

2022 Rating Values



Elected members briefing
22 November 2022

Contents

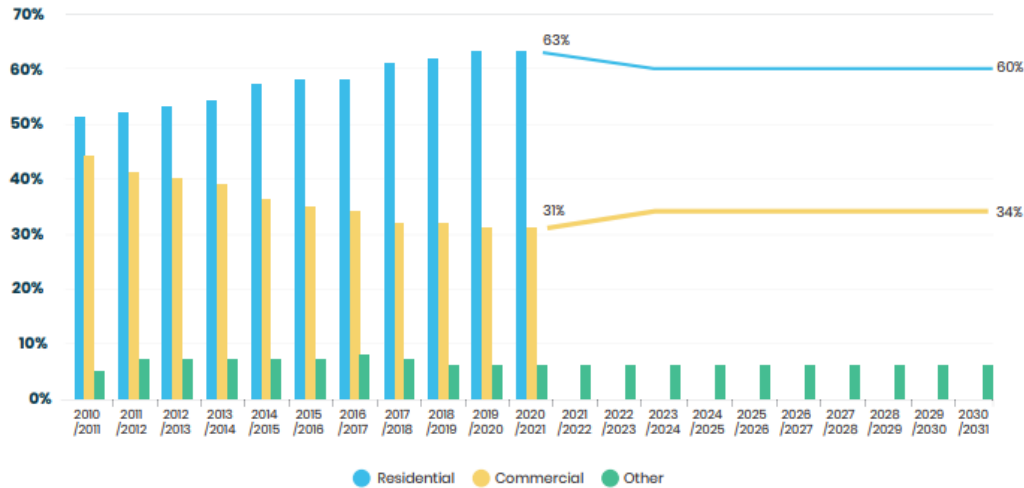
- 2019 rating values
- 2021 Rating Review – key changes
- 2022 rating values – early themes
- QV presentation
- Questions

2019 Revaluation

Sector	No. Assets	2019 CV (\$000)	% Change	2019 LV (\$000)	% Change
Farming	6	\$19,870	36.6%	\$16,320	43.2%
Forestry	8	\$7,618	39.7%	\$6,233	47.7%
Lifestyle	520	\$434,340	29.8%	\$224,532	66.9%
Mining	2	\$3,440	41.0%	\$2,790	50.4%
Residential	36,545	\$22,885,353	31.8%	\$13,361,891	54.8%
Commercial	1,071	\$1,697,127	16.9%	\$870,142	40.7%
Industrial	1,298	\$2,265,311	38.7%	\$1,327,627	40.3%
Other	1,080	\$1,462,267	24.9%	\$738,490	53.1%
Utilities	118	\$828,193	12.8%	\$47,641	60.0%
TOTAL	40,648	\$29,603,518	30.3%	\$16,595,665	52.8%

Rates review 2021

Graph 1 Change over the last ten years in the allocation of rates charges between property rating categories and the approach for the 10-year plan



Key changes:

- Percentage allocation of General Rate to help reduce fluctuation in the general rate caused by valuation movement differences between categories.
- New Waste Services targeted rates to fund improved recycling service, new rubbish collection service and green waste service.
- Changes to rating category definitions.

General Revaluation 2022

- Rating values must be reassessed at least every three years (Rating Valuations Act 1998)
- Rating values assessed by QV and audited by Valuer General
- Ratepayers can object and provide additional information
- Rating values last assessed in 2019 and the 2022 revaluation will reflect the last three years of change in the market.

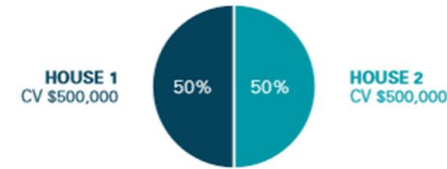
Key dates

- Effective date 1 September 2022
- Valuer General Audit completed 2 December 2022
- Property owners advised from 14 December 2022 by email/post
- Objection period to close 31 January 2023
- Used to calculate rates from 1 July 2023

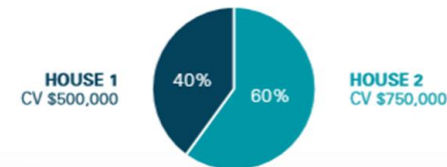
General Revaluation

- The total rates increase is set as part of the Long Term/Annual Plan process.
- The general rates revenue needed to fund services is spread across the city in amounts proportional to each property's capital value.
- The revenue Council collects from rates is not influenced by the Revaluation. The amount individual ratepayers contribute is.

For example, if there were two properties in the city each worth \$500,000, then each house would pay 50% of the general rates required to run the city. This is because each house makes up half of the total value of the city.



