

LAND VALUATION

PART FORSYTH BARR STADIUM DUNEDIN



Prepared for:

**GROUP CHIEF FINANCIAL OFFICER
DUNEDIN CITY COUNCIL
P O BOX 5045
DUNEDIN 9058**

ATTENTION: MR G MCKENZIE

MAY 2014

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13 May 2014

Group Chief Financial Officer
Dunedin City Council
PO Box 5045
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DUNEDIN 9058

Attention: Mr Grant McKenzie

**VACANT LAND VALUATION
PART FORSYTH BARR STADIUM, DUNEDIN**

1. INSTRUCTIONS

We refer to your request for an assessment of the value of part of the Forsyth Barr stadium land and now report.

2. MARKET VALUE

We estimate the market value as at 9 May 2014 at the amount of:

**\$6,600,000 (Six Million Six Hundred Thousand Dollars)
plus GST, if any is payable.**

3. CONDITIONS OF VALUATION

The land is valued on the following basis:

1. Freehold unencumbered title land area of 4.3526 hectares
2. The land is free of any improvements
3. The land is zoned Industrial 1
4. A HAIL report is available (Refer paragraph 6.)

4. SCOPE OF WORK

4.1 Valuer

The valuation has been undertaken by Tony Chapman who provides this objective and unbiased valuation. Tony has no material connection with the instructing party and has the appropriate qualifications and experience to undertake the valuation.



4.2 Purpose of Valuation

Market valuation for Council purposes.

4.3 Asset Valued

A notionally vacant land parcel of freehold land currently owned by Dunedin City Council upon which is currently sited the Forsyth Barr Stadium.

4.4 Basis of Valuation

Market Value

"the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion."

4.5 Valuation Date

9 May 2014.

4.6 Our Client

This valuation has been prepared on specific instructions from Grant McKenzie on behalf of Dunedin City Council.

The report is not to be relied upon by any other person or for any other purpose. We accept no liability to third parties nor do we contemplate that this report will be relied upon by third parties.

We invite other parties who may come into possession of this report to seek our written consent to them relying on this report. We reserve the right to withhold our consent or to review the contents of this report in the event that our consent is sought.

4.7 Extent of Investigations

We have carried out a road side inspection of the property on 9 May 2014.

This report has been prepared for valuation purposes only and is not a structural, geotechnical or environmental survey.

We have not been provided with an environmental audit of the property and we are not aware of any potential environmental concerns. Our valuation and report assumes that the land is unaffected by harmful contaminants or noxious materials which may impact on value.



We have not conducted a land survey of the subject property.

We have not sighted a current Land Information Memorandum for the subject property during the course of this valuation. Our report is subject to there being no outstanding requisitions or adverse information affecting the property.

4.8 Nature and Source of Information Relied Upon

We have relied on Headway Systems sales data which Chapman Consultancy 2008 Limited has analysed; Chapman Consultancy 2008 Limited's database of transactions some of which is sourced from other Dunedin connections; and publicly available Dunedin City Council planning documents; and Land Registry information.

4.9 Assumptions and Special Assumptions

Special assumptions as listed in the Conditions of Valuation and general assumptions as details in our Statement of Limiting Conditions and Valuation Policies.

4.10 Reporting Format

We have been instructed to provide a valuation report meeting all appropriate standards.

This report must be read in conjunction with Chapman Consultancy (2008) Limited's Statement of Limiting Conditions and Valuation Policy at Appendix 2.

4.11 Valuation Standards

Our valuation has been prepared in accordance with International Valuation Standards 2011 and Australia and New Zealand Valuation Guidance Notes including:

IVS Framework	
IVS 101	Scope of Work
IVS 102	Implementation
IVS 103	Reporting
IVS 230	Real Property Interests
ANZVGN 1	Valuation Procedures - Real Property

5. RESOURCE MANAGEMENT

Under the Dunedin City Council's District Plan the land is zoned Stadium but as instructed we assess the land as vacant Industrial 1 zoned land.

