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## North Shore's pre Super City sell-off

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In its last big property sale before becoming part of the super city, the North Shore City Council is selling its 3.8 ha former works depot at Albany.

The site on the corner of Bush and Paul Matthews Rds is managed as a separate investment by council subsidiary NSC Holdings.

Techscape, the combined North Shore and Waitakere City Councils works and maintenance business was run from the site until it was sold to private contractors in 2006. Since then the land has been leased to private businesses.

Last month the Auckland Transition Authority gave the council approval to dispose of NSC Holdings, but there have been rumblings in local newspapers about how the funds from the property sale will be used.

CB Richard Ellis North Shore managing director John Bedford and industrial and logistics associate director Simon Farland, who are marketing the property, say it is the last remaining significant freehold industrial land holding on the North Shore.

Bedford says the property is a rare opportunity for any astute developer, owner-occupier, investor or land-banker. "It will be appealing to any property player as it carries holding income of \$755,000 until December next year and possibly longer.

"It is instantly bankable. The income will more than cover holding costs and gives a new owner 18 months to plan their next move, which runs the gamut of industrial property from retaining the existing tenants to subdivision or long-term land-banking.

"This is a property where anything is possible and they don't come along often," says Bedford. It is the biggest available single tract of unencumbered land in one title with a Business 10 zoning, the most flexible and liberal on the North Shore.

"We are always getting inquiries from businesses for land with this zoning, but it is scarce and difficult to find sites that have owners willing to sell."

He says the site lends itself to large footprint industrial operators, a mix of small unit development for owner-occupiers, yard or storage-based companies, or land subdivision.

"The site lies within half a kilometre of Upper Harbour Drive and one kilometre west from the Northern Motorway and is ideal for a higher and better use. The holding income also allows for a more passive approach from add-value investors or land-bankers."

CBRE's research shows Albany has 38.6 hectares of vacant "Greenfield" or future development "brownfield" business zoned land remaining.

Farland says the absorption rate of land in the past three to four years has been about 10 hectares a year. "This holding represents about one tenth of the remaining land and development sites available in Albany. "To be able to land-bank this while still maintaining a return offers extremely rare potential."

The property was originally part of about 15 has Housing Corporation land. Negotiations to buy it were started by the Takapuna City Council in the late 1970s and there were staged payments over several years.

When the sale was completed the bulk of the land was turned into Rosedale Park and the rest was used as the council's works depot.

Another 2500sq m was sold to an adjoining business in 1995 about the same time the council's maintenance department became a Local Authority Trading Enterprise called NSC Holdings Ltd and the property was transferred to the company.

A decade later the council's works business had been contracted out to the private sector and the land was leased to a number of private tenants. It is now the base for two of the council's biggest contractors, Fulton Hogan on just over half the site and Belfinger Berger, which took over care of some of the council's pipes and infrastructure work.

Other significant businesses on the property include Holiday Outboards & Boat Storage and The Trailer Shop among the site's 10 tenants. Each tenants lease expires on December 31 next year, but Farland says there is a possibility many will want to stay, generating on-going income for a new owner.

Four stand-alone council buildings covering 1900sq m will be left on the site – consisting of a 505sq m office block, 1052sq m workshop, 232sq m store and 117sq m truck wash. Farland says some of the tenants also have their own buildings on the site and these will be removed when their leases expire.

Bedford and Farland expect a lot of interest in the property. "It is a very easy property to own," says Farland.

"If a new owner renegotiates new leases with the existing tenants there is little in the way of management and costs. The main outgoings are the rates. There is no body corporate to contend with and no bad debts or rent arrears. It is a nice clean buy."

The property borders Rosedale Park and sits in the North Harbour industrial estate. It falls away quite steeply from the corner of Bush & Paul Matthews Rds, but Farland says this could be a benefit if undercover basement parking for a multi-level office development above is ever considered in the redevelopment mix.

Most of the surrounding land is fully developed with warehouse distribution centres, office parks and trade-based retail outlets.

The North Harbour industrial estate along with Mairangi Bay has 940,000sq m of stock.

The majority of the North Shore's new industrial developments in the past few years have been located in these areas as land, until recently, has been plentiful and sites have tended to be bigger than the more established Wairau Valley.

Bedford says CBRE has done some significant sales in the area, including a 1.2 ha site at 225-235 Rosedale Rd for \$4 million, which equates to \$310/sq m.

A larger 4.07 ha holding at 44 Hibiscus Coast Highway in Rodney sold for 9.1 million, equating to \$225/sq m and a 1.28 ha site at 105-109 Albany Rd went for \$3.55 million, equal to \$288/sq m.

When formed later this year, the super city will have about \$7 of property assets, making it one of the biggest property portfolios in New Zealand.

#### About CB Richard Ellis

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