

March 2015

# MAORI HILL PROPERTY LIMITED

in association with Mitchell Mackersey Lawyers

## Comments from Ron Mackersey

With stable interest rates we have a new market norm. It was hard to imagine this position. Over the last 10 years interest rates tended to follow the ups and downs in the economy. New Zealand is in a particularly privileged position with low unemployment and low inflation. Overseas most economies are still in trouble. Our nearest neighbour, Australia is suffering from a major downturn in mineral prices.

Housing in New Zealand is too expensive but with immigration and returning Kiwis supply is insufficient and therefore prices are being driven up.

Commercial activity is stable with particular growth around the Christchurch rebuild. Farming is recovering with rainfall a major concern.

Commercial market today— Auckland is overheated. Christchurch is starting to see resistance to high rental for new properties. In Queenstown there has been a firming of cap rates, heading towards lack of commercial tenants for space becoming available. Elsewhere there are still some opportunities in places like Invercargill and Wellington.

*A small number of parcels are available in our most recent syndicates:*

*322 Manchester Street, Christchurch; and*

*Unit 9, Harvard Hub Business Park, Christchurch.*

*From time to time shares become available within existing syndicates. Should you be interested in receiving further information on the current syndicates above or information on shares in existing syndicates, please contact Omea Willows ([owillows@mitchellmackersey.co.nz](mailto:owillows@mitchellmackersey.co.nz)) or 021 331 742*

## Exciting New Wellington Waterfront Acquisition

Article from The Dominion Post 17/2/2015

## Investment group buys Trade Me's quirky home

THREE floors leased to Trade Me in the new One Market Lane development at the bottom of Taranaki St have been bought by a Queenstown-based private investment group for about \$17 million.

Lawyer Ron Mackersey said the group saw the new building with a quality tenant as an attractive buy in the current market.

Mackersey said the group had been involved in quite a bit of investment following the Christchurch earthquakes.

"There was a period of time when investors in Christchurch and Wellington were shell-shocked, and we saw an opportunity to secure property, although that window may have closed again.

"Yields in other key markets in New Zealand are currently firmer than Wellington."

The Trade Me property was newly built and 100 per cent of code, and had a good tenant, he said.

The \$50m One Market Lane office and residential building was developed by Willis Bond on the site of the former Rialto Cinema and Wellington markets building on the block bounded by Jervois Quay, Cable St and Taranaki St.

Trade Me has a nine-year lease on 3100 square metres of space on the third, fourth



**New landlord:** Trade Me head of communications Paul Ford in the company's offices, which feature a caravan, picnic rooms, three slides, arcade games and other elements designed to keep staff amused. Photo: ALEX LIU/FAIRFAX NZ

and fifth floors of the 12-level development.

The floors were put on the market last year, with an asking price of \$20m. Trade Me moved into the premises last June.

Quirky elements include three slides – one of which drops from the fifth floor to the third floor – a caravan, picnic rooms, arcade games, a pool table, a karaoke stage

and assorted bits of Kiwiana to entertain and amuse the company's 269 Wellington staff.

Trade Me has the usual rights of renewal beyond its initial nine-year lease. The annual net rental has not been disclosed.

The sale was brokered by Bill Leckie of Colliers International and Ryan Johnson of CBRE.

## GLENDA DRIVE WORK BY WINTER

(extract from Otago Daily Times 28/1/2015)

A road project costing millions of dollars and designed to alleviate congestion and improve safety near Queenstown has begun and is expected to be largely completed by winter.

The New Zealand Transport Agency (NZTA) yesterday announced it awarded this \$7.5 million contract.

On completion it will improve access from State Highway 6 to the Glenda Dr industrial area at Frankton and connect the future Eastern Access Rd (EAR) to the State Highway and Remarkables Park.

NZTA acting southern business unit manager Ian Duncan said the contract was jointly funded by the Queenstown Lakes District Council and the agency, along with a "significant contribution" from Porter Group, developers of Shotover Park.

