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Independent Property Specialists

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Farmlands Project

Farmlands sells six rural stores

The Farmlands auction conducted by Colliers in Tauranga this week saw successful sales of the six rural stores on offer.

One of the stores failed to sell at the auction but was sold later.

Farmlands set up the stores, struck the 12-year leasing and rental arrangements and then went to the market to offer them as lease-back deals.

Four of the properties were acquired by Farmlands

co-operative shareholders and the others by North Island investors.

The six stores included Putaruru (sold for \$2.11 million at a yield of 7.82%); Paeroa (\$2.07 million, yield 7.97%); Taihape (\$2.08 million, yield 7.92%); Opunake (\$1.8 million, yield 8.44%); Waipapa (\$1.75 million, yield 8.69%); Kaitaia – passed in at auction but later sold unconditionally for \$1.85 million, yield 8.92%.

About 100 people were at the auction.

Turley & Co was the project manager and Pat Turley told *NBR* that the six properties sold within 1.2% of his December forecasts, with the biggest price variance to his predictions of 3.8%. Mr Turley was also involved in the auction of several Farmlands properties in 2009.

The purchasers of the Taihape store are Napier car dealership owners John and Diane Finlay. They bid \$2.08

million (rental yield 7.92%). The couple bought a Marton store in the 2009 auction.

Farmlands is the North Island's largest rural co-operative, with an estimated 25% share of the North Island rural merchandise market, achieving sales revenue of \$561 million in 2009-10, and a profit to its 27,000 shareholders of \$36.1 million. Turnover in the current year is forecast to be close to \$700 million.

– Chris Hutching

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