

Report prepared for Williams Corporation for internal reliance purposes

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**7 Lots 'As If Complete'**

**83 Vodanovich Road, Te Atatu South, Auckland**

6 May 2019



# *Valuation Report*

# Executive Summary

Under consideration is an 822 square metre allotment with a moderate incline from the kerbside towards the rear. The land is currently improved with a circa 1960 built single storey weatherboard dwelling which presents in average condition. The purchaser intends to demolish the existing improvements and complete a development of 7 lots which are to be improved with 9 dwellings. 2 of the dwellings will be 2 storey, 1 bedroom townhouses with areas of 56.96 square metres each, and 3 of the dwellings will be 2 storey, 2 bedroom townhouses with areas of 77.78 square metres each. The remaining 4 dwellings will be arranged as a pair of 2 storey semi-detached buildings with a single studio on each level, which can be used for blended family accommodation or as a 'dual key' style property. The ground floor studios will have an area of 33.23 square metres each and the first floor studios will have an area of 38.84 square metres each.

Each lot will have a separate fee simple title, including each studio pair, and they will each be allocated one uncovered parking space (except for Lots 1 and 2 which will have no parking).

The dwellings are to be constructed with a mixture of cement bonded fibrous particleboard panels and brick veneer, with schist features to Lot 1 and Lot 2. Interior fit-out is to be of a good modern standard, including engineered stone kitchen benchtops, stainless steel appliances, and a 5 kW heat pump in each dwelling.

As instructed we have prepared a market valuation of the proposed lots on an 'as if complete', gross realisation basis. We report as follows.

*This is a summary only. It must not be relied on for any purpose. Jones Lang LaSalle's valuation of this asset is subject to assumptions, conditions and limitations. Those are set out in the full valuation report prepared in relation to the asset.*



## Valuation

<b>Prepared For</b>	Williams Corporation			
<b>Valuation Purpose</b>	Market Valuation ('as if complete' gross realisation) for Internal Reliance Purposes			
<b>Date of Valuation</b>	6 May 2019			
<b>Valuation Approaches</b>	Sales Comparison Approach			
<b>Zoning</b>	Residential – Mixed Housing Suburban Zone – Auckland Unitary Plan			
<b>Estate</b>	Fee Simple (Individual Titles Issued)			
<b>Interest Valued</b>	100% Freehold Interest via 7 Individual Titles			
<b>Gross Realisation</b>	\$4,090,000 including GST (if any) <i>This is the aggregate achievable gross realisation of the individual completed townhouses, for which individual assessed market values are set out below, including GST (if any)</i>			
<b>Individual Market Values</b>	Lot 1: \$460,000	Lot 2: \$460,000	Lot 3: \$650,000	Lot 4: \$620,000
	Lot 5: \$620,000	Lot 6: \$620,000	Lot 7: \$660,000	

## Valuer

**James Smithies**

Registered Valuer

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# Critical Assumptions, Conditions & Limitations

In accordance with instructions received, we have provided estimated market values. Our valuations are limited by and subject to the following:

- Our valuation is subject to a number of specific assumptions, and we draw the readers' attention to section 1.6 of the report in this regard.
- The valuations reflect our view of existing market conditions as at the date of valuation and do not attempt to forecast future market fluctuations at the actual date of practical completion. Our 'As if Complete' valuations for the property have been prepared on the assumption that Resource Consent and all other relevant consents have been granted and complied with, and that all other statutory requirements have been complied with.
- We reserve the right to amend our valuation figures should there be any variation between the plans and specifications provided to us, upon which we have based our valuation, and the finished units.

In addition to any other assumptions, conditions and limitations contained within this report, our valuation is based on the following:

- The valuation is current as at the date of valuation only, being 6 May 2019. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property).
- We do not accept liability for losses arising from such subsequent changes in value. Without limiting this statement, we do not accept any liability where this valuation is relied upon more than 90 days after the date of valuation, or earlier if you become aware of any factors that may have any effect on the valuation.
- This report is relevant at the date of preparation and to the circumstances prevailing at that time. However, within a changing economic environment experiencing fluctuations in interest rates, inflation levels, rents and global economic circumstances, acceptable returns on investment may, as a consequence, be susceptible to future variation. We therefore recommend that before any action is taken involving an acquisition, disposal or other transaction more than 90 days after the date of this report, you consult the Valuer.
- This valuation has been completed for the specific purpose stated in this report. No responsibility is accepted in the event that this report is used for any other purpose.
- Our valuation assumes the information provided by the instructing party or its agents is correct and we reserve the right to amend our calculations, if deemed necessary, if that information is incorrect.
- Our valuation assumes all other professional/consultancy advice provided and relied upon is true and correct.
- We have relied on building areas, income figures and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary. Where possible these have been verified through lease documentation and physical measurements.
- We have relied on the land dimensions and areas as provided in the Computer Interest Register as searched. In certain cases physical checking of land dimensions and areas is difficult or not practical due to proximity of adjoining buildings, steep terrain or inaccessible title boundaries. Jones Lang LaSalle accepts no responsibility if any of the land dimensions or the area shown on title is found to be incorrect.
- Our valuation is made on the basis that the property is free of further caveats, mortgages, charges and other financial liens and that there are no memorials, encumbrances, restrictions or other impediments of an onerous nature which will affect the value other than those stated in the report or registered on the Computer Interest Register.
- In the case of buildings where works are in hand or have recently been completed Jones Lang LaSalle does not normally make allowance for any liability already incurred but not yet discharged in respect of completed works or obligations in favour of contractors, sub-contractors or any members of the professional or design team.
- No enquiries in respect of any property, or of any improvements erected thereon, has been made for any sign of timber infestation, asbestos or other defect, whether latent, patent, or structural.
- Substances such as asbestos or other potentially hazardous materials could, if present, adversely affect the value of the property. The stated value estimate is on the assumption that there is no material on or in the property that would cause loss in value. No responsibility is assumed for any such conditions and the recipient of this report is advised that the valuer is not qualified to detect such substances or estimate the remedial cost.
- While due care has been taken to note any contamination liability, our investigations have been undertaken for valuation purposes only, and this report does not constitute an environmental audit. Unless otherwise stated no account has been taken of the effect on value due to contamination or pollution.
- We have undertaken a visual inspection in respect of any building valued, but must advise that we have not commissioned structural surveys or tested any of the services and are therefore unable to confirm that these are free from defect. We note further that we have not inspected unexposed or inaccessible portions of any building and are therefore unable to certify that these are free from defect.

# Critical Assumptions, Conditions & Limitations

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- We note we are not experts in relation to assessing the condition of the building structure and cladding, or in assessing the impact or otherwise of water/weather penetration issues. Should the building prove to have structural or weather penetration issues we reserve the right to amend the valuation assessment and any recommendations contained within this report.
- Any elements of deterioration apparent during our consideration of the general state of repair of building/s has been noted or reflected in our valuation. We are however, unable to give any warranty as to structural soundness of any building and have assumed in arriving at our valuation that there are no structural defects or the inclusion of unsatisfactory materials.
- In preparing the valuation it has been assumed that items such as lifts, hot and cold water systems, electrical systems, ventilating systems and other devices, fittings, installations or conveniences as are in the building are in proper working order and functioning for the purposes for which they were designed, and conform to the current building, fire and government regulations and codes.
- Information on town planning and resource management is often obtained verbally from the local planning authority and if assurance is required Jones Lang LaSalle recommends that verification is sought from the relevant authority that confirms the position is correctly stated within this report, that the property is not subject to other decisions or conditions prescribed by public authorities and that there are no outstanding statutory notices.
- Jones Lang LaSalle's valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory regulations including the Building Act 2004 and the requirements of Territorial Authorities. Where we have obtained a Land Information Memorandum, we comment on this within our report. Where we have not obtained a Land Information Memorandum our valuation is therefore undertaken with the assumption that there are no outstanding requisitions.
- Unless otherwise stated all currencies within this report are in New Zealand Dollars.
- Non-residential valuations are (unless otherwise stated) carried out on the basis that the valuation is plus GST (if any). Residential property valuations are (unless otherwise stated) carried out on the basis that the valuation includes GST (if any).
- A reliant party can only rely on this valuation if received directly from JLL without any third party intervention.

# Table of Contents

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Executive Summary	1
<b>1 Introduction</b>	<b>6</b>
1.1 Instructions	6
1.2 Valuation and Inspection Dates	6
1.3 Basis of Valuation	7
1.4 Relevant Valuation Standards & Disclosures	7
1.5 Information Sources	7
1.6 Specific Assumptions	7
<b>2 Land Particulars</b>	<b>8</b>
2.1 Location	8
2.2 Title Particulars	9
2.3 Site Details	9
2.4 Site Photographs	10
2.5 Resource Management	11
2.6 Proposed Site Details	12
2.7 Rateable Value	12
2.8 Environmental Issues	13
2.9 Heritage	13
<b>3 Proposed Improvements 'As If Complete'</b>	<b>14</b>
3.1 Overview	14
3.2 Construction and Specifications	15
3.3 Proposed Floor Areas	15
3.4 Proposed Floor Plan Layouts	16
3.5 Artist Impressions	18
3.6 Condition and Repair	18
<b>4 Market Commentary</b>	<b>19</b>
4.1 Local Market Overview	19
<b>5 Valuation Methodology</b>	<b>21</b>
5.1 Market Value Assessment	21
<b>6 Sales Evidence</b>	<b>22</b>
6.1 Entry Level Market Evidence	22
6.2 Modern Market Evidence	24
6.3 Sales Evidence Summary	31
<b>7 Valuation Considerations</b>	<b>32</b>
7.1 SWOT Analysis	32
7.2 Likely Selling Period	32

# Table of Contents

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8	Valuation – ‘As If Complete’ Gross Realisation	33
9	Valuation	34
	Annexures	35

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# 1 Introduction

## 1.1 Instructions

We refer to instructions requesting that we undertake a market valuation of the 7 proposed lots at 83 Vodanovich Road, Te Atatu South on an 'as if complete', gross realisation basis. This report has been prepared for Williams Corporation for Internal Evaluation Purposes only.

