

How to Make Lazy Land Work for You

Hi John,

In last month's GLOBAL UPDATE I talked about how the upheaval in the financial markets were making any GLOBAL VIEW almost out of date before you got it.

So I talked about the state of the residential mortgage market and the home loans we have access to. If you'd like to read this again [click here](#)

Well not much has changed since then with regard to the turmoil out there – but next week I will be sending out another GLOBAL VIEW and discuss how the economic crisis will affect New Zealand. In the meantime I'd like to talk about how the changed lending conditions have opened up an opportunity for those of you who have unencumbered land or property.

And I'd also like to give you the opportunity to subscribe to my new GLOBAL OPPORTUNITIES newsletter – the first of which came out in September. To see this [click here](#)

This newsletter will be sent to a select list of subscribers as new joint venture or investment opportunities in property and business become available. They include all forms of participation from equity through convertible debt to secured debt itself. To subscribe to GLOBAL OPPORTUNITIES all you have to do is [click here](#)

So anyway let's get on with the subject of how you can make lazy land or property – like unencumbered bare land, unsold sections, or even residential property – give you the chance to join with other business or property owners that do have existing income, or income earning potential, and get a return on your asset that you don't now enjoy.

In the first place there's been a change in investor expectations. Over the last five years – in both the share and property markets – it's all been about capital growth. The next five are more likely to be about income. For a good article on the share market in relation to this concept from ABN-AMRO Craigs [click here](#)

And second, the credit crunch has made lenders far more wary and selective. Debt servicing has become far more important than lending ratios. I've given many examples of this in recent newsletters.

But while debt servicing ability has become the major factor in receiving a positive response to your loan request, the lender is still conscious that if things do turn bad – like the loss of a tenant or a downturn in business as the economy contracts – they will be able to get their money back. So the equity you have in a venture is important. And it's far more important than it was during the lending criteria we all enjoyed in the recent era of cheap money and easy credit.

And of course there were far more lenders out there then - before the demise of so many of the finance companies and the far more restricted lending criteria of those remaining. I'll be talking about that in the next GLOBAL VIEW.

The ways in which you could participate are many and varied. A simple example is providing a property as collateral security in return for a shareholding in a business - which can be permanent or subject to a call option on your shares as the business grows and you sell out at a profit. Typically you could also expect a fee and a security position in advance of your new partner.

At the other end of the time frame scale, a manufacturer here in New Zealand may have fixed price

forward firm orders from a reputable offshore buyer but needs temporary working capital to complete the order. It doesn't qualify for a debtor factoring loan but a bank would be delighted to make an advance if they had collateral security in the form of property here. Such a transaction may only be for weeks or months.

The options are so varied it's impossible to list them all here – and in any event they are subject to negotiation and no two examples are the same.

I do have opportunities now so if you're interested in the concept email me or give me a call.

Or if you like you can [Send to Friend](#)

The details of most of these are subject to signing a confidentiality agreement and some are only available to those who qualify as an "eligible person" To see the definition of an eligible person [click here](#) If that's the case we can still talk generally and if you're interested in learning more, that formal stuff can follow.

And I promise the next newsletter will be the normal GLOBAL VIEW - even if the financial turmoil hasn't gone away – which I'm sure will be the case.

I'm just waiting to see what our new Prime Minister has to say when he comes back from the Apec leaders meeting in Lima, Peru next Tuesday. For Fran O'Sullivan's view on this [click here](#)

See you next week.

Cheers

JP



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