



NEW ZEALAND – January 2019

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QV defends role in botch-up of 8000 Auckland valuations

State-owned valuer QV says unclear rules led to it having to re-check council valuations of 8000 Auckland properties.

The botch-up occurred in 2018 after the valuer was found to have breached the law in the way it re-assessed 8000 properties whose owners had objected to their Auckland Council rating valuations.

An audit by the Valuer General in June 2018 found fault with the way QV had subsequently re-assessed the contested values.

"They did not follow the law, or their contractual requirements, by not carrying out on-site inspections required," an internal Auckland Council briefing to politicians said.

As the council sent out the first rates bills for the 2018-19 year, 5000 revaluations remained incomplete with half of those being ratepayers wanting their valuation – and their rates bill – reduced.

QV has never commented on the unprecedented re-check work, but its explanation is contained in documents obtained by Stuff, which the Minister for State Owned Enterprises, Winston Peters, had initially refused to release.

A briefing note from QV's chief executive Jacquie Barker to Peters as minister responsible for the company was released only after Stuff sought the intervention of the Ombudsman's office under the Official Information Act.

"This is the first time the Valuer-General's office has prescribed how on-site inspections should be undertaken," Barker wrote.

"The on-site inspection rule has no detailed definition of what it should entail and as such is open to interpretation and methodology."

The briefing note pointed out that the council's legal advice agreed with the Valuer General's view that QV's work had not complied with the rules.

Barker told the minister that QV's contract with Auckland Council required "confidentiality in all aspects of our contract, and specifically in terms of media comment".

In the briefing note Barker told the minister said she thought a few, and possible no valuations would change as a result of re-work.

Stuff has sought detail of whether any valuations have been altered, but the information has not yet been provided.

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Peters declined Stuff's request for information on the botch-up by the state-owned company, citing commercial sensitivity, but reconsidered after the Ombudsman began reviewing the withholding.

In a letter to Stuff explaining the change of heart four months later, Peters said the initial refusal was made as "QV was undergoing commercial negotiations with Auckland Council at the time".

On December 19, Peters said the negotiations were now complete, but a day later, Auckland Council said they would be "concluded this month".

QV has not been penalised directly for the re-work, but the council delayed payments for each valuation re-check until they had been completed.

"Future contracts will have provision for a review and final approval of the processes to ensure compliance to the rule," the council's acting head of rates valuations and data management, Rhonwen Heath, said.

Whangārei Mayor Sheryl Mai: Welcome to 2019 - rates, revaluations and recycling

Happy New Year everybody, and welcome to 2019. I'm looking forward to an exciting year for our district but, first, let's all just sit back and enjoy the glorious summer holidays.

Before discussing the (exciting!) topic of rates and revaluations, there's something I need to mention. I'm sure you'll all have noticed that my column is no longer featured in the Report, and I for one lament the loss of a community paper that been part of our lives for more than 35 years.

I can only hope the "parish pump" nature of this much-loved neighbourhood paper will not be lost. I want to take this opportunity to thank the staff, reporters and editors of the Report for all of their hard work over the years. The Northern Advocate will now be hosting my column every fortnight, so be sure to keep an eye out for insights and updates from me in these pages.

Now to the topic of property revaluations, which were carried out by Opteon (as the district council's new valuation service provider), with the revised rating values effective from August 1, 2018. Many of you will have already received your new notices of valuation, if not yet, yours will be in the post soon.

You are welcome to come in and view the district valuation rolls until February 15, 2019 during office hours at Forum North on Rust Ave. If you'd like to lodge an objection, you must do this in writing before February 15. Objection forms are available from Whangārei District Council customer services or online at www.wdc.govt.nz.

Please remember, just because your property valuation has increased, it doesn't necessarily follow that your rates will, too. Your revised rating valuations as at August 1, 2018 will be used for rating purposes from July 1, 2019. If you have any questions, just visit us at council or call us during office hours.

My last message to you is about the summertime rubbish and recycling runs. With the influx to our district over summer (especially coastal areas) we need extra collections to cope. These started on January 4 and will continue until February 9. The Northern Coast areas will have their usual collection on Monday and a second collection on Friday in beach settlement areas, while the Bream Bay coast will have its usual collection on Tuesday and a second collection on Saturday in beach settlement areas.

