

State of our nation

Businesses in New Zealand need to be able to rely on a robust economy; then they need the skills to compete for clients and work, just like any other successful organisation. The difficulty is that since the Reserve Bank increased interest rates in 2007, property activity has been on the decline. Like most small businesses, Knight Coldicutt Limited has suffered the effects of the downturn.

The media bombards us with commentary on house prices going up and down, and investing in housing being a good idea and a bad idea. Confused? The bottom line is that there is not a more attractive alternative available to most New Zealanders than to purchase a house.

When we buy houses and they increase in value we feel good. Lots of construction activity has a positive economic impact and we feel great. Large-scale immigration puts pressure on the housing demand, prices increase and, again, we feel good. New Zealand has experienced none of this over the past five years and to exacerbate things, we hear about countries such as Greece and Italy being on the brink of economic disaster. While this might seem irrelevant to us, it still affects us.

Let's highlight the bright spots. We won the Rugby World Cup; we have a charismatic, positive Prime Minister; we are heading into another great Kiwi summer; and our national debt on a per-capita basis doesn't look all that bad relative to other countries. We are very much encouraged by low interest rates – when was the last time you could borrow funds at under 5% and yield an 8% to 9% return on commercial property?

There are a lot of positive indicators but New Zealanders lack the confidence to act, which slows us down. In reality, land and construction prices will never be cheaper so if we all start doing things such as buying property, not only would our businesses prosper but so would our economy.

We wish our clients, contacts, suppliers and everyone who has worked with us throughout 2011 a very Merry Christmas, the happiest of New Years, and a relaxing and enjoyable holiday season.

Kerry, Brett and Nick
Directors, Knight Coldicutt Limited

QUEEN'S LANE ARTIST IMPRESSION



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www.property.auckland.ac.nz | Contact Associate Professor Deborah Levy at d.levy@auckland.ac.nz



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On New Year's Day 2010, I announced to a property developer friend in need of cheerful news that the new year had a great ring to it. I made him repeat after me "2010". We rolled it off our tongues, enjoying the numerical symmetry whilst trying to believe in the promises that a new year holds. Undeterred, New Year's Eve 2011, I found myself in a conversational vacuum (a rarity when around property developers) and, despite all economic evidence to the contrary and with scaffolding precariously stretched across the 'great fiscal abyss', I tried the line again: "doesn't 2011 sound promising?"

There are several reasons why I won't be using that line again: (i) my fondness for soothsaying is somewhat diminished after such epic failures to predict realistic forecasts; (ii) my misplaced optimism has been replaced by a cynicism that discourages people from inviting me to parties; (iii) there are no more parties for (or with) property developers; and, most importantly, (iv) I've seen the movie... '2012'.

Fortunately there are property developers (and others) who, despite the hard knocks they have been exposed to, soldier on. I admire them. What a miserable place this would be without their tenacity, vision and energy!

Two landmark development projects that Knight Coldicutt is currently working on are **Queen's Lane** and **Victoria Park Market**. They are profiled in this newsletter.

By Jacqueline Klisser



Queen's Lane 5-star shopping

Did you know that the pedestrian count at the top of Auckland City's Queen Street on a weekday between 8.00am and noon is 10,500 people? This figure was not recorded during the Santa Parade or Rugby World Cup celebratory street crawls; it was recorded on a brown day, an everyday, working day.

I was in disbelief, not because I have ever done a pedestrian count, or that I am overly familiar with pedestrian count data, but because 10,500 is a lot of people. On questioning the accuracy of the data I was unceremoniously marched across the street and, on a Wednesday at 4.00pm I found myself like Nemo, in a sea of traffic of both the two-footed and four-wheeled variety. I saw several buses up close and personal. I can certainly verify that the top end of Queen Street, particularly where it intersects with Mayoral Drive, is a very busy end of town. But of course it would be. Queen's Lane at 396 Queen Street is right in the heart of Auckland's cultural centre, which the city council has recently spent \$100 million rejuvenating.

Queen's Lane is just a stone's throw from The University of Auckland, AUT, the newly-developed Auckland Art Gallery, the revamped Central City Library, Aotea Square, The Edge, IMAX Event Cinema complex and the Town Hall (not to forget the Comedy Club). It's a hip end of town.

