

Waikato District Revaluation Introduction



Agenda



Legislation and Rules

Process

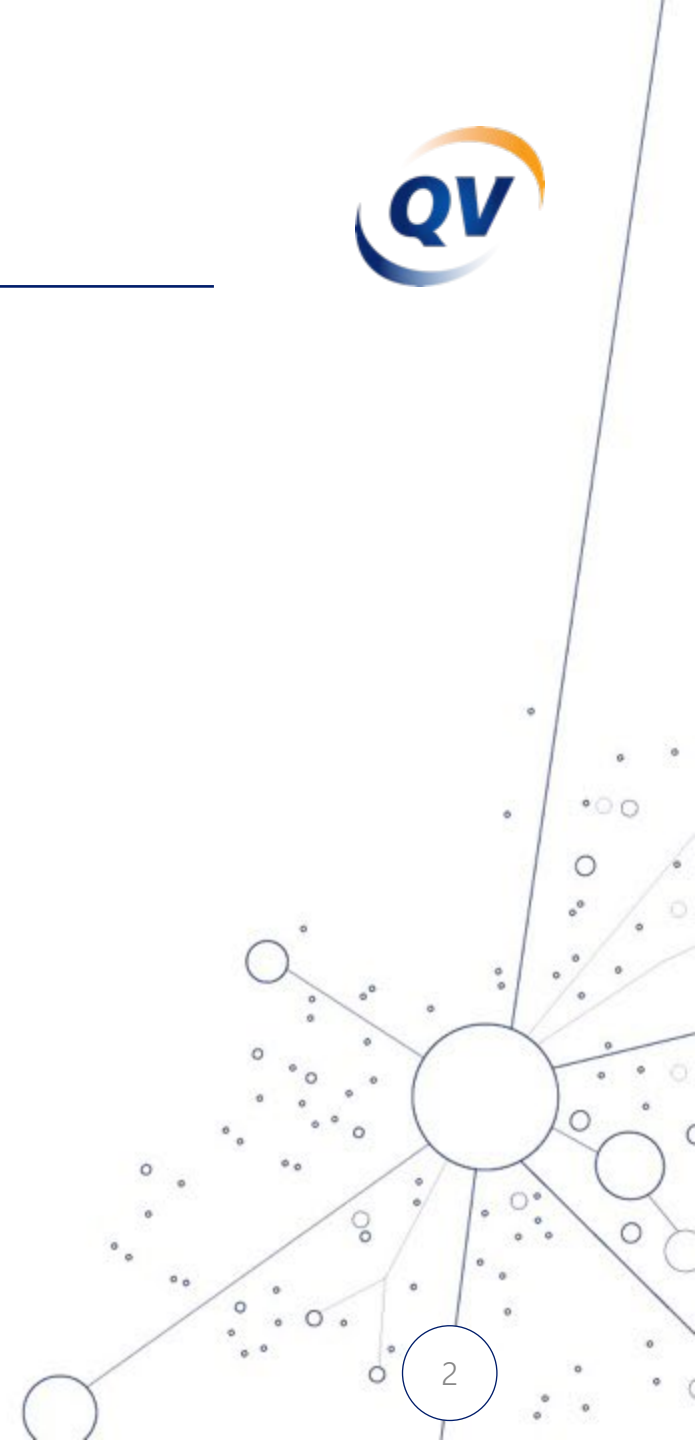
Revaluation results

Objections

Key Dates

Market trends + drivers

Questions



Legislation and Rules



- Rating Valuation Act 1998
- Rating Valuation Rules 2008
- Our Auditors – The Office of the Valuer General



Rating Valuations Vs Market Valuations



Rating values are a 'snapshot' of the market at a single point in time



If market prices change, a rating valuation cannot be expected to represent the market value for an extended period

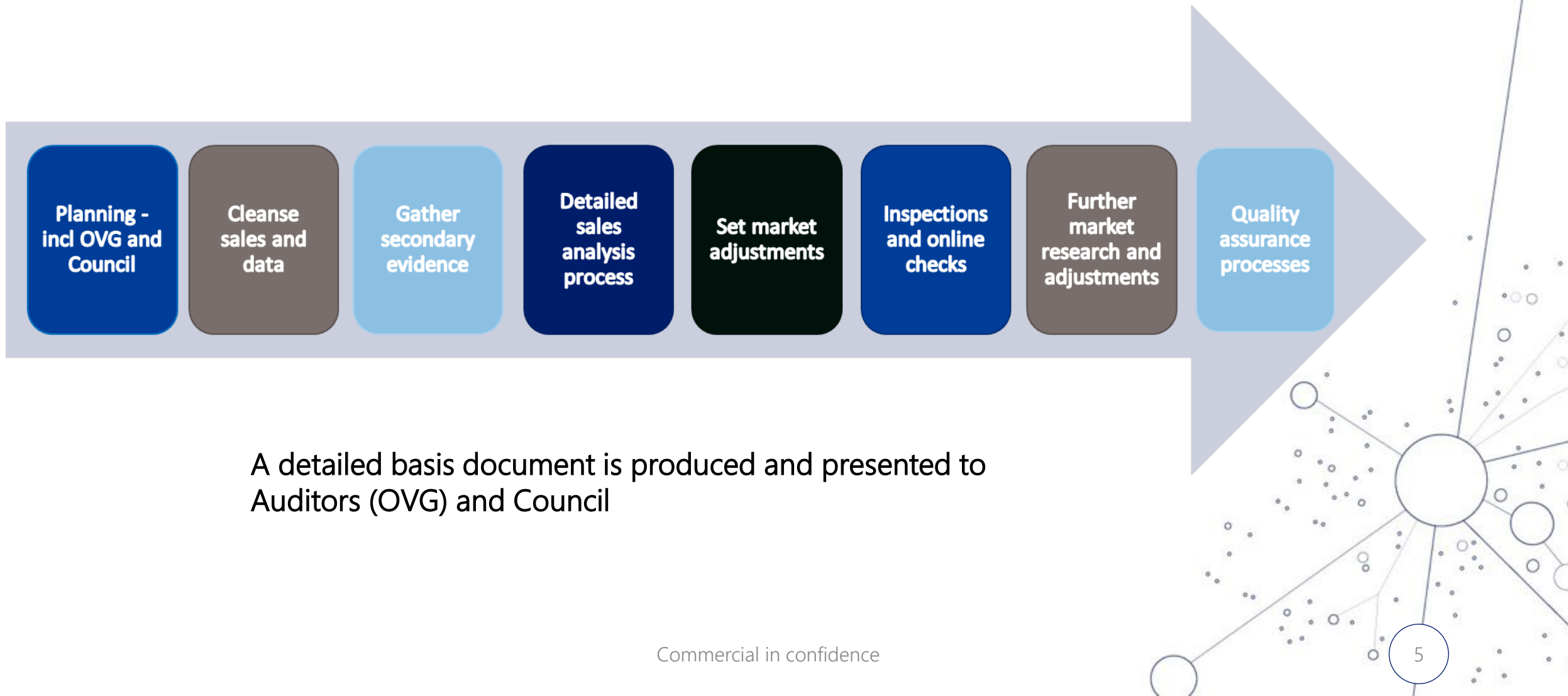


Rating values do not include plant and chattels, or trees.
Rating valuations assess as freehold, not a leasehold interest



