



Attachment H

Colliers Valuation Report 19 May – Rural land

Valuation Consultancy Report

Waimakariri District Residential Red Zone
Kaiapoi

Waimakariri District Council
C/- Planning Matters Ltd
Private Bag 1005, Rangiora 7440
Attention: Rachel McClung & Andrew Willis

As at Date: 8 May 2016

Ref: 1672

Report Date: 19 May 2016

Instructions

Instructing Party	Reliant Party(s)	Waimakariri District Council & Planning Matters Ltd
Rachel McClung Waimakariri District Council C/- Andrew Willis Planning Matters Ltd	Registered Proprietor	Her Majesty the Queen
	Purpose of Report	Valuation advice on proposed lease or purchase of rural land in the Waimakariri Residential Red Zone
	Interest Valued	Fee Simple Estate
	Date of Valuation	8 May 2016
	Date of Inspection	8 May 2016

Executive Summary

The Canterbury earthquakes of 2010 and 2011 resulted in significant land damage in Kaiapoi, resulting in a 'red zone' classification of nearly 100 hectares, the majority of which were residential. The Government has since purchased over 1,000 private properties in Kaiapoi, Pines Beach and Kairaki. The Waimakariri District Council released a Preliminary Draft Waimakariri Red Zone Recovery Plan in February 2016, which explored the opportunities for the long term use of the Waimakariri red zone land. The Waimakariri red zone land has been divided into five regeneration areas.

We have been asked to provide advice on the likely market return and demand for rural land activities within the identified rural areas of the Kaiapoi South and Kaiapoi East regeneration areas. The land identified as suitable for rural land activities totals approximately 30.4 hectares, comprising approximately 11 hectares identified as Area 5 in the Kaiapoi South Regeneration area and 19.4 hectares identified as Areas 12 and 13 in the Kaiapoi East Regeneration area.

We consider that if the land was to be sold, the highest and best use of the two blocks would be disposal of 4 hectare bareland blocks, each with a remediated building site. We anticipate that these lifestyle blocks would each fetch between \$375,000 and \$400,000, including GST. This option is contingent upon the feasibility and economics of providing a remediated dwelling site to each of the four hectare blocks.

Should retaining the land be favoured, we consider that the land is suitable for a range of rural land uses including, cattle grazing, horse grazing, hay and silage making, arable cropping and community gardens. We consider that the next best alternative use is to lease Areas 5, 12 and 13 for cattle grazing. We anticipate that the annual rental for this utilisation of the land is in the vicinity of \$500 per hectare, with the lessee responsible for paying rates, provided they are struck relating to a rural use of the property.

Valuer



Primary Valuer

GREG PETERSEN / BComAg(VFM), ANZIV, SPINZ
Registered Valuer, Associate Director

Direct: +64 3 385 4022
Mobile: +64 21 991 348
Email: greg.petersen@colliers.com
Date: 19 May 2016

This report has been verified by Praveen Menon, **Associate Director | Rural & Agribusiness**

NOTE: This Executive Summary must be read in conjunction with the attached report and the details contained therein.

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Appendices

- A. Terms of Engagement and Scope of Works
- B. Quality Control and Valuation Policies

1 Introduction

Instructing Party	Andrew Willis, Planning Matters Ltd on behalf of Rachel McClung, Waimakariri District Council
Date of Instruction	4 May 2016

Table 1: Instructions

1.1 Instructions

1. Acting on instructions received from Andrew Willis of Planning Matters Ltd, on behalf of the Waimakariri District Council, we have been asked to provide a report on the likely market return and demand for rural activities within Areas 5, 12 and 13 of the Preliminary Draft Waimakariri Residential Red Zone Recovery Plan.
2. A copy of the Scope of Work is attached at Appendix A and we confirm this meets the requirements of the International Valuation Standards 2013 (IVS 101 Scope of Work).
3. We confirm that the individual valuers who are signatories to this report are experienced in the location and category of the property valued.

1.2 Purpose of Report

4. We confirm that this report has been prepared to assist the Waimakariri District Council assess the rural land use potential of Areas 5, 12 and 13 within the Preliminary Draft Waimakariri Residential Red Zone Recovery Plan.

1.3 Information Sources

5. Our valuation conclusions have been reached after reviewing documentation and information provided by representatives of the registered proprietor. The information reviewed and supplied includes, although is not limited to, the following:
 - Preliminary Draft Waimakariri Red Zone Recovery Plan;
 - Current planning scheme details;
 - Our onsite recording of property details including topography, pasture types, land system details, and particulars of items including but not limited to fencing, waters, structures and livestock handling facilities;
 - Other relevant information.

1.4 Date of Valuation

6. 8 May 2016 based upon our inspection of the same date. Due to possible changes in market forces and circumstances in relation to the subject property the report can only be regarded as representing our opinion of the value of the property as at the date of valuation, which has been based on appropriate assumptions determined as at the date of signing of this report.

1.5 Quality Assurance

7. Crighton Anderson Property and Infrastructure now trading as Colliers International, was the first valuation practice accredited under the Property Institute of New Zealand's quality assurance program (QAAS). Established in 2011, the scheme supports firms in their adherence to professional standards. Customers and stakeholders can have confidence that an accredited firm has policies and processes in place to support best practice, as well as having had their valuation processes peer reviewed.

2 Kaiapoi South Regeneration Area 5

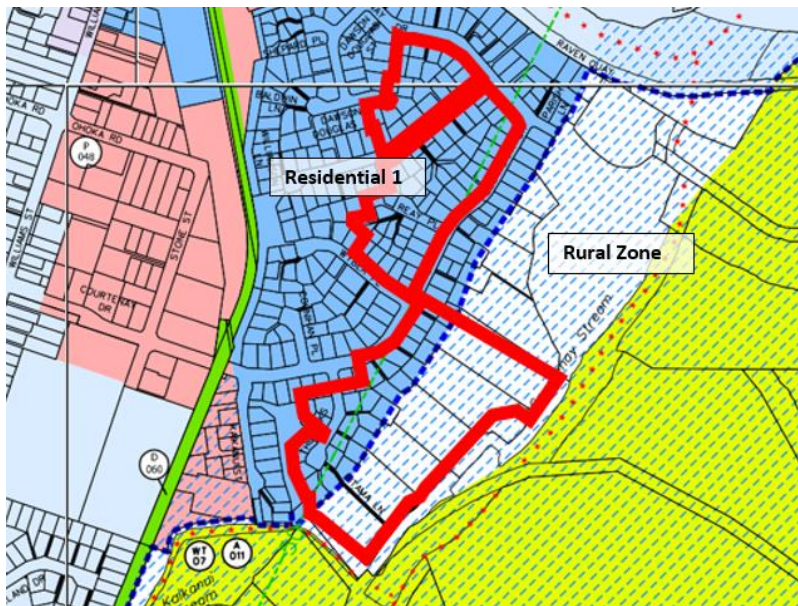
8. The Kaiapoi South Regeneration Area comprises approximately 11 hectares and is split into three separate blocks by Courtenay Drive and Charters Street. The land shaded beige and labelled #5 on the map below:



9. The land formerly comprised individual residential properties together with some larger rural residential parcels in the southern block near the Courtenay Stream.

