NEW ZEALAND

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PROPERTY PROFESSIONAL

AZINE

PROPERTY MARKET RESURGENCE

CENTRE-RIGHT SHIFT

Housing market update

PROPERTY PRICE GROWTH

Neighbourly duty

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NEW ZEALAND PROPERTY PROFESSIONAL MAGAZINE

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VIV GURREY

2023 year in review

And another year is fast disappearing into the rear vision mirror.

2023 is likely to be remembered for the post-COVID hangover, where the nation suffered from high inflation, rising interest rates, political uncertainty and a flat property market.

With a new Government installed 2024 may look quite different, and we wait and watch with interest.

While the economy slowed dramatically in 2023, the Property Institute has worked incredibly hard to keep a laser focus on supporting its members and putting them at the centre of all that we do.

We started with an ambitious programme that saw the membership back the proposal to modernise the Institute through the adoption of a new Constitution, which offers us more flexibility and will provide the bedrock for the organisation as it grows into the future.

The Constitution was supported by an overwhelming majority of members. We are now working hard on the operational policies to support the Constitution and this will be coming to our members in 2024 for feedback and input. Once this process is complete, PINZ will begin a new era operating under a new suite of governing documents. These have been modernised and developed through detailed, robust and collaborative conversations with our members, and better reflect how our Professional Communities and branches operate.

Of course, we also held a highly successful annual conference, which showcased our most respected members with the annual awards and boasted a quality programme that featured our now Prime Minister Christopher Luxon.

PINZ also maintained solid results in its annual survey of members. According to an overwhelming majority of respondents, the Institute delivered CPD that was often or always of assistance in their development (61%), that PINZ Communications were universally of a high calibre, and that its priorities are aligned with those that members view as important.

What makes our organisation successful has always been the efforts of our connected branch networks. We held a well-received Branch Chairs day earlier in the year with almost every branch represented. This has been invaluable in assisting us to deliver on what matters to our branches. We will continue to work closely with Branch Chairs and plan to hold another Branch Chairs day in mid-2024, along with some induction and training sessions for branch management committee members shortly after the conclusion of the Branch AGM season.

We're so very thankful for the efforts of our branches and Professional Community Councils in the Fellowship process, and look forward to considering the next intake of worthy Fellows in April.

In November, we led the charge with the celebration of International Valuation & Appraisal week and we have been expanding our engagement with students to ensure we connect with the next generation. These efforts include Auckland Branch's 'Shadow a Property Professional Day' and the launch of a new targeted Instagram profile to highlight incredible property careers (follow us on Instagram: @propertyinstitutenzcareers).

Last, but definitely not least, we delivered a first-class education programme:

- **More than 160 Continuing Professional Development hours offered**
- **More than 10,000 registrations for PINZ events**
- **33 webinars with 5,468 registrations**
- **Nine seminars with more than 1,000 attendees.**

Our agenda in 2024 continues to build on the solid progress of 2023.

Our education calendar for the year is being supported by some magnificent support from branch education committees, our communities and members. Many events are locked-in already.

There'll be more education in the regions, more face-to-face events, and a webinar programme that remains dynamic, relevant, flexible and popular.

2024 will also look different following strong member support for holding conferences every two years rather than annually.

In off years, members expressed a strong preference for more regional events, which would be more affordable and convenient. We still intend to celebrate the annual awards with a top-class gala dinner. The annual AGMs will be held online in late July.

Lastly, I want to thank all the great people who have supported me personally, and the Institute, this year. I can't name you all, but you've been fantastic, and I feel very blessed to have such a wonderful group around me.

Please do have a great Christmas. Take all the time you can with your family and loved ones

Viv

THE CENTRE-RIGHT SHIFT MAY BOOST PROPERTY, BUT NOT TO ANY GREAT DEGREE

The housing market was already turning around under the previous government and property prices may even rise a little faster under the new National-led coalition. But with mortgage rates set to stay high for the foreseeable future, a policy-driven boost to the market may well be modest.

KELVIN DAVIDSON

Staying cautious

The long-awaited General Election has been and gone, and the widely expected shift to the centre-right has obviously become reality. Despite a lot of speculation that this could drive a renewed housing market upswing – on the back of a 'mood shift' and more favourable tax policies for property investors – there are still many reasons to be cautious. Yes, property prices may well be higher under a National-led government than they might have been if the previous leadership had rolled on, but the difference may not be particularly large.

A quick look at recent property trends

Let's just start with a quick discussion of what's actually been happening in the past few months. Sales activity started to rise in May and has increased (compared to a year ago) in every month since then. The growth has been seen across many parts of New Zealand, albeit not everywhere – and we also shouldn't forget that volumes are coming off a very low base, only about 65,000 sales in the 2022 calendar year (a 40-year low). The total for 2023 should be higher, but perhaps by only a few thousand. It's going to take a few years to get back to 'normal' volumes of around the 95,000 mark.

Still, with the weekly flows of new listings coming onto the market remaining pretty low – about 15-20% below normal levels for the time of year (there's always a spring lift) – the rise in sales activity at the other end of the pipeline has still been enough to push down the stock of available listings on the market. Reduced choice for finance-approved buyers has inevitably started to lead to the re-emergence of a bit of competitive price pressure.

Mixed messages for different buyer groups

So who are the buyers? The CoreLogic Buyer Classification data shows that first home buyers (FHBs) have remained a strong presence lately, accounting for about 27% of property purchases in the third quarter of 2023 and almost 28% in the month of September alone. These are record levels, driven by many factors, but not least the access to KiwiSaver for a deposit (or part thereof) and also making full use of the low-deposit lending allowances at the banks.

FHBs have also been enjoying a bit less competition from other buyer groups too. Indeed, mortgaged multiple property owners (MPOs, including investors) have only been accounting for around 20-21% of purchases lately, with a focus on new-builds and maybe also older properties to renovate. Now, that's still about one in every five deals, so they haven't vanished altogether. But mortgaged MPOs are typically more than 25% of the market, and sometimes closer to 30%.

Clearly, 35% deposits, low rental yields, high mortgage rates, and the removal of mortgage interest deductibility for existing properties have been significant challenges recently in terms of making investment property purchases. To be fair, we're not really seeing existing landlords sell to any great degree (or at least not selling any more than normal). It's just that buying remains tricky.

Similarly, relocating owner-occupiers (i.e. 'movers') have also been staying put more often, rather than looking to trade up or down, or shift areas. Again, many factors are relevant here, but the need to sell before they buy is probably restricting some activity, while financing issues may also be firmly in play too. When mortgage rates are 7%+, taking on extra debt may not be very palatable.

The fundamentals

We've already noted how new listing flows remain relatively low and this is seeing some competitive bidding re-emerge as choice/stock levels tighten. But in terms of the factors seeing house prices start to turn around, you can add to the list:

- **A flattening off for mortgage rates.** Yes, they haven't stopped rising altogether, as some banks tweak them from month-to-month. But the largest increases are behind us, and the official cash rate certainly doesn't seem likely to be pushed higher in November, although another increase in the first few months of 2024 can't be ruled out altogether.
- **The surge in net migration.** Our population has been boosted by more than 100,000 people (in net terms) by migration flows over the past year or so, and of course that is substantial extra need/demand for housing. This seems to be showing up first and strongest in the main centres, and for rental property. Auckland rents, for example, have accelerated strongly in recent months.
- **A robust labour market.** The number of filled jobs in the economy continues to grow, and although the unemployment rate is also edging higher, that's due to a larger labour force (more supply of workers) rather than outright job losses. This is supporting housing market activity, but also helping existing mortgage holders to adjust their finances as their loans roll off older, lower fixed rates and onto the current, higher market levels.

- **Credit conditions have eased (slightly).** Banks are still testing a potential borrower's ability to service a loan quite intensively. But at least the relaxation of the Credit Contracts and Consumer Finance Act (CCCFA) has given them a bit more freedom, while the looser loan-to-value ratio (LVR) rules from the 1st of June have also made it a little easier for people to secure mortgages if they have a small deposit.
- **A shift in the 'mood'.** This is hard to quantify, but on the back of the other factors in this list, sentiment about the housing market also seems to have changed and this can become self-fulfilling to some degree. Certainly, once people no longer fear the risk that they buy too early (and could have saved money if they had waited for prices to drop a bit further), buyers start to come back and this pushes up prices.

