

important class of assets is hotels, all over New Zealand. The licensing trade is a special one, and the legislation and law governing it require most careful attention. By virtue of the restriction in the granting of fresh licenses in the Dominion the existing licensed premises are, as a rule, valuable assets. All the hotels under the control of the Public Trustee are either leased on approved leases or run by members of the family in the estate concerned, and the supervision of the lessees and general oversight of these properties require a great deal of time and attention.

58. The Public Trustee has also the management of numerous valuable blocks comprising shops, offices, and warehouses in many of the cities and towns of the Dominion. The valuation and potentiality for production of revenue are difficult and, at times, elusive factors in dealing with urban lands. The following interesting remarks of a well-known economist are to the point :—

What is the cause and the extent of the differential advantage of urban land can best be elucidated by a consideration of the various ways in which the land is used. Most characteristic, and simplest in its manifestations, is the case of sites used for retail trading. Wherever throngs of people habitually pass, retail operations can be conducted with most advantage. Enter a great shop in the heart of a city, and observe what goes on. The selling clerks are continuously busy ; the turnover of capital is large and quick ; the building and all its appliances are in constant effective use. Contrast the scene with the village shop, where the shopkeeper lolls about during the greater part of the day, waiting for a customer ; or (if he be energetic) has ample time for attending to other things also. For each unit of labour and capital applied, the product is vastly greater on the city side. By “product,” in the case of the shop, we mean the contribution to the community’s income of utilities or satisfactions—the completion of what is usually the last stage in the process of getting commodities into consumers’ hands. In everyday speech the same thing is expressed by saying that in the one place much business can be done, and very little in the other.

The precise reasons why some sites are better than others for retail trading are sometimes simple, sometimes obscure. Most simple are accessibility and familiarity. The places where urban transportation-lines converge are the most valuable for retail trade. From such centres the retail streets commonly radiate, those being most advantageous along which the largest number of persons move to and fro in their daily tasks. Anything which causes many persons to betake themselves to a given point—a railway-station, a post-office, a theatre—gives the neighbouring sites an advantage for retail trading. Less simple are the effects of tradition, or of proximity to the dwellings of the well-to-do, or of the initiative of a few skilful dealers, by which one street or region rather than another may come into vogue for shops of the more expensive kind, and its profitableness may for that reason become greater. Display has a great part in attracting customers (it is a cardinal maxim of the retailer that his windows must show his goods) ; hence the southern side of the street, where goods can be put into show-windows with most effect and with least danger of spoiling, often has an advantage over the northern, and commands a higher rent . . .

Sites for wholesale trading command their rentals largely because of their proximity to other sites where the same or similar businesses are carried on. This advantage may seem a trifling one, especially in these days of the telephone. Yet where trading is done on a great scale a few hundred dollars more or less, or even a few thousand, paid for rent do not signify much in the general account, and the facilitation of larger dealings leads to the ready payment of a high premium for the convenient sites. Here every sort of negotiator can run in promptly ; banks, brokers, shipping agents, insurance companies, are close by. Wholesale dealers in the same trade are near each other ; in a great city there is the metal district, the dry-goods district, the boot and shoe district, the shipping district, and so on. All together cluster about the financial centre, which in turn gets its advantage from being in close touch with any and every kind of business. The most various sorts of persons, who need to be where they can easily get at their customers and where their customers can easily get at them, bid for premises near the heart of things, such as lawyers, brokers, and middlemen of all kinds, the managers and representatives of manufacturing establishments. Hence the office building, developed to perfection in American cities. The largest urban rents seem to be secured, at least in American cities, on sites used for offices, for financial enterprises, and for the great retail shops. They sometimes reach an extraordinary range.

Manufacturing sites sometimes command their price because of intrinsic advantages. They may be near water-power, or to a deep-water harbour, or to cheap fuel and materials. Facilities for transportation by railway tell no less than water facilities. . . .

The precise point at which a city’s business operations will concentrate, and at which urban rents will be highest, is often determined by no natural or inherent causes. The site of a great city is, indeed, usually fixed by natural advantages, such as a superb harbour, or the confluence of rivers in the neighbourhood of great coal-supplies, or access to inland water routes. But within the city there is usually no reason why one small area should be preferred to the others as superior for business. It is the gregariousness of industry that gives business sites their value, just as the gregariousness of men has the same effect on sites for dwellings. Some one centre will be resorted to by all, and will be prized by all ; but the causes which fixed the centre at Threadneedle Street or Wall Street are usually historical and complex, and sometimes whimsical,