by the NZ Post office in 1961 as a nationwide celebration of the new Commonwealth Pacific Telephone Cable (COMPAC). ▲

 Southern Cross Cables is an independent provider of international cable connectivity to ISP and carriers in New Zealand, Australia, Fiji and the United States, and has offices in Auckland, Wellington and Sydney. Craige Sloots is the Director of Marketing & Sales at Southern Cross cables. If you would like to know more about Southern Cross, or submarine cables in general, feel free to contact us at: [contact@scn.co.nz](mailto:contact@scn.co.nz), or via our website ([www.southerncrosscables.com](http://www.southerncrosscables.com)).

# Leasing provides appealing pathway to land stewardship



**Nick Hawken,**  
National Director Rural, Bayleys

**Leasing the farm out rather than selling it is proving to be a new approach to the old challenges of succession, income generation, and farm business growth, providing a level of flexibility for parties on both sides of the leasing fence.**

With an ageing farmer population, more landowners are rapidly approaching a point where they may be wishing to exit their property to enjoy retirement, and succession options aren't available within the family.

However, finding the right buyer can be problematic. The market may prove to be either limited in number or those who are keen to purchase may be limited by a lack of financial capital to meet the property's market value.

More recently, the low interest rate environment has added another challenge to selling the family farm.

It has undoubtedly made farm financing cheaper for a buyer, it also means the vendors have the prospect of earning significantly less in interest from the farm's capital value once it is sold.

This is prompting more farmers to look at leaving their capital in the farm and leasing the property to a new generation of farmers who may be constrained by capital, but not ideas, innovation, or energy.

Key to a successful lease proposal is creating an agreement that provides the land-owner with a means to generate a good steady income stream without the stresses of having to run the farm. A sound agreement may even enable them to exit the property and choose to live somewhere else in their retirement.

When ill-health compelled Patrick Lane to wind back his involvement in his family's renown Whangara Angus stud near Gisborne, he did not want to sell the cherished family property and instead opted to explore leasing options.

Having not achieved a lease earlier with prospective leasees, Patrick decided

to approach Bayleys Gisborne to invite interest and gauge the value that the market would place on the property for a 20-year lease agreement.

A tender process invited interest from around the country and provided the opportunity for all parties to understand where the wider market of leasees would place lease value and terms for the 1,000 hectare property.

Bayleys were inundated with interest and encouraged by the feedback received throughout the process.

A total of 45 farm inspections were conducted with interested parties and this created a significant number of genuine tenders for lease across a generous range of values and terms.

For the leasor, the eventual agreement not only reflected a reasonable lease return, but also an agreement with a party he felt would be a good custodian of the land for the 20-year term, and align with many of his farming values.

An extensive lease document was developed which included photos of all the key infrastructure and fence lines. It did much to ensure both parties were clear on the condition of the property at commencement and knew this was a benchmark for reviews going forward.

The flexibility of lease options on pastoral farms extends across all types of properties. Dairy farms hold equal appeal given the even higher cost of entry for younger farmers wanting to get a foot on the farm ownership ladder as traditional sharemilking pathways diminish in number.

The return on an average 140-hectare dairy unit can range from \$1,200-\$1,500 a

hectare, and for a debt-free older owner, provides a very realistic retirement income.

The landowner can continue to generate a return from the asset they understand, and depending on the tenant and lease arrangements, they are free of the operational headaches.

The creep of environmental regulation, green house gas emission issues and health and safety demands mean for some older farm owners the change and challenges can be overwhelming at a later stage of their career and even their life. Meantime those with the energy and the ability to take those challenges on board are often short on capital to do so. A sound lease arrangement can provide a solution to these challenges and ensure the asset is managed appropriately.

Lease options are only limited by the vision of the parties involved, with variable time periods, terms and conditions all up for

agreement in highly bespoke documents.

Options can include a “lease to buy” arrangement, and even a staged buyout where the lessor leaves some funds in the farm for a specified period.

Beyond the pastoral sector, lease opportunities are well established in the wine industry, with many vineyards contracted on lease arrangements to wine companies keen to secure definitive supply vintage-to-vintage.

Bayleys Marlborough’s specialist expertise in viticulture and vineyard leasing has shown demand for non-contracted grape blocks are currently at a peak, in response to a poorer yielding crop last year, and continuing strong international demand for New Zealand wines.

The lease structures can be with or without infrastructure and vines in place. For example, Bayleys are currently aligning a large block for a client who owns the

land, who has developed the vineyards and infrastructure on the property and is now going to the lease market with it.

The lease values are typically based upon productivity, and while expected returns are 5.5% - 6.5% a year, an increase in amounts paid year-on-year has been witnessed.

The rural sector is well positioned to borrow some concepts and arrangements from its commercial cousins when considering lease agreements. The opportunities for non-farming entities to also own a farm and set up a lease arrangement with a skilled, motivated farming partner are very real.

Bayleys is now managing more and more lease arrangements, drawing on a deep pool of pastoral and commercial property talent to help parties develop agreements that provide mutually rewarding opportunities for farmers exiting the land, and new ones starting on it. ▲



**Note: Correction for Emissions Trading Scheme article**

In the previous issue of Real Estate Magazine, the article on the Emissions Trading Scheme should have said that 20 hectares of fast growing radiata pine forest can receive up to around 16,000 NZU by age 28, worth almost \$600,000. This is not a per hectare figure as stated in the article.

# Tax legislation changes



**Ashleigh Gilmour**, Associate Director,  
Moore Markhams Hawke's Bay

**On top of recent reforms of the Residential Tenancies Act, the majority of residential property investors have the right to feel frustrated over the latest tax announcements from the Government.**

While the intention of the Government may be to allow more first home buyers into the market, the reality for many is that this is simply out of reach, and property investors provide a service to the community to provide housing for those who can't afford or don't want to acquire a home of their own.

To better understand the tax changes recently announced by the Government, it is probably helpful to first understand the policy behind these tax rules.

## Residential Bright-Line Rules

Tax legislation has always had a provision where a person would be taxed on the profits made from the sale of a property if they acquired that property with an express intention or purpose of disposal (i.e., speculators). Proving intention had posed problematic so, in 2015, the residential bright-line test of two years was introduced. While some people were caught in the cross hairs, in the tax community we could accept that for most people, where they were buying and selling property within a two-year period there was likely an aspect of speculation and as such, it would be fair for the profits derived to be subject to tax.

In 2018, as a new Government wanting to be seen to address the highly politicised housing issue, the residential bright-line rule was extended from two years to five years. Commentators were concerned that five years was a long time and as experience would tell us, a person's life can change significantly in five years – relationships fail, family's needs change, health falters and jobs may lead some down new paths. None of these life events have

any impact on the imposition of the bright-line rules. While circumstances change and life happens, regardless of the reason as to why you may now find yourself having to sell your investment property, if you haven't owned it for the required length of time, you will find yourself having to pay income tax on any profits derived.

For properties acquired on or after 27 March 2021, investors will find that they need to own these properties (that are not their 'main home') for a period of at least ten years, otherwise find any profits derived to be subject to income tax, potentially taxed up to 39% being the new tax bracket for individuals deriving over \$180,000 from 1 April 2021. While tax commentators can accept a few innocent people being caught in the cross hairs of the two-year bright-line rules, many ordinary New Zealanders will be caught by these new ten-year rules. Remembering that the bright-line rule was introduced to support the 'intention' provision, a ten-year rule is a quasi-capital gains tax against investors who are not speculators.

New builds will not be impacted by the extension and instead subject to the previous five year bright-line rule. What constitutes a 'new build' is yet to be defined but once it is, the legislation will apply to property acquired from 27 March 2021.

There have also been some tweaks to the main home exemption. Previously to qualify for the main home exemption, a property had to simply be predominantly (i.e., more than 50%) used as a main home for the period of ownership. Now, if that use is less than 100% there will be an apportionment of the profits between the period it was used as a main home and the period in which it was not.



**Interest Deductibility**

Marketed as a ‘loophole’, interest deductibility forms a fundamental premise of our tax legislation – if revenue is taxable, then the costs associated with deriving that revenue is tax deductible. The proposed removal of interest deductions for most property investors is an amendment that is difficult to swallow. Tax commentators also question the need for removing interest deductibility given that the ring-fencing of residential losses rule greatly reduces the attractiveness of excessive debt leveraging on investment properties anyway.

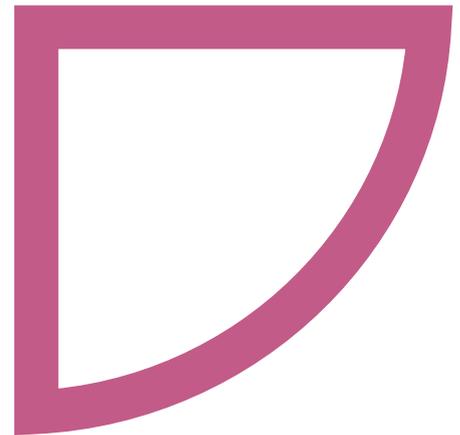
Unlike the change in the bright-line period, the removal of interest deductibility will go through the consultation process so there is a small chance that the policy writers may be swayed by the feedback of tax advisors and investors, but as it stands it is proposed that for existing property investments, interest deductions will be phased out as follows:

**NB** – for property acquired on or after 27 March 2021, any associated interest costs incurred on that property purchase will be reduced to 0% from 1 October 2021.

**Summary**

While most of us can accept the Government’s intentions of tipping the balance away from speculators and back towards first home buyers, these tax changes are going to hurt ordinary New Zealanders, mum and dad investors, and in reality, likely tenants themselves as the cost of providing rental stock rises to investors.