2.1 District Council Zoning

10. The land on the western side of Courtenay Drive is zoned Residential 1 under the Waimakariri District Plan. The land immediately fronting the eastern side of Courtenay Drive is also zoned Residential 1, with the land further to east being within the Rural zone. The Rural zone land has also been identified as being within a Localised Flooding Area. We understand that the Residential 1 zoning of the majority of the land does preclude a non-intensive rural use of the land.



2.2 Regional Plan

11. The subject property is located within the Ashley-Waimakariri Nutrient Allocation Zone and is included within the Waimakariri Sub Regional Chapter. The Ashley-Waimakariri Nutrient Allocation Zone Allocation Zone is a Red Zone. Within the Red Zone there is no capacity for the zone to absorb more nitrogen. Farming is a permitted activity within the Red Zone provided that:
 - The nitrogen loss calculation does not exceed 20 kg/ha/yr
 - The nitrogen loss calculation does not increase above the nitrogen baseline

2.3 Topography

12. The two blocks with access to Charters Street both have a level contour, whilst the southern block adjoining The Oaks has a level contour adjoining the Courtenay Drive frontage with the balance of the block sitting at a slightly lower elevation toward the Courtenay Drive Esplanade Reserve and the Courtenay Stream. This lower land has been identified in the District Plan as at risk from flooding.

2.4 Soils

13. According to the Landcare Research online S-Maps series, all three blocks within the Kaiapoi South Regeneration area have Kaiapoi deep to moderately deep silty loam soils. These are a stoneless soil, imperfectly drained soil, with a high water holding capacity. This soil type is considered to have a low drought vulnerability and could be suited to dryland arable cropping or grazing.
14. During our site inspection we noted that land adjoining Courtenay Drive appeared stoney and compacted which is a departure from the Kaiapoi silty loam description. This may limit the appeal of the land for cropping.
15. The Preliminary Draft Waimakariri Residential Red Zone Recovery Plan identifies that due to the historic use of the land within the Kaiapoi South Regeneration Area, the area may contain contaminated soil. We have searched the Environment Canterbury Listed Land Use Register and cannot find any records of contaminated land. We have made this report on the basis that the land is suitable for grazing and arable farming.

2.5 Land Cover & Improvements

16. The land has post and wire perimeter fencing with no other improvements. Land cover is limited to some recently direct drilled pasture and weed species. We did not notice the provision of stock water or troughs. A number of shrubs and trees are still present on the property which may reduce the appeal of the block for hay making and cultivation.
17. The photos below illustrate the current state of the land:



2.6 Adjoining Land Use

18. The two northern blocks adjoin existing residential properties on Wyber Place, Charters Street and Dawson Douglas Place. The Regeneration Plan identifies a Recreation and Ecological Linkage running between Wyber Place, Charters Street and Dawson Douglas Place, a thin strip between the existing residential land and the proposed rural activities on the subject land.
19. A Recreation and Ecological linkage borders northern and eastern boundaries of the southern block, with The Oaks Reserve to the south. A dairy farm is situated to the east of the southern block, on the opposite side of the Courtenay Stream. Whilst direct access between the dairy farm and southern block is unlikely due to the stream, the Courtenay Drive Esplanade Reserve and the Recreation and Ecological linkage strip, the proximity of the dairy farm may still provide opportunities for grazing young stock and dry cows on the subject land.
20. Beyond The Oaks Reserve to the south of the southern block, there is mixed cropping and grazing land.



2.7 Land Use Potential

21. The subject land is currently dryland with no water available for irrigation. Consent will have to be sought from the Canterbury Regional Council for the property to source water for irrigation purposes. On this basis we have considered the land use potential of the subject land on a dryland basis.

22. Within the Preliminary Draft Waimakariri Residential Red Zone Recovery Plan the Kaiapoi South Regeneration Area has been identified for rural use, with the exception of intensive farming. We have adopted the Waimakariri District Plan definition of intensive farming below:

Intensive Farming means the production of plant and animal produce, where the predominant productive process are not dependent on the soil characteristics of the site on which it is situated. Process may involve: poultry, pig, rabbit, fitch and opossum; production of compost; mushroom farming; and feedlots for commercial livestock such as cattle. It excludes those activities where production requires pasture or ground cover to be maintained, glasshouses and horticulture.

23. The description of Area 5 within the Preliminary Draft Waimakariri Residential Red Zone Recovery Plan also specifies that farming activities that have the potential to create adverse amenity effects on adjoining residential areas, cannot be established. For this reason together with the relatively small land area, the physical separation of the Courtenay Stream, the Esplanade Reserve and the proposed Recreation and Ecological Linkage, we have ruled out dairying as a potential land use.
24. The Localised Flooding Area identified in the District Plan limits the use of the Rural zoned land for glasshouses.
25. Given the constraints of the land as noted above we consider that Area 5 may be suitable for the following rural activities:
- Lifestyle
 - Sheep and cattle grazing
 - Horse grazing
 - Hay and silage making
 - Arable cropping
 - Community gardens
26. We discuss each of the following land use options below.

2.7.1 Lifestyle

27. Area 5 may have potential to be sold as three lifestyle properties. The three blocks comprising Area 5, provide the natural boundaries of each of the three lifestyle blocks, with the land areas of each of the parcels ranging between 1.7 through to 6.7 hectares. We consider that there will be strong demand for these properties given the appeal of maintaining a rural lifestyle within close proximity of the amenities offered by Kaiapoi.
28. The following table illustrates recent sales evidence of bareland lifestyle properties within the wider Kaiapoi and Waimakariri locality:

Address	Sale Date	Land Area	Sale Price	Site Value	Residual LV/ha
46 Norris Rd, Swannanoa	26-Jan-16	0.4421	\$235,000	\$235,000	-
58 Norris Dr, Swannanoa	15-Dec-15	0.4421	\$237,500	\$237,500	-
13 Northside Dr, Waikuku Beach	3-Jul-15	0.4505	\$230,000	\$230,000	-
6 Warwick Rd, Swannanoa	11-Jul-15	0.4521	\$245,000	\$245,000	-
38 Hampton Dr, Swannanoa	11-Aug-15	0.4947	\$239,000	\$239,000	-
933 Tram Rd, Ohoka	23-Sep-15	0.5000	\$250,000	\$250,000	-
45 Norris Dr, Swannanoa	14-Jan-16	0.6206	\$240,000	\$237,500	\$20,730
29 Joy Pl, Swannanoa	13-Sep-15	0.8562	\$252,000	\$245,000	\$19,652
55 Turiwhaia Rd, Woodend	16-Nov-15	3.0326	\$200,000	\$150,000	\$19,743
664 NO 10 Rd, Swannanoa	26-Nov-15	4.0000	\$325,000	\$250,000	\$21,429
447 Oxford Rd, Fernside	7-Jul-15	4.0009	\$300,000	\$225,000	\$21,423
1127 South Eyre Rd, Swannanoa	22-Feb-16	4.0090	\$305,000	\$235,000	\$19,949
151 Easterbrook Rd, Fernside	12-Nov-15	4.0100	\$350,000	\$275,000	\$21,368
171 Raddens Rd, Ohoka	4-Sep-15	4.0637	\$415,000	\$315,000	\$28,061
189 Flaxton Rd, Fernside	18-Dec-15	4.1200	\$375,000	\$300,000	\$20,718
64 Easterbrook Rd, Fernside	18-Jun-15	4.3270	\$323,000	\$250,000	\$19,075
36B Island Rd, Clarkville	3-Sep-15	5.0050	\$410,000	\$300,000	\$24,417
98 Isaac Rd, Eyrewell	14-Sep-15	5.0246	\$295,000	\$200,000	\$20,996
1165 Wolffs Rd, West Eyreton	10-Sep-15	20.2342	\$670,000	\$200,000	\$23,817
334 Mt Thomas Rd, Fernside	15-Jun-15	24.8350	\$1,000,000	\$325,000	\$27,738

