



Westland District Revaluation 2020

26 November 2020

Gail Smits & Jeremy Clayton



Agenda

Process

Results

Key dates

Questions



Process



- Rating values assessed in accordance with legislation
- Property data updates – constant process over 3 years
- A detailed market analysis and sales inspection is undertaken across all property types
- Individual valuation worksheets are used for majority of business and rural properties
- Roadside inspections by valuers to check and review valuations
- OVG (LINZ) audit will process generally over 3 weeks – approved by auditors on 23 October 2020



Rating values vs. market values



- Rating values are a 'snapshot' of the market at a single point in time
- As real estate values tend to fluctuate, a rating valuation cannot be expected to represent the market value for an extended period
- Also rating values do not include chattels
- The community and market set property value levels
 - QV interprets this to form rating values



Revaluation overview



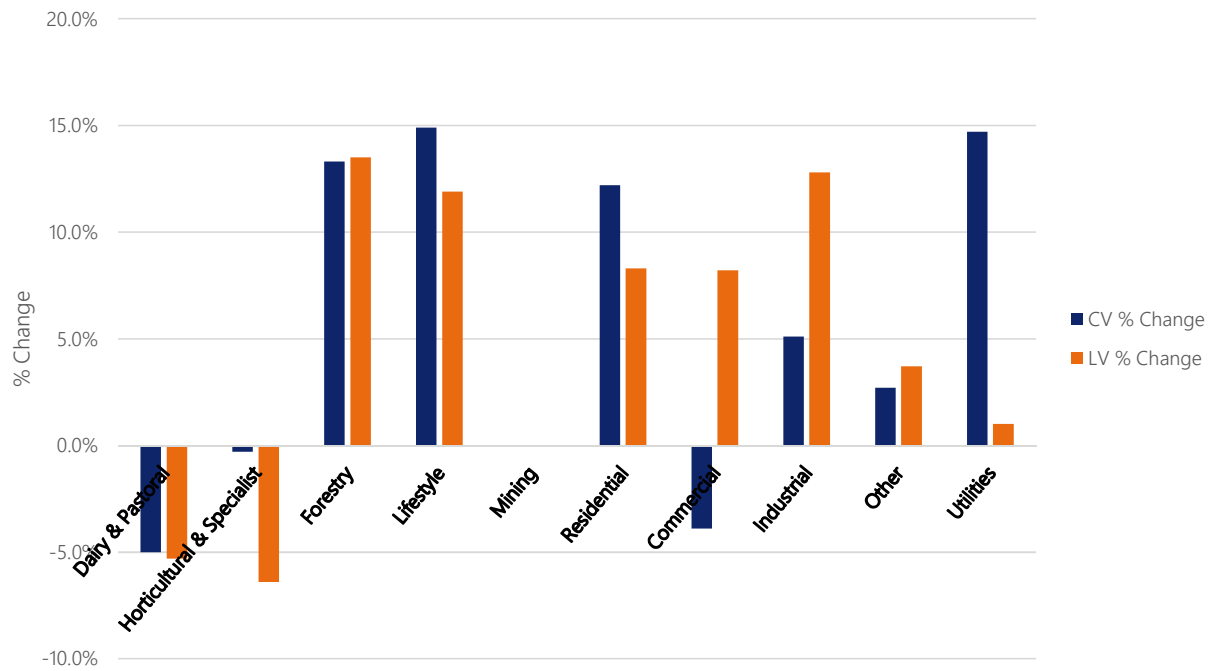
Sector	No. Assets	2020 CV (\$000)	CV % Change	2020 LV (\$000)	LV % Change
Dairy & Pastoral	577	\$720,735	-5.0%	\$597,430	-5.3%
Horticultural & Specialist	17	\$21,545	-0.3%	\$15,555	-6.4%
Forestry	244	\$445,793	13.3%	\$439,708	13.5%
Lifestyle	1,561	\$465,730	14.9%	\$227,644	11.9%
Mining	7	\$1,305	0.0%	\$1,105	0.0%
Residential	3,714	\$892,818	12.2%	\$318,260	8.3%
Commercial	298	\$274,499	-3.9%	\$89,798	8.2%
Industrial	105	\$100,468	5.1%	\$22,951	12.8%
Other	529	\$236,448	2.7%	\$183,917	3.7%
Utilities	53	\$92,402	14.7%	\$3,095	1.0%
TOTAL	7,105	\$3,251,744	6.0%	\$1,899,461	4.5%



