A Valuation Report Prepared For:

BNZ BANK LIMITED

Subject Property:

119 MAKEBELIEVE STREET, MADEUP SUBURB, IMAGINARY CITY

Effective Date Of Valuation:

20 AUGUST 2024

Client Reference:

ABC-7DEF-GHI

Valuation prepared by Added Valuation Limited:
Rob Douglas
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VALUATION SUMMARY

Property:	119 Makebelieve Street, Madeup Suburb, Imaginary City
Client Reference:	ABC-7DEF-GHI
Legal Description:	Title identifier: HBI4/1254 Appellation: Lot 3 Deposited Plan 45321
Client/Addressee:	BNZ Bank Limited Private Bag 39806 Wellington Mail Centre Lower Hutt 5045
Borrower:	Jack and Jill
Instructed by:	BNZ Bank Limited via Valocity Ordering System
Reporting date:	22 August 2024
Valuation date:	20 August 2024
Inspection date:	20 August 2024 at 01:00 PM
Purpose of valuation:	For mortgage lending
Basis of valuation:	Market value
Interest being valued:	An estate in fee simple (freehold)
Nature of property:	Residential - single dwelling
Property summary:	119 Makebelieve Street, Madeup Suburb, Imaginary City comprises a detached single storey four bedroom dwelling constructed in the early 2010s. The dwelling is generally presented in tidy condition with a standard fitout. The dwelling is internally partitioned to provide an open plan kitchen/dining room/living room, lounge, master bedroom with ensuite and walk in wardrobe, three additional bedrooms, bathroom, separate toilet, double integral garage with laundry, and hallway. Other improvements comprise an inground swimming pool. The section is well established. The property is located in the Residential Estate. The Residential Estate subdivision has been developed since the early 2010's and comprises a mixture of regular and irregular shaped sections, with housing development being of a medium to good modern standard. Surrounding properties are presented in average to tidy condition and tend to achieve values in the middle to upper-middle price range for Imaginary City.

Market Value:

Nine Hundred and Fifty Thousand Dollars $950,000	
Apportioned as follows:	
Improvements Value	$599,000
Land Value	$340,000
Chattels	$11,000
Market Value	$950,000

This valuation assessment is inclusive of GST (if any).

Floor area:

Buildings	Area (m²)
Dwelling	205.6
Integral garage	42.2
Covered entry	2.7
Patio	54.0
Swimming pool	39.9
Pool shed	2.5
Garden shed	4.7
Woodshed	8.5

Zoning: The land is zoned Main Residential under the Operative City District Plan.

Land Area: 610m²

Critical assumptions: This valuation assessment is on the basis of and subject to the 'Valuation Explanation' (see appendix), and has been undertaken under the agreement between Added Valuation and Valocity.

Disclosure: The valuer has no interest, financial or otherwise, in the property or with any party in relation to the subject property. Added Valuation Ltd holds current professional indemnity insurance cover of $2,000,000, which covers all our valuers. Our valuation has been completed in compliance with the Property Institute of New Zealand Valuation Standards and International Valuation Standards.

Disclaimers, limitations and qualifications: The above valuation is subject to all the terms and conditions outlined in this report. This report comprises 29 pages inclusive of the Appendix, Title Page and Table of Contents, and should be read in full.

This valuation may only be relied upon by Jack and Jill and BNZ Bank Limited for mortgage lending purposes only. No other person should rely upon this report, nor can the report be relied upon for any other purpose, without the written agreement of Added Valuation Ltd. Should some other person do so without the written permission of Added Valuation Limited then that person does so at their own risk and Added Valuation Limited accept no responsibility for any reliance placed upon the report.

Added Valuation Limited prohibit the publication of this report in whole or in part, or any reference thereto, or to the valuation figures contained therein, or to the names and professional affiliations of the valuer, without the written approval of the valuer as to the form and context in which it is to appear.

Valuation prepared by Added Valuation Limited
Inspected and valued by:

Rob Douglas
Registered Valuer, BBS (V&PM), ANZIV, SPINZ
Annual Practicing Certificate 2024
E:rob@addedvaluation.co.nz M:022 4444 005

Our File Ref:5921

STATUTORY DETAILS

LEGAL DESCRIPTION

Title identifier:	HBI4/1254
Appellation:	Lot 3 Deposited Plan 45321
Tenure:	Fee Simple
Area:	610m²
Registered proprietor:	Jack and Jill
Title interests:	Appurtenant hereto are water and pipeline rights created by Transfer 76543 5871234.1 Transfer to Jack and Jill - 2010 12935428.2 Mortgage to Bank of New Zealand - 2010 Land Covenant in Covenant Instrument 1284321.15 - 2012

The Land Covenant provides standard restrictive covenants for the general benefit of the subdivision.

There are no other current interests registered on the Record of Title which we consider have a material impact upon the value of the property.

Refer to Appendix 'Valuation Explanation' Record of Title

ZONING

The land is zoned Main Residential under the Operative City District Plan.

The Main Residential zone applies to broad residential areas covering most of the City where there are no significant environmental constraints that may otherwise indicate intensified residential development should not occur.

The Main Residential Zone allows for a degree of consolidation and intensification of residential development consistent with the maintenance and enhancement of residential amenity values by way of development standards.

The Main Residential Zone provides for the following permitted activities, subject to meeting zoning conditions: residential activities, home occupations, a supplementary unit, residential care facilities, day care centres, travellers accommodation, education facilities and scheduled sites.