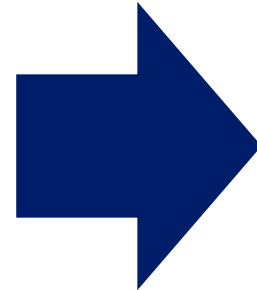
The community and market set property value levels
– QV interprets this to form rating values

Process



A detailed basis document is produced and presented to Auditors (OVG) and Council

OVG Audit - Traffic Light System



Proceed, only minor information or value modification required	Green
Marginal call at initial revaluation review between proceed and pause (Effectively green with warning on the nature and scope of work required)	Blue
Pause, Delay and resubmit - moderate to high levels of information or valuation review required	Yellow
Marginal call at initial revaluation review between orange and stop (Effectively orange with warning on the nature and scope of work required)	Purple
Stop - significant levels of information or valuation review required	Red

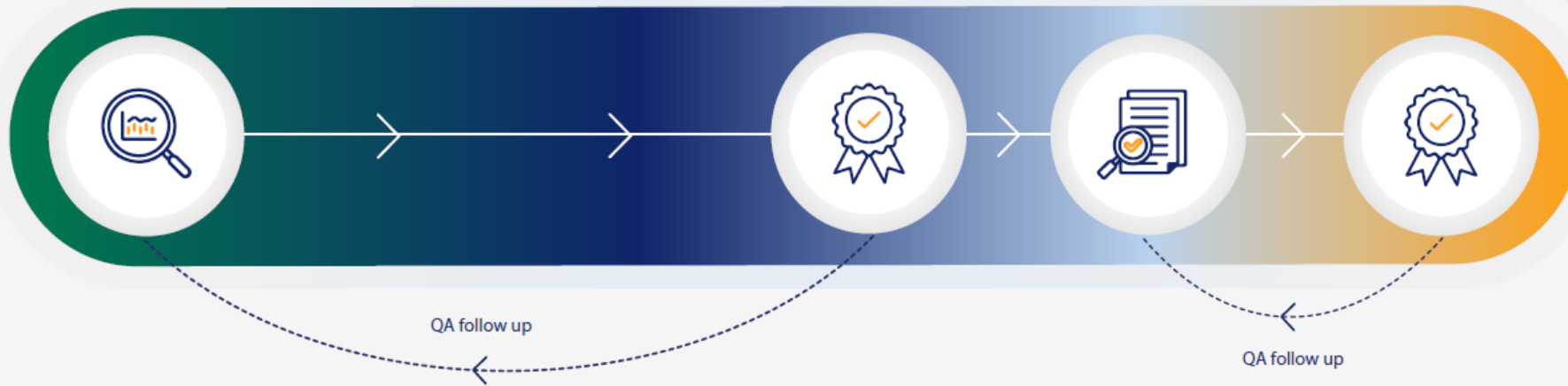
QV Team



Staff Involved	Areas of Responsibility
Tim Gibson National Revaluation Manager Registered Valuer	<ul style="list-style-type: none"> Overall Responsibility for the revaluation delivery. NRT Project Manager
Stu Robinson Registered Valuer	<ul style="list-style-type: none"> Lead Valuer
James Wilson Registered Valuer	<ul style="list-style-type: none"> Technical expert Changing trends
Grace Wright Graduate Valuer	<ul style="list-style-type: none"> Rural Lifestyle
Declan Minehan Graduate Valuer	<ul style="list-style-type: none"> Rural Lifestyle
Mike Power Registered Valuer	<ul style="list-style-type: none"> Residential
Sophie Fyers Graduate Valuer	<ul style="list-style-type: none"> Rural Lifestyle
Mirren Blake Graduate Valuer	<ul style="list-style-type: none"> Rural Lifestyle
Marshall Wu Graduate Valuer	<ul style="list-style-type: none"> Commercial & Industrial
Tafadzwa Mudapakati Graduate Valuer	<ul style="list-style-type: none"> Residential
Mitchel Gleeson Graduate Valuer	<ul style="list-style-type: none"> Residential

Staff Involved	Areas of Responsibility
Chris Coakley Registered Valuer – Rural Specialist	<ul style="list-style-type: none"> Peer review of proposed values and basis document
Mairi McDonald Registered Valuer – Lifestyle/Residential Specialist	<ul style="list-style-type: none"> Peer review of proposed values and basis document
Jason Uden Registered Valuer – Lifestyle/Residential Specialist	<ul style="list-style-type: none"> Peer review of proposed values and basis document
Sharon Heslop Specialist Auditor	<ul style="list-style-type: none"> Undertaking complete review and independent audit of revaluation process, indexes and basis documents
Gail Smit Specialist Auditor, Registered Valuer	<ul style="list-style-type: none"> Undertaking complete review and independent audit of revaluation process, indexes and basis documents
Liam Hegerty Specialist Auditor	<ul style="list-style-type: none"> Undertaking complete review and independent audit of revaluation process, indexes and basis documents

Revaluations and Quality Assurance



01

Market Research

- Strategic overview
- Collaboration with council - planners, property teams, resource consents issued.
- Refresh of operative zone codes plus intel and data for proposed zone codes
- Consideration of the National Policy Statement on Urban Development where applicable
- Other registers, such as EQP buildings and NBS ratings, existing or new natural hazards or issues, weather tightness issues, contaminated sites, Maori Land.
- Purify sales-i.e. no 12s, update DVR and values where necessary

02

Quality Assurance

- Sales analysis-improved and vacant
- Secondary evidence - Real Estate Agents, Valuers, property professionals.
- Compile basis draft
- Compile sales maps
- Compile bench mark sales
- Compile proposed Market Adjustments for all category types
- Apply Market Adjustments for residential and check OVG statistics
- Identify any potential cusps at this point and provide summary of action plan

03

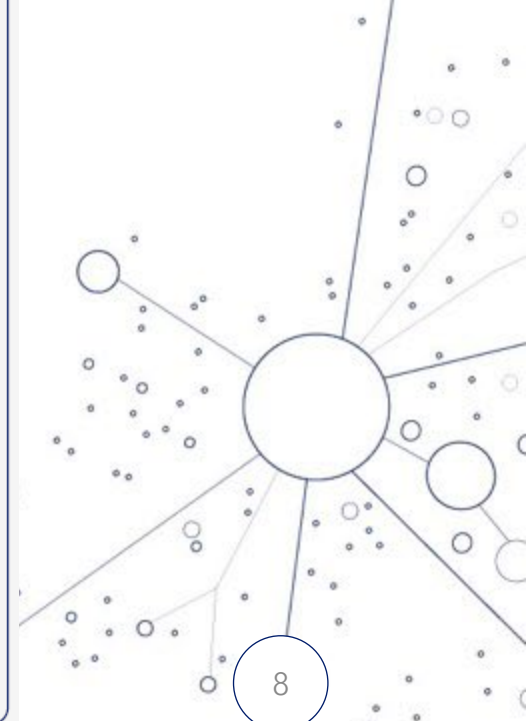
Validation of Values

- Line flow process
- Data betterment process
- DVR fields, worksheets etc.
- Use of QV Mapping
- RTV and HPI validation tools

04

Quality Assurance

- Final stats testing
- Mapping checks
- Error and outlier testing
- Substantive testing



QV Analytics





Property Analysis (BETA)

Analysis of an individual property

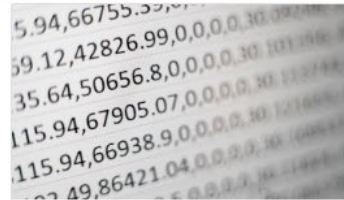
View a selection of analytic information about an individual property. Information included will be expanded over time.