Our report has been prepared in accordance with the current Australia and New Zealand Property Institute's Valuation Standards, International Valuation Standards and the instructing parties valuation brief, and we confirm that the prime signatory:

- is independent of both the Instructing Party and Report Recipient;
- is authorised, under The Valuers Act 1948 to practise as a Valuer;
- is suitably registered and qualified to carry out valuations of such property;
- has no pecuniary interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the Property's value or that could conflict with a proper valuation of the Property;
- has satisfied professional education requirements and has experience in the location and category of property being valued or where applicable, has sought the advice of suitably qualified professionals who hold locational expertise; and
- has made a personal inspection of the property.

We confirm:

- the statements of fact presented in the report are correct to the best of the Valuers knowledge;
- the analyses and conclusions are limited only by the assumptions and conditions which follow within this report;
- the firm, Jones Lang LaSalle and the undersigned Valuers do not have a direct or indirect pecuniary interest in the subject property or the proposed development;
- the professional fee charged in relation to this assignment has not been contingent upon any aspect of this report;
- the valuation contained herein has been performed in accordance with PINZ / NZIV Codes of Ethics and Conduct;

Our report is confidential to the party or parties to which it is addressed, for the specific purpose to which it refers. No responsibility is accepted to any third parties. Neither the whole of the report or any part of it or any reference to it, may be published in any document, statement or circular or in any communication with third parties without our prior written approval of the form and context in which it will appear. Furthermore, this report can only be relied upon when the given party has received the report directly from JLL.

## 1.2 Valuation and Inspection Dates

The key dates which are relevant for our valuation are shown in the table below:

<b>Date of Valuation</b>	6 May 2019
<b>Date of Inspection</b>	6 May 2019
<b>Date of Preparation of Report</b>	8 May 2019

Our valuation reflects the valuer's view of the market as at the inspection date.

## 1.3 Basis of Valuation

### Market Value

Market values given herein are as defined by the International Valuation Standards Committee (IVSC), and endorsed by the API and PINZ, which is as follows:

*“Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”*

### Gross Realisation

A ‘Gross Realisation’ is defined as the aggregated sum of the estimated market values of each individual unit, subject to our Specific Assumptions, as at the date of valuation.

## 1.4 Relevant Valuation Standards & Disclosures

The valuations contained herein have been completed in accordance with current Australia and New Zealand Valuation and Property Standards, and in particular with:

- IVS (International Valuation Standards 2017) Framework and General Standards
- ANZVGN 1 – Valuation Procedures – Real Property
- NZVGN3 – Valuation of Houses Under Construction and Houses to be Built or Previously Unoccupied New Houses

## 1.5 Information Sources

The information reviewed or previously provided includes, but is not limited to, the following:

- Computer Interest Register particulars memorialised by Land Information New Zealand;
- Resource Management classifications and controls as stated within the Auckland Unitary Plan;
- Sales and leasing data from various industry sources, including real estate agents;
- Market research and forecasts from JLL Research; and
- Information provided by the instructing party including (but not limited to) a plan of subdivision, and floor plans and areas.

Our valuation is based on a significant amount of information which is sourced from the instructing party or managing agent and other third parties.

We have relied upon the accuracy, sufficiency and consistency of the information supplied to us. Jones Lang LaSalle accepts no liability for any inaccuracies contained in the information disclosed to us.

## 1.6 Specific Assumptions

Our assessment as to value has been based on the following specific assumptions:

- ‘As If Complete’ market values are predicated on all aspects of the development being complete as of the date of valuation, and are in no way a prediction of future market conditions at the time of eventual completion.
- The Mixed Housing Suburban Zone does not permit subdivision on the scale described herein as of right. This valuation is subject to each of the proposed lots being issued with a separate fee simple title in line with the proposed site descriptions given in this report, and that said titles will note no interests which could reasonably be expected to affect their future marketability or value adversely.
- Our searched copy of a Building Line Restriction registered on the existing title is not fully legible but appears to prohibit construction of buildings within 33 feet of the middle line of the road. This valuation is subject to the proposed development complying with that instrument.
- We have been provided with plans showing floor areas for the proposed buildings. We note that if floor areas differ as built to those stated herein then our assessments of value may be subject to change.
- We have been instructed to proceed on the basis that the interior fit-out of the proposed dwellings will be of a similar standard to those adopted in previous valuations instructed by this client. This report is subject to the proposed improvements being completed as described in this report. We reserve the right to amend this valuation should that prove not to be the case.
- This report is subject to the proposed development being completed lawfully in all respects, including with receipt of all necessary local authority consents and certifications which may be required for the development to proceed and for the completed dwellings to be occupied.

## 2 Land Particulars

### 2.1 Location

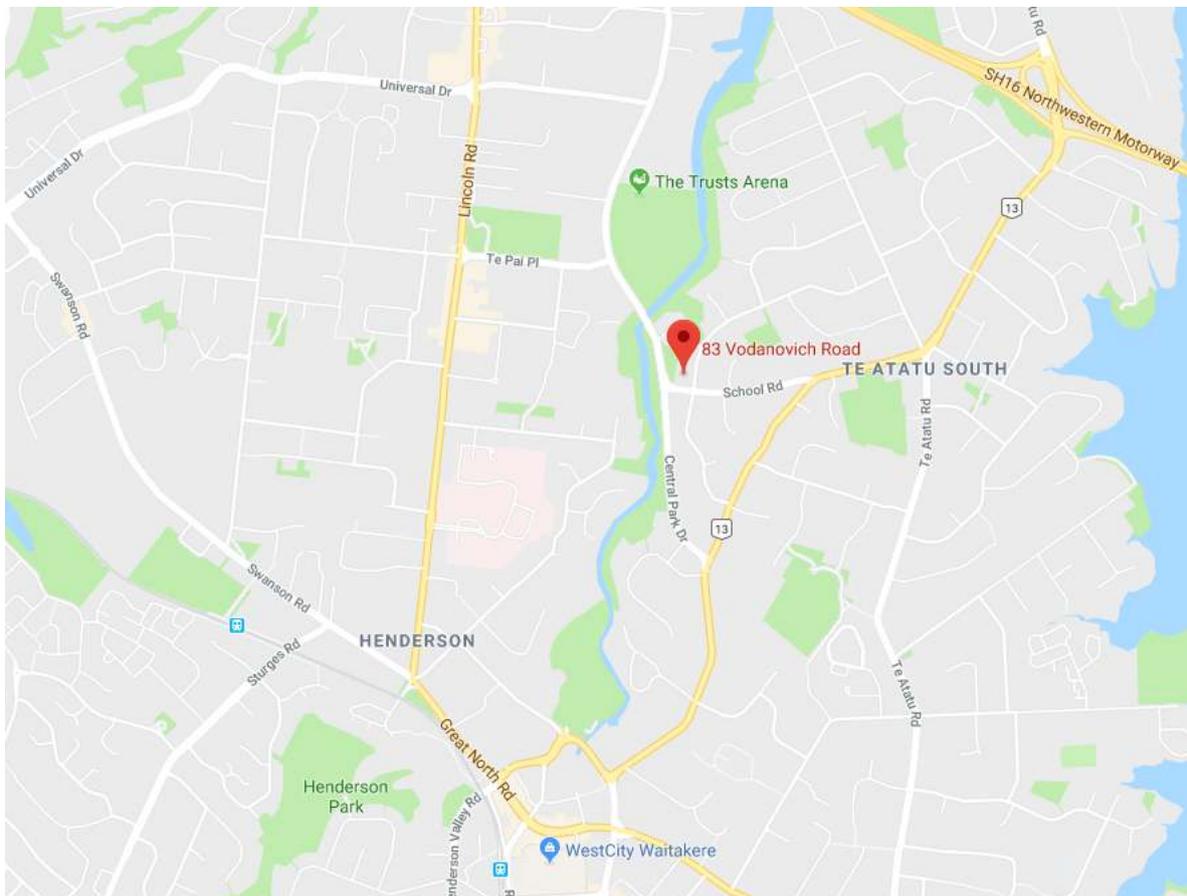
The property is located on the eastern side of Vodanovich Road, some 30 metres north of School Road. It is located approximately 2 kilometres by road southwest of a State Highway 16 interchange with eastbound and westbound access. Regular bus services to the city centre and to Henderson are available nearby on Central Park Drive and Edmonton Road.

Surrounding development consists mainly of freestanding single and double storey homes dating from circa 1960 onwards, with neighbourhood shops located some 75 metres south of the property. Slightly further afield is a cluster of industrial development around Lincoln Road in Henderson (some 300 metres west of the proposed lots, beyond Henderson Creek).

A range of services is available on Te Atatu Road and Edmonton Road, including a local centre with a Countdown supermarket at the intersection of Te Atatu Road, Edmonton Road and Flanshaw Road (around 850 metres by road east of the site). A town centre at Henderson, some 2-3 kilometres by road southwest of the property, offers a wide range of civic, commercial and recreational services, as well as Western Line railway access at Henderson Station.