Unless a buyer has a very large deposit, it will still be tricky to get the sums to stack up when gross rental yields are low and mortgage rates are high.

The government and housing policy

Part of that turnaround for housing market sentiment seems to have also come from the shift in voting towards the centre-right, which looks set to result in tax policies that are more favourable for domestic property investors. This includes a reduction in the bright-line test for all properties from either five (new-builds) or 10 years (existing dwellings) back down to just two years, and the phased reinstatement of mortgage interest deductibility for all investors, existing or new.

However, although this will no doubt bring back some property investors to the buying table, this may prove to be a trickle rather than a torrent. After all, unless a buyer has a very large deposit, it will still be tricky to get the sums to stack up when gross rental yields are low and mortgage rates are high. Indeed, even after a smaller tax bill – which note doesn't fully kick in under National's plans for a few years yet anyway – a 'typical' property investment purchase might still need to be topped up out of other income to the tune of $300-$400 per week.

Granted, property investment has always tended to be about accepting a loss at the start, but looking for rents to grow over time and capital gains to accrue. However, those sorts of top-ups that are currently required are substantial and could prevent a lot of would-be buyers from actually taking the plunge. All up, then, the change of government may well push up house prices a bit faster than otherwise might have been the case, but the effect could actually be relatively small.

Where to next?

It's clear that the housing market downturn over 2022 and the first half of 2023 has now generally come to an end (although not everywhere just yet), and it's fair to assume that sales volumes and house prices will grow over 2024 and beyond.

But by how much? In our view, there are good reasons to think that this 'recovery' phase will remain fairly muted by past standards. For a start, the recent falls in house prices have helped affordability to some degree, but it remains pretty stretched in a long-run context. This will be a natural handbrake on buyer demand, sales activity and prices.

That view is emphasised by the prospect of 'higher for longer' mortgage rates. Indeed, while inflation now seems to be on a firm downwards trend, it's still too high, and the official cash rate may not be reduced until early 2025 or even a bit later. Mortgage rates may not rise too much further, but they're not set to fall anytime soon either. This will keep the pressure on households' finances, both new mortgage borrowers and existing homeowners.

Meanwhile, any restrictions that the Reserve Bank might impose on debt-to-income (DTI) ratios for mortgage lending would add to that subdued expectation for house prices over the medium term. Under a potential new DTI system, anyone who already has a reasonable amount of debt in relation to their income wouldn't be able to borrow or buy again until their wages have risen sufficiently – and that might take five to seven years.

The upshot

To put some numbers on all of this, it wouldn't be a surprise to see sales volumes edge up at rates of 5-10% annually over the next few years, but for 'normality' to take a while (given that sales are starting from such a low level). In terms of prices, after a drop of about 13% from the peak, subdued growth of 3-5% p.a. for the next few years seems fairly plausible, meaning that the previous high for values (2021) may not be regained until 2026 or even into 2027.

But it's also worth reiterating that those are national-level numbers, and around each region or territorial authority the patterns will inevitably be different. In the next little while, on the back of the migration boom, it wouldn't be a surprise to see larger cities (such as Auckland, Wellington and Christchurch) outperform the provinces. But a period of slightly faster price growth could then start to make them look relatively unaffordable again, potentially pushing a bit of demand out from the main centres and into the smaller markets

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HOUSING MARKET UPDATE

SHARON ZOLLNER

This article looks at property issues related to the recent election, the still subdued housing market, and how much recent rises in global interest will affect Kiwi homeowners.

Election pause?

The REINZ House Price Index (HPI) has been soft in spring, a clear shift downwards from the winter's seasonally adjusted growth averaging 0.6% month-on-month. We were expecting house prices to continue to rise by a similar amount in spring, so the fact they've had more of a sideways vibe was a bit of a surprise.

It is hard to tell at this point whether spring's softness was just a blip or something more significant. There's plenty of good reasons why house price growth could slow down again: the economy is cooling, unemployment is rising and mortgage rates remain quite high. At the same time, it is hard to overlook record inbound migration and rising first home buyer activity. A mixed bag.

On balance, we have decided to maintain our house price forecast of a 5% lift in house prices over 2024, but we have 'baked in' the softer September data, meaning that house prices rise a little less in total over 2023.

It is possible that spring was more sluggish due to election uncertainty, which would also present a downside risk for REINZ data over the summer. We aren't going to rush to any conclusions about the updated outlook for house prices until a government is formed and the policy mix is known. It appears the National Party will lead the next government, but we won't know the exact set of policies until coalition negotiations with ACT and New Zealand First are concluded.

> We have decided to maintain our house price forecast of a 5% lift in house prices over 2024.

But we do know that the National Party campaigned on reintroducing interest deductibility for property investors, changing zoning rules, shortening the bright-line test to two years (from 10), and rolling back changes to the Credit Contracts and Consumer Finance Act 2023 (CCCFA). Policy changes in these areas put downwards pressure on house prices over the last few years.

If National's proposed changes survive coalition negotiations, they are correspondingly likely to put a degree of upwards pressure on house prices, although it may be several years until these policies are fully introduced. Depending on the timing and the macroeconomic context, they may or may not be significant in terms of the outlook for the Official Cash Rate (OCR).

Sales and listings remain subdued

House sales appear to have plateaued over Q3 2023 on a seasonally adjusted basis. While they are well off than their lows late last year, they are by no means strong in a historical context. That matches the overall economic vibe: a bit better than a year ago, but hardly gung ho.

However, it is a mixed picture across the country, with the Auckland housing market showing more signs of life in more recent data from Barfoot and Thompson. It is possible that this is because of strong migration into Auckland (the city has historically tended to get more than its proportional share of immigrants). However, it also could be that the Auckland economy is more concentrated in sectors that are relatively upbeat (e.g. professional services) and less in sectors that are under the pump, such as agriculture.

Nationwide listings were much closer to their pre-pandemic levels in spring, even after accounting for the usual spring pick-up. In isolation, more listings put downwards pressure on house prices via more choice. But if people are listing their house because they are now more confident that they will find someone willing to buy at an acceptable price, that indicates strength in the market as a whole.

In another sign of life, days to sell are back around their pre-pandemic average. Unlike in 2022 where buyers' and sellers' price expectations were on different planets, the market has now come to accept that prices are not returning to their 2021 peak in a hurry.

In another sign of life, days to sell are back around their pre-pandemic average.

This has supported the fall in days to sell and rise in house sales, but it remains to be seen whether these newly listed houses can also find buyers quickly.

With sellers now being able to sell their properties more quickly, there may be less appetite for homeowners to accept offers conditional on the sale of their current home, as they may feel they can hold out for a cash offer. On the other hand, there is now a greater chance of this condition being met.

Zooming out, the market remains cool, but has thawed out considerably from the icy depths of 2022. We continue to expect activity to tick up from here. But we are not expecting the housing market rebound to come to much, and in that context our expectation that the RBNZ will conclude by February that they need to raise the OCR again is not contingent on a marked lift in the market. But if the market does get a bigger head of steam up than we expect, and particularly if it looks like it is starting to affect broader spending decisions, the RBNZ will certainly be paying close attention and stand ready to act.

Sharp rises in global interest rates will only have a small effect

These will only have a small effect on Kiwi homeowners. Global longer-term interest rates have increased substantially over the last few months. In the US, their typical 30-year mortgages have increased 1.4% points this year, more than the rise in the US federal funds rate (the equivalent of the RBNZ's OCR). In contrast, the popular two-year mortgage rate in New Zealand has increased much less than that.

Because New Zealand mortgages are typically fixed for less than three years, the influence of global long-term interest rates is naturally limited.

Because New Zealand mortgages are typically fixed for less than three years, the influence of global long-term interest rates is naturally limited. Some of the increases in mortgage rates since the OCR went on hold in May has reflected rising expectations of where the OCR will average over the next two years. But it is clear that changes in US long-term interest rates have also contributed in part to the upward pressure on New Zealand swap rates (and by extension mortgage rates), especially in the last month, and particularly at longer terms.

Since May the average mortgage rate paid by owner-occupiers and property investors on new lending, including those rolling over fixed terms, has risen by about 20 basis points.

Mortgage rates in the US rose later than here, and that is also reflected in house prices. US house prices have barely fallen since the pandemic, in part due to the less substantial rises in mortgage rates. On the other hand, New Zealand house prices fell substantially as mortgage rates rose through 2022 and levelled off when mortgage rates plateaued.