Revaluation overview



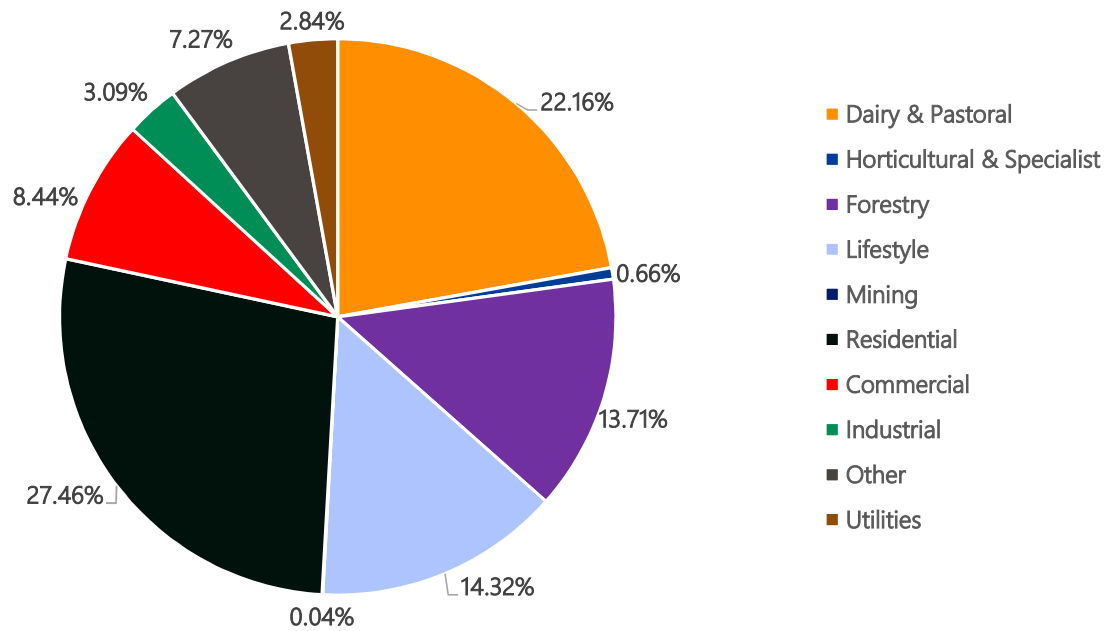
Westland District 2020 - Capital & Land Value Changes by Category



2020 capital value by sector



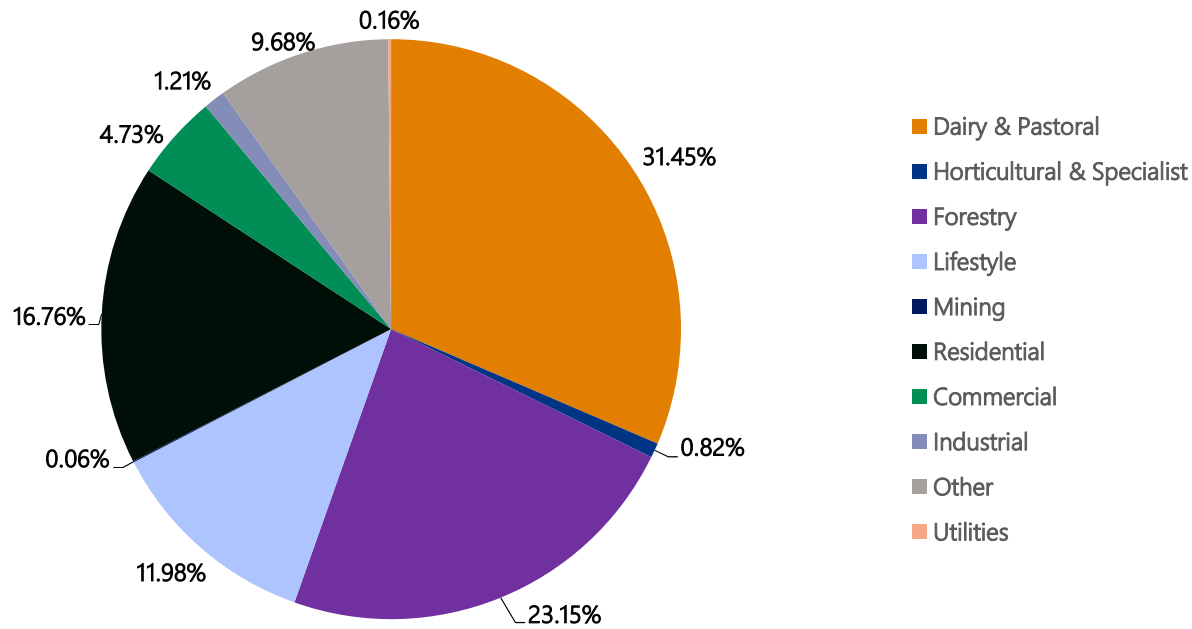
Westland District 2020 - Capital Value by Sector



