Property Brokers
September 2010
INVESTOR INSIDER
NEWSLETTER OF PROPERTY BROKERS PROPERTY MANAGEMENT DIVISION

Property Brokers on the ball with new law changes

A major change in our industry is about to fall upon us. The Residential Tenancies Act has just been passed by Parliament and will become law later on this year. These are the first changes to the act since its inception in 1986. Property Brokers has recruited Tenancy Law specialist Scotney Williams who will train all of Property Brokers Property Management staff. Scotney was involved in writing the original act so nobody is better qualified to undertake training than Scotney.

The changes to the Act include clearing up confusing processes around terminating and renewing tenancies, and introducing new financial penalties for tenants harassing neighbours of up to $2,000, or for landlords providing sub-standard housing of up to $3,000. The Act has also been extended to cover boarding houses. This means that tenants who have never had any protection or certainty of week to week accommodation will now have access to the full range of tenancy services.

Key changes to the Act include:

- Clearer and fairer processes for terminating and renewing tenancies, including clarifying what happens when a fixed-term tenancy expires and the process for terminating a tenancy due to non-payment of rent and other breaches;
- Measures to encourage landlords and tenants to comply with their obligations under the Act;
- Enhancements to dispute resolution, including increasing the monetary jurisdiction of the Tenancy Tribunal from $12,000 to $50,000, so that most tenancy disputes can be resolved quickly, fairly and cost effectively;
- Improvements to the enforceability of Tenancy Tribunal orders.

It will also be illegal for overseas landlords not to have somebody represent them in New Zealand.

Smart Bond: Revolution or Fad?

A new company called SmartBond has released a product that is an alternative to the traditional bond that tenants pay at commencement of their tenancy. Property Brokers policy on collecting bonds is to get a minimum of 3 weeks bond. This is paid for by the tenant before the tenant can collect the keys for their new property. So how does Smart Bond work?

Instead of paying a bond on a property, tenants can pay an extra 2% on their rent and this will give them five weeks cover instead of the maximum four weeks cover that is granted to the landlord when a bond is collected. The landlord then pays an insurance premium to SmartBond. However there is a catch. If a tenant falls into arrears the landlord still has to pay the premium. Also, if there is a dispute the landlord has to obtain a tribunal order to claim the outstanding debt.

Smart Bond
Rent $250 a week + 2% = $255
Landlord pays premium of $5 a week
No refund to tenant at end of tenancy

Tenant Bond
per week. Rent $250
Tenant pays 4 week bond of $1000
Bond refunded at conclusion of tenancy

Smart Bond will do credit checks on tenants and can approve them almost immediately.

We have already had a few tenants request this service. We naturally need owner's permission before we start signing up tenants on SmartBond so we will contact you directly if a tenant requests this. Our opinion is that we do prefer the traditional system. We generally do not have problems obtaining the bond from tenants when we offer them a property and the feeling is if a tenant cannot pay a bond would they be able to pay rent?

We have also asked some of the leading Property Management companies throughout New Zealand their opinion on this service and the general feeling is mixed at best. Smart Bond has been launched by Tauranga based company NZ Guarantee Ltd and the insurance policy is underwritten by Southsure Assurance a subsidiary of SBS bank. Southsure Assurance has a BBB (good) credit rating. For more information on this service visit **www.smartbond.co.nz**

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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***

