



# Valuation Report

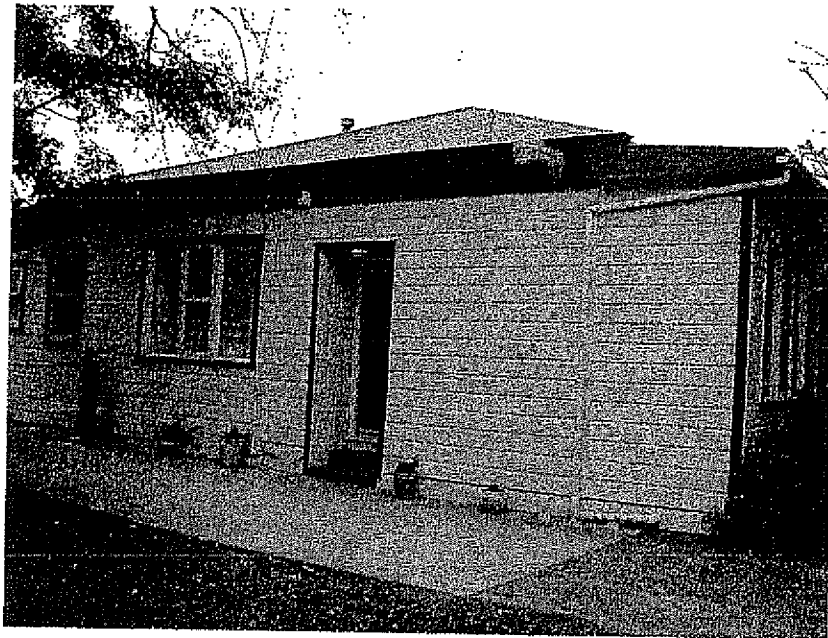
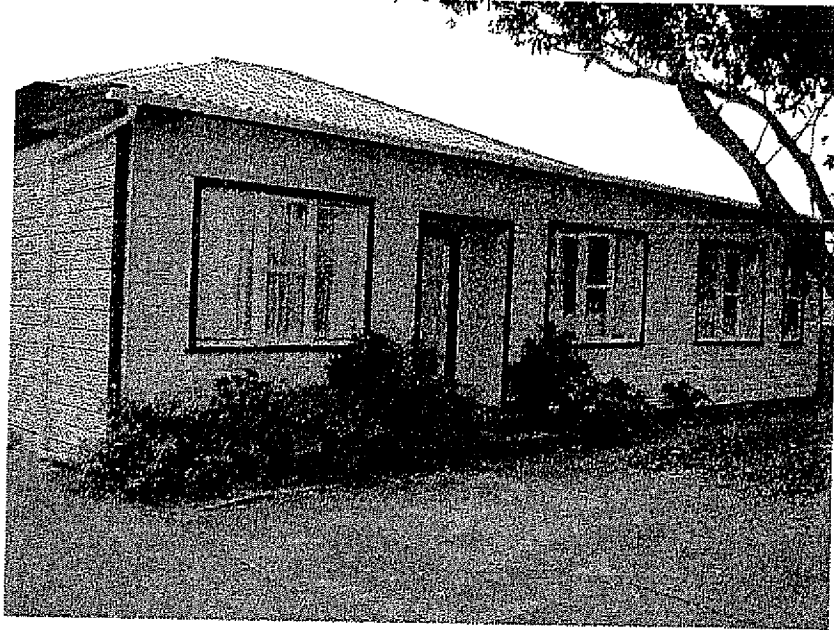
59 Connolly Street  
Lower Hutt

For:

The Wellington Regional Council

By:

TelferYoung (Wellington) Ltd  
Valuers - Property Advisors



**59 Connolly Street  
Lower Hutt**



18 June 2007

Our Ref: 08L097

The Wellington Regional Council  
c/- O'Brien Property Consultancy  
Level 3, 82 Willis Street  
WELLINGTON

**Attention: Peter O'Brien**

**Market Valuation  
59 Connolly Street, Lower Hutt**

In accordance with instructions received, we inspected the above property on 12 June 2007 for the purpose of assessing its market value.

