

PROPERTY INFORMED.

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BUILDING A HEALTHY HOME: COSTS VS BENEFITS

When you're building a home, cost is inevitably at the front of your mind; particularly in today's market, where building and material prices seem to rise each week. Joe Lyth from Respond-Architects (a division of Prendos) shows us why investing more up-front will lead to savings and health benefits in the future, and how you can mitigate cost increases.

Joe has long been interested in creating more energy efficient, healthy homes. However, he's recently become somewhat of an expert in the area – achieving his Passive House certification and designing and building his own Passive House in Tahekeroa, North of Auckland.

"I've experienced first-hand the stress of building from the perspective of the client, especially when it comes to cost management!" Joe says. "But I'm absolutely a firm advocate of paying for quality up front to benefit you in the long run – which is what Passive House certification is all about."

Building to Passive House standards guarantees a home that is warmer, drier, healthier and far more energy efficient by using a scientifically calculated formula, thorough observation, and testing throughout the build. Achieving Passive House levels of efficiency is centred around five key elements: airtightness, minimal thermal bridging, ventilation, good windows and good insulation.

"If you get these right, you'll create a home that is more comfortable to live in, more durable, and far cheaper to run," says Joe. "The materials can be no different from a standard project: Passive House Certification is concerned with the result, not how you get there. While the systems and attention to detail required can add cost, you can balance this by assessing the buildability of the project, simplifying or reducing the form, and balancing your priorities."

To assess costs vs benefits of a healthy home, Joe takes us through each element of a Passive House build.

1. Airtightness

Airtightness refers to avoiding un-intentional air leaks. In the same way that we want water to come in through our taps instead of leaking through our roofs, we want airflow to travel via a ventilation system, rather than leaking through the building envelope.

If your home isn't airtight, you'll lose heat in winter and gain it during summer – massively impacting your heating and cooling costs. As air leaks through your building envelope it carries moisture with it. If it's colder outside than in, this moisture will condense in the walls and insulation as it reaches the 'dew point' - creating the ideal conditions for mould and rot.

"Airtightness is all about energy consumption," explains Joe. "Studies show that a standard New Zealand building code house can use anywhere from 150-275kw hours per sqm per year to heat, while a Passive House will use a maximum of 15kw hours per sqm. If you put a dollar value on that, you can see it's basically 10-18x more expensive to heat or cool a standard house. Passive House certification guarantees the building will remain at a constant temperature for most of the year, so you should barely need to use additional heating or cooling measures."

2. Ventilation

Ventilation and airtightness go hand-in-hand. Any building requires adequate ventilation to keep the air fresh and healthy, and the more airtight the building the more important this is.

"Ventilation provides interior air quality and ensures you're not retaining moisture in your home. As we breathe, we release five litres of water into the air every day, and on top of this you have to consider the moisture generated by plants, pets, washing, cooking and showers. Without adequate ventilation, this moisture just sits inside and creates condensation, which can lead to mould.

"While Passive House requires a specific level of ventilation, there are no calculated ventilation requirements for a standard house under the New Zealand building code – other than an extractor in the kitchen, which often only removes fats and recirculates the air, and a fan in the bathroom which typically turns off with the lights before your shower vapor is actually removed."

Ventilation is not just important to take moisture out, but to control the levels of CO2 and VOCs (Volatile Organic Compounds, or chemicals that are given off by many modern building materials) in the air. Joe says this is where the type of ventilation unit you use can make a huge difference.

"Most Kiwi homes use positive or negative pressure systems, which often have no filtering facility and can result in poor quality air being drawn into your home. They can also lead to moist air being pushed or pulled into openings in your walls, roof and floor, which can cause problems over time. Other systems draw air directly from the roof space, bringing with it dust and whatever else is in there – obviously not good!"



"Passive House certification guarantees a constant temperature for most of the year, so you should barely need to use additional heating or cooling measures."

Passive Houses use a 'balanced ducted ventilation system' – made up of two fans that filter air on both the way in and out, and a heat exchanger.

"Balanced systems are the only ones to ensure air quality, durability and energy efficiency. One fan brings fresh air in from outside, passing it over the heat exchanger to distribute it at a comfortable temperature. The air travels across 'transfer zones' into your wet areas – kitchens and bathrooms – where another fan extracts it. The hot, moist air is again passed over the heat exchanger on the way out, transferring the heat to the fresh air that's coming in. The system has 80-90% efficiency, retaining at least 80% of the heat that would otherwise be pumped outside."

The best way to assess a building's airtightness is to run what's called a 'blower door test' – a standard for all Passive Houses. This is where a building's windows and doors are closed and a fan put on the front door to pressurise and depressurise the house.