Average rent

Palmerston North	Jan-08	Feb-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09
Northern	$ 270.00	$ 260.00	$ 250.00	$ 260.00	$ 255.00	$ 267.00	$ 260.00	$ 262.00	$ 255.00	$ 260.00	$ 260.00	$ 270.00	$ 260.00	$ 260.00	$ 270.00	$ 260.00	$ 280.00	$ 250.00
Hokowhitu	$ 275.00	$ 280.00	$ 272.00	$ 280.00	$ 295.00	$ 290.00	$ 325.00	$ 255.00	$ 275.00	$ 265.00	$ 290.00	$ 270.00	$ 300.00	$ 285.00	$ 297.00	$ 280.00	$ 310.00	$ 275.00
Central	$ 265.00	$ 255.00	$ 270.00	$ 250.00	$ 260.00	$ 275.00	$ 280.00	$ 250.00	$ 290.00	$ 250.00	$ 280.00	$ 255.00	$ 280.00	$ 280.00	$ 260.00	$ 280.00	$ 295.00	$ 270.00
Southern	$ 295.00	$ 255.00	$ 260.00	$ 270.00	$ 260.00	$ 257.00	$ 260.00	$ 270.00	$ 270.00	$ 267.00	$ 270.00	$ 255.00	$ 270.00	$ 260.00	$ 270.00	$ 265.00	$ 260.00	$ 260.00
Median	**$ 276.25**	**$ 262.50**	**$ 263.00**	**$ 265.00**	**$ 267.50**	**$ 272.25**	**$ 281.25**	**$ 259.25**	**$ 272.50**	**$ 260.50**	**$ 275.00**	**$ 262.50**	**$ 277.50**	**$ 271.25**	**$ 274.25**	**$ 271.25**	**$ 286.25**	**$ 263.75**
Napier Central	$ 300.00	$ 310.00	$ 300.00	$ 320.00	$ 310.00	$ 310.00	$ 320.00	$ 295.00	$ 300.00	$ 295.00	$ 300.00	$ 310.00	$ 280.00	$ 322.00	$ 300.00	$ 315.00	$ 310.00	$ 290.00
Napier South	$ 300.00	$ 290.00	$ 300.00	$ 292.00	$ 300.00	$ 295.00	$ 297.00	$ 282.00	$ 295.00	$ 282.00	$ 295.00	$ 285.00	$ 295.00	$ 300.00	$ 290.00	$ 300.00	$ 287.00	$ 290.00
Taradale	$ 320.00	$ 300.00	$ 310.00	$ 310.00	$ 310.00	$ 300.00	$ 330.00	$ 320.00	$ 300.00	$ 320.00	$ 305.00	$ 310.00	$ 340.00	$ 310.00	$ 300.00	$ 300.00	$ 310.00	$ 300.00
Hastings	$ 260.00	$ 270.00	$ 260.00	$ 270.00	$ 280.00	$ 255.00	$ 277.00	$ 267.00	$ 270.00	$ 250.00	$ 280.00	$ 260.00	$ 280.00	$ 275.00	$ 280.00	$ 280.00	$ 275.00	$ 275.00
Median	**$ 295.00**	**$ 292.50**	**$ 292.50**	**$ 298.00**	**$ 300.00**	**$ 290.00**	**$ 306.00**	**$ 291.00**	**$ 291.25**	**$ 286.75**	**$ 295.00**	**$ 291.25**	**$ 298.75**	**$ 301.75**	**$ 292.50**	**$ 298.75**	**$ 295.50**	**$ 288.75**
Other Regions																		
Wanganui	$ 200.00	$ 200.00	$ 210.00	$ 200.00	$ 210.00	$ 205.00	$ 210.00	$ 190.00	$ 195.00	$ 195.00	$ 200.00	$ 200.00	$ 200.00	$ 200.00	$ 200.00	$ 200.00	$ 200.00	$ 200.00
Masterton	$ 220.00	$ 220.00	$ 220.00	$ 225.00	$ 220.00	$ 210.00	$ 230.00	$ 230.00	$ 230.00	$ 230.00	$ 210.00	$ 220.00	$ 250.00	$ 220.00	$ 220.00	$ 230.00	$ 225.00	$ 227.00