The Queen's Lane building has always been a happening place. It was an iconic Victorian-style pub which fell victim to 'facadism' of the

1980's. She still bears the scars of a scandalous refurbishment with the façade of what was once a beautiful old pub topped, rather ludicrously, by a bright blue and white tower with a brown granite base. It would be hard to imagine a less empathetic treatment of a beautiful building. In fact, the current project manager calls the integration of old and new "a hideous travesty" (actually, more colourful words were used but they were attached to a proper noun and, considering Knight Coldicutt no longer has a litigation team, it was felt best not to publish them).

Under the care of architects Stephenson & Turner and architecture conservation specialist Jeremy Salmond, Queen's Lane will be given a new lease of life. The idea is to turn the Queen's Head façade into a public sculpture and memorial - much like the one in Western Park, Ponsonby. This will give the building a harmonious aesthetic and functionality whilst paying respect to the past.

The new 396 Queen Street will have 42 shops clad in luxurious white marble and featuring large glass panels. The shops will wrap around the base of the building, eight of which will have prime Queen Street frontage with careful attention



being paid to maximising the shops' widths, allowing for impressive signage exposure.

The interior has been totally redesigned also. A feeling of sensuous luxury and five-star finishes will be achieved with rich arabesco marble floors and ebony veneer walls. Queen's Lane will have a temperature-controlled environment too, just to confuse shoppers into thinking that they are in Dubai instead of inclement Auckland.

Each of the 42 shops will have a full suite of services. All shop-floor spaces will be capable

of being used for retail or food, providing substantial flexibility for tenants, as well as future-proofing the investment.

If you are keen on investing in Queen Street but think it is just for high-net-worth individuals, think again. Queen's Lane offers shops at an affordable entry price with the ability to make returns of 7% to 10%, based on Retail Consulting Group's rental projections. If the idea of owning and operating a retail space sounds too labour intensive, Bayleys Property Services Limited will assist purchasers of the

Queen's Lane retail units to find tenants and generally manage the investment if a purchaser wishes to remain passive.

Properties in Queen Street and adjoining streets have continued to enjoy rental and value growth over the past few years as residents, office workers, tourists and pedestrian numbers steadily increase in the CBD. If you don't believe me, go and see for yourself or speak to:

Millie Liang at Bayleys - **021 968 128** or email millie.liang@bayleys.co.nz

Victoria Park Market

It's HOT and it's opening soon!

For those looking for something to fill the gap that the Rugby World Cup has left in our social calendars, Victoria Park Market might have what it takes to pick you right up and put you back in the groove for summer.

Late in 2011 this iconic destination with a category 1 protection for its historical architecture will once again open its gates after \$20 million of restoration and refurbishment.

The newly earthquake-proofed landmark chimney has been reinforced using a revolutionary technique which cost \$600,000 and won a highly commended award from the New Zealand Institute of Building. Live music and entertainment will regularly radiate from the recently created central courtyard which will be equipped with a large outdoor screen after the final stage is completed.

Twenty-one shops and restaurants will open in stage 1. Drake Street, which flanks the southern side of Victoria Park Market, provides easy parking and access to the new dining precinct.



Knight Coldicutt has had to take an innovative approach as the shops will be unit titled and sold to individual owners. In most shopping centres that have been sold this way, there is no central owner to control tenants, leasing and refurbishment. Even the new Unit Titles Act doesn't cope with this particularly well. Victoria Park Market is 'a first' to have the traditional common area owned by the management company, with easements to shop owners and customers. This allows flexibility for displays, which can be added, moved and changed as the Market evolves. It also gives comfort to the owners and tenants that one entity is taking total responsibility for the look, feel and performance of the Market. Knight Coldicutt is proud to have developed yet another new concept using the Unit Titles Act.

La Zeppa (one of Auckland's favourite restaurants) has remained open during the refurbishment and is looking forward to enjoying their new north-facing deck with wonderful views over Victoria Park and the Market. An addition to Drake Street is the OakRoom, which is based on an upmarket New York-style eatery. The OakRoom shares an outside balcony with Atico-cocina, a newly opened Caribbean restaurant which showcases the versatility of these cleverly created architectural spaces. The Great New Zealand Shop opens a new store opposite the hospitality area (ground level, by the chimney). The Platinum Nike Store will open a flagship branch on time for Christmas. You will also be tempted by New Zealand's only Tibetan art shop and a perfumery which basically means no austerity measures to be employed for any of us just yet! Shop trading hours at the Market will be 10.00am to 10.00pm, seven days a week.

