

**THE INSIDER'S  
GUIDE  
TO BUYING AN  
ORCHARD**



**IN RECENT TIMES,  
THERE'S BEEN A  
MASSIVE CHANGE  
IN THE TYPES OF PEOPLE  
LOOKING TO INVEST IN  
KIWIFRUIT ORCHARDS.**

What was once the domain for horticultural experts and green-fingers only has become a much more mainstream investment, attracting people from all walks of life.

That comes as no surprise when you look at the potential returns on offer and the fantastic lifestyle orchardists enjoy.

So for those of you who're new to the game, here's a few of the most common questions we get asked, and a few you might be too embarrassed to ask...



“ IT’S ACTUALLY  
HARD TO THINK OF  
ANOTHER PRIMARY  
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## WHY BUY AN ORCHARD?

Kiwifruit growers live enviable lifestyles. They live in idyllic environments and grow produce that enjoys ever-growing demand around the world. It's actually hard to think of another primary industry where the lifestyle and financial rewards are better.

Whether you have a young family and are looking for an alternative to the corporate hustle and bustle, or retiring and looking for lifestyle and income post your career, Kiwifruit orchards provide compelling benefits.

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## WHY ARE KIWIFRUIT ORCHARDS SO LUCRATIVE?

Kiwifruit orchards are supported by an industry that is geared to maximise returns for Growers. The legislatively-protected marketer of New Zealand Kiwifruit, Zespri (ZIL), is obligated to maintain and grow existing markets, to increase international demand for quality New Zealand Kiwifruit, and to maximise financial returns for Growers.

The "single-desk" exporter model prevents competitive pricing tension and protects the reputation of New Zealand-grown Kiwifruit as a quality and dependable product around the world.

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## SOUNDS GREAT, BUT I DON'T KNOW HOW TO GROW KIWIFRUIT?

The Kiwifruit industry is highly collaborative and knowledge sharing is common-place. Field days, technical forums and over-the-fence conversations will increase your knowledge base very quickly. Most packhouses also provide Grower Services Representatives and Technical Teams whose function is to support Growers with advice and knowledge.





## WHAT DO THE RETURNS LOOK LIKE?

For the 2016/17 harvest, the average forecast return (“OGR” or Orchard Gate Return) for Green Kiwifruit is just over \$53k and Gold Kiwifruit it is just over \$95k.

With average on orchard costs sitting at about \$30k, the maths is pretty simple and compelling. Remember, this is the average. When growers put in the time and effort, the rewards are generally, better.

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## WHAT IS OGR?

Orchard Gate Return is the industry metric used to measure the money an orchardist gets paid per tray of kiwifruit that goes to market.

To get a good OGR, Growers need to supply good fruit and packhouses need to get your fruit to market with minimal wastage from damage caused by mishandling or mismanagement. So, in a nutshell, if your goal is to maximise OGR, put the effort into growing good fruit and select your packhouse wisely. (For the record, Apata delivers exceptional OGR’s!)

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## HOW ARE ORCHARDS VALUED?

Orchards are valued, as per any business, by cash flow and profit potential. There’s also the location and value of buildings and plant to be taken into consideration. It’s not uncommon for an orchard to have multiple homes, buildings, crops and land uses.

Much like residential properties, it can’t all be worked out on a spreadsheet – some properties just have a certain X-factor, and if you’re going to be living on-site, that may be a determining factor in how much you’re prepared to pay beyond the asset value.





## WHO CAN HELP ME TAKE CARE OF MY ORCHARD?

Several options exist here. Experienced growers tend to manage their own orchards whereas less experienced owners tend to contract orchard management businesses.

It's even common for the most seasoned growers to engage an external orchard consultant to ensure their orchards are maximising yields, and being well set for future seasons. Growing good fruit is relatively simple, but the science of growing the best fruit can be a complex business.

If you're purchasing an orchard as an investment and want to maximise returns, partner with crop experts and enjoy better returns.

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## WHAT ABOUT THE GENERAL PROPERTY MAINTENANCE?

While many owners who live on-site are quite happy to potter around on a ride-on mower and keep the grounds looking good, for investment owners the thought of mowing lawns and trimming shelter belts brings them out in a cold sweat.

Some orchards have on-site managers who take care of the day to day maintenance, some owners choose full hands-off external management, and there are many examples of hybrid models.

Simply put, you can have as little or as much involvement as you'd like, so if chainsaws and dealing with weeds aren't your thing, don't worry – there's help at hand.



