

NEW ZEALAND

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PROPERTY PROFESSIONAL

MAGAZINE

THE FUTURE OF PROPERTY

HOW THE PROPERTY
PROFESSION IS CHANGING

PROPERTY EDUCATION

*Energy efficiency in
commercial buildings*

NEW TECHNOLOGY

*Next generation of property
professionals*

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EXCITING FUTURE WITH PROPERTY

This is our first edition of *Property Professional* for 2017 and it's a little different.

In this edition we've made a very deliberate decision to focus on the future of property, the education on offer, the challenges our industry faces to attract new blood, and some of the technology that property professionals can now use.

I've long been of the view that property – along with being the biggest industry in the world – is also the most exciting.

No other industry offers the range of professional choices for career seekers – and the constant evolution of technology in our industry means that a new generation of property professionals will be doing things, in years to come, in ways that we will barely recognise.

That said, there are also challenges and this edition makes no attempt to sugar coat them. Some of it does not make for comfortable reading and, overall, it underlines the huge task we have in attracting, recruiting and retaining the next generation of property professionals.

Fortunately, there is a lot of good will from the industry to make things happen – but it's not going to be easy.

Younger people are no longer coming through the universities in such large numbers and there's a generalised perception that property professionals are mostly older, and mostly male.

To be fair, like many perceptions this one is grounded in the reality of the past, and the evidence suggests that the profile has been rapidly changing over the past 10 to 15 years. For example, although only 6% of practising registered valuers over the age of 50 are women, that increases to 20% in the 40 to 49 age bracket. These numbers show that the changes are definitely in the right direction.

As Chief Executive of the Property Institute I'm very focused on doing the things that will make our industry more appealing to young people and a more natural fit for women seeking a career.

I'm very focused on doing the things that will make our industry more appealing to young people and a more natural fit for women seeking a career.

To achieve that we've been transforming our organisation into a more modern body that meets the needs of members in the 21st century. This includes a greater use of technology to deliver information (and continuing professional development or CPD), more visually appealing and punchier communications, a more sophisticated use of media to get our message out, a recognition of the need to combine networking with education, and the creation of special interest professional groups such as the 'Women In Property' networking events we'll kick off later this year to promote and foster the next intake of industry leaders.

But that's not all we're doing. This year we'll also be taking an active role in careers expos around the country in the hope that younger people will be able to make a more informed choice about what they want to get out of their careers.

For those already in the industry, at PINZ we're rolling out even more CPD and that'll come in many forms from webinars (for the busy professional who can't spare the time away from their desk) to more intensive face-to-face sessions with experts in their fields. We're also going to be asking for more feedback from our members to ensure we do a better job at delivering CPD in their areas of speciality.

One of the things I often tell new entrants to property is it's no longer a job for life. You're no longer locked into a position with no prospect of advancement.

Most of the senior people I meet started in one area, and have moved to new fields, travelled the world, been involved in multi-million dollar transactions and made a good crust doing it. They've had a challenging and rewarding career. And that's what I think we need to focus on 🐣



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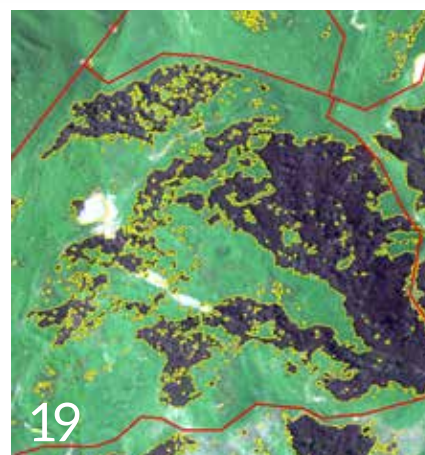
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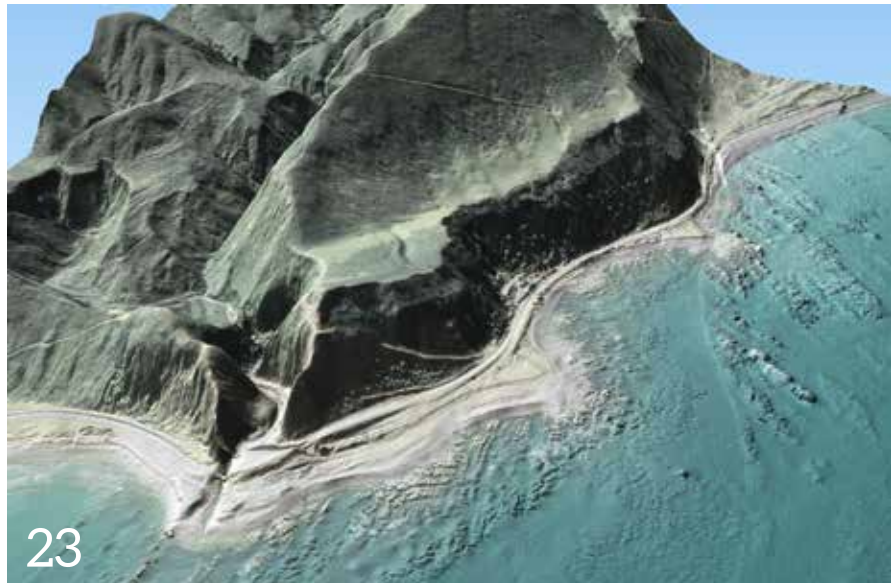
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PROPERTY INSTITUTE AWARDS 2017 *Recognising Success, Passion and Innovation*

Are you, or one of your colleagues, among the best property professionals in New Zealand?

We're looking for the best of the best to be recognised at our 2017 Property Institute Annual Conference in June, and we've opened nominations for five award categories that recognise the outstanding work of property professionals like you.

As well as the Professional Awards, the Property Institute aims to cultivate new talent and ensure the next generation of property professionals is supported to become future leaders in their profession.

**PROPERTY
INSTITUTE**

**This year's award
categories are:**

Supreme Award:
Property Industry Award

Property Professional
of the Year

Property Business
of the Year

Young Property Professional
of the Year

Property Innovation Award

To nominate yourself, a colleague, or a business visit our awards page at www.property.org.nz to view category details and download a nomination form. **Nominations will close at 5pm on 21 April 2017 and nominees will be advised of their selection by 1 May 2017.** The recipient of the John M. Harcourt Memorial Award will be chosen by the Valuers Council.

NEW ZEALAND PROPERTY EDUCATION

Industry challenges an opportunity for graduates

Diana Clement investigates the state of offerings at New Zealand's universities and finds the glass half full, or half empty, depending on which side of the fence you sit on.



Lincoln University says it could quadruple its student numbers if young people would apply for its courses

Huge student shortage revealed

Lincoln University could quadruple its property students overnight. The problem is that potential students aren't coming forward, says John McDonagh, Associate Professor in Property Studies at Lincoln.

It's a statement that strikes at the core of the property industry. While the talent shortage in all corners of the industry is reaching crisis point, too few young people are signing up for degree courses. It's also a problem that engenders a lot of head scratching by the profession. More thought leadership is needed to solve or mitigate the problem of a lack of talent.

Just how bad that shortfall is was outlined by Farrow Jamieson's Practice Lead for South Island operations, Andy McLeod, who says that candidates have almost become an endangered species as the company faces the most acute skills shortage in rural valuing that it has ever seen. McLeod has searched for candidates

from Kaitiāia to Bluff, head hunting potential individuals.

He adds that Less than 10% of registered valuers in New Zealand are rural specialists, and of those only 20% are actively practising, and of these around 60% are due to retire in the next five years. McLeod says that inadequate numbers of graduates from university, which feed the property sector, has compounded the problem.

Moving on with careers

Senior Lecturer in Property at Massey, Iona McCarthy says it is common for property graduates to shift gears on their career paths pretty quickly. 'We have had other students who have gone from working as valuers and flicked into real estate agency work from a background of valuation.'


She says the reality is that they have all sorts of different personalities and interests that are suited to its different

parts. 'People who are more extrovert will go into agency, for example. Most of them find their way to where they want to be.'

Also while there is a well-documented shortage of valuers and other property professionals, Massey staff anecdotally hear that sometimes there aren't that many small firms willing to employ graduates.

'When you are a one-man band, and historically our valuation firms have been small businesses, it is a big risk to train a young person for three years and this generation is quite mobile,' says McCarthy. She says they often get to the point where they say: 'I am not doing this again.' They have someone who promises to stay, but leaves two years later when they have just started to pay their way.

They prefer instead to work for corporates, listed trusts or large property owners such as hospital boards, which is a whole lot sexier for many students,' says Wilson.



Massey's extramural courses are based at its Manawatu campus



Massey University's Senior Lecturer in Property, Iona McCarthy, says graduates find their way to where they want to be in the industry

All too often property flies under the radar for teachers, yet work in property is extremely varied. The Property Institute has instituted the Young Leaders Programme, which involves going into high schools to promote from the bottom up to attempt to overcome the lack of awareness.

Many of McDonagh's students have had very successful careers (financially) in property development. 'If they really want to have a high-value career in terms of earning potential I say go into the investment finance side of the business.' He notes as well that graduates who do go into valuation will often find the valuation of commercial properties such as shopping centres is better paid than the residential area.

Issues not new

The property-related degree courses on offer from Massey, Lincoln and Auckland universities are designed to meet the academic requirements for professional registration and membership of the:

- Valuers Registration Board
- Property Institute of New Zealand
- Real Estate Institute of New Zealand
- Royal Institution of Chartered Surveyors.

The 2006 survey found that improvements could be made and some of the advice in that report to the industry has been taken on board and degrees have evolved over time. The suggestions for property degrees and the industry in 2006 included more practical work, more integration

with employers, remuneration being too low on the valuation side, and that ways need to be found to retain valuers after registration.

'At Massey degrees are changing,' says McCarthy. 'For example, changes were made to Massey's BBus (Prop) last year and a new paper called Fundamentals of Leadership and Teamwork was launched, which students will take in their second year. An integrative paper was added for final semester students designed to bring together all aspects of property covered in the degree together, as well as communication, teamwork, critical thinking and an understanding of ethics.'

The University of Auckland Master of Property degree was extended to 180 credits in 2016. At Lincoln the decision was made to migrate from a three-year to a four-year degree in 2014 to incorporate more in the course. 'One of the reasons we went from three years to a four-year degree is we couldn't fit everything we wanted to cover in a three-year degree,' says McDonagh. The course now includes accounting, banking finance, town planning and other topics that were not taught in the three-year degree.

Students have ended up all over the world doing different things that people wouldn't assume are property-related. Airports, motorways, railways, etc, all have huge property investment.

The improvements have been welcomed. But sometimes the phrase 'same old, same old' is relevant when it comes to looking at the problems in the property industry and its academic pathway. One recommendation that has been taken on board was for the industry to promote property careers and work with universities in the promotion of degree programmes at careers days and the provision of scholarships.

Lincoln has been pleasantly surprised at the results of the Property Institute's involvement in the Christchurch Careers Expo held on 12-14 May 2016 at the Horncastle Arena. 'The Institute's stand was staffed by recent graduates who were directing people to the Lincoln stand across the walkway. We were inundated with enquiries.' The university won't know for a few more weeks exactly how many extra students they will get, but enquiries have jumped through the roof, says McDonagh.

Yet more needs to be done, says Wilson. As well as the expo approach he believes that the industry needs to step up its work with schools to promote property to students in their last year of high school who might otherwise go into fields such as law and accounting.

All too often property flies under the radar for teachers, yet work in property is extremely varied. The Property Institute has instituted the Young Leaders Programme, which involves going into high schools to promote from the bottom up to attempt to overcome the lack of awareness.

McDonagh says that when he looks up his old students many have already moved on in their property careers. 'There is a whole swag of students I found on LinkedIn who have done all sorts of things,' he says. 'One works for Rolls Royce in Berlin. I use examples of students who have ended up all over the world doing different things that people wouldn't assume are property-related. Airports, motorways, railways, etc, all have huge property investment. The largest property portfolio in New Zealand is the Ministry of Education. These are not on students' radars.'

Nabbing undergraduates

'The shortage of students is so severe that property employers who want a graduate often have to nab their student part-way through the course,' says McDonagh. Lincoln students must work in the industry to fulfil the requirements of their degree courses and employers who take them on for part-time work as undergraduates nearly always offer a full-time job at the end of the degree.

He says employers often come looking for a graduate too late in the piece. 'I say you are not going to get one because you are too late. If you want one you have to offer them practical work. It is a great situation for students.'

McDonagh says Lincoln has been graduating around 20 students a year, but could handle four times that number if more would apply. Lincoln tracks its graduates as a result of its RICS accreditation and has found that 100% of



Angus Malcolm retrained as a valuer after 20 years in the forestry sector

its students were working in the industry one year after graduation. There were virtually no graduates from Lincoln in 2016 because of the change from a three to a four-year degree.

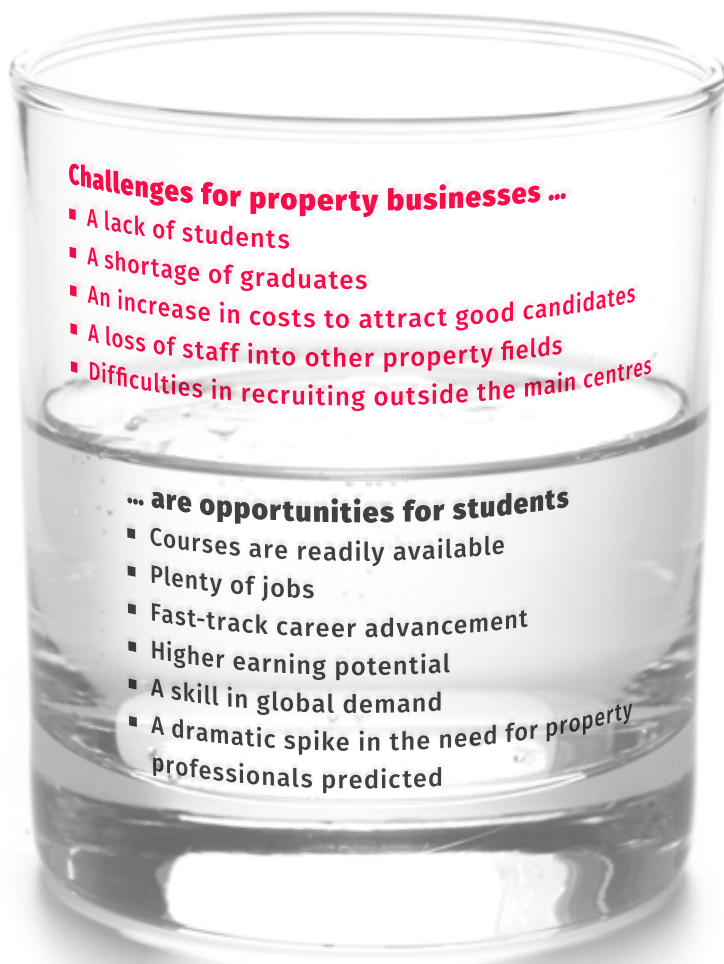
Where are graduates going?