Given the complexities of these changes and a mixture of enacted legislation and intended proposals, it is important to consider your personal circumstances and seek advice from a professional advisor to determine the best approach for you. 🏠



Income Year	Interest Deductibility
1 April 2020 – 31 March 2021	100%
1 April 2021 – 31 March 2022	1 April 2021 – 30 September 2021 = 100% October 2021 – 31 March 2022 = 75%
1 April 2022 – 31 March 2023	50%
1 April 2023 – 31 March 2024	25%
1 April 2024 – 31 March 2025	0%

**i** The information contained is of a general nature only and does not take into account your specific situation and circumstances. You should seek professional advice before acting on any material. While all reasonable care is taken in the preparation of the material in this communication, to the extent allowed by legislation Moore Markhams Hawkes Bay Limited accepts no liability whatsoever for any reliance on it. All opinions, conclusions, or recommendations are reasonably held at the time of print but are subject to change without notice.

# Being prepared when behaviour becomes threatening



**Jo Rae,**  
Head of Property Management, REINZ



**Working in the property management industry involves a variety of tasks. Property managers work closely with tenants and landlords along with carrying the responsibility and privilege of entering their homes. Most property managers will have faced a situation where they have experienced unpredictable or threatening behaviour from clients.**

Employers have responsibilities under the Health and Safety at Work Act 2015. Property managers who employ workers are considered a person conducting business or undertaking (PCBU's) under the Act. PCBU's must provide and maintain the work environment without risk to health and safety. We are seeing more property management companies invest in education and training from qualified experts on how property managers can keep themselves safe and identify potentially harmful situations.

Under Section 55 (1) c of the Residential Tenancies Act 1986, the landlord has the ability to make an application to the Tenancy Tribunal and the Tenancy Tribunal shall make an order terminating the tenancy if the Tribunal is satisfied that the tenant has assaulted, or has threatened

to assault any of the following persons:

- the landlord or any member of the landlord's family
- the owner of the premises or any member of the owner's family
- any agent of the landlord
- any occupier of any building of which the premises constitute a part
- any neighbour of the premises or of any building of which the premises constitute a part.

Under the Residential Tenancies Amendment Act 2020, legislation came into force on 11 February 2021, that only applies to periodic tenancies. Section 55A can be used to apply to the Tribunal for an order terminating a tenancy on the ground of



anti-social behaviour. This section can be used if, on three separate occasions within a 90-day period the tenant, or a person in the premises with the tenant's permission engaged in anti-social behaviour.

Ministry of Housing and Urban Development have announced that new regulations due to be released in August have been delayed. We expect to see an update towards the end of 2021. These regulations relate to physical assault and family violence. There is wide support in the industry for victims of family violence and ensuring they can leave their tenancy quickly, easily, and safely. However, there are concerns from the industry over what the final process will look like for the tenants or flatmates left behind because of such a situation. There is potential for property managers to have to manage a volatile situation with remaining occupants of a property who in some cases may be reluctant to vacate or pay rent. We have taken member feedback and concerns to the Ministry of Housing and Urban Development (MHUD) for consideration.

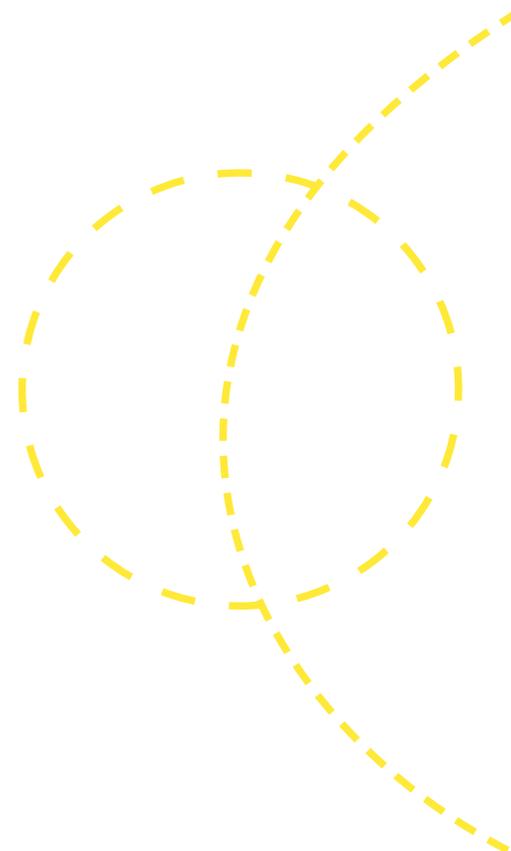
MBIE statistics relating to landlord tenancy tribunal applications over the past 24 months indicate 155 applications were lodged involving assault. There was a 33% increase in this type of claim from 1 April 2020 to 1 April 2021 on the prior year.

New Zealanders are still reporting negative impacts on mental health due to the COVID-19 pandemic. Nationwide wastewater testing also indicates the use of methamphetamine is increasing. Stuff reported that Assistant Police Commissioner Richard Chambers has said 16 kilograms a week of meth across 80% of the population "was a lot" and it was disappointing. This could impact on mood swings or behaviour that is out of character for some people. In many cases a property manager will only have seconds to read a potentially dangerous situation. All property management businesses must have robust policies around Health and Safety that are discussed and made available to employees.

REINZ has templates and information sheets available on the Advisory section of the REINZ website about the Health and Safety at Work Act 2015 [www.reinz.co.nz/latest-best-practice-guides](http://www.reinz.co.nz/latest-best-practice-guides). ▲

Source MBIE (official information act request for tribunal assault stats)

Stuff.co.nz for commentary from Commissioner Richard Chambers - Meth NZ's top drug - it's in the water article.



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# Confusion widespread over Healthy Home Standards compliance dates



**Jo Rae,**  
Head of Property Management, REINZ

Thursday 1 July 2021 was the day that many landlords and property managers had circled on their calendars. This was the official date that private landlords needed to ensure their rental properties complied with the five Healthy Homes Standards (heating, insulation, ventilation, moisture ingress and drainage, and draught stopping) within 90 days of any new, or renewed tenancy.

Many property managers have been proactive and working away months ahead of this date to get the properties they professionally manage compliant. The best indication we have from our members is that most residential rental portfolios are 70% of the way through this process.

However, ongoing confusion over dates for tenants and landlords has been an issue.

On 1 July, while out and about, a long-term acquaintance said to me: "I am going to get my heat pump soon, I've been asking for it now for a few weeks." The first questions I asked were, "When did your tenancy start... and is it a fixed term?" To which they replied "It is a fixed term and it started in April 2021."

And therein lies the problem, this particular property would not legally require compliance with the Healthy Homes Standards (which includes a heat pump) until:

- Within 90 days if that fixed term is renewed in April 2022; or
- By 1 July 2024 if that current fixed term runs in to a periodic tenancy and that tenant stays on.

Many tenants assumed that the date for Healthy Homes compliance, in particular heat pumps, was 1 July 2021. There will be a lot of disappointed tenants who may feel that landlords are trying to avoid their

legal obligations. However, landlords are working to the legislation dates with many upgrading sooner if they can.

A tenant who is currently on a periodic tenancy could potentially have to wait until 1 July 2024 for their property to be compliant. ▲

All private rentals must comply within 90 days of any new or renewed tenancy after 1 July 2021, with all private rentals complying by 1 July 2024. All boarding houses must comply by 1 July 2021.

All houses rented by Kāinga Ora (formerly Housing New Zealand) and registered Community Housing Providers must comply by 1 July 2023. A fixed term tenancy that rolls over into a periodic tenancy does not change the Healthy Homes compliance date.

There are some exemptions to the Healthy Homes regulations, for example if the landlord intends to demolish or substantially rebuild the rental property and has applied for the relevant resource or building consent before the Healthy Homes compliance date. This exemption will last for up to 12 months from the Healthy Homes compliance date. It may end earlier in certain circumstances, for example if the consent lapses or is terminated, or the application for consent is refused.



# REINZ Residential Property Management Training Offerings:

## THE BEGINNER'S GUIDE TO PROPERTY MANAGEMENT

**REINZ has had a significant level of feedback from members, managers, and business owners who were looking for a beginner's course in property management.**

A number of property management owners have told us that they were employing staff who are brand-new to the industry rather than experienced property managers for a number of reasons:

- It is very difficult to recruit experienced property management staff – many are staying in their companies for longer
- There is a shift from employing experienced staff to employing those new to the sector
- Employing brand-new property managers allows the organisation to 'shape' the role/person to fit with the organisations culture, processes, and systems etc.
- It allows for fresh ideas and fewer pre-conceived ideas about 'how it should be done'
- With a raft of changes to the Tenancies Act, there are people leaving the industry and not enough qualified, experienced property managers left to fill those gaps. The next option for employers is to take on staff totally new to the industry.

Managers and business owners do not always have the time or resource to induct new staff sufficiently. In order to support our members, REINZ has created an introductory practical training programme for those new to property management (i.e., less than six months experience). The programme focuses on **what you need to know from a practical perspective when you first step into a property**

**management office.** This is also an excellent pathway for those moving onto the New Zealand Certificate in Residential Property Management (Level 4) if required.

### **The New Zealand Certificate in Property Management (Level 4)**

REINZ and Skills also offer a Residential Property Management qualification. This is a seven to 12-month online programme as well as four practical workshops with engaging and experienced speakers. This will provide a formal qualification to back up the practical experience that many in the industry already have. The course is best suited to someone with at least 12-months experience. With the Labour Government committed to reviewing industry standards, we are seeing a marked increase in property managers wanting to enrol in The New Zealand Certificate of Property Management.

- Improve your skills and knowledge
- Increase your confidence when dealing with clients
- Understand your obligations and responsibilities as a property manager
- Ensure your team is up to industry standards
- Work towards your REINZ property management accreditation.