29. The above sales illustrate that a site value of \$300,000 including GST, for a 5,000 m² bareland lifestyle parcel is likely to be achieved within Area 5 given its proximity to the amenities offered by Kaiapoi. Whilst a site value of \$300,000 is at the upper end of the sales range above, we consider that the Kaiapoi locality is likely to command a premium site value given its relatively close commuting distance to Christchurch, compared other lifestyle localities elsewhere in the Waimakariri District.
30. The majority of the value of a bareland lifestyle parcel is attributed to the site value, or the right to build upon a parcel. For the purposes of this assessment we have adopted a nominal 5,000 m² site which represents the right to build and establish a residential home upon the land with a rural amenity. Any additional land within a lifestyle property is typically valued on a per hectare rate on par with surrounding rural land uses. We have adopted an additional land value of \$22,500 per hectare. This value is supported by the sales evidence above and also the sale of 78 Doubleday's Road, Kaiapoi, a 104.5824 hectare dairy farm which sold in February 2015 for a total sale price of \$3,657,000 or an analysed land value per hectare of \$22,338 per hectare.
31. The following table represents the likely bareland lifestyle parcel values which could be achieved within Area 5. These values are expressed on an inclusive of GST basis, less the costs of establishing a suitable building site on each block.

Land Area (ha)	Land Value (incl GST)	Site Value (0.5ha)	Additional LV/ha	Area of Additional Land	Value of Additional Land	Overall Value / Ha
0.5	\$300,000	\$300,000	-	-	-	\$600,000
1.0	\$311,250	\$300,000	\$22,500	0.5	\$11,250	\$311,250
2.0	\$333,750	\$300,000	\$22,500	1.5	\$33,750	\$166,875
3.0	\$356,250	\$300,000	\$22,500	2.5	\$56,250	\$118,750
4.0	\$378,750	\$300,000	\$22,500	3.5	\$78,750	\$94,688
5.0	\$401,250	\$300,000	\$22,500	4.5	\$101,250	\$80,250
6.0	\$423,750	\$300,000	\$22,500	5.5	\$123,750	\$70,625
7.0	\$446,250	\$300,000	\$22,500	6.5	\$146,250	\$63,750

2.7.2 Sheep & Cattle Grazing

32. The proximity of Area 5 to the residential areas, means that the surrounding recreational and ecological areas will be popular for dog walking. During our inspection, we noted several dogs walking off leash on and within close proximity of the subject land. Whilst this limits the appeal of the land for sheep grazing, cattle may not be so bothered. Cattle are also likely to be less susceptible to loss from theft.
33. The three blocks have a good standard of perimeter fencing and would require the provision of stock water before the land can be utilised for cattle grazing. The pastures on the land are of mixed quality and may require further improvement especially on those areas formerly occupied by housing.
34. We consider that an underlying demand for cattle grazing is likely to be steady, however some potential lessee's or purchasers of the land are likely to be dissuaded given the proximity of the land to residential dwellings.
35. The property could be equally suited to grazing dairy young stock or beef cattle. The table below illustrates applicable rental evidence of smaller blocks within nearby localities, together with some larger pastoral blocks elsewhere in Canterbury:

Address	Land Area	Land Use	Annual Rental	Rental / Ha
Topito Rd, Tuahiwi	5.6656	Cropping / Grazing	\$3,500	\$618
Topito Rd, Tuahiwi	5.6656	Cropping / Grazing	\$3,200	\$565
Rangiora Woodend Rd, Waikuku	5.723	Cropping / Grazing	\$1,800	\$315
Topito Rd, Tuahiwi	3.2451	Cropping / Grazing	\$1,900	\$585
Rangiora Woodend Rd	5.76	Cropping / Grazing	\$3,950	\$686
Tuahiwi Rd, Tuahiwi	13.2029	Cropping / Grazing	\$8,712	\$660
Greens Rd, Tuahiwi	5.7035	Cropping / Grazing	\$3,823	\$670
Ashley Gorge, Oxford	Unknown	Dairy Support	-	\$670
Pudding Hill, Methven	475	Dairy Support	\$320,150	\$674
Darfield	150	Cropping / Grazing	\$67,500	\$450

36. We envisage that the land could be leased for periods of 3 years to 5 years, at a rate in the vicinity of \$500 per hectare. This equates to an annual lease rate of \$5,500, with the lessee responsible for rates.

2.7.3 Horse Grazing

37. The proximity of Area 5 to the residential areas may create demand for use of the land for horse and pony grazing. The same risks that apply to the use of the land for sheep grazing, also apply to horses, namely disturbance by dogs.
38. Horses will require further subdivision of the land into smaller paddocks together with the provision of stock water. Horse pastures will require regular mucking out and also tend to attract weeds together with greater wear and tear on fences.
39. Demand for horse grazing is likely to be from individuals wanting to graze one to two horses and may result in the requirement to deal with a number of potential lessees of a shorter term duration, compared to one lessee under a cattle grazing scenario. We consider that the land may be able to support one horse per hectare or a total of 12 horses over the 11.9 hectares.
40. Long term horse grazing within Canterbury is typically at the rate of \$25 to \$30 per horse per week, with an expectation that the horses are visited daily, covers removed, and paddocks mucked out. The lower end of our range equates to an annual grazing charge of \$15,600. Although care for the horses is the responsibility of the grazier, a greater level of landowner oversight will be required to ensure that animal welfare standards are maintained, fences kept stock proof and paddocks mucked out. Structures such as a hay shed, stock shelters and tack room may also need to be provided.

2.7.4 Hay & Silage Making

41. Area 5 could also have potential to be utilised for hay and silage making. This would require cultivation of the land with improved pasture species or lucerne. The existing trees and shrubs would increase the difficulty of cultivating and cutting the grass or crop, however this could be a viable option if the land was cleared.

42. The soils appear to be suitable for this type of land use, with their good water holding capacity and stones characteristics. Fertiliser would need to be applied to ensure soil fertility is maintained and enhanced. Hay and silage making would also complement cattle grazing and would attract a similar rental of \$500 per hectare, equating to a total annual rental of \$5,500.
43. An advantage of utilising the land for hay and silage making is that one individual lessee would be responsible for the whole land and that it is compatible with adjoining residential land uses.