There is no minimum site size in the Main Residential Zone, however development within this zone must meet a number of standards including requirements relating to yard, building height, building height in relation to boundary, site coverage, landscape area and open space.

The existing residential use is a permitted activity within this zone.

The subject property is identified on the zoning map below.

RATING VALUATION

As at 1 October 2023

Valuation roll number:	1234/15200
Improvements value:	$610,000
Land value:	$350,000
Capital value:	$960,000

This assessment is produced for rating purposes using mass appraisal techniques. In most cases an inspection of the property was not undertaken. The Rating Value is not necessarily indicative of the market value.

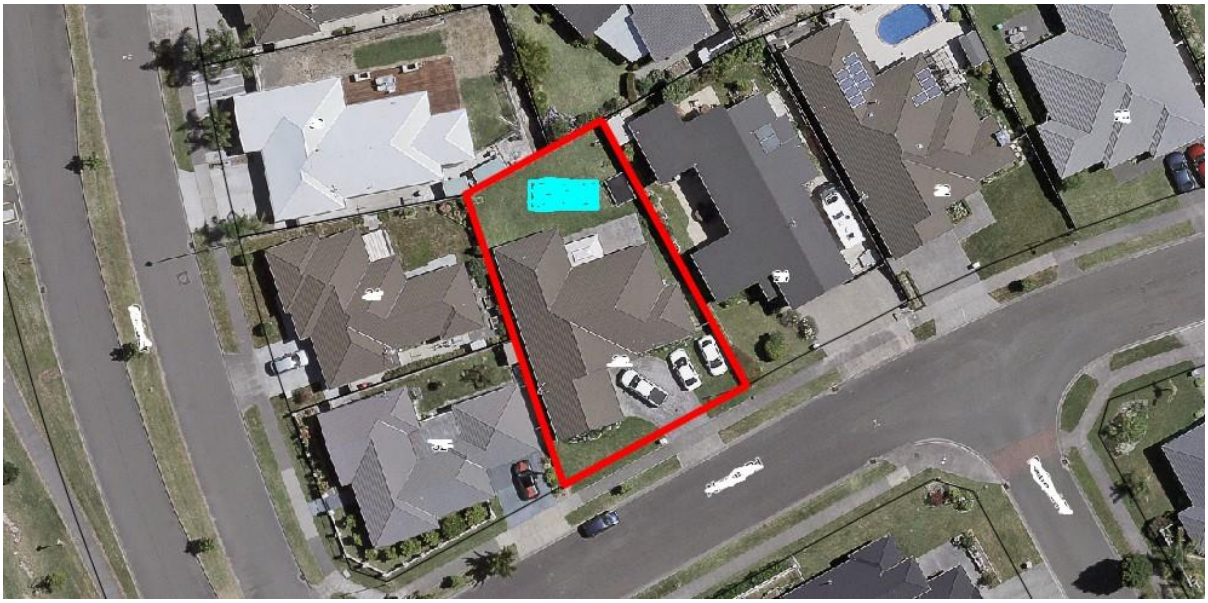
A market value below the Rating Value is consistent with recent sales evidence.

RATES

For the 2023/2024 year (GST inclusive)

Valuation roll number:	1234/15200
Local Council Rates:	$3,903.69
Regional Council Rates:	$756.61

LAND



The subject property is identified on the above plan. The section is of almost rectangular shape. The land is of level contour.

The property is identified as being within the Tsunami "distant source inundation extent" area on the HBRC hazard portal maps, indicating that a tsunami coming from a distant (or near) source would be expected to affect the property. This maps is based on a 1,000 year return period. Note, the property also sits inside the "Tsunami near source inundation extent" area.

All normal utilities (power, water and sewerage) are available to the site. Gas is supplied via portable bottle with dual connection. Fibre optic telecommunications is available.

The property is classed as being of high liquefaction hazard vulnerability (on a GNS Science 2017 scale comprising; unlikely, medium and high). Source: Hawke's Bay CDEMG Hazard Information Portal. The high liquefaction category is common in Hawkes Bay. While this may result in increased building costs there is little evidence that this classification has a measurable effect on the market value of properties in this location.

The property is identified as being on unconsolidated swamp, estuarine and lagoonal deposits and reclaimed land on the earthquake amplification category (being generally considered the least desirable of the four categories). Land in this category can incur additional costs in terms of geotechnical reports, engineering consultancy/design and foundation works. This earthquake amplification category is not uncommon in Napier with this classification covering large areas of the City. There is little evidence that indicates this classification has a measurable effect on the market value of properties in this location. Source: Hawke's Bay CDEMG Hazard Information Portal.

