july 2001

new zealand property JOURNAL

NEW ZEALAND
property
INSTITUTE

Key Addresses

NZPI Head Office
Conor English (04) 384 7094 national@propertyorg.nz

Northland Branch
Nigel Kenny
(09) 438 5139
ktanyskenny@xtra.co.nz

Auckland Branch
Tony McEwan
(09) 486 1661
tong@sheldons.co.nz

Waikato Branch
Graham Cook
(07) 838 3353
Patnnimok@wailrato.telfer nigoom

Rotorua/Bay of Plenty
Dave Townsend
(07) 348 4086
twnsend@clear.net.nz

Tauranga Sub Branch
Brian Doherty
(07) 578 6456
bayval@xtra.xo.nz

Gisborne Branch
Roger Kelly
(06) 868 8596
gdtie@bpc.co.nz

Hawkes Bay Branch
Boyd Gross
(06) 876 6401
boyd@loganstone.co.nz

Taranaki Branch
Frank Hutchins
(06) 757 5080
frank@hutchinsdick.co.nz

Wanganui Sub Branch
Ken Pawson
(06) 347 8448
morganval.wang@clear.net.nz

Central Districts Branch
Ian Shipman
(06) 323 1447
morganval. fldg@clear.net.nz

Wairarapa Sub Branch
Mike Clinton-Baker
(06) 378 6672
wpc@xtra.co.nz

Wellington Branch
Richard Findlay
(04) 470 3926
richard_findlay@cj-group.com

Nelson/Marlborough Branch
Ian McKeage
(03) 546 9600
ian.mckeage@nelson.telferyoung.com

Canterbury/Westland Branch
Mark Dow
(03) 374 0115
mark.dow@q.uotable.co.nz

South and Mid Canterbury Branch
Rodney Potts
Reid.Wilson@timaru.co.nz

Otago Branch
Ah-Lek Tay
(03) 477 6603
barlovc ustice@clear.net.nz

Southland Branch
Trevor Thayer
(03) 218 4299
ttval@southnet.co.nz

CONTENTS

Submitting articles to the NZPI Property Journal

Notes for Submitted works

Each article considered for publication will be judged upon its worth to the membership and profession. The Editor reserves the right to accept, modify or decline any article. Any manuscript may be assigned anonymously for review by one or more referees. Views expressed by the editor and contributors are not necessarily endorsed by NZPI.

Deadline for contributions is not later than the January 10, May 10 and September 10 of each year.

Format for Contributions

All manuscripts for publishing are to be submitted in hard copy typed double-spaced on one side only of A4 sized paper and also in Microsoft Word document format on IBM compatible 3.5" disk or alternatively emailed to head office.

Any photographs, diagrams and illustrations intended to be published with an article, must be submitted with the hardcopy. A table of values used to generate graphs must be included to ensure accurate representation. Illustrations should be identified as Figure 1, 2 etc.

A brief (maximum 60 words) profile of the author; a synopsis of the article and a glossy recent photograph of the author should accompany each article.

Manuscripts are to be no longer than 5000 words, or equivalent, including photographs, diagrams, tables, graphs and similar material.

Articles and correspondence for the NZPI Property journal may be submitted to the editor at the following address: The Editor, NZPI Property Journal, PO Box 27-340, Wellington.

NZPI Young Property Professional of the Year

This award was created by New Zealand Property Institute Board for recognition of excellence in the field of property by a young professional.

Eligibility Criteria

Members or affiliates of the institute aged 30 years or less shall be eligible.

The criteria for the award is:

a significant professional participation within NZPI; or

b original research of outstanding significance; or

d original authorship of outstanding significance;

AND

d 1) outstanding technical and or professional excellence; or

significant contribution to the community that brings credit to the profession.

The research or authorship shall be available to the Editor of the NZPI Property Journal for publication at the board's discretion.

There will be only one national award each year, and this shall only be conferred if the candidate is worthy of the award and shall not be automatic.

The award shall comprise the presentation of an appropriate framed Certificate and Citation and will be presented at the NZPI Annual Conference/AGM.

Initial selection shall be at local branch level with final selection made by the national award panel comprising of the NZPI board of directors.

Nominations may come from any sector within the profession or outside (eg branch committees, councillors, employers, community service groups etc) but may not be by application from prospective awardees.

Nominations for the 2001 award are invited in citation format to the - CEO, NZPI, PO Box 27-340, Wellington by February 1, 2002.

NEW ZEALAND property INSTITUTE

EDITORIAL

he first edition of the New Zealand Property Institute's Property Journal was well received. Thanks to all those who gave us their feedback and ideas - we have incorporated many of them.

May saw the first New Zealand Property Institute annual conference. This was an excellent event attended by more than 300 people, with almost 400 at the conference dinner. This edition of the journal contains some of the speakers' notes from that enjoyable event. More of the speakers' notes are available at www.property.org.nz in the member's only area.

The conference speakers provided much food for thought and stretched our minds an achievement we hope to emulate through this journal.

The property profession continues to change every day and the challenge is to keep up with the play and be able to continue to add increasing value to clients. While we can observe global trends and practices, it all comes down to what we do daily in a practical and tangible way for those who pay for our professional services. I hope that this edition of the Journal adds value for you in your quest to do this.

Finally, we are still very much evolving this publication with each edition - any contributions, feed-back and ideas most welcome from you.

Conor English
CEO NZPI

NEW ZEALAND
property
INSTITUTE

Why become a member of NZPI?

NZPI's primary objective is to represent the interests of the property profession in New Zealand.

The New Zealand Property Institute:

- Promotes a Code of Ethical Conduct
- Provides Registration the formal recognition of experience and certified qualification of excellence
- Provides networking opportunities
- Assists in forming professional partnerships
- Provides a marketing tool in the approach to new and existing clients
- Provides The PROPERTY Business 6 times a year in partnership with AGM Publishing
- Distributes national NZPI newsletters and email updates
- Delivers a National and Branch CPD programme
- Offers membership with the International Facility Management Association (IFMA)
- Offers other international linkages
- Offers networking opportunities between the profession and the universities through the NZPI "Buddy Programme".
- Promotes annual NZPI Industry and Student Awards
- Delivers an annual NZPI Conference
- Offers links and information through the NZPI website wwwproperty.org.nz
- Provides regular branch breakfast and lunch seminars
- Promotes the annual Property Ball in partnership with the Property Council.
- Provides NZPI Confidence index and NZPI JobMail.

For more information on our services to members *contact the NZPI National* Office:

Westbrook House • 181-183 Willis St • PO Box 27-340 • Wellington
New Zealand • Telephone 64-4-384 7094 • Fax 64-4-384 8473
www.propertyorg.nz • Email: conor@propertyorg.nz

New Zealand and Australian Property Institutes get closer together

ZPI president, Allan Ford said it is a significant event in the evolution of the New Zealand NProperty profession. "From being a new institute last year, we are now taking the logical step to get closer to our Australian counterparts.

"Increasingly we are becoming an Australasian property and capital market and this MOU recognizes that fact." Its goal is "to become a united strategic property industry supplier of professional property services in the Australian and New Zealand markets and to achieve strategic alliances overseas in order to meet and satisfy the demands of globalisation".

"Our property professionals are increasingly working in both markets and investment in New Zealand is coming from both sides of the Tasman. This MOU with our Australian friends is an important and vital step to the evolution of our property sector," said Ford.

Outgoing Australian Property Institute president Brian Ellerbeck said the signing of the MOU is of great significance, both for members and for the evolution of the API and NZPI as leaders of the property profession in their respective countries.

"It means members of both institutes can practise in each other's countries, marking the culmination of several years work by the leadership of two kindred organisations.

"We share the same vision about the future development of the property profession locally and internationally," he said.

"We believe the MOU in drawing the institutes closer together, will result in both API and NZPI members being better able to deliver world best practice for clients in Australia, New Zealand, and around the Pacific Rim."

The MOU was signed at the NZPI annual conference held in Christchurch, attended by more than 300 people, and ratified at the API agm in Perth.

Hong Kong Property Review 2001

he year 2000 saw the remarkable recovery of the economy, with the gross domestic Tproduct (GDP) staging a spectacular 10.5% real growth, the highest since 1987. The unemployment rate improved gradually.

However, the upturn in the economy was not reflected fully in the property market. On the whole, prices were on the downward trend and fell below the 1999 level for all sectors. Buying sentiment remained weak in the residential market amidst concern of job security and further drop in prices. Rents, however, improved for certain sectors, principally large residential units and grade a offices.

Overall sales volume declined by about 5%, largely in the residential sector. Nevertheless good take-up was recorded, and overall vacancies fell in all sectors. The residential market was still rather weak, but the office market staged a robust performance, with grade a offices in core districts achieving substantial rental growth due to negligible new supply.

Fast expansion of the information technology industry provided an impetus to both the office and industrial sectors, although the expansion slowed down later in the year, causing closure of some IT-related firms. As for the retail sector, it responded positively to the registered growth in consumer spending and the increase in tourist arrivals.

Residential

The residential market was still affected by a cautious buying sentiment amidst ample supply and the uncertainty about job security and wage levels. The negative asset situation remained a concern. Sales of forfeited mortgaged properties by lending institutions was a common scene.

In the primary sales market, competitive pricing by developers, along with other forms of incentives, were the norm to stimulate buying interest. This had a knock on effect on secondary market transactions. In the mortgage market, attractive mortgage facilities were offered to potential home purchasers. Keen competition among the banks for mortgage business drove some mortgage rates down to more than 2% below the prime rate. In addition, cash rebates of 4% to 7% of the loan were not uncommon. The expanded mortgage insurance programme which took effect in mid-August 2000 enabled home buyers to pay only a 10% down-payment.

Several government announcements were made in mid-year with a view to stabilising the market. In June, housing authority announced a number of measures to adjust its home ownership programme. These included transferring 16,000 flats originally earmarked for sale under the home ownership scheme to rental use within the next few years up to 2003/04, increasing the number of housing loans and postponing the sale of 6000 home ownership scheme lfats due for completion until early 2001.

In July, government clarified its policy stance on housing, stating that its objective was to maintain stability in the private housing market. As for public housing, it would maintain flexibility in production and sale of government-subsidised housing units. At the same time, the housing society also announced the suspension of sale of about 3000 sandwich class housing flats with the intention of removing their subsidised housing status and putting them in the private sales market.

Having moved up slightly at the beginning of year 2000, prices fell substantially after the first quarter. Market activity revived somewhat following the mid-year announcements and prices recorded some increases. Nevertheless the rebound was short-lived and towards the end of the year prices fell again, leading to an overall decrease from the previous year. The rental market however was quite stable throughout the year, recording very little movement. Large units had held up better than small/medium units, with prices falling to a lesser extent and rents registering a moderate growth.

Following the previous year's high production, supply of new residential units in 2000 dropped by 27%. The completions of 25,800 units were slightly below the average annual production of 27,000 units for the 10-year period ending 1999. Take-up of 29,200 units was exceptionally good, surpassing the previous nine years, and exceeded new completions in the year. This resulted in a lower vacancy of 5.4%. However, the large units sub-sector saw a much reduced take-up and a consequential higher vacancy level of 7.5%.

Completions of all private residential units in 2001 and 2002 are forecast to increase moderately to 28,000 units and 30,000 units respectively. Large units are expected to see a record completion of 3,500

units in 2001, more than twice the average level in the past 10 years.

Office

The office market was characterised by the shortage of new grade a space, particularly in the core office districts on the Hong Kong Island. New supply in the year was negligible. Capitalising on the demand from IT firms, telecommunication companies and financial institutions, grade a office rents moved up steadily in the year.

Rent-free periods and other concessions were considerably reduced. Space in prime buildings of the core districts in Hong Kong was particularly sought after. Some exceptionally high rents were achieved due to limited vacant space and nearly full occupancy.

The IT sector growth lent support to sustain the demand. Advanced building specifications were generally required to create an e-business environment to meet the demand of modern e-commerce world. Emphasis was put on providing an efficient telecommunication network and fibre-optic infrastructure.

The IT industry expansion slowed down later in the year, with reported collapse and down-sizing of some internet firms. But this had not put the rising rents at bay, since well-established multinational companies remained in the leasing market.

Overall office rents showed an upward movement during the year, having fallen slightly at the start of year 2000. But performance among the sub-sectors varied. Grade a offices achieved noticeable rental growth. Grade b and grade c office rents had declined moderately at the beginning of the year and, despite recovery since the initial drop, had not gained enough to register an overall positive growth by the year end. Prices had a dismal performance, with a continuing downfall throughout the year for all grades.

Overall office completions in 2000 were only about one-fifth of the previous year, at 95,600m1. The take-up of 424,000m2 far exceeded the annual completions, bringing vacancy down to 10.2%. Grade a completions likewise were at a record low level over the past 10-year period. None of the 63,400m2 space completed was in the core districts. As new supply was unable to cope with demand, vacancy fell to 8.7%. Low level of completion is expected to continue in 2001, estimated at 103,000m2 overall. Major developments in the core districts are not likely to come on stream until 2002 when higher overall completions of 290,000m2 are expected.

Commercial

The supply of commercial premises in 2000 was at an all time low Completions were merely 64,300m1, less than one-third of 1999. A higher take-up of 192,000m2 was recorded, leading to a reduced vacancy of 7.5%. Forecast completions for 2001 and 2002 both indicate substantial increases to 135,000m1 and 130,000m2 respectively, but still far below the average supply in the past 10 years. For both years, the bulk of the supply will be in the urban areas.

Retail

There was an improved sentiment, with increases in overall retail sales and tourist arrivals which lent support to the retail market. Another positive factor was the implementation of pedestrianisation scheme in a number of areas. Rental growth was achieved in some prime shopping districts. However, overall rents were rather static during the year. On prices, an overall downturn was experienced. Despite short periods of rebound during 2000, prices at the year end were below the 1999 level.

Industrial

The industrial market remained sluggish in overall terms. The fast expansion of the technology sector created demand for space for use as data centres and back-up services. However these were restricted to modern industrial-cum-office premises with suitable design and facilities.

The outlook for traditional industrial buildings continued to he unpromising. A general sense of pessimism. still prevailed. There were few completions and suspension of development projects remained common, indicating very limited supply in the pipeline and developers' lack of confidence in this sector.

In an attempt to make better use of certain industrial areas, government introduced the concept of a new `business' zone. The intention was to cater for the accommodation needs of different business activities within the same site or building, principally clean industrial, general office and commercial uses. This considerably enlarges the scope of permitted uses, giving more flexibility to owners and users of industrial properties. It will enable the market to respond better to the changing needs of the industrial/business sectors.

Following the formal promulgation of the business zone in January 2001, a few industrial sites had been rezoned from industrial to business use.

Both rents and prices of flatted factories declined during the year, with prices recording a larger fall than rents. Only two development projects were completed in 2000, supplying merely 18,700m2 space. Take-up was 66,000m1, and vacancy came down to 8.5%. The low level of completions is expected to continue in 2001 and 2002.

The completion of two industrial/office developments in 2000 provided 37,100m1 space, a slight reduction comparing with the preceding year. A higher take-up at 93,000m1 was achieved, bringing vacancy down to 15.7% which was an encouragingly low level on record since the compilation of statistics of this sub-sector in 1994. Forecast figures indicate further decrease in completions in 2001 and 2002.

Only 6,300m1 storage space was built in 2000, less than 5% of the 1999 production. Vacancy fell to 4.7%. Completions in 2001 and 2002 are likely to remain at a low level.

Supply chain optimisation

Abstract

Supply chain management (SCM) is becoming a prevalent tool for optimising procurement, logistics and distribution performance within the manufacturing industries. Management literature relating to SCM almost exclusively focuses on the application of SCM within the manufacturing sector.

The application of SCM within the service industry is not extensive however in the US, the service industry overtook manufacturing in 1998.

Eighty percent of all US employment is contained within the service sector. Specialised service firms have therefore become very large and sophisticated relative to the scale and expertise that individual staff and service groups have within integrated businesses.

This paper will examine SCM value chains and outsourcing procurement options for the property assets and facilities management sectors. Supply chain optimisation (SCO) is a variant of SCM. Traditional SCM encompasses the supply chain from the supplier's supplier to the customer's customer. However, in the asset and facility services sector SCO focuses predominantly upon the relationship between the building asset owner and the service supplier(s). SCO service delivery models will be considered with respect to rationalisation, aggregation and strategic partnerships with service suppliers.

Introduction

As organisations create new strategies to compete in a global environment, traditional business boundaries between industries, companies and markets, are being broken down. The environment, along with the changing structure of the workforce, is reshaping the way corporations organise and design work. New technology and information networks now make work, from anywhere, strategically possible. As a result of these profound changes property and facilities managers face new organisational demands.

Global competitiveness is forcing organisations to embrace their real estate and premises as a resource central to the essential management of their business. Real estate costs represent significant overheads for all companies. For building owners and occupiers, capital and operational costs are the focus of financial controllers looking to shrink overheads. As an occupier rental costs are typically the second highest expense after salaries.

In the real estate and facilities areas, increases in profitability are being sought through managing "total occupancy costs". Total occupancy costs include all of the facilities/assets items that reach the financial statements of groups, divisions or companies. To increase profitability a more rigorous analysis of rent, depreciation, utilities, property taxes, financing costs, furniture, fixtures, equipment expenses and churn is required as these facets relate to the long and short-term impacts on the bottom line.

This attention to detail has led many organisations to recognise that a number of its property and facilities activities, tasks and functions are not the core competencies of its staff. There are also an increasing number of external service providers who leverage their own core competencies in these functional areas. Service providers who specialise in these functional delivery areas often provide a superior service at a lower cost and in a faster time frame.

Operational effectiveness

According to Porter' operational effectiveness means performing similar activities to your rivals but performing them better.

Differences in operational effectiveness between organisations are pervasive. Some organisations optimise their inputs better than others because they eliminate wasted effort, employ more advanced technology, motivate employees or have a greater insight into managing particular activities or sets of activities.

These differences in operational effectiveness create profitability differences amongst competitors because smarter operational effectiveness affects cost positions and levels of differentiation.

But while superior operational effectiveness can be a source of short-term competitive advantage in the long-term it is nowhere near adequate. The "rapid diffusion of best practices" means that organisations become more efficient (ie, reduction in m2/person or $/m2 facilities costs) without individual companies becoming more profitable. Nevertheless it is an essential strategic tool as the higher an organisation's costs are above those of close rivals the more

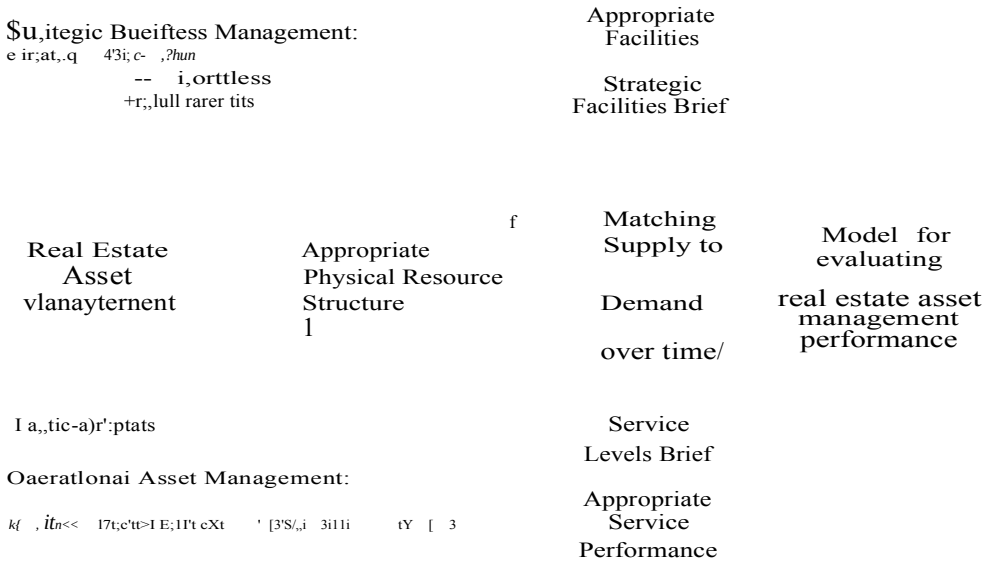


FIGURE 1: THE ROLE OF STRATEGIC FACILITIES BRIEF AND SERVICE LEVEL BRIEF

competitively vulnerable it becomes.

Operational effectiveness within the property and facility spectrum predominantly relies upon SCO. SCO focuses on matching the supply of facilities services to the demand from the organisation. Figure 1 illustrates the connection between supply chain optimisation and the support of an organisation's core business.

The effectiveness of the model in Figure 1 relies on the regular flow of two types of information. Service demand information, which is built up from the bottom of the operational structure and business information, which is brought down from the core business end of the organisation. If the flow of information is maintained an equilibrium point will be reached between the supply of services and the demand from the organisation and its occupants.

Supply chain optimisation

The traditional procurement of facilities management (FM) services has involved a chain of independent supplier organisations, each adding separate value to items bought from others. Typically, each link in that supply chain has been an "arms-length" pact. Buyers shopped for price (lowest cost provider) and (sometimes) performance in the open market. Whenever the market place offered a better deal, one supplier was left for another. These arrangements are regarded as central to the success of market economies. This notion is not correct however as it also impedes economic growth. The reality is that supply firms cite poor relations with their customers as one of the most critical barriers to their improved competitiveness'.

Driven by brutal competition, supply chains in every industry are moving toward integration. The demands on individual organisations have become too vast to allow them to continue operating in isolation. For a company to deliver maximum value to its customers, it must receive maximum value from its suppliers.

Moreover, no firm working alone can differentiate its products or its services from its competitors without the suppliers' help. A firm can only provide top quality lowest cost products and services if their suppliers provide them with such products.

A contract or any amount of bargaining power cannot create these benefits. Benefits can only be gained in an environment of cooperation and mutual commitment.

Its hard to imagine any facility operating in a healthy, comfortable and productive manner if the FM suppliers (engineering, cleaning, security, etc) are forever bickering and fighting over cost and service issues. Invariably in this type of environment, attention to quality is eroded leading to deficiencies in plant and equipment operation and maintenance.

By definition, a strategic alliance is a relationship between organisations in which they cooperate to produce more value (or at a lower cost) than is possible in a market transaction4. To create that value, they must agree on what it is, use each other to achieve it, and then share the benefits. Without a shared objective, meaningful cooperation is not feasible. If they do not share the benefits, they cannot expect the commitments required for cooperation.

For alliances between customers and suppliers, an elaborate web of joint tasks is created and these are governed by a set of key principles.

The greatest benefits of customer-suppliers

alliances come from continuous improvement over the long term. Such improvement calls for ongoing alignment of organisation priorities and resources, which requires top-to-bottom connection at all relevant policy and operating levels. If decisions on matters like capacity and technology development are made separately, partner firms may evolve away from meeting each other's needs. Further, to create the most value, a supplier must adapt its organisation for each customer interface, reflecting the need for resources, structure, and practices that are unique for each situation.

This creates scale economies, gives each remaining supplier a better chance to win more of the customers business, and facilitates closer working relationships.

Single supplier strategy

Moving towards single supplier strategy leverages both cost and performance effectiveness opportunities. Single supplier sourcing promotes greater commitment to forming an alliance. This fosters best practice initiatives and innovative developments that assist the asset user. By giving a single supplier more reliable and greater volumes of work allows the supplier to discount cost by volume yet protects the supplier's cost structure. This methodology works particularly well where similar skill sets (ie within engineering services or cleaning services) can be utilised during single site visits.

Figure 2 illustrates the evolution and leverage benefits of moving from arms-length supplier to preferred supplier and, finally into a strategic partnership.

The integration of FM service tasks and activities is an ideal medium for single supplier strategy FM services can be neatly arranged into similar skill sets - typically grouped around building services (engineering) and `soft services' (cleaning, indoor plants etc).

FM value chain linkage

The value chain between customer and supplier is linked in various ways to produce more value to the final customer in this case the asset occupier. Unless a strategic alliance is in place multiple connections can create opportunities for confusion, priority conflict, and allow destructive information leaks that do exist in traditional arms-length relationships.

This friction can be magnified as rivals often share the same facilities management value chain. Figure 3 depicts a typical FM value chain.

At a large organisation like Telecom New Zealand, the cost of performing a facilities management task can be split approximately equally between the actual delivery of the task (the technical "know how") and the administration function surrounding the delivery of the task - planning, travel, reporting, contract set-up and invoicing, etc.

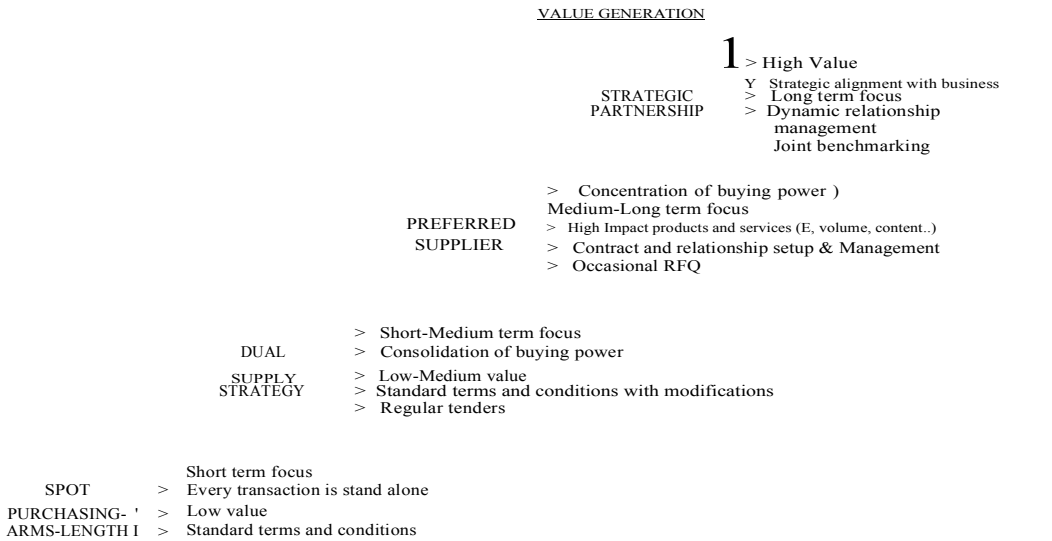


FIGURE 2: SUPPLIER RELATIONSHIP PROCUREMENT MODEL (ROGERS, 1999)

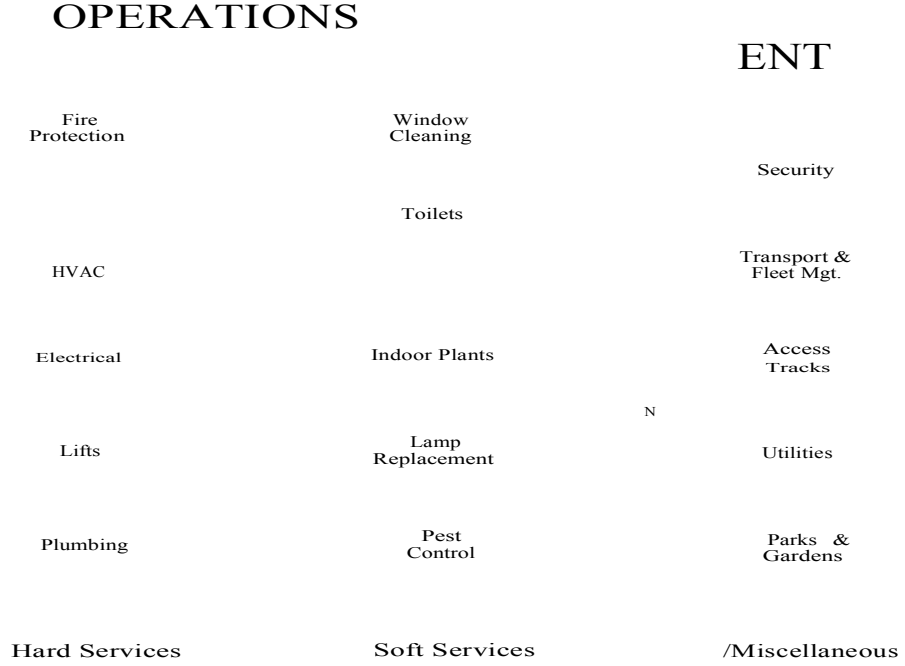


FIGURE 3: FM SUPPLY CHAINS (ROGERS, 1999)

A building owner who effectively manages (through an alliance relationship) all of the administration costs and all of the potential creativity from the different key suppliers builds a tremendous competitive advantage for themselves; compared with rivals that still regard suppliers as firms whose services are brought through arms-length, price dominated transactions.

Value chains are self-reinforcing mechanisms. Just as they contribute to better performances and sharper strategies, chains will continue to evolve and gain importance in response to the heightened competition they help produce. Aspects of that progression include an increased emphasis on technology, more direct ties between chain members, and a greater strategic emphasis.

In most industries, technology is an integral component of value creation and the pace of that dependency appears to be accelerating. This trend is shaping the role of value chains. Electronic data interchange (EDI) using the Internet as the communication medium has dramatically reduced administration costs and quickened information flow performance through:

- Online work management tracking tracking progress and response to reactive repair or complaint activities;
- Online invoice billing, invoice tracking and approval sign-off;
- Online asset management maintenance tracking through plant and equipment identifiers and barcodes linked to powerful databases and GIS/GPS;
- Pro-forma web page Intranets (Building Act schedules, health and safety pro-forma documentation and standardised maintenance schedules, etc).

All of these tools greatly assist the information flow by dramatically cutting down time-consuming tasks and by improving the accuracy of records and databases.

Implementing supply chain management New Zealand Post Properties case study

New Zealand Post Properties (NZPPL), one of New Zealand's largest property owners, manage and maintain 330 buildings nationwide. These properties range from international mail sorting centres through tp retail branches. In early 1999, RDT Pacific was commissioned to undertake a FM SCO programme. The rationale behind the SCO implementation was the increased inefficiencies and priority conflicts associated with multiple arms-length supliers. The programme was based on an aggregated and rationalised supplier strategy, as depcited below

Throughout such a process, ongoing communication with all stakeholders is imperative. The NZPPL exerciase was completed within a six-month period and significant cost and performance benefits have resulted. Figure 5 summarises the NZPPL

STAGE 1: SCO Situation Analysis

Correlation and review of current state *documentation including:*

➢ Number of FM contracts
➢ Type of FM activity/skill set ('Hard/Soft' etc)
➢ Geographical spread of contracts
➢ Internal process management of contracts
➢ Type of contract model (comprehensive, unit rates, performance specified etc) ➢ Present contractual obligations. Identification of existing best practice suppliers
➢ Size and type of FM portfolio, plant and equipment
➢ Specific hazards, compliance issues or health and safety rules

STAGE 2: OPTIMISED SCO MODEL

Based on Stage 1, above *formulate new SCO model, which includes:* ➢ Rationalised supplier base (preferred vendor strategic partners)
➢ Regional or national base
➢ Comprehensive performance specified maintenance contracts
➢ Elimination of variable costs where possible
➢ Consolidated invoicing and reporting structures
➢ Internal escalation procedures optimised. Greater use of EDI.
➢ Value Management, partnering and performance improvement workshop inclusion

STAGE 2: SELECTION AND APPOINTMENT

➢ Preparation of documentation RFP/EOI/comprehensive performance specified contract
➢ Selected vendor workshop to highlight SCO and property owners intent
➢ Service Level Agreement and specifications developed
➢ Tender/Negotiation phase and Appointment
➢ Transition and Value Management review of SLA and Key Performance Indicators by both parties to review further opportunities
➢ Internal interface review internal communications, helpdesk escalation, online protocols and reporting protocols, etc

FIGURE 4: SCO METHODOLOGY (ROGERS, 1999)

SCO programme.

The top section displays the "before" state problems and issues and the bottom section itemises the benefits that accrued after SCO implementation.

Post SCO implementation - optimising stragetic partnerships

It is not possible to write a contract incorporating all the inter-organisational activities which customer/supplier alliances require. There are too many tasks, too many connections, and too many uncertainties.

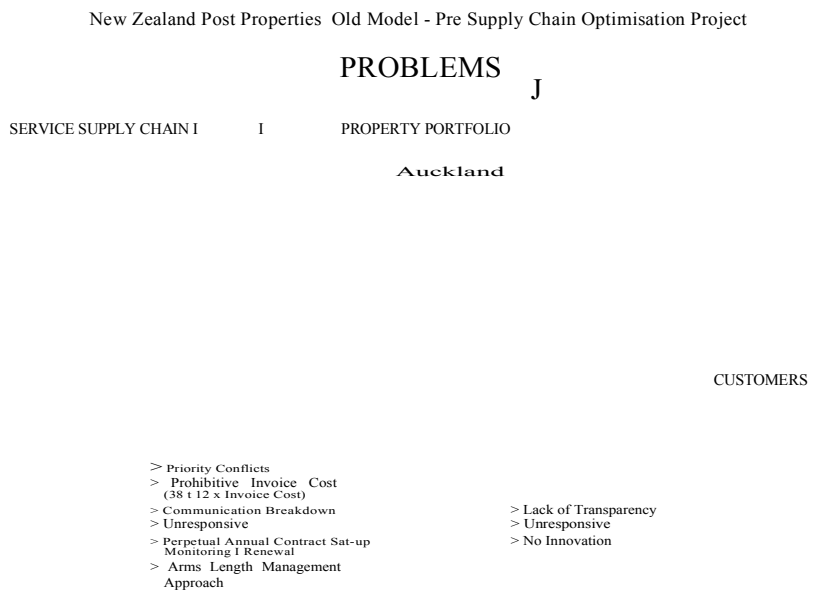
Alliances are sustained by mutual need, a common objective, a willingness to share the benefits and an atmosphere of trust. Alliances are between people. When adjustments must be made to an alliance, only the people who trust and understand each other will be able to make the adjustments in a way that maintains commitment. Only the people who share common vision and have the enthusiasm to turn it into a reality will invest the appropriate amount of effort needed for an alliance to succeed.

Customer/supplier alliances work best in organisations with a continuous improvement culture, long-term views, and root cause attitudes toward issue resolution. Other requirements are a high degree of internal trust, robust team process, substantial delegation and empowerment, and a genuine openness towards outsiders.

The more a customer meets a supplier's needs

(ie, greater volume of work, extended term of contract etc), the more chance there is tht a supplier will stretch to meet the demands. Supplier needs include stable and growing revenues, healthy margins, continued independence and credible opportunities for new business. Suppliers also need to be treated fairly.

When a supplier has problems, the best course for the customer is to help solve the problem rather than go to the expense of finding and developing a new



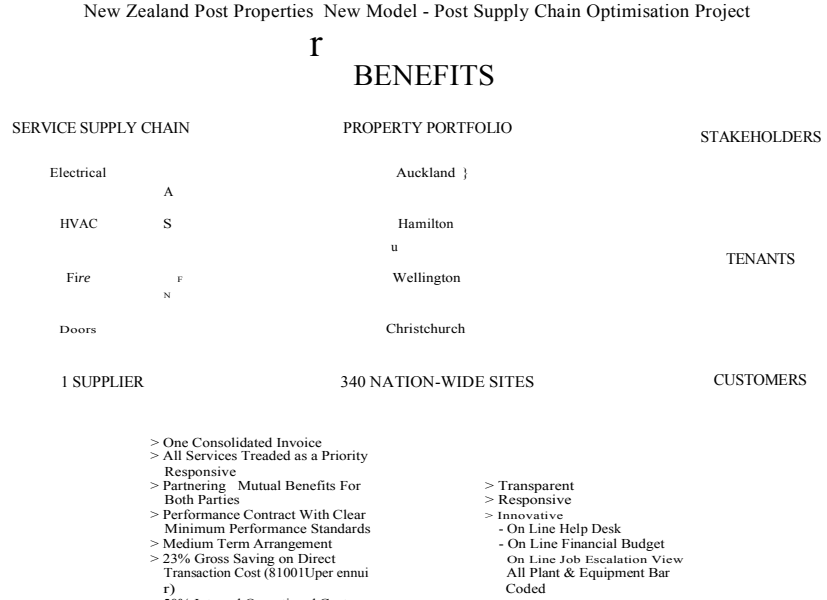


FIGURE 5: NZPPL 'BEFORE AND AFTER' STATE MODEL (ROGERS, 1999)

Encouraging Suppliers to Excel

Growth	■ Provide benchmarking opportunities • Spot new growth areas for them • Grant reasonable exclusivity for new ideas and concepts
Operations	• Give reliable order patterns • Pay promptly
Relationships	■ Apply root-cause approach to problem solving • Use objective measures in decisions ■ Build long term mutually valuable commitments ■ Ensure dispute resolution processes exist
Independence	■ Permit acceptable margins • Respect their cost structures ■ Protect proprietary know-how
Avoid Damage	■ Use reasonable limits in negotiations • Balance unexpected harmful events • Share appropriate risks or be prepared to pay for high supplier risk • Cooperate to introduce new practices or systems

partner. Clearly, customers should also avoid behaviour that could damage a supplier.

With remarkable consistency, suppliers whose customers rate them highly credit the benefits they get from alliances as a key source of their motivation to do their best. The table right' illustrates several techniques for encouraging suppliers in order to leverage the gains.

Summary

Every asset owner is both a customer and a supplier. It is not consistent to seek closer ties with one's tenants or customers while refusing to build the same kind of relationships with one's suppliers. Yet many asset owners that make great efforts to partner with tenants and customers do just this, forcing suppliers to take risks alone and demanding price concessions, unnecessary risks and other actions that weaken suppliers' commitments.

Many organisations have recognised the strategic importance of optimising their FM supply chain. The cost and performance benefits that accrue from smarter FM service supply procurement can become a source of competitive advantage. Organisations that develop effective supply chain links between themselves and their suppliers will reduce and optimise internal cost structures, harness smart customer-management technology (online help desks, etc) and tap people's innovative capabilities.

SCO is an integrated methodology that relies on the sum of all processes to deliver the full value. A partial implementation is more likely to damage customer-supplier relationships through misinterpreted objectives and misaligned goals. The facility owner supplier relationship requires constant nourishment to fully realise the mutual benefits available.

References

1: M. Porter, What is Strategy?, Harvard Business *Review,* Nov Dee,1997. pp 61 - 78.

2: S. S. Then, Integrating Facilities Provision and Facilities Support Services Management. Paper presented at CIB W70 Working Commission on Management, Maintenance and Modernisation of Building Facilities International Symposium, Singapore. 18-20 November 1998. Pgs 4.

3: J. A. Heim, Removing Barriers to World Class Manufacturing, National Academy of Engineering, Washington D.C, USA., October 1992

4: See, J.D. Lewis, Partnerships for Profit, New York: *Free Press,* 1990

5: See, J.D. Lewis, The Connected Corporation, New York: *Free* Press, 1995

About the author: Paul A. *Rogers;* M.Bldg.Sci, Dip.Env.Mgt, Dip.En.Mgt, M.IPENZ, *M.NZPI* is a *principal* consultant at *the project* and management consultancy *firm* RDT *Pacific (NZ)* Ltd. *Rogers* specialises in strategic asset management *and supply* chain optimisation. Based in Wellington, *Rogers* consults *to* a wide variety *of* clients *across* the Asia/Pacific *region* in the health, *infrastructure,* utilities and *commercial property* environments.

Forestry land rentals

Synopsis

Changes in the forestry sector, especially the Crown forest licence regime introduced in the early 1990s, have seen a new focus on the approach to forest land valuation and rental. Rentals may be based on land values, which are in turn often based on pastoral land rather than land actually in trees. Forestry rentals are unusual in that the preference is for indexing rather than an open market assessment at each review. The assessment of a "market rent" as in commercial ground leases might produce unintended results.

Unless the lease restricts the land to plantation forestry the rental may be assessed on the basis of other more profitable uses. The use of financial modelling common in the forestry sector can provide a good method of comparison. There is often a lack of comparable current market evidence, and other methods of adjustment such as indexation, may be justified.

Background

By the 1980s a large resource of exotic plantation forestry was built up under Crown ownership and privately owned commercial forestry. The strong agricultural influence in rural New Zealand meant that much of this plantation forestry was consigned to remote or difficult land considered unsuitable for pastoral farming. In most cases, the land and trees were in the same ownership. However forestry rights and joint ventures were common where the land was under Maori ownership.

Whether the land was owned or leased, land cost was traditionally considered a minor component of the forestry operation. However forestry has become more mainstream and now competes as a land use with traditional farming land. Experiences in New Zealand over the past decade have required a substantial rethink of the approach to forest land value and rentals.

Sale of state forests and creation of Crown forest licence regime

In the 1980s the government proposed to sell of its commercial forestry interests but court action was taken by Maori groups concerned that this would defeat their claims under the Treaty of Waitangi. A solution was devised between the Crown and Maori interests which took shape as the Crown Forestry Licence (CFL) regime.

This enabled the Crown to sell the trees and other forestry assets while retaining ownership of the land. The purchaser of the trees was granted a licence over the land, which remains in Crown ownership until Treaty claims are resolved.

The terms of the CFLs were agreed between the Crown and Maori representatives without input from prospective licensees. The relatively short history of the CFL regime has seen many legal disputes between the Crown and licensees, mostly over the licence fee review provisions.

The licence fee was to be reviewed every three years according to a specified methodology, being 7% of the assessed land value. This was to apply only for the first two reviews. After nine years the "basis for fixing" the licence fee was itself to be reviewed.

Commencement rental and rental upon review

In a normal commercial lease, the parties negotiate the initial rental and can also decide, at the outset, the basis for reviewing the rental. Typically a commercial lease will provide that the reviewed rent is to be the current market rental. Case law has many examples of how these rent review clauses are interpreted and applied.

Forestry seems to be an exception. There is a greater variety of the types of arrangement between foresters and land owners, and of methods for setting the compensation both initially and upon review However, few provide for the review to be a market rental in the same way as a lease of commercial premises.

In the CFL context, a major issue was whether the 7% land value methodology should be replaced with something comparable or whether it should revert to a "market rental", requiring assessment at every three-yearly review. The latter view has prevailed, based on the legal interpretation of the licences (remembering that licensees had no input when the licences were drafted).

The dispute involved considerable research into the various methods by which forestry companies,

land owners and their valuers approach the setting of the initial rental/compensation, and how they adjust the compensation during the term of the arrangement.

Types of arrangement between forester and land owner

There are many different types of agreement that can define the relationship between a forester and land owner. The land owner may have already planted the trees and may contribute in other ways such as by providing labour or meeting costs. The owner may wish to co-use the land (eg farm-forestry, recreation) or may impose limitations on the forester's use of the land. These factors influence the nature of the arrangement as well as the rental or other compensation.

Most arrangements will fit within one of the following categories:

(a) Pure joint venture. The forester and land owner agree to share the profit (or loss) at the end of the venture. The value of the owner's contribution of the land is agreed at the outset.

(b) Stumpage share agreement. This usually involves an assessment at the outset of what will be the respective contributions by the forester and owner over the rotation. They agree on a pre-set percentage of the "stumpage" to be paid to the owner upon harvest.

(c) Royalty payments. Also usually expressed as a percentage payable at the time of harvest and, depending on the method of calculation, similar in principle to a stumpage share.

(d) Annual rental (or equivalent). The landowner gets paid regularly, without waiting until harvest. The forester takes all the risk.

These arrangements may overlap. Forestry rights sometimes provide for annual rentals with an option to convert to a stumpage share at a later date. Some arrangements involve partial rental and partial stumpage share throughout the term.

In royalty or stumpage share arrangements, there is usually no provision to review the value of the landowner's contribution and therefore the royalty amount or share of stumpage. In the case of rentals or other periodic payments, it is common for the payment to be adjusted periodically.

Rental adjustments on review

The initial value of the owner's input of the land, or the initial rental, is ultimately for the parties to negotiate and agree. Each party may approach this from a different perspective, and it is relevant to consider how they establish their negotiating positions. Where the value or rental is to be adjusted during the term there are two options:

(a) A formula or methodology which the parties agree on at the commencement, and which is then applied periodically to adjust the rental; or

(b) A rent review clause where if the parties cannot reach agreement on the reviewed rental there is an assessment of market rent.

Option b is common in most commercial leases but not in forestry leases. Forestry transactions usually prefer some variation of option a. Research undertaken for the CFL general review included analysis of the mechanisms in common usage in the forestry sector within New Zealand and elsewhere.