Nearby educational facilities include a number of mid-decile schools such as Edmonton School, Flanshaw Road School, Freyberg Community School, Rangeview Intermediate, and Rutherford College, with Unitec's Waitakere campus located at Henderson.

The following map identifies the approximate location of the Property:



Source: Google Maps

## 2.2 Title Particulars

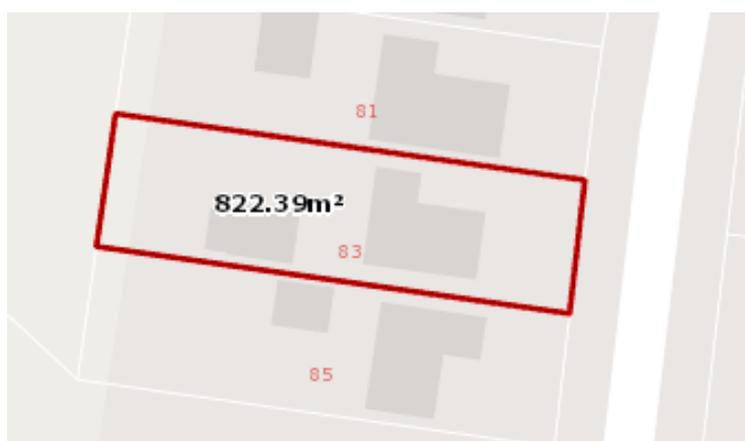
<b>Title Reference</b>	NA1C/675
<b>Estate</b>	Fee Simple
<b>Land Registration District</b>	North Auckland
<b>Registered Owner</b>	Yu-Li Chang
<b>Legal Description</b>	Lot 111 Deposited Plan 50809
<b>Area</b>	822 square metres more or less
<b>Interests</b>	Memorials noted on historical title records include: K77284 Building Line Restriction 10090021.3 Mortgage to Westpac New Zealand Limited - 19.6.2015 at 4:32 pm

Source: Land Information New Zealand

Our searched copy of a Building Line Restriction registered on the existing title is not fully legible but appears to prohibit construction of buildings within 33 feet of the middle line of the road. This valuation is subject to the proposed development complying with that instrument. Our valuation is made on the basis that the property is free of any further unregistered encumbrances, restrictions, mortgages, charges, and other financial liens or other impediments of an onerous nature, which would affect value.

## 2.3 Site Details

83 Vodanovich Road is regular in shape and slopes moderately upwards from the front towards the rear. It is accessible from either direction on Vodanovich Road. The property has a frontage of 15.29 metres (76.03 links per the title plan) and a depth of 53.60 metres on its northern boundary (266.44 links per the title plan).



Source: Property Guru

## 2.4 Site Photographs

The following site photographs were taken during our inspection.



## 2.5 Resource Management

<b>Local Authority:</b>	Auckland Council
<b>Planning Instrument:</b>	Auckland Unitary Plan
<b>Operative Date:</b>	15 November 2016 (operative in part)
<b>Zoning:</b>	Residential - Mixed Housing Suburban Zone - Auckland Council
<b>Objectives:</b>	<ul style="list-style-type: none"><li>• Housing capacity, intensity and choice in the zone is increased.</li><li>• Development is in keeping with the neighbourhood's planned suburban built character of predominantly two storey buildings, in a variety of forms (attached and detached).</li><li>• Development provides quality on-site residential amenity for residents and adjoining sites and the street.</li><li>• Non-residential activities provide for the community's social, economic and cultural well-being, while being compatible with the scale and intensity of development anticipated by the zone so as to contribute to the amenity of the neighbourhood.</li></ul>
<b>Development Controls:</b>	<ul style="list-style-type: none"><li>• Building height: 8m (+ 1m for 50% of roof)</li><li>• Height from boundary: 2.5m from side and rear</li><li>• Recession plane: 45 degrees</li><li>• Yard: 3m front, 1m side and rear</li><li>• Maximum impervious area: 60% of site area</li><li>• Maximum building coverage: 40% of net site area</li><li>• Minimum landscaped area: 40% of net site area (including at least 50% of the front yard)</li><li>• Minimum net internal floor area: 30m<sup>2</sup> - studio dwellings 45m<sup>2</sup> - dwellings with one bedroom or more</li><li>• Minimum site area: 400m<sup>2</sup> (as per §E38 Subdivision - Urban)</li></ul>

Subdivision of the property on a vacant land basis does not appear to be permissible within the Mixed Housing Suburban Zone. However, with appropriate resource consent an applicant may be able to erect and then subdivide around the proposed improvements. This valuation is subject to all of the proposed lots being completed lawfully in all respects, including completion of the improvements, issuance of all fee simple titles matching the proposed site descriptions given herein, and issuance of Code Compliance Certificates, as at the date of valuation.

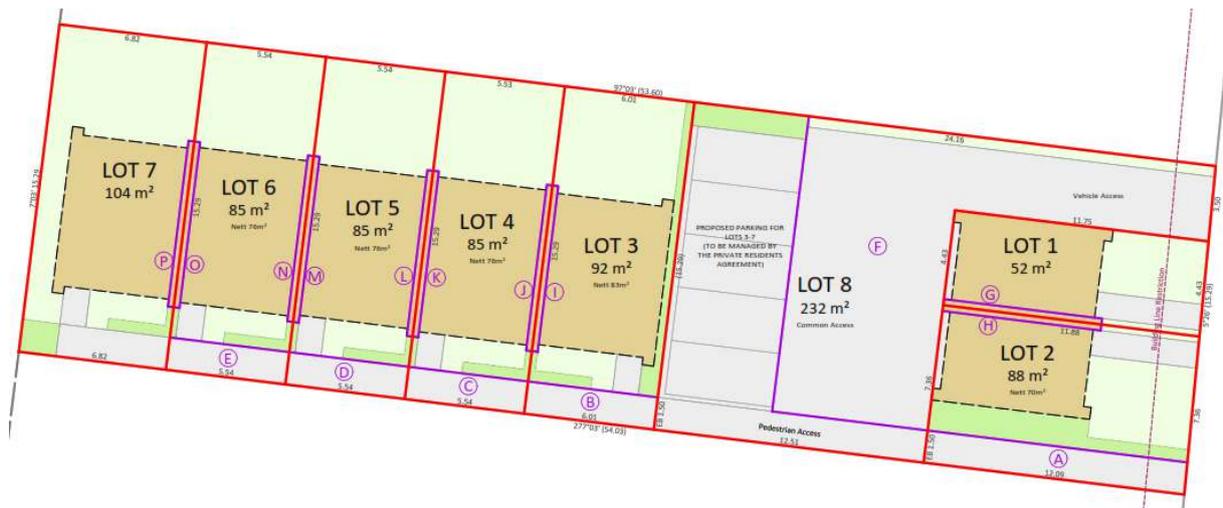
We have not inspected the Land Information Memorandum (LIM) or Property Information Memorandum (PIM) for the existing property and this valuation is subject to there being no matters raised therein which could reasonably be believed to diminish to the property or its value.

## 2.6 Proposed Site Details

As part of the proposed development, the subject property will be subdivided into 7 fee simple parcels. 5 of those parcels will accommodate a single dwelling, while Lot 3 and Lot 7 will be improved with 2 storey buildings consisting of a studio on each level (suitable for blended family accommodation or as a 'dual key' style property). We have been provided by the developer with a proposed site plan, which has been appended to this report. An extract is shown below.

Proposed site areas range from 52 square metres to 104 square metres gross, with a pedestrian right-of-way burdening Lots 2-6 inclusive, reducing their net site areas by 9 square metres each except for Lot 2, which has an 18 square metre right-of-way.

Upon completion there will be a central uncovered parking area with 5 spaces. Lots 1 and 2 will be reliant upon on-street parking as they are not to be allocated a parking space.



## 2.7 Rateable Value

The rateable value of 83 Vodanovich Road is as follows.

<b>Land Value</b>	\$710,000
<b>Improvements Value</b>	\$60,000
<b>Capital Value</b>	\$770,000

We note that rating valuations do not take account of a number of key issues affecting value, including land tenure and occupancy arrangements, and are often assessed on an indexed or kerb-side basis. Accordingly, market and rating values may vary significantly.

## 2.8 Environmental Issues

During the course of our inspection we did not notice any evidence of land or building contamination. Importantly, however, we are not experts in the detection or quantification of environmental problems and we have not sighted an Environmental Audit.

Our valuation has been made assuming an audit would be available which would satisfy all relevant environmental, and occupational health & safety legislation. If the Property's current status needs to be clarified, an Environmental Audit should be undertaken. Our valuation excludes the cost to rectify and make good the Property, which may have become contaminated as a result of past and present uses.

A small portion of the property is within a Council designated flood plain, which is defined as an area "predicted to be covered by flood water as result of a rainstorm event of a scale that occurs on average once every hundred years" (source: Auckland Council GeoMaps). We reasonably assume that a combination of the site's natural incline from the kerbside towards the rear and design and construction techniques will adequately manage the risk of flooding at the site upon completion of any development there.

The site is also within a designated yellow tsunami evacuation zone, which is defined as the largest extent of the area expected to require evacuation in the event of a maximum impact tsunami.

The image below shows the outline of the site as well as the flood plain in blue and the yellow tsunami evacuation zone in yellow.