Palmerston North	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
Northern	$ 260.00	$ 265.00	$ 270.00	$ 267.00	$ 280.00	$ 270.00	$ 280.00	$ 267.00	$ 275.00	$ 260.00	$ 275.00
Hokowhitu	$ 300.00	$ 317.00	$ 280.00	$ 335.00	$ 310.00	$ 292.00	$ 287.00	$ 290.00	$ 300.00	$ 310.00	$ 280.00
Central	$ 270.00	$ 250.00	$ 280.00	$ 250.00	$ 270.00	$ 280.00	$ 285.00	$ 270.00	$ 280.00	$ 275.00	$ 265.00
Southern	$ 265.00	$ 270.00	$ 270.00	$ 260.00	$ 265.00	$ 265.00	$ 267.00	$ 270.00	$ 270.00	$ 260.00	$ 270.00
Median	**$ 273.75**	**$ 275.50**	**$ 275.00**	**$ 278.00**	**$ 281.25**	**$ 276.75**	**$ 279.75**	**$ 274.25**	**$ 281.25**	**$ 276.25**	**$ 272.50**
Napier Central	$ 300.00	$ 320.00	$ 320.00	$ 310.00	$ 340.00	$ 320.00	$ 315.00	$ 320.00	$ 300.00	$ 325.00	$ 300.00
Napier South	$ 300.00	$ 292.00	$ 282.00	$ 290.00	$ 290.00	$ 290.00	$ 300.00	$ 300.00	$ 290.00	$ 300.00	$ 297.00
Taradale	$ 330.00	$ 305.00	$ 300.00	$ 320.00	$ 310.00	$ 310.00	$ 325.00	$ 307.00	$ 315.00	$ 315.00	$ 300.00
Hastings	$ 270.00	$ 270.00	$ 270.00	$ 280.00	$ 280.00	$ 285.00	$ 287.00	$ 282.00	$ 285.00	$ 285.00	$ 290.00
Median	**$ 300.00**	**$ 296.75**	**$ 293.00**	**$ 300.00**	**$ 305.00**	**$ 301.25**	**$ 306.75**	**$ 302.25**	**$ 297.50**	**$ 306.25**	**$ 296.75**
Other Regions											
Wanganui	$ 200.00	$ 210.00	$ 195.00	$ 200.00	$ 230.00	$ 200.00	$ 225.00	$ 230.00	$ 200.00	$ 220.00	$ 205.00
Masterton	$ 220.00	$ 225.00	$ 230.00	$ 225.00	$ 210.00	$ 230.00	$ 245.00	$ 200.00	$ 242.00	$ 235.00	$ 240.00