The next stage of the development will see another 40 new shops, boutiques, restaurants and cafés promising *Hot* dining and *Cool* shopping! If you are interested in being part of this exciting project, call **0800SALESVPM**, go to www.victoriaparkmarket.co.nz or speak to Knight Coldicutt www.kclaw.co.nz who has enjoyed working on the legals for this development!



SMALL >> PRINT

MATTERS OF LAW >> New Capital Values (or Collapsed Values?)

As a property owner in Auckland City, you will recently have received a new Capital Value (CV). Some CVs have gone up, some down, and some remain the same.

There has been much debate in the media about the fairness of this process and what it has done to the equity in people's properties. Some of us at Knight Coldicutt have had very personal experiences in this regard! We offer the following practical advice:

- If you are unhappy with your new CV, file an objection by 16 December 2011. It can be completed online by accessing the Auckland Council website at www.aucklandcouncil.govt.nz
- When you receive the standard acknowledgement of your objection, noting that they hope to have it resolved by July 2012, you may wish to accelerate the process, particularly if you intend to put the property on the market in the short term as your collapsed CV is likely to be a purchaser's indicator of its market value.
- To accelerate the process, access Auckland Council's website again and complete an online complaint, noting what you would like done and why. The essential point is to tell Council that you are marketing your property, you believe your CV is too low and you are likely to suffer damage as a result of the new CV.
- This should result in contact from Auckland Council/Quotable Value. Someone will inspect your property and hopefully allocate you a more sensible CV.

- If there is still a problem after you have gone through this process, you can file an objection at the Land Valuation Tribunal.

The message is quite simply: if you are not happy, don't whinge and debate the matter through the media. Be proactive and get it resolved quickly. Inform your agent of what has been done and why. It helps to have a reasonably up-to-date registered valuation with details of recent sales in your area to support the CV that you would like allocated to your property.

If your property has weather-tightness issues, or was built under the same building consent as other properties which Council is aware have weather-tightness issues, this will negatively impact your CV. This seems grossly unfair and you will need to arrange your own weather-tightness report to support your case that your property should not be treated in this manner.

As with any process, and particularly when our major assets are being impacted, it is important to treat the matter with the importance it deserves. Be nice to the people at Council and Quotable Value as they are simply doing a job. By and large they are highly trained and intelligent people who will listen and take your submission on board. They do point out that in a general revaluation of 516,000 properties, there are likely to be discrepancies which need to be addressed on an individual basis.

Contributor Anonymous
(Member of the Knight Coldicutt Team)

CLASSIFIEDS >>

Land in Albany

Client seeks approximately 2 ha of flat land in Albany for a development.
Contact Kerry Knight, 09 306 1100, kerry@kclaw.co.nz

Yacht for sale

Client is constructing an 88 m exclusive motor yacht in China. Sale price approx. €60m.
Contact Kerry Knight, 09 306 1100, kerry@kclaw.co.nz

New houses in Flat Bush

Brand new 4-bdm homes in Flat Bush for sale at \$550,000. Construction about to commence.
Contact Lin Huang, 09 306 1129, lin@kclaw.co.nz

Retail for sale

5 shops on a unit title (incl. a couple of international retailers) for sale in Auckland's CBD.
Contact Allison Stafford-Bush, 09 306 1110, allison@kclaw.co.nz

Development in Herne Bay

8-unit consented development site for sale in Herne Bay.
Contact Kerry Knight, 09 306 1100, kerry@kclaw.co.nz

Investors wanted

We have a client looking for money! They will pay returns of around 15% p.a. Well secured on well-located projects.
Contact Kerry Knight, 09 306 1100, kerry@kclaw.co.nz

Space to lease

Knight Coldicutt is subleasing approximately 350 m² of ground floor office space in Shed 20, Prince's Wharf.
Contact Kim Murdoch, 09 306 1122, kim@kclaw.co.nz

Our offices will be closed from 24 December 2011 to 15 January 2012 inclusive.

Small Print is sent to all clients on our newsletter mailing list.

If we have your name or address recorded incorrectly, please let us know so that we can update our records.

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