Source: Auckland Council GeoMaps

## 2.9 Heritage

We have not undertaken any formal heritage searches; the property is not notified on the Unitary Plan as being a heritage structure and our valuation is made on the assumption that there are no heritage issues relating to the Property.

# 3 Proposed Improvements ‘As If Complete’

## 3.1 Overview

Upon completion the development will consist of 7 fee simple lots. 2 of those (Lots 1 and 2) will be improved with 2 storey, 1 bedroom dwellings, and 3 lots (Lots 4, 5 and 6) will be improved with 2 storey, 2 bedroom dwellings. The remaining 2 lots (Lots 3 and 7) will be improved with 2 storey buildings that contain a single studio on each level. Lots 1 and 2 will share a common wall, Lots 4, 5 and 6 will be attached on both sides, and Lots 3 and 7 will be semi-detached. Lots 1 and 2 will have east (road) facing front yards, and the remaining lots will have north facing rear yards.

Our ‘as if complete’ assessment is subject to the completed improvements matching the descriptions given in this report. It should be specifically noted that any significant deviation in respect of style, layout, design or construction standards would invalidate the ‘as if complete value’ conclusions reached in this report.



Artist impression – Lot 1 and Lot 2 (east/front elevation)



Artist impression – Lots 3-7 inclusive (south/front elevation)

## 3.2 Construction and Specifications

The following details have been sourced in part from plans provided to us by the developer, who has instructed us to proceed in this case on the basis that the proposed dwellings' interior finishes will be similar to those adopted in previous valuations instructed by this client. This report is subject to the proposed improvements being completed as described in this report.

<b>Structure</b>	Concrete slab at ground level, timber framing, Hebel party walls.
<b>External walls</b>	Mixture of cement bonded fibrous particleboard panels and brick veneer, with schist features to Lot 1 and Lot 2.
<b>Roof</b>	Colorsteel / corrugated metal.
<b>Windows</b>	Double glazed powder coated aluminium windows.
<b>Spouting</b>	Colorsteel.
<b>Interior walls</b>	Plasterboard.
<b>Hot water system</b>	180 litre hot water cylinder in each dwelling.
<b>Lighting</b>	LED lighting.
<b>Kitchen</b>	Tiled floor, engineered stone benchtop, glass splashback, melamine cabinetry, Fisher & Paykel stainless steel appliances (under bench oven, dish drawer, and rangehood), ceramic cooktop.
<b>Living</b>	Polypropylene carpet, 5 kW heat pump.
<b>Bathroom</b>	Tiled floor, partly tiled walls, single bowl vanity, chrome heated towel rail, soft closing lavatory with bidet, wall mounted mirror and storage unit, glass framed shower with acrylic tray.

## 3.3 Proposed Floor Areas

The proposed dwellings are described in the schedule below, with the floor plans corresponding to each dwelling type following thereafter. This information is based upon documentation which has been provided to us by the instructing party and this valuation is subject to their accuracy.

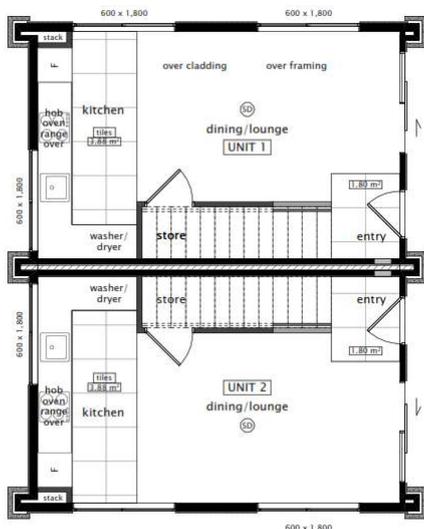
Lot	Bedrooms	Parking	Floor Area	Site Area
1	1	None	56.96 m <sup>2</sup>	52 m <sup>2</sup>
2	1	None	56.96 m <sup>2</sup>	88 m <sup>2</sup> (70 m <sup>2</sup> net)
3	Studio x 2	Single off-street	33.23 m <sup>2</sup> + 38.84 m <sup>2</sup>	92 m <sup>2</sup> (83 m <sup>2</sup> net)
4	2	Single off-street	77.78 m <sup>2</sup>	85 m <sup>2</sup> (76 m <sup>2</sup> net)
5	2	Single off-street	77.78 m <sup>2</sup>	85 m <sup>2</sup> (76 m <sup>2</sup> net)
6	2	Single off-street	77.78 m <sup>2</sup>	85 m <sup>2</sup> (76 m <sup>2</sup> net)
7	Studio x 2	Single off-street	33.23 m <sup>2</sup> + 38.84 m <sup>2</sup>	104 m <sup>2</sup>

### 3.4 Proposed Floor Plan Layouts

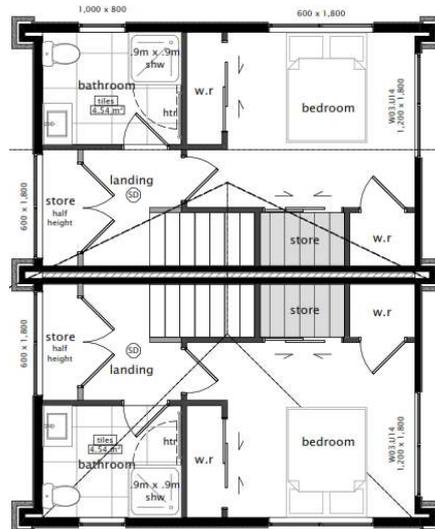
The developer has provided us with the following floor plans.

#### 1 Bedroom, 1 Bathroom Dwellings (Lot 1, Lot 2)

Two levels, 56.96 square metres



Ground floor (Lot 1 above, Lot 2 below)

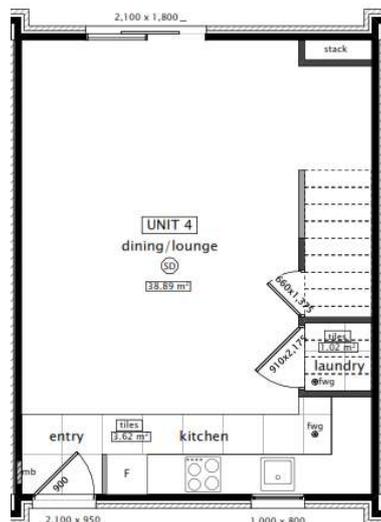


First floor (Lot 1 above, Lot 2 below)

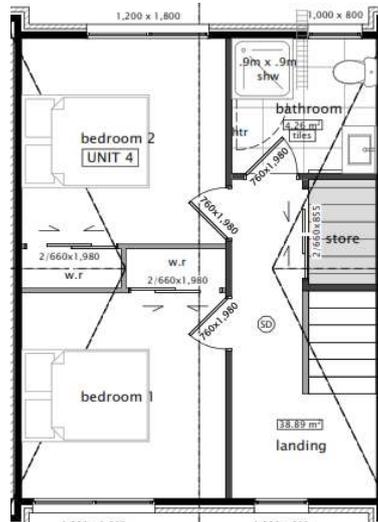
These two dwellings will be located on Lot 1 and Lot 2 at the front of the development. Facing the road with a yard area to the front of the dwelling, the floor plan layouts will include an open plan kitchen and living area at ground level, as well as yard access. On the upper level each dwelling will have a small landing area which provides access to the bathroom, and to the bedroom, which will also include dual wardrobes. These two dwellings share one common wall and will not be allocated parking spaces.

#### 2 Bedroom, 1 Bathroom Dwellings (Lot 4, Lot 5, Lot 6)

Two levels, 77.78 square metres



Ground floor

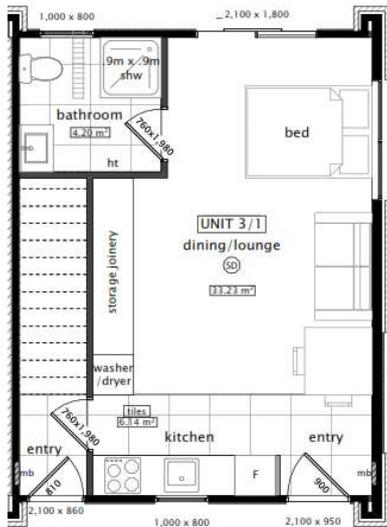


First floor

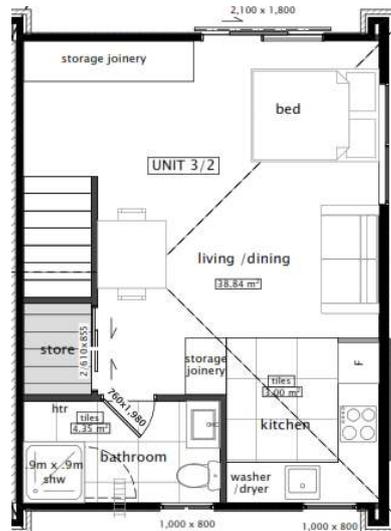
These 2 bedroom dwellings will each be attached on both sides, and will be located in the rear half of the complex with north facing rear yards. The layouts will be similar to those of the 1 bedroom dwellings, with the exception of there being a second bedroom on the first floor and there being only one wardrobe in each bedroom.

**Dual Studio Townhouses (Lot 3, Lot 7)**

*Two studios each (72.07 square metres total including 33.23 square metres at ground level and 38.84 square metres on the first floor)*



Ground floor



First floor

These two lots will be improved with 2 storey buildings that include a single studio on each level. These lots will be suitable for blended family accommodation or as a 'dual key' style property, with the floor plans currently showing the studios to be interconnected but having potential to be separated if desired.

