



The Investor's Edge

The Guide to Becoming a New Build Investor

equiti

Introduction

Welcome to The Investor's Edge, your guide designed specifically for new investors in New Zealand.

Whether you are looking to secure your financial future, build a legacy for your family, or simply make your money work harder, property investment remains one of the most reliable vehicles for wealth creation. This guide breaks down the essential concepts, from leveraging equity and managing risk to building a world-class team, providing you with a tangible resource to reference as you navigate the market.

In just a short time, you will gain the clarity and confidence needed to move from "thinking about it" to taking action.



Contents

1. What You Need to Know Before You Start

- The Retirement Shortfall
- Your Golden Ticket
- Equity and Leverage
- The Power of Leverage in Action
- Serviceability
- Capital Gains vs. Yield

2. The Pre-Purchase Phase

- The New Build Advantage
- The Approval Process
- Funding Your Purchase
- Where to Buy and Why

3. De-Risking Your Investment

- Types of Property
- New Build Guarantees
- The Importance of Due Diligence
- What Your Solicitor Will Check
- Managing Risks and Rewards
- Building a Portfolio for Retirement

4. Building Your Professional Team

- Who You Need in Your Corner

5. Collaborating with equiti

- The equiti Advantage
- Meet the Team
- Our Proven Eight Step Process
- Don't Just Take Our Word for it

6. Bringing it All Together

1. What You Need to Know Before You Start

Before diving into the market, it is crucial to understand the economic principles that guide smart investment decisions.

The Retirement Shortfall

A key driver for many investors is the growing concern around retirement funding. With life expectancy increasing and the cost of living rising, securing a comfortable retirement has become more challenging than ever. Most Kiwis understand that government-provided superannuation alone may not be sufficient to support the lifestyle they envision during their golden years. This financial gap, often referred to as the "retirement shortfall," highlights the need for additional planning and proactive measures.

For many, this shortfall becomes a wake-up call to explore alternative income streams. Investments in assets like property have proven to be a popular solution, offering the potential for steady returns and long-term growth. Property investments can help bridge the gap between savings and living expenses, providing a sense of security and stability for the future.

By taking steps to build supplementary income streams early on, individuals can better prepare for a retirement that aligns with their goals and aspirations, ensuring they have not only the funds they need but the peace of mind to enjoy their later years.



Your Golden Ticket: *The Power of Home Ownership*

If you already own your own home, you might be sitting on a "golden ticket" without even realising it. You don't need a massive pile of cash in the bank to start bridging that retirement gap. Instead, the value locked within your current four walls can be the engine that drives your investment journey forward.

By tapping into the value you've already built, you can unlock opportunities that would otherwise be out of reach. This brings us to the two most powerful tools in a property investor's toolkit.



Equity and Leverage: *Your Two Powerful Friends*

To grow wealth effectively, you must understand the difference between what you own and what you can borrow.

- **Equity:** This is the portion of your property that you truly own. It is the difference between your property's market value and the amount you owe on your mortgage. As the value increases or the loan is paid down, your equity grows.
- **Usable Equity:** This is the portion of your equity that a bank will allow you to borrow against to fund another purchase.
- **Leverage:** This is the tool that allows you to amplify your purchasing power. By using a small amount of your own capital (a deposit) and borrowing the rest, you can acquire an asset of much higher value.

The Power of Leverage in Action

Imagine you have \$100,000 in savings, but \$300,000 in useable equity.

Scenario A: Cash Purchase



You could buy one property worth \$500,000. Using the \$100,000 of savings as a 20% deposit.

Scenario B: Leveraged Purchase



Using an 80% mortgage, you could use the \$300,000 of useable equity as a 20% deposit (\$100,000 each) to purchase three properties, each worth \$500,000.

The Result:

With leverage, your \$300,000 in capital can control \$1.5 million worth of assets, significantly amplifying your potential for capital growth. And you get to retain your \$100,000 in savings - to spend (or save) how you please.