McDonagh says that in recent years around 25% of Lincoln's graduates have gone into valuation and 75% elsewhere. But that has started to change as valuation firms realise they need to offer more money, says McDonagh. 'They are starting to learn their lesson and offer more scholarships and practical work.'

Attracting mid-career changers

It's always going to be difficult to attract young students to property because it doesn't have the sexy image of graphic design or media studies. On a positive note, however, it's an industry that often attracts a steady stream of 30 – and 40-something students wanting to change industries.

Property can be attractive for career changers, says McCarthy, because they can study extramurally at Massey in their spare time. 'These people may have worked as a nurse or in a legal practice or a variety of backgrounds. They buy a house or have



Mr Church also says the property industry has never offered so much choice. 'There's been a huge increase in the range of career options available in the property industry – and, because of technology and a greater convergence of industry skills, it's now easier than ever to transition through different careers, within the industry, utilising variations of the same skills learned through the degree courses available'.

Summary

The property profession is a wide and varied beast and it's impossible for universities to be all things to all people. On the upside, interviewees for this article were happy with the quality of graduates and the training they received. There just aren't sufficient of them and many don't want to work in the areas of most need. It's inevitable that each and every member of the profession will have their own opinion on what's right and wrong with the offerings of our universities. However, practitioners, their industry bodies and the universities all have a role to play in attracting more and better undergraduates 🐼

some investment property and talk to people and realise "this is something I can go into."

One such career changer was Colliers Associate Director, Angus Malcolm (45), who is based in Richmond. He first graduated in 1993 with a Bachelor of Forestry Science under his belt. Nearly 20 years later with wide forestry-related experience and a few years of OE on his CV, he found himself valuing trees for Crighton Anderson Property & Infrastructure, which later moved under the Colliers umbrella.

'Forestry valuation was a new business for them and it is a sporadic business in a small market,' he says. 'I wasn't busy enough and I was mixing with the other valuers, so I decided to retrain.'

Malcolm signed up for an eight-paper Postgraduate Diploma in Business Studies (Rural Valuation), which he completed over two years. With three children and a

full-time job the study was hard, but doable. The Valuers Registration Board gave him a six-month discount on supervised work for his previous experience and another six months of work through Colliers also counted.

'An untapped opportunity'

While some of the trends outlined in this article might be seen as worrying – Property Institute Chief Executive Ashley Church says that they represent an enormous opportunity for those smart enough to see the bigger picture.

'Property offers huge advantages over almost any other sector. It's the biggest industry in the world and the current skills shortage is driving average salaries upward. It also requires skills that are in worldwide demand – so outside of highly specialised IT jobs I can't think of any other industry which offers such a strong opportunity for travel.'



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THE FUTURE OF PROPERTY

Education and development opportunities

NICK HARRISON

In an industry seeing the rapid adoption of technology, it is difficult to predict just how the property world will operate in the future. However, it is possible to make observations based on trends developing in particular areas, especially when it comes to education and development opportunities. Having spent several years now speaking with hundreds of property professionals every week, several trends stand out.

The environment is set for some exciting changes with new players entering the property and facilities industry, an increasing range of professional education on offer across the industry, and alternate mediums of general and specialist education.

Current education

To look ahead, it is important to capture a snapshot of the educational and development opportunities that are currently on offer in the industry. The first port of call for most property professionals is a tertiary qualification. These are available through select universities throughout the country. This is a quick summary of the degrees on offer:

University of Auckland

Bachelor of Property (BProp)
Bachelor of Property with Honours (BProp (Hons))
Diploma of Property (DipProp)
Master of Property (MProp)
Doctor of Philosophy (PhD)

Lincoln University

Bachelor of Land and Property Management
– Urban or Rural Option

Graduate Diploma in Valuation (GradDipVal)
Graduate Diploma in Property Management (GradDipPropMan)
Master of Property (MProp)
Master of Commerce and Management endorsed in Valuation or Property Management (MCM)
Doctor of Philosophy in Property (PhD)

Massey University

Bachelor of Business Studies in Property
Bachelor of AgriCommerce endorsed in Rural Valuation (BAgri (RVM))
Bachelor of Business Studies with Honours (BBS (Hons))
Bachelor of AgriCommerce (Hons) endorsed in Rural Valuation (BAgriCom (RV)(Hons))
Post Graduate Diploma of Business Administration (PGDipBusAdmin)
Masters of AgriCommerce
Doctor of Philosophy in Property (PhD)

University of Otago

Bachelor of Science (BSc) majoring in Land Planning and Development

Unitech Institute of Technology

Bachelor of Construction (Property Development)



Tertiary qualifications are highly regarded in the industry and undergraduate degrees alone can carry professionals through the first 10 to 15 years of their careers. It is often upon entering the senior and executive echelons of organisational structures that senior operators re-engage in upskilling. This can be in further property education, like a Masters in Property, or a more general business aligned qualification such as a Masters of Business Administration.

Another opportunity for development comes through seminars and workshops put together by industry bodies that convey both industry-specific concepts as well as adapting general business education for the property industry. This comes in the form of master classes, such as those run by the Facilities Management Association of New Zealand in conjunction with the Auckland University of Technology.

Running four sessions each year these target concepts such as Leadership, Strategy and Change Management. This helps participants develop a better understanding of these issues specifically within the facilities management context. It is aimed at intermediate to senior professionals and managers who want to successfully design and implement facilities management strategies.

Other workshops scheduled for this year include Procurement and Supplier Management, Professional and Team Leadership, and Facilities and Asset Management.

A third path of development is supplementary courses that are not directly property-specific to complement a wider range of skill sets. Recommended courses available include the likes of Prince2 project management. Prince2 is currently held in high esteem and favoured by public sector organisations as the preferred project management methodology for both property and general projects. Health and safety qualifications are also useful, such as a site safe passport. Accreditation towards commercial law and contracts knowledge is particularly complementary in the procurement process as well as in contractor management.

Future developments

As New Zealand has continued to develop as both a nation and property as an industry, the country has become an attractive market place for large multinational corporations. Entrants such as Cushman Wakefield into the property industry provide an avenue for development on two fronts.

First, with the addition of multinational companies into the market, New Zealand-based employees will benefit from access to international training and development. This will help to level the playing field between New Zealand and more mature property industries in other countries such as the UK and US. While operational staff predominantly remain locals from incumbent companies, procedures, technology, software support and innovation can be imported and disseminated to the wider market place.

Secondly, the geographic layout of New Zealand provides the perfect pilot test environment for large corporations to test new technology and processes in a controlled environment. With commercial, rural, industrial and residential properties all within a small radius of operation, an established transport infrastructure and a comparatively manageable total population nearing five million people, it is the ideal place to test all facets of property innovation.

Within the industry there is a growing appetite for a wider range of tertiary courses available throughout New Zealand universities. Efforts are being made to bring across a Masters in Design course specialising in facilities management to the Auckland University of Technology by 2020. This will raise the profile of the industry and allow professionals looking to further specialise to achieve accreditation and develop the skills necessary to continue to raise the standards and perception of the wider industry.

A final trend is the continued growth and acceptance of online education. Entire institutions exist specialising in online courses, sitting alongside extramural education options offered by recognised tertiary bodies, both nationally and abroad. Professionals are given the opportunity to upskill with entire educational programmes or specific modules for brushing up on

particular skills to specialise within the industry. These courses have increased in credibility and acceptance compared with traditional professional development options, and their flexibility allows for a wider range of participants.

This complements the increasing demand for specialist skill sets within the industry:

- Demand for specialist asset management, for example, spanning from developing and auditing asset registrars through to the compilation of long-term maintenance and capital works plans
 - Procurement knowledge to influence the design and build phase of a property development in order to reduce whole-of-life building costs to property owners.
- Property generalists will still be in demand, however, and senior operators will be expected to provide oversight over an increasing variety of specialist functions.

With innovation in the industry driving advancements at increased regularity, property professionals will need to keep pace with changes in the operating landscape. Thankfully, advancements in education and development avenues will develop in conjunction with the industry. This will allow more specific and accessible upskilling opportunities, covering a broader range of subjects, to keep professionals at the forefront of the industry ☺



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REALISING YOUR POTENTIAL THROUGH CPD

ALLAN SMEE

Most people look at CPD through the 'compliance' lens. In other words, I have to achieve 'x' CPD points to maintain my registration or satisfy my employer's demands. But at PINZ we see it as far more than that.

Benefits of CPD

As the person largely responsible for organising the ongoing education for members of the Property Institute I come across professionals throughout all stages of their careers. This is from the new graduate who is looking for a job (or to advance), to the experienced practitioner who is wanting to keep up to date and ahead of their competitors.

The one thing they have in common is a drive to get more from their businesses and careers, and they see one way of doing this is through staying current via continuing professional development or CPD.

Most people look at CPD through the 'compliance' lens. In other words, I have to achieve 'x' CPD points to maintain my registration or satisfy my employer's demands. But at PINZ we see it as far more than that. There are huge benefits in taking an active part in CPD and certainly here at the Property Institute the topics we cover are largely driven by what members want.

Annual survey

We do an annual survey asking: what property professionals need; what they're likely to attend; what the main issues are for them; and who they should be hearing from. We also cover topical issues, such as upcoming legislation and regulations, as well as current issues like things that may crop up in the aftermath of an earthquake.

We work closely with our member communities to organise the topics, timing and structure of our CPD sessions. This year we have significantly reduced the cost for members because we think CPD is important. And I'm always on the hunt for good ideas and new themes, so if you have some thoughts or feedback please don't hesitate to get in touch.

2017 schedule

Our schedule in 2017 is the busiest ever. We already have nearly 50 events planned and there are more in the pipeline. From the dangers of asbestos and

chemical contamination, to the Resource Management Act and beyond, there is a wide variety of CPD coming up.

CPD philosophy

The most common misconception I get is from those who see CPD as some arbitrary target, which they only do because they have to. Our philosophy is quite different. My definition of CPD is that it consists of 'any educational activity which helps to maintain, develop or increase knowledge, problem-solving, technical skills or professional performance standards throughout a practitioner's working life.'

I support the view that all responsible property professionals have a duty to themselves, their fellow members and their clients to ensure they are current with professional and industry standards and best practice. This ensures that they will offer quality services to their clients, employers and the property industry as a whole.



All responsible property professionals have a duty to themselves, their fellow members and their clients to ensure they are current with professional and industry standards and best practice.

Determining your training needs

The way to get maximum benefit from your CPD activities is to continually reflect on and plan the training and development based on your current and future professional needs.

The Property Institute's CPD model is based on a continuous cycle of Planning, Action, Evaluation and Reflection. Members are encouraged to follow this cycle, to evaluate the result or impact of the CPD activity, and to plan how they will build their professional skills and knowledge.

CPD points

For PINZ members I often have to remind them that not all their CPD needs to come from Property Institute events. Yes, the CPD policy requires a minimum five points from branch events and national office events. However, the remaining points can come from other sources such as other professional organisations or your employer's training programme.

But at PINZ we have put together a programme which incorporates a mixture of webinar, Master Series face-to-face sessions and special events. We've found webinars (online video presentations) are an effective way to deliver CPD to busy professionals who don't necessarily have the time to get along to a face-to-face lecture.

Each webinar is usually about an hour long, and in general one hour equals one CPD point.

These online modules continue to be very popular, as they allow our members to do more CPD at their own pace in their own time. In the next six months alone our planned webinar topics include:

- Property data – Statistics NZ
- Legal update – Simpson Grierson
- Seismic restraint of non-structural elements
- Strategies for commercial property investment and the syndication process
- The differences between arbitration, mediation and conciliation
- Dealing with unit titles and body corporates
- Dealing with risk in the shaky isles
- Update on new IVS 2007.

Master Series

Our Master Series sessions are a bit more intense, and at half a day they are worth a couple of CPD points each. These face-to-face sessions involve an informed and respected expert guest speaker who will generally provide a more detailed analysis of current issues affecting property professionals. Of course, because it's face-to-face attendees have an opportunity to ask the curly questions and get answers that might not be readily available elsewhere.

In 2017, we are taking our Master Series events around the country and covering various topics from the Acquisition of Land Under the Public Works Act, Getting to Grips with the Resource Management Act and Determining the Value of Subdivisions. That's what's already on the schedule in the first half of this year.

Then, of course, there are the mandatory standards and ethics sessions that registered members have to complete every four years (at a minimum). These are run by leading industry practitioners who are superb communicators and know the rules back to front.

Conclusion

The property industry as a whole is crying out for more talent. As you've read in the pages of this magazine, there's a shortage of motivated students joining the degree courses at our universities and a whole tranche of businesses who are desperate to employ enthusiastic new blood with new ideas and fresh ways of thinking.

I believe PINZ has a significant role to play in training the people who will fill these vacancies, and introducing the next generation of property professionals into an industry that's worth hundreds of billions of dollars every year. So whether or not you're a new graduate, or a property entrepreneur making multi-million dollar deals, the Property Institute looks forward to hearing from you ☺



Allan Smee is the Research and Information Manager for PINZ. He has a background in data analysis and academia. allan@property.org.nz

Andrew Eagles, Chief Executive of the New Zealand Green Building Council, speaking at a recent breakfast meeting in Auckland



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in commercial buildings

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HELEN TWOSE

A NABERSNZ rating will see you reduce costs, save energy and improve comfort. Ratings help landlords identify improvements that they can make to save energy and to make their building more attractive to tenants and also save on power bills.

NABERSNZ feasibility assessments

The New Zealand Green Building Council, which delivers the rating tool in New Zealand on behalf of EECA Business, has announced it will kick-start energy efficiency upgrades with 60 free NABERSNZ feasibility assessments. NABERSNZ provides commercial building owners, managers and tenants with a standardised assessment tool for measuring building energy efficiency, identifying areas for improvement and lower operating costs.

NABERSNZ uses a scale of 1 to 6 to benchmark office energy performance, with ratings carried out for whole buildings, just the tenancies or only the base building. This includes the common areas and services provided by the landlord.

Andrew Eagles, Chief Executive of the Council, says the free assessments will provide support and expertise for building owners, managers and tenants gathering energy use information and documentation to complete a NABERSNZ rating. 'It's that crucial support to get started,' he says.

Feasibility assessments will be carried out by trained NABERSNZ interns under the supervision of the Council. Andrew and his team will work with those who undertake the assessment to continue the process to achieve a certified rating.

