

welcome to



talk of the town

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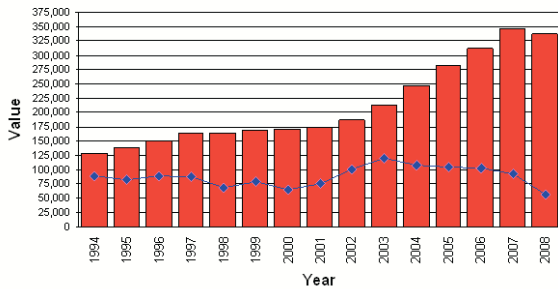
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PROPERTY - A Long Term Investment

Average National House Price



It has always been said that property is a medium / long term investment, gaining in value over time. This negates what often happens to sensationalise headlines with short term percentage falls and rises, so let's look at property over the past 15 years in New Zealand.

In 1994 the average cost of a home in New Zealand was \$125,000. At the end of 2008, the average price to buy a home was \$323,338. That's an increase over 15 years of 259%. Averaged out over these 15 years that's an annualised increase of \$13,223. Given these figures, your investment should double approximately every 9 to 10 years - give or take a little, depending on location and market trends. Some areas increase rapidly with external forces dictating market value, eg, proximity to highly desirable schools, water frontage or views, etc.

Over that same period the blue line running through the graph above shows the number of sales made. Starting with 1994, almost 90,000 sales were transacted, peaking in 2003 at 120,000. 2007 and 2008 have shown a downward trend in comparison to the dollar value of sales, however we are seeing those numbers stabilise and expect recovery in 2009. Real Estate is, and will continue to be, a sound investment if you look at the long term picture as it continues its historical cycle of increasing in value.

For the Professionals Annual Awards presented in March our congratulations go to:

TOP PROFESSIONALS NZ OFFICE
MacPherson Realty Ltd, Invercargill

**NO 1 PROFESSIONALS SALES AWARD
& TOP COMPANY AWARD**
Hutt City Ltd, Lower Hutt

Make a Difference

*We all want to make an impact on our world
- but how can we do it?*

Our Professionals team nationwide takes pleasure in being involved with various activities throughout the year. Whether it's sponsoring events, collecting for the Child Cancer Foundation or hosting our Christmas Lights spectacular, we are conscious that in order to make our town a better place to live, there's always room for extra things that can make a difference in our community. From work or home, it's the little things that add up and can make a big impact! That butterfly effect really is all it's cracked up to be... here are some ideas on how you can make an impact on your world.

- ★ **Join a community clean up day** or just get out there and make your own - encourage your family, friends and/or work mates to grab a rubbish bag, throw on some gloves and clear an area of rubbish. You'll be surprised at how much is out there and what a difference you can make. You can make it a fun and rewarding experience.
- ★ **Take on high school students for work experience.** Whether it's at your workplace or in your home, there are plenty of opportunities that can benefit students trying to get some hands on practical experience. It costs nothing except your time.
- ★ **Have a 'tin' day** - designate a day a month and encourage your workmates to bring in a tin of food to be donated to food banks, or make it a food for animals at the RSPCA - they are always looking for help from the public.
- ★ **Visit someone!** Do you know how many elderly people there are out that would just love someone that would visit and have a chat? Maybe you could buddy up with someone at a local rest-home and call in on a weekly basis to brighten up their day.
- ★ **Work together with friends, family or colleagues** on a community project. Identify a place that means something to you and work on beautifying it. The effort you put in is hugely outweighed by the satisfaction you get when you see the results.
- ★ **Take excess fruit and vegetables** that have done so well in your garden and give them to people who would appreciate a home grown treat.
- ★ **Offer to babysit free** for parents who need a break so they can have some time out! Finding money for a babysitter and then finding more to go out can often be out of reach for many young couples.

This list could go on and on. Think about what you could do that might be a good fit in your neighbourhood and make it your own.



Helping your children onto the property ladder

Growing student debt alongside current house prices may mean that many young people (our children) are being forced to delay buying their first home. More and more, parents are seeing their children in a place where it can almost seem insurmountable to take that first step on the property ladder. This is where the BoMaD (Bank of Mum & Dad) can consider coming in to help out and quite often remain their best chance. If there is enough equity sitting idly in the family home, this can be tapped into and a portion released to help out.

