

Matakana estate offers slice of investment pie

Bob Dey

Lifestyle investment is a concept plenty of New Zealanders know at least the basics of – home in the city, a beach bach or a cottage in a country town.

Increasing numbers have taken to living on lifestyle blocks on city fringes, and gradually the ownership system has been reversed: you live out of town and buy a small apartment for weekdays.

But most of this is living, with lifestyle attached. Options offering an investment aspect are rarer.

Timeshare is an option that surfaces from time to time, but gets overplayed by over-enthusiastic touts. Now a variation on that theme, fractional ownership, is gradually being introduced.

Auckland architect John Sinclair has teamed up with builders Paul and Ross Grace to develop one of the first fractional ownership options, conveniently an hour's drive north of Auckland at Matakana.

Their project, Matakana Estate, sits on 15ha of private vineyards and olive groves in a rural setting that sweeps down to the Glen Eden River, a tributary of the Matakana River.

Their joint development company, Riverside Estate at Matakana Developments, is offering fractional freehold titles

in the property and its 17 architecturally designed luxury villas for \$165,000, through another new business, Nick Yates' Own It Now internet site, which specialises in this kind of investment.

Each villa will have five shares and each shareholder will get a legal title with an ongoing – and, in normal market conditions, increasing – value which can be sold at any time. It includes membership of the owners' association, which owns the total property. Through this mechanism the ownership of the shares also includes a share of the full property, including vineyards, olive groves and all facilities.

The share entitles the buyer of the Matakana title to 10 weeks of villa time a year, either to use (or use another villa if theirs is unavailable) or to rent out.

"Fractional ownership is a great choice for those who want a piece of holiday property in a great place. Also for those who want more than just one holiday option, want worry-free and maintenance-free ownership, want the security of a piece of property for less capital investment, and perhaps buy into much more than they could have considered affordable under traditional ownership," Mr Sinclair said.

"For me this has been a very important and personal project and I was com-

mitted to achieving the best outcome in all areas of design, building, positioning in the landscape, environment and, of course, comfort.

"When I first found the property it completely astounded me with its position and beauty, the amazing water and landscape views and I could see that a design could be developed celebrating the New Zealand bach – with its simple form and flow, privacy and close relationship with the surrounding land."

The resort will be managed under contract by Quest Matakana, which will also manage the total property for the owners.

John Paine, of finance company Global Pacific Corporation, has backed the development and says similar ventures are taking off at Queenstown, Arrowtown, Whangamata, Tairua and in Northland. Fractional ownership is also being used for investment in boats.

Mr Paine said that because the entry price is relatively low, most fractional owners would extend an existing mortgage, typically over their own home, to buy a share.

The hard part of that deal is to find a financier – "Very few currently lend solely on a fractional asset as the concept is new here and the market for them is relatively small," he said.

Specialist quarter share firm launches

Chris Hutching

A new wave of fractional ownership specialists is emerging to sell slow-moving holiday homes and apartments.

Gordon Ropiha, owner of Auckland-based Real Estate Investment Brokers, launched a new subsidiary, The Quarters, yesterday.

Mr Ropiha told *NBR* that the new company is specialising in offering quarter shares in holiday homes and apartments in Queenstown, Turangi, Whitianga, Raglan, Ruakaka and Doubtless Bay.

Some of them are stand alone houses (10 at Raglan) while others are apartment developments (Goldridge and Sherwood at Queenstown). Prices range from \$78,000 to about \$300,000 for a quarter share.

Mr Ropiha said National Bank and ASB supported the fractional concept and would consider loan applications on a case by case basis. There might be an additional fee where the title was used as security, he said.

Fractional ownership is covered by the Unit Titles Act

and allows for multiple owners of a property, each with their own property title.

Fractional ownership also requires an active manager. Owners receive 13 weeks' use, which means that by natural rotation each owner should have a Christmas at their property every four years. But owners may change and swap the times when they visit via the manager (The Quarters Property Management), which may also lease the properties to the public.

In the case of a mortgage default, the lender would sell the quarter share as with any other property, based on independent valuations.

Mr Ropiha said fractional ownership provided a more affordable entry level to holiday home properties.

"You not only get a holiday destination but New Zealand property goes up an average of 10% a year so it's the best of both worlds," he said.

There are some strict rules about owners using their quarter-owned properties. For example smoking and pets are prohibited unless owners amend the rules with a unanimous 100% vote.