'We have helped many owners and tenants achieve great results with their buildings, starting by getting the easy wins which instantly result in savings. NABERSNZ helps landlords identify improvements they can make to save energy and that makes their building more attractive to tenants,' he says.

Te Puni Kōkiri House

Saatyesh Bhana, Argosy Property Asset Manager, says NABERSNZ has given the firm a consistent tool that tenants can relate to while providing a focus for energy efficiency upgrades. Argosy set the rating system to work when it revamped Te Puni Kōkiri House, a 6,200 square metre 1940s heritage building in downtown Wellington. With its southerly exposure and single-glazed windows it was the height of inefficiency and 'heated half of Wellington before itself', she says.

Working alongside a tenant who wanted the benefits of a new building, but who did not want to move, Argosy upgraded the office to a 5 Green Star Built rating and a 4 Star NABERSNZ energy efficient rating, followed by a 4.5 Star NABERSNZ energy efficiency rating reassessment. 'NABERSNZ allowed us to identify the low hanging fruit, which most buildings can achieve easily,' Saatyesh says.

The upgrade has equated to a \$7.9 million improvement in value, a 30% reduction in energy use (saving \$80,000 a year), and was recognised as industry-leading in the public sector category at the 2016 EECA Awards.

Australian Green Property Index

Frank Roberson of the NSW Office of Environment and Heritage says the Australian Green Property Index (which examines the correlation between NABERS and Green Star ratings and investment returns, lease expiry, premiums on rent and vacancy returns) found buildings with high energy efficiency ratings have consistently better investment returns.

Run in Australia since 1998, NABERS has attracted government support, both through financial incentives and preferred supplier arrangements, with mandatory disclosure of ratings for building sales or leases over 2,000 square metres introduced in 2010.

'Premium property owners got on board with the rating system a decade ago when the first of the procurement incentives were introduced. For them, mandatory disclosure meant the rest of the market had to turn over their cards. Of the property owners that have done well it was the first movers who have had the best outcome,' he says.

Summary

A NABERSNZ rating will see you reduce costs, save energy and improve comfort. Ratings help landlords identify improvements that they can make to save energy and to make their building more attractive to tenants and also save on power bills. Research shows a building with a good NABERSNZ certified rating is more likely to attract high value tenants who will pay a premium for an energy efficient building. Tenants can also make improvements that make their office a better place to work. Contact (09) 951 0740 for more information ☎



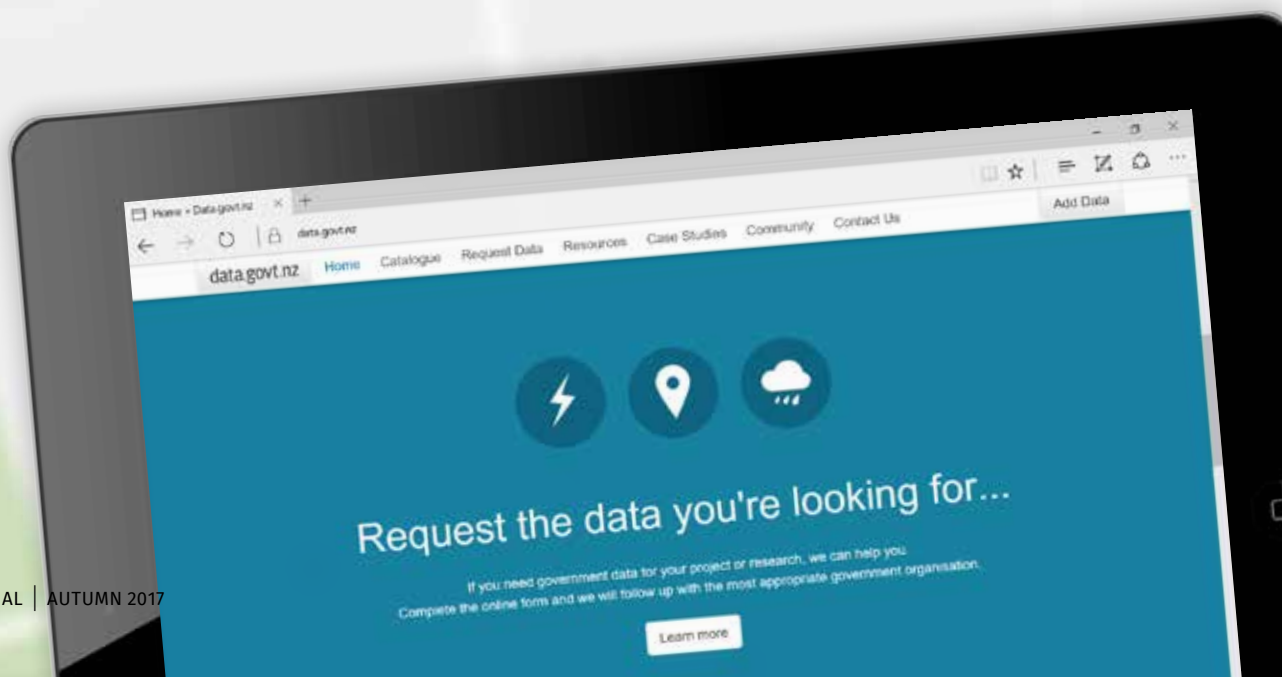
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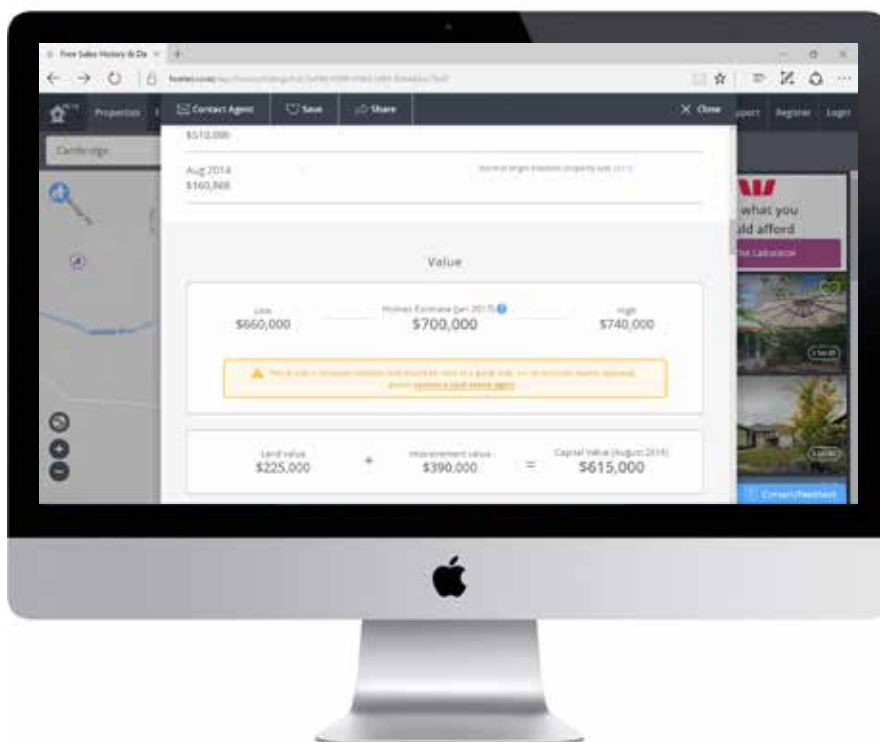
EXPERT VALUATION ADVICE STILL NEEDED

despite increased data available to consumers

Property data that was once only accessible to property professionals is now easy to access for residential buyers and sellers, and we are seeing a flood of new technology providing this to consumers at no cost. Do sound property decisions still require expert advice, not computer accumulated data?

STEVE MCNAMARA





It is important that as property experts we remain the most reliable knowledge source, rather than the customer thinking they have all the information at hand for free.

Open access to property data

In 2008 the government introduced a programme called Open Data NZ, hosted by Land Information New Zealand (LINZ). This takes a collaborative approach to making government-held information and datasets widely available for agencies, communities and businesses to re-use.

Now websites and apps such as www.trademe.co.nz, www.property-guru.co.nz, www.rpnz.co.nz, www.property-smarts.co.nz, www.homeguide.co.nz and www.homes.co.nz have taken advantage of open access to property data.

Role of property professionals

However, with the opening up of data the role of property professionals in the digital age is just as important as ever before. Why? Because to get sound property decision-making information the role of a human being is actually more important than a computer report.

Property valuers, for instance, are faced with the threat of computer-generated valuations across a number of property classes – not just residential. A computer-generated valuation only goes so far. It will show you previous sale prices of a

property, comparable sales in the area and the ratable valuation (RV). Some of the apps also boast tools with algorithms that use the property data to generate an estimate of what a property might sell for today.

However, quick and easy access should come with a few caveats and should be treated as information that provides a taste of the market but not the complete picture. As property professionals we need to ensure that the consumer understands this.

In a world where the likes of Airbnb and Uber have revolutionised the more traditional offerings, it is unlikely that free property data will do the same. However, some of the offerings have made a traditional professional service, as Xero says, 'look cool' or 'beautiful'.

Buyer beware

As property experts we know that free property data gives a quick taste of what is happening in the market. However, in the fast-moving property market that is currently being felt across the country, in many cases the information is already up to two months old before it is uploaded onto a website or app. The consumer can take what they read as gospel, or not.

Property is both a large capital investment, but also a very emotional decision that requires a greater level of information before making such a major choice. Free property data does not replace 'on the ground eyes and ears' or, in other words, local knowledge.

At Property InDepth we have always had a clear direction about the best use of technology within the property sector based on an approach of detailed valuations, delivered faster. Our business model is based on our customers wanting thorough property information delivered to them quickly, which then enables them to make informed decisions and smooth the path to securing finance.

Higher level of due diligence needed

With the introduction of dashboard-type property information we are in no rush to change direction. Although the more readily accessible information is a good starting point, a higher level of due diligence is needed. As property professionals the change we all need to make is to understand our market better and to be able to communicate this to the consumer.

We need to be ready for customers who

The human factor is incredibly important. Valuers and other property professionals are expected to know in-depth what is going on in the market. They also inspect the property and research all the relevant property files such as consented renovations and extensions.

think they know better. The same will be true for real estate agents during the sale and purchase process. It is important that as property experts we remain the most reliable knowledge source, rather than the customer thinking they have all the information at hand for free.

Free data does not take into consideration environmental factors such as is the property close to commercial operations that operate 24/7 and disrupt the community with noise or visual pollution, or are there any building defects or issues within the neighbourhood? It also does not comment on the cladding condition, provide an accurate risk matrix, consider certificate of title registrations or fully analyse comparable sales (understanding intricacies and disregarding anomalies).

There is a higher level of security in trusting a professional expert rather than a computer. For example, property valuers are required to abide by a code of ethics (NZIV Code of Ethics) and the Valuers Act 1948 and we must physically visit the property or asset that is being valued.

What is a property worth?

Residential property values throughout New Zealand are riding a wave at the moment, with many regions up by more than 10% on the same time last year. The hype in the property boom can lead to buyers paying well above their budget and expectations. We have heard of people who have gone online to work out what a property might be worth based on other sales in the street or nearby, as well as the government valuation (GV).

If you look at RVs, some people have put their properties on the market thinking that they will get 20% above this because they have seen the statistics online. However, in many regions new RVs have been released that have actually already taken the uplift into consideration. Conversely, there are many instances of recently released RVs still coming in well under true current market value levels, causing people to have unrealistic expectations. Just imagine buying a \$2 million property in Auckland based on dashboard information such as a sales range. A consumer could end up paying 10% more than the market level and \$200,000 is a significant difference!

The human factor is important

There is a richness of information offered by property professionals that helps people make a much more informed and qualified decision. It is this knowledge that we need to use to counter the current technological changes to property information availability.

The human factor is incredibly important. Valuers and other property professionals are expected to know in-depth what is going on in the market. They also inspect the property and research all the relevant property files such as consented renovations and extensions.

In a shaking world, which saw 2016 blighted by many large earthquakes and other climate-induced impacts, a deeper understanding of the property environment is a must. But you need to know where to look, and most consumers will have no idea and will overlook this and other factors.

Many regional and district councils now

give online access to information such as tsunami risks, flooding, liquefaction, earthquake fault lines, etc, that a valuer looks at as part of the valuation offering. It is this type of depth of knowledge that is still expected by the banks when approving or declining finance.

Real-time information is vital in making a sound decision and without this it could cost the buyer a great deal. This remains our point of difference as property professionals – technology is not yet at the point that it will overtake our insight as property professionals ☺



*Steve McNamara is a Co-owner and Managing Director of Property InDepth, an independent valuation and property consultancy company based in Hastings.
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Figure 1: An illustration of the high level of variability that exists in many hill farm environments – fenced area (red) 15.57 hectares, pasture area from the classification 8.67 hectares (56%). The classified pasture outline (yellow) even captures grass clearings in the manuka.

REMOTE SENSING TO ASSIST RURAL VALUATION

TOMMY CUSHNAHAN AND PROFESSOR IAN YULE

This article introduces a remote sensing system which could significantly help valuers gain accurate and consistent information on rural properties. The techniques would be especially useful on larger properties where traditional survey methods have proved to be very expensive and slow with a high potential for error.



Figure 2a

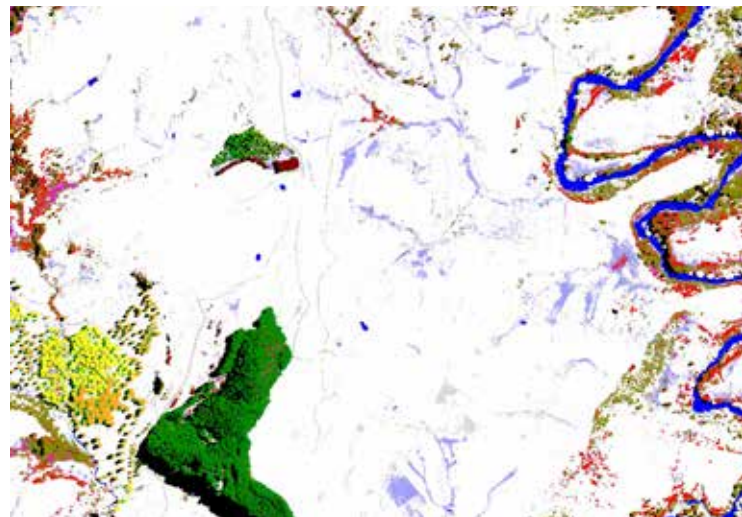


Figure 2b: In this classification image (of 2a) the pasture has been omitted for clarity. Pine (green) and poplar plantations are in the bottom left with a river (blue) winding up the right side. The yellow and orange represent two varieties of poplar.