Market Rent (BETA)

Area and Regional weekly rent

Search MBIE market rent tables for weekly rent in areas and regions across NZ.



Data Quality

Data Quality report and tools

Analyse property information on thematic maps within Tableau. Download Excel extracts and tools pre-populated with property data to support data quality.



Revaluation

Revaluation reports and tools

Analyse property information on thematic maps within Tableau. Download Excel extracts and tools pre-populated with property data to support revaluation.



House Price Index

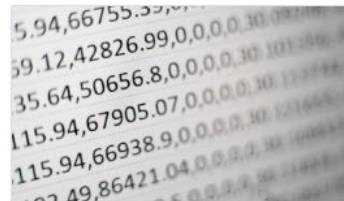
View QV's own house price index



Land Cover and Soil

Search and analyse the land cover and soil data set.

Coming Soon



RTV (Real Time Value)

Download Excel extracts and tools to support the Rural RTV and analyse the residential RTV.

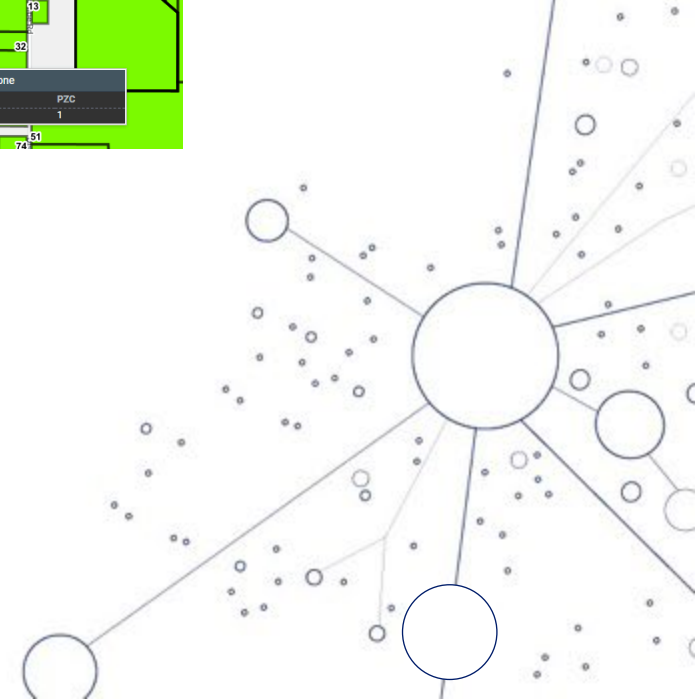
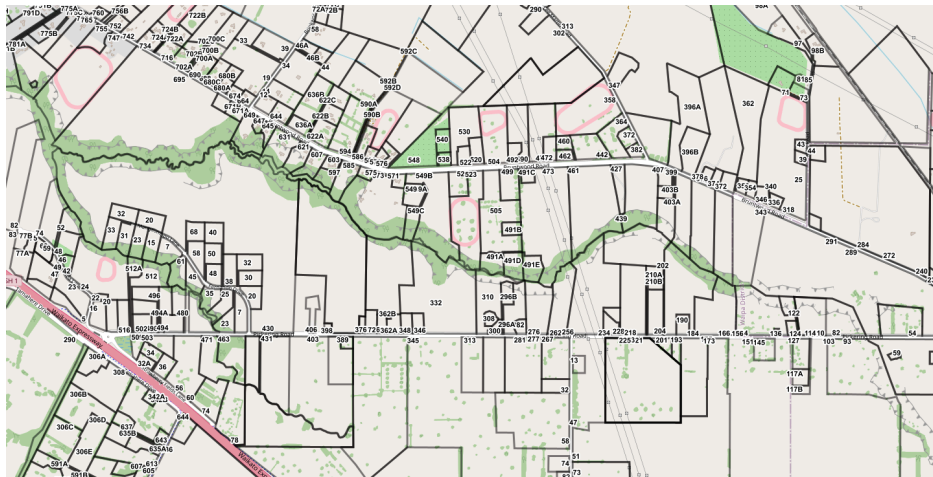
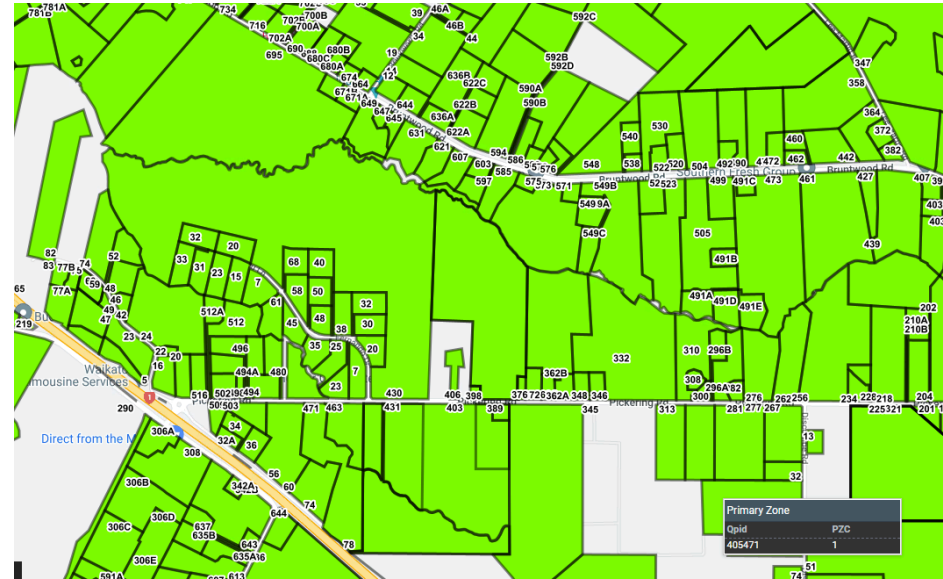
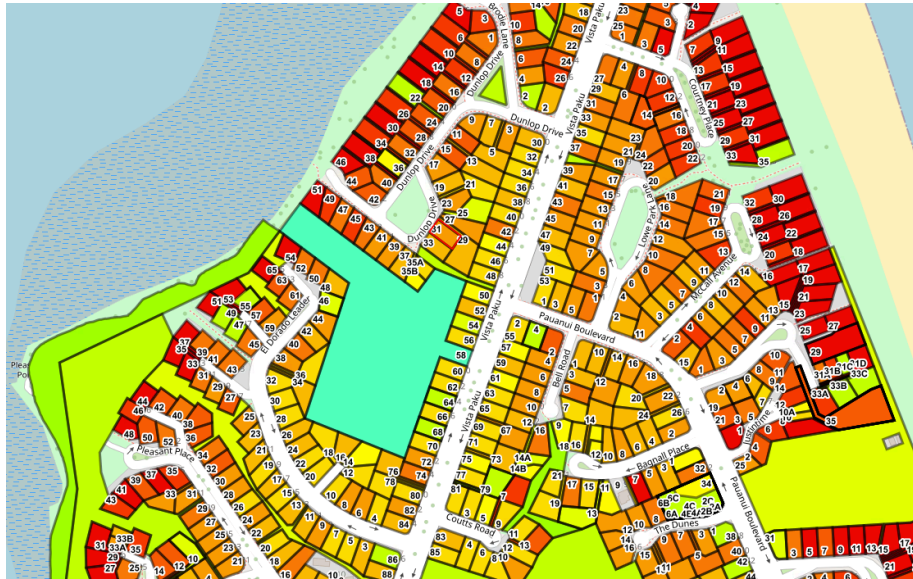


Revaluation - Basis Documents

Download a selection of pre-populated tables and graphs to insert into the Basis document.



