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18<sup>th</sup> February 2023

C.I.I.C.  
Avarua  
Rarotonga

Attention Henry Herman  
Land & Legal Manager  
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Kia Orana,

## **MANIHIKI AIRPORT LANDS VALUATION REPORT**

### **1.0 Preamble**

Thankyou for the instructions to provide an updated valuation report on the Manihiki Airport Lands.

As a background I have visited Manihiki on a number of occasions over the past 40 years, most recently approximately two years ago.

This revision now provided is noted as Issue 3.  
Issue 2 was prepared based on recent advice around the payment for the land block associated with the Tukao cyclone shelter.

Following the joint zoom meeting on the 15<sup>th</sup> February and the receipt of the approved scheme plans noted as “ Proposed Crown Land Acquisition Of Manihiki Airport “ then with the new data I will readjust and update my valuation in line with the directions advised whereby individual valuations block by block are required.

### **2.0 Location**

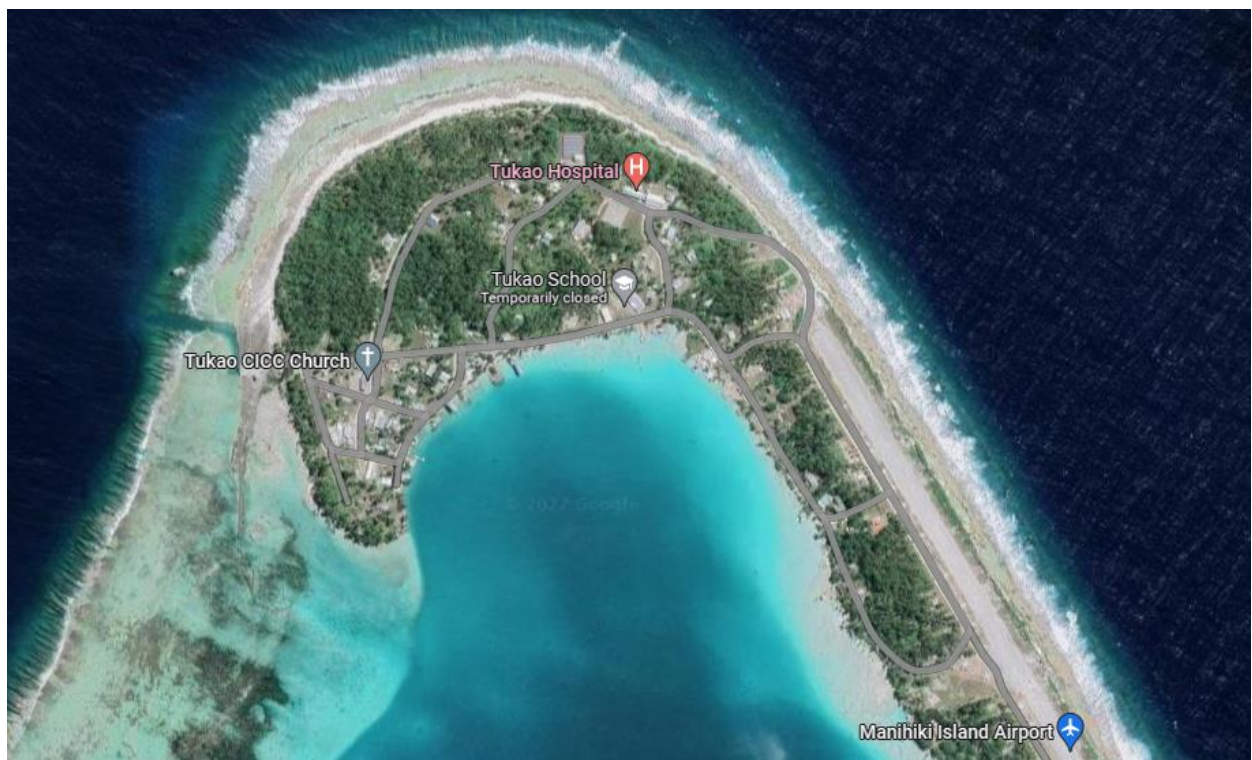
Manihiki Is positioned approximately 1300 kilometres to the north of Rarotonga and is made up of some 60 motu's forming a large atoll.

The two major land masses located at the north western end of the atoll provide two separate villages known as Tukao ( location of the airport ) and Tauhunu positioned on the western side.

The population sits under 500 with the main industry being pearl farming.



**Aerial Location**



**Airport and Proximity To 'Tukao Village**

### 3.0 Valuation Considerations.

Recent advice around the transaction for land associated with the Tukao cyclone shelter saw a payment of \$ 60,000 by warrant in 2007 for Land Lot Tonei 45,46, and 47 (4047 sq mtrs): Tukao District.

