Syndicate Stepladder Investing

* An easy to understand way for our **boomer generation** to invest for retirement. With no borrowing risk on the property.
* A plausible vehicle for our **millennial generation** (with or without their own money) to enter Auckland's residential market and if paying back parents a meaningful incentive, now, to save.
* And then reinvest again.

This is as simple as buying a rental property with a few mates – except I find the mates and I've set the rules.

And you do nothing.

Safe as houses?

How did NZ house prices quadruple in the space of 25 years? Herald OneRoof 2025

OneRoof quoting Peter Thompson, Managing Director of Barfoot & Thompson; "...has seen his company's average sale price rocket from just over $300,000 25 years ago to over $1m today and says average rents have risen from $275/week to $691/week."

Our REINZ statistics report shows a Compound Annual Growth Rate (CAGR) for Auckland houses and units of over 9% from 2011 to 2021. (We deliberately left out the manic post Covid boom and bust years of 2022 to 2024 which showed increases of up to 24% and subsequent bust of 12% as a hopeless aberration).

A 9% CAGR effects a doubling of values in eight years and this has been typical of Auckland for decades. And before our shameful phenomenon of a shortage of houses.

We maintain a 10 year outlook.

Real Estate Together
realestatetogether.co.nz

Past performance does not guarantee future performance.

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Millennials

- Borrow $50,000 or $100,000 from your Mum and Dad, pay them interest and pay the loan back as soon as possible. For a couple and $50,000, this is only $1,000 / month each for two years.
- You buy a share of a brick and tile unit in Auckland. **You and the other investors agree there will be no mortgage on the unit, ever, but we will help you to borrow your share with our expert finance brokers.**
- Your share of the property's net rent should almost cover any 'Mum and Dad' interest.
- Management, when and how to sell is all covered.
- At 9.1% growth (we're targeting over 10%), in 10 years your $50,000 share could be $135,000. From nothing. And your parents are paid back.
- We expect to repeat this formula for you as you pay down the next $50,000 step.
- So that in 10 to 15 years you have champagne-rented where you choose to live AND built a portfolio of shared units across Auckland.
- Then you might buy that mansion you never dreamed of AND look after your parents.

Boomers

If you have spare funds... great! We expect a 3.75% nett income as per the following estimates for our new development.

Two bedroom calculations

Seagar Valuers pricing as July 2025		**$750,000**
Less my selling fee and negotiated privileges		**invest $706,000** (yes!)
Rent say $650 / week	=	$33,800
Rates	-	$2,000
Residential society	-	$2,000
Barfoot management	-	$3,300
Nett income	=	$26,500
Initial nett return	=	3.75% (yes!)

If you concur and allow for a 9% CAGR as well this makes for a near 13% with most of this potentially tax free. (See your accountant).

And no banks, valuers, tenants or real estate agents (!) to bother you.

If, more likely, you have borrowing capacity against your home consider the following... "Is it even smarter to borrow the contribution?"

It is. Let our mortgage brokers advise.

How compound annual growth rates work **at 9%**

Contribution	$50,000	$100,000	Bank at say 3% less tax $100,000
Year 1	$54,500	$109,000	$102,000
Year 2	$59,405	$118,810	$104,040
Year 3	$64,751	$129,502	$106,120
Year 4	$70,579	$141,158	$108,243
Year 5	$76,931	$153,862	$110,408
Year 6	$83,855	$167,710	$112,616
Year 7	$91,401	$182,803	$114,868
Year 8 Double	$99,628	$199,256	$117,165
Year 9	$108,594	$217,189	$119,509
Year 10	$118,368	$236,736	$121,899
			oh dear...

Our fee schedule

On $50,000 contribution
you pay $5,500 +GST ($56,325)

On $100,000 contribution
you pay $7,500 +GST ($108,625)

On higher contributions
you pay 6% +GST

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Unit market history

FIGURES FROM REINZ

Median value of units 2011:	**$330,000**
Median rent:	**$360pw**
Median value of units 2021:	**$790,000**
Median rent:	**$520pw**
Compound Annual Growth Rates (CAGR):	**9.1%... + 3.75% rent**

- At 8% CAGR a property doubles in value in 9 years
- At 9% CAGR it doubles in 8 years
- At 10% CAGR it doubles in just over 7 years (And add 3.5% for initial nett rent).

We asked REINZ for the 10 years only to 2021 to specifically avoid the 2022 manic boom and current correction of the Reserve Bank, Covid-inspired, interest rate manipulations.

After not buying for the entire 2022 – 2024 years and its reported 28% boom and 12% (?) crash, we believe good opportunities now present.

Of course past performance doesn't guarantee future performance. The above historical figures are for all two bedroom units across all Auckland suburbs.

Our own figures are higher due to our specialist knowledge, buying power and focus on suburbs where we identify culture change, infrastructure change and/or gentrification. And brick units only with careful note of flood plains.

Auckland is in a good place

Our intense shortage of doctors, teachers, police, veterinarians, drivers, fruit pickers, nurses, fire fighters, hospitality workers and tradies will precipitate a resurgence of immigration. Yet we suffer an unprecedented and shameful shortage of housing.

