

Before an Independent Hearings Panel
Appointed by Christchurch City Council

under: the Resource Management Act 1991

in the matter of: proposed Plan Change 14 to the Christchurch District
Plan

and: **Daresbury Limited**
(Submitter 874)

Statement of evidence of Mark Shalders for Daresbury Limited
(Valuation)

Dated: 20 September 2023

Reference: Jo Appleyard (jo.appleyard@chapmantripp.com)
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STATEMENT OF EVIDENCE OF MARK SHALDERS FOR DARESBURY LIMITED

INTRODUCTION

- 1 My full name is Mark Spencer Shalders.
- 2 I am a Registered Valuer with FordBaker Valuation in Christchurch.
- 3 I hold a Diploma in Urban Valuation and am a Fellow Member of both the Property Institute New Zealand and the New Zealand Institute of Valuers.
- 4 I have been in private practice as a Registered Valuer since 1983, working as an urban and rural valuer initially in the Auckland region, and since 1993 continuously in the Canterbury province.
- 5 I specialise in residential and light industrial/commercial property. I have considerable experience in residential investment properties, crown acquisitions, and disposal valuations.
- 6 I am familiar with the building and property to which Daresbury Limited's submission relates, having carried out previous valuation assessment work in relation to it, as I explain below.

CODE OF CONDUCT

- 7 While this is not an Environment Court hearing, I note that in preparing my evidence I have reviewed the Code of Conduct for Expert Witnesses contained in Part 9 of the Environment Court Practice Note 2023. I have complied with it in preparing my evidence. I confirm that the issues addressed in this statement of evidence are within my area of expertise, except where I state that I am relying on the opinion or evidence of other witnesses. I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed.

VALUATION REPORTS

- 8 I previously prepared a Residential Valuation Report for 9 Daresbury Lane, Fendalton, Christchurch which assessed the market value of the property under five layout and condition scenarios.
- 9 A copy of my Residential Valuation Report, dated 15 November 2018, is attached as **Appendix 1** to my evidence.
- 10 I was asked by Mr James Milne to provide updated valuation advice in relation to the property for the purposes of Daresbury Limited's submission on proposed Plan Change 14 to the Christchurch District Plan.

- 11 I prepared a letter which should be read in conjunction with my earlier Residential Valuation Report. The letter is attached as **Appendix 2** to my evidence.

Mark Shalders

20 September 2023

Appendix 1
2018 Residential Valuation Report

Residential Valuation Report

9 Daresbury Lane, Fendalton,
Christchurch



Prepared For: Journey Holdings Limited

Client: Journey Holdings Limited

Effective Date: 11 November 2018



Valuation Summary

This Valuation Summary is part of the entire valuation report and must be read in conjunction with the whole report.

Address 9 Daresbury Lane, Fendalton,
Christchurch

Instructed By James Milne

Client Journey Holdings Limited

Purpose of Valuation To assess the Market Value of this property under five layout and condition scenarios as detailed in this body of this report.



Type of Property A very substantial historic dwelling on a large rear site. The property is currently in a badly earthquake damaged condition.

Brief Description Our valuation relates to Daresbury House which is a substantial three level historical home and surrounding land contained in two separate Certificates of Title. Our assessment relates to all of the land associated with this development to the south west of the Waimairi Stream and excludes any additional titles to the north of the stream. Two separate access points are available to this land from Daresbury Lane and Harakeke Street.

Effective Date 11 November 2018

Report Preparation Date 15 November 2018

Special Assumptions We have been requested to consider a fair market value for the property under five scenarios.

1. To assess the value of Daresbury Homestead assuming it is fully repaired in its current layout and retained on the total land area to the south west of the Waimairi Street.
2. To assess the value of Daresbury Homestead also on the total land area south west of the Waimairi Stream but subject to an altered layout and upgrading works as detailed in the body of this report.
3. To assess the value of Daresbury Homestead fully repaired in its current configuration on a reduced land area of approximately 3000 m².
4. To assess the value of Daresbury Homestead subject to an altered layout and upgrading works as detailed in the body of this report and on a reduced land area of approximately 3000 m².
5. To assess the value of the land contained within this block assuming the dwelling was removed and the land re-subdivided into smaller allotments as detailed in the body of this report.

NB: The valuation reflects the Valuer's view of the market conditions existing at the date of the report and does not purport to predict future market condition.

Significant Risks Daresbury House is a Category One Heritage property which is severely damaged and there is an anticipation that the cost of repair will be unfeasibly high.

Our assessed values on the five scenarios described above.

Scenario	Total Value	Land Value	Land Area - m ²	Floor Area
Scenario 1	\$6,000,000	\$4,600,000	6791	1085
Scenario 2	\$6,750,000	\$4,600,000	6791	1085
Scenario 3	\$3,640,000	\$2,250,000	3000	1085
Scenario 4	\$4,350,000	\$2,250,000	3000	1085
Scenario 5	\$5,850,000	\$5,850,000	6791	

All of the scenarios noted above conclude values that are inclusive of GST if any.

Prepared By FordBaker Valuation Limited



MARK SHALDERS - Dip Urb Val, FPINZ,
FNZIV
REGISTERED VALUER
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Email: mark@fordbaker.co.nz
Involvement: Inspection
Valuation Calculation
Report Preparation

Peer Review

This valuation has been peer reviewed by **John Radovonich**, B COM, (VPM), SPINZ, ANSIV, Registered Valuer, who has not inspected the property but is familiar with the location and confirms the appropriateness of the valuation methodology and conclusion.



Registered Valuer
Director

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Detailed Property Report and Valuation

1. Valuer Introduction

This report has been prepared by Mark Spencer Shalders, Dip Urb Val, FPINZ, FNZIV, who has been in private practice as a Registered Valuer since 1983, working as an Urban and Rural Valuer initially in the Auckland region, but since 1993 continuously in the Canterbury Province.

1.1 Identification and Status of the Valuer

We confirm that the Registered Valuer signing the report holds a current Annual Practising Certificate.

We confirm that FordBaker Valuation Limited holds and maintains a current Indemnity Insurance Policy and that the Registered Valuer signing the report is covered by the Policy.

1.2 Instructed By

James Milne

1.3 Client

Journey Holdings Limited

1.4 Purpose of the Valuation

To assess the Market Value

1.5 Basis of Value

The International Valuation Standards 1 July 2017 defines 'Market Value' as:

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

1.6 Valuation Dates

Date of Inspection: 11 November 2018

Effective Date: 11 November 2018

1.7 Nature and Source of the Information Relied Upon

We have accessed the following information in completing this assessment:

- Identifier/Certificate of Computer Freehold Register – Land Information New Zealand
- Property-Guru information
- PropertySmarts (Headway Systems Limited)
- Christchurch City Council (www.ccc.govt.nz)
- Environment Canterbury (www.ecan.govt.nz)
- FordBaker Valuation Limited sales and rental database information
- Client information as provided by James Milne including subdivision proposals, a summary of the structural engineering advice in relation to Daresbury House and estimated repair costs for Daresbury House
- Canterbury Earthquake Recovery Authority (CERA – now disestablished) information
- QuickMap (Custom Software Limited)
- Google Earth (<https://www.google.com/earth>)
- Google Maps (www.google.co.nz/maps)

1.8 Assumptions and Special Assumptions

For 'Special Assumptions' made in this report, refer to '14 Special Assumptions'.

1.9 Restrictions on Use, Distribution or Publication

The report is not to be relied upon by any other person or for any other purpose other than those parties identified under '1.3 Client'. 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.

1.10 Valuation Standards

This valuation has been prepared with conformity to the International Valuation Standards 1 July 2017 as well as the Australia and New Zealand Valuation and Property Standards.

- IVS 101 Scope of Work.
- IVS 102 Investigations and Compliance.
- IVS 103 Reporting.
- IVS 104 Bases of Value.
- IVS 105 Valuation Approaches and Methods.
- IVS 400 Real Property Interests.
- IVS 410 Development Property.
- ANZVGN1 Valuation Procedures – Real Property.
- This valuation report complies with the Residential Valuation Standing instructions 2017 V1.2.

2. Earthquake

Canterbury has experienced a number of major earthquakes since 4 September 2010 along with numerous subsequent aftershocks.

From our inspection of the property it appears that minor to moderate damage occurred to the land making up this block of properties and moderate liquefaction has been apparent in the immediate location as a result of earthquake events over the 2010/2011 earthquake series particularly. The principal building on the site, Daresbury House, has been severely damaged by earthquake events.

Any liquefaction may have affected infrastructure and the integrity and contour of the land. It is also possible that there may be further unseen damage as a result of the seismic activity, which may impact on the market value of the property.

We are not expert in structural or geotechnical matters and are therefore not qualified to comment on the integrity of the land and any structures thereon and, whilst we have not seen anything that would, as Valuers acting reasonably, alert us to any issue in respect of the land's integrity, we would strongly recommend that you engage suitable professionals to report on these matters in order to satisfy yourself as to the physical condition of the property.

Our assessments have been undertaken on the basis that the integrity of the land has not been compromised. Should subsequent advice be contrary to this, we would reserve the right to review our assessment.

Furthermore, our assessment is contingent on suitable insurance being able to be obtained for any redeveloped dwellings on this property. Should adequate insurance be unable to be obtained or maintained, this may have a significant impact on the market value of the property.

3. Environment

3.1 Technical Land Category

Under the www.landcheck.org.nz website as put out by the Canterbury Earthquake Recovery Authority (now disestablished), the six Titles located at the northern end of this block have a '**Green Zone - Technical Category 3 Blue**' designation.

The two Titles associated with Daresbury House to the south west of the Waimairi Stream are identified as having a '**Green Zone N/A – Urban Non-residential**' designation.

A Geotechnical report completed by Skytec in October 2013 suggests that the majority of the Daresbury land should be categorised as '**Green Zone - Technical Category 1 Grey**', other than a portion of the land to the west of the existing homestead which appears to be better classified as '**Green Zone - Technical Category 2 Yellow**' designation.

'Green' zoned land is generally suitable to be repaired and rebuilt upon, however some land in the 'Green' zone is generally considered suitable for residential construction although houses in some areas will need more robust foundations or site specific foundation design where foundation repairs or rebuilding are required.

'Technical Category 1, Grey' indicates that future land damage from liquefaction is unlikely.

The 'Technical Category 2, Yellow' designation identifies minor to moderate land damage from liquefaction is possible in future significant earthquakes. You can use standard timber pile foundations for houses with lightweight cladding and roofing and suspended floors; or enhanced concrete foundations i.e. more robust floor slabs that better tie the structure together as outlined in the Department of Building and Housing 2010 guidance on house repairs and reconstruction following the Canterbury earthquake.

The 'Technical Category 3 Blue' designation identifies moderate to significant land damage from liquefaction is possible in future significant earthquakes. Site specific geotechnical investigation and specific engineering foundation design is required

3.2 'LLUR' Property Statement (Listed Land Use Register)

In May 2014, Environment Canterbury released the Listed Land Use Register, which identifies where hazardous activities are known to have occurred or are currently occurring in Canterbury. From reviewing the Register, the subject site is clear of any noxious, hazardous or dangerous activities with no recorded possible site impairment.

3.3 Minimum Floor Level Requirements

Potential Flood Hazard

We are aware that some areas of the City are prone to flooding in heavy rain events and that post-earthquake engineering studies have shown potential increases in flood levels in some suburbs. We would advise any concerned parties to contact the Christchurch City Council and/or utilise their floor level viewer of post-earthquake land levels, the link for which is shown below:

<https://ccc.govt.nz/services/stormwater-and-drainage/flooding/floorlevelmap/>

We have reviewed the information publicly available on the above site and note that this site has not been modelled for flood risk.

We would strongly recommend anyone with an interest in this property to obtain specialist advice from a suitably qualified land surveyor to determine the land and dwelling levels. Our valuation is based on a direct analysis with recent sales comparisons that are also within a similar un-mapped flood risk area.

4. Insurance Status

Our assessments under Scenarios 1, 2, 3 and 4 are contingent on adequate agreed value replacement or full reinstatement insurance including natural disaster cover being held or being able to be obtained and maintained for the property under terms and conditions that are not excessively onerous. Should this not be possible, then the marketability and market value of the property could be seriously affected.

In the case of an assigned insurance policy, some of the policy benefits can be less than those that would have been enjoyed by the original policy holder. Our valuation assumes that any assigned insurance policy includes full reinstatement cover.

5. Computer Register

The property encompassed by this report are held within two separate Certificates of Title as summarised below.

No 1

Type: Computer Freehold Register
Identifier: CB29B/843
Land Registration District: Canterbury
Estate (Tenure): Fee Simple
Area: 898 m²

No 2

Type: Computer Freehold Register
Identifier: CB29B/842
Land Registration District: Canterbury
Estate (Tenure): Fee Simple
Area: 5893 m²
Legal Description: Lot 2 Deposited Plan 49363
Total Land Area: 6791 m²

Both Titles are subject to a number of easements with respect of right of ways and service connections that pertain to the shared accessways servicing a number of the properties.

We have attached copies of the two Certificates of Title in relation to these properties and refer you to those for details of the memorials registered against each of the sites.

We are not qualified to legally interpret all of the memorials registered against these Titles, however, the majority appear to relate to shared services and Rights of Way.