## HOW AND WHEN DO I PICK MY FRUIT?

Picking the fruit is typically done by contract pickers who you pay by the bin. Your post harvest operator (the guys who pack your fruit) will monitor your crop and give the green light when it's time to pick.

Once the picking crew have all your fruit off the vines and into bins, it's delivered to the pack house where processing begins.

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## WHO PACKS MY FRUIT?

Post-harvest operators, such as Apata, will pack your fruit on behalf of Zespri for a fee. Key things to consider when choosing a post-harvest operator are historical Fruit Loss and OGR numbers. Apata does exceptionally well in both counts so, if you're not sure, best you talk to them first.

As you can imagine, a lot of fruit from a lot of different growers is ready to pick and pack at the same time so pack houses need impeccable timing, plenty of capacity, and it's also helpful if they thrive on pressure because when the seasons on it's foot to the floor action 24 hours a day!

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## HOW DO I GET PAID?

Once fruit is harvested, you will be paid monthly by Zespri, via your post-harvester's trust entity. Factors determining how much you are paid include:

- **Fruit size** (generally, big is better)
- **Taste** (how sweet, measured by sugar content)
- **Yield** (how much fruit you produced)
- **Time** (how early or late your crop was harvested, early crops get higher returns)
- **Storage** (how long your fruit can be held in coolstore's or controlled atmosphere environments)

## WHICH VARIETY IS BEST TO GROW?

There are two predominant varieties of Kiwifruit: Green (Hayward) and Gold (G3). The Green variety has long been the backbone of our industry. And a good green orchard can provide excellent returns.

The Gold variety is the darling of the industry and has a strong reputation for excellent taste and presentation. As such, Gold attracts a higher return from the market, and this premium is reflected in the price Gold orchards attract.

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## WHAT ARE THE RISKS?

As with any primary industry, orchards are exposed to the vagaries of climatic conditions and other natural nasties. You may remember reading about PSA in the media? It was pretty tough for a few years there as the PSA virus wreaked havoc with kiwifruit crops. Fortunately, the industry has learned to manage this, and kiwifruit has bounced back in a big way.

Overall, kiwifruit's rise has been absolutely stellar, but like any crop, there are risks, and not all of them are naturally occurring. Mishandling during picking and packing can seriously erode profits. Likewise poor management produces poor crops. You can't control mother nature, but you can make sure you have the best people working for you – so choose wisely.

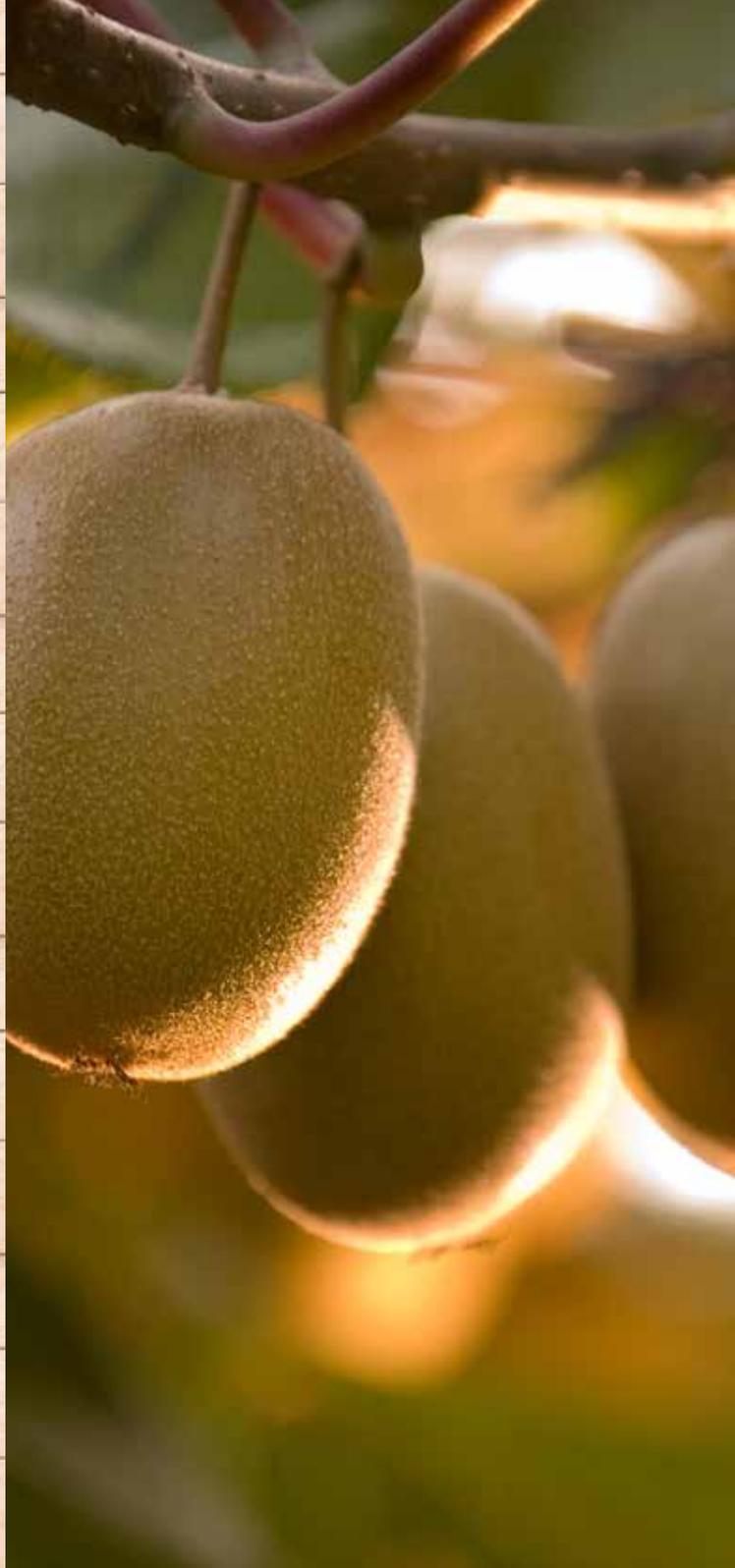
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## CAN THIS ORCHARD DO ANY BETTER OR IS THIS IT?