Refer to Appendix: 'Valuation Explanation': 'Site survey' and 'Environmental or geotechnical issues' for details of the nature of our investigations

LOCATION

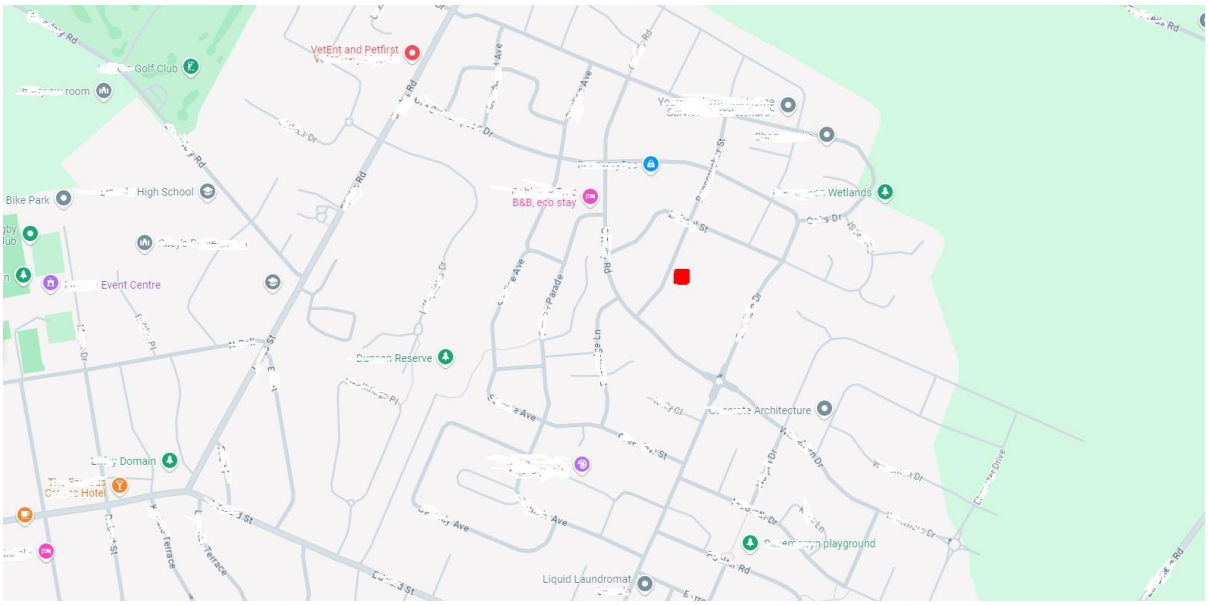
The property is located in the Residential Estate. The Residential Estate subdivision has been developed since the early 2010's and comprises a mixture of regular and irregular shaped sections, with housing development being of a medium to good modern standard. The property is positioned on the north-eastern side of Makebelieve Street.

The Residential Estate subdivision has been well accepted by the market. Section sizes mostly range from 550 m² to 700 m². The subdivision has good access to most areas and nearby amenities, due to its easy access to the Expressway.

The subdivision is located close to the sports grounds and recreational reserve, and has easy access to the nearby shopping centre. Schooling in the locality comprise well sought-after Primary, Intermediate and High Schools.

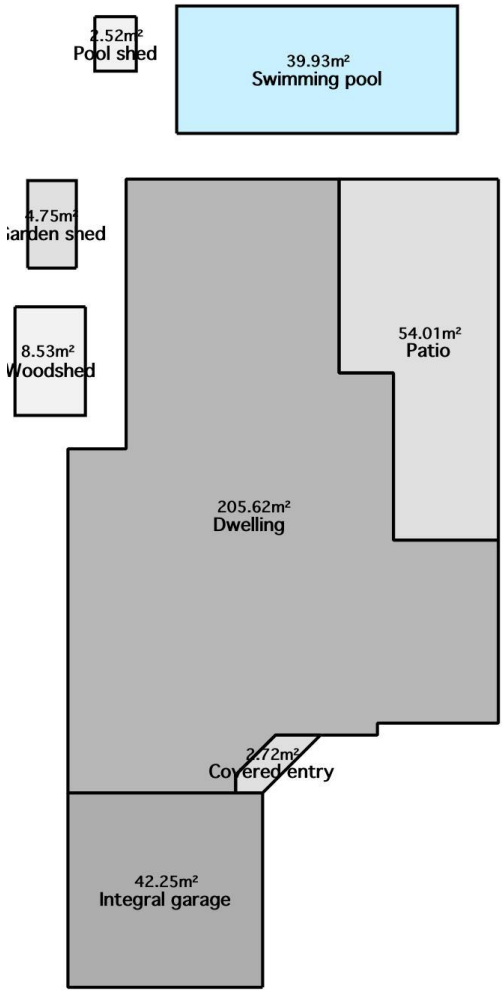
Surrounding properties are presented in average to tidy condition and tend to achieve values in the middle to upper-middle price range for Imaginary City.

The approximate position of the property is identified on the plan below.



IMPROVEMENTS

Buildings	Area (m²)
Dwelling	205.6
Integral garage	42.2
Covered entry	2.7
Patio	54.0
Swimming pool	39.9
Pool shed	2.5
Garden shed	4.7
Woodshed	8.5



DWELLING

Kitchen/dining/living room

Lounge

Bathroom and toilet

Master bedroom

Walk-in-wardrobe and ensuite

Bedroom

Type	A detached single storey four bedroom dwelling
Approximate age	Constructed in the early 2010s

Construction	**Materials**	**Condition**
Foundation	Concrete slab	Tidy
External walls	Brick	Tidy
Roof	Corrugated steel	Tidy
Joinery	Double glazed aluminium	Tidy
Floor	Concrete	Tidy
Internal wall linings	Plasterboard	Tidy
Internal ceiling linings	Plasterboard	Tidy