2.7.5 Arable Cropping

44. Arable cropping would also be suitable for the land, however the land formerly containing housing may suffer from compaction. We note that there is an adjoining arable cropping farmer who could easily incorporate Area 5 into their existing cropping rotation. Given the relatively small land area, interest in cropping the land is likely to be limited to nearby arable farmers who can utilise existing infrastructure.
45. Cropping will require the removal of the existing trees and shrubs and it may involve the increased use of sprays which may not be as compatible with the amenity of the adjoining residential properties.
46. Dryland arable cropping may command a slightly higher rental than cattle grazing, however may be for a shorter lease duration. We envisage that the annual rental could be within the vicinity of \$550 per annum equating to an annual rental of \$6,050.

2.7.6 Community Gardens

47. The existing network of roading and proximity of Area 5 to residential housing may create demand from within the community for use of the land for community gardens. This may be a good idea for the two smaller blocks as the area would be relatively easy to contain, however the entire block may be too large to be effectively managed.
48. The use of the land for community gardens is probably reliant upon providing the land at no or very little cost to the community groups and will require a strong and cohesive group to manage. Whilst likely demand is considered to be strong the potential financial returns are likely to be minimal.

2.8 Highest & Best Use

49. Having explored the range of potential uses for Area 5 of the Kaiapoi South Regeneration Area, we consider that selling the land as three bareland lifestyle properties with remediated dwelling sites to be the best long term use of the land. This use of the land is contingent on the cost of providing a remediated building site on each of the three blocks.
50. If retaining ownership was favoured, leasing the land for cattle grazing is the likely highest and best use of the land. Our consideration of the highest and best use involves the consideration of the following:

“to establish whether a use is possible, regard will be had to what would be considered reasonable by market participants,

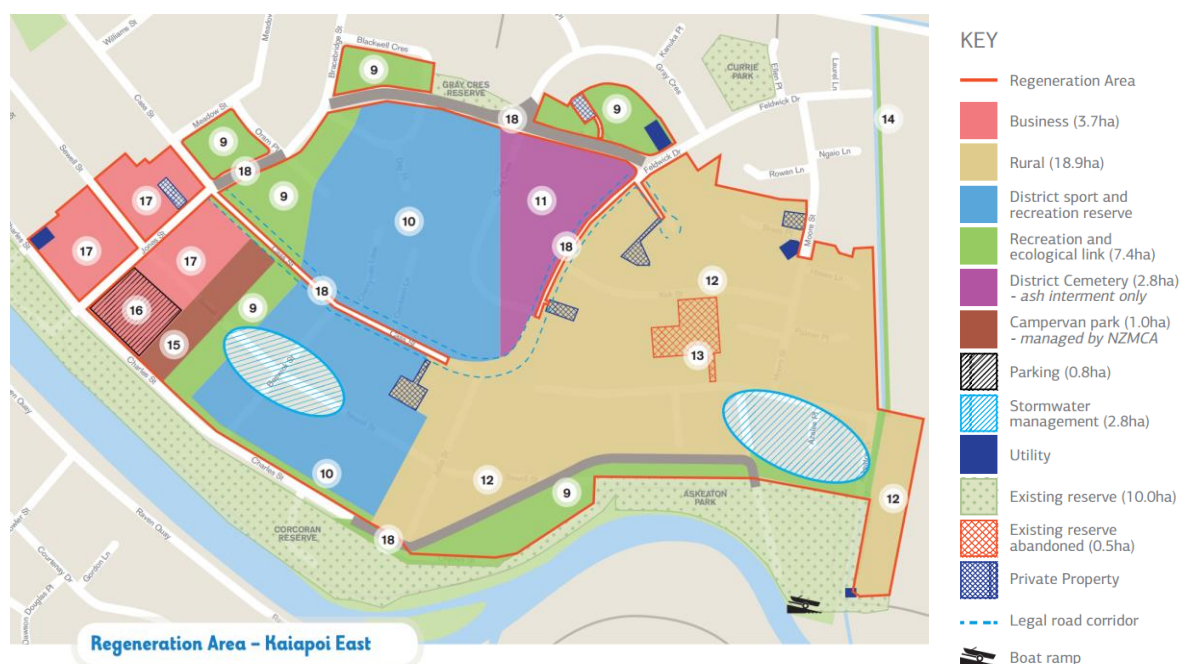
to reflect the requirement to be legally permissible, any legal restrictions on the use of the asset, e.g. zoning designations, need to be taken into account,

the requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the cost of conversion to their use, over and above the return on the existing use”.

51. We consider that a lease for cattle grazing provides a good market return for the land, whilst only requiring one lessee. Horse grazing may have the potential to provide for greater returns however will require much greater management oversight.

3 Kaiapoi East Regeneration Areas 12 & 13

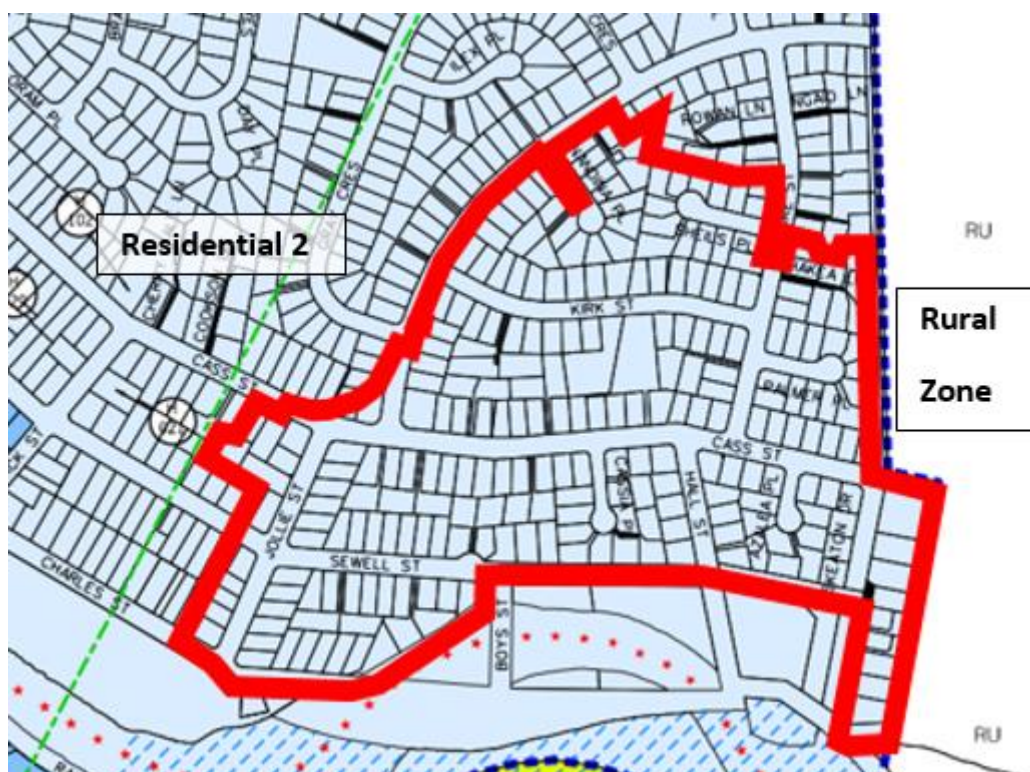
52. The Kaiapoi East Regeneration Area comprises approximately 19.4 hectares and comprises one contiguous irregular shaped block. The block is bordered by Charles Street to the south and Feldwick Drive and Jollie Street to the north and west. An open drain along the eastern side separates the block from grazing land.
53. The land identified for rural activities is shaded beige and labelled #12 and #13 on the map below:



54. The land formerly comprised individual residential properties together with roading and a local playground.

3.1 District Council Zoning

55. The subject land is zoned Residential 2 under the Waimakariri District Plan. We understand that the Residential 2 zoning does preclude a non-intensive rural use of the land.



