Property Brokers

INVESTOR INSIDER

NEWSLETTER OF PROPERTY BROKERS PROPERTY MANAGEMENT DIVISION

March/April 2010

LAUNCH OF OUR ONLINE OWNER SERVICE

As of the 1st April 2010, Property Brokers Rentals will be launching an exciting and innovative service where owners can access our software any time and from anywhere. They will be able to view the following.

- Online statements
- Inspections
- Communcation with tenants
- Invoices for repairs and maintenance
- Send messages to your Property Manager

Register for this service by contacting our head administrator Rebecca Agnew. Just email rebecca@propertybrokers.co.nz and she will supply you with your login code and password. This service will be accessible via our web site ***www.propertybrokers.co.nz.*** There is also a demonstration of this service on our website which will be available to view also on the 1st April

ALL EYES ON THE BUDGET

There is no doubt that the budget in May will see major changes in the way that Property Investment is taxed. NZX CEO and Tax Working Group member Mark Weldon told Andrew Patterson's Sunday Business on Radio Live the NZ$200 billion worth of rental properties in New Zealand generated NZ$500 million of losses last year. This is a huge revenue loss for the Government. With a sluggish economy backed up with election promises to cut personal tax, this is an obvious target to increase some much needed revenue to live up to these pre election promises without borrowing money to fund tax cuts. My opinion is that we may see the end of the Loss Attributing Qualifying Company (LAQC) around property investment. What this means is that if your property investment portfolio runs at a loss, you may no longer be able to offset this against your own personal income. We will have to wait and see what happens with this. A more likely target for the Government will be to stop landlords claiming depreciation on the property.

What will all this mean to the value of your property portfolio? Bernard Hickey on his blog on ***www.interest.co.nz*** has reported that we have now seen an influx of investment properties going on the market for sale. These are statistics supplied by ***www.realestate.co.nz*** and also ***www.trademe.co.nz***. The argument is that we have seen an increase in listings due to the inevitable closer in the tax loopholes around rental properties. If this is the case then this could be a good time to invest in property as we may see a reduction in pricing. My reasoning for this is if everybody decides to list their rental property then we will have an oversupply of properties to buy and this may see house prices drop.

However, what I have learned is that property owners will not want to sell their asset at a price lower to what they purchased it for meaning that we will see another standoff between purchasers and vendors. Could we see a slower year for sales? Possibly yes, and if that is the case we may see another bout of people being forced to rent out their houses rather than sell it. An opinion I have is that Government is attempting to stabilize the house price market. This does not mean they want to discourage landlords. The National Government have stated that they value the service landlords provide to this country. However, they want investors to consider other avenues such as the stock market. Property investment should compliment a diverse investment portfolio.

One thing is for sure, there will always be a demand for rental properties and whilst there is a demand for it there will be people who will look at property investment as a good way to invest.

As always, this is just my opinion and I am more than happy to listen to the views of our most cherished assets, our customers.

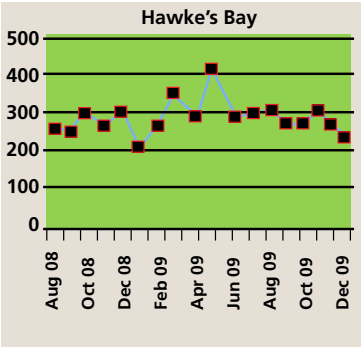
Kind Regards,

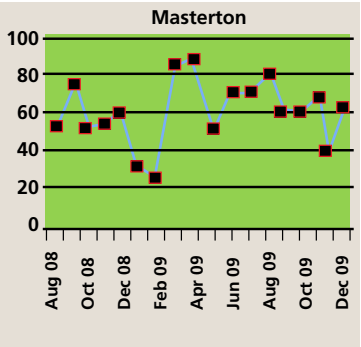
David Faulkner

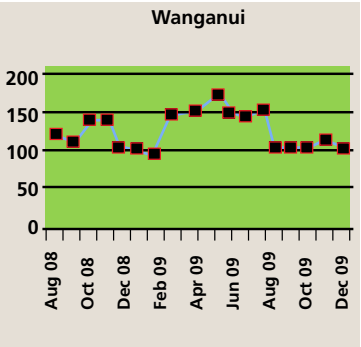
MARKET UPDATE

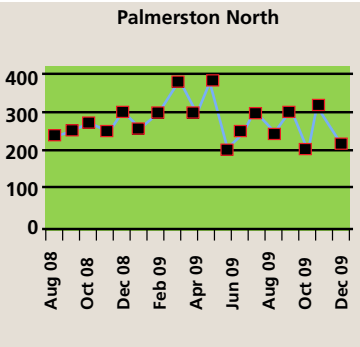
Below is an updated list of market rent and bonds lodged in Property Brokers country. All these statistics are now available on our web site ***www.propertybrokers.co.nz***