The ground level studios are accessible either via the common entrance or a separate entrance. They will include an open plan bed/sitting area with a kitchen and built-in storage joinery with laundry facilities, and a separate bathroom. The first floor studios will be slightly larger, although accessible only via the common entrance.

### 3.5 Artist Impressions

We have been instructed to rely upon the following artist impressions.



Kitchen and living area



Bathroom



Bedroom



Bedroom

### 3.6 Condition and Repair

Our 'As if Complete' assessment is subject to the proposed dwellings having been completed to a new building standard in a tradesman-like manner, in accordance with all statutory requirements and in line with the descriptions given in this report, and to them being presented to a standard expected of that of brand new buildings.

## 4 Market Commentary

### 4.1 Local Market Overview

REINZ statistics released 13 March 2019 show that in February 2019 the median Auckland home price fell by 0.6 per cent year-on-year to \$850,000. This represented an increase of 5.6 per cent compared to January 2019 (\$805,000), which was the lowest monthly median sale price recorded in this series for 35 months. Meanwhile, the sale count fell from 1,654 in February 2018 to 1,358 in February 2019, although this too was a rebound from the January 2019 reading of 1,173.

We have received feedback from local agents throughout Auckland that levels of enquiry have fallen substantially over the past 1-2 years. In addition, the ASB Housing Confidence Survey released 19 February 2019 showed a fall in the net reading of respondents expecting house prices to increase in Auckland to 8% in the 3 months to January 2019 (compared to 15% in November 2018 and 21% in August 2018). The net reading of respondents finding now to be a good time to buy a house has risen from -6% to 0% over the same period, however, which may be a reflection of recent falls in retail borrowing costs and increased affordability following the recent slowdown in overall market conditions.

In addition, Stats NZ figures released on 15 February 2019 show that net migration has fallen to its lowest level nationwide since 2014, down by around 22 per cent (since peaking in 2016) to 48,278. Stats NZ also estimates that the population of Auckland rose by 38,700 in the year to June 2018. Although it is widely acknowledged that a substantial deficit of housing has accumulated over the past 5 years, Auckland Council figures show that issuance of Code Compliance Certificates stood at 9,078 in the year to December 2018. Based on an average household size of 2.7 (reflecting 2013 census figures), this indicates sufficient newly certified dwellings in the year to December 2018 to accommodate some 24,500 additional people. Therefore, it appears that completion of new dwellings in the Auckland region is catching up with migration (and overall population) growth.

The following chart graph shows the movements in sale volumes and median sales prices in Auckland over the last two years, and highlights a gradually declining trend in sales volumes and median prices.



### Outlook

The underlying fundamental drivers of the Auckland residential property market appear largely to remain in place, with some increasing uncertainty at the margins.

On the supply front, availability of funding for development projects remains tight. Coupled with capacity issues in the construction sector, this is expected to constrain supply growth over the medium term.

With respect to demand, there is now a clear downward trend in net migration, although figures remain high by historical standards. Furthermore, issuance rates for Code Completion Certificates indicate that completions of new dwellings appear to be

catching up with population growth. We await the results of the 2018 census, which at this stage are expected in April 2019, and which will provide further clarity regarding local demographic conditions. Meanwhile, interest rates remain historically low, with the RBNZ releasing a statement on 13 February 2019 that the Official Cash Rate is expected to be kept on hold into 2021 (with the next change to be either an increase or a decrease), the S&P/NZX 5 year swap index showing a yield to maturity of 1.94% on 13 February 2019 (a 12-month low which compares to 2.73% on 14 March 2018), and BNZ research showing wholesale funding spreads to swap rates remaining fairly stable over the past 12-18 months. Furthermore, at least one major trading bank is currently advertising sub-4% home loan rates for terms of up to 3 years.

On the other hand, demand is likely to be impacted negatively by the passage of the Overseas Investment Amendment Act 2018 which prohibits most overseas buyers from purchasing residential property in New Zealand. Stats NZ figures show that 4.9% of property transfers in Auckland during the quarter ending December 2018 were to buyers without NZ citizenship or a residency visa (compared to 6.5% in the June quarter). In the Waitemata ward (chiefly the inner city), the proportion of sales to overseas buyers fell from 22% in the June quarter to 13.7% in the December quarter. The Amendment Act came into effect on 22 October 2018. If it is successful in further reducing such transfers in the future then it will provide a counterweight to housing conditions which for several years have been driven to a large extent by a significant cumulative supply deficit.

## 5 Valuation Methodology

### 5.1 Market Value Assessment

We have been requested to provide an assessment of the Market Value of the proposed lots as an aggregate Gross Realisation. The most appropriate methodology in this case is the Direct Comparison Approach, which is used to determine value of the individual dwelling units via a comparison to similar dwellings that have sold nearby in recent times. Comparison is made on a rate per square metre of dwelling floor area (or in overall quantum terms where appropriate), with adjustments made to the sales evidence for aspects such as time, location, quality, size, quality of outdoor areas and overall condition. Our individual market value assessments for the proposed lots are then aggregated to provide a 'Gross Realisation' value of the completed stock.

With respect to adjustments of rates per square metre for size, the effect of diminishing marginal utility is widely recognised in the field of property valuation. In practice this means that the marginal value of each square metre of floor area will, all else being equal, be less once a viable dwelling size has been achieved. Therefore, although a dwelling may have a relatively small floor area, and be inferior to nearby properties for that reason in absolute terms, it is likely to achieve a higher rate per square metre at sale, all else being equal, due to the effect of diminishing marginal utility.

## 6 Sales Evidence

In order to ascertain the proposed lots' gross realisation, we have investigated market sales transactions of a range of similar properties in West Auckland.

### 6.1 Entry Level Market Evidence

In order to ascertain a likely lower bound of the proposed lots' realistic market value range, we have considered a number of sales of older properties which we consider to represent entry level purchasing options.



**Property Address:** 2/8 Keeling Road, Henderson

**Sale Price:** \$375,000

**Sale Date:** 31 January 2019

**Floor Area:** 40 square metres

**Rate PSM:** \$9,375

This is a freestanding, single storey, steel clad, cross lease dwelling (built circa 1975). The layout includes 1 bedroom, 1 bathroom, and a combined living and dining area. The dwelling presents in basic/dated condition. Car accommodation consists of off-street parking for two vehicles. Property Guru records show a floor area of 40 square metres.

**Comparison:** Much older property. Inferior in absolute terms to all of the proposed lots, although the proposed lots are likely to achieve a lower rate per square metre at sale due to their larger floor areas.



**Property Address:** 14/85 Edmonton Road, Henderson

**Sale Price:** \$381,250

**Sale Date:** 8 October 2018

**Floor Area:** 40 square metres

**Rate PSM:** \$9,531

This is a semi-detached, single storey, Hardiplank clad, unit title dwelling (built circa 1985). The layout includes 1 bedroom, 1 bathroom, an open plan kitchen and living area, and a private courtyard and garden. The property has been updated internally in part some 20 years ago. Agency marketing notes that the property benefits from off-street parking. Property Guru records show a floor area of 40 square metres.

**Comparison:** Much older property with a smaller floor area. Inferior overall in absolute terms, although the proposed lots are likely to achieve a lower rate per square metre at sale due to their larger floor areas.



**Property Address:** 9/352A Swanson Road, Ranui

**Sale Price:** \$382,500

**Sale Date:** 29 March 2018

**Floor Area:** 58 square metres

**Rate PSM:** \$6,595

This is a semi-detached, single storey, brick and plaster clad, unit title townhouse (built circa 2000). The layout includes 2 bedrooms, 1 bathroom, and an open plan kitchen and living area. The property is finished to an original, tidy standard. Car accommodation consists of a single attached carport with an off-street parking space in tandem. The property was leased to Housing New Zealand at the time of sale with an expiry date of mid-2019 according to agency marketing. Property Guru records show a floor area of 58 square metres.

**Comparison:** Older property with a less accepted cladding system and vacant possession not available immediately. Smaller floor area than the proposed 2 bedroom dwellings. Inferior overall in absolute terms and on a rate per square metre basis.



**Property Address: 4/114 Lynwood Road, New Lynn**

**Sale Price: \$415,000**

**Sale Date: 21 June 2018**

**Floor Area: 50 square metres**

**Rate PSM: \$8,300**

This is a semi-detached, single storey, brick clad, cross lease dwelling (built circa 1965). The layout includes 1 bedroom, 1 bathroom, and an L-shaped kitchen and living area. The property presents largely in original condition with the exception of a renovated bathroom. Car accommodation consists of a single carport. Property Guru records show a listing date of 23 February 2018 and a floor area of 50 square metres.

**Comparison: Much older property with a smaller floor area than the proposed lots. Inferior overall in absolute terms, although the proposed lots are generally likely to achieve a slightly lower rate per square metre at sale due to their larger floor areas.**

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**Property Address: 9/48 McLeod Road, Henderson**

**Sale Price: \$470,000**

**Sale Date: 12 March 2017**

**Floor Area: 80 square metres**

**Rate PSM: \$5,875**

This is a semi-detached, double storey, brick clad, cross lease townhouse (built circa 1970). The layout includes 2 bedrooms, 1 bathroom, an open plan kitchen and living area, and a northeast facing balcony. The property presents in original condition. Car accommodation consists of a single carport. Property Guru records show a listing date of 13 January 2017 and a floor area of 80 square metres.

