

# Total Talk



March / April 2019

## Settlement Day - What Happens?

If you are purchasing, settlement day is the day you pay the balance of the purchase price and the property becomes yours. We often get questions from buyers and sellers about settlement day and the process that takes place. Below are some important tips, provided by [www.settled.govt.nz](http://www.settled.govt.nz).

- A number of things need to happen in sequence on settlement day between the buyer's lawyer, the seller's lawyer and the bank or lender.
- It is a good idea for the buyer to plan for possible delays when organising the move into their new home, for example, they may want to think about booking a moving company for the following day rather than settlement day.
- Settlement is managed by the lawyers, and there isn't anything for a buyer to do if all documents have been signed a few days earlier. Their lawyer will pay the purchase price to the seller's lawyer. The buyer's lawyer will also ensure ownership of the property transfers to them and register the change of ownership and any mortgage on the record of title.
- When the documentation and payment has been completed, the buyer's lawyer will let the buyer know. They can then collect the keys from their lawyer or from the agent, provided the agent has been given "key release" notification.
- Most settlements run smoothly, and the buyer has a new property by the end of the day. However, if anything does go wrong their lawyer is the first person to call if there is an issue. They will be able to answer any questions.
- The lawyers can also help negotiate between seller and buyer to remedy any issues and will work to try to reach a satisfactory solution.
- For buyers, when you have moved into your new home and have had time to catch your breath, there are a few things to think about:
  - Visit your local council website or neighbours to find out about recycling and rubbish days, library hours, local pools and civil defence meeting points.
  - Get to know your neighbours in case of emergencies.
  - If you would like a settlement checklist sent through to you please email us at [enquiries@totalrealty.co.nz](mailto:enquiries@totalrealty.co.nz). We will be happy to send one out to you.

For more helpful info on the buying/selling process please visit [www.settled.govt.nz](http://www.settled.govt.nz).

## Capital Gains Tax Rejected

The government has announced that a capital gains tax will not be implemented for the foreseeable future after failing to reach a consensus within the coalition, with Winston Peters having vetoed the plan. The proposed capital gains tax would tax any gains made on any asset at the marginal tax rate of the individual or entity that made that gain.

In theory this sounds fairly straightforward, however in practice there were issues that made the tax difficult to implement. For example, every capital item would need to be valued on the day the tax is legislated - something not only impractical and expensive but also hard to do accurately - for example how do you value a going concern such as a small business? Normal valuation methodology gives a potential price range - and not a single value. Even the value of a property is generally within a range and the true value is not determined until it is sold. This creates the incentive for the asset owner to value the asset as highly as possible to minimize any future capital gains tax.

Another issue raised is that the majority of capital gain for property comes from inflation - for example over the last 10 years the average residential construction cost increased by 52% while property values increased by about 62%. Therefore the inflation adjusted gain is only about 1-2% per annum and the majority of the capital gain is paid on inflation instead of real gains as it is intended to be.

A Horizon Research survey conducted in March showed more NZ'ers support CGT than opposed it - 44% versus 35% with the remainder being neutral or undecided.

However now that CGT is off the table it gives the real estate market clarity about future tax obligations and buyers can purchase with more confidence, increasing the potential buyer pool and decreasing the time on the market.



## Myths Exposed

**Definition of 'Myth':** "an invented story, idea, or concept"

**Myth:** "Total Realty just wants a quick sale"

**THE TRUTH:**

Total Realty do not want a quick sale, we want the best sale. Independent research has shown time and time again that the best price is achieved when the property is fresh to the market. This is because at this point the buyer pool is the greatest and this creates the fiercest competition amongst buyers.

## Brain Workout - Sudoku

*Can you work out this "Jigsaw Sudoku"?*

		2		5				
4				3	6		7	
							8	
		3	1					2 7
6	5					2	3	
		4						
	7		1	4				6
				1		8		

Fill in the numbers from 1 to 9 without repeating any in a row or column, or outlined jigsaw piece!

Good Luck.

## Laughter is the best medicine



"I'm looking for an old mansion that has a hidden underground cave filled with high-tech crime fighting gadgets."



*"Thinking of selling? Call us today!"*

**Rachael Cone**, AREINZ  
Business Owner / Principal  
ph: 027 6600 604



# Stats - FROM THE - Street

## Median Sale Prices

Mar 2019 (vs Mar 2018)

<b>National</b> (+4.5%)	<b>\$585,000</b>
<b>Auckland</b> (-2.7%)	<b>\$856,000</b>
<b>Wellington</b> (+5.2%)	<b>\$620,000</b>
<b>Christchurch</b> (+2.2%)	<b>\$460,000</b>
<b>Nelson</b> (+9.4%)	<b>\$552,500</b>
<b>Dunedin</b> (+16.8%)	<b>\$439,000</b>

## What people are saying about us

"We chose Total Realty because of the lower commission fees and professional presentation of marketing materials. We also encountered agents during our property search and saw no difference between higher commission agencies and Total Realty.

Our agent was absolutely fantastic to deal with. A positive attitude and 'get things done' approach. Lovely to communicate with and did a wonderful job marketing the property for us and keeping everyone informed about the sale and the property."

**Nellie Sibaevea**