Key Industrial 1 permitted activities include:

- Industrial



- Service
- Retail activity in conjunction with an industrial or service activity provided that:
 - [a] The retail activity is complementary to and an integral part of the industrial or service activity,
 - [b] The maximum area of gross floor space for retail activities shall not exceed 10% of the total floor space of the premises.
- Service Stations
- Garden Centres

6. HAZARDOUS ACTIVITIES AND INDUSTRIES LIST

The Ministry for the Environment introduced a Hazardous Activities and Industries List effective from 1 January 2012 and imposing mandatory requirements on Councils.

The requirements of the "Hail" legislation are triggered by any change of use and as part of any Resource Consent process the applicant will need to demonstrate that the site is clear.

The following is an extract from the Resource Management National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health Regulations 2011.

- *Subdividing or changing use*
 - (4) Subdividing land or changing the use of the piece of land is a permitted activity while the following requirements are met:
 - (a) a preliminary site investigation of the land or piece of land must exist;
 - (b) the report on the preliminary site investigation must state that it is highly unlikely that there will be a risk to human health if the activity is done to the piece of land;
 - (c) the report must be accompanied by a relevant site plan to which the report is referenced;
 - (d) the consent authority must have the report and the plan.

A condition of our assessment is that the subdivision is permitted under the above.

7. GENERAL

Our assessment is based on an Industrial 1 zone, and our understanding and analysis of the underlying land values in the area and on the basis that there are no known impediments to the land utility other than its shape.

This is a large block and we perceive the highest and best use for the lands as being an industrial park subdivision. Highest and Best Use is defined as:



'the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value of the property.'

We have applied three valuation approaches each adopting different land areas for developed sections.

We have varied the land unit frontage value under each scenario as follows:

\$16,000 for the smallest number of potential retail sections of 13 and where the average section area is 3,000 square metres.

\$15,750 for the 16 section development – and where the average section area is 2,500 square metres.

\$15,500 for the 20 section development - and where the average section area is 2,000 square metres.

The adopted unit frontage values are consistent with our understanding of land values in the area determined by analysis of available and known transactions.

The closest land sale was the nearby Neptune Street sale in 2012 which we have analysed to a unit value of \$15,504 and \$221 per square metre.

In terms of sub divisible land we refer to our analysis of the old Carisbrook as providing a good comparison hereunder.

Date	Address	Value /Sale \$	Land Area sm	Unit Frontage Value	\$psm
9-May-14	Forsyth Barr Land	\$6,600,000	43,526	\$15,500	\$152
30-Jun-13	Carisbrook - old	\$3,500,000	30,604	\$12,000	\$114

When compared together we consider the value differentials to be reasonable given the inferior Carisbrook location when compared to the subject.

A schedule of analysed transactions is attached as Appendix 1.



8. DETAILED ASSESSMENTS

8.1 Sections of 3,000 square metres

Area sm		43,526
Adjusted for internal roading	10.0%	10%
Net land area for development		39,173
Size adopted		3,000
Number of sections		13.1
Adopt		13

Section Retail Land Value

Frontage - notional adopted		40.00
Depth - notional adopted		75.00
Area		3000
Table - Jerret		50
Depth %		120.00%
Adjustments		
Shape, access etc		0.0%
Factor		48.0000
Unit Metre Value		\$16,000
Equates		\$768,000
Land Value say		\$770,000
	\$psm	\$257

Realisation period 3 years

GROSS PROCEEDS from sale of sections

Sections	No	\$psm	Totals
Sections - average	13	\$256.67	10,010,000
Plus GST if any GST			-
GROSS PROCEEDS			10,010,000
Less Selling Costs			
Agents	3.00%	300,300	
Legal	650	8,450	
			308,750

NET REALISATION

Less Profit and Risk **25.0%** **9,701,250**

OUTLAY

Less Development Costs	est	455,000	7,761,000
(13 @ \$35,000)			
Less Holding Costs			
Interest - 1.5 years		873,113	
(7.5% pa of Outlay)			
Rates - 1.5 years			
(13 @ \$3,800)		74,100	1,402,213

RESIDUAL

LAND INDUSTRIAL BLOCK VALUE	plus GST	6,358,788
Value per lot		6,360,000
Underlying value \$psm		\$489,231
Average size		\$146.12
		3,000