The council contributed \$4.1 million to the cost of the roads within the development, which will contain Mitre 10 Mega, Pak'n Save and other businesses.

NZTA senior projects manager Phil Dowsett said on completion, Glenda Dr would become a "left-in only" road.

The project would include the widening of the State Highway between Glenda Dr and the new roundabout on State Highway 6, and between that roundabout and another one slightly further west, linking to Grant Rd, to service Queenstown Gateway's Five Mile development.

The work also included part of the EAR to another roundabout, connecting it with "Road Two", leading to Mitre 10 Mega and Pak'n Save and, ultimately, the existing Glenda Dr.

The four-lane State Highway 6 between that and Grant Rd will be completed later this year.

Porter Group chief executive Alastair Porter said it was "wonderful news" for Queenstown.

"The whole community is aware of the number of accidents there have been at this intersection, let alone congestion problems."

Mitre 10 Mega is under construction and expected to be open in Spring, while Pak'n Save hoped to begin construction mid-year.

Foodstuffs South Island property and retail development general manager Roger Davidson said construction details were still being worked through and a planned opening date would not be confirmed until building began.

***The Five Mile development is also in this area and is progressing well. The developer expects practical completion to be around September this year.***

## News from Dale Robertson's Desk

New Zealand's 'Goldilocks' economy is certainly showing positive signs across the portfolio.

- We have three tenant driven building expansions in Dunedin.
- The Christchurch rebuild has certainly gained a momentum of its own with new building being announced almost daily.
- Over the next two months we have four new buildings coming into the portfolio.

With the end of the financial year upon us we are now in the process of finalising cashflows for the 2016 tax year. Our next major task is the annual accounts and these should be with shareholders within the next 90 days.

### Team Member Profile

#### Andrea Edwards

Andrea joined the team in January 2008 on her return from 11 years in Sydney, where she worked in Public Relations.

Andrea is our Senior Property Manager working in the Dunedin office and is currently looking after a number of commercial properties throughout the country.

Email: [aedwards@mhpl.co.nz](mailto:aedwards@mhpl.co.nz)  
Mob: 021 470 025



Offices, shops for Christchurch CBD by November  
(extract from The Press 6/01/2015)

A BNZ retail store will occupy 477sqm on the eastern side of the complex, which will also include a public square. The bank had taken a lead role in tenancing the complex. Hunt estimated it was "the biggest private project in Christchurch . . . We've got 22,500sqm of lettable space plus 5000sqm of parking."

Cashel Square's second stage will include the Accident Compensation Corporation taking 3000sqm.

On the retail side other tenants included burger chain Wendy's and a clothing retailer. "It's nice to see Wendy's are going back into stage one in the original position that they were in."

The two main stages of the development will include a ground floor and three to four levels of office space plus one level of carparking.

"A significant part of stage one of the project is already visible from Hereford Street and Cashel Mall," Hunt said.

"The steel for stage two will be seen rising above the fence in coming months. We're confident BNZ Centre will be finished for Christmas 2016."

***In the same area our two new buildings Vodafone and Kathmandu are well under way. The redevelopment of the CBD is certainly taking shape.***

Maori Hill Property is a specialist commercial property management company. We take care of commercial property as if it is our own and on behalf of clients take on the challenges of all legal, local body, compliance and lease obligations as well as working to improve the value of the property.

#### Christchurch

47 Mandeville Street  
Riccarton  
PO Box 9159  
Tower Junction  
Christchurch 8149  
03 351 6971

Asset Manager Dale Robertson  
Property Manager Penny Byrne

#### Queenstown

102 1st Floor Aurum House  
1092 Frankton Road  
PO Box 2657 Frankton  
Queenstown 9349  
03 450 9540

Property Manager Sarah Norman

#### Dunedin

2 Clark Street  
PO Box 12001  
Dunedin 9043  
03 470 0356

Property Manager Andrea Edwards  
Project Manager Tim Mackersy