There's always room for improvement, whether that means more yield, or lower costs. Good orchard managers, with the help of a good lab and an experienced eye can perfectly balance an orchard's input levels to reach maximum yield for the least possible money.

So the answer is yes; the orchard you're buying, with some expert handling, can potentially improve on past performances.





## WHAT'S THE FUTURE OF KIWIFRUIT LOOKING LIKE?

The appetite for Kiwifruit continues to grow around the world with new markets continuing to open up. Of particular interest is the opening of the Chinese market, and a more focused effort in North America.

The industry, as a whole, has never been in a better position for growth and is attracting astute investors looking to capitalise on the global demand for premium produce. New Zealand currently supplies approximately 30% of the world's total Kiwifruit consumption so, with new markets emerging and exceptional reputation in traditional markets, the future's looking very good indeed.

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## CAN I GROW OTHER CROPS? AVOCADOS SEEM TO BE POPULAR...

It's not uncommon for Kiwifruit orchards to have mixed crops, with Avocados being quite popular. It's hard to beat kiwifruit, it's a remarkably lucrative crop, but don't be put off if the property you're looking at does have mixed use, particularly Avocados.

Apata is in fact the largest processor of Avocados in the country, so if you're unsure of the viability of having them, on your new property, give them a call.

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## CAN I LIVE ON THE ORCHARD?

Many orchardists live in a residence on their orchard and it's not uncommon for an orchard to have multiple dwellings. Rural properties to rent are in high demand, so if you're planning on being an absentee owner, or you don't have an orchard manager living on-site, you'll have little problem finding tenants for any homes on your new orchard.

# NEVER LIVED REGIONALLY BEFORE? THE BAY OF PLENTY HAS IT ALL.

If part of your plan to buy an orchard includes escaping the rat race and starting a new life that's a bit slower, a bit less hectic, and a whole lot healthier, living on a Kiwifruit orchard will most likely be perfect for you.

The Western Bay of Plenty enjoys a climate, lifestyle, and amenity that is the envy of the rest of New Zealand. Tauranga, and the townships of Katikati and Te Puke all have high quality schools and medical facilities and, with thriving restaurants and buzzing cafés adding to the vibe, its residents enjoy the best of both rural and urban worlds.

From the world-class beaches of Mount Maunganui and the fishing in Tauranga Harbour and offshore, to the Tramping and Mountain-Bike riding in the hills, you'll wonder why you didn't make the move earlier, but be thrilled you did it now.





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**APATA IS AN  
INDUSTRY LEADER IN  
THE KIWIFRUIT AND  
AVOCADO INDUSTRY  
WHO PROVIDE:**

PRE-PURCHASE ASSESSMENTS

LABORATORY AND SERVICES

PICKING AND PACKING

STORAGE AND SHIPPING

ORCHARD MANAGEMENT

LEASING OPTIONS

GROWER SUPPORT

TECHNICAL ADVICE

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