8.2 Sections of 2,500 square metres

Area sm		43,526
Adjusted for internal roading	10.0%	10%
Net land area for development		39,173
Size adopted		2,500
Number of sections		15.7
Adopt		16

Section Retail Land Value

Frontage - notional adopted		40.00
Depth - notional adopted		62.50
Area		2500
Table - Jerret		50
Depth %		111.11%
Adjustments		
Shape, access etc		0.0%
Factor		44.4444
Unit Metre Value		\$15,750
Equates		\$700,000
Land Value say		\$700,000
	\$psm	\$280

Realisation period 4 years

GROSS PROCEEDS from sale of sections

Sections	No	\$psm	Totals
Sections - average	16	\$280.00	11,200,000
Plus GST if any GST			-
GROSS PROCEEDS			11,200,000
Less Selling Costs			
Agents	3.00%	336,000	
Legal	650	10,400	
			346,400

NET REALISATION

Less Profit and Risk 25.0% 2,170,720

OUTLAY

Less Development Costs	est	544,000	
(16 @ \$34,000)			
Less Holding Costs			
Interest - 2 years		1,302,432	
(7.5% pa of Outlay)			
Rates - 2 years			
(16 @ \$3,800)		121,600	1,968,032

RESIDUAL

LAND INDUSTRIAL BLOCK VALUE plus GST 6,714,848

Value per lot \$419,375

Underlying value \$psm \$154.16

Average size 2,500



8.3 Sections of 2,000 square metres

Area sm		43,526
Adjusted for internal roading	10.0%	10%
Net land area for development		39,173
Size adopted		2,000
Number of sections		19.6
Adopt		20

Section Retail Land Value

Frontage - notional adopted		40.00
Depth - notional adopted		50.00
Area		2000
Table - Jerret		50
Depth %		100.00%
Adjustments		
Shape, access etc		0.0%
Factor		40.0000
Unit Metre Value		\$15,500
Equates		\$620,000
Land Value say		\$620,000
	\$psm	\$310

Realisation period 5

GROSS PROCEEDS from sale of sections

Sections	No	\$psm	Totals
Sections - average	20	\$310.00	12,400,000
Plus GST if any GST			-
GROSS PROCEEDS			12,400,000
Less Selling Costs			
Agents	3.00%	372,000	
Legal	650	13,000	
			385,000

NET REALISATION

Less Profit and Risk 27.5% 2,591,471

OUTLAY

9,423,529

Less Development Costs	est	660,000	
(20 @ \$33,000)			
Less Holding Costs			
Interest - 2.5 years		1,766,912	
(7.5% pa of Outlay)			
Rates - 2.5 years			
(20 @ \$3,800)		190,000	2,616,912

RESIDUAL

6,806,618

LAND INDUSTRIAL BLOCK VALUE plus GST 6,810,000

Value per lot \$340,500

Underlying value \$psm \$156.46

Average size 2,000



9. SUMMARY OF FINDINGS

Block value - 3,000 sm sites	\$6,360,000
Block Value - 2,500 sm sites	\$6,710,000
Block Value - 2,000 sm sites	\$6,810,000
Average	\$6,626,667
Adopt	\$6,600,000
Underlying value \$psm	\$151.63

10. CONCLUSION

We estimate the market value of the land on the basis as described above at the amount of \$6,600,000 plus GST, if any.

11. COMPLIANCE STATEMENT

- The statements of fact presented in this short report are correct to the best of the Valuers' knowledge;
- The analysis and conclusions are limited only by the reported assumptions and conditions;
- The Valuer has no interest in the subject property;
- The Valuers' fee is not contingent upon any aspect of the report;
- The valuation was performed in accordance with an ethical code and performance standards;
- The Valuer has satisfied professional education requirements;
- The Valuer has experience in the location and category of the property valued;
- No one except those specified in the report, has provided professional assistance in preparing the report.