NUMBER OF BONDS LODGED

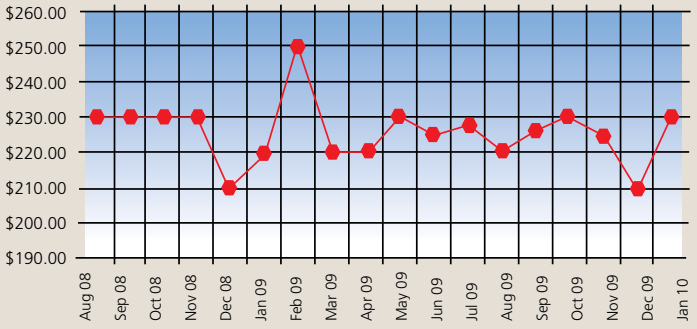




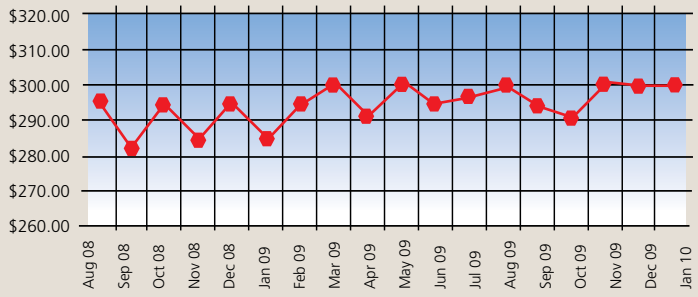




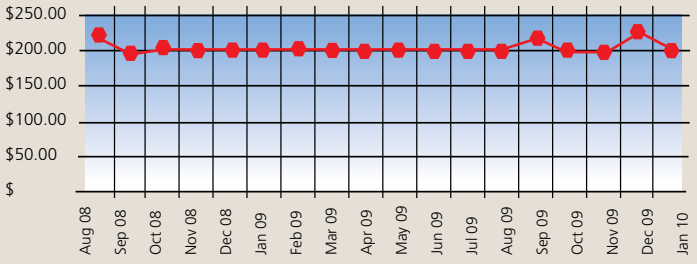
Average 3 Bedroom home Masterton



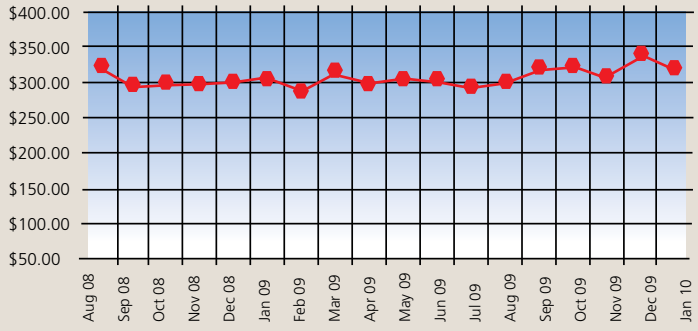
Average 3 Bedroom home Napier South



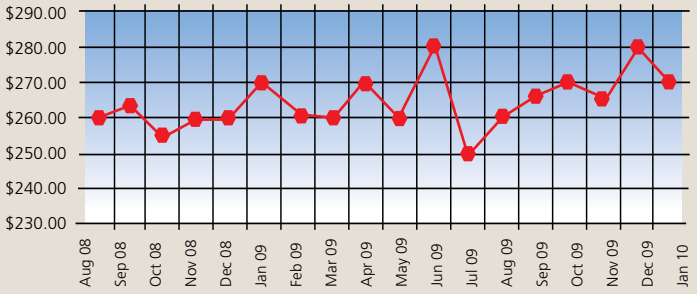
Average 3 Bedroom home Wanganui



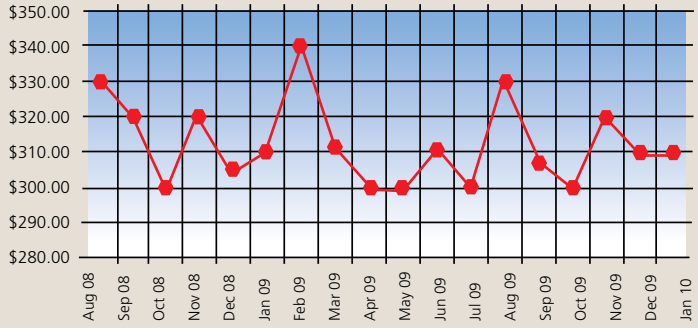
Average 3 Bedroom home Napier Central



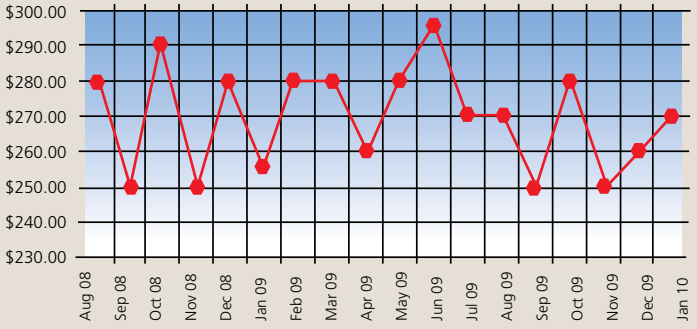
