

Lifestyle & Rural Property Focus.



The Anti-Money Laundering changes coming into effect

Money laundering is the method by which people disguise and conceal the proceeds of crime and protect and enjoy their assets.

People with criminal intentions value anonymity and are looking for ways to distance themselves from their activities while still enjoying the proceeds of their crime. The real estate, legal, conveyancing, accounting, and trust and company service provider sectors are known as gatekeepers.

They provide services and products that can be used to facilitate the entry of illicit funds into the legitimate financial system and can provide an impression of respectability and normality. Both domestic and international evidence suggests that using gatekeepers, such as real estate agents, is a way for criminals to create a false perception of legitimately acquired wealth.

The recent changes to the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 ("the AML/CFT Act") now include real estate agents.

From 1 January 2019 Real Estate Agents will have serious compliance obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act with the legal profession being subject to AML from 1 July 2018.

To provide the best outcomes and guidance to all buyers and sellers who are transacting with the industry, real estate agents should be well informed and prepared before this date. Harcourts is currently preparing our teams out in the field with the key information and guidance needed before 1 January 2019.

Department of Internal Affairs will expect real estate agents to:

- Know their AML/CFT risks
- Know what to expect from their AML/CFT Compliance Officer
- Know how to apply the AML/CFT Act to their business
- Know their compliance requirements
- Know their client
- Know the AML/CFT red flags
- Know where to get support

Regardless of whether you think these changes will affect you, there is certainty in the fact that the criteria when making rural property purchases is going to be much more stringent.

It is advisable that you ensure all your paperwork and important documentation is compliant before listing your property for sale or thinking about making a purchase.

For more information please visit:

www.rea.govt.nz and
www.KeepYourMoneyClean.govt.nz

Source: Department of Internal Affairs, Complying with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, guide for real estate agents.

Farm results and Market overview

Data released by the Real Estate Institute of NZ (REINZ) shows there were two more farm sales for the three months ended October 2018 than for the three months ended October 2017.

Overall, there were 263 farm sales in the three months ended October 2018, compared to 250 farm sales for the three months ended September 2018 (+5.2%), and 261 farm sales for the three months ended October 2017 (+0.8%).

1,475 farms were sold in the year to October 2018, 10.5% fewer than were sold in the year to October 2017, with 7.7% less dairy farms, 5.6% fewer grazing farms, 13.2% less finishing farms and 22.5% fewer arable farms sold over the same period.

The median price per hectare for all farms sold in the three months to October 2018 was \$27,121 compared to \$24,982 recorded for three months ended October 2017, which is an 8.6% increase. The median price per hectare rose 6.6% compared to September 2018.

Six of the 14 regions recorded increases in the number of farm sales for the three months ended October 2018 compared to the three months ended October 2017. Wellington (+14), Southland (+7) and Gisborne and Manawatu/Wanganui (+2) were the top regions to increase the number of farm sales compared to October 2017. Waikato recorded the most substantial decline in sales (-7) followed by Northland (-5).

Points of interest around New Zealand include:

Northland - very good sales activity on grazing and finishing properties with beef farm sales up to \$30,000 per hectare; good dairy farms sought after but in short supply, very slow on 2nd tier farms; strong interest in land suitable for horticulture, market gardening and forestry

from both private and corporate interests; relatively quiet on the m.bovis front.

Waikato - light activity on dairy farms, but reasonable sales of finishing and grazing properties; a larger selection of dairy farms available for sale throughout the region where buyer interest and attendance at Open Days is extremely variable.

Bay of Plenty - reduced sales activity of horticultural properties in the Bay of Plenty; harder work on dairy farms where the mix of issues relating to compliance, the environment, labour, Fonterra and the coalition government are amongst the reasons cited by landowners as being the cause for general dissatisfaction.

Taranaki - generally quiet with a lack of momentum in the marketplace currently; reports of vendors holding firm and not being prepared to accept lower offers; good spring conditions currently although dry weather is impacting on the coastal regions.

Hawke's Bay/Manawatu - reasonably quiet on dairy but activity being registered on good finishing and grazing properties where attendance at Open Days is steady; one quality deer farm in Central Hawke's Bay attracted very good interest and sold well.

Wairarapa/Wellington - a renewed level of interest and confidence in the sheep and beef sector with focus moving towards dairy units with a view to land-use change; vendors appear to be realistic in a market where purchaser presence is constrained; a good

quality deer unit sold very well at tender; very little enquiry from dairy farmers.

Nelson/Marlborough - strong demand for sheep and beef properties where limited stocks are resulting in strong prices; quiet on dairy where concern regarding m.bovis remains; reduced demand on the smaller viticultural properties with homes but good interest for any larger development opportunities; a quiet mood of cautious optimism confirms the fundamentals relating to horticulture and viticulture remain sound.

Canterbury - reasonable enquiry on finishing and grazing units; due to the gap between vendors and purchasers, some properties remain unsold, reflecting motivation of vendors who have expectations ahead of the current market; dairy interest improving as are the stocks available.

Otago - solid activity on finishing and grazing properties and evidence of interest in forestry; supply of capital is restricted and impacting particularly on the dairy market where due to Overseas Investment Office (OIO) criteria being tightened, investment from offshore interests appears to have ceased at this stage.

Southland - light activity in the dairy sector where stocks of quality property continue to build; good activity on finishing, grazing and arable properties from predominantly locally based purchasers. As is the case in Otago, OIO criteria has impacted on the larger dairy units, with resulting frustration in some quarters.

Source: REINZ Rural Press Release for October 2018

Have a safe & wonderful festive season with your family & friends!