QV Maps – Advanced mapping tools



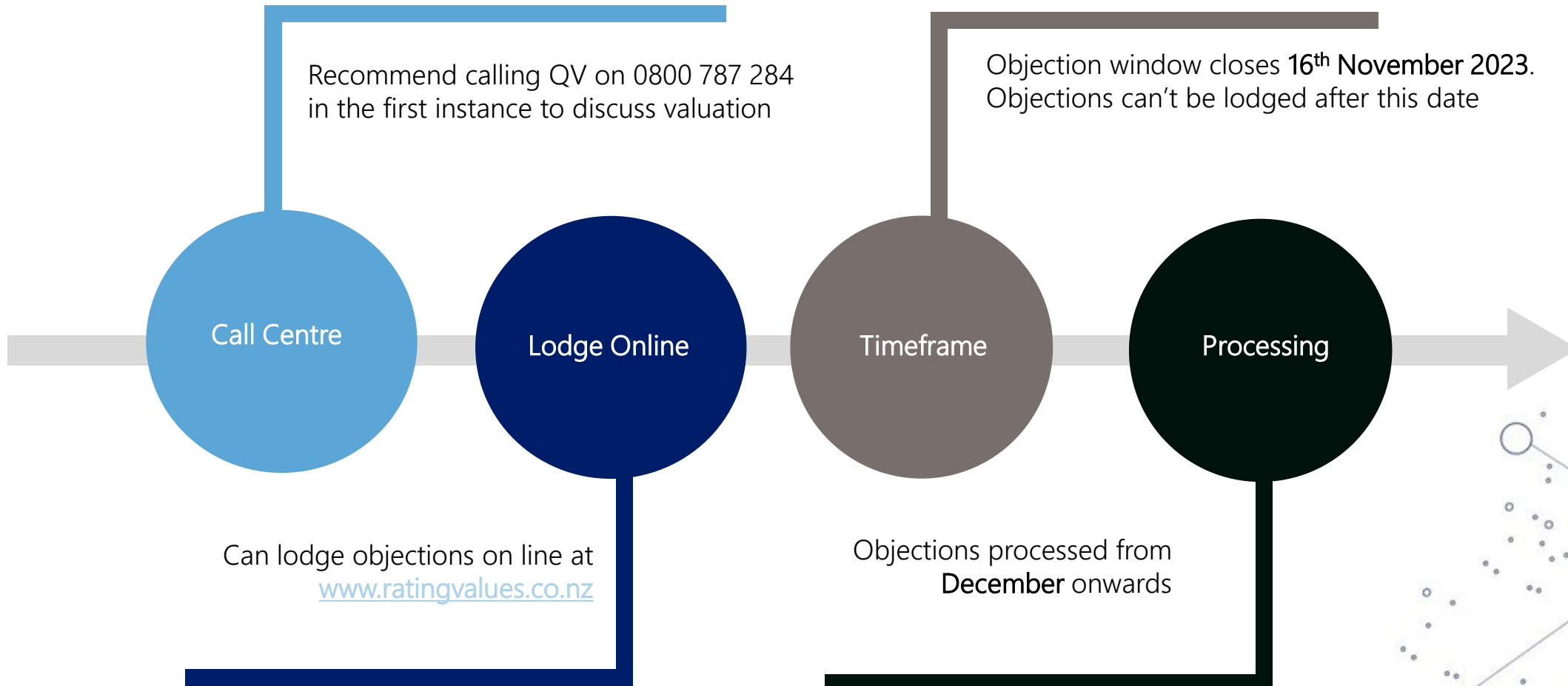
Key Dates



- Effective date of valuation: 1 October 2023
- File at OVG: 1 March 2024
- Certification: 22 March 2024
- Implementation Date: 23 March 2024
- Owners notices posted from 3 April 2024



Objections



Waikato District - Breakdown



Category	No. of Assessments	Capital Value	Land Value
Commercial	473	\$ 820,287,900.00	\$ 274,415,900.00
Dairying	1356	\$ 4,911,838,995.00	\$ 4,126,310,345.00
Forestry	236	\$ 83,412,200.00	\$ 74,164,900.00
Horticulture	286	\$ 653,695,000.00	\$ 441,724,000.00
Industrial	485	\$ 1,047,648,100.00	\$ 579,635,500.00
Lifestyle	14313	\$ 15,548,337,019.00	\$ 8,824,431,942.00
Mining	17	\$ 42,696,000.00	\$ 38,721,000.00
Other	2118	\$ 1,372,588,550.00	\$ 418,124,520.00
Pastoral	1235	\$ 2,571,736,905.00	\$ 2,180,123,055.00
Residential	15516	\$ 8,957,608,190.00	\$ 5,021,480,850.00
Specialist	142	\$ 514,761,000.00	\$ 231,069,000.00
Utility	102	\$ 1,012,453,450.00	\$ 26,602,350.00
Total	36279	\$ 37,537,063,309.00	\$ 22,236,803,362.00



- Significant majority of the district R and L land value (65% total)
- 59% of the district driven by land value (Less than larger urban councils)
- Implications on data quality



