



Murray Potts Property Consultant

PROPERTY UPDATE

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CALL TODAY FOR A CURRENT MARKET UPDATE

CHANGING TITLES FROM CROSS LEASE TO "FEE SIMPLE"

Madeleine owned a house which was part of a "cross leased" title. The cross leased property consisted of one older original home with her house built out the back.

She wanted to extend her house and was advised by her lawyer that she couldn't do so without consent from the owner of the other house on the title and having a new title plan prepared, which would involve significant surveying and legal costs. It was suggested to Madeleine that she consider changing the title to "fee simple" so there would be no such restriction on extending the house.

Cross leased properties are properties where two or more owners share ownership of underlying land and "lease" their properties from the other owner. There are restrictions associated with these titles, including an inability to build outside the original plan of the house on the title and having to obtain the other owner's consent to adding to the property.

There are a number of things to take into account when considering changing your title from cross lease to fee simple, including:

- Is the land size big enough for Council to consent to a separate title being issued?
- Will the other owner consents to the change (as their title will also change)?
- If you have borrowings, your bank will need to provide consent to the change
- Costs can be high, including legal costs, survey costs and potentially costs of upgrading services to the property.

It is recommended that you take legal and other professional advice before considering changing your title.

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

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Subject: Logan Brown contest Email: Your name, address, contact phone number and the name of the agent who sent you the newsletter.

Newsletter sent to me by of Leaders in Real Estate

Name

Address

Telephone Email

Last month's winner was: C Blackwell of Crofton Downs

YOUR PROPERTY INVESTMENT AND THE TAX YOU PAY

The tax you are liable for when investing in property will be determined by the "status" of your investment. Getting your status right isn't always that easy to determine. Hopefully this explanation from IRD will assist.

Property investor is a collective term for property speculators, dealers, and investors. However, they are each treated very differently under tax law.

Three main factors can determine your status as a property buyer for tax purposes:

- Your intention when you buy a property
- The patterns of your previous property transactions
- Your association to a builder, property dealer, or developer.

The category you fall into isn't determined by what the property is called or how the activity is described. For example, it may be marketed as a "rental investment" with strong "capital gain" potential, but your firm intention or prior pattern is the factor that determines its tax treatment or if you're involved in or associated with someone in the business of building, dealing, developing, or dealing with land. The rules may be different if you've been associated with a person or entity involved in the business of building, dealing, developing or sub-dividing land.

If you're an **investor** you buy a property to use it to generate ongoing rental income and not with any firm intent of resale. The property is a capital asset and any later profit or loss from selling the property is capital and isn't taxable (apart from clawing back any depreciation, which is now recoverable). Property investors sometimes refer to a "buy and hold" strategy. This approach is most likely to mean you are a property investor for tax purposes. Investors will investigate and analyse future revenue streams, and any gain made on the sale of the property is incidental. Their investment is soundly based on a return from the rental income. Investors pay income tax on their net rental income but generally not on the eventual sale proceeds of the property.

If you buy a property intending to resell it, or you intend to sell it after making improvements to it, you are likely to be a **speculator** or a **dealer**. Renting your property temporarily doesn't change your tax treatment either - you're still a speculator or a dealer.

More details: <http://www.ird.govt.nz/property/property-common-mistakes/mistake-dealing-with-investment/#facts>

WELLINGTON REGIONAL COMPARISON

SALES AREA	MEDIAN DAYS TO SELL				MEDIAN SALE PRICE		SALES AREA	MEDIAN DAYS TO SELL				MEDIAN SALE PRICE	
	JAN 13	JAN 14	JAN 13	JAN 14	JAN 13	JAN 14		JAN 13	JAN 14	JAN 13	JAN 14		
					\$000s	\$000s							
Wairarapa	47	55	57	51	\$255	\$270	Pukerua Bay/Tawa	61	57	67	39	\$423	\$370
Wellington Central	34	22	66	41	\$470	\$493	Lower Hutt	104	89	48	44	\$306	\$375
Wellington West	30	25	26	37	\$524	\$535	Upper Hutt	61	36	55	38	\$324	\$298
Wellington East	32	24	40	43	\$580	\$520	Otaki/Paekakariki	85	71	59	48	\$350	\$335
Wellington South	28	22	30	40	\$506	\$495	Levin	30	26	51	61	\$187	\$168
Wellington North	57	37	42	40	\$415	\$482	Comparative sales figures compiled from the Real Estate Institute of NZ statistics						