Serviceability

While equity helps you secure the deposit, serviceability is what allows you to keep the property. It is your assessed ability to meet the loan repayments. Lenders will analyse your income, expenses, and potential rental income to ensure you can "service" the debt, even if interest rates were to rise.

Capital Gains vs. Yield: *Finding the Sweet Spot*

When purchasing an investment property, consider two key financial factors: long-term **capital growth** and **rental yield**. Property investments generate returns in these two primary ways, so understanding the balance is essential.

Buying for Growth

This strategy focuses on properties expected to increase in value significantly over time. It's a long-term play that may come with higher holding costs in the short term.

Buying for Yield

This strategy prioritises earning a passive income, where the rental return is high relative to the property's purchase price and mortgage costs, but may result in lower capital gains.



What is the Sweet Spot?

The ideal investment is a property that offers strong potential for capital growth but does not cost you too much to hold. This balance ensures your portfolio can grow in value over the long term without putting a strain on your current finances.



2. The Pre-Purchase Phase

With the fundamentals covered, we now move to identifying the right opportunities and securing the finance to acquire them.

The New Build Advantage

Investing in new-build properties offers distinct advantages for modern investors:

Financial Benefits

- **Capital Appreciation:** New builds in desirable areas have strong potential for capital growth over the long term.
- **Favourable Lending:** The Reserve Bank of New Zealand (RBNZ) has set more favourable lending rules for new builds, such as exemptions from certain Loan-to-Value (LVR) restrictions and exemptions from Debt-to-Income (DTI) ratios.
- **Government Initiatives:** The New Zealand government has introduced several initiatives to encourage new housing developments, creating a positive environment for investors.

Quality & Lifestyle Benefits

- **Lower Maintenance:** New-build properties come with warranties and require significantly less maintenance than older homes, reducing your ongoing costs and hassle.
- **Modern Living:** New homes are designed for today's lifestyle and are built to the latest building codes and standards.
- **Health & Safety:** You can be confident that new constructions are built to the latest health, safety, and energy efficiency standards, making them warm, dry, and desirable for tenants.



The Approval Process

Securing finance typically involves two key stages:

Pre-Approval → Conditional Approval

First, you'll secure a **pre-approval**. This is the total amount a bank is willing to lend you, before it is attached to a specific property.

Once you have selected a property and signed an Agreement for Sale and Purchase (subject to conditions), your mortgage adviser works with the bank to convert your pre-approval into a **conditional approval**.

All approvals at this stage will have standard conditions, including:

- A signed sale and purchase agreement.
- An independent rental appraisal.
- A registered valuation (to be provided on completion).
- Proof of relevant insurances.
- The property's Code Compliance Certificate upon completion.



Funding Your Purchase: Turn-Key vs. Land and Build

There are two main ways to purchase a new-build property.

- **Turn-Key Packages:** This is the simplest method. You sign one sale and purchase agreement for the finished home. You typically pay a deposit upfront, and the balance is due upon completion. This makes the process straightforward.
- **Land and Build Packages:** These packages have two separate contracts: one for the land and another for the build. You sign an agreement for the land first, and then a separate building contract with the builder. This often involves progress payments as construction milestones are met.



Where to Buy and Why

A smart location strategy looks beyond the suburb and focuses on key growth drivers:

- **Population Growth:** Regions attracting new residents
- **Infrastructure Investment:** New transport links, hospitals, and schools.
- **Employment Hubs:** Proximity to jobs drives both rental demand and capital growth.



3. De-Risking Your Investment

Every investment carries risk. The difference between a novice and a professional is the ability to identify and mitigate those risks effectively.

Types of Property



Standalone Houses:

Provide full land ownership with strong potential for capital growth, ideal for long-term investment.



Dual Income Properties:

Offer the benefit of two rental incomes from one property, maximizing returns and improving cash flow.



Townhouses/Duplexes:

A more affordable option with lower maintenance, often delivering good rental yields in higher-density areas.



Apartments:

Typically offer high rental yields but come with slower capital growth and you don't own the land.