If, when they are revalued, house 1 is still worth \$500,000 but house 2 is now worth \$750,000, then they would no longer pay the same amount of rates. House 1 would pay less than 50%, and house 2 would pay more, because each pay a share of the rates in proportion to the value of their house compared to the value of the city as a whole. In this case 40% and 60%.



General Revaluation 2022

early draft indications of rates impact

Category	Average CV as <u>at</u> 1 July 2022	2022-23 Rates	Average CV as <u>at</u> 1 July 2023	Indicative 2023-24 Rates	\$ Change Annual	\$ Change Weekly	Change Amount %
Average Residential	\$630,000	\$3,086	\$815,000	\$3,267	\$181.00	\$3.48	5.87%

- 5.9% rates increase (with assumed further 1.1% from growth)

Engagement with Elected Members

- 22 November 2022 - QV Council briefing on preliminary values.
- 7 December 2022 – QV Council briefing on final outcome of 2022 Revaluation.
- 20 December 2022 – Annual Plan/Long Term Plan subcommittee. Early indication of rating impacts to be included and early Council decisions on direction requested.

Engagement with Community

- 20 November 2022 - include flyer with rates invoices.
- 14 December 2022 – property owners advised of new values.
 - objection portal and QV site open.
 - rates calculator tool launched with video.
- 20 January 2023 – include flyer with rates invoices.
- 31 January 2023 – objection period closes.
- 1 July 2023 - 2022 rating values used to calculate annual rates

