

Property Management Focus.

Bringing you news from the world of New Zealand property management.

Building wealth through property investment

Owning property is an excellent way to build wealth. Historically, property has been a less volatile investment with real estate values invariably tracking upwards over time. What's more, you have the added benefit of being able to "leverage" your existing real estate investment to buy an investment property using borrowed money and grow your property portfolio even further.

Using equity to grow your investment portfolio

How much equity do you have in your home or investment property?

Enough to fund your next property purchase and grow your investment portfolio?

If you've owned your property for some time and provided you have the means to service a mortgage, you may be able to access the equity in your property to fund the purchase of your next property.

Equity is the difference between your property's value and the amount you still owe on your mortgage. It's essentially the bit you "own" of the property and it can be used as a deposit to buy another property.

If you're buying a residential investment property or you're using a residential investment property you already own as security for a new loan, you'll generally need at least a 30 per cent deposit. Instead of having to save up the cash for the deposit though, you could use the equity in your existing property to purchase another property.

Calculating the equity in your property

To calculate how much equity you have, you'll need to know the market value of your property. You can use the valuation on QV or get a registered valuation of the property to determine its market value. You'll also need to know how much you still owe on any lending secured by the property, which you can obtain from your lender.

Lenders will determine how much you are able to borrow by looking at a combination of your equity and income. Different lenders will have different lending policies and the combination of equity and income may vary from lender to lender.

Your potential rental income from the investment property you're planning to buy will be included in the lender's servicing calculations when determining your borrowing capacity. [Contact a Harcourts' Property Manager](#) to arrange a rental appraisal to help you determine

the likely rental income from the property.

You're required to have at least 20 per cent of equity in your existing property after new lending is taken out if you're using the equity in your family home, or 30 per cent equity if using your existing investment property.

That means you could borrow up to 80 per cent of the value of your family home and 70 per cent on any investment properties you own, based on current loan to value restrictions.

If you'd like to find out more about accessing the equity in your property and unlocking your opportunities to grow wealth through property investment, [contact Mortgage Express](#) and one of our advisers will get back to you within 24 hours. A Disclosure Statement is available on request and is free of charge.

**Mortgage
Express**

Healthy Homes Standards legislation signed off



**On 13th May 2019,
the Government's healthy
homes standards were
officially signed off and
become law from 1 July 2019.**

The new standards will improve the quality of rental homes in New Zealand. The five standards cover requirements for heating, ventilation, draught stopping, moisture ingress and drainage, as well as additional insulation.

All rental properties need to comply by 1 July 2024 with all five standards, or sooner if there is a change to a tenancy after 1 July 2021. Instead of waiting until 2024, Harcourts property managers are working towards having properties under their management compliant by 1 July 2021. This will protect landlords from periods of vacancy and only having 90 days to get any work completed to meet the new standards.

From 1 July 2019 all new, varied or renewed tenancy agreements must include a separately signed statement of intent, to comply with the healthy homes standards. This statement is in addition to the existing requirement to include a signed insulation statement.

To assist landlords with preparing for these changes, Harcourts has included a statement of intent in their tenancy agreement, and will ensure that a separate statement is also included in renewal documentation.

Key dates summary

- **From 1 July 2019** – new healthy homes statement of intent included with all new, varied or renewed tenancy agreements
- **1 July 2021** – Harcourts' target for healthy homes compliance of all rental properties
- **1 July 2021 - 1 July 2024** – any rental properties with a change in tenancy will have 90 days to comply with all five healthy homes standards
- **1 July 2024** – all rental properties legally required to comply with all five healthy homes standards

For more information, refer to Issue 4 of our [Property Management Focus newsletter](#), visit www.hud.govt.nz or speak to your Harcourts Property Manager.

2019 insulation compliance complete!

The July 2019 deadline to insulate rental homes is upon us and we would like to congratulate our Harcourts property managers on a job well done by getting our entire portfolio of over 21,000 properties insulated. Also, to our landlords who have taken our advice, and worked with us and our business partners to provide your tenants with an insulated home, thank you.

We have heard stories about the difference that insulation has made to our tenants. One person told us that before their house was insulated, they would put a glass of water beside the bed and wake up to find it frozen. Following the installation of insulation, they have reported waking up inside a warm home with a glass of water still beside the bed.

We are pleased to be part of this great initiative from the New Zealand government.



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