

The New Zealand Herald

Parents buying property for children

By Kirsty Wynn

Houses for children as young as 4 to give them a chance in property market



Charlotte Kynoch in the house her father Matt built. Photo / Jason Dorday

Parents concerned about rising house prices are increasingly buying properties for their children - some while they are still at primary school. Children as young as 4 are having houses bought for them by parents who then rent out the property until the child can legally own it at 18. Others have started home deposit funds to help children when they become first-home buyers.

Alan Henderson of property agency Erskine and Owen has matched investment properties with several clients who were buying for preschool and school-aged kids.

"One couple are in the process of buying their second property of three for their children who are 5, 6 and 8 years old," Henderson said.

"It is usually when the children are at primary school and the parents have a bit more of a disposable income and they want to set their children up."

Janet Xuccoa at property accountancy firm Gilligan Rowe knew of many families who had started home deposit funds for children and grandchildren.

"It is a very smart idea," Xuccoa said. "If they can't afford to buy a property then putting money in an account each week, if they can afford it, is sensible."

One grandmother spoken to by the *Herald on Sunday* had opened "home deposit" bank accounts for her two granddaughters at birth and had been putting \$20 a week into each account.

"We know it is not going to be enough for them to buy a house but it will help out with a deposit and it is what we can afford to do," the woman said.

Xuccoa said parents were commonly buying a property they could rent out until their child was ready to take ownership or move into it.

Matt Kynoch and wife Alicia said they would love to buy daughter Charlotte, 3, a real house one day but as a young couple they are focused on getting themselves mortgage-free.

"We are scared to think what things will be like in 20 years when Charlotte looks to buy a home."

The family's replica villa, built by brother Andy, father Barry and Matt, was for sale on TradeMe but failed to reach the \$20,000 reserve.

The miniature villa has been used in a TV ad for AMI Insurance.

John Bolton from Squirrel Mortgages said parents were also using term deposits to guarantee home loans for their adult children.

"We are doing at least one of these a week," Bolton said.

"It is more attractive for parents because they can still earn money on the deposit and they do not have to put their house up."



Auckland parents bought their two girls a house each. Photo / Chris Loufte

Hand up for two daughters

A couple who bought a house for each of their daughters say they've given their girls a hand up to the first rung of the property ladder - not a hand out.

Auckland parents Kathy and Nigel Robertson (pictured) feared rising house prices meant home ownership had slipped out of their children's grasp - so they bought the two girls a house each.

The couple bought their 19-year-old a three-bedroom house in Glenfield and their 25-year-old an apartment in Grey Lynn. The daughters maintain the mortgage repayments.

"We were fearful they would never get into their first home without our help and we wanted them to have that security," Kathy said. "They are learning a lot as landlord tenants. They pay rent and collect rent but if there is anything major we are there to give advice."

- Herald on Sunday

Email this story

Close

Please fill in your personal details. No email addresses will be stored or placed in a database for any further reference or use.

You may enter up to 5 email addresses to send this story to.

If you wish, you may enter a personal message below.

Finally, help us keep nzherald spam-free. (Not case sensitive)




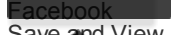



[Privacy & Terms](#)



Send email

© Copyright 2014, APN Holdings NZ Limited

+1 on
Google+
Post on
LinkedIn
Tweet on
Twitter

- Share on 
- Save and View 
- Later 
- Email to a 
- friend 
- Print