Both Titles are further subject to Certificate 6821621.1 pursuant to Section 77 of the Building Act 2004.

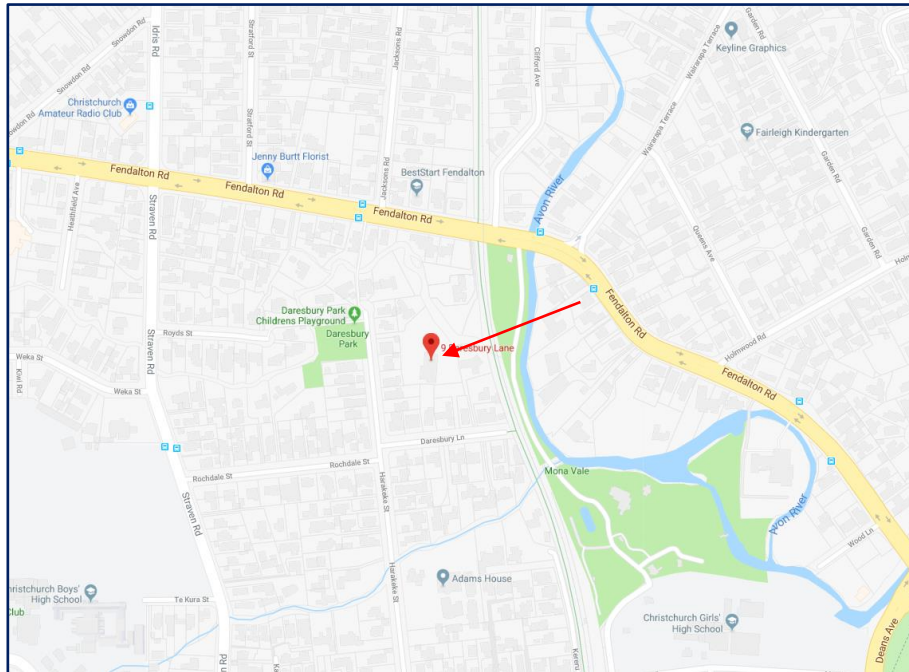
That Certificate requires these two Titles to be transferred or leased in conjunction with each other

6. Rating Valuation

Rating Valuation as at 1 August 2016, Christchurch City Council

Land Value:	\$3,100,000
Improvements Value:	<u>\$300,000</u>
Capital Value:	<u>\$3,400,000</u>

7. Location Map



Source: www.google.co.nz/maps

7.1 Location Description

This property is located off the northern side of Daresbury Lane and to the eastern side of Harakeke Street, and in the block to the east of Straven Road and north of Kilmarnock Street.

This is a central and well established portion of the Fendalton suburb and contains a mixed range of housing styles from early character homes of a good to superior quality through to high quality modern dwellings and townhouses.

A number of properties in this area enjoy stream frontages and these stream boundary properties have traditionally been the most sought after properties in the Fendalton suburb.

7.2 Amenities

The properties are within the popular Christchurch Boys High and Christchurch Girls High School zones, is within a short radius of the Fendalton Open Air School and within easy driving distance to Heaton Intermediate School.

Within a short radius of the properties are the Westfield Riccarton Mall and Fendalton Mall with a range of other retail facilities within a 3 kilometre radius in this western and north western sector of the City.

Several recreational reserves are within a short radius including the popular Mona Vale Reserve, which is a short distance to the east, Daresbury Park at the northern end of Harakeke Street, and Hagley Park, which is less than 1 kilometre from these properties.

7.3 Saleability

Fendalton has for many years been Christchurch's premier suburb with high average value levels and very high underlying land values.

There have been significant changes to the area as a result of the 2010/2011 earthquake series which resulted in substantial damage of many of the older homes and to a number of the newer homes in Fendalton, many of these subsequently rebuilt or destined to be rebuilt in future years.

The average quality of the surrounding housing stock has tended to improve as a result of the rebuilding of many homes and repairs and upgrading to the retained established homes.

The popularity of the area is enhanced by its easy proximity to the central City for commuters, relative ease of access to Christchurch International Airport for regular travellers and the leafy nature of the area with large nearby reserves available.

8. Resource Management

Local Authority: Christchurch City Council

Zoning: Under the Christchurch District Plan the property is zoned '**Residential Suburban**'.

This zone provides for traditional type housing in New Zealand in the form of single or two storey predominantly detached or semi detached houses, with garage and ancillary buildings, and provision for gardens and landscaping.

The changing demographic needs, and increasing demand for housing in this zone, are provided for through a range of new housing opportunities, including better utilization of the existing housing stock. The zone provisions enable existing houses to be converted into two residential units, and traditional minor (small) residential units to be built on properties within existing neighbourhoods. A wider range of housing options will enable a typical family home to be retained but also provide greater housing stock for dependent relatives, rental accommodation and homes more suitable for smaller households including elderly persons.

This zone was previously 'Living 1' and is an area of existing low density. It allows for Site Density of 450 m² per unit, a Maximum Building Height of 8.0 metres and Site Coverage of 35%.

We are aware that these properties are subject to a number of Heritage orders including a total of 8 protected trees.

The Christchurch District Plan also identifies Daresbury House as being a Category 1 Highly Significant Heritage building.

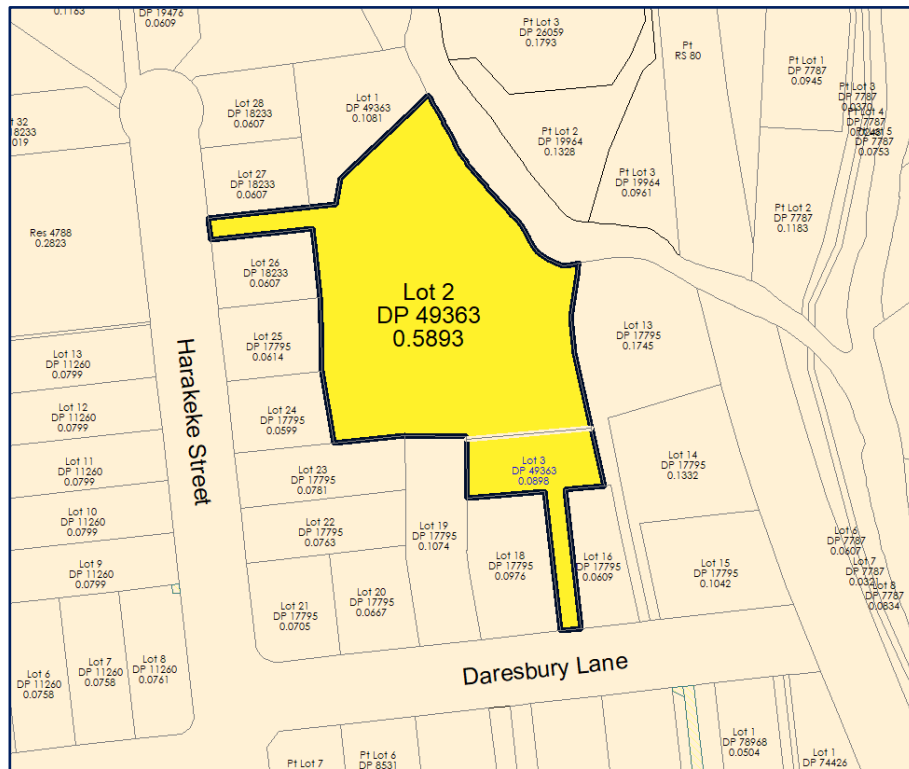
The protection relates to the dwelling and the setting of Daresbury House and surrounds.

The protection appears to extend through to 67 and 67B Fendalton Road, which forms part of the main Daresbury Homestead grounds, although those Titles are not encumbered by the Section 77 (Building Act 2004) Certificates that affect the two main Daresbury land parcels south west of the stream.

The impacts of the Heritage protection of the trees and Daresbury House are outlined later in this report.

Existing Use: The existing use of the property conforms as a permitted use under this zoning.

9. Site Description



Source: QuickMap

Site Area: 6791 m²

Site Description: The land is an irregular shaped parcel with a principal access point off the northern side of Daresbury Lane connecting into the south eastern corner of the block.

There is a second right of way access at the north western corner of the block through to Harakeke Street although this does not appear to have been used for some time.

The north eastern boundary of the site is defined by the Waimairi Stream.

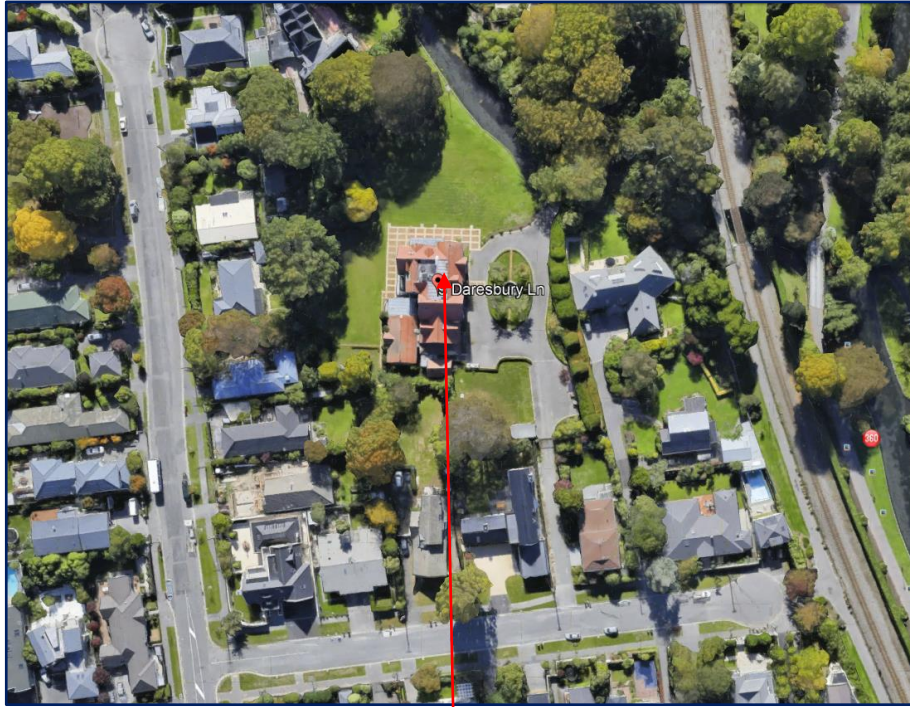
Much of the Daresbury Homestead land is relatively level but with a north eastern lawn sloping down to the stream boundary.

Services: All normal town services are provided.

In preparing this report and unless otherwise stated, services to the property have not been tested nor have we searched local authority records to ascertain restrictions affecting the property.

Layout:

The residence is situated on the site as illustrated in the following aerial photograph:



Source: [Google Earth](#)

Daresbury Homestead

9.1 Survey

We have not undertaken a survey of the property and its boundaries and assume no responsibility in connection with such matters. Unless otherwise stated, it is assumed that all improvements lie within the legal boundaries. Any sketch, plan or map in this report is included to assist the reader in visualising the property and should not be relied upon as being definitive.

10. Improvements

10.1 Design – Daresbury House

Three level character dwelling.



Floor Area

Total Floor Area: 1,085 m² approx.

This three level home was constructed between 1897 and 1901 with the lower level of the home being of a structural triple brick system and the upper levels featuring roughcast and timber cladding over timber framing. Window joinery is wooden and the roof has a tiled surface.

This is a very ornate character home offering a total of 40 rooms with generous living facilities on the ground level, bedrooms and multiple bathrooms on the upper levels, and a chapel to the western side of the ground floor area.

We last completed a full internal inspection of the property during the mid-2000s.

We have been provided with a summarised structural assessment report completed by Structex Metro Limited - dated 21 October 2013 - which advises that the building in its current state is in a very dangerous condition, particularly the three storey northern portion of the dwelling, and they advise that it could suffer significant and devastating collapse in another large earthquake event.

Other portions of the home are also considered to be sufficiently damaged to pose a risk to life safety.

Given the contents of the engineers' report, we have not completed an internal re-inspection of the dwelling for safety reasons, but have completed an external inspection.

The home is showing significant signs of structural damage, which is clearly evident to the ground floor structural brick walling, and we understand that there is also significant internal damage.





We have also been provided with a Quantity Survey report dated 21 October 2016 from Rawlinsons Limited, estimating a total repair cost for Daresbury House of \$3,460,000 excluding GST (approximately \$3,980,000 including GST).

There are a number of exclusions from this Quantity Surveyors estimate including any cost escalations after the date of their assessment, any additional costs associated with upgrading to areas such as the kitchen, the cost of any Building Consents, releveling of the timber floors and structural supports to the first or second floors, and the added cost of any requirement to include an elevator or other items that would now be required to meet the Building Code for disabled access.

We note that their assessment also excludes any costs that may be required to upgrade the existing drainage services.

Based on the Rawlinsons elemental estimate summary, the final cost of repairing Daresbury House is likely to substantially exceed \$4,000,000.

We are aware that the previous owners purchased in 2015 on an 'As Is Where Is' basis indicating that the owners of the property through the earthquake series had settled with their insurers on a cash settlement rather than undertaking a repair programme.

Our clients purchased the property more recently on a similar basis.

The dwelling is therefore unrepaired and uninsured, and the current owner of the property, and any future owners, will not have the benefit of any insurance or EQC funds to assist in the repair process.