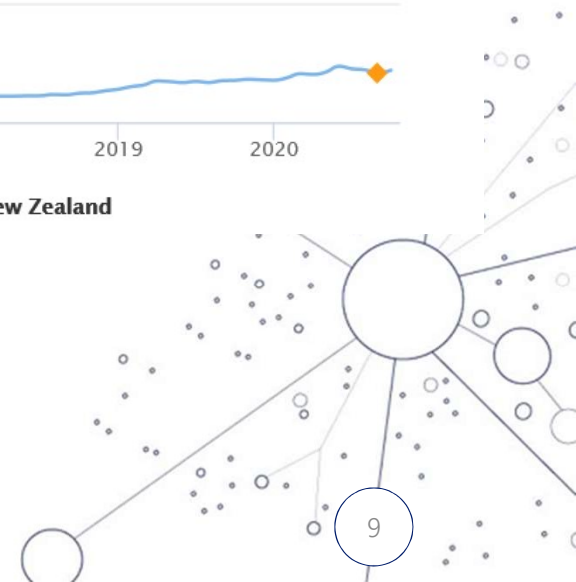
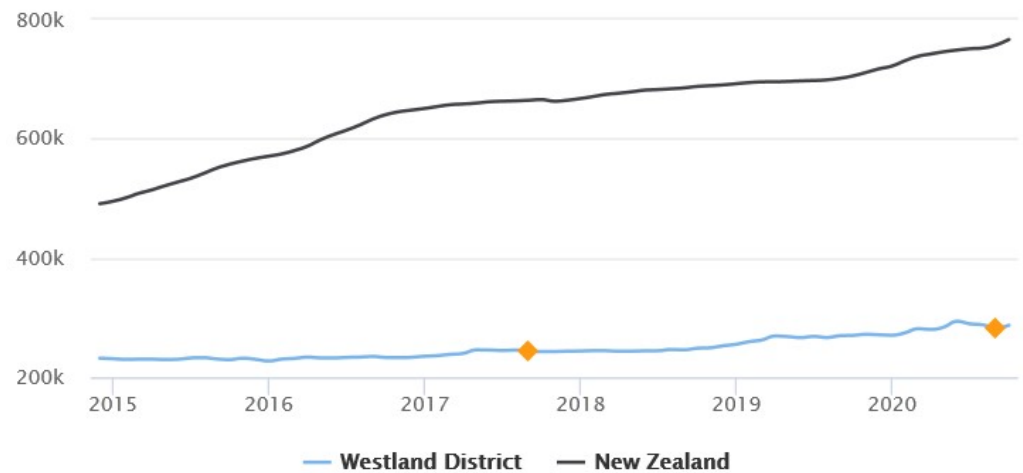
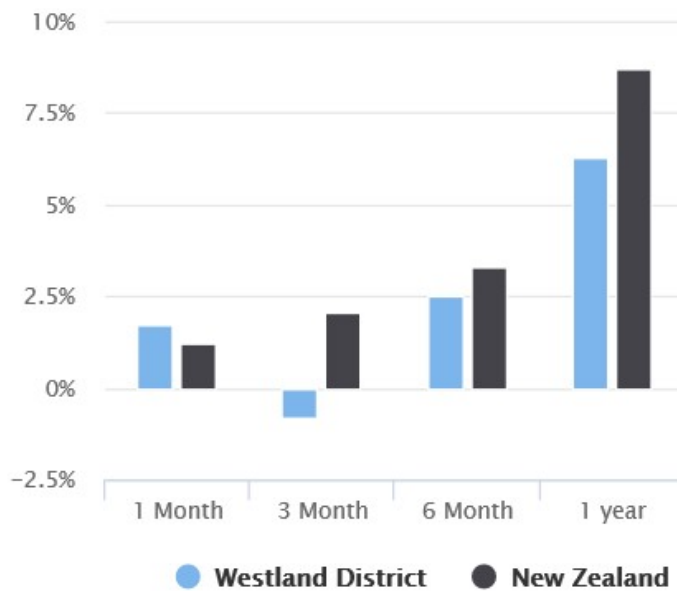
2020 land value by sector



Westland District 2020 - Land Value by Sector



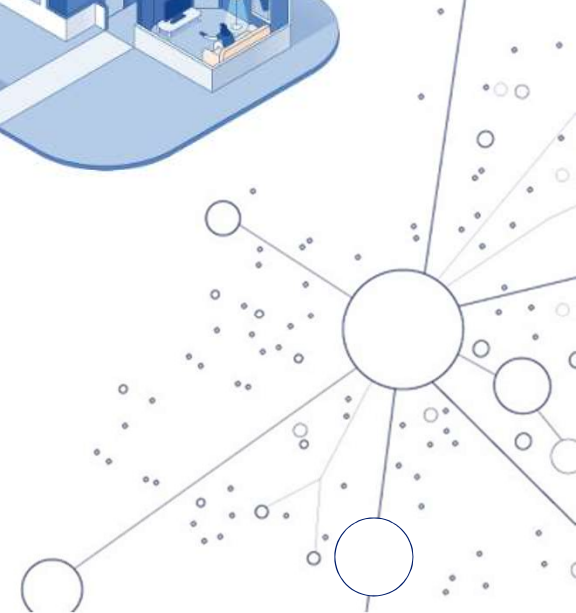
Westland house value market movement



Residential market



- Steady increase in values over the past 3 years.
- House value average increase of 5% to 25% above 2017 capital values, with Ross having the largest increase at 25% while Hokitika township increased by 14%.
- Only a 4% increase to values in Franz Joesf and Fox Glacier due to decrease in demand for workers accommodation after COVID-19 boarder closure.
- Rental demand for Hokitika has improved for most property types.