3.2 Regional Plan

56. The subject property is located within the Ashley-Waimakariri Nutrient Allocation Zone and is included within the Waimakariri Sub Regional Chapter. The Ashley-Waimakariri Nutrient Allocation Zone Allocation Zone is a Red Zone. Within the Red Zone there is no capacity for the zone to absorb more nitrogen. Farming is a permitted activity within the Red Zone provided that:

- The nitrogen loss calculation does not exceed 20 kg/ha/yr
- The nitrogen loss calculation does not increase above the nitrogen baseline

3.3 Topography

57. The subject land has a level contour throughout and is situated at a low lying altitude of 1 to 1.5 metres above sea level. An open drain runs along the eastern boundary. The land is protected from flooding from the Kaiapoi River by a stop bank constructed to the south, although we understand that the land is at risk of flooding due to a high water table and its low lying altitude.

3.4 Soils

58. According to the Landcare Research online S-Maps series, the land within Area 12 of the Kaiapoi East Regeneration area predominantly has Fereday deep sandy loam soils, together with Temuka deep silty loam soils to the north.

59. Fereday deep sandy loam soils are well drained, with a rooting depth of 60 – 80 cm. This is a recent stoneless soil, formed by alluvial deposits from the Kaiapoi River. The soil has a high nitrogen leaching risk and a moderate drought vulnerability.

60. Temuka deep silty loam soils, have a clay base which impedes drainage. This is a heavy stoneless soil, which is susceptible to pugging although is considered to be drought tolerant.
61. The two soils are both considered to be suitable for a range of agricultural land uses including cropping and livestock farming. The high water table may limit the times of the year when heavy agricultural machinery can drive over the land.
62. The Preliminary Draft Waimakariri Residential Red Zone Recovery Plan identifies that due to the historic use of the land within the Kaiapoi East Regeneration Area, the area may contain contaminated soil. We have searched the Environment Canterbury Listed Land Use Register and cannot find any records of contaminated land. We have made this report on the basis that the land is suitable for grazing and arable farming.

3.5 Land Cover & Improvements

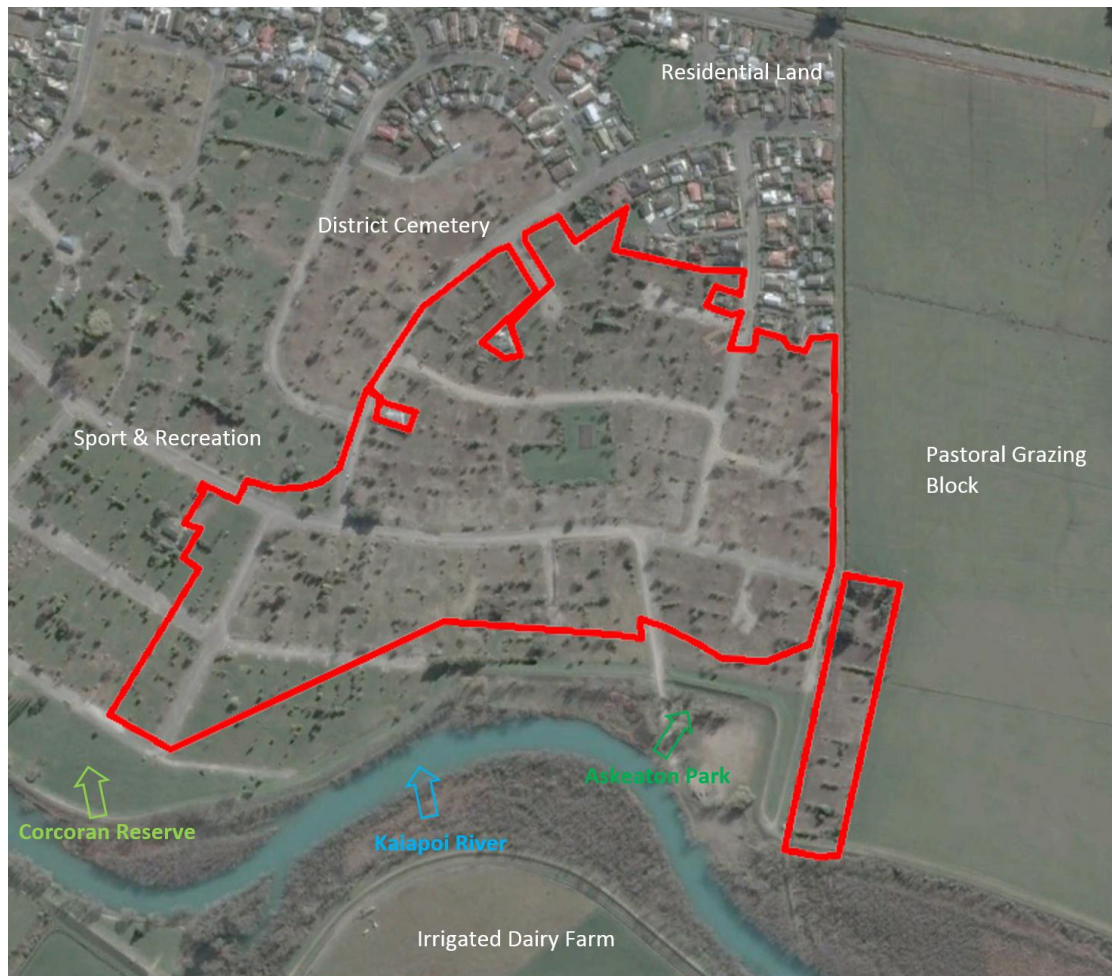
63. The land has post and wire perimeter fencing together with a former playground. Land cover is limited to some recently direct drilled pasture and weed species. We did not notice the provision of stock water or troughs. A significant number of shrubs and trees are still present on the property which may reduce the appeal of the block for hay making and cultivation.
64. The photos below illustrate the current state of the land:



3.6 Adjoining Land Use

65. Areas 12 and 13 borders rural grazing land to the east. A bridge is situated within the south eastern corner of the block which would enable the adjoining land owner to also graze Area 12 and 13.