QV



Hutt City Revaluation 2022

22 November 2022

QV





Agenda

Process & Tools

Pre Audit High Level Results

Key Dates

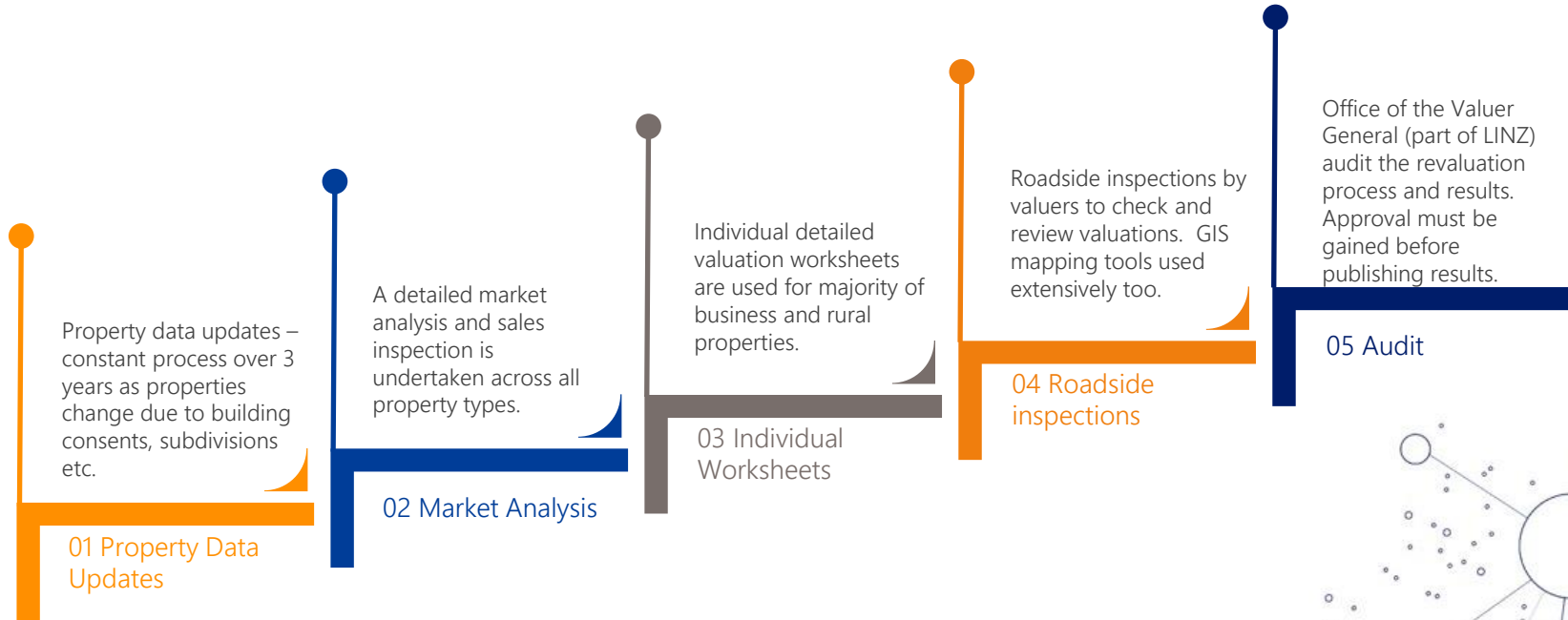
Questions

Provisional Results

– not to be shared



Process

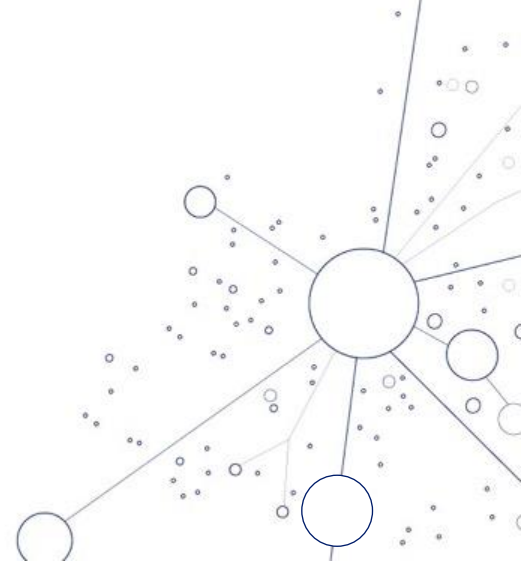
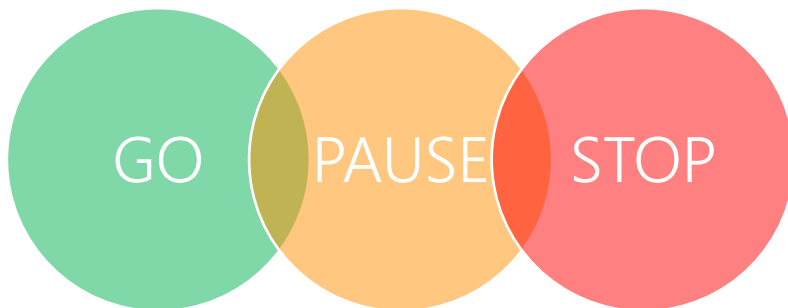


Rating values are assessed in accordance with legislation – Rating Valuations Act 1998.

Auditing Process



- Three week auditing process by Office of the Valuer General (LINZ)
- Two day site visit to scrutinise robustness of values
- Audit traffic light system introduced in 2020



Rating Values vs. Market Values



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

As 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 tree worth

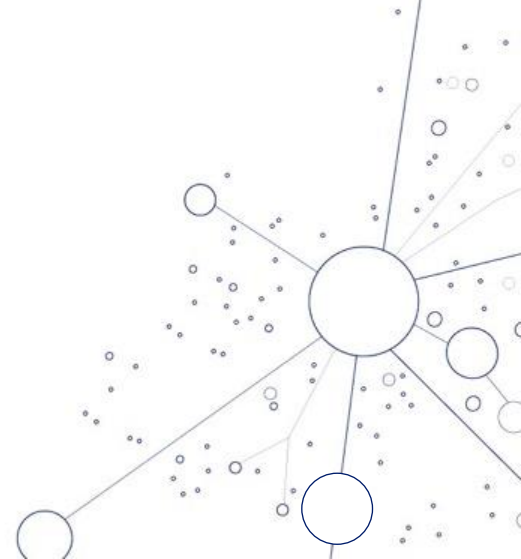
The community and market set property value levels – QV interprets this to form rating values