Auckland is strewn with fenced off residential development sites where developers cannot attract tradespeople, finance or even materials to build. And we have the ongoing shame of Aucklanders sleeping in motels, cars and garages.

So our logic is that we are in a very good place to invest and provide rental accommodation. We feel a return to strong residential growth normality is imminent and that it might be sudden.

We say you need to aspire to $100,000 pa while retaining the family home to retire reasonably in Auckland. The table on the right shows how it runs in simple mathematics. Our mission is getting you started to achieve the $1m startup fund required. If you're daunted at this let's just try for $500,000. But this is not rocket science.

75 to 90 years old cashflow

	Principal	Spending	Interest/pa	Balance
1	$1,156,312	$100,000	$42,252	$1,098,564
2		$100,000	$39,942	$1,038,507
3		$100,000	$37,540	$976,047
4		$100,000	$35,041	$911,089
5		$100,000	$32,443	$843,533
6		$100,000	$29,741	$773,274
7		$100,000	$26,912	$700,205
8		$100,000	$24,008	$624,213
9		$100,000	$20,968	$545,182
10		$100,000	$17,807	$462,989
11		$100,000	$14,519	$377,509
12		$100,000	$11,100	$288,609
13		$100,000	$7,554	$196,153
14		$100,000	$3,846	$100,000
15		$100,000	$0	$0

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What to do

For the sake of conservatism we use the REINZ statistics and apply them here specifically to a $50,000 contribution and $100,000 contribution to a $700,000 unit. If selling after 10 years this will have well passed the current 2 year 'Brightline Test' — ask your accountant if this should be tax free. Where your share of rent is added it is NETT RENT after management fees, rates, insurance and then say 30% tax are all deducted. (This 30% is a guesstimate as investors might have lower or higher liabilities).

In summary, using the REINZ figures (9.1% capital growth and 3.75% rental growth compounding), a unit at $700,000 offers 7.15% ownership share for $50,000 and 14.3% for a $100,000 share. Rent of $720/week is used as the median expected over the next 10 years.

Invest $50,000

10 year mark value: $120,000
Add Rent: **+$15,700**

Say **$135,000**

With enough of these over time you approach millionaire status; where else could you possibly aspire to this?

Invest $100,000

10 year mark value: $240,000
Add Rent: **+$31,450**

Say **$270,000**

With a few of these over time you approach millionaire status; where else could you possibly aspire to this?

Is it even smarter to borrow the contribution?

Borrow $50,000

10 year mark: $120,000
Add Rent: **+$15,700**
Deduct say 5% interest x 10 years: - $25,000
Pay back $50,000

Nett effect **$110,700**

Borrow $100,000

10 year mark: $240,000
Add Rent: **+$31,450**
Deduct say 5% interest x 10 years: - $50,000
Pay back $100,000

Nett effect **$221,450**

You agree the borrowing cannot be secured against the property and will likely come with parental assistance to help kids get started. It should instill a saving discipline that is clearly comprehensible to them. We expect the 'loan' to be paid back over maybe three to five years (as soon as manageable) making the borrow figures improve dramatically.

However the borrowing is calculated at 5% (interest only), for the entire 10 years, nonetheless. Work your own calculations at your own interest rate predictions.

This 'borrowing regime' is designed specifically as a family startup to perhaps get together a **$500,000 deposit** for a first home.

This might entail, over time, **4 × $50,000** contributions or **2 × $100,000** contributions from the family. The properties bring an immediate income, and the opportunity of a lifetime for a generation despondent at ever owning their own home.

The simplest strategy

Use our 40 years' experience in Auckland real estate and forget searching the internet, OPEN after OPEN, dealing with realtors, banks, valuers, mortgage brokers, property managers, tenants, all your eggs in one basket and all those friendly advisers at home.

If we roughly concur on two things:

- A likely return to Auckland's history of houses historically doubling in value every 8 to 10 years (and prior to today's phenomenon of a shortage of housing)
- About $1m apart from the family home is a prudent aim for Auckland retirement

...consider this as a SIMPLEST STRATEGY.

If you are blessed with cash to invest allocate $300,000 to a share of a brick, probably new and guaranteed home in one of our chosen: **Culture Change, Infrastructure Change, Gentrification** opportunities. You might choose two properties? And hope we enjoy an increasing rent and ballooning value while you personally continue to work and save.

More likely, if you are able to borrow against the family home ($50,000 lots for the kids inheritance fund that they have to pay back asap) or merely for yourselves, consider borrowing $500,000 with the rent nearing the mortgage cost and paying back what you are able to as rent and values hopefully increase and mortgage interest rates hopefully decrease.

In either scenario you are effortlessly on the stepladder with a property / properties YOU have approved of. And can proudly drive the family past on weekends!

Tax and selling

We do not expect owners to hold forever so will be orchestrating an annual 'vote-to-sell' after the seven year mark and then annually. When 50% of Stepladder participants vote to sell, Real Estate Together ("RT") intends to instruct its preferred Realtor Agency to market and sell the property. Funds will then be distributed through our lawyers, according to share.