66. Askeaton Park is situated to the south alongside the Kaiapoi River. There are three existing residential houses still remaining within Area 12, whilst the subject land also borders residential housing on Moore Street, Rowan lane and Feldwick Drive to the north. The Regeneration Plan identifies the land the west of Area 12 as suitable for a District Sport and Recreation Reserve, whilst the land to the west of Feldwick Drive has been identified for a cemetery.



3.7 Land Use Potential

67. The subject land is currently dryland with no water available for irrigation. Consent will have to be sought from the Canterbury Regional Council for the property to source water for irrigation purposes. On this basis we have considered the land use potential of the subject land on a dryland basis.
68. Within the Preliminary Draft Waimakariri Residential Red Zone Recovery Plan the Kaiapoi South Regeneration Area has been identified for rural use, with the exception of intensive farming. We have adopted the Waimakariri District Plan definition of intensive farming below:

Intensive Farming means the production of plant and animal produce, where the predominant productive process are not dependent on the soil characteristics of the site on which it is situated. Process may involve: poultry, pig, rabbit, fitch and opossum; production of compost; mushroom farming; and feedlots for commercial livestock such as cattle. It excludes those activities where production requires pasture or ground cover to be maintained, glasshouses and horticulture.

69. The description of Areas 12 and 13 within the Preliminary Draft Waimakariri Residential Red Zone Recovery Plan also specifies that farming activities that have the potential to create adverse amenity effects on the remaining and adjoining residential housing, cannot be established. For this reason together with the relatively small land area, we have ruled out dairying as a potential land use.
70. Given the constraints of the land as noted above we consider that Areas 12 and 13 may be suitable for the following rural activities:
- Lifestyle
 - Sheep and cattle grazing
 - Horse grazing
 - Hay and silage making
 - Arable cropping
 - Community gardens
71. We discuss each of the following land use options below.

3.7.1 Lifestyle

72. Areas 12 and 13 may have potential to be sold as 4 hectare lifestyle properties. We consider that there will be strong demand for these properties given the appeal of maintaining a rural lifestyle within close proximity of the amenities offered by Kaiapoi. Given the subject land area of 19.4 hectares, we consider that Areas 12 and 13, could be divided into 4 lifestyle blocks, which could sell in the vicinity of \$375,000 to \$400,000 each, including GST, if any, less the costs of establishing a suitable building site on each block.
73. Whilst we consider that a 4 hectare bareland lifestyle block is likely to be the most sought after by the market, Area's 12 and 13 have the potential to be partitioned into a variety of sizes. The table below represents the likely bareland lifestyle parcel values which could be achieved within Area's 12 and 13. These values are expressed on an inclusive of GST basis, less the costs of establishing a suitable building site on each block.

Land Area (ha)	Land Value (incl GST)	Site Value (0.5ha)	Additional LV/ha	Area of Additional Land	Value of Additional Land	Overall Value / Ha
0.5	\$300,000	\$300,000	-	-	-	\$600,000
1.0	\$311,250	\$300,000	\$22,500	0.5	\$11,250	\$311,250
2.0	\$333,750	\$300,000	\$22,500	1.5	\$33,750	\$166,875
3.0	\$356,250	\$300,000	\$22,500	2.5	\$56,250	\$118,750
4.0	\$378,750	\$300,000	\$22,500	3.5	\$78,750	\$94,688
5.0	\$401,250	\$300,000	\$22,500	4.5	\$101,250	\$80,250
6.0	\$423,750	\$300,000	\$22,500	5.5	\$123,750	\$70,625
7.0	\$446,250	\$300,000	\$22,500	6.5	\$146,250	\$63,750

74. We consider that the land would hold limited appeal as a larger 19.4 hectare block, as it is likely to be too large for one lifestyle owner to manage and too small to be of economic use for a commercial farmer without the use of adjacent land.

3.7.2 Sheep & Cattle Grazing

75. We consider that Areas 12 and 13 could be suited to leasing for cattle grazing. Given the proximity of adjoining residential and reserve land, the risk posed from dogs may limit its appeal for sheep grazing.
76. The block has a good standard of perimeter fencing, although the existing road barriers would also require stock proof fencing. Stock water would also need to be provided. The pastures on the land are of mixed quality and may require further improvement especially on those areas formerly occupied by housing and roading.
77. We consider that an underlying demand for cattle grazing is likely to be steady, however some potential lessee's or purchasers of the land are likely to be dissuaded given the proximity of the land to residential dwellings. An adjoining landowner is the likely lessee of this land.
78. With improved dryland pastures, the land could be equally suited to grazing dairy young stock or beef cattle. We envisage that the land could be leased for periods of 3 years to 5 years, at a rate in the vicinity of \$500 per hectare. This equates to an annual lease rate of \$9,700, with the lessee responsible for rates.

3.7.3 Horse Grazing

79. The proximity of Areas 12 and 13 to the residential areas of Kaiapoi may create demand for use of the land for horse and pony grazing. The same risks that apply to the use of the land for sheep grazing, also apply to horses, namely disturbance by dogs.
80. Horses will require further subdivision of the land into smaller paddocks together with the provision of stock water. Horse pastures will require regular mucking out and also tend to attract weeds together with greater wear and tear on fences.
81. Demand for horse grazing is likely to be from individuals wanting to graze one to two horses and may result in the requirement to deal with a number of potential lessees of a shorter term duration, compared to one lessee under a cattle grazing scenario. We consider that the land may be able to support one horse per hectare or a total of 19 horses over the 19.4 hectares.
82. Long term horse grazing within Canterbury is typically at the rate of \$25 to \$30 per horse per week, with an expectation that the horses are visited daily, covers removed, and paddocks mucked out. The lower end of our range equates to an annual grazing charge of \$24,700. Although care for the horses is the responsibility of the grazier, a greater level of landowner oversight will be required to ensure that animal welfare standards are maintained, fences kept stock proof and paddocks mucked out. Structures such as a hay shed, stock shelters and tack room may also need to be provided.

3.7.4 Hay & Silage Making

83. Areas 12 and 13 could also have potential to be utilised for hay and silage making. This would require cultivation of the land with improved pasture species or lucerne. The existing trees and shrubs would increase the difficulty of cultivating and cutting the grass or crop, however this could be a viable option if the land was cleared.
84. The soils appear to be suitable for this type of land use, with their good water holding capacity and stones characteristics. Fertiliser would need to be applied to ensure soil fertility is maintained and enhanced. Hay and silage making would also complement cattle grazing and would attract a similar rental of approximately \$500 per hectare, equating to a total annual rental of \$9,700.
85. An advantage of utilising the land for hay and silage making is that one individual lessee would be responsible for the whole land and that it is compatible with adjoining residential land uses.

3.7.5 Arable Cropping

86. Arable cropping would also be suitable for the land, however the land formerly containing housing may suffer from compaction. Given the relatively small land area, interest in cropping the land is likely to be limited to nearby arable farmers who can utilise existing infrastructure. The heavy soil type and high water table may limit the viability of cropping this land over the winter months as access to heavy machinery may be limited.
87. Cropping will require the removal of existing trees and shrubs and it may involve the increased use of sprays which may not be as compatible with the amenity of the adjoining residential properties. The remnants of the roading network will also require removal and remediation to provide larger cultivatable paddocks.
88. Dryland arable cropping may command a slightly higher rental than cattle grazing, however may be for a shorter lease duration. We envisage that the annual rental could be within the vicinity of \$550 per annum equating to an annual rental of \$10,670.