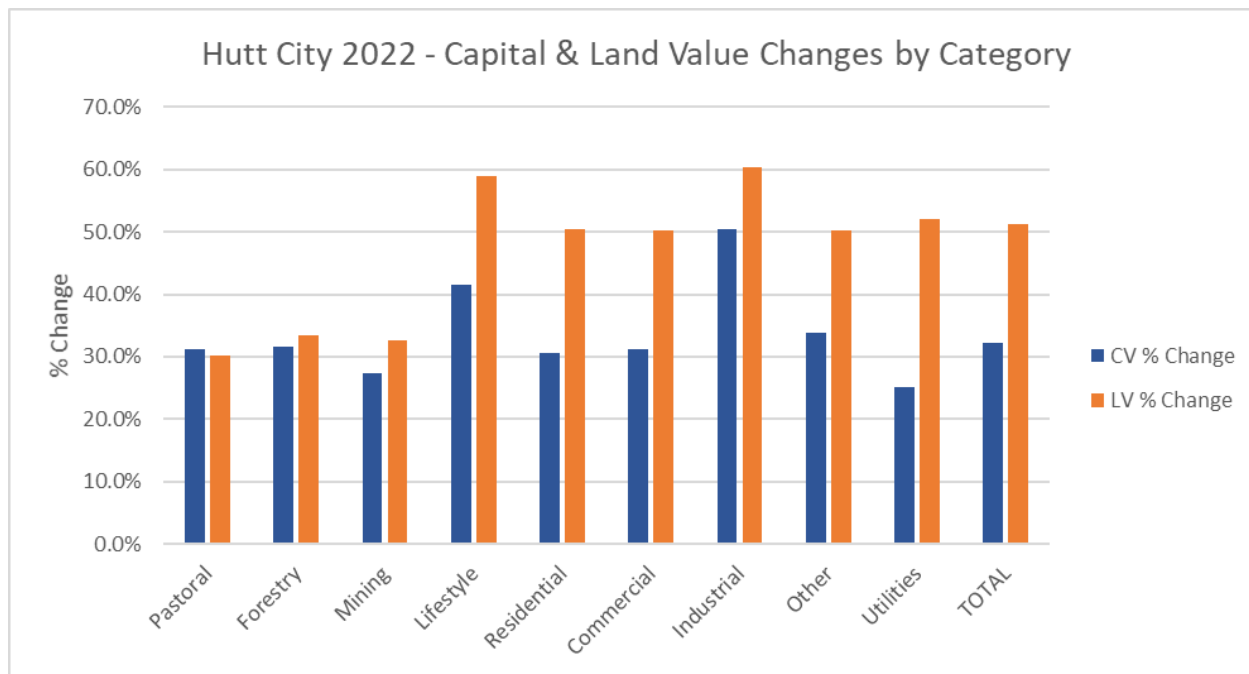
Pre-audit revaluation overview



Sector	No. Assets	2022 CV	CV % Change	2022 LV	LV % Change
Pastoral	2	\$12,360,000	31.2%	\$10,050,000	30.2%
Forestry	6	\$5,087,000	31.5%	\$4,281,000	33.4%
Mining	2	\$4,380,000	27.3%	\$3,700,000	32.6%
Lifestyle	523	\$630,250,500	41.5%	\$360,572,000	59.1%
Residential	37,900	\$31,130,428,300	30.6%	\$20,659,329,300	50.5%
Commercial	1,024	\$2,426,435,400	31.1%	\$1,343,167,000	50.3%
Industrial	1,279	\$3,400,102,000	50.5%	\$2,087,416,000	60.4%
Other	986	\$2,018,138,500	33.9%	\$1,127,408,900	50.3%
Utilities	108	\$1,029,726,000	25.1%	\$69,520,500	52.0%
TOTAL	41,830	\$40,656,907,700	32.3%	\$25,665,444,700	51.3%



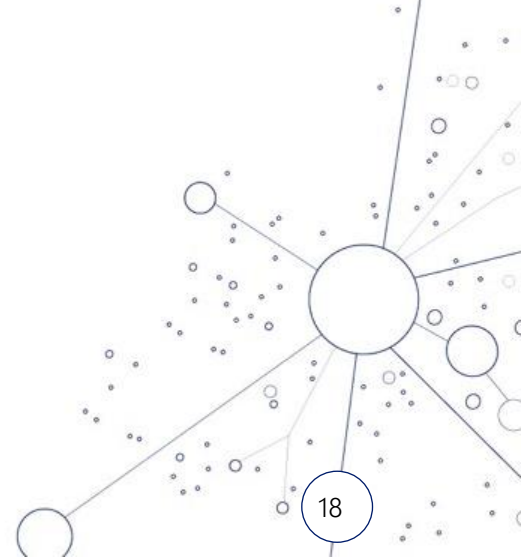
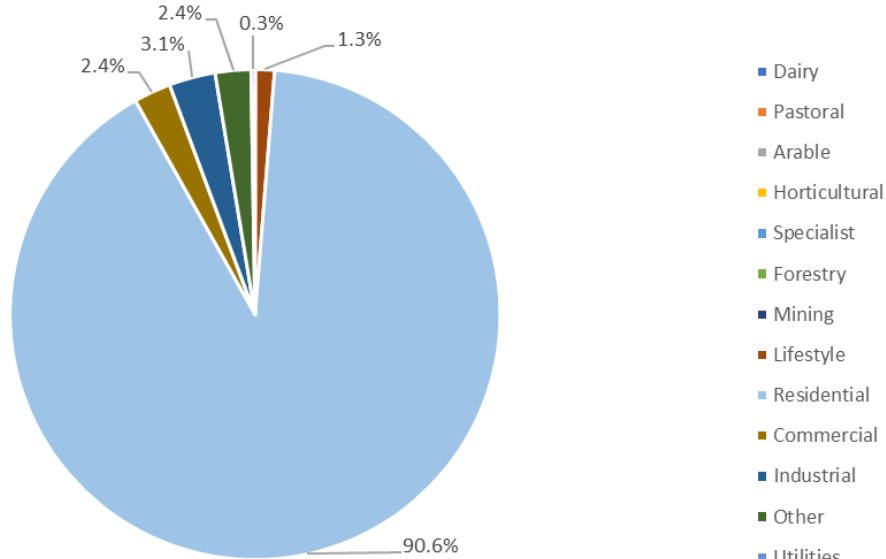
Pre-audit revaluation overview