More than 100 forestry rights were analysed covering the period 1960 to 1989. Sixty one percent were stumpage share arrangements, 28% involved rentals adjusted on the basis of percentage of land value and 11% involved periodic indexation of the rental.

From 1990 to 1999 56 forestry rights were analysed of which 11 were stumpage share agreements. Of the others, only one provided for the rent to be reviewed on the basis of percentage of land value and the remaining 44 provided for indexation as the primary method of adjusting the rental.

These figures did not include the CFLs drawn up in 1989/90 all of which specified percentage of land value as the review methodology at years three and six. While at the time the CFLs were drafted, percentage of land value was a preferred method for rental adjustments (stumpage share being excluded), by 1999 the market had changed significantly and now prefers indexation.

Reliable information from overseas was hard to find, but three US-based companies indicated that indexation was the preferred method there. There was little evidence in forestry transactions of a "market rent" review mechanism typical in commercial ground leases. The CFLs are therefore unusual in that they now require this assessment every three years.

What is a "market rental"?

New Zealand case law holds that a "market rental" is that which would be paid in an open market transaction between willing but not anxious parties to a lease of the same land on identical terms and for the term of the current lease.

In the CFLs the land is defined to exclude all trees and improvements which had become the property of the licensee, but otherwise in its condition at the commencement of the licence. The exclusion of the trees and improvements makes sense, as the licensee should not pay rent for something it already owns. However this gives rise to a more complex question; how is the existence of the trees and their impact on the condition of the land, to be taken into account?

Case law in New Zealand regarding commercial ground-leases has generally held that not only is the value of any building on the land to be excluded, but also the existence of the building is to be ignored. This has led to the result that a rent review is to assume a vacant site, where it can be used for its

"highest and best use".

In forestry rentals that may not be an appropriate or desirable outcome. It would mean that the rental is set as if the land is devoid of trees. It could mean that the land is assumed to be cleared and ready for planting, rather than in its original cut-over state, or in a post-harvest condition.

A forester would not wish to face a "market rental" assessment if it assumed:

(a) that the land could be used for its "highest and best use", when that use is not forestry; and

(b) the land was cleared of trees and in a condition ready for planting.

Once in forestry, the land cannot economically be converted to any other use, including other perhaps more profitable trees. Unless the use is restricted to forestry, the "market" rental will be assessed on the basis of what is the most productive use of the land at the review date.

Although not in a rental case, the courts have interpreted comparable statutory land valuation provisions in which the "value" of the trees was to be excluded. They held that the existence of the trees was to be acknowledged and the land was to be valued as forest land.

The issue has arisen principally because of the observed differences in the costs (and therefore the value of the land) according to whether it is in a cut-over condition or cleared and ready for planting. A pastoral site will have greater value to a forester than would post-harvest forest land.

The place of land value in fixing rentals

Debate on this subject often commences with the classic statement: "Corn is not high because a rent is paid, but a rent is paid because corn is high."

In New Zealand the courts have generally applied the "prudent lessee" test.

Accordingly, the valuer is to be concerned only with matters which would affect the mind and ultimately the judgment of the prudent lessee in making an offer of rental to the lessor.

Looking at the matter from the hypothetical willing but not anxious lessor's perspective, it is what that party can reasonably expect to be offered which must be assessed, not what that party would like to receive.

There will often be factors affecting the price of land which do not reflect its economic rental value. Locational or non-commercial factors may increase the price, or particular terms of the lease may depress the rental but not affect the land value.

In a case where the lease effectively restricted the premises to the tenant's particular use, so as to exclude the "highest and best use" approach, the Court of Appeal held that the market rent must reflect the profitability of that use, and that care must be taken to reflect worsening economic conditions.

The role of land expectation value (LEV) in setting and reviewing rentals

Land expectation value is a form of net present value analysis commonly used by foresters and forestry advisers. It is most useful in comparing options, such as for different management regimes or site characteristics. Forestry companies undertake an LEV calculation to assess the affordability of a purchase or lease decision.

LEV is generally considered an unreliable indicator of land value. The price and cost assumptions and discount rates are often subjective. In a comparative analysis these are kept constant, but in an "absolute" sense minor variations can alter the outcome dramatically.

The LEV can however indicate whether the affordability for forestry purposes is above or below the assessed "market value", particularly where that market value is assessed on the basis either of other land uses or of historical data.

As a comparative tool, LEV has a function in the rent review process. Applying the "classic" approach of direct comparability of other rentals, LEV analysis can be a useful tool to compare the rental paid in a recently negotiated transaction with the subject property where the rental is under review The valuer's approach would be to express the known rental as a percentage of the land's value. A forester might instead make the more direct comparison based on factors relevant to forestry, such as:

- productivity/yields ("site index")
- log prices
- costs of harvest and replant
- distance to market
- available infrastructure.

Indexation as a basis for reviewing forestry rentals

As noted, indexation is a common method, both in New Zealand and elsewhere, for adjusting forestry rentals. The research showed that the most common indexation in the New Zealand transactions was 50% consumer price index and 50% producer price index (outputs) for forestry and timber-related products. Presumably, the purpose is first to adjust for changes in the value of money (CPI) and secondly to approximate movements in the economics of forestry (PPI).

Detailed analysis of possible reasons for adopting indexation can point to numerous criticisms. It would appear however that the parties to a forestry agreement are prepared to compromise on the bluntness of the approach, in order to provide better certainty and objectivity, such as for cashflow purposes.

Conclusion

The factors influencing the setting of an initial rental are many and varied. The relative negotiating strengths of the parties, competition from other

forestry interests or other uses, the setting of a benchmark or expectation from other rentals in the district and perceptions as to what is a reasonable return, all play a part.

Forestry is cyclical and there are times of intense activity followed by long periods of little or no new planting (and therefore no new leases or acquisitions). Assessing a market value or market rent in periods of decline is difficult.

If the exercise is to arrive at a current market rental then comparative analysis should be used where available and properly comparable. Adjustments may be required especially where market conditions have deteriorated and there is little or no recent activity.

While indexation might not produce a "current market rent" each time the rent is reviewed, it has many attractions to both the forester and the landowner as a method of adjusting future rental payments. Forestry companies will continue to approach the question of rent reviews with caution particularly to ensure that any reviewed rental properly reflects the long-term commitment of the land to the forestry venture.

About the *author:* Matthew *Casey* is *a partner in* KPMG Legal Auckland *(a large* national law *firm* associated with *KPMG)* and *the leader of* the firm's litigation and dispute resolution *group.* He specialises in valuation cases and also in *resources* and environmental law in *general.*

Property complications in East Timor

Abstract

This article is based upon a presentation undertaken in late 2000 by Tony Boyd following a TradeNZ sponsored mission to Dili, East Timor in March 2000 and more recent developments.

Now that the United Nations is well founded in Dili and programmes are being introduced to combat disease, reduce crime and provide a basic but sound infrastructure, greater underlying social and economic issues are coming to international attention. A small unit within the United Nations Transitional Administration East Timor (UNTAET) is tasked with the unenviable responsibility of land administration, registration and governance.

There is no denying that the task ahead of the land and property unit is enormous and fraught with difficulties from a lack of base property information to compensation issues relating to confiscated or abandoned land either from the colonial Portuguese or the dispossessed East Timorese.

Background

East Timor is contained on the eastern half of the island of Timor which lies in a northeast to southwest direction and is 600km long and approximately 80-100km wide, located to the north-west of Australia's northern territory. Its topography is mountainous and much of the island is characterised by rugged terrain and small narrow valleys.

The capital of East Timor, Dili, was the site of Portuguese rule for hundreds of years prior to occupation in December 1975 by Indonesian forces. In January 1999 President Habibie announced that the East Timorese would be allowed to decide their future by a referendum for or against autonomy under Indonesian sovereignty. History was made and tension remains.

East Timor's primary crops are rice or maize but the yields are amongst the lowest in Indonesia. The rich growth of sandalwood throughout East Timor once created a lucrative export commodity as far as China and India. During the Indonesian occupation sandalwood provided an additional and profitable revenue for the Indonesian administration without a sustainable timber management programme. The result, in part, is severe deforestation of a natural resource that requires ongoing management practice.

The production of high grade coffee for export has been East Timor's most successful agricultural endeavour, but production is relatively low and poor farming practice is jeopardising the quality of the grade. Other commercial crops are insignificant. Some fishing is evident although not wide spread amongst the East Timorese, who are traditionally not seafarers.

There are a number of official reports suggesting East Timor has potential as a source of minerals including manganese, marble, copper, gold, silver, iron, coat, oil and natural gas. Further investigation of these minerals is more likely as foreign exploration enters East Timor. Oil production, which is shared between Indonesia and Australia, is 30,000-40,000 barrels per day with royalty returns to both countries between $5 million-$6 million per year.

Prior to September 1999 and the associated dislocations, the population of East Timor was approximately 850,000 to 900,000 with the growth rate about 2.2% per annum. The population is overwhelmingly rural (some 90%), the urban growth rate has significantly exceeded that of country areas.

The pre-1999 East Timorese living overseas are estimated at some 100,000 persons, most of them living in Portugal, Australia or Macau, or in other Indonesian provinces. It is estimated that 150,000 to 200,000 non-Timorese live in East Timor of whom over 35,000 arrived as part of the Indonesian government's transmigration policy. Approximately 75% of the former economy in East Timor was run and controlled by this group.

Current situation

In October 1999 the United Nations established UNTAET. UNTAET, led by the transitional administrators, Sergiao de Mello, has the overall responsibility for the administration of East Timor and is empowered to executive authority including the administration of justice. Three separate branches of UNTAET have been established and all are based in Dili. These include humanitarian, governance and public administration and military.

- A land title system granting freehold title should be considered in earnest with due regard to existing lease structures and after weighing the interests therein.
- International consultants or advisers to the East Timorese transitional government must make provision for the training of the local population to an acceptable administrative level.
- A robust structure of mediation and arbitration is essential and should be the first priority for a land governing unit.
- The registering of cultural or community owned land requires an uncomplicated and simple registration based on either trusts or agencies.
- Compensation issues need to be timely and fair to alleviate the effects of long term mitigation.

About the author: Tony Boyd is an associate *of the* New Zealand *Property* Institute *and* a valuer in the Auckland *office of DTZ Darroch.* He has a special interest in international consulting *relating* to developing countries and infrastructural valuation.

References

Withy, D.R. (1999) East Timor Investigation Report, December 1999, Private Report.

United National Development Program (1999), East Timor - plan of action for rehabilitation, operations and maintenance of key infrastructure in East Timor for a 12 month period from November 1999, private report.

New Zealand Institute of International Affairs (1999), Focus: East Timor, Victoria University.

Jolly, J. (2000) Jakarta Troops Train Militias for Invasion South China Morning Post, Thursday, April 6, 2000.

Butt, P (1988) Old Title System & Torrens Title Land Law, Ch 19 & 20.

Fiedler, M. (1997) An Evaluation of the Australian Land Tax System Property Research Paper, The Valuer & Land Economist, November 1997, pp 723 - 729.

Warburton, M.H. (1995) The Doctrine of Fibssession in New Zealand Land Transfer System. The New Zealand *Surveyor* No. 285, March 1995, pp 32 - 36.

Infrastructure valuations

Introduction

In 1996 local authority depreciation was less than half the current amount and commentary in the Statistics NZ publication states that: "The value of depreciation has increased significantly over time as a result of increases in fixed asset values and legislative requirements for councils to fully fund depreciation (Local Government Amendment Act (No.3) 1996)"."

It appears that this increase in depreciation can be mainly attributed to the classification of infrastructure as depreciable assets.

In 1996 most local authorities did not have detailed information on the historic cost of their infrastructure assets and a valuation basis had to be established for charging depreciation. Since the introduction of the Act nearly all local authorities have revalued their infrastructure. Independent valuers using the accounting and valuation standards and guidelines that were available at that time carried out most of the infrastructure valuations.

After more than 10 years of valuing infrastructure I have come to the conclusion that some of our valuations may not be an appropriate basis for charging depreciation. I question whether we as valuers have taken due recognition of the effect our valuations could have on the amounts that are being levied by local authorities to recover costs that include depreciation charges based on our valuations. My concern is mainly related to the valuation of underground infrastructure assets.

Definition

Infrastructures are composite assets that will continue in demand in the foreseeable future and will therefore be maintained and renewed in perpetuity. The new Financial Reporting Standard FRS-3 describe the characteristics of infrastructure as:

(a) they are part of a system or network that could not operate if one component was removed;

(b) they comprise large numbers of components having different useful lives for providing benefits in different patterns;

(c) they enable the provision of essential services, seen as necessary to sustain living standards;

(d) they are specialised in nature and do not have alternative uses;

(e) they are immovable;

(f) they are subject to constraints on disposal."`

Background

New Zealand is one of the leading countries in the production of standards and guidelines for the valuation of, and accounting for, property, plant and equipment.

Drivers motivating the need for accurate financial reporting on, and valuation of, infrastructure includes:

- The corporatisation of public sector utilities and infrastructure;
- The Financial Reporting Act 1993;
- The Local Government Amendment Act (No.3) 1996;
- The inclusion of infrastructure and utilities in the Rating Valuation Roll.

Since the mid-1980s the accounting, valuation and engineering professions have been working together to formulate a consistent approach to infrastructure valuations. At the same time New Zealand professionals have been actively represented on International Standards Committees that are strongly committed to ensuring that accounting and valuation standards compliment and reinforce one another. A New Zealand local government initiative formed a national asset management steering (NAMS) group that has, among other things, published guidelines for the valuation of infrastructure assets.

Standards and guidelines published in New Zealand

Valuation standards

In 1995 the New Zealand Institute of Valuers (NZIV) published valuation standards and guidelines

n ri r-; *+la r'* ▯ , cvr svdc

covering market valuations, valuations for financial statements, valuations for loan security, mortgages and debentures and valuation basis other than financial statements.`°

In 1998 the Institute of Plant and Machinery Valuers published standards and guidelines for the valuation of plant and machinery on a market value basis and a depreciated replacement cost basis.v

Guidelines for the valuation of infrastructure were included in the New Zealand infrastructure asset management manual that was developed by the NAMS group in 1996.°' The NAMS New Zealand asset valuation and depreciation guidelines version 1.0 published in April 2001 have superseded the valuation guidelines in the 1996 manual.`

Financial reporting standards

In 1998 the Institute of Chartered Accountants of New Zealand (ICANZ) published Exposure Draft 82 (ED-82), Accounting for Property, Plant and Equipment."" This exposure draft outlined proposed changes to, and amalgamation of, two then existing standards SSAP-3 Accounting for Depreciation" and SSAP-28 Accounting for Fixed Assets.'

In March 2001 ICANZ Financial Reporting Standard number 3 (FRS-3) - Accounting for Property, Plant and Equipment was published, superseding ED-82. Most public and private sector entities will be required to comply with the new standard from March 31,2002.

In this paper I have attempted to determine whether the accounting and valuation standards and guidelines compliment and reinforce one another when applied to publicly owned infrastructure assets.

Basis of valuation

The most common methodologies of estimating the value of assets include the sales comparison, capitalised income or discounted cash flow, and cost based methodologies. In competitive markets value may be assessed with reference to all of the above methodologies. However, for specialised infrastructure the choice of valuation methods is limited.

For rating valuations the Valuer General Rules states that electricity line businesses and gas distribution networks be valued at optimised deprival value (ODV) and that other utilities be valued at optimised depreciated replacement cost"

For financial reporting purposes assets are not required to be revalued but where they are FRS-3 states that where assets are revalued they "are to be revalued to fair value".'"

Exposure Draft ED-82 stated that infrastructure assets are to be accounted for in exactly the same way as all other items of property, plant and equipment. The exposure draft considered market value for the existing use to be the most appropriate basis of valuation.'" However in keeping with international standards the ICANZ has adopted fair value as the basis for revaluing property, plant and equipment.

It is application of the fair value approach to the valuation of publicly owned infrastructure assets for financial reporting purposes and the effect on charges for depreciation that I will explore further in this paper.

Value from a financial reporting perspective

The commentary in FRS-3 explains, "the use of fair value is considered to be the most appropriate basis of valuation because it represents the exchange value of the future economic benefits embodied in the assets regardless of the manner which the entity has chosen to utilise the asset."""

The FRS-3 commentary also states that "Where fair value of the asset is not able to be reliably determined using market based evidence, depreciated replacement cost is considered to be the most appropriate basis for the determination of fair value. This situation will usually only arise where an asset is specialised or the only transaction price evidence arises in a monopoly context."'

FRS-3 also specifically addresses infrastructure in the commentary explaining that "Some items of property, plant and equipment are commonly described as "infrastructure assets". Infrastructure assets meet the definition of property plant and equipment and are to be accounted for in accordance with this Standard."""

Value from a valuation perspective

The NZIV's standard for financial reporting purposes (VS-3)"" states that:

- All investment properties and assets surplus to the needs of an entity shall be valued on the basis of market value at their highest and best use.
- All non specialised owner occupied properties and other property that is neither investment nor surplus shall be valued on the basis of market value for the existing use.
- All specialised owner-occupied properties and other specialised property shall be valued on the depreciated replacement cost basis except when market value methods can be applied."

The discussion section of VS-3 also states that: "When assets have a limited marketability the most appropriate valuation procedure is frequently the depreciated replacement cost method, subject to adequate potential profitability or services potential."'`

Differences in valuation approaches

Whilst accountants and valuers agree on the DRC approach to the revaluation of infrastructure there is a conceptual difference between the two professions on the outcome from the DRC method for specialised assets. The accountants recommend the use of the DRC method to give "the exchange value of the future economic benefits embodied in the assets regardless of the manner which the entity has chosen to utilise the asset". By contrast, the valuer's use of DRC refers specifically to a surrogate method applied to

specialised properties to arrive at a market related value. I believe that we as valuers need to give more consideration to this conceptual difference, particularly for specialised assets that are not exposed to open competitive market influences.

The main difference between the accounting definition and the valuation definition of value is the use of "fair value of land" in FRS-3 and the "market value of land for its existing use" in VS-3. I understand that the NZIV is considering changing the valuation standard by removing the words "for the existing use" to better align with the accounting standard and the International Valuations Standards..

Whilst there is still some debate on whether fair value and market value are synonymous for non specialised assets, it appears that the financial reporting standards and the valuation standards agree that depreciated replacement cost is the appropriate approach for specialised assets that are rarely, if ever, sold on the open market.

Depreciated replacement cost (DRC)

We can see from the following that the definitions of DRC defined in FRS 3 and the NZIV and IPMV standards are similar.

Valuer's definition of DRC

The NZIV definition of DRC for specialised property "is based on an estimate of the current market value of land for its existing use plus the current gross replacement (or reproduction) costs of improvements less allowances for physical deterioration, and all relevant forms of obsolescence and optimisation"-

In the case of plant and machinery the IPMV definition of DRC is "the current gross replacement cost reduced by factors providing for age, physical depreciation and technical and functional obsolescence taking into account the item's total estimated economic life and anticipated residual value, if any"-,

Accountants' definition of DRC

The definition in FRS-3 of DRC is defined as, "a method of valuation that is based on an estimate of:

(a) in the case of property:

(i) the fair value of land; plus

(ii) the current gross replacement costs of improvements less allowances for physical deterioration, and all relevant forms of obsolescence and optimisation;

(b) in the case of plant and equipment, the current gross replacement cost reduced by factors providing for age, physical deterioration and all relevant forms of obsolescence taking into account the item's total estimated useful life and residual value".-`

Purpose of the Valuation

As a plant, machinery and infrastructure valuer I am not qualified to address the valuation of land and will confine my comments to non-land issues.

The accounting and valuation definitions of DRC for non-land assets are the same. However, the purpose of the valuations is different and this is where conceptual differences become apparent. Valuations for accounting purposes will be used as a basis for charging for the consumption in economic benefits embodied in an item of plant and equipment whereas valuers will carry out valuations with a sales transaction in mind.

When we look at the elements of the DRC methodology there are some aspects that a potential purchaser may consider contributes to value because of the difficulty of constructing alternative new assets. However, should users of existing assets that were constructed in a different environment (eg, water reticulation pipes laid before roads were constructed) be required to fund depreciation based on the current market value? Would this be possible in the private sector where competitive forces apply? The steps required to determine the DRC could be summarised as:

• Decide the level at which components will be identified;

• Estimate current replacement cost of assets that will replace the capacity or service potential of the existing assets;

• Assess age and remaining lives of the assets; • Estimate residual values;

• Calculate the DRC.

Current replacement cost is the foundation of the DRC valuation approach and this paper examines the potential for overstating replacement costs in the DRC assessment.

Replacement Cost

The accounting definition of the replacement cost of an asset is given in FRS-3 as "based on the reproduction cost of a specific assets. In principle, it reflects the service potential embodied in the asset. However, in some cases, the reproduction cost of the specific asset is adjusted for optimisation in determining depreciated replacement cost.,,-Ri

FRS-3 gives guidance on optimisation in paragraphs 4.13 to 4.20, which is commented on later in this paper.

FRS-3 states that the costs to be included in the initial recording of an asset "comprises its purchase price and any other cost directly attributable to bringing the item to working condition for its intended use". It also gives examples of costs to be included. These are:

- Invoice price;
- Import duties;
- Broker's or agent's commission;
- Legal fees;
- Borrowing costs;
- Survey costs;
- The cost of obtaining resource consents;
- Site preparation costs (including land formation costs);

rraw T,ao! *Jni aNG1_*

- Installation costs, including architectural and engineering fees;
- Freight;
- Charges for installation, commissioning and testing;
- Site restoration costs.

Feasibility costs or costs of evaluating tenders should not be included.

I would assume that the same costs should be included in replacement cost estimates. The NZIV and IVS standards give little guidance to the assessment of replacement costs.

The IPMV standards define gross replacement cost as "The cost of replacing an existing asset with a modem equivalent asset. The gross current replacement cost includes costs of transport, installation, commissioning, consultant's fees, non-recoverable taxes and duties and finance costs up to the stage of commercial production. The cost of design is looked upon from the point of view of plant reconstruction rather than the cost of the original assets"'

The modern equivalent asset is the most cost efficient, currently available assets, which will provide the same stream of services as the existing asset is capable of producing. It allows for technology changes, and improvements and efficiencies in production and installation techniques.

The modern equivalent replacement concept is a valuation approach that is used to reflect reduced costs of construction since the asset was originally built. The reduced costs could be a result of improved construction and manufacturing techniques and/or the availability of products and materials that are more advanced and less costly than that required to reproduce the asset in its original form.

The NAMS valuation guidelines recommend that standardised replacement costs are developed and also outlines the principles to be applied to the standard replacement cost models. It also gives guidance on the basis to be used in the estimation of these costs. I will consider some aspects of this later in this paper.

Before replacement costs are estimated the issue of optimisation should first be considered.

Optimised Replacement Cost

The accounting and valuations standards require optimisation to be taken into account in the assessment of current replacement costs. The chart in the NAMS valuation guidelines-! reproduced right shows a range of degrees of optimisation applicable to infrastructure:

The NAMS valuation guidelines recommends that a brownfield ODRC valuation approach be adopted. The brownfield approach eliminates surplus and over-designed assets and uses current construction methods and materials, which is the same as the modern equivalent asset. However site reconfiguration and changed location (greenfields optimisation) is not considered.

An example of optimisation is small diameter pipelines that were originally laid using open trench construction methods would be valued on the basis of directional drilling which would normally cost less than open trenching in urban locations.

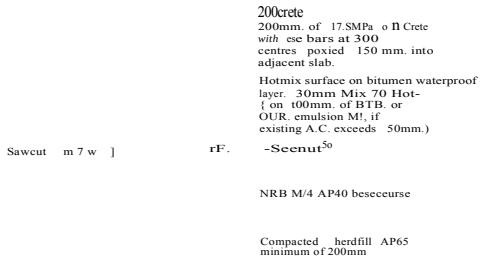
The optimisation process anticipates current replacement costs that are less than historic costs escalated to current dollars. However, there are occasions where replacement costs are greater (in real terms) than the cost of the original asset and I believe that consideration should be given to the effects of this on depreciation charges.

Replacement costs higher than historic cost

Examples of the replacement costs of infrastructure being higher than the real historic costs are:

Open Field Construction

Open field conditions are where rural areas are developed and the services are laid prior to laying roads and constructing buildings. The cost of laying the services at that time is much less than replacing



OOOO

CARRIAGEWAY AND VEHICLE
CROSSING REINSTATEMENT

the infrastructure in a fully developed area.

The chart above illustrates how costs increase as the area is developed. However, the NAMS Guidelines state "costs should be based on replacing in the current environment (eg if the infrastructure was constructed in an open field development but further infrastructure is now in place, the assets should be valued at urban costs)."xx

Whilst the above may be reasonable for market valuations where a potential purchaser would normally take account of the cost to enter the market by constructing a new network, is it fair when the valuation is going to be used as a basis for charging depreciation? There can be large differences in costs between "open field" value and "urban" value and I do not believe that in this instance depreciation charges should be increased on the basis of a hypothetical renewal cost that may not occur for many years.

Should the property owners fund depreciation on a higher amount than they paid to have the assets constructed?

Duplication of roading and sealed areas

Another problem with the "urban" replacement concept is that replacement costs for the larger pipes under roads and vehicle access ways normally include the cost of cutting and resealing the surface and removing and replacing base courses. However, the sealed surface and base courses are already included in the roading valuation. This means that base courses and seals for footpaths and roading over the trenches for all services will at the least be duplicated and may even be included a number of times for each of the services and utilities valued.

Scale of Renewal

Cost estimates based on different quantities and circumstances to that of the original construction may also lead to higher estimates of replacement cost.

Reinstating roading and footpath surfaces over trenches for pipes would not be done as economically as sealing a complete carriageway Therefore the cost of the seal over the trench would be higher in dollars per square metre than the same seal in the roading

a ⊣t ·· *JSUHN/A*

valuation. Similarly the cost of base courses and roadmarking would also be higher on small scale works.

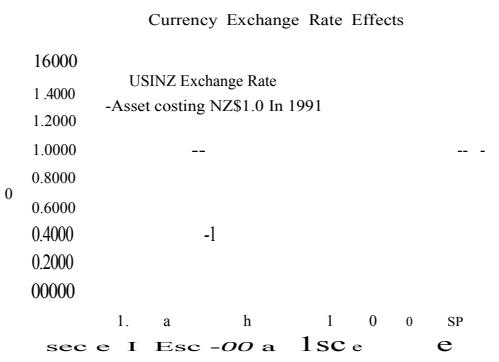
The NAMS guidelines states: "Replacement costs are based on projects that reflect the optimal size of periodic renewals and achieve a balance between achieving economies of scale and replacing assets before they are technically required".

Renewal Contract Costs

Most of the contracts that I have seen for the replacement of underground pipes have been for much shorter lengths than that of the original construction. Because of the loss in benefits of the economy of scale the smaller scale of replacement would cost more than the original construction. The NAMS guidelines addresses this issue stating that: "Renewal programmes will give an indication of a replacement cost but if an entity is currently only undertaking minor renewals then costs may need to be adjusted to reflect economies of scale and competitive tendering"-'"

Short Term Cost Fluctuations

The NZ exchange rate and oil prices can affect the replacement cost of infrastructure assets. When oil prices rise there is normally an increase in the cost of bitumen and plastic pipes. As oil is traded in US dollars the NZ/US exchange rate can also effect prices. This means that the current cost of replacing a road surface or a network of pipes could be more (or less)



Crude Oil Prices
1996 Dollars

than the original cost construction costs. The graphs below shows oil price and exchange rate variations over the last 10 years.

The NAMS Valuation guidelines state that costs should reflect sustainable market conditions and that short-term fluctuations should be corrected. It suggests that a three-year average be considered and that a statement to this effect should be included in the valuation report.

Interest during construction

External borrowing costs during the period of construction are to be included in the valuation. Under the historic cost accounting system interest incurred must be capitalised. For revaluations interest should be included at normal borrowing rates regardless how the construction was funded.

Interest costs incurred by developers carrying out residential or commercial developments could be considerable as property sales could occur some time after the infrastructure is established. The infrastructure associated with the development is normally vested to the local authority and, according to FRS-3, it should be transferred at "fair value". The transfer value should therefore include an allowance for the developer's interest costs.

The NAMS valuation guidelines states that "borrowing costs should be accounted for in major infrastructure assets involving significant sums and having a construction period greater than one year".'

Donated or subsidised items

FRS-3 states: "The cost of donated or subsidised items of property, plant and equipment must be its fair value at date of acquisition, together with any costs directly incurred by the donee in bringing the item to working condition for its intended use." '°' The denoted or subsidised value must be recognised as revenue.

This means that when a developer vests the roads and reticulation networks of a completed subdivision to the local authority the assets are to be valued at fair value, not cost, in the local authority's financial statements. Transfer values would be based on urban

replacement costs and would be higher than the developer's "open field" costs.

The users of the assets, who are the same people that paid the developer to construct them, will then be required to fund the depreciation of the assets on a basis that is higher than the cost they paid for them. Is this fair?

Property owners in a new development are normally keen to have the local authority take over the infrastructure and they do so knowing that they will be charged depreciation on them. Their property value is enhanced because the infrastructure will be maintained, managed and replaced when necessary by the local authority.

The property owners have made an informed market decision and I believe that charging for depreciation by the local authorities is fair.

Depreciation

In accounting terms depreciation "is the measure of the consumption of the economic benefits embodied in an asset whether arising from use, passing of time or obsolescence."""" The depreciable amount must be charged over the item's useful life and the depreciation for each period must be recognised as an expense. Depreciation is not regarded as a measure of the decline in value of an item of property plant and equipment.

When we look at the definition of depreciation in the valuation and accounting standards we will see that there is a conceptual difference in the definition by the two professions.

In valuation terms depreciation is the "loss in value from the cost new and caused by physical deterioration, functional (technical) obsolescence and/or economic (external) obsolescence."*' "

If the economic benefits of an asset are consumed uniformly over the life of the asset, the carrying amount in the accounts will decline on a straight line basis when illustrated graphically (see graph below).

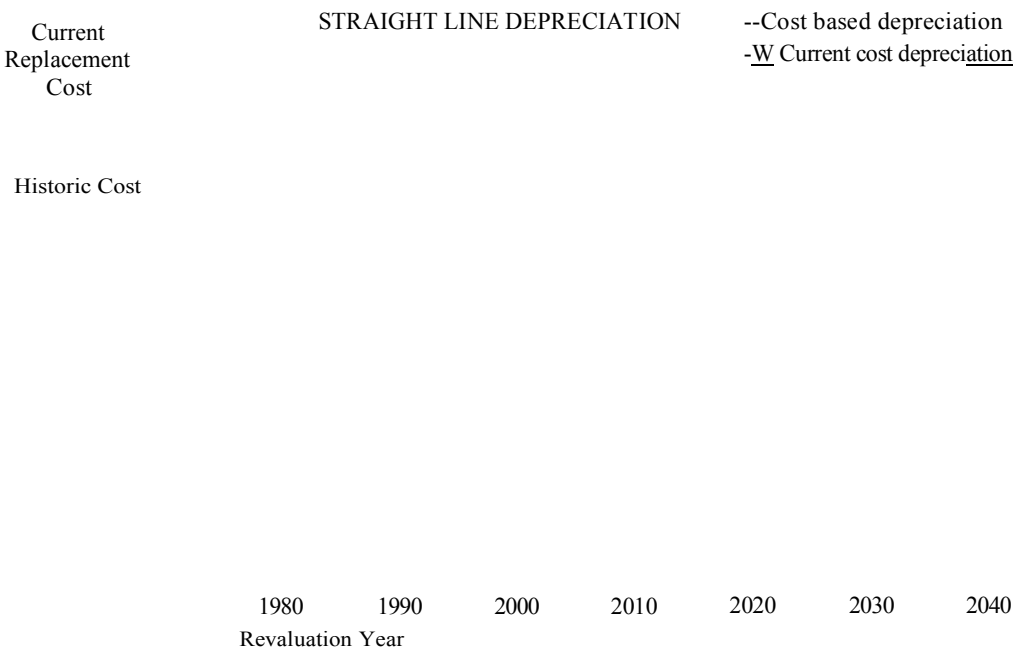
Similarly if the loss in value due to deterioration and obsolescence is uniform over the life of an asset the value would also follow a straight line when plotted graphically.

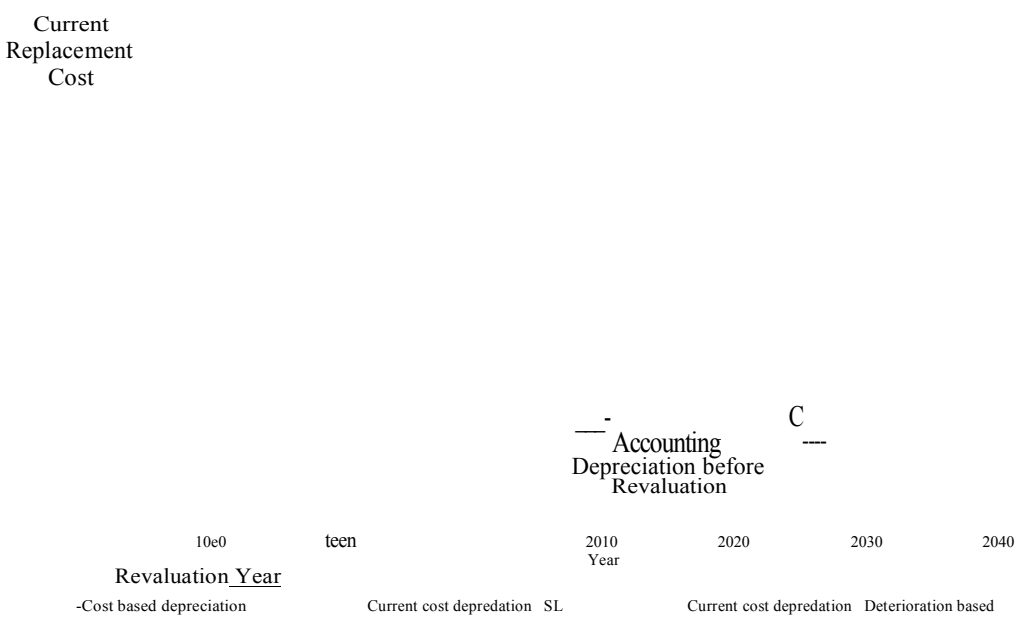
The accounting depreciation charge immediately after a revaluation would be the same as the rate of depreciation used by the valuer.

However the physical deterioration of infrastructure assets in the early years of their lives may be much less than in the final years, (eg a bridge"""°) and the decline in market related value may follow a pattern similar to that shown right.

In the above case straight-line accounting depreciation would be quite different to the rates of depreciation used to assess value.

The use of straight-line depreciation for revaluations will result in depreciation rates and values that will more closely align to that used in the accounts than if other methods were used. The NAMS valuation guidelines states that: "Where the pattern of economic consumption does not materially differ from straight line, or where the pattern cannot





be reasonably determined and demonstrated, straight line depreciation is recommended as a reasonable basis for approximating the consumption of economic benefits. "

Local authorities are required to fund depreciation under current legislation and accounting standards. I have formed the opinion that most asset managers in local authorities believe that depreciation is a surrogate for renewal funding. In the past, under a cash accounting regime, local authority asset managers made forecasts of the costs of renewals to determine funding requirements and they now expect alignment between their renewal funding requirements and depreciation.

Private sector renewals can be funded in many ways, the most common being:

- From retained earnings;
- Debt;
- Equity;
- Leasing;

or a mixture of the above.

In competitive industries land and buildings are occasionally revalued but it would be unusual for an entity to revalue its plant. The effect of increased values for building and plant would be to increase depreciation charges and therefore reduce the operating profit.

Should monopoly businesses be allowed to increase their depreciation charges by using revaluations based on hypothetical renewal costs or would current reproduction costs based on the original construction environment be more appropriate?

In the private sector the renewal of a large vessel in a factory could require the removal of a portion of the roof to remove the existing vessel and replace it with a new one. The valuer would not include the replacement cost of the roof in a valuation of the vessel. The removal and replacement of the roof above the vessel would be considered to be an expense and would not be recorded as an increase in the vessel or roof value. This is similar to improvements over reticulation trenching that I believe should be similarly treated.

When the renewal environment is similar to that of the original construction there will be little difference between an indexed historic cost method and revaluations. However if the environment in which the asset is renewed is different to that of the

original construction (eg, urban renewals vs open fields construction) there can be substantial differences in the two methods.

Economic lives

To determine the physical life over which assets are to be depreciated a number of factors need to be considered, such as:

• Rate of physical deterioration •
Technical obsolescence;
• Functional obsolescence.

For the assessment of physical lives of assets predictive modelling should be the first choice of methods. This type of modelling is readily available for roading infrastructure but there seem to be little information of a similar nature for reticulation. This is not surprising, there is not a long history of renewal of pipes in New Zealand (with the exception of asbestos cement) due to physical deterioration.

When assets are new, or near new, the prediction of physical life can be based on the average life of similar assets in a similar environment. The NAMS valuation guidelines describe a method " that uses that uses technical factors to modify the total asset life. The technical factors considered are:

- Design standards;
- Construction quality;
- Material quality;
- Operational stresses;
- Maintenance history;
- Working environment;
- External stress.

Each technical factor is given a rating of 1-5 and the guidelines show how to adjust the standard life using the technical factor ratings.

The NAMS valuation guidelines does not give guidance on the assessment of the remaining lives of assets that are near or past their predicted standard life. The methodology allows recognition of a minimum remaining life typically between one year (minimum) and five years.

As assets age it may be possible to determine their physical condition and to use the rate of physical deterioration since new to predict their remaining physical life. Condition grades are not used in the method described in the NAMS valuation guidelines but a method using condition grades to assess remaining lives is described in the 1996 NAMS asset management manual. This method measures physical deterioration with reference to condition grades. For example, condition grade 1 is excellent condition and condition grade 5 is very poor condition.

Asset managers in many local authorities have developed renewal models based on condition grades and valuers should make use of this whenever available.

Assets may become functionally obsolete before replacement is required because of physical deterioration. A reticulation pipe will become functionally obsolete when it no longer meets the level of service set for the asset. This can occur when statutory or discretionary service standards are changed or because of population growth.

An example of functional obsolescence is the combined stormwater and sewer pipes in Auckland. The current standards require stormwater pipes and sewers to be separated therefore the combined pipes became functionally obsolete.

If replacement is planned before the asset reaches the end of its physical life the planned replacement date should be used to calculate the economic life of the asset. Valuers should consult with the asset managers and review asset management plans to identify planned renewals before completing asset remaining life estimates.

Conclusions

New Zealand accounting, valuation and engineering professions have developed standards and guidelines that generally compliment and reinforce one another but I believe that our valuation standards that need to be reviewed and clarified.

I have some concern that if valuers rigidly apply market related principles of "highest and best use" when valuing for accounting purposes, depreciation charges based on revalued amounts will not be fair. It is my opinion that users of assets should not be required to fund depreciation based on amounts that are higher than the depreciated indexed cost of the original asset.

The potential for overstating values for accounting purposes include:

- Assets constructed in open fields environment then valued based on urban replacement costs;
- Duplication of the value of roads, footpaths and -vehicle accessways in areas over trenches;
- Scale of replacement cost estimates being less than the original construction;
- Short-term price fluctuations;
- Inclusion of interest during construction in value of vested assets;
- Use of deterioration profiles when revaluing assets;
- The assumption that depreciation should fully fund renewals;
- Changes in design or service standards after construction on the original assets.

The optimsation process has the reverse effect and reduces the value on which accounting depreciation charged. I also question why users should be charged less than the cost of providing the economic benefits of the existing assets.

If the revaluation results in values higher than the value in the accounts current users will be required to fund higher rates of depreciation but the revalued amount will be accounted for in a revaluation reserve.

However if the revaluation results in a revaluation deficit it must be recognised in the statement of financial performance.- The revaluation reserve will be available for future users but existing users will fund any deficit. Is this equitable?

It appears to me that charging existing users depreciation based on costs for replacements or renewals that will be consumed by future users raises inter-period inequity concerns.

The valuations and property standards board of the New Zealand Property Institute is currently considering revisions to standard VS-3, Valuations for Financial Statements, and are planning to issue the revised standard by the end of this year.

The revised valuation standard should give clear guidance on all aspects of the valuation approach that are currently open to interpretation, in particular for infrastructure valuations.

It is important that we get it right. If values are too low, depreciation charges will not be adequate to sustain the infrastructure. If values are too high we, as ratepayers, will be paying too much for the infrastructure services.

I am looking forward to seeing how the revised standard addresses the issues that I have raised in this paper.

About the author: Brian Kellett is *a senior member of the* NZ *Property* Institute, *a registered* plant and *machinery* valuer and is a past president *of the* Institute *of* Plant and Machinery Valuers. He is also *a registered engineer* and an associate *of* Beca Valuations. He leads its team of plant, *machinery* and infrastructure valuers. Kellett specialises *in infrastructure* valuations has *carried* out valuations *of water,* drainage and roading assets *for* most *of* the *large* territorial authorities in *New* Zealand.

References

' Statistics New Zealand (Dec 2000) Local Author*ity* Statistics

"Statistics NZ (Dec 2000).

- Institute of Chartered Accounts of New Zealand, March 2001, Financial Reporting Standard No 3 - Accounting *for Property,* Plant and Equipment(FRS-3) Par 4.37, pp 11 - 12

New Zealand Institute of Valuers - Valuation Standards *1995* Revisions (NZIV Standards)

' Institute of Plant and Machinery Valuers April 1998 Plant and Machinery Valuation Standards (IPMV Standards)

- New Zealand Asset Management Steering (NAMS) Group, 1996 New Zealand *Infrastructure* Asset Management Manual (NAMS Asset Management Manual) - Section 4.6

'^' New Zealand National Asset Management Steering (NAMS) Group, 2001 *New* Zealand Infrastructure Asset Valuation *and Depreciation* Guidelines Edition 1.0 (NAMS Valuation Guidelines)

'^"Institute of Chartered Accountants of New Zealand (May 1998) Exposure Draft No 82 Accounting *for Property* Plant and Equipment (ED-82)

" NZ Society of Accountants, Statement *of* Standard Accounting *Practice No 3* - Accounting *for Depreciation* (SSAP-3)

I NZ Society of Accountants, Statement *of* Standard Accounting Practice No 28 *Accounting for Fixed* Assets (SSAP-28)

Office of the Valuer General (July 2000) Rating Valuation Rules - *Version 2.0 pp 7*

"` FRS-3 Para 7.1(a). pp 26

""ED-82 Para pp

m" FRS-3, para 7.3 pp 27

FRS-3, para 4.26, pp 10

FRS-3, para 4.37, pp 11

NZIV, Valuation Standard 3 (VS-3) - Valuations *for* Financial Statements, paras 5.1.1, 5.1.2 & 5.1.3.

NZIV Standard VS-3, para 6.5.2

International Valuation Standards Committee, International Valuation Standards *2000* (IVS 2) Valuation Bases *Other* Than Market Value para. 3.8, pp 107

NZIV Standard VS-3 para 3.4.1.

IPMV Standard, PS 2, para 3.1

FRS-3 Para 4.10, pp 7

FRS-3 Para 4.10, pp 7

"`'° FRS-3 para 5.6, pp 16

IPMV Standard PS2, para 3.2

NAMS Guidelines 2000, para 3.1.2, pp 3.3

'°^'NAMS Guidelines 2000, para 4.4.2, pp 4.9 and 4.10

""NAMS Valuation Guidelines para 4.4.2 pp 4.9

"" NAMS Valuation Guidelines, para 4.4.4, pp 4.11

NAMS Valuation Guidelines, para 4.4.1 pp 4.8 °

FRS-3 para 5.22, pp 19

" FRS-3 para 4.22, pp 9

International Valuation Standards IVS/1 glossary of terms, July 2000, pp 316.

`v Stephen Day, *Performance-based* Bridge ValuationsTransport Research Conference, September 1996, Proceedings part 3.

"°"' NAMS Valuation Guidelines, para 4.7.2, pp 4.26

NAMS Valuation Guidelines, para 4.6.2, pp 4.15 to 4.21 PJ006 - Infrastructure valuations

However if the revaluation results in a revaluation deficit it must be recognised in the statement of financial performance. The revaluation reserve will be available for future users but existing users will fund any deficit. Is this equitable?

It appears to me that charging existing users depreciation based on costs for replacements or renewals that will be consumed by future users raises inter-period inequity concerns.