New Build Guarantees

One of the most significant risks in property is unexpected defects. New builds help mitigate this through:

Master Build/Halo Guarantees: These provide 10-year protection against major structural defects.

Defects Liability Period: A 12-month period where the builder is responsible for fixing any minor issues.



The Importance of Due Diligence

Never sign an conditional contract without including a strong due diligence clause. This clause acts as your safety net, giving your solicitor time to investigate the property's title, review the sale and purchase agreement, and check for any hidden issues. If a problem arises, the clause allows you to back out without penalty.

The "Catch-All" Clause

For new builds or "off-the-plans" properties, a detailed due diligence clause in your Sale and Purchase Agreement is essential. It provides a clear investigation period, ensuring you and your solicitor can thoroughly examine all aspects of the property before committing.

What Your Solicitor Will Check

During the due diligence period, your legal team will review critical documents to ensure there are no nasty surprises:

- Title Search: Checking for easements, covenants, or caveats that could restrict how you use the land.
- Contract Terms: Reviewing the builder's contract, sunset clauses, and deposit security.
- Council Records: Ensuring the property complies with local zoning and future development plans.
- Financial Feasibility: Confirming that the numbers stack up with your bank and accountant.

Pro Tip:

Never skip this step. A thorough investigation now can save you thousands in unforeseen costs later.



Managing Risks and Rewards

Every investment carries some level of risk. The key to successful property investing isn't avoiding risk entirely, but understanding and managing it effectively.

Vacancy Rates and Cash Flow

One of the most common concerns for investors is a property sitting empty.

The Risk: If you have no tenant, you have to cover the mortgage payments yourself.

The Mitigation: Buying high-quality, new-build homes in areas with strong rental demand significantly reduces this risk. Modern, warm, and dry homes attract better tenants who tend to stay longer.

Interest Rate Fluctuations

Interest rates can change, impacting your weekly repayments.

The Risk: Rising rates can squeeze your cash flow if you aren't prepared.

The Mitigation: Stress-test your portfolio. Ensure you can afford repayments even if rates rise by 2-3%. Utilising fixed-term rates can also provide certainty for budgeting.

The Long-Term View

Property markets move in cycles. There will be peaks and troughs. Successful investors focus on the long-term trend line, which historically moves upward, rather than reacting to short-term market noise.



Building a Portfolio for Retirement

The ultimate goal for many investors is financial freedom in retirement. This usually requires more than just one investment property.

The Multiplication Phase

Once you have secured your first investment, the goal is to duplicate the process. As your first property grows in value (capital gain) and you pay down the debt, your equity increases.

You can then "recycle" this equity to use as a deposit for your next property, without needing to save a fresh cash deposit.

The Consolidation Phase

As you approach retirement, your strategy may shift from "accumulation" to "consolidation."

- 1. Reduce Debt:** You might sell one or two properties to pay off the debt on the remaining ones.
- 2. Increase Cash Flow:** With lower debt, your rental income becomes passive income to fund your lifestyle.

The Lifecycle of an Investor:



4. Building Your Professional Team

Property investment is not a solo sport. A successful portfolio is built with the support of a team of experts who can streamline the process and maximise your outcomes.

Who You Need in Your Corner

Real Estate Agent:

A quality partner goes beyond simply finding a property. At Equiti, we act as your strategic adviser, using our deep market expertise to identify investment-grade properties that align with your long-term wealth creation goals.

Mortgage Broker:

A finance strategist who structures your loans to maximise borrowing power and protect your personal assets.

Property Lawyer/Solicitor:

Your legal protection. They review contracts, check the property title, and manage the transfer of ownership.

Accountant:

A property-savvy accountant advises on the best ownership structure (e.g., Trust, Look-Through Company, or personal name) for tax efficiency and asset protection.

Property Manager:

They protect your asset and your income by handling tenant selection, inspections, rent collection, and maintenance, turning your property into a truly passive investment.

Chattel Valuer:

This specialist identifies fixtures and fittings (like carpets and ovens) that can be depreciated, helping to improve your property's cash flow.