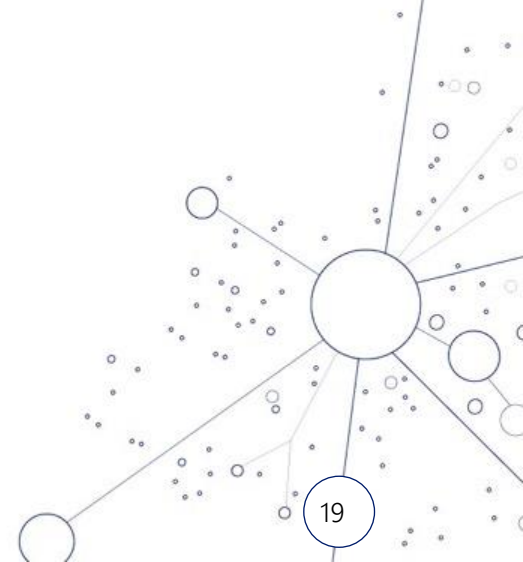
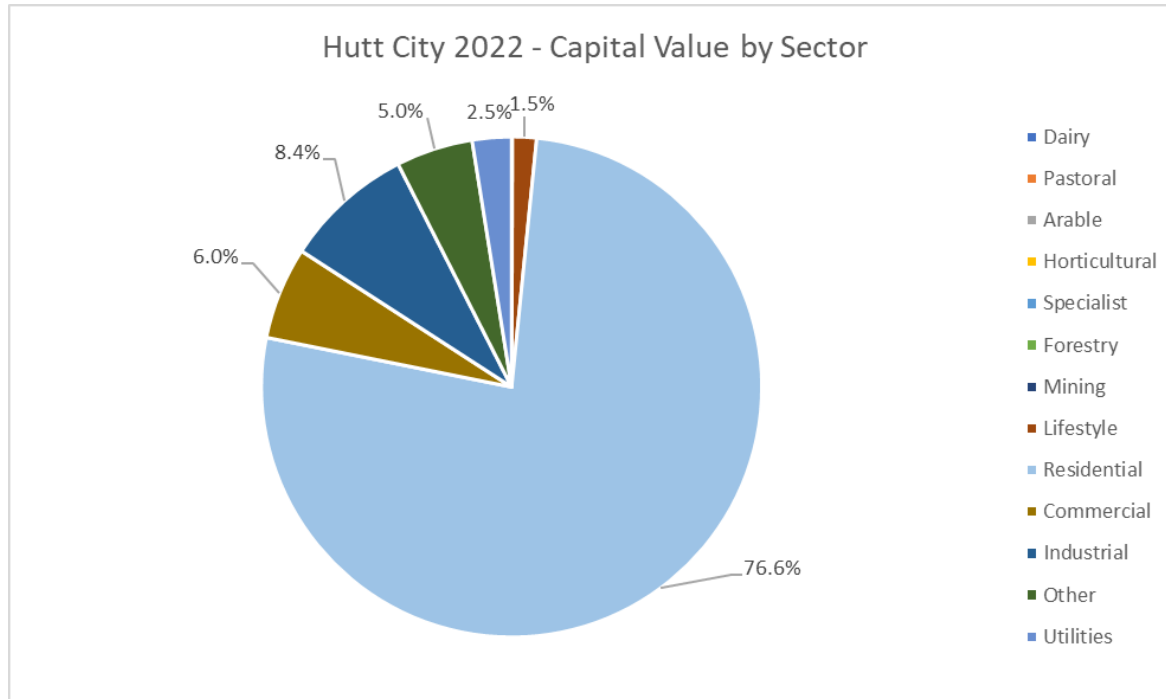
Property Mix



