

# What's Your REAL Value?

The latest valuations are now available from the Waikato District Council, and most properties will have had a substantial rise in values. For those living in the Waikato District, if you are thinking of selling now or in the near future, please consider the following.

The market does use rateable value as a starting point for their estimate of value when purchasing a property. As much as we would like valuations to be taken out of the equation, as they have not been a fair guide to value, purchasers from out of town or overseas, always without fail have a starting point from the rateable value. It is worth noting that these new valuations are dated 1 October 2020 (compiled from data from the previous months) – the market at large has risen by a factor of at least 7% since then.

Therefore I implore you, if you feel that your rateable value does not match your idea of current market value, to get it reviewed. For this purpose you will need to provide sales information, either from a valuer or from a licensed real estate agent. As a valued client, we are more than happy to provide you with what you would require on a no-obligation basis going forward. Rateable values should reflect market value at the time they are set, that is the intention. Direct comparison with recent sales is the only clear reflection of value and importantly a property is worth only what a purchaser is prepared to pay and what a vendor is prepared to accept.

Something that has happened in the last few years is the advent of internet websites that purchasers use a first step when ascertaining the value of a property – Homes.co.nz, OneRoof.co.nz and the like – which all use the baseline of a rateable value to computerise an estimated sales range. The banks are also using a similar process. The real estate industry is accused of pushing prices upwards – I absolutely refute that, in fact, we reflect the current market. The public is educated by these generic websites, which often show a massive range of projected market value – often too wide to be of any value – and in recent times have been above the market in many cases.

Nevertheless, it is important that the rateable value is as close as possible to the current market value, as only on rare occasions are properties sold below rateable value, and there will be a plausible reason for this to happen when it does – building issues, location, age, etc.

Values are still escalating in the marketplace as reported by Core Logic, with the suggestion that the market may be peaking. I recommend that you use caution in accepting this suggestion – the rural market runs to a different tune. I predict no falling of values in the main because, as is always the case, there are more buyers than properties available. There is a desperate shortage of land for subdivision in the rural marketplace. For example, 3 years ago, a quality section in Tamahere was selling for around the mid \$500,000s – now we would be looking for at least around the mid \$800,000s. It may be a couple of years before the RMA Act is amended to give councils more scope in making land available for subdivision, so existing properties command a premium. Another factor is the low interest rates of the moment, with no warning bells ringing to indicate a major upwards trend. The rural market, in the main, is outside of first home buyers' reach, and we are catering to a clientele that is somewhat on the way to establishing themselves.

Knowledge is power. Protect the value of your home. You never know when changing circumstances will necessitate you selling. Take advantage of our combined 40 years' experience in the marketplace, and give us a call today.



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