"It measures air loss by calculating the number of air changes per hour – or the time it takes for all the air in the house to be exchanged for fresh air. We tested a new home in Auckland that recorded between 5-7 air changes per hour – a better result than most older homes in New Zealand but still significantly worse than a Passive House, which has a maximum of 0.6 air changes per hour. Ultimately it shows the air in a Passive House is far fresher, drier and healthier, and the building is far more efficient."

3. Thermal bridging

Like airtightness, thermal bridging is to do with a building's energy loss. There's currently no specific

requirement to consider this under our building code, despite the Building Act itself calling for building envelopes to 'provide adequate thermal resistance'.

"When you build, it's important to separate the interior and exterior with a continuous thermal envelope, and to ensure this isn't bridged by anything that can transfer heat – such as a steel beam poking through a wall. Essentially, if you build using a material that transfers heat well, unless you have thermal breaks in place you're going to lose heat through it and that's going to cost you money. It will also result in cold spots inside where moisture can condense – your aluminium window frames are a perfect example of this, which can be swimming in condensation in winter!"

4. Good windows

Thermal breaks tie directly into the requirement for good quality windows. Standard windows in New Zealand are made up of one piece of aluminium containing double glazed glass. The window is installed to sit in line with the cladding, which leaves only a 1.5mm thick piece of aluminium between the inside and the outside – a substantial thermal bridge. This can get really cold in winter, causing condensation and ultimately creating the potential for mould, and really hot in summer, contributing to overheating. On top of this, most aluminium windows are designed to have holes in them to allow condensation to drip out – essentially creating another air leak.

"You can lose around 30% of the heat in your building through the windows," says Joe. "By installing better windows you'll lose significantly less heat, so while they're a bit more expensive up front you'll save on your long-term heating costs."

If you do go with aluminium windows, Joe says to ensure you're specifying ones with thermal breaks included – which are becoming more affordable as people become more aware of their importance. Alternatively, select UPVC or timber windows, which have better thermal performance. But whatever you choose, it's important to install them correctly - with the thermal break lined up with the wall insulation to give a continuous thermal envelope.

"The glazing is equally important," says Joe. "Double glazing, where inert gas within the glass prevents heat transfer, should be a minimum. However, standard double glazing units in New Zealand have aluminium spacers at the edge which act as a thermal bridge, so the heat just transfers through there. That's why you often find condensation on the edge of your glass as opposed to the middle. To avoid this, try selecting double glazing that has 'warm edge spacers', or spacers made from materials that don't conduct heat well, such as rubber or plastic."

5. Insulation

When it comes to insulation, you need to consider the R-value. 'R' stands for thermal resistance, or how well insulation can resist heat flow, and depends on things like the type of material used, its density and thickness.

"The higher the R-value, the better the insulation," says Joe. "Your insulation should suit your climate – so you'd need a lower R rating in Auckland than you would in Queenstown, for example. New Zealand's minimum R rating requirements for insulation are six times lower than they are in countries with similar climates. It's something the government is currently consulting about, so by 2035 there should be a requirement for insulation to meet Passive House levels."

But, regardless of the type of insulation you use, it's important to install it correctly and minimise the amount of timber in your walls.

"If you have holes or gaps in your insulation, your building will be full of thermal leaks. We often see electricians or plumbers installing pipes or plug sockets and removing parts of the insulation, which essentially makes it ineffective.

"Similarly, the more timber framing you have in the wall, the less insulation you have. When you consider the wall as a whole, your R2.8 insulation may only actually be achieving R1.2 due to the amount of wood! Reducing the amount of timber through careful design, insulating over the outside of the timber frame, or using SIPs or other systems can minimise this issue."

"At the end of the day, there are significant cost and health benefits to building a Passive House."

"Passive House certification is all about ensuring you don't lose energy, so your home is a lot cheaper to run – but there are other benefits that come with this. The 'passive' side of it is that you don't really need to do anything to maintain a comfortable living environment – the mechanical ventilation, correct levels of insulation and good windows do it for you. Adequate ventilation and insulation protect the fabric of your home, leading to less maintenance, less repainting, and less mould!

"Having a healthier home means less days off work or school, less doctors' bills. So, you're not only saving money over time, your family are generally healthier and happier – and what's more important than that?"

If you'd like to talk to Respond about your next project, call us on 09 913 0400 or email hello@respondarchitects.co.nz.



PROPERTY: IS THE PARTY OVER?



As property prices climb to record highs, Prendos Director and valuations expert Gordon Edginton gives us his opinion on 'where to next' for the New Zealand housing market.