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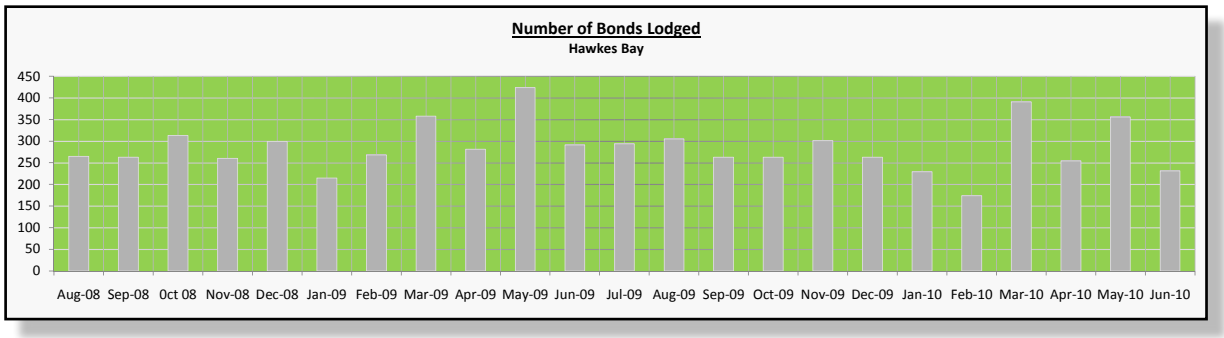
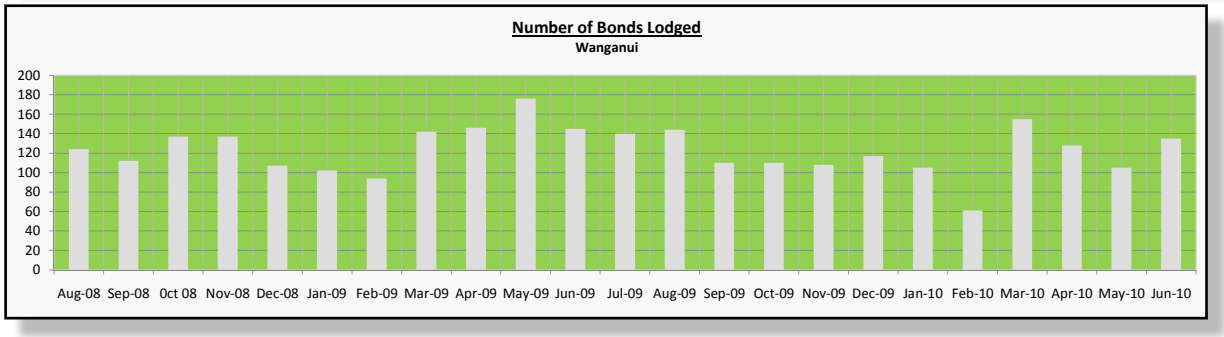
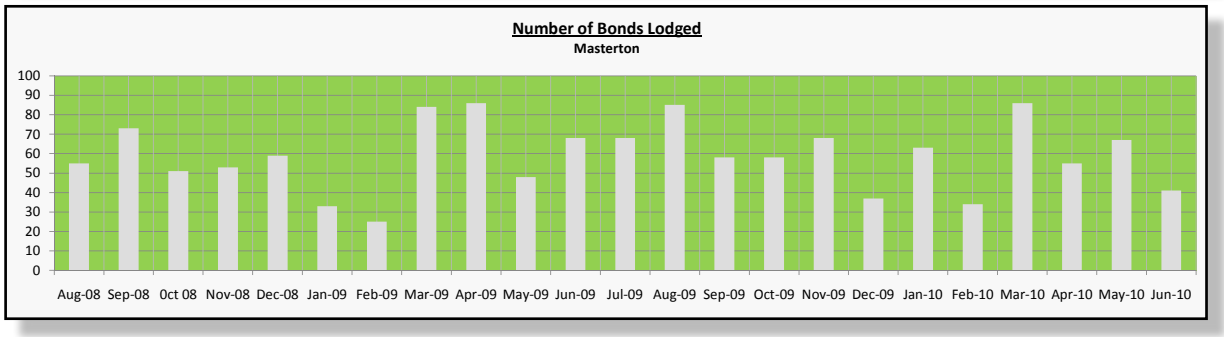
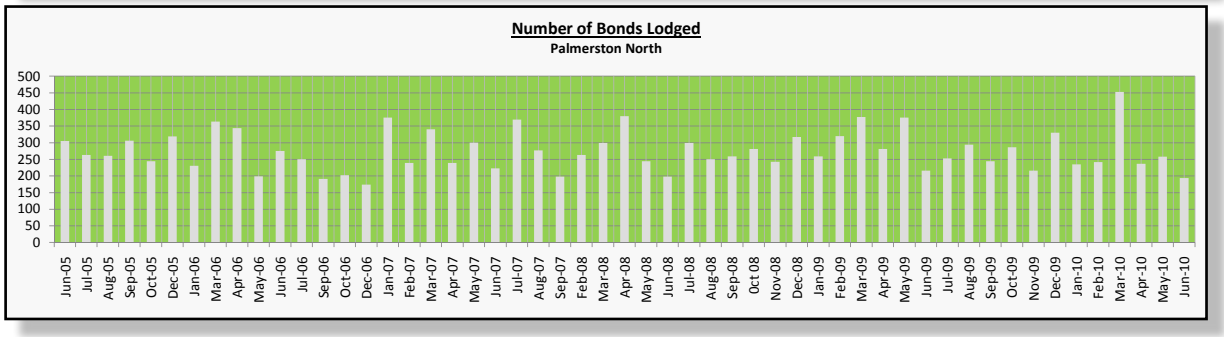