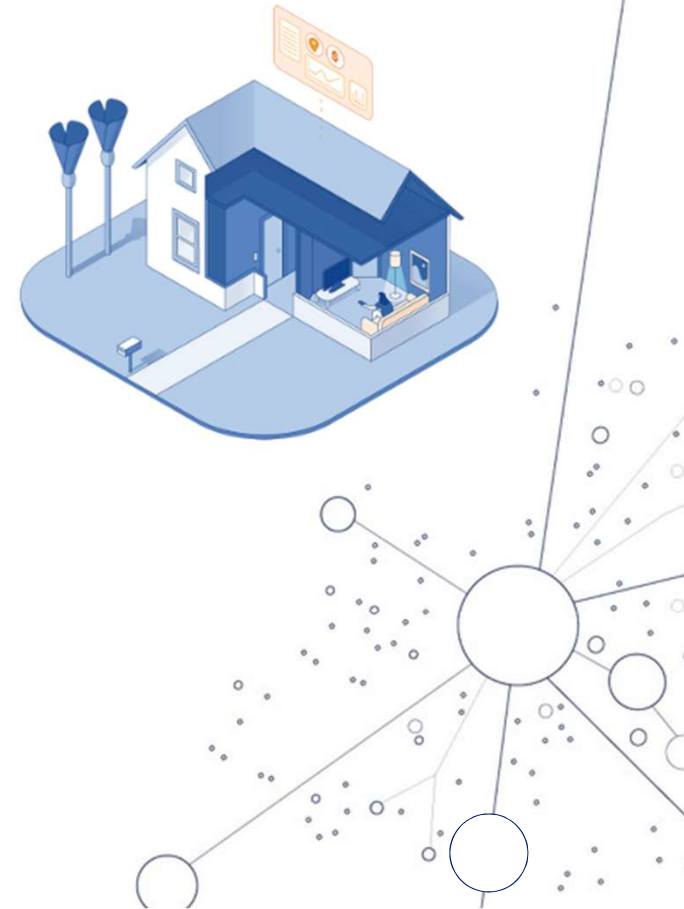


Residential market

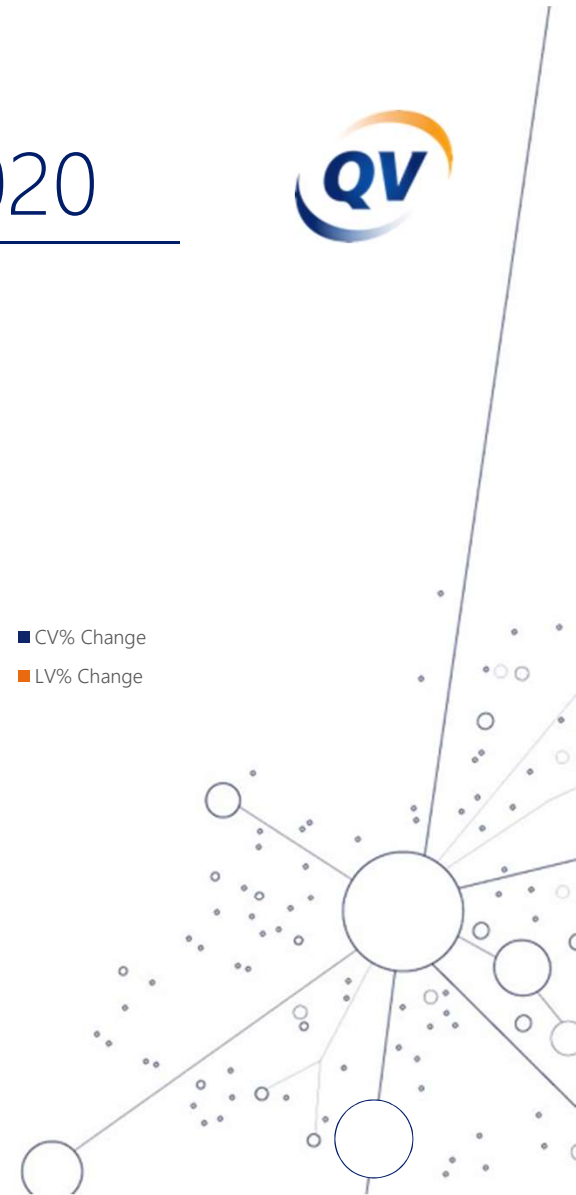
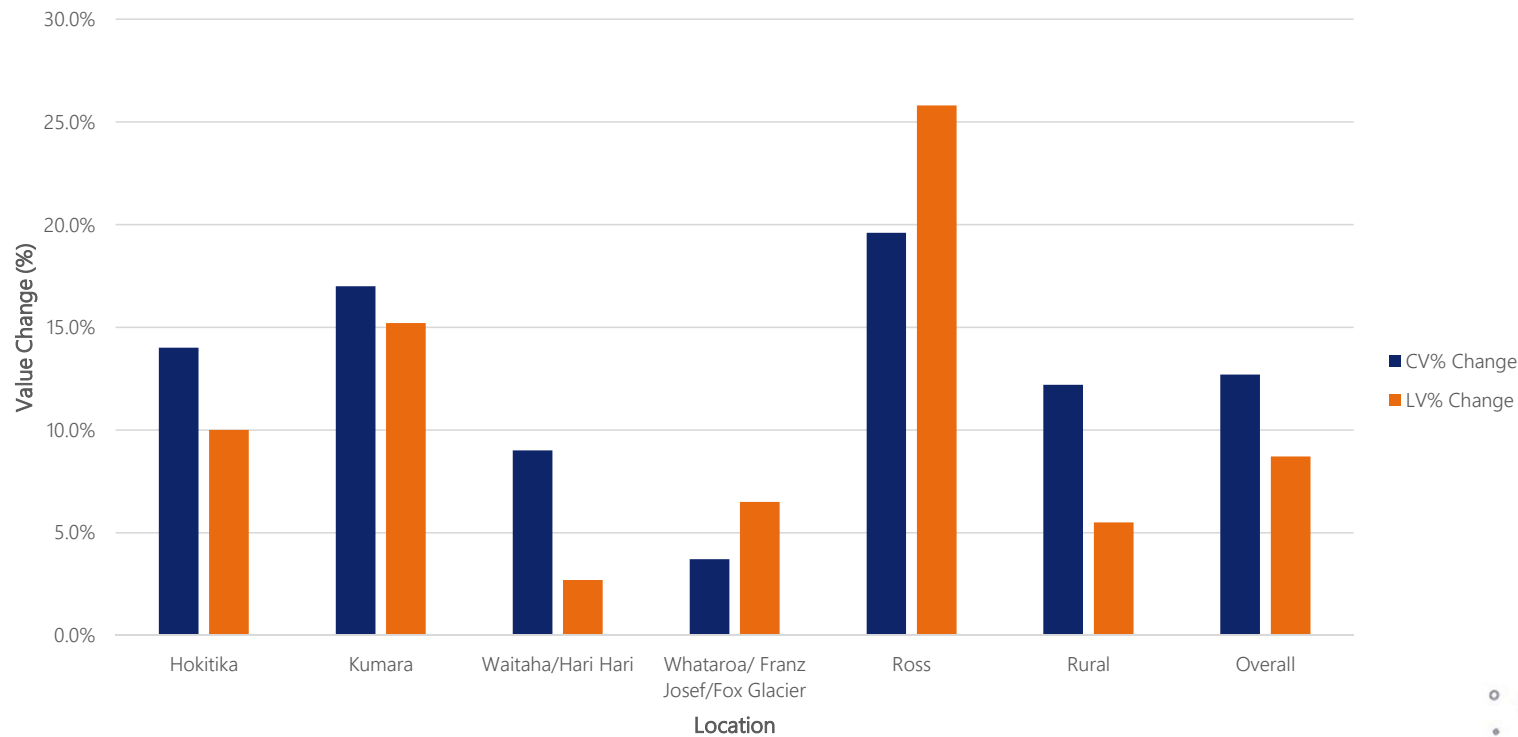