Prices in Auckland are now up 24% from the same time a year ago, when the COVID shock first arrived. This is an astonishing increase in a time of considerable uncertainty and nervousness, when all economic forecasts were for a collapse in the economy and unemployment spiralling upwards.

There's no doubt that house price inflation has been driven by ultra-low interest rates. As soon as the Reserve Bank dropped the OCR to 0.25% in April 2020 in response to the pandemic and level 4 lockdown, the property market took off.

But this sharp growth should really have come as no surprise. With borrowing costs now as low as 2.25% and poor returns from other forms of investment, investors have been driven towards property as an asset class. Not only this, but - initially anyway - property actually became a whole lot more affordable for first home buyers, as they could easily fund the interest cost. In fact, owning a home and paying interest was a lot cheaper than renting, and we saw first home buyers taking a large share of the market in mid 2020.

What's fascinating, however, is that the supply of new housing has also risen dramatically - despite the fact

population growth has slumped thanks to COVID. Building consents are at record levels and we are now building far more houses than we actually need. With this construction boom likely to continue for some time the 'housing shortage', for the most part, will quickly be eroded. However, for those who require social housing, a shortage will remain until the Government or local Councils build the housing stock required by this group.

In March 2021, the New Zealand Government announced its latest policy to bring housing inflation under control. Directed entirely at the property investor, it involves the removal of interest rate deductibility and the extension of the Brightline Test to 10 years - with the aim being to reduce housing demand by making property less attractive to investors.

"A glut in housing supply has been seen in past cycles and is a distinct possibility this time around."

Data from Corelogic shows investors have been taking nearly 50% of the market lately, and the new policy will certainly have an impact on that demand. Investors will start to see their returns fall and begin to exit the market and, with real estate now less attractive as an investment, it's likely price growth will slow.

The possibility of a correction in prices is very real - more so if building continues at its current very high levels against near zero population growth. A glut in housing supply has been seen in past cycles and is a distinct possibility this time around.

However, with a four-year phase in period for the loss of interest deductibility, there is plenty of time for investors to digest this and adjust to the repercussions. Its impact will be felt primarily by investors who are more highly geared. So, while the new rules will certainly give investors pause for thought, returns from leaving money in the bank are so low that it's likely they'll still be attracted to real estate, despite the changes.

In addition, while the Government's new policy will, to a certain extent, discourage investors from purchasing existing homes, it may drive them to look at investing in new developments or new home purchases, as these may be exempt from the new tax deductibility rules and remain within the five-year Brightline rule.

This will further fuel the already booming construction sector and development industry - and just how they'll manage is not yet clear. The building industry is already at capacity and there are supply issues with many products. There aren't enough tradespeople, our borders are closed to new migrants, and the improvement to apprenticeship funding is long term. It's likely we'll see construction prices rise as a result.

"While the Government's new policy will discourage investors from purchasing existing homes, it may drive them to look at investing in new developments or new home purchases, as these may be exempt from the new tax deductibility rules and remain within the five-year Brightline rule."

The construction industry isn't the only area to see some small gains from the latest policy changes. More funding into infrastructure has been made available, but it's unfortunately a drop in the bucket: more a long-term assist for releasing future land to create sections.

First home buyers have had a small boost, through the Government's raising of income and house price limits dictating who can access First Home Grants and loans. They'll also benefit from not having to compete so much with investors to buy a house and constantly losing at auctions. But, at the same time, they're likely to see more competition from investors for new builds, given the exempt nature of new housing from the new rules.

Overall, the outlook for the real estate market is now far less rosy. The Government is clearly determined to stop



house price inflation, and the latest policy changes will go a long way towards achieving this. If they don't meet their goal this time around, there will likely be more intervention to come.

The losers in all this are those investors who need to borrow to purchase, as well as renters - who are likely to see rent rises due to increased costs to landlords, especially in provincial centres. Whatever way you look at it, the real estate boom is coming to an end and the Government is making sure this happens.

Prendos valuations team, led by Gordon Edginton, is experienced in the valuation of residential, commercial, industrial, rural, multi-use and multi-unit residential properties. If you'd like to see where your property stacks up, give them a call or email prendos@prendos.co.nz.



DRIVING QUALITY: INDUSTRY RECOGNISED QUALIFICATIONS & PROFESSIONAL MEMBERSHIPS

As a member of the Royal Institution of Chartered Surveyors (RICS), Prendos' Qusain Khan has experienced first-hand the high level of skill, knowledge and experience required to become qualified. He writes about the journey and why it's so valuable.

Globally, the construction market continues to grow at a moderate pace and the long-term outlook for the industry looks positive. This can be attributed to population growth in emerging countries, necessary upgrades to infrastructure in certain developed countries, the trend towards increased residential development and expected investments in renewables. All of these factors, cited by Deloitte's *Global Power in Construction report [1]*, may see the construction industry grow above global GDP over the next decade.