I hope you're all finding the time to enjoy and explore our spectacular coastal areas this summer, from Langs Beach through to Whangaruru, our natural environment in Northland can't be beat. Remember to be sun smart, and leave only footprints...

Auckland median residential property price slipped modestly in 2018

Auckland house prices ended 2018 down on the previous year, the first time that's happened since 2008.

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But ASB said the fall in Auckland's median house price of 0.8 per cent during 2018 did not herald the beginning of a market crash.

The rebalancing in the Auckland housing market is expected to continue into 2019," ASB economist Kim Mundy said.

"However, there do remain a number of solid supports including ongoing population growth, easing Loan-to-value (LVR) restrictions and still-low interest rates."

"These supports are likely to limit any further price falls we may see in the Auckland housing market over 2019."

ASB economist Kim Mundy did not expect Auckland house prices to decline steeply.

Barfoot & Thompson's December house price data, released today, highlighted a "very soft" end to 2018 for the Auckland housing market, she said.

There were fewer sales, and fewer new listings in December compared to the same month in 2017.

And, Mundy said: "We are expecting to see more soft data results over 2019. The ban on foreign buyers and tax changes are expected to further dampen demand in a housing market that is now a buyers' market."

But resident buyers could now borrow more from banks, as the rules limiting the proportion of loans they can make at more than 80 per cent of the value of homes has been eased by the Reserve Bank.

And the city's population continued to grow, she said.

These influences should limit the extent of any price falls over the year, she said.

"In the past few months the tide has turned towards it becoming a buyers' market," said Peter Thompson, managing director of Barfoot & Thompson.

"The over-riding market sentiment at present is indecision as to the direction the market is heading."

Among the factors playing on Auckland home owners' and buyers' minds were the reported major declines of prices in the big Australian cities, and the possibility the government will start taxing capital gains on investment properties.

"Overall, 2018 was a more active year for residential sales than 2017 with sales numbers year-on-year up 8.1 per cent," he said.

But the median sale price was \$836,792 in 2018, down 0.8 per cent on 2017.

"This is the first time the median price has fallen below that for the previous year since 2008, the year the impact of the Global Financial Crisis affected house prices," he said.

The average sale price was, however, higher in 2018 than 2017.

"The average 12-month sales price for 2018 at \$929,910 is up on that for 2017, but by only 0.4 per cent," he said.

There had been more sales at the relatively cheaper end of the market.

"A stand out feature for me in 2018's sales data was the significant increase in the number of sales made in the under \$500,000 price category," he said.

"In 2017 property sales in this price category represented 8.9 per cent of our sales while in 2018 they had climbed to 11.4 per cent of all sales."

"This increase can be linked directly to the higher number of apartments, terraced housing and town houses hitting the market, giving first time buyers and those on limited incomes far better access to property."

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Property booms in Rotorua in 2018, price rise set to continue

In just under a year, Rotorua's median residential house price has increased by \$55,000 and real estate experts believe the rise is set to continue.

The year in review from the Real Estate Institute of New Zealand (REINZ) shows the median price in 2018 started at \$365,000, reached a record high in June of \$435,000 and settled at \$420,000 in November.

According to the data, in the first 11 months of 2018, Rotorua's median house price increased by 15.1 per cent.

In comparison, the national median sale price increased 10.6 per cent in the same timeframe - from \$520,000 to \$575,000.

Harcourts sales manager Colville Barbour said 2018 had been a sellers' market.

"This follows on from a couple of years of strong growth and is reflected in the median sale price.

"Well-priced property isn't lasting on the market and often attracts multiple offers. This is great news for vendors as the extra competition can achieve better than expected prices."

Barbour said properties sold in 32 days on average and between 80 and 120 houses were sold every month.

"Rotorua still offers value and it is expected that 2019 will be another strong year for sales."

Barbour said the Rotorua market had something for everyone and low interest rates helped buyer confidence.

"First-home buyers are active at the lower end of the market but continue to compete with investors and can struggle with deposits.

"The market continues to attract investors both from out of town and locally who see value in the returns they can achieve.

"The mid and top ends of the market have produced some outstanding sales."

REINZ chief executive Bindi Norwell said many of the country's regions had experienced "significant growth" in the past year.

