

An update on Property Management in 2018

The year is coming to a close, and it's been a busy one with several developments affecting the property management industry, especially with the multiple legislative changes.

Letting fees

One of the major changes we have seen this year is the legislation introduced regarding letting fees, which came into effect on the 12th of December. The costs incurred for letting a property - organising viewings, application screening, background checks, as well as advertising costs – can no longer be charged to the incoming tenant. This fee – one week's rent + GST - will now be charged to the landlord.

We have gotten a mixed response from our owners, with some intending to increase the rent to cover the cost, others increasing their preferred length of a fixed-term contract to avoid paying multiple fees a year. This last outcome was one of the intentions of the government with this legislation, saying that tenants are increasingly seeking longer contracts. However, since a large portion of our apartment pool attracts young people, students and working professionals who may be on a fixed-length visa, this has presented us with a challenge to strike a balance with the situational constraints of a tenant with the requirements of a landlord. Meanwhile, some owners are surprised the letting fee wasn't passed over from the tenant sooner.

This legislation has made quite an impact on the property management business as a whole this year, but we have taken it in our stride and are confident in our ability to manage expectations of both tenants and landlords.

Insulation requirements

Another change to our operations has come with the legislation regarding the requirements of a landlord or property management agency to declare the details of a property's insulation. Under the Healthy Homes Guarantee Act 2017, all tenancy agreements must provide information about whether a property is insulated, its quality, and in which locations. By 1 July 2019, all privately owned rented homes must have insulation which meets or exceeds the minimum requirements.

We have worked this year to make sure all our properties are up to this standard and fortunately, despite having a comparatively large portfolio, this has been relatively easy given about 70% of our stock are apartments - which by and large are exempt from insulation requirements as underfloors and ceilings in apartments are mostly inaccessible. This is just one of the many advantages of having a majority-apartment property portfolio – and for owners, it's one less cost.

Heating requirements

The government is also pushing ahead with its pledge to get heating systems into 500,000 rental homes under the same Healthy Homes act, which comes into effect on 1 July 2019. The general interpretation of this is that these homes will require a heat pump – which critics say will push rents up further. However the legislation around heat pumps is not as concrete as it is for insulation, and

the fixed form of heating is yet to be defined, so our business has been largely unaffected by this development thus far.

In any case, both we and most of the owners we represent will likely be spared the impact of these heating requirements, as many apartments have central heating and/or external heat pumps could be prohibited by the body corporate.

About us

We are thrilled to announce that Barfoot & Thompson has been named as the Best Real Estate company in the World at the acclaimed International Property Awards in London. In addition, the company scooped two of the three awards for the Asia Pacific region, one for the Best Agency over 20 Offices and the other for Best Marketing of the Nugent Rise project, with a nomination for Best Lettings Agency.

Second, earlier this year City Branch was awarded #2 Barfoot & Thompson Branch of 70 Branches and #1 Residential Branch. Again, everyone at City Branch are extremely proud to have achieved such high rankings two years in a row. This combined with the #1 world ranking, you can be assured that in City Branch you are being well looked after.

In 2017 Barfoot and Thompson were named the Best International Lettings Agency at the International Property Awards and our City branch rental team finished in the top 10 branches within Barfoot and Thompson.

As you may know, Barfoot & Thompson have been a committed sponsor of the Starship Foundation since 2003 and have raised over \$4 million throughout this time. This year was of course no different, with each branch fundraising individually and the annual Barfoot & Thompson Quiz night raising \$90,000 in just one night. It really is a privilege to be a part of a company that is so dedicated to giving back not only to Starship but also to the wider Auckland community.

And, if you were curious about the outlook for the Auckland housing market next year, most industry experts agree that we can expect continued stability for the foreseeable future. With that being said, please keep me in mind if you should have any questions or intentions of buying or selling Real Estate in 2019.

Have a very Merry Christmas and a Happy New Year! I hope your Christmas break is full of joy, family and sun and that you begin the New Year happy and healthy. Have a cheerful summer break and stay safe.