From a New Zealand perspective, the outlook for construction is equally promising, with the industry significantly contributing to the country's economy. In the first quarter of 2020, around 184,000 people were employed in the industry [2] and its GDP contribution reached over \$1.5bn. Geographically, the population growth on the North Island has boosted the residential sector construction in Auckland, while in the South Island, Christchurch's post-earthquake rebuilding work was responsible for the majority of construction sector work. Additionally, the value of building consents issued across residential, non-residential and infrastructure sectors has increased (for the most part) year-on-year, with employment in these sectors following a similar pattern of growth [2].

When faced with such growth, the management of risk becomes paramount – including the risk posed by filling demand for professional labour with inadequately qualified individuals.

Insight into RICS

To overcome inconsistencies, the property and construction industry promotes a number of ways to become qualified within a specific sector - ranging from discipline-specific undergraduate and post graduate degrees to professional charterships and accreditations. The Royal Institution of Chartered Surveyors (RICS) is considered one of the most prominent organisations within the industry. It was established in 1868 and, along with other key organisations, was a founding member of the Construction Industry Council. A rich history of 153 years has seen RICS become a globally recognised professional body through respected standards and leading professional progression.

Today, it has 134,000 members worldwide and an office in every significant financial market. Through this global presence, RICS is ideally placed to influence policy and embed its high ethical and professional standards in local marketplaces to protect consumers and businesses [3].

1999 saw an 'agenda of change' for RICS, with an increased presence in the New Zealand marketplace and the first RICS office in the southern hemisphere. Subsequently RICS member numbers have increased substantially over the years and this looks set to continue.

The process of becoming a RICS member (MRICS)

Undertaking the journey for Assessment of Professional Competency (APC) to become a RICS Chartered Surveyor is challenging but rewarding. Similar to the process followed by the NZ Institute of Building Surveyors (NZIBS), it is comprehensive, demanding and can take anywhere from two to four years – depending on the candidate's role and competency pathway. Candidates must have a master's degree or RICS-accredited under-graduate university degree plus five years industry specific experience (10 in the absence of a degree). They are also carefully assessed on their sector-specific skills, knowledge and experience.

The assessment itself is structured in a dual format which includes on-the-job structured training with daily diary inputs recorded against defined competencies, and a comprehensive record of project-specific experience that must cross reference and demonstrate certain competencies.

Once this is completed, candidates submit their documentation for initial assessment and undertake an online ethics exam, which must be passed before they progress to the next stage. If the assessors decide the initial submission is of suitable merit and shows adequate experience against each competency, candidates are invited for a 3-panel formal interview.

"I remember returning to my car after sitting my APC final interview. As I tried to calm my nerves, I saw a fellow candidate in the car next to me, crying their eyes out! The process takes an immense toll both mentally and physically!"

The format of the interview is daunting to say the least. Over the course of an hour, candidates present on their chosen project to demonstrate they've achieved their declared competencies. They're also questioned on ethics and ethical practices, general law and regulation within the property industry (specific to the country of practice) and must answer specific questions related to their completed/ongoing projects and CPD [4].

Once Chartered, the learning doesn't stop for a RICS member. There are strict requirements for both formal and informal Continuing Professional Development, to ensure members stay abreast of the industry and can offer ongoing relevant advice to clients.

The registration process is designed to ensure any candidate elected to be a RICS member has the required professional standards, and that their professional practices and advice to clients adheres to high industry standards. By implementing such a stringent process, RICS ensures global consistency, industry best practice and accountability of its members' actions.

Benefits of employing a chartered MRICS surveyor

Achieving and maintaining chartered MRICS status is a life-long vocation for the members of the Royal Institution of Chartered Surveyors. This continued dedication is advantageous to clients, who can be sure a chartered surveyor will employ the very best ethical, legal, global and technical standards in all they do.

In tangible terms, this means clients receive robust technical, statutory, legal, economic and procurement-based advice. And, given the substantial and detailed experience of most MRICS surveyors, the likelihood of early project risk mitigation is highly likely. This, coupled with detailed technical and problem-solving advice, delivers project certainty and economic viability throughout the construction process. From a legal standpoint, the thorough dedication to training and education adhered to by RICS members ensures reporting consistencies are maintained globally. It also sees that robust, technically diligent reports are provided to the client, which can then be confidently used for future planning and maintenance of any surveyed asset.

