

# Buying property in New Zealand

An overview for overseas persons

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## BUYING A HOUSE TO LIVE IN

To buy residential or lifestyle property in New Zealand without needing consent from the regulator you must be:

- a New Zealand citizen or
- an Australian or Singaporean citizen, or
- a holder of a residence class visa and "ordinarily resident in New Zealand" (see 02 below).

If none of these apply to you, but you hold a residence class visa and intend to move to or stay in New Zealand, there is a relatively simple application process pursuant to which you can obtain consent to buy a home to live in. More information on this consent process is at 03 below.

Some large-scale apartment developments also have exemptions, enabling overseas purchasers to buy without the need for consent. Talk to us if you would like more information on these.

## ORDINARILY RESIDENT IN NEW ZEALAND

You are ordinarily resident in New Zealand (and therefore don't need regulatory consent to buy a home) if you:

- have been living in New Zealand for at least 12 months, AND
- have been present in New Zealand for at least 183 days of those 12 months, AND
- hold a New Zealand residence class visa (or are a citizen or permanent resident of Australia or Singapore), AND
- are a New Zealand tax resident.

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## APPLYING FOR CONSENT FOR A HOME TO LIVE IN

If you are not ordinarily resident in New Zealand, you can apply for consent from the OIO to buy a residential or lifestyle property that you intend to live in, but first

you need to:

- hold a New Zealand residence class visa OR
- be an Australian or Singaporean permanent resident.

If you do not fall into one of the above categories you are considered an "overseas person" and generally, consent from the Overseas Investment Office (OIO) is required. The OIO is the government regulator administering

New Zealand's foreign investment rules.

If you are wanting to buy residential or lifestyle property to serve as your main home in New Zealand, you will need to first obtain a New Zealand residence class visa, then apply for consent. Until then, you may have to rent a property.

Obtaining a consent for a home to live in is a fairly simple process, and requires you to meet the "Commitment to Reside Test" – where the regulator will assess and decide whether you are committed to living in New Zealand for at least 12 months or more and that you are purchasing the property for the purpose of living in it.

## INVESTING IN RESIDENTIAL LAND AND OTHER PROPERTY IN NEW ZEALAND

An overseas person can also invest in residential land (after obtaining consent from the OIO) in New Zealand if they:

- plan to increase the number of houses on the land, but the overseas person must on-sell the houses (they cannot be lived in by the overseas person or their family). This can include purchasing an apartment off the plans.
- plan to build a long-term accommodation facility, such as a retirement home, but the overseas person cannot live in it once it is built and will have to on-sell it unless they are operating it as a retirement facility.
- are a business intending to use the residential property for non-residential purposes or the business will be using the land incidentally for residential purposes (e.g. an overseas company buying property to be used as staff accommodation close to its business premises).

You may not need consent to invest in commercial property, but the rules are complex, expert advice will be necessary.

Consent is also required to purchase farmland in New Zealand, lifestyle blocks bigger than 5 hectares, and any other land that is considered "sensitive", such as land which includes or is next to the foreshore, and certain historic areas, or public reserves.

There is a special streamlined process for investments in forestry assets and generally, overseas investors buying fewer than 1000 hectares of forestry rights per calendar year do not need consent.

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## PROCESS FOR GETTING OVERSEAS INVESTMENT OFFICE (OIO) CONSENT

- Check the land type to see if you need consent.
- Fill out the relevant application form for that land

type. The application form for buying a single house to live in is fairly simple, whereas the form for buying other sensitive land (like farm land) is a significant undertaking.

- Submit the form and pay the fee. Fees range from NZ\$2,040 for an individual wanting to buy a residential property to live in to over NZ\$50,000 for investments in certain rural land.
- The Application will be processed by the OIO. Timeframes start from 10 working days for simple consents. For complex consents timeframes can be upwards of 6-12 months.
- Consent is granted or declined.
- You can finalise your purchase of the property (or go 'unconditional') once you have consent.

## BUYING PROPERTY IN NEW ZEALAND

Most property in New Zealand is bought and sold through a real estate agent. Most properties in New Zealand are freehold or unit title; if you're looking at a cross lease, leasehold, or company share property, talk to your lawyer first, as there are potential downsides to this type of ownership. **If you are an overseas person you will need to ensure that any agreement you enter into to purchase land is conditional on obtaining consent from the OIO to the purchase.** In some circumstances, you are able to apply to the OIO for pre-approval to purchase a residential property, before you find a property or sign an agreement to purchase.

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## THE PURCHASE PROCESS

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Unless the property is to be sold at auction, it is common for the purchaser to carry out due diligence on the property once a conditional agreement is signed, this might include obtaining a building report from a qualified building inspector and a Land Information Report (LIM) from the local government council. A purchaser will usually pay a 5-10% deposit once the agreement goes unconditional (after the time to fulfil the conditions has expired), and generally you cannot pull out of the purchase after this without losing your deposit.

Settlement on the property (paying the money and receiving the title) takes place through a lawyer; it's best to find one before you make an offer to advise on the terms of agreement, the suitability of the property, and to assist you with the overseas investment consent process if necessary.

## HOW TITLES WORK IN NEW ZEALAND AND TITLE INSURANCE

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All land titles are stored in an electronic register in New Zealand, rather than paper-based deeds. The registered owner is protected against any competing owner or any interests that are not registered on the title unless they became the registered owner through fraud. Accordingly, there is no need for land title insurance in New Zealand. No stamp duty is payable on land transactions in New Zealand.

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## GETTING FUNDING TO BUY A HOUSE IN NEW ZEALAND

Most lenders require a 20% minimum deposit for eligible home buyers in New Zealand. You can approach banks directly for loan interest rates, or you can use a mortgage broker.

## INSURING YOUR PROPERTY

House insurance isn't compulsory in New Zealand, but most homeowners have it. You should make enquiries about house insurance before putting in an offer on a house, as insurers are becoming more wary about insuring properties that are at higher risk of flood damage, coastal erosion, or other natural disasters or climate change.

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## FOR MORE INFORMATION CONTACT



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