

Street Smart Newsletter

June 2017



Getting Property Fit

If you want to improve your general fitness, you need to get out and exercise. If you want to be a successful property investor, you must work at it. Here's what you need to do to become property fit and become a successful property investor.

Mindset

Property is expensive: you generally must have the deposit to put towards the purchase price. For an owner occupied home this being in the vicinity of 20%. However, there are different lending rules for an investment property and a 40% deposit is required, therefore you will need to borrow money from the bank of up to 60%.

There are exemptions to the LVR restrictions, which are applicable to both investors and owner-occupiers.

The exemptions include new builds, bridging finance, re-financing existing high LVR loans, and funding for non-routine extensive repairs due to natural disaster or weather tightness issues.

Deposit

Bottom line work hard and save, save, save. Borrowers with owner occupied and investor collateral can use the combined collateral exemption to obtain finance up to 60% of the value of the investment properties and 80% on their owner occupied property.

Bank

This is the most important partnership in your quest to become a fit property investor. You could be asking your banker to lend you 60%. You need to convince your banker that you have a track record of steady employment and saving so they will feel confident in lending you the money, knowing you have a culture of saving and working and being able to make the monthly mortgage payments.

Establish a team

As a property investor, your team should be made up of a banker or mortgage broker (assist with finance), real estate agent and property manager (assist with buying and managing property), lawyer (assist with purchase contracts and settlement), and accountant (assist with tax and structures and cashflow with tax savings). **Negotiate on the purchase price of a property but don't skimp on the costs of the services of your team. If you don't get the right advice it could cost you thousands.**

Research

Not all markets and properties perform the same. You need to understand how demand and supply works and look for areas that are in high demand with low supply. These are areas where the bulk of people want to reside, they are usually close to the centre of major cities with transport links, good schools and shops.

You will need to meet with your accountant before you exchange a contract so that he or she can explain how negative gearing will impact your cash flows.

Find the right manager

Once you have settled on the property, you need to secure ongoing cash flow by sourcing the right tenant and ongoing management of the property. The best property manager will manage your property on your behalf to ensure rents are collected on time, minor repairs and complaints are handled on your behalf giving you peace of mind.

This is general advice. Seek advice for your particular situation before acquiring an investment property to see if it will suit your current financial situation.

LJ Hooker expands global reach

Sellers will have their homes promoted around the world when they list with LJ Hooker.

The real estate network has expanded its global reach for vendors by becoming the first New Zealand real estate network to partner with international portal aggregator, ListGlobally.

ListGlobally taps into more than 100 websites across 60 countries with a combined audience of 76 million buyers.

ListGlobally now adds to LJ Hooker's all-round digital marketing offering which includes all the major domestic portals, social media engagements, ljhooker.co.nz and international.ljhooker.com

ListGlobally has the capacity to translate listing content into 16 different languages allowing users to view listings in their preferred dialect. So whether buyers are based in China, the United States, Greece, South Africa or many places in between, **they can view the features of sellers' properties in their own languages**, allowing them to make decisions with confidence.

Plus with MyListGlobally, we can easily monitor the worldwide publication of your property which enables LJ Hooker to provide you, our customers with a report on traffic to your property listing online.



Kiwis face new tax on house sale profits in latest Australian policy surprise

New Zealand expatriates who sell their family home in Australia could face a large tax on any capital gains.

The Australian Budget earlier in May removed an exemption from capital gains tax on a main residence for foreign and temporary tax residents.

New Zealanders who already own a home would not have to pay the tax if they sold the home before 2019.

OzKiwi chairman Timothy Gassin said expats could have to pay a tax of up to 50 per cent on any profits under the proposed changes, which is still being considered by the Australian Treasury.

He said many Kiwis living in Australia were classed as "temporary tax residents" and would therefore be captured by the Budget change.

It was not clear whether the policy intentionally targeted New Zealanders, he told Radio New Zealand.

"What we're really trying to determine is, did [the Australian Government] actually think this through? Was this intentional or have Kiwis just been caught up in what's really a policy that is supposed to be targeting foreign property investors, rather than people who are based here?"

It is not yet known whether the New Zealand Government was notified of the policy change.

Prime Minister Bill English said he had not seen any details about the proposal.

"Anyone who lives in Australia, of course is subject to the Australian Government's Budget decisions. And if they're acting on foreign buyers or non-resident taxpayers ... then it's possible Kiwis are caught up in that.

Brownlee received an assurance [some weeks ago](#) that New Zealand would be told of any policy shifts which affected New Zealanders living in the country.

That assurance came after New Zealand [expressed frustration](#) with the lack of notice for major immigration and education changes announced in the last two months.



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Winter is here



June signals the arrival of winter. While homeowners might be checking to see if their heaters and fireplaces are in working order, there are many other things to make sure the colder months are bearable.

Have a 'deep and meaningful' with your kitchen

Now is a great time to get amongst the nitty gritty bits of your kitchen that you've been neglecting. Pulling out the fridge and cleaning the coils at the back, wiping down the back wall and removing anything icky the kids might have 'hidden' in there and forgotten about back in January.

Get the lighting and heating right

Adjust the temperature in each room so it suits its use. Concentrate the heat on areas that will be regularly lived-in, and use what you need.

The same applies for lighting: eco-friendly bulbs can save money, and ensure everyone turns off lights when they leave a room.

Don't be lazy with the linen

Pulling out musty linen as soon as it gets cold is a truly miserable experience. After sitting in cupboards or boxes for months at a time, make sure to give it all a solid laundering before it gets put into use.

Trim the trees

One part of winter that can wreak havoc is the wild weather. Now that most of the leaves have fallen away, it could be a great time to get pruning on your backyard plants and trees.

Clear the gutters...again

You may feel like you have just done this, but with so many leaves falling this time of year, it's best to do it once more before winter. If you don't get all the leaves out they can cause blockages which can damage your pipes and if it gets really bad can cause household leakages. So, prevention is better than cure.

For more insights into home maintenance, visit ljhooker.co.nz



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