Cash Help

Half of all first-time buyers are given or loaned cash by their parents to help with their deposit. Nearly a quarter of parents use their investments and savings, while others provide indirect help by letting their children live at home for longer while they save for a deposit. If you as a parent or even grandparent can afford to help out with a gift of cash to help, there are multiple benefits to this magnanimous gesture.

The larger the deposit a buyer has, the lower their monthly mortgage repayments and also the better the interest rate they will be able to secure. For the parent or grandparent, gifting cash can also help reduce an inheritance tax liability, providing a person lives for at least seven years after making the gift. On a personal level, it is very satisfying to see where your gift has made a difference in the here and now rather than never seeing the benefits.

Remortgaging

Many parents who do not have the cash to give to their children can remortgage their own home to release money. An example of how this works might look like this:

- Ann, although she has a good income, could not manage to get a lump sum together for the deposit on her own.
- "Mum & Dad Bank" have remortgaged their home to help their daughter buy her first home.
- With her parents' assistance, Ann has had success and purchased her first home, and along with that, secured her first mortgage.
- Ann and her parents have agreed to a set interest amount she needs to pay back monthly to her parents.
- She has opted on a fixed interest rate for the next three years so that she is sure of her outgoings and knows that she can afford this commitment.

It is entirely over to the parents/grandparents as to how they wish to participate in this transaction, bearing in mind the legal restraints of gifting (above).

Act As A Guarantor

Most Lenders (Banks, Financial Institutions) will allow a parent to act as a guarantor for their child's mortgage, provided the parent has enough income to cover the debt. Some will require the parent to guarantee 100% while others allow a parent to cover a portion, for example 25%. Although the deposit may not be the issue for the child, the certainty that the bank wants, requires that a guarantor is in place.

The parent is not obliged to pay anything in monthly repayments if the child can cover this, but should the child default on payments, the Lender will pursue the parent.

The guarantee is indefinite and the parent has to trust that the child will be able to take on the mortgage debt in their own right. It can prove difficult to get a home loan approved based on a single salary but if a guarantor on the loan is provided, that can make a difference in meeting the lending criteria.

Outside The Square

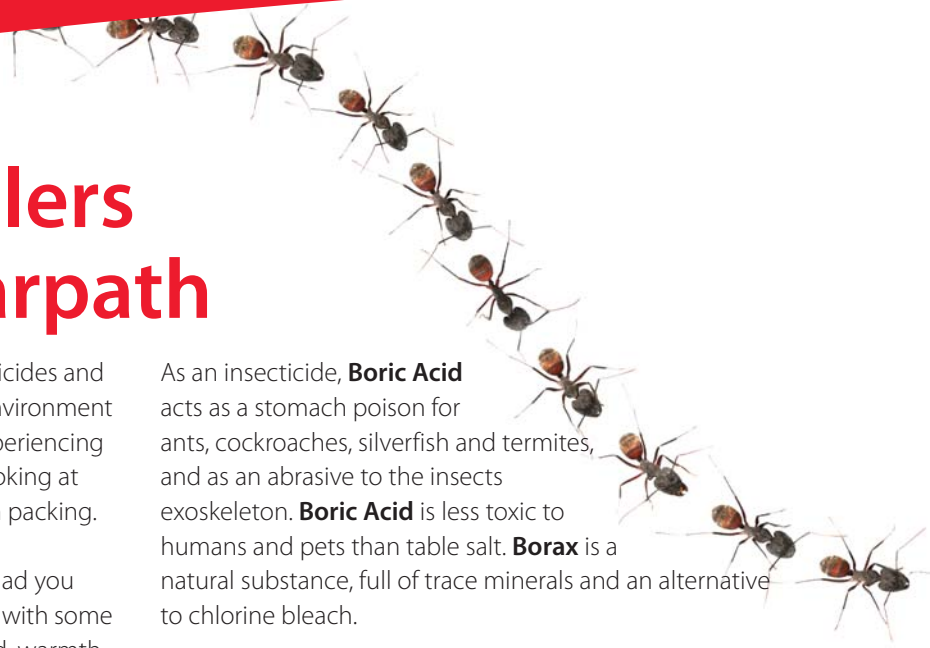
Rather than helping your children pay for the costs of their tertiary / university education, why not consider helping them buy their first house - either a residence or an investment property? Student loans are now interest free if living in New Zealand for 183 or more consecutive days. If this requirement is met, they would continue to be eligible.