**Visit the REINZ Education portal, for more information on both courses, or to register. 🏠**

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9:30am - 5:00pm

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# Setting your team up for success

A real estate professional's to-do list is long: closing deals, collating documents, fulfilling supervision obligations, navigating complex compliance environments – some things can easily be forgotten. By the end of the day, you realise you've run out of time to check in with your team.



**Lisa Stern,**  
Digital and eLearning Manager, REINZ

## 2. Lead with a vision

Being a leader and being a manager are two different things. While managers delegate and supervise, leaders inspire and motivate their team.

Leaders create a vision – a vision that is achieved with and through others. A leader is courageous, fair, supportive, and leads by example. They set values that are followed by all team members. This is sometimes easier said than done, especially if life gets busy and complicated.

Above all, remember to keep it about the movement rather than yourself. Treat others and their goals as equals. Celebrate their achievements. By following these steps, your team members are likely to become supporters, and supporters are more likely to stay and find fulfillment on their own career journeys.

## 3. Identify development opportunities

Take the time to talk to your team members and find out what their professional goals are. That way, you can look at their strength and weaknesses, identify gaps and opportunities.

Together you can work on a development plan that will help the employee achieve their goals. By developing the capability of your team, your staff not only feel supported, but ultimately it will help you achieve your vision and business goals.

Everyone wants to feel like they matter, and that you care about setting them up for success. Taking some time to ensure you induct, lead and develop your team can make a huge difference in their work satisfaction, and loyalty. 📌

Offering support and guidance, especially to those who have just started in their new role, is crucial to creating happy, loyal and successful teams. The licence second year non-renewal rate in real estate is currently sitting at 33%. There are various factors contributing to this high number such as; lack of understanding of the work environment, initial learning capacity, false expectations, rising stress levels, and lack of support.

Below, we discuss three strategies to help build a high-performance culture and set your team up for success.

### 1. A good induction program

First impressions are important. Inducting new staff members can be a daunting and time-consuming process. From filling out forms, going through health &

safety policies and explaining in-house procedures; to teaching company software, industry jargon and day-to-day practices.

The first week can be overwhelming for both the manager and the new team member. It may take several weeks or months until they are up to speed. But if your induction is done right, it can help set your team up for success. Plus, a proper induction process is essential for retaining staff.

**Tip:** If you haven't already, it's a good idea to implement a 'buddy system'. Allocating a 'buddy' makes it easier for the new starter to pick someone to ask for help when they need it. By pairing a new-starter up with a 'buddy' they are more likely to get up to speed quicker, are more engaged, have a better experience, and thus improve retention.

# REINZ education

**It's our job at REINZ to research and deliver best practice, relevant, and current real estate education services to help inform and assist all real estate professionals throughout New Zealand real estate career pathways.**

Our services cover contribution to the development of CPD and Qualification programmes, along with the development and delivery of programmes outside of those structures, being non-verifiable professional development programmes. Below, we discuss what is happening in the verifiable and non-verifiable areas and what's new and available for you! ▲

## New releases

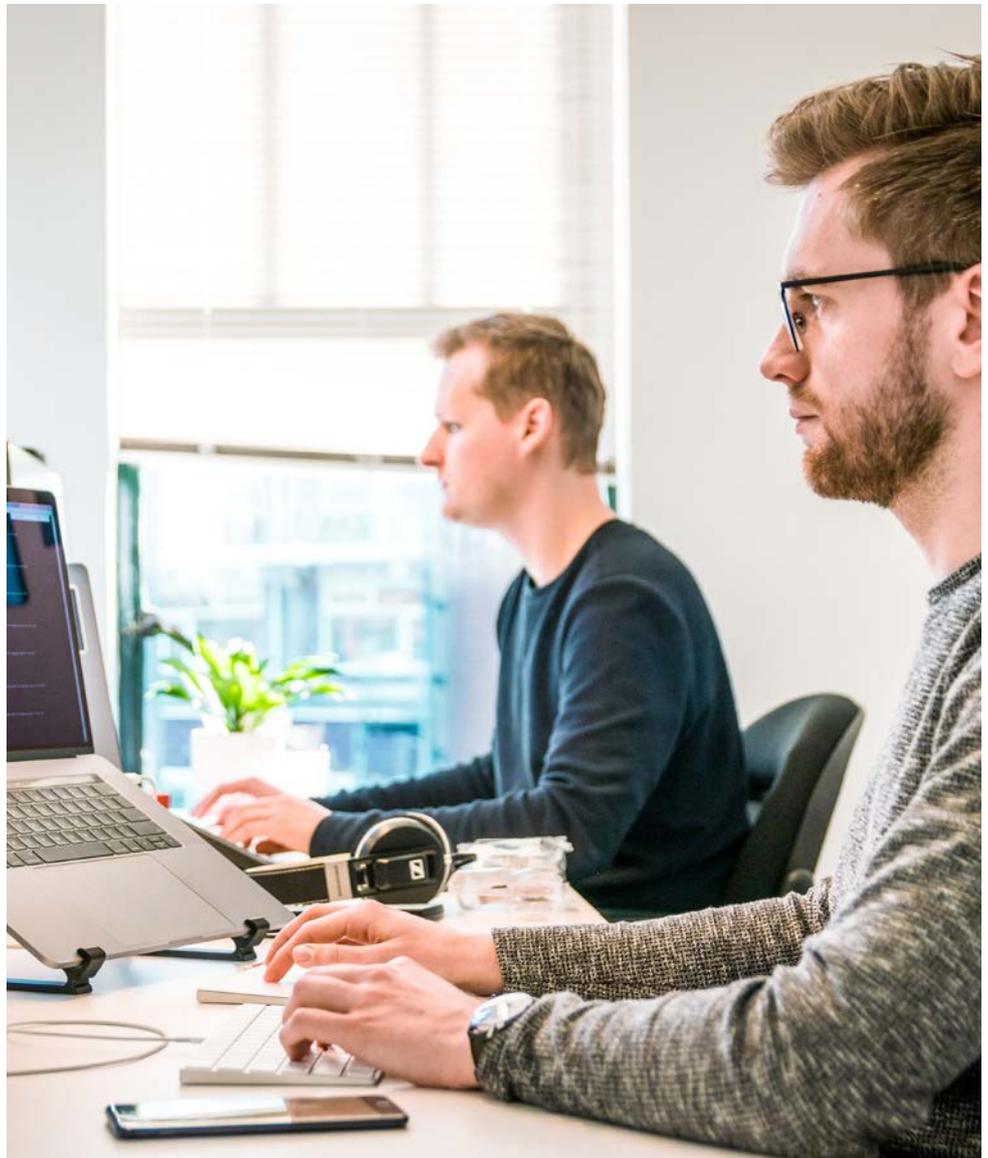
### **Supporting induction, is our newly released 'REINZ Introduction to Real Estate course'.**

This is a six hour course, designed to be completed at home and/or in the workplace, within the first week or two of a new person starting in your real estate business. Your new starter can purchase the course individually, or your business may want to.

If you have someone new to the industry or you hold hundreds of inductions per month, this is a perfect partner training course for your business. REINZ Introduction to Real Estate was written to support all brands, all sectors, New Zealand wide. We hope you find it extremely helpful and supportive for your people; both for the new starters, as well as their manager/supervisors.

Give it a try and find out more here at [www.reinz.co.nz/introtorealestate](http://www.reinz.co.nz/introtorealestate) or for wholesale pricing enquiries email [education@reinz.co.nz](mailto:education@reinz.co.nz) for more information.

We have much more in the education pipeline and can't wait to share with you as they are released. Please send us any ideas you have about what you want to see to [education@reinz.co.nz](mailto:education@reinz.co.nz). Please also keep an eye out for the education section of the REINZ In The Know newsletter for new releases, surveys and requests for subject matter experts. ▲



**If you want to learn more about what online courses REINZ offers or have a topic you would like more training on, please reach out to [education@reinz.co.nz](mailto:education@reinz.co.nz)**

# Verifiable

While online training has gained popularity and continues to have great up-take throughout the year, depending on your learning preference, there are also a lot of benefits in attending a training in-person:

- Listen to real stories and examples
- Participate in engaged group discussions
- Have the opportunity to ask your questions
- Engage in peer-to-peer networking.

Our trainers bring a great amount of experience in the real estate industry with them. This is reflected in the feedback we get from the licensees attending our verifiable trainings:

*“Our trainer was AMAZING - her tone, humour, engagement, and professional manner kept me focused throughout, without much effort.”*

*“Fantastic speaker who is the oracle of real estate knowledge.”*

There are two face-to-face sessions left for the year. The 2022 verifiable training dates will be released early February.

<b>Christchurch</b>	20 & 21 October
<b>Auckland 3</b>	1 & 2 December

Some participants are using the domestic bubble to get away and make their 2021 Continuing Professional Development (CPD) a 'destination event!'.

Given that feedback, we have been talking to our member benefits hotels and seeking out some great deals for our members attending these verifiable sessions and making it destination training!

Why not come along and take a few days out of your busy schedule to visit more of our backyard in New Zealand, lockdown dependent. ▲



## Real estate career development pathway

With the Real Estate Qualification review structure now endorsed by NZQA and the new New Zealand Certificate in Real Estate Level 5 & New Zealand Certificate in Real Estate Level 6 programme development well underway by the training providers, our career and development pathway in real estate is taking great shape.

REINZ has been busy in the background cementing the pathway and delivering additional resources to ensure our new and existing professionals have access to great material. Our latest training course is a perfect starter for new professionals entering the real estate profession. The REINZ Introduction to Real Estate course\* is specifically designed to sit alongside and complement normal company induction, (\*can be completed before or after company induction) ideally within the first ten days.