**Comparison: Much older property. Inferior overall in absolute terms compared to the proposed dwellings (other than Lots 1 and 2), and inferior to all of the proposed lots on a rate per square metre basis.**

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## 6.2 Modern Market Evidence

Given that the proposed lots are likely to attract purchasers seeking a modern standard of accommodation, we have also considered recent transactions of modern townhouses and apartments within the wider West Auckland region.



**Property Address:** 2N/17 Crown Lynn Place, New Lynn

**Sale Price:** \$191,000

**Sale Date:** 18 December 2018

**Floor Area:** 28 square metres

**Rate PSM:** \$6,821

This is a unit title studio apartment located on the first floor of a 5 storey development which was completed circa 2005. The layout includes a bed/sitting area, a kitchen, and a bathroom. The property presents in original, tidy condition. The complex includes a shared swimming pool and a gymnasium. Property Guru records show a listing date of 1 December 2018 and a floor area of 28 square metres.

**Comparison:** Older property with a smaller floor area than the proposed studios at Lots 3 and 7. Perceived inferior form of title. However, a superior location. Inferior on a rate per square metre basis compared to the proposed studios at Lots 3 and 7.



**Property Address:** 3G/17 Crown Lynn Place, New Lynn

**Sale Price:** \$303,000

**Sale Date:** 13 September 2018

**Floor Area:** 36 square metres

**Rate PSM:** \$8,417

This is a unit title studio apartment located within a 5 storey development which was completed circa 2005. The layout includes a bed/sitting area, a kitchen, and a bathroom. The property presents in original, tidy condition, and achieves a district outlook. Car accommodation consists of a single off-street parking space. The complex includes a shared swimming pool, tennis court and a gymnasium. Property Guru records show a listing date of 1 December 2017 and a floor area of 36 square metres.

**Comparison:** Older property although with a similar floor area to the proposed studios at Lots 3 and 7. Perceived inferior form of title, although with a parking space on title. Superior location. Superior outlook. Inferior on a rate per square metre basis compared to the proposed studios at Lots 3 and 7.



**Property Address:** 5K/17 Crown Lynn Place, New Lynn

**Sale Price:** \$338,000

**Sale Date:** 4 June 2018

**Floor Area:** 36 square metres

**Rate PSM:** \$9,389

This is a unit title studio apartment located within a 5 storey development which was completed circa 2005. The layout includes a bed/sitting area, a kitchen, and a bathroom. The property presents in original, tidy condition, and achieves a district outlook. Car accommodation consists of a single off-street parking space. The complex includes a shared swimming pool, tennis court and a gymnasium. Property Guru records show a listing date of 1 December 2017 and a floor area of 36 square metres.

**Comparison:** Older property although with a similar floor area to the proposed studios at Lots 3 and 7. Perceived inferior form of title, although with a parking space on title. Superior location. Superior outlook. Superior on a rate per square metre basis compared to the proposed studios at Lots 3 and 7.



**Property Address:** 5A/10 Crown Lynn Place, New Lynn

**Sale Price:** \$540,000

**Sale Date:** 7 November 2018

**Floor Area:** 63 square metres

**Rate PSM:** \$8,571

This is a unit title apartment located on the top floor of a 5 storey development which was completed circa 2005. The layout includes 2 bedrooms, 1 bathroom, an L-shaped kitchen and living area, and a balcony. The property presents in original, tidy condition and achieves a district outlook. The complex includes a shared swimming pool, tennis court and a gymnasium. Car accommodation consists of a single garage and an additional secure parking space. Property Guru records show a listing date of 16 October 2018 and a floor area of 63 square metres.

**Comparison: Older property with a smaller floor area than all but Lots 1 and 2 at the subject property. Perceived inferior form of title. However, a superior outlook and a superior location. Superior on a rate per square metre basis to all proposed lots except for Lots 3 and 7.**



**Property Address:** 162/172 McLeod Road, Te Atatu South

**Sale Price:** \$546,000

**Sale Date:** 16 September 2018

**Floor Area:** 75 square metres

**Rate PSM:** \$7,280

This is a semi-detached, single storey, brick and plaster clad, unit title townhouse (built circa 2005). The layout includes 2 bedrooms, 1 bathroom, an open plan living area, and a sunroom. The property is finished to an original, tidy standard. Car accommodation consists of a single garage with internal access and a separate off-street parking space. Property Guru records show a listing date of 8 August 2018 and a floor area of 75 square metres.

**Comparison: Older property with a less accepted cladding system and a perceived inferior form of title. Inferior on a rate per square metre basis to all of the proposed lots at the subject property.**



**Property Address:** 203 Hobsonville Point Road, Hobsonville

**Sale Price:** \$550,000

**Sale Date:** 3 October 2018

**Floor Area:** 70 square metres

**Rate PSM:** \$7,857

This is a unit title apartment located on the ground floor of a three storey building which was completed circa 2016. The apartment has its own separate street access at ground level. The layout includes 1 bedroom, 1 bathroom, an open plan kitchen and living area, a study, and a front courtyard with access to the street. The property is located nearby a range of services including local shops, schools, and a reserve. Car accommodation consists of an off-street parking space. Property Guru records show a floor area of 70 square metres.

**Comparison: Superior location. However, a smaller floor area than all but Lots 1 and 2 at the subject property. Perceived inferior form of title. Broadly similar to most proposed lots on a rate per square metre basis, but inferior to Lots 3 and 7.**



**Property Address:** 1/5 Craiburn Street, Ranui

**Sale Price:** \$550,000

**Sale Date:** 8 January 2019

**Floor Area:** 88 square metres

**Rate PSM:** \$6,250

This is a semi-detached, single storey, brick clad, unit title townhouse (built circa 2005). The layout includes 2 bedrooms, 1 bathroom, a combined living and dining area, and a small front courtyard. The property is finished to an original, tidy standard. Car accommodation consists of a single garage with internal access and an off-street parking space in tandem. Property Guru records show a listing date of 29 August 2018 and a floor area of 88 square metres.

**Comparison: Larger floor area. However, an older property, with a perceived inferior form of title, in an inferior location. Inferior overall to the proposed lots on a rate per square metre basis.**



**Property Address: 17/172 McLeod Road, Te Atatu South**

**Sale Price: \$560,000**

**Sale Date: 1 November 2018**

**Floor Area: 97 square metres**

**Rate PSM: \$5,773**

This is a semi-detached, double storey, brick and weatherboard clad, unit title townhouse (built circa 2005). The layout includes 2 bedrooms, 1 bathroom, an open plan kitchen and living area, and a rear courtyard. The property is finished to an original, tidy standard. Car accommodation consists of a single garage with internal access and a separate off-street parking space. Property Guru records show a floor area of 97 square metres.

**Comparison: Larger floor area. However, an older property with a perceived inferior form of title. Inferior overall to the proposed lots on a rate per square metre basis.**



**Property Address: 174/172 McLeod Road, Te Atatu South**

**Sale Price: \$560,000**

**Sale Date: 29 January 2018**

**Floor Area: 93 square metres**

**Rate PSM: \$6,022**

This is a middle floor unit title apartment located in a low rise building which was completed circa 2005. The layout includes 2 bedrooms, 1 bathroom, an open plan living area, and a balcony. The property is finished to an original, tidy standard. Car accommodation consists of a single garage and a separate off-street parking space. Property Guru records show a listing date of 17 November 2017 and a floor area of 93 square metres.

**Comparison: Larger floor area. However, an older property with a perceived inferior form of title. Inferior overall to the proposed 2 bedroom dwellings in absolute terms and to all of the proposed lots on a rate per square metre basis.**



**Property Address: 3C/1 Wadier Place, Henderson**

**Sale Price: \$580,000**

**Sale Date: 20 March 2018**

**Floor Area: 55 square metres**

**Rate PSM: \$10,545**

This is a unit title apartment located on the top floor of a three storey building which was completed circa 2005. The layout includes 1 bedroom, 1 bathroom, an open plan kitchen and living area, and a balcony. The property is finished to an original, tidy standard. Car accommodation consists of an off-street parking space. Property Guru records show a listing date of 14 March 2018 and a floor area of 55 square metres.

**Comparison: Superior location within walking distance of Henderson's town centre. Smaller floor area than all but Lots 1 and 2 at the subject property. Older property with a perceived inferior form of title. Inferior overall in absolute terms to the proposed 2 bedroom dwellings, although superior on rate per square metre basis reflecting its location and floor area.**



**Property Address: 145/172 McLeod Road, Te Atatu South**

**Sale Price: \$580,500**

**Sale Date: 28 January 2019**

**Floor Area: 110 square metres**

**Rate PSM: \$5,277**

This is a semi-detached, part two storey, brick and weatherboard clad, unit title townhouse (built circa 2005). The layout includes 2 bedrooms, 2 bathrooms, and an open plan living and dining area. The property is finished to an original, tidy standard. Car accommodation consists of a single garage with internal access. Property Guru records show a listing date of 22 January 2019 and a floor area of 110 square metres.

**Comparison: Older property with a perceived inferior form of title. Inferior overall to the proposed lots on a rate per square metre basis.**



**Property Address: 33 Winery Way, Henderson**

**Sale Price: \$583,000**

**Sale Date: 20 May 2018**

**Floor Area: 101 square metres**

**Rate PSM: \$5,772**

This is a double storey (plus basement), attached, plaster clad, fee simple townhouse (built circa 2005) which is situated on a 143 square metre allotment. The layout includes 3 bedrooms, 2 bathrooms, an open plan living area, and a rear deck. Agency marketing notes that the property has been partly updated with a new bathroom and new carpeting. Car accommodation consists of a single garage with an off-street parking space in tandem. Property Guru records show a listing date of 5 April 2018 and a floor area of 101 square metres.

