

## The effect of lockdown on landlords and tenants

“Landlords provide a service by making homes available for other people to live in. This service costs money and landlords are everyday people who like many others are facing financial difficulties because of Covid-19”, said Sharon Cullwick, Executive Officer for the NZ Property Investors’ Federation (NZPIF).

“NZPIF was keen to find out the specific financial effects on their members and the tenants in their properties during COVID-19 lockdown levels 4 and 3” Cullwick said, “and we now have the results of a recent survey”.

639 NZPIF members from around the country participated in the survey. Collectively they manage 6,658 tenancies. The survey ran from the 20<sup>th</sup> -29<sup>th</sup> May and collated information from the start of lockdown on the 25<sup>th</sup> March until the 21<sup>st</sup> May.

Of the 6,658 tenancies surveyed, 80% of tenants remained in place during lockdown and continued to pay their rent as normal but 5% of houses were left empty. 8% of tenants were given a reduced rent or a deferred rent with a small proportion of these deciding to move out. 466 (7%) of tenants stopped paying rent altogether.

During the eight weeks covered in the survey, unpaid rent came to a total of \$633,528. This excludes the many tenancies where notice of a rent increase was given but due to Urgent COVID-19 Legislation these increases were unable to be implemented.

In addition, many property managers reported a loss in income because they were unable to conduct routine inspections.

Since the beginning of lockdown 88 tenants (1%) gave a 21-day notice to end their tenancy.

53% of those surveyed had no change to their income during the lockdown. However, approximately 47% had a reduced income from wages, contracts, or a business closedown. Of this group approximately 18% had a reduced income and another 18% had loss of income but received some Government assistance. 8% had a loss of income with no Government assistance. Another 2% recorded that their loss of income was from either shares or commercial rental income which was their sole source of income and 1% omitted the question.

Information has just been received that rent increase notices can be given now provided the increase takes effect after the six-month freeze period (after 25 September 2020, unless the legislation is extended). This may not be enough to assist either the landlords or tenants who have lost their main source of income through COVID-19.

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