Valuation Insights

QV HPI



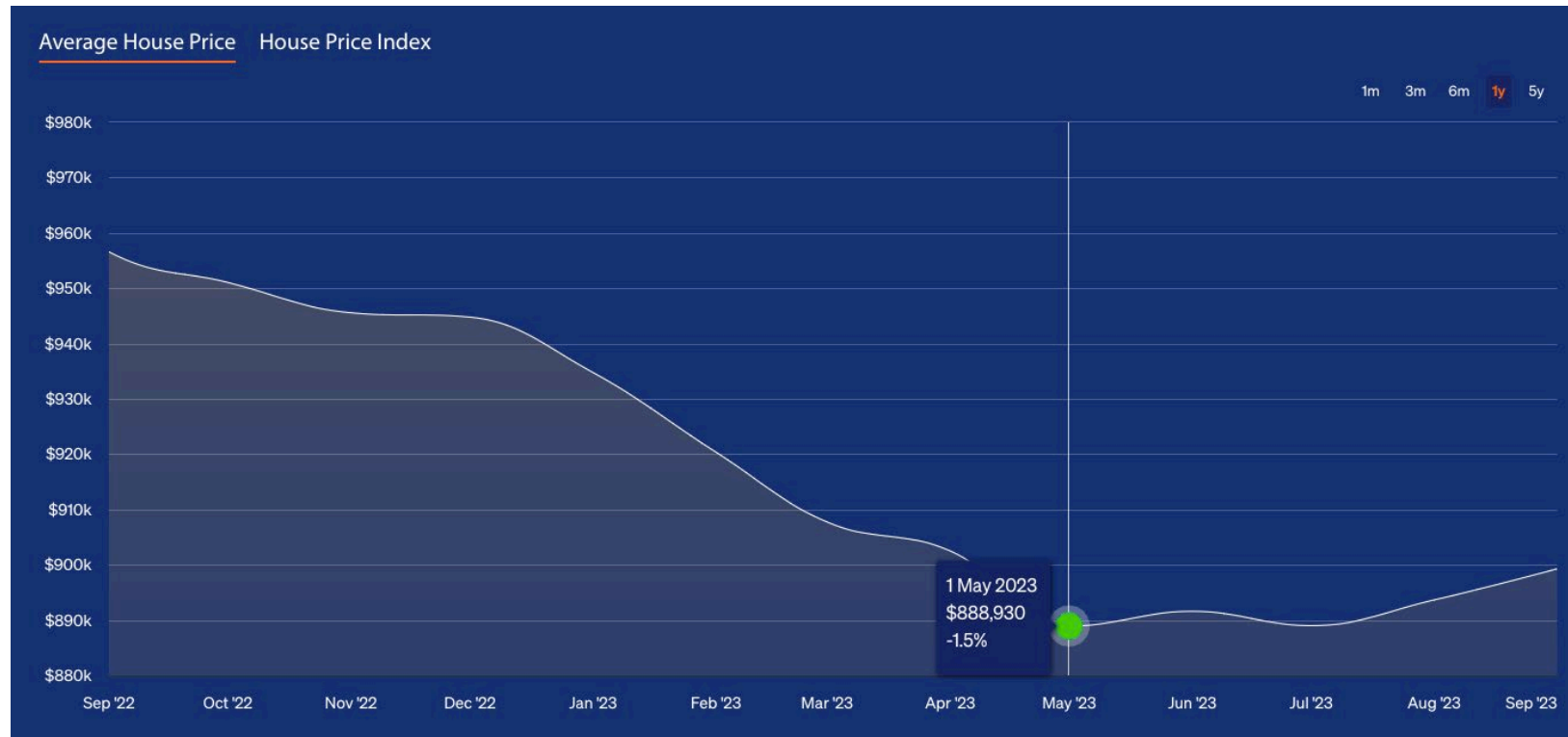
Valuation Insights – Since Covid

What are we seeing now? Key Valuation Insights – 5 years



Valuation Insights – Since Covid

What are we seeing now? Key Valuation Insights – 12 months



Valuation Insights – Since Covid

What are we seeing now? Waikato District – Last 5 years



Sales volumes



Sales composition analysis

40 Days to Sell

The current median Days to Sell of 40 days is more than the 10-year average for September which is 38 days. There were 23 weeks of inventory in September 2023 which is 9 weeks less than the same time last year.

Compared to September 2022

▼ **-3.9%** Median Price
 ► **0.0%** Sales Count
 ▼ **-14** Days to Sell

Compared to August 2023

▲ **1.4%** Median Price
 ▼ **-6.1%** Sales Count
 ▼ **-8** Days to Sell

▲ **1.1%** Seasonally Adjusted Median Price
 ▼ **-4.1%** Seasonally Adjusted Sales Count



Sales counts seasonally adjusted



	Compared to August 2023		Compared to September 2022	
	COUNT CHANGE	SEASONALLY ADJUSTED CHANGE	COUNT CHANGE	SEASONALLY ADJUSTED CHANGE
New Zealand	-3.5%	-1.4%	5.1%	8.4%
NZ ex Akl	-2.6%	-3.1%	5.6%	9.5%
Northland	19.3%	14.9%	1.8%	6.4%
Auckland	-5.2%	-6.0%	4.1%	7.9%
Waikato	-6.1%	-4.1%	0.0%	3.6%
Bay of Plenty	-1.8%	-0.4%	2.8%	7.5%
Gisborne	-11.4%	-17.4%	-31.1%	-24.2%
Hawke's Bay	-2.3%	3.0%	3.0%	9.6%
Manawatu/Whanganui	3.4%	7.4%	22.6%	27.4%
Taranaki	-0.7%	6.7%	16.2%	23.7%
Wellington	-1.0%	-1.2%	-3.0%	2.2%
Nelson	-7.7%	0.8%	0.0%	7.9%
Marlborough	12.9%	20.7%	66.7%	67.3%
Tasman	29.1%	21.6%	16.4%	19.1%
Canterbury	-8.5%	-7.5%	13.9%	14.7%
West Coast	-25.6%	-14.7%	-17.1%	-11.8%
Otago	-4.9%	-3.2%	-4.0%	1.1%
Southland	5.5%	5.8%	10.7%	16.6%

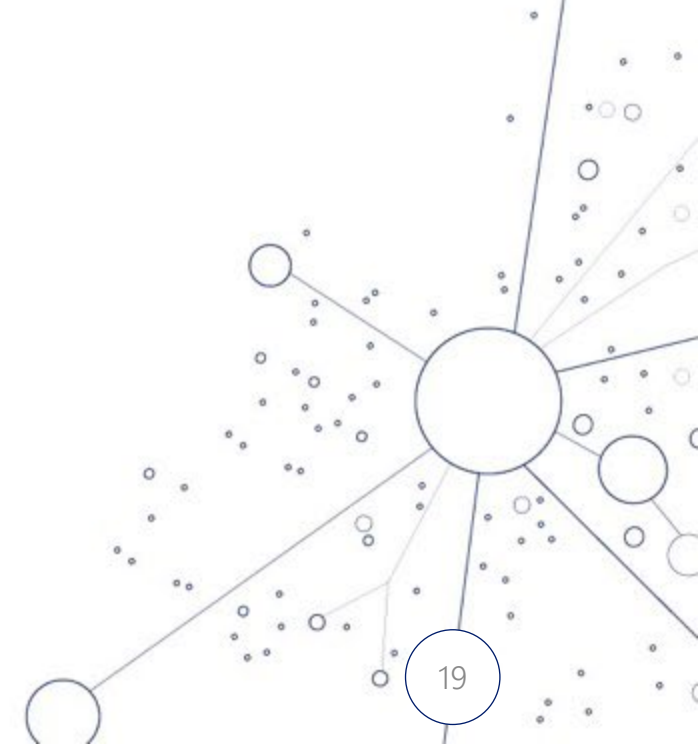
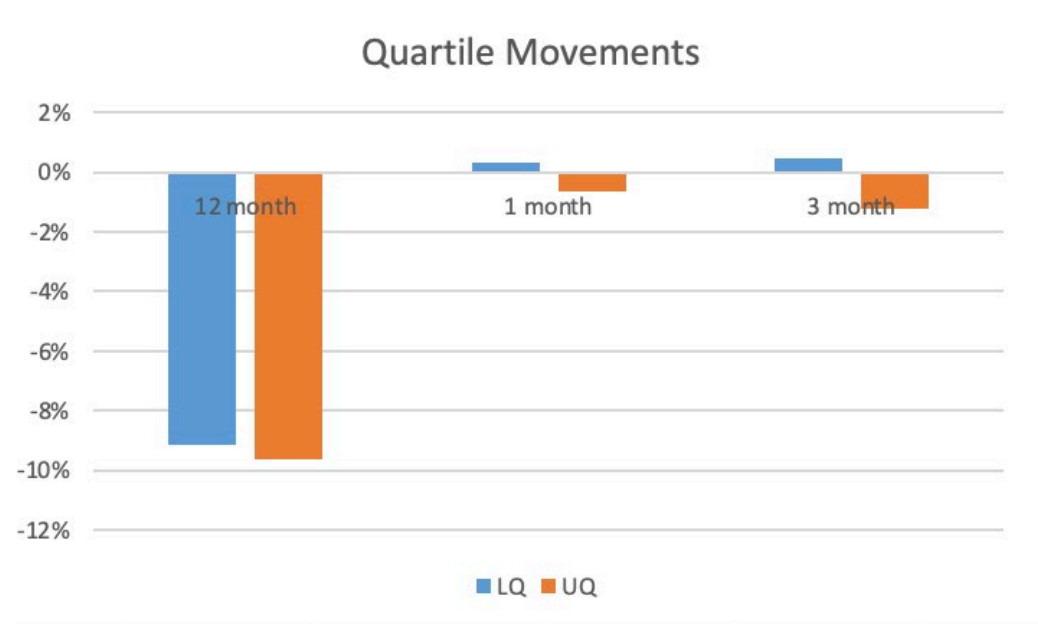
- Sales volumes flat to slight increases
- New listings and property stock for sale down
- Creating that 'fomo' pressure