**This report has been prepared for the purpose stated and solely for the benefit of the Wellington Regional Council and may not be used for any other purpose or by any third party without first obtaining our written consent.**

**This report must be read in conjunction with TelferYoung (Wellington) Ltd's Statement of Limiting Conditions and Valuation Policy, which is contained within this report.**

**1. Brief Property Description**

The subject property was originally constructed circa 1910s, originally comprising a residential dwelling subsequently converted into a two flat property. The front flat accommodates one bedroom within, whilst the rear flat accommodates three bedrooms within.

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+ Adrian Brady + Chris Barnsley + Martin Veale + Lindsay McAlister + Graeme Kirkcaldie + Jerome McKeefry  
+ Stephen Batt + Jason Lochead

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+ TelferYoung (Northland) Ltd, 09 438 9599 + TelferYoung (Auckland) Ltd, 09 379 8956 + TelferYoung (Waikato) Ltd, 07 839 2030  
+ TelferYoung (Taranaki) Ltd, 06 757 5753 + TelferYoung (Hawkes Bay) Ltd, 06 835 6179 + TelferYoung (Nelson) Ltd, 03 546 9600  
+ TelferYoung (Canterbury) Ltd, 03 379 7960



**59 Connolly Street, Lower Hutt**

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**2. Valuation**

**2.1 Security Value**

We assess the security value of 59 Connolly Street, Lower Hutt at the effective date of 12 June 2007 as follows:

<b>Land Value</b>	\$ 300,000
<b>Improvements</b>	
Dwelling extending to some 153 m <sup>2</sup>	\$ 175,000
Other improvements	\$ 10,000
	<hr/>
<b>Security Value</b>	<b>\$ 485,000</b>
	<hr/>

**(Four Hundred & Eighty Five Thousand Dollars including GST, if any)**

Our valuation is based on an open market selling period of 3 months and no more than 6 months and is supported by market evidence.

**2.2 Market Value**

Adding an allowance of \$5,000 for Chattels comprising fitted floor coverings, window dressings, and light fittings indicates a market value at, or about:

**\$ 490,000**

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**(Four Hundred & Ninety Thousand Dollars including GST, if any)**

**3. Mortgage Recommendation**

If requested, we would be prepared to recommend this property exclusive of chattels as providing sufficient security for an advance on first mortgage terms of up to **\$323,300 (Three Hundred & Twenty Three Thousand, Three Hundred Dollars)**. In making this recommendation we have assumed that the mortgagee is satisfied as to the personal covenant of the proposed mortgagor and their ability to service any loan.



**59 Connolly Street, Lower Hutt**

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The value provided in this report is our opinion of the market value on a willing buyer, willing seller basis and that the value may change in the future due to market conditions and changes to the state of this property. Any decision to lend more than the amount we have recommended should take these factors fully into account and allow a prudent margin between the amount advanced and our estimate of the market value given in this valuation. In addition the margin should recognise the consequences and cost of any forced sale and that our recommendation includes Goods and Services Tax.

**4. Legal Description**

The land is legally described in Identifier WN148/242 on the Computer Freehold Register at the Wellington Land Registration District as an estate in Fee Simple being Lot 30 Block I Deposited Plan 1415 containing an area of 779 m<sup>2</sup>, more or less.

We append a search copy of the Register containing both current and historic interests, which include the following:

- + Mortgage to Westpac New Zealand Limited.

The current registered proprietor is Hamish Drumm.

**5. Resource Management**

The planning maps of the Hutt City Council's Operative District Plan indicate the site to be zoned **General Residential**.

We advise we have not sighted a current Land Information Memorandum for the property during the course of this valuation which is made on the basis of there being no outstanding requisitions affecting the property. We reserve the right to amend our assessment should this not be the case.