What is driving the change?

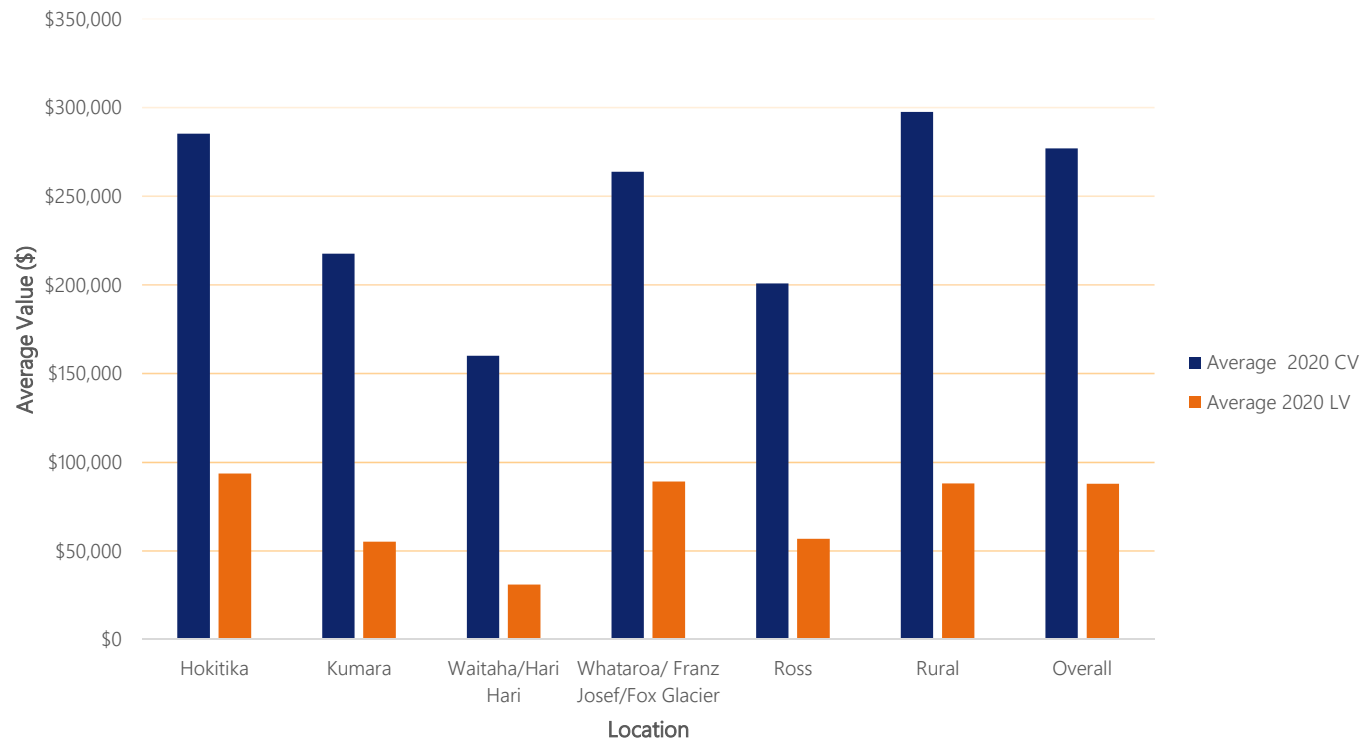
- Relative affordability prices with average house value for Hokitika being \$285,000.
- Record low interest rates, coupled with the recent removal of the LVRs, means more buyers are actively looking to purchase
- A low level of available housing stock means buyers are having to compete against one another, pushing values up
- An increase in domestic tourism, as a result of border closures due to COVID-19