"Demand for good housing stock continues to exceed the supply of houses.

"We're still seeing a number of Aucklanders, particularly first-home buyers, move to the regions where they can get more for their money," Norwell said.

"This effect continues to drive up prices in the regions and until we address the fundamental supply issues, we believe house prices will continue to increase in the short to medium term."

Norwell said Rotorua was still more affordable than other Bay of Plenty areas as the median price remained below \$500,000.

"This lower price point also means families can get a little more land than you might get in other areas within the Bay, yet there are still good schools and transport options.

"When you combine that with the strong business growth and its ability to reach other areas of the Bay within an hour's drive time, you can see why it remains a popular place to buy."

Mortgage Centre owner Graeme Leigh said the business had loaned more than \$24 million in 2018, up 17 per cent on the previous year.

The average loan size was \$345,000.

Leigh said a shortage of listings and rising prices had made the year difficult for first-home buyers.

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"The shortage meant there were multiple offers. Sometimes my clients missed out because when you've got multiple offers you may have cash buyers.

"With the median price over \$400,000 that creates another problem for first-home buyers because they want to access a home start grant but the maximum price for the grant in this region is \$400,000.

"That figure has really become the new entry level."

Looking ahead, Leigh expected to see more loans of more than 80 per cent of the house value, and more investors.

First National principal and Rotorua REINZ spokeswoman Ann Crossley said the 2018 property market had been strong and a shortage of stock had driven demand.

Crossley hoped pockets of development would ease demand and she believed 2019 would be another positive year for property.

Professionals McDowell co-owner Steve Lovegrove said 2018 had been "an interesting year".

"We've seen some highs and lows. The high has been price increases and the lows have been stock availability.

"Both have been at the extreme end of what we've seen for a really long time in Rotorua and I think they relate to each other."

Lovegrove said Rotorua was an attractive place to live and that was contributing to the demand for housing and he believed prices would continue to rise incrementally in 2019.

"All in all we're on the up and up. Looking forward that's quite sustainable. Can we repeat 2018 in terms of solid growth? I think we can."

REINZ top-selling suburbs with 10 or more sales

1. Lake Tarawera with a median price of \$761,250 (10 sales)
2. Lynmore with a median house price of \$643,000 (52 sales)
3. Springfield with a median of \$557,000 (57 sales).

Median value by suburb

Fairy Springs \$370,000 (30 sales)
 Fenton Park \$389,500 (20 sales)
 Fordlands \$205,000 (17 sales)
 Glenholme \$481,000 (63 sales)
 Hamurana \$803,500 (17 sales)
 Hannahs Bay \$341,500 (6 sales)
 Hillcrest \$426,000 (22 sales)
 Holdens Bay \$391,500 (12 sales)
 Horohoro \$613,000 (2 sales)
 Kawaha Point \$491,000 (19 sales)
 Koutu \$311,000 (21 sales)
 Lake Ōkareka \$793,000 (7 sales)
 Lake Rotoma \$365,000 (7 sales)
 Lake Tarawera \$869,000 (10 sales)
 Lynmore \$634,000 (52 sales)
 Mangakakahi \$350,000 (51 sales)
 Mourea \$292,000 (7 sales)
 Ngakuru \$583,000 (8 sales)
 Ngapuna \$272,500 (0 sales)
 Ngongotahā \$409,500 (64 sales)
 Ohinemutu \$408,500 (one sale)
 Ōkere Falls \$565,000 (5 sales)

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Ōwhata \$414,000 (88 sales)
Pukehangi \$397,000 (66 sales)
Rerewhakaaitu \$440,000 (one sale)
Rotoriti Forest \$469,000 (four sales)
Rotorua Central \$344,500 (14 sales)
Selwyn Heights \$367,000 (16 sales)
Springfield \$541,000 (57 sales)
Tihiotonga \$635,000 (seven sales)
Tikitere \$889,000 (19 sales)
Utuhina \$409,000 (21 sales)
Victoria \$377,000 (21 sales)
Waikite Valley \$652,000 (three sales)
Westbrook \$484,000 (47 sales)
Western Heights \$331,000 (33 sales)
Whakarewarewa \$331,000 (two sales)

Source: Oneroof.co.nz

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