**6. Rating Valuation**

The Hutt City Council Rating Valuation effective as at 1 September 2004 is as follows:

Land Value	\$ 147,000
Improvement Value	\$ 58,000
<b>Capital Value</b>	<b>\$ 205,000</b>

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## 7. Land and Location

### 7.1 Land Description

The subject site forms a triangular shaped allotment that is level in contour and generally bound by a variety of fencing types, with drive on access extending to respective car pads for each flat. The site itself is of simplistic presentation incorporating shrubs, lawns and garden areas together with other established vegetation. Located immediately to the rear of the property is the Hutt River Bank. As with most properties in this vicinity we believe that generally good sunshine will be obtained throughout the day, and Connolly Street is a relatively busy thoroughfare, therefore some road noise would likely be experienced.

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

Unless otherwise stated, we have not undertaken investigations or been supplied with geotechnical reports with respect to the nature of the underlying land. Unless otherwise stated, we have assumed the land to be firm and suitable ground for the existing and/or potential development without the need for additional and expensive foundation and retaining work or drainage systems.

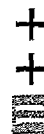
There does not appear to be any evidence of flooding, subsidence or landslip in the property.

There are no high tension power transmission lines which may impact upon the property.

### 7.2 Location

The property lies within the Central Hutt area, but lying on the northern periphery of the central business area. It is a locality which experienced most of its growth between the 1920s and 1950s and is now an established residential locality well serviced with local amenities including schools, recreation and shopping facilities, and regular commuter transport by way of bus or rail. Our records show that this locality generally meets a quite satisfactory level of market demand.

Connolly Street links Melling through to Harcourt Werry Drive, this Drive effectively being a secondary access route bypassing other built-up portions of Lower Hutt. Melling Railway Station is located within relatively close proximity to the subject property. Schooling facilities together with transport and associated amenities are also situated within relatively close proximity.



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## 8. Improvements

### 8.1 The Dwelling

<b>Construction</b>	Originally constructed circa 1910s. Materials comprise short run corrugated iron to the roof, PVC and metal spouting, weatherboards to the exterior cladding, timber frame construction situate on pile foundations.
<b>Condition</b>	Of a reasonable standard noting that the exterior would benefit from painting, together with minor areas of maintenance including scribes to the windows etc.
<b>Interior Construction</b>	Generally a 2.7 metre stud height with plasterboard wall linings together with some areas of hardboard.
<b>Condition</b>	Tidy yet simplistically presented, and dated by today's standards. Undulation to the flooring.

Accommodation and fittings noted include:

#### Front Flat

Entry to:

Living Room

Direct entry via the recessed porch, two built-in storage cupboards, meter board hidden away within overhead cupboard.

Bedroom 1

Double room, polished floorboards, two single built-in wardrobes and storage over, panel heater.

Kitchen

Dated by today's standards and simplistic, stainless steel sink, electric oven, polished floorboards, area for dining table and chairs, fridge/freezer bay, fan.

Bathroom

Of basic presentation, small hand basin, cubicle shower, medicine cabinet, polished floorboards, door through to:

WC

Polished floorboards.



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Laundry	Tub and washing machine taps, electric hot water cylinder within cupboard, door to the hallway, door providing access to the exterior.
<b>Rear Flat</b>	
Entry to:	
Living Room	Of a comfortable size, polished floorboards, wood burner to the corner.
Hallway	Linen cupboard.
Bathroom	Basic, bath, separate cubicle shower, vanity, Xpelair fan, separate WC located off.
Kitchen	Laminate bench top, polished floorboards, electric oven, stainless steel sink, rear door access, adequate cupboard and drawer space. Incorporates open laundry and washing machine taps.
Bedroom 1	Single room, located off the kitchen, hot water cylinder with cupboard.
Bedroom 2	Located off the kitchen, door providing access to the exterior, vinyl tiles to the floor.
Bedroom 3	Double room, two single built-in wardrobes and storage over. Accessed off the living room.

**8.2 Other Improvements**

Include car pad areas/driveways, clothesline, basic storage shed, perimeter fencing presented to a mixed standard, shrubs, lawns and garden areas, covered porch to the rear unit.