Remote sensing system

In the Autumn 2016 edition of *Property Professional*, Dr Jędrzej Białkowski stated that the property valuation profession is likely to undergo change as 21st century technology, among other things, begins to creep into the industry and he cited performance gaps that leave the profession open to criticism. The use of remote sensing offers an opportunity to address at least some of these issues.

The use of hyperspectral airborne imaging offers a new level of detail, versatility and accuracy on rural property surveys. Not only can the type of vegetation be identified and mapped accurately, the quality of pasture and species mix can be estimated as well as soil fertility.

Primary Growth Partnership (PGP) project

The results emanate from a project jointly funded by the Ministry of Primary Industries and Ravensdown Fertiliser Ltd. The PGP project, Pioneering to Precision, allowed Massey University to invest in an airborne hyperspectral imaging system. The main objective of the project was to assist Ravensdown to develop refined precision fertiliser plans for hill country farms which could be uploaded and applied to the farm via their next generation airborne variable rate application technology. What has become abundantly clear is that this

technology could have great utility in associated enterprises, such as the valuing of large rural properties, because of the detail in the information that it collects.

Data gathered can be put into highly visualised forms of 2D and 3D maps and models. This allows huge quantities of data to be developed into useful information for farmers and rural valuers. It also brings rural valuation into the 21st century. Pete Loveridge in the same edition of *Property Professional* spoke of the difficulty of attracting, training and keeping the next generation of valuers. Having modern tools to add value and create a modern work environment may assist in developing some transformational thinking within the profession.

The system described here is capable of offering a survey which would produce a very high level of detailed and comprehensive information for the landowner and valuer in a readily accessible format. The results can be as simple as a map of the farm pasture. We can add more detail on paddock boundaries, slope and aspect information, allowing the paddocks to be viewed one by one with a list of relevant statistics for each.

An additional level of detail could include a classification with the mapping of other species of interest such as rush (showing wet areas), manuka (a

growing income source from bees) and various trees for conservation or carbon monitoring. At the upper level detailed (every square metre) fertility maps for pasture are available as is some basic information on pasture species content. This type of information would be invaluable in assisting a valuer determine the present value and future potential value of a property. The bonus to the system comes from repeated use, which builds a detailed inventory of assets that are then available for comparison to new properties. The potential to reduce variability and guesswork from valuations would no doubt be appreciated by money lending institutions.

Valuing rural property

The task of appropriately valuing rural property contains a myriad of considerations such as access, drainage, soils, farm size, shape, productivity, climate and topography. Hill country farms are the most diverse and challenging farming environments in New Zealand. This diversity can make valuation even more challenging. According to Neill Sullivan, Valuer-General, Land Information New Zealand, the task of valuation is becoming ever more difficult and complex. This is no doubt because of the increased sophistication of the sector, market pressure and the need for greater accuracy.

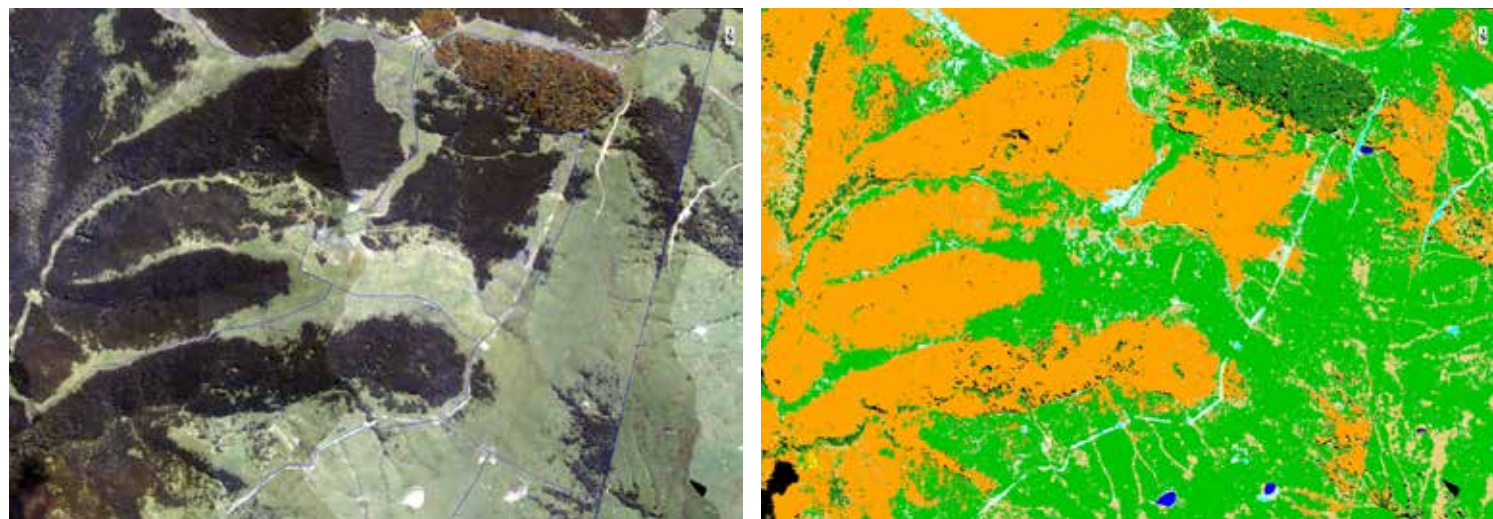


Figure 3a and 3b: In this classification pasture is light green, manuka is orange, water is blue and rush brown.

Whether the market or income approach is used for the valuation, detailed physical property information of comparable properties and the subject property is imperative to ensure accurate assessment of value. Although broadly similar methods are used, the exact process of valuation is unique to each valuer. Pete Loveridge and Brian Sampson (when interviewed) both agree that the collection of good information about the farm, and other farms used for comparison, is of prime importance and can be quite tedious.

Given the undoubted importance of doing this one would expect the sector to be early adopters of technology in an effort to improve accuracy, deflect criticism and avoid accusations of negligence. The job of measuring and mapping a farm can be a tedious task with numerous opportunities for error. It is indeed a little unfair to ask a valuer to carry out the mapping of a hill country station or other large property as they are often lacking the equipment and resources to do so effectively.

So what if the valuer was given a detailed map, with exact pasture areas calculated, needing just some class descriptions to be added for quality or value?

Advanced technology

We have 21st century remote sensing technology able to vastly improve the

accuracy of farm mapping with the associated benefits for valuers and their clients. In general, remote sensing is the collection of data (sensing) without the need to make contact or take physical samples directly. Photography is an example of remote sensing. Standard photographic cameras collect light in three bands: blue (450-495 nm), green (495-570 nm) and red (620-750 nm), which are combined to create a colour image.

Hyperspectral cameras by contrast can have hundreds of bands stretching through the visible and near infrared (NIR) into the short-wave infrared (SWIR). So instead of the three colours we see, the AisaFENIX hyperspectral sensor can collect 448 or more. Where our eyes use wavelengths of light from around 400-750 nm, the AisaFENIX can see from 380-2500 nm. The AisaFENIX hyperspectral camera used in the PGP project, and the extra information it provides, enables some incredible possibilities.

The pasture

A systematic process to classify hill farm pasture would have a number of benefits over the current valuation system. Semi-automated systematic classification could vastly reduce the time taken to carry out the appraisal, reduce initial variability and free the valuer from some of the tedious mapping operations. This would then allow

the valuer to concentrate on the expert portion of their work to improve valuation accuracy with an inspection that could focus on quality rather than quantity.

Removing some of the tedious mapping work would also potentially increase productivity. Given that a valuation can be time sensitive, reducing the time it takes to complete the task would be beneficial for all involved. Differences of opinion over production area between vendor, purchaser and/or lender are also likely to be reduced.

We used pixel-based classifiers to automatically decide (classify) which category (pasture or non-pasture) each pixel fell into. The results from the pasture classification of Patitapu Station in spring 2015 showed that three of the four methods produced classification accuracies above 99%, with the best result at 99.59% accuracy. Similar classifications of the same farm from a different season and from a different farm proved equally accurate.

A key feature of the pasture classification is that even what appear to be small areas and proportions of grass were classified as pasture, which prevents underestimation of a farm's pasture assets. The main feature that this data and analyses can bring to the valuation sector is accuracy. Pasture is the key component of any pastoral farm business, so accuracy in estimation of such assets is critical to the accurate valuation of the property.

Mobilisation costs might mean that measuring smaller properties is likely to be uneconomic in the short term. However, larger properties are where the technology can have the greatest impact.

Accuracy and the perception of accuracy are also vital for farmers who will rely on the valuations derived from this process.

The ability to classify land in multiple seasons and locations makes it ideal for rural valuation applications that are likely to be time sensitive.

Landscape components

Mapping the key resource of a farm to very high accuracies is important. Almost as important is the need to map additional resources or features such as roads, dams and manuka. Broadly similar methods were employed to classify other landscape components from similar hyperspectral imagery taken from a different farm.

Figure 3 is a good example of the accuracy using multiple landscape components. The six lakes present in the scene are not all clear in the colour image but are clear in the classification. The manuka could be easily over estimated if the trees to the right of the image were included, as might be the case from visual analysis alone. The rush is fairly clear in both images, but how can it be measured accurately? This is by far the greatest strength of the imagery and analysis – the ability to automatically quantify each component. This allows the farmer to decide if there are enough resources, say manuka, at a given location to support one or more hives. The analysis also allows the valuer to decide if the resources are significant enough to affect value.

Benefits for valuers

The value of such classifications from a valuation standpoint are clear and illustrated in Figure 3. With the pasture component mapped, the exact pasture area at paddock or farm scale can be easily generated. What is currently less clear is how this technology can be rolled out at the scale necessary for widespread uptake. Mobilisation costs might mean that measuring smaller properties is likely to be uneconomic in the short term. However,

larger properties are where the technology can have the greatest impact. On smaller properties the grassed area and other components are less likely to be vastly miscalculated and easier to check.

Given the imperative for accurate land classification on comparable properties, the reliance of valuers on previous valuations is a potential weak point of the current system. This method for farm pasture and vegetation mapping, when applied over a sustained period of time and multiple properties, may further enhance the utility of the analysis. Knowing a property used for value comparison was mapped with the same highly accurate system would provide the seller, purchaser and lender with some comfort in the outcome derived from its use in comparison.

Final thoughts

There is a necessity for valuers to proceed on the basis of assumption in many instances. These methods raise some questions of the rural valuation sector, if some of those imponderables can be replaced with fact:

- Are those involved in the industry confident enough with the current system to ignore this technology?
- Would those taking up the technology have competitive advantage or be preferred by money lenders for service provision?
- Would the next generation of valuers be more comfortable with this technology and could it provide them with a conduit or means of access into the industry?

There was not enough space to include information on pasture nutrient components or pasture species composition in any useful detail, but they are areas of current research likely to add further to the picture. There are of course many other landscape components that, if known, would have benefits for both farm management, environmental compliance and valuation purposes. Future

work will attempt to elucidate more of these components.

Acknowledgements

The authors would like to thank Ravensdown Fertiliser Ltd and the Ministry for Primary Industries for their support through the PGP project, Pioneering to Precision 🌱



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PROPERTY BOUNDARIES

and the Kaikoura earthquake

Since the earthquake of 14 November 2016, Land Information New Zealand (LINZ) has been working with scientists, gathering aerial imagery and taking measurements to understand how the land in the upper South Island has changed.

MARK DYER

Our analysis confirms that while there has been considerable land movement in Kaikoura, the type of movement has not had a significant impact on residential property boundaries and most rural property boundaries.

For most properties, the earthquakes caused the land to shift as a block so that everything on it moved with it. This means the properties all moved together – by the same amount and in the same direction – so there has been no material change to the shape or size of individual properties. For instance, Kaikoura moved 1.6 metres south east, while Blenheim moved 0.6 metres north east.

However, there are a few cases where land on one part of a property moved in one direction and land in another part moved in a different direction, as can be seen in some of the imagery showing fault ruptures. In these cases property boundaries are likely to be affected. There have also been a large number of slips of varying sizes. Property boundaries do not

move with slips, rather the surface of the land has moved in relation to the boundary in these cases.

The Kaikoura land movement was different from that experienced in the eastern part of Christchurch as a result of the Canterbury earthquakes. That shallow surface movement was mostly caused by liquefaction, which affected large areas and thousands of boundaries on residential properties. In that unusual case, the government passed special legislation to make it clear that property boundaries moved with that shallow surface movement.

The rule of thumb is if the ground and physical features on your property, such as boundary fences, do not appear to be disturbed then your boundaries are probably not affected. Property owners who want or need to know where their boundaries are should contact a licenced cadastral surveyor.