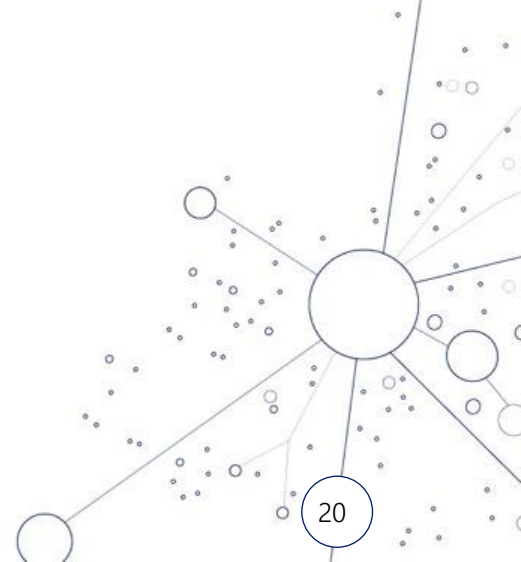
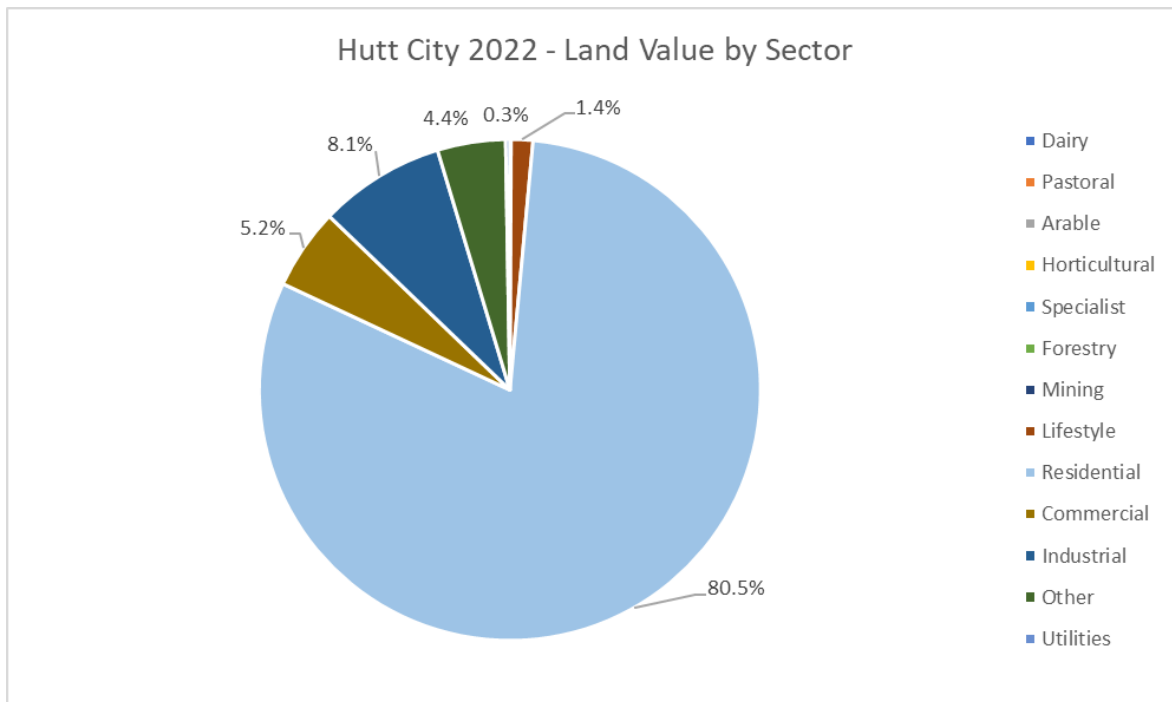
Hutt City 2022 - Property Mix (by Number of Properties)



Capital Value by Sector



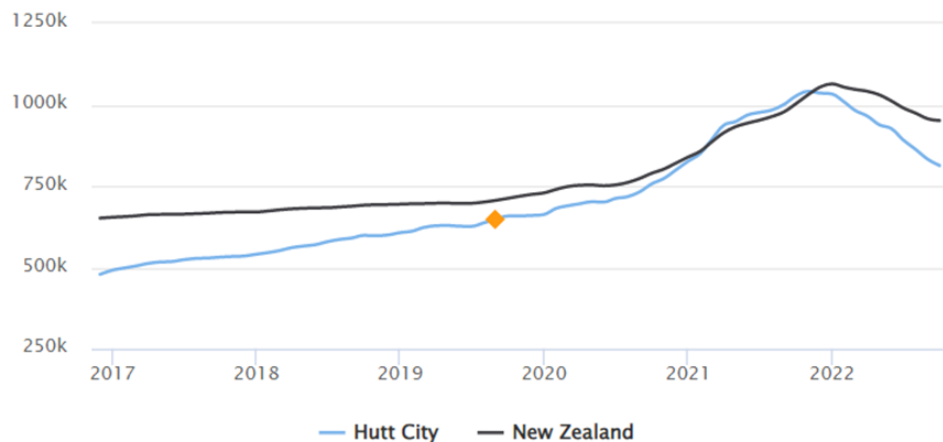
Land Value by Sector



Residential Property Values



QV HOUSE PRICE INDEX - AVERAGE VALUES



Average Value Comparison

Hutt City: \$813,000

New Zealand: \$951,000

Hutt City Key Indicators

1 Month: -3.53% (NZ -0.6%)

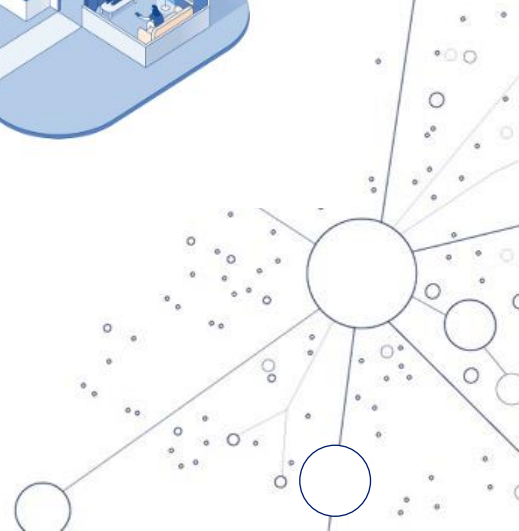
3 Month: -10.13% (NZ -4.5%)