As one of NZ's oldest consultancy practices, Prendos has 18 MRICS Chartered & NZIBS Registered Surveyors as well as three Chartered Directors. We offer clients a wide array of professional property services and high quality advice across all construction sectors. So, if you're looking for a surveyor, call us on 0800 PRENDOS.



Qusain Khan is a Chartered Building Surveyor at Prendos. He completed a Post-Grad Master's Degree in Building Surveying and went on to become Chartered 3 years later. He has been an APC mentor in various companies and is currently starting the journey to become a RICS APC Assessor.

[1] Deloitte – GPOC 2018 Global Power of Construction

[2] [statista.com/topics/5725/construction-industry-in-new-zealand](https://www.statista.com/topics/5725/construction-industry-in-new-zealand)

[3] [rics.org/oceania/about-rics](https://www.rics.org/oceania/about-rics)

[4] [rics.org/oceania/surveying-profession/join-rics/sector-pathways](https://www.rics.org/oceania/surveying-profession/join-rics/sector-pathways)



PRE-DEVELOPMENT PROPERTY INSPECTIONS, WHERE'S THE RISK?



Prendos Building Surveyor Sean White investigates the benefits of dilapidation surveys for your next development project, and why it pays to get a building surveyor on the job.

The aftermath of the Canterbury earthquakes provided some valuable lessons for property owners – including how much easier claim settlements would have been if the pre-event condition of properties had been photographed and documented. As a result of this hindsight, many local authorities have made it a requirement to record the condition of adjacent properties prior to any large development project.

The addition of dilapidation survey requirements to contract terms for local authority tenders and RFPs decreases the chance of fraudulent damage claims being made by the owners of properties near or next to a development. However, it also marks a shift in risk liability from the local authority to civil contractors. Up until recently, this was primarily included in infrastructure-based civil works contracts.

However, with the government's recent widespread investment in town and city centre redevelopment projects, we're seeing these terms added to other contracts with growing frequency – especially when undertaking excavations or using heavy machinery, where the risk of damage to neighboring properties increases due to ground movement, vibration or accidental damage.

What is a pre-development survey?

A 'pre-development' or 'dilapidation' survey is intended to capture a snapshot of a building's current condition. The areas to be surveyed are generally site and project specific, but can include the interior and exterior of the main building as well as outbuildings; or garages and sleepouts, driveways, paths, pavers, boundary walls and fences. Building surveyors inspect all areas as instructed and photographically document their observations, including notes on general condition and obvious existing damage, taking measurements where possible to aid with evaluation should a future claim for damage occur. A concise photographic record of condition is produced to suit the specific project's requirements, budget and deadlines, with all photographs retained on file for future reference.

"In our experience, while most home owners believe they have a decent idea about the condition of their properties, this is generally not usually the case."

Previously, the need to carry out these surveys was few and far between, with many contractors carrying them out themselves. Although this approach saved on initial costs, contractors sometimes found themselves facing legal proceedings when a claim was made, as stakeholders refused to back down on what may well have been existing damage that they were previously unaware of. In our experience, while most home owners

believe they have a decent idea about the condition of their properties, this is generally not usually the case.

The fact of the matter is that buildings move, whether due to annual changes in humidity, heavy vehicles on the road outside or minor systemic activity common in many parts of New Zealand. Even new buildings have a way of settling in, especially in the first few years following construction, which is part of the reason a defects liability period is offered with new builds.

"With a technically trained eye, building surveyors know what they're looking for and can prepare an independent, detailed report of a property's condition prior to development."

Typical signs of movement include cracking to plasterboard wall linings, often around doors and windows, at the corners between walls or at wall to ceiling junctions. Similar cracking may also be found externally – to cladding, around windows and doors, and at wall corners. Other signs of movement include cracking to finishes between timber elements or gaps opening at corners of joinery, facings, trims, or architraves. While these signs of movement are normal and natural for any building and have usually happened slowly over a period of time, property owners may simply not have noticed them before and can therefore believe they are a result of the nearby site works.

Why use an independent building surveyor?

Today, most contracts stipulate using an independent party to complete these condition surveys. The added benefit of engaging a building surveyor over a builder or pre-purchase inspector is that they have a specialist in-depth understanding of building materials and the nature of building defects. With a technically trained eye, they know what they're looking for and can prepare an independent, detailed report of a property's condition prior to development.

Prendos' building surveyors have extensive experience carrying out this type of survey and managing the end-to-end process. We're not only experienced in the assessment of material damage to buildings, but highly skilled in stakeholder engagement – remaining client-facing throughout the survey process. We provide a walkthrough of our survey findings and photographs with the property owner before leaving site, which helps provide certainty and build confidence in the contractor and their intentions, while also greatly reducing the frequency of fraudulent claims. Where required, we can also provide re-inspections following the works to ensure no further comeback on the contractor.