REINZ piloted the course cross-country and cross-sector in 40 businesses, and every business who tried it said they will be incorporating it into their first ten days.

The importance of great selection, and then introduction and induction, is critical to the success of the individual and the business. See the foundations and entry development pathway to the right. Stay tuned for new content regarding these recruitment and selection topics. ▲



# Leading digital transformation and change



**Kirti Desai**, Chief Digital & Innovation Officer, REINZ

**REINZ, like many organisations in New Zealand and across the world, has been on a journey of transforming its business, to utilise digital technology and to enable better customer experiences. REINZ was clear on its key drivers for change, and this is one of the many key factors that need to be considered before embarking on a transformation of any business.**

A true digital transformation aligns both the company and customer requirements to the right technology, at the right time. It encourages organisations to challenge what isn't working – and develop a plan to remediate. It's about understanding current operations and enabling product owners to articulate what technological adoption and advancement is required.

The six key factors that REINZ is using to be successful in its transformation are:

**1. Keeping employees engaged and part of the journey**

– Internal buy-in for the change is key and ensuring there is clear communication about the reason for the digital transformation, benefits and how they can support it. Taking feedback on what's going well and not so well, and then being agile to make changes to processes, practices, etc. Focusing on the culture of the organisation to ensure everyone feels their voice is valued and that they can participate

**2. Building Senior level support from the outset**

– Having the Board of Directors, Chief Executive Officer and the Senior leadership clear about the drivers for transformation, benefits and challenges. This is key to ensuring that the leaders drive the digital transformation programme and changes through the whole organisation

**3. Communicating frequently in both digital and traditional ways**

– Open communication to both internal/external stakeholders and customers throughout the transformation programme is crucial

**4. Failing to plan** – For any transformation, having a strategy in place is vital, however, it must be agile to meet ever-evolving demands – whether that concerns customers, employees or external stakeholders. It is always risky to have a

plan 'set in stone' because embarking on this kind of programme demands flexibility. Having the confidence to tweak the framework accordingly enables the program to adapt to changes in external or internal environments, and also prevent it from becoming completely redundant

**5. Building capabilities for the workforce of the future**

– First is redefining individuals' roles and responsibilities so they align with the transformation's goals, which can help clarify the roles and capabilities the organisation needs. Looking at roles that can translate the technical changes into everyday business outcomes and processes to lead the change through the organisation and explain it to all employees is key.

Empowering employees to work in new ways and try different approaches as the company transforms is crucial. Being flexible in working styles and locations can encourage diversity of thought and ideation on solving challenges throughout the transformation programme

**6. Customers are the real driver for the change**

– Ensuring that the digital transformation programme has clear outcomes that relate back to the customer. For REINZ this is based on improving the experience we want for our members, enabling more self-service functionality and improving response times to queries.

Digital transformation, like all change, is hard, but it is critical for growth. It requires buy-in from your leaders and commitment from all involved. There are bound to be disrupters since one of the most challenging parts of digital transformation is your going against the status quo. As the COVID-19 pandemic has shown us, businesses need to manage processes, pivot, and be resilient. ▲

# The CMA – chance not chore



**Gloria Ellis**, Transformation Product Owner, REINZ

People think selling real estate is easy, you often hear “once you get a listing the house will sell itself”, or something to that effect. Not only is that not the case, but it also completely ignores all the work that goes into ‘getting’ the listing.



Aside from all the invisible mahi (work) of a real estate agent, the work usually begins with the listing presentation, and central to that is the CMA or Comparative Market Analysis. So integral, that agents are bound to provide one under Rule 10.2 of The Real Estate Agents Act (Professional Conduct and Client Care) Rules 2012. However, instead of thinking about the CMA as a box that must be ticked, it can be used to make a lasting impression, building that all-important trust and rapport.

One way to build trust is to be knowledgeable, which is more important than ever, given the wide range of property websites anyone can access. This is where PropertySmarts comes in.

PropertySmarts draws on the collective strengths of its data partners to provide the most complete, up-to-date property data available in New Zealand. Armed with this information, the research potential sellers have done themselves can be verified and added to.

Visual aids concentrate attention and help us retain information at a higher rate. Making a good impression is one thing but making one last is another. PropertySmarts

utilises past campaign images from realestate.co.nz, giving more credence to the comparable properties in the CMA. The recently re-vamped suburb insights, included in every PropertySmarts CMA, has useful insights along with demographic and census information in an improved design containing flexible style options. Agents can use this information to support broader conversations around market activity, competition, demand and go-to market strategies. A supporting document that gives a listing presentation flow and offers something tangible to leave behind is beneficial to both the agent and the potential seller.

The process of building a CMA can feel like a chore, especially to those agents whose strong point is the people, not the paperwork. Every CMA is a chance, an opportunity to get that listing but also to broaden one’s professional knowledge. It validates and adds to all the property and pricing information floating around, and helps the potential sellers retain the information through sharp visuals.

PropertySmarts is a tool that helps turn the chore into a chance. ▲

# Building trust is the key to winning new listings



Kylie Davis, HomePrezzo

What makes a seller choose an agent to sell their house? Ask most real estate agents and they'll tell you that commission is one of the most important deciders for sellers on who'll they use or that they opt for brands that make them feel secure.

But new research from ActivePipe shows that both of these assumptions are way off the mark and that the truth is actually something much more important and - happily - easier for agents to control.

The Trust Report recently released by ActivePipe reveals that when deciding to use an agent, fees were important to just 4.6% of sellers, while the reputation of the agency brand was elected by 11.3%.

The research involved a combination of surveys and deep-dive interviews with 124 sellers, buyers, people doing both, and property owners. The findings turn on their heads long-held views about sellers and reveal just why it is so important to get your marketing right.

The Trust Report shows 24% of sellers chose their agent based on their personality. Liking the agent and feeling they could work with them was really important to this group of people. In addition, 23% said the reputation of the agent individually influenced their choice, while 21% said they chose their agent based on past results.

But the single most important factor that influenced a seller's choice was that they had used the agent in the past - and importantly had a good experience with him or her.

Our data shows 61% stated they wanted to use the same agent they used last time, and the dominant reason for that from 55% said 'it just made the transition easier'.

Of those who chose to use a different agent, 36.4% said it was because they received poor service from their last agent, while 27.3% said they went with a different agent because

they'd lost touch with their last agent. Of this group, 10% said they could not even remember their last agent's name!

These are really important insights because they reveal how strong the desire for repeat service and long-term relationships are in real estate and the volume of potential leads that are sitting in your database if you nurture them appropriately.

The way to build trust is to stay in touch meaningfully with clients, understand their needs (and worries!) and to do what you say you will do (like following up after an open home).

Sharing quality information - like the REINZ Local Suburb Guides - that helps them answer and pre-empt their questions and inform them about market performance and recent sales is a key tool to building that trust.

Meanwhile, incorporating your local suburb guides into regular email campaigns, or handing them out at open homes, further expands your circle of influence and helps you stand out.

The ActivePipe Trust Report is part of a growing body of evidence that shows that in a transaction as big as buying or selling a property, consumers increasingly want to deal with someone they can trust.

Just like a doctor, dentist or lawyer, they want a relationship with 'their' agent because selling or buying a home can be overwhelming and scary and they want to feel they're in safe hands. ▲

**Download The Trust Report here: <https://info.activepipe.com/the-trust-report>**

# How to get your bounce back



**Claire Turnbull**, Director of Mission Nutrition

Working in real estate can mean always being on the go, juggling deadlines, and working long hours – meaning burn out can be a real issue! Claire Turnbull shares her story and top tips and tricks to help manage the busy without breaking!

As a former rest avoider with two small kids and two businesses, it was a real shock to the system being diagnosed with post viral encephalitis (brain swelling) in January this year and being forced to find ways to integrate rest into my life, to manage extreme neuro-fatigue.

I have to be honest, as a result of my upbringing with two working parents who also studied and loved to be busy, I just viewed rest and mental downtime as something that was a bit of a waste of time. I eat my own words now. How insanely wrong I was.

There is endless compelling research that supports the fact that rest and giving your brain breaks is super important for both your physical and mental wellbeing.

It helps you:

- Have a clearer mind
- Feel calmer
- Be more creative
- Feel less stressed
- Get more done in less time
- Improve your communication
- Make it easier to make decisions.

So essentially, taking time saves you time. While my problem was caused by a virus, not burn out, the issues I am managing are the same as many of you who are overloaded, your minds are too busy and you have way too much to think about.

## Enter microbreaks

If you are thinking, come on Claire, you obviously don't know how busy I am?! I don't have time to take breaks. Yep, I hear you. But the types of breaks I am talking about here are achievable, no matter who you are and how busy your life is.

Microbreaks are small gaps in the day to let your brain catch up! Ever wondered why you often get fantastic ideas and brain waves at night when you are about to go to sleep or when you are in the shower? It is because this is the first time your brain has had a chance to catch up and do what it is designed to do, given half a chance – solve problems for you and come up with new ideas. If you consciously create microbreaks in the day, you will be amazed with the results.

Try these simple tricks to stop your brain from being overloaded:

- Leave your phone behind when you go to the kettle and then notice your surroundings while you wait for it to boil. Just enjoy a few minutes doing nothing. You will be amazed, your brain can turn itself into problem solving mode when you aren't adding more information to it and you might find you solve an issue while waiting for your brew!
- Do the washing up or fold the laundry mindfully without the TV or other data going into your brain at the same time
- Drive without the radio on or talking to someone else

“REST IS NOT A LUXURY YOU EARN WHEN YOU ARE FINISHED WITH CREATIVE WORK. IT’S A DISCIPLINE YOU CULTIVATE TO MAKE YOU MORE CREATIVE.”



