

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](http://www.telferyoung.com)

## EMAILING US JUST GOT EASIER

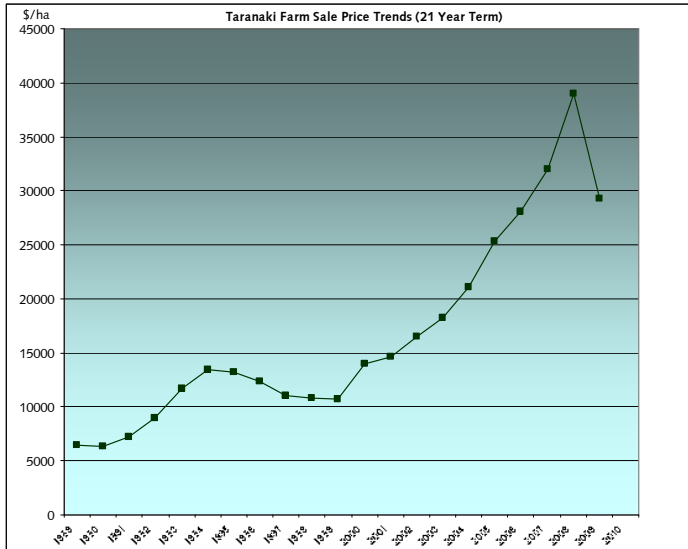
A small change, but a good one! From 15 March our email addresses will change. You no longer will have to type in the office location of the person you are emailing. So if you want to mail Ian McKeage in Nelson, for example, you no longer have to type in [ian.mckeage@nelson.telferyoung.com](mailto:ian.mckeage@nelson.telferyoung.com)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



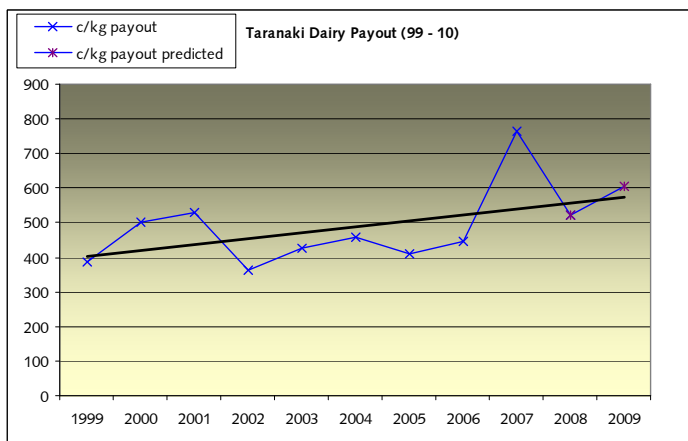
## WHAT'S HAPPENING IN THE TARANAKI MARKET

### ON THE FARM

For most of the last decade, the rural market in Taranaki was very strong. Since the peak of the market in mid-2008 however, there have been significant reductions in rural land values. Currently the market has effectively stalled. This is largely due to a reduced number of buyers. Uncertainty caused by economic fluctuations and tighter credit conditions mean fewer people are in the market for rural properties.

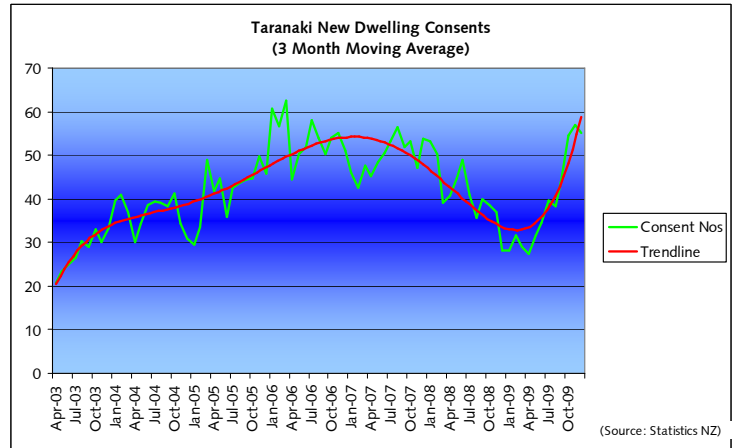


Adding to the uncertainty is the continued volatility of commodity prices. This, combined with the current strength of the New Zealand dollar, has resulted in fluctuating and uncertain farm revenue streams, as shown in the following graph of dairy payouts. Recent increases in commodity markets have resulted in Fonterra advising a better payout for the 2009/10 season. This may alleviate some of the short term financial pressures for dairy farmers. Volatility is likely to continue in the short to medium term outlook.



Understanding the reasons for these trends, and interpreting them, will provide a challenging environment for all involved in the rural property market throughout 2010.

### ON THE STREET



Despite changing market conditions over the last few years, sale volumes of more expensive housing in New Plymouth continue more or less unchanged. This, recent increases in new dwelling consents, and a corresponding rise in section sale numbers suggests that the Taranaki housing market is currently reasonably healthy.

Listings are increasing as people come back into the market. This is giving buyers better choice and an opportunity to be more discerning.

	New Plymouth Residential Sale Volume	
	\$750,000 to \$1m	\$1m and over
2000	0	0
2001	0	1
2002	0	1
2003	1	5
2004	33	3
2005	21	8
2006	20	7
2007	33	9
2008	33	3
2009	30	6

### 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 [taranaki@telferyoung.com](mailto:taranaki@telferyoung.com)