Given the projected cost of repairs, we believe that the dwelling is not financially feasible to repair.

10.2 Essential Repairs

See above

Environmental

No enquiries in respect of any property or of any improvements thereon have been made for any sign of timber infestation, asbestos or other defect, whether latent, or patent. We are not aware if the property has been contaminated by the past or present manufacture or use of drugs or other noxious substances and have completed our assessment on the basis that the property is clear of contamination from such a cause. We reserve the right to amend our valuation should the property prove to be contaminated.

Structural

This report has been prepared for valuation purposes only and is not intended to be a structural, geotechnical or environmental survey. Furthermore, we have not sighted a qualified engineer's structural survey of the improvements, or its plant and equipment, nor are we a building construction and/or structural expert. Accordingly we are unable to certify the structural soundness of the improvements, nor can we confirm whether the buildings are earthquake prone or present any seismic risk. Our assessment assumes the buildings to be sound unless stated otherwise. Prospective purchasers or mortgagees would need to make their own enquiries in this regard.

LIM / PIM

We have not obtained Project and Land Information Memoranda from the Local Authority and recommend these be requested by you. Where we have been unable to establish specific building consent/permit details, or code compliance information in respect of improvements undertaken, we have assumed that all building consents/permits have been obtained for the property and that compliance certification has been approved, with no major problems identified. If it is found within the Project and Land Information Memorandum that there are negative implications that may affect the property value, we reserve the right to review or reassess our valuation.

10.3 Construction Costs

Not applicable

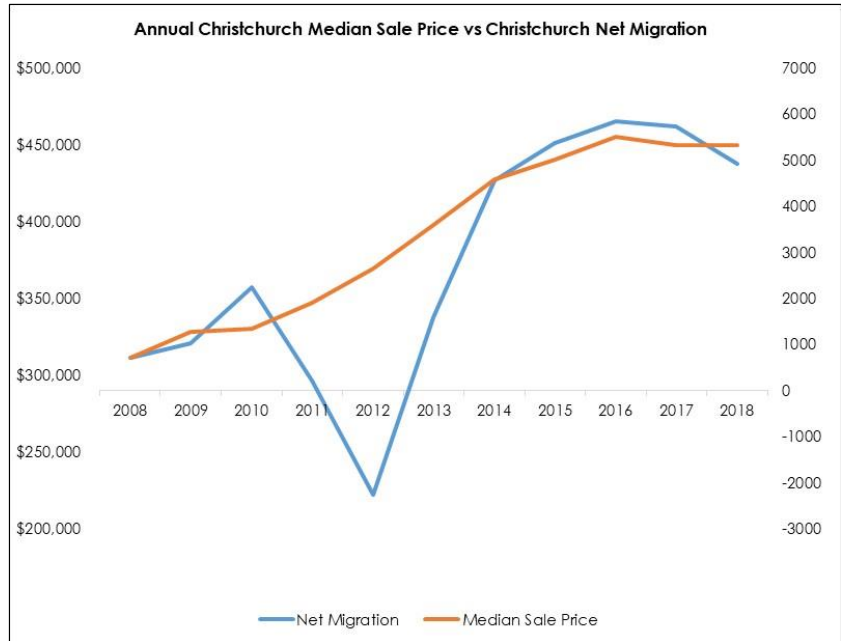
11. Market Considerations

Interest Rates: The Reserve Bank last decreased the Official Cash Rate (OCR) by 0.25% to 1.75% on 10 November 2016 of which remained unchanged at the last review on 27 September 2018. For those with a 20.00% deposit or greater, floating mortgage rates from major banks, are in the range of 5.75% to 5.90%, two year fixed rate mortgages are currently between 4.19% and 4.35% and five year fixed rate mortgages are currently between 4.99% and 5.09%.

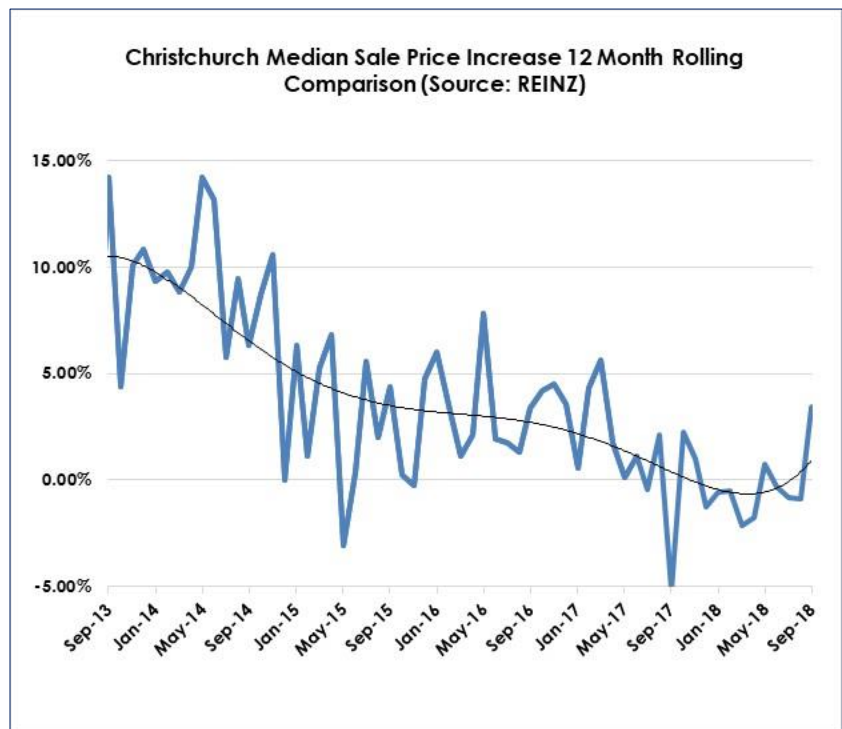
The medium to long term mortgage interest rates have remained relatively stable over recent years although with significantly higher five year fixed rates than two year fixed rates, there is an expectation of interest rate rises in the mid-term future.

Migration: A key driver of the residential property market - residential property values have traditionally followed migration trends. This graph correlation reflects the pressure applied to the market by positive and negative net migration movements. There was an obvious slump in net migration immediately after the February 2011 earthquake events, however recent trends show slight reductions in both net migration and median sale price.

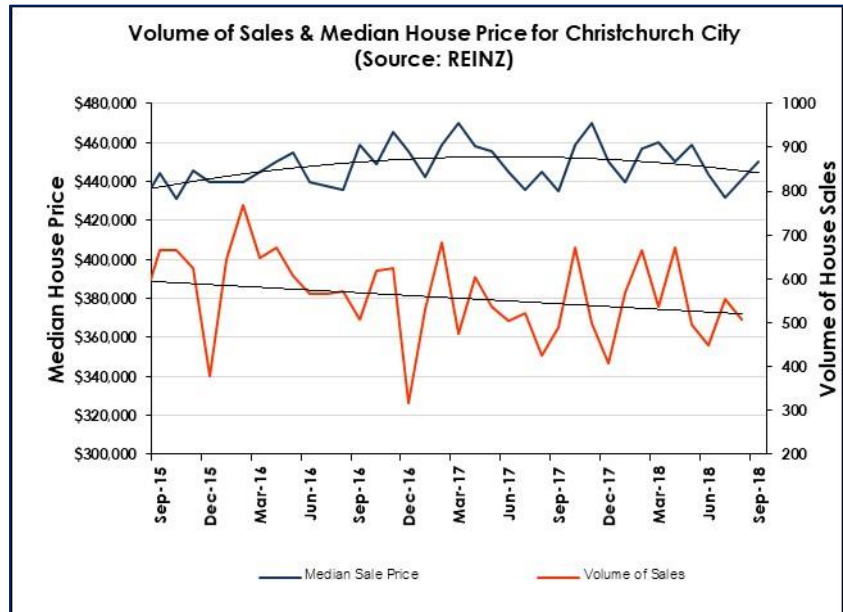
The new coalition government is looking to introduce further restrictions on foreign ownership of residential property under the Overseas Investment Amendment Bill 2017 however this Bill is still some way from being finalised.



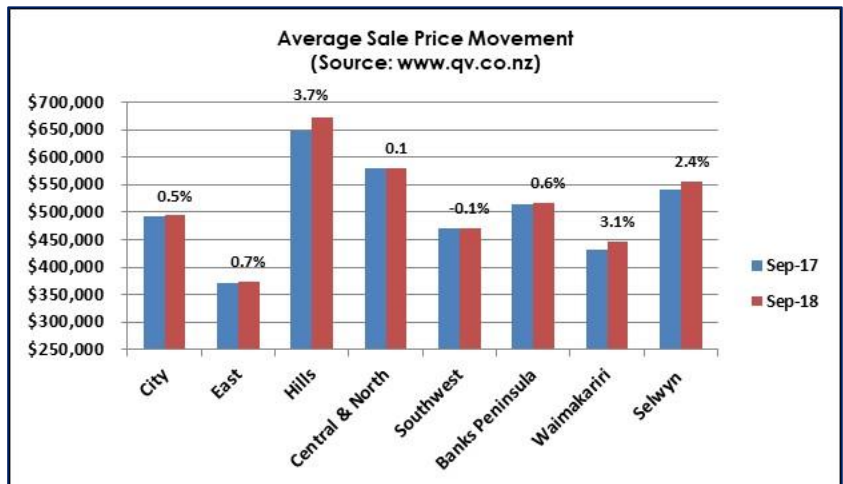
Market Trends: Key features of the Christchurch residential market include:



- The trend line indicates that the Christchurch median sale price increase over a 12 month rolling period (e.g. September 2018 vs September 2017) peaked in mid to late 2013 and has eased in the last 12 months
- According to REINZ, the Christchurch median sale price was \$450,000 in September 2018, compared with \$435,500 in September 2017. Sales volumes since April 2016 have shown a small but progressive reduction after allowing for seasonal variations. This is highlighted in the graph below:

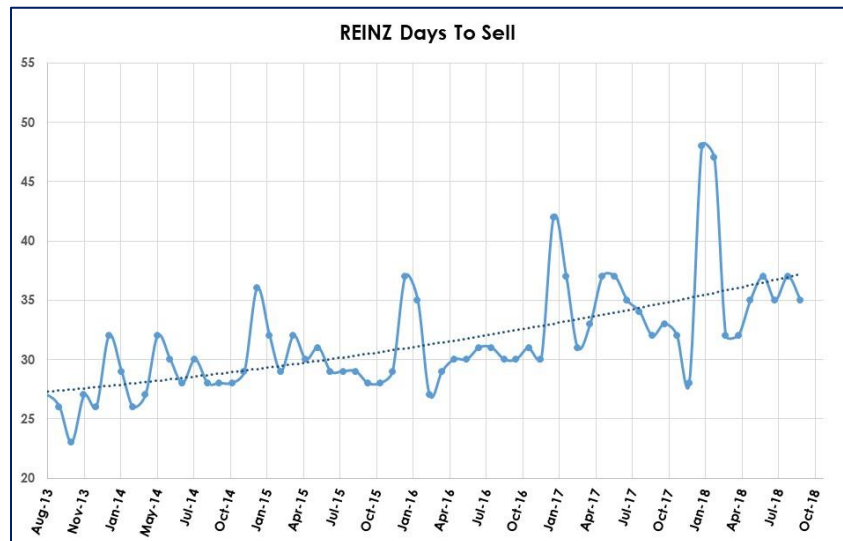


- A comparison of the median sale prices for September 2018 and September 2017 is outlined below with the percent increase:



- Most of the areas shown above have recorded minimal price movement in the last 12 months
- The Christchurch City Council continue to determine the flood level modelling for the City
- Signs of an over-supply of property developing in Christchurch's satellite towns
- In the period from January 2018 to September 2018 there have been 32 recorded sales over \$2,000,000. We note that 7 of these have sold in excess of \$3,000,000 including 3 transactions that have not been made public
- Pricing of residential building work is becoming more competitive
- RBNZ continues to impose a 35% equity requirement on bank loans to investors, up from the 20% previously required, apart from new builds
- Proposed Government changes could impact property owners and investors, and these include:

- Recent announcement imposing possible changes to the Residential Tenancy Act including 90 day notice to terminate a tenancy and only one rental increase per year
 - Increasing "Brightline" test from 2 to 5 years of ownership
 - "Healthy Homes" upgrade requirements
 - Increased concerns over poor quality of some EQC repairs
 - Recently announced controls on overseas buyers investing in New Zealand
 - Proposed tax changes ring-fencing rental property losses
 - Substantial Rates increases proposed by the Christchurch City Council which should result in a rating increase on a median price home from \$2,650 per annum to \$3,090 per annum in the next 3 years
- Possible impact on the cost of property ownership from insurers proposals to weight insurance premium costs or excesses based on perceived property risk
 - Christchurch's 'One Central' (formerly East Frame) development has now commenced with marketing underway with the first stage now released
 - Increased concerns in the market over poor quality repairs to Earthquake damaged properties
 - Buyers have become more discerning as the Canterbury market slows, something that is beginning to impact on the saleability and value of properties with specific locational or quality defects:



- According to REINZ, in September 2018 the median selling period for a property in Christchurch was 35 days to sell, compared with September 2017 where it was 32 days. There is an obvious trend of increased days to sell which is consistent with a slowing market.

