



MAORI HILL PROPERTY LIMITED

In association with Mitchell Mackersy Lawyers

**Its been said that we have a rock-star
economy—I'm not so sure**

I've noticed a boost in commercial activity with modest changes in Auckland and solid activity in Christchurch and Queenstown is showing the best commercial development in years. There is strong residential growth in Auckland but it is in housing and not so much commercial property. Much of this activity is driven by net migration particularly noticeable is the limited exit to Australia.

Overall construction is climbing but there are trade shortages because many tradespeople have shifted to Christchurch for the earthquake rebuild furthermore the first interest rate click has occurred and there is more to come. Inflation is the driver particularly with building and labour costs. Queenstown is booming with an increase in tourist numbers and a massive lift in accommodation occupancy.

The market overall

Traditional commercial including industrial and retail is still attracting good interest together with larger proposals by traditional food suppliers have become available, Tegel last year and now Inghams (chickens) and Griffins (biscuits and snacks). The trend is to sell off large production units on net outgoing tenant leases, with long terms - up to 25 years and built in growth (2% to 3% annually irrespective of market growth).

Generally there is a shortage of stock in all prime areas, therefore relationships built up over the years with developers and referrers are very important, the prime example for us and our investor groups is our relationship with Calder Stewart which now spans 20 years and over 50 properties.

The projects we have underway at the moment include Five Mile shopping centre in Queenstown with Countdown, Briscoe and Rebel Sport as anchor tenants, The Warehouse in Blenheim Road Christchurch and Tegel Hatchery in Halswell Christchurch. We are currently working on new proposals which will be communicated soon to potential investors.

Lastly a comment on interest rates—we see and accept there will be increases but we also think bank margins will become more competitive. There are vast amounts of money on deposit in banks which need to be lent out.

Comments by Ron Mackersy

Snap Shot

AON House

- ◆ (An extract from an article in [Trendsideas.com/go/40711](https://trendsideas.com/go/40711)) “When you are both a developer and builder like Calder Stewart it makes good business sense to construct an office block, such as Aon House that exemplifies your skills and experience in delivering upscale commercial office space to the open market. Calder Stewarts design also employs the latest energy-saving technologies, a strategy that has worked for the company in past projects by attracting savvy budget-conscious tenants. Aon House is the first major construction on Calder Stewart's Blenheim Road Business Park initiative”. *A Mitchell Mackersy syndicate owns Aon House and Maori Hill Property manage this investment on their behalf.*

Consultant warns against national policy for quake-prone buildings

- ◆ (This article is an extract from The Business Review 2Apr14) “It's been a long standing dispute on whether Christchurch City Council has the authority to set its own building standards and The Insurance Council of New Zealand claims rebuild costs would be too high if the council is given authority to require strengthening beyond nationwide standards. A Wellington risk consultancy is warning against the country's estimated \$10 billion earthquake-strengthening policy, saying it could have detrimental effects on the economy and communities”. This report is an interesting read and the report is available upon request by emailing snorman@mhpl.co.nz.

The Maori Hill Team



From the left: Sarah, Dale, Andrea & Susan



News from the Office

Maori Hill Property continually work towards increasing the level of service to our investors, tenants and service providers. Over the last 3 months we have faced the challenge of adding several new buildings to the portfolio.

We now manage 75 commercial buildings across NZ, including Auckland, Christchurch, Dunedin, Queenstown, Blenheim & Invercargill with a combined value in excess of \$350,000,000. To help us cope with this growth, in January 2014 we appointed Sarah Norman to the role of Executive Assistant/ Communications.

Cash Flow

In conjunction with the company accountants the cash flow for both the 2015 & 2016 financial years have been prepared for each syndicate. With these loaded into our Property Management system they offer an excellent management tool, allowing us to provide timely and current information for the Directors of the individual properties.

Mitchell Mackersy and Maori Hill Property will be relocated to 292 Clyde Road while 245 under goes earthquake repairs, from 1 May until approx. mid June. Contact details remain unchanged.

Good News

A recent external audit of one of the property companies managed by Maori Hill Property recognised that our internal accounting standards and procedures were robust. This recognition is verification that our investors and tenants can be confident with our property management standards.

Going Forward

With the sale of Mitchell Mackersy Christchurch practice we will be moving into the Sockburn/Wigram area which is very vibrant location and experiencing a lot of growth. As part of this move we will be increasing our team and will be able to offer management services not only to syndicate properties but the wider Mitchell Mackersy/Maori Hill Property client base.

DEE & NBS %

Detail Engineering Evaluations (DEE) and the percentage of New Building Standards (%NBS) are now terms that form part of any commercial building discussion with tenants, bankers or insurance companies. We now have DEE reports for all buildings in the Christchurch area, and we are working through the balance of the portfolio. Fortunately every building in the portfolio is above the government minimum of 33% NBS, our plan is to have all building awarded an NBS of no less than 67% and where economically feasible as near 100% as possible. Higher %NBS figures certainly give comfort to tenants, lenders and insurers.

Lastly, Maori Hill Property is in the process of launching a new website, permitting Directors and Investors secure access to their property information, this service will be available by the end of 2014. This is an initial step in digitising our information which we anticipate will lead to more regular communications with the shareholders.

All the best, Dale Robertson

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.

Maori Hill Property Limited is owned by Mitchell Mackersy Lawyers.

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