Further you provided me with a copy of Judge Savages decision around “Compensation payable in respect of Native Customary land at Rakahanga, Manihiki ( Tauhunu & Tukao ) and Penrhyn ( Omoka & Tetautua )”

The compensation figure was set at \$ 26,522 per quarter acre ( 1000 sq metres ) in 2017. This figure was the result of two independent valuers agreeing on a set value of \$ 20,000 being an appropriate value of a lease, plus a ‘weighted value’ that increased the value to arrive at a ‘Freehold Land Value’

The freehold land value approved for the solar farm site allowed for aspects covering :

Economic	factor of 5
Social	factor of 6
Physical	factor of 4

Given the more recent information we have the following :

- Cyclone Shelter land —4047 sq metres @ \$ 60,000 in 2007 --- equates to \$ 14,825 per 1000 sq metres
- Solar Farm land -- Judge Savages decision --- Base rental \$ 20,000 per 1000 sq metres in 2017

Just comparing these two land blocks suggests value growth of 35% over ten years. A figure that in the writers view would be a fair assessment of growth at a time when pearl industry activity on the island was strong before dropping away somewhat.

Both the solar farm land and the cyclone shelter land are in close proximity to each other with photos of each herewith :



**Tukao Solar Farm**





### Cyclone Shelter

Recent discussion has taken place around land location and its protection from Cyclone activity. It is fair to say that 'elevation' is the main factor in 'protecting' assets on land from cyclone activity. The projected occurrence of cyclones is very difficult to determine although it has been 25 years since cyclone Martin devastated the island.

The Solar Farm and the Cyclone shelter land lots sit

- Close to and amongst residential areas
- Have some tree growth protection
- Solar farm grounds appear to support growth
- Likewise areas around the cyclone shelter.

In comparison the Manihiki Airport lands as detailed in the following photo are

- Generally closer to the Ocean and susceptible to sea rise and potential sea ingress from generally high seas. ( Without any topographical survey details this land appears that it could receive sea 'slop' that would not necessarily run further inland during spring tides with wind driven waves )
- Open and unprotected
- Generally hard pan underlying coral sands and rubble unsuitable for agricultural use.
- Not generally suitable for residential development ----- although some residential could be built on the inland side of the airfield lands.

In times past this area of land would have supported coconut trees, and possibly contributed to a strong copra yield, prior to being prepared as an airstrip.

In viewing this today any regrowth of coconut trees is suggested as the only likely 'alternative' use that would be long term with no guaranteed monetary return given the historical down grading of the 'copra' value world wide.

It is however accepted that the coconut tree is the 'tree of life' and will always play a part in the lives of Pacific Islanders.



**Manihiki Airport Runway**





**North East Corner of Manihiki**



**Tukao General Area.**

## 4.0 Valuation Calculations

From the information now available, it is the writers view that the 2017 \$ 20,000 per 1000 sq metres still becomes the starting point in assessing the value for the subject lands.

While the 'weighted value' components ( Economic, Social and Physical ) added to the land values determined for the solar farm, given the above data and comment, it is the writers view that these components would not necessarily apply to the subject lands.

From the photos provided it is clear that the majority of residential construction in Manihiki is focused closer to the lagoon than the open ocean, suggesting that very minimal residential living would likely take place on the ocean side of the airfield land. The two aerial photos now provided I believe support this comment.

Land Court Judges have accepted valuers position, on many court contested land issues in Rarotonga that as comparable land blocks double in size then a 10% deduction in value per square metre accrues.

This principle can still be applied on the basis of the scheme plans available and the size of the land lots involved.

As a means to determine each land block individually I have provided a schedule that is included as an Addendum to this report.

The basis of my values will be as follows :

- i) The \$ 20,000 per 1000 sq metres will be applied as ( \$ 20 per square metre )
- ii) Values for land lots closer to the proposed inland road will be calculated at this \$ 20 per square metre rate.
- iii) While full topography details are not available however I understand that many areas sit at slightly higher elevations and so justify the \$ 20 per sq metre.
- iv) As a proposed road is indicated to run along the airport boundary then access could/would be provided providing further support to the \$ 20 psm rate.
- v) The values for land lots sitting closer to the open sea will be discount back 50% to \$ 10 per square metre.
- vi) The \$ 10 per square metre is justified by potential 'sea slop' onto these portions of the land along with the fact that residential housing close to the ocean is rarely undertaken.
- vii) Many land lots run from inland across the proposed air strip and as such an average value would apply.
- viii) My previous comments around value adjustments for the size of the various land blocks will be applied in line with accepted land court criteria in valuation terms.
- ix) That is the \$ 20 per square metre applies to a block of land of 1000 square metres. As the size doubles then a negative 10% value will apply.
- x) Many of the areas have been adjusted within the signed and approved Scheme Plans and so these have been applied to the schedule provided.

## 5.0 Land Rental

I have been asked to comment on a likely land rental that may apply should a 60 year lease be arranged for the said lands.

Having knowledge of the arrangements at Aitutaki I believe it reasonable to apply a similar approach for Manihiki.