11.1 Valuation Approach

As discussed previously in this report we have been requested to consider five valuation scenarios in relation to the property.

These are briefly summarised below.

Scenario 1

Valuation of Daresbury Homestead in its current layout, fully repaired and on the total land area south of the river i.e. 6791 m².

This scenario assumes that the homestead will be fully repaired to address the extensive earthquake damage that exists at present, will retain its existing layout and facilities, and that all repair works will be carried out with engineering supervision, Building Consent approval and Code of Compliance Certification on completion. It is assumed that all work would be completed with full Heritage New Zealand approval.

Under this scenario it is assumed that only basic landscaping around the property would be completed as part of that process.

Scenario 2

This scenario assumes that again that the Daresbury Homestead would be fully repaired and retained on the existing land parcel of 6791 m².

The dwelling layout would however be altered to provide a more modern indoor/outdoor living flow from external doors and windows, new high specification window joinery would be installed, the dwelling fully insulated, new timber framed construction with brick veneer cladding, a new foundation system, full structural bracing, completion of internal fit-out with new high spec joinery to a modern style and completion of further landscaping including a swimming pool and tennis court, and four car garaging adjacent to the dwelling.

This scenario assumes again that the project will be undertaken with full engineering approval, Building Consent approval with Code of Compliance upon completion and that work will be carried out to the satisfaction of Heritage New Zealand.

Scenario 3

This scenario assumes that the dwelling will be repaired to the same level as proposed under scenario 1 but the dwelling will be retained on a smaller land parcel of approximately 3000 m².

Scenario 4

This scenario assumes that the dwelling will be fully upgraded as described in scenario 2 but will be retained on a smaller land parcel of approximately 3000 m².

Scenario 5

This scenario is undertaken on the basis that the dwelling would be removed with Council and Heritage New Zealand approval and consent, and that the land parcel of 6791 m² would be subdivided into potentially 6 lots, one accessed directly from Daresbury Lane, one from the Harakeke Street right of way and 4 lots from the right of way through to Fendalton Road, north of the river.

We have elaborated on the 5 scenarios as set out below:

Scenario 1

Value of Daresbury full repaired state on current layout and on land area of 6,791m².

In assessing the value of the property on this basis, we have firstly considered the underlying vacant land value of the block recognising the substantial nature of the site and its subdivision potential particularly if the existing dwelling is removed.

The land sales comparisons we have utilised in this instance include the following:

Street #	Street Name	Locality	Sale Date	Sale Price	Area	Rate/m ²
105A	Merivale Lane	Merivale	Oct-18	\$1,350,000	1510 m ²	\$894
52 - 54	Innes Road	Merivale	Sep-18	\$1,275,000	2291 m ²	\$557
7 & 9	Ranfurlly Street & 74 Bristol Street	Merivale	Sep-18	\$4,025,000	4175 m ²	\$964
79a	Hinau Street	Fendalton	Jul-18	\$755,000	961 m ²	\$786
8	Fendalton Road	Fendalton	Mar-18	\$780,000	751 m ²	\$1,039
9	Daresbury Lane, 67 & 67B Fendalton Road	Fendalton	Mar-18	\$4,800,000	9080 m ²	\$529
36A	Glandovey Road	Fendalton	Mar-18	\$540,000	503 m ²	\$1,074
36A	Glandovey Road	Fendalton	Dec-17	\$540,000	830 m ²	\$651
37	Kotare Street	Fendalton	Nov-17	\$750,000	1158 m ²	\$648
50	Wroxton Terrace	Fendalton	Aug-17	\$1,900,000	2065 m ²	\$920
50	Clifford Avenue	Fendalton	May-17	\$1,052,000	950 m ²	\$1,107
39	Mcdougall Avenue	Merivale	May-17	\$535,000	751 m ²	\$712
30	Holmwood Road	Fendalton	Mar-17	\$1,365,000	1442 m ²	\$947
29	Wairarapa Tce	Fendalton	Nov-16	\$2,200,000	1798 m ²	\$1,224
44 & 46	Weka Street	Fendalton	Oct-16	\$2,485,000	2210 m ²	\$1,124

Included within the schedule of sales is the recorded sale price for the subject property, that sale including the land to the south of the Waimairi stream and additional land to the northern side of the stream. The overall land rate of \$529/m² is inclusive of any perceived positive or negative value in the existing damaged dwelling and site improvements.

A number of the larger sites listed above included building improvements, generally in a damaged state and typically these were being sold on an 'As Is Where Is' basis.

Included in that category are the 105A Merivale Lane property that recently sold with an 'As Is Where Is' villa styled home, and 7 and 9 Ranfurlly Street and 74 Bristol Street which contained a number of large but poor quality older buildings.

Interestingly, the dwelling at 105A Merivale Lane was constructed prior to 1900 and although it was not a listed Heritage building, it was considered to be an "Archaeological Site" under the Historic Place Pouhere Taonga Act. The Act definition is below:

Interpretation
In this Act, unless the context otherwise requires,—
archaeological site means, subject to section 42(3),—
(a) any place in New Zealand, including any building or structure (or part of a building or structure), that—
(i) was associated with human activity that occurred before 1900 or is the site of the wreck of any vessel where the wreck occurred before 1900; and
(ii) provides or may provide, through investigation by archaeological methods, evidence relating to the history of New Zealand; and
(b) includes a site for which a declaration is made under section 43(1)
authority means an authority granted by Heritage New Zealand Pouhere Taonga under section 48, 56, or 62 to undertake an activity that will or may modify or destroy 1 or more archaeological sites
Board means the members of the governing body of Heritage New Zealand Pouhere Taonga

Our client's legal advice on that property was that because the house was pre-1900, any demolition consent will include a requirement for an archaeological assessment.

That requirement appears to have resulted in a reduction in the property's sale price which is out of line with other land sales in the Merivale suburb.

The balance appeared to have been vacant sites when sold.

To the best of our knowledge none of the properties listed above apart from 105A Merivale Lane dwelling, had any protected trees or buildings.

Included in our schedule of land sales above are sites that enjoy a higher density land zoning than the subject with greater redevelopment potential. There isn't, however, a substantial difference in the land value rates achieved despite those different zonings.

Based on the total land area associated with these two titles of 6791 m², we believe that a realistic land value rate that could be applied to a parcel this size in this location, as bare land without any Heritage Protected building or Archaeological interest, would be in the range \$650 per square metre to \$700 per square metre, and we have adopted a mid-point value of \$675/m² which indicates a bare land value of \$4,600,000.

This is our assessment of the underlying bare and unencumbered land value associated with the subject land parcels.

In order to determine the added value of the dwelling improvements after repair works have been completed, we have set out to draw comparisons from recent sales of other substantial character buildings that have sold throughout Canterbury, using this data to give a benchmark as to the likely market value of the property when fully refurbished.

As part of this process we have also considered the property's potential value as a luxury bed and breakfast or similar accommodation facility recognising that the very large floor area of the home could make it better suited to that form of activity than for use as a single family home.

We have considered the possibility of converting the dwelling to separate residential tenancies however we do not believe that it is either feasible or desirable.

Set out below is a schedule of the sales of improved properties we have considered as part of our sales analysis process.

St No	Address	Suburb	Sale Date	Sale Price (\$P)	Land Area (Net)	Floor Area
34	Beverley St	Merivale	Jan-18	\$2,355,000	1,235	402
122	Park Terrace	City	Jul-18	\$2,690,000	1,131	400
15	Heathfield Av	Fendalton	Feb-17	\$2,700,000	1811	290
120	Clyde Rd	Fendalton	Apr-18	\$3,300,000	2,686	475
27	Glandovey Rd	Fendalton	Nov-18	\$6,825,000	4,961	374
144	Glandovey Rd	Fendalton	May-18	\$3,400,000	1,744	679
146	Papanui Rd	Merivale	Jan-18	\$3,500,000	2,997	420
62	Heaton St	Merivale	Aug-18	\$3,525,000	1,321	515
3979	West Coast Rd	Darfield	Jan-17	\$4,600,000	258215	637
414	Woodfields Rd	Swannanoa	Jul-17	\$1,745,000	47095	440
70	Glandovey Rd	Fendalton	Jun-16	\$2,800,000	2023	380

Our methodology, when analysing the sales comparisons, is to establish the added value rate of building improvements associated with each of these properties over and above their bare land value component.

That is known as the net rate approach and gives a consistent basis to establish what level of value the market pays for a comparable home over and above the bare land value of each property and the value of their site improvements.

Looking at the sales comparisons above which have been analysed on a consistent basis the net added value rate for the residential dwelling is summarised below.

St No	Address	Floor Area	Net Rate
34	Beverley St	402	\$2,376
122	Park Terrace	400	\$2,675
15	Heathfield Av	290	\$2,414
120	Clyde Rd	475	\$2,316
27	Glandovey Rd	374	\$5,548
144	Glandovey Rd	679	\$2,504
146	Papanui Rd	420	\$2,976
62	Heaton St	515	\$4,126
3979	West Coast Rd	637	\$4,788
414	Woodfields Rd	440	\$2,602
70	Glandovey Rd	380	\$2,171

All of these character homes had been renovated to varying quality prior to sale.

As is typical in the Christchurch market, the majority of these character homes indicated net rate values of between \$2,150/m² and \$3,000/m² and that is consistent for most of the better quality character dwellings we see sold in our market.

There are three sales substantially above that net rate level.

Firstly, the property at 27 Glandovey Road which sold very recently at a record sale price level for Christchurch. This a large rear site (4,961 m²) with a highly refurbished two level character home and good quality site development. The property is listed as Category 2 protected, was auctioned and we believe the highest bid at auction to be \$5,000,000. Post-auction negotiations resulted in the agreed sale price of \$6,825,000.

Secondly, the property at 62 Heaton Street which sold recently but appears to have oversold in some respects when compared to a property such as 144 Glandovey Road which is a similar age and style of house and which sold at a similar time.

Thirdly, the property at 3979 West Coast Road which is known as 'Racecourse Hill', is in the Darfield area and is an historic homestead on a large rural block. That property had been available for sale for an extended period of time and also appears to have sold at a value level outside the normal range for homes of this type in our market.

Apart from the recent 27 Glandovey Road sale, we are not aware of any character homes in Canterbury that have sold in recent years at a sale price in excess of \$4,600,000.

There have been recent higher priced sales of modern architectural homes and these typically achieve higher net value rates when compared to refurbished character homes. Sales of these modern homes are typically below \$6,000,000 in our market.

Interestingly, recent sale of Heritage protected properties in Christchurch have shown that many sell below the bare land value of the site a reflection of the market resistance to properties where the owners have reduced control over the buildings due to Heritage protection rules and expect the costs of any refurbishment process to be higher than would be the case where no Heritage requirements need to be met.

Examples of this issue are shown below:

St No	Address	Location	Sale Date	Sale Price	Land Area	Floor Area	Net Rate
105A	Merivale Lane	Merivale	Oct-18	\$1,350,000	1510	260	-\$1,154
387	Manchester St	City	Jul-18	\$2,500,000	5505	1760	-\$639
48A	Fendalton Rd	Fendalton	Apr-18	\$2,000,000	1774	371	\$701
50	Rugby St	Merivale	Apr-18	\$2,718,750	2,175	310	\$867
74	Heaton St	Merivale	Dec-17	\$750,000	774	230	-\$370
15	Thomycroft St	Fendalton	Nov-17	\$3,900,000	3678	490	\$1,163
35	Knowles St	Merivale	Nov-16	\$957,500	1085	326	\$222
185	Kilmore St	City	Sep-16	\$850,000	1329	290	-\$569
104	Glandovey Rd	Fendalton	Sep-15	\$1,610,000	3021	340	-\$1,529
165	Papanui Rd	Merivale	Jan-10	\$1,230,000	2456	812	-\$548
279	Montreal St	City	Sep-14	\$615,000	545	690	-\$217

All of the properties above were sold damaged and those showing negative added values for their damaged buildings (coloured in red) have some form of Heritage protection either listed as such, or in the case of the 105A Merivale Lane property, with an underlying archaeological issue.

The four sales with positive net rates are all unprotected buildings but were sold on an "As Is Where Is" condition.

All of these sales have been analysed to establish the net rate value of the dwellings over and above the value of their bare land and any site improvements in satisfactory condition.

It is common for these Heritage protected buildings to have a negative impact on the value of a property which is more clearly displayed in the case of damaged buildings. The sales evidence suggests that the extent of that discount is between \$1,000 pm² and \$2,500 pm² of building area being the difference between the negative values of the Heritage protected buildings shown above and the positive value of the similarly damaged unprotected buildings.

If Daresbury Homestead was fully repaired as described under Scenario 1 and was free of Heritage protection we would adopt an added value rate (net rate) in the range \$2,500/m² to \$2,750/m² recognising the very substantial floor area associated with this building.

We have concluded that there is a provable net rate discount for a Heritage protected building of between \$1,000 pm² and \$2,500 pm² and that suggests to us that a fair added value rate for this Homestead is in the range \$1,000/m² to \$1,500/m² upon completion of upgrading.

We have adopted a mid point value of \$1,250/m².