Yours faithfully

Chapman Consultancy [2008] Limited

Tony Chapman
Registered Public Valuer ANZIV SPINZ



APPENDIX 1

ANALYSED TRANSACTIONS

Industrial Land Transactions

Date	Address	Sale \$	Adjusted Land Component	Land Area sm	Unit Frontage Value	\$psm
21/05/2013	24 Burns Street	\$389,000	\$389,000	1729	\$11,330	\$225
26-Mar-13	11 Timaru Street	\$280,000	\$280,000	785	\$15,584	\$357
30-Jun-13	Carisbrook - old	\$3,500,000	\$3,500,000	30604	\$12,000	\$114
20-Mar-13	6 Wain Street, Dunedin	\$275,000	\$275,000	1024	\$10,623	\$269
6/03/2012	30 Burns Street	\$730,000	\$730,000	2561	\$11,928	\$285
19-Jul-12	180 Rattray Street, Dunedin	\$460,000	\$370,000	1394	\$13,500	\$265
5/09/2012	Neptune St (Part 80 Parry St)	\$830,000	\$850,000	3846	\$15,504	\$221
1/07/2011	580 Kaikorai Valley Rd	\$576,420	\$576,420	2882	\$13,714	\$200
Apr-12	649 Princes St	\$580,000	\$460,000	1535	\$12,545	\$300
12-Sep-12	555 Kaikorai Valley Rd	\$574,000	\$410,000	1,852	\$11,000	\$221
2-Sep-11	41 Wharf St	\$1,584,400	\$1,584,400	3,961	\$16,667	\$400
1/07/2011	8/10 Wilkie Road	\$378,300	\$378,300	1164	\$13,690	\$326
1/07/2011	30 Thomas Burns Street, Dunedin	\$1,200,000	1070000	2899	\$16,000	\$369
1/12/2011	57 & 61 King Edward Street, Dunedin	\$712,000	660000	1719	\$14,250	\$384
21/05/2010	53 Anzac Ave	\$1,935,000	\$1,550,000	3938	\$17,128	\$394
1/04/2008 (LH)	14 Parry St	\$1,015,000	\$950,000	5,750		\$163
31/03/2008 Confidential	323 Andersons Bay Road Andersons Bay Road Braemar Street	\$8,000,000	\$5,300,000	10,289	\$50,000 \$18,515	\$614 \$316
1/04/2008	6 Turakina St	\$912,000	\$912,000	6,327	\$10,000	\$144
1/04/2008	Turakina/Midland Sts	\$896,000	\$896,000	5,611	\$10,000	\$160
1/04/2008	Part 47 Timaru St	\$680,000	\$680,000	4,047	\$12,705	\$168

13/05/2014

Stadium land value estimate 2014



APPENDIX 2

LIMITING CONDITIONS AND VALUATION POLICY

Neither the whole nor any part of this valuation report or any reference to it may be included in any published document, circular or statement without the written approval of Chapman Consultancy as to the form and context in which it may appear.

Information has generally been obtained from a search of records and examination of documents or by enquiry to Government Departments or Statutory Authorities. Where it is stated in the valuation report that information has been supplied to us by another party, this information is believed to be reliable but we can accept no responsibility if this should prove to be not so.

Our responsibility in connection with this valuation report is limited to the client to whom it is addressed; we disclaim all responsibility and accept no liability to any other party.

This valuation report has been prepared for the specific purpose stated. Any party that relies upon it for an alternative purpose without reference to Chapman Consultancy does so at its own risk.

We have made no survey of the property and assume no responsibility in connection with such matters. Unless otherwise stated it is assumed that all improvements lie within the title boundaries.

Our valuation and report is conditional upon the land being free of any contamination or industrial waste problems unless otherwise noted.

Unless otherwise stated our report is subject to there being no detrimental registration(s) affecting the land other than those appearing on the title(s) valued in this report. Such registrations may include Wahi Tapu registrations and Historic Places Trust registrations.

The value provided in this valuation is our opinion of the current market value on a willing buyer/willing seller basis. That value may change in the future due to market conditions and changes to the state of the property the subject of this report. Any decision to lend should take these factors into account and allow a reasonable and prudent margin between the amount advanced and the current market value given in this valuation. Additionally the margin should also recognise the consequences and costs of a forced sale.

This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period [including as a result of general market movements or factors specific to the particular property]. We do not accept liability for losses arising from such subsequent changes in value.

Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 3 months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.