- Use the lift without scrolling on your phone, just allowing your mind to wander
- Stand at the bus stop and just notice what’s around you rather than scrolling
- Allow yourself just to be in the shopping queue without logging into your emails or seeing what is happening on social media
- Close your inbox down while you are working on a project for an hour so you aren’t distracted
- Turn your notifications off so your computer, phone or tablet doesn’t ‘ping’ all the time. It is bad for your brain and is very likely to make you feel anxious having so many things competing for your attention all the time
- If you are tired during the day, rather than grabbing a coffee, just walk outside

without a device in your hand or pocket for 5–10 minutes. It will boost your serotonin, reduce your melatonin (which makes you feel sleepy) and allow you a small break for your brain to catch up

- Just be where you are. Do one thing at a time and practice making this your new normal.

I, probably like you, used to think that resting was something you did when you were on holiday, or at the weekend when it finally came time to sit down and watch TV for an hour, but that is not enough.

Nowhere near enough, for your brain anyway. Your brain needs more rest and regular rest, even if it’s just for a couple of minutes at time. It really can be a game changer. ▲

 One of the weekly challenges I have put together in my ‘It’s a Beautiful Day’ planner is on microbreaks which I have always been passionate about, but now even more so. If you want to find out more about microbreaks and getting your other healthy habits on track, now is a great time as there are amazing gifts worth over \$30 free with your planner! More on that here [www.clairturnbull.co.nz/planner](http://www.clairturnbull.co.nz/planner)

If you are keen to get your nutrition sorted, head to [www.missionnutrition.co.nz](http://www.missionnutrition.co.nz) and mention this article to get \$15 off your first consultation.

# Climbing the business success mountain:

## 8 THINGS REAL ESTATE BUSINESS AND FRANCHISE OWNERS NEED TO SUCCEED



**Jasmine Platt**, Founder,  
Real Estate Leaders

I don't know about you, but I am not a fan of failure. Not because 'success' as a concept particularly matters to me, but because I truly care about people getting what they want. Especially when the risks and consequences are costly to their futures, their health or their relationships.

In the last edition, based on what I've seen from working with real estate business owners and over 20 years in business, I wrote an article about the six things to think about before buying a real estate business or franchise. I promised a follow-up article about the first tasks to undertake if you decide to "go all in" and commit to the business ownership journey. If you are doing this, whether you are considering sole ownership or a franchise model, I want you to succeed.

So, in this article, it is my intention to further open your eyes to the landscape ahead, so you can plan and prepare yourself accordingly.

Real estate agency success really is like climbing a mountain.

Here are the eight things you'll need:

### 1. A map

It sounds kind of obvious, but you wouldn't attempt to climb Mount Everest without a map. But many owners start out real estate leadership assuming the job is as simple as 'recruit salespeople and get them selling'. There is much more to it than that. Salespeople don't just do what you want and sell because you want them to, because they want to, or because it makes sense to.

Knowing the terrain you're going to have to navigate will help you to prepare for the difficult parts of the journey.

### 2. A clear destination

What is your goal? Selling the business in 'x' years? A certain income per year that you can't earn as a salesperson? Earning 'y' per year for the next 15 years to fund investment purchases to fund your retirement?

Be clear on where you're going. If your destination isn't clear, your pathway getting there will be confused (think getting to the top of Everest without a map) and at times leave you going around in circles, frustrated, and unable to make good and clear decisions.

You're going to need tenacity, so being uber clear on your destination will be your clear guiding light.

### 3. The right guidance

You also wouldn't climb Everest without a Sherpa. A Sherpa who knows what they're doing not only understands your desired destination, they also know the terrain and how to get you there the safest (and hopefully, in the most enjoyable) way. Doing it without educated guidance can be disastrous. You'll probably need a coach.



#### 4. Preparation: Basic skills, training and fitness

You wouldn't attempt to climb Everest without preparation, basic skills and adequate fitness. You'll see and hear about new franchise and independent offices opening. What you are likely to see less of or hear less about is the failure rate of owners who went into ownership ill-prepared, and came out broke with wounded egos.

Preparation includes a willingness to uncover skills you don't yet have, and to invest in developing them before you set out.

If you're buying an agency, it's highly likely you're a great agent already. But if you're like most, it's also likely you lack some of the skills needed to "get to the top of the mountain." The most common being recruitment and sales leadership.

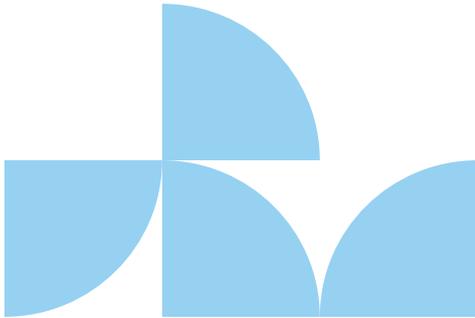
You have the option to buy in the skills if you can access them, but to get someone good, it'll cost you, and you need to set the parameters up well from the start. (If you are considering hiring a Sales Manager, give me a call for a list of considerations.)

#### 5. Adequate resources

On Everest, you wouldn't set out without adequate food to sustain yourself. You'd plan out your journey to ensure you didn't chew through your food or energy too quickly, leaving yourself depleted and risking death on the mountain.

In the past, working for others, it's likely someone else has taken care of the big costs (leases, admin costs). As an owner, be sure to know the financial landscape and have resources put away (or at the very least, accessible).

*Continued over next page*



“...BUSINESS OWNERSHIP CAN BE A LONELY ROAD. YOU WOULDN'T CLIMB EVEREST ALONE - DON'T TRY IT IN REAL ESTATE OWNERSHIP. FIND THE PEOPLE YOU LIKE AND TRUST WHO WILL SUPPORT YOU BECAUSE THEY KNOW WHERE YOU'RE GOING AND ARE WITH YOU ON THE PATH. GET ADVICE.”

I know you want to thrive (not just 'survive'). But you'd be surprised how few set themselves up for even base-level survival. If you haven't gotten good at it yet, get good at saving fat for the winter. Mark my words: you'll need it.

### 6. The right equipment for the conditions

When you climb a mountain you need the right gear. The “right” tools of real estate include:

- A brand offering that is clear to the consumer and matches what they want. Whether you're going independent or franchise, if your market offer is in competition with more attractive offers from the competition, you might be in trouble from the get-go. Think commission rate, marketing packages, but also think process for obtaining best price
- A clear narrative on how to articulate and communicate the brand offer, and how to hold to full commission
- Brand assets that create and enable marketing/visibility of your brand and team
- Technologies that make the process as efficient and friction-free as possible for salespeople

- Virtually identical to the first point above, but for a different but vital audience: a recruitment offer that matches the various salespeople groups (newbies, high-performers, low-middle performers) and what they want/need. Think support, environment, mentoring, systems, admin support, commission splits, growth opportunities, etc. Again, if your offer is in competition with more attractive offers, you might be in trouble
- Some franchise models offer reasonable attempts at providing 'good equipment', but your success largely comes down to you. If things aren't going well, don't blame the brand.

### 7. Know the rules

Mountains have rules. So too, does real estate business ownership. This doesn't just include the regulations governing the industry. It also includes rules that are just as important, like how to treat salespeople (assuming of course that recruitment, sales results, retention and having a good reputation matter to you, which they should!).

### 8. The right company

By 'company', I am not referring to choice of brand, franchise or team (although each are important, and I discuss in previous articles).

What I'm referring to is the reality that business ownership can be a lonely road. You wouldn't climb Everest alone - don't try it in real estate ownership. Find the people you like and trust who will support you because they know where you're going and are with you on the path. Get advice. They'll help carry your lead and offer help where you're weak. You're going to need them.

Winning at real estate business or franchise ownership really is like climbing a giant mountain.

When you set out on the journey, it's very exciting. Your friends come out, take photos, give you hugs, wish you good luck and wave as you depart. The journey ahead (and your newly minted signage and key to the office) look bright and shiny.

Once you step through the door and the realities (bills) set in, you realise the journey involves much more in the way of mud and ice in your face and sleeping in conditions which make you long for the bed at home. By necessity, you have to dig deep.

But it's also a journey that can be hugely rewarding, teach you a lot, and make you proud you did it. Prepare properly. Choose the right “Sherpa”, set a path and have a blast! It's a life-changing journey! (Be sure to take pictures!) 📷

 If you recognise you have a need for an independent “Sherpa” and would like to discuss the possibility of us working together, drop me an email – or give me a call. In the next article, I'll be discussing salespeople accountability, how to create it, and the pre-requisites if you don't want salespeople leaving you in droves! To access previous articles, visit the REINZ blog or my website at [www.realestateleaders.co.nz](http://www.realestateleaders.co.nz)

# Repairing or upgrading? Pre-sale makeover tips



**Karen Jackson**, Managing Director,  
Lifestyle Finance

**As any real estate agent knows, even in a red-hot property market, common issues can have an impact on the sale or jeopardise the sale outright. Some problems or issues may need repairing while others might call for an upgrade, either DIY or professionally done.**

If you'd like to help your vendors identify what areas to focus on, here are some key things to consider, according to experts.

## Getting into the buyers' mindset

When trying to showcase a property in the best possible light, it's crucial to get into the buyers' mindset and view the house through their eyes.

What's the property's current condition, both inside and out? What can its future potential be – and will buyers be able to see it? Does it feel comfortable and clean, ready to be moved into? And, if not, what can be done to improve it?

Unless they're looking for a fixer-upper, most buyers want a home that's ready to move into right away, and certain problems may put them off or provide leverage for negotiating the price downwards.

## First impression counts

First impressions matter in everyday life, and even more so in real estate. How the property presents to potential buyers can mean the difference between them scrolling past it or placing an offer.

