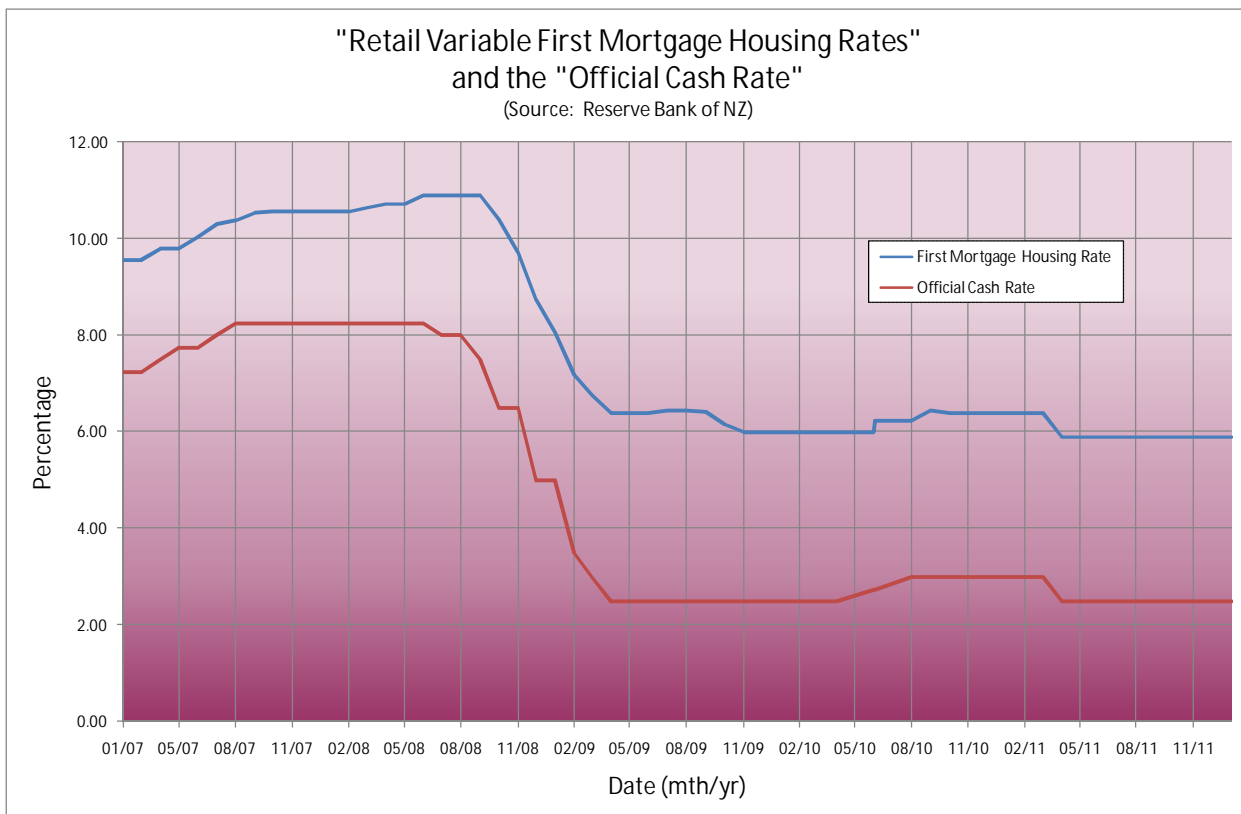


## Commercial

## December 2011

The local commercial property market has recently seen a flurry of sales and leasing activity. Sales have included two prime location buildings in the Nelson and Richmond central business areas, while tight economic conditions continue to be a factor behind many tenancy changes. In general, rental levels have fallen from peak 2007 rates and property yields have hardened.

The fallout from the Christchurch earthquake has seen a sharp increase in insurance premiums, especially for older buildings not meeting current seismic strength requirements. We anticipate that such properties will see greater levels of discounting from purchasers and tenants alike due to the higher costs and risks of ownership or occupancy.



Over the last five years Variable First Mortgage Housing Rates have ranged from a peak of 10.90% (May - July 2008) down to 5.90% (March - December 2011).

According to National Bank "Regional Trends" figures issued for November 2011:

Nelson-Marlborough's unemployment rate dropped to a 12-month low of 3.7 percent in September. The number of residential building approvals issued recorded an 8 percent rise in the quarter, lifting the series to a 12-month high. However, the number of commercial consents issued fell 12 percent, with September the lowest monthly figure to be recorded during the latest downturn. The number of house sales retraced in September, after posting a large lift in June. The median time to sell a house reduced to the quickest time since January 2010. A strong dairy payout and good wool/lamb prices are creating a positive outlook for the rural community. Dairy farm expenditures are climbing, but farmers are still looking to contain operating expenditure. Guest nights rose to a 2½-year high in August.

Source: Reserve Bank of New Zealand & The National Bank

This publication is compiled by Duke & Cooke Ltd. The information contained in this publication is for general information purposes only and has been obtained from various sources. Whilst we endeavour to keep the information up-to-date and correct, we make no representations or warranties of any kind, expressed or implied, about the completeness, accuracy, reliability, suitability or availability with respect to the information for any purpose.

Any reliance you place on such information is therefore strictly at your own risk.

In no event will we be liable for any loss or damage including without limitation, indirect or consequential loss or damage, or any loss or damage whatsoever arising from loss of data or profits arising out of or in connection with the use of this information