US house prices also tend to have less of a boom-bust dynamic than in New Zealand. In terms of potential explanations for why this is the case it is worth noting that the US has:

1. A more responsive housing supply in the face of changing demand.
2. A more spread-out population, meaning one city has less of an impact on country-wide house prices (unlike Auckland in New Zealand).
3. Migration that is lower in terms of both its average and its swings as a share of the population.
4. Less dramatic swings in mortgage rates.

These factors have contributed to homeowners in the US receiving much more stable capital gains than New Zealand homeowners whose returns vary considerably year-to-year. However, on average, New Zealand house prices have risen 6.6% p.a. in the period since 1992 whereas US prices have risen 4.3% p.a

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GENERAL ARTICLES

THE COMING TSUNAMI OF NEW ZEALAND PROPERTY PRICE GROWTH

KIERAN TRASS

Kieran Trass is author of the recently published book *Grow Richer with the Property Cycle*, which gives his views on the predictability of the property market.

The tide is turning

The backdrop for the coming property price growth tsunami includes the current 'credit crunch' and crisis of confidence in the property market, a crisis that was engineered with a well-intentioned yet somewhat misguided goal. This was a goal to reduce the value of every property in New Zealand in the name of making house prices 'sustainable' for all, forever. A goal that failed to account for the fact that when a manufactured property crisis ends, a boom in property values typically follows. It was also a goal that failed to account for the long-term natural cyclical nature of the housing market.

The last four New Zealand property cycles have provided a rich source of valuable insights into the market's nuances, which indicate what is beyond the property market 'event horizon' for property values. For example, whenever there is a financial crisis, a crisis of confidence or a credit crunch, then repetitive property market trends emerge. These are trends that give us clues about the upcoming impacts on property values.

Trends that reveal crises typically result in extremely low levels of property sales volumes and subsequent value falls. However, once the crisis has dissipated then sales volumes, and prices, usually bounce back to their former peak levels within a few years. Trends also reveal that property market recoveries are usually rapid and a stampeding herd of potential property buyers is always difficult to curb.

Today the tide that drives the property cycle is turning. I believe it is likely to be more of a tsunami when it does arrive and its arrival is likely to be sooner than most think. The longer it takes to arrive the bigger it will be when it does arrive.

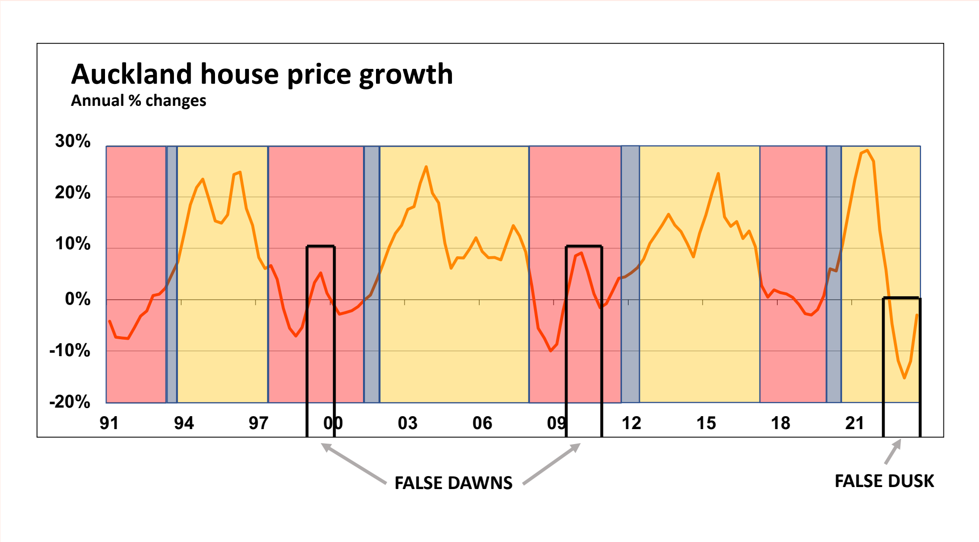
Key drivers and market influencers

While no two property cycles are identical, they do rhyme. New Zealand property cycles typically last from seven to 12 years and consist of three phases – boom, slump and recovery. The progression of these cycles can be tracked by following a select basket of 'key driver' trends. These key drivers collectively provide the gravity that drive the property cycle from one phase to the next and include net migration, employment, construction, GDP, incomes, affordability, property sales volumes and more. Today their collective trends indicate the property market is poised to re-ignite with a boom.

There is another basket of impacting factors on the property market deemed 'market influencers', so called because they can sometimes influence countercyclical short-term property price trends, irrespective of which phase of the cycle the property market is in. Market influencers include legislative amendments, interest rates, confidence in property and more.

> New Zealand property cycles typically last from seven to 12 years and consist of three phases – boom, slump and recovery.

Market influencers do not drive the property cycle per se, from one phase to the next, although they can sometimes give that impression. Typically, they have an erratic temporary influence on the property market, albeit at times that influence can be significant. That is why they can cause confusion about which phase the property cycle is in. For example, in the late 1990s and post-Global Financial Crisis cyclical slumps the market influencer of interest rates fell significantly.



Source: Infometrics, TellMeTheTime

False dawns and false dusk

This inspired temporary price rises that were misinterpreted by some as heralding a boom, but quickly proved to be 'false dawns'. Values subsequently fell or stagnated before the boom proper arrived. Equally, if interest rates rise in a boom, as they did in 2022-2023, that can inspire temporary price falls and the common perception that the boom is over. Today the collective key drivers imply the current boom has merely experienced a 'false dusk' because of market influencers. This boom is not yet over and the key drivers imply it is soon to re-ignite.

Weak green shoots in property market

There are already early signs of green shoots emerging in the property market. However, compared to long-term trends these shoots are still weak for now, but not for much longer. These shoots include:

- **Sales volumes.** Volumes remain at dismally low levels circa 60,000 p.a. compared to a long-term average of 90,000+. Such low sales volumes can be traced to the Credit Contracts and Consumer Finance Act (CCCFA) induced credit crunch and higher mortgage interest rates. Volumes lead values and always rise after a credit crunch ends.
- **Houses for sale.** At current sales volumes, almost six months of 'stock' is on the market for sale so we don't really have a 'shortage of houses' at present but expect to again once sales volumes rise.

- **Affordability.** This remains stretched, in no small part courtesy of current mortgage interest rates, which will not remain elevated as inflation subsides.
- **Finance availability.** This remains challenging due to the exogenous changes in monetary conditions in 2021-2022, which created the current credit crunch. The CCCFA was a weapon of mass destruction for the residential property market, sidelining many property buyers. Whether first home buyers, upgraders, property developers or property investors, many had their ability to borrow abruptly cut off.

Many drops of water create a tsunami

The property market is now entering a very different landscape to the one we have just traversed due to a growing number of changes. The following changes are like many 'drops of water' that will coalesce and collectively increase demand, providing the energy to swell the coming tsunami.

- **Net migration explosion.** The 110,000+ migrants of 2022-2023 all need homes. That places upward pressure on demand for rentals and owner-occupied homes, which will result in higher property sales volumes. Net migration tends to be a 'sticky' key driver, so we can expect continued migrants to arrive over the next few years, although possibly less than in 2023.
- **There is no recession in New Zealand.** GDP is expected to improve as the economy improves.
- **Inflation is in retreat and mortgage rates are at a peak.** Inflation was cited as the number one reason for the Reserve Bank of New Zealand (RBNZ) raising the official cash rate and subsequently influencing mortgage interest rates. With fixed mortgage rates around 3% p.a. higher than they were pre-COVID, we can expect at least 1% to 2% lower rates before long, which improves borrowing capacity and affordability.
- **House prices have retrenched from former peaks.** Since November 2021 property prices have fallen by as much as 20%.
- **Newbuild costs have escalated.** Construction costs are up 30%+ since 2021 underpinning the price of all properties.
- **Property investors' appetite.** New Zealand has an estimated 130,000 private property investors who own about 500,000+ properties. Some are no doubt keen on acquiring one or more properties. Many have been hamstrung by their inability to raise finance due to the credit crunch since 2021, while others have been watching for signs of distortion in the supply-demand curve. These are signs like the considerable drop-off in newbuilds being started since 2021 combined with the recent surge in net migration. An inevitable vacuum of supply is fast approaching the property market event horizon.