The valuations and property standards board of the New Zealand Property Institute is currently considering revisions to standard VS-3, Valuations for Financial Statements, and are planning to issue the revised standard by the end of this year.

The revised valuation standard should give clear guidance on all aspects of the valuation approach that are currently open to interpretation, in particular for infrastructure valuations.

It is important that we get it right. If values are too low, depreciation charges will not be adequate to sustain the infrastructure. If values are too high we, as ratepayers, will be paying too much for the infrastructure services.

I am looking forward to seeing how the revised standard addresses the issues that I have raised in this paper.

About the author: Brian Kellett is a senior *member of the* NZ *Property* Institute, *a registered* plant and machinery valuer and is a past *president of the* Institute *of* Plant and Machinery Valuers. He is also a registered *engineer and* an associate *of* Beca Valuations. He leads its team *of* plant, machinery and infrastructure valuers. Kellett specialises *in infrastructure* valuations has carried out valuations *of* water, drainage and *roading* assets *for* most *of the large* territorial authorities in New Zealand.

References

Statistics New Zealand (Dec 2000) *Local Authority* Statistics

"Statistics NZ (Dec 2000).

"' Institute of Chartered Accounts of New Zealand, March 2001, Financial Reporting Standard No 3 - Accounting *for Property,* Plant and Equipment(FRS-3) Par 4.37, pp 11 - 12

|| New Zealand Institute of Valuers - Valuation Standards *1995* Revisions (NZIV Standards)

° Institute of Plant and Machinery Valuers April 1998 Plant and Machinery Valuation Standards (IPMV Standards)

" New Zealand Asset Management Steering (NAMS) Group, 1996 New Zealand *Infrastructure* Asset Management Manual (NAMS Asset Management Manual) - Section 4.6

- New Zealand National Asset Management Steering (NAMS) Group, 2001 New Zealand *Infrastructure Asset* Valuation and *Depreciation* Guidelines Edition 1.0 (NAMS Valuation Guidelines)

"'Institute of Chartered Accountants of New Zealand (May 1998) *Exposure* Draft *No 82* - Accounting *for Property* Plant and Equipment (ED-82)

`' NZ Society of Accountants, Statement of Standard *Accounting Practice No 3* - Accounting *for Depreciation* (SSAP-3)

NZ Society of Accountants, Statement *of* Standard Accounting *Practice* No 28 Accounting *for* Fixed Assets (SSAP-28)

Office of the Valuer General (July 2000) Rating Valuation Rules *Version 2.0 pp 7*

FRS-3 para 7.1(a). pp 26

ED-82 para pp

FRS-3, para 7.3 pp 27

FRS-3, para 4.26, pp 10

FRS-3, para 4.37, pp 11

NZIV, Valuation Standard 3 (VS-3) - Valuations *for* Financial Statements, paras 5.1.1, 5.1.2 & 5.1.3.

NZIV Standard VS-3, para 6.5.2

International Valuation Standards Committee, International Valuation Standards *2000* (IVS - 2) Valuation Bases *Other* Than Market Value para. 3.8, pp 107

NZIV Standard VS-3 para 3.4.1.

IPMV Standard, PS 2, para 3.1

FRS-3 Para 4.10, pp 7

FRS-3 Para 4.10, pp 7

='° FRS-3 para 5.6, pp 16

IPMV Standard PS2, para 3.2

NAMS Guidelines 2000, para 3.1.2, pp 3.3

-NAMS Guidelines 2000, para 4.4.2, pp 4.9 and 4.10

"NAMS Valuation Guidelines para 4.4.2 pp 4.9

NAMS Valuation Guidelines, para 4.4.4, pp 4.11

° NAMS Valuation Guidelines, para 4.4.1 pp 4.8

FRS-3 para 5.22, pp 19

FRS-3 para 4.22, pp 9

International Valuation Standards IVS/1 glossary of terms, July 2000, pp 316.

' v Stephen Day, *Performance-based* Bridge ValuationsTransport Research Conference, September 1996, Proceedings part 3.

"'" NAMS Valuation Guidelines, para 4.7.2, pp 4.26

'° ' NAMS Valuation Guidelines, para 4.6.2, pp 4.15 to 4.21 PJ006 - Infrastructure valuations

A peculiarly rural issue: Farm succession

Abstract

Farm succession often gets people thinking about the old saying: "First generation makes it, second generation maintains it, third generation loses it".

There are issues peculiar to farm succession. A clear understanding of these issues provides members of the property profession with the opportunity to provide a range of services to their rural clients.

Introduction

The majority of farms are held by families as opposed to corporates. The majority of farms comprise both business assets (the farming land and improvements) and assets that have an emotional attachment (homestead, garden, etc). Many farming families have held land for a number of years and the legal structures can become complex as interests in the land change from generation to generation. Changes to stamp duty legislation (introduction of the concessions for intergenerational transfer) can have application in some circumstances but need to always be considered in conjunction with income tax legislation. Most farming families have low levels of "non-farm" assets, which makes orderly succession difficult if additional debt is to be taken on or assets realised to fund the retirement of the older generation.

How does this impact on the property profession?

Greater numbers of farmers are taking a structured approach to their business. The cost/price squeeze has meant that most farms have had the following choices:

(1) Increase scale (expand by purchasing country);

(2) Increase intensity (by greater development of existing land, eg, convert grazing land to irrigation country);

(3) Develop niche markets for products;

(4) Develop a "branded" product;

(5) Exit the industry.

These choices have meant a greater emphasis on the management by the farm owners. To assist with this many have accessed external advisors, including agronomists, accountants, communication specialists, solicitors, property consultants and marketers.

If the trend of larger family farms continues then a greater role will develop for land economists who understand the issues facing family clients, as farmers will need more specialised advice in this area.

What ensures a successful succession plan?

As with many successful projects, there are several key ingredients:

(1) A genuine desire to make it successful (by all participants but particularly the parents/older generation);

(2) A structured approach to facilitating the planning process;

(3) Attention to the needs of all stakeholders with an honest exchange of views and opinions;

(4) Development of clear, realistic, detailed actions that are followed up on a timely basis. The plan is only the start of the process.

Some people regard a succession plan as a decision to transfer the family farm and retire; others regard it as a document that needs to weigh at least 5 kg. The reality is that a succession plan is a different document for each family or business.

To borrow from Taoist philosophy, it is the journey that is most important. A successful succession plan should be part of a document that addresses all areas of the business (i.e. a business plan). Assuming the "succession plan" is part of a larger document, its success is determined by the clarity of the goals arrived at by the business and the actions needed (in the format of who/what/when) to actually do what has to be done to turn the plan into reality.

A desire for change

Once the business decides to embark upon a business plan, then the business will change. It is unlikely that the business/succession plan will be successful unless all parties are committed to the process. Usually it is doomed to failure unless embraced by the older generation, either by instigating the plan or by agreeing to change the business.

Farm succession will only be successful if it is embraced by the key stakeholders. "Key" meaning the people who currently control the operation and who, at the end of the process, probably will have handed this control to the next generation.

Usually the real desire for farm succession is driven by the younger generation. Unless the family/business has good communication this can lead to the older generation feeling threatened, and if the process is stalled, frustration for the younger

generation. The whole process can lead to deterioration in family communication and a reduction in focus on the actual business, as people become more concerned about "their piece of the pie".

When comparing farm succession to business succession, there are some interesting differences. For example, when General Electric undertook to replace the most successful (in terms of shareholder wealth creation) CEO in history Jack Welch, the process took five years, involved all board members in interviewing the three final candidates (all internal) and ensuring that succession was planned in the event that the two unsuccessful candidates left the organisation (which they did, to run other corporations).

Obviously, family farm businesses are not the same size as General Electric, and so the process is different. Let's consider General Electric's situation:

(1) There were clear job descriptions and a particular role was being filled.

(2) There was no "realisation of assets", as the identification of a new CEO did not involve paying out shareholders or family members. There was no need to sell part of the farm.

(3) The Board of Directors provided a body of knowledge/experience in determining who the best candidate would be.

(4) The process took five years and the existing management mentored the candidates so the business didn't suffer (in fact it actually led to better returns).

(5) The existing CEO wanted to retire and set that date himself.

When we consider family farm succession, we strike the following issues:

(a) Many farmers don't ever really want to retire; they do want to reduce the amount of physical work that they have to do, but like to be involved without significant responsibility (usually when it suits them).

(b) The farm is usually the significant asset, and the retiring generation may have to depend upon profits from the farm or realisation of farm assets, to fund their personal living during retirement.

(c) If land is transferred along with responsibility for the farming business, then the retiring generation can lose all control. It may be very difficult to "sack" someone as farm manager, if they own the farm.

(d) Usually there are not too many candidates to choose from when looking to pass the family farm to the next generation. The size of the family is usually the limiting factor and the next generation may not have the skills or aptitude to make a success of the business.

(e) It has been said that people who derive their income from the farm see it as a "liability" or obligation (le, always things to spend money on, etc) while the non-farming family members see it as an asset (ie, x acres @ $y/acre). The reality lies somewhere in between.

So a genuine desire to ensure succession is vital. Remember that there is time to properly instigate succession. The development and mentoring of the future owners of the farm may take up to 10 years. The important issue is to be clear on what each generation wants and how the assets that the family controls can be used to accomplish this.

Structured approach to facilitating the session

There have been many questionnaires and "systems" for succession developed by organisations and individuals.

These have tremendous application in certain circumstances but sometimes fail miserably.

Ideally, the succession process should take place over a number of years, with it being an integral part of the whole "business planning" process, not something addressed when the younger generation is totally frustrated at a lack of involvement in decision making or at the reading of a will.

Most farmers have a very good understanding of the natural flow and order of nature. They also realise that this applies to their business. If a generalisation could be made it is that, while most farmers appreciate what needs to happen, the difficulty lies in communication.

The great feather in the cap of most operators is to actually build an organisation/business/family farm that they successfully hand onto the next generation. This is one of the most difficult transitions to manage, hence its success can be the "crowning achievement' of a successful career. It's something that the younger generation underestimate (usually) but if they take the approach of giving due recognition to the education/mentoring process overseen by their parents, then the whole succession process can proceed with less disruption.

So to be truly successful, succession planning needs to form part of the business planning process. It shouldn't be seen in isolation, it may require people with particular skills to become involved to help with discussions on communications or taxation or land resource usage.

It may be appropriate to involve an external facilitator for this plan, but ideally skills should be developed within the family over time so that external people are involved to address particular areas (eg, an expert on pasture management may be involved to review land resource issues).

So what is farm business planning?

Well, it's many things; it includes (not necessarily in order of importance):

- Budgeting;
- Financial planning;
- Estate planning;
- Communication;
- Taxation;
- Mentoring;
- Retirement;
- Farm resource review

It is perhaps one of the most powerful opportunities for a family farming business to grow It is very easy for most business people to get caught up in the "busy-ness" of the task at hand and not take time to ensure the business is actually serving their needs.

Certainly, most businesses should take time each quarter or half-year to review the current position and how the business is performing to budget.

This budget should cover a 12-month financial year and ideally there should be a three to five year plan that addresses the following areas:

Part one: the past to present

(1) Background

(2) Situation analysis

(3) Strengths/weaknesses/opportunities/threats (SWOT)

Part two: the future

(1) Overall goals and objectives

(2) Financial plan

(3) Production plan

(4) Management and training plan

(5) Marketing plan

(6) Land and farm resources plan

(7) Family and personal development and lifestyle plan

(8) Succession plan

The best plans are holistic in their approach with clear objectives for the business. As we can see the succession plan must form part of the business plan. This plan will change over time but should form the basis of business discussions for the following three to five years. The plan should also be reviewed every three to five years and updated. The plan should basically be a list of actions (a who/what/when) for each of the areas listed. By addressing each action the plan is implemented.

Attention of the participants

A successful succession plan requires time. Time for proper preparation and time to discuss the issues without distraction.

It is for this reason that most people decide to undertake such planning sessions away from the farm, to enable them to avoid the phone calls or visitors that can interrupt such sessions. Just taking one to two days away from the farm to discuss what people are wanting to do can be of huge value to the business.

It is important to ensure that proper preparation is undertaken by using checklists to identify areas of contention and to allow participants to express their views on paper initially (usually a lot less emotive) which allows everyone to gather their thoughts about various issues.

An independent facilitator can be of value at these sessions as they can ensure that one person does not dominate or railroad discussion. It can also ensure that people don't get too bored by the session, as they can be very draining.

The facilitator should be experienced enough to know when to programme breaks into the session.

Participants need to be prepared to follow through on what has been agreed at the session. It is much better to hold an item over to another meeting than agree to something that is then purposely not followed through on, as the participant no longer agrees with the approach.

If participants realise that the process will take a period of time and move forward on that basis, then there is more likelihood of a successful plan.

Development of clear, realistic, detailed actions

Most people can get caught in the trap of thinking that the final, typed plan is an end in itself, it is of course, only the beginning. For the plan to be successful the identified actions must be implemented.

There is a great deal of information around on how to set goals, manage time, etc and different approaches work for different people.

To ensure that actions are implemented, use the SMART principle (specific, measurable, achievable, realistic and targeted), develop action lists for each participant organised in chronological order and ensure that there is ongoing feedback process where the actions are revisited to see how participants are faring in attending to their areas from the business plan.

Ideally, one person should be given the responsibility of following up on everyone to ensure that actions are actioned. The discipline of ensuring this occurs tends to be the most difficult part of the whole process.

Future role for property specialists in farm succession

Property specialists have always had an important role to play in the succession process. The realistic valuation of assets plays an important role in determining an equitable outcome for participants as well as fulfilling taxation requirements (ie, stamp duty issues, capital gains tax valuations, etc).

There are opportunities for the property profession to play a more active role. Many succession plans require the acquisition of "off-farm" assets.

The profession can play a role in advising on other property investments (ie, commercial, residential or industrial property), educating their clients in the issues particular to investing in these assets and then providing an ongoing management role. If the succession process takes a period of time (as is being suggested) then this means more opportunity for the property profession to be more productive with their rural clients.

About *the* author: Tony Quirk C.A *is a partner* with *Boyce Chartered* Accountants. Based in Dubbo, Quirk has a *keen* interest in family *farm* succession, *seeing* it as a *powerful* opportunity *for* clients *to provide* incentive *for the younger generation* and *secu*rity *for* retiring family members.

New Zealand and the world - where they are heading

What are the some of the forces shaping the world in the near past, the near future and, sometimes, in the distant future? What are some of the forces that will affect the NZ economy?

(1) The unpredicted. In the last four decades many of the important events - for example the dramatic inflation of the 1970s and the fall of communism in the late 1980s - were not predicted. Unpredictable events are likely to remain influential in the next four decades.

(2) Globalisation. It is far from certain that the present process of globalisation will remain unchecked. While strong factors promote globalisation in the world, some factors are pushing in the other direction. Free trade is often more victorious in speech-making than in actual trading behaviour. Many nations, while making glowing speeches about the virtues and morality of free trade and the need to lower the world's barriers, make little attempt to lower their own barriers.

True, the world has advanced a distance towards free trade in the last quarter century, but even that advance might not necessarily continue. A severe world recession would revive protectionism in many nations. Likewise an increase in international tensions would revive protectionism and stem the power of international corporations.

Sometimes, glohalisation is simply another word for Americanisation just as in the late 1800s the globalisation of culture, not least in sport, often wore the British colours.

(3) A revived left. Sometime within the next thirty years there will probably be an influential relaunching of socialist and even communist ideas. Lengthy explanations - and alibis and apologies will be offered for what went astray in the Soviet Union and China. A new, brilliantly-packaged formula will try to avoid the economic blunders and political straitjacket of the old order. Perhaps the new prophets will try to do for socialism what the ingenious JM Keymes, with the help of the world depression and World War Two, did for the besieged capitalism of his day.

If equality and envy ride into favour, capitalism, free trade and incentivism will suffer. America's global influence as a culture, as a way of life, will suffer too. To expect cultural values not to swing to new positions in the next 50 years would be risky.

Over time, many of the reigning ideas tend to turn somersaults.

(4) An anti-change movement. New technology especially in the means of production or in the means of communication will remain the greatest of the dynamic influences on economic and daily life.

The pace of change is so fast it bewilders millions of people. It would not be surprising if eventually a powerful anti-change movement extends across the western world. That movement will not ultimately win on many fronts but it could retard technological change for a generation or so. The "dark green" movement is in many ways an opponent of technological change. Some facets of what is now seen as radicalism is really a deep but persuasive conservatism. If we used more realistic political labels we might begin to notice how strong is the anti-change movement.

(5) War and peace. The last half century has been a remarkable period of international peace between the great powers, but not unique. Instability in relations between the major powers will probably return. In the next half century international wars fought between minor or middling powers are more likely than between major powers. International terrorism will probably have periods of influence, especially in cities.

In some ways the rivalry between China and the United States might well be for the second half of the 21st century what the rivalry between the USA and the Soviet Union was for the second half of the 20th century.

(6) World population. Present estimates suggest that the world population will peak before the year 2050. The peak will possibly be at 8 billion. Thereafter most nations probably will have a static or declining population, with strong effects on the property market.

We are living in the midst of a revolution in biotechnology. Life expectancy, in the next thirty years, might well reach 90 - it is now about 75 years in the USA and New Zealand.

(7) Longevity. What will be the effects of the increased longevity on the property market in NZ? Members of this institute have the ability, more than an outsider, to predict or guess the likely consequences. There will be far more retirement villages and far more aged-care hospitals. But maybe the communications revolution will enable old people to stay in their own

home more confidently than at present. Maybe there will be sound devices to show relatives or care officials whether the residents of each house remain physically active during the day or are in sudden need of help.

In the long term the economy can cope readily with a larger proportion of people living outside the paid workforce. Longevity will probably not impose an insurmountable economic burden on the governments.

(8) Tourism. Tourists will be more and more important for the NZ economy and for the property industry.

NZ will gain more from tourism if the following conditions apply:

- If China becomes prosperous - potentially, China is a more important source of tourists than Japan in the long term.
- If the NZ dollar remains weak.
- If prices of aviation fuel are not too high.
- If the world remains relatively peaceful - the growth of NZ tourism depends heavily on the maintenance of international peace. On the other hand, increased tension in only one part of the world could help divert part of the flow of tourists to this part of the world.
- If New Zealanders, being inveterate overseas travellers, spend a little more time in holidays at home and less in travelling overseas.
- If the Antarctic is opened up for large scale but short-term travel.

The magnetic tourist havens in Australasia in 1900 were Tasmania and your own South Island. There is some evidence that NZ and Tasmania have not built sufficiently on their early lead in tourism. The overseas image which the Australian government and tourist leaders positively promote is tourism to the warm places - the Great Barrier Reef, Ayers Rocks and Sydney harbour. But to the people of tropical and subtropical East Asia there is attraction in a holiday in a cold climate.

(9) Spearheads of NZ growth. The rate of growth of population in NZ will strongly affect the property market, its prices and geography.

I have gained much of this section from Bernard Salt's report on recent Australian and NZ population trends, entitled Population Growth and published in May 2000 by KPMG in Melbourne. Amongst the observations in this, his latest, report are:

• Of the faster growing areas in absolute terms in NZ in 1999, nine of the ten areas were in North Island, and especially in or near Auckland. The other faster-growing area was Christchurch.

• Of the local areas that grew most rapidly in percentages, the top was Tauranga with a growth of 2.5%. Second was the Western Bay of Plenty, a popular retirement area. Eight of these ten fast-growing areas were in North Island a notable exception was Queenstown. Bernard Salt argues that Australia has no town equivalent to Queenstown in adventure tourism.

The metropolis of Auckland, which exceeded one million in the early 1990s, is the success story in its rate of growth of population. In Australia only four cities - all in Queensland are growing faster than Auckland in percentage terms. They are Townsville, Cairns, the Sunshine Coast and the Gold Coast. Auckland in 1999 was the sixth largest city in Australasia and by now it may already have passed Adelaide. The population, based on the 1999 statistics, was absolutely falling in three of the ten largest cities, namely Napier-Hastings, Dunedin and Rotorua.

What is likely to happen to the population of NZ in the next 20 years? Statistics NZ produced a forecast for the Salt report. Its forecast was that NZs net growth of population in that period would total about 15 per cent, compared to Australia's net growth of about 19 per cent. My feeling is that the margin between Australia's and New Zealand's growth will be larger than that.

In the next 20 years the 0-14 age group in NZ will experience a total net loss of 101,000. That means fewer schools and baby foods. And the decline of that crucial age group will affect the marriage rate or the living-together rate a generation later. In the same period those over the age of 60 will increase by 473,000 a massive shift. Whereas now there are far more New Zealanders in their twenties than their fifties, those in their fifties will overtake the younger age group before the year 2021. Is this a cause for great concern? The answer is unclear.

I can see two consolations. The people of Europe, Japan and several other advanced economies are passing through the same slow process of ageing and passing through it at a faster pace than NZ. The second consolation is that the world economic system continues to be more productive. Almost certainly, with the aid of careful thought, New Zealand can cope with a population that slowly becomes older and has larger percentages outside the paid workforce.

(10) Pioneers. In some ways NZ and Australia are still paying a penalty for being world pioneers in social security a century ago. Too much security probably weakens incentives, self-help and economic drive. And yet the social security was one of the vital ingredients of the long-term quality of life and relative social cohesion in the two lands. How to find an appropriate balance between security and dynamism remains a task for each nation.

About the author: *Professor* Blainey is *one of* Australia's best known historians and commentators. His first *book* was published when he was in his *early 20s* and since then he has written *a further 29. For 20 years* Blainey has held chairs *in economic history and in* history at the University *of Melbourne.* He has *presided* over many institutions and, at the United Nations in 1998, he was *awarded* a gold medal *for* "excellence in the dissemination *of knowledge for* the *benefit of* mankind".

This is an abridged *version of the paper presented* at the NZPI *conference.*

The implications of e-commerce on urban form, office, warehouse, residential and university real estate

Abstract

Continued growth of e-commerce will have profound effects on the locational preferences, supply, demand and future urban form in regard to single family homes, offices, warehouses, university real estate and other types of land uses. This study develops a theoretical framework of opportunities and problems presented by further expansion of e-commerce.

Introduction

Just as real estate has lagged behind business in terms of managerial practices, so also has real estate lagged behind business in terms of frameworks that describe the transformative impacts of electronic commerce. While the flow of information, goods, and services from business-to-business is today commonly referred to as B2B', so far parallel terminology for real estate has yet to be advanced.

The need for such a framework was identified by Baen and Roulac when they addressed the changing roles and relationships between people, places and businesses in their presentations concerning the "Impact of technology on real estate markets and values in the 21st century", at the Minnesota chair in real estate distinguished lecture series (Roulac and Baen, 1999) at St Cloud State University.

The cause and effect of technology acceptance and resultant land use changes over time concerning specific types/classes of real estate is depicted in table 1. Such a framework and theoretical model are needed in order for meaningful research to proceed concerning the changing roles and relationships between people, places and businesses.

The colloquial B2B acronym, ubiquitous in news articles, advertisements, business slogans and daily conversations, is neither sufficiently precise nor descriptive to convey the implications of technology on specific types/classes of real estate including but not limited to:

- Homes;
- Industrial/manufacturing facilities; • Warehouses;
- Office buildings;
- Bank buildings;
- Educational facilities (universities, schools, etc).

Examples of the expansion of B2B concept, specifically for real estate property types, the communication path, functions and acronyms between real estate classes are shown in table 2.

Table 1: The pattern of technology acceptance and land use change

	Change In Supply, Demand for Land Land Use or Existing Structures			Consequences of Technology Necessity:
New Technolo	Denial of Reality of Change in Society and Economy	--►	Ultimated Recognition of "Necessity" of Technology	• Obsolescence of Previous Land Use/Facility • Emerging Alternative Uses of Real Estate • Higher Vacancy • More Intensive Use of Existing Land Use

Table 2: Beyond Business-to-Business in form and function of real estate

COMMUNICATION PATH	ACRONYM'	FUNCTION
Home-to-Business	H2B	Direct Purchase of Financial Services, Consumer Services and Technical Support
Home-to-Home	H2H	Production And Purchase Of Intellectual Products, Music, Video, Books, Crafts, Direct From Creator
Home-to-Manufacturer	H2M	Purchase Marketing Direct from /to Manufacturers Produced on Demand (Not Warehoused)
Home-to-Office	H2O	Telecommuting All or Part of Ones Employment
Home-to-University	H2U	On-line University Training and Instruction
Home-to-Call Center	H2C	Phone and On-line Ordering of Retail Products from Call Center to Warehouse
Home-to-Warehouse/Distribution Center	H2W	Delivery of Call Center (H2C) Item If Not Directly from Manufacturer

* The reverse acronym also applies. (i.e., B2H is the same as H2B.)

The traditional production/distribution model considering business function, participants (people) and real estate (places) appears in table 3. The impact of an e-commerce agent/firm (Amazon.com) on various classes of real estate is seen in table 4. In table 5 the manifold impact of pure e-commerce from producer/creator of intellectual products and/or goods and service directly to consumer is presented. This ultimate business model is achievable today with many intellectual products and services, such as books, music, financial services, etc, with the consequences shown in table 6.

This paper applies these frameworks to various traditional "land uses" and property functions for society, within a context of major changes augmented by technology. Processes, definitions and changes in the distribution of the flow of goods, services and people are presented. Changes in traditional land use classifications, building uses and urban form are also suggested.

Literature review

Because of the combination of the slow academic publications process and the accelerating impact and speed of change in today's business and living environment, the literature of how e-commerce may impact the urban form, office, warehouse, residential and university on real estate, is primarily dominated by the coverage in the popular press of new ideas and applications.

In the keynote address to the International Real Estate Society in 1996, Roulac foretold a future very different than what had been:

"As society moves into the 21" century real estate, as well as all who work with real estate and are influenced by it, will undergo singular change which shall:

- Modify traditional patterns of space use and the functions performed within types of property;
- Introduce new influences on space location decisions;
- Redefine the parameters of real estate value;
- Cause basic structural change in demand function resulting less in aggregate, in different locations and of different types;
- Impact the strategies, structures and systems of

Table 3: Traditional production and distribution model and land uses

FUNCTION		PEOPLE/ORGANIZATION	PLACES
Intellectual Creator	<-	Book Author	a House
Brand Name Producer / Merchandiser		Publisher	-> Office Building
Manufacturer	4-	Printing Company	-> Industrial Building
National Bulk Storage	F	Book Storage Firm	-i Warehouse
Manufacturers "Reps"	t	Marketing Reps	- Office, Home, Car
Regional Distribution	4--	Wholesale Distributor	-i Warehouse / Distribution Center
Direct Marketing / Delivery		Retailer / Merchant	-s Shopping Center Retail Outlet
Consumer Product	4--	Consumer / Book Buyer	-i House
Recycle Product	<-	Used Book Buyer	-s Class C Retail Outlet
Ultimate Disposal		Disposal Company	Urban Landfill or Recycle Center

Table 4: The current elimination or reduced demand/value implications of various land uses (places), employment (people) and value-added cost due to efficiences gained through technology

		PEOPLE	PLACES
		Book Author	- House
		Publisher	-> Office Building
		Printing Company	Industrial Building
E--- ----------		Book Storage Firm	-s Warehouse
AMAZON.COM	Eliminated t-	Marketing Reps	-s Office, Home, Car
	Eliminated	Wholesale Distributor	Warehouse/ Distribution Center
	Eliminated	Retailer / Merchant	-> Shopping Center/ Retail Outlet
	---------- >	Consumer/ Book Buyer	-* House
		Used Book Buyer	- Class C Retail Outlet
		Disposal Company	Urban Landfill or Recycle Center

organisations serving those involved in and using real estate;
- Create new needs for professional services;
- Elevate to a new standard the requisite knowledge, skills, and style of professionals working in the real estate sector;
- Render obsolete yesterday's accepted principles and practices. (Roulac, 1996a)."

Potential implications of technology on retail property function values were considered by Roulac (1994, 1996b) and Baen (2000) who concluded that the functions, value and profitability of traditional malls and retail properties were being challenged and affected by e-commerce. Changes in building uses and the distribution of good processes, services or people from one class of real estate to another have impacts on other classes of property. Totilo (2000) presents an exciting perspective of the home of tomorrow, which has utility far beyond traditional residential living and suggests that these changes are forthcoming and imminent.

Among the changes introduced by the new economy are new business arrangements, specifically payment in kind arrangements rather than traditional cash for services payments. These new payment arrangements may transform how real estate goods and services are paid for. Venture capitalists, stock underwriters and sponsors have often taken stock in lieu of cash payment for their services.

Accounting firms have begun the practice of accepting stakes in web start-ups in lieu of fees (MacDonald, 2000). Similar arrangements can be applied to property goods and services. Office landlords in both Texas and New York have begun to accept stock or stock options in new technology start-up firms in exchange for free-rent (Rich, 1999). While there has not been a documented case of real estate leasing agents or brokers taking their commissions in e-tenant stock shares, the lines between "bricks and sticks" in office, manufacturing and light industrial real estate are "virtually" blurring.

Urban form implications

E-commerce has profound urban form implications concerning the functioning of properties, the timing and nature of activities that occur within properties, public finance, public regulation of land use and the building process, governance procedures and related factors. What is insufficiently considered are the logistics issues of how products move to urban destinations through transportation systems that were not designed to service e-commerce.

Today's cities were not designed for delivery of retail goods by large trucks parked on inter-urban narrow streets. Traditional catalogue deliveries by mail have been replaced with door-to-door deliveries within hours. The question becomes "at whose door will the product I merchandise be delivered and when?" In fact, most of the urban apartment, townhouse and urban loft/condo dwellers are not at home during the day, which often results in the shift of the delivery of goods from home to their place of employment, in high-rise office buildings during the day. Office managers are often irked by deliveries of personal goods to employees during the workday and the use of company computers during company time to buy personal items on the Internet.

Residential property managers are also reluctant to be responsible for the acceptance, responsibility, storage and ultimate re-delivery of goods to their residents. Delivery of goods directly to residents at night can result in disruptive noise, building access problems, loading and unloading of trucks and elevators in the middle of the night that disturb neighbours. Opportunities may exist for commercial depositories and pick-up points, similar to private mailbox establishments for commercial use, however, this can negate the convenience of retail ordering and shopping by e-commerce or phone.

Other urban form and function implications include:

(1) The loss or shift of retail sales tax and property taxes (based on assessed values) to the Internet has serious implications to city revenues and capital improvement projects (Baen, 2000).

(2) Technology in the form of better traffic information to both drivers and planners may increase the efficiency of existing roadways, reducing both traffic and the need to build or expand freeways.

(3) Cities will continue to grow toward major airports as passengers and e-commerce related freight and door-to-door delivery companies continue to increase in importance. Air travel will increase along with convenient residential growth nearby.

(4) Smaller, more affordable, hotel room-like, part-time residences may need to be developed to house telecommuters who physically come to the city only one or two days per week, which reverses the weekend, two day escape pattern of many of today's urban dwellers.

(5) Building codes, planning and zoning may require major changes in city personnel, inspectors and increased training to incorporate the new and expanded uses and systems at homes and offices.

(6) On-line, real time, access of all city meetings, building permits (Leigh, 1998), specifications, zoning regulations, permits and architectural plans/drawings will greatly improve and better inform residents on the changing urban form. On-line voting by residents may improve or strangle innovation in the new e-cities. General apathy and lack of citizens participation has allowed developers to generally maximise their rate of return on proposed developments with generally only city staff to guide them. What if all citizens could vote on all zoning applications and projects? Could anything ever get developed?

Table 6: Telecommuting/home-to-home (H2H) and home-to-office (H20) opportunities and implications to various classes of real estate

	OPPORTUNITIES	DEMAND FOR SPACE
Authors, Technical Writers, Etc.		0 R 1
Musicians	t--a	0 1 R 1
Computer Programmers		0 1
Customer Service Reps		0 1
Independent Insurance Agents	–	0 1
Travel Agents	1	0 1 R 1
Health Service Providers	4--a	0 1
Mortgage Brokers	T	0 1
Telecommuters (all types)	<--->	0 1
Bookkeeping		0 1
Accountants		0 1
Analyst	t	0 1
Bill Collectors		0
Secretarial Service	T	0 1
Account Executives	T	0 1
Financial Services Providers		0
Stockbrokers	-->	0 1
Telephone Sales		0 1
University Students		U 1 0 1
Drivers / Highways / Toll Roads (less traffic)	1	0 1
Title Insurance Agents	4- +	0 1

Scale: 0-office; R-retail; U-university

(7) Technology will allow further disbursement of people or rural sprawl and land uses that will result in lower densities/intensity of land uses and further reduce the prospects of public mass transit economics.

The appropriate urban form to accommodate a bricks and clicks society has yet to be determined.

Office property investment implications

Office occupancy demand in recent years has been very strong, however demand has largely been driven by new economy companies seeking office space to house their efforts to obsolete old economy business models. A secondary demand driver for office space has been old economy companies doing different things and old things in different ways. If these two factors are separated from office demand, the demand for office space by traditional companies for purposes, in fact, has been negative.

Significantly, many new economy companies are disinterested in occupying the existing new high-rise glass and steel office buildings. The new economy companies favour facilities that offer larger floor plates, a more rustic interior configuration that can be adapted to their own specific needs and an ambience more accommodating to their 24/7 work style than is found in the locations of many downtown and

suburban office buildings. Consequently, much of the increased demand for office space is in secondary and tertiary buildings, whose attributes are more industrial and warehouse than offices.

Beyond the shift in the basic nature of office demand, there are fundamental changes in the functions performed in office settings that transform the demand for traditional office space. Long-term office investment implications should trend toward an overall reduction in demand, effective occupancy rates and therefore flat to falling values due to technology (see table 6). Three recent phenomena illustrate the forces that are causing reduction in office space demand:

- Stephen King's recent release (March 8, 2000) is the first major author to use the Internet to sell directly to consumers. Priced at $US2.50, his novella was download by over 500,000 buyers in the first 4 weeks (Gates and Sawhill, 2000). This publishing experiment is sending shockwaves through the intellectual community of writers, musicians and artists who have new power.
- Allstate Insurance announced a layoff of 4000 agents in a move to sell insurance on-line *(Fort Worth* Star Telegram, 1999). This equates to an immediate reduction of office space demand and increase supply of approximately 72,727m' (4000 x 18.18m2= 72,727m2).
- Internet insurance sales commissions will be reduced to 2% (Lohse, 2000), more than an 80% drop in current commissions paid to traditional agents. These jobs will be shifted to call-centre salespersons and/or reduce the number of traditional insurance agents.

Among the reasons for declining office occupancy patterns are the following:

(1) The shift in traditional person-to-person financial services to on-line (OL) sales and services in the areas of insurance, stocks, bonds and real estate sales do not require legions of office workers and sales persons previously required.

(2) Downsizing and closings of branch banks due to mergers, acquisitions, ATM machines, OL banking, non-bank competition (Wal-mart, Yahoo, USAA Credit Services, etc) will overall reduce the number of employees and the demand for office space in the financial services sector.

(3) There has been a shift of traditional sales office space to industrial/warehouse/brown box 24-hour call centres and service centres at vastly reduced total cost of occupancy per employee per year, when contrasted to typical office rents and triple-net lease expenses and common area maintained (CAM). Expanded business hours require less required effective total space than the 8am-5pm offices of yesterday.'

(4) The reduction in traditional filing space through automated paper storage and the selective transition to the paperless office system, reduces office space needs.

(5) Declining acceptable work area space per office worker (down from 19.5m' of office space per person to 14.5m' per person) due to electronic filing, smaller computers, movable partitions, open office concepts, reduces aggregate space demand.

(6) The new economy has developed a new type of account executive who does not have or need a traditional business office but is a road-warrior or sky-pilot, who conducts business wherever their assignment takes them. These consultants, sales persons, service reps, etc, are in the real world, connected by e-mail, mobile phone, faxes and quarterly or annual meeting with employers, and have no office.

(7) Video conferences and video phones, when developed as standard equipment in all homes and offices, will reduce the need for face-to-face daily contact in office settings.

(8) Telecommuting and "flex scheduling" combinations of office workdays and home workdays have resulted in some companies adapting rotating offices between office mates utilising the same space. It has been estimated that 19.6 million people, or 10% of all US adults currently work from home at least one day a month during regular business hours. (Kunde, 1999)

Of all the factors above, telecommuting may eventually have the most pronounced effect on office space demand, due to the absolute economies gained from both employers and employees, as well as an increase in the quality of life of telecommuters who save time lost in traffic, downtown parking, etc. This will also have an important impact on locational decisions in the design, quality and quantity of residential dwellers/workers in the future.

AT&T has calculated direct real estate cost savings from telecommuting of $US10,000 annually per employee, gains through reduced absenteeism, lower turnover rates and competitive hiring practice to attract and retain good workers are included. The total savings calculated by AT&T have been estimated to be $US10,000/employee. (Kunde, 1999) Employees also save or make more money due to less unpaid absenteeism due to family or medical related errands expended by traditional office workers plus reduced auto or other forms of commuting to "real offices". It was also noted that productivity of these employees was significantly higher.

Between the trends toward telecommuting, e-commerce shopping and distance learning opportunities, the freedom of family homes to be located at greater distances from traditional cities, will allow increased opportunities of lifestyle changes and improvements for those who choose to locate in rural or recreational areas. Savings in commuting, travel, car expense, insurance and reduced risks of automobile accidents associated with traffic may contribute to choices to work from home.

These transit economic considerations could both justify larger investment in homes and also motivate residential living in rural or recreational areas, rather than convenience/travel-time to a traditional office. Efficiency in the new economy may actually allow people to choose a simpler, less expensive lifestyle than otherwise would be possible. It may also lead to serious elimination, displacement and/or reallocation of persons in traditional jobs to seek new opportunities (see table 5).

Warehouse investment implications

The dynamic strategic logistics issues of e-commerce have profound implications on the where of warehouse properties, their functions, their systems and intelligence, and especially their scale. With a compressed communication sequence, eliminating multiple layers between the originator and consumer of goods and services, the storage function of warehouse properties takes on a new role.

Direct shipping from traditional printers and/or downloading books, magazines, music, etc, directly from the intellectual creator (author, musician, programmer, etc) eliminates the traditional need for warehousing, distribution centres and retail space altogether. Distribution related land uses are then transferred to short-term distributions/warehouse space utilised by UPS, FedEx and similar rapid delivery functional real estate having intensive utilisation with high turnover rates.

Traditional book distribution and retailing, as well as hybrids e-commerce distribution firms, such as Amazon, would theoretically require the exact same net amount of warehouse space unless the demand was greater for whatever reason. As an example, Amazon built a 29324m2 regional warehouse/distribution in Reno, Nevada (Associated Press, 1999) and hired 300 employees to serve functions that would have otherwise been handled by existing traditional distribution real estate and employees. Unless the overall demand for warehouse space grows, there now exists a duplication of buildings within the existing stock of warehouse stock, this duplication can result in excess supply of warehouse space and employees who must be reallocated. Occupancies, values and employment will/would decline due to technology, unless the entire economy continues to expand at the current record rate of growth.

The use of 3-D 10-storey warehousing with high-tech robotics in new warehouses largely eliminates the need for most traditional warehouse employees and is currently being tested by J. C. Penney at Dallas/Fort Worth in conjunction with a FedEx regional hub and commercial airport location (Alliance) for ground, rail and air distribution of products. As labour is a major component of traditional distribution/warehouse properties, 3-D warehousing could reduce demand for conventional warehouses and decrease their value through functional obsolescence unless alternative uses can be found.

Future warehouses will require more intensive use of land with multi-storied 3-D robotic systems or continually larger floor plates (9100m2+) having increased ceiling heights than historical buildings as indicated in table 7. Older existing low clearance ceiling height warehouses, which are generally smaller structures, will either be utilised for smaller independent business owners, adapted to alternative uses such as call centres, or sit vacant.

Changes in warehouse properties markets may include:

(1) Demand for warehouses being reduced due to both manufacturing on-demand and the trend toward lower inventory levels, due to computer scheduling, ordering and manufacturing techniques (robotics). These efficiencies will result in reduced long- to medium-term storage and inventorying.

(2) Warehouse properties will continue to be ever more "higher tech" in their internal systems for moving products, through more efficient land/air routing and site locational decisions. The new term "logistics" has been coined to describe these concepts.

(3) Economies of scale will continue to expand both the size (9100m1+) ceiling heights (3.6m +) and 3-D designs (six to nine storeys) of warehouse facilities.

(4) Well located warehouse, manufacturing and "brown box" retail warehouse type structures may more frequently have alternative uses that yield higher rents per square metre than its originally designed purpose. Call centres, service centres, etc, however work only in a few special cases due to parking restraints.

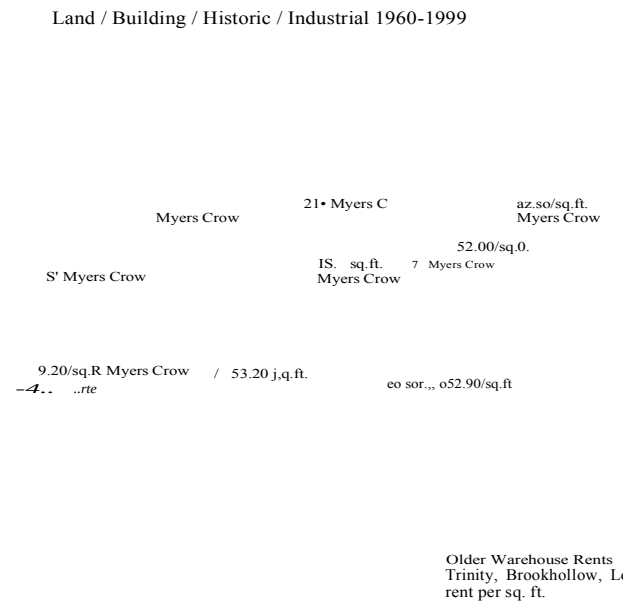
(5) Successful new warehouses and distribution centres will be located immediately adjoining major highways/interstates and regional airport hubs of delivery companies such as FedEx, UPS, etc. As e-commerce and retailing expands, the demand for these specifically located and designed warehouse facilities will increase.

The accelerating logistic sophistication of business generally and in the context of e-commerce operations specifically, increasingly determine the future role of warehouse properties and their properties.

Residential single family home investments

The single family home is being transformed by both a significant expansion of its functions and also enhanced choices concerning where the home maybe located. These forces impact dramatically the configuration and intelligence resources of that home as well as its location. Today, with people being able to be ever more choosy about where they live and work, homes in those places in which people choose to be located will be more appealing

Table 7: Growing intensity and technology of warehouse land and buildings
Land/building/historic/industrial 1960-1999



and therefore more valuable than homes located in less desired places.

Until the industrial revolution, the home served multiple functions beyond being a place where people lived. Before the advent of multiple specialised property types, the home also served as a place of manufacturing and assembly, storage and warehouse, product research and development, point of sale, and the space in which the overall process was administered and managed. The industrial revolution that introduced specialisation of business function likewise introduced specialisation of property function. Forces of electronic commerce are stimulating a renaissance of the role of the home, similar to its multifunctional role as existed in the renaissance.

Today, the highest and best use of single family homes with a singular use is rapidly changing to a higher and better use that expands traditional residential units into places to conduct business, shop, learn, recreate and download books, movies, magazines and recreational games.

The rapid expansion of the traditional single family home into places of business for telecommuters and home shopping as well as places for education, printing on-line books, downloading movies, videos, music and other activities increases both the cost and locational preferences and options for home buyers. The value and cost implications of existing homes which will require both physical and electronic upgrading for the new electronic economy (home offices, rewiring, new electronics, fibre optic infrastructure, etc) are significant and daunting.

Among the implications of these change forces on the single family residence are the following developments:

(1) Telecommuters will be freed from locational considerations on choosing a home based on commuting time or distance to a traditional workplace. While new locational freedoms of choice may be appealing, it may cause an acceleration of rural sprawl, a new form of rural or recreational area flight. The prospects of these possibilities have huge implications to dwellers and adds a whole new meaning to the term urban sprawl.

(2) New "smart homes" will cost more, but will be both more efficient and important as valuable places and spaces, due to more activities routinely taking place there: living, working, education, recreation, etc.

(3) New social networks for residents will need to be developed to replace the loss of day-to-day human interaction, socialising and learning at the traditional workplace/office environment.

(4) Distant telecommuters may purchase or lease small condos, apartments or budget hotel rooms in the

city or suburban areas for use a few days per week or month, rather than having a weekend escape vacation cottage or condo. This represents a reverse of time and location of the traditional work weeks travel and would be perceived to be a higher quality of life.

