

# *BC'S BUSINESS BRIEFS*

## **A year of more change**

As we come to the end of another year of change, the only constant appears to be that next year will see more of the same. Many property investors have seen for the first time this year the effect of the current government's changes to the deductibility of expenses on their residential property investments. These changes have filtered through their 2022 tax returns increasing their tax burden while all other business' retain the ability to deduct their expenses and offset these against their other income. Residential property investors have well and truly become the 'bogeyman' for the current government.

The previous 2-3 years of 'pump priming' of the economy by the government and Reserve Bank has well and truly come home to roost in the form of increasing interest rates targeted at putting a lid on rampant inflation. This looks highly likely to lead to a recession starting next year – perhaps as soon as the beginning of the second quarter, but more likely the third quarter. Unemployment will rise, there will be significant numbers of mortgagee sales (which have been pretty much non-existent for the past few years) and stress levels will rise significantly for many people including those people who can afford it least.

We have seen alarming new trends in crime over the last 12 months or so with more property crime being committed by young people with nothing to do as they aren't attending school with our truancy rates increasing. Little appears to have been done to get these young people back in school and creating an environment where they have a chance of becoming productive members of the community in the future.

House prices will fall further and the same thing that happens in every recession will happen again – those people who are already financially well established will see huge opportunities to increase their wealth by acquiring new assets at low cyclical prices.

## **Christmas Break**

We will be closing for the Christmas break on Thursday the 22<sup>nd</sup> December (approx. 12pm) and reopening on Monday the 16<sup>th</sup> January at 8.30am.

We wish all our clients a relaxing and enjoyable break over the festive season and we look forward to being of service in the new year. We will be checking emails regularly over the break so if you require anything urgent in that time, we should be able to assist, within limits.

**Ross Baigent**



**301s Botany Road, Botany Downs, Auckland;**

**PO Box 64009, Botany, 2163;**

**Ph; (09)274-3075;**

**Website: [www.baigentconsult.co.nz](http://www.baigentconsult.co.nz)**

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