Residential dwelling values change 2020



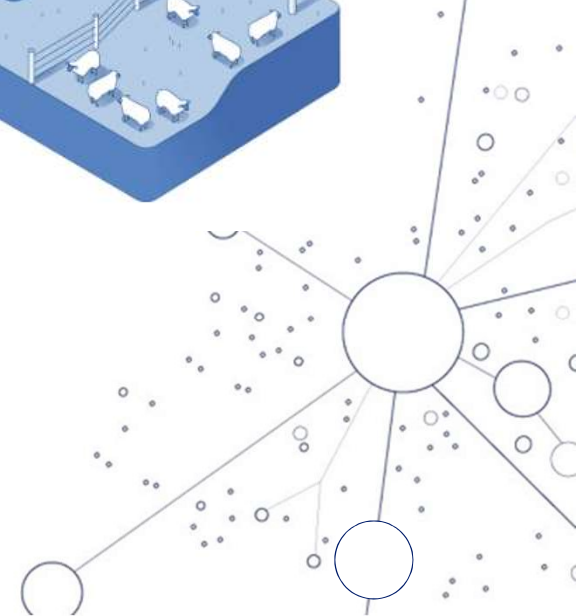
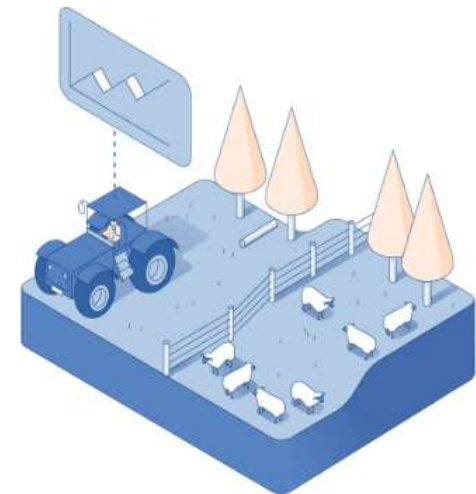
Residential dwelling average values 2020



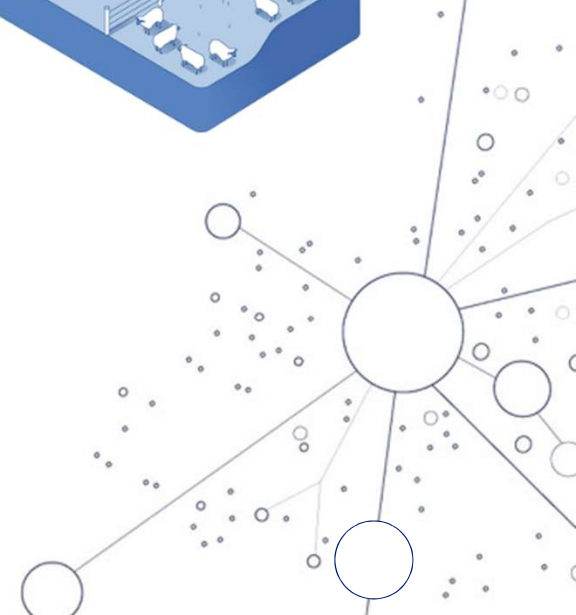
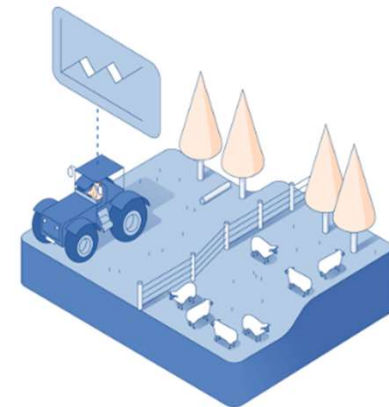
Rural market



- Limited rural sales for all sectors of the rural market.
- Sales from other districts are also considered as a basis when assessing property values.
- The last three years have been tumultuous in the dairy sector across the West Coast.
- Westland Dairy was sold to the Chinese-owned Yili in mid-2019. Recent factory upgrades, waste water improvements and a new pay-out system have occurred along with the new ownership structure.
- Dairy makes up a significant part of the rural land within the district, values have softened in some areas but there is more positivity in the industry than recent years.