Valuation Insights – Quartile Analysis



Buyer typology impacting demand for property

- Average lower quartile value \$378,000 – significant growth in demand
- Average Upper Quartile Value \$1,066,000 – Significant 'stalling' of activity



What's happening under the surface?



Sales composition analysis

Price distribution breakdown

	September 2022		September 2023	
\$1 million plus	1,591	30.7%	1,551	28.5%
\$750,000 to \$999,999	1,375	26.6%	1,423	26.2%
\$500,000 to \$749,999	1,488	28.8%	1,667	30.6%
Under \$500,000	720	13.9%	798	14.7%
All Properties Sold	5,174	100.0%	5,439	100.0%

- Major change in composition
- Upper end 'wait and see'
- Entry level – FHB active
- Skew downwards amplified by low sales volume environment

Price distribution breakdown

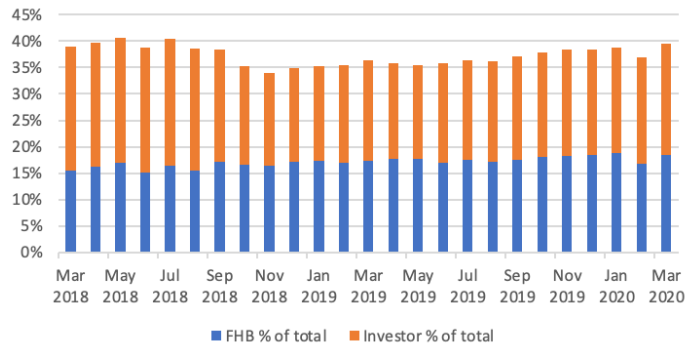
	October 2020		October 2021	
\$1 million plus	2,281	24.8%	2,980	41.4%
\$750,000 to \$999,999	2,077	22.6%	1,677	23.3%
\$500,000 to \$749,999	2,772	30.2%	1,762	24.5%
Under \$500,000	2,055	22.4%	771	10.7%
All Properties Sold	9,185	100.0%	7,190	100.0%