12 Month: -16.79% (NZ -1.3%)

Residential Market



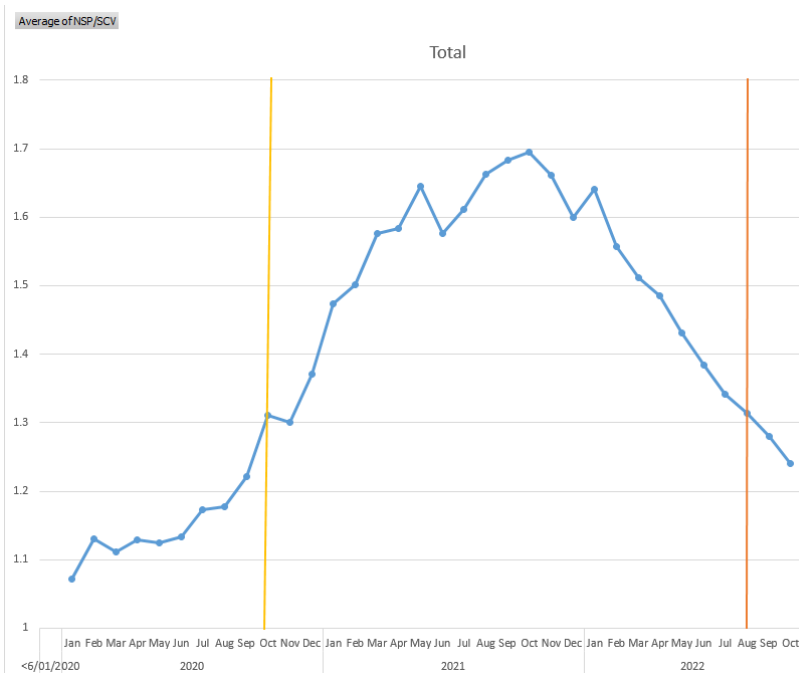
- Fastest rising market in 2021, which peaked in November/December 2021
- Steepest declines to residential values in 2022 causing challenges for agents to shift property due to unrealistic vendor expectations
- Rising interest rates and challenging credit conditions contributed to decline
- Sales volumes have significantly reduced from 2021-2022
- Perception of relative affordability in the Wellington region has reduced.



Residential



Monthly
Average
NSP/CV Ratio



- Monthly Net Sale Price to Capital Value ratio of all RD sales in Hutt City since 2020.
- The analysis show that the NSP/CV ratio as at 01/09/2022 is 1.31.
- This ratio is similar to the ratio in October/November 2020.
- At the peak of the market the NPS/CV ratio was 1.69.