Our independent position allows us to develop a rapport with property owners, building trust – which goes a long

7 REASONS TO ENGAGE A REGISTERED BUILDING SURVEYOR

The advantages of using a Prendos building surveyor for your pre-development or dilapidation surveys:

- A technically trained eye - we know what we're looking for.
- An understanding of material properties and the nature of building defects.
- Experience preparing reports - an independent, detailed look at the properties' condition prior to development.
- Completely independent from the contractor and skilled at stakeholder engagement - building trust with property owners.
- Mediation skills and the ability to deal with complications without variation.
- Ability to gather and relay pertinent information from stakeholders to project managers.
- Prendos also provides a guaranteed quick turnaround of fees, inspections within 7 days of engagement, and flexibility of scope within a fixed fee.

way towards finding a remedy to issues should they arise. Where a stakeholder has serious reservations, or feels they are being unjustly affected by the project, our surveyors can act as an intermediary for the contractor, something we've found to be highly advantageous when seeking a solution – especially when an owner's position is integral to project completion.

Following the Canterbury earthquake events, many home owners are now more aware of their consumer rights, and are more likely than ever to make a damage claim. That's why it's so important to consider dilapidations ahead of any tender submission or prior to accepting a price, to ensure all costs are covered in the works package and chargeable to the client.

If you want to find out more about pre-development surveys for your next project, give us a call. We can advise on how best to approach dilapidation and even assist with preparing this section of a tender. Call us on 0800 PRENDOS for no obligation advice or a quote for surveys.



THE IMPORTANCE OF TECHNICAL DUE DILIGENCE ACROSS THE PROPERTY LIFECYCLE.



When you're looking to buy a commercial or industrial building, getting a technical due diligence (TDD) report can save you significantly in the long run. Prendos Building Surveyor Will Stockley explains why TDDs can be beneficial across the lifecycle of a property - from acquisition and occupation to disposal or development.

The RICS guide to technical due diligence describes it as 'the systematic review, analysis, discovery and gathering of information about the physical characteristics of a property'. Most commonly, a technical due diligence inspection is requested by someone looking at purchasing a commercial building of all service types - whether it be industrial warehousing, office blocks, mixed-use developments or public sector buildings.

"When it comes to TDD surveys, Prendos is regularly engaged at the initial stages of the investment negotiations," says Will. "There are a lot of factors to take into consideration when deciding to invest in a property. Typically, we act on behalf of high wealth individuals, private companies or property investment firms who are looking to buy a building for their investment portfolio, for redevelopment purposes or to be an owner-occupier. They want to know what the risks are before signing up to the deal."

A technical due diligence survey allows the purchaser to understand the current condition of the property,

whether it is suitable for the way they plan to use it, and what future costs and other liabilities they will be responsible for.

TDD surveys come in various formats across the property lifecycle:

- Purchasing a freehold property (Pre-Acquisition)
- As part of a package of sales information collated by the vendor (Vendor Survey)
- TDD reports for tenants (Pre-Lease)
- Concept / design phase (Development Monitoring)

Will says regardless of the type of TDD survey undertaken, Prendos tailors the resulting report to meet the clients' specific needs for each transaction.

"One of the benefits of engaging a RICS registered building surveyor is that they are independent and, because Prendos is a RICS regulated firm, we must follow our governing body's principles. As a client, this means you get an accurate and impartial assessment of a building's condition, potential future issues and any areas that need further investigations."

This information is frequently used when undertaking negotiations with the vendor or landlord, either to reduce the purchase price (Pre-Acquisition), or to help a client decide to exit a deal altogether.

"In a recent survey, Prendos picked up a lot of issues with historic work that had been completed without the correct council consents. Plus, the building was about 50 years old and all external elements – roof, walls, cladding – needed replacing. The risk to the client as a syndication investor was too much to justify, so they exited the deal."

But it's not just older buildings that have issues. The problems encountered in many new builds can be quite shocking – something that Will says has caught out many property owners in New Zealand.