Although this rate is low when compared to the available sales evidence, it fairly reflects the very large floor area of the property and its unusual existing floor plan. Anyone purchasing the property once repaired will face a requirement to complete further modernisation and further ground development works, and given the size of the land and dwelling, those costs would be significant.

Based on the total floor area of the dwelling at approximately 1085 m² that represents an added value for the building improvements of, rounded to, \$1,350,000.

Additionally there are existing site improvements with the property in terms of driveway, fencing etc together with planting which we have estimated to offer an added value of \$40,000.

Adding back the bare land value assessed at \$4,600,000, this gives the property a rounded value of \$6,000,000 on that scenario.

This places the value of the property at the extreme upper end of the Christchurch residential property market and to achieve a sale of that level may take a considerable period of time.

There is a known market resistance to Heritage Protected properties in Christchurch, particularly in this upper price band where the majority of purchasers prefer to retain control of their property decisions and are not generally comfortable with the additional controls and costs of upgrading or changing a Heritage Protected building.

Scenario 2

Under this scenario, we have been requested to consider the value of the property retaining the total land area of 6791 m² and with the dwelling fully refurbished including extensive upgrading and alterations of the home, and completion of further site development works including the four car garaging, tennis court and pool.

Under that scenario we would expect the dwelling to achieve a higher added value rate being a more market friendly style of home, and one with little requirement for additional upgrading in the short to medium term.

Again our assessment needs to recognise the size and nature of the home, and the effects of retaining its Heritage Protection post refurbishment.

We see an added value rate in the vicinity under this scenario of \$1,700/m² of building area.

The site improvements will be much more extensive than those currently offered and accordingly we have estimated an added value for the site improvements as discussed of \$305,000.

Under this scenario, we have assessed the completed property value at \$6,750,000.

This is a price level above the proven market in Christchurch (apart from the latest 27 Glandovey Road sale) and it may be a difficult and long process to attract a buyer at this level.

Scenario 3

Under this scenario we have been asked to consider the value of the property if repaired as discussed in Scenario 1 but retained on a significantly smaller land parcel of approximately 3000m².

Based on the land sales evidence available to us, we have estimated the land value for that smaller potential land parcel at between \$725/m² and \$775/m², and we have adopted a rounded land value of \$2,250,000 which equates to an overall rate of \$750/m².

Given the reduced land area under this scenario, we believe the existing site improvements offer a maximum added value of \$35,000.

Based on the net rate applied to the dwelling under Scenario 1, the total value of the repaired property on the assumptions made in Scenario 3 equates to \$3,640,000.

This is our assessed value for the repaired homestead on a reduced land area of 3000 m² or thereabouts.

Scenario 4

As with Scenario 2, this assumes that the homestead would be fully refurbished, upgraded and repaired but, as with the other preceding scenarios, would also retain its heritage protection.

Under Scenario 4 we have again applied a land value of \$2,250,000 to the bare site of approximately 3000 m², have allowed an added value for the site improvements as proposed including the tennis court, pool etc of \$260,000 (below the \$305,000 assessed in Scenario 2 but reflecting the smaller land area associated with this fourth scenario).

We have also included the added value of the dwelling at a net value rate of \$1,700/m² when fully refurbished.

This gives a combined value under this scenario of \$4,350,000.

As a check method we have considered the possibility that the refurbished home under this scenario could be purchased for use as a multi room bed and breakfast or luxury accommodation lodge.

It would have potentially offer a 9 or 10 bedroom configuration with each of the rooms to have an ensuite bathroom.

We have endeavoured to estimate the value of the property under this possible use and, in so doing, have analysed the most recent sales comparisons available to us for bed and breakfast properties throughout Canterbury.

A summary of these is set out below:

Address	141 Hackthorne Road, Cashmere
Contract Date	May 2015
Sale Price	\$2,500,000
Site Area	4034 m ²
Description	This is a mid-hill site of 4034 m ² developed with an historic residence totalling approximately 730 m ² and built in 1928. Extensive site improvements were associated with the property when purchased. This building has a 12 bedroom, 12 bathroom configuration, a lower underlying land value than the subject and a smaller floor area at approximately 730 m ² . When considered on an overall value rate, the sale represents a value of just over \$208,000 per habitable bedroom. That sale price includes any furniture, fittings and equipment and plant items associated with the business.

Address	8 Clearwater Avenue, Northwood
Contract Date	September 2018
Sale Price	\$2,650,000
Site Area	3.494 hectares
Description	This is a small rural block of just under 3.5 hectares on the corner of Johns Road and the Clearwater access road, developed with a relatively modern building totalling approximately 617 m ² and having a 7 bedroom, 7 bathroom layout. It has been used as a bed and breakfast facility for some years and comes complete with extensive site developments, sheds and a small vineyard. The overall value rate indicated by that sale is just over \$378,500 per room including all fixtures and fittings etc.

Address	7 Beach Road, Akaroa
Contract Date	September 2017
Sale Price	\$1,900,000
Site Area	483 m ²
Description	A small site located directly opposite the main beach in Akaroa and developed with a purpose built two level replica home having a 1900 character appearance. The total floor area of the building is approximately 378 m ² and it offers a 5 bedroom 5 bathroom configuration. That sale indicated a value rate of approximately \$380,000 per room.

Address	99 Beach Road, Akaroa
Contract Date	May 2017
Sale Price	\$2,350,000
Site Area	2534 m ²
Description	This is a large rear site of 2534 m ² at the southern fringe of the Akaroa settlement developed with a large historical home known as 'Oinako' Lodge, totalling approximately 560 m ² over two levels and with an 8 bedroom, 7 bathroom configuration. This property again has been used as a bed and breakfast facility for some time and was well presented throughout. The sale price indicates a value rate of just under \$295,000 per room.

It is interesting to note that the two newer buildings that have sold above achieved the highest value rates of approximately \$380,000 per room while the two character buildings achieving lower rates of under \$300,000 per room.

That is likely to be a reflection of the higher running costs and maintenance responsibilities associated with those older properties.

The subject property is in a location superior to any of the sales above and has a significantly higher underlying land value.

The locational quality is likely to enhance the revenue from any bed and breakfast operation however there is no other real benefit in the higher land value when compared to the other sales.

We believe that the optimum value of the property as a bed and breakfast operation would be between \$325,000 and \$350,000 per room once fully refurbished under Scenario 2 and Scenario 4 refurbishment plan, and that would suggest a value as a bed and breakfast operation of between \$3,250,000 and \$3,500,000 if modified to include a total of 10 bedrooms and 10 bathrooms.

That is well below our assessed value as a dwelling in this scenario.

Scenario 5

As noted previously, this scenario is based on the property's underlying land value assuming the removal of the existing dwelling and other site improvements, and subdivision of the land into 6 new titles in accordance with the hypothetical subdivision plan that has been provided to us.

Based on land sales we have assessed individual land values for these potential 6 lots as shown below:

Lot #	Approx Site Area Excludes Access	Assessed Values
Lot 7	830	\$975,000
Lot 8	1230	\$1,250,000
Lot 9	900	\$850,000
Lot 10	1250	\$1,200,000
Lot 11	950	\$925,000
Lot 12	677	\$650,000
Total	5837	\$5,850,000

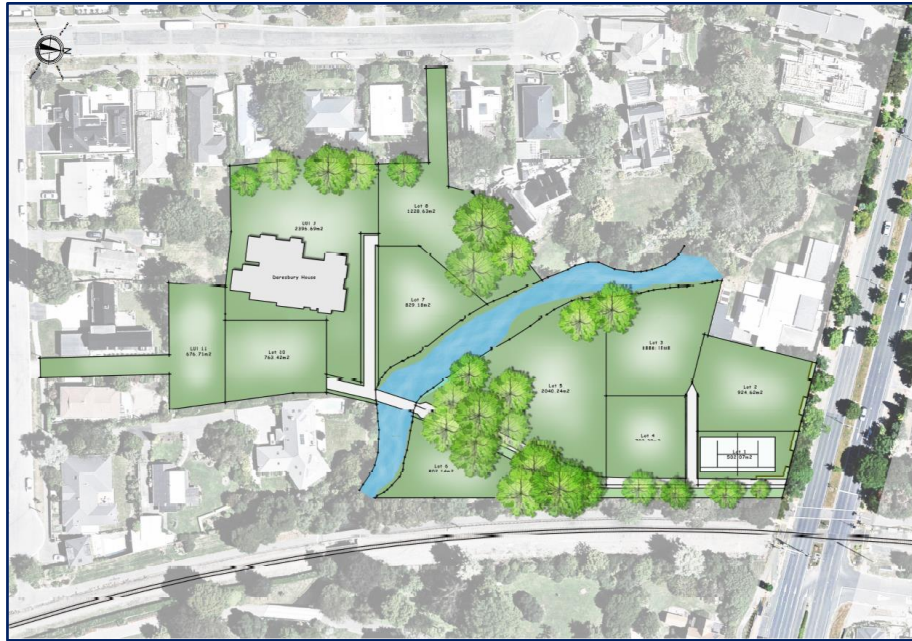
You will note that the total land area of the 6 proposed lots is smaller than the total land 6,791 m² area for the two titles. This lower cumulative land area reflects the net land areas of the newly created lots excluding the rights of way and internal driveways required for accessing the new sites.

The land areas for the individual sites are preliminary areas provided to us and may be subject to change if subdivision occurs.

The assessed values for each of the proposed lots are subject to full completion of proposed subdivision of the block in accordance with the plans provided and issuance of unencumbered registerable fee simple titles in favour of each of the lots shown above.

In Scenarios 1 and 2 of this report we estimated a bare land value for the total 6791 m² making up the two titles at \$4,600,000.

The difference between the cumulative value of the 6 proposed lots and the lower bare block land value reflects the normal subdivision and development costs that are inherent with any land subdivision, and the profit and risk margin and holding costs that developers require in order to justify completion of such a development.



12. Final Conclusion

We have been requested to consider 5 valuation scenarios which are summarised in the body of this report.

Scenarios 1, 2, 3 and 4 all assume the retention and upgrading of Daresbury Homestead and all recognise that the Homestead will retain its Heritage protection upon completion of that upgrading work.

Scenario 5 assumes that the site is fully cleared and the Heritage Protection removed.

A summary of our values is set out below:

Scenario	Total Value	Land Value	Land Area - m2	Floor Area
Scenario 1	\$6,000,000	\$4,600,000	6791	1085
Scenario 2	\$6,750,000	\$4,600,000	6791	1085
Scenario 3	\$3,640,000	\$2,250,000	3000	1085
Scenario 4	\$4,350,000	\$2,250,000	3000	1085
Scenario 5	\$5,850,000	\$5,850,000	6791	

All of the scenarios noted above conclude values that are inclusive of GST if any.

13. Special Assumptions

We have been requested to consider a fair market value for the property under five scenarios.

1. To assess the value of Daresbury Homestead assuming it is fully repaired in its current layout and retained on the total land area to the south west of the Waimairi Street.
2. To assess the value of Daresbury Homestead also on the total land area south west of the Waimairi Stream but subject to an altered layout and upgrading works as detailed in the body of this report.
3. To assess the value of Daresbury Homestead fully repaired in its current configuration on a reduced land area of approximately 3000 m².
4. To assess the value of Daresbury Homestead subject to an altered layout and upgrading works as detailed in the body of this report and on a reduced land area of approximately 3000 m².
5. To assess the value of the land contained within this block assuming the dwelling was removed and the land re-subdivided into smaller allotments as detailed in the body of this report.

NB: The valuation reflects the Valuer's view of the market conditions existing at the date of the report and does not purport to predict future market condition.

13.1 Valuer



MARK SHALDERS - Dip Urb Val, FPINZ, FNZIV

REGISTERED VALUER

DDI: +64 3 964 4102

Email: mark@fordbaker.co.nz

Involvement: Inspection
Valuation Calculation
Report Preparation

13.2 Appendices

A. Computer Freehold Register

B. Additional Photos

Qualifications & Disclaimers

- The value provided in this valuation is our opinion of the 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, which is the subject of this report. Any decision to lend should take these factors into account.
- This valuation and does not in any way concern itself, either expressly or by implication with the ability of the mortgage applicant to meet the financial commitments arising therefrom.
- This valuation and all valuation services are provided by FordBaker Valuation Limited solely for the use of the client. FordBaker Valuation Limited does not and shall not assume any responsibility to any person other than the client for any reason whatsoever including breach of contract, negligence (including negligent misstatement) or wilful act or default of itself or others by reason of or arising out of the provision of this valuation or valuation services. Any person, other than the client, who uses or relies on this valuation, does so at their own risk.
- This valuation has been completed for the specific purpose stated in this report. No responsibility is accepted in the event that this report is used for any other purpose.
- This report is relevant as at the effective date of our assessment and to circumstances prevailing at that time. However, within a changing economic environment, returns on investment and values can be susceptible to variation - sometimes over a relatively short time scale. We therefore strongly recommend that before any action is taken involving acquisition, disposal or borrowing, restructuring or any other transaction that you consult us.
- FordBaker Valuation Limited has a policy of not contracting out of the provisions of the Consumer Guarantees Act. Accordingly, where there is any conflict between any statement in this report and the Consumer Guarantees Act 1993, the latter shall prevail.
- Neither the whole nor any part of any valuation report, or any reference to the same may be included in any published document, circular or statement without our written approval as to the form and context in which it may appear.
- Substances such as asbestos, other chemicals, toxic wastes or other potentially hazardous materials could, if present, adversely affect the value of the property. The stated value estimate is on the assumption that there is no material on or in the property that would cause loss in value. No responsibility is assumed for any such conditions and the recipient of this report is advised that the Valuer is not qualified to detect such substances, quantify the impact on values or estimate the remedial cost.
- This report complies with the International Valuation Standards and API/PINZ Valuation Standards and Guidance Notes.
- We confirm that FordBaker Valuation Limited holds and maintains a current professional indemnity insurance policy.
- This valuation may not be used for Contributory Mortgage Lending purposes, however, this policy does not apply to Solicitor Nominee Company Lending.
- We confirm that the Valuer has no financial interest or otherwise in the property and has no relationship with the vendor, purchasers or agents.
- Where another party has supplied information to us, this information is believed to be reliable and accurate, but we can accept no responsibility if this should prove not to be so.