As a consequence of the increased role of the single family residence, a property type that was largely discounted in the 1980s and 1990s will be ever more significant in the initial years of the 21st century and beyond.

University real estate implications

The forces of change impacting higher education are profound in their implications. With learning assuming and ever higher priority in businesses and training being an increasingly significant corporate priority, the considerations of how and where that training occur have significant real estate consequences (Manning and Roulac, 2000).

While distance learning is not for every student, on-line universities are increasing their offerings dramatically. This trend will raise university incomes substantially, although temporarily, without requiring more classroom space or other "bricks and sticks". There are an estimated 1.7 million students currently enrolled in the US and Canada (Anderson, 2000) which is both impressive and distressing from a traditionalists education point of view

The implication for both physical university structures, faculty and students are profound. While most major universities are entering Internet/distance learning at the speed of light, for competitive and financial reasons, few have contemplated the long-term effects of this truly global market for higher education. All universities picture themselves as selling or offering their online classes to an unlimited number of potential students world-wide, however the quality and programme reputations will vary widely.

The problem of course is that only a few universities have truly world-class professors and programmes. If it costs the same tuition for any student to attend Harvard, Yale, etc, on-line as it does to attend either a bricks and sticks or any virtual university class at a less highly regarded institution, where will the prospective student attend? Which degree is worth more? (Manning and Roulac, 2000).

A few implications of Internet/distance learning for university real estate are as follows:

(1) On-line education should be a complement to the traditional university education, where students learn as much from each other and skills for life as they do from their text, which will be sold and downloaded on-line.

(2) Traditional funding and subsidies for tuition from various state governments that support traditional universities will be attacked as not applicable for Internet/distance learning. The profits anticipated from distance learning now may evaporate to zero after recapture or return of e-course development costs.

(3) The new economy may hire new employees more according to what they know and their functional productivity, than a degree from any traditional or virtual university.

(4) Large vacancies and falling enrollments at universities may occur if virtual degrees from top universities are either perceived, or actually are, superior to mediocre traditional colleges and universities.

(5) Universities and public funding sources should seriously consider the policy implications and planning for the future of traditional education and stop all construction of new buildings, until the full implications and economics of distance learning is considered.

(6) Alternative use plans for contingent vacant university space need to be developed. Think-tank, high-tech industry, co-occupancy, joint ventures could be developed, instead of off-campus industry technology parks that have been developed by many US universities in conjunction with start-up companies and research and development firms.

(7) Academic research, data collection, analysis, assimilation, review processes and publication in the traditional format, requiring two years from start to finish, is completely unacceptable, considering the amount and rate of change brought about in business and society as a result of technology.

In order to deliver quality teaching on the cutting edge that incorporates contemporary research and publications, university education may be devalued and bypassed by both students and employers and should be, unless major changes occur. By the time this article is published, it will be outdated for practical use and planning!

Conclusions

Technology can be considered both a blessing and a curse to real estate investors/owners in that there will be profound changes in locations and importance of various classes of real estate. As real estate is considered a long-term asset, incapable of being moved to new locations for new uses, there will be a great deal of turmoil and fluctuation in the market place, as people, business functions and places are impacted by technology.

Although some suggest that the advances of telecommunication, the Internet and e-commerce will cause physical infrastructures to be obsolete (Dell, 1999), this prognosis is a vast over-statement. Certain physical infrastructures are becoming obsolete. At the same time, significant other needs are created, because people must be somewhere to do their work. Some of this work will be done at home and some in non-traditional locations. Significant amounts of the inputs and outputs of work will need to be physically stored

in real estate properties. These real estate properties likewise will contain significant information technology and telecommunications equipment that empowers the virtual e-commerce society.

This paper has advanced a typology of new ways to think about the form and function of real estate involvements extending beyond business-to-business communications, by adding a number of new acronyms to describe the functions beyond B2B, including:

H2B - home-to-business
H2H - home-to-home
H2M - home-to-manufacturer
H2O - home-to-office
H2U - home-to-university
H2C home-to-call centre
H2W home-to-warehouse/distribution centre.

These new relationships transform the interdependency of functions, people and places. Beyond advancing these models of evolving form and function, this paper explores the implications of possible future scenarios of various classes of real estate, through considering the exciting and confounding implications of technology, beyond the known to the unknown future.

'This term was referenced in an article quoting Stephen Johnson, director of e-commerce at Anderson Consulting in Chicago in the *Calgary* Herald in 1998.

An interesting parallel to the 24-hour use of a building in the "new economy" is that it also follows that these buildings and their systems also are "wearing-out" three times faster. Better deal for tenants and a real disadvantage to the landlord, owner, or investor!

About the author: John Baen is *a professor of real* estate at the University *of* Texas. *From* 1989-1992 he was *professor of* real estate, valuation *and property* management at Lincoln University, Canterbury. *Apart from* his teaching, *public* speaking and writing, John has maintained *expertise in* the areas *of real* estate investments, real *estate* transactions, contracts, *agency* issues, *brokerage,* valuation, *property* management, *finance* and evaluation *of* environmental impacts on values.

References

Anderson, Kendall, Class Dispersed - More Colleges Turning to On-line Courses to Overcome Barriers of Time and Space, Dallas *Morning News,* March 23, 2000, 1.

Associated Press, Amazon Coming to Nevada - The Internet's Biggest Book Seller Plans to Build a Fernley Distribution Centre to Cut Western Shipping Times, The Las Vegas *Review* Journal, January 8, 1999, 1.

Baen, J. S., The Effects of Technology on Retail Sales Commercial Property Values and Percentage Rents, Journal *of Portfolio* Management, Vol.6 No.2, 2000, 186-201.

Chillingworth, William, The Firestorm of Change: The Accelerant that Fuels It and the Resulting Landscape, Australian Land Economics Review, January 2000, 37-44.

Dell, Michael, The Virtual Firm, *The* Economist, September 16, 1999, 96.

Fort Worth Star Telegram, Allstate to Cut 4000 Jobs; Sell Insurance On-line, November 11, 1999, CS.

Gates, D and R. Sawhill, A Thriller on the Net Stephen King's E-Book Sold Half a Million Copies on the Web. It Could Signal a Scary Future for Publishers, *Newsweek,* March 27, 2000, 46-47.

Kunde, Diana, Employers Save With Telecommuting, Dallas *Morning News,* October 28, 1999, D2. (Article quotes a study by Joanne H. Pratt Associates, funded by AT&T, released in October 1999.)

Leigh, Judy, The Smart Way to Get Permits - On-line, Facilities Design and Management Journal, April 1998, 32.

Lohse, Deborah, Major Auto Insurers Are Warming Up to Internet Sales, The Wall *Street Journal,* February 15, 2000, B4.

MacDonald, Elizabeth, Arthur Anderson Sets Up Fund to Take Stakes in Web Start-Ups in Lieu of Fees, Wall Street Journal, January 24, 2000, A8.

Manning, Christopher and Stephen Roulac, "Where Can Real Estate Faculty Add More Value at Universities in the Future?" Paper presented to American Real Estate Society Annual Meeting in Santa Barbara, 2000.

Newsweek, Internet U No Ivy, No Walls, No Keg Parties, March 10, 1999, 12.

Rich, Motoro, Office Landlords Take Gamble on E-Tenants, *The* Wall *Street* Journal, November 3, 1999, B16.

Roulac, S.E. "Retail Real Estate in the 21st Century: Information Technology + Time Consciousness + Unintelligent Stores = Intelligent Shopping? NOT!" *The Journal of* Real Estate *Research* (Vol.9, No.1, 1994): 125-150.

Roulac, S.E. "The Shape of Things To Come: Retail Real Estate in the 21st Century," Megatrends in Retail Real Estate, Research Issues in Real Estate Monograph Series, American Real Estate Society, edited by John D. Benjamin (Kiuwer Academic Publishers, Boston, 1 996b): 101 - 137.

Roulac, S.E. "Strategic Implications of Information Technology for the Real Estate Sector," The Journal *of Property* Finance (Vol.7, No.2, 1996a): 28-44.

Roulac, S.E. and J.S.Baen, The Impact of Technology on Real Estate Markets and Values in the 21st Century, Distinguished lecture series sponsored by BOMA Minneapolis and St. Cloud State University, September 17, 1999.

Totilo, Stephen, The House of the Future is Right Around the Corner, *Newsweek,* January 24,2000, 41.

Lease inducements malaise

wners of office buildings have for many years offered prospective tenants 0inducements to enter into a lease.

The most common being rent holidays, fit out contributions and relocation payments. In return the tenant agrees to pay a rental which is significantly higher than would be payable if no inducements were given. For example, for some premises in Auckland the face rentals payable supported by an inducement range between $280m' to $300m2 whereas the same premises would rent at $220m' to $240m2 inducement free.

The lease then entered into will contain a rent review clause calling for the assessment of a current market rental. It is the practice of valuers when assessing the new rent to discount the face rental payable for comparable premises to take into account the value of any inducement received by the tenant of the comparable premises. For example, where a tenant paying $280m2 has received an 18 month rent holiday, a valuer will discount the rental to say $220m' in assessing the market rental of the comparable premises.

The result will be that on a rent review of a lease where the current rent payable is $280m' the landlord will not receive any increase in rental until such time as current market rentals increase from $220m' to $280m2. The landlord is then being denied the benefit of any increase in market rentals that may have taken place.

Logic dictates that if the face rentals of comparable premises are to be discounted to take into account inducements, then the market rental assessment of the rental under review should be adjusted upwards to take into account the value of the inducement which the tenant has received. If this were done then landlords would benefit from any increase in market rentals. Is valuation methodology flawed?

The hypothetical willing tenant negotiating a rental for a new lease will expect to receive any inducements on offer but must be prepared to pay a higher rental. How is the value of that inducement to be calculated?

The answer is the value of the inducement actually received by the tenant whose rent is under review, should be assessed on an annual basis over the initial term of the lease. This of course is the same process that valuers use to discount face rentals to take into account inducements. The resulting annual sum should then be added to the rental assessed by reference to the comparables, to arrive at what would be the market rental for the premises.

If no inducement was received by the tenant then no upwards adjustment would be necessary and indeed would not be justified as the tenant had not received the benefit of an inducement. This then counters the view of some valuers that it is not possible to reconcile free-of-inducement rentals with face rentals where inducements have been paid unless the face rental is discounted. The adding on of the annual value benefit the tenant has actually received produces a level playing field.

For example, the face rental of the premises under review is $280m' and after discounting to take into account an inducement that rental becomes $220m2. If the market rentals as at the review date had increased to $240m2 then the annual value of the inducement being $60m2 would be added to the $240m' market rental so that the new rent payable would become $300m2. The landlord will then have received the benefit of the $20mincrease in market rentals.

In my experience Ports of Auckland Ltd is the only landlord who has been alert to the malaise which inducements can produce. In a 1996 lease, the company provided that in determining the current market rental of the premises the valuer shall;

"Deem the lessee to *have* received from the lessor (without the lessor being required to provide confirming evidence) full market inducements or incentives available or achieved in the market at the relevant time of review to enter into this lease or to renew it."

This clause has the effect that no discounting of the face rentals of comparable premises should take place. The tenants of the comparable premises and the tenant whose rent is under review, having all received full market inducements, has no justification for discounting the face rentals of the comparables.

Whilst the above deeming clause is one answer, it is unfair to the tenant if in fact the tenant did not receive any inducement, or received an inducement of lesser value than currently available in the market place as at the date of the rent review.

Clearly the discounting of the face rental of

comparable premises and the adding back of the value of the actual inducement received by the tenant produces a fairer result. It is, after all, the actual inducement received by the tenant which entitles the landlord to receive a higher rental.

The Ports of Auckland lease referred to above was recently the subject of an arbitration to determine how the valuers and umpires should determine the current market rent of the premises as at the review date, being May 1 2000, having regard to the provisions of clause 3.3(d) of the lease.

Clause 3.3(d)(iii) of the lease provided that the valuers shall disregard:-

"(ee) Any inducement or incentive of any kind whatever, whether offered or given by the lessor to the lessee or otherwise available or achieved in the market to enter into any lease or to renew any lease."

Clause 3.3(d)(iv) provided that the valuers shall:-

"(iv) Deem the lessee to have received from the lessor (without the lessor being required to provide confirming evidence) full market inducements or incentives available or achieved in the market at the relevant time of review to enter into this lease or to renew it."

The landlord's valuer had assessed the new rent using comparable lettings where inducements had been given, but did not discount the comparable rental to take into account the inducements. The valuer considered that subclause (iv) must have the effect that as the lessee is deemed to have received a full market inducement as at the relevant rent review date, then no discounting of comparable inducement rentals was permissible.

The tenant's valuer whilst quoting subclause (iv) in his rental assessment, made no attempt to apply the subclause and, indeed, concentrated his rental evidence on "incentive free" negotiations, rather than negotiations where substantial incentives had been provided.

The arbitrator, Sir Ian Barker QC, stated in his award:-

"The drafter of this tortuous clause should win no prizes for effecting clear and concise expression of the intentions of the parties. At first blush, clause 3.3 (d)(ee) fits uneasily with clause 3.3(d)(iv). Using the usual cannons of constructions, one must struggle to make sense of this turgid document by considering it as a whole.."

So far as subclause (iv) was concerned, the arbitrator stated that the whole point of the subparagraph is to neutralise the effect of inducements of whatever kind.

The award is silent as to how a valuer is to apply the subclause, and answered the question in dispute as follows:-

"In determining the current market rental as at the review date, the valuers should utilise rentals of comparative premises, thus:-

(a) Rentals payable under recently negotiated leases where the lessee did not receive incentives.

(b) Rentals payable under recently negotiated leases where the lessee received incentives with adjustments to take into account the economic effect of the incentives on the face rent, utilising techniques of the kind referred to in the Wattie case."

With respect to the learned arbitrator, I would suggest that the two subclauses are susceptible of rational construction. Subclause (ee) directs the valuer to disregard the actual inducement given by the lessor to the lessee to enter into the lease. Subclause (iv) then deems the lessee to have received a full market inducement to enter into the lease as at the relevant rent review date.

Subclause (iv) is then consistent with the established principle that the valuer must postulate hypothetical parties negotiating a new lease, as at the rent review date.

In my opinion, the arbitration award did not answer the question in dispute, as the award does not determine how a valuer is to apply subclause (iv).

In my opinion, rent review clauses should now contain the following two directions to the valuers, these being as follows:-

(1) Assess the new rent by reference to rentals payable for comparable premises as at the review date, discounted over the lease term excluding any renewal term, to take into account any inducements or incentives which the lessors of such comparable premises may have provided.

(2) Add to each such comparable premises rental so assessed, the annual value of any inducement or incentive provided by the lessor, calculated over the term of this lease excluding any renewal term. The rental so assessed shall be deemed to be the rental payable for the comparable premises as at the rent review date. The subclause shall not apply during any renewal term, unless the lessor has provided an inducement or incentive in respect of the renewal term, in which event the above calculations shall be made and applied in respect of any rent review during the renewal term.

Many rent review clauses direct the valuer to disregard any inducement offered or given by the landlord to the tenant. It is ironic that such a clause will have the opposite effect to what the landlord intended.

The use of flawed valuation methodology by valuers has the effect of denying to landlords the benefit of any increase in market rentals. Is this then one of the reasons why the capital values of office buildings have been decreasing?

About *the author: John* Marshall is the author *of the* ADLS *Commercial* Lease *form. He presented* this seminar at the NZPI *conference.* He is also a seminar *presenter for the New* Zealand Law Society and the *Society of* Accountants. He is a consultant *to Knight Coldicutt,* solicitors and a legal *reporter for* the NZ *Property* Investor.

This *paper* was presented at *the NZPI Conference.*

A valuer's perspective

hen Marshall first concluded that valuers ppeared to be applying flawed Wamethodology to effective rent calculations and the application of those analysed levels to review rents, I disseminated his paper around a group of lessors, lessees and property advisers for their opinions.

Most wished their comments to remain confidential and this has been respected.

I have separated the feedback into lessors, lessees and advisers, in that order.

Lessors views

The common theme expressed by lessors was, "the market was the market was the market," and they would do the best deal they could on the day. They acknowledged some detriment in the effect of granting high face rents being that they might forgo some uplift on review, but pointed out that:

- Market growth in office rents over recent years is not really a given and, if it does occur, is viewed nowadays quite often as a windfall benefit. Of course this varies between different parts of the country.
- There are distinct benefits perceived from having a higher cash flow in upholding the value of the building. The cost of the inducement is often quickly absorbed leaving the benefit (to the lessor) to flow on into the future. Some lessors decide what they want the rent schedule to show ie, $195m2 and then they will grant whatever inducements are necessary to achieve it.
- They didn't think it was very likely that lessees would agree to having any mechanism to keep them up-to-date with the market when they were already being seen to be paying an above market rent.
- You take the likelihood of market movement into account when the leasing package is being negotiated.
- Lessors may gain a financial benefit from aspects of the inducement. This may be by way of not only enhanced cash flow, but also having the lessees "pay" to upgrade part of a lessor building. Replacing lights and ceilings or installing air-conditioning may be seen as an inducement in some cases but, once the tenant leaves, a higher rent will normally be receivable from the next tenant as well.
- Some inducements may be tax deductible.
- It is often the lessor who wants to grant the inducement, for the above reasons.
- If a contract rent is slightly above market, on review it may be easier to achieve a small increase, as the movement will not appear so high. For example, if a contract rent is $215m2, it may be easier to persuade a tenant to pay $220m2 and often no valuation needs to be obtained for such a small increase. Conversely, if a lower rent of $195m2 applied, an increase to $220ml appears far more significant.

Conclusion

Lessors generally felt that the benefits of having an above market cash flow outweighed the risks of some `missing out' of rent uplift on review.

Lessors did not think it would be easy to persuade lessees to accept a rent review clause of the type contemplated.

Lessees views

Lessees were quicker to acknowledge the validity of Marshall's conclusion about lessors appearing to be short-changed when high face rents prevented increases on review when the market had increased.

But every lessee made the point that if rents dropped the lessor would still be better off with an above market face rent. The question was asked, "does Marshall's clause provide for a reduction or refund if the market falls?" Above market rents (without the inducement) are still being paid in some cases.

The points were made that:

- It is still virtually impossible for tenants to negotiate the removal of all ratchet clauses.
- Lessees are prepared to take their chances on the market. If it rises they are prepared to pay more and if it falls they want to pay less.
- Some lessees will resist anything making rent review clauses complicated and lessors looking for these future mechanisms for raising rent are likely to offset the inducement gained and cancel it out. Why should a lessor have his cake and eat it too?

- Lessees are not experts on these matters, unlike many lessors who make property their prime activity and are knowledgeable about the issues.
- Some lessees find their own way through the minefield of lease negotiation, most, especially larger ones, engage professional advisers.

Conclusion

Many lessees like to keep things simple, legal disputes are expensive.

If a high face rent is the order of the day accompanied by high inducements, some lessees would like to benefit from avoiding future market rises. Lessees do not feel the market is very sophisticated in these matters.

Lessees accept that a low rent from lease commencement and no inducements will, if the market rises, result in them paying an increase on review They contract to pay a current market rent and, if this has risen, have no problem with paying it.

Property advisors opinions

In this section, I have separated the issue into two:

a) Whether Marshall's hypothesis is correct, ie, is there a malaise? Are lessees with above market face rents at commencement gaining an advantage if the market rises to less than their face rent in comparison with the lessees who take an inducement free rent?

b) Are Marshall's suggested rent review directions going to create an outcome which is fair and sustainable and reflects market behaviour?

Is the hypothesis correct?

Most people agree that it is factually correct. We will look at the mathematics of the scenario in a moment.

Are rent review directions and suggested remedies workable?

- All of the points raised by the lessees and lessors were also raised by the advisers.
- Marshall's approach is very purist and the market often does not operate in a purist manner. It is often in the interests of one or both of the parties for matters to become clouded.
- After applying a number of tests and if the parties agree in principle to the objective Marshall's clause is setting out to achieve, in straightforward terms the mechanism appears to be workable (as long as the market rent is still below ratchet). It may be expressed more simply, however. Instead of adjusting each comparable, reach the conclusion as to the current market rent of the subject then add back the actual discounted quantum of the inducement granted at commencement. This produces a fairer result than if the market increase (say in percentage terms) is calculated and applied to the contract rent which would produce a result that is too high.
- I see problems in reaching agreement on the quantum of an inducement. This is often because the lessor and lessee have markedly different ideas about what an effective rent really is. Inducements may be granted which are very difficult to analyse. This may become very subjective. Examples are the amount to allow for existing partitions and factoring in the avoided cost at expiry of a waived reinstatement obligation if this was part of the deal. Do valuers correctly analyse for heating, ventilation and air-conditioning energy (HVAC) being included in a gross rent? How often is this known?
- Full disclosure is rarely possible.
- The face rents are often so variable that to use them (ignoring the inducements in the initial part of the process as directed) as a basis for setting a review rent will produce some weird results. This is because often a lessor will offer a lessee several options, including:

  a) Pay $400mz and have a year rent free;

  b) Pay $300m2 and have seven months rent free;

  c) Pay $200m2 and have three months rent free.

The above are all purely hypothetical and have not been analysed back to effective rents as the lease term is not provided. This may be different for each scenario.

- Finding out what the inducements are/were is often virtually impossible.
- There is no such thing as a "market inducement". This varies from lease to lease. If a lessee chooses an inducement free rent which is low, could market optimists say "inducements are a thing of the past. No inducements are being granted nowadays".

Mathematics behind the Port of Auckland clause

In this example, on review, the lessee shall be deemed to have received all inducements current in the marketplace. It has been argued that the lessee should pay a high face or contract rent, as the inducements were deemed to have been paid out.

What we are dealing with, is the transporting of inducements from lease commencement to rent review date.

The theory we are testing is that "a lessor who grants inducements is disadvantaged on rent review in comparison with a lessor who grants no inducements." This works as follows.

The following considers two scenarios, and hypothetically deals with a gross lease (so there is no need to adjust separately for operating expenses).

In the first, a six year lease commences at a rent of $200m2 and the lessor grants a six month rent holiday. In the conventional analysis a valuer would undertake, the six month rent free is discounted at, say, 10% over the six years calculated monthly in advance.

This calculation is set out as follows:

pmt	$200
n	72

i 10%

NPV $10,886

Inducement:

n 6

NPV $1,175

Effective rent therefore $10,886 less $1,175 equals $9,710

n 72

pmt therefore $178.41m2.

In the second scenario, the lessor grants a six year lease at a rent of $178.41m2. There is no rent free.

Let us assume that over the first three year review period, rents move upward slightly and the market rent for the premises rises from $178.00m2 to $185.00m2.

Under the first scenario above, the lessor will not receive an increase, as the rent being paid by the lessee is already $200m2.

Under the second scenario, the lessor will receive an increase from $178.00m2to $185m2.

The question is, is it fair that the lessor who grants no inducement receives a benefit if the market rises and the lessor who grants inducements ends up worse off?

Is he really worse off?

How can the Lessor protect his position?

Is Marshall's suggested rent review wording to protect the lessors position fair?

In the Ports of Auckland example, it is interesting that the lessors valuer simply applied face rents ignoring the inducements accompanying those rents. I wonder if the range was as variable as our little market in Wellington displays. It is also interesting that he didn't calculate the new rent adopting Marshall's suggested method of assessing the rent in the normal way of analysing effective rents, then adding back the pv of the inducement granted at commencement.

In the Ports of Auckland lease clause 3.3(c) (iii) (ee) ,the valuers were directed to disregard "any inducement achieved in the market". Putting aside the question of whether this meant as at the lease commencement, or as at the review date, my interpretation of this, (I may be over simplifying it not being a lawyer,) is that the valuers are to look at new lettings.

If the inducements are to be disregarded we will, by default, either be left with jacked-up face or contract rents or we look only at leases without inducements. These are likely to produce varying results.

The next clause (iv) deeming the lessee to have received full market inducements appears to confirm this.

So my first interpretation of the Ports of Auckland lease is that this wording does have the effect of causing valuers to assess what will probably be above market rents.

Inducements have to be disregarded and the tenant is deemed to have received them (but they wouldn't have on a rent review).

As inducements are accompanied by high face rents, I see no alternative but for the tenant to pay the commensurate high face rent.

We may ask, why would a tenant accept a clause like this, which leads them to pay an above market rent? There are similar artificial mechanisms in other parts of the rent review clause. Why would a tenant agree to allow for use restrictions to be ignored in setting the rent?

And, if there are assignment, subletting or transfer restrictions these are to be ignored as well. These are all clauses with potential to severely limit the manner in which this lessee may `deal' with the demised premises.

But no compensation for this detriment through rent relief is allowable.

We are not privy to the commencement transaction but no doubt there are reasons why the lessee has appeared to have surrendered so many of their rights.

The sole arbitrator applied a different interpretation, he has basically awarded a market rent calculated in the normal way.

He says the lease refers to the payment of a "current market rent" in several places, which is an overarching requirement (his words).

General comments

There is an accepted philosophy in many "time value of money" calculations, for example lessors interest calculations, that the market will remain static over the period under review.

This is one of the major differences between these types of value calculations and discounted cash flows, which accept the possibility of increases and market movements over the period.

Along these lines, it was the view of most participants canvassed that the safest basis upon which to proceed is to assume that rents will remain static and if there is any growth this will be a bonus. Normal capitalisation rates also have a built in allowance for growth expectations.

The consensus of views is that the deal struck at lease commencement will reflect the market at the time. The rent on review will accordingly also reflect market, however, if the rent passing is above market the contract rent will endure until the market catches up.

Summary

In my opinion, Marshall is mathematically correct in picking up that inducement upheld face rents will prevent rent increases being achieved that might otherwise have been achieved if the commencement rents had been set at market with no inducements.

This only applies to market rents which are still below the ratchet level.

There are also real difficulties which may be anticipated in getting the parties and their valuers to agree on the quantum of the value of the inducements (especially if details remain confidential).

Inducements may often be disguised, as the smaller the inducement, the higher the effective rent and the more a building will be deemed to be worth in the market place. Inducements are often convenient cloaks.

In principle, it may be possible to persuade a lessee who is taking inducements that the lessor may be entitled to a rent increase if the market rent increases over the review period even though the effective figure may still be below the contract rent.

At the end of the day, when the tenant a negotiations resulted in a face rent of $200m2 in exchange for a six month rent holiday, both parties evaluated their perception of what the market may do over the next three and six years.

The lessee has accepted a ratchet clause and it may be argued that the lessor is forgoing a possible rent increase at year three which has been traded off for the above market face commencement level.

It should also be remembered that, to keep a reasonable perspective on this, any lease negotiation incorporates a raft of terms and conditions to be agreed, of which this will be one.

Other rent review and effective rent calculation conundrums

There are many anomalies which exist in this field and this is not the first one Marshall has identified. A number of others are raised here. I hope these will spark off debates which may widen the perspectives of these involved and maybe lead to a greater consensus thus avoiding some expensive differences of opinion.

- Firstly, and this issue has been raised by a leading property consultant of Wellington on a number of occasions, why are the first few months of a rent free period often ignored for the purposes of discounting, due to being "normal in the marketplace' and accordingly not considered an inducement, ie, this is usually the period during a fitout. The idea is that the tenant should not have to pay rent in two places at once.

But, if the market demand exceeded supply and the lessors did not have to grant any rent free, why would they?

Also, the point is that the parties to the lease which is being reviewed do not get a commensurate rent free period or interruption to their rent stream.

If everyone is getting this, shouldn't they get it as well?

- One of the most complex lease inducement arrangements to analyse is a buy-out. Whose perspective should it be analysed from?

For example, if a tenant moves to another building and the new lessor charges rent at $180m2 and the new lessor also pays the last two years rent for the premises vacated, (worth $120,000), how should this be analysed?

If the lease had not had a period to run to expiry, would the new lessor have been willing to grant $120,000 worth of rent free to the new tenant, or provide a gift of $120,000 towards the fitout which the lessee will continue to own?

- Early lease renewals and lease restructures also defy easy analysis.
- Treatment of fitouts and inducements of carparks.
- Preserving the bargain where a lessor covenanted to pay rates and insurance and the way this is often lost under the gross occupancy approach for rental assessment.

About the author: Gwendoline *Daly* was *employed by* Colliers *Jardine (NZ)* Ltd during *the period* July 1994 *to October* 1996 and re-established with them *from* August *2000.* She is involved in a wide *range of* valuation *and consultancy work, focusing on commercial* and industrial *properties* as well as lease negotiations, *rent reviews* and arbitrations, acting on *behalf of a wide* range *of clients throughout New* Zealand.

This *paper* was *presented* at the NZPI *Conference.*

An analysis of the causal factors in negligent valuation cases

Introduction

Background

It is a feature of modem valuation practice that allegations of professional negligence will occur and that a small but significant percentage will result in disputes and even legal action (Mazure and Trigg Waddell, 1992). This can be regarded not only as axiomatic but also as a truly international phenomenon. For example, studies have been published from Australia (Brownell, 2001) (Crosby et al, 2001) and from the UK (Crosby et al, 1998a) with additional sources from New Zealand (Lavers, 1994) and Singapore and Malaysia (Lavers et al, 1998), the latter albeit only based on limited evidence. Allegations of negligence occur continually. In addition, since movement of market cycles is influential upon this process (Connell, 1990), the timing of trends will vary somewhat between countries, but this does not invalidate the point: in all the major common law jurisdictions such incidents occur.

Types Of Negligence Claim

It is necessary to distinguish between two types of negligence claim. First, there are those which derive from periods of economic volatility, particularly where a strongly rising market is followed by a sharp fall, which is often linked to general economic conditions. These can appear as "waves" of claims; (Connell, 1990), Evans (1993), Crosby et al (1998a). But alongside those claims, deriving directly from losses sustained by investors or lenders in adverse economic circumstances, there can also be identified a second category of routine claims which are largely unrelated to market movement, (although these may be relatively more prevalent in bad market conditions, since rising values can mask losses). These claims can be described as routine or "static element" cases as contrasted with the market-related "dynamic element" cases, and are also considered in such standard texts in the UK (Murdoch and Murrells, 1995) and Australia (Joyce and Norris, 1994).

Reasons For Claims

Given that allegations of negligence occur, it is incumbent upon valuers to consider why they do. At the outset, it should be made clear that by no means all the explanation can be found in the conduct of the valuer. Clients, whether investors in property or lenders, incur losses in some of their transactions, through misjudgement, misfortune and, on occasion, over-ambition. They see a claim against the valuer as offering a means to recoup or at least partly offset those losses.

Valuers, as professionals, represent an especially eligible target for such claims, from the perspective of the claimant. They routinely carry professional indemnity insurance, which is the "pot-of-gold" which the desperate claimant may hope to find at the end of the rainbow For example, the Royal Institution of Chartered Surveyors requires all of its members to hold compulsory professional indemnity insurance, in accordance with a sliding scale of cover relating to the turnover of the practice, to include run-off cover.

In the case of large-scale commercial work, especially, the valuer may be employed by a large national or multinational practice, often with substantial assets of its own. Such practices, and others, have high profile reputations to protect which will encourage them to try to resolve problems in which they might be implicated, increasing the chance that a financial settlement may be forthcoming. It is characteristic of professionals properly so called that they feel a sense of duty and responsibility to their clients and so are disinclined simply to disclaim all interest in trying to overcome difficulties.

These features will on occasion encourage purchasers, investors and lenders to try to pass on losses which they have suffered to their advisers, including valuers, whose valuation reports are often a principal factor in the decision to proceed with the transaction. There may be other motives involved, which again relate to the claimant rather than the valuer; an allegation of negligence may derive from some personal disagreement or may even be a cynical device to try to avoid or delay payment of fees owed to the valuer. There is unquestionably sufficient evidence of incompetence by lenders at least (Crosby et al, 1998b) to justify the assertion that an allegation of negligence does not simply raise questions of the conduct of the valuer.

However, in both the "static" and "dynamic" types of negligence claim and perhaps especially in the former, where the defendant can have been overtaken by market movement, there will be situations where the valuer's conduct is in question and where ultimately if the case came to court there would be a formal finding of negligence.

Purpose Of The Paper

The purpose of this paper is to examine the causal factors which lead to such occurrences. The findings are proffered as an attempt to help in safeguarding against repetition. The intention is assuredly not to suggest that valuers have significantly worse levels of professional performance than other professions. Architects, engineers, real estate agents, doctors and lawyers have all been, and continue to be, subject to claims based on alleged professional negligence. Human error is not confined to any professional or non-professional group. The leading English text on professional negligence (Jackson and Powell, 1997) contained in its first preface the truism that "there is hardly any professional man who does not from time to time do that which the courts would castigate as negligent". By focusing on the causal factors inherent in specific situations, or specific patterns of behaviour, the profession and its members may be assisted in avoiding their duplication.

The research

The analysis in this paper derives from an extensive research project, still on-going, between the University of Reading and Oxford Brookes University, supplemented by the authors' individual research.

An essential part of the project was to compile a comprehensive database of reported negligent valuation cases and related literature. The setting-up of the database, which is not the subject of this paper, is more fully reported elsewhere (Foster et al, 1998). Extensive interview evidence was also obtained from the UK profession (Crosby et al, 1998a). The data has been continually expanded as the study extended through lenders' negligence (Crosby et al, 1998b), the margin of error (Crosby et al, 1998c), the role and performance of expert valuation witnesses (Crosby et al, 2000) and the incorporation of Australian material (Crosby et al, 1998d, Crosby et al, 2001). To these have been added, as already indicated, additional studies incorporating material from New Zealand, Singapore and Malaysia (Lavers, 1994, Lavers et al, 1998).

Having undertaken a content analysis of well over 200 negligent valuation cases, it has been possible to identify certain causal factors which were then further examined. The features which were evaluated included the types of valuation, the contractual context of the valuation, constraints imposed upon the valuer, and particular characteristics of the valuer. In addition, the "dynamic" cases were also considered.

Analysis I: types of valuation

In theory the types of valuation which could figure in negligent valuation cases could be as numerous and disparate as the types of valuation undertaken. In reality, nearly all the cases can be fitted into the classification set out below. There are exceptions, such as Weedon v Hindwood, *Clarke* and Esplin, which concerns a valuation of compensation for compulsory acquisition purposes. But they are few.

The classification adopted is a five-point one:

i) Valuer advising vendor

This consists of a contractual relationship between valuer and vendor of a property; the latter relying on the former for advice on an appropriate sale price. Where this is a formal valuation for sale purposes, as in Bell Hotels v Motion, the vendor is entitled to sue for breach of contract if the value is set too low in relation to the price which could have been obtained. There is scope for confusion between providing a suggested asking price for marketing purposes and a formal valuation, and in *Kenney* v Hall Pain and Foster, a real estate agent who advised on an appropriate asking price was held to be liable for negligent valuation in over-estimating what could be obtained for a residential property and encouraging the vendor to be over-ambitious in a linked purchase.

Distinguishing between valuations and other professional and quasi-professional services is part of the next phase of the University of Reading and Oxford Brookes University collaborative project.

ii) Valuer advising purchaser

This also consists of a contractual relationship between the valuer and the prospective purchaser of a property. The valuation is undertaken to advise the purchaser whether and at what price to purchase the property, and may be linked to, or part of, a more extensive report on condition, such as a building survey. The negligent breach of contract in such a case will typically consist of failing to warn the purchaser of some deficiency in the subject property which adversely affects its value, so that the intended purchase price is excessive in relation to its actual open market value. The deficiency could be in the construction: Last v Post or it could be in some factor affecting the property as in the presence of poplar trees on a shrinkable clay sub-soil: Daisley v B.S. Hall and Co.

iii) Valuer advising lender

This contractual relationship is found extensively in both residential and commercial sectors where lending is to be secured by the subject property itself, either to purchase the property or for other purposes. The valuer is often instructed to act in accordance with the lenders' standard conditions of engagement and monies are loaned as a result of the valuation. The lender usually regards itself as entitled to rely upon the figure supplied for these purposes and, further, to attribute any loss suffered to the valuer's over-

valuation. The correctness of this expectation is called into question in South Australia Asset Management *Corporation v York* Montague (Murdoch, 2001). The case, a decision of the House of Lords, distinguishes between the valuer supplying information to the lender and the valuer advising the lender. The High Court of Australia has already rejected this approach in *Kenny* and Good Pty Ltd v MGICA.

iv) Borrower's valuer advising lender

This duty is in tort. It arises when a valuation commissioned by the borrower (or at his/her instance) is shown to a lending institution which is prepared to rely upon it for the purposes of making a secured loan to the borrower.

Such a practice is not approved by many lending institutions, but previously published research (Crosby et al, 1998a) based on a study of the UK profession showed that it still occurs, even amongst international banks. An example occurred in Nyckeln Finance v Stumpbrook Continuation, where the Swedish bank Nyckeln lent 21 million on the security of a central London office block which the defendant valuers had valued at 30.5 million in May 1989. The valuers had been instructed by a Dutch company set up by the Swedish borrowers and the valuation had then been faxed to Nyckeln. When the borrowers defaulted, the office block was sold in July 1992 for 3.1 million.

This practice is not confined to the UK. Malaysia for example, had already experienced such a case in Bank Bumiputra Malaysia v *Yeoh* Ho Huat. Here land in Malacca, described optimistically if not euphemistically as a "development site" was valued by the defendant licensed appraisers at $M64,768 as security for the bank's $M20,000 loan. The site in question turned out to be swamp, much of it under water, and eventually sold for $M7600. The bank's action for fraud was upheld: Ajaib Singh J held that, although the bank had not instructed the valuer, it was "abundantly clear from the evidence that the defendant was aware that his report was intended to be acted upon and he thereby owed a duty to any person who so acted upon the report".

v) Borrower relying on lender's valuer

When a lender commissions a valuer to report on the security offered by the borrower prior to agreeing a secured loan, the outcome of the valuation will often be communicated to the borrower. At least the headline valuation figure is likely to be made known, and in the UK the majority of lenders usually pass on the valuation report to the borrowers. This can give rise to liability under the principle of Hedley *Byrne v Heller* and has done in the celebrated English cases of Yianni v Edwin Evans and Smith v Eric S. Bush, where borrowers have successfully sued the valuers retained by the lending institution in the tort of negligence in respect of errors in the inspections. In the latter, liability was upheld even though the borrowers had been warned that they should obtain an independent survey rather than rely upon the lender's valuer.

Analysis II: causal themes

Within the categories described above and across the boundaries of commercial and residential valuations and of contract and tort actions, certain recurrent causal themes were observed. That these themes are not unique to the UK was established by parallel findings in other jurisdictions, notably Australia and New Zealand.

They are considered under four headings:

i) Insufficient time

McAlister (McAlister, 1995) refers to a 1992 claim where a valuer was sued in respect of gross under-estimate of development costs resulting in over-valuation of a number of subdivided lots. The background was a classic one of a bankrupt borrower at a time of economic difficulty and land which was almost unsaleable in a fallen market. The valuer made a number of mistakes attributable simply to the fact that he "at the time was under considerable work pressure".

A study of the reported cases reveals two things about insufficiency of time. First, it is no defence in law that a particular practitioner was hard-pressed. In *Perry* v Sidney Phillips and Son, the trial judge, far from treating lack of time as an argument for the defence, regarded it as the reason why the defendant had been negligent: "It appears to me that Mr Phillips was carrying out perhaps too many surveys and valuations" and his omissions were perhaps due to overwork and lack of time". The second point to note is that there are a number of cases in the UK and New Zealand where this factor almost solely accounts for the negligence which has occurred.

The time pressure itself may well not originate with the valuer. In Sinclair v *Bowden,* Son and Partners, Stephenson J expressed sympathy with a defendant "doing a rush job he did not want to do" but proceeded almost inevitably to find that the work had been done negligently. In the New Zealand Valuers Board of Appeal case against Donald Davis *Ferguson* (NZVJ, 1989b), the valuer had "intended to spend up to two weeks on the preparation and finalisation of his valuation report", on the Quality Inn Motor Hotel in Willis Street, Wellington. Instead, the purchaser, Mr Patel, "demanded that the report be ready the following day", failing which the deal would collapse.

The course of events is in many respects an object lesson in the need for firmness in dealing with clients. "That night and the next day he wrote out the report and Mr Patel had it typed." The valuation had gone up from $NZ8.8 million to $NZ10.5 million. The Board of Appeal, while sympathetic to Mr Ferguson's plight, was uncompromising in its findings. "Mr Ferguson accepted that he acted under pressure and omitted to do certain things he should have done. He acknowledged that he acted unprofessionally in

accepting to do the valuation in a hurry in allowing himself to be pressured into producing a report in a time frame which was manifestly unrealistic." The board thought that there should have been a clear warning in "the sudden and unexpected pressure to produce a report in a drastically shortened time frame". Significantly, they saw that Mr Ferguson "under pressure forgot his responsibilities to the potential mortgagee" and quoted the UK case of Co*ri*sand Investments v Druce and Co. The time pressure was not in the valuer's over-work, but neither was it being exerted by the lenders. The protection of the lenders was neglected at the instance of someone whose interests were in speed, not safety or accuracy

ii) Expertise in the market

A number of the cases exhibited the common feature of insufficient market knowledge by the defendant valuer, often because he was operating away from his home territory or outside his area of experience. The UK cases on this point are all well known (Lavers, 1994), but the New Zealand examples are, surprisingly, as numerous, as illustrated by the four cases below.

In the Michael *David* Eaton case (NZVJ, 1988a), the respondent acknowledged to the Valuers Registration Board "that his personal experience had not included any retail property of the size or characteristics of the Broadbank Mall" and the board made specific reference to the fact that "this complex valuation exercise" was "the largest of his career".

The *Francis* Evans case (NZVJ, 1988b) was similar, featuring a valuer who had put a rental of $NZ45,000 on a disused picture theatre previously producing a rental of $NZ5720; the board was "in no doubt that in this type of valuation work he is completely out of his depth".

The *Ferguson* case (supra) involved a finding of negligence against the valuer in "the first hotel valuation he had attempted in Wellington".

William Raymond *Wright* (NZVJ, 1988c) concerned an Otaki valuer, "experienced and trained in rural valuation work" who after "many years practising, mainly in his home area and carrying on business as a farmer suddenly emerged two to three years ago and commenced valuing a range of urban and rural properties all over New Zealand". The board held that he had been "working totally outside his field of experience" and noted, importantly, that: "The case highlights the dangers inherent in undertaking valuation work outside the scope of a valuer's training and experience".

iii) Outdated technical knowledge

As long ago as Jenkins v Betham and Betham, it was held that "the defendants could not be expected to provide minute and accurate knowledge of the law but they might properly be required to know the general rules applicable to the valuation". The valuers in this case had not known of a court decision on the basis of valuation decided more than 20 years previously. Subsequently, in *Weedon* v Hindwood Clarke and Esplin a valuer was held to be negligent in not knowing of much more recent case law on the basis for valuation. The House of Lords had decided Birmingham *Corporation* v West Midland Baptist Trust Association only three months before the incorrect advice was given by Hindwood Clarke and Esplin's valuer. However, the Court of Appeal's decision over a year earlier had drawn much attention to impending changes in the legal rules on basis of valuation and the valuers were expected to know of the latest developments.

The same applies to the latest developments in statute. In Corisand Investments *v Druce and Co,* the valuer was held to owe a duty to know and take account of legislation relevant to his valuation. Specifically, he had failed to warn lenders that the Fire Precautions Act would require the carrying out of substantial capital works to an hotel before it could operate legally to produce the estimated return on which the valuation was based. The Act had come into force some 18 months before the valuation was undertaken and the judge emphasised the role of CPD in confirming the valuer's obligation: "The Act received publicity in the trade press and attention was drawn to the potential financial burdens imposed by the Act on hotel keepers." Expert witnesses had agreed that valuers habitually read journals which carried such commentaries; it was therefore to be expected of all.

Advances in the use of information and communication technology to provide up to date information and dissemination of technical developments undoubtedly provide practical assistance to busy practitioners, but they are likely to increase the expectation of what a valuer should reasonably know to meet the standard which the law requires. The requirement of many professional bodies to undertake a specified number of hours of CPD per annum may also further increase this level of expectation.

iv) Uncertainty over basis of valuation

A number of the cases referred to contained criticism of the valuer's choice of basis of valuation. Because it was known to be an issue, interviews with practitioners and lenders included questions on the choice of basis of valuation. Although open market value (OMV) was the common basis requested, the valuers confirmed that many lenders ask for estimated realisation price (ERP) and in some instances the estimated restricted realisation price. The lender survey indicated that lenders nearly always dictate basis of valuation and that they would normally want OMV and ERP.