3.7.6 Community Gardens

89. The existing network of roading and proximity of Areas 12 and 13 to residential housing may create demand from within the community for use of the land for community gardens. This may be a good idea for smaller parcels within the block, however we do not consider this to be a viable land use over the entire 19.4 hectares.
90. The use of the land for community gardens is probably reliant upon providing the land at no or very little cost to the community groups and will require a strong and cohesive group to manage. Whilst likely demand is considered to be strong the potential financial returns are likely to be minimal.

3.8 Highest & Best Use

91. Having explored the range of potential uses for Areas 12 and 13 of the Kaiapoi East Regeneration Area, we consider that selling the land for four 4 hectare lifestyle blocks is the highest and best use of the land. This use of the land is contingent on the cost of providing a remediated building site on each of the three blocks.
92. If retaining ownership was favoured, we consider leasing the land for cattle grazing to be the next best alternative use of the land. Our consideration of the highest and best use involves the consideration of the following:

“to establish whether a use is possible, regard will be had to what would be considered reasonable by market participants,

to reflect the requirement to be legally permissible, any legal restrictions on the use of the asset, e.g. zoning designations, need to be taken into account,

the requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the cost of conversion to their use, over and above the return on the existing use”.

4 Summary

93. We consider that if the land was to be sold, the highest and best use of the two blocks would be disposal of 4 hectare bareland blocks, each with a remediated building site. We anticipate that these lifestyle blocks would each fetch between \$375,000 and \$400,000, including GST. This option is contingent upon the feasibility and economics of providing a remediated dwelling site to each of the four hectare blocks.
94. Should retaining the land be favoured, we consider that the land is suitable for a range of rural land uses including, cattle grazing, horse grazing, hay and silage making, arable cropping and community gardens. We consider that the next best alternative use is to lease Areas 5, 12 & 13 for cattle grazing. We anticipate that the annual rental for this utilisation of the land is in the vicinity of \$500 per hectare, with the lessee responsible for paying rates, provided they are struck relating to a rural use of the property.
95. We thank you for your instruction. Should you have any questions, please contact the writer directly.

A handwritten signature in blue ink, appearing to read "Greg Petersen".

Greg Petersen
Associate Director
19 May 2016

APPENDIX A

Terms of Engagement & Scope of Work



Valuation Advice on Proposed Lease or Purchase of Land in the Waimakariri Residential Red Zone

Background

The Waimakariri District Council has been directed by the Minister for Canterbury Earthquake Recovery to prepare a Draft Recovery Plan for the Waimakariri Residential Red Zone. Among other things, the recovery plan needs to identify possible land uses for the red zone areas. The Council has prepared and consulted on a preliminary Draft Recovery Plan.

Rural Activities in Rural Areas

The Preliminary Draft Recovery Plan proposes that identified rural areas in Kaiapoi South and Kaiapoi East will be available for private use for rural activities such as:

- Cropping
- Hay making
- Stock grazing
- Horse grazing
- Equestrian activities
- Landscaping
- Private or community vegetable gardens

Private Use - The Pines Beach and Kairaki Areas

The Preliminary Draft Recovery Plan proposes that vacant residential sized sections in The Pines Beach and Kairaki could be available for private lease or purchase for such uses as:

- non-permanent buildings (e.g. relocatable houses, sheds and caravans)
- tennis courts, gardens, storage of boats / trailers, etc

Private Use - All of Red-Zone

Community feedback on the preliminary Draft Recovery Plan has indicated that there may be demand from owners of green-zone property bordering the red-zone to expand their sections into the neighbouring red-zone land through lease or purchase.

Output and Timeframe

A report providing advice on the likely market return and any comment on demand of the identified lease and purchase options, with the draft to be completed by midday on Tuesday 10th May and the final report completed by Wednesday 18th May 2016.

Assumptions

For the purposes of this exercise the following can be assumed:

- Access and other infrastructure will be provided / maintained by the council as usual for land in The Pines and Kairaki. However, infrastructure provision will be on a case by case basis for other areas.
- Tenure: could be anywhere from 12 months to 33 years, or private ownership.
- Maintenance: any maintenance requirements would be covered in the lease conditions. These could relate to fencing, access, ground maintenance, nuisance effects etc.

- Any leased or purchased land will need to meet the district plan residential zone provisions (or gain a resource consent).

Supporting documentation to be supplied

- The preliminary Draft Residential Red Zone Recovery Plan which identifies the areas for proposed lease and purchase
- Other information upon request

WDC Contacts:

Andrew Willis

Planning Consultant – Waimakariri Red Zone Recovery
Mobile 021 108 3600

Rachel McClung

Rachel McClung | Senior Policy Analyst – Waimakariri Red Zone Recovery | Mobile 022 067 7919
T (03) 311 8900 ext 8664 | E rachel.mcclung@wmk.govt.nz
Waimakariri District Council | waimakariri.govt.nz



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SCHEDULE 1 (Scope of Work)

(a) Identification and status of the valuer(s)

Valuer responsible

Greg Petersen

With assistance of Ryan Bratty, Jack Powell and Tim Crighton as required.

The valuer(s) are in a position to provide an objective and unbiased valuation;

The valuer(s) have no material connection or involvement with the subject of the valuation assignment or the party commissioning the assignment;

The valuer(s) are competent to undertake the valuation assignment. Should we need to seek material assistance from others in relation to any aspect of the assignment, the nature of such assistance and the extent of reliance shall be agreed and recorded.

(b) Identification of the client and any other intended users

Client

Waimakariri District Council

Other intended users

Planning Matters

(c) Purpose of the valuation

A consultancy report detailing the likely market demand and suitability for rural activities of identified land within the Kaiapoi Residential Red Zone.

The report will include commentary on lease and purchase options associated within the identified rural land uses.

(d) Identification of the asset to be valued

Property owner	Legal description (or as described in the valuation report)	Area (more or less) (hectares)	Interest
Her Majesty the Queen	Land identified for rural use within the Kaiapoi South Residential Red Zone	Approximately 11 hectares	
Her Majesty the Queen	Land identified for rural use within the Kaiapoi East Residential Red Zone	Approximately 18.9 hectares	

(e) Basis of value

Market Value which is defined as "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Market Rental which is defined as "the estimated annual amount for which an asset should rent on the date of valuation between a willing lessee and a willing lessor in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

(f) Valuation date

6 May 2016

(g) Extent of the investigation

Full inspection, enquiry and analysis of all pertinent information will be undertaken. Should any required information not be available, it will be reported under special assumptions within the body of the report.

(h) Nature and source of information to be relied on

The client will make available to the company all relevant property, soil, farm production data and financial information. All public information and other sources of information shall be relied upon without specific verification. Any assumption shall be reported within the body of the report.



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(i) Assumptions and any special assumptions

Any assumptions or special assumptions will be reported within the body of the report.

(j) Restrictions on use, distribution and publication.