**8.3 Not a Structural Survey**

While due care has been taken to note the specification of the building(s), and other improvements, and any defects, our inspection has been undertaken for valuation purposes only, and does not constitute a structural survey.





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## 9. Valuation Considerations

In undertaking our valuation assessment we have given due consideration to the property on several different basis.

Firstly, we have explored the possibility of subdivision, however given that the site area of requirement for any new allotment is 400 m<sup>2</sup> (with the total site area equating to 779 m<sup>2</sup>), this would appear to be unlikely (but not impossible) with any Resource Consent application. This would also likely apply should individual titles for each flat be sought.

We have also looked at the vacant land value of the site and the possibility of conversion of the residence back to one household unit.

We believe the best method of valuation assessment is by direct capitalisation, whereby the market value is derived by capitalising the market rental thereafter making adjustments for items such as maintenance, over or under rentals etc. The value level adopted was derived by utilising this form of methodology. You will note that we have included capitalisation rates on both a gross and net basis given that the market place for this type of accommodation and value levels tends to be derived by utilisation of the gross rates.

<b>Rentals</b>		<b>Market</b>	<b>Contract</b>
Front Unit	\$250 per week	\$ 13,000	\$ 13,000
Rear Unit	\$350 per week	\$ 18,200	\$ 20,020
		<u>\$ 31,200</u>	<u>\$ 33,020</u>
 <i>Less</i> Outgoings (Actual or Estimated)			
Rates	\$ 2,057		
Insurance (estimate)	\$ 750		
Vacancies (allow 2 weeks)	\$ 1,200		
Repairs & Maintenance (allow)	\$ 1,500		
Management (say 7%)	\$ 910		
		<u>\$ 6,417</u>	
 Net Income		 <u>\$ 24,783</u>	

### 59 Connolly Street, Lower Hutt



Gross Yields	6.80%	\$ 458,824
	6.60%	\$ 472,727
	6.40%	\$ 487,500
	6.20%	\$ 503,226
Net Yields	5.60%	\$ 442,554
	5.40%	\$ 458,944
	5.20%	\$ 476,596
	5.00%	\$ 495,660
	<b>Adopt</b>	<b>\$ 487,500</b>
<i>Plus</i>	Benefit of the 'over rental' until lease expires	\$ 1,668
		<hr/>
<b>Indicated Market Value</b>		<b>\$ 489,168</b>
	<b>Say</b>	<b>\$ 490,000</b>
		<hr/>

We note that the property at 653 High Street is currently on the market. This comprises two units accommodating two and one bedrooms, leased for \$260 per week and \$235 per week respectively. The asking price is \$435,000, and is expected to sell at that level. This would indicate a gross yield of circa 5.9% if sold at this level.

Our assessment of market value has not made any discount (that may occur) due to the Wellington Regional Council having an interest in the property. We understand that if purchase under a private treaty is not completed, then there is a strong likelihood of a compulsory acquisition taking place by the Wellington Regional Council.

Copies of the leases attached with this report are briefly outlined as follows:

	<b>Rental</b>	<b>Tenant</b>	<b>Commencement</b>	<b>Term</b>
Front Unit	\$250 per wk	Vincent	15 May 2007	1 year
Rear Unit	\$385 per wk	Riley	28 May 2007	1 year 5 days

After undertaking market research, we believe that the contract rental for the rear unit at \$385 per week is above market, and with our calculations adopt what we perceive to be a market related rental of \$350 per week.



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We provide herewith sales of similar types of properties that have sold within the Hutt Valley region which have been analysed on a gross basis (for the reasons previously outlined.)

**420 Cuba Street, Alicetown** Sold May 2007 for \$650,000

This property was originally constructed circa 1928 and has subsequently been altered into two flats. The front flat accommodates two double bedrooms within presented to a very tidy standard and modern kitchen and bathroom. The rear flat accommodates three bedrooms within largely upgraded and modernised. Drive-on access extends to a garaging facility. The front flat is leased at \$315.00 per week until February 2008 and understood to be under rented given that it includes power assuming a reasonable rental of \$400 per week for the rear unit and \$315 for the front unit (net). This equates to a gross rental of \$37,180 per annum equating to a gross yield of 6.1%.