It was clear that there was a divergence of opinion between the lenders and valuers on basis of valuation. Two lenders actually preferred ERP to OMV and eight of the nine would actually use ERP However, a substantial proportion of the valuers, especially amongst the big London firms, deliver ERP valuations

which they do not believe give the client what it requires. Twenty five percent of valuers surveyed did not believe that the banks understood ERP (Crosby et al, 1998a).

It is, of course, clear that selection of basis or method can be complex questions, especially with atypical properties. An example is the dispute over the Cardona ski-field in the New Zealand case of Waiorua Holdings v The *Valuer General*. But in Coleraine Holdings Ltd v Harvey Fulton *and Long*, Ellis J in the High Court of New Zealand held a valuer liable in negligence, despite acknowledging the difficulties inherent in the decision confronting that valuer, as follows, in a replacement insurance valuation: "Plainly the use of multiples of the building modal involves a subjective element and produces widely differing results. For example, there is $148,000 between the O'Dwyer (defendant) and Plested (expert witness) valuations or 23%. This must cast real doubt on the reliability of the technique. After hearing all the evidence I am satisfied that for the purpose of an estimate of reinstatement Mr O'Dwyer should have arrived at a figure of at least $80,000 more than he did." It is worth noting that this was yet another case where "Mr O'Dwyer was asked for urgency".

An Australian case, Yates *Property Corporation v John* Boland in August 1998 in the Federal Court of Australia, resulted in liability of lawyers for failing to advise of an alternative basis for valuation in claiming compensation. This case sounds a wider warning (Rourke, 1998) of the possible liability of "valuers who rely solely on their preferred basis of valuation and do not advise their client of alternative bases of valuation which may be available". It may also mean that "valuers could be liable for loss or damage suffered by a person relying on a valuation which adopts one method of valuation such as a hypothetical development where a different figure would be derived if an alternative and possibly more conventional method of valuation is used".

It was this kind of lack of communication between some of the London valuers and their lender clients which provided a significant feature of the survey work carried out in the UK (Crosby, 1998a).

Conclusions

It would be dangerous, both methodologically and as a matter of common sense, to extrapolate general principles from individual reported cases, which inevitably involve disparate factual situations. However, the recurrence of causal factors throughout the large number of UK cases collected is supported by evidence from the study of other jurisdictions, notably in the Pacific Rim area.

They comprise two dangers of which many practitioners are aware: the need to keep one's technical knowledge updated despite commercial imperatives such as fee-targets and the risk involved in straying outside a geographical or subject area in which one is expert into literally unknown territory.

But three of the other factors which have repeatedly led to negligence claims are not so easily dealt with by individual practitioners in isolation. First, the time given for the proper execution of valuation tasks is frequently the subject of pressure from clients, including even clients who should appreciate that professional work requires adequate resources, of which time is one. If such matters as the minimum time for execution of a major professional task are the subject of routine negotiations and thus are open to client pressure, the individual practitioner is vulnerable to being "under-cut" by less scrupulous or more desperate competitors. There is an extent to which education of clients' expectations can only be achieved if valuers and their professional bodies act together and understand their respective needs and limitations.

Secondly, the basis of valuation should not be a matter of uncertainty if the professional bodies, in conjunction with major client groups, provide clear guidance for their members, as the Royal Institution of Chartered Surveyors within its appraisal and valuation manual, and others have sought to do.

Thirdly, lending institutions and professional bodies can assist by proscribing reliance upon valuations instructed by third parties i.e. borrowers, where less control may be exerted over time, instructions and requirements as to the basis of valuation.

The overall lesson of the research is this: that human error can never be completely eradicated, but that a number of the identified recurrent causes of negligent valuation are capable of being successfully addressed by individual practitioners and at an institutional level.

About the author: *Professor* Anthony Lavers is a *professor of* law *and senior lecturer in* valuation, *Oxford Centre for* Real Estate Management, *Oxford* Brookes *University*.

This article was refereed.

References

Brownell A (2001), Negligence and Valuation Practice in the Year 2000 7th Pacific Rim Real Estate Society Conference, Adelaide.

Connell K (1990), The 1990s: A banker's view riding the roller coaster New Zealand Valuers' *Journal* p.32.

Crosby et al (1998a) Crosby N, Lavers A and Foster H, Commercial property loan valuations in the UK: implications of current trends in valuation practice and legal liability *Journal of Property Research* Vol 15 No 3 p. 183.

Crosby et al (1998b) Crosby N, Lavers A and

Murdoch J, Contributory negligence involving overseas banks in property valuation negligence cases in the UK *Journal of Property* Valuation and Investment Vol 16 No 3 pp. 273-296.

Crosby et al (1998c) Crosby N, Lavers A and Murdoch J, Property valuation variation and the margin of error in the UK Journal *of Property Research* Vol 15 No 4 pp. 305-330.

Crosby et al (1998d) Crosby N, Lavers A, and Murdoch J, Property valuations: the role of the margin of error test in establishing negligence University *of* Western Australia Law Review Vol 27 (2) pp. 156-194.

Crosby et al (2000) Crosby N, Murdoch J, Murdoch S and Lavers A, The role and performance of the expert valuation witness Final Report for the RICS Education Trust and the Worshipful Company of Chartered Surveyors.

Crosby et al (2001) Crosby N, Kincaid D, Murdoch J and Lavers A, Expert valuation witnesses in Australia and the UK 7th Pacific Rim Real Estate Society Conference, Adelaide.

Foster et al (1998) Foster H, Lavers A and Waddell M, A database of negligent valuation cases and literature Journal *of Property* Valuation and Investment Vol 16 No 1 pp. 87-98.

Jackson R and Powell J (1997), Professional *Negligence* 4th edition, Sweet and Maxwell, London.

Joyce L and Norris K (1994), *Valuers* Liability 2nd Edition Australian Institute of Valuers and Land Economists, Canberra.

Lavers A (1994) Legal liability exposure for negligent valuations in volatile market conditions: an area of concern for real estate education Proceedings of the 4th Australasian Real Estate Educators Conference, Auckland Vol 1 p. 253.

Lavers et al (1998) Lavers A, Murdoch J and Crosby N, Property valuers and appraisers liability exposure: an international perspective on negligence in valuation International Real Estate Society Conference, Kuala Lumpur.

Mazure N and Trigg Waddell J (1992), Fraud and negligence claims against surveyors *Journal of Property* Valuation and Investment Vol 10 p. 118.

McAlister L (1995), Professional Risk Management New Zealand Valuers' *Journal* p. 18.

McKay G (1992), A valuer's role in the recent review process *New* Zealand *Valuers' Journal* p.8.

Murdoch J and Murrells P (1995), Law of Surveys and Valuations Estates Gazette, London.

Murdoch J (2001), Negligent valuers' liability for market losses in the UK and Australia 7th Pacific Rim Real Estate Society Conference, Adelaide.

NZVJ (1988a), Legal decisions New Zealand Valuers' Journal p. 554.

NZVJ (1988b), Legal decisions New Zealand Valuers' Journal p. 611.

NZVJ (1988c), Legal decisions New Zealand Valuers' *Journal p.* 321.

NZVJ (1989), Legal decisions New Zealand Valuers' *Journal* p. 42.

Rourke F (1998), Legal case notes Australian *Property* journal *p.* 267.

Cases

Bank Bumiputra Malaysia v Yeoh Ho Huat [1979] MLJ 30.

Bell Hotels (1935) Ltd v Motion (1952) 159 Estates Gazette 496.

Coleraine Holdings Ltd v Harvey Fulton and Long (1994) NZVJ 41.

Corisand Investments v Druce and Co [1978] 248 Estates Gazette 315, 407, 504.

Daisley v B.S. Hall and Co (1972) 225 Estates Gazette 1553.

Hedley Byrne and Co. Ltd v Heller and Partners [1964] AC 465.

Jenkins v Betham and Betham [1855] 15 CB 168.

Kenney v Hall Pain and Foster (1976) 239 Estates Gazette 355.

Kenny and Good Pty Ltd v MGICA (1992) Ltd (1997) 77 FCR 307 (1999) High Court of Australia.

Last v Post (1952) 159 Estates Gazette 240.

Nyckeln Finance v Stumpbrook Continuation [1994] 33 Estates Gazette 93.

Perry v Sidney Phillips and Son [1981] 1 All ER 1005.

Sinclair v Bowden Son and Partners [1962] 183 Estates *Gazette* 95.

Smith v Eric S. Bush [19901 1 AC 831.

South Australia Asset Management v York Montague [1996] 3 All ER 365.

Waiorua Holdings v The Valuer General (1997) *NZVJ* 58.

Yates Property Corporation v John Boland (1998) Australian *Property Journal* August p. 267.

Yianni v Edwin Evans and Sons [1982] QB 438.

Summary case law

Environment Court
- Subdivision consent
- Strike-out application

Wilkinson v Waitakere CC 26/2/01, judge Whiting, EnvC A29/2001

Interlocutory applications by applicant seeking remaining appeal be struck out Appeal was against consent granted for subdivision of 6.3-hectare site into 42 residential lots - Site had previously been rezoned Appellant sought that consent be declined and that council reassess subdivision requirements in area - Applicant sought that appeal be struck out on grounds that issues and effects of concern to appellant were only relevant to assessment of zoning, which was now beyond challenge, having been made operative.

Held, clear that appeal had little or no prospect of success - Relief sought not justiciable by Court in these proceedings, because it arose as inevitable consequence of confirmed zoning rather than consent application now before Court - Appeal struck out. (8pp)

High Court
- Encumbrances
- Caveats
- Caveatable interest

Bakalich v Acacia Park Ltd 27/3/01, Master Anne Gambrill, HC Whangarei M6/01

Application that caveat not lapse - Defendant opposed on ground that plaintiff did not have caveatable interest Plaintiffs entered into agreement to purchase property Agreement contained term limiting type of building on land Requirement to give covenant benefiting other sections on subdivision that plaintiff would observe building conditions - Defendant offered to proceed on ground that building covenants waived for other sections - Plaintiffs declined - Plaintiff claimed that conditional agreement gave rise to caveatable interest Whether agreement had lapsed.

Held, wording of agreement problematic Status could not be determined accurately without considering full documentation Plaintiff had clearly intended not only to give covenant but to benefit from compliance by all other parties Caveat sustained Plaintiff to seek specific performance of contract and file proceedings within 30 days of release of judgment. (8 pp)

High Court
- Easements, extinguishment
- Jurisdiction of High Court
- Property Law Act 1952, s 126G

Cabrach Holdings Ltd v Muschamp 14/2/01, McGeehan J, HC Wellington AP231/00

Extinguishment of easement Section 126G Property Law Act - Easements obsolete - Jurisdiction "Court" means District Court - Whether District Court has exclusive jurisdiction.

Held, High Court without jurisdiction Matter transferred to District Court. (4pp)

High Court
Interest in land
Defacto, same sex relationship

Church v King 22/2/01, Rodney Hansen J, HC Auckland CP107-SD99

Defacto relationship - Claim of one-half interest in two properties acquired in course of same sex relationship Reciprocal wills - Unemployment benefits received by plaintiff Reasonable expectations - Direct and indirect contributions to properties.

Held, plaintiff entitled to 50 percent interest in proceeds of sale of one property Second property held by defendant subject to trust in favour of plaintiff in sum of $40,000 (20 percent interest in the increased value of the property). (12pp)

High Court
- Sale and purchase agreement
- Fraud alleged
- Land Transfer Act 1952, ss 62, 182

Baker v Tahal 9/3/01, Master Faire, HC Hamilton CP60/00

Sale and purchase agreement executed Agreement settled and transfer registered Two leases not registered against titles at time of final signature to agreement - Whether right,of way extends beyond term of lease Alleged land transfer fraud Application to strike out proceedings - Alleged oral and written notice.

Held, application to strike out adjourned. Statement of claim to be amended. (1lpp)

High Court
Contract
Formalities
Acceptance
Terms

Kaiwaka Realty Ltd v Huzza Farms Ltd 27/3/00, Master Anne Gambrill, HC Whangarei M68/00

Statutory demand against real estate agent for return of deposit paid on contract for purchase of property Agent denied liability Conditional contracts for purchase of land Responsibility for

payment of commission to agent Whether statutory demand against agent rather than vendor legitimate - Whether contract became unconditional Whether agent entitled to take deposit Whether contingent conditions interdependent.

Held, agreement for sale and purchase complied with Non-occurrence of intended cross-sale did not affect validity of contract Agreement became unconditional and was then cancelled - No evidence that agent still acting as stakeholder - Agent had established ground to set aside statutory demand. (12pp)

High Court
- Mortgages
- Mortgagee sale
- Obligations

Westpac Banking *Corp* v Highfield 20/2/01, Master Yenning, HC Christchurch CP112/00

Summary judgment application Shortfall after mortgagee sale - Whether plaintiff failed in obligations to get accurate valuation and obtain best price - Whether plaintiff had acted reasonably in circumstances

Held, style and character of home apparent to visitors Sale by auction to completely independent third party Property intensively marketed Housing market showed decline in period of sale - Bank entitled to take extent of debt and defendants' failure to market property effectively into account - Judgment for plaintiff. (15pp)

High Court
- Mortgage
- Mortgagee sale
- Duties of mortgagee

Freeth v Hebe Finance Ltd 1/3/01, Randerson J, HC Auckland AP143/00

Appeal against summary judgment - Appellants in default under mortgage to respondent Respondent made agreement for sale to third party with vacant possession when appellants in default Tenants had refused to vacate property Agreement did not proceed Property sold at auction Whether sufficient steps taken to obtain reasonable price.

Held, respondent had taken all reasonable steps to remove tenants - Agreement did not succeed because tenants persistently returned - Party unattractive to third party purchaser due to presence of tenants - Appellants had not advanced any contradictory evidence Appeal dismissed. (6pp)

High Court
- Caveat
- Conditional agreement to buy land
- Caveat sustained
- Contractual Remedies Act 1979, ss 7-10; Resource Management Act 1991, s 116

Whitehead v Gunn *Corp* 27/3/01, Master Yenning, HC Nelson M1/01

Application that caveat not lapse - Respondent agreed to sell land to applicant - Settlement on possession, 30 days after fulfilment of conditions - Land within general foreshore area of Nelson Applicant intended to develop hotel on site - Agreement conditional on Nelson CC gaining resource consent for foreshore development Commissioners recommended council be granted resource consent Applicant appealed that decision to Environment Court - Whether condition to agreement had become unconditional with release of Commissioners' decision - Whether applicant repudiated contract by not responding to respondents request to confirm contract - Applicant's response was to lodge caveat - Whether notice of cancellation by defendant was valid.

Held, respondent's argument that matter was determined by cancellation of contract failed as it was based on invalid settlement notice - At present council did not have resource consent it could use under RMA as commissioners' decision was under appeal to Environment Court - Arguable that applicant's appeal to Environment Court was bona fide and was not lodged to frustrate satisfaction of condition Application to sustain caveat was successful. (13pp)

High Court
- Tenancy agreements
- Lease
- Validity
- Companies Act 1993, s 180(1)

Carline v Wallwork 13/3/01, Salmon J, HC Auckland AP154-SWOO

Appellant landlords entered into 2-year lease with G Ltd - Agreement signed by respondent as one of G Ltd's directors - Other director respondent's wife Initial deposit paid - Respondent would not sign deed of lease unless his wife did Wife refused to sign Agreement for monthly tenancy until wife signed lease - Respondent claimed he was locked out of premises - G Ltd placed in liquidation - Respondent sought proceeds of sale of furniture - Whether valid lease existed.

Held, s 180(1) Companies Act 1993 shows clear legislative intention that company must enter into contract in ways prescribed by section Both directors required to sign lease - Appellants had agreed not to be bound by lease until respondent's wife had signed Appeal dismissed. (5 pp)

High Court
- Purchase of land
- Misrepresentation
- Unfair trial
- Contractual Mistakes Act 1977; Contractual Remedies Act 1979; Fair Trading Act 1986; New Zealand Bill of Rights Act 1990, s 27(1)

Williams v Willems 21/3/01, Hammond J, HC Hamilton A62/00

Respondents purchased Lot 8 from appellants Appellants lived on Lot 9 - Dispute as to right of way Respondents did not seek advice as to the true position Respondents purchased an additional 4 hectares from appellants to provide access It became apparent this was unnecessary Respondents sued appellants in District Court - Misrepresentation under Contractual Remedies Act - Unilateral mistake under Contractual Mistakes Act Misleading or deceptive conduct under Fair Trading Act Judge awarded respondents some $154,343 - Appellants appealed.

Held, District Court judgment cannot stand due to excessive judicial interference in curtailing cross-examination and unfairness of trial. Complete retrial directed. Costs of $10,000 plus disbursements awarded to appellants. (42pp)

High Court
- Tenancy law
- Costs

Goston v Jamieson 22/3/01, Rodney Hansen J, HC Auckland M815-SWOO

Application for security for costs - Plaintiffs rented unit from defendants Defendants applied to Tenancy Tribunal for order for rent payment Plaintiffs did not attend hearing Defendants obtained distress warrant to enforce proceedings - Plaintiffs' application for rehearing declined - Rehearing granted in District Court and plaintiffs' car returned Plaintiffs brought actions in trespass and conversion Whether discretion to grant security for costs should be exercised.

Held, prima facie evidence that plaintiffs had no assets and one large liability Tribunal's order held to be without lawful foundation No suggestion that Tribunal exceeded its jurisdiction so immune from plaintiffs' claim Damages claimed extravagant - Essentially a case which plaintiffs should only be permitted to pursue if they are prepared to provide defendants with security for costs Security for costs of $15,000 awarded. (9pp)

PRIVY COUNCIL

Contract
Construction and interpretation
Time limit

Valentines *Properties* Ltd v Huntco *Corp Ltd* 29/3/01, PC Appeal 38/2000

Contract to construct restaurant building Respondent developers to build restaurant to be leased to appellants - Agreement conditional - Appellant alleged one of the conditions not satisfied Judgment for respondent in High Court and Court of Appeal - Condition provided that appellant to approve conditions imposed by local authority within 5 working days of receipt of particulars - Financial constraints on appellants - Appellants sought to get project either underway or terminated through time clause - Appellants held conditions imposed by council to be unacceptable - No way to remedy matters in 5 working days - Whether time of the essence - Whether approval unreasonably withheld.

Held, clause intended so both parties would know where they stood - Time limit intended to provide speedy certainty No aspects of context indicating that different meaning intended Obtaining revised resource consent within 2 days of expiry did not affect meaning Reasonableness of withholding approval to be judged by impact conditions would have on appellants' business - No guarantee their objection would be upheld Conditions had taken everyone by surprise - Withholding consent not unreasonable - Appeal allowed. (12pp)

HIGH COURT

Interests in land
Sale

Capital Realty Ltd v Floratos 2/3/01, Master Thomson, HC Wellington CPI 16/00

Application for summary judgment and striking out of defence - Defendants appointed plaintiff as real estate agents to sell block of flats - Plaintiff introduced developer to property Conditional agreement for sale - Post-dated cheque - Cheque mistakenly honoured for wrong amount by bank Defendants became uncooperative in providing developer with access - Agreement cancelled Damages proceedings - Whether understood that agreement GST inclusive - Whether plaintiff had breached professional duty of care.

Held, no prejudice to defendants resulted from mistake - Defendants had sufficient business experience to realise true GST position Summary judgment inappropriate Proceedings consolidated. (11pp)

High Court
- Access
- Informal agreement
- Interim injunction
- Writ of arrest
- Property Law Act 1952, s 129B

Wratt v Harnett 5/4/01, Hammond J, HC Auckland M404/1706/00

Mr Wratt's property on Great Barrier Island landlocked Professor Harnett purchased land on island for retreat and for ecological interests - Used land intermittently Informal agreement to access Mr Wratt's land through Professor Harnett's land in return for track maintenance Agreement worked well - Professor Harnett became increasingly concerned over use of land by pig shooters, marijuana farmers, motor cross riders, four-wheel drive vehicles etc - Professor Harnett gave Mr Wratt 9 months notice withdrawing

'7sT✓ leal0,77 U7PVPAw

permission for informal access - Mr Wratt seriously disabled and needs use of ATV to reach property Interim injunction granted access over Professor Harnett's land Dispute over which track was to provide access - Professor Harnett blocked one track Another track provided much more difficult access Application for writ of arrest.

Held, writ of arrest reserved for cases where failure to obey Court has been wilful and inexcusable - Injunction had not been framed with sufficient particularity and it cannot be said, beyond reasonable doubt, that Professor Harnett wilfully breached order Application dismissed - Mr Wratt may apply for variation of injunction. (9pp)

COURT OF APPEAL
- Resource management
- Remedies
- Compensation

Williams v Minister *of* Lands 5/4/01, CA299/99

Appellant's farm property damaged by seepage from irrigation scheme Compensation payment received Later claim before Land Valuation Tribunal removed into High Court - Claim for permanent loss in value rejected Claims for loss of income and costs partly accepted Cross appeal by Minister of Lands.

Held, Court had clear evidence that carrying capacity could have been increased once seepage problem alleviated - Court took liberal approach to costs - unwillingness to make order for interest not error of principle Minister of Lands' appeal against payment of hearing costs dismissed. (6 pp)

Court of Appeal
Interests in land
Acquisition
De facto property

Farrelly v Gruar (2000) 20 FRNZ 56

Constructive trust - Contributions to property Appellant sought beneficial interest - De facto partners' living expenses exceeded income - Asset position less than at beginning of relationship Whether expectation of interest satisfied by benefits received during relationship.

Held, inevitable that appellant would develop expectation of sharing given intermingling of assets during relationship Basis for expectation of interest established and reasonable Unclear what value trial Judge had put on appellant's contributions - Judge mistaken in finding appellant had derived substantial benefits from relationship - Degree of appellant's sacrifice not true guide of degree of unjust enrichment given parties' asset position Focus on contributions - Payment of $40,000 to appellant ordered. (10pp)

HIGH COURT
- Civil procedure
- Injunctions
- Mareva
- Sale of land

Naylor *Love* Ltd v Holland 27/3/01, Panckhurst J, HC Christchurch CP16/01

Plaintiff builders sought Mareva injunction over fund to come into existence on sale of property Plaintiffs claimed construction costs outstanding Reimbursement sought for labour plus percentage margins - Order sought for payment of defendants' equity in property into Court Whether good arguable case existed.

Held, clear bona fide dispute between parties Substantial changes made to house - Reports suggested good arguable case that plaintiff owed a substantial sum Risk of dissipation established No evidence of asset position of defendants and their family trust Unclear who was beneficial owner Overall balance of convenience favoured plaintiffs - Injunction granted. (9pp)

High Court
- Tenancy law
- Rent
- Market rent
- Unjust enrichment
- Residential Tenancies Act 1986, s 85

Welsh v Housing NZ Ltd 9/3/0 1, Doogue, Goddard JJ, HC Wellington AP35/2000

Appeal by tenant - Tenancy Tribunal awarded tenant $7,972.43 for breach of contract in increasing rental - Tenant had made improvements to property Respondent appealed to District Court District Court held that tenant had no action against respondent for breach of contract and s 85 only gave rise to a claim under general principles of law Whether District Court wrongly interpreted Tenancy Tribunal's jurisdiction Whether District Court wrongly found no unjust enrichment Whether District Court erred in refusing leave to tenant to produce evidence in rebuttal of new evidence produced by respondent.

Held, Tenancy Tribunal must determine appeals in accordance with general principles of law as well as general merits of case - Differences between Tenancy Tribunals Act and s 18(6) Disputes Tribunals Act 1988, which allows tribunal to determine case on substantial merits - Unjust enrichment not an independent cause of action Tenant knew that respondent did not intend to compensate him Appeal dismissed. (21pp)

COURT OF APPEAL
- Mortgages
- Mortgagee sale
- Duty of care
- Property Law Act 1952, s 103A

Apple Fields Ltd v Damesh Holdings Ltd 8/3/01, CA149/00

Mortgagor's duty of care when exercising power of sale - Sale of orchard Land originally zoned for

horticultural purposes - Appellant tried to redevelop land for residential purposes - Appellant obtained mortgage from first respondent - Appellant had cashflow problems and sought to sell property Default on loan repayments - Two interested buyers - Appellant accepted offer for property subject to conditions - Condition that first respondent would leave in mortgage advance - First respondent negotiated for sale to Parshelf Ltd conditional on Parshelf entering into second contract with second mortgagors - Delay Stock exchange refused to waive requirement to obtain shareholder approval for deal - Second mortgagor pulled out - First respondent exercised power of sale - First respondent took interest in purchaser Land rezoned residential during negotiations - Whether duty to obtain best available price breached.

Held, s 103A is to be read as legislative affirmation of scope of duty of care in negligence owed by mortgagee who has decided to sell - Duty to obtain best price available as at time of sale - Price struck for land determined independently No bad faith shown First respondent had acted in respect of appellant's interests - Advantage to appellant of second mortgagor's surrender of rights which had to be secured quickly First respondent acted at arms length no deceptive or misleading conduct - Appeal dismissed. (24 pp)

PRIVY COUNCIL

- Local government
- Land
- Public works

Dilworth Trust Board v Counties-Manukau Health Ltd 7/3/01, PC13/00

Entitlement to buy back land - Land taken from school trust under Public Works Act 1928 - Current owner of land Crown Health Enterprise - Land taken for hospital purposes but majority not used Right of former owners to buy back land under s 40 Public Works Act - Appellant alleged that current owner had indicated intention to sell land as surplus to requirements - Outpatient and post-operative centre established on land - Whether current owner obliged to sell to appellant at current market value.

Held, mere transfer to current owner did not activate buy-back rights Buy-back rights did not operate until all or any part of land not required for Crown Health Enterprise's statutory purpose - Appeal and cross- appeal dismissed. (16pp)

HIGH COURT

- Sale and purchase agreement
- Payment of GST
- Summary judgment
- Defendant counterclaims
- High Court Rules, r 136(1), 142, 565

Moller Corp Ltd v Stepping Stone *Nursery* Ltd 4/10/01, Priestley J, HC New Plymouth CP2/01

Plaintiff vendor sought summary judgment against defendant purchaser Undated written agreement for sale and purchase of land Parties' obligations under cl 22 clear Plaintiff to issue GST invoice on payment of deposit - Defendant to pay GST to plaintiff on receipt of GST refund Defendant to process GST claim expeditiously Defendant did not wish to apply for GST refund until contract became unconditional Defendant discovered information giving rise to concern over property Alleged plaintiff in breach of contractual obligations - Alleged misrepresentation as to property Arguable counterclaim against summary judgment Settlement occurred on the basis that defendant's claims against plaintiff were not prejudiced - Parties attempted to resolve defendant's claims - Two months after settlement defendant advised it would pursue damages claim and offset GST refund against that claim.

Held, defendant was contractually obliged to pay GST to plaintiff on receipt of GST refund This obligation remained unaltered Judgment of $35,000 (amount of GST) entered for plaintiff, plus interest. (13pp)

NZPI Young Property Professional of the Year

This award was created by New Zealand Property Institute Board for recognition of excellence in the field of property by a young professional.

Eligibility Criteria

Members or affiliates of the institute aged 30 years or less shall be eligible.

The criteria for the award is:

a significant professional participation within NZPI; or

b original research of outstanding significance; or

d original authorship of outstanding significance;

AND

d 1) outstanding technical and or professional excellence; or

significant contribution to the community that brings credit to the profession.

The research or authorship shall be available to the Editor of the NZPI Property Journal for publication at the board's discretion.

There will be only one national award each year, and this shall only be conferred if the candidate is worthy of the award and shall not be automatic.

The award shall comprise the presentation of an appropriate framed Certificate and Citation and will be presented at the NZPI Annual Conference/AGM.

Initial selection shall be at local branch level with final selection made by the national award panel comprising of the NZPI board of directors.

Nominations may come from any sector within the profession or outside (eg branch committees, councillors, employers, community service groups etc) but may not be by application from prospective awardees,

Nominations for the 2001 award are invited in citation format to the CEO, NZPI, PO Box 27-340, Wellington by February 1, 2002.

1j

NEW ZEALAND
property
INSTITUTE

Fellowship 2001 citations

Jeffrey Kenneth Orchiston

Jeff Orchiston is a director and shareholder of Macpherson Valuation in Dunedin.

He has held that position since the formation of the company in 1993, having formerly worked for the Otago Catchment Board and its subsequent body, the Otago Regional Council. Prior to this, Orchiston spent the period 1968-1974 at the Valuation Department, based initially in Christchurch but mainly in the Otago region.

Orchiston's formal training includes a Diploma of Agriculture from Lincoln College (University), and a Diploma of Valuation and Farm Management from the same institution. He became a registered valuer in 1970 and completed the majority of the urban valuation exams until they were discontinued in 1982. He completed the Kellogg New Zealand Rural Leadership programme with Lincoln College in 1982. In 1997 he commenced the Master of Property Studies and is continuing in that field of study hoping to complete the course requirements this year (2001).

Orchiston has been an active member of the New Zealand Institute of Valuers and the New Zealand Property Institute since its recent formation. He is a member of the branch committee and has held various positions in the Valuers Institute, including branch chair (1977-1979), secretary and committee membership roles. He is also a member of the New Zealand Institute of Agricultural Science, and has held various committee and secretary/treasurer positions since 1974.

Orchiston has published and studied a number of rural land aspects, particularly in relation to soil and land use and a number of research projects, including the Taieri Plains flood in June 1980 as well as a cost benefit analysis for the Kakanui Catchment Development.

He has plenty of other interests, including a small farmlet he manages and farms just to the north of Dunedin. In the past he has also been chairman of his local school Board of Trustees, secretary/treasurer of the Blueskin Union Church, and an Elder and member of the board of managers of the Andersons Bay Presbyterian Church.

Married to Heather, the couple has five children, some of whom have moved overseas. Orchiston has subsequently discovered the travel bug.

His advancement to Fellowship is a recognition of his professionalism and the high esteem which he is held by the Otago valuation committee. He has been a long supporter of a number of property related institutes, and a great servant to our community.

Gary Ross Gillespie

Gary Gillespies association with valuation began in Hamilton as a clerk in the Valuation Department. Shortly after joining the department he enrolled as a student 1969. He completed his NZIV urban professional examinations and joined the NZIV as an intermediate member on April 10, 1972, obtained registration on May 1, 1974 and advanced to associate status in 1976.

After working in the Rotorua and Wellington offices (as senior valuer) of the Valuation Department, Gillespie returned to Rotorua in 1978 and joined the firm of Cleghorn Gillespie Jensen & Associates where he is a partner.

Gillespie has established a wide and diverse client base with particular emphasis on the commercial side of the practice. His clients include major corporate organisations and he has been involved in many major developments in Rotorua. He is recognised as a specialist in valuations related to the tourist industry where his advice is regularly sought by those involved in purchasing, selling, leasing and developing property. His high standing within the valuing fraternity is reflected in the frequency with which he is also called upon to act as umpirelarbitrator not only in Rotorua but also in Hamilton, Tauranga, Gisborne and Wellington.

In 1973 Gillespie commenced a two-year term on the branch committee which was preceded by a two-*year* stint as newsletter editor and followed by a year as branch secretary.

In addition he has continued to give freely of his time to the branch's education programme running field days and providing cost data and background information on several of Rotorua's commercial developments.

A married man with two adult sons, Gillespie is valued and highly regarded member of the community His skill in valuation and property matters is widely recognised and respected.

Anthony Gerald Hilton

Gerry Hilton is a director of Eyles McGough in Auckland.

As a product of the late 1930s, family circumstances were such that he spent much of his younger years at boarding school in Australia. He gained his initial qualifications with a Diploma in Agriculture from Muresk College in Western Australia.

Like many of his vintage, he joined the rural division of the Valuation Department in Auckland in 1959 where he obtained the appropriate experience in order to achieve registration.

In the early part of the 1960s, Hilton joined Samuel Vaille as a valuer, later taking up a position with C F Bennett in 1965. During that period he obtained both the necessary academic and practical experience to enable him to be one of a minority of valuers registered in both urban and rural disciplines at a time when that distinction was made.

In 1984, Hilton became on the founding directors in the firm of C F Bennett (Valuations), lately to merge into Eyles McGough Hilton & Waite.

During his practical working life of a little over 40 years, his advice has been consistently sought by a significant number of clients of substance. For many years he has been an active participant in providing younger members of the profession, particularly students, with practical tuition within the firms he has has been associated with. He is also well known for sharing information with his colleagues.

More recently Hilton has been a member of the Auckland branch committee and undertaken the difficult and time-consuming task of rallying and cajoling his Auckland colleagues in order to complete and collate the Auckland pedestrian counts throughout the metropolitan area. Few will be aware of the time and effort involved in that task and probably neither did he despite his active participation as a counter over a long period of time.

Aside from his professional life, Hilton has a keen interest in fine cars, as evidenced by his treasured Audi, motor racing and quality wines.

Hilton is recognised by his colleagues and his clients as an individual of undoubted integrity, professional ability and reliability.

James Sinclair Veitch

Jim Veitch graduated with Dip VFM from Lincoln College in 1969 and joined the Valuation Department in Rotorua in 1970 as a rural valuer. At the same time he became a member of the New Zealand Institute of Valuers.

Shortly after moving to Rotorua he commenced studying the NZIV urban professional exams, which he completed in 1975.

Witch gained registration as a valuer in 1972 and advanced to Associate status in the same year.

In the late 1970s he left the Valuation Department and joined G F Colbert & Associates in Taupo, and in the early 1980s set up his own practice of J S Veitch & Associates.

Originally specialising in rural valuation, he has for many years been almost fully involved in urban commercial work and is widely respected in his community and amongst his peers.

A married man with an adult family, Witch's rural interests have now expanded somewhat from his small rural holding, which he has recently subdivided and sold, to his recently purchased large sheep and cattle station in Central Otago.

He has always been very active and supportive of ranch activities and served for several years on the Rotorua/Bay of Plenty branch committee, regularly travelling from Taupo to Rotorua to participate. Veitch has also willingly arranged CPD field trips in Taupo.

The Lions Club of Taupo has occupied a lot of his spare time and has seen him in many office bearing roles including a term as president.

Alexander Charles Hayward

Lex Hayward is a registered valuer and founding partner in the Marlborough practice Alexander Hayward.

Born in South Africa and educated in Christchurch, he attended Lincoln College and gained a Diploma in Valuation and Farm Management in 1973. He joined the Nelson Farm Improvement Club in 1973 before spending six years from 1976 working for the Valuation Department in Blenheim. In 1982 he set up in private practice.

Hayward has been a member of the NZIV since 1974, was registered in 1978 and was advanced to Associate status in 1980. He has played an active part within the branch serving as vice-chairman, chairman and has been on various executive committees since 1974.

He is currently on the branch committee and has served on the Nelson/Marlborough Helpline for a number of years.

Hayward is a well respected valuer with extensive experience throughout Marlborough in commercial property, going concerns, Marlborough Sounds and rural valuations. He is a qualified plant and machinery valuer and a member of the Arbitrators Institute of New Zealand.

Throughout his career Hayward has been actively involved in community activities having served in the board of trustees for Fairhill Primary School, chairman of the local branch of the National Party and chairman of the Port Underwood Settlers Association.

He is married to Sylvia and they have two sons. He enjoys sailing, diving and fishing and is currently developing a vineyard on a small rural holding at Benmorven.

Hayward is held in high regard by his fellow Valuers.

Peter M Noonan

Peter Noonan is a director of the Nelson firm of Duke and Cook and has been an NZIV councillor since 1997.

Born in 1953, Noonan attended Riccarton High School and became a member of the New Zealand Institute of Valuers in 1974, was registered in 1976 and became an Associate in 1978.

Noonan is a confirmed advocate of the New Zealand Property institute and has strongly supported the new direction being taken. He acted as librarian for the local branch after his arrival in Nelson in the mid/late 1970s and subsequent to that served on the local branch as a committee member. His institute involvement commenced in earnest in late 1997 when he was elected as one of the three southern regional councillors to the NZIV Council. Since then he has worked tirelessly for the growth and future development of the institute and its members.

On a professional level Noonan is held in high esteem by his peers and members of the public for his forthright views and extensive knowledge of the Nelson property market. He is frequently approached for the provision of expert evidence and comment on matters of topical debate within the local press being recognised in that market as having a high level of competence. His valuation work comprises predominantly commercial and industrial assessments.

He is married to Gaile and they have a son and a daughter. Noonan acts as coach for his son's cricket team and has also served on the committee of the Nelson United Soccer Club. He is Rotarian, past member of the Round Table and includes skiing and social golf amongst his recreational activities. He has an established professional reputation and high ethical standards.

Noonan has proved a significant contributor on the NZIV council, into which he has put vast quantities of time for the past three and-a-half years.

Philip John Smith

Smith was born, raised and educated in Christchurch. He completed the NZIV professional qualification in 1979 and became a registered valuer soon after.

He joined Fletcher Development Company in 1974 and was South island regional manager of Fletcher Trust Investment Co from 1976 to 1981 being responsible for land acquisition, optimisation, and disposal of all Fletcher Group-owned property during this period.

In 1981 Smith entered private practice as a valuer and is currently a principal of Binns Barber and Keenan. Since 1991 he has been involved in all forms of urban property valuation and consultancy in Christchurch.

Smith joined the NZIV Canterbury/Westland branch committee for one year in 1979 and then rejoined the committee in 1992 through to 1998. During this period he chaired various sub-committees and served as branch chairman in 1997 and 1998. During his time as branch chairman Smith was extremely proactive organising promotional and marketing activities including new ventures such as cocktail functions hosting the banking and legal professions.

He also instigated the Value *for* Money NZIV promotional newspaper editorials which served to lift the profile of valuers and the services they offered throughout the Canterbury region.

Smith has been a major contributor to the organisation of the NZPI inaugural conference in Christchurch, chairing the important programme sub-committee.

Highly respected by his peers, Smith sets high standards of excellence and integrity and is often called upon to act as an arbitrator.

Smith is married, has three children and has wide interest in most sports and is a member of the Historic Places Trust.

Weston Walter Kerr

Weston Kerr is employed by Darroch Associates. Before that he worked for Darroch & Co for 15 years.

Kerr was born in Dannevirke and educated at Napier Boys High, which he left to obtain a broad background in farming before attending Lincoln College. On qualifying from Lincoln College with a Diploma in Valuation and Farm Management in 1973, Weston then joined what was the Valuation Department in Takapuna on Auckland's North Shore.

Being situated within one of the more rapidly developing regions of New Zealand, Kerr's experience has been varied and challenging. In addition to the more straight forward rural, residential and commercial work, he has been involved in a wide variety of considerably more complex valuations, such as prime coastal property, subdivisible blocks, compensation work, quarry and vineyard valuations, both within and outside the Auckland region.

This work typifies Kerr's high levels of skill and the wealth of experience and knowledge he has attained during his career. His professional standing, complete integrity and skills are highly regarded both within and outside the valuation profession, and as a result he is frequently requested to undertake arbitrations and act as an expert witness.

His willingness to assist other valuers and share the wealth of experience and knowledge he has built up during his valuation career has been invaluable to his peers and particularly to younger valuers entering the profession.

Whilst dedicated to the valuation profession, Weston is very much a family orientated person and has been well supported by his wife, Louise, and their three children.

NEW ZEALAND
property
INSTITUTE

Why become a member of NZPI?

NZPI's primary objective is to represent the interests of the property profession in New Zealand.

The New Zealand Property Institute:

- Promotes a Code of Ethical Conduct
- Provides Registration the formal recognition of experience and certified qualification of excellence
- Provides networking opportunities
- Assists in forming professional partnerships
- Provides a marketing tool in the approach to new and existing clients
- Provides *The PROPERTY* Business 6 times a year in partnership with AGM Publishing
- Distributes national NZPI newsletters and email updates
- Delivers a National and Branch CPD programme
- Offers membership with the International Facility Management Association (IFMA)
- Offers other international linkages
- Offers networking opportunities between the profession and the universities through the NZPI "Buddy Programme".
- Promotes annual NZPI Industry and Student Awards
- Delivers an annual NZPI Conference
- Offers links and information through the NZPI website wwwproperty.org.nz
- Provides regular branch breakfast and lunch seminars
- Promotes the annual Property Ball in partnership with the Property Council.
- Provides NZPI Confidence index and NZPI JobMail.

For more information on our services to members contact the

NZ Pi National Office:

Anthony Robertson PRESIDENT
Allan Ford DIRECTOR
Nick Hargreaves DIRECTOR
Alison Pharaoh DIRECTOR
Tony Pratt DIRECTOR
Chris Seagar DIRECTOR
Gary Sellars DIRECTOR
Conor English CEO

Westbrook House • 181-183 Willis St • PO Box 27-340 • Wellington
New Zealand • Telephone 64-4-384 7094 • Fax 64-4-384 8473
www.property.org.nz • Email: conon&propertyorg.nz

NEW ZEALAND
Property
INSTITUTE

STATSCOM

Content

Index to Costings

ACKNOWLEDGEMENTS

Statistics New Zealand
www.stats.govt.nz

NZ Building Economist
PO Box 4127, AKLD

Massey University
www.masseyac.nz

Quotable Value NZ
wwwgvonline.co.nz

REINZ
wwwreinz.org.nz

Rawlinsons

Enquiries to:
Julia Durrant, PO Box 27-340, Wellington
Ph (04) 384 7094, Fax (04) 384 8473
julia@property.org.nz

/ .C' JC, .nrvA, €5

EDITORIAL

This is the second edition of the newly branded NZPI Property Journal, of which Statscom is included as a supplement. Statscom has been resurrected because of demand from members, and the $110 cost charged in previous years goes by distributing it this way.

This edition includes a detailed costing of a vineyard and the Massey University Outlook surveys, along with the regular items seen in previous editions.

Statscom will continue to evolve in terms of its content, layout, and possibly delivery mechanisms. With the institute website (www.property.org.nz) now up and running, it provides a further opportunity for online delivery, which we are investigating.

For Statscom costings I need to see the contribution from each branch increase. At the moment a branch must reach a quota of 15 costings to receive the payout of $10 an item. This has proven in past years to be doable and I hope the new institute members can follow this example. We are also looking at the awarding of CPD points for the contribution of costings, but no decision has been made as yet.

I am keen to ensure Statscom is relevant and useful to members. Your input and ideas on any aspect of it are always welcome.

Julia Durrant *B.Com (VPM)*
Project Manager
NZPI

N E W ZEA LA N D

NSTIT TUTE y

Contribute to Statscom

Contributors Name & Firm

Location of Costing Date

Type of Costing *(please circle)*

Residential Rural Commercial Industrial

Type of Construction *(i.e. House/Flats/Office/Shed etc)*

Construction Details

(If insufficient space please continue on separate sheet)

Areas

Contract Price (excluding GST)

Analysis

Element Floor Area Cost/m2 Modal Multiple

Notes

Sales statistics market analysis

(Source: Quotable Valuation NZ)

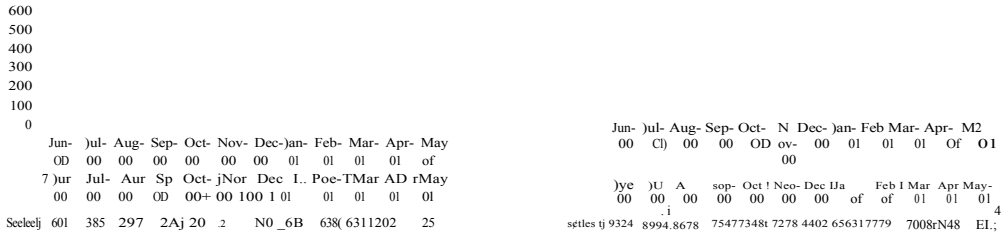
Number of sales recorded June 2000 May 2001

commercial

	)un• 00	)u– 00	Aug- 00	Sep- 00	Ocr- 00	Nov- 00	Dec- 00	Jan- 01	Fob• 01	Mar 01	Ape- 01	May. 01
	lur 00	1N- 00	Ayg. OD	Sep- 00	Oa- 00	Nee- 00	Oat. W	tae 01	Feb- Of	*Marv* 01	*Apr'MaT-* Of	01
Swl	1 532	400	493	422	320	X14	07	137,	243	261	A	9

Rural

Total



Cumulative sales

NB: the May figure is not a true and correct figure reflecting the number of sales received as there is a time lag from purchase date to settlement date when the sales are notified.

