



NEW ZEALAND – December 2022

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NEW RATEABLE VALUATIONS FOR PROPERTIES AVAILABLE

Newly-released rating revaluations for the Horowhenua District are now available and have revealed a total capital value of \$15 billion, a 52.8 percent increase since 2019.

In New Zealand, councils are funded by a form of property taxation known as rates. At least once every three years every district and city is reassessed to set the values on which council rates are based for the following three years.

Horowhenua District's revaluation has been undertaken on behalf of the Horowhenua District Council by Quotable Value (QV) and property owners will start to receive their valuation notices in the post from 14 December 2022. The new values will be used by Horowhenua District Council to determine rating from 1 July 2023.

Horowhenua District Council's Group Manager Organisation Performance, Jacinta Straker said often revaluations cause anxiety for property owners as they are worried it will increase their rates.

"People often think that an increase or decrease in valuation will automatically result in an increase or decrease in rates. Many people also think that an increase in the district's values will mean that Council gets more money. These are all misconceptions," she explained.

An increase in your property value may not mean you pay more in rates. Any rates increase is determined by your property value increase compared with the average increase across the Horowhenua District.

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Revaluation does not affect the amount of money we collect from rates - it helps us work out everyone's share of rates.

If your property has increased by more than the average, you may pay more than the average rates increase for the 2023/24 year.

“We'll be looking carefully at the impact of the revaluations on rates and affordability across our district as part of our rating review, which is currently underway. This work will be completed before July next year, when rates will start to be based on the new valuations. Any proposed changes to how we spread rates costs across the district will be shared with the community for their feedback early in the new year, along with our amendment to the 2021-41 Long Term Plan (LTP) for 2023-24.”

Property owners who disagree with their new valuation can formally object until 3 February 2023. Details on how to do so will be contained with the notice. “The reassessment is a desk based assessment, so if owners have made improvements to their property that haven't required a consent then it may not necessarily have been picked up. Property owners are encouraged to contact Quotable Value (QV) on 0800 786 822 if they have any questions about their property's valuation,” Ms Straker ended.

For more information on rating values in the Horowhenua District and how to lodge an objection visit horowhenua.govt.nz/revaluations

WELLINGTON PROPERTY VALUES IN MAJOR SLUMP

Queenstown only place in NZ where prices are on rise

Wellington is leading the way when it comes to double-digit quarterly declines in property values around New Zealand – recording a -17.6% loss in October.

Other areas experiencing big price falls include Auckland (-11.7%), Hamilton (-10.5%), Napier (-11.6%), Hastings (-11.5%), Palmerston North (-13.7%) and Dunedin (-10.4%).

Meanwhile, Queenstown is the only location in New Zealand that recorded positive home value growth in the most recent quarter.

The latest House Price Index from Quotable Value (QV) – New Zealand's largest valuation and property services company – shows the average home decreased in value by 3.9% over the three months to October 2022. This is an improvement from the 5.4% quarterly reduction reported at the end of September 2022 with the national average home price now sitting at \$951,040.

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CoreLogic's House Price Index also show similar property value declines – with Wellington values falling 15.9% in November.

QV chief operating officer David Nagel (pictured above) said the traditional spring upswing in the residential property market had not amounted to much more than a small speed bump in 2022.

“There are only a few pockets of true home value growth to speak of and only a relatively small decline in the market's downward trajectory these past two months in a row,” Nagel said.

“But we have certainly seen a seasonal surge in the number of properties coming on to the market, as spring is often seen as a good time to sell with longer days and summer looming on the horizon. This has kept downward pressure on prices, especially as interest rates have also risen and are expected to climb further to stifle high inflation.”

Auckland

Nagel said the Auckland region's average rate of home value decline had now officially hit double figures for the 2022 calendar year.

“The regional average is now a 11.7% decline in the 10 months to the end of October,” he said. “Only Rodney (-7.2%) and Franklin (-8.9%) remain in single digit declines, with the largest average reductions occurring across Auckland's central suburbs (-12.4%) on the North Shore (-12.1%) and out west in Waitakere (-11.9%).”