Use of the report is restricted to those named in schedule 1 (b) and no distribution or publication is permitted without the express authority of the company.

(k) Confirmation that work will be undertaken in accordance with International Valuation Standards 2013 (IVS)

Unless otherwise stated the valuation will be undertaken in accordance with IVS and any other relevant standards, applications or guidelines.

(l) Description of report

The report is to comply with IVS 103 (Reporting).

APPENDIX B

Quality Control & Valuation Policies



Quality control – Valuation Desk Review

Note	Review Valuer's Statements	Check
Identify the client and intended users of the valuation review, the intended use review valuer's opinions and conclusions & the purpose of the assignment.	Client: Waimakariri District Council Review users, use & purpose: CAPI for internal purposes.	✓
Identify the subject property, the date of the valuation review, property & ownership interest valued in the report, the date of the report, the effective date of the opinion in the report, & the Valuer(s) who completed the report.	Subject property: Kaiapoi Residential Red Zone, Regeneration Areas 5 & 12 Review date: 10 May 2016 Interest valued: Freehold Report date: 10 May 2016 Effective valuation date: 8 May 2016 Report valuer(s): Greg Petersen	✓
Identify the scope of the review process to be performed.	Desk review for CAPI internal quality control purposes.	✓
Identify all assumptions and limiting conditions in the valuation review.	No field or sales inspections have been undertaken by the reviewer and the review is based entirely on information provided with the report.	✓
Develop an opinion as to the completeness of the report under review within the scope of work applicable to the assignment.	I am of the opinion that the report is complete in relation to the scope of work.	✓
Develop an opinion as to the apparent adequacy and relevance of the data and any adjustments.	I am of the opinion that the data and any adjustments referred to in the report are both adequate and relevant.	✓
Develop an opinion as to the appropriateness of the methods and techniques used and develop the reasons for agreement or any disagreement with the report under review.	I am of the opinion that the methods and techniques used in the report are appropriate. I agree with the report because it adopts a valuation methodology appropriate to circumstances and provides all analysis and assumptions.	✓
Develop an opinion as to whether the analyses, opinions & conclusions in the work are appropriate, reasonable and supportable.	I am of the opinion that the analyses, opinions & conclusions in the work are appropriate, reasonable and supportable.	✓
Is all known pertinent information included?	All known pertinent information is included.	✓
Are all facts and information on which the Valuer relied available for the purposes of the review?	All facts and information on which the Valuer relied are available for the purposes of the review.	✓

I certify that I have completed this review as per the above guide.

Reviewer name: Praveen Menon
Qualifications: B.Com VPM MPINZ
Title: Associate



Signed _____ Registered Valuer

Notes:

The review Valuer has not considered events affecting the property or market that occurred subsequent to a valuation, but only information that was readily available in the market at the time of the valuation.

Valuation Policies

1. Taxation - Goods and Services Tax

In preparing our appraisal, no allowances are made for any liability which may arise for payment of income tax or any other property related tax, whether existing or which may arise on development or disposal, deemed or otherwise. Our appraisal is exclusive of any Goods and Services Tax that may be incurred, unless specified otherwise.

2. Information Supplied

Where it is stated in the report that information has been supplied to us by another party, this information is believed to be complete and reliable but we can accept no responsibility if this should prove not to be so. Where information is given without being attributed directly to another party, this information has been obtained by our search of records and examination of documents or by enquiry from Government or other appropriate sources.

3. Inspections

We undertake such inspections and conduct investigations as are, in our opinion, correct, appropriate and possible in the particular circumstances.

4. Structural Inspections

We have been engaged to provide a valuation only and while due care was taken to note obvious building defects in the course of our inspection, we have not been engaged for any purpose other than the valuation and we are not able to advise on matters such as structural or site surveys or any other defects in the building.

5. Site Conditions

We do not carry out investigations on site in order to determine the suitability of ground conditions and services, nor do we undertake environmental or geotechnical surveys. Unless notified to the contrary, our appraisal is on the basis that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas or other noxious substances.

In the case of properties that may have redevelopment potential, unless otherwise stated in the body of the report, we assume that the site has a load bearing capacity suitable for the anticipated form of development without the need for additional expensive foundations or drainage systems.

6. Title – Computer Register

Unless specifically stated in the report, we have searched the title and we assume that:

- all improvements lie within the title boundaries;
- the subject property has a good and marketable title free from any pending litigation.

We also assume that all documentation is satisfactorily drawn and that there are no unusual or onerous easements, restrictions, covenants or other outgoing which would adversely affect the value or negotiability of the relevant interest(s). Such registrations may include Wahi Tapu and Historic Places Trust Registrations.

7. Legislation

Building Act 1991,
Health and Safety in Employment Act 1992,
Resource Management Act 1991
Fire Safety and Evacuation of Buildings Regulations 1992
Disabled Persons Community Welfare Act 1975

Unless otherwise stated in our report, our appraisal is on the basis that the subject property complies with all relevant legislation (including but not limited to the above Acts) or it has no significant impact on the value of the business. In particular, our appraisal assumes all necessary resource consents have been obtained for the proposed water and irrigation development.

8. Valuation Relevance

This report is relevant as at the date of preparation and to circumstances prevailing at the time. However, within a rapidly changing economic environment experiencing fluctuations in interest rates, availability of finance, insurance, rents, building expenditure and returns on investments, values can be susceptible to variation over a relatively short time scale. We therefore strongly recommend that before any action is taken involving acquisition, disposal, mortgage advance, shareholding restructure or other transaction that you consult further with us.

9. Confidentiality and Disclaimer of Liability

Our valuation and report is strictly confidential to the party to whom it is addressed and is prepared solely for the specific purpose to which it refers. No responsibility whatever is accepted for reliance on the valuation report for other purposes. Further, no responsibility whatever is accepted to persons other than the party to whom the valuation and report is addressed for any errors or omissions whether of fact or opinion.

10. Publication

Neither the whole nor any part of our reports, nor any reference thereto, may be included in any published document, circular or statement, nor published in any way without our written approval of the form and context of such publication or disclosure. Such approval is required whether or not Crichton Anderson Property & Infrastructure Limited (trading as Colliers International) is referred to by name and whether or not the reports are combined with others.

11. International Valuation Standards (IVS) 2013

All valuations comply with the International Valuation Standards (IVS) 2013, together with any other relevant standards, applications and guidelines

12. Conflicts of Interest

Please note that personnel in this firm will or may have stocks, shares or other interests in entities that directly or indirectly hold properties which are the subject of this valuation and/or may have direct or indirect personal relationships with third parties with interests in these same entities. Colliers' valuers are required to abide by an industry standard disclosure regime and Colliers internal policies with respect to conflicts of interest, and will disclose any material conflict of interest that arises in its capacity as the valuer concerning the property which is the subject of this valuation.

13. Value Basis

Unless otherwise stated no allowances are made in our valuations for any expenses of realisation, or to reflect the balance of any outstanding mortgages either in respect of capital or interest accrued.

14. Currency

Unless otherwise stated all figures including the valuation contained within this report are expressed in New Zealand Dollars (NZD).