



Murray Potts Property Consultant

propertyUPDATE



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JANUARY 2014

CALL TODAY FOR A CURRENT MARKET UPDATE

New-builds exempt

No further exemptions to LVR being considered

The Reserve Bank has released a consultation paper on the previously-announced exemption of new residential construction lending from loan-to-value restrictions. Loan-to-value restrictions were introduced in October, and take the form of a 'speed limit'. This means banks must restrict new mortgage lending at LVRs of over 80 percent (deposit of less than 20 percent) to no more than 10 percent of the dollar value of all their new residential mortgage lending.

Reserve Bank Deputy Governor Grant Spencer said the exemption will mean that low-deposit lending will fall outside the 10 percent speed limit if it is financing the construction of a new house or apartment.

"While high-LVR borrowers make up a relatively small portion of the new-build market, the exemption is expected to support new building and therefore help to moderate house price pressures. We are now consulting with banks on the operation of the exemption. No other exemptions are being considered."

The Bank has also released the summary of submissions and policy response for the second stage of its earlier review of housing capital. The finalised policy allows banks that provide unsecured loans to mortgage customers to exclude that lending when calculating a customer's loan value - except where the terms of the personal loan or credit card are directly linked to the mortgage. Mr Spencer said: "The Reserve Bank has set strong expectations on banks regarding non-mortgage lending to mortgage customers. This will help to ensure banks are not allowing deposits to be funded through a credit card or unsecured lending. This approach is consistent with reducing systemic risk in the banking system." Submissions on the proposed changes are sought by 14 February 2014.

<http://www.rbnz.govt.nz/news/2013/5570013.html>

The relevance of building covenants on a title

Lyndon was semi-retired and purchased a property on a large lifestyle block that was part of a subdivision. He began making plans to build a cottage on the field in front of the existing house.

Lyndon's plans were well underway when he was warned by the developer of the subdivision that there were certain restrictions on what Lyndon could build on the section and where he could build.

Lyndon asked his lawyer about this and was informed that there was indeed a building covenant on the title which recorded that no more than one dwelling could be built on the section and that any shed or other building could only be built within a certain area on the land.

A building covenant is a document registered on a title to a property which may prevent the land owner from building on their section in a particular manner. Often these restrictions will relate to the type of building, the size of it, the number of buildings and where exactly they can be located.

Lyndon had to change his plans to build a shed instead of a cottage to fit within the confines of the covenant. It is important when buying a property to make sure you understand the effect of any covenants on the title, especially if you are intending to undertake further development of the property. Your lawyer can advise you about this.

By Claire Coe. Rainey Collins Lawyers www.raineycollins.co.nz and follow us on Twitter @RaineyCollins

Off-shore uncertainties may still have final say on mortgage rates in 2014 and beyond

In his final overview for 2013 Tony Alexander, Chief Economist BNZ gave some guidance on mortgage interest rates: "The chances are slim that floating mortgage rates will be rising much before the middle of next year. Inflation is low at 1.4%, wage rises are restrained, businesses don't yet feel they have strong pricing power (ability to raise prices and get away with it), and the strong NZ dollar is keeping import costs down.

So should one only borrow at floating rates for a house purchase? Not really; No-one in New Zealand (including myself) has got their interest rate predictions right for the past six years and huge uncertainty continues regarding factors offshore which influence our rates. If I were borrowing, my goal would be to manage risk rather than try to pick how to minimise my cost. Only pure luck will deliver that outcome in these continuing uncertain times where it seems any month we might get a fiscal blow-up in the United States, currency breakdown in Europe, or stalling debt-laden economy in China. Competition between banks is strongest in the 6 - 24 month fixed rate period. So at a minimum, were I borrowing, I'd have one-third floating for the repayment flexibility offered, then the rest split between one of the short-term discounted rates and maybe a three year or longer rate as well. If the jump to paying for a three year or longer rate is considered too great then I'd put two-thirds on a short-term fixed rate."

<http://tonyalexander.co.nz/>

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Murray Potts

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Leaders in Real Estate

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Recent Wellington Residential Property Sales