From boosting the property's curb appeal through to decluttering, cleaning up, getting rid of pet odours, and using professional home staging, there are many steps your vendors can take. This extends beyond what's inside the home: effective

real estate marketing also goes a long way in getting in front of the right people, the right way.

## Repairing and upgrading: how much is too much?

It's not always simple to decide how far to go with a pre-sale makeover. In some cases, a new lick of paint and some minor repairs around the house are sufficient. In others, the kitchen or bathroom may be overdue for a remodel.

Here's a good rule of thumb: repairs keep the property's value from falling, while upgrades can boost the value. In other words, it's important to fix anything that's broken – big or small.

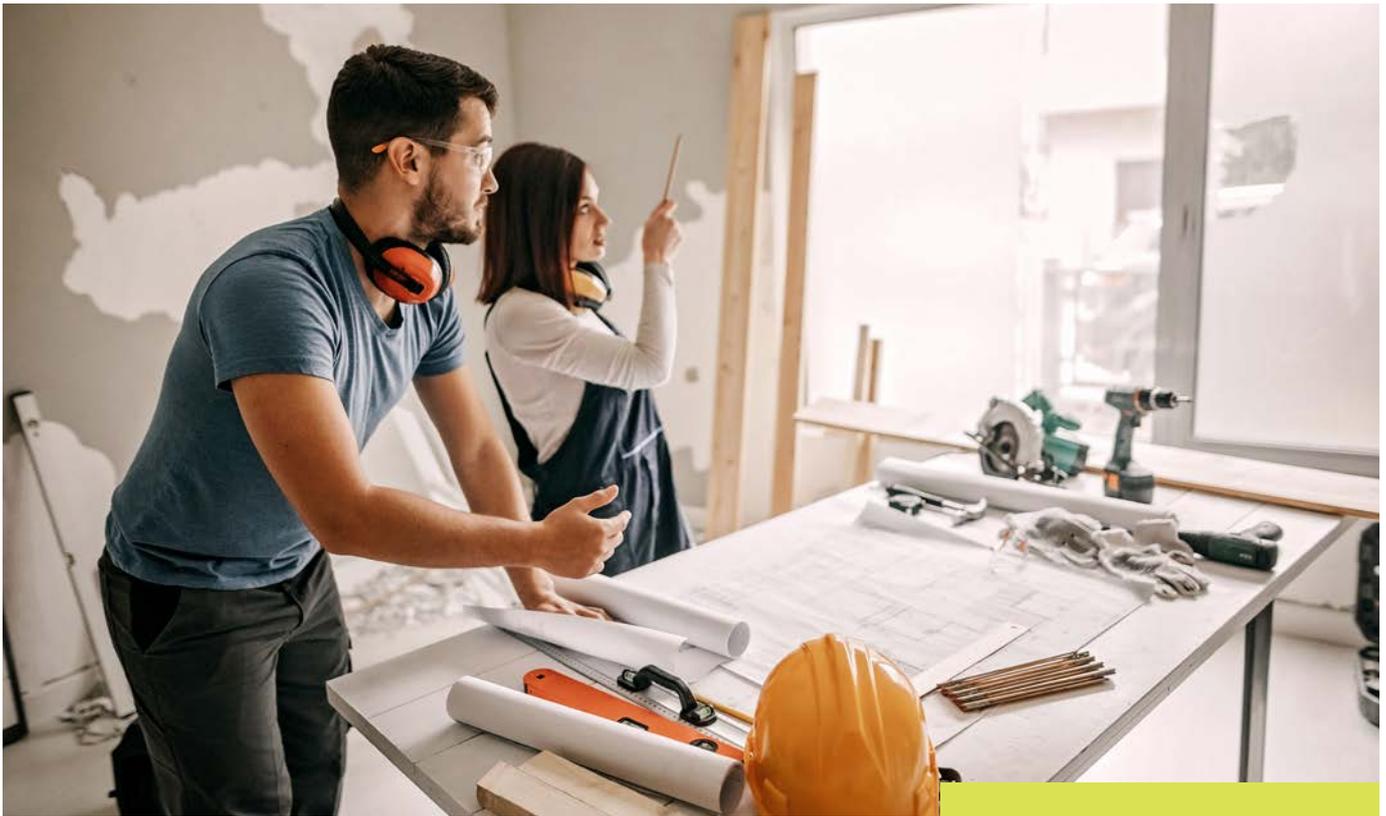
As for renovations, it often pays to give the property a spruce up before putting it up for sale.

Oftentimes, the choice between simple fixes and a more comprehensive renovation comes down to budget constraints.

## Some key issues to focus on

Here are some common issues that, if left unchecked, may make a property less desirable – or even unsellable.

- **Lack of natural light** – Buyers want plenty of natural light. A lick of white paint, an extra lamp or two, and some large mirrors can easily brighten things up



- **Outdated or malfunctioning house systems** – Some issues (like malfunctioning or outdated water tanks, heat pumps or electrical systems) are likely to turn up during a builder's inspection, so it's a good idea to fix them before the property goes to market
- **Exterior issues** – From roofing through to decks, paint, landscaping and fencing, exterior home repair and maintenance is key to preserving the quality of a property and buyer appeal
- **Water damage** – Buyers are wary of leaky homes and will look for signs of dampness and water damage, so as pricey as it may be, it's important to do remedial work before listing the house
- **Outdated kitchen or bathroom** – An old kitchen or bathroom that doesn't fulfil modern-day function requirements can be a deal breaker. With a well-thought-out renovation, your vendors can turn an eye-sore into the highlight of the house. And by focusing on low-cost, high-impact projects, achieving that fresh look doesn't have to be expensive
- **Unconsented work** – Unconsented work can immediately reduce the potential buyer pool, as it affects access to finance. There may be buyers, but their offers might be low-ball. That's why it's important to address it early on and get the consent sorted out. ▲

“HERE'S A GOOD RULE OF THUMB: REPAIRS KEEP THE PROPERTY'S VALUE FROM FALLING, WHILE UPGRADES CAN BOOST THE VALUE. IN OTHER WORDS, IT'S IMPORTANT TO FIX ANYTHING THAT'S BROKEN – BIG OR SMALL.”



Like to maximise your vendors' opportunities?

At Lifestyle Finance, we specialise in helping New Zealand real estate agents and their vendors maximise their opportunities in the market, with our 'Pay Later' finance options for real estate marketing and renovations. Give our team a call on 0800 100 265 to get the conversation started.

# Why comfort is the enemy of financial progress



Hannah McQueen, Enable.Me

**Are you feeling fairly comfortable right now? Not 'laid up on the couch reading the paper' comfortable, but financially comfortable.**

Why do we ask?

Well, it's almost never been cheaper to borrow money, which means even if your mortgage is on the large side (let's face it, houses are crazy-expensive) - it's hurting less to pay it than it was a few years ago.

You might even be feeling better than comfortable, because the data suggests your house is worth more than you paid for it (or potentially much, much more) and the housing market means any commission you might receive on houses you sell is probably quite healthy right now too. Plus, you can't exactly splurge on an overseas holiday just at the moment (thanks COVID!).

Cha-ching! That's why builders and plumbers are busy putting in new kitchens and bathrooms, new car salesmen can't keep up with demand, and baches are selling like hot cakes.

So, what's the problem with that?

Well, while low interest rates present an opportunity to borrow more cheaply than ever, they also present an opportunity to get ahead faster than ever.

But the key here is it's just an opportunity to get ahead faster - progress is not a natural by-product of low interest rates.

Instead, low rates allow those with a mortgage to feel more comfortable - and comfort can be the enemy of progress.

It means you're less likely to be champing at the bit to get rid of your mortgage faster, because it's not exactly cramping your lifestyle right now. You're less likely to want to look too closely at your spending because there's plenty of money coming in to allow you to enjoy your life. And why would you focus on a strategy to grow your wealth, when it feels like your house is doing that for you?

Well, for a start - while your house might well be worth more, so is your neighbours' house and likely every other house on the market! So, it doesn't actually change much - you might feel richer, but unless you're downsizing to a tiny house or moving to the sticks, the paper value of your house doesn't mean that much.

What the current conditions represent is a window of opportunity. Your biggest cost - the mortgage - is currently the cheapest it's ever likely to be, but it won't stay there forever. In fact, that window is already starting to close with bank rates starting to move up. If you've bought a house in the last seven or eight years, you've probably never experienced rising interest rates!

Right now, you have the chance to double down and get mortgage-free much faster. But saving yourself thousands (or hundreds of thousands) in interest is only part of the allure - it's also about giving yourself the freedom to make different choices, the ability to feel much more secure next time the property market slows down, the chance to plan to retire in comfort, to grow wealth or to be more ambitious for your family.

Smashing the mortgage might seem quite simple to you, it can be as easy as upping your repayments - but then, why haven't you done it already? Plus, if you did do that, can you be sure you can meet those repayments when the housing market ceases to be quite so buoyant?

In reality, just like we know that eating well and exercising will help us lose weight or get fit, that doesn't mean we'll do it, or stick to it.

Money is emotional and complex, and even those who balance budgets all day long in their career can find their personal finances in disarray.

Making serious, sustainable financial progress requires a plan, the right framework, the right mindset, the right strategy - and all of that requires the right advice. 📌



That's where enable.me - financial strategy and coaching can help members of REINZ.

Book an initial consultation with one of our financial coaches and we'll help assess where you're at, what you're aiming for, your obstacles and opportunities to get ahead and how we can get you there faster. Just mention REINZ when you book here <https://www.enable.me/book-a-consultation> and you'll receive that 90-minute consultation for just \$175+GST (usually \$350+GST).