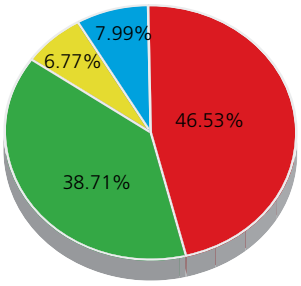






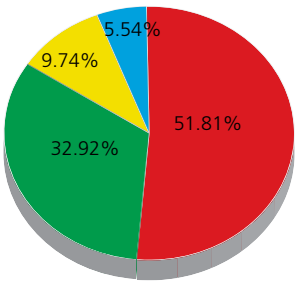
% of bonds lodged per Bedroom

Hawkes Bay



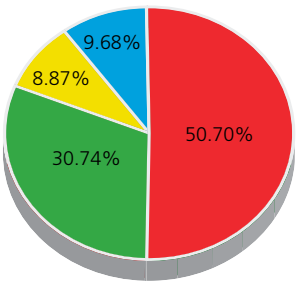
% of bonds lodged per Bedroom

Masterton



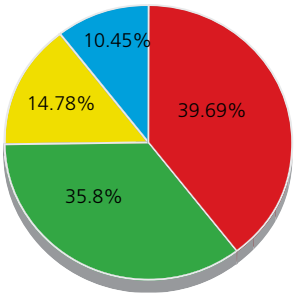
% of bonds lodged per Bedroom

Wanganui



% of bonds lodged per Bedroom

Palmerston north



One Bedroom Two Bedroom Three Bedroom Four Bedrooms

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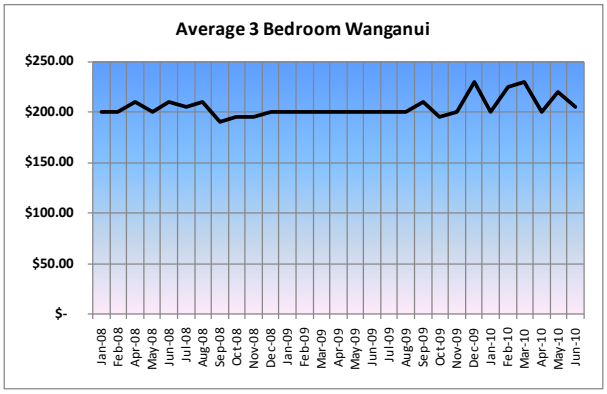

