

March 2010

TEN YEARS OF VALUED LEADERSHIP

It's ten years since leading valuation and property advisory professionals across New Zealand came together to create TelferYoung.

It's been a great decade during which our business has doubled in size. That is due to the high standard of skill, service and local market knowledge our people offer to the clients we work with.

Our priority now is to ensure we keep the high standards of professionalism and service as we continue to grow. That's why we are improving the connections between our nine offices, ranging from Northland through to Canterbury, so that each office can draw on the impressive range of specialist skills, expertise and experience to offer we have within our national team. Our new head office in Wellington will be responsible for national market analysis, and making sure we deliver a consistent standard of communication and service right across the country.

This will help us add an extra national dimension to the strong connections and local market knowledge of each of our regional offices.

We live in interesting times, and for everyone in the property business, there is a great need for quality information on what is happening in the market. That's what TelferYoung provides - and we're looking forward to keeping you up-to-date as the value of New Zealand property shifts in relation to local, national and international economic events.

QUEENSTOWN - A DYNAMIC PROPERTY MARKET



Yes - we all know Queenstown is a dynamic holiday location with plenty of adrenalin rush activities on offer. The qualities that make it a dynamic place to holiday, also make it a dynamic property market.

As a premium Australasian tourism destination, Queenstown feels the highs and lows of national and international economic events more quickly than New Zealand's main metropolitan areas, says Chris Stanley of TelferYoung's Canterbury office. "Queenstown's property values react quickly to changes in both the domestic and global economies, so it has a more pronounced

"boom-bust" cycle than major New Zealand cities. But its unique location and national and international standing as a destination means a positive medium to long-term outlook for property in the greater Queenstown area."

Chris says Queenstown is currently suffering from an over supply in most property sectors but particularly in apartments, tourist accommodation and office space.

"The market for higher valued residential properties is subdued but there is good demand for lower priced property suitable for first home owners, and for premium properties. There has been a substantial fall in section values and a significant reduction in sales volumes. The apartment market has also gone through a price correction as well as a significant reduction in sales volumes, although there have been a number of mortgagee sales."

There has been a substantial increase in commercial development in Queenstown over the last two years creating a significant increase in supply of retail and office accommodation. "Office rentals, and to a lesser extent retail rentals have eased as a result," Chris says. "But investor demand for good quality investment property remains strong."

If you'd like more information on the Queenstown market, give Chris a call on 027 293 3279.

LEAKY HOMES - A MONOLITHIC STIGMA

Leaky homes remain a concern to many of our clients. Evan Gamby of TelferYoung has researched the approaches required to quantify the loss in value associated with leaky monolithic cladding systems. It's a complex subject, which includes needing to address the potential outcomes that may arise through the process of remediation including claims pursued through the Weathertight Homes Resolution Dispute Tribunal and the High Court.

Our research has considered the impact on the valuation process of the 'inherent stigma' associated with all monolithic cladding systems whether or not they leak.

Stigma with respect to leaky building syndrome is a term valuers used to describe "a loss in value - that cannot be accurately quantified but is known to exist and may change over time".

If you would like to learn more about this topic, go to our website: www.telferyoung.com

EMAILING US JUST GOT EASIER

A small change, but a good one! From 15 March our email addresses will change. You no longer will have to type in the office location of the person you are emailing. So if you want to mail Ian McKeage in Nelson, for example, you no longer have to type in ian.mckeage@nelson.telferyoung.com Just email him at ian.mckeage@telferyoung.com



THE OUTLOOK FOR NORTHLAND



From time to time we like to ‘fill out the picture’ we get from the formal research we do, by talking to some Northlanders about how they think our region is going. Recently we sought the opinions of some of our local leading businesspeople on the strengths, weaknesses, opportunities and threats for our province as we look to the future.

Our participants included:

Greg Guy: Greg is the head of one of Whangarei’s large construction firms. He has many business and social interests in this city.

Mark Gatland: Mark has been CEO of Northpower since 1998. Northpower employ 930 people in New Zealand and 115 people in Western Australia, allowing Mark a trans-Tasman perspective on our region.

Denis Anderson: Denis is the local Federated Farmers chairman, and in touch with the concerns of a key sector of our regional economy.

Wayne Hill: Wayne is managing director of Hill Construction Ltd. A former Whangarei District Councillor, he has been involved with many development projects within the city.

So what did our community leaders’ SWOT analysis of the region reveal? We’ve summarised some of the common points that emerged from their thinking.

NORTHLAND’S STRENGTHS:

- + People - entrepreneurial, hardworking and capable
- + Climate - warm with good natural amenities
- + Resources - farming, forestry, horticulture, tourism, boat building, refinery, cement works and others
- + Quality lifestyle area with ready access to beaches and harbours
- + Tourism, already a large contributor but with considerable potential
- + Abundant water in normal times
- + Diversity of resources
- + Proximity to Auckland

WEAKNESSES:

- + Roading - State Highway and internal roading, together with other key infrastructure
- + Unemployment - and the perception that unemployment is high
- + Lack of confidence in many to promote themselves and/or their businesses
- + Negativity in the media in recording events in Northland
- + Crime - again, negatively accentuated by the media
- + Lack of skilled labour in many areas
- + Lack of investment capital to promote businesses
- + Lack of high-level management skills in some areas
- + Poor perception of Northland outside our region

- + Apathy (although we perceive this has not been solely a Northland trait)
- + Lack of good leadership and limited vision
- + Perceived low incomes in the region
- + Lack of pride in some areas and poor presentation of our towns and city

OPPORTUNITIES:

- + Great opportunity to develop a “Northland” brand and promote our attributes
- + Scope for tourism to make more of our natural resources
- + Promote Northland as a workplace and also as a retirement destination
- + Develop Whangarei and its assets and promote/develop it as the “Gateway to Northland”
- + Opportunity to diversify Northland’s exports

THREATS:

- + Bureaucracy and escalating compliance costs
- + Risk of rising property values inhibiting growth
- + Excessive local body lessor land holdings stifling progress
- + Green lobby and other outside pressure groups inhibiting the progress of our province
- + The influence of short term special interest groups inhibiting development
- + Procrastination in selling Whangarei and Northland as a premium tourist and residential destination
- + Apathy in leadership
- + Northland is seen externally as an “add-on” to Auckland, this negative sentiment held by people outside Northland is a problem that must be overcome
- + Continued negative media sentiment towards Northland,
- + Crime and violence in various areas diminishes the appeal and desirability as a tourist destination.

We appreciated hearing from these good parochial Northlanders, and being reminded of the many positives there are in our region and the many opportunities available. We often find when we are discussing our province with people further south who have never visited our region, that they are surprised to hear what Northland has to offer. We’re in favour of Northland promoting itself and our participants reminded us that as a region we have plenty of reasons to stand up and tell the world just how good it is up here!



REGULAR UPDATES

If this is the first time you have received our newsletter, and you would like to be on our distribution list, please email northland@telferyoung.com