**Comparison: Superior location within walking distance of Henderson's town centre. Larger floor area, and a larger site area. However, an older property with a less accepted cladding system. Inferior overall to the proposed 2 bedroom dwellings in absolute terms and to all of the proposed lots on a rate per square metre basis.**



**Property Address: 5/172 McLeod Road, Te Atatu South**

**Sale Price: \$629,000**

**Sale Date: 10 September 2018**

**Floor Area: 120 square metres**

**Rate PSM: \$5,242**

This is a triple storey attached, brick and weatherboard clad, unit title townhouse (built circa 2005). The layout includes 3 bedrooms, 2 bathrooms, an open plan living area, and a rear deck. The property presents in original, tidy condition. Car accommodation consists of a single garage with internal access. Property Guru records show a listing date of 28 May 2018 and a floor area of 120 square metres.

**Comparison: Larger floor area, superior layout with 3 bedrooms. However, an older property with a perceived inferior form of title. Similar in value to the proposed 2 bedroom dwellings in absolute terms, but inferior to the proposed lots on a rate per square metre basis reflecting its larger floor area.**



**Property Address: 69 Rangihina Road, Hobsonville**

**Sale Price: \$635,000**

**Sale Date: 21 October 2018**

**Floor Area: 67 square metres**

**Rate PSM: \$9,478**

This is a unit title apartment located on the ground floor of a low rise building which was completed circa 2018. The apartment has its own separate street access at ground level. The layout includes 2 bedrooms, 1 bathroom, an open plan kitchen and living area, and a front courtyard with access to the street. Car accommodation consists of an off-street parking space. Property Guru records show a floor area of 67 square metres.

**Comparison: Superior location. However, a smaller floor area than all but Lots 1 and 2, and a perceived inferior form of title. Similar in value in absolute terms to the proposed 2 bedroom dwellings, but superior on a rate per square metre basis.**



**Property Address: 76G Edmonton Road, Henderson**

**Sale Price: \$650,000**

**Sale Date: 8 July 2018**

**Floor Area: 137 square metres**

**Rate PSM: \$4,745**

This is a triple storey semi-detached, cedar weatherboard clad, fee simple townhouse (built circa 2005) which is situated on a 150 square metre allotment. The layout includes 2 bedrooms, 2 bathrooms, a meals area adjoining the kitchen, a living room, and a balcony which achieves a filtered glimpse of the Waitakere Ranges. Car accommodation consists of a single garage and an additional off-street parking space. Property Guru records show a listing date of 17 May 2018 and a floor area of 137 square metres.

**Comparison: Nearby location, superior parking, larger floor area. However, an older property. Superior overall in absolute terms to the proposed 2 bedroom dwellings, but inferior on a rate per square metre basis reflecting its larger floor area.**



**Property Address: 606/38 McCrae Way, New Lynn**

**Sale Price: \$675,000**

**Sale Date: 7 June 2018**

**Floor Area: 83 square metres**

**Rate PSM: \$8,133**

This is a unit title apartment located in a circa 2015 built complex. The layout includes 2 bedrooms, 2 bathrooms, a meals area adjoining the kitchen, a defined living area, and a balcony. The property presents to a good modern standard and achieves a district outlook. Agency marketing suggests the property does not have parking on title. Property Guru records show a listing date of 26 April 2018 and a floor area of 83 square metres.

**Comparison: Superior location within walking distance of New Lynn's town centre. Similar floor area to the proposed 2 bedroom dwellings. Superior overall in absolute terms. Superior on a rate per square metre basis (with the exception of Lots 3 and 7).**

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**Property Address: 65D Metcalfe Road, Ranui**

**Sale Price: \$690,000**

**Sale Date: 1 March 2019**

**Floor Area: 128 square metres**

**Rate PSM: \$5,391**

This is a double storey attached weatherboard and fee simple townhouse (built circa 2019) which is situated on a 226 square metre allotment. The layout includes 4 bedrooms, 2 bathrooms, an open plan kitchen, living and dining area, and a rear deck. The property presents to a good modern standard. Car accommodation consists of a single garage. Property Guru records show a listing date of 24 January 2019 and a floor area of 128 square metres.

**Comparison: Larger dwelling with 4 bedrooms, although an inferior location. Superior overall in absolute terms, but inferior on a rate per square metre basis reflecting its larger floor area and inferior location.**

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#### 45 Vera Road, Te Atatu South

This is a complex of 9 two storey townhouses which is yet to be erected and is being pre-sold by the same developer (Williams Corporation) through locally active real estate agents. The dwellings each have a 1 bedroom, 1 bathroom layout, floor areas of 55-56 square metres, and fee simple titles. The standard of construction and interior fit-out is similar to those proposed for the subject property.



We are aware of the following pre-sales within the development.

No.	Bedrooms	Sale Price	Sale Date	Floor Area	Rate PSM
1	1	\$480,000	February 2019	55.82 m <sup>2</sup>	\$8,599
3	1	\$475,000	April 2019	55.29 m <sup>2</sup>	\$8,591
4	1	\$469,000	April 2019	56.44 m <sup>2</sup>	\$8,310
6	1	\$475,000	April 2019	55.29 m <sup>2</sup>	\$8,591
7	1	\$475,000	March 2019	55.29 m <sup>2</sup>	\$8,591
8	1	\$469,000	February 2019	56.44 m <sup>2</sup>	\$8,310

These sales are considered to be slightly superior to the 1 bedroom dwellings at 83 Vodanovich Road, due to a slightly superior location nearer the Northwestern Motorway interchange.

## 86 Vodanovich Road, Te Atatu South

This is a complex of 6 two storey townhouses which is yet to be erected and is being pre-sold by the same developer (Williams Corporation) through locally active real estate agents. The dwellings each have a 2 bedroom, 1 bathroom layout (with the exception of a single 1 bedroom dwelling), floor areas of 78.9 square metres (and 57.7 square metres for the 1 bedroom dwelling), and fee simple titles. The standard of construction and interior fit-out is similar to those proposed for the subject property.



We are aware of the following pre-sales within the development.

No.	Bedrooms	Sale Price	Sale Date	Floor Area	Rate PSM
2	1	\$450,000	March 2019	57.7 m <sup>2</sup>	\$7,799
3	2	\$620,000	March 2019	78.9 m <sup>2</sup>	\$7,858
4	2	\$620,000	February 2019	78.9 m <sup>2</sup>	\$7,858
1	2	\$625,000	Conditional	78.9 m <sup>2</sup>	\$7,921
5	2	\$620,000	Conditional	78.9 m <sup>2</sup>	\$7,858
6	2	\$630,000	Conditional	78.9 m <sup>2</sup>	\$7,985

These sales are considered to be similar to the proposed 2 bedroom dwellings at 83 Vodanovich Road.

## Bordeaux Parade Townhouses – Te Atatu South

This is a recently completed (circa 2018) row of 8 three storey attached townhouses which is situated on a no through road some 2.5 kilometres by road southeast of 83 Vodanovich Road. Construction includes a mixture of vertical and horizontal weatherboards and brick cladding, internal fit-out is of a good modern standard, and the townhouses each include single garaging with internal access, as well as additional off-street parking, and private rear deck/garden and balcony areas.



We are aware of the following transactions within the complex.

No.	Bedrooms	Sale Price	Sale Date	Floor Area	Rate PSM
71	4	\$870,000	July 2018	174 sqm	\$5,000
73	4	\$820,000	February 2018	165 sqm	\$4,970
83	4	\$780,000	October 2018	164 sqm	\$4,756
85	4	\$780,000	June 2018	164 sqm	\$4,756
93	4	\$780,000	February 2019	165 sqm	\$4,727

### 6.3 Sales Evidence Summary

In summary:

- The proposed lots at 83 Vodanovich Road will offer a good, modern standard of accommodation which exceeds that typically found in the locality.
- Modern properties in Hobsonville, Henderson and New Lynn (all considered to be superior locations due to their proximity to services and amenities) have been achieving sale prices of between \$7,800 and \$10,500 or so per square metre of floor area.
- Townhouses and apartments on McLeod Road in Te Atatu South are achieving sales at between \$5,250 and \$7,250 per square metre or so, which is a reflection both of their generally larger floor areas and their more dated condition compared to the proposed lots at 83 Vodanovich Road.
- Pre-sales at other complexes under development by Williams Corporation in Te Atatu South are achieving rates of between \$7,800 and \$8,600 or so per square metre.
- New townhouses and apartments generally transact at premium prices to existing more dated stock, reflecting the desirability of brand new buildings which should not have earthquake or 'leaky building' issues.
- We consider that the residential property market has slowed over the last 12-18 months, although good properties are still selling and some preferred Auckland suburbs continue to show growth.

Based on the sales evidence discussed above, making adjustments for aspects such as location, quality, and size, we have adopted the following valuation inputs.