Rooms	**Fixtures and fittings**
Kitchen	Laminate bench, dual stainless steel sink insert, waste disposal unit, breakfast bar, wall oven, four hob ceramic top benchtop elements, range hood, dishwasher, cupboard, drawers and pantry space
Living room	Ranch slider
Lounge	Freestanding wood burner
Dining Room	Air conditioning unit
Bathroom	Shower, bath, vanity unit, electric towel rail, heat lamp and extractor fan
Master bedroom	Walk in wardrobe, ensuite, ranch slider
Bedroom	Double wardrobe
Bedroom	Double wardrobe
Bedroom	Single wardrobe
Hallway	Storage cupboards, linen cupboard with hot water cylinder
Toilet	Toilet
Double integral garage	Double sectional vehicle door, automatic garage door opener, workbench, garage carpet, stainless steel laundry tub, laminate bench, laundry cabinetry
General Features	Security alarm, heat transfer system, photovoltaic (electricity) solar panels

Adjoining the front of the dwelling is a covered entry and adjoining the side of the dwelling is a concrete patio.

The interior is generally presented in tidy condition with a standard fitout. The exterior is generally presented in tidy condition and has recently had work undertaken to the roof and spouting.

Chattels

We have included in our valuation an allowance for chattels comprising:

Item	**Condition**
Carpets	Becoming worn
Curtains	Clean and tidy
Blinds	Average
Protruding light fittings	Average

Front yard

Rear yard

Swimming pool

Swimming Pool

The property has an inground fibreglass swimming pool of rectangular shape with built-in steps. The swimming pool, constructed in about 2022, is in good condition. Pool surrounds comprise concrete paving. The fencing does appear to meet the Fencing of Swimming Pool Act requirements. The pool has a chlorine filtration system with a water heating system and built in cover. The pool filter is housed in a standard a purpose-built shed.

Site Development

The section is well established. The garden development comprises lawns, trees, shrubs, fruit trees, vegetable and decorative gardens. Site fencing comprises prefabricated colourSteel panels and timber paling. Vehicle access is via an exposed aggregate concrete driveway. Other improvements comprise a garden shed, woodshed, shade sail anchor posts, compost bins, concrete paving and a clothesline.

Limitation

This valuation report is not a structural survey. Any comments relating to the condition of improvements relate only to the superficial condition, and not structural condition. Refer to Appendix: 'Valuation Explanation' 'This report is not a structural survey' and 'Building Services'.

VALUATION RATIONALE

This assessment has been undertaken in accordance with the Guidance Papers for Valuers and Property Professionals developed and revised by the New Zealand Standards Boards and approved by the New Zealand Institute of Valuers Council (including version 1.3 of the Residential Valuation Standing Instructions) and the International Valuation Standards 2022; and more particularly the following standards:

- IVS Framework
- IVS 101 Scope of Works
- IVS 102 Investigations and Compliance
- IVS 103 Reporting
- IVS 104 Bases of Value
- IVS 105 Valuation Approaches and Methods
- IVS 400 Real Property Interests
- ANZVGP111 Valuation Procedures – Real Property
- ANZPGP201 Disclaimer Clauses and Qualification Statements
- NZVGP501 Goods and Services Tax (GST) in Property
- ANZRPGP207 Property Research Guidelines
- ANZVGP112 Valuations for Mortgage and Loan Security Purposes
- The Guide for The Measurement of Residential Properties
- NZVGP503 Valuation Reports Prepared by Unregistered Valuers

These standards provide the following definition of Market Value;

"Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The Market Value of an asset will reflect its highest and best use. The highest and best use is the use of an asset that maximises its potential and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

IVS 105 refers to three approaches to valuations, namely the Market, Income and Cost approaches. The Market Approach uses Comparable Transactions Method to analyse sales evidence to common units of comparison e.g. $/m². The Income Approach considers the income generating actual/potential of the property to derive a market value. The Cost Approach considers the replacement cost of the property of equivalent utility with allowances for physical depreciation and obsolescence to derive a market value.

LAND VALUE ASSESSMENT

We have adopted the Market Approach to the land value assessment and have considered the Net Rate Method and Comparable Transactions Method.

Land Sales Evidence

The following land sales have been considered in assessing the land value of the subject property.

Address	Sale Date	Sale Price	Land area (m^2)	$/m^2$ (effective)	Comparability
35 Riverbank Road, Madeup Suburb, Imaginary City	4 June 2024	$300,000	550	$545	inferior
15 Lyttleton Lane, Madeup Suburb, Imaginary City	16 January 2024	$310,000	570	$544	inferior
4 Vine Street, Madeup Suburb, Imaginary City	9 July 2024	$330,000	590	$559	comparable
88 Kowhai Avenue, Madeup Suburb, Imaginary City	6 August 2024	$350,000	600	$583	comparable
5 Hillcrest Avenue, Madeup Suburb, Imaginary City	17 June 2024	$360,000	620	$581	superior
10 Kereru Crescent, Madeup Suburb, Imaginary City	5 March 2024	$390,000	630	$619	superior
21 Victoria Grove, Madeup Suburb, Imaginary City	2 August 2024	$400,000	650	$615	superior

Market Approach (Comparable Transactions Method – Land)

This Comparable Transactions Method directly compares the subject property with recently traded comparable land sales. Our comparability comment relates to the original sale date and is before time adjustments are made. Adjustments are also made to the comparable properties to reflect the differences between them and the subject property including size and location.

The above sales indicate a market value for the subject property between $330,000 to $350,000.