It is critical that you take advice from your accountant as to how they see your liability to pay tax (including any tax on Capital Gains). We will lobby you hold for 10 years.

Key points

- All investors names are on the title
- You collectively agree no debt may be lodged against the title
- We assist you to borrow the contribution if setting the kids up
- We advise the kids to pay you interest out of the rent and to pay you back as fast as they can, then to request a 'repeat'
- Consider investing personally as well
- There are EXIT and EARLY EXIT procedures
- All funds are held in our audited Trust Account then our lawyers' Trust Account
- Each purchase is subject to a valuation by a Registered Valuer where time permits
- A Governance Committee then approves each investment, checking funds held, due diligence on the title, LIM and flood plains
- You are then invited to commit
- The property is managed by New Zealand's leading real estate agency
- Your lawyer may approve the process and all documentation with a five day condition

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Key risks

- Getting your money out. The **EARLY EXIT** strategy is for the unseen event – death, illness, divorce, financial calamity. While you can sell your holding yourself RT will make its best endeavours to effect a sale of your shares firstly to incumbent owners in your property by negotiation and if unsuccessful to all on database. As this early exit event is not what Stepladder is intended for, RT's process will focus on getting your money back rather than seeking profit - although that may eventuate. The **EXIT** strategy is detailed in the Tenants-in-Common document. The risk is that an acceptable sale does not eventuate once owners have voted to sell (intended to be somewhere after seven years but hopefully around the 10 year mark). If the selling Agents (intended to be the local Barfoot & Thompson branch) advise times are too difficult to effect a satisfactory sale then RT will ask owners to postpone selling for a period until the market recovers. The rent of course will still come in.
- New Zealand's economy collapses due to wars and political upheaval. Every investment type would suffer here.
- A repeat Covid-type contagion collapsing world economies. Every investment type would suffer here.
- Theft of funds from RT's solicitor's Trust Account. The Law Society has procedures in place here.
- Theft of funds from RT itself. As a member of the Real Estate Institute of NZ, RT must hold significant Professional Indemnity insurance and is independently audited monthly and annually. Sole Director Martin Dunn is a past Vice President of the REINZ and was made a Fellow in 2018 for services to the profession by Dame Rosanne Meo. This is the highest honour in the Real Estate profession. Martin founded City Sales Ltd (now a household name) in 1997 and Real Estate Together Ltd in 2019. Both agencies have flawless histories.
- The property is flooded or fire damaged. Properties are not bought in Flood Plains. Insurance is effected by the Body Corporate or Owners Society. This cover is paid by the Property Manager out of rental funds received.
- A tenant trashes the property. The Property Manager will effect repairs and insurance claims.
- There is no growth or a collapse in values. As there is no debt on the property investors cannot end up in debt to a bank. With a constantly reported shortage of houses in Auckland and slowly recovering economy this eventuality would be unexpected. However the property would still be there with the rent hopefully still coming in. If such a event occurred investors would simply have to wait for better times.
- Sudden Capital Gains Tax announcement. We already have a Capital Gains Tax where, if your purpose in buying was clearly and solely to achieve a capital gain you can be taxed on the gain. This, especially if you buy and sell within the "Brightline" test, currently TWO years. Our philosophy is to strive for an initial pretax 3.5% to 4.0% rental income cash return paid monthly and the potential for longer term capital growth. Any further Capital Gains Tax should likely fall on all investor classes so the status quo may prevail.

Summary

This has not been done before and while compliance has been onerous the process could not be simpler. You are just chipping in with others to get an otherwise unattainable start towards your own home or retirement.

Please get going. We have the best stock on the market right now. You need to do this.

Of course we are constantly buying for individuals who can purchase their own, entire property and not shares with others. These are usually Baby Boomers grateful for a credible vehicle for retirement and with all the sourcing and negotiating done for them at a modest fee.

Syndicate Stepladder Investing

Next steps

Call or email me, Martin Dunn, anytime for an appointment to meet. I travel extensively to meet clients personally if at all possible.

When satisfied, you will be emailed documentation allowing me to act as your Buyer Agent and establishing what you are comfortable investing and your suburb preferences. We have strong opinions on suburbs of perceived growth.

Governance Committee

Martin is assisted on recommendations by professional advisers including his solicitors, accountants and Registered Valuers.

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About Martin

Martin Samuel Dunn was made a Fellow of the Real Estate Institute of New Zealand in 2018 for services to the profession. He has been a Vice President of the Institute and Chaired the five Disciplinary Committees for four years.

Martin has been the top broker at two of New Zealand's most prestigious Agencies.

Martin pioneered the Auckland apartment market's inception and founded specialist agency City Sales in 1997, the agency becoming a household name.

Driven by a social concern of New Zealanders entering an era of permanently renting, Martin has created this unique, simple vehicle where ordinary New Zealanders can easily aspire to owning their own home and step onto and off the property ladder.

A Buyer Agency like Real Estate Together is unique to New Zealand but is standard real estate practice in the USA and is common in the United Kingdom.