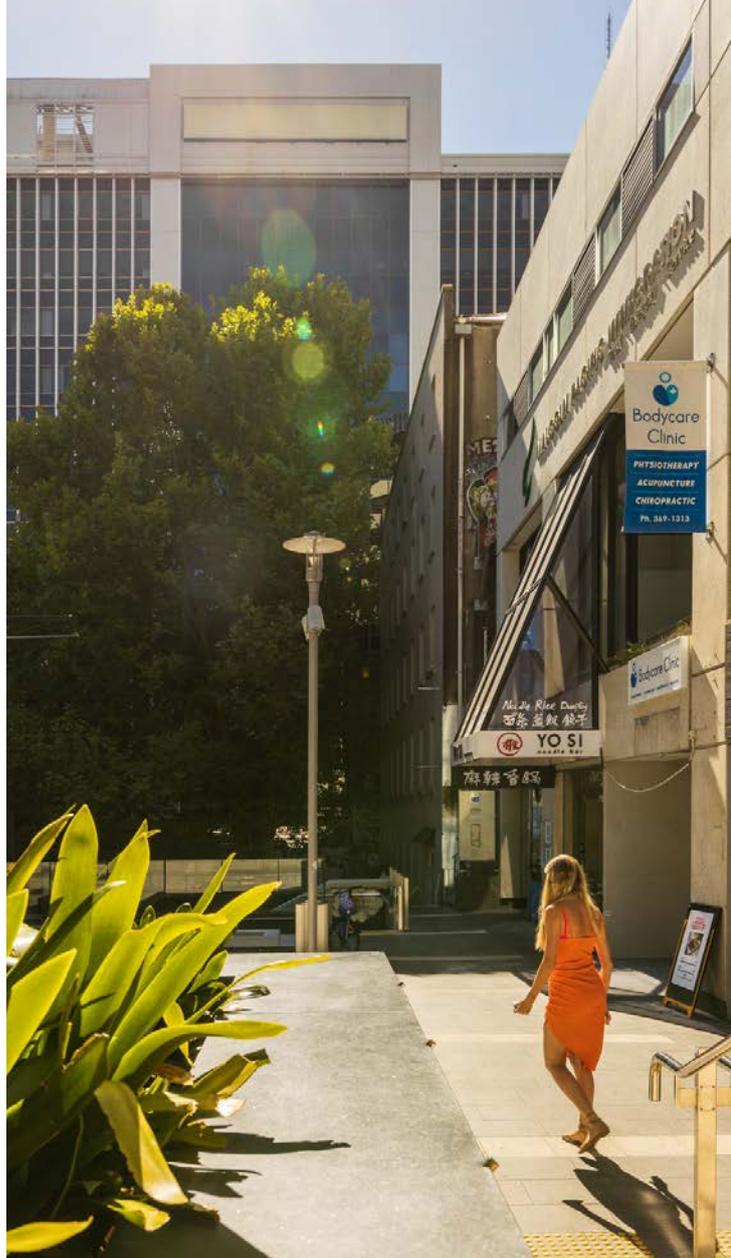
"Purchasers often think a new build will be fine, but that's unfortunately not necessarily the case. We regularly find that contractors have cut corners, most likely to keep their costs down. If they're left to their own devices and haven't been given detailed design from the architects, or if the works haven't been inspected as the construction progresses, contractors can end up 'fudging it'. That's where building surveyors are so useful – we can come in and immediately see when something hasn't been built correctly, rather than finding out once the purchase has been completed."

"(Building surveyors) can come in and immediately see when something hasn't been built correctly, rather than finding out once the purchase has been completed."

When it comes to leasing a commercial building, companies are looking for a comprehensive Pre-Lease TDD report identifying anything that could restrict their intended use of the building, delay their occupation, or most importantly impact their operations when using the building. The roof is a good example – if it leaks, this impacts all tenants within the building, so it's something a prospective tenant would want to know before signing a lease agreement.

"When used in this manner," says Will, "our reports can improve a tenant's bargaining position and allow them to negotiate with the landlord to undertake a package of remedial works prior to occupying the building. They can also potentially improve the terms of the lease or, at the end of the lease, mitigate the exposure to the client."

Technical due diligence completed at the concept or design phase of a development project is a lesser known form of TDD, and can sometimes be confused with development appraisals or development monitoring. However, Will says it can be very beneficial to the developer.



"If you're looking to build or complete a major refurbishment of a building, we'd recommend having a building surveyor involved as the client's representative. Prendos can assist in identifying the potential risks to the development project before you start. This can extend to the construction phase and we can also help with construction / development monitoring aspects, to safeguard the end user or investors interests.

"But, regardless of where you're at in the property lifecycle – whether acquisition, occupation, development or disposal – it's always important to uncover anything that might impact the value or the operation of the building. If it means you can reduce your purchase price, improve lease negotiations, or help increase the speed of a transaction, then it's well worth it. Our technical due diligence reports provide clear technical information and cost advice, allowing you stress-free decision-making and far more successful negotiations on property transactions."

For all your property needs please contact us on 0800 PRENDOS or email prendos@prendos.co.nz.



NEW ASSOCIATES AT PRENDOS

Late 2020 saw five of our team move to Associate level. It's not only an industry-wide recognition, but celebrates the achievements of these staff, who have taken their careers to the next level and proven themselves to be future leaders of the business.