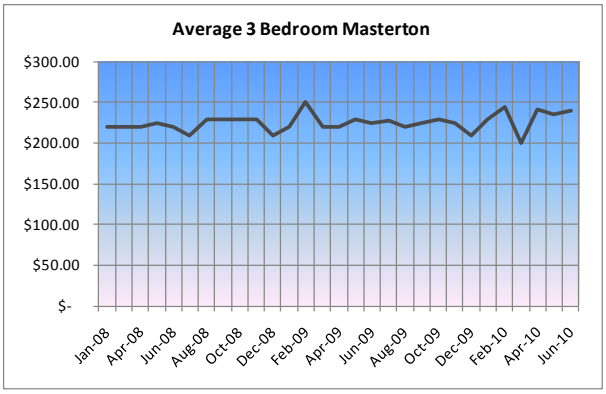

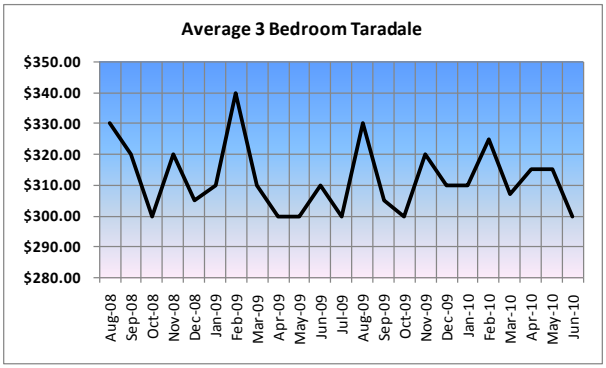

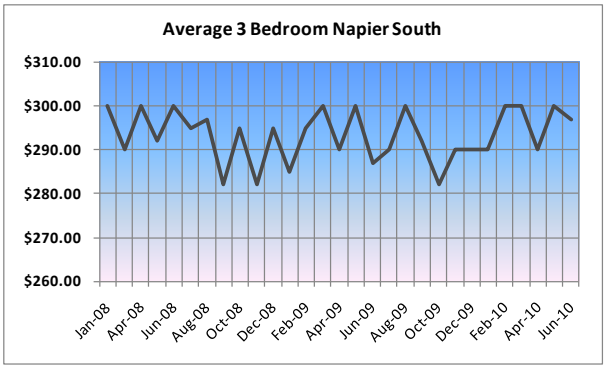

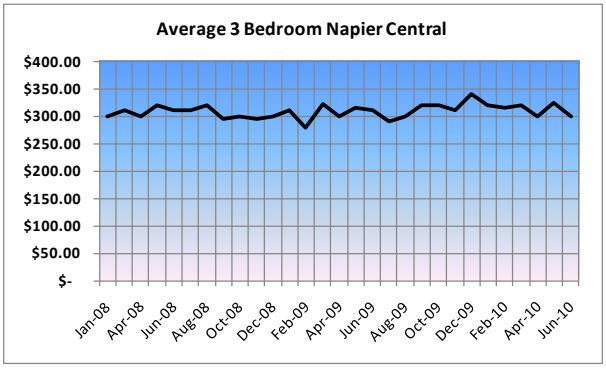

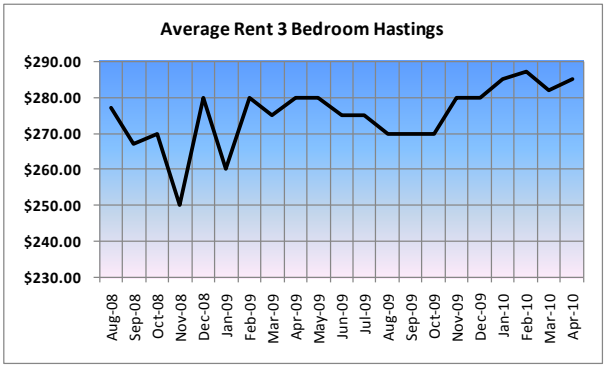

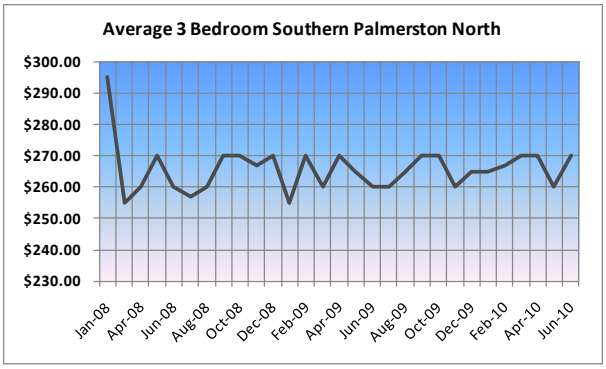

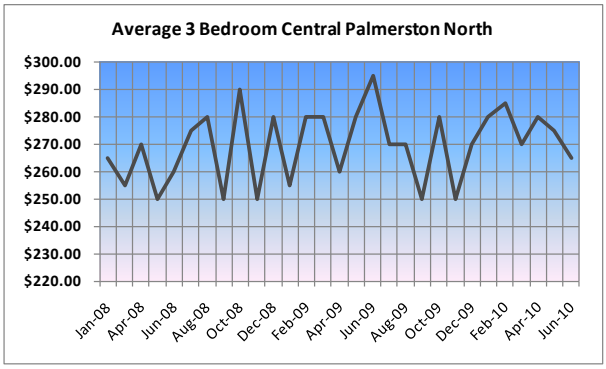

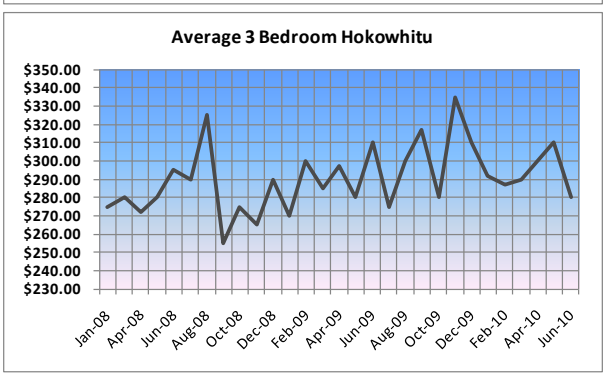

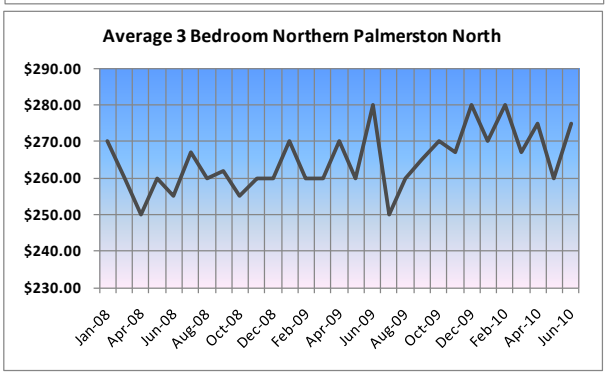

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