

# RBNZ agrees on need for better data on foreign buyers; Labour says LVR restrictions on Auckland landlords clears way for foreign cash buyers to scoop up properties; Wheeler downplays rent fears

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**By Bernard Hickey**

The Reserve Bank of New Zealand has agreed with Opposition calls for better data collection on the extent of non-resident buying in New Zealand as it grapples with annual Auckland house price inflation nearing 20%.

Governor Graeme Wheeler agreed that better data collection was needed when asked about the issue in a news conference announcing targeted restrictions on high Loan to Value Ratio lending to rental property investors in Auckland.

Wheeler also discussed the issue at a Finance and Expenditure Select Committee hearing after the release of the Reserve Bank's half yearly Financial Stability Report. He said the bank's rough estimate was that 10% of buyers were non-resident, but that better data was needed.

Labour and New Zealand First have both repeatedly called for a foreign buyers register ahead of restrictions on non resident buyers, potentially similar to ones in place in Australia, where non-residents can only buy new properties or properties off the plan, rather than existing properties. Australian figures show non-residents are responsible for 25-30% of all property sales in Melbourne and Sydney.

Labour Finance Spokesman Grant Robertson later told reporters that the Reserve Bank was doing a better job responding to Auckland's housing crisis than the Government.

Asked if non-residents buying 10% of properties was a problem, Robertson said: "Even at 10%, that's a significant impact on the market. We don't know the full details of that, and that's the point the Reserve Bank governor is making as well now. We need to be collecting the information on this. The government has had calls for that for years now and it has done nothing."

However, Robertson said he was concerned that the new restrictions on local landlords without foreign buyer restrictions could clear the field for cashed up non-residents to buy an even bigger share of the houses for sale.

"That actually opens up more opportunity for foreign speculators. If you have got cashed up buyers overseas, they now have an opening in the market because there is further restrictions on New Zealanders," Robertson said.

"We want to make sure the government closes that loophole," he said.

"But the Reserve Bank shouldn't be where all our housing policy is made. The government's got a responsibility to make housing policy and deal with issues like speculation from offshore."

### **The Victorian model?**

Robertson said the Government also needed to look at models used overseas to restrict foreign buyers, including one announced last month in Victoria where foreign buyers paid a 3% tax.

"The government is responsible for dealing with housing supply issues and also for these demand issues, which are not within the Reserve Bank's mandates, and they have effectively given up. They have outsourced housing policy to the Reserve Bank and that isn't good enough," Robertson said.

### **Deemed rate of return?**

Robertson was then asked about an option for taxing rental property investors first raised last month by former Treasury Deputy Secretary John Crawford in [this opinion piece on Interest](#).

"I have seen John Crawford's proposal and I think it is interesting and it is worthy of us having a look at. Whether a fully fledged capital gains tax is the way to do that is what we are now reviewing. But we believe there is a range of measures available. A deemed rate of terms is one of those and we are certainly looking at it," Robertson said.

### **Higher rents?**

Elsewhere in the select committee hearing, Wheeler downplayed fears expressed by landlords about the restrictions increasing rents.

"We don't see that rents are likely to rise significantly. They shouldn't rise, if for example, new owner-occupiers take the place of investors," Wheeler said.

"There is a real opportunity and incentive, for owner-occupiers and particularly first home buyers, to hopefully be able to take advantage of this," he said.