A final factor is sound bank book quality. Banks operate within a perpetual expansion-contraction cycle. They are locked in a race to expand when they can safely do so and consolidate when needed to minimise risk. Major trading banks' books reveal a notable absence of non-performing housing loans compared to their total housing loans. The industry norm is to ensure they can cope with a 2% loss on housing loans in any given year, hence their interest rate margin is around 2% p.a.

ANZ has the highest level of non-performing loans, but even that is just 0.6% of its total housing loans. Collective provisions (the amount earmarked as a potential loss from non-performing loans) are minuscule, with Westpac reporting the highest collective provisioning of just 0.34% of its total housing loans.

Such low-risk books imply the banks likely now have an appetite to increase their exposure or face being 'left behind' by competitors.

The new government's drops of water

There are four new National Party policies that are also likely to affect the property market:

- **Shift income tax brackets.** The shifting of tax brackets to compensate for inflation will result in higher net household incomes and therefore improved affordability.
- **End the credit crunch.** National have stated they will 'Cut financial red tape that is stifling investment, including the failed CCCFA … and also repeal the recent Conduct of Financial Institutions Act which imposed additional burdens on lenders making credit more expensive and harder to obtain even for basic services such as overdrafts and mortgages.'

DATA TABLE FOR ASSET QUALITY - HOUSING LOANS

Asset Size	Organisation	Total loans (NZDm)	Impaired loans (NZDm)	Loans 90 days past due but not impaired (NZDm)	Total non-performing loans (NZDm)	Non-performing loans ratio (%)	Individual provisions (NZDm)	Collective provisions (NZDm)
1st	**ANZ**	103,663.8	33.5	547.4	580.9	0.6	8.5	258.8
2nd	**BNZ**	57,160.6	13.5	86.9	100.4	0.2	2.1	132.5
3rd	**ASB**	73,898.0	59.5	207.2	266.6	0.4	7.8	194.8
4th	**Westpac**	65,438.1	26.2	202.1	228.3	0.3	9.5	229.0
5th	**Kiwibank**	24,546.3	1.4	20.0	21.4	0.1	0.7	34.8

Source: RBNZ

- **Restoration of interest deductibility.** This will inspire many residential property investors to consider buying another rental property. It also improves borrowing capacity because banks will adjust their lending policies to account for the fact that investors have more available cashflow to commit towards mortgage payments.
- **End RBNZ's dual mandate of 'sustainable house prices and employment levels'.** This may well reduce RBNZ's need to hold interest rates higher for longer and could even thwart the introduction of DTIs (debt-to-income ratios).

An unusually low tide precedes a tsunami

Tsunamis by their very nature arrive largely unannounced, apart from the unusually low 'tide' that precedes them. Today that unusually low tide in the property market is clear, but by all accounts we can expect that a surge in property sales volumes and values will follow. The 'Law of the Vital Few' implies house price growth rates are based on very few sales compared to the total number of properties in any given location. So, a relatively small shift in demand in a suburb, or city, can suddenly inspire a significant movement in values for an entire suburb or even a city.

When the tide goes out big it comes back in big too … so it may pay to head for, or buy, some higher ground now before the tsunami arrives

***Grow Richer with the Property Cycle* was released in September 2023. It is available from bookstores nationwide or via Amazon.**

Kieran Trass is a property investor, financier and property mentor. He has authored a number of books on the property cycle and is based in Auckland.
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CLAIMING DEPRECIATION ON BUILDINGS

how proposed policy changes could affect you

PHIL OVEREND & HELEN JOHNSON

The decision around whether non-residential buildings should be eligible for tax depreciation has been widely debated over the years. This article summarises the latest developments and what it means for building owners and investors.

Proposed changes

Whether non-residential buildings should be able to be depreciated for tax purposes has been a contentious issue for many years. The ability to claim depreciation was first removed in 2010, but then reinstated in 2020 as part of the Government's COVID-19 Stimulus Package as a permanent measure (or at least not as a temporary one).

This law change also gave building owners' tax relief on seismic strengthening expenditure, which was previously unavailable. However, in the latest twist the National Party, which will lead New Zealand's next coalition government, has announced its intention to remove depreciation on buildings. Importantly, there is no suggestion that depreciation deductions for fit-out will be removed.

If enacted, this law change would be a disappointing development for building owners and investors for a number of reasons. The Property Council New Zealand (PCNZ) has raised deep concerns about the impact on forward investment in ageing building stock and increased costs to businesses who occupy these buildings.

Indications of proposed changes to the rules create uncertainty at a time when landlords are facing rising costs of insurance, higher interest rates and significant capital expenditure requirements for sustainability initiatives. Many decisions made since 2020 to strengthen, upgrade, develop, or acquire commercial property will have factored in depreciation deductions and (should the changes be made) marginal investments may now be at risk.

In the residential sector, given the challenges with housing affordability in New Zealand, an empowered 'Build-to-Rent' sector could give the housing supply a significant, timely boost. Allowing depreciation is one of the policy settings that could help to support the scale of development that would contribute to alleviating our housing shortage. These types of developments do not currently benefit from depreciation deductions and many in the industry were hoping for a favourable law change in this area.

> This law change would be a disappointing development for building owners and investors for a number of reasons.

Do buildings depreciate?

Yes, they do. In 2018, the Tax Working Group did extensive international research into whether buildings do decline in value. They found strong evidence that industrial and commercial buildings do depreciate, with some evidence that residential buildings (particularly multi-unit properties) also depreciate.

This led to the recommendation that tax depreciation for commercial, industrial and multi-unit residential buildings be made available at 2% p.a. (straight line method) and 3% p.a. (diminishing value method). This recommendation was partially reflected in the 2020 law change – depreciation was reintroduced, but the rates were reduced to 1.5% straight line and 2% diminishing value. Multi-unit buildings that are residential in nature are only depreciable in very limited circumstances, for example, some student accommodation or specific areas of retirement villages.

Building fit-out should still be depreciable

It is important to remember that fit-out within a building can be depreciated separately to the building itself and there appears to be no proposal to change this. Expenditure on structural elements or weatherproofing is normally considered to be 'building', but other expenditure is generally viewed as fit-out. These tax rules can differ from traditional concepts in the real estate industry in terms of how these two aspects are defined.

Fit-out assets have shorter life expectancies than buildings and structures. With their higher depreciation rates, they generally make up a larger share of annual depreciation deductions than for 'buildings' (e.g. in relation to commercial offices or modern warehouses).

The availability of optimised depreciation allowances for building fit-out is dependent upon a detailed allocation between almost one hundred IRD categories. Allocations should be made upon the initial development or acquisition of a property, or the subsequent capital expenditure, to accurately set opening book values

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Fit-out within a building can be depreciated separately to the building itself and there appears to be no proposal to change this.

FROM THE PAST (1936)

From the past is a new series of valuer related clippings and images from the Institute's library curated by former NZIV Councillor Peter Ward. This section aims to demonstrate the long rich history of NZIV and help inform members about how the Institute became what it is today.

NEW ZEALAND GOVERNMENT VALUERS' INSTITUTE (Incorporated).

At a Conference held in Wellington recently representatives of various Government Departments whose duties comprise all classes of valuation work, after a discussion of the problems of common interest, resolved to form a New Zealand Government Valuers' Institute for the purpose of promoting and maintaining the confidence of the public, for the interchange of ideas and information within the Institute and with kindred organisations, and for the securing of uniformity of action and attaining the maximum degree of efficiency amongst its members.

Delegates were present from Henderson, Auckland, Hamilton, Palmerston North, Feilding, Wellington and Christchurch, the Departments represented being the Public Trust, Lands & Survey, Public Works and Valuation.

A delegation from the Institute was introduced by the Valuer General to the Public Service Commissioner, who expressed himself as being in accord and sympathy with their endeavours and wished the Institute success.

Mr. Ward, of the Forestry Department, addressed the Conference on "The Use of Rimu in Building Construction." Other topics discussed included "The Use of O.B. Rimu," "Liming," "Grassing," "Soil Cultivation," "Top Dressing," "Defects in Buildings," and "Mortgage Corporation Work."

It is intended that appropriate papers, typical of their districts, be prepared by the various branches.

Heads of Departments present expressed their interest in the newly-formed Institute and their best wishes for its future.

The following officers were elected:—

President: N. H. Mackie (Palmerston North); Vice-Presidents: E. Eggleston (Christchurch), G. L. Ewen (Feilding), A. W. A. Sweetman (Auckland); Secretary: W. G. Boswell (Palmerston North); Treasurer: T. H. Crosbie, Wellington; Hon. Legal Adviser: J. D. Brosnan, Wellington.