(-i' W IA[7land pa°opo9°5y JOtfPNA!

REINZ sales benchmarks

(Source: Real Estate Institute of New Zealand Property Market Report (www.reinz.org.nz)

Residential property statistics for March 2001 show residential sales improved from February 2001, while residential property values remained relatively consistent. The total value of sales nationwide also rose, from $1,291,040,466 for February 2001 to $1,394,271,191 in March 2001.

The national number of sales reported by real estate agents for March 2001 was 6659, rising from the 6182 sales in February. Sales were relatively stable on a year-to-year basis, with 93 more homes changing hands in March 2000 than in 2001. Regional sales volumes have improved throughout New Zealand, with eight of the eleven regions showing increases on February 2001.

Given the upturn in sales volume for March, it is particularly pleasing that the increased turnover of residential property has not had a dampening effect on the national median sales price. Indeed the increase of over $100,000,000 in the total value of sales nationwide reflects the confidence the New Zealand public has in residential property and the level to which homeowners are now re-entering the property market.

The national median sales price rose to $173,800, compared with $173,500 in February. The median sale price for six of the 11 regions eased on a year to year basis, four of these regions only eased by $500 to $3500, namely CanterburyM7estland, Manawatu/ Wanganui, Waikato/BOP/Gisborne and Northland. The other two regions were Taranaki and Otago, which eased $7500 and $4750 respectively. The Southland median increased from $79,000 in February 2001 to $85,000 in March 2001. The Auckland, Taranaki, Wellington, Hawkes Bay, Canterbury/Westland, and Nelson/Marlborough medians also increased, Auckland from $189,050 to $190,000.

Section activity again increased with 574 sections changing hands in March at a median price of $80,000, compared with 485 sections sold during February at the median price of $78,000.

Total *Dwellings Median Price Comparisons Median prices by district for March

			SECTIONS
REGION	MAR99	MAR00	MAR01
Nonhimd	$145,000	$150,000	$146,500
Auckkmd	$240,000	$240,030	$248,500
WnEarNEfOP/Gaimn e	$153500	$163,000	$160,000
Huwkoa Day	0127,010	$121,750	$130000
M®awsi0NVnnpoui	$96,000	$806,500	5806,000
Taranaki	$99,500	$112$00	$105,000
Wanjagkm	$170,000	$879,000	$190,000
NclconMiar9 -gh	$142.000	$150,003	$850,0!0
C.i%sft,y4W.d ad	$940.000	5850,000	$149,000
Om$a	$100,000	$100,000	*$95,250*
SaahRnd	$'12500	$78,000	$85,000
N?Total	$169,900	5175,000	$173,900

"0we0in50 iocWdc b' alarbncata, hame sado omo,con-i andteeidoutial assonant blocks.

TOTAL DWELLINGS SALES FOR MARCH 1999-2001

REGION	MAR99	MAR00	FEB01	MARDI	Value ofsa ea MARCH 2001
NZ Total	8,184	6,752	6,182	6,659	$1,394,271,191

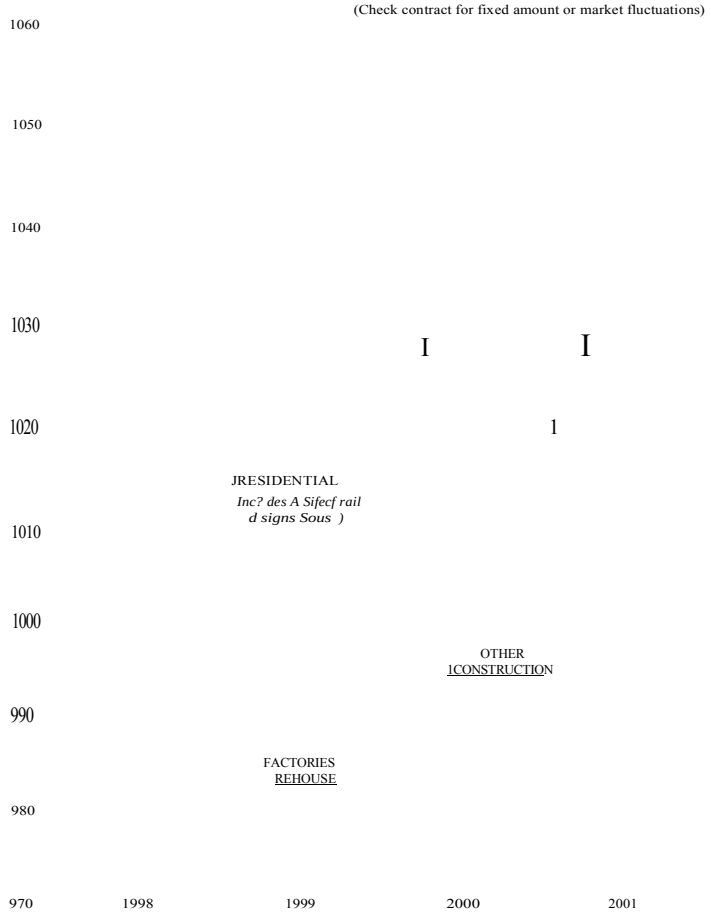
Building and construction cost indices

Source: The NZ Building Economist May 2001

NOTE - NEW ZERO BASE

The information on these graphs is taken from indices produced by the Department of Statistics and is intended for use on a national basis. All are related to a base of 1000 in September 1999 and there is no GST content.

The projections given are based on forecasts developed from a variety of sources by our consultant but must be read and used as assessments only. No guarantee can be given for their accuracy though they are developed using patterns demonstrated by past achievement and anticipated market responses. The "Other Construction" graph line may vary considerably depending on what type of work is done during the period graphed.



Examples of use

1. A house completed in December 1998 cost $920m2. What would be the likely cost of a similar building due to be completed in December 1999?

$$\$920 \times \frac{1006}{996} = \$929m2$$

2. A factory contract let in September 1998 for $1,500,000 is due to be completed in June 1999. What might be the total figure for market fluctuations? (This will be influenced by the characteristics of each project and it is usually best for estimating purposes to always take the midline of index movements, i.e. 50%.)

Index movement 989 start 996 finish 996 - 989 = 7 x 50% = 3.5

Therefore $1,500,000 x $\frac{3.5}{989}$ = $5308 (upwards)

(Check contract for fixed amount or market fluctuations)

Regional cost indices

Please note that these are gross assessments only and are for general interest and comparison rather than for quotation. They are, however, based on conditions current in each region at the time of publication of this issue.

Standard house specification

94m2; 3 bedroom; level site; timber pile base; fibre cement base lining with plastic vents; timber steps; fibre cement weatherboards; R 2.2 batts to walls, R 2.4 batts to ceilings; truss gable roof with ceiling battens; Zincalume roofing and accessories; aluminium joinery; particle board floor; Gib board to walls and ceilings; shower over bath; separate wc.; separate laundry with s.s. tub and cupboard under; 12 lights; 16 power outlets; average quality wallpaper; conventional for element stove.

Executive house specification

House with upper storey. Refer to "the exemplar house" for individual material and trade costings and for overall costs.

Bottom storey: 149m2 including double garage, 2 bedrooms, bathroom, separate we. and laundry, roofed over spaced timber deck and concrete front terrace. Concrete floor to garage, timber elsewhere. Brick veneer.

Upper storey: 46tn2 including bedroom, sifting room, walk in wardrobe and ensuite. Insulclad. Metal tile roof and accessories, metal fascia/gutter. R 2.2 batts to walls, R 2.4 batts to ceilings. Aluminium joinery. Gib board interior linings with taped and stopped joints. Acqualine to wet areas. Fittings and fixtures as detailed for "the exemplar house".

	AUCKLAND	B.O.P WAIKATO	MANAWATU HAWKES BAY TARANAKI WANGANUI	WGTN	CHCH	DUNEDIN
Standard House average cost per m2	955.00	870.00	835.00	910.00	810.00	835.00
Executive House average cost per m2	1220.00	1100.00	1095.00	1130.00	1082.00	1086.00

Costs exclude GST

(The New Zealand Building Economist PO Box 4127 Auckland, Phone (09) 479 *5099)*

Costings

flesidenliel cost ngs

Merivale, Christchurch 2 Townhouses, June 2000
Contributed by Lance Collings, Knight Frank *Christchurch*
Construction: Concrete slab foundation, Rockcote walls, (40 EPS) Coloursteel roof, double glazed aluminium joinery, under floor heating, gas fires, 4 bedrooms, 2 bathrooms, 3 toilets, attached double garage.
Areas: 411.5m2
Contract Price: $351,042 (+ $21,514 fees)
Analysis:
Total: 411.5m2 $905/m2 Modal Rate: $850
Multiple: 1.06
Notes: Two superior townhouses, cost excludes chattels and landscaping reserve contribution, site clearing and land cost.

Dunedin Residential, May 2001
Contributed by Sharl *Liebergreen,* Aldis Jackson
Construction: Concrete foundations and concrete base layer with timber floor over that. Timber frame, weatherboard exterior cladding incorporating aluminium joinery. Gib and tongue and groove internal linings, long run Coloursteel roof.
Areas: 411.5m2
Contract Price: $351,042 (+ $21,514 fees)
Analysis:
Total: 411.5m2 $905/m2 Modal Rate: $850
Multiple: 1.06
Notes: Two superior townhouses, cost excludes chattels and landscaping reserve contribution, site clearing and land cost.

Waipu, Northland Single Storey House, February 2001
Contributed by Marlyn *Craven,* Garton & Associates
Construction: Keith Hay Home Dutch gable design, 3 bedrooms, "Shakespeare" accommodation layout. Tanapiles in concrete, wood grain Hardiplank cladding, long run Coloursteel roof, coated aluminium joinery, PVC spouting, strand board flooring, Michael Angelo ceiling tiles. Garage Coloursteel cladding with twin Roll-A-Doors.
Areas: 101m2 excl. Garage of 66m2
Contract Price: $76,200 (+ $9960 Garage)
Analysis: (excl. garage)
Total: 101m2 $754/m2 Modal Rate: $950 Multiple: 0.79
Notes: Full contract price excluded site improvement, works of drainage, electrical and plumbing to garage. Fencing cost an extra $4500. 30km travel involved and included in price.

North Canterbury Dwelling and Garage, May 2001
Contributed by Denis Milne, North Canterbury Valuations
Construction: Above average 4 bedroom, 2 bathroom, separate kitchen, lounge and family area. Attached triple garage on semi-sewered level site.
Ancillary Areas: Garage 62.19m2
Conservatory 0.00m2
Veranda 11.55m2 Deck 3.96m2
Contract Price: $157,206 (incl. $4,402 for distance)
Analysis:
Garage:
Total: 62.19m2 Modal Rate: $700 Multiple: 0.5
Veranda:
Total: 11.55m2 Modal Rate: $700 Multiple: 0.27
Deck:
Total: -3.96m2 Modal Rate: $700 Multiple: 0.15
Net Cost Dwelling: $129,389
Dwelling:
Total: 161.84m2 Modal Rate: $701.27 Multiple: 0.86
Notes: Country building factor- 28 km from main center Mandeville - 1% per 10km. Distance factor 2.8% of contract price.

Upper Hutt, Wellington Residential Dwelling, May 2001
Contributed by Bill Lindsay, *Webb* Valuations Ltd
Construction: Residential dwelling with attached garage, concrete slab, brick cladding, metal tile roofing, split level floor plan with integral double garage/laundry. Accommodation double garage with internal access, lounge, kitchen, dining, infinity gas hot water, 2 bathrooms, laundry in garage.
Areas: 122.55m2 (+ 33.25m2 Garage)
Contract Price: $145,778 (excl. land, ancillary dev, chattels, GST etc)
Analysis:
House: 122.55m2 $1030/m2 Modal Rate: $965 Multiple: 1.06
Garage: 33.25m2 $ 588/m2 Multiple: 0.06
Notes: Contract included grounds/ancillary work, carpeting and land (Total $260,000 incl. GST). Land developers building company "House and Land" package.

Upper Hutt, Wellington Single Storey, February 2001
Contributed by Bill Lindsay, *Webb* Valuations Ltd.
Construction: Single storey house with integral garaging. Concrete slab foundation, timber framing, aluminium joinery, metal tile roofing, brick and Hardiflex cladding, Gibraltorboard internal linings. Kitchen/family/dining, separate lounge, 4 bedrooms, 2 bathrooms, alarm system, carpets and vinyls, fencing, paved patio, paths and drive, clothesline and sown lawn.
Areas: 160.26m2 (+ 38.14m2 Garage)
Contract Price: $173,800 (excl. land, ancillary dev, chattels, GST etc)
Analysis:
House: 160.26m2 $959/m2 Modal Rate: $965 Multiple: 0.99
Garage: 38.14m2 $525/m2 Multiple: 0.54
Notes: Land developers building company "House and Land" package at attractive levels.

Upper Hutt, Wellington Residential Dwelling, April 2001
Contributed by Bill Lindsay, Webb Valuations Ltd
Construction: Two storey house with integral garaging. Level site but some additional foundation design necessary. Concrete slab, timber framed, Hardiflex cladding, aluminium joinery, Colorsteel roofing. 3 bedrooms, study on landing, 2 full bathrooms plus third toilet, separate lounge/dining/kitchen, void over lounge area. Alarm, gas hob, electric wall oven, dishwasher, waste disposal, Infinity gas hot water heating.
Areas: 144.7m2 (+ 35.4m2 Garage)
Contract Price: $145,778 (excl. land, ancillary dev, chattels)
Analysis:
House: 144.7m2 $1089/m2 Modal Rate: $965 Multiple: 1.13
Garage: 35.4m2 $536/m2 Multiple: 0.55
Notes: Contract price includes carpets/vinyls at $8000pc sum and minor ground works only. Ground works estimated at $1500

Upper Hutt, Wellington Residential Dwelling, May 2001
Cont*ri*buted by Bill Lindsay, Webb Valuations Ltd.
Construction: Concrete slab with in slab heating, corrugated steel/insulated exterior, steel roofing, Gibraltorboard internal linings. Split level floor plan, roof deck, integral double garage. 3 bedrooms, open plan kitchen/dining/family, separate lounge, 2 bathrooms.
Areas: 173.5m2 (+ 42.92m2 Garage)
Contract Price: $224,889 (excl. GST)
Analysis:
House: 173.5m2 $1117/m2 Modal Rate: $965 Multiple: 1.15
Garage: 42.92m2 $517/m2 Multiple: 0.53
Notes: Contract included pc sum of $10,000 for floor coverings.

ercial xe gs

Levin - Industrial Shed, May 2001
Cont*ri*buted by T.A. Valuation Ltd
Construction: Steel portal frame, 4.Om stud at the walls. 5.4m stud at the ridge. Galvanized corrugated iron cladding and roof, half concrete floor, half gravel. One 4m- roller door at front.
Areas: 81m,
Contract Price: $20,000
Analysis:
Total: 81m" $247/m2 Modal Rate: $800 Multiple: 0.30

Nelson/Marlborough Office Building, January 2001

Contributed by *Telferyoung (Nelson)* Ltd

Construction: Single storey office building. Concrete foundations, timber frame, untreated weatherboards, aluminium joinery, Colorsteel roof. Gibraltorboard lining throughout. Reception area, office, 3 standard offices, 2 large admin offices, kitchen, 2 stores, dual toilet amenities, shower, first aid room.

Areas: 262m2
Contract Price: $260,000
Analysis:
Total: 262mz $992/m2 Modal Rate: $880 Multiple: 1.13

Nelson/Marlborough Industrial Boiler House, March 2001

Contributed by Telferyoung (Nelson) Ltd

Construction: Heavy reinforced concrete floors, steel portal frame, steel DHS Crits, Colorsteel walls and roof with vented ridge. Contains small office, toilet, shower and vanity. MDF linings.

Areas: 144m2
Contract Price: $140,000
Analysis:
Total: 144m2 $972/m2 Modal Rate: $880 Multiple: 1.10

Rural c hugs

Tahekeroa, Orewa Residence, November 2000

Contributed *by Mike Morse, Barker* and *Morse*

Construction: Rectangular 3 bedroom house, plus single carport and covered verandah. Tanalised timber piles, ply and batten exterior, Coluorsteel roof, Gibraltor Board interior (unstopped), powder coated joinery. Metal floor to carport. Better than basic kitchen with under bench oven/Hobb.

Areas: Accommodation 86.4m2
Verandah 25.9m2
Carport 21.0m2
Contract Price: $62,900 (+ Bldg Consent & Engineer $2000)$69,000 Total excluding G.S.T
Analysis:
Accom: 86.4m2 $760/m2
Carport: 21.0m2 $150/m2
Verandah: 25.9m2 $200/m2

Notes: Analysis is of the final product (stopped and decorated) excluding the tank and septic system. Property developed ad a "spec" sale price. Analysed to a net rate of $950/m2 (incl. GST) on accommodation, $175/m2 on carport and $250/m2 on verandah.

Septic Tank System: $4,900
Water Tank (22000L) $2,000
Plumber and Pump $1,600
Gib Stopper $2,100
Interior Decoration $2,100
(All excl. G.S.T)

s Gostings

Wellington Freestanding Garage, December 2000

Contributed by Nicola Bilbrough, Warwick *J* Tiller *& Co* Ltd.

Construction: Double garage with basement storeroom/workshop. Double garage constructed of weatherboard exterior over a concrete slab foundation and concrete block walls, which form basement storage and wine cellar. The garage is lined and has power reticulated to it. The door is automatically operated.

Areas: 38m2 (Garage) 19m2 (Workshop etc. below)
Contract Price: $85,856
Analysis:
Total: 57m2 $1506/m2 Modal Rate: $965 Multiple: 1.56

Notes: Minor excavation involved in site. Costs include painting interior and exterior of garage.

Wellington Alterations to Dwelling, April 2001

Contributed by *Nicola* Bilbrough, Warwick *J Tiller & Co* Ltd.

Construction: Altering internal layout of 40 yr old, 2 storey dwelling to provide better flow and to incorporate a new kitchen and bathroom. This work results in a 3 bdrm. dwelling with 1 bathroom plus second separate toilet and open plan living.

Areas: 176m2
Contract Price: $168,300
Analysis:
Total: 176m2 $956/m2 Modal Rate: $965 Multiple: 0.99

Notes: Cost includes demolishing existing conservatory and transforming this area into a deck; all professional fess and new kitchen appliances; demolishing some internal walls and realignment of a staircase.

Special interest costing
Vineyard profitability

(Presented November 1999 by Neal lbbotson at the Nelson grape growers seminar)

As Louis Pasteur said in 1860 a day without wine is like a day without sunshine.

The grape growing and winemaking industry has a lot of associated glamour, (plus some hype), part of this is well justified and based on the quality, alcoholic and lifestyle product produced.

This associated glamour is one of the reasons why the wine industry gets more than its share of publicity.

It is partly this hype and glamour, and partly the demand for "new world" wines which is leading an unprecedented growth in planting not only in Nelson but throughout the new world wine countries.

Over the past six years in Marlborough we have seen grape prices lift by approximately 40%. We have seen large increases in plantings and big increases in exports. Top grape growers and top winemakers have made very good returns. At the same time we have also seen a small number of derelict vineyards and a small number of wine makers go under or give no return to their shareholders.

The following figures look at varying profitability levels based on present day development costs and some of the factors affecting those returns.

Estimates of Vineyard Development Costs
Per Effective Hectare as at 30/10/99 (Net of G.S.T)

	Year 1	Year 2	Year 3	Year 4
Land Preparation				
Contract spray (Round Up)	$95			
Contract deep ripping @ $150/hr: 0.4/ha/hr	$375			
Lime 2 + tonne/ha @ $36/tonne: applied	$90			
Superphosphate 25kg/ha @ $0.22/kg: applied	$55			
8 man tractor hours cultivation @ $40	$320			
Rolling	$100			
Planting				
Layout - marking planting				
Contract @ $0.32/vine	$574			
Layout posts	$110			
Plants - 1,794/ha @ $4.35	$7804	$390	$195	$45
Weeds & pest control				
2 sprays, disease materials	$40	$90	$1050	$1250
Contract $27/ha x 2	$54	$108	$226	$226
(Year 2 - 4 sprays				
Year 3 - 8 sprays)				
2 weed sprays - materials: total area				
Years 1 & 2	$165	$165	$55	$55
Row strips Years 3 & 4				
Contract $30/ha x 2	$60	$60	$60	$60
Grass down Year 3			$140	
Spot dpraying materials $25				
Tractor man hrs 2 @ $40	$105	$105	$105	$105
Mowing 2 + hrs @ $40			$100	$100
Trellis Construction Trellis				
Strainer sssemblies 35/ha @ $28.50	$998			$20
Posts - 450/ha @ $6.40	$2880			$120
Wire - 12 + gauge 37 @ $48/coil (7 wires)	$1776			
Wire strainers, nails & training cord	$145			
Driving posts - contract $1/post	$450			

	Year 1	Year 2	Year 3	Year 4
Driving strainers contract $7/strainer	$245			
Assembling & wiring tractor man hrs 20 @ $40	$400	$400		
Man hours - 10 @ $10.50	$55	$55		
Labour strainer assemblies	$227			
Training, Tying & Pruning				
Debudding			$120	$25
Training, tying & wire lift 130 @ $10.50 (Year 2 - 75 hours and Year 3 - 50 hours)	$1,365	$787	$525	$525
Pruning 20 hrs @ $10.50	$210	$420	$1166	$1166
Sunday labour 30 hrs @ $10.50	$315	$315	$315	$315
Trimming, leaf pluck, shoot thinning			$180	$180
Sundry tractor hours l0hrs @ $40	$400	$400	$400	$400
Shredding		$12	$20	$20
Bird scaring, materials and labour hours			$450	$450
Trickle Irrigation				
Pump and main line (say 13,000/8ha)	$1625			
Vineyard materials	$2700			
Installation 50 hrs @ $10.50 (Repairs)	$525	$60	$60	$60
Ditching and electrical	$250			
Electricity Charges	$100	$100	$100	$100
Administration	$800	$800	$800	$800
Total cost/hectare	$26,000	$4000	$6000	$6000
Includes approximate labour hours				
Year 1 372 hrs/ha				
Year 2 169 hrs/ha				
Year 3 239 hrs/ha				
Income Sauvignon Blanc				
Year 3 4 tonne/ha @ $1200/tonne of harvesting				$4800
Year 4 10 tonne/ha @ $1200/tonne of harvesting				$12,000
Surplus (Loss)			($1200)	$6000

Development cost/ha to year 3 equals:

Year 1		$26,000
Year 2		$4000
Year 3	$6000 + loss $1200 =	$7200
TOTAL		$37,200

These costings assume:

1. Average yields and returns, based on average Marlborough Sauvignon Blanc yields and average New Zealand prices.

2. The vines are trained to the wire in the first year, this method can, under very efficient management give returns of up to 3.00 tonne/ha of Sauvignon Blanc, (additional income of $3600 per hectare).

Most new growers however waste money by attempting to go to the wire in the first year, and many first year vines trained up in the first year would be better trained to two buds. Spindly vines to the wire in the first year, struggle in the second year and the money involved is often wasted.

3. Labour is costed at $10.50/hour, which is a basic rate and does not allow for expertise or supervision. Any owner input will reduce this figure.

4. Tractor hours including labour is costed at $40/hour, which is a "farmer" rate as opposed to a contract rate.

5. Vines are grafted, phylloxera resistant and costed at $4.35 per vine.

6. No inflationary factor is included.

7. No allowance is made for interest or personal drawings.

Profitability

Year four indicates a mature vineyard average profit level of $6,00/ha foe Sauvignon Blanc however variations are substantial as the following comparisons indicate.

Profitability/hectare

	Low grape price $1000/tonne Low yields	Av grape price $1200/tonne Av. yields	High grape price $1700/tonne High yields
Second year		x 3 tonne	$5100
Third year x 2.5 tonne/ha	$2500 x 4 tonne	$4800 x 10 tonne	$17,000
Fourth year X 7 tonne/ha	$2500 x 4 tonne	$4800 x 10 tonne	$17,000
Fourth year X 7 tonne/ha	$7000 x 10 tonne	$12,000 x 15 tonne	$25,000
4 years Total Gross income			
Earned/ha	$9500	$16,800	$47,600
Total cost to year four/ha	$42,000	$42,000	$42,000
Deficit at year four/ha	$32,500	$25,200 surplus	$5600
Assume 7 ha planted	x 7 ha	x7ha	x7ha
7 ha total (deficit) at year four	$227,500	$176,400 surplus	$39,200

At the end of year four the high price, high performance 7 ha Sauvignon Blanc vineyard is $215,600 better off than the average performing vineyard and *$266,700* better off than the low yielding, low price vineyard.

The above indicates the effect price/tonne and yield, especially high yield at an early age, has on profitability.

It costs virtually the same to grow a low yielding low price crop as it costs to grow a high yielding high price crop.

It needs to be pointed out however; it needs an experienced exceptional grower with a very good site to obtain high yield and high quality.

COST OF PRODUCTION

Growing costs can also have a substantial effect on the level of profitability and the following are examples.

Saving in costs can also be made by: spraying for disease as dictated to by monitoring for likely disease pressure rather than spraying every 14 days; herbicide weed spraying as opposed to cultivation; contractors versus own equipment and syndicate ownership of harvesters as opposed to contractors.

Bird control costs can vary substantially from vineyard to vineyard and lack of control can result in young crops especially, being wiped out.

These factors can lead to a cost variation per hectare of approximately $1400.

Variations in returns on established vineyard

	Per/ha
Low yields/low price	$7000
Average costs	$6000
Surplus/ha	100/ha
Average yield/average price	$12,000
Average cost	$6000
Surplus/ha	$6000/ha
High yield/high price	$25,500
Average cost	$6000
Surplus/ha	$19.500/ha

On a 7 ha planted vineyard the high yield, high price grower is $13,500/ha x 7 = $94,500 better off than the average yield, average price/annum.

CAPITAL INVOLVED

Land

Recent sales indicate mature established vineyards in Marlborough selling per planted hectare at approximately $125,000.

Plant

A vineyard with a full set of new plant sprayers, trimmers, 2 tractors, motor bike, rotary hoe, leaf plucker plus other small plant would have up to $160,00 capital involved or on a 8 hectare property equals $20,000/ha.

A vineyard using a contractor for spraying, pruning, leaf plucking and trimming could have as little as $10,000 involved or on a 8 hectare property $1250/ha.

An average vineyard would probably have $36,000 in planting equating to $4500/ha.

RETURN ON CAPTIAL

High capital involved/ha	land $125,000 plant $20,000	$145,000
High return/ha		$19,500
	-13.5% return on capital	
Average capital involved/ha	land and plant	$129,500
Average return/ha		$6000
	4.6% return on capital	
Low capital involved/ha		$126,250
Low return/ha		$1000
	0.8% return on capital	

FACTORS AFFECTING PROFITABILITY

1. Yield and price/Tonne. As shown in earlier figures.

2. Winery profitability

This is the most important factor to vineyard profitability. Long-term profitability of growers is dependent on long-term profitability of wine companies. This is dependent on export markets because without export markets New Zealand has an oversupply of grapes and New Zealand consumption is falling.

3. Management

In the vineyard the management factor is of prime importance. A good manager acts before the need is apparent and before the problem occurs. A bad manager is always a week behind which often means the difference between a good and bad crop.

Correct early training and subsequent pruning of vines is imperative, poor labour supervision by management is disastrous. With 1794 vines per hectare bad management leads to 1794 mistakes and 1794 poor vines per hectare.

4. Production from Young Vines

The earlier and higher the yields, the greater the profit. Poor management, competition from weeds, and lack of irrigation would be the three main factors reducing yields from young vines. The correct weed sprays used at the right rate and right time are giving excellent weed control.

5. Varieties

At present the favoured varietals Sauvignon Blanc, Pinot Noir, Merlot and Chardonnay give the better returns. Chardonnay is slower producing however and does not come into production as quickly it is also slightly harder to grow and more susceptible (along with Merlot) to low temperature at flowering which can reduce yields.

6. Trickle Irrigation

This is giving a response on most soils especially on young vines and with good overall management normally pays for itself in the first two *year.* The cost of irrigation is approximately $5000/ha, which equates to 3.5 tonne of varietal grapes. Top vineyards with irrigation have achieved this at 18 months of age.

7. Aspects of Vineyards

Vineyards running east to west generally do not appear to be yielding as well as those running north to south.

8. Costs of Production

Complete herbicide weed control is less costly than cultivation and hence reduces production costs.

9. Climate

Late spring frost, hail, low temperatures at lfowering and rain at flowering or harvest can cause reductions in yield and quality. In Marlborough's cold years, yields have been reduced significantly and a small proportion of late varieties have struggled to obtain satisfactory sugar levels.

10. Shelter

Is detrimental in accentuating frost risk, disease risk, bird damage, and a drop in yield due to competition, but can be beneficial in assisting and maintaining warmer temperatures over flowering.

11. Contracts To Supply

Over recent harvests "free grapes" of the favoured varieties have given higher returns, but the risks are probably higher. A good contract is only as good as the wine company. Only time will tell which are the good companies.

12. Pests and Diseases Yields are decreased substantially if a regular spray programme does not control diseases especially botrytis, powdery and downy mildew.

13. Size of Vineyard

As the vineyard size increases the spread of capital in machinery is also greater enabling a spreading of capital, lower costs and a higher return.

In summary if you are intending to grow grapes to maximize profit observe the following:

Grow in the best area.
Grow on the best site.
Grow the best plants and variety.
Use the best management.
Supply to the best wine company.

The figures given in this paper relate to the Marlborough area and there are obvious differences between Marlborough and Nelson. Suffice to say

that Nelson producers Herman and Agnes Seifried and Tim and Judy Finn plus others have shown how successful the Nelson area can be at producing quality wine profitability.

The wine industry is a glamour industry, and the success of the New Zealand industry on the export market of the world over the last 10 years has been phenomenal.

However Ross Spence of Matua Valley Wines, chairman of the Wine Institute of New Zealand has this to say.

The time is near, when we are going to see a number of the new world wine countries find they have saturated the international market with quality wine and that wine prices will inevitably fall to the cost of production or below.

The question we must ask ourselves is this. Is New Zealand, a very small producer in international terms, going to be able to withstand the collision with other new world producers that are going to occur on the wine retail shelves of the world? It has been stated that Australia already has overproduced from the 1998 vintage of over 100,000 tonnes, more than the entire annual New Zealand production.

If only we had a crystal ball.

Hot off the press

News from Statistics New Zealand

Building Consents Statistics

	January 2001	February 2001	March 2001
New Dwelling Units			
Number of new dwelling units	1335	1397	1762
Average consent value per unit	$155,955	$147,602	$146,708
Non-residential buildings			
Consent value (Total)	$191 m	$172 m	$226.5 m
Consent value all buildings	$444.6 m	$429.4 m	$547.9 m

Building Consents Issued

March *2001* highlights

- Non-residential buildings growth slows

The value of non-residential building consents issued for March 2001 was $226.5 million. This follows consents values of $172.0 million in February 2001 and $191.0 million in January 2001. The trend for the value of non-residential building consents has been increasing since March 1999. However, the rate of increase has slowed in the last few months.

- Number of new dwelling units authorised rises in March

There were 1762 new dwelling units authorised in March 2001. This follows 1397 new dwelling units authorised in February 2001. However, the trend in the number authorised remains flat.

Retail Trade Survey

March *2001* highlights

- March 2001 month

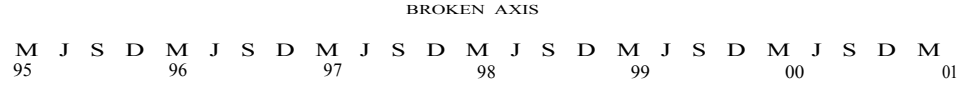
Seasonally adjusted sales for March 2001 were $3770 million, an increase of 0.9% when compared with February 2001. Excluding the motor vehicle services and retailing storetypes, seasonally adjusted sales increased by 0.7%.

- March month storetypes

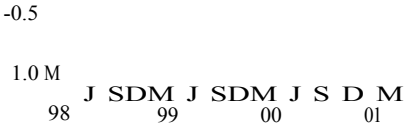
Ten of the fifteen storetypes recorded increases in seasonally adjusted sales between February 2001 and March 2001. The motor vehicle services storetype had the largest dollar value increase of $8 million (1.4%). • March 2001 quarter

Seasonally adjusted sales for the March 2001 quarter increased by 1.8%, compared with the

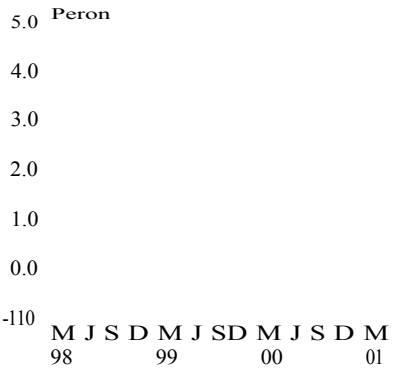
Monthly Retail Trade



CPI Quarterly % Change



CPI Annual % Change



December 2000 quarter. When adjusted for inflation, seasonally adjusted sales increased by 1.4% compared with the December 2000 quarter.

• March quarter storetypes

Twelve of the 15 storetypes had increases in seasonally adjusted sales in the March 2001 quarter, when compared with the December 2000 quarter. The motor vehicle retailing storetype made the largest dollar value contribution, up $58 million (3.9%). The largest dollar value decline was recorded by motor vehicle services, down $10 million (0.6%).

Consumers Price Index

March *2001* highlights

• CPI falls in the March quarter

The CPI fell by 0.2% in the March 2001 quarter after rising 1.2% in the December 2000 quarter.

• Annual increase in the CPI

There was an annual increase in the CPI of 3.1% from the March 2000 quarter to the March 2001 quarter. • Rented dwellings make largest single item contribution to the CPI

The introduction of income related rents for tenants of Housing New Zealand (HNZ) properties caused dwelling rentals to fall 9.7%, making the largest single item contribution to the CPI movement in the March quarter. If HNZ rentals had remained unchanged from the December quarter to the March quarter, the CPI would have risen by 0.4%.

• Transportation costs fall

Falls in the prices of petrol (down 8.7%) and international air travel (down 8.0%) drove transportation costs down 2.6% in the March 2001 quarter.

Capital Goods Price Index

March *2001 quarter* highlights ...

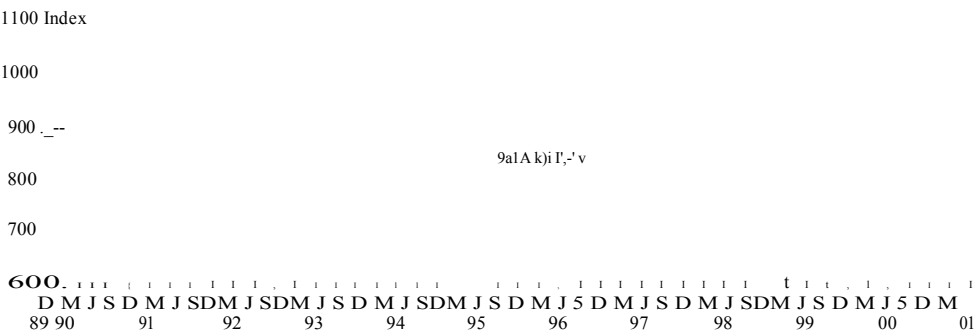
• Capital Goods Price Index increases

The Capital Goods Price Index (CGPI) All Groups index rose 0.1% in the March 2001 quarter. This follows a 2.2% increase in the December 2000 quarter. The All Groups Index is 4.0% higher than in the March 2000 quarter.

• Main movements

A 0.8% increase in residential buildings prices, a 1.0% increase in transport equipment prices and a

Capital Goods Price Index
Base: September 1999 quarter (=1000)



low Z@'n'lc7']O` JCIUF V L

0.9% decrease in plant, machinery and equipment prices were the most significant contributors to the All Groups Index movement this quarter.

Gras Domestic Product

December 2000 quarter highlights ...

- Economic growth steady

Economic activity increased 0.5 % in the December 2000 quarter. This follows a 0.8% rise in the September quarter. For the year to December, the economy grew by 3.4%.

- Export industries up

Industries involved in the export of primary products and inbound tourism recorded the largest increases in activity this quarter. Agriculture value added, up 1.6%, is now at the highest level recorded since the current series started in June 1987.

- Internal demand subdued

Most industries predominantly supplying the domestic market recorded small increases in activity. Notable exceptions included construction and retail trade, which fell 4.2 and 0.3% respectively

Quarterly Percentage Change in GDP in Constant Prices
Seasonally Adjusted

Statistical publications received

(Source Quotable Value New Zealand Ltd)

Number and total sale price freehold open market sales by urban categories half year ended December 2000*

	Main Urban Areas		Rest of New Zealand		Total New Zealand	
	No. Sales	Total Sale Price ($M)	No. Sales	Total Sale Price ($M)	No. Sales	Total Sale Price ($M)
Residential Sections	810	86.9	706	48.5	1516	135.4
Houses	11825	2548.5	6450	896.9	18275	3445.4
Home and Income	90	29.0	33	6.5	123	35.5
Ownership Flats	3013	511.2	863	105	3876	616.2
Purpose-Built Flats	142	40.5	60	9.5	202	50.0
Houses Converted To Flats	119	31.6	22	2.9	141	34.5
Vacant Commercial	10	3.8	7	0.4	17	4.2
Improved Commercial	299	202.2	200	70.4	499	272.6
Vacant Industrial	54	11.2	31	2	85	13.2
Improved Industrial	301	108.3	128	22.9	429	131.2
Other Urban	51	24.9	63	11.8	114	36.7
Total	16714	3597.9	8563	1177.1	25277	4775.0

*Provisional Data
Selling prices exclude chattels and other considerations

Rural Price Indexes

(Note: These include Farm Units and Non-Farm Units)

Half Year Ended

OV PRICE INDEX	June 1998	Dec 1998	June 1999	Dec 1999	June 2000	Dec 2000
Dairy Land	2110	2287	2210	2227	2275	2279
Percentage Change	-5.0	+8.4	-3.4	+0.8	+2.2	+0.2
Fattening Land	2301	2200	2328	2311	2336	2389
Percentage Change	-0.3	-4.4	+5.8	-0.7	+1.1	+2.3
Grazing Land	2452	2125	2315	2377	2575	2614
Percentage Change	+0.4	-13.3	+8.9	+2.7	+8.3	+1.5
Arable Land	3382	3145	3093	3159	3260	3292
Percentage Change	+2.9	-7.0	-1.7	+2.1	+3.2	+1.0
Horticultural Land	2037	2021	2139	2235	2216	2240
Percentage Change	+4.5	-0.8	+5.8	+4.5	-0.9	+1.1
Total Rural*	2192	2224	2243	2256	2265	2330
Percentage Change	-3.4	+1.5	+0.9	+0.6	+0.5	+2.7

*Includes minor categories
Price Index Base: Half year ended December 1989 (=1000)

Rural sales by category freehold open market sales

Half year ended December 2000

		NUMBER OF SALES		TOTAL SALE PRICE	
RURAL CATEGORY			%	$ (000)	%
Arable	Units	5	18%	5,282	38%
	Other	23	82%	8,538	62%
	Total	28	100%	13,820	100%
Dairy	Units	35	46%	35,935	69%
	Other	41	54%	16,260	31%
	Total	76	100%	52,195	100%
Horticultural	Units	86	59%	52,801	74%
	Other	60	41%	18,637	26%
	Total	146	100%	71,437	100%
Fattening	Units	60	27%	42,439	46%
	Other	161	73%	49,628	54%
	Total	221	100%	92,067	100%
Grazing	Units	22	34%	19,153	63%
	Other	43	66%	11,149	37%
	Total	65	100%	30,301	100%
Specialist Livestock	Units	16	59%	8,932	68%
	Other	11	41%	4,148	32%
	Total	27	100%	13,080	100%
Total Farmland	Units	224	40%	164,542	60%
	Other	339	60%	108,359	40%
	Total	563	100%	272,901	100%
MINOR RURAL CATEGORIES					
Forestry	Vacant	7		682	
	Improved	17		1,348	
	Total	24		2,030	
Mining		2		54	
Total Rural		589		274,985	

Sale prices exclude chattels and other considerations

Massey university real estate market outlook survey

(Prepared by Garry Dowse and Bob Hargreaves)

(Note: This was prepared and published for the period March 1 - May 31, 2001)

Auckland Region Residential Property March 2001
Quarterly Survey Volume 6, Number 1

Positive outlook for North Shore market

This quarterly MUREAU publication covers the outlook for the residential property market in North Shore City

Detailed results of the survey are set out on the second page of this publication. The graph on the right compares the predicted confidence for this quarter, broken down into market sectors, with the results from the previous four quarters.

According to the panel of experts the outlook for the North Shore residential property market is positive. An analysis of opinions on the outlook for the market over the next six months shows that 52% of the respondents expect the general market to improve, 43% anticipate that it will stay the same.

Survey data on the shorter three-month period shows panellists are most confident in the outlook for housing. For the next quarter panellists are forecasting increases in sales volumes and prices for low and medium priced housing (net 43%) and superior priced housing (net 52% volume and net 38% prices).

In regard to both the units/apartments and sections markets the majority of responses on sales volumes and prices indicate no change. The balance of opinions on volumes (net 20% for units/apartments and net 28% for sections) and prices (net 19% for both) are weighted towards increases.

Market comments provided by panellists note:

- Improved levels of activity since the beginning of the year have been boosted by falls in mortgage interest rates.
- Good supply will keep a lid of house prices.
- State housing policies are negatively impacting on the private sector rental market.
- Superior class housing is keenly sought after.

The survey also captures information on the Auckland City, Manukau, and Waitakere residential markets. Panelist expectations for these areas are generally consistent with the North Shore predictions.

Readers should note that this survey takes a "broad brush" approach to forecasting changes in the Auckland region residential property market. It is acknowledged that individual properties and subsections of the market may not move in tandem with overall market changes.

Christchurch City Residential Property March 2001
Quarterly Survey Volume 4, Number 1

Improving outlook for Christchurch housing market

This quarterly MUREAU publication covers the outlook for the residential property market in Christchurch City.

Detailed results of the survey are set out on the second page of this publication. The graph on the right compares the predicted confidence for this quarter, broken down into market sectors, with the results from the previous four quarters.

Overall confidence in the Christchurch residential market has continued to improve, following the upward trend evident from the latter part of last year. Net 58% of respondents expect the general residential market to improve over the next six months; up from net 30% anticipating an improvement the previous quarter.

Survey data on the shorter three-month period shows panelist optimism is centred on the housing market. Versus last quarter, the panellists expect sales volumes and prices in this sector to stay the same or trend upward over the next three months. They are most confident in the outlook for low and medium price range housing turnover; across both price ranges net 33% of respondents are forecasting increases in sales volumes.

In regard to both the units/apartments and sections markets most responses on sales volumes indicate no change; the remainder are evenly split between improvement and deterioration. The consensus for prices is no change, with the balance of opinions (net 13% for units/apartments and net 21% for sections) weighted towards price falls.

Market comments provided by several panellists note:

- There has been a recent improvement in activity.
- The improvement is underpinned by affordability, due to falls in property prices and mortgage interest rates.
- An oversupply of sections in Christchurch and its environs will keep a lid on house prices.

Readers should note that this survey takes a "broad brush" approach to forecasting changes in the Christchurch city residential property market. It is acknowledged that individual properties and subsections of the market may not move in tandem with overall market changes.

Wellington City Residential Property March 2001

Quarterly Survey Volume 5, Number 1

Capital real estate confidence up

This quarterly MUREAU publication covers the outlook for the residential property market in Wellington City It excludes the adjacent Porirua and Hutt territorial authorities.

Detailed results of the survey are set out on the second page of this publication. The graph on the right compares the predicted confidence for this quarter, broken down into market sectors, with the results from the previous four quarters.

Overall confidence in the Wellington City residential market has continued to improve, following the upward trend evident from the latter part of last year. Net 60% of respondents expect the general residential market to improve over the next six months; up from net 45% anticipating an improvement the previous quarter.

Over the shorter three-month period confidence is now in the positive across all market sectors. Panellists are most confident in the outlook for low and medium price range housing.