Market Approach (Net Rate Method - Land)

This method analyses comparable land sales evidence to a dollar value per square metre (net rate). These net rates are then adjusted to reflect the different characteristics between the comparable sales and the subject property (including location, view, contour, site position, unusable land, shape and sale date). After adjustment weighted consideration is given to the evidence available to determine an appropriate net rate to apply to the subject property.

Net Rate Method - Analysis of Land Sales						
Address	Sale price (less OI if any)	Net Land Area	Net Rate (Raw)	Size Adjustment	Other Adjustments	Indicative Net Rate
35 Riverbank Road	$300,000	550m²	$545/m²	-8%	5%	$528/m²
15 Lyttleton Lane	$310,000	570m²	$544/m²	-5%	4%	$537/m²
4 Vine Street	$330,000	590m²	$559/m²	-3%	2%	$554/m²
88 Kowhai Avenue	$350,000	600m²	$583/m²	-1%	0%	$576/m²
5 Hillcrest Avenue	$360,000	620m²	$581/m²	1%	-1%	$585/m²
10 Kereru Crescent	$390,000	630m²	$619/m²	3%	-10%	$573/m²
21 Victoria Grove	$400,000	650m²	$615/m²	5%	-8%	$593/m²

Net Rate Method - Analysis of evidence		
Residential	**Raw**	**Adjusted**
Average	$578/m²	$564/m²
Average without high	$571/m²	$559/m²
Average without low	$584/m²	$570/m²
Average without high or low	$577/m²	$565/m²
Weighted		$563/m²

Net Rate Method - Calculations					
	Net Area		**Net Rate**		
Land	610m²	@	$560/m²		$341,600
Indicative Land Value by Net Rate Method				Say	**$340,000**

SUMMARY OF LAND VALUE ASSESSMENT

The following is a list of the indicative values under each land valuation assessment method:

Comparable Transactions Method	$330,000 to $350,000
Net Rate Method	$340,000
Adopted Value	**$340,000**

The Net Rate Method is considered the most relevant land valuation method for the subject property and best reflects the application of the market. This approach has been given the most weighting in our valuation assessment.

Market Value Assessment

In assessing the value of the subject property we have principally considered the Market and Cost Approaches.

Market Evidence

The following transactions are considered to be the most relevant to the subject property.

30 Mason Avenue, Madeup Suburb, Imaginary City

Sale Price	$900,000
Rating Valuation	$910,000
Sale Date	7 July 2024
Land area (m²)	692
Floor area (m²)	230
Approximate age	2010-19
Bedrooms	4.0

This property comprises a tidy condition single storey dwelling. The property has a double integral garage and average site development.

This property has the following characteristics relative to the subject: comparable living area, comparable condition, comparable quality, comparable land area, comparable garaging, lacks a pool and comparable location.

7 Eastwood Drive, Madeup Suburb, Imaginary City

Sale Price	$905,000
Rating Valuation	$925,000
Sale Date	15 May 2024
Land area (m²)	680
Floor area (m²)	228
Approximate age	2010-19
Bedrooms	4.0

This property comprises a tidy condition single storey dwelling. The property has a double integral garage and average site development.

This property has the following characteristics relative to the subject: comparable living area, comparable condition, comparable quality, comparable land area, comparable garaging, lacks a pool and comparable location.

106 Kauri Drive, Madeup Suburb, Imaginary City

Sale Price	$925,000
Rating Valuation	$940,000
Sale Date	5 August 2024
Land area (m²)	615
Floor area (m²)	202
Approximate age	2010-19
Bedrooms	3.0

This property comprises a near new single storey dwelling. The property has a double integral garage, inground swimming pool and tidy site development.

This property has the following characteristics relative to the subject: comparable living area, has one less bedroom, superior (newer) condition, comparable but inferior quality, comparable land area, comparable garaging, both properties have a pool and more desirable location.

12 Clarkson Drive, Madeup Suburb, Imaginary City

Sale Price	$930,000
Rating Valuation	$950,000
Sale Date	6 May 2024
Land area (m²)	770
Floor area (m²)	260
Approximate age	2010-19
Bedrooms	4.0

This property comprises a good condition single storey dwelling. The property has a double integral garage and good site development.

This property has the following characteristics relative to the subject: comparable living area, comparable quality, comparable but inferior condition, larger land area, comparable garaging, lacks a pool and comparable but less desirable location.

165 Baker Road, Madeup Suburb, Imaginary City

Sale Price	$950,000
Rating Valuation	$960,000
Sale Date	24 July 2024
Land area (m²)	650
Floor area (m²)	252
Approximate age	2010-19
Bedrooms	4.0

This property comprises a tidy condition single storey dwelling. The property has a double integral garage, inground swimming pool and tidy site development.

This property has the following characteristics relative to the subject: comparable living area, inferior condition, comparable quality, comparable land area, comparable garaging, both properties have a pool and comparable location.

21 Taylor Lane, Makeup Suburb, Imaginary City

Sale Price	$965,000
Rating Valuation	$980,000
Sale Date	1 June 2024
Land area (m²)	625
Floor area (m²)	245
Approximate age	2010-19
Bedrooms	3.0

This property comprises an average to tidy condition single storey dwelling. The property has a double integral garage, inground swimming pool, attached office/outside room and well established site development.

This property has the following characteristics relative to the subject: comparable living area, has one less bedroom, comparable but superior condition, inferior quality, comparable land area, comparable garaging, both properties have a pool, benefits from an attached office/outside room and comparable location.