BRANCH CHAIRS

This is the last of a four-part series showcasing the talent and experience of the Property Institute's Branch Chairs throughout New Zealand.

Branches are at the heart of everything we do. At a grassroots level, our network of branches helps set PINZ apart from many other similar organisations, keeping us ahead of local issues and in touch with members at the frontline.

We thank our volunteers for their commitment and their dedication to the Property Institute, the professions we serve and our members.

HUNTER MILNE
Southland Branch Chair

I completed a Bachelor of Agricultural Science with Valuation degree from Lincoln University, graduating in 1982. Then I did a variety of jobs, becoming registered in 1988 while working for a stock and station firm in Invercargill. Rural valuation was my specialty at this time.

A term at the then Trustbank Southland followed. From there I joined Chadderton Valuation in Invercargill, where I remained for 21 years, turning mostly to residential/lifestyle valuation work. I became self-employed as a valuer in 2016 with a view to reducing my workload. That goal is still a work in progress.

During my time as a valuer in Southland, I have served the local committee on and off in various positions, including a current stint of three years as Chair. In a small branch we need to willingly accept some responsibility to hold positions.

As Chair, I enjoy the communication and contact with other Chairs and the national office. The local branch members appreciate the flow of information and updates that this allows me to provide.

Being a very small branch, with many members in small firms or solo practitioners, it is important to maintain a high level of communication and provide working support to each other. We all tend to share similar issues. Having periodic meetings to discuss particularly local, topical matters is very helpful.

As a valuer, Institute membership is vital to maintain professionalism, standards and our standing in the eyes of those who rely on our work.

My objectives for 2024 are to maintain the existing member relationships within the branch and continue to be a conduit for keeping local members up to date with more national matters.

As a valuer, Institute membership is vital to maintain professionalism, standards and our standing in the eyes of those who rely on our work.

SIMON NEWBERRY

Canterbury/Westland Branch Chair

I joined the Canterbury/Westland branch in 2012 as Branch Chair. Our local branch is primarily made up of valuers, together with members from the property management field.

I am both a Fellow of the New Zealand Institute of Valuers and the Property Institute of New Zealand, being based in Christchurch where I am a director and shareholder at FordBaker Valuation, South Island's largest single office valuation practice comprising 18 valuers. FordBaker's culture places significant emphasis on education and improvement, and as a consequence the firm is represented at both branch and Young Guns committee levels.

As a branch, we have observed a significant generation gap. In an effort to bridge this, we agreed to fund a stand at Christchurch's annual Careers Expo endeavouring to garner interest from secondary school students wishing to pursue a degree in property. Our stall is well received by students and we typically host in excess of 500 over the three-day event.

The branch's primary education focus is organising and hosting the Lincoln Mainland Property Seminar held annually at Lincoln University over two days. This year's theme was 'Maintaining Perspective in Challenging Times' and we had a range of guest speakers including Nigel Latta, Paul Spain (Gorilla Technologies), Cameron Bagrie, Duncan Garner and Kent Johns.

We also took the opportunity to provide health clinics on the Friday to our captive audience, which included a dietician offering dietary advice, a registered nurse completing blood pressure, blood sugar and cholesterol tests, and a total body scan. These clinics were well utilised throughout the day.

As Branch Chair is important that the branch can provide the best education opportunities for not only our members but the wider PINZ community. Our initiative this year was to provide an online webinar-based platform suitable for the wider community who were unable to attend in person. This was well received with over 60 attendees viewing the Nigel Latta presentation online.

I am privileged to have a strong and active branch committee with similar goals and aspirations in providing quality education to our members and carrying out various branch functions. While branch committee work may be time-consuming, and it is completed on a volunteer basis, it is sometimes unappreciated. This work is rewarding, especially given the various members who you meet and can network with, but also for being able to host a range of successful events.

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PIP SINCLAIR

Wellington Branch Chair

I have always wanted to be a residential property valuer, and started my degree through Massey University extramurally at 37 with kids at home and three part-time jobs. In my final year of study I was lucky enough to get employment at TelferYoung in Wellington, and the amazing team there supported me through full-time work, as well as full-time third year study. We started a satellite Kāpiti office in 2021, and I was registered in 2022 and am now the Kāpiti residential specialist.

TelferYoung was bought by CBRE in 2022 and I am fortunate enough to be a part of an international organisation with a large scope of expertise, as well as a local team with specialist knowledge. The motivation to join the Institute came from the desire to network, to learn from others around me, and to give to the profession that I am so passionate about. I have always been good at organising and leadership, as well as learning from others and working together for the best outcomes.

My role as Branch Chair is a very important one to me. I feel very honoured to have the role, and very supported by the committee as well as the National Support Team to do the very best I can for our organisation and our members.

Being an election year it was relatively easy to secure speakers (don't politicians just love to talk?!). We are very fortunate to have Nick Goodall from CoreLogic living locally, so we often have him come and speak to our members and keep us up to date with the latest market trends and statistics. This means we can offer a broad range of events and in my opinion (most importantly) opportunities for networking and learning from each other.

For 2024, we plan to organise a graduate networking group and more educational, as well as social, events. We will be engaging with members, as well as property professionals who are not yet members, as to what we can offer them to help out in our profession.

For 2024, we plan to organise a graduate networking group and more educational, as well as social, events.

DAVID TRISTRAM
Central Otago Branch Chair

After graduating in 2007 I began my valuation career in Perth, Western Australia. The impacts of the Global Financial Crisis prompted a move to Sydney where I worked as a Commercial Asset Manager with Preston Rowe Paterson. In 2009, I returned to Perth where I joined Christie White Moore (now Opteon) and gained registration in 2010, practising as a residential valuer before moving into the Commercial Team in 2014.

In 2017, I made the move to Queenstown with my family. Here I established Opteon's Queenstown office. In 2021, I joined TelferYoung and opened the Central Lakes office, which after the 2022 merger is now known as CBRE.

Through working with a range of companies, locations and in a variety of roles, I have had the benefit and support of working with and learning from a wide range of peers. Moving to a small regional area, my involvement with the local PINZ branch was a fundamental continuation of this. Through my roles as committee member, secretary and now Chair, I continue to connect with and learn from my industry peers.

The presence of PINZ in regional areas is fundamental to supporting property professionals to connect and establish professional relationships with their peers. This is particularly relevant for the central Otago area where property values are at some of the highest levels in the country and transactions are not as frequent.

The story behind a sale is often key to the sound analysis and interpretation of the market. Networking through the PINZ group facilitates cross-company market discussion that ultimately strengthens the quality of advice provided by the wider profession. This has been especially relevant when considering the impact COVID-19 has had on our local market over the last few years.

Looking to 2024, the local branch is excited to support the high-quality national CPD programme, with local events helping our members connect and develop professionally

Networking through the PINZ group facilitates cross-company market discussion that ultimately strengthens the quality of advice provided by the wider profession.

NEIGHBOURLY DUTY
protecting each other from Mother Nature's wrath

NICK WILSON & MATHEW THOMPSON

This article delves into landowners' measured duty of care in protecting neighbours from natural hazards, offering insights into risk mitigation strategies and the potential legal consequences when this duty is not met.

Understanding legal responsibilities

Natural disasters are an unfortunate reality capable of affecting any region and bringing devastation to communities. Whether it is the aftermath of the Canterbury earthquakes, or recent events like the Auckland and Hawke's Bay flooding, understanding the legal responsibilities that landowners bear towards their neighbours becomes imperative.

Every landowner has a fundamental duty of care not to use their land in ways that harm their neighbours' properties. However, it is important that landowners recognise that they might also have an obligation to safeguard their neighbour's land from damage caused by natural hazards originating on their property.

The recent ruling in *Young v Attorney-General* by the Supreme Court, the highest legal authority in New Zealand, has shed light on the concept of a 'measured duty of care'. This landmark case emerged following the aftermath of the 2010-2011 Canterbury earthquakes, which inflicted severe damage to cliffs above a Christchurch property, triggering rockfall onto the property below. It offers valuable insights into the responsibilities that landowners bear when it comes to providing a measured duty of care in such situations.