To find out more about enable.me's programmes, visit <https://www.enable.me/services>, and to hear what we've helped our clients achieve, visit <https://www.enable.me/client-stories>.

Hannah McQueen is a financial adviser, business coach, Chartered Accountant Fellow, personal finance author and the founder of enable.me - financial strategy & coaching.



**Nadine Thomas**, Head of Engagement, Insights and Education, REA

# Appraisals and advertising:

## LICENSEE'S OBLIGATIONS TO REFLECT CURRENT MARKET CONDITIONS

A rigorous and factual market appraisal is critical to ensuring buyers and sellers can confidently engage in fair real estate transactions. The Code of Conduct and REA's Continuing Professional Development (CPD) training material give licensees clear guidance on how to make an accurate appraisal. This guidance also reinforces the need to accurately reflect a vendor's pricing expectations in the advertised price.

Assessing the current market value of a property is a critical first step for licensees before they sign an Agency Agreement with a vendor. The appraisal needs to reflect the standard of the individual property and the latest comparable sales data.

The Code of Conduct sets out the expectations of a realistic market appraisal.

### Rule 10.2 – Appraisals and pricing

10.2 An appraisal of land or a business must—

- (a) Be provided in writing to a client by a licensee; and
- (b) Realistically reflect current market conditions; and
- (c) Be supported by comparable information on sales of similar land in similar locations or businesses.

REA's CPD training material reinforces what this rule means in practice:

- Appraisals must be rigorous and factual

- Licensees must seek to avoid the risk of over-representing or under-representing the potential market value of land or a business

- The obligation to provide factual market information (comparable properties and sales figures) aims to manage this risk.

This guidance reflects how important appraisals are in ensuring people can confidently engage in fair real estate transactions.

The Real Estate Agent Disputes Tribunal (READT) emphasised the need for realistic appraisals in a 2015 decision (Decision #). The Tribunal found that the code "... required the licensee to provide the vendor in writing with the licensee's assessment of the value and quality of the property to be marketed from the realistic experience of the licensee as to the relevant market conditions based on relevant sales information for similar property."

REA has seen an increase in licensees providing an 'initial appraisal' or price guide



for consumers by text or email. Licensees may provide this service but should make it clear the appraised price is not based on a visual inspection of the property and may be subject to review.

If the 'initial appraisal' leads to a listing, the licensee should visit the property prior to the Agency Agreement being signed. Visiting the property is vital to ensure a licensee can provide a client with an accurate market assessment based on the condition and specifications of the property.

It is important to note that licensees must avoid the term 'valuation' when referring to their appraisal. An appraisal is only an estimate, it is not a valuation. Only a registered valuer can produce a valuation for a member of the public.

The appraisal can form part of the licensee's sales proposal. This document will explain the services the licensee can provide including their thoughts on how to market the property.

**Rule 10.3 – Comparable sales data**

10.3 Where no directly comparable or semi-comparable sales data exists, a licensee must explain this, in writing, to a client.

In some cases, there may be very little comparative data to work with. In these

instances, a licensee must acknowledge the uncertainty this creates in their written appraisal.

**Rule 10.4 – Advertising and pricing**

10.4 An advertised price must clearly reflect the pricing expectations agreed with the client

The 'advertised price' can be a key part of a licensee's marketing toolkit. However, it must accurately reflect the pricing expectations of the client. The appraisal may help inform these expectations.

In a tight property market this can be a tough assessment to make. Market conditions can change within the space of a few days or weeks. If a client's expectations change this should be reflected in all advertising and marketing, including verbal conversations with potential buyers.

**Consumers are doing their homework**

The Code of Conduct and CPD training give licensees guidance on how to conduct a fair market appraisal. REA is also informing consumers about the need to do their due diligence before making an offer.

We were pleased to see in our latest consumer survey that 88% of potential

buyers obtained additional information before making an offer.

Private valuations, LIMs, building reports and engineers reports are all being used by potential buyers to inform their decision-making.

This is positive news for everyone involved in the real estate sector and licensees should encourage customers to seek external advice before making an offer. 🏠

 A great place to start is [settled.govt.nz](https://settled.govt.nz). REA research found that consumers who use [settled.govt.nz](https://settled.govt.nz) feel more empowered when engaging in real estate transactions and were more likely to view their licensee positively. We recommend you encourage your clients and customers to use [settled.govt.nz](https://settled.govt.nz) as a tool to help them understand the real estate transaction process.

You can read the Code of Conduct in full and find more information about your obligations at [rea.govt.nz](https://rea.govt.nz).

# The rigours of on-selling

AGENTS MUST DISCLOSE THEIR FINANCIAL INTEREST



Joyce Chiu, In-house Counsel, REINZ

Agents must disclose their financial interest in a transaction to all parties involved as per their obligations under sections 134 to 137 of the Real Estate Agents Act 2008 (REA Act) and Code of Conduct Rules 2012. A reminder that all real estate agents must disclose in writing if they (or a 'person related') may benefit from the transaction.

Certainly, there has now been several media articles where vendors have questioned whether the appraisal price was accurate and whether the property was marketed fully. At other times, where the agent's interest in the property was not made clear to the purchasers, the purchasers have complained that they felt duped by an agent who made both a profit and commission.

It is not illegal for an agent to buy and then on-sell a property, but agents must strictly adhere to their disclosure requirements – even when parties have waived this requirement – an agent's disclosure obligations do not disappear.

For an agent acting in an on-sell, you should be considering the following factors:

## 1. Obtaining financial or other interest in the on-sale profit

Take the example of an agent who purchases a property in their private capacity with the intention of on-selling (even if the property is represented by a different real estate agency), and he then nominates his company to complete the sale to a third-party at a profit.

If it turns out that the owner of the real estate agency selling to the third party

purchaser is also the owner of the nominee company to which title is transferred prior to the on-sale and contemporaneous settlement, then the agent would need to disclose their financial interest in the property to prospective parties **before or at the time** of providing any contractual documents, as per their obligations under section 136 of the REA Act.

Consider then that you are the agent who facilitates the sale of the vendor's property to a purchaser. The purchaser then turns around and on-sells the property to you, therefore, triggering your obligations in accordance with sections 134 to 137, to disclose this information to the vendor who sold the property to the purchaser in the first place.

Under section 134 of the Act, only with the consent of your client can you carry out real estate agency work for them that will also directly or indirectly benefit yourself. The client's consent must then be given in the prescribed form (Form 2), and they must also be provided an independent valuation of their property in accordance with section 135.

Agents should also take note of their obligations under Rule 9.3 of the Code of Conduct Rules that states that 'licensees



*must communicate regularly and in a timely manner and keep the client well informed of matters relevant to the client's interest'. Therefore, having the intention to on-sell the vendor's house is an interest you need to disclose. Vitaly, it is important to note that your obligations to the vendor or purchaser do not end once you receive your commission. Your obligations remain until settlement, thus should you decide to buy the purchaser's property and on-sell the property after the unconditional date, you must ensure you comply with sections 135 to 137 of the REA Act.*

## **2. Acting for parties to an on-sale transaction**

Occasionally, a purchaser may find themselves in a position where they are unable to complete their purchase. In this situation, to aid their clients, agents often try and mitigate any losses by finding a third-party purchaser on behalf of the original purchaser.

The agent in this situation will need to be careful in acting for both parties as they will owe a fiduciary duty to both the vendor and the purchaser from the original agreement. The agent will need to ensure that the on-sale agreement will need to

be carefully structured so that the on-seller's obligations under the third-party agreement can be complied with and are consistent with the on-seller's rights under the original agreement.

Under Rule 6.1 of the Code of Conduct Rules, an agent must comply with their fiduciary obligations to the licensee's client, and under Rule 9.1, a licensee must act in the best interests of a client and act in accordance with the client's instructions unless to do so would be contrary to law.

As the agent, you must obtain express consent from the owner if you wish to represent the purchaser (on-seller) and if the buyer of the on-sell is a property dealer, then the owner must be notified of this material information. Remember under Rule 9.15, an agent is forbidden from engaging in any activity that would compromise the agent's obligations to their client.

Agents should also note that given their intention to on-sell the property, the IRD's website is clear that the agent will be required to pay tax on any profit. More information is available on the IRD's website here (<https://www.ird.govt.nz/property/buying-and-selling-residential-property>). ▲

# New purchase price allocation rules – buyer beware!



**Michelle Buckley**, Registered Legal Executive, Rainey Collins

On 1 July 2021, new income tax rules came into effect relating to “purchase price allocation” (PPA). These rules apply to “mixed asset” Sale and Purchase Agreements entered into on or after 1 July 2021, whether conditional or unconditional, with:

- (a) In the case of residential property, a purchase price of more than \$7.5million; or
- (b) In the case of commercial property or business sales/purchases (or any other mixed asset sales) a purchase price of more than \$1million.

While these are unlikely to come into play in most residential property sales and purchases (except where the purchase price is over \$7.5million), it is important for anyone involved in transactions of this nature to understand the new PPA rules and how they work, as they can have major financial implications for the buyer and seller.

## What is a “mixed asset” sale and purchase transaction?

A “mixed asset” sale and purchase transaction is one that involves different classes of assets that have different tax treatments, for example land, chattels, and intangible assets.

Examples of mixed asset transactions may include commercial property, forestry and farm, business, and some residential property transactions.

## What are the PPA rules about?

The idea of the PPA rules is that different assets in a sale/purchase transaction will have different tax treatments, and so the parties can agree in writing the way the purchase price will be allocated to those various assets – i.e. how much of the purchase price will be allocated to each asset type. The parties can thereby determine their income tax positions in accordance with that PPA.