Mortgage Registration Analysis

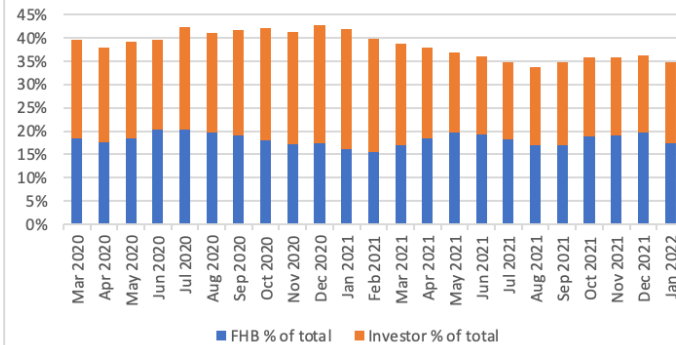


Who has been actively borrowing? % comparisons – FHB vs Investors

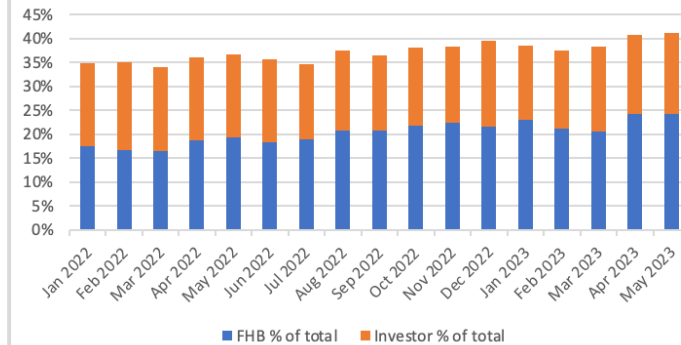
% of total lending - Pre Covid



% of total lending - Lockdown to peak



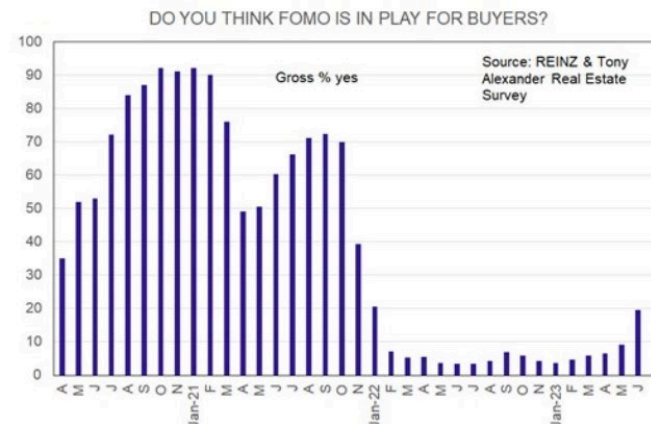
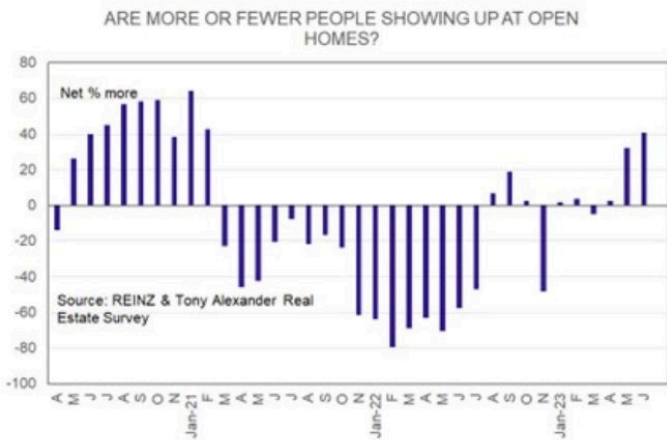
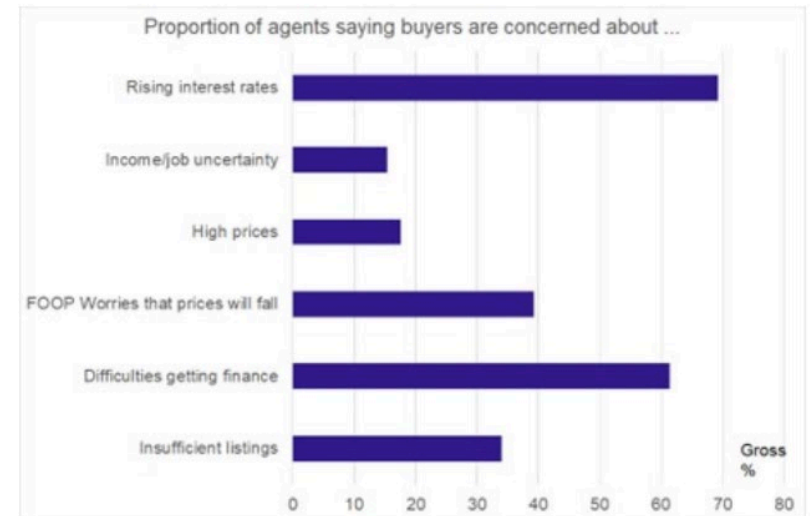
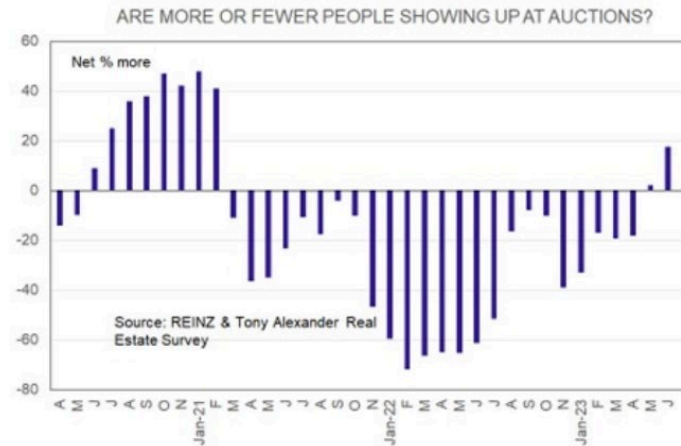
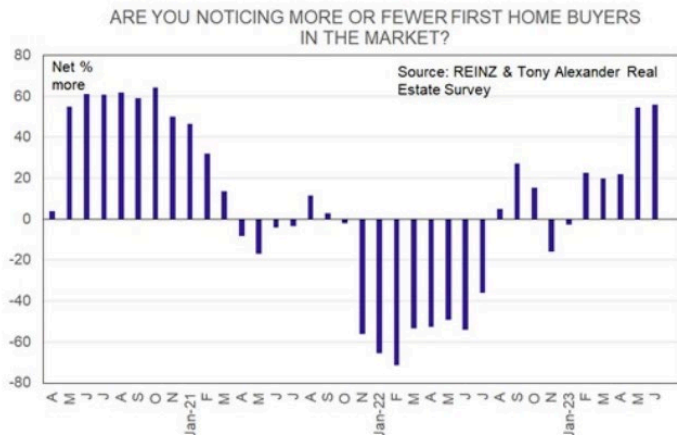
% of total lending - post peak



Market mindset



Transition away from 'FOMO' to 'FOOP' – Tony + REINZ Survey - July

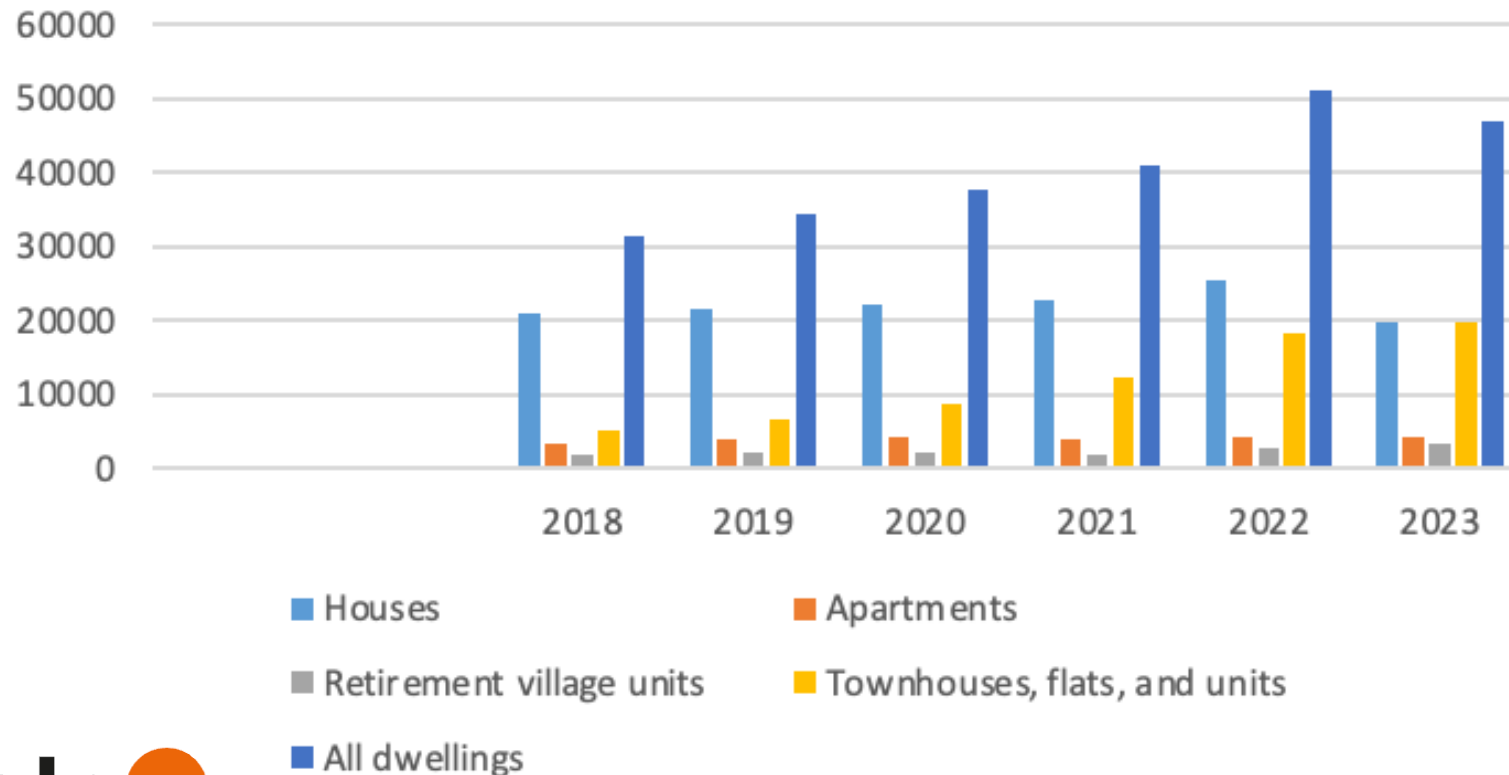


Building Consent Analysis

What's being built, how has that changed?