In this article, we will explore the concept of the measured duty of care that landowners owe to their neighbours in the context of natural hazards, including:

- Examining the fundamental principle underpinning a measured duty of care
- Examining the Supreme Court judgment
- Delving into and assessing the responsibilities placed on landowners to shield their neighbours, together with the associated rights landowners have
- Providing practical recommendations for landowners in navigating their responsibilities and obligations.

What is 'measured' duty of care?

A measured duty of care is owed by one landowner to another when there is a natural hazard on their land that threatens the other's property without any human intervention or fault involved. In the context of natural hazards, such as earthquakes, storms, or floods, it is crucial to acknowledge that your actions or inaction can directly influence the protection of your neighbour's property.

The concept of a measured duty of care, akin to principles in many other countries, is rooted in common law. Essentially, it mandates that individuals and entities must act responsibly and take reasonable measures to prevent harm to others when their actions (or lack thereof) could reasonably foreseeably cause harm.

The concept of a measured duty of care, akin to principles in many other countries, is rooted in common law.

In the context of landowners and natural hazards, this measured duty of care centres on taking sensible precautions to safeguard neighbours and their properties. It is termed a 'measured duty of care' to acknowledge that the damage does not result directly from the landowner's actions or inactions, and does not impose strict liability on a landowner, as it is not fully responsible for the consequences of a natural hazard.

Liability typically arises when the landowner has the capacity to remove or mitigate a hazard that might cause damage, yet fails to do so. Examples of the concept arising, include situations where:

- A landowner failed to remove a blockage in a drainage system and subsequent rainfall resulted in flooding to an adjoining property
- A landowner whose tree caught on fire as a result of a lightning strike, and rather than putting the fire out decided to let it burn out, which led to fire spread to an adjacent property
- A second floor owner failed to maintain his roof and, following rainfall, the ground floor property suffered water damage.

New Zealand's legal system has embraced the 'neighbour principle' derived from the renowned case of *Donoghue v Stevenson*. This principle dictates that you must take reasonable steps to prevent actions or omissions that you can foresee would likely harm your neighbour. In the context of natural hazards, this translates to a duty of care owed to those who may be impacted by your decisions or actions related to such hazards.

The concept of a measured duty of care stands apart from the landmark case of *Rylands v Fletcher*, which established a legal precedent concerning strict liability for harm arising from the escape of hazardous or non-natural elements from one property to another where there is non-natural use of land (as opposed to risk from solely natural hazards). While there are similarities in the sense that both deal with liability for harm to neighbours, the legal principle and applications are distinct.

Supreme Court case – *Young v Attorney-General*

In the case of *Young v Attorney-General [2023]* NZSC 142, the Supreme Court was presented with a situation where the cliffs above Mr Young's property sustained damage during the 2010-2011 Canterbury earthquakes, resulting in a substantial rockfall onto Mr Young's land. In response to this, Mr Young initiated legal proceedings against the Crown, which purchased the clifftop land following the earthquakes as the land was dangerous to occupy and within Christchurch's 'red zone', invoking the tort of private nuisance. Mr Young alleged that the Crown had not fulfilled its measured duty of care obligation, which required taking reasonable actions to prevent or reduce harm arising from the potential of rockfall.

Ultimately, the Supreme Court ruled against Mr Young. The Court underscored that determining what constitutes 'reasonable' in each case hinges heavily on the specific circumstances. When a natural hazard can be eliminated with minimal effort and little to no expense, the legal assessment is more straightforward. However, in cases like this one, where the cost of mitigating the risk is substantial, the evaluation becomes more complex.

The Court highlighted several factors that were pertinent to this case, emphasising that the term 'measured' implies a duty that is tailored and limited in scope:

- the practicability of the proposed remedial action
- the extent and cost of the necessary works
- the locality, which may impact on the scale and therefore the reasonableness of remediation measures
- whether the hazard was solely on the defendant's property or shared across both properties
- any underlying statutory framework (e.g. here the Crown purchased the clifftop land not to occupy or develop it but as a 'rescuer')
- whether remedial work would benefit both parties.

> An essential factor in determining the extent of the measured duty of care is the foreseeability of damage.

The Supreme Court intentionally kept the question of whether the relative financial capabilities of the parties played a role in the case open-ended. This means that it didn't definitively establish whether, for instance, the Crown or a council might be expected to take more extensive measures compared to a private landowner with less resources. The Supreme Court concluded that resolving this issue was not necessary in light of the overall judgment.

Applying the aforementioned legal principles, the Supreme Court determined that the engineering works to stabilise the cliff and enable some of Mr Young's land to become safely usable was neither feasible from a cost and implementation perspective nor proportionate, considering the disparity between the expenses involved and the land's value. The Court considered the shared nature of the hazard across both properties (much of the rock had originated on Mr Young's land) and the circumstances of the Crown's acquisition of the adjacent land following a natural disaster (in this case the Crown had purchased not with the intention to develop but as 'rescuer' of the former owners of the red zoned properties), alongside the aim of achieving fairness and safety.

In contrast to the Court of Appeal's perspective, the Supreme Court did not regard the Crown's offer to purchase Mr Young's land within the 'red zone' as relevant to the measured duty of care owed. This offer was made by the Crown under the earthquake recovery legislation and would not have been expected from a private landowner.

Considering all these factors, the Supreme Court held that the 'measured' duty of care obligated the Crown only to provide warning to Mr Young about rockfall risks and facilitate property access for Mr Young over its land, both of which the Crown had done. Therefore, the Supreme Court considered that the Crown had fulfilled its obligations, and it was not obligated to financially support or contribute to the restoration of Mr Young's land or compensate for the property's loss in value.

Anticipating potential harm

An essential factor in determining the extent of the measured duty of care is the foreseeability of damage. Landowners should assess what types of natural disasters are reasonably foreseeable in their specific region. For instance, if you own property in an earthquake-prone area, you may anticipate that your actions (or inactions) could affect neighbouring properties during such an event.

The initial step involves identifying and evaluating potential hazards on your land that could result from a natural disaster. This might entail conducting regular property inspections, seeking expert guidance, or staying well informed about local environmental conditions. Gaining a comprehensive understanding of these risks should better equip you to prepare adequately and take effective steps to mitigate them.

Risk mitigation

Landowners should understand their obligations to neighbours and understand the rights they may have if a natural hazard originating from a neighbour's property causes damage to their own.

Prevention plays a pivotal role in safeguarding neighbouring properties from natural hazards. This includes maintaining your property in a reasonable condition, removing debris, trimming trees, and securing loose objects that could become dangerous projectiles during severe weather conditions. Furthermore, implementing efficient drainage systems and fire-resistant landscaping can significantly reduce the risk of flooding or wildfires affecting nearby properties.

Landowners should take reasonable measures, as discussed above in *Young v Attorney-General*, to mitigate risks to their neighbour's properties arising from natural hazards. Undertaking the following measures should reduce a landowner's chances of breaching its measured duty of care:

1. **Building and maintenance:** Ensuring that structures on your property conform to safety standards and receive regular maintenance to withstand foreseeable natural disasters.
2. **Hazard identification:** Recognising potential hazards on your property that could impact neighbouring properties, such as unstable terrain or trees susceptible to falling during storms.
3. **Compliance with regulations:** Adhering to local building codes and zoning regulations designed to minimise risks and ensure safety.
4. **Communication:** Sharing pertinent information about potential hazards and safety measures with neighbours to collectively prepare for natural disasters.

Neglecting the duty of care can result in legal consequences, potentially leading to liability for damages.

Legal consequences

Neglecting the duty of care can result in legal consequences, potentially leading to liability for damages. Likewise, if your property falls victim to a natural hazard and your neighbour fails to meet the measured duty of care owed, you might have a valid claim for any damages inflicted upon your property.

While the Crown fulfilled its duty in the case above, the specific requirements can vary depending on the unique circumstances of each situation. Nonetheless, this case implies that the Supreme Court is cautious about imposing an excessive burden on landowners to rectify damage stemming from natural hazards. Landowners who neglect their responsibilities to mitigate risks or that disregard laws or local authority requirements could be held accountable for harm sustained by their neighbours.