**107 Bell Road** Sold February 2007 for \$517,500

Two separate residences located within one title originally constructed circa 1940s. The front residence has a lease until September 2008 at \$250 per week whilst the rear residence was vacant at the time of sale however could reasonably achieve \$320 per week. On the basis of market rentals of potentially \$600 per week this equates to an annual return of \$31,200 per annum equating to a gross yield of 6%.

**51 Ebdentown Street** Sold April 2007 for \$650,000

Three bedroom units of accommodation constructed in the 1950s period and of modest presentation, with each flat returning \$240 per week, equating to a rent roll of \$960 per week or \$49,920 per annum on a gross basis. Sale price of \$650,000 equates to a gross yield of 7.7%.

**11 & 11A Barsi Grove** Sold May 2007 for \$535,000

Constructed in the 1960s period this home and income situation is of tidy presentation. The front unit (residence) accommodates three bedrooms within and is currently rented at \$255 per week. The rear unit accommodates two bedrooms within and is currently rented at \$240 per week. Market rentals would more likely be \$300 per week and \$260 per week respectively, indicating a gross yield on market rental at 5.2%. Each unit benefits from a garage.



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**74 Richmond Street**

Sold February 2007 for \$482,000

A home and income situation that accommodates two flats, of tidy presentation, although dated by today's standards and would benefit from some capital input. We have only limited information regarding this property, however would appear to be a favourable purchase price.

**8 Ebdentown Street**

Sold February 2007 for \$650,000

This block of five units recently sold at this level, with each unit accommodating two bedrooms within. This block was originally constructed in the 1950s period and has drive on access to a car pad only. On the basis of an annual rental level of \$41,600 per annum a gross yield of 6.4% is indicated.

**19 Mangaroa Hill Road**

Sold June 2006 for \$300,000

Originally constructed circa 1950s and appears to have been subsequently separated/converted. Assuming an annual rental of \$19,240 per annum, a gross yield of 6.4% is indicated.

**7 Garth Lane**

Sold September 2006 for \$285,000

Two semi detached units of accommodation constructed in the 1970s period, of tidy presentation with drive on access to car pad only. Assuming an annual rental of \$20,280 per annum, this indicates a gross yield of 6.8%.

**8 Exchange Street**

Sold August 2006 for \$400,000

Located on a rear site and accommodates three semi detached units of accommodation. Assuming a gross rental of \$29,640 per annum indicates a gross yield of 6.7%.

**4 Cottle Street**

Sold February 2006 for \$760,000

Seven one bedroom units with a gross return of \$58,340 per annum indicate a gross yield of some 7.7%.



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## General

We confirm that the valuation has been prepared by a member of the New Zealand Institute of Valuers (NZIV) and Property Institute of New Zealand (PINZ) and that he holds a current practising certificate. This report has been prepared with reference to the NZIV and PINZ Code of Ethics and Residential Practice Standards.

We have in force at the time of supplying the above valuation, current professional negligence insurance appropriate to the nature and level of our business activities.

## Statement of Limiting Conditions and Valuation Policy

### Purpose

*This valuation report has been completed for the specific purpose stated. No responsibility is accepted in the event that this report is used for any other purpose.*

### Responsibility To Third Party

*Our responsibility in connection with this valuation is limited to the client to whom the report is addressed and to that client only. We disclaim all responsibility and will accept no liability to any other party without first obtaining the written consent of TelferYoung (Wellington) Limited and the author of the report. TelferYoung (Wellington) Limited reserves the right to alter, amend, explain or limit any further information given to any other party. The valuation and report is only valid when bearing an original signature.*