92 York Avenue, Madeup Suburb, Imaginary City

Sale Price	$970,000
Rating Valuation	$990,000
Sale Date	30 April 2024
Land area (m²)	635
Floor area (m²)	223
Approximate age	2010-19
Bedrooms	5.0

This property comprises a tidy condition single storey dwelling. The property has a double integral garage and tidy site development. The property has mountain views.

This property has the following characteristics relative to the subject: comparable living area, has one more bedroom, superior condition, superior quality, comparable land area, comparable garaging, lacks a pool, benefits from views and more desirable location.

Market Approach (Comparable Transactions Method)

This approach directly compares the subject property with recently traded comparable properties. Adjustments are made to the comparable properties to reflect the differences between them and the subject property.

Address	Sale date	Sale price	Land area (m²)	Floor area (m²)	Bedrooms	Comparability
30 Mason Avenue	7 July 2024	$900,000	692	230	4.0	inferior
7 Eastwood Drive	15 May 2024	$905,000	680	228	4.0	inferior
106 Kauri Drive	5 August 2024	$925,000	615	202	3.0	inferior
12 Clarkson Drive	6 May 2024	$930,000	770	260	4.0	inferior
165 Baker Road	24 July 2024	$950,000	650	252	4.0	comparable
21 Taylor Lane	1 June 2024	$965,000	625	245	3.0	superior
92 York Avenue	30 April 2024	$970,000	635	223	5.0	superior

The above sales indicate a market value for the subject property in the order of $940,000 to $960,000.

The subject property is considered superior to 30 Mason Avenue and 7 Eastwood Drive, which are both smaller dwellings and lack a pool, although are in comparable condition. The subject property is considered inferior to 92 York Avenue, which is a superior quality dwelling on larger land area and benefits from mountain views. 12 Clarkson Drive has similar street appeal.

The most comparable sale is considered to be 165 Baker Road as both properties have a swimming pool, four bedrooms, two bathrooms, double garage and are similarly located. Although 165 Baker Road has a larger land and floor area, it is in inferior condition suggesting a value comparable to the subject property.

Market Approach (Net Rate Method)

This method analyses comparable sales evidence to a dollar value per square metre (net rate). These net rates are then adjusted to reflect the different characteristics between the comparable sales and the subject property. After adjustment, weighted consideration is given to the evidence available to determine an appropriate net rate to apply to the subject property.

The following is a summary of our calculations using the Net Rate Method:

Net Rate Method - Analysis of Sales								
Address	**Sale price**	**Less Land**	**Less Other Improv.**	**Value of Dwelling**	**Net Floor**	**Net Rate**	**Adjust**	**Net Rate Adjusted**
30 Mason Avenue	$900,000	$338,000	$115,000	$447,000	190	**$2350/m²**	-3%	**$2280/m²**
7 Eastwood Drive	$905,000	$339,000	$130,000	$436,000	188	**$2320/m²**	-4%	**$2230/m²**
106 Kauri Drive	$925,000	$369,000	$140,000	$416,000	202	**$2060/m²**	3%	**$2130/m²**
12 Clarkson Drive	$930,000	$341,000	$165,000	$424,000	220	**$1930/m²**	6%	**$2040/m²**
165 Baker Road	$950,000	$382,000	$182,000	$386,000	212	**$1820/m²**	12%	**$2040/m²**
21 Taylor Lane	$965,000	$345,000	$213,000	$407,000	205	**$1990/m²**	2%	**$2020/m²**
92 York Avenue	$970,000	$358,000	$117,000	$495,000	223	**$2220/m²**	-8%	**$2040/m²**

Net Rate Method - Analysis of evidence			
	Garage Rate	**Living Net Rate**	**Living Net Rate Adjusted**
Average	$1,625	$2,098	$2,112
Average without high	$1,625	$2,055	$2,084
Average without low	$1,625	$2,144	$2,128
Average without high or low	$1,625	$2,102	$2,098
Weighted			$2,095

Net Rate Method - Calculations			
Buildings	**Area**	**Net Rate**	**Added Value**
Dwelling	205.6m²	$2,100/m²	$431,800
Integral garage	42.2m²	$1,625/m²	$68,600
Covered entry	2.7m²	$350/m²	$900
Patio	54.0m²	$300/m²	$16,200
Swimming pool	39.9m²	$1,500/m²	$59,900
Pool shed	2.5m²	$250/m²	$600
Garden shed	4.7m²	$250/m²	$1,200
Woodshed	8.5m²	$250/m²	$2,100
Total Main Buildings Value			**$581,300**
Other Improvements			**$20,000**
Chattels Total			**$11,000**
Land Value			**$340,000**
Indicative Value by Net Rate		Say	**$952,000**

Cost Approach (Depreciated Replacement Cost Method)

The Depreciated Replacement Cost Method uses a summation process to determine value. The value of improvements is determined by estimating the cost to replace existing improvements with equivalent utility, then deducting an allowance for physical depreciation, functional depreciation and market obsolescence. The value of the land is then added to the value of improvements to provide an indication of value.