The measured duty of care pertaining to natural hazards is a common law concept aimed at safeguarding individuals and their properties from the potential harm that such hazards may cause. Property owners and occupiers, and local authorities, can play a critical role in ensuring the safety of neighbouring properties in the face of natural disasters. Being well informed, taking appropriate measures, and collaborating with others are fundamental aspects of fulfilling this duty of care

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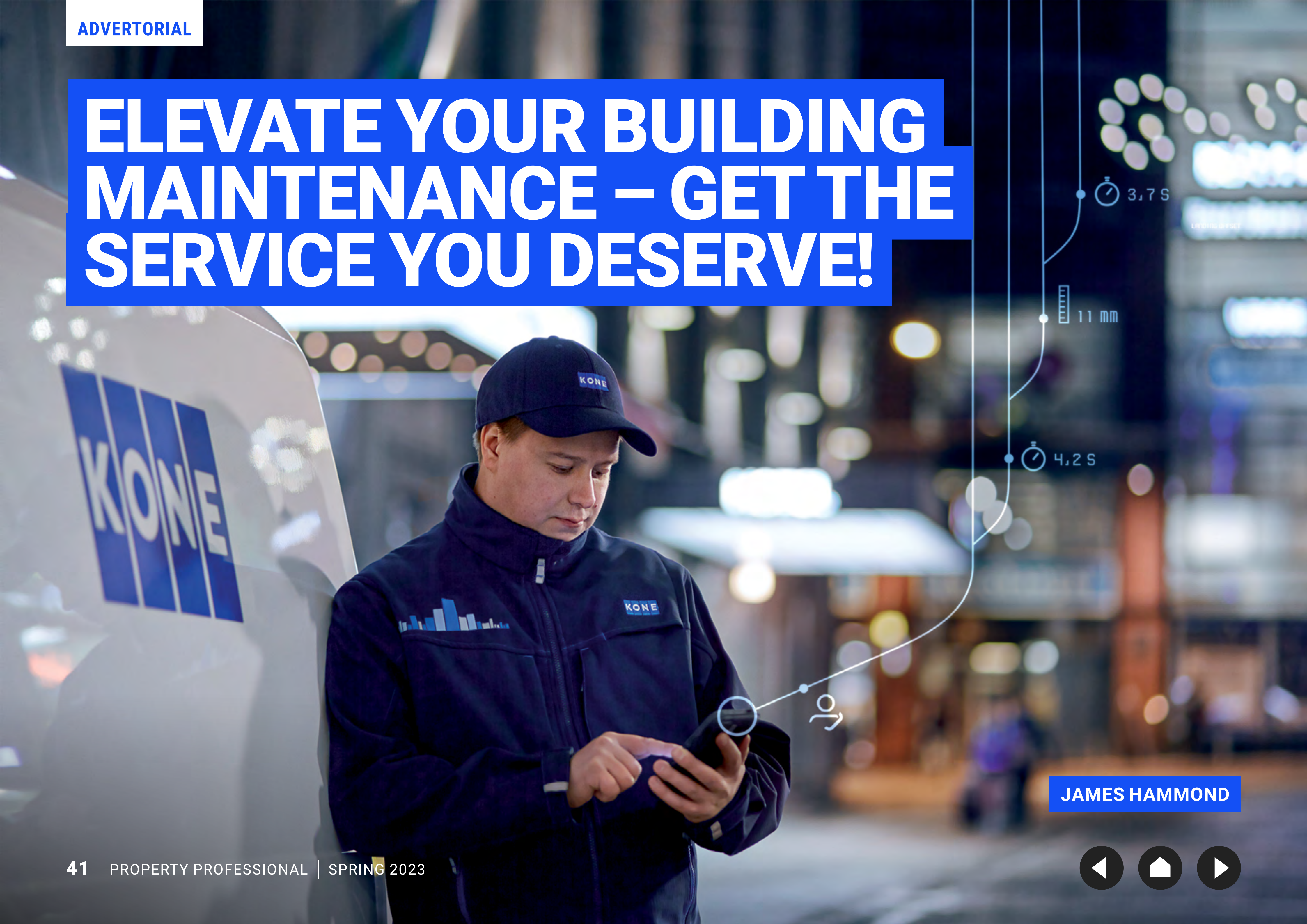
ELEVATE YOUR BUILDING MAINTENANCE – GET THE SERVICE YOU DESERVE!



JAMES HAMMOND

Staying ahead of the curve

Unexpected car breakdowns and accompanying repairs are inconvenient, frustrating and stressful, especially when you have a busy day ahead. However, with proactive care this could be prevented with regular servicing and maintenance, to ensure your car is always ready to go for a reliable, safe drive.

Similarly, this is the same for the equipment in your building. Whether it's the escalators that take you to the next level, or the elevators that take you to the carpark, you want full transparency of your equipment's health status to avoid the unexpected.

In the dynamic world of property management, staying ahead of the curve is not just a goal – it's a necessity. As the needs of property owners and tenants evolve, property professionals in New Zealand are turning to innovative solutions to meet these ever-changing demands.

A solution making waves is KONE's 24/7 Connected Services, a game-changing maintenance system that empowers users with complete transparency regarding the health status of their equipment.

In this article, we delve into the significance of KONE's 24/7 Connected Services in New Zealand's property management landscape, emphasising the vital role of KONE's technical support groups in ensuring seamless operations.

KONE's 24/7 Connected Services is a game-changing maintenance system that empowers users with complete transparency regarding the health status of their equipment.

Understanding KONE's 24/7 Connected Services

KONE's 24/7 Connected Services is a revolutionary maintenance solution that has redefined how property professionals manage their equipment.

This cutting-edge system empowers users, including building managers and facility managers, with real-time insights into the condition and performance of their critical equipment. With this information at your fingertips, you can anticipate potential issues and address them proactively, preventing costly breakdowns and disruptions.

Tania Wright, Service Director at KONE Australia and New Zealand, comments, 'With KONE's 24/7 Connected Services, our nationwide network of maintenance teams can now better predict, maintain, and take prompt action, keeping technicians one step ahead at all times.

'By utilising this breakthrough technology, we can improve safety, offer full transparency, and ease of mind for all our clients, making KONE a trusted partner for facility managers across New Zealand.'

Key features of KONE's 24/7 Connected Services

- **Real-time equipment health monitoring:** KONE's system continuously monitors the condition and performance of critical equipment, providing invaluable insights into the wellbeing of assets.
- **Predictive maintenance:** Armed with data and analytics, property professionals can predict maintenance needs well in advance. This allows them to schedule maintenance activities at optimal times, reducing downtime and inconvenience to tenants.
- **Remote diagnostics:** KONE's technical support teams can remotely diagnose equipment issues, often resolving them without the need for an on-site visit. This efficiency not only saves time but also minimises service costs.
- **Seamless integration:** KONE's 24/7 Connected Services seamlessly integrates with existing building management systems, making it a versatile and adaptable solution for properties of all types and sizes.
- **Data-driven decision-making:** The wealth of data generated by KONE's system enables property professionals to make informed decisions about equipment upgrades, replacements and long-term maintenance planning.

The role of KONE's technical support groups

Behind the scenes of KONE's 24/7 Connected Services is a dedicated team of technical experts. These professionals form the backbone of the system, ensuring it runs smoothly:

- **Round-the-clock availability:** KONE's technical support groups operate 24/7, mirroring the system's capabilities. This means that property managers and facility operators always have access to assistance, no matter the time of day or night.
- **National reach:** KONE's maintenance teams are strategically positioned across the country, ensuring that help is never too far away. This broad coverage minimises response times and ensures that critical issues are addressed promptly.
- **Brand trustworthiness:** Trust is paramount when it comes to entrusting your property's equipment to a service provider. KONE's technical support groups' expertise and reliability reinforce the trust property owners and managers place in the KONE brand.
- **Multi-brand expertise:** KONE's technical support groups are equipped to handle equipment from various brands, underlining their versatility and capability to service a wide range of properties and systems.

The New Zealand experience with KONE

New Zealand has always been at the forefront of embracing innovation, and its property management sector is no exception. The adoption of KONE's 24/7 Connected Services and the reliance on expert technical support groups are a testament to the country's forward-thinking approach.

The property management landscape has witnessed several benefits due to these innovations:

- **Enhanced tenant satisfaction:** Tenants appreciate the seamless experience offered by properties equipped with functional services. The assurance of prompt issue resolution and minimal disruptions significantly boosts tenant satisfaction and retention rates.
- **Asset protection:** By addressing maintenance needs proactively, property owners safeguard their investments. The preventive nature of KONE's 24/7 Connected Services ensures that equipment operates optimally and enjoys a longer lifespan.
- **Operational efficiency:** Property managers can streamline their daily operations, thanks to the reliability and efficiency of KONE's technical support groups. This enables them to focus on strategic management tasks and tenant relations.
- **Competitive edge:** Property management companies that partner with KONE and offer 24/7 Connected Services have a considerable competitive edge in the market. These services can be a strong selling point when attracting property owners and tenants seeking top-notch service.

