

Global demand for NZ cherries drives orchard investments



New Zealand's reputation for producing premium quality cherries enables it to receive the highest price per tonne in global markets

Emerging New Zealand horticultural investment company Hortinvest is capitalising on an unprecedented global demand for premium New Zealand cherries to offer new investment opportunities in cherry and other orchard developments in the Central Otago region.

Founded in 2016 by experienced horticulturalists Ross and Sharon Kirk, Hortinvest has established a high-tech cherry project at Cromwell since its inception. It now

has another two \$12-16 million, 80 ha cherry orchard projects in Central Otago for which it is seeking investors.

"Hortinvest offers a fully integrated grower-packer-shipper model. We source land, establish and manage orchards and packhouses, and market and export premium cherries (without using third parties) to maximise returns to investors," says project and orchard development manager Ross Kirk. "Cherry opportunities focus on the distinct market advantages of producing in Central

Otago, including developing a counter-seasonal product for export at a time when the New Zealand cherry industry is growing exponentially, yet not meeting demand." Export sales for New Zealand cherries have quadrupled in the past four years with more than 4000 tonnes exported in the 2017/18 season. Central Otago accounts for some 90% of that. Summerfruit NZ predicts a 40% dollar value growth in New Zealand cherry exports over the next 20 years.

Premium quality, premium price

"New Zealand's cherry industry has demonstrated strong long-term growth, driven by New Zealand's key competitive advantages, such as the ideal climate and conditions, proximity to, and free trade agreements with Asia," Mr Kirk says.

"As a Southern Hemisphere cherry producer, the New Zealand industry is not competing with produce from the Northern Hemisphere. Therefore, our harvest from December to February is uniquely positioned to supply Asia (driven by the Chinese New Year appetite), Europe, the United States and the Middle East," he adds.

"Chile is the biggest competitor at our time of year, producing fruit from November to January. However, Chile focuses on sea freight, with produce taking up to 45 days to arrive. Our produce is shipped



Project and orchard development manager Ross Kirk

by air and arrives fresh within days. Buyers know the difference and are willing to pay a premium." New Zealand's reputation for producing premium quality cherries, perceived globally as a luxury product, enables it to receive the highest price per tonne in global markets, Mr Kirk says. "Now is the time for investors seeking new opportunities to become involved in a growing and exciting industry."

Strong returns projected

Mr Kirk says Hortinvest's management contracts are long term (seven to 10 years). "The minimum investment in the project is 750,000 units at \$1 each, with cash calls spread over four years," he explains.

"It costs between \$150,000 and \$200,000 per hectare based on a 40-80 ha block, so there are obvious economies of scale. Investors can expect production to start three years after planting, with yield peaking at 18-20 tonnes per hectare as the trees mature."

In March 2018, the New Zealand government released the Coriolis report 'Investment Opportuni-

ties in the New Zealand Cherry Industry' which investigated emerging growth opportunities in the industry as part of the wider New Zealand Food and Beverage Information Project. It found the Southern Hemisphere was responsible for only 5% of global cherry production, yet generated 49% of global value.

"Specifically, the Central Otago region's abundant land, water and soil resources offer significant potential for future horticulture development in a sector where new international markets are opening," says Mr Kirk.

While the cherry industry is Hortinvest's focus due to high international demand, excellent returns and government support for its growth, other offerings include apricot, plum and apple projects, he adds. "Given the scale of these developments, the diversification of crops and markets is prudent. There is an opportunity to grow export markets in other fruits that haven't previously focused on export."

Managing the supply chain

Traceability, timing freight processes to meet specific export orders, and maintaining cool-chain management are among the critical challenges for the cherry supply chain, Mr Kirk says.

"We predominantly use air freight to export. Packed fruit is briefly stored in a chilled facility at the packhouse, transported in a refrigerated unit to Christchurch, air freighted out of New Zealand, cleared by customs, out-turned and sent to market by our customers, within the space of a few days," he explains.

"For sea freight, we bring shipping containers to the packhouse to load onsite and transport to ports. Because we handle the logistics, there's no third-party freight forwarder involved. In this



Hortinvest's packhouses are fitted with high-spec stainless steel equipment and leading fresh produce 'one-touch' technology

way, we can manage the risks and maximise returns."

The choice between air freight and sea freight has to do with the timing of peak demand at the fruit's destination, Mr Kirk says. "The best cherry prices are achieved in Asia in the lead-up to Chinese New Year. The challenge is that Chinese New Year moves around the calendar year."

When fruit is ripe, it needs to be harvested immediately. "We can manipulate our supply chain and time the fruit's arrival to market for when we expect it to peak and when our customers want it. For example, earlier fruit might be sent by sea freight so that it arrives later, in time for the Chinese New Year gift-giving period."

High-tech management

Mr Kirk says maintaining the cool chain between the packhouse and the receiving air terminal or port is crucial. "Cherries are a delicate, perishable, high-value crop travelling in bulk. Temperature loggers are sent with each shipment, so if there is a quality issue on out-turn, we can review the data and action accordingly. We're also investigating new technology which will allow us to track our shipments and temperatures live, via GPS."

Hortinvest has matched proven varieties with growing regions and uses the latest in irrigation systems and in-field scanning at harvest time to aid traceability, Mr Kirk adds. "Our packhouses are fitted with high-spec stainless steel equipment and leading fresh produce 'one-touch' technology. After our cherries are picked by hand in the orchard, they are not touched by a human again."

Packhouse technology includes a high-vision grading system which reduces waste and complies with export standards, as well as robust integrated software solutions which provide full traceability. "The ability to track product and capture data about it as it moves from orchard to market is crucial for cherry exporters," he notes.

Hortinvest is also adopting the European-initiated Good Agricultural Practices (GAP) model at its orchard projects. An auditory model that examines fresh produce post-harvest management, it aims to reduce food safety hazards.

About the Hortinvest team

Ross Kirk is a third-generation orchardist who has some 40 years' experience in orchard and packhouse development. He

has recently completed developing and planting a 40 ha cherry orchard in Tarras, between Wanaka and Cromwell.

Marketing and sales manager Sharon Kirk has been involved in New Zealand's cherry industry since the 1990s. She has a degree in horticultural science and a diploma in management, with extensive experience in horticulture and export marketing and compliance. Both are well respected within the international produce arena.

Ross and Sharon Kirk are supported by a team with extensive experience, including orchard management, global GAP compliance, accounts, human resources, health and safety and administration.

Located in Central Otago, Hortinvest is the leading consultant in New Zealand's emerging and highly profitable cherry and horticulture industry. Hortinvest employs world-leading orchard management and packhouse systems to produce and export premium New Zealand cherries.

For further information, visit www.hortinvest.nz



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