The following is a summary of our calculations using the Depreciated Replacement Cost Method:

Depreciated Replacement Cost Method - Analysis of Sales							
Address	**Value of Dwelling**	**Net Floor**	**Est. Build Cost**	**Est. Replace.**	**Depr'tion**	**Adjust**	**Depr'tion Adjusted**
30 Mason Avenue	$447,000	190	$3985/m²	$757,150	**41%**	-3%	**43%**
7 Eastwood Drive	$436,000	188	$3985/m²	$749,180	**42%**	-4%	**44%**
106 Kauri Drive	$416,000	202	$3905/m²	$788,871	**47%**	1%	**47%**
12 Clarkson Drive	$424,000	220	$4065/m²	$894,234	**53%**	8%	**49%**
165 Baker Road	$386,000	212	$3985/m²	$844,820	**54%**	12%	**49%**
21 Taylor Lane	$407,000	205	$3826/m²	$784,248	**48%**	-2%	**49%**
92 York Avenue	$495,000	223	$4144/m²	$924,201	**46%**	-4%	**49%**

Based upon a modal rate including fees and GST of $3985/m²

Depreciated Replacement Cost - Analysis of evidence			
	Est. Build Cost	**Depreciation**	**Depreciation Adjusted**
Average	$3985/m²	47%	47%
Average without high	$3959/m²	46%	47%
Average without low	$4012/m²	48%	48%
Average without high or low	$3985/m²	47%	47%
Weighted			47%

Depreciated Replacement Cost - Calculations					
Buildings	**Area (m²)**	**Est. Build Cost /m²**	**Replacement Cost**	**Market Depreciation**	**Added Value**
Dwelling	205.6m²	$3,985/m²	$819,260	47%	$434,200
Integral garage	42.2m²	$2,192/m²	$92,490	30%	$64,700
Covered entry	2.7m²	$797/m²	$2,150	30%	$1,500
Patio	54.0m²	$478/m²	$25,820	30%	$18,100
Swimming pool	39.9m²	$2,192/m²	$87,450	30%	$61,200
Pool shed	2.5m²	$319/m²	$800	30%	$600
Garden shed	4.7m²	$319/m²	$1,500	35%	$1,000
Woodshed	8.5m²	$319/m²	$2,710	35%	$1,800
Total Main Buildings Value					**$583,100**
Other Improvements					**$20,000**
Chattels Total					**$11,000**
Land Value					**$340,000**
Indicative Value using Depreciated Replacement Cost Method				Say	**$954,000**

SUMMARY OF METHODS

The following is a list of the indicative values under each valuation method:

Comparable Transactions Method	$940,000 to $960,000
Net Rate Method	$952,000
Depreciated Replacement Cost Method	$954,000
Adopted Value	**$950,000**

The Comparable Transactions Method is considered the most relevant valuation method for the subject property and best reflects the application of the market. This approach has been given the most weighting in our valuation assessment.

MARKET COMMENT

The residential property market has experienced a rapid period of price correction, with overall market activity being slower and less volatile than previously experienced in recent years, with sales volumes reaching historic lows, even lower than during the Global Financial Crisis. This has led to a significant increase in property listings as the pace of sales has slowed, providing buyers with ample choices and applying downward pressure on property values. Market dynamics are subdued, with prices softening since their mini peak in early 2024.

First home buyers make up a larger share of activity than normal, likely due to reduced investor and moving home activity. Despite high but declining net migration, the market fundamentals remain soft, compounded by rising unemployment rates forecasted to peak at 5.5% nationally, (a figure notably lower than the 7.5% peak during the GFC). Expectations of gradual OCR cuts to about 4% offer some hope for market support, though non-tradable inflation remains high, which could influence the pace of these reductions. Government-introduced debt-to-income ratios, while currently having minimal impact due to high borrowing interest rates, may start to influence the market more significantly as rates approach 5.5%.

Residential sections are widely available as new large subdivisions continue to emerge across the district. Smaller and more affordable infill sites are also increasingly available. Demand for residential sections remains subdued, with the economics of building new challenging for many prospective buyers. The costs of new construction are generally uneconomic in Hawkes Bay, with the building costs often exceeding the market value upon completion unless careful cost control and design alignment with demand are applied. While building cost inflation has stabilised, the combined impact of interest and holding costs make new construction generally more expensive than purchasing off the secondary market. Rather than opting for fire sales, developers are holding firm and delaying the release of new stock. Despite this we have seen some reductions in section values and there could be further reductions if holding costs force developers to free up capital. Further reductions will help balance the economics of building. Nationally, construction costs are falling, but the impact in Hawke's Bay might be moderated by ongoing tradie demand related to Cyclone Gabrielle recovery activities.

Market rents returns on investment are significantly below interest rates, creating uneconomic returns for investors. This particularly effects investor-driven markets like Flaxmere and Maraenui; which stand to see the most significant gains as interest rates decrease further.

The rural sector in Hawke's Bay is underperforming, with challenges across apple exports, vineyard returns, and livestock prices, while the forestry sector remains particularly difficult. Tourism has improved slightly post-Cyclone Gabrielle, but capacity remains underutilised, and cruise ship arrivals schedule for the 2024/25 summer is down compared to the previous season.

Looking ahead, a slight sentiment-driven lift in property values is possible due to lower interest rates, but this is expected to be modest and short-lived. Market conditions are likely to remain stable over the next 12 months, with potential soft increases in values if economic conditions improve and affordability becomes more favourable.

For detailed market data and weekly updates, please visit our market statistics at www.addedvaluation.co.nz.