Appendix A

Computer Freehold Register



COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952



R. W. Muir
Registrar-General
of Land

Historical Search Copy

Identifier CB29B/842
Land Registration District Canterbury
Date Issued 26 September 1986

Prior References

CB785/57

Estate Fee Simple
Area 5893 square metres more or less
Legal Description Lot 2 Deposited Plan 49363

Original Proprietors

Malcolm North and Alana Mary North

Interests

Subject to water rights granted by Deed of Easement 89850 (140 D 448)

446683 Transfer creating the following easements

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Sewage, water and soil	Lot 18 Deposited Plan 17795 - CT CB646/1	Part	Lot 2 Deposited Plan 49363 - herein	

452841 Transfer creating the following easement

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Right of way	Lot 2 Deposited Plan 49363 - herein	A DP 49363	Lot 26 Deposited Plan 18233 - CT CB706/67	

495643 Transfer creating the following easements

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Rights of way, sewer, stormwater drain, water and gas pipe and electrical cable easements	Lot 1 Deposited Plan 19964 - CT CB8A/43	Part	Lot 2 Deposited Plan 49363 - herein	

495730 Transfer creating the following easements

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Rights of way, sewer, stormwater drain, water and gas pipe and electrical cable easements	Lot 3 Deposited Plan 19964 - CT CB785/58	Part	Lot 2 Deposited Plan 49363 - herein	

643354.3 Transfer creating the following easements in gross - 26.9.1986 at 11.15 am

Type	Servient Tenement	Easement Area	Grantee	Statutory Restriction
Right of way	Lot 2 Deposited Plan 49363 - herein	D DP 49363	The Christchurch Drainage Board	

The Right of way created by Transfer 643354.3 is subject to Section 309 (1) (a) Local Government Act 1974

643354.4 Easement Certificate specifying the following easements - 26.9.1986 at 11.15 am

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction

Identifier**CB29B/842**

Drain sewage	Lot 3 Deposited Plan - 49363 - CT CB29B/843	Lot 2 Deposited Plan 49363 - herein
Right of way right to drain sewage & water right to convey water, power and telephonic communications	Lot 2 Deposited Plan A & B DP 49363 49363 - herein	Lot 1 Deposited Plan 49363 - CT CB29B/841

The easements specified in Easement Certificate 643354.4 when created will be subject to Section 309 (10) (a) Local Government Act 1974

664686.4 Encumbrance to Kenneth Charles Drake and Heather Shirley Drake - 11.2.1987 at 11.35 am (Limited as to Duration)

Land Covenant in Transfer A383165.1 - 18.12.1998 at 11.11 am

5639936.1 Transfer to William Denver Glass, Sally Elisabeth Glass and Colin Notley - 30.6.2003 at 9:00 am

5639936.2 Mortgage to Bank of New Zealand - 30.6.2003 at 9:00 am

6073439.1 Discharge of Mortgage 5639936.2 - 9.7.2004 at 9:00 am

6073439.2 Transfer to Sharon Ena Bartlett and Gayhurst Investments Limited - 9.7.2004 at 9:00 am

6073439.3 Mortgage to Mascot Finance Limited - 9.7.2004 at 9:00 am

6306004.1 Mortgage to Equitable Life Insurance Company Limited - 9.2.2005 at 9:00 am

6306004.2 Mortgage Priority Instrument making Mortgages 6306004.1 and 6073439.3 second and third mortgages respectively - 9.2.2005 at 9:00 am

6306004.3 Transfer of Mortgage 6306004.1 to TEA Custodians (Equitable) Limited - 9.2.2005 at 9:00 am

6821621.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS CB29B/843) - 10.4.2006 at 9:00 am

7079450.1 Covenant pursuant to Section 108(2)(d) Resource Management Act 1991 - 20.10.2006 at 9:00 am

7448177.1 Change of Name of the mortgagee in Mortgage 6306004.1 to Equitable Property Holdings Limited - 4.7.2007 at 9:00 am

7836413.1 Transfer in exercise of power of sale in Mortgage 6306004.1 to William Denver Glass, Sally Elisabeth Glass and Anthony John Sinclair Gardiner - 3.6.2008 at 3:45 pm

Mortgage 6073439.3 is extinguished by virtue of Power of Sale being exercised under prior Mortgage see Transfer 7836413.1 - 3.6.2008 at 3:45 pm

7836413.2 Mortgage to ASB Bank Limited - 3.6.2008 at 3:45 pm

8557060.2 Discharge of Mortgage 7836413.2 - 9.8.2010 at 2:59 pm

8557060.4 Mortgage to Bank of New Zealand - 9.8.2010 at 2:59 pm

9319789.1 Transfer to William Denver Glass, Sally Elisabeth Glass and Oliver Martin Roberts - 22.2.2013 at 12:04 pm

9657827.1 Discharge of Mortgage 8557060.4 - 28.2.2014 at 11:38 am

10231279.1 Transfer to Daresbury House Limited - 6.11.2015 at 12:26 pm

10231279.2 Mortgage to Bank of New Zealand - 6.11.2015 at 12:26 pm

References

Prior C/T 785/57

Transfer No.

N/C. Order No. 643354/2

Land and Deeds 69



REGISTER

No. 29B / 842

CERTIFICATE OF TITLE UNDER LAND TRANSFER ACT

This Certificate dated the 26th day of September one thousand nine hundred and eighty-six under the seal of the District Land Registrar of the Land Registration District of CANTERBURY

WITNESSETH that ALAN NOWELL MONTGOMERIE IZARD of Christchurch, Farmer ---

is seized of an estate in fee-simple (subject to such reservations, restrictions, encumbrances, liens, and interests as are notified by memorial underwritten or endorsed hereon) in the land hereinafter described, delineated with bold black lines on the plan hereon, be the several admeasurements a little more or less, that is to say: All that parcel of land containing 5893 square metres or thereabouts being Lot 2 Deposited Plan 49363 ---



ASSISTANT LAND REGISTRAR

Subject to:

Water rights granted by Deed No.89850 (140 D 448)

A right of way over part of the within land (marked A on DP 49363) appurtenant to Lot 26 DP 18233 (706/67) granted by Transfer 452841

Appurtenant hereto is: a sewage, water and soil easement over part Lot 18 DP 17795 (646/1) granted by Transfer 446683

Rights of way, sewer, stormwater drain, water and gas pipe and electrical cable easements over part Lot 1 DP 19964 (8A/43) granted by Transfer 495643

Rights of way, sewer, stormwater drain, water and gas pipe and electric cable easements over part Lot 3 DP 19964 (785/58) granted by Transfer 495730

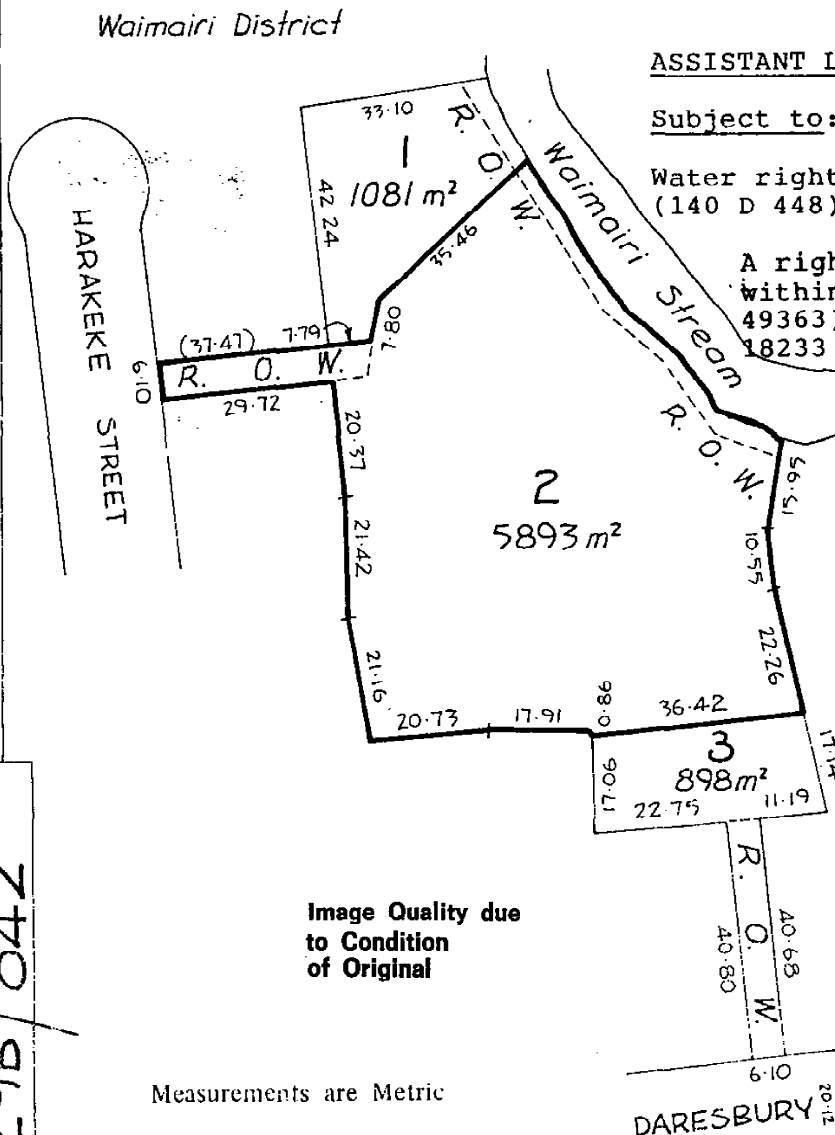


Image Quality due to Condition of Original

Measurements are Metric

over...

No. 29B / 842

Handwritten notes and signatures at the bottom right corner.

Mortgage 582890/2 to Dunedin Pottery
Nominees Limited - 20.12.1985 at 11.51am

DISCHARGED
20/12/1987

Mortgage 816731/2 to First Bank Canterbury
Limited - 19.7.1989 at 11.50am

DISCHARGED
9/8/1989

CAVEAT 629538/1 by WAIMATA DISTRICT COUNCIL
- 13.8.1986 at 11.52am

WAIMATA DISTRICT COUNCIL
MAY 1987
A.L.R.

Transfer 643354/3 granting a right
of way in gross (marked D on D.P.
49363) over part herein in favour
of the Christchurch Drainage Board
- 26.9.1986 at 11.15a.m.

The Right of way created by Transfer
643354/3 is subject to Section 309
(1)(a) Local Government Act 1974

No.643354/4 Easement Certificate specifying
intended easements on D.P.49363

Nature	Servient Tenement	Dominant Tenement
Right to drain sewage	3 (29B/843)	2 (herein)
Right of way right to drain sewage & water right to convey water, power and telephonic communications	2 A&B	1 (29B/841)

- 26.9.1986 at 11.15a.m.

[Signature]
A.L.R.

The easements in Easement Certificate
643354/4 when created will be subject to
Section 309(10(a) Local Government Act 1974.

[Signature]
A.L.R.

Encumbrance Plan No.50945 lodged 8.10.1986
and deposited 15.10.1986

Encumbrance 664686/4 for the
benefit of Kenneth Charles Drake
and Heather Shirley Drake -
11.2.1987 at 11.35a.m.

(limited as to duration) [Signature]
For A.L.R.

Transfer 671961/3 to Malcolm North
and Alana Mary North, both of
Christchurch, Company Directors -
25.3.1987 at 11.54am

Mortgage 671961/4 to Bank of New
Zealand - 25.3.1987 at 11.54am

DISCHARGED
19/11/1989
[Signature]
for A.L.R.

Mortgage 819536/1 to Bank of New Zealand
(New Zealand) Limited - 3.9.1989 at 11.59am

DISCHARGED
27/11/1989
[Signature]
990243
for A.L.R.