Building Inspector:

An independent expert who can verify the quality of a property before you settle, providing valuable peace of mind.



5. Collaborating with equiti

The equiti Advantage

Partner with the independent new build experts

equiti is licensed under the REAA 2008 to list and sell real estate. We provide advice and support for purchasing investment properties.

Based on experience we know many Kiwis are in the market to purchase an investment property, but don't know what to buy or who they can trust. Our goal is to seamlessly connect buyers with quality properties that meet their requirements and support their financial goals in life.

We love what we do, and are passionate about helping Kiwis. Some of the things that make us stand out against the rest are:

| | |
|---|---|
| Independent | Not owned or managed by a financial advice or parent company. No conflicts of interest in the real estate process. |
| Experienced | The team have managed hundreds of new build sales in the last 5 years. You're in good hands. |
| Selective | Every vendor, developer, and listing has passed a vigorous due diligence process. We only list what we would sell to our friends or family. |
| Transparent | We are open and honest about our role in the sales process. We believe in equitable outcomes for all! Less adversarial, more collaborative! |
| Fixed-Price | All properties are for sale with a fixed sale price. Creates certainty when comparing options and selecting properties. |
| Price-Match Promise | We will match the price of any property we have listed, if the exact property is listed elsewhere for less. |
| All-Inclusive Packages | All properties we list for sale include everything you need for your tenant to move in on day-one. |
| Full end-to-end Service Offering | We provide a full new build investor service offering and can introduce you to professionals you might need such as, mortgage brokers, property managers, building inspectors, insurance advisers, chattel valuers. |



Meet the Team



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Our Proven Eight Step Process

1



Introductory Call

Is investing in new build property the right fit for you?

2



Initial Session

Discuss your goals and strategy; review suitable options.

3



Follow Up Session

Choose your property and start the purchase process.

4



Due Diligence

Confirm property suitability during due diligence.

5



Construction

Your property is built while you wait. Too easy.

6



Pre-Settlement

We provide pre-settlement checklists and guides. No stress!

7



Settlement

We bring it all together, you're about to own a property. Congrats!

8



Post Settlement

Tenants are in, gains are being made, time to plan. What's next?



Don't Just Take Our Word for it

Working with Hamish and the team at equiti was a fantastic experience. He responded quickly to all of our queries and ensured nothing was ever a problem. Thanks to their dedication and expertise we secured a great deal. Better than going direct to the developer. Highly recommend!

- Juila and Mark, Investor, Auckland

I recently bought my first investment property through equiti and worked with Hamish throughout. He provided excellent advice, great service, and made the whole process stress-free. I was able to leverage equiti's strong relationships with developers and builders, securing the best deal and making things much easier than going direct. I wouldn't hesitate to recommend Hamish and the team, and I'll definitely work with them again.

- Ryan, Investor, Auckland

Hamish and Equiti made our property buying process seamless. They aided in finding the right new build for our portfolio from a reliable developer. Their expertise and dedication were top-notch. Highly recommend!

- Hayden, Investor, Bay of Plenty

A massive thank you to Hamish (and Jordan) for supporting us (very patiently!) with the purchase of our investment property. We have appreciated your great comms throughout, your honesty, humour and dedication to help us onto the investment ladder.

- Ben and Anna, Investor, Canterbury



6. Bringing it All Together

You have now covered the fundamentals of property investment. You understand the economic drivers, the pre-purchase process, how to manage risk, and who you need on your team. Information is powerful, but its application is what builds wealth.

The next step is to tailor this knowledge to your specific goals and financial situation.

If you are looking for personalised guidance on selecting the right property, our team at Equiti is here to educate and empower you to take action with confidence.

Let us walk you through the next phase of your investment journey.



Book a complimentary call with our director today



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Hamish founded equiti to help New Zealanders build better futures through property wealth. With 17 years of experience in finance and real estate, he provides purchasers with tailored, compliant property solutions to suit their needs.





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