In comparison, mortgages are not interest free. Your child will be financially better off by putting funds towards a house, and having a smaller mortgage.

Risks For Parents

There are some associated risks for parents. It is becoming common for banks to suggest that parents become joint borrowers (rather than simply guaranteeing their offspring's loan). However if loan payments fall behind, both borrowers become liable.

The parents' financial future needs to be considered, as well as those of other children. Remember that whatever financial decision is made, it will likely have an impact on parents/grandparents down the line. This may come in the form of future borrowing; the ability to draw down extra funds or limit spending for personal needs. If the worst case scenario happens and there is a requirement by law to meet mortgage repayments for children, have plans in place and be prepared. Before you do anything, the message is to seek independent legal advice in the first instance. At the end of the day, there can be a very rewarding and mutually beneficial outcome for both parents and children alike.



Natural Born Killers - On the Ant Warpath

The more we discover about synthetic pesticides, herbicides and insecticides the more we learn how they can risk the environment and the people and animals that live in it. If you are experiencing the frustration of pests sharing your home, consider looking at eco-friendly home remedies that might just send them packing.

Ants can be extremely unwelcome guests; no sooner had you thought you had eradicated them, they're back – along with some of their mates! They invade our homes in search of food, warmth and shelter; with cooler months closing in on us so do the ants.

With over 30 species of ants in NZ, the most common ones you will find are the White Footed Ant, the Darwin Ant and the Argentine Ant.

Often nesting in sandy soil, in the foundations of houses or under paving, they usually cause little harm. When they nest within a building or enter buildings foraging for food they can invade your space. Ants will often form trails from the food source to the entrance of their nest and are reasonably indiscriminate in their taste; enjoying both sweet and savoury treats.

If you are interested in making your own natural remedies, here are a few "anti-welcome" mats to combat not only ants but other pests as well.

- Sprinkle any of these on and around entry points: cayenne pepper, cinnamon, powdered charcoal, or talcum powder.
- Ants don't like Eucalyptus oil so a spray of this may deter them.
- Boiling water. The trick is to get the queen who is often deep underground. Digging away at the nest a little will allow the water to get down deep and do its work; as much as possible as quickly as possible will be more effective, so have plenty on hand.
- Spray white vinegar along doorways, windowsills, countertops; anywhere that ants are likely to appear. If you find an ant trail, clean it with vinegar.

As an insecticide, **Boric Acid** acts as a stomach poison for ants, cockroaches, silverfish and termites, and as an abrasive to the insects exoskeleton. **Boric Acid** is less toxic to humans and pets than table salt. **Borax** is a natural substance, full of trace minerals and an alternative to chlorine bleach.

- Mix 2 tablespoons of Boric Acid with half a cup of mint jelly, honey or anything thick and sweet. Place the bait on small cardboard squares and position these "bait stations" in areas where pests are noticed. When these insects walk through it, the Boric Acid sticks to their legs and is carried back to the colony. The fine powder is ingested as the insects groom each other.
- This bait containing Boric Acid & Borax creates a slow-acting poison. Mix together the following:
 - 500 ml water
 - 400g sugar
 - 50g honey
 - 50g Borax
 - 50g Boric Acid

Heat the mixture to make a syrup. Soak some cake/bread in the mixture, place in a plastic bag with a small hole in it and place under cover somewhere near known ant infestations. This can take several days to work while the worker ants take the bait back to the nest. Keep the bait moist and outdoors close to where you can see they are trying to get inside.

Natural pest control can be a great non-toxic solution to keeping your home ant free and a happier place for you and your family.

And on a lighter note... Some Ant Lore!

- Eating ant eggs with honey is a traditional cure for the love-lorn, not totally guaranteed to raise the spirits though.
- It is very lucky to find an ant nest near an entrance to your property as they are a sign that prosperity and financial success are on their way.
- Many countries see ants on the move as an omen of bad weather, stepping on any ants means that heavy rain will follow.