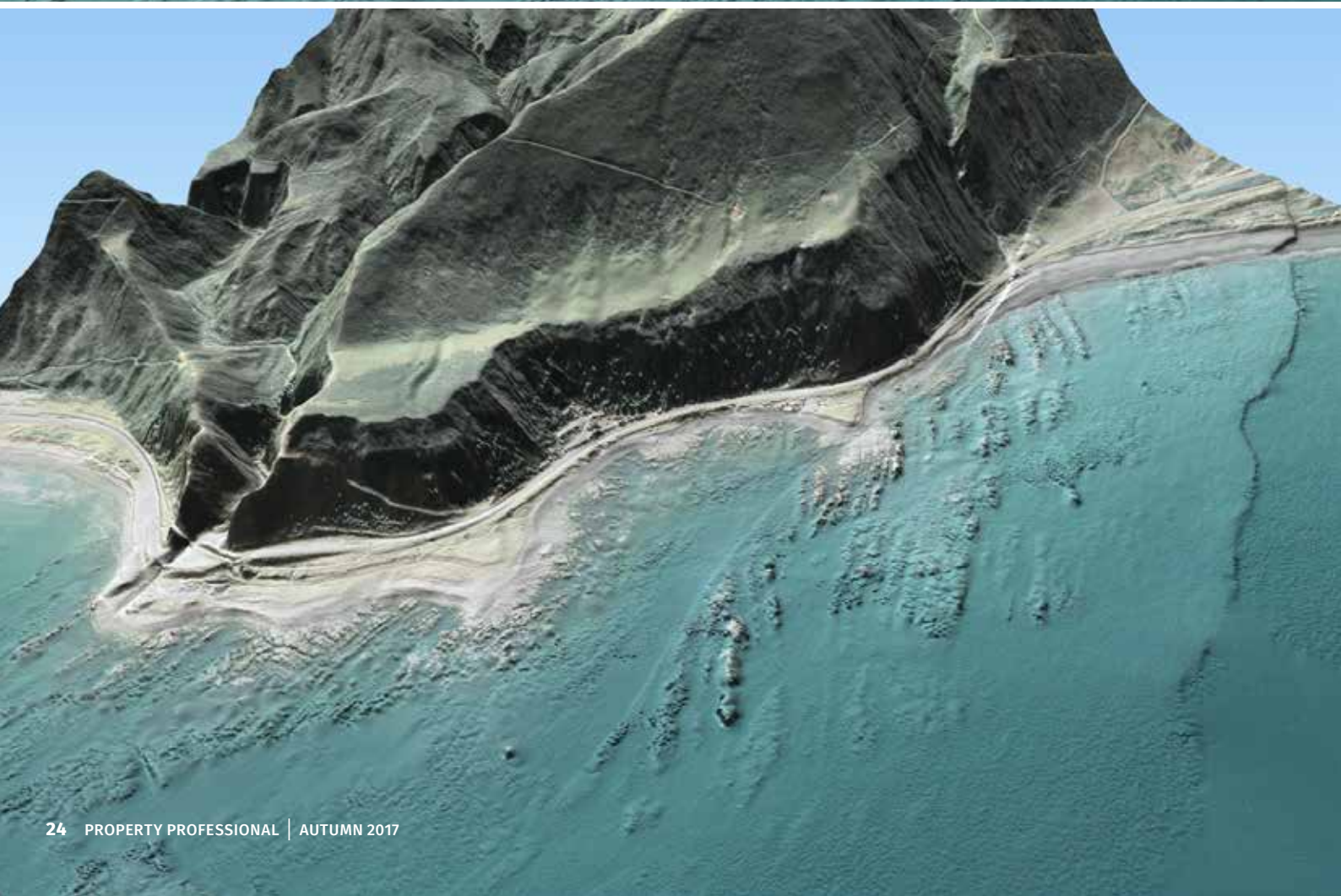
Aerial images of Kaikoura and surrounding areas are available free of charge via the LINZ Data Service [📄](#)



Mark Dyer is New Zealand's Surveyor-General. He and his team oversee the survey system, set standards and provide support and guidance for this country's cadastral and geodetic surveyors. Note that this is general commentary and not official guidance or advice. mdyer@linz.govt.nz



This imagery has been taken from aeroplanes and gives a clear picture of dramatic changes to State Highway 1 and the coastline. LINZ has helped the NZTA to gather this imagery, and has coordinated with local government and other agencies who need this. This type of imagery helps recovery agencies identify new hazards and to rebuild roads and other infrastructure.



HOUSING PREDICTIONS

for 2017

Residential property, particularly in Auckland, is in for another year of strong growth. But house price inflation, while still running in double digits, will fall away from the highs of the past couple of years. This is one of seven predictions I am making for 2017 – predictions that are ‘more informed opinion than crystal ball gazing’.

ASHLEY CHURCH, CHIEF EXECUTIVE, PINZ

The predictions are as follows:

1 Longer-term mortgage interest rates will rise

The general consensus is that interest rates are on their way up – partly because of international events, and partly because New Zealand banks will need to pay more to attract a diminishing fund of investment from Kiwi depositors. Expect to see little change in six-month to two-year mortgage rates, but a jump of up to 1% in longer-term rates as banks try and woo borrowers into shorter terms in anticipation of further funding increases over the next two or three years.

2 House prices will keep rising ...

The current lull in the Auckland market is partly the result of the 40% LVR restriction on property investors put in place in October – and it can't last. The continuing gap between demand and supply means that further price inflation is inevitable for the foreseeable future.

3 ... but investors will be constrained for a while

That 40% hurdle is a tough one and investors who were highly geared will need to wait a while before they have enough new equity in their properties to get back

into the market. Those investors who had lower debt gearings are still buying but are being constrained by tighter lending rules, which are acting as a brake on runaway house prices. That means that it's unlikely that we'll see a return to the heady 20%+ levels of annual price growth experienced in the last couple of years.

4 New home construction will start catching up

Depending on your source, Auckland either needs 40,000 new homes 'right now' or 10,000 per year for the foreseeable future. Either way, the market will finally start to make some inroads on this target in 2017. The houses built through the combination of government building initiatives and private sector construction of apartments and free-standing homes will, for the first time in years, exceed the number of homes actually required just to stand still. However, we'll still be a very long way short of the number required to ensure that supply matches demand.

5 The cost of renting will start to rise in Auckland

Renters in Auckland would probably disagree, but they've been renting in a relatively benign environment for the past two or three years. This is because

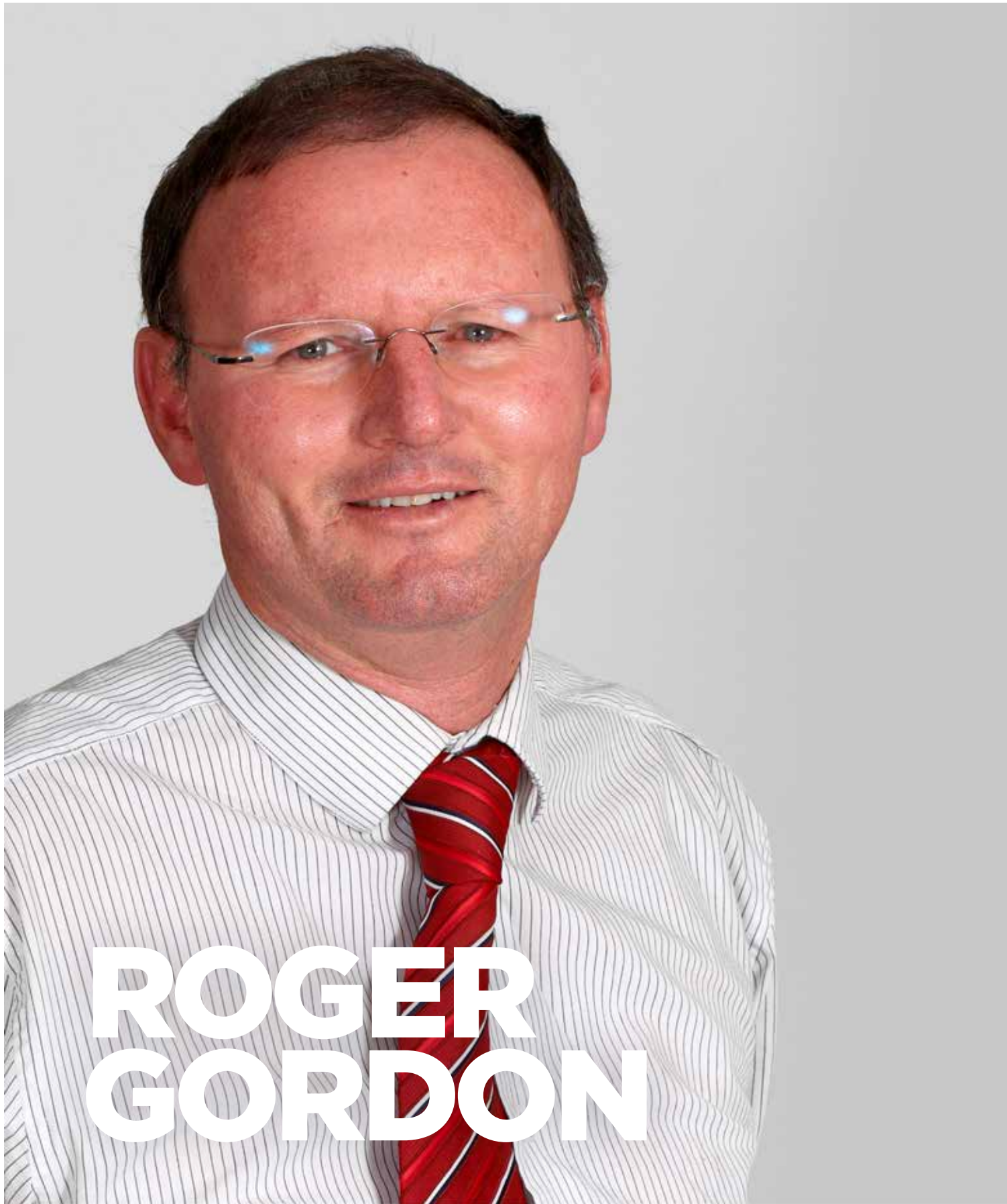
many landlords have chosen to forgo big rent increases while the capital growth on these properties has been so strong. This is likely to change in 2017 as landlords look to offset lower capital growth with higher rental returns.

6 Debt-to-income measures are off the agenda ... for now

The Reserve Bank talked a lot about debt-to-income restrictions on mortgage lending during the latter half of 2016, but is unlikely to act on them this year. This is partly because it will take a wait-and-see approach on developments in the world economy, but more specifically because the measures are politically unpalatable to either major party. While the Reserve Bank is independent, it's not completely blind to the politics of such a move.

7 Property will be the #1 election issue

Expect to see a string of announcements from the government spelling out what it is doing to fix the Auckland housing crisis and outlining new ideas to speed this process up. In particular it's possible, even likely, that the government will offer a more generous response to the plight of first home buyers in a pre-election budget surplus splurge ☺



**ROGER
GORDON**

Roger feels that while the review of the Valuers Act has not been withdrawn it appears to have little momentum in going forward. The review has given many the opportunity to write submissions and stop and think about what the valuation profession should look like or could look like in the future.

Education

Roger is the current president of the New Zealand Institute of Valuers. He was born in Hamilton, with his parents having a farm in the King Country in Piopio. Prior to his school days they moved to the coastal area between Marton and Bulls at Santoft and his schooling was at Palmerston North Boys' High followed by Massey University.

The initial years at Massey were focused on accountancy with a change to valuation. Roger has great memories of his time at university, most probably more for the skiing and mountain activities than the education pursuits. Massey had a hut on the Ohakune side of Mt Ruapehu, and as hut leader in the university club it absorbed a lot of his time. Within 24 hours of his last exam he was off on his OE to Colorado for another winter on a ski field.

Working life

Roger recalls that there was no shortage of work in the 1980s for a rural lad. This included picking up hay, working the woolsheds, and immediately after leaving school working at the Longburn freezing works in the edible offal division. One summer was spent driving harvesters in Western Australia half-way between Esperance and Kalgoorlie and throughout his university years he had pine tree pruning contracts to balance the books.

On returning from the US he accepted a valuer's position with the then Housing

Corporation based in Palmerston North and the Wanganui area before moving to New Plymouth. Being new in town he was looking for a club to join, and walking down the Ngamutu beach the opportunity for sailing arose so he joined and bought a boat. Roger recalls that New Plymouth was a wonderful place to live and the friendships and sailing friends still endure to this point of time.

The career within the Housing Corporation became more involved with property management, construction programmes and special housing projects. From this Roger jumped into a sole valuer's position in the private sector. While the property market crash was in 1986, the tougher and harder years were probably 1991 and 1992 which he saw through as a sole trader.

Following this he recalls many enjoyable years working with Glenn Attewell at Attewell Gerbich Havill Limited in Hamilton. He was then approached by Brian Hilson and Doug Saunders to join Robertson Young Telfer in Hamilton and then there was the creation of the TelferYoung Group. Doug Saunders and Roger have grown the company into one of the larger provincial valuation firms.

Family

Roger is married to Sarah with three children and all that have left home and now returned. A common theme in the Gordon household is boats and sailing.

Both daughters are sailing coaches and Roger is the current Commodore of the Hamilton Yacht Club.

NZIV involvement

Roger was on the committee as newsletter editor through the 1980s and on the local branch committee. The next step was to become a councillor and in June 2016 he took up the role as president. The Institute of Valuers is about the contributions of all councillors and with many working in the branches and on the various committees. For him, there is always challenge of moving the organisation forward.

Changing times

Roger feels that while the review of the Valuers Act has not been withdrawn it appears to have little momentum in going forward. The review has given many the opportunity to write submissions and stop and think about what the valuation profession should look like or could look like in the future. It highlights that there is a very wide array of viewpoints within the valuation industry.

Roger has enjoyed his valuation career and meeting so many diverse people, including the involvement in various style of property. As a valuer he is of the opinion that we need to really appreciate our profession's contribution to the transparency and working of the property sector as valuers are involved in so many parts of the market 🐼

THE NEW



LUKE VAN DEN BROEK

Quotable Value Christchurch

I always remember my father saying, 'There has to be an easier way to earn a farm than milking cows.' A farm split between three siblings wasn't going to cut the mustard! Coming from a dairy farming background, I had a passion for the rural sector and an interest in agribusiness. Embarking on a broad business degree at Massey University, I really enjoyed the property papers, particularly valuation, because they involved an interesting mix of practical property inspections and dynamic calculations. The satisfaction gained from coming to an autonomous decision on a value when taking into account all factors and old-fashioned 'gut instinct' was hard to beat. I also enjoyed the fact that property is both real and relatable to the average person. I decided that property valuation was the profession for me.

Nine years after completing my Bachelor of Business Studies with majors in agribusiness, and valuation and property management, I still enjoy the variation within the role. On any given day I could be in the office or out in the field, or valuing a house, a block of land or a farm in the Mackenzie District.

I still have a passion for agribusiness and I love to be outside on a beautiful day talking with farmers and home owners. I then enjoy crunching the numbers back

in the office, comparing one property with another to draw some conclusions as to its value. As a valuer I don't work in isolation, and I relish working in a busy office with a range of other people. My daily activities include mentoring and supporting young graduates at Quotable Value, discussions with colleagues on specific valuations, and liaising with customers to deliver results.

From the start of my career I've taken an active involvement in shaping the future of the industry through positions on the PINZ Board as Southern Representative and the Canterbury/Westland branch committee. Through these roles in the Institute I am able to provide well-reasoned perspectives on the issues facing, and strategic direction of, the profession. My learnings in these environments are hard to beat and I have no doubt that they will stand me in good stead no matter what I choose to do in the future.

With the variation and constant challenges in the industry I see myself continuing a career in valuation. I currently work with a team of approximately 30 valuers to deliver rating valuations on behalf of local government in the South Island and I really enjoy leading people to deliver results. I've found that I enjoy working with and teaching others, and can see myself in a role combining people and business management where I strive for improvement. Given the satisfaction I have with my career to date I look forward to what my future career could involve. And you never know, one day I might earn that farm!

On any given day I could be in the office or out in the field, or valuing a house, a block of land or a farm in the Mackenzie District.

GENERATION...



SUSIE PENROSE

*TelferYoung
Napier*

I joined the valuation profession somewhat by accident; it's not exactly a 'glamorous' profession that you dream of from a young age. To be honest, during high school I didn't have a dream job in mind (other than becoming a Silver Fern) and I wasn't overly concerned about the future. In my seventh form year, the only thing I knew was that I wanted to go to university (probably for all the wrong reasons) and that I was relatively good at maths.