Aitutaki area is approximately four times larger at 80 Ha, with the current rental being paid at \$ 300 per acre ( per 4000 sq metres ) plus VAT.

Equating this to Manihiki would result in a rental of \$ 15,000 approximate per year plus VAT.

## 6.0 Summary

**The lawyers and others involved in this exercise need to understand that in past land court activity it has been accepted that.**

**“ The Valuation of land is an inexact science “  
and less so in our outer islands.**

**Full land lot assessed values follow as Addendum “A”**

A handwritten signature in blue ink, appearing to read 'D.B. Eggelton', with a stylized flourish at the end.

**D.B.Eggelton  
R.E.A.  
Frame Group C.I. Ltd  
February 2023**

Addendum ‘A’ with the summary of calculations follows.



**PROPOSED CROWN LAND ACQUTION FOR MANIHIKI AIRPORT : VALUATION SUMMARY**

					INLAND		OCEAN			SIZE		ASSESSED
Item	Sect No	Lot	Area	Land Owner	\$ 20 PER Sq Mtr		\$ 10 PER SQ MTR		Raw Valu	ADJUSTMENT		VALUE
1	10	32	5,885	Munukoa a Paulo	40%	47,080	60%	35,310	82,390	-25%	- 20,598	\$ 61,793
2	11	31	5,145	Farafararoa	50	51,450	50	25,725	77,175	-25	- 19,294	\$ 57,881
3	12	30	3,940	Haumarahi Ripata	50	39,400	50	19,700	59,100	-20	- 11,820	\$ 47,280
4	13	28	2,340	Katoa, Mireka	25	11,700	75	17,550	29,250	-10	- 2,925	\$ 26,325
5	14	27	4,975	Johnsons	50	49,750	50	24,875	74,625	-20	- 14,925	\$ 59,700
6	15	25	16,940	Philip Woonton	45	152,460	55	93,170	245,630	-40	-98252	\$ 147,378
7	16	33	865	Lafaela	100	17,300		-	17,300	0	0	\$ 17,300
8	17	29	685	Ruita	100	13,700		-	13,700	0	0	\$ 13,700
9	18	26	2,045	Ioane	100	40,900		-	40,900	-10	-4090	\$ 36,810
10	19	24	8,555	Uninvestigated	50	85,550	50	42,775	128,325	-30	-38498	\$ 89,828
11	19	24	245	Ditto	100	4,900		-	4,900	30	1470	\$ 6,370
12	19A	24A	2,140	Ditto	100	42,800		-	42,800	0	0	\$ 42,800
13	20	23	25,780	Tamahunu	65	335,140	35	90,230	425,370	-45	-191417	\$ 233,954
14	21	22	4,010	Teinakirahi	45	36,090	55	22,055	58,145	-20	-11629	\$ 46,516

15	22	21	9,045	Papa Morara	50%	90,450	50%	45,225	135,675	-30%	-40703	\$ 94,973
16	23	20	6,885	Tamahunu	55	75,735	45	30,983	106,718	-25	-26679	\$ 80,038
17	24	18	5,465		45	49,185	55	30,058	79,243	-20	-15849	\$ 63,394
18	25	17	10,150	Tuteru Ngongo, Munukoa	55	111,650	45	45,675	157,325	-35	-55064	\$ 102,261
				Paulo, Vahine Toromoka		-		-	-		0	\$ -
19	26	19	480		100	9,600		-	9,600	10	960	\$ 10,560
20	27	16	5,605	Vahine Toromoka	30	33,630	70	39,235	72,865	-20	-14573	\$ 58,292
21	28	15	1,630	Papapo	100	32,600		-	32,600	-8	-2608	\$ 29,992
22	29	14	8,555	Rafaella	30	51,330	70	59,885	111,215	-30	-33365	\$ 77,851
23	30	13	6,285	Mirikore	70	87,990	30	18,855	106,845	-25	-26711	\$ 80,134
24	31	12	7,945	Ripata, Takaia	50	79,450	50	39,725	119,175	-30	-35753	\$ 83,423
25	32	11	7,930	Tupou, Vakai	50	79,300	50	39,650	118,950	-30	-35685	\$ 83,265
26	33	10	13,150	Hilama, Rahui Tangata	50	131,500	50	65,750	197,250	-35	-69038	\$ 128,213
27	34	9	3,145	Samson Piniata	55	34,595	45	14,153	48,748	-15	-7312	\$ 41,435
28	35	8	5,020	Joe Toreka	50	50,200	50	25,100	75,300	-20	-15060	\$ 60,240
29	??	??	50		100	1,000		-	1,000	0	0	\$ 1,000
30	36	7	7,660	Mama Rikarika	35	53,620	65	49,790	103,410	-30	-31023	\$ 72,387

31	37	6	2,095	Louis Browne	100%	41,900		-	41,900	-10%	-4190	\$ 37,710
			184,645 Sq Mtrs									\$ 1,992,800 Total Value