Murray Potts

Please call me ANYTIME to discuss your Real Estate needs.
office 479 2099 after hours 479 4665 mobile 0274 441760

Recent Wellington Residential Property Sales

Street Name	Suburb	Beds	SOLD	
Orissa Crescent	Broadmeadows	2	\$307,000	\$300,000
Hindipur Tce	Broadmeadows	3	\$455,000	\$450,000
Nalanda Cres	Broadmeadows	3	\$537,000	\$490,000
Cleveland St	Brooklyn	3	\$191,213	\$550,000
Colorado Gr	Brooklyn	3	\$451,000	\$325,000
Amesbury Dive	Churton Park	4	\$590,000	\$600,000
Amesbury Drive	Churton Park	6	\$850,000	\$800,000
Mark Avenue	Grenada	3	\$619,000	\$600,000
Dominica Cres	Grenada	3	\$285,000	\$330,000
Te Anau Road	Hataitai	4	\$865,000	\$940,000
Alexandra Rd	Hataitai	3	\$540,000	\$500,000
Houghton Bay Rd	Houghton Bay	3	\$520,000	\$510,000
Ribble Street	Island Bay	3	\$590,000	\$650,000
Jackson St	Island Bay	3	\$567,000	\$600,000
Ribble St	Island Bay	3	\$580,000	\$570,000
Dominion Park St	Johnsonville	2	\$331,000	\$320,000
Cresswell Pl	Johnsonville	4	\$620,000	\$150,000
Woodland Road	Johnsonville	4	\$510,000	\$500,000
Peter Button Pl	Johnsonville	3	\$480,000	\$440,000
Hawtreys Tce	Johnsonville	4	\$428,000	\$435,000
Bassett Rd	Johnsonville	3	\$400,000	\$400,000
Parkvale Road	Karori	3	\$633,000	\$580,000
Versailles St	Karori	4	\$45,500	\$475,000
Homewood Ave	Karori	5	\$1,750,000	\$1,550,000
Friend St	Karori	5	\$1,370,000	\$1,400,000
Hurman St	Karori	4	\$775,000	\$730,000
Hathaway Ave	Karori	4	\$415,000	\$390,000
Paddington Gr	Karori	4	\$325,000	\$365,000
Glenmore St	Kelburn	3	\$707,000	\$640,000

Street Name	Suburb	Beds	SOLD	
Woodmancote Rd	Khandallah	5	\$1,500,000	\$1,275,000
Baroda St	Khandallah	4	\$595,000	\$610,000
Clark St	Khandallah	4	\$820,000	\$740,000
Amapur Dr	Khandallah	4	\$681,500	\$670,000
Waru St	Khandallah	3	\$800,000	\$690,000
Mamaku Gr	Khandallah	4	\$687,500	\$610,000
Bridge St	Kilbirnie	2	\$455,000	\$430,000
Onepu Road	Lyll Bay	2	\$432,000	\$395,000
Queens Dr	Lyll Bay	2	\$450,000	\$415,000
Sutherland Rd	Lyll Bay	2	\$315,000	\$335,000
Ira St	Miramar	3	\$650,000	\$530,000
Argentine Ave	Miramar	3	\$706,000	\$580,000
Argentine Ave	Miramar	3	\$525,000	\$460,000
Para St	Miramar	3	\$584,000	\$570,000
Ellice St	Mt Victoria	4	\$665,000	\$700,000
Batchelor St	Newlands	4	\$395,000	\$395,000
Glanmire Rd	Newlands	3	\$448,000	\$390,000
Adelaide Rd	Newtown	4	\$490,000	\$490,000
Adelaide Rd	Newtown	2	\$455,500	\$440,000
Hungleith Park	Ngaio	3	\$492,000	\$490,000
Orangi Kaupapa	Northland	2	\$487,500	\$440,000
Beazley Ave	Paparangi	3	\$402,888	\$365,000
Seatoun Heights	Seatoun	3	\$515,000	\$465,000
Buckley Rd	Southgate	5	\$770,000	\$710,000
Breaker Bay Rd	Strathmore	2	\$460,000	\$1,050,000
Tinakori Road	Thorndon	4	\$800,000	\$740,000
Sefton St	Wadestown	4	\$750,000	\$700,000
Lower Watt St	Wadestown	4	\$1,688,500	\$1,350,000
Cabbage Tree Gr	Woodridge	4	\$480,000	\$465,000

Chris Ritchie

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Contact: Marie Baker (04) 494 1174 or (0274) 838 815 Email: mbaker@leaderspm.co.nz www.leaderspropertymanagement.co.nz