For the next quarter the panellists are forecasting increases in sales volumes for low (net 57%) medium (net 53%) and superior (net 17%) priced housing. Units/apartments and sections volumes are expected to remain unchanged. Price increases are forecast for all sectors except units/apartments, for which a fall is expected by net 18% of panellists. Low (net 53%) is ahead of medium (net 40%) priced housing, followed by sections (net 12%) and superior priced housing (net 8%).

Market comments provided by the respondents note:

- Activity has picked up since the beginning of the year; on the back of improved consumer/business confidence and mortgage interest rate falls.
- Improved turnover is expected to be solid rather than spectacular.
- Significant gains in Wellington house prices during .recent years have eroded affordability; therefore the potential upside for prices is limited.

Readers should note that this survey takes a "broad brush" approach to forecasting changes in the Wellington city residential property market. It is acknowledged that individual properties and subsections of the market may not move in tandem with overall market changes.

Auckland Commercial Property March 2001

Quarterly Survey Volume 6, Number 1

Industrial leads Auckland market confidence

This quarterly MUREAU publication covers the outlook for the commercial property market in Auckland.

Detailed results of the survey are set out on the second page of this publication. The graph on the right compares the expected confidence for this quarter, broken down into market sectors, with the results from the previous four quarters.

Long term (six months) confidence in the overall market is up on our last survey. Net 31% of respondents expect the general commercial market to improve over the next six months compared to net 11% anticipating an improvement in the previous quarter.

According to the experts the industrial sector leads the confidence stakes. For the next quarter the panellists are forecasting increases in industrial prices (net 40%), rentals (net 27%), and volume of sales (net 31%) and leasings (net 38%).

Comments provided by the respondents note that:

- Quality and location are key factors; prime industrial has recently been the best performer and this trend is expected to continue.
- Favourable economic conditions are driving investment in manufacturing and distribution capacity

In regard to office, retail and apartment prices/rentals net 6% of panellists are forecasting increases in office prices and retail rentals, net 10% decreases in apartment prices. In all other instances the weight of opinions on price/rentals suggest no change from the levels experienced during the last quarter i.e. panellist opinions are evenly divided between improvement and deterioration. The panellists are more optimistic on volume of sales/leasings. For all three sectors net 15% of panellists are forecasting increases in sales volumes, and net 31% (office), net 15% (retail) and net 29% (apartment) increases in leasings.

Readers should note that this survey takes a 'broad brush' approach to forecasting changes in the Auckland commercial property market. It is acknowledged that individual properties and subsections of the market may not move in tandem with overall market changes.

Rural Market March 2001

Quarterly Survey Volume 6, Number 1

Pastoral Sector Remains Upbeat

According to the panel of experts the outlook for the main classes of rural real estate (dairying,

hill country sheep & beef and fattening) remains very positive for the next quarter. Panellists were most confident in the outlook for hill country sheep & beef farms, which was marginally ahead of dairy farms.

Traditionally hill country farm values have been the last to go up in good times and the first to go down in the not so good times. The authors will be keeping a careful watch on forecasts for future hill country farm turnover rates as any reduction may be an early warning signal that the rural market is about to peak.

For the next quarter panellists are forecasting increases in sales volumes for dairy farms (net 83%), hill country sheep and beef farms (net 94%), arable/fattening farms (net 65%) and horticulture (net 12%). Forestry volumes are forecast to fall by a net 12% of panellists.

Panellists are also forecasting price increases for all the main classes of rural land except forestry, which is expected to stay the same. Once again hill country sheep and beef (net 76%) is marginally ahead of dairying (net 71%) followed by arable/fattening (net 65%) and horticulture (net 18%). Two panellists reported the big lift in dairy farm and dairy farm conversion prices over the last quarter, appears to have levelled off.

Readers are reminded that this survey takes a "broad brush" approach to forecasting changes in the rural property market. It is acknowledged that individual properties and subsections of the market may not move in tandem with overall market changes.

Key financial statistics

Source Department of Statistics (Key Statistics) May 2001

Summary of Prices and Wages Index Numbers

Index Numbers and Percentage Change (1)

Base: June 1999 Quarter (=1000) (2)

(Key Statistics table 6.01)

Gonrter Ended O darly	CONSUMERS PRICE INDEX INDEXES Food	All G	%CHANGE 4Food	All Grams	LABOUR COSY INDEX 9 *All* Salary A W	Rabe	%C	PRODU ERS PR E INDEX All Wake" Inputs	% Change
1998 Mar	974	999	1.6	0.2	980	0.4		996	0-.4
June	982	1004	0.7	0.5	966	0.6		1003	0.7
Sept	995	1009	1.4	0.5	990	0.4		1003	
Dec	998	1001	0.3	0-.8	994	0.4		1001	-02
1999 Mar	1006	998	0.8	-0.3	997	0.4		994	-0.7
June	1000	1000	-0.6	02	1000	013		1000	0.6
Sept	994	1004	-0.6	0.4	1005	0.5		1014	1.4
Dec	990	1006	-0.4	0.2	1008	0.4		1029	1.5
2000 Mar	1004	1013	1.4	0.7	1012	0.4		1043	1.4
June	1000	1020	-0.4	0.7	1016	0.4		1055	1.2
Sept	1012	1034	12	1.4	1020	0.4		1095	3.8
Dec	1026	1046	1.4	1.2	1024	0.4		1134	3.6
2001 Mar	1052	1044	2.5	-02-					

(1) Change from previous grouter, calculated using index numbers on the original base for that index series

(2) June 1999 quarter is the weighting base of the CPI. For comparative purposes other series have been converted to this base from thew original bases.

(3) Replaced the Prevailing Weekly Wage Rates Index.

(4) From the September 1999 quarter residential sections and interest are excluded

Interest Rates, Yields, etc.

(Key Statistics table 9.03)

Month)	Bank Bills 1 Call Money Market 1	Days 30	Days 90	Government Stock Yield on Seconder Market' 1 Year	2 Year	6 Year	First Mo gage Base Hourtsing Rates 2	=19.)
1999 April	4.5	4.6	4.6	4.1	4.8	5.4	8.5	6.4
May	4.6	4.6	4.7	4.1	4.9	5.7	8.5	8.4
June	4.5	4.7	4.8	4.4	5.3	6.2	6.5	8.4
July	4.5	4.6	4.7	4.5	5.2	8.1	6.5	8.4
Aug	4.5	4.6	4.8	5.1	5.7	6.5	6.5	8.4
Sept	4.5	4.7	4.9	5.8	8.2	6.9	6.5	8.5
Oct	4.5	4.7	5.1	5.8	6.3	7.1	6.7	8.6
Nov	4.7	5.1	5.4	5.9	6.3	6.8	6.7	6.6
Dec	5.0	5.4	5.7	6.1	6.6	7.0	7.2	8.8
2000 Jan	5.1	5.3	5.7	8.3	6.9	7.3	7.6	9.3
Feb	5.3	5.5	5.9	8.7	7.1	7.2	7.6	9.3
Mar	5.5	6.0	6.3	6.7	7.0	7.0	8.1	9.7
April	5.8	6.2	6.5	6.7	6.9	6.9	8.1	9.9
May	6.2	6.6	6.8	6.9	7.1	7.1	8.6	10.4
June	6.5	6.7	6.9	7.0	7.0	6.9	8.8	10.6
July	6.5	6.7	6.8	6.8	6.8	6.7	8.8	10.6
Aug	6.5	6.6	6.7	6.7	6.8	6.7	8.7	10.6
Sept	8.5	6.6	6.7	6.8	6.8	6.8	8.5	10.6
Oct	6.5	6.6	6.6	6.7	8.7	6.7	8.5	10.6
Nov	6.5	6.6	6.6	6.6	8.6	6.6	8.5	10.6
Dec	6.5	6.7	6.7	6.4	6.3	6.2	8.5	10.6
2001 Jan	6.5	6.8	6.5	5.9	5.8	6.0	0.4	10.5
Feb	6.5	6.6	6.5	5.9	5.8	5.9	8.4	10.5
Mar	6.4	6.4	6.2	5.7	5.6	5.7	-	

(1) Monthly Averages

(2) Prime ram for new borrowers. Based on total lending oulatmding for housing purposes of major provider ofhousing fiance.

(3) Base lending rates for major trading banks, weighted according to each institution's total NZ dollar claims on the private sector.

SIGNIFICANT ECONOMIC INDICATORS IN SUMMARY APRIL 2001

Population

As at 31 March 2001 (R)
3,844,900
estimated resident population

Births

December 2000 Quarter
13,579
-438
change from previous quarter

8 s

December 2000 Quarter
6,508
-678
change from previous quarter

Net Migration

March 2001
-1,902
Permanent and long-term

Retail Sales

December 2000 Quarter (E)
-0.6%
December 1999 Quarter (R)
0.7%
Per capita retail sales in March quarter 1995 dollars, seasonally adjusted % change on previous quarter.

CPI

March 2001 Quarter
-0.2%
change from previous quarter

March 2001 Quarter
3.1%
change from same quarter previous year

Modal house costs (excl GSA

Branch Statistical Officer/Chair	Modal June 2001
NORTHL_\N1) Nigel Kenny 09 438 5139	977.11
AUCKLAND Tony A1cEwan 09 486 1661	986.98
WAIKATO Graham Cook 07 838 3353	972.18
GISBORNE Roger Kelly 06 868 8596	937.63
TAURANGA Brian Doherty 07 578 6456	912.96
ROTORUA Dave Townsend 07 348 4086	942.57
HAWKES BAY Boyd Gross 06 876 6401	928.64
T. R. KAKI Frank Hutchins 06 757 5080	918.96
CENTRAL DISTRICTS Ian Shipman 06 323 1447	928.64
WELLINGTON Richard Findlay 04 470 3926	967.33
NELSON/AiARBOROUGIH Ian AlcKeage 03 546 9600	963.07
CANTERBURY/WESTLAND Dougal Smith 03 377 7307	948.84
SOUTh & AIID CANTERBURY Rodney Potts 03 688 4084	977.31
OTAGO Shari Liebergreen 03 471 2232	931.18
SOUTHLAND Trevor Thayer 03 218 4299	949.80

DEFINITIONS 1996

The Modal House is James Hardie Frontier Weatherboard 245mm, wood grain finish cellulose cement weatherboard, over timber frame on spaced timber pile foundation with baseboards. Roof is prefinished Colorsteel corrugated profile 15o slope, with gables. Aluminium joinery, 3 double bedrooms, combined open plan living/dining/kitchen, separate laundry, separate WC, bathroom with shower cubicle, free standing solid fuel heater, 19 light points, 19 power points, Melteca finished kitchen joinery, 4 plate automatic range. Floor area 100mz. A full schedule of quantities, plans and specifications is available from NZPI, PO Box 27-340, Wellington, NZ.

Modal House Costs

The Modal House cost is determined by the institute's consultant quantity surveyors, Rawlinson and Co based upon the institutes 1996 Modal described.

Note

Values are based on normal accepted margins, and differing commercial conditions should be reflected by a suitable adjustment to the Modal value

Professional Directory

NORTHLAND

COUTTS MILBURN LTD
REGISTERED VALUERS & PROPERTY CONSULTANTS
16 Central Avenue, Whangarei.
PO Box 223, Whangarei.
Phone (09) 438 5139 or 438 4655
Facsimile (09) 438 4655
W A F Burgess, DIP VFM, FNZIV, FNZPI
N P Kenny, DIP SURV (C E M),VALUER

BAY OF ISLANDS VALUATION
74 Kerikeri Road,
PO Box 825, Kerikeri.
Phone(09)4076
Facsimile (09) 407 6
Email boiprofs@xtra.co.nz
Dale L Simkin, ANZIV, SNZPI, FREINZ

GARTON & ASSOCIATES NORTHLAND
REGISTERED VALUERS
Whangarei Head Office:
193 Kamo Road, Regent, Whangarei.
PO Box 5031, Regent, Whangarei.
Phone (09) 437 7776 Facsimile (09) 437 7063
Email contact@gartonassociates.co.nz
R H *Garton,* B AG COM, ANZIV, MZNIPIM, SNZPI
G Thomas, B AG SC, ANZIV, SNZPI
M j *Craven* MA (CANT), ARICS

Kaitaia Office:
136 (A) Commerce Street, Kaitaia.
PO Box 92, Kaitaia.
Phone (09) 408 1724 Facsimile (09) 408 6041
Email kaitaia@gartonassociates.co.nz
Kerikeri Office
Phone: (09) 407 4570
Z *Lucich,* B APPL SC, RURAL VAL & FARM MGMT, DIP BS URB VPM, REG VAL, ANZPI

Kerikeri Office
Phone: (09) 407 4570

MOIR VALUATIONS
REGISTERED VALUERS
Kerikeri Office:
PO Box 254, Kerikeri.
Phone (09) 407 8500
Facsimile (09) 407 7366
G H *Moir* ANZIV, SNZPI, REG VALUER
M K McBain, BCOM (VPM), ANZPI, REG VALUER

TELFERYOUNG (NORTHLAND) LTD
VALUERS PROPERTY ADVISORS
17 Hatea Drive, Whangarei.
PO Box 1093, Whangarei.
Phone (09) 438 9599
Facsimile (09) 438 6662
Email:
telferyoung@northland.telferyoung.com J F Hudson, VPU, FNZIV, FNZPI
A C Nicholls, DIP AG, DIP VFM, FNZIV, FNZPI T S Baker, VPU, FNZIV, FNZPI
G S Algie, DIP URB VAL, FNZIV, FNZPI
M J Nyssen, BCOM VPM (URBAN), ANZIV, SNZPI J B J Schellekens, BCOM VPM (URBAN), ANZIV, SNZPI M D Hales, BCOM (AG), ANZIV, SNZPL

AEI(X[_AND

BARKER AND MORSE
REGISTERED VALUERS
Hibiscus Coast Office:
Level 1, Westpac Plaza, Moana Avenue, Orewa.
PO Box 15, Orewa.
Phone (09) 427 9903
Facsimile (09) 426 5082
West Auckland: Phone (09) 836 3010
North Shore Office: 2/43 Omega Street, Albany.
Phone (09) 520 5320
Facsimile (09) 415 2145
Email enquiries@barkermorse.co.nz
Mike Morse, B AG COM, ANZIV, SNZPI
Russell *Grey,* BCOM (VPM)
Erik Molving, BPA, ANZPI
Mike Forrest, BPA, ANZIV, SNZPI
Michael Nimot, BBS DIP MGMT HEALTH SECTOR, ANZIV, SNZPI
Peter Restall, ANZIV, SNZPI, AREINZ
Peter Wright, BBS, ANZPI

BARRY RAE TRANSURBAN LTD
CONSULTANTS ON URBAN DEVELOPMENT
Victoria Square, 2/143 Wellesley Street West,
PO Box 90921, Auckland.
Phone (09) 309 *2555*
Facsimile (09) 309 2557
Mobile 025 275 3330
Email barryrae@transurban.co.nz
Web www.transurban.co.nz
Barry Rae, DIRECTOR, ARCHITECT/PLANNER, B ARCH (HONS), CERT EKISTICS (ACE GREECE), DIP TP, FNZIA, FNZIA, MNZPI (PLANNING), MNZPI (PROP)

BAYLEYS VALUATIONS
PROPERTY CONSULTANTS, ANALYSTS & REGISTERED VALUERS
Maritime Square, 4 Viaduct Harbour Avenue, Auckland.
PO Box 8923, Symonds Street, Auckland.
Phone (09) 309 6020
Facsimile (09) 358 3550
Gerald Rundle, BCOM, BPA, ANZIV, SNZPI P j Sluyter MA (HONS) BPA, SNZPI

BARRATT BOYES, JEFFERIES LIMITED
REGISTERED VALUERS & PROPERTY CONSULTANTS
The Old Deanery, 17 St Stephens Avenue, Parnell
PO Box 6193,Wellesley Street, Auckland.
Phone (09) 377 3045
Facsimile (09) 379 7782
Email value@bbj.co.nz
R W Laing, ANZIV, SNZPI, AREINZ
M A Norton, DIP URB VAL (HONS), FNZIV, FNZPI D N Symes, DIP URB VAL, ANZIV, SNZPI
P Amesbury, DIP URB VAL, ANZIV, SNZPI K P Thomas, DIP VAL, ANZIV, SNZPI
R D Lawton, DIP URB VAL (HONS), ANZIV, SNZPI R McG Swan, DIP URB VAL, ANZIV, SNZPI

BECA VALUATIONS LTD

139 Vincent Street, Auckland.
PO Box 6665, Wellesley Street, Auckland.
Phone (09) 300 9100
Facsimile (09) 300 9191

General Manager: Alistair Thomson

Property Consulting:

Kerry Stewart, VAL PROF URB, P G DIP SC (ENV AUDIT), MBA, ANZIV, SNZPI

Stephen Dunlop, BPROP, ANZPI

Rating Valuations:

Ceri Bain, BPA, ANZPI

Peter Schellekens, B SC, DIP VPM, ANZIV, SNZPI

Trish Tescos, BCOM (VPM) (RURAL & URB), SNZPI

Dean Askew, ANZPI

Malcolm Penny, BCOM (VPM), P G DIP COM, ANZPI

Belinda Hanley, BPROP ANZPI

Andrew Sanderson, BCOM (VPM), ANZPI

Pamela Reid, BBS (VPM)

Brad Gordon, B APPL SC, DIP APPL SC

Asset Management Planning:

Peter Steel, BE, BCA, MICE, MIPENZ, C ENG

Ian Martin, BSC, BCA, MIPENZ, MIWEM

Steve Lyons, BE, NZCE, MIPENZ

Tom Clarke, B SC

Chris Jenkins, B E (1ST HON), MIPENZ

Plant, Machinery and Infrastructure:

Brian Kellett, C ENG M I MECH E, MIPENZ, SNZPI, RENG

Simon Badham, B E (MECH) JOHN HOWELL, B E (MECH)

Cliff Morris, Q S

DAVID KEYS PROPERTY CONSULTANCY LIMITED

PROPERTY CONSULTANCY, INVESTMENT ADVICE AND DEVELOPMENT/PROJECT MANAGEMENT.

5 Edenvale Crescent, Mt Eden, Auckland 1003
Phone (09) 634 9000
Facsimile (09) 634 9001
Mobile 025 921 385
Email dkeys@ihug.co.nz

David Keys, LLB HONS, AREINZ, FNZPI

D E BOWER & ASSOCIATES LTD

REGISTERED VALUERS & PROPERTY CONSULTANTS

PO Box 25-141, St Heliers, Auckland.
Phone (09) 309 0130
Facsimile (09) 528 8307

David *E Bower,* DIP URB VAL, ANZIV, SNZPI, AREINZ, ANZIM

CB RICHARD ELLIS LIMITED

VALUERS, INTERNATIONAL PROPERTY CONSULTANTS & MANAGERS, LICENCED REAL ESTATE AGENTS

Level 32, Coopers & Lybrand Tower, 23-29 Albert Street, Auckland.
PO Box 2723, Auckland.
Phone (09) 377 0645
Facsimile (09) 377 0779
Email first initial and surname@cbre.co.nz

M J Steur, DIP VAL, ANZIV, FNZPI

M G Tooman, BBS, ANZIV, SNZPI

A P *Stringer,* BPROP, ANZIV, SNZPI

M S *Clavey,* BSC, ANZPI, ARICS, REG VALUER P

T Ryan, BBS (MRM), ANZIV, SNZPI

T j *Arnott*, BCOM (VPM), REG VALUER

S M *Jackson,* BPROP, ANZPI

M D Ogg, BCOM (VPM), REG VALUER

C D Stewart, BPROP

Plant & Machinery:

H Pouw, SNZPI

COLLIERS JARDINE NEW ZEALAND LIMITED

VALUERS, LICENSED REAL ESTATE AGENTS AUCTIONEERS, PROJECT AND PROPERTY MANAGERS

Level 23,151 Queen Street, Auckland. PO Box 1631, Auckland.
Phone (09) 358 1888
Facsimile (09) 358 1999
Email cjvalaki@ci-group.com

S Nigel Dean, DIP URB VAL, FNZIV, AREINZ

John W Charters, VP (URB & RURAL), FNZIV, FNZPI, AREINZ

Dave Wigmore, BPA, ANZIV, SNZPI

Samantha Harsveld, BPROP REG VALUER

Jarrod Bruce, BPA, ANZPI, REG VALUER

DTZ DARROCH
CONSULTANTS & VALUERS IN PROPERTY PLANT & EQUIPMENT, RESEARCH
53 Fort Street, Auckland.
PO Box 3490, Shortland Street, Auckland.
Phone (09) 309 3040
Facsimile (09) 309 9020
Email auck@dtz.co.nz
Land & Building:
T Boyd, BCOM (VPM), ANZPI
R Clark, BCOM (VPM), ANZPI
W D Godhin, SNZPI
R J Impson, BBS (VPM), ANZPI
CP Johnston, BCOM (VPM)
D I King, BPA, MNZPI
D M Koomen, BBS (VPM), SNZPI S
B Molloy DIP URB VAL, FNZIV L
M Parlane, BBS, SNZIV
E B Smithies, FNZPI
P D Todd, BPA, SNZPI, ARICS
B L Whalley, BPROP, ANZIV, SNZPI
Research:
D M Beecroft, BBS (VPM)
I E Mitchell, MBS (PROP STUDIES), B AG SCI, DIP BUS ADMIN
Plant and Equipment:
I W Shaw, SNZPI
P D Todd, BPA, SNZPI, ARICS

DARROCH ASSOCIATES LTD
CONSULTANTS & VALUERS IN PROPERTY
Cnr Taharoto Road & Shea Terrace, Takapuna, Auckland.
PO Box 33-227, Takapuna, Auckland.
Phone (09) 486 1677
Facsimile (09) 486 3246
Email darroch.associates@xtra.co.nz J D Darroch, FNZIV, FNZPI
N K Darroch, FNZIV, FNZPI
W W Kerr DIP VFM, ANZIV, SNZPI
Alan J Davies, DIP URB VAL, ANZIV, SNZPI
A J Batley, DIP URB VAL
A J Keung, SNZPI
J P Williams, VALUER

DUFFILL WATTS & HANNA LTD
PLANT, MACHINERY & BUILDING VALUERS
384 Manukau Road, Auckland.
PO Box 26 221, Auckland.
Phone (09) 630 4882
Facsimile (09) 630 8144
Managing Director:
NF Falloon, BE, M I MECH E, SNZPI, MIPENZ

EDWARD RUSHTON NEW ZEALAND LIMITED
CONSULTANTS &VALUERS OF PROPERTY, PLANT& EQUIPMENT
Level 4,369 Queen Street, Auckland. PO Box 6600, Wellesley Street, Auckland.
Phone (09) 377 2040
Facsimile (09) 377 2045
D A Culav, DIP URB VAL, B V (FIJI), ANZIV, SNZPI
E Gill, REG ENG M I MECH E, M I PROD E, SNZPI
M Morales, SNZPI
R Graham, SNZPI

EYLES McGOUGH LIMITED
(Incorporating Rlincoe Yarnton & Co)
REGISTERED VALUERS PROPERTY CONSULTANTS & ANALYSTS
Level 9, 280 Queen Street. Auckland.
PO Box 5000, Auckland.
Phone (09) 379 9591
Facsimile (09) 373 2367
Email eylesmcgough@xtra.co.nz
Russell Eyles, FNZIV, FNZPI
Gerry Hilton, ANZIV, SNZPI
Bruce H Waite, ANZIV, SNZPI
Roger M Ganley, ANZIV, SNZPI *Herbert* Blincoe, FNZIV, FNZPI, AREINZ *Robert Yarnton,* ANZIV, SNZPI
Consultant:
R M McGough, FNZIV (LIFE), LNZPI

JON GASKELL VALUERS
REGISTERED VALUERS
5 Marie Avenue, Red Beach.
PO Box 75, Red Beach.
Phone (09) 427 8070
Facsimile (09) 427 8071
Jon Gashell, DIP URB VAL, DIP VPM, ANZIV SNZPI

HOLLIS & SCHOLEFIELD
REGISTERED VALUERS & PROPERTY CONSULTANTS
54 Queen Street, Warkworth.
PO Box 165, Warkworth.
Phone (09) 425 8810
Facsimile (09) 425 7732
197 Rodney Street, Wellsford.
PO Box 121,Wellsford.
Phone (09) 423 8847
Facsimile (09) 423 8846
R G Hollis, DIP VFM, FMZSFM, ANZIV, SNZPI
G W H Scholefield, DIP VFM, FNZIV, FNZPI
S A Jones, BCom Ag, DIP COM VAL, ANZPI

MAHONEY GARDNER CHURTON LTD
REGISTERED VALUERS & ARBITRATORS
Level 10, 70 Shortland Street, Auckland.
PO Box 894, Auckland.
Phone (09) 373 4990
Facsimile (09) 303 3937
Email mgc@clear.net.nz
Peter J Mahoney, DIP URB VAL, FNZIV, AAMINZ A
R *(Tony) Gardner,* DIP URB VAL, FNZIV, FNZPI
John A Churton, DIP VAL, ANZIV, SNZPI
Lain W Gribble, DIP URB VAL, DIP BUS STD (DISP RES), FNZIV, AAMINZ, FNZPI
Scott Keenan, BPROP, ANZPI

MITCHELL HICKEY KEELING
REGISTERED VALUERS & PROPERTY CONSULTANTS
153 Lake Road, Takapuna, Auckland.
PO Box 33676, Takapuna, Auckland.
Phone (09) 445 6212
Facsimile (09) 445 2792
Email mithikee@xtra.co.nz
J B Mitchell, VAL PROF, ANZIV
J A Hickey, DIP URB VAL, ANZIV
C M Keeling, BPA, ANZIV

NEIL DEVELOPMENTS LTD
111 Grafton Road, Auckland.
PO Box 6641, Wellesley Street, Auckland.
Phone (09) 309 7838
Facsimile (09) 377 1398
Email kmaddison@neilgroup.co.nz
Keith Maddison

JONES LANG LASALLE LIMITED
VALUATION, CORPORATE REAL ESTATE SERVICES, RESEARCH & CONSULTANCY
ASB Bank Centre, 135 Albert Street, Auckland.
PO Box 165, Auckland.
Phone (09) 366 1666
Facsimile (09) 358 5088
J R Cameron, FRICS, FSVA, ARIEINZ, SNZPI
R W Macdonald, FRICS, AFIV, ANZIV, SNZPI
A J Harris, BSC, BPA, DIP MAN, DIP BUS (FIN), ANZPI
L L Otten, BCOM (VPM) M
Somerville-Ryan, BPROP K
P Tubberty, BPROP

KNIGHT FRANK (NZ) LIMITED
REGISTERED VALUERS, PROPERTY CONSULTANTS, REAL ESTATE AGENTS, PROPERTY & FACILITIES MANAGEMENT
Level 13, 67-69 Symonds Street, Auckland.
Private Bag 92-079, Auckland.
Phone (09) 307 7882
Facsimile (09) 307 7888
Robert A Albrecht, DIP URB VAL, DIP T P, ANZIV, SNZPI
Brad Clarke, BBS, DIP FIN, REG VALUER
Angela Moss, BBS (VPM)

PREMIUM PROPERTY MANAGEMENT LTD
COMMERCIAL PROPERTY SPECIALISTS, BODY CORPORATES & MEDICAL CENTRES
Full Service Inc: Maintenance, Compliance, Fire Regulations, Insurance, landscaping
Level 4, Jonmer Business Centre, 95 Hurstmere Road, Takapuna.
PO Box 33-846, Takapuna.
Phone (09) 444 1333
Facsimile (09) 489 9460
Email david@jonmer.co.nz

PRENDOS LIMITED
REGISTERED VALUERS, BUILDING & QUANTITY SURVEYORS, ACOUSTIC AND DISPUTE RESOLUTION CONSULTANTS

1 Barry's Point Road, Takapuna, Auckland.
PO Box 33 700, Takapuna, Auckland.
Phone (09) 486 1973
0800 PRENDOS (0800 773 636)
Facsimile (09) 486 1963
Email prendos@prendos.co.nz
Web www.prendos.co.nz

Directors:

Greg O'Sullivan, DIP BUS STUDIES (DISP RES), MNZIBS, MNZIOB, FAMINZ (ARB/MED), BRANZ ACCREDITED ADVISER, REG BUILDING SURVEYOR, PANEL MEMBER LEADR

Trevor Prendergast, AAMINZ

Gordon Edginton, BCOM, ANZIV, SNZPI, REG VALUER

Valuer Associates:

Rex Smith, DIP URB VAL, ANZIV, SNZPI, REG VALUER

Gavin Broadbent, BBS, REG VALUER

John Batley, DIP URB VAL, VALUER

Grant Millen, BCOM, VRM, ANZPI, REG VALUER

Don *Seagar* BPROP, ANZPI, VALUER

Building Consultant Associates:

Philip O'Sullivan, B E (HONS), MNZIBS, BRANZ ACCREDITED ADVISER, REG ENGINEER, REG BUILDING SURVEYOR

Ken McGunnigle, BSC (HONS), M PHIL (ACOUSTICS), ACOUSTICIAN, CHARTERED BUILDER, CHARTERED QUANTITY SURVEYOR, ANZIQS, MNZIOB, BRANZ, ACCREDITED ADVISER, REG BUILDING SURVEYOR

Richard Maiden, BSC, MNZIOB, ANZIQS, MNZIBS, REG BUILDING SURVEYOR, QUANTITY SURVEYOR

Sean O'Sullivan, MNZIBS, BRANZ ACCREDITED ADVISER, REG BUILDING SURVEYOR

PROPERTY FOR INDUSTRY LIMITED (PFI)
INDUSTRIAL PROPERTY INVESTMENT

Level 6, Tower Centre, 45 Queen Street,
PO Box 3984, Auckland.
Phone (09) 302 0217
Facsimile (09) 302 0218
Web wwwpfi.co.nz

General Manager: *Peter Alexander*

R A PURDY & CO LTD
REGISTERED VALUERS & PROPERTY CONSULTANTS

1 C Olive Road, Penrose, Auckland. PO Box 87 222, Meadowbank, Auckland.
Phone (09) 525 3043
Facsimile (09) 571 0735
Email valuer@rapurdy.co.nz

Richard A Purdy, VAL PRO URB, ANZIV, RVF, SNZPI

Dana A McAuliffe, VAL PROF URB, ANZIV, SNZPI

Anthony P Long, BRA, ANZPI, REG VALUER

Stephen Boyd, BPA, DBA, ANZIV, SNZPI

ROBERTS McKEOWN & ASSOCIATES LTD da RAINE & HORNE
REGISTERED VALUERS & PROPERTY CONSULTANTS

Level 3, 156 Parnell Road, Auckland.
PO Box 37544, Parnell, Auckland.
Phone (09) 357 6200
Facsimile (09) 358 3030
Email valuation@robmck.co.nz

A D Roberts, DIP VAL, ANZIV, SNZPI

K G McKeown, DIP VAL, DIP BUS (FIN), ANZIV, SNZPI

SOMERVILLES VALUERS LTD
REGISTERED VALUERS & PROPERTY CONSULTANTS

Office Park, 218 Lake Road, Northcote.
PO Box 36 030, Auckland 1330. DX BP65012
Phone (09 480 2330
Facsimile (09) 480 2331
Email Somval@ihug.co.nz

Bruce Somerville, DIP URB VAL, ANZIV, SNZPI, AREINZ

Arthur Appleton, DIP URB VAL, FNZIV, FNZPI

Murray M Pelham, BPA, ANZIV SNZPI Sonia

Dryden, VAL PROF URB, ANZIV, SNZPI Russel

Flynn, B AG, ANZPI

TELFERYOUNG (AUCKLAND) LTD
VALUERS PROPERTY ADVISORS
Level 7, 369 Queen Street, Auckland.
PO Box 5533, Auckland. DX CP25010
Phone (09) 379 8956
Facsimile (09) 309 5443
Email
telferyoung@auckland.telferyoung.com
R Peter Young, BCOM, DIP URB VAL, FNZIV (LIFE), LNZPI
M Evan Gamby, M PROP STUD (DIST), DIP URB VAL, FNZIV, FNZPI
Lewis Esplin, DIP URB VAL, ANZIV, SNZPI
Trevor M Walker, DIP VAL, ANZIV, SNZPI
Ian D Delbridge, ANZIV, SNZPI
David J Regal, BPA, ANZIV, AAMINZ, SNZPI
Tim E Nicholson, BPROP, ANZPI
Michael R Gunn, BCOM (VPM), ANZPI
Elise K Grange, BBS (VPM), ANZPI

ROLLE HILLIER PARKER LTD - INTERNATIONAL
PROPERTY, PLANT & MACHINERY
VALUERS & PROPERTY CONSULTANTS
77 Grafton Road, Auckland.
PO Box 8685, Symonds Street, Auckland.
Phone (09) 309 7867
Facsimile (09) 309 7925
Email rolle@akl.rolle.co.nz
M T *Sprague,* DIP URB VAL, FNZIV, FNZPI
A D Beagley, B AG SC, MZNIPIM
C *Cleverley,* DIP URB VAL (HONS), ANZIV, SNZPI J W Tubbert, BPA, ANZPI
C W S Cheung, BPROP, ANZPI
B S Ferguson, BCOM (VPM), AREINZ, ANZPI
Plant & Machinery Valuers:
T j Sandall, SNZPI
R L *Bailey,* NZCE (ELEC), REA, ELECT REGISTRATION, SNZPI
D M Field, SNZPI
V Saunders, ANZPI

SEAGAR & PARTNERS
PROPERTY CONSULTANTS & REGISTERED VALUERS
City Office:
Level 9, 17 Albert Street, Auckland.
Phone (09) 309 2116
Facsimile (09) 309 2471
Email @seagars.co.nz
Manakau Office:
22 Amersham Way, Manakau City.
PO Box 76 251, Manakau City.
Phone (09) 262 4060
Facsimile (09) 262 4061
Email @seagarmanakau.co.nz
Howick Office:
14 Picton Street, Howick.
PO Box 38 051, Howick.
Phone (09) 535 4540
Facsimile (09) 535 5206
Email @seagarhowick.co.nz
C N Seagar DIP URB VAL, FNZIV, FNZPI
M A Clark, DIP VAL, FNZIV, FNZPI
A J Gillard, DIP URB VAL, FNZIV, FNZPI
I R McGowan, BCOM (VPM), ANZIV. SNZPI
W G Priest, B AG COM, ANZIV, SNZPI
I R Colcord, BPROP ADMIN, ANZIV, SNZPI
M Taylor BPROP ADMIN, ANZIV, SNZPI
R D Quinlan, BRA, DIP BUS (FIN), ANZIV, SNZPI,
M BREBNER, BPS, SNZPI
M R Gibson, BBS (VPM), ANZPI
K E Moss, BPROP, ANZPI
S E McKinnon, BBS, ANZPI
B R Clark, DIP AG I, II (VFM), ANZIV, SNZP1
M L *Crowe,* BPROP, ANZPI
C N Brownie, BPROP, ANZPI

SHELDONS
REGISTERED VALUERS, PROPERTY CONSULTANTS
Guardian Building, Ground Floor, 12-14 Northcroft Street, Takapuna, Auckland.
PO Box 33 136,Takapuna, Auckland.
Phone (09) 303 4378 - Central
(09) 486 1661 - North Shore
(09) 836 2851 - West Auckland
(09) 276 1593 - South Auckland
Facsimile (09) 489 5610
Email valuers.sheldons@sheldons.co.nz
Directors:
A S McEwan, DIP URB VAL, ANZIV, SNZPI B R Stafford-Bush, BSC, DIP BIA, ANZIV, SNZPI J B Rhodes, ANZIV, SNZPI
G W Brunsdon, DIP VAL, ANZIV, SNZPI
Consultants:
B A Cork, DIP URB VAL, AREINZ, ANZIV, SNZPI T McCabe, EPA, ANZIV, SNZPI
G D Lopes, BBS, ANZIV, SNZPI
L j Pauling, DIP VPM, ANZIV
A C Hewertson, B AP SC, DIP BUS STUDS, ANZPI
M D McLean, BPROP, REG. VAL, ANZPI
Andrew Buckley, BPA, ANZIV, SNZPI

THOMPSON & CO LTD
REGISTERED VALUERS & PROPERTY CONSULTANTS
Level 1, 1 Elizabeth Street (opposite Courthouse), Warkworth.
PO Box 99 Warkworth.
Phone (09) 425 7453
Facsimile (09) 425 7502
Mobile (025) 949 211
Simon G Thompson, M PROP STUDIES, DIP URB VAL, ANZI\, SNZP1

S0111H A11GKI N[}

CHOW:HILL ARCHITECTS LTD
ARCHITECTURE, URBAN DESIGN, INTERIOR DESIGN
Level 1, 131 Kolmar Road, PO Box 23 593, Papatoetoe.
Phone (09) 277 8260
Facsimile (09) 277 8261
Email darryl@chowhill.co.nz
Darryl Carey, B ARCH, ANZIA, MNZPI

GUY STEVENSON & PETHERBRIDGE
REGISTERED VALUERS & PROPERTY CONSULTANTS
6 Osterley Way, PO Box 76 081, Manukau City.
Phone (09) 262 2190
Facsimile (09) 262 3830
Email valuers@gspmkau.co.nz
21 East Street, PO Box 72 452, Papakura.
Phone (09) 299 7406
Facsimile (09) 299 6152
Email valuers@gsppkura.pl.net
2 Wesley Street, PO Box 753, Pukekohe.
Phone (09) 237 1144 Facsmilie (09) 237 1112
Email valuers@gsppuke.pl.net
Don *Guy,* VAL PROF RURAL, FNZIV
Ken Stevenson, DIP VFM, VAL PROF URB, FNZIV
Derald Petherbridge, MNZIS, DIP URB VAL, ANZIV
Richard Peters, BBS, DIP BUS STUD, ANZIV
Peter Hardy, DIP URB VAL, ANZIV
Patrick *Beasley,* BCOM (VPM), ANZIV

MAX G ADAMS & ASSOCIATES
REGISTERED VALUERS
7 Tobin Street, Pukekohe.
PO Box 67, Pukekohe.
Phone (09) 238 9668
Facsimile (09 238 1828
Max G Adams, DIP VFM, ANZIV

PROGRESSIVE ENTERPRISES PROPERTY DEPARTMENT

Level 3, Cogita House, 20 Amersham Way, Manukau.
Private Bag 93306, Otahuhu.
Phone (09) 526 2021
Facsimile (09) 526 2001
Email Adrian.walker@progressive.co.nz

General Manager Property: AM Walker

THAMES CC)HQMANDLLL

JIM GLENN

REGISTERED VALUER PROPERTY CONSULTANT

541 Pollen Street, Thames.
Phone (07) 868 8108
Facsimile (07) 868 8252
Mobile (025) 727 697

J Glenn, *B Agr Corn,* ANZIV, SNZPI
Maria Stables-Page, BBS (VPM)

JORDAN & ASSOCIATES

REGISTERED VALUERS & PROPERTY CONSULTANTS

516 Pollen Street, Thames.
PO Box 500, Thames.
Phone (07) 868 8963
Facsimile (07) 868 8360

M J Jordan, VAL PROF RURAL, VAL PROF URB, ANZIV
Richard Wellbrock, B APP SC, G DIP B S
Shane Rasmusen, BBS (VPM)

WAIKATO

ASHWORTH LOCKWOOD LTD

REGISTERED VALUERS, PROPERTY & FARM MANAGEMENT CONSULTANTS

169 London Street, Hamilton.
PO Box 9439, Hamilton.
Phone (07) 838 3248
Facsimile (07) 838 3390
Email ashlock@xtra.co.nz

R J Lockwood, DIP AG, DIP VFM, ANZIV, SNZPI J R Ross, B AGR COM, ANZIV, MZNIPIM, AAMINZ, SNZPI *J L* Sweeney, DIP AG, DIP VFM, ANZIV, SNZPI
L R Robertson, MZNIPIM, ANZIV, ANZPI
I P Sutherland, BBS (VPM), SNZPI

ATTEWELL GERBICH HAVILL LIMITED

REGISTERED VALUERS & PROPERTY CONSULTANTS

Level 6, WEL Energy House, Cnr Victoria & London Streets, Hamilton.
PO Box 9247, Hamilton.
Phone (07) 839 3804 or 0800 VALUER

Facsimile (07) 834 0310
Email agh@aghvaluers.co.nz

Glenn Attewell, SNZPI
Wayne Gerbich, SNZPI
Michael Havill, SNZPI
Peter Smith, ANZIV, SNZPI
Mike Paddy, SNZPI
David Urlich, BCOM (VPM), ANZPI

BRIAN HAMILL & ASSOCIATES

REGISTERED VALUERS, PROPERTY CONSULTANTS

1010 Victoria Street, Hamilton.
PO Box 9020, Hamilton.
DX GB22006 Victoria North
Phone (07) 838 3175
Facsimile (07) 838 2765

Brian F Hamill, VAL PROF, ANZIV, AREINZ, AAMINZ, SNZPI
Kevin F O'Keefe, DIP AG, DIP VFM, ANZIV, SNZPI

CHOW HILL ARCHITECTS LTD
ARCHITECTURE, URBAN DESIGN, INTERIOR DESIGN
119 Collingwood Street, PO Box 19208, Hamilton.
Phone (07) 834 0348
Facsimile (07) 834 2156
Email chien@chowhill.co.nz
Chein *Chow,* B ARCH, ANZIA, MNZPI

CURNOW TIZARD LIMITED
VALUERS MANAGERS ANALYSTS
42 Liverpool Street, Hamilton.
PO Box 795, Hamilton.
Phone (07) 838 3232
Facsimile (07) 839 5978
Email curtiz@wave.co.nz
Geoff Tizard, B AG COM, ANZIV, AARBINZ, SNZPI
Phillip *CUrnOw,* FNZIV FARBINZ, FNZPI
T David Henshaw, DIP VFM, FNZIV, FNZPI
David Smyth, DIP AG, DIP VFM, FNZIV, FNZPI
Matt *Snelgrove,* BBS (VPM), SNZPI
Conal Newland, (ANALYST) B APPL SCI, DIP BUS STUD, DIP BUS ADMIN, ANZP
Property Manager: Richard Barnaby

Accredited Suppliers for Land Information NZ

DARRAGH, HONEYFIELD & REID
REGISTERED VALUERS, PROPERTY CONSULTANTS
REGISTERED FARM MANAGEMENT CONSULTANTS
TOLL FREE PHONE 0800 922 122
95 Arawa Street, Matamata.
Phone (07) 888 5014
Facsimile (07) 888 5010
Mobile (025) 736 597
31 Bank Street, Te Awamutu.
Phone(07)8715169
Facsimile (07) 8715162
Mobile (025) 972 670
188 Whitaker Street, Te Aroha.
Phone &
Facsimile (07) 884 8783
15 Empire Street, Cambridge.
Phone (07) 827 5089
Facsimile (07) 827 8934
Cnr Lawrence & Tahoro Streets, Otorohanga.
Phone (07) 873 8705
Facsimile (07) 871 5162
David *0* Reid, DIP AG, DIP VFM, REG VALUER, ANZIV, SNZPI
J D Darragh, DIP AG, DIP VFM, REG VALUER, ANZIV, SNZPI
Andrew C Honeyfield, DIP AG, DIP VFM, REG FARM CONSULTANT, MZNIPIM

DYMOCK VALUERS & CO LTD
REGISTERED PUBLIC VALUERS
8 Beale Street, Hamilton.
PO Box 4013, Hamilton.
Phone (07) 839 5043
Facsimile (07) 834 3215
Mobile (025) 945 811
Email dymock@wave.co.nz
Wynne F Dymock, DIP AG, ANZIV, SNZPI

FORD VALUATIONS LIMITED
REGISTERED VALUERS & PROPERTY CONSULTANTS
113 Collingwood Street, Hamilton.
PO Box 19171, Hamilton.
Phone (07) 834 1259
Facsimile (07) 839 5921
Email admin@fordvaluations.co.nz
Allan Ford, FNZIV, FNZPI
Matthew D Bassett, BCOM (VPM), SNZPI
Leah Gore, BBS (VPM), ANZPI

PAUL BARNETT PROPERTY SERVICES LTD
PROJECT MANAGEMENT, PROJECT SUPERVISION, PROJECT QUALITY CONTROL, IQP INSPECTIONS, PROPERTY MANAGEMENT, BUILDING CONSULTANCY, PROPERTY INVESTIGATION & REPORTS, DISPUTE RESOLUTION, PRE-PURCHASE INSPECTIONS, TEN YEAR BUILDING MAINTENANCE PLANS
PO Box 4327, Hamilton East. Phone (07) 856 6745
PO Box 13179, Tauranga. Phone (07) 544 *2057*
Email pb.project.man@xtra.co.nz
PD Barnett, SNZPI, NZPI REG PROPERTY MANAGER & REG PROPERTY CONSULTANT, CPCNZ, NZBSI, NZCB & QS, REG COW, IQP, BRANZ ACCREDITED ADVISOR

TELFERYOUNG (WAIKATO) LTD
VALUERS PROPERTY ADVISORS
5 King Street, Hamilton.
PO Box 616, Hamilton.
Phone (07) 846 9030
Facsimile (07) 846 9029
Email
telferyoung@waikato.telferyoung.com
Cambridge Office:
Phone (07) 827 8102
Brian J Hilson, FNZIV, FRICS, FNZPI
Doug J Saunders, BCOM (VPM), ANZIV, SNZPI
Roger B Gordon, BBS, ANZIV, SNZPI
Graham J Cook, B COM (VFM), ANZIV, SNZPI

KING GUMMY

DOYLE VALUATIONS
REGISTERED VALUERS & PROPERTY CONSULTANTS
47 Taupiri Street, PO Box 80, Te Kuiti.
Phone (07) 878 8825
Facsimile (07) 878 6693
Mobile 025 953 308
Cnr Hakiaha & Hikaia Streets, PO Box 416 Taumarunui.
Phone (07) 895 9049
Facsimile (07) 895 5515
Email adie.doyle@xtra.co.nz
Adrian P Doyle, BBS (VPM, MKTING), ANZIV, SNZPI
Jessica J Hoogstra, B AGR, ANZPI

KEVIN WRENN
AG CONSULTANCY SERVICES
RD1, Te Kuiti.
Phone/
Facsimile (07) 878 7180
Kevin Wrenn, B AG COM, REG VALUER, ANZIV
SPECIALISING IN SYSTEMS, STRUCTURES, AND SUPPORT BETWEEN YOUR BUSINESS AND YOUR FINANCIER. 20 YEARS EXPERIENCE IN PRACTICAL CORPORATE AGRICULTURE.