Land Covenant in Transfer A383165.1 -
18.12.1998 at 11.11

[Signature]
for DLR





COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952



R. W. Muir
Registrar-General
of Land

Historical Search Copy

Identifier CB29B/843
Land Registration District Canterbury
Date Issued 26 September 1986

Prior References

CB785/57

Estate Fee Simple
Area 898 square metres more or less
Legal Description Lot 3 Deposited Plan 49363

Original Proprietors
Malcolm North and Alana Mary North

Interests

Subject to water rights granted by Deed of Easement 89850 (140 D 448)

446683 Transfer creating the following easements

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Sewage, water and soil	Lot 18 Deposited Plan 17795 - CT CB646/1	Part	Lot 3 Deposited Plan 49363 - herein	

495643 Transfer creating the following easements

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Rights of way, sewer, stormwater drain, water and gas pipe and electrical cable easements	Lot 1 Deposited Plan 19964 - CT CB8A/43	Part	Lot 3 Deposited Plan 49363 - herein	

495730 Transfer creating the following easements

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Rights of way, sewer, stormwater drain, water and gas pipe and electrical cable easements	Lot 3 Deposited Plan 19964 - CT CB785/58	Part	Lot 3 Deposited Plan 49363 - herein	

834093 Transfer creating the following easements

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Right of way	Lot 3 Deposited Plan 49363 - herein	G DP 49363	Lot 16 Deposited Plan 17795 - CT CB786/26	

643354.4 Easement Certificate specifying the following easements - 26.9.1986 at 11.15 am

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Drain sewage	Lot 3 Deposited Plan 49363 - herein	Herein	Lot 2 Deposited Plan 49363 - CT CB29B/842	

The easement specified in Easement Certificate 643354.4 when created will be subject to Section 309 (10) (a) Local Government Act 1974

5639936.1 Transfer to William Denver Glass, Sally Elisabeth Glass and Colin Notley - 30.6.2003 at 9:00 am

Identifier**CB29B/843**

5639936.2 Mortgage to Bank of New Zealand - 30.6.2003 at 9:00 am
6073439.1 Discharge of Mortgage 5639936.2 - 9.7.2004 at 9:00 am
6073439.2 Transfer to Sharon Ena Bartlett and Gayhurst Investments Limited - 9.7.2004 at 9:00 am
6073439.3 Mortgage to Mascot Finance Limited - 9.7.2004 at 9:00 am
6306004.1 Mortgage to Equitable Life Insurance Company Limited - 9.2.2005 at 9:00 am
6306004.2 Mortgage Priority Instrument making Mortgages 6306004.1 and 6073439.3 first and second mortgages respectively - 9.2.2005 at 9:00 am
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6821621.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS CB29B/842) - 10.4.2006 at 9:00 am
7079450.1 Covenant pursuant to Section 108(2)(d) Resource Management Act 1991 - 20.10.2006 at 9:00 am
7448177.1 Change of Name of the mortgagee in Mortgage 6306004.1 to Equitable Property Holdings Limited - 4.7.2007 at 9:00 am
7836413.1 Transfer in exercise of power of sale in Mortgage 6306004.1 to William Denver Glass, Sally Elisabeth Glass and Anthony John Sinclair Gardiner - 3.6.2008 at 3:45 pm
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9657827.1 Discharge of Mortgage 8557060.4 - 28.2.2014 at 11:38 am
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10231279.2 Mortgage to Bank of New Zealand - 6.11.2015 at 12:26 pm

References
Prior C/T 785/57

Land and Deeds 69

Transfer No.
N/C. Order No. 643354/2



REGISTER

No. 29B / 843

CERTIFICATE OF TITLE UNDER LAND TRANSFER ACT

This Certificate dated the 26th day of September one thousand nine hundred and eighty-six under the seal of the District Land Registrar of the Land Registration District of CANTERBURY

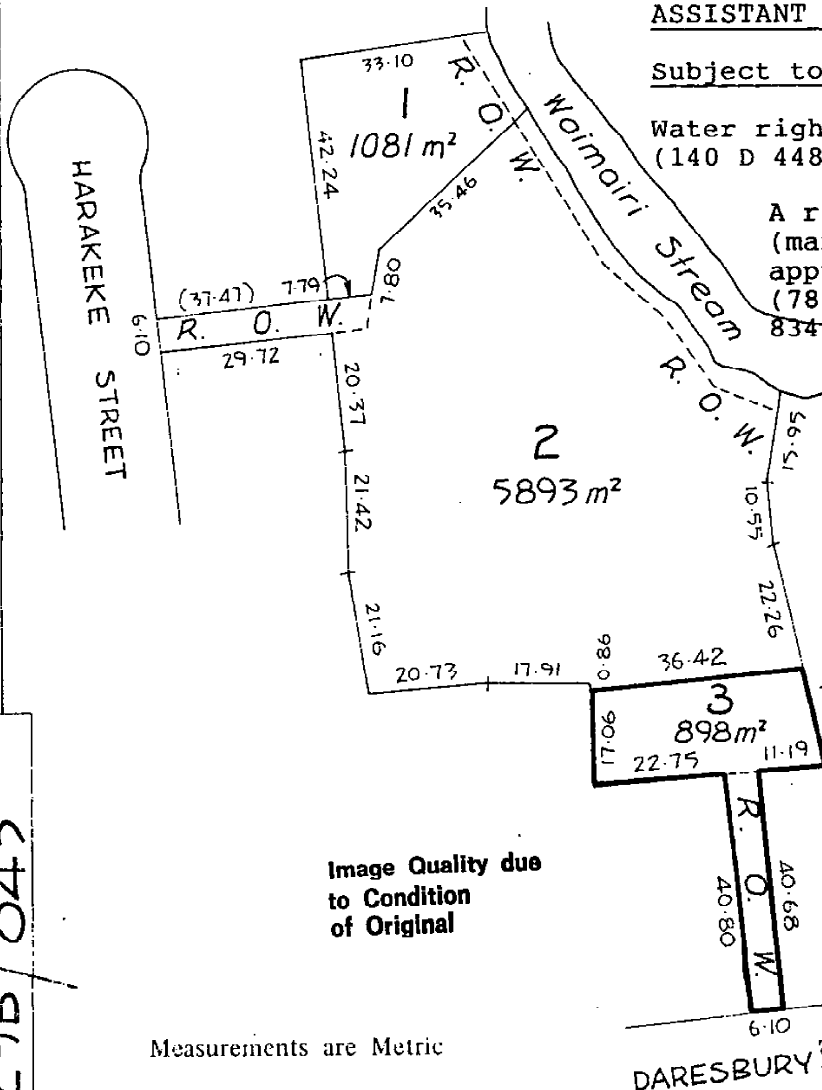
WITNESSETH that ALAN NOWELL MONTGOMERIE IZARD of Christchurch, Farmer ---

is seised of an estate in fee-simple (subject to such reservations, restrictions, encumbrances, liens, and interests as are notified by memorial underwritten or endorsed hereon) in the land hereinafter described, delineated with bold black lines on the plan hereon, be the several admeasurements a little more or less, that is to say: All that parcel of land containing 898 square metres or thereabouts being Lot 3 Deposited Plan 49363 ---



ASSISTANT LAND REGISTRAR

Waimairi District



Subject to:

Water rights granted by Deed No.89850 (140 D 448)

A right of way over part herein (marked G on DP 49363) appurtenant to Lot 16 DP 17795 (786/26) granted by Transfer 834093

Appurtenant hereto is: a sewage, water and soil easement over part Lot 18 DP 17795 (646/1) granted by Transfer 446683

Rights of way, sewer, stormwater drain, water and gas pipe and electrical cable easements over part Lot 1 DP 19964 (8A/43) granted by Transfer 495643

Rights of way, sewer, stormwater drain, water and gas pipe and electric cable easements over part Lot 3 DP 19964 (785/58) granted by Transfer 495730

over...

Image Quality due to Condition of Original

Measurements are Metric

No. 29B / 843

Handwritten initials and marks at the bottom right corner.

Mortgage 582890/2 to ~~Joseph Dettarill~~
Nominees Limited - 20.12.1985 at 11.51am

DISCHARGED
27/11/89
WITHDRAWN
13/1/87

X CAVEAT 629538/1 by WAIMIRI DISTRICT /
COUNCIL - 13.8.1986 at 11.52am.

A.L.R.

No.643354/4 Easement Certificate specifying
intended easements on D.P.49363

<u>Nature</u>	<u>Servient Tenement</u>	<u>Dominant Tenement</u>
Right to drain sewage	3 (herein)	2 (29B/842)

- 26.9.1986 at 11.15a.m.

[Signature]
A.L.R.

The easements in Easement Certificate
643354/4 when created will be subject to
Section 309(10(a) Local Government Act 1974.

[Signature]
A.L.R.

Transfer 671961/3 to Malcolm North
and Alana Mary North, both of
Christchurch, Company Directors -
25.3.1987 at 11.54am

[Signature]
for A.L.R.

Mortgage 671961/4 Bank of New
Zealand - 25.3.1987 at 11.54am

DISCHARGED
27/11/89

Mortgage 816731/2 Bank Canterbury
Limited - 19.7.1989 at 10.50am

98789/1

[Signature]
for A.L.R.

[Signature]
for A.L.R.

Mortgage 819536/1 to ~~Banking Group~~
(New Zealand) Limited - 19.8.1989 at 11.59am

DISCHARGED
27/11/89
990243

for A.L.R.



Appendix 2
2023 Valuation Letter

25 August 2023

Daresbury Limited
PO Box 232
CHRISTCHURCH 8140

FordBaker Valuation Limited
Level 3, Fitzgerald Avenue
PO Box 43, Christchurch 8140
New Zealand
Tel: +64 379 7830
fordbaker@fordbaker.co.nz

ATTENTION: JAMES MILNE

Dear Sir

RE: DARESBUURY HOUSE, DARESBUURY LANE, FENDALTON, CHRISTCHURCH

Thank you for your instructions to provide valuation advice in relation to the above property.

We understand that you are applying to have the heritage protection removed from the Daresbury Homestead and surrounds, and that our report will be used in support of that application process.

As you are aware we previously valued this property in 2018 and provided a report date of 11 November 2018 which contains a full description of the land.

We ask that letter be read in conjunction with that original report which provides a comprehensive description of the property.

In Section 11 of that report we outlined a number of value scenarios and we refer you to those in particular.

This letter updates the values that we previously assessed under a number of those scenarios to reflect current market conditions.

Please note that this report has been prepared for the above purposes only and should not be considered as a structural survey of the improvements or an engineering survey of the land.

Reliance has been placed on documentation provided to us in relation to repair costs to the homestead.

BRIEF PROPERTY DESCRIPTION

Daresbury Homestead is a substantial three level character home that offers a measured floor area of 1085 m² and was constructed between 1897 and 1901. The lower level of the home is constructed primarily of a triple brick structural system while the upper levels feature roughcast and timber cladding over a timber framing. The dwelling has a tiled roof.

The building sustained significant earthquake related damage through the Canterbury earthquake series and, of particular concern, is the structural damage to the triple brick lower level walls where cracking damage is severe.

When we last valued the property in 2018, we did not inspect the interior of the building having been provided with a structural assessment report that advised the property could "suffer a significant and devastating collapse in another large earthquake event".

The writer had, however, fully inspected the property during the mid 2000s when completing a valuation while the property was in previous ownership.

We have no access to the valuation report we completed in the mid 2000's but recall the inspection well.

The structural damage to the building resulting from the Canterbury earthquake series is visually obvious from the exterior.

The dwelling and the dwelling surrounds are identified in the Christchurch District Plan as being a Category 1 highly significant heritage building while the property is also contained within the Heritage New Zealand List under entry number 3659.

Heritage New Zealand records it as a Historic Place Category 1 with that listing in effect from 4 April 1985.

Heritage New Zealand identifies the legal description of the property as Lot 2 Deposited Plan 49363 which is effectively the larger of the two titles making up this property with Lot 2 alone having a land area of approximately 5893 m².

VALUATION CONSIDERATIONS

Scenario 1

Value of Daresbury House in fully repaired state assuming its current layout and a land area of 5,893 m²

Land Value Component

In assessing the value of the property on an assumed fully repaired condition, we have firstly considered the underlying vacant land value of the block recognising the substantial nature of the site and its subdivision potential particularly if the existing dwelling is removed and assuming that the heritage protection on the dwelling and setting was also lifted.

We have concentrated on the land area of 5,893 m² that makes up the Lot 2 title. Excluding driveway area, this lot has a Net Land Area of approximately 5,710 m².

The land sales comparisons we have considered in this case include the following:

St No	Address	Sale Date	Sale Price	Land Area Net	Net Land Value	LV Rate per m2	FMA
95	Glandovey Rd	Nov-22	\$1,060,000	816	\$1,060,000	\$1,299	Yes
88B	Hinau St	Jun-23	\$1,170,000	855	\$1,170,000	\$1,368	No
3	Verran Pl	Feb-23	\$880,000	607	\$880,000	\$1,450	No
1	Jacksons Rd	Jul-23	\$1,215,000	827	\$1,215,000	\$1,469	Part
104	Glandovey Rd	Apr-22	\$4,500,000	3021	\$4,500,000	\$1,490	Yes
71	Glandovey Rd	Apr-23	\$1,220,000	809	\$1,220,000	\$1,508	Yes
13	Fulton Ave	Sep-22	\$1,014,615	662	\$1,220,000	\$1,843	No
10	Thornycroft St	May-23	\$1,460,000	819	\$1,435,000	\$1,752	Yes
Lot 2/67	Fendalton Rd	Dec-22	\$1,900,000	1081	\$1,900,000	\$1,758	Yes
24	Holmwood Rd	Feb-23	\$2,175,000	1234	\$2,175,000	\$1,763	Yes
36	Leinster Rd	Jun-23	\$1,500,000	658	\$1,250,000	\$1,900	No
8	Jacksons Rd	Jul-23	\$2,200,000	1148	\$2,200,000	\$1,916	No
Lot 1/67	Fendalton Rd	Dec-22	\$1,300,000	620	\$1,300,000	\$2,097	Yes
31	Fendalton Rd	Jun-21	\$7,600,000	3050	\$7,600,000	\$2,492	Yes
17	Desmond St	Dec-22	\$2,260,000	857	\$2,260,000	\$2,637	Yes
21	Helmores Lane	Jan-23	\$2,945,800	1040	\$2,945,800	\$2,833	No

For reference the meaning of the column headings are as follows:

Land Area Net – The area of the site excluding driveways areas of rear lots.