Northland

Nagel said October marked the sixth straight month of declining home values in the Northland region.

“Residential property values have declined across the Northland region by an average of 3.5% so far this calendar year, including a reduction of 2.8% this quarter,” he said.

“Whangarei (-4.1%) saw the biggest average declines in the three months since the end of July, with home values in Kaipara (-2.1%) and the Far North (-0.8%) holding up somewhat better. For comparison, home values declined by an average of 3.9% nationally this quarter.”

Rotorua

Nagel said demand for residential property remained largely subdued in Rotorua, though the current downturn was providing some hope for first home buyers.

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“The average home value has declined across the city by 3.6% this quarter to \$681,955, which is marginally better than the 4.1% quarterly decline and roughly in line with the national average over the past three months to the end of October (-3.9%),” he said.

“Annually, home values have fallen by 5.4% since the same time last year, which includes an 8.8% drop for this calendar year.”

Wellington

Nagel said the residential property market had been subtle at best in Wellington this year.

“Home values have fallen by an average of 6.8% across the wider region this quarter – a marked improvement on the 9.6% QV reported at the end of September, but still a significantly larger decline than the national average of 3.9%,” he said.

“Hutt City (-8.8%) and Upper Hutt (-7.6%) posted the largest average home value losses this quarter, with the average home value in the region now sitting at \$894,913 – 16.3% lower than at the end of October last year.”

Canterbury

Nagel said values in Canterbury fell by an average of 0.5% across the wider region in October.

“Meanwhile, the rolling three-monthly rate of decline decreasing from an average of 2.3% to 1.7%, considerably better than the national average, which was a 3.9% decline for the October quarter,” he said. “The largest declines this quarter were in Hurunui (-3.2%) and Selwyn (-2.4%).”

Dunedin

Nagel said Dunedin’s rate of home value decline hit a small speed bump in October.

“The average home value in the city experienced a marginal increase of 0.6% in October to \$650,227, breaking a nine-month consecutive streak of declining home values,” he said.

“However, values remain 1.5% lower this quarter and 10.4% lower than at the start of 2022.”

Queenstown

Nagel said Queenstown stood alone as the only New Zealand main centre to record positive home value growth for the quarter.

“The latest QV House Price Index shows the average home value in Queenstown actually increased by 2.9% this quarter to \$1,700,421. The tourist town is still showing positive home

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value growth of 4.9% for the 2022 calendar year – a stark contrast to an average decline nationally of 9.7%.”

Meanwhile, not only are house prices falling but realestate.co.nz shows property listings have declined nationally in October.

TAUPŌ PROPERTY REVALUATIONS UP 54% - HOUSE PRICES KEEP CLIMBING

Property valuations across the Taupō district have risen by an average of 54% while the district has bucked the nation-wide trend, seeing its median house sale price increase by 4.4%.

The Taupō District Council has released its three-yearly district-wide rating valuations with the overall capital value of all property in the district rising to \$30.5 billion, up 54% since 2019.

This came as the Real Estate Institute of New Zealand (REINZ) released its monthly property report for November revealing a median house sale price for Taupō of \$823,500, up from \$789,000 in October of this year.

The REINZ House Price Index (HPI) for New Zealand showed an annual decrease of 13.7% in the value of residential property nationwide and the median sale price for residential property decreased 12.4%.

Since November 2021, Taupō’s median sale price has increased by 4.2%.

According to a council statement, the 2022 Taupō district rating valuations were independently completed by Opteon using a mass appraisal process and are a snapshot in time reflecting market values as at July 1 this year.

The council said a common misconception was rates automatically increase along with the value of a property.

“If you think of the council’s rates income as a pie, the size of the pie does not get any bigger as a result of the revaluation.

“However, a ratepayer’s slice of pie might get bigger or smaller depending on how their property value has changed in relation to the average change of the district.”

In July, the Taupō District Council trimmed its planned rates rise for the 2022/23 financial year back to 7.07% after initially announcing an average rates increase of 8.35%

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The new valuations have seen an average capital value increase of 72% for residential properties across the district.