Variable	Rate PSM	Market Value
Minimum Adopted	\$7,971	\$460,000 including GST
Maximum Adopted	\$9,158	\$660,000 including GST
<b>Average Adopted</b>	<b>\$8,320</b>	<b>\$584,286 including GST</b>

# 7 Valuation Considerations

## 7.1 SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>▪ The proposed lots are to be finished to a good modern standard which surpasses that of much of the area's existing stock.</li> <li>▪ They are positioned within a relatively affordable segment of the market.</li> <li>▪ Fee simple titles may appeal to buyers wary of involvement with a body corporate or of cross lease schemes.</li> <li>▪ The proposed lots would likely appeal to investors, with a rental appraisal provided to us by the developer indicating potential gross income of between \$495 and \$525 each per week for the 2 bedroom dwellings.</li> <li>▪ Lots 3 and 7 offer the flexibility of leaving their studio pairs interconnected for blended family accommodation, or separating them in a 'dual key' configuration with an estimated potential rental income of between \$325 and \$350 per week for each studio.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The dwellings have smaller floor areas than are available in other townhouse and apartment developments in West Auckland.</li> <li>▪ The dwellings have smaller site areas than other fee simple townhouses which have sold recently in West Auckland.</li> <li>▪ Two of the proposed lots lack parking.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>▪ With competing developments generally offering larger floor areas, the proposed townhouses can be priced relatively affordably.</li> <li>▪ Individual fee simple titles allow an 'in one line' purchaser to retain or dispose of the townhouses as capital and income needs dictate.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The passage of the Overseas Investment Amendment Act 2018 may lead to a reduction in demand if local buyers do not take up the slack from now excluded foreign purchasers, heretofore more active in Auckland than elsewhere in New Zealand.</li> <li>▪ Market conditions may also be weakened due a fall in net migration, or as a result of ongoing discussions relating to ring-fencing of losses on residential investment properties.</li> <li>▪ While short-to-medium term interest rates remain low by historical standards, any significant increase in borrowing costs could have an outsize impact on buyers in this price segment, lengthening the period necessary to complete a sell-down exercise.</li> <li>▪ Potential reforms to tenancy laws may reduce demand from investors over the coming years.</li> </ul>

## 7.2 Likely Selling Period

Under current market conditions, if the individual completed lots were available for sale, we would anticipate a selling period of around 6 months in total (at an average of 1-2 per month). However, we are unable to predict future marketing periods which may be required post completion.

Post completion we would expect the individual completed townhouses to appeal broadly both to owner occupiers (including first home buyers considering their price segment) and to investors, although the outcome of any reform of taxation or tenancy laws may reduce their appeal to investors in the future.

## 8 Valuation – ‘As If Complete’ Gross Realisation

Having regard to the market sales evidence discussed in this report, together with the state of the residential property market, we conclude that the market values of the completed townhouses ‘as if complete’ as at 6 May 2019, subject to the comments and qualifications contained within our report, are as follows.

Lot	Market Value	Floor Area	Rate PSM
1	\$460,000 including GST	56.96 m <sup>2</sup>	\$8,076
2	\$460,000 including GST	56.96 m <sup>2</sup>	\$8,076
3	\$650,000 including GST	72.07 m <sup>2</sup>	\$9,019
4	\$620,000 including GST	77.78 m <sup>2</sup>	\$7,971
5	\$620,000 including GST	77.78 m <sup>2</sup>	\$7,971
6	\$620,000 including GST	77.78 m <sup>2</sup>	\$7,971
7	\$660,000 including GST	72.07 m <sup>2</sup>	\$9,158
<b>Total</b>	<b>\$4,090,000 including GST</b>	<b>Average</b>	<b>\$8,320</b>

While we would normally expect Lot 1 and Lot 2 (1 bedroom each) to achieve a notably higher rate per square metre of floor area than the 2 bedroom dwellings, in this case we have adopted a broadly similar rate as a reflection of their lack of parking. We have adopted a higher rate per square metre for Lots 3 and 7 than for the other proposed lots, reflecting mainly their greater flexibility (offering the option to leave studios interconnected or separate them in a ‘dual key’ configuration for a higher potential rental income).

The above Gross Realisation assessment of **\$4,090,000 including GST (if any)** is provided ‘in aggregate’ as a numerical sum of the individual assessed values for the completed townhouses. It is not a value of the asset as one holding (‘sale in one line’). We would be happy to provide such an analysis upon request.

## 9 Valuation

In accordance with your instructions we have assessed the proposed lots' market values on an 'as if complete' basis as follows. Our valuation is subject to the comments, qualifications and financial data contained within our report. On that basis, and assuming the completed dwellings are free of encumbrances, restrictions or other impediments of an onerous nature which would affect value, in our opinion their market value on an 'as if complete' and gross realisation basis, as at 6 May 2019, is:

**Market Value – Gross Realisation**  
**\$4,090,000 including GST (if any)**  
**Four Million and Ninety Thousand Dollars including GST (if any)**

Finally, and in accordance with our normal practice, we confirm that this report is confidential to Williams Corporation for Internal Reliance Purposes only. No responsibility is accepted to any third parties. Neither the whole of the report, or any part of it, or any reference to it, may be published in any document, statement or circular nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours faithfully,

**JLL, Valuation & Advisory**



**James Smithies**

Registered Valuer

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Valuer Involvement in the preparation of this report:

<b>Inspection of Property/Assets</b>	James Smithies
<b>Calculations</b>	James Smithies
<b>Information Review:</b>	James Smithies
<b>Reporting Authoring</b>	James Smithies
<b>Quality Assurance</b>	Ben Radovonich
<b>Principal Valuer</b>	James Smithies

JLL require that all Valuation Reports be reviewed for Quality Assurance purposes before external release. The individual that has undertaken the Quality Assurance review offers no opinion on the subject property(s).

# Annexures

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Annexure 1	Record of Title
Annexure 2	Title Plan
Annexure 3	Proposed Site Plan

# Annexure 1      Record of Title



## RECORD OF TITLE UNDER LAND TRANSFER ACT 2017 FREEHOLD Search Copy



**Identifier**                    **NA1C/675**  
**Land Registration District**   **North Auckland**  
**Date Issued**                    23 May 1963

**Prior References**  
NA1B/395

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**Estate**                    Fee Simple  
**Area**                    822 square metres more or less  
**Legal Description**   Lot 111 Deposited Plan 50809

**Registered Owners**  
Yu-Li Chang

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**Interests**  
K77284 Building Line Restriction  
10090021.3 Mortgage to Westpac New Zealand Limited - 19.6.2015 at 4:32 pm

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*Transaction Id*  
*Client Reference*    mwhite002

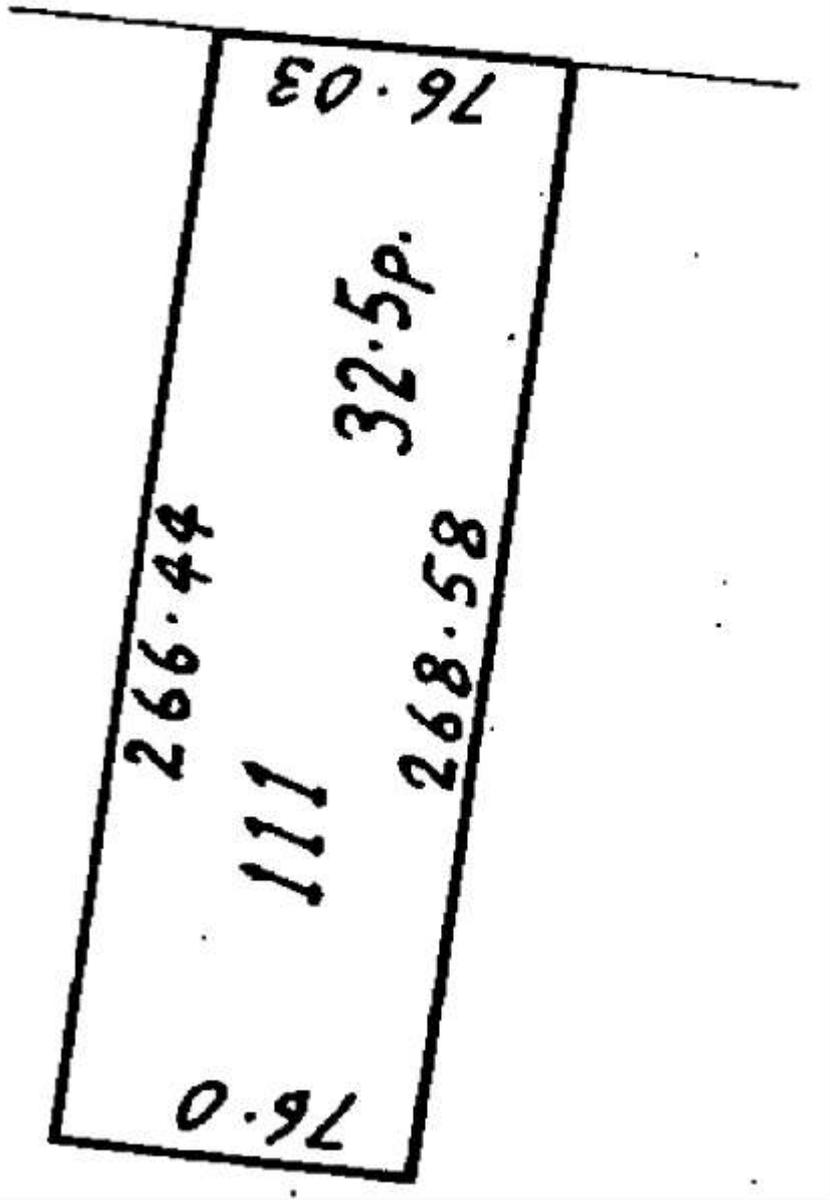
*Search Copy Dated 7/05/19 11:28 am, Page 1 of 2*  
*Register Only*

Identifier

NAIC/675

78.82

Vodanovich Rd.





# Contacts

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