When my parents sat me down for 'the talk' about where I was going in life, Dad, being a valuer himself, suggested property valuation. As a kid I spent a lot of time after school sitting in his office drawing my dream houses on graph paper, so his suggestion didn't feel too far-fetched. After a few discussions around the profession and learning the day-to-day activities of a valuer, I decided it sounded alright ... so here I am! Not the most inspiring story I know, but it all turned out for the best and I'm loving it.

Considering the above, it may be difficult to believe but I am now very passionate about the valuation profession. The part I enjoy most about being a valuer is that contrary to many beliefs, it is not just purely an office job. A lot of my day

is spent out on site visits and with new technology much of the job is able to be undertaken off-site, which suits me well. The flexibility of the job enables me to enjoy quality time with my family and to participate in other activities, no matter what time of the day. I would have to say another great aspect to the job is the diversity – no two jobs are ever the same. There are constantly new challenges, market changes, industry and policy changes and many many more factors that keep the job interesting.

Where do I want to go with my career? In my opinion there are a lot of unknowns regarding the future of the valuation industry. The profession has changed hugely over the past 20 years, so who knows where and what we will be in another 20. At this stage of my career my main goals are to further grow my share in TelferYoung (Hawke's Bay) Limited, and to continue working close with those around me who have been in the profession longer than I have. I am very privileged to work alongside some very experienced and knowledgeable valuers and I plan on picking their brains for as long as I can.

My involvement with the Valuers Council and the Property Institute of New Zealand Board has opened up a whole new world to me and I would like to continue on with similar positions in the future. I am very keen to help promote the industry and get more young blood interested in the profession.

Another great aspect to the job is the diversity... There are constantly new challenges, market changes, industry and policy changes and many many more factors that keep the job interesting.

...OF PROPERTY



WILLIAM GRANT

*Fordbaker Valuation
Christchurch*

I've had an interest in property from a young age, possibly stemming from a borderline unhealthy obsession to win every game of monopoly I played with my family. Toward the end of high school I heard a rumour that there was a shortage of property valuers in the country. I figured it would be the perfect profession to learn more about property in real life scenarios, and in real time, so I enrolled at Lincoln University.

That's the answer I like to give when I'm asked how or why I became a property valuer (I typically leave out the monopoly part). The reality was that, like many others, I had no idea what I wanted to do when I finished high school, although I knew I wanted to be involved in property. I also knew I wanted to continue to study, because after all I'd heard good things about university life. So I took a deep breath and made a brave decision, one that horrified my friends – I copied my older sister.

Thanks to monopoly, a growing interest in property and following in my sister's footsteps, I graduated from Lincoln University in 2013 with a Valuation and Property Management degree and a Graduate Certificate in Business Management and Sustainability with the intention of becoming a property valuer. Following graduation, and after surviving an OE, I found myself a role as a graduate valuer in Christchurch. I've now

been working primarily as a commercial valuer for around two-and-a-half years at Fordbaker Valuation, a locally owned and operated company which now has 18 valuers. I'm looking to sit my registration exam toward the end of 2017.

It's been an amazing few years here in the garden city as the rebuild continues to progress. During my time at Fordbaker I've enjoyed undertaking a huge variety of work from assessing indemnity values for earthquake damaged properties, right through to carrying out market valuations for proposed multi-million dollar commercial developments in the central city. I've had the pleasure of being surrounded by experienced valuers and have been exposed to other experts within the property industry, soaking up as much knowledge as possible. I've had access to information on what's happening in the CBD, in Christchurch, and in the wider Canterbury region.

Where do I want to go with my career? My current goal is to get myself through the registration process and out the other side in one piece. Once I'm over that hurdle, I plan on continuing to build on my reputation in the industry. I figure getting my 'ticket' (registration certificate) and being respected as a registered valuer should lead to good things – and hopefully a balanced lifestyle.

What I hope to get out of valuation in the future is to enjoy a variety of work, to be challenged every day, to have the time flexibility to be able to go for a mid-week surf (or afternoon round of golf), and to have the finances to be able to continue travelling the world. These are the things that keep me enthusiastic about property valuation as a career.

I've had an interest in property from a young age, possibly stemming from a borderline unhealthy obsession to win every game of monopoly I played with my family.

PROFESSIONALS



JAY SORENSON

*Logan Stone Ltd
Hastings*

Leaving school I wanted a job that was agriculture focused and provided both in and out of office opportunities, with the goal of obtaining a job that provided thought-provoking work and a dynamic, diverse career. I enjoyed working with numbers, and decided to undertake a double major in Agribusiness and Rural Valuation at Massey University. My interest in valuation was further increased after holiday work for Logan Stone Ltd between my second and third year at university, where I identified there were a number of opportunities for young valuers to establish themselves within the profession. It was also apparent that there was an ageing demographic within the profession, which would represent opportunities into the future.

Valuation gives the opportunity to provide an independent perspective in order to help people with property decisions in which there is often a large amount of emotion. Given that no two properties are the same there are always new challenges and learnings to be had on the job. I enjoy conversing with clients about their property, varying management techniques and views. Being a rural valuer requires you to have an understanding of a variety of industries, and you therefore need to stay at the forefront of market information and the fundamentals that drive both the local and international markets. You need excellent relationships with other business professionals, and a

wide network to ensure this information flow occurs. I enjoy building and maintaining these relationships.

The job also provides flexibility and good exposure within the rural industry and allows both on-farm and off-farm work, which were key drivers as to why I entered the profession. The job also allowed me to be based in Hawke's Bay but provides national work opportunities. A property career offers business ownership opportunities, and provides a clear pathway to progress your career and knowledge. The profession also provides leadership opportunities, which allows further development of both professional and personal skill sets.

In the future I wish to continue to build on the networks and associations I have made in the industry so I can continue to grow myself and my business. I see many opportunities within the property sector, in particular the rural valuation industry. This is due to a number of older practitioners nearing retirement and only a small number of younger rural valuers available to fill the void.

I want to continue my work as a leader of the industry and to seek opportunities where they are presented. I am also interested in developing my skills in sustainable nutrient management to ensure that I remain at the forefront of the changing environmental regulations in the agricultural sector. This will include working with landowners around the potential issues facing their land, and how to obtain the best outcome from an environmental, financial and productive perspective. I would also like to continue to build relationships within the wider rural sector and be recognised as a leader within it.

I see many opportunities within the property sector, in particular the rural valuation industry. This is due to a number of older practitioners nearing retirement and only a small number of younger rural valuers available to fill the void.

ASSIGNING A LEASE

Is the outgoing tenant still 'on the hook'?

This article looks at mitigating risk for an outgoing tenant, including re-taking possession following assignment of a lease.

NICK WILSON AND KATIE DEWAR

Future liability of outgoing tenant

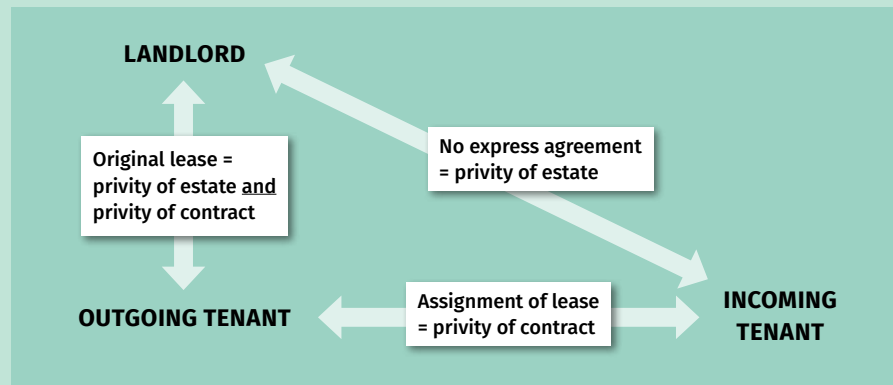
When a tenant assigns its lease to an incoming tenant the process of assignment will, in the normal course, not end the outgoing tenant's contractual relationship with the landlord. Under an assignment, the outgoing tenant transfers its rights under the lease to the incoming tenant, including the right of exclusive possession of the leased premises. However, the outgoing tenant will usually still remain 'on the hook' for all obligations (including any potential liability) under the lease.

The implications of an outgoing tenant remaining liable for the tenant's obligations under the lease are clear. If the incoming tenant defaults under the lease, the landlord can look to the earlier tenant(s), and their guarantor, to 'make good' the default.

How to mitigate the risk

There are certain measures an outgoing tenant can take to mitigate this risk including:

- Seeking to novate the lease rather than assign it
- Obtaining a release from its landlord on assignment
- Obtaining an indemnity from both the 'assignee' and the shareholders or directors of that entity, or from another related solvent entity
- Expressly reserving its right to re-take possession of the lease in the event the incoming tenant defaults and it is pursued by the landlord.



Contractual relationships under an assignment

There are two distinct legal concepts that are tied to assignment of leases:

- Privity of estate – describes a mutual or successive relation to the same right in property
- Privity of contract – this is the concept that a contract can only give rights or impose obligations arising under that contract to the parties that actually entered into it.

Where there is both privity of estate and privity of contract between the parties, all covenants under the lease will be enforceable. Under the original lease between landlord and tenant, both privity of estate and privity of contract will be present. However, when a tenant assigns the lease to an incoming tenant these concepts will be split.

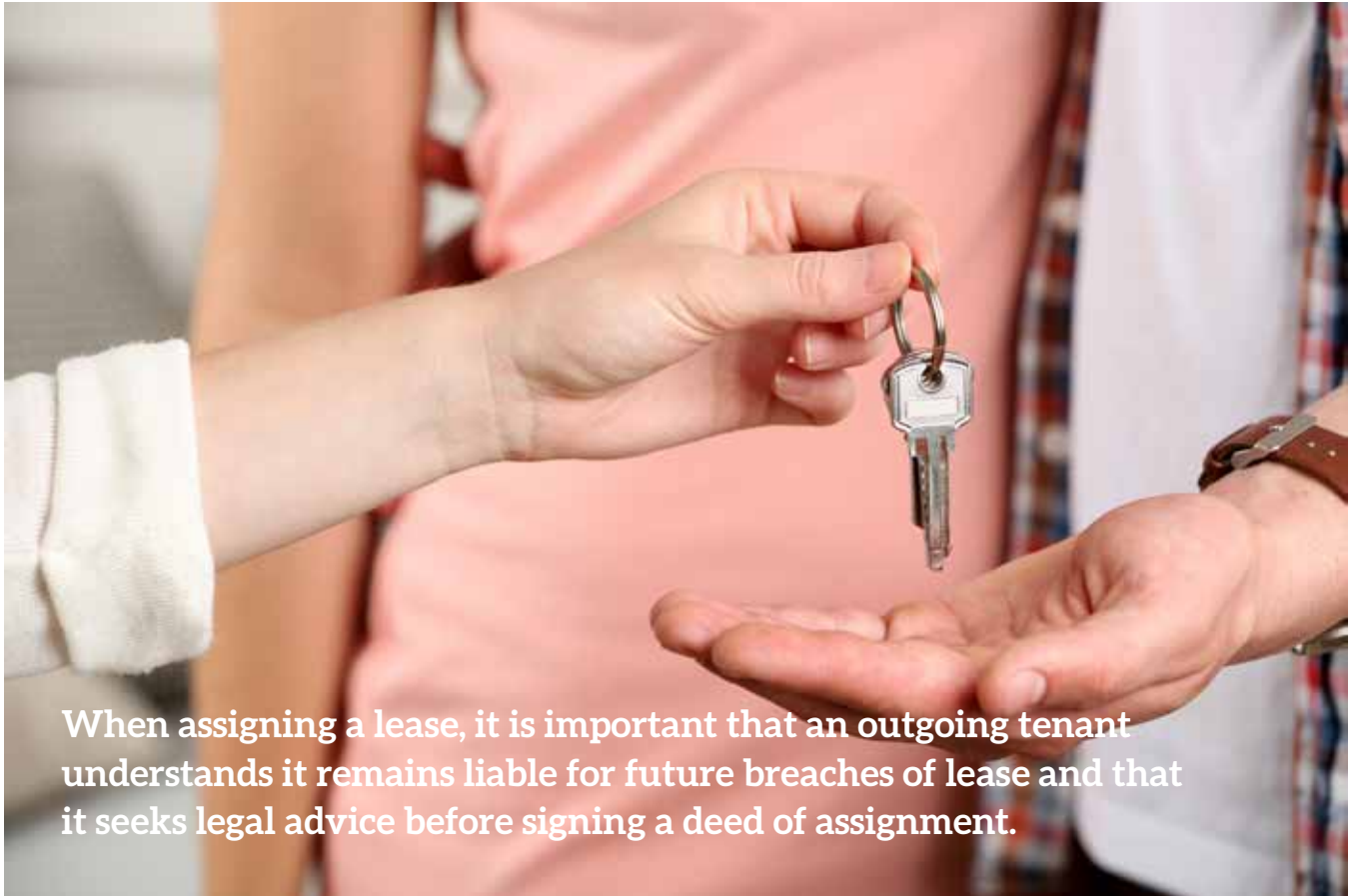
As the outgoing tenant has forgone its right to occupy the premises, essentially

the loss of privity of estate means that the outgoing tenant will no longer have an 'interest' in the land.

Privity of contract and a contractual right of enforcement is usually subsequently established between the landlord and incoming tenant under a deed of assignment. This is where the incoming tenant covenants in favour of the landlord to meet the tenant's obligations under the lease.

Default by incoming tenant under an assignment

As there remains privity of contract between the outgoing tenant and the landlord following an assignment, if the incoming tenant breaches the lease the outgoing tenant will also be considered as having breached the lease. If the incoming tenant fails to 'make good' the breach the landlord can look to the outgoing tenant, and/or its guarantor, to do so.



When assigning a lease, it is important that an outgoing tenant understands it remains liable for future breaches of lease and that it seeks legal advice before signing a deed of assignment.

How an outgoing tenant can minimise risk of a future claim

Depending on an outgoing tenant's circumstances, the prospect of potentially being liable for an incoming tenant's breach may deter the outgoing tenant away from assignment in the first instance. However, an outgoing tenant does have further options to mitigate its risk as set out below.

Novation of lease

An outgoing tenant could seek to proceed with a novation rather than an assignment of the lease. Novation and assignment are often confused, but they are quite distinct:

- An assignment results in the rights and benefits of the tenant being transferred to the assignee. The obligations under the lease remain with the outgoing tenant, although it is usual for a deed of assignment to include a covenant from the assignee in favour of its landlord to meet the lease obligations
- A novation, on the other hand, substitutes an original party to a

contract with a third party. The benefits and obligations of the lease are passed to the new tenant and the new novated lease essentially replaces the lease that the outgoing tenant held.