The lowest increase was for dairy farms, with an average increase of 22%, and there were no capital value decreases across any of the main property categories.

The largest residential capital value increase was in Mangakino, up 90%, and the lowest residential increase was in Acacia Bay, up 58%.

The process for determining rating values is independently audited by the Office of the Valuer General, the last Taupō revaluation took place in 2019.

REINZ's Waikato regional director Neville Falconer said Waikato saw its median price decrease 7.4% annually to \$789,000.

“In Thames and Taupō, owner occupiers were most active in the market over the month.

“Buyers requiring finance were sparse and Taupō salespeople reported a decrease in overseas buyers and investors.

“Rises to mortgage rates and the concern they will increase further has meant some buyers are no longer able to afford properties they could previously or are conditional for longer periods of time.”

Falconer said Taupō salespeople were saying the recent rateable values increase could mean vendors would take longer to adjust their price expectations.

The new valuations take effect on July 1, 2023 and property owners who disagree with their new valuation can lodge an objection with the council up until January 17, 2023.

To find out more information about rating values and how to lodge an objection, visit taupo.govt.nz/valuations.

Residential capital value movements by location:

Nukuhau +62%

Taupō Town Centre +64%

Taupō Town South +72%

Acacia Bay +58%

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Kinloch +79%

Mangakino +90%

Tūrangi +69%

Eastern Lakeshore +78%

Western Lakeshore +76%

Average capital value/land value movements across property categories:

Residential +72%/+92%

Commercial +41%/+66%

Industrial +57%/+115%

Lifestyle +74%/+87%

Dairy Farms +22%/+15%

Pastoral Farms +52%/+54%

NEW RATING VALUATIONS FOR HUTT CITY COUNCIL

Hutt City Council property owners will soon receive a Notice of Rating Valuation with an updated rating value for their property.

Rating valuations are carried out on all New Zealand properties every three years to help local councils set rates for the following three-year period. For Hutt City Council, this valuation is a snapshot of the market at 1 September 2022. The last valuation was done in 2019.

"While we're currently in a difficult economic period, the law unfortunately doesn't give us an option to delay our revaluation which is why we're doing this now," said Mayor Campbell Barry. "22 other councils have also recently undergone their revaluation, or are about to - including Upper Hutt and Porirua - so we're not alone."

The new rating valuations have been independently prepared for 41,830 properties by Quotable Value (QV) on behalf of the Hutt City Council. This shows the total rateable value for Lower Hutt has increased 32.7% since 2019 to \$40.8 billion.

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"It's important to note that the revaluation process doesn't increase the total amount we collect from rates," said Hutt City Council Chief Executive Jo Miller. "A change in the capital value of a property doesn't mean a property's rates bill will change by a similar percentage. It all depends on how a property value has changed in relation to the average change across the whole city."

On average, the value of residential housing has increased by 31%, with the average house value now sitting at \$870,000.

QV Chief Operating Officer David Nagel commented, "Lower Hutt had one of the hottest residential markets in New Zealand throughout 2021, peaking in late 2021/early 2022. Since then, we've seen some of big corrections in property values with rising interest rates and tightened lending criteria."

Commercial property values increased by 31% on average and property values in the industrial sector have increased by 51% since 2019. The average capital value of an improved lifestyle property has increased by 42% to \$1,207,000.

Jo Miller reminds ratepayers that support is available if you're having trouble paying your rates bill. "You might be eligible for a rates rebate, postponement of your rates, or we can work with you to set up a rates payment plan. Please get in touch with Council if you're facing financial hardship - we're here to help."

New rating values will soon be posted to property owners. If owners do not agree with their rating valuation, they have a right to object through the objection process before 31 January 2023. The updated valuation won't take effect until 1 July 2023.

For more information, including a breakdown of capital value changes by suburb, head to hutt.city/revaluation. On our website you'll also find FAQs, an animated explainer video, an interactive map and handy rates calculator.

Note:

The updated rating valuations are independently audited by the Office of the Valuer General and need to meet rigorous quality standards before the new rating valuations are certified. They are not intended to be used as market valuations for raising finance with banks or as insurance valuations.

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