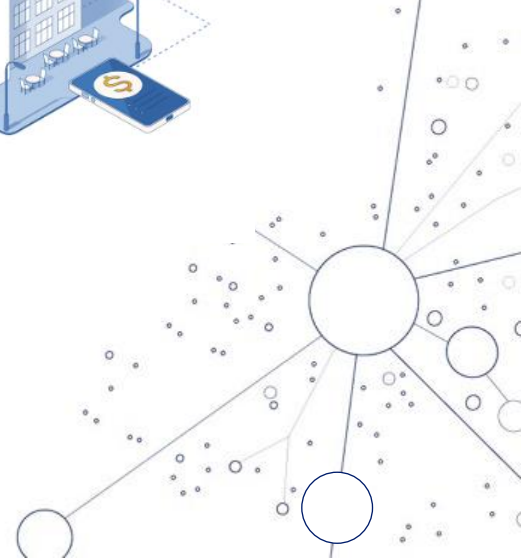
Residential house values



Sale Group	No. of Assets	Average 2022 CV	Average 2022 LV	CV% Change	LV% Change
Alicetown/Moera	1148	\$ 908,044	\$ 611,624	32.7%	46.2%
Avalon	1561	\$ 837,466	\$ 618,812	26.9%	40.8%
Boulcott	1631	\$ 1,025,178	\$ 753,976	25.6%	33.3%
Central	9	\$ 1,626,667	\$ 1,155,556	17.6%	23.8%
Eastbourne	1699	\$ 1,339,194	\$ 890,486	30.7%	43.1%
Naenae	2329	\$ 678,884	\$ 425,412	31.7%	59.9%
Petone	2357	\$ 1,012,896	\$ 713,206	26.7%	43.7%
River Roll	7	\$ 757,143	\$ 375,000	38.2%	35.0%
Stokes Valley	3046	\$ 668,383	\$ 395,251	31.6%	54.4%
Taita	1386	\$ 674,881	\$ 520,945	34.9%	81.0%
Wainuiomata	5799	\$ 635,091	\$ 437,729	33.3%	93.1%
Waiwhetu/Fairfield/Waterlo	3066	\$ 888,867	\$ 681,830	25.7%	49.8%
Western Hills	4202	\$ 947,697	\$ 521,959	33.2%	49.4%
Wingate/Gracefield	249	\$ 867,149	\$ 534,618	25.4%	53.9%
Woburn	1554	\$ 1,378,835	\$ 957,995	33.2%	25.2%
Overall	30043	\$ 865,620	\$ 581,353	30.5%	50.9%

Business Properties

- Positive rental movement on certain property types/locations;
- Reduced vacancy rates;
- Tightening capitalisation rates;
- Cheaper financing;
- Lower saving rates provided by the banks prompting commercial investment to be more attractive;
- Improved confidence;
- Somewhat stabilisation of insurance premiums.



Queensgate



- Largest enclosed mall in Wellington region
- Sustained significant damage from the Kaikoura earthquakes in 2016
- Cinema and part of carpark demolished in 2019
- Rebuild of carpark complete and cinema close to completion
- Tenancy schedule supplied by owners, including rentals and operating costs
- Overall rental similar to 2019 revaluation, as is adopted yield

Queensgate 2022 CV \$320 Million



Shopping Centre	Valuation Date	Cap Rate	Value	NLA	\$/m ²	Occupancy Rate
Sylvia Park Shopping Centre	31/03/2022	5.38%	\$1,071,850,000	94,769	\$11,310	99.80%
LynnMall	31/03/2022	6.50%	\$251,000,000	37,512	\$6,691	100.00%
The Base	31/03/2022	6.25%	\$198,000,000	87,650	\$2,259	99.90%
NorthWest Shopping Centre	31/03/2022	6.50%	\$152,500,000	27,766	\$5,492	96.70%
Silverdale	31/03/2022	6.25%	\$100,500,000	23,008	\$4,368	100.00%
Johnsonville Shopping Centre	31/03/2022	8.38%	\$27,500,000	6,847	\$4,016	82.00%
Commercial Bay Retail	30/06/2022	5.30%	\$400,000,000	16,830	\$23,767	100.00%
Westfield Albany	30/06/2022	6.00%	\$582,500,000	53,357	\$10,917	N/A
Westfield Manukau	30/06/2022	6.75%	\$378,000,000	45,081	\$8,385	N/A
Westfield Newmarket	30/06/2022	5.55%	\$1,193,100,000	86,740	\$13,755	N/A
Westfield Riccarton	30/06/2022	6.75%	\$587,100,000	55,076	\$10,660	N/A
Westfield St Lukes	30/06/2022	6.50%	\$378,000,000	39,474	\$9,576	N/A

Queensgate value changes 2019-2022

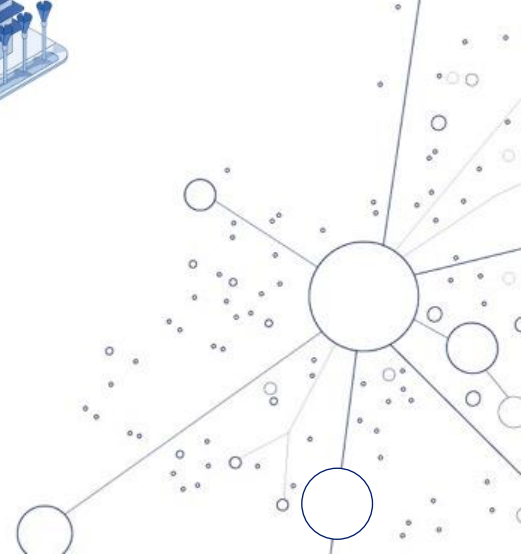


Rates strike	Value	Reason
2019 Revaluation	\$240 Million	2019 general revaluation
1 July 2020	\$295 Million	Carpark & Cinema rebuilding & strengthening
1 July 2021	\$295 Million	No changes
1 July 2022	\$320 Million	Carpark & Cinema rebuilding & strengthening
2022 Revaluation	\$320 Million	2022 general revaluation (proposed)

Key Dates



- Effective Date of Valuation: 1 September 2022
- OVG site audit: 21-22 November 2022
- Public Notice date: 7 December 2022
- Owners notices posted from 14 December 2022
- Objection period closes 31 January 2023
- Used for Rating Purposes from 1 July 2023
- See www.qv.co.nz for help understanding rating valuations and to see valuations for individual properties





Thank you

Happy to take
questions



Questions