Building Consents issued

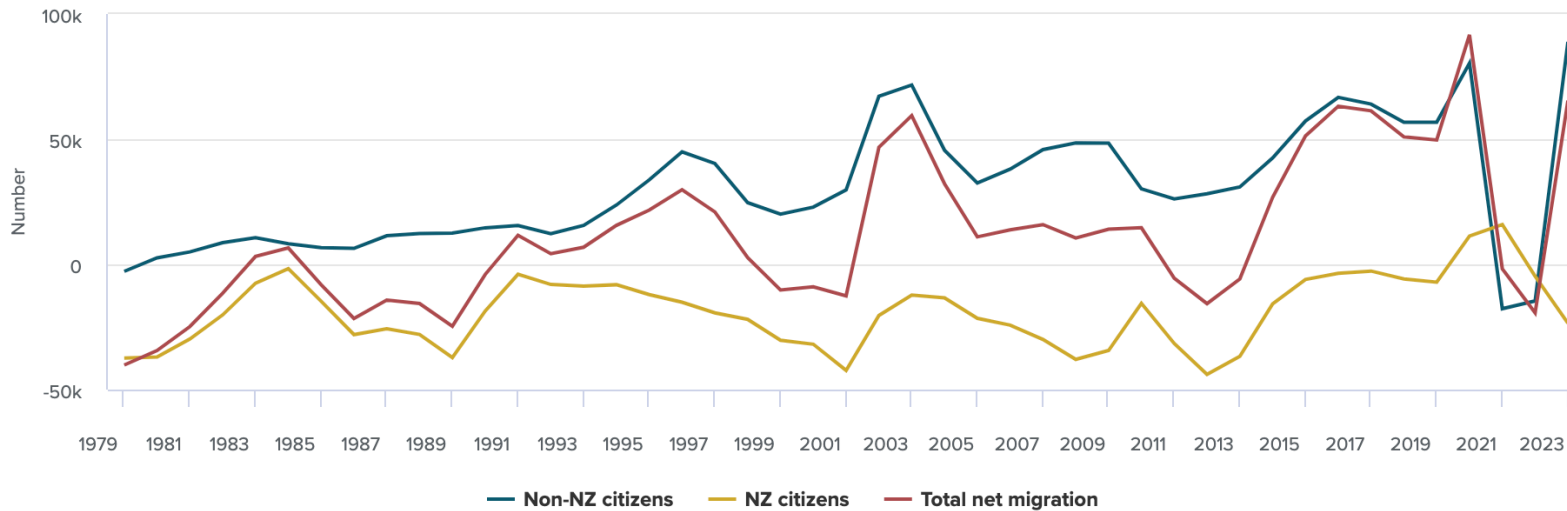


Demand side drivers



Net Migration Analysis

Annual net migration, by citizenship, March 1979–2023



See metadata tab for more information about this graph.

Stats NZ



Key market trends we are seeing



- 'Catch up effect'
- Lifting of the base
- Entry level supporting the rest
- Investor activity plateau
- 'Mum and Dad' stock beginning to move

What does this all mean?

Crystal Ball Gazing – using data

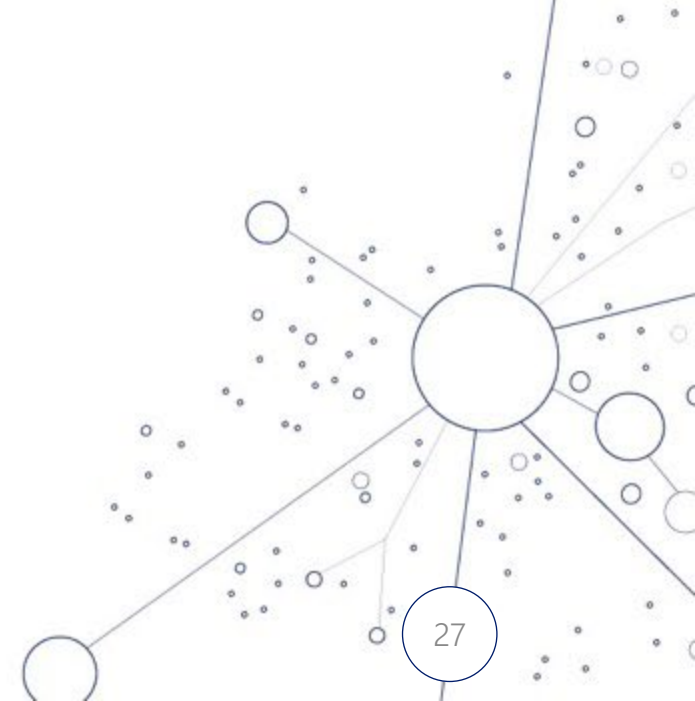


Other upcoming influences



A LOT of dynamics at play

- Inflation – Getting stubborn, unemployment stats up, but fast enough?
- Election – what will the final makeup look like?
- New RBNZ 'tools' being seriously considered by banks (Debt to Income ratio)
- On-going geopolitical instability – wars + potential impacts on trade and oil

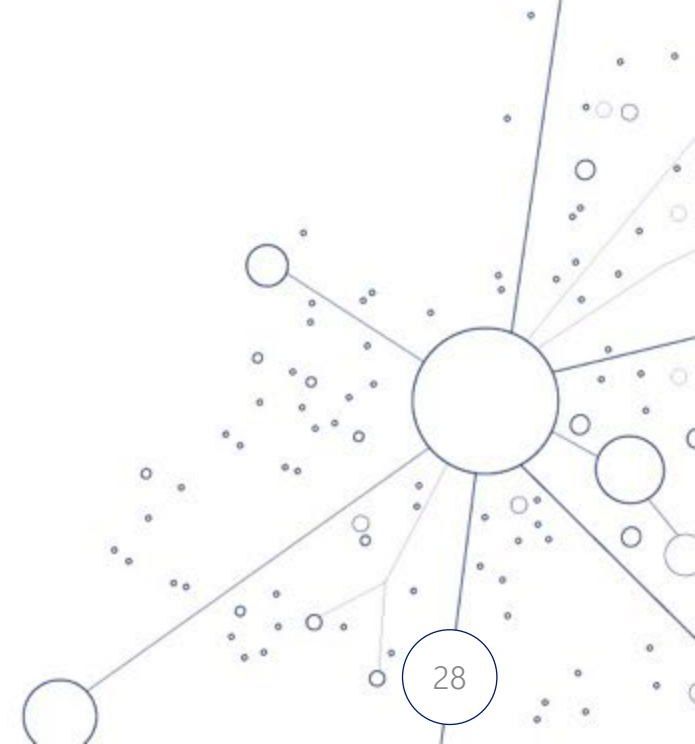


Where's the market heading?



Crystal ball gazing – let's stick to facts!

- Take It back to supply and demand
- Fundamentally, we don't have an oversupply of housing
- Bubble 'flattening' as opposed to 'bursting'
- Strong headwinds still blowing (Interest rates, confidence (Business and individual))
- Unlikely to reach a 'magical' – bottom – despite the media all hunting for it
- Road ahead, likely 'lumpy' with significant volatility (Geographic and property type variance)
- Fundamentals are in place, but no signs of a 'spark' hovering near the fire just yet
- Coming into end of year/early 2024 – 'flattened' will be the word of the day



Questions