Average 3 Bedroom home Northern Palmerston North



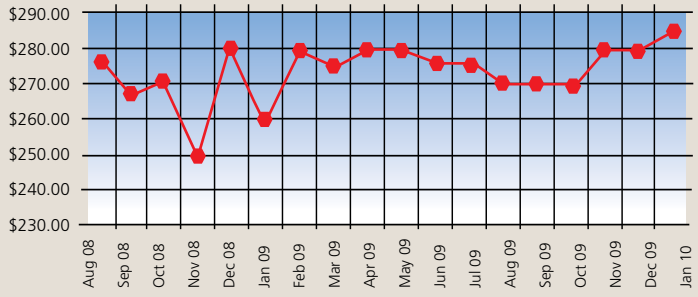
Average 3 Bedroom home Taradale



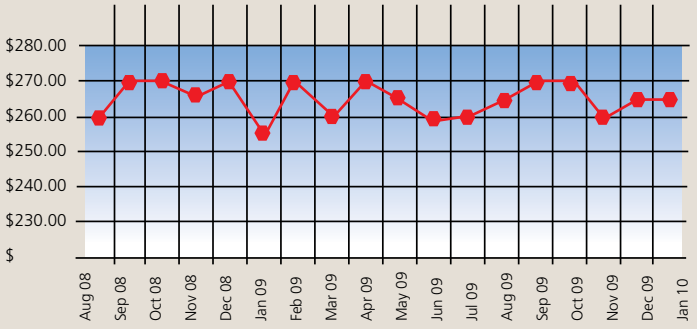
Average 3 Bedroom home Central Palmerston North



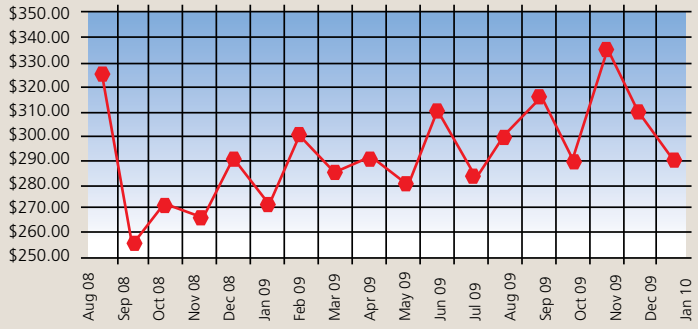
Average 3 Bedroom home Hastings



Average 3 Bedroom home Southern Palmerston North



Average 3 Bedroom home Hokowhitu



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