### Reproduction Of Report

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

### Date Of Valuation

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

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

### Legislation

*We have not obtained a Land Information Memorandum (LIM) or Property Information Memorandum (PIM) for this property which unless otherwise stated is assumed to conform to all requirements of the Resource Management Act 1991, the New Zealand Building Code contained in the First Schedule to the Building Regulations 1992, the Building Act 1991 and the Building Act 2004. Our valuation reports are prepared on the basis that properties comply with all relevant legislation and regulations unless otherwise stated. Legislation that may be of importance in this regard includes Health & Safety in Employment Act 1992, the Fire Safety and Evacuation of Buildings Regulation 1992, and the Disabled Persons Community Welfare Act 1975.*



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### **Registrations**

*Unless otherwise stated, our valuation is subject to there being no detrimental or beneficial registrations affecting the value of the property other than those appearing on the title. Such registrations may include Waahi Tapu and Historic Places Trust registrations.*

### **Reliability Of Data**

*The data and statistical information contained herein was gathered for valuation purposes from reliable sources and is believed to be correct. All reasonable attempts have been made to verify the authenticity of this information but we cannot guarantee its accuracy.*

### **Assumptions**

*This report contains assumptions believed to be fair and reasonable at the date of valuation. In the event that assumptions made based on information relied upon is later proven incorrect, or known by the recipient to be incorrect at the date of reporting, TelferYoung (Wellington) Ltd reserves the right to reconsider the report, and if necessary, reassess values.*

### **GST**

*When analysing the sales and/or leasing evidence relied upon for this valuation, it is noted that we have attempted to ascertain whether or not the sale price/rental is inclusive or exclusive of Goods and Services Tax (GST). The national database of sales evidence does not currently identify whether or not the sale price is inclusive or exclusive of GST. Where we have not been able to verify the matter of GST, we have assumed that the national database record of sale price is inclusive of GST (if any) for residential properties and plus GST (if any) for non residential properties. Should this not be the case for any particular sale or rental used as evidence, we reserve the right to reconsider our valuation.*

### **Land Survey**

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

*Unless otherwise stated, we have not undertaken investigations or been supplied with geotechnical reports with respect to the nature of the underlying land. Unless otherwise stated, we have assumed the land to be firm and suitable ground for the existing and/or potential development without the need for additional and expensive foundation and retaining work or drainage systems.*

### **Contamination**

*Unless otherwise stated our valuation and report assume that the land and buildings are unaffected by harmful contaminants or noxious materials which may impact on value. Verification that the property is free from contamination and has not been affected by noxious materials should be obtained from a suitably qualified environmental expert.*

### **Not A Structural Survey**

*While due care has been taken to note any building defects, our inspection has been undertaken for valuation purposes only, and does not constitute a structural survey. Verification that the building is sound should be obtained from a suitably qualified building engineer.*

### **Systems**

*In preparing this valuation, it has been assumed that all hot and cold water systems, electric systems, ventilating systems and other devices, fittings, installations or conveniences, including lifts and escalators where appropriate, as are in the building to be in proper working order and functioning for the purposes for which they were designed.*

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**Market Valuations**

*Market valuations are carried out in accordance with the Valuation Standards and Guidance Notes recommended by the New Zealand Institute of Valuers and the New Zealand Property Institute, where the definition of Market Value is "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion".*

*No allowances are made in our valuations for any expenses of realisation or to reflect the balance of any outstanding mortgages either in respect of capital or interest accrued thereon.*

**Mortgage Recommendation**

*The value provided in this valuation report 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 subject property. Any decision to lend should take these factors into account and allow a reasonable and prudent margin between the amount advanced and the market value given in this valuation. Additionally the margin should also recognise the consequences and costs of a forced sale. Where there is no recommendation contained in the report this has been omitted at the express request of the instructing party.*

Yours faithfully

**Telfer-Young (Wellington) Limited**

A handwritten signature in black ink, appearing to read "Jason C. Lochead", is written over a circular stamp or logo.

**Jason C. Lochead - ANZIV, SPINZ**

Registered Valuer

Email: [jason.lochead@wellington.telferyoung.com](mailto:jason.lochead@wellington.telferyoung.com)