ADVERTORIAL

The rise of KONE's 24/7 Connected Services and the indispensable role played by KONE's technical support groups have reshaped property management in New Zealand.

These innovative solutions empower property professionals with real-time insights, proactive maintenance capabilities, and expert support, ensuring that properties run smoothly and both facility managers and tenants are satisfied.

As technology continues to evolve, property managers and owners can look forward to even more advanced tools and strategies, cementing New Zealand's position as a leader in modern property management practices.

Trusting in the capabilities of KONE's 24/7 Connected Services and technical support groups is not just a leap forward; it's the future of property management in New Zealand

James Hammond, National Service Sales Manager at KONE New Zealand. Email: james.hammond@kone.com

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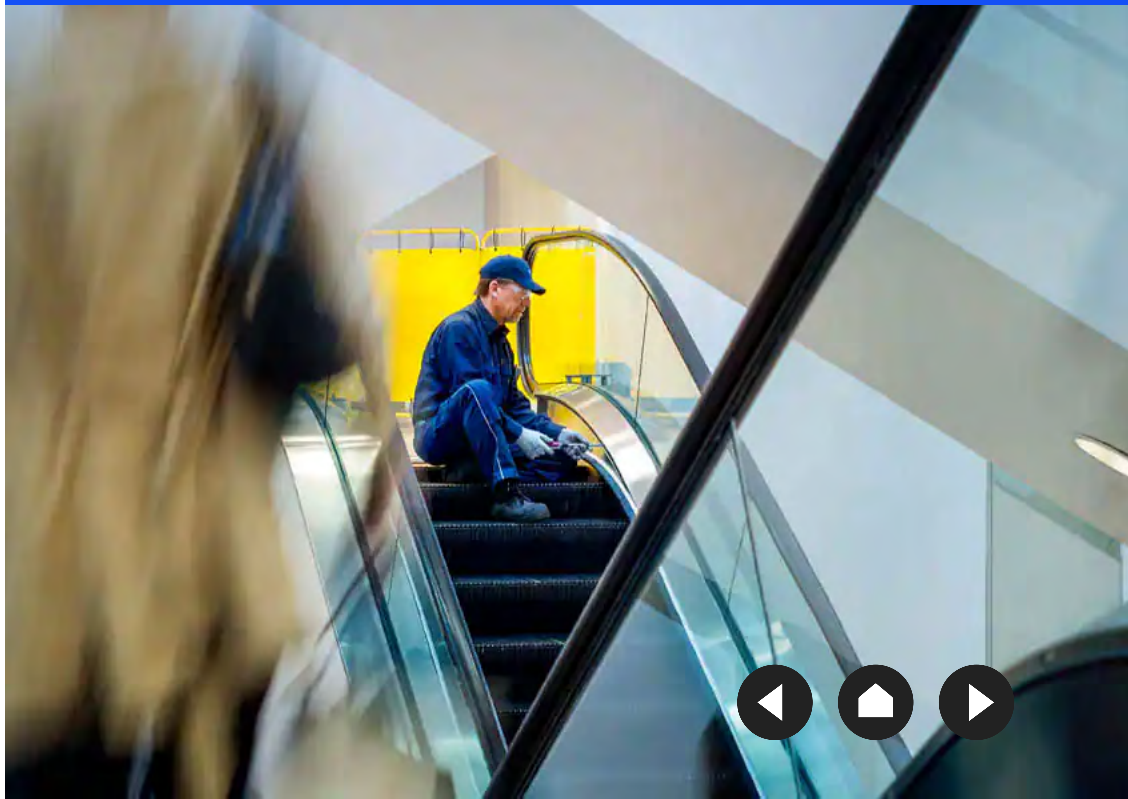

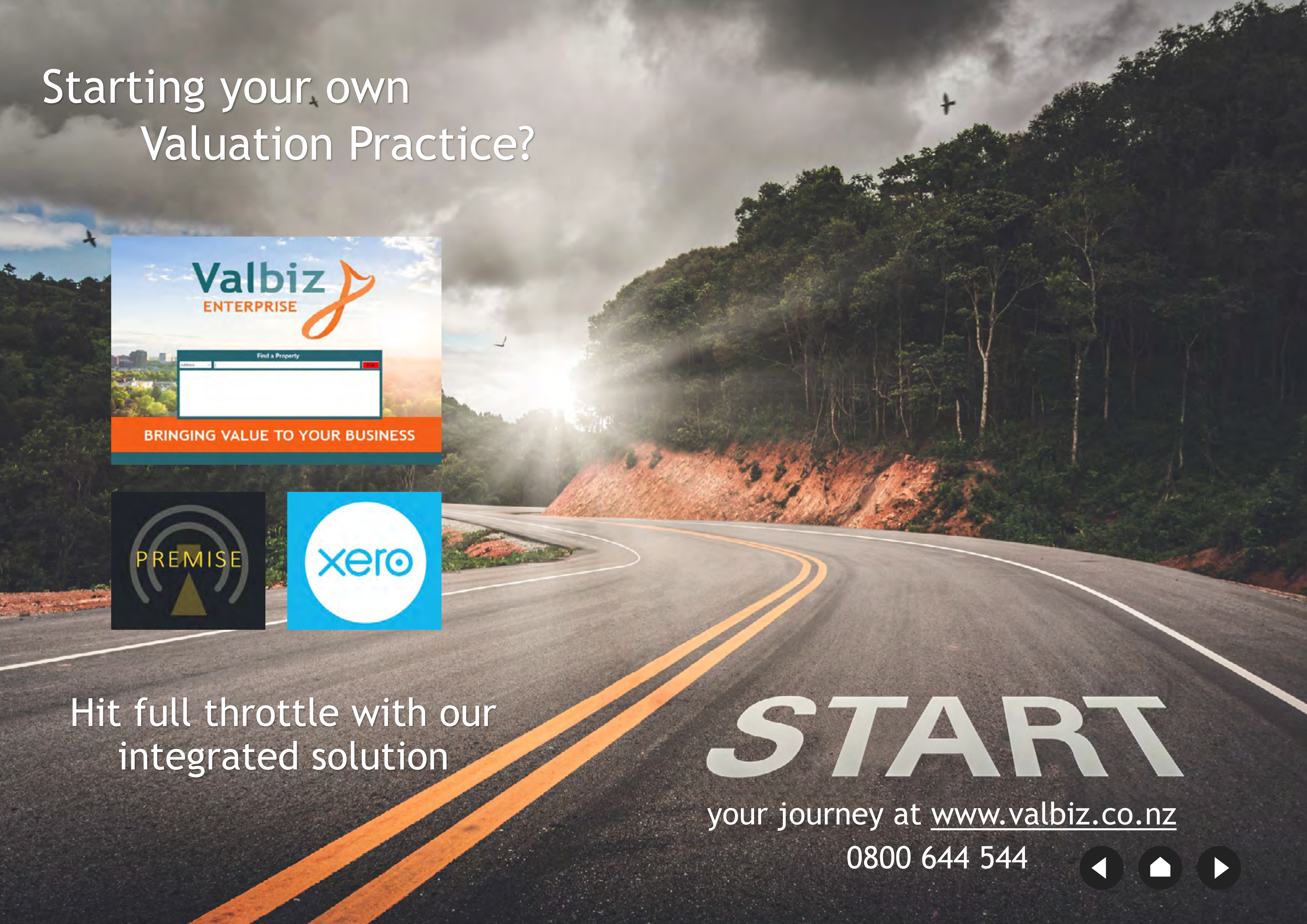
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Simpson Grierson's national team of property specialists can identify risks at the earliest possible stage of a transaction, leading to better planning and wiser decision-making.

Our team has advised on some of our country's most significant and ground-breaking developments, providing strategic advice to investors, developers, landlords and tenants, and organisations undertaking major infrastructure projects.

We operate across a range of sectors including commercial, industrial, forestry and other agribusiness, renewable energy, tourism and hotels, aged care / retirement and local and central government.

We also work collaboratively across our firm's other specialist practice areas, so if your development requires commercially-sound and cost-effective advice in taxation/structuring, construction, dispute resolution, resource management or property finance, we've got you covered.

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