Net Land Value – The analysed land value excluding the value of any retainable improvements.

LV Rate per m2 – The land value rate per square metre of Net Land Area.

FMA – Whether the property is situated with a Flood Management Area as shown on the Christchurch District Plan.

A number of these properties included dwelling or other building improvements that offered added value to the property over and above their bare land value.

Where that is the case these, the estimated value of these improvements has been identified in the improvements value column above.

The balance were properties that were either sold as vacant land or were developed with poor quality dwellings and those improvements were considered top offer no added value to the sites.

The table above is arranged in ascending order of land value per square metre and gives a good indication of the land value rates that are now being achieved in the Fendalton suburb.

On a direct comparison basis with the available evidence, we believe a standard size site of say 1000 m² in this location would currently achieve a sale price of between \$1,700/m² and \$1,800/m² as a conventional regular shaped front allotment.

A site with additional enhanced features such as a stream boundary would achieve a higher overall rate.

There is little sales evidence available that pertains to sites of a size that can be directly compared with the subject however the two largest sites included in our sales schedule above one at 3021 m², one at 4048 m² appear to show land value rates that were roughly in line with the rates being achieved by considerably smaller surrounding sites.

Our analysis of the 31 Fendalton Road sale is based on a net land area of approximately 3050 m² recognising that a substantial portion of the titled land in that property was in fact located under the Avon River which infringed into the rear boundary of the site.

In many respects the 31 Fendalton Road property is the most comparable to the subject having a good quality stream boundary and large land area. That sale did however occur at the peak of the post-COVID boom market.

On balance, we have made a small value adjustment for the size of the Daresbury block and believe that a realistic land value rate for a block of this size in this location would currently be between \$1,500/m² and \$1,600/m² indicating a bare land value if the site was vacant, was not subject to any Heritage protection and could be subdivided without restriction if desired, of between \$8,550,000 and \$9,150,000 including GST.

If subdivision was not possible because of the Heritage protection applying to the property, that bare land value component would be significantly reduced.

Added Value of Building Improvements – Daresbury House

In this scenario we have considered the added value that Daresbury House would offer to the property if it was free of heritage protection and was in an undamaged state but appointed to the standard noted when last inspected ie slightly dated fitout, tidy presentation.

A proven approach to determining the added value of building improvements is to analyse sales evidence of similar quality homes in order to isolate the improvement value from the total property sale price by deducting the land value component in that price.

The added value rate that each dwelling is then analysed on a per square metre of floor area basis. This is known as the net rate or added value rate for the dwelling alone.

Given the very substantial floor area associated with Daresbury House and its interesting character nature, we have concentrated on larger character homes that have sold in the Christchurch or wider Canterbury market over recent years.

All of these sales have been analysed to isolate the added value of the house after deducting a fair land value from the purchase price and making deductions for site improvements including outbuildings, swimming pools, tennis courts, landscaping etc.

A summary of our analysis of other sales is set out below for your information.

St No	Address	Sale Date	Sale Price	Land Value	Land Area	Floor Area	Net Rate	Apprx Age
82	Bealey Ave	Jul-21	\$4,150,000	\$2,700,000	1,813	876	\$1,513	1860
5	Queens Ave	Mar-23	\$2,100,000	\$1,500,000	823	284	\$1,690	1910s
397	Worsleys Rd	May-22	\$2,700,000	\$1,100,000	107580	600	\$2,167	1920s
509	Bangor Rd	Nov-20	\$2,930,000	\$1,000,000	127686	660	\$2,167	1910s
76	Harakeke St	Jul-21	\$2,800,000	\$1,300,000	953	526	\$2,567	1920s
11	Jacksons Rd	Jul-22	\$2,450,000	\$1,650,000	869	273	\$2,747	1910s
16	Chapter St	Dec-21	\$5,100,000	\$2,700,000	1545	417	\$5,036	1910
32	Knowles St	Apr-22	\$3,250,000	\$1,500,000	985	325	\$4,923	1910s
48	Matai St	Nov-21	\$7,850,000	\$2,000,000	1,304	747	\$7,282	Mixed

Again the net rates are sorted in ascending value.

All of the properties were sold in good condition, some having undergone very extensive refurbishment programs prior to sale.

A brief description of each of these properties is below.

82 Bealey Avenue

This is a property known as 'Elizas Manor House', is a Category 2 listed property and is a substantial building with a floor area in excess of 870 m² and an appealing character design. It offers eight bedrooms of accommodation plus self contained manager's accommodation.

5 Queens Avenue

This is a refurbished two level weatherboard character home presented and appointed to a very high standard.

397 Worsleys Road

This is a substantial 1920s vintage character home on an elevated hill site in Cashmere, the home of stone and vertical board construction and the house retains many of its original character features but again with a high quality of refurbishment to the dwelling including the kitchen and bathroom areas.

509 Bangor Road

This is a substantial two level character villa in the Darfield area and on a well established and landscaped rural block.

11 Jacksons Road

Found in a central Fendalton location, this is a substantial two level weatherboard character home that was sold in reasonably tidy condition, the bathroom areas have been modernised at some time in the recent past although the kitchen was relatively aged. This was a five bedroom, three bathroom home built in the 1910s.

32 Knowles Street

A two storey character home of weatherboard and iron roof construction, substantial in nature and again a property that had been refurbished to a high standard prior to sale.

16 Chapter Street

This is a substantial and appealing two storey character home offering a five bedroom two bathroom layout and refurbished to a high standard prior to sale.

The property had previously sold in 2016 on an 'As Is – Where Is' basis, was subsequently upgraded and then onsold.

76 Harakeke Street

This is a three level weatherboard character residence situated a short distance from the subject property. It has a five bedroom, four bathroom configuration and again was sold in a highly refurbished state with extensive site improvements. This sale is relatively historic and was analysed using land values that were realistic at the time of sale.

48 Matai Street West

This is the original John Brittan dwelling which was very unusual with a large central solarium area with indoor pool. The home had been upgraded to a high standard by the vendors. There was a very substantial modern outbuilding that included large garaging and storage rooms at ground level and a self contained high end one bedroom cottage above. The property sold at the peak of the market with very competitive bidding. It achieved the highest sale price to our knowledge of any character home in Christchurch.

Looking at these analysed sales comparisons, all are significantly smaller homes than Daresbury House, which is a very substantial building and we believe slightly over-sized for the requirements of our market.

Overall, we would expect the more dated presentation of Daresbury House when compared to the majority of the sale listed above to result in a lower Net Rate value for the building.

We would expect the added value of the dwelling if hypothetically available for sale in an undamaged or repaired condition without being subject to any Heritage protection, to be in a net rate range between \$2,500/m² to \$3,000/m² indicating a potential added value of the dwelling to the site of between \$2,700,000 and \$3,250,000.

Any purchaser would then face a significant refurbishment program to bring the interior particularly up to a more acceptable marketable standard.

At that point it is conceivable that the net rate would increase to between \$4,000/m² and \$4,500/m² depending on the level of upgrading.

That would suggest a maximum added value for the dwelling of between \$4,300,000 and \$4,900,000.

Impact of Heritage Protection on land value and building value

There are very few recent examples of Heritage protection buildings that have sold from which to gauge the impact of the Heritage protection on the sale price.

It is interesting to note however that in the net rate table above the lowest net rate was achieved by 'Elizas Manor House' at 82 Bealey Avenue which was a well presented property with a Category 2 Heritage Protection.

To the best of our knowledge, none of the other character dwellings noted in our sales schedule above were heritage protected.

Another interesting comparison can be drawn from a property at 104 Glandovey Road which sold on an 'As Is – Where Is' basis in September 2015 for a consideration of \$1,610,000 at which point there were several protected trees on the site and the dwelling, known as Graystone, was also protected.

The Heritage protection on this badly earthquake damaged house was later lifted after the owner of the property successfully presented submissions to judicial review of the Heritage listings in the Christchurch District Plan.

The subsequent sale of the property at \$4,500,000 for redevelopment shows a very substantial increase over the original purchase cost.

Over a similar time period, land values for high value sites in Fendalton effectively increased approximately 100% from 2015 to 2023.

The two sales of 104 Glandovey Road show a value growth of approximately 180% over the same time frame which suggests that the 104 Glandovey Road property benefitted from the lifting of the original Heritage protection.

As we summarised in our November 2018, report there is historical sales data pertaining to Heritage protected dwellings and analysis of those sales often indicates that the dwellings offered a negative value as opposed to the underlying land value as opposed to enhancing the value of the underlying land.

In effect, the Heritage protected dwellings in those transacting were reducing the underlying land values by restricting the optimum redevelopment of the land.

This should also be the case with Daresbury House particularly as the house surrounds are also subject to that protection.

Repair Cost

As noted previously Daresbury House is very badly damaged as a result of earthquake damage, has been assessed by Structex Metro as being in a very dangerous condition and their opinion is that it would be very concerning if the house was able to be accessed by unauthorised people.

We have previously been provided with a quantity survey report completed by Rawlinsons Limited which was prepared 21 October 2016 and estimated the total repair cost for Daresbury House at \$3,460,000 excluding GST or approximately \$3,980,000 including GST.

That costing estimate document indicated that a number of exclusions were made from the total repair cost estimate including upgrading of the kitchen, the cost of any building consents, releveling of the timber floors and structural supports to the first and second floors together with the added cost of any requirement to include an elevator or other items now required to meet the building code for disabled access.

Their assessment also excluded any cost that could be required to upgrade the existing drainage services.

On that basis, if those additional costs were added to the 2016 repair cost, it is likely to produce a total repair cost well in excess of \$4,000,000 including GST.

We have been provided with a more recent estimate of the repair cost prepared by James Milne in February 2019.

That document identifies that the quotation was being prepared to reflect an engineering design by Quion to repair the building to 100% of the current building code.

This cost estimate totals \$7,890,000 including GST after allowing for margins, contingences and fees.

We appreciate that Mr Milne being the director of Daresbury Limited may not be an impartial assessor whereas the 2016 assessment was completed by an outside company.

It is outside our area of expertise to verify whether the latest quantity survey costs are correct however there has been a very significant increase in building cost in the period from October 2016 (when the Rawlinsons report was completed) to the present.

As a check on the level of cost increases over that period, we have considered the overall building cost rates that FordBaker applied to reinstatement insurance valuations in October 2016 and compared those to the current costings FordBaker are using in our latest insurance assessments.

The percentage increase in our costings between October 2016 to the present is approximately 49%.

Our costing are sourced from actual building costs.

If we applied a 49% increase to the original Rawlinsons repair cost quote of around \$4,000,000, that would be equivalent to at least \$6,000,000 including GST in the current cost environment.

The added cost of any of the items excluded from their original assessment would then need to be included..

We would expect therefore that the current repair cost should be in excess of \$6,500,000.

When comparing that level of cost with the end value of the property if fully repaired, which we have estimated previously at between \$4,300,000 and \$4,900,000 as a maximum, it is clearly not viable for the existing dwelling to be fully repaired.

Anyone completing the repairs is likely to face a shortfall in excess of \$2,000,000 from that process.

FINAL CONCLUSION

We have estimated that the added value of Daresbury House on a fully repaired basis assuming it was sold on an unencumbered site would be a maximum of approximately \$4,900,000 over and above land value.

This is significantly lower than the likely repair cost in the current market and suggests to us that completing the required repairs to the dwelling would result in a significant shortfall.

Historically properties offered to the market and sold with Heritage New Zealand or Christchurch City Council protection have been discounted in the marketplace due to the additional cost and complexity that is normally associated with completing any upgrading works.

One notable exception is a property at 83 Clyde Road, Ilam that sold in February 2019 for a consideration of \$4,500,000, that property being the original Kate Sheppard House.

It was purchased by Heritage New Zealand.

There is clearly no financial incentive for the owner of this property to complete the repairs that are necessary to reinstate Daresbury House and to justify the cost of those repairs, any owner would need a significant level of financial assistance from Heritage New Zealand.

Further, the extension of the Heritage Protection to encompass both Daresbury House and its surrounds would appear to have a significant negative impact on the underlying land value of the site given that the highest and best use of a site of this magnitude is generally for subdivision into smaller parcels. Such a subdivision appears to be prevented by the Heritage protection,

The property would have a high underlying land value for subdivision but a constrained value if it had to be retained as a single house site.

That value would be further constrained if Daresbury House was retained in its current condition and in its current positioning on the land.

We trust that this will be of assistance to you however should any additional information be required you should not hesitate to communicate with the writer.

Yours faithfully

FORDBAKER VALUATION LIMITED



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Involvement:

Inspection

Valuation Calculation

Report Preparation