Rural value change 2017-2020

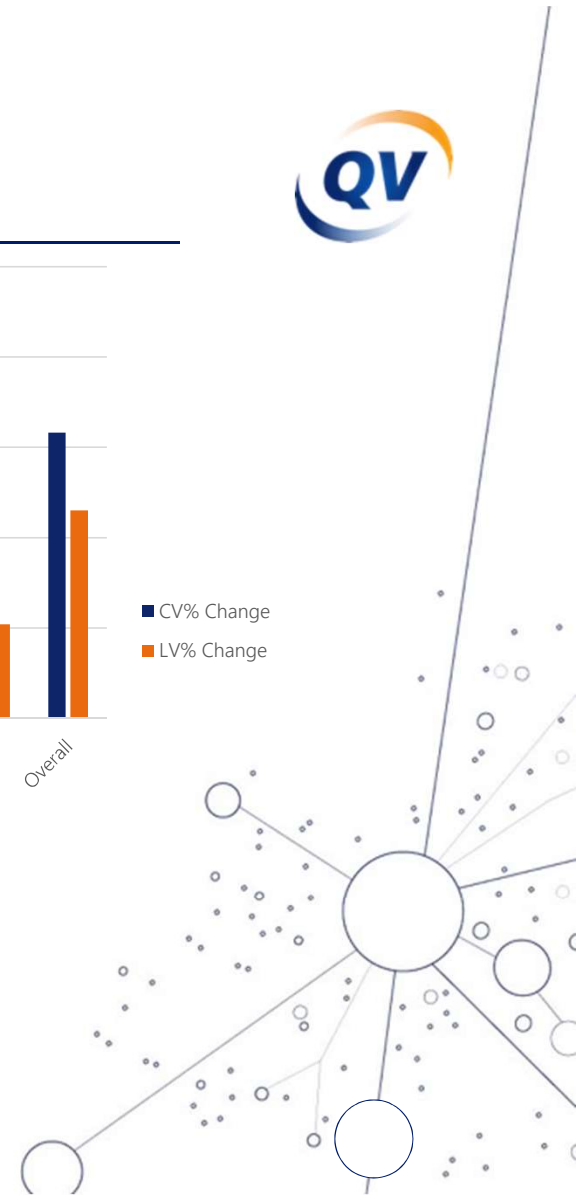
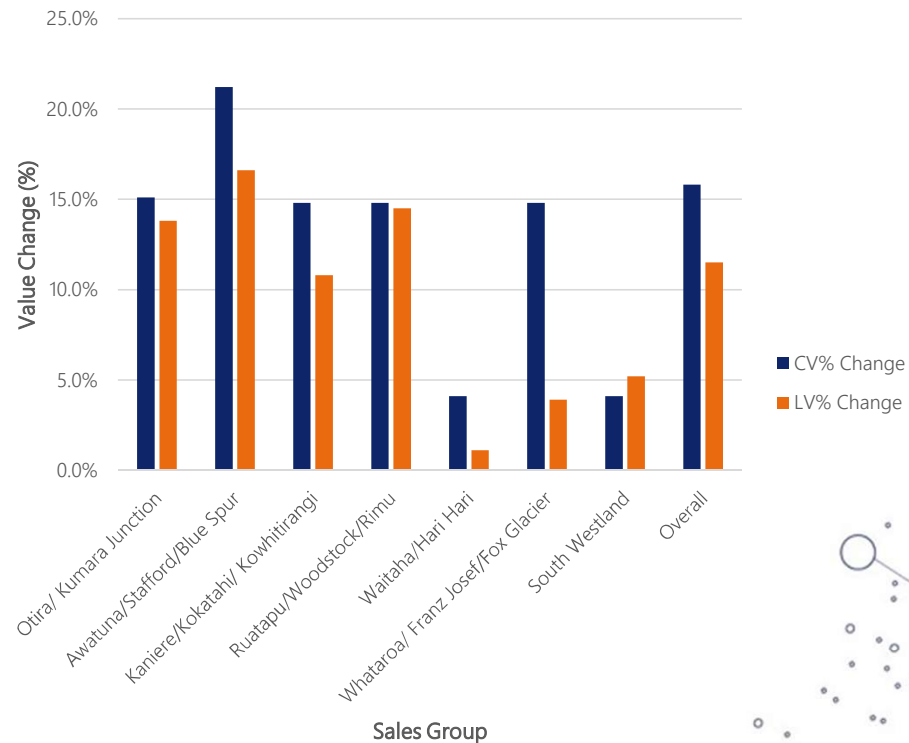


Sector	No. Assets	% Change Capital Value	% Change Land Value
Dairy	212	-6.4%	-7.0%
Pastoral	365	-1.2%	-1.2%
Horticulture	2	60.0%	0.0%
Specialist Livestock	15	-5.3%	-6.5%
Forestry	244	13.3%	13.5%
Mining	7	0.0%	0.0%

Rural lifestyle market



- The rural lifestyle market is strong
- Increased demand and higher prices for improved rural lifestyle properties
- Since 2017, the average capital value of an improved lifestyle property has increased by 15.8% to \$475,000.
- Values are notably higher than 2019, with the biggest increase occurring in Blue Spur/ Awatuna.



