

railway point of view, besides opening up for settlement at reasonable prices the finest building-land in the Wellington district, and providing more convenient railway facilities for the local market-gardeners and the farming community of the Wainuiomata Valley.

The bulk of the sections recently sold, and selected by Mr. Strand for purposes of comparison, it will be noticed, are much closer to the present well-settled area than any of the lands comprised in the scheme, and the selection could easily have been made more representative. The Hall-Jones Settlement, roaded by the Crown, and lying to the eastward of the Riddiford Block, has been subdivided into forty-two sections, varying from 1 to 2½ acres, and so far only seven sections have been disposed of, at an average price of £240 per acre. On the western side of the same block the Bellevue Gardens sale realized prices ranging from £400 per acre for vacant land to £700 for lands planted in ornamental trees and shrubs, or a rough average of £550 per acre. This figure is representative in that locality, as the latest sales for quarter-acres in Nikau and Wainui Avenues, in the immediate vicinity, average £140 for quarter-acres. Riddiford's block, therefore, could only reasonably be expected to average under present conditions £400 per acre.

An error appears to have been made in Mr. Strand's letter where he states the available area as 375 acres after the deduction of 80 acres lost in roads. This should be 336 acres, with consequent amendment in values to £573 and £143 in place of £476 and £119 as stated.

Options have been obtained over the two lower blocks at £260 and £225 per acre, prices which I consider are in excess of their present value by £50 and £75 per acre. The other options are, however, all at reasonable prices, and the projected development will considerably enhance the value of the two lower blocks; but in any case I feel sure a little negotiation would result in a lower price being accepted.

As a commercial proposition the block-value should represent 25 per cent. of the realizable value on subdivision to provide for all contingencies and return a reasonable profit on capital outlay. The Crown, however, is in a more favourable position in not having to pay rates and taxes—always a costly item—during development. They have, however, to consider the possibility of strong competition from private owners in the vicinity if, through too generous a development policy, the block-value is so heavily loaded that their selling-price approximates too closely the ruling market rate for private subdivisions.

TOTAL COST OF SCHEME.						£
Acquisition of land—416 acres @ £261 6s. (approx.)	..	..	..	..	..	118,700
Area lost in roading, say, 80 acres. Roading 800 chains @ £80 per chain	..	..	..	..	..	64,000
						182,700
Add survey fees and incidental expenses (5 per cent.)	..	..	..	..	..	9,135
						191,835
Interest at 5 per cent. for five years (approx.)	..	..	..	..	..	47,960
						239,795
Total area	Acres.	416				
Deduct—	Acres.					
Roads	80					
Reserves	36					
	— 116					
Leaving 300 acres available for residential sites at average of £400 per acre	..				120,000	
						<u>£119,795</u>

The above estimate is framed on the present conditions existing, and the estimate of £400 per acre all over realizable on subdivision is distinctly liberal.

Assuming completion of the proposed railway extension to the vicinity of Waterloo Road the position would be—

	£
Total cost of preparing land for market as above	239,795
Add cost of railway extension (say)	40,000
	279,795
Assume development on above lines doubles value on subdivision (a conservative estimate): 300 acres @ £800 per acre	240,000
Deficit	<u>£39,795</u>

Land in Te Mome and Alicetown, adjacent to the present Hutt Station, in 20-perch sections, is selling readily at £150 to £200 per section, or at an acreage rate of £1,200 to £1,600, or an average of £1,400. Assuming, therefore, that railway-extension through the blocks under option would enhance their value and return £1,000 per acre, the above deficit of £39,795 would be converted into a profit of £20,205.