According to the Inland Revenue Department (IRD), in the past some buyers and sellers have avoided agreeing on a PPA and have instead each been allocating different prices to the same transaction in their respective tax returns. IRD has said

this is detrimental to New Zealand’s tax base because it has reduced the amount of tax that is collected, and so the new rules are designed to prevent buyers and sellers from taking this uneven approach any longer.

PPA can have a substantial effect on each party’s tax position. For example, in sales of land and buildings, the buyer’s tax position is generally improved by allocating the purchase price to things which depreciate (such as fixtures, fittings, and plants) rather than non-depreciable items.

Conversely, a seller is likely to want to allocate more value to non-taxable items such as goodwill. PPA is an area where tailored accounting advice is vital for both parties.

## When do the PPA rules apply?

The PPA rules do not apply:

1. To residential land and chattels transactions with a total purchase price of less than \$7.5million; and
2. To any other transactions with a total purchase price of less than \$1million.

Importantly, the PPA rules do not apply to residential land transaction with a purchase price of less than \$7.5million. In practical terms, this means that the PPA rules are unlikely to come up in most residential land sales and purchases, except those of significant value.

The PPA rules are much more likely to come up in commercial transactions involving commercial property, businesses, farms or forestry – as it is not unusual for these sorts

of transactions to have a purchase price of \$1million or more.

There may also be situations where PPA does not apply to one or both parties, such as where a party is tax-exempt. This is where expert accounting advice will be vital.

### How do the PPA rules work in practice?

The parties must agree a PPA for a “mixed asset” transaction in writing. If there is no agreed PPA, then the right to determine the PPA operates as follows:

1. The seller will generally have the first, unilateral, right to determine a PPA within three months of settlement. The seller must notify IRD and the buyer of the allocation, and their decision binds the buyer
2. If the seller does not do so within the timeframe, the buyer has a unilateral right to determine a PPA within six months of settlement. The buyer must notify IRD and the seller of the allocation, and their decision binds the seller
3. If neither party determines a PPA, the Commissioner of IRD will determine a PPA that binds both buyer and seller.

It is very important for buyers to understand that unless they agree a PPA with the seller, the seller has the first right to decide the PPA, and that could have a significant impact on the buyer’s tax position.

### Where is PPA recorded?

Addenda have been added to the relevant ADLS/REINZ forms for recording the PPA. The relevant forms are:

- Agreement for Sale and Purchase of Real Estate – Tenth Edition 2019 (2);
- Agreement for Sale and Purchase of a Business – Fourth Edition 2008 (6); and
- Particulars and Conditions of Sale of Real Estate by Tender – Fifth Edition 2020).

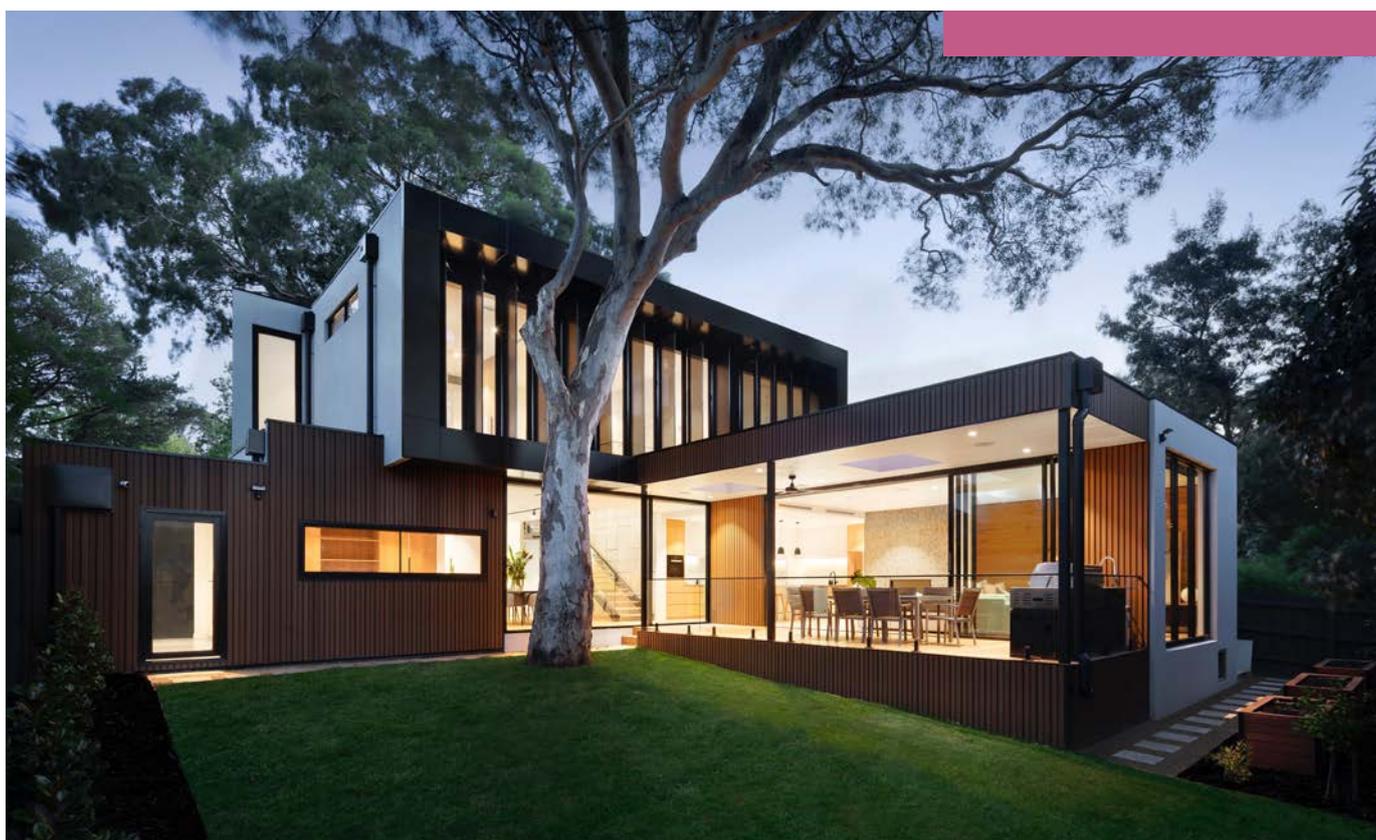
The addenda are flexible to record the parties’ particular circumstances and how the PPA is occurring in the relevant transaction.

### The importance of professional advice

Ideally the PPA will be negotiated at the same time as the other terms of the transaction are being agreed.

It is extremely important that parties to a mixed asset transaction take legal and accounting advice at the outset, to understand the consequences of any proposed allocation, before entering into a transaction or signing an agreement.

As agents, you will need to advise the parties to take advice, and will need to make sure they fill in the appropriate addendum. If you are unsure about your responsibilities, it pays to take legal and accounting advice. ▲



# Buyer's agent or seller's agent

## AT WHAT POINT CAN YOU TAKE PROSPECTIVE BUYERS INTO THE PROPERTY?

**Section 126 of the Real Estate Agents Act states that you are not entitled to a commission or expenses from a client without an Agency Agreement in place.**

A buyer's agent acts for the buyer. A buyer's agent may knock on doors to see if the occupant wishes to sell. The buyer's agent must have a buyer's Agency Agreement in place with the buyer before showing them properties. They must also disclose to the occupant/seller that they are a licensed real estate agent acting for the buyer and they cannot also act as the listing agent for the seller (or obtain a commission) in the same transaction.

To be clear, you would not have an Agency Agreement in place with both parties to the transaction. This would be a conflict of interest and it would breach Rule 9.14 of the REA Professional Conduct and Client Care Rules 2012 (REA Code of Conduct Rules), which prevents licensees and agencies acting in a capacity where they may receive more than one commission from the same transaction.

In almost all cases, the agent knocking on the door is prospecting for a listing. In these circumstances, to take prospective buyers through without a signed agency agreement with the seller is both unethical

and it breaches Rule 9.6 of the REA Code of Conduct Rules.

Rule 9.6 states that:

*"Unless authorised by a client, through an Agency Agreement, a licensee must not offer or market any land or business, including by putting details on any website or by placing a sign on the property."*

It also breaches the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (the AML/CFT Act). Section 16 (2) of the AML/CFT Act states that the customer's (seller's) identity must be verified 'before' or at the time of establishing a business relationship. The business relationship with the seller will almost always begin at the time of listing, prior to which AML must be completed. It may also breach the uninvited direct sale provisions in the Fair Trading Act 1986.

Breach of any of these rules attracts substantial penalties for non-compliance. The REA website has detailed guidance for listing agents and buyer's agents to ensure you get it right. ▲

# Refreshed advisory resources for members

**REINZ is pleased to welcome Joyce Chiu as the new In-house Counsel, Advisory Services at REINZ.**

Joyce speaks Mandarin and has valuable experience in conveyancing and compliance. Joyce is a welcome complement to the REINZ Legal Team, joining Melisa Beight (General Counsel) and Amesha Rama (In-house Counsel).

The REINZ Legal Team is responsible for internal legal support to all departments, including RPM, advocacy on behalf of the

real estate profession, and the provision of resources and support to members by way of REINZ Advisory Services. REINZ Legal Team plays a key role, working with ADLS (almost daily), representing the various industry sectors on the ADLS ASPRE Sub-Committee and updating REINZ/ADLS forms, engaging with stakeholders, including regulators, and educating members on legislative and regulatory reform.

Despite having only one dedicated Advisor (Joyce), REINZ Advisory Services punches above its weight with approximately 86 advisory resources. The refreshed Advisory page for members is easy to navigate, with



Joyce Chiu

resources categorised by subject. Check it out if you haven't already [www.reinz.co.nz/latest-best-practice-guides](http://www.reinz.co.nz/latest-best-practice-guides). ▲