Business properties

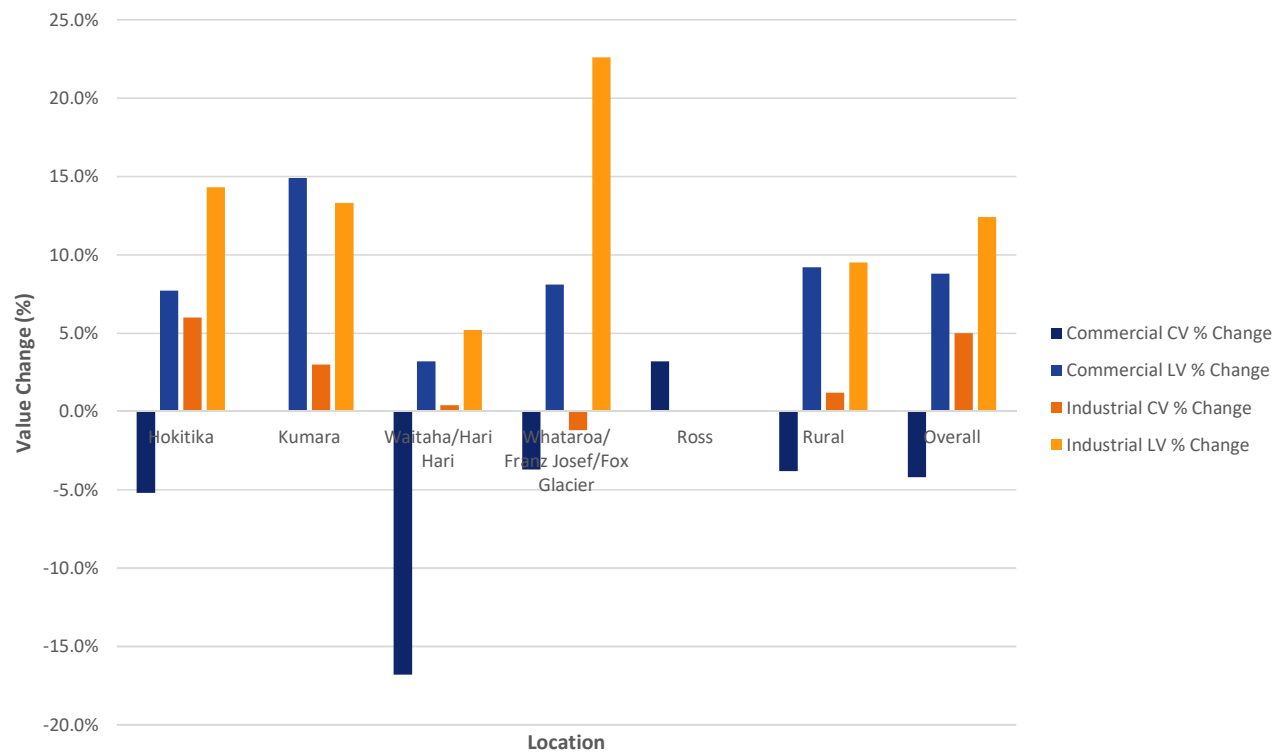


- The commercial accommodation sector continues to bear the brunt of lower international tourist numbers as a result of border lockdowns, especially in tourist towns of Franz Josef and Fox Glacier.
- Traditional brick & mortar retailers are continuing to face increased competition from online retailers.
- Supermarket trade remains strong.
- Interest rates are low, with some investors opting for business property investments to obtain better investment returns.
- No notable change in rental levels or yields in the retail sector.
- Commercial property values have decreased by 4.2%, and property values in the industrial sector have increased by 5.1% since the district's last rating valuation in 2017. Commercial and industrial land values have also increased by 8.8% and 12.4% respectively.

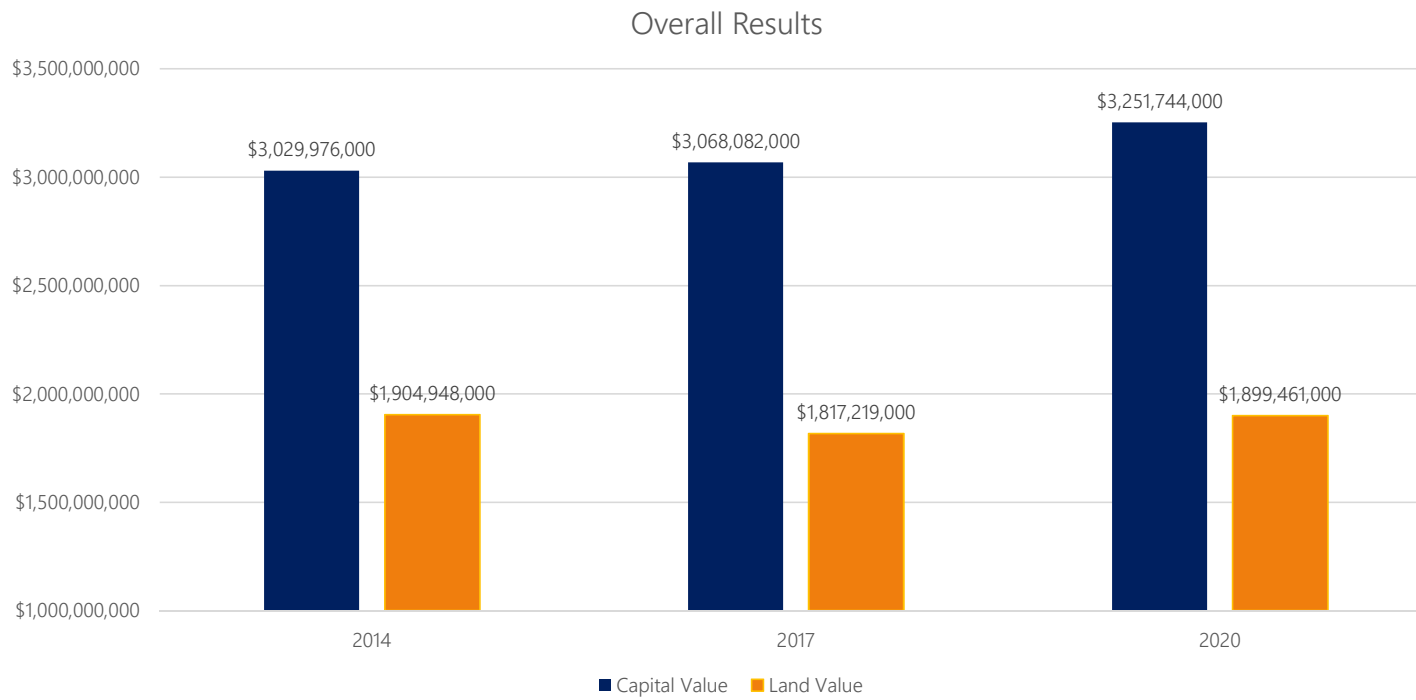




Business properties value change 2017-2020



Overall results (\$billion)



Objections



- Call QV on 0800 787 284 in the first instance to discuss your concerns.
- Can be lodged on line at www.ratingvalues.co.nz
- Objection close date 11 December 2020
 - Objections can't be lodged after this date.
- Objections processed from January-April 2021



Key Dates



- Effective date of valuation: 1 September 2020
- Public notice date: 28 October 2020
- Owners notices posted from 4 November 2020
- Objection period closes 11 December 2020
- Used for rating purposes from 1 July 2021



Thank you