Street Name	Suburb	Beds	SOLD	RV
Mt Pleasant Rd	Aro Valley	2	\$375,000	\$325,000
Herald St	Berhampore	3	\$586,000	\$580,000
Nalanda Cres	Broadmeadows	4	\$443,000	\$395,000
Bharat Tce	Broadmeadows	4	\$463,500	\$375,000
Sirsi Tce	Broadmeadows	4	\$530,000	\$550,000
Karepa Street	Brooklyn	3	\$680,000	\$730,000
Ohiro Rd	Brooklyn	3	\$481,500	\$440,000
Tanera Crescent	Brooklyn	3	\$621,000	\$550,000
Bruce Ave	Brooklyn	3	\$475,000	\$530,000
Cunliffe St	Churton Park	3	\$241,000	\$420,000
Silverbirch Grove	Churton Park	3	\$389,000	\$385,000
Cambrian St	Churton Park	3	\$561,000	\$510,000
Anaheim Place	Churton Park	3	\$451,000	\$390,000
Downing St	Crofton Downs	4	\$520,000	\$495,000
Middleton Road	Glenaside	2	\$420,000	\$350,000
Mark Avenue	Grenada Village	3	\$535,000	\$510,000
Highbury Rd	Highbury	3	\$623,000	\$540,000
Highbury Rd	Highbury	2	\$425,000	\$385,000
Highbury Rd	Highbury	2	\$425,000	\$385,000
View Rd	Houghton Bay	3	\$575,000	\$650,000
Knoll St	Island Bay	3	\$601,000	\$590,000
Liffey Cres	Island Bay	3	\$605,000	\$550,000
Frobisher St	Island Bay	3	\$450,000	\$390,000
Ribble St	Island Bay	2	\$477,500	\$450,000
Melrose Rd	Island Bay	3	\$660,000	\$560,000
Bassett Road	Johnsonville	3	\$465,000	\$440,000
Earp St	Johnsonville	3	\$481,200	\$450,000
Fraser Avenue	Johnsonville	3	\$410,000	\$330,000
Truscott Ave	Johnsonville	5	\$480,000	\$450,000
Hervey Way	Kaiwharawhara	4	\$1,235,000	\$1,000,000
Karaka Bay Road	Karaka Bay	2	\$635,000	\$770,000
Napier Street	Karaka Bay	4	\$751,000	\$700,000
Bristow Pl	Karori	4	\$900,000	\$800,000
Chisenhall Street	Karori	4	\$1,170,000	\$1,100,000
Sunshine Ave	Karori	2	\$420,000	\$350,000
Lancaster St	Karori	4	\$1,200,000	\$1,425,000
Boundary Rd	Kelburn	6	\$1,130,000	\$1,050,000
Rimu Road	Kelburn	4	\$962,800	\$730,000
Upland Rd	Kelburn	5	\$760,000	\$780,000
Mariri Road	Kelburn	5	\$1,112,500	\$950,000
Upland Road	Kelburn	5	\$2,500,000	\$1,675,000
Kim St	Khandallah	4	\$776,000	\$700,000
Cashmere Avenue	Khandallah	5	\$1,250,000	\$1,100,000
Calcutta St	Khandallah	3	\$510,000	\$500,000
Ngatoto St	Khandallah	4	\$1,181,000	\$1,000,000
Ross St	Kilbirnie	3	\$435,000	\$485,000
Te Whiti St	Kilbirnie	3	\$595,000	\$510,000
Beauchamp St	Linden	3	\$435,000	\$385,000
Lerwick Tce	Lyall Bay	3	\$650,000	\$670,000
Endeavour St	Lyall Bay	3	\$465,000	\$420,000
Toru St	Lyall Bay	3	\$566,000	\$440,000

Street Name	Suburb	Beds	SOLD	RV
Freyberg St	Lyall Bay	3	\$635,000	\$450,000
Queens Dr	Lyall Bay	3	\$590,000	\$520,000
Makara Rd	Makara	4	\$900,000	\$800,000
Tamahine St	Maupuia	3	\$575,000	\$560,000
Arahanga Gr	Maupuia	3	\$531,500	\$445,000
Sutherland Cres	Melrose	3	\$440,000	\$400,000
Sutherland Cres	Melrose	3	\$617,640	\$520,000
Totara Rd	Miramar	2	\$437,500	\$390,000
Broadway	Miramar	3	\$580,000	\$440,000
Seatoun Heights Road	Miramar	3	\$770,000	\$710,000
Chelsea St	Miramar	5	\$884,500	\$860,000
Houston Grove	Miramar	4	\$650,000	\$700,000
Anderson Terrace	Mt Cook	4	\$950,000	\$970,000
Wright St	Mt Cook	6	\$650,000	\$570,000
Scarborough Tce	Mt Victoria	3	\$810,500	\$670,000
Austin St	Mt Victoria	4	\$855,000	\$860,000
Elizabeth St	Mt Victoria	2	\$585,000	\$530,000
Cotswold Cres	Newlands	4	\$372,100	\$330,000
Stewart Drive	Newlands	4	\$532,000	\$490,000
Balmain St	Newlands	3	\$449,600	\$420,000
Newlands Road	Newlands	4	\$325,000	\$305,000
Coromandel St	Newtown	3	\$710,000	\$690,000
Daniell St	Newtown	2	\$375,000	\$380,000
Hall Ave	Newtown	4	\$467,000	\$435,000
Hiropi St	Newtown	6	\$657,500	\$520,000
Coromandel St	Newtown	3	\$710,000	\$690,000
Fox St	Ngaio	2	\$461,000	\$450,000
Heke Street	Ngaio	4	\$650,000	\$650,000
Tarikaka St	Ngaio	3	\$653,000	\$560,000
Crieff St	Northland	3	\$432,000	\$430,000
Northland Rd	Northland	3	\$601,000	\$530,000
Mark Ave	Paparangi	4	\$475,000	\$395,000
Bushland Gr	Paparangi	4	\$545,000	\$560,000
Delhi Cres	Rangoon Heights	3	\$585,000	\$440,000
Roseneath Tce	Roseneath	3	\$707,000	\$780,000
Thane Rd	Roseneath	3	\$611,000	\$490,000
Stormanstown Way	Seatoun	4	\$1,530,000	\$1,750,000
Ventnor St	Seatoun	3	\$645,000	\$570,000
Tio Tio Rd	Strathmore	3	\$710,000	\$670,000
Tinakori Rd	Thorndon	4	\$1,000,000	\$910,000
Grant Rd	Thorndon	3	\$625,000	\$590,000
Goring St	Thorndon	3	\$840,500	\$820,000
Ingestre St	Vogeltown	3	\$387,500	\$400,000
Wade St	Wadestown	3	\$750,000	\$800,000
Oban St	Wadestown	3	\$680,000	\$600,000
Wadestown Rd	Wadestown	5	\$1,807,500	\$1,475,000
Warwick St	Wilton	3	\$420,000	\$350,000
Cedarwood Street	Woodridge	3	\$495,000	\$475,000

Chris Ritchie

Barrister & Solicitor

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