To proceed with a novation would almost certainly require a landlord's consent. In our experience there would need to be some incentive for a properly advised landlord to agree to a novation rather than an assignment.

Release on assignment

The outgoing tenant could request that the landlord release it from its obligations under the lease upon assignment. If so, all potential future liability will cease from the date of assignment. This too would require the landlord's consent, and we expect that most landlords would be unwilling to agree to such a release unless there was a commercial incentive to do so.

Indemnity

It is standard practice that under a deed of assignment an assignee will indemnify

the assignor for any loss it suffers as a result of any subsequent breach of lease. This indemnity may have little value where the assignee company is a shelf company with no substance. In such circumstances it is ideal if additional indemnities are obtained from a solvent and more substantial guarantor, which would often be the shareholder and/or directors of the assignee.

Re-taking possession of lease

If a former tenant is required to pay rent for an extended period, due to the incoming tenant breaching the lease and failing to pay rent, it would seem fair and equitable that the outgoing tenant be entitled to re-take possession of the leased property. If the outgoing tenant is paying for the burden of the incoming tenant's breach, then why should the outgoing tenant not receive the benefit of the lease? Currently, the law does not provide a clear answer to this issue.

We consider that an outgoing tenant could request that the deed of assignment

contain a term that gives it the right to re-take possession in the event of default (and it being pursued for outgoing rent or other amounts). The wording of this term may say something to the following effect:

If, following default by the assignee (i.e. incoming tenant), the assignor (outgoing tenant) is required to pay any amount equivalent to (say) three months' rent, the assignor may terminate the assignment and the lease will revert back to the original parties.

The effect of this term is that the relationship between the landlord and outgoing tenant would revert back to the original lease arrangement. Both privity of estate and privity of contract will be present once more and the original tenant will regain its exclusive rights of possession. If this approach were taken, the outgoing tenant would have the option to re-take possession if it was desirable in the circumstances. Alternatively, if the outgoing tenant did not wish to re-take possession there would be no requirement to do so.

It is important to note that although the law is silent on whether an assignor could in fact re-take the lease in the event it is required by the landlord to pay the rent, there are other practical considerations to take into account in effecting the re-taking of possession including:

- How this would impact on the position of a lender of the incoming tenant, which would likely have a charge over the assignee's lease
- How this express right would impact on the price paid under a business sale agreement. If, for example, the incoming tenant has purchased a business from the outgoing tenant and the lease is integral to the value of the business, then it would likely resist the risk of being required to relinquish the lease, although such risk will only arise if it breaches its obligations under the lease
- How the right would be exercised where a tenant resists the previous tenant from re-taking possession, but is in breach of the indemnity it gave the outgoing tenant
- Whether a landlord would be willing

to agree that an assignor has a right to re-take possession. In our experience if a tenant fails to pay its rent and the landlord elects to cancel the lease, the landlord would not usually serve a Property Law Act 2007 notice on previous tenants (only the current tenant), but instead terminate the lease and then just sue the current and previous tenant and any guarantors for damages for the losses it has suffered.

In principle, where a landlord is requiring a previous tenant to meet the rent under a lease, it is (at least arguably) fair that it should be entitled to actually enjoy the right to possession under such lease.

What is the legal position on an outgoing tenant re-taking possession? If an outgoing tenant were to re-take possession, due to continued breach by the incoming tenant, this could apply to terminate the assignment between the outgoing tenant and incoming tenant. However, the exercise of re-taking possession would not terminate the lease itself because the contractual relationship remains between the landlord and outgoing tenant as the original parties to the lease.

Currently, the law is silent on whether the re-taking of possession by an outgoing tenant is permissible. It appears that a New Zealand court has never been asked to look into this issue. However, as the re-taking of possession is heavily tied to the underlying concept of termination, it could be argued that for any person other than the landlord to re-take possession, an express right to do so would be necessary.

How then can an incoming tenant minimise its risk of a previous tenant re-taking possession? If an incoming tenant is in competition with the outgoing tenant, the incoming tenant may want to ensure that the outgoing tenant could never be able to have a right to re-take possession, especially if there is the potential for exposure of confidential commercial secrets or likely to be a significant effect on its business. In this case, the most prudent course of action may be to include a term in the deed of assignment which clarifies that the outgoing tenant will have no right to re-take possession for any reason whatsoever.

Concluding remarks

When assigning a lease, it is important that an outgoing tenant understands it remains liable for future breaches of lease and that it seeks legal advice before signing a deed of assignment. The measures outlined above are some ways that the commercial risk of assigning a lease can be minimised. Depending on the circumstances, it might be possible to negotiate the application of some or all of the measures with a landlord and incoming tenant.

Disclaimer

The information contained in this article is general in nature. It does not constitute legal advice and should not be relied on as such. Specialist advice should be sought in particular matters ☞



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OPPORTUNITY KNOCKS:

Auckland homeowners can gain billions by converting cross lease and unit titles to fee simple

MICHAEL REHM

Homeowners of cross leases and unit titles suffer value losses of 7% to 18%. These losses can be avoided along with the inherent limitations, risks and administrative burdens associated with such inferior title structures by converting them to fee simple.

New form of property title

In the early 1960s, Auckland lawyer Byran Mahon (assisted by retired Land Registrar Tom Dennett) devised a new form of property title ownership in New Zealand called a cross lease. Prior to this innovation the only method of registering legal interests in units, flats or floors of a building were company structures where unit owners held shares in a company associated with exclusive rights to parts of the property.

Later in 1971, amendments to the Municipal Corporations Act 1954 and Land Subdivision in Counties Act 1946 permitted cross leases for detached homes. It has been argued that this latter evolution of cross leases circumvented conventional subdivision requirements, namely minimum lot sizes and prescribed distances between neighbouring homes. Under a cross lease structure the land is held in joint fee simple ownership, while individual owner's rights to use explicit portions of the land are laid out in a

ground lease entered into by each owner that is commonly 999 years in duration.

Cross leases typically reference a flats plan registered with Land Information New Zealand (LINZ) showing the extent of improvements (houses, garages, carports, decks etc), and identify 'restricted areas' dedicated to each ownership share as well as shared rights of way.

Unit Titles Act 1972

Cross leases proved immensely popular in rapidly developing Auckland, particularly in the North Shore, and have enabled much higher densities than conventional subdivision rules at the time would have permitted. One year after the first detached homes were registered under a cross lease, the Unit Titles Act 1972 (the Act) was passed into law and provided a method by which ownership interests in multi-unit flats, terraced houses and apartment complexes can be registered. Although the Act was designed for use with attached multi-unit developments, it has been

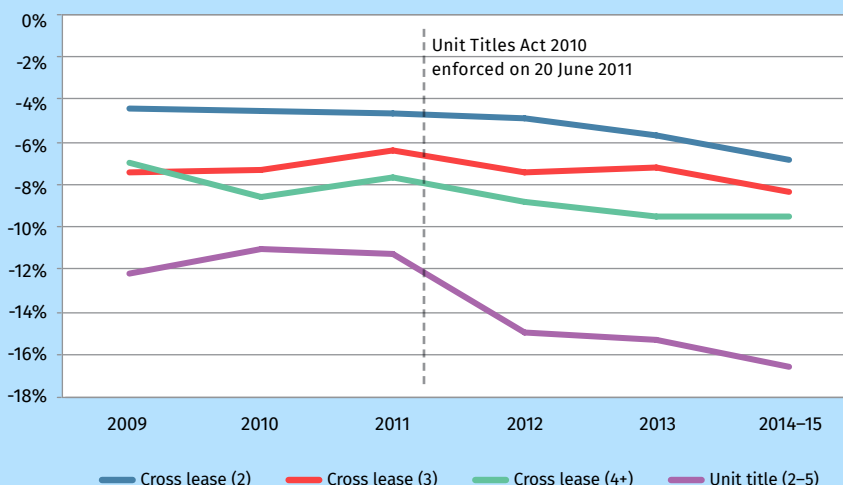
used for detached and semi-detached developments where cross leases or fee simple title could have been used, albeit with perhaps less density than desired by the developers.

For a host of reasons cross leases and unit titles are inferior to fee simple titles. In the case of cross leases it is common that alterations made to improvements (e.g. additional bedroom) are not properly approved in writing by all landowners and/or the flats plan is not updated and resurveyed. In such instances, the title is 'defective' and this can give rise to legal disputes between cross lease owners or cause problems when an owner attempts to sell their cross lease home. Moreover as written permission from all joint owners is required to undertake many types of improvements, it is possible that a solitary joint owner can block certain work from being carried out.

With unit titles, not only do unit owners face similar restrictions to make improvements and changes to their

Under a cross lease structure the land is held in joint fee simple ownership, while individual owner's rights to use explicit portions of the land are laid out in a ground lease entered into by each owner that is commonly 999 years in duration.

Auckland residential dwelling price discounts associated with non-fee simple title types



property, the Act requires the formation of a body corporate comprised of all unit owners and it imposes a number of administrative burdens, which can be arduous for small unit title developments. For instance, under the Act each body corporate, regardless of size, must hold annual general meetings, and open and administer a bank account for the purpose of collecting levies and paying for insurance and maintenance of the common property, which includes outside wall and roof cladding.

The Act was overhauled in 2010 in the wake of the country's leaky building crises, with new requirements enforced in June 2011. These include the need for body corporates to generate long-term maintenance plans and organise an appropriate sinking fund to pay for planned work.

The Act also includes a range of mandated disclosure statements required from unit sellers to prospective buyers: one disclosure at pre-contract, another at pre-settlement, and an optional 'additional disclosure statement' if requested by the buyer.

For large body corporates, the following responsibilities tend to be

delegated to third party body corporate secretarial service providers:

- Organising bank accounts
- Raising levies
- Preparing long-term maintenance plans
- Contracting a building manager for maintenance and upkeep
- Organising general meetings
- Taking meeting minutes
- Issuing disclosure statements surrounding unit sales.

For small body corporates, it rarely makes financial sense to engage a service provider and the secretarial services then become shared between the owners or simply assumed by a single owner.

As an indication of the displeasure unit title owners have with the Act, it is once again under review and will soon be revamped. The level of complexity of managing a body corporate will surely increase rather than decrease, although some relief may be provided to small unit title developments. As cities such as Auckland embrace a 'quality, compact city' urban planning model, the permitted densities have increased over time with considerable intensification in the Unitary Plan.

Potential exists for converting to fee simple

Interestingly, freestanding and semi-detached residential dwellings currently on cross lease or unit titles can often be accommodated by the new higher density residential development controls. When they were initially developed they would have proven too dense for the residential development controls at the time, but in many cases the potential exists for these inferior titles to be converted to fee simple.

Conversion to fee simple would not only alleviate the cross lease and unit title owners of the administrative burdens, inherent restrictions and various risks they currently face, but would also lift the value of their property. In an effort to estimate the economic benefits associated with title conversion, a series of hedonic pricing models were developed to quantify the price effects associated with residential dwelling title type, all other factors held constant. The models analysed sales of dwellings, excluding flats and apartments, in Auckland from 2009 through the first half of 2015 – over 115,000 sales transactions in total. Regarding unit title properties, only small unit titles (two to five units per development) were considered.

Property value uplift potential associated with converting cross lease and unit titles to fee simple in Auckland

Title type	Ownership shares	Residential dwellings	Cumulative 2014 capital value	2014/15 Discount	Value uplift potential
Cross lease	2	43,104	30,162,393,000	-6.9%	2,082,359,933
	3	9,014	6,383,062,000	-8.4%	535,393,441
	4+	7,092	4,722,910,000	-9.6%	451,969,619
Unit title	2 to 5	2,219	1,992,675,000	-18.0%	359,020,435
Total estimated value uplift potential					\$3.4 billion

In light of Auckland intensifying the residential development capacity within its urban extents as it strives to be a 'quality, compact city' under the new Unitary Plan, a \$3.4 billion opportunity exists to convert the city's 61,000 dwellings currently sitting on inferior title types into market-preferred fee simple properties.

The above figure indicates the estimated residential dwelling price discounts suffered by cross lease and unit title properties in comparison with equivalent fee simple titles. The models' estimates are extremely consistent from year-to-year, with the most notable deviation being a sharp increase in the price discounts suffered by residential dwellings in small two to five unit title developments.

Price discount deepens following unit titles law change

In the years immediately following the global financial crisis, unit titles were discounted approximately 11% against fee simple equivalent homes in Auckland. This discount increased to over 15% following the June 2011 enforcement of the new 2010 Act. Aside from this stark souring of the market's view towards small-scale unit titles, all inferior title types have gradually witnessed their price discounts deepen during the study timeframe.

Of course in many instances these discounts can be removed through the conversion of titles from cross lease or unit title to fee simple. There is a degree of time and cost associated with doing so and it would require the involvement of experts

such as lawyers, land surveyors and possibly planning consultants. However, the potential value uplift is considerable as shown in the table.

Applying the estimated price discounts modelled from 2014/15 sales data to Auckland's residential dwelling stock on cross lease and small-scale unit titles (excluding flats and apartments), the total potential property value uplift from title conversion is found to be roughly \$3.4 billion. The bulk of this potential, just over \$2 billion, lies in Auckland's 43,000 cross lease dwellings where two homes share a single lot.


Auckland Council best to lead title conversions

In light of Auckland intensifying the residential development capacity within its urban extents as it strives to be a 'quality, compact city' under the new Unitary Plan, a \$3.4 billion opportunity exists to convert the city's 61,000 dwellings currently sitting on inferior title types into market-preferred fee simple properties. Ideally, such a conversion would be done en masse, with Auckland Council leading the way alongside central government, the Auckland District Law Society and other

pertinent professional bodies. If such a planned approach fails to gain traction, individual property owners would be wise to investigate their own situation (together with their fellow cross lease or unit title owners) and explore the possibility of converting their own properties to fee simple title and reap the benefits ☺



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US Study Tour YEEHA!

Grab your Stetson and your cowboy boots – the destination for the 2017 PINZ study tour is Texas, with a side order of Tennessee.

It has been nearly five years since the Property Institute invited members to join us for an international study tour. The last trip in 2012 included visits to China and Hong Kong. It was so successful that afterwards nearly all of the members who went on it indicated they were keen to do it again – so we are.

The 2017 study tour will depart New Zealand on 8 September 2017. It features four days in Houston, Texas, two days in Memphis, Tennessee and two days in Dallas.

If you're into history, culture, or even Elvis – this could

be the perfect opportunity to mix some business with pleasure. Even if you're the sort of person who's all business, this is your chance to hear from some top-notch property professionals working in a drastically different landscape and culture to that which we have here in New Zealand.