BAY VALUATION
REGISTERED VALUERS AND PROPERTY CONSULTANTS
30 Willow Street, Tauranga.
PO Box 998, Tauranga.
Phone (07) 578 6456
Facsimile (07) 578 5839
Email bayval@clear.net.nz
80 Main Road, Katikati.
Phone (07) 549 1572
Bruce C Fisher, ANZIV, SNZPI
Derek P Vane, ANZIV, SNZPI
Ray *L Rohloff,* ANZIV SNZPI
Brian J Doherty, ANZIV, SNZPI
Craig M King, BPA, REG VALUER

BOYES CAMPBELL & ASSOCIATES
REGISTERED VALUERS (URBAN & RURAL)
Level 1, Phoenix House, Pyne Street, Whakatane.
PO Box 571, Whakatane.
Phone (07) 308 8919
Facsimile (07) 307 0665
Email boyes.campbell@xtra.co.nz
M J Boyes, DIP URB VAL, ANZIV, SNZPI
D R Campbell, VAL PROF URB & RURAL, ANZIV, SNZPI
K G James, DIP VFM, ANZIV, SNZPI

CHOW:HILL ARCHITECTS LTD
ARCHITECTURE, URBAN DESIGN, INTERIOR DESIGN
Harrington House, Willow Street, PO Box 13493, Tauranga.
Phone (07) 577 1219
Facsimile (07) 577 9548
Email keirin@chowhill.co.nz
Keirin Hood, B ARCH (HONS), ANZIA

CLEGHORN GILLESPIE JENSEN & ASSOCIATES
REGISTERED VALUERS & PROPERTY CONSULTANTS
Quadrant House, 1277 Haupapa Street, Rotorua.
PO Box 2081, Rotorua.
Phone (07) 347 6001 or 0800 825 837
Facsimile (07) 347 1796
Email CGJ@xtra.co.nz
W A Cleghorn, FNZIV MNZIF, FNZPI
G R Gillespie, ANZIV, SNZPI
M J *Jensen,* ANZIV, SNZPI

HILLS WELLER LTD
REGISTERED VALUERS & PROPERTY CONSULTANTS
40 Wharf Street, Tauranga.
PO Box 2327, Tauranga.
Phone (07) 571 8436
Facsimile (07) 571 0436
Email hillsweller@xtra.co.nz
R J Hills, B AG SC, ANZIV, SNZPI
J R Welter; B AG COM, ANZIV, SNZPI
A C Haden, B APPL SCI, ANZPI

McDOWELL & CO
VALUATION & PROPERTY SERVICES
1290 Eruera Street, Rotorua.
PO Box 1111, Rotorua.
Phone (07) 348 4159
Facsimile (07) 347 7071
Email paul@mcdowell.co.nz
I G McDowell, DIP UV ANZIV, SNZPI, ARIENZ
P T Smith, BBS (VPM), MNZPI, REG VALUER

MIDDLETON VALUATION
REGISTERED VALUERS URBAN & RURAL PROPERTY CONSULTANTS
18 Wharf Street, Tauranga.
PO Box 455, Tauranga.
Phone (07) 578 4675
Facsimile (07) 577 9606
Email value@middleton.co.nz
12 Girven Road, Mount Maunganui.
Phone (07) 575 6386
Facsimile (07) 575 0833
Jellicoe Street, Te Puke.
Phone (07) 573 8220
Facsimile (07) 573 5617
J Middleton, B AG SC, ANZIV, MNZIAS, SNZPI
A Pratt, ANZIV, SNZPI
P D Higson, BCOM (VPM)

PAUL BARNETT PROPERTY SERVICES LTD
PROJECT MANAGEMENT, PROJECT SUPERVISION, PROJECT QUALITY CONTROL, IQP INSPECTIONS, PROPERTY MANAGEMENT, BUILDING CONSULTANCY, PROPERTY INVESTIGATION & REPORTS, DISPUTE RESOLUTION, PRE-PURCHASE INSPECTIONS, TEN YEAR BUILDING MAINTENANCE PLANS
PO Box 13179, Tauranga.
Phone (07) 544 2057
PO Box 4327, Hamilton East.
Phone (07) 856 6745 Email
pb.project.man@xtra.co.nz
PD Barnett, SNZPI, NZPI REG PROPERTY MANAGER & REG PROPERTY CONSULTANT, CPCNZ, NZBSI, NZCB & QS, REG COW, IQP, BRANZ ACCREDITED ADVISOR

PROPERTY SOLUTIONS
REGISTERED VALUERS, MANAGERS, PROPERTY ADVISORS
87 First Avenue Tauranga.
PO Box 14014,Tauranga.
Phone (07) 578 3749
Facsimile (07) 5718342
Email proval@xtra.co.nz
Simon F Harris, B AG COM, ANZIV, SNZPI
Phil D Pennycuich, BCOM (VPM), ANZIV, SNZPI
Harley D Balsom, BBS (VPM), ANZIV, SNZPI
Chris R Harrison, DIP URB VAL, ANZIV, SNZPI

REID & REYNOLDS LTD
REGISTERED VALUERS
1231 Haupapa Street, Rotorua.
PO Box 2121, Rotorua. DXJP30037
Phone (07) 348 1059
Facsimile (07) 347 7769
Tokoroa Office: (07) 886 6698
Email valuer@randr.co.nz
Hugh Reynolds, FNZIV, FNZPI
Grant Utteridge, ANZIV, SNZPI
John Boyes, ANZIV SNZPI
Sharon Hall, NZIV ANZP

TAUPO

DON W TRUSS & ASSOCIATES
REGISTERED VAUERS & PROPERTY CONSULTANTS
Level 1, Le Rew Building, 2-8 Heu Heu Street, Taupo.
PO Box 1123, Taupo.
Phone (07) 377 3300
Facsimile (07) 377 2020
Mobile (025) 928 361
Email don@reap.org.nz
Donald William Truss, DIP URB VAL, ANZIV, SNZPI

VEITCH MORISON VALUERS LTD
REGISTERED VALUER & ENGINEERS
29 Heu Heu Street, Taupo.
PO Box 957, Taupo.
Phone (07) 377 2900 or (07) 378 5533
Facsimile (07) 377 0080
Email vnvl@xtra.co.nz
C B Morison, B E (CIVIL), MIPENZ, ANZIV, SNZPI
James Sinclair Veitch, DIP VFM, VAL PROF URB, ANZIV, SNZPI
Patrick Joseph Hayes, BBS (VAL), REG VALUER, ANZPI
Geoffrey Wayne Banfield, B AGR SCI, ANZIV, SNZPI

GIGRORNE

VALUATION & PROPERTY SERVICES
BLACK, KELLY &TIETJEN REGISTERED VALUERS & PROPERTY CONSULTANTS
258 Childers Road, Gisborne.
PO Box 1090, Gisborne.
Phone (06) 868 8596
Facsimile (06) 868 8592
Graeme Black, DIP AG, DIP VFM, ANZIV SNZPI
Roger Kelly, VP (URB), ANZIV, SNZPI
Graham Tietjen, DIP AG DIP VFM, ANZIV, SNZPI

LEWIS WRIGHT LTD
ASSOCIATES IN RURAL & URBAN VALUATION, FARM SUPERVISION, CONSULTANCY, ECONOMIC SURVEYS
139 Cobden Street, Gisborne.
PO Box 2038, Gisborne.
Phone (06) 867 9339
Facsimile (06) 867 9339
T D Lewis, B AG SC, MZNIPIM
P B Wright, DIP VFM, ANZIV, MZNIPIM, SNZPI
G H Kelso, DIP VFM, FNZIV, FNZPI
T S Lupton, B HORT SC, MNZSHS, C PAG
J D Bowen, B AG, DIP AG SCI (VAL), REG VALUER, MNZIPIM, ANZPI
P J N McKenzie, DIP VFM, REG VALUER, ANZIV, ANZPI

HAWKES BAY

HARVEY COXON LTD
VALUATION SERVICES
200 Warren Street North, Hastings.
PO Box 232, Hastings.
Phone (06) 878 6184
Facsimile (06) 873 0154
Email HarveyCoxon@xtra.co.nz
Jim Harvey, FNZIV
Terry Coxon, ANZIV, SNZPI
Paul *Harvey,* BBS
Karen O'Shea, BBS, ANZIV, SNZPI
Hugh *Peterson,* ANZIV, SNZPI
Alex *Sellar* BBS, ANZIV, SNZPI
Bill Hawkins, DIP VFM, FNZIV FNZPI

KNIGHT FRANK, TURLEY & CO LTD
REGISTERED PROPERTY CONSULTANTS & VALUERS
Knight Frank House, 100 Raffles Street, Napier. PO Box 1045, Napier.
Phone (06) 834 0012
Facsimile (06) 835 0036
Email strategies@kf.co.nz
Patrick Turley, BBS, SNZPI, AREINZ, REG PROP CONSULTANT & VALUER
Wayne Smith, LINZ ACCREDITED, MNZPI
Andrew *White,* BBS (VPM), ANZPI
Melanie Whyte, PROPERTY TECHNICIAN

LOGAN STONE LTD
REGISTERED VALUERS & PROPERTY SPECIALISTS
209 Queen Street East, Hastings.
PO Box 914, Hastings.
Phone (06) 876 6401
Facsimile (06) 876 3543
Email loganstone@xtra.co.nz
Gerard J Logan, B AGR COM, ANZIV, MZNIPIM, SNZPI
Roger M Stone, FNZIV, FNZPI
Frank E Spencer BBS (VPM), ANZIV SNZPI, AREINZ
Boyd A Gross, B AGR (VAL), DIP BUS STD, ANZIV

MORICE & ASSOCIATES LTD
REGISTERED VALUERS & CONSULTANTS
116 Vautier Street, Napier.
PO Box 320, Napier.
Phone (06) 835 3682
Facsimile (06) 835 7415 Email
property@morice.co.nz Web
www.morice.co.nz
Stuart D Morice, DIP VFM, FNZIV, MNZIF, FNZPI
Greg S Morice, BCOM AG (VFM), ANZIV, SNZPI
Erin L Morice, BCOM AG (VPM), SNZPI
Mark H Morice, BCOM AG (VFM), DIP FORE, ANZPI

TELFERYOUNG (HAWKES BAY) LTD
VALUERS
PROPERTY ADVISORS
1 Milton Road, Napier.
PO Box 572, Napier.
Phone (06) 835 6179
Facsimile (06) 835 6178
Email
telferyoung@hawkesbay. telferyoung. com
M C Plested, FNZIV, FNZPI
M I Penrose, V P U, DIP VPM, AAMINZ, ANZIV, SNZPI
T W Kitchin, BCOM (AG), ANZIV, SNZPI, MNZIPIM (REG)
D J Devane, BCOM (VPM), ANZIV, SNZPI
F E *Jurgens,* BBS (VPM), ANZPI

RAWCLIFFE & CO - REGISTERED
VALUERS AND PROPERTY ADVISORS
70 Station Street, Napier.
PO Box 140, Napier.
Phone (06) 834 0105
Facsimile (06) 834 0106
Email email@rawcliffe.co.nz
Terry Rawdiffe, FNZIV
Grant Aplin, BCOM (VPM), ANZPI

SNOW & WILKINS LTD
REGISTERED VALUERS & PROPERTY EXPERTS
204 Queen Street East, Hastings.
PO Box 1200, Hastings.
Phone (06) 878 9142
Facsimile (06) 878 9129
Email valuer@snowwilkins.co.nz
Kevin B Wilkins, DIP VM, DIP AG, ANZIV, SNZPI
Dan W J *Jones*, BBS DIP BUS ADMIN, ANZIV SNZPI, REG PUBLIC VALUER
Timothy J Wilkins, B AG, DIP BUS STD, ANZPI, REG VALUER
Derek E Snow, Dip VFM, ANZIV (CONSULTANT)
Wairoa Office:
208 Marine Parade, Wairoa.
PO Box 72,Wairoa.
Phone/Fax: (06) 838 3322
Email wairoa@snowwilkins.co.nz

VALUATION PLUS TON REMMERSWAAL
REGISTERED VALUER & PROPERTY CONSULTANT
38 Simla Avenue, Havelock North.
Phone (06) 877 1515
Facsimile (06) 877 1516
Web wwwvaluationplus.co.nz
Ton Remmerswaal, BBS, ANZIV, SNZPI

TARANAKI

STAPLES RODWAY
78 Miranda Street, Stratford.
PO Box 82, Stratford.
Phone (06) 765 6019
Facsimile (06) 765 8342
Email stfd@staplestaranaki.co.nz
R Gordon, DIP AG, DIP VFM, ANZIV, AREINZ, MNZFM, FAMINZ

HUTCHINS & DICK LIMITED
PROPERTY CONSULTANTS & VALUERS
59 Vivan Street, New Plymouth.
PO Box 321, New Plymouth.
Phone (06) 757 5080
Facsimile (06) 757 8420
Email info@hutchinsdick.co.nz
Also offices at: 121 Princes Street, Hawera.
Broadway, Stratford.
Frank L Hutchins, DIP URB VAL, SNZPI
A Maxwell Dick, DIP VFM, DIP AGR, SNZPI MZNIPIM
Mark A Muir V P URB, SNZPI
Craig W Baxter BBS (VPM), DIP BS (RURAL)
Ron H Smith, F I FIRE E, QFSM, (IQP)
Merv R Hunger B APP SC (RURAL FM) DIP B S (URBAN), ANZPI
Plant and Machinery:
Mark A Muir SNZPI PLANT & EQUIPMENT

TELFERYOUNG (Taranaki) Limited
VALUERS PROPERTY ADVISORS
143 Powderham Street, New Plymouth.
PO Box 713, New Plymouth.
Phone (06) 757 5753
Facsimile (06) 758 9602
PublicTrust Office, High Street, Hawera.
Phone (06) 278 4051
Email
telferyoung@taranaki.telferyoung.com
J P Larmer DIP VFM, DIP AGR, FNZIV, FNZPI MZNIPIM, FAMINZ
P M Hinton, V P URB, DIP VPM, ANZIV, SNZPI
M A Myers, BBS (VPM), ANZIV
R M Malthus, DIP VFM, DIP AGR, V P URB, ANZIV, SNZPI
D N Harrop, BBS, ANZIV, MZNIPIM, SNZPI

WANGANUI

BYCROFT PETHERICK LTD
REGISTERED VALUERS & ENGINEERS, ARBITRATORS & PROPERTY MANAGEMENT CONSULTANTS
86 Victoria Avenue, Wanganui.
Phone (06) 345 3959
Facsimile (06) 345 9295
Waikanae Office:
26 Major Durie Place.
Phone (04) 293 2304
Facsimile (04 293 4308
Email bypeth@clear.net.nz
Laurie B Petherick, B E, ANZIV, SNZPI
Derek J Gadsby, BBS, ANZIV
Robert *S Spooner,* BBS, ANZIV, SNZPI

GOUDIE & ASSOCIATES
REGISTERED VALUERS, PROPERTY CONSULTANTS
20 Bell Street, PO Box 156, Wanganui.
Phone (06) 345 7815
Facsimile (06) 347 9665
Email russgoudie@xtra.co.nz
Russ Goudie, DIP VFM, AGRIC, SNZPI

MORGANS PROPERTY ADVISORS
REGISTERED VALUERS, PROPERTY ANALYSTS & MANAGERS
Level 1, State Insurance Building, 67-71 Rangitikei Street, Palmerston North.
PO Box 281, Palmerston North.
Phone 0800 VALUER or (06) 358 0447
Facsimile (06) 350 3718
Email morganval.pn@clear.net.nz
Paul van *Velthooven,* BA, BCOM, SNZPI
mob 021 360 257
Andrew Walshaw, DIP AG, DIP F MGT, DIP VFM, SNZPI
mob 021 224 0210
Jason Humphrey, B AG (VAL), NZPI
mob 025 977 323

PALMERSTON NORTH

BLACKMORE & ASSOCIATES LTD
PROPERTY VALUERS - CONSULTANTS - MANAGERS
Level 1, Cnr 617 Main Street & Victoria Avenue, Palmerston North.
PO Box 259, Palmerston North. DX PP80055
Phone (06) 357 2700
Facsimile (06) 357 1799
Email [name] @blackmores.co.nz
G j Blackmore, FNZIV
H G Thompson, ANZIV, AREINZ, SNZPI
B D Mainwaring, ANZIV, AVLE
B D Lavender, BCOM (VPM), ANZIV, AREINZ, SNZPI
P J Loveridge, BAG COM, ANZIV, SNZPI

HOBSON WHITE VALUATIONS LTD
REGISTERED VALUERS, PROPERTY MANAGER, ARBITRATORS
Level 1, Unit 7, Northcote Office Park, 94 Grey Street, Palmerston North.
Phone (06) 356 1242
Facsimile (06) 3561386
Brian E White, FNZIV, FAMINZ, FNZPI
Neil H Hobson, ANZIV, MZNIPIM, SNZPI
Martin A Firth, B AGR (VAL), ANZIV

KNIGHT FRANK
VALUATION, PROPERTY CONSULTANCY
115 Princess Street, Palmerston North.
PO Box 1441, Palmerston North.
Phone (06) 357 3243
Facsimile (06) 356 5560
Email knightfrank@xtra.co.nz
Christopher Hawkey - mobile 025 417 292
Stephen Bird mobile 025 788 796

LINCOLN G CHARLES & ASSOCIATES
REGISTERED PUBLIC VALUER, PROJECT MANAGERS & CONSULTANTS
Finance House, 178 Broadway Avenue, PO Box 1594, Palmerston North.
Phone (06) 354 8443
Facsimile (06) 355 2005
Lincoln Charles, SNZPI

FIELDING

MORGANS PROPERTY ADVISORS
REGISTERED VALUERS, AGRICULTURAL CONSULTANCY SERVICES
NZ Post Building, PO Box 315, Feilding.
Phone 0800 VALUER or (06) 323 1455
Facsimile (06) 323 1447
Email morganval.fldg@clear.net.nz
Ian Shipman, B AG SC, NZIPIM, SNZPI, mob 025 933 486
David *Roxburgh,* SNZPI, mob 025 536 111

LEVIN

ATTWELL VALUERS
REGISTERED VALUERS & PROPERTY CONSULTANTS
279 Oxford Street, PO Box 506, Levin.
Phone (06) 367 9855
Facsimile (06) 368 8496
Mobile 025 454 142
Email sattwell@xtra.co.nz
Steve Attwell, BBS (VPM), ANZIV, SNZPI

WAIRARAPA

WAIRARAPA PROPERTY CONSULTANTS LTD
REGISTERED VALUERS & REGISTERED FARM MANAGEMENT CONSULTANTS
28 Perry Street, Masterton.
PO Box 586, Masterton.
Phone (06) 378 6672
Facsimile (06) 378 8050
Email wpc@xtra.co.nz
D B Todd, DIP VFM, FNZIV, MZNIPIM
P J Guscott, DIP VFM, ANZIV
M Clinton-Baker, DIP VFM, ANZIV, ANZPI T
D White, BCOM (VPM), ANZPI
T M *Pearce,* BBS, ANZIV, AREINZ

WELLINGTON

CB RICHARD ELLIS LIMITED
INTERNATIONAL PROPERTY CONSULTANTS & REGISTERED VALUERS
Level 12, ASB Tower, 2 Hunter Street, Wellington.
PO Box 5053, Wellington.
Phone (04) 499 8899
Agency
Facsimile (04) 499 8889
Valuation
Facsimile (04) 474 9829
William D Bunt, SNZPI
Paul *Butchers,* BBS, SNZPI
Philip W Senior; SNZPI
Sarah Hawkins, BBS, SNZPI
John Stanley, DIP VPM, FNZPI
Plant & Machinery Valuers:
John *Freeman*, SNZPI, TECH. RICS, MA COST E
Research: *Megan* Bibby, SNZPI

DAVID SIMPSON VALUATIONS LIMITED
VALUATION & PROPERTY CONSULTANCY
100 Brougham Street, Wellington.
P 0 Box 9006, Wellington.
Phone (04) 384 5769
Facsimile (04) 382 9399
Email
dave@da-,ridsimpsonvaluations.co.nz
David M Simpson, VAL PROF (URBAN), ANZIV, SNZPI

DTZ DARROCH
CONSULTANTS & VALUERS IN PROPERTY, PLANT & EQUIPMENT, RESEARCH
291 Willis Street, Wellington.
PO Box 27-133, Wellington.
Phone (04) 384 5747
Facsimile (04) 384 2446
Email wgtn@dtz.co.nz
F Berry, BCOM (VPM), ANZPI
M J Bevin, BPA, ANZIV, SNZPI
D Chisnall, BBS (VPM), ANZPI
M A *Horsley,* VAL PROF (URB), ANZIV, SNZPI
R F Fowler FNZIV, FNZPI
CW Nyberg, VAL PROF (URB), FNZIV, FNZPI
A G Stewart, BCOM, DIP URB VAL, FNZPI, FNZIV A C I ARB
T M Truebridge, B AGR (VAL), ANZIV, SNZPI
A P Washington, BCOM (VPM), ANZIV, SZNPI
Research:
D M *Beecroft,* BBS (VPM)
I E Mitchell, M B S (PROP STUDIES), BAG SCI, DIP BUS ADM1N
Business Tourism:
N R Lockhart, BCOM (VPM), PG DIP COM, MNZPI
Plant and Equipment:
E A *Forbes,* DIP QS, SNZPI

G T FOSTER & ASSOCIATES
REGISTERED PUBLIC VALUERS & PROPERTY CONSULTANTS
PO Box 57-085, Mana, Wellington.
Phone (04) 237 0053
Facsimile (04) 237 0054
Mobile (025) 846 548
Graeme Foster, FNZIV, AREINZ

JONES LANG LASALLE LIMITED
VALUATION, CORPORATE REAL ESTATE SERVICES, RESEARCH & CONSULTANCY
Level 14, ASB Bank Tower, 2 Hunter Street, Wellington.
PO Box 10-343, Wellington.
Phone (04) 499 1666
Facsimile (04) 473 3300
Email tim.lmont@ap.joneslanglasalle.com
T F Lamont, BBS (VPM) ANZIV, SNZPI, AREINZ

KNIGHT FRANK (NZ) LIMITED
REGISTERED VALUERS, PROPERTY CONSULTANTS & REAL ESTATE AGENTS
Level 1, 23 Waring Taylor Street, Wellington.
PO Box 1545, Wellington.
Phone (04) 472 3529
Facsimile (04) 472 0713
Email independent@knightfrank.co.nz
Wellington@knightfrank.co.nz
C Orchard, ANZIV, SNZPI

LINDSAY WEBB VALUATIONS
HUTT VALLEY SPECIALISTS
131 Queens Drive, Lower Hutt
Phone (04) 569 2095
Facsimile (04) 569 9280
Alan Webb, SNZPI
Bill *Lindsay,* SNZPI

NATHAN STOKES GILLANDERS
REGISTERED VALUERS, ARBITRATORS & PROPERTY CONSULTANTS
276-278 Lambton Quay, Wellington. PO Box 10329, The Terrace, Wellington.
Phone (04) 472 9319
Facsimile (04) 472 9310
Stephen M Stokes, ANZIV
Malcolm S Gillanders, BCOM, ANZIV, SNZPI
Frits Stigter ANZ1V, FNZPI

Branch offices at:
60 Queens Drive, Lower Hutt.
PO Box 30260, Lower Hutt.
Phone (04) 570 0704
Facsimile (04) 566 5384
12 Waiheke Street, Kapiti.
Phone (04) 297 2927 Mobile 021 431 854

ROLLE HILLIER PARKER LIMITED

INTERNATIONAL PROPERTY AND PLANT & MACHINERY VALUERS AND PROPERTY CONSULTANTS

Level 12, NZI House, 25-33 Victoria Street, Wellington.
PO Box 384, Wellington.
Phone (04) 914 2800
Facsimile (04) 914 2829
Email rolle@wlg.rolle.co.nz

W H Doherty, ANZIV, AREINZ, SNZPI
A D Sunderland, BCOM (VPM), ANZIV, SNZPI
V L E *McCarty,* BBS (VPM)
S J Wilson, ANZIV, SNZPI, AREINZ *S* V J Knight, BBS (HONS) (VPM), ANZPI C Y Chan, BBS, MBA, ANZPI
NJ Fenwick, BBS (VPM), ANZPI
L J Nelson, BCOM (VPM), ANZPI
V A Hutcheson, BCOM (VPM)
R L McKenzie, BBS (VPM)

Plant and Machinery Valuers:
A J Pratt, SNZPI
D Smith, FNZPI, MSAA
R L Slater MNZPI

Kapiti Office:
Unit 1, 180 Kapiti Road, Paraparaumu.
Phone (04) 902 *7655*
Facsimile (04) 902 7666

C j Dentice, B C A, DIP URB VAL, ANZIV, SNZPI
B F Grant, BBS (VPM), SNZPI

SELLARS VALUATION LTD

INDEPENDENT VALUER

Level 3, 117 Customhouse Quay, Wellington.
PO Box 205, Wellington.
Phone (04) 385 7267
Facsimile (04) 499 6006
Mobile 025 248 3322
Email msellars@voyager.co.nz

Michael Sellars, REG VALUER, FNZIV, FNZPI

TELFERYOUNG (WELLINGTON) LTD

VALUERS PROPERTY ADVISORS

85 The Terrace, Wellington.
PO Box 2871, Wellington. DX SP 23523.
Phone (04) 472 3683
Facsimile (04) 478 1635
Email
telferyoung@wellington. telferyoung. com

C j Barnsley, BCOM (VPM), ANZIV, SNZPI
A J Brady MBA, FNZIV, FNZPI
A L McAlister, LNZIV, LNZPI
G R MacLeod, BBS (VPM), ANZPI M J Veale, BCOM (VPM), ANZIV, SNZPI G Kirkcaldie, FNZIV, FNZPI

THE PROPERTY GROUP LIMITED

NATIONWIDE CORPORATE PROPERTY ADVISORS & NEGOTIATORS SPECIALISING IN PUBLIC LAND & INFRASTRUCTURAL ASSETS, 11 OFFICES NATIONWIDE

Level 8, The Todd Building, Cnr Brandon St&
Lambton Quay, PO Box 2874, Wellington.
Phone (04) 470 6105
Facsimile (04) 470 6101

Contact: *Peter* Sampson, Operations Director
Phone (06) 834 1232
Facsimile (06) 834 4213

TSE WALL ARLIDGE LIMITED

REGISTERED VALUERS & PROPERTY CONSULTANTS

9 Taranaki Street, Wellington. PO Box 9447, Te Aro, Wellington.
Phone (04) 385 0096
Facsimile (04) 384 5065

Richard S Arlidge, ANZIV, SNZPI
Ken Tonks, ANZIV, SNZPI
Dale S Wall, ANZIV, SNZPI
Jeremy Simpson, BBS, ANZPI
Tim Stokes, BBS
Michael Atkins, I ENG, DIP QA, REG P & M VALUER, ANZIM, SNZPI

WARWICK J TILLER & COMPANY LIMITED

REAL ESTATE INVESTMENT CONSULTANTS & REGISTERED VALUERS

Level 17, Morrison Kent House, 105 The Terrace, Wellington.
PO Box 10 473, The Terrace, Wellington.
Phone(04)4711666
Facsimile (04) 472 2666
Email anne@wick-tiller.co.nz
Web wwwwarwick-tiller.co.nz

Warwick J Tiller VAL PROF URB, ANZIV, SNZPI
Nicola R Bilbrough, BCOM (VPM), ANZIV, SNZPI
Stephen G B Fitzgerald, B AGR VAL, ANZIV
Jason C Lochead, BBS (VPM), ANZIV
Jerome H A *McKeefry,* BBS (VPM), DIP BUS (FIN), ANPZI
Kevin M Allan, VAL PROP URB, FNZIV, FNZPI
Christopher S Orchard, VAL PROF URB, ANZIV, SNZPI

NELSON/MARLBOROUGH

ALEXANDER HAYWARD LTD

REGISTERED VALUERS, PROPERTY INVESTMENT DEVELOPMENT & MANAGEMENT CONSULTANTS

Level 1, Richmond House, 8 Queen Street, Blenheim.
PO Box 768, Blenheim.
Phone (03) 578 9776
Facsimile (03) 578 2806

A C (Lex) Hayward, DIP VFM, ANZIV, SNZPI, AAMINZ
David J *Stark*, BAG COM, ANZIV, SNZPI
J F Sampson, ANZIV, SNZPI
Bridget Steele, BBS, ANZIV, SNZPI

DUKE & COOKE LTD

VALUATION AND PROPERTY SPECIALISTS
FARM MANAGEMENT CONSULTANTS

42 Halifax Street, Nelson.
Phone (03) 548 9104
Facsimile (03) 546 8668
Email admin@ValuersNelson.co.nz

Peter M Noonan, ANZIV, SNZPI
Murray W Lauchlan, ANZIV, AREINZ, SNZPI
Dick Bennison, B AG COM, DIP AG, ANZIV, SNZPI, MZNIPIM
Barry A Rowe, BCOM (VPM), ANZIV, SNZPI
Kim D Bowie, B AG COM, ANZIV, SNZPI
Plant and Machinery Valuer:
Frederick W Gear, SNZPI

Motueka Office:
29 Wallace Street, Motueka.
Phone (03) 528 6123
Facsimile (03) 528 8762

TELFERYOUNG (NELSON) LTD

VALUERS PROPERTY ADVISORS

52 Halifax Street, Nelson.
PO Box 621, Nelson.
Phone (03) 546 9600
Facsimile (03) 546 9186
Email valuer@nelson.telferyoung.com

Tony Gowans, V P (URBAN), FNZIV, FNZPI
Ian McKeage, BCOM (VPM), ANZIV, SNZPI
Rod Baxendine, DIP AG, DIP FM, DIP VPM, ANZIV, SNZPI
Kevin O'Neil, BCOM (VPM)

HADLEY AND LYALL LTD

REGISTERED VALUERS & PROPERTY CONSULTANTS URBAN & RURAL PROPERTY ADVISORS

Appraisal House, 28 George Street, Blenheim.
PO Box 65, Blenheim.
Phone (03) 578 0474
Facsimile (03) 578 2599

J H *Curry,* DIP AG, DIP VFM, VPU, ANZIV, SNZPI
F W Oxenham, VPU, ANZIV, SNZPI

CANTER C3tJRY/WESTLAND

BENNETT ROLLE LTD
REGISTERED VALUERS, PROPERTY CONSULTANTS
118 Victoria Street, Christchurch.
PO Box 356, Christchurch.
Phone (03) 365 4866
Facsimile (03) 365 4867

P JOHN GILCHRIST
194 High Street, PO Box 184, Rangiora.
Phone (03) 313 8022
Facsimile (03) 313 8080
Email ctre@xtra.co.nz
P John Gilchrist, VFM, ANZIV, SNZPI, AREINZ, REG VALUER (principal *Coates* Turnbull *Real* Estate Ltd)

MANNINGS CANTERBURY VALUATIONS
REGISTERED PUBLIC VALUER AND PROPERTY CONSULTANT
67 Worchester Boulevard, Christchurch.
5 Good Street, Rangiora.
PO Box 989, Christchurch.
Phone (025) 240 7808 or (03) 313 1045 a/h
Facsimile (03) 313 3702 or (03) 313 1046
Email david.manning@xtra.co.nz
David L Manning, DIP VFM, ANZIV, SNZPI, VAL PROF URBAN, MNZIIM, MPMI (REG)

CB RICHARD ELLIS LIMITED
VALUERS, INTERNATIONAL PROPERTY CONSULTANTS & MANAGERS, LICENCED REAL ESTATE AGENTS
Level 10, Price Waterhouse Centre, 119 Armagh Street, Christchurch.
PO Box 13 643, Christchurch.
Phone (03) 374 9889
Facsimile (03) 374 9884
R W Gibbons, DIP VAL, ANZIV *D J Barrett,* BCOM (VPM)
NJ Butler BCOM (MRM) (HONS), PG, DIP COM, SNZPI

COAST VALUATIONS LTD
REGISTERED VALUERS & PROPERTY CONSULTANTS
100 Tainui Street, Greymouth.
PO Box 238, Greymouth.
Phone (03) 768 0397
Facsimile (03) 768 7397
Email coastval@xtra.co.nz
Brian J Blackman, DIP URB VAL, ANZIV, SNZPI
Peter J Hines, BCOM (VPM), ANZIV, SNZPI
Associates:
Wit Alexander DIP VFM, ANZIV
Rod Thornton, BCOM (VPM)

DTZ DARROCH
CONSULTANTS &VALUERS IN PROPERTY, PLANT & EQUIPMENT, RESEARCH
Level 4, ASB Building, 143 Armagh Street, Christchurch.
PO Box 13 633, Christchurch.
Phone (03) 365 7713
Facsimile (03) 365 0445
Email chch@darroch.co.nz
C C Barraclough, BCOM, FNZIV, FNZPI
M R Cummings, DIP URB VAL, ANZIV
M L Stratford, BCOM (VPM), ANZPI
Research:
D M Beecroft, BBS (VPM)
I E Mitchell, M B S (PROP STUDIES), B AG SCI, DIP BUS ADMIN
Plant and Equipment:
B J Roberts, SNZPI

FORD BAKER VALUATION LTD
REGISTERED VALUERS & PROPERTY CONSULTANTS
424 Moorhouse Avenue, Christchurch.
PO Box 43, Christchurch.
Phone (03) 379 7830
Facsimile (03) 366 6520
Email fordbaker@fordbaker.co.nz
Web www.fordbaker.co.nz
Errol Saunders, FNZPI
John Radovonich, SNZPI
Richard Chapman, SNZPI
Simon *Newberry*, SNZPI
Terry Naylor SNZPI
Plant and Equipment:
Richard Chapman, SNZPI

FRIGHT AUBREY LIMITED
REGISTERED VALUERS & PROPERTY CONSULTANTS
764 Colombo Street, Christchurch.
PO Box 966, Christchurch.
Phone (03) 379 1438
Facsimile (03) 379 1489
Email 1st name + 1st letter of surname @fright- aubrey.co.nz
Raymond H Fright, FNZIV, FNZPI
Graeme B Jarvis, ANZIV, SNZPI
Gary R Sellars, FNZIV, FNZPI
David W Harris, ANZIV, SNZPI
WO (Bill) Harrington, FNZIV, FNZPI, MZNIPIM
Plant & Machinery Valuer:
Michael J Austin, IPENZ, REA (P & M)

KNIGHT FRANK (NZ) LIMITED
REGISTERED VALUERS, PROPERTY CONSULTANTS & REAL ESTATE AGENTS
Level 4 Knight Frank House, Cnr Cashel Mall &
Oxford Terrace, Christchurch.
PO Box 142, Christchurch.
Phone (03) 379 9787
Facsimile (03) 379 8440
Email: Lance.Collings@knightfrank.co.nz L
0 Collings, BBS, ANZIV, AREINZ, SNZPI

PLANT & MACHINERY VALUERS
REGISTERED PLANT AND MACHINERY VALUERS - CHATTEL VALUERS
PO Box 5573, Papanui, Christchurch.
Phone (03) 354 5200
Facsimile (03) 354 5100
Email info@plantvaluers.co.nz
Web wwwplantvaluers.co.nz
Kees Ouwehand, ING (MAR ENG), SNZPI

SIMES VALUATION
REGISTERED PUBLIC VALUERS
Level 1, 227 Cambridge Terrace, Christchurch.
PO Box 13 341, Christchurch.
Phone (03) 377 1460
Facsimile (03) 366 2972
Email simes@simes.co.nz
Peter J Cook, VAL PROF (URB), FNZIV, FREINZ, FNZPI
William Blake, VAL PROF (URB), ANZIV, SNZPI
Mark McSkimming, BCOM (VPM), ANZIV, SNZPI
Andrew McSkimming
Roger E Hallinan, FNZIV, FNZPI, (URB)
Alan J Stewart, FNZIV, FNZPI (RURAL & URBAN)
Fiona M Stewart, BPROP, SNZPI, REG VALUER

TELFERYOUNG (CANTERBURY) LTD
VALUERS
PROPERTY ADVISORS
17 Washington Way, Sydenham, Christchurch.
PO Box 2532, Christchurch.
Phone (03) 379 7960
Facsimile (03) 379 4325
Email telferyoung@canterbury.telferyoung.com
Ian R Telfer, FNZIV, AREINZ, FNZPI
Roger A Johnston, ANZIV
Chris N Stanley, M PROP STUD (DISTN) ANZIV, SNZPI
John A Ryan, ANZIV, AAPI, SNZPI
Mark A Beatson, BCOM (VPM), ANZIV, SNZPI Mark Dunbar BCOM (VPM), ANZIV, AREINZ, SNZPI John C Tappenden, ANZIV, SNZPI
Victoria Sprenger BCOM (VPM), SNZPI

SOUTH & MID CANTERBURY

REID & WILSON REGISTERED VALUERS
167-169 Stafford Street, Timaru.
PO Box 38, Timaru.
Phone (03) 688 4084
Facsimile (03) 684 3592
R B Wilson, ANZIV, FREINZ
S W G Binnie, ANZIV, SNZPI
R R Potts, BCOM (VPM), SNZPI

OTAGO

CAIRNS AND ASSOCIATES Ltd MREINZ
A Member of the Knight Frank Group
VALUATION, CORPORATE REAL ESTATE SERVICES, PROPERTY MANAGEMENT, RESEARCH & CONSULTANCY.
PO Box 5744, Dunedin.
Phone (09) 474 0571
Facsimile (09) 477 5162
Email cairnsassoc@clear.net.nz
Director: *Stephen G Cairns,* BCOM (VPM), DIP GRAD (OTAGO UNIVERSITY), AREINZ, SNZPI

DTZ DARROCH
CONSULTANTS & VALUERS IN PROPERTY, PLANT & EQUIPMENT, RESEARCH
WestpacTrust Building, 106 George Street, Dunedin.
PO Box 5411, Dunedin.
Phone (03) 479 2233
Facsimile (03) 479 2211
Email dune@dtz.co.nz
A G Chapman, VAL PROF (URB), ANZIV, SNZPI
J Dunckley, VAL PROF (URB), B AGR COM, FNZIV
M S Gray, BCOM, C A, BCOM (VPM), ANZIV, SNZPI
T J Croot, VAL PROF (URB), FNZIV
Research:
D M Beecroft, BBS (VPM)
I E Mitchell, MBS (PROP STUDIES), B AG SCI, DIP BUS ADMIN
Plant and Equipment:
B J Roberts, SNZPI

MACPHERSON VALUATION LIMITED
REGISTERED VALUERS (URBAN AND RURAL), AND PROPERTY CONSULTANTS
National Mutual Building, Level 5,10 George Street, Dunedin.
PO Box 497, Dunedin.
Phone (03) 477 5796
Facsimile (03) 477 2512
Email macval@mvl.co.nz
Directors: *John Fletcher,* FNZIV, AREINZ, FNZPI
Jeff Orchiston, ANZIV, MNZIAS, DIP (VFM) SNZPI
Tim Dick, BCOM (VPM), ANZIV, SNZPI
Darren Bezett, BCOM (VPM), ANZPI

MOORE AND ASSOCIATES
REGISTERED VALUERS & PRIMARY INDUSTRY MANAGEMENT CONSULTANTS
16 Brandon Street, Alexandra.
PO Box 247, Alexandra.
Phone (03) 448 7763
Facsimile (03) 448 9531
Email mfmoore@xtra.co.nz
Queenstown Office:
PO Box 717, Queenstown
Phone (03) 442 9079
Facsimile. (03) 442 5179
Malcom F Moore, DIP AG, DIP VFM, V P URBAN, ANZIV, MZNIPIM (REG), SNZPI

SOUTHLAND

LAND INFORMATION SERVICES
SUPPLIERS OF LANDONLINE TITLE & SPATIAL INFORMATION, LINZ
ACCREDITED SUPPLIERS, LAND TITLE & STATUS INVESTIGATIONS
69 Deveron Street, PO Box 516, Invercargill.
Phone (03) 214 4307
Facsimile (03) 214 4308
Email landinfo@paradise.co.nz
Tony McGowan, MNZPI

LOCATIONS VALUATION QUEENSTOWN LIMITED
REGISTERED PUBLIC VALUERS AND PROPERTY CONSULTANTS
Level 3, O'Connells Pavilion, Camp Street, Queenstown.
PO Box 717, Queenstown.
Phone (03) 442 9079
Facsimile (03) 442 5179
Malcolm F Moore, DIP AG, DIP VFM, V P URBAN, ANZIV, MNZIPIM (REG), SNZPI

MACPHERSON VALUATION QUEENSTOWN LTD
REGISTERED VALUERS AND PROPERTY CONSULTANTS
Level 1, 39 Shotover Street, Queenstown.
PO Box 416, Queenstown.
Phone (03) 442 5858
Facsimile (03) 442 6358
Email macval@macproperty.com
Alistair W Wood, BCOM (VPM), SNZPI
Kelvin R Collins, AREINZ, SNZPI
Rory J O'Donnell, BCOM (VPM), ANZPI
A Douglas Reid, BCOM (VPM), SNZPI
Ewan C Camerson, BCOM (VPM), ANZPI

TREVOR THAYER VALUATIONS
REGISTERED VALUERS AND PROPERTY ADVISORS
First floor, 82 Don Street, PO Box 370, Invercargill.
Phone (03) 218 4299
Facsimile (03) 218 4121
Email ttval@southnet.co.nz
Trevor G Thayer, BCOM VPM, ANZIV, SNZPI
Robert G Todd, BCOM VPM, ANZPI

QUEENSTOWN PROPERTY LTD
REGISTERED VALUERS AND PROPERTY CONSULTANTS
O'Connells Centre, Queenstown.
PO Box 583, Queenstown.
Phone (03) 442 9758
Facsimile (03) 442 9714
PO Box 104, Wanaka. Phone (03) 443 7461
Email dave@queenstownproperty.com
Web www queenstownpropertycom
Dave B Fea, BCOM (AG), ANZIV, SNZPI

ROBERTSON VALUATIONS
REGISTERED VALUERS & PROPERTY CONSULTANTS
Level 1, Bayleys Chamber, 50 Stanley Street, Queenstown.
PO Box 591, Queenstown.
Phone (03) 442 7763
Facsimile (03) 442 7863
Email rob.prop@xtra.co.nz
Barry J P Robertson, FNZIV, AREINZ, FNZPI

Notes

Notes

Notes

Produced by

<<agm

professional *publishing for professionals*