Heather Crilly, Chartered & Registered Building Surveyor, NZIBS President

Heather has built a well-founded reputation in the industry, largely thanks to her hard work, excellent customer service, extensive experience and consistent approach. Her broad-based knowledge covers building pathology, earthquake damage identification, weathertightness, and a deep understanding of how buildings perform. This has seen her project manage many complex remediation projects, also acting as engineer to contract.

Previously an executive member and finance officer of the NZIBS, Heather recently became the first female President of the Institute. She's actively involved in RICS, frequently attends women in property events, and is extremely well respected by her peers.



Fiona Duffy, Registered Architect, Respond Architects

Working from Respond's Auckland office, Fiona is our most experienced architect, with expertise in the technical aspects of architecture as well as project delivery. Her work is meticulous, thorough and detailed, and she ensures this level of quality is reflected across all our projects.

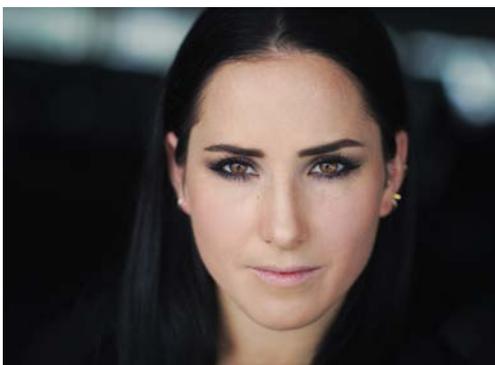
In 2020, Fiona was appointed as a member of the Ministry of Education's Weathertightness Review Panel - one of only six architects nationwide.



Simon O'Sullivan, Registered Valuer & Valuations Team Leader

Simon joined us from the Police Force in 2013, bringing with him excellent credentials for honesty, integrity and diligence – all of which he's continued to display at Prendos. Over the years he has gradually built up his knowledge base and skills to a very high level.

After getting his registration, he achieved Associate status with the NZIV and PINZ and was then appointed Manager of the Valuations team – a role for which his good people skills made him a natural fit. His valuations are accurate and well-researched, and he always goes the extra mile to help staff and clients



Wendy Ryan, Registered Architect, Respond Architects

Wendy has been with us since she was a Junior graduate, going on to work on some of our biggest architecture projects. A natural leader, she has taken many of the junior and intermediate team members under her wing to mentor and pass on her knowledge. Wendy forms strong connections with clients, who respect her and appreciate the standard and quality of her work.

Earlier this year was selected as one of only 15 mentees in the 2020 Property Council Emerging Leaders Program.



Derek Westwood, Chartered Structural Engineer

Derek's impressive level of structural knowledge is matched only by his extensive experience in new build, renovation and refurbishment design, project management and site supervision.

Located in our Auckland office, he is solutions-focused, consistently goes the extra mile, and always aims to deliver the best, most practical outcomes for our clients.

Well done to Heather, Simon, Wendy, Derek and Fiona! At Prendos, we're firmly committed to the development of our people, and supporting our top performers to make the transition to Associate level is part of this commitment. We look forward to seeing many others from the Prendos team join the ranks in the near future.

Strategic Property Consulting
Building Consulting
Structural Engineering
Cost Management
Project Management
Property Valuation
Design Services
Specialist Services

INTELLIGENT PROPERTY SOLUTIONS.

At Prendos, we've built our business around truly understanding our clients. Every day, our specialist consultants provide structural engineering, building surveying, cost management, property valuation and project management advice and support across New Zealand.

**If you'd like to talk to us about your property, give us a call.
We'd love to hear from you.**

HEAD OFFICE (AUCKLAND)

34 Barrys Point Road
PO Box 33700, Takapuna
09 970 7070

TAURANGA (CENTRAL NORTH ISLAND)

96 Cameron Road
Tauranga
0800 773 6363

ROTORUA (CENTRAL NORTH ISLAND)

Unit 1B, 1188 Whakauae Street
PO Box 12018, Rotorua
0800 773 6363

WELLINGTON (LOWER NORTH ISLAND)

Level 7, BERL House, 108 The Terrace
PO Box 10278, Wellington
04 931 7070

CHRISTCHURCH (SOUTH ISLAND)

6/35 Sir William Pickering Drive
PO Box 8049, Burnside
03 341 7570

DUNEDIN (LOWER SOUTH ISLAND)

Level 2, Vero House, 34 London Street
PO Box 6231, Dunedin 9059
03 940 2763

Prendos New Zealand Limited
p. 0800 PRENDOS e. prendos@prendos.co.nz
www.prendos.co.nz

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