We're putting together a busy itinerary and will be releasing a more detailed schedule in the coming weeks. In the meantime, be sure to save the dates and here's a bit about the cities we are visiting.

Houston

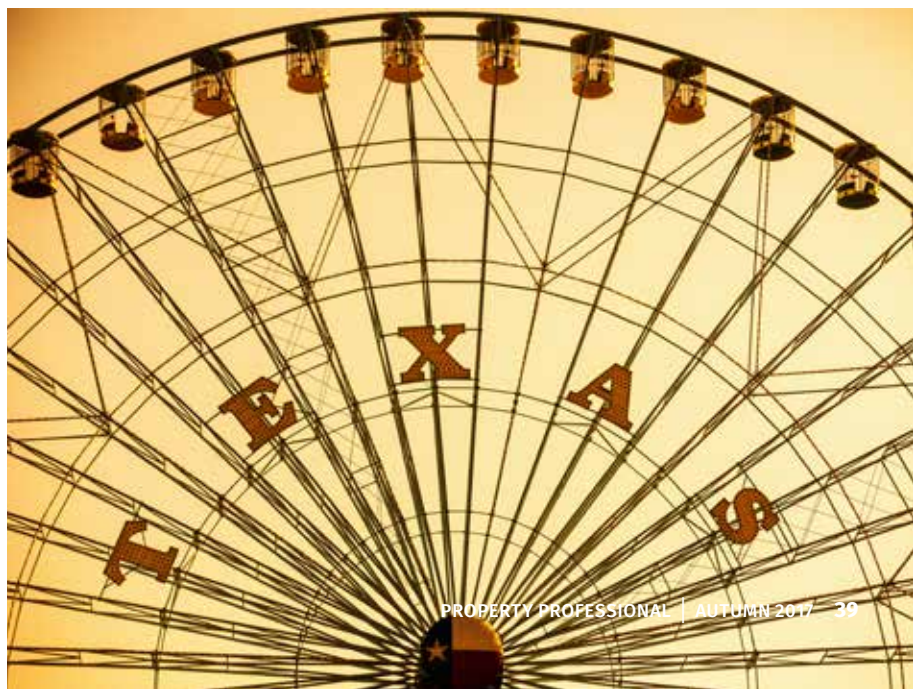
Houston is an impressive city. Wikipedia says it is the most populous city in Texas and the fourth most populous city in the US. It is located in southeast Texas near the Gulf of Mexico. With a census estimated 2014 population of 2.239 million within an area of 1,730 square kilometres, it is also the largest city in the southern US. Houston has the fourth tallest skyline in North America (after New York City, Chicago and Toronto) and the 12th tallest building in the world, as at 2014. An 11 kilometre system of tunnels and skywalks links downtown buildings containing shops and restaurants, enabling pedestrians to avoid summer heat and rain while walking between buildings.

Memphis

Memphis is a city in the southwestern corner of the state of Tennessee. Memphis had a population of 653,450 in 2013, making it the largest city in the state. It is also the largest city on the Mississippi River. The city is a national transportation hub and Mississippi River crossing for Interstate 40 (east-west), Interstate 55 (north-south), barge traffic, the Memphis International Airport (FedEx's 'SuperHub' facility) and numerous freight railroads that serve the city. In 2013, *Forbes* magazine ranked Memphis as one of the top 15 cities in the US with an 'emerging downtown' area. And of course there's stacks to do if you're into a bit of sightseeing.

Dallas

Dallas is the largest urban centre of the fourth most populous metropolitan area in the US. The city proper ranks ninth in the country and third in Texas after Houston and San Antonio. The US Census Bureau's estimate for the city's population was 1.3 million in 2015. The metropolitan area's economy is the 10th largest in the world. The city's economy is primarily based on banking, commerce, telecommunications, technology, energy, healthcare and medical research, and transportation and logistics. Since the early 2000s, the central core of Dallas has been enjoying steady and significant growth, encompassing both the re-purposing of older commercial buildings downtown into residential and hotel uses, as well as the construction of new office and residential towers. Dallas and its greater metropolitan area have been leading the nation in apartment construction and net leasing, with rents reaching all-time highs 🏠





Images from the 2013 PINZ conference in Queenstown



Property Institute
of New Zealand
Conference
Rydges Hotel
Queenstown
June 28th–30th 2017



If you are involved in the property sector, you'll want to be at the Rydges Hotel for the "Property at the Peak" Conference, in Queenstown.

The successful Property Institute 2016 conference was called 'Riding The Wave', featuring a beach theme. As you can see from the pictures, people really got into the spirit of things.

So, we felt it was appropriate as we shift venues from the winterless north (cough) to the scenic south, we'd work with our surroundings and thus was born 'Property At The Peak'.

Last year's event attracted more than 350 delegates to the Langham Hotel in Auckland, signalling solid growth on previous years and we're hoping to do even better this year.

The Rydges has been through a significant facelift and will be a superb backdrop for our event, including the welcome function, which will be winter/snow themed of

course, and the black tie awards night on Thursday night.

International and local speakers will present a wide and diverse programme including well-known economists and industry experts.

If you're keen on a bit of R & R after the conference programme, of course Queenstown has it all. Rugged mountains, majestic lakes, crystal clear air, and just so much to do! From bungee jumping to wine trails, jet boating to tramping, fine dining and skiing – the tricky part may be convincing your boss to extend your stay.

Book your flights now and get set for several days of learning, networking and exploring your career with like-minded property professionals.

For more information, keep an eye on the PINZ website www.property.org.nz. It will be regularly updated as the conference approaches 🐾



PINZ branch events

Northland

Branch Chair: Melody Richards
melody.richards@telferyoung.com

Upcoming events:

- 9 March – Speed networking event (location TBC)

Auckland

Branch Chair: Patrick Foote
patrick@gctvaluers.co.nz

Upcoming events:

- 20 March, 4pm – Auckland NZIV Branch AGM
- 20 March, 4.45pm – Auckland PINZ Branch AGM
- March/April – Young Guns Event – an opportunity for the 'younger' members to network with the wider profession in a less formal setting. Remember, you're only as 'young' as you feel.
- May/June – Auckland Branch Breakfast Seminar – an opportunity for the membership to network while also listening to an industry relevant speaker. A light breakfast is provided.

Waikato

Branch Chair: Glenda Whitehead
glenda.whitehead@tetumupaeroa.co.nz

Upcoming events:

- 22 March, 7.30am – Waikato PINZ Branch AGM

Rotorua

Branch Chair: Kendall Russ
kendall.russ@telferyoung.com

Tauranga

Branch Chair: Paul Higson
paul.higson@telferyoung.com

Gisborne

Branch Chair: Che Whitaker
cwhitaker@lewiswright.co.nz

Upcoming events:

- 30 March, 12pm – Gisborne PINZ Branch AGM

Taranaki

Branch Chair: Stephen Hodge
stephen@taranakipropertyvaluers.nz

Hawke's Bay

Branch Chair: Trevor Kitchin
trevor.kitchin@telferyoung.com

Wanganui

Branch Chair: Rob Boyd
rob.boyd.nz@outlook.com



Join the Institute to attend events, seminars & our annual conference at member rates

Manawatu

Branch Chair: Bruce Lavender
brucel@blackmores.co.nz

Upcoming events:

- 29 March, 12pm – Manawatu PINZ Branch AGM

Wellington

Branch Chair (PINZ): Callum Taylor
ctaylor@linz.govt.nz

Branch Chair (NZIV): Hamish Bills
hamish@lockwoodassociates.co.nz

Upcoming events:

- 28 March, 5pm – Wellington PINZ and NZIV Branch AGMs

Nelson

Branch Chair: Simon Charles
simon@dukeandcooke.co.nz

Upcoming events:

- 15 March, 5pm – Nelson PINZ Branch AGM

Canterbury Westland

Branch Chair: Simon Newberry
simon@fordbaker.co.nz

Upcoming events:

- 7 March, 4.30pm – Canterbury Westland PINZ Branch AGM

South/Mid-Canterbury

Branch Chair: Alistair Wing
awing@xtra.co.nz

Upcoming events:

- 7 March, 12pm – South/Mid-Canterbury PINZ Branch AGM

Central Otago

Branch Chair: Heather Beard
heather.beard@colliersotago.com

Upcoming events:

- 6 March, 3 April, 1 May – The Wakatipu Valuers' Study Group meets once a month from 6–7pm
- 9 March, 12pm – Central Otago Branch AGM

Otago

Branch Chair: Adam Binns
adam.binns@abcommercial.nz

Upcoming events:

- 8 March, 5pm – Otago Branch AGM

Southland

Branch Chair: Phil Janssen
phil.janssen@qv.co.nz

Upcoming events:

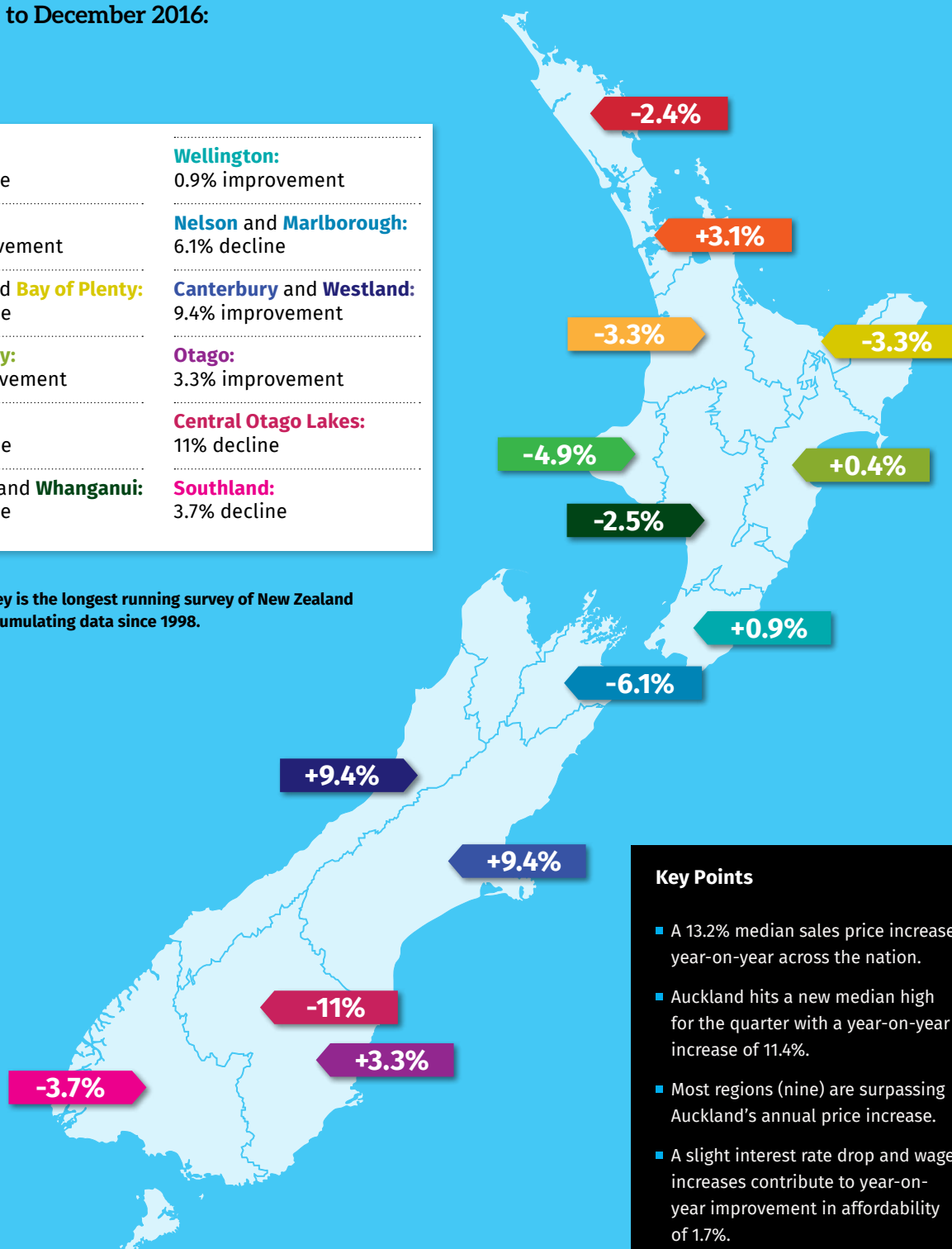
- 8 March, 12pm – Southland Branch AGM

Home Affordability UPDATE

By comparing the average weekly earnings with the median dwelling price and mortgage rate, Massey University's quarterly survey for December 2016 confirmed an overall 2.8% decline in home affordability over the quarter. The following infographic shows the affordability changes for the year to December 2016:

Northland 2.4% decline	Wellington: 0.9% improvement
Auckland 3.1% improvement	Nelson and Marlborough: 6.1% decline
Waikato and Bay of Plenty: 3.3% decline	Canterbury and Westland: 9.4% improvement
Hawke's Bay: 0.4% improvement	Otago: 3.3% improvement
Taranaki: 4.9% decline	Central Otago Lakes: 11% decline
Manawatu and Whanganui: 2.5% decline	Southland: 3.7% decline

The Massey survey is the longest running survey of New Zealand house prices, accumulating data since 1998.



Key Points

- A 13.2% median sales price increase year-on-year across the nation.
- Auckland hits a new median high for the quarter with a year-on-year increase of 11.4%.
- Most regions (nine) are surpassing Auckland's annual price increase.
- A slight interest rate drop and wage increases contribute to year-on-year improvement in affordability of 1.7%.

Join the Institute

Develop your career, grow your network, and become the voice of New Zealand's property industry.

- * **GROW YOUR NETWORK** – with our regular keynote meetings, events and annual conference
- * **ENHANCE YOUR PROFESSIONAL DEVELOPMENT** – through our wide variety of career development programmes, webinars and seminars
- * **INVEST IN YOUR CAREER** – with our growing career development opportunities including seminars, site tours, internships and study tours
- * **KEEP IN THE PROPERTY LOOP** – with our regular research publications and quarterly magazine
- * **BOOST YOUR CREDIBILITY** – be part of a membership body that represents your views on the issues that are vital to our industry



'I chose property as a career because the industry is professional, consistently changing, and provides flexibility and support throughout my career.'

Kate Fluker, Registered Valuer at Colliers International and 2014 Commonwealth Games athlete (Mountain Biking).



"Property valuation offers a great insight into the wider Property Industry and provides a gateway into a wide range of other property related professions"

James Wilson, Registered Valuer at QV in Auckland.

Membership categories

Membership is free for students and we offer a special graduate membership. For details of full membership visit www.property.org.nz. Don't hesitate to contact us for further details at membership@property.org.nz.

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