RISK ANALYSIS

RISK MATRIX TABLE

		1	2	3	4	5
Property Risk Rating	Location and Neighbourhood:		2			
	Land (incl. planning, title):		2			
	Environmental Issues:			3		
	Improvements:		2			
Market Risk Rating	Reduced Value next 2-3 years:		2			
	Market Volatility:	1				
	Local Economy Impact:			3		
	Market Segment Conditions:		2			

Risk Ratings: 1 = Low, 2 = Low to Medium, 3 = Normal (no heightened risk), 4 = Medium to High, 5 = High

Environmental Issues: Identified as high liquefaction and the land is considered the least desirable soil type for earthquake amplification risk. The property is identified as being at risk from a "distant source" Tsunami.

Reduced Value next 2-3 years: The property market has recently experienced falling market values due to rising interest costs. In recent months, interest rates have stabilised and general market expectations are that interest rates have (or all but) peaked. This has seen local property values stabilise, and we currently have little expectation of further decreases in property values. There remains some headwinds, as increased rates and insurance costs add to the cost of property ownership.

Market Volatility: The inflation levels and monetary policy response to Covid19 caused significant volatility, resulting in significant price increases between 2015 and 2021, followed by rapid decreases throughout 2022 and early 2023, wiping out much of the value growth. Market volatility currently has reduced significantly in recent months.

Local Economy Impact: The property is expected to respond in a normal way to any future weakening or strengthening of the local economy.

VALUATION CONCLUSIONS

MARKET VALUE

As at 20 August 2024 we assess the market value of 119 Makebelieve Street, Madeup Suburb, Imaginary City to be:

Nine Hundred and Fifty Thousand Dollars $950,000	
Apportioned as follows:	
Improvements Value	$599,000
Land Value	$340,000
Chattels	$11,000
Market Value	$950,000

This valuation assessment is inclusive of GST (if any).

APPENDICES

VALUATION EXPLANATION

Scope of valuation	We have undertaken a full valuation of the property, including an internal and external on site inspection of the subject property, analysis of market evidence, analysis of market value and provision of this valuation report.
Valuer qualifications	It is hereby declared that Laura Wood is a Graduate Valuer with a Bachelor of Land and Property Management with a major in urban valuation and finance from Lincoln University; and that Rob Douglas is a Registered Valuer within the meaning of the Valuers Act 1948, and an Associate of the New Zealand Institute of Valuers (ANZIV) and a Senior Member of the Property Institute of New Zealand (SPINZ).
Date of valuation	Property values vary from time to time. This valuation is based on available information as at the date of valuation. No warranty can be given as to the maintenance of this value into the future. It may therefore be necessary to review this valuation periodically.
Report for addressee only	Our responsibility in connection with this valuation report is limited to Jack And Jill And Bnz Bank Limited. We disclaim all responsibility to any other party without the written agreement of Added Valuation Ltd.
Terms of engagement and scope of works	This valuation has been undertaken under the agreement between Added Valuation and Valocity which act as Terms of Engagement and Scope of Works for this Valuation.
Use of this report	This report has been prepared for mortgage lending purposes and may be relied upon for that purpose only. Assumptions made in the preparation of the report are as expressly stated in the report or set out herein.
Environmental or geotechnical issues	We are not experts in the detection or quantification of environmental problems and have not carried out investigations on site in order to determine the suitability of ground conditions and services, nor do we undertake environmental or geotechnical surveys. A visual site inspection has not revealed any obvious problems, except where detailed in the report (if applicable). Unless notified to the contrary, this valuation is made on the basis that these aspects are satisfactory and that there are no actual or potential contamination or ground condition issues affecting the value or marketability of the property. Verification that the property is free from contamination and has not been affected by pollutants of any kind may be obtained from a suitably qualified environmental expert. Should subsequent investigation show that the site is contaminated, Added Valuation Limited should be consulted to reassess (if applicable) the value(s) stated in this report.
This report is not a structural survey	While in the course of inspection due care is taken to note building defects, no structural survey has been made and no undertaking is given about the absence of rot, termite or pest infestation, deleterious substances such as asbestos or calcium chloride or other hidden defects. We can give no guarantee as to outstanding requisitions in respect to the subject building(s). This report is prepared on the assumption that: - The building has been competently designed and built and is structurally sound and water tight. - The building does not contain any latent or patent defects that could result in the building ceasing to be water tight or the gradual decay of the building structures.

Building Services	In preparing the valuation it has been assumed hot and cold water systems, electrical systems and other devices, fittings and conveniences, as are in the building, to be in proper working order and functioning for the purpose for which they were designed.
Information sources	Where it is stated in the report that information has been supplied to us by another party, this information is believed to be reliable, but we cannot accept responsibility if this should prove not to be so. Where information is given without being attributed directly to another party, this information has been obtained by our search of records and examination of documents or by enquiry from Government or other appropriate departments.
GST on Evidence	The available sources of sales data upon which our assessment is based do not typically identify whether the sale is inclusive or plus GST. Unless it has been deemed necessary and the information has been attainable, we have assumed that the sales evidence we have relied upon transacted on an inclusive of GST basis, which is consistent with standard industry practice for property transactions of this nature. Should this interpretation not be correct for any of the evidence used, then we reserve the right to reconsider our valuation.
Record of title	No guarantee is given that the land is not subject to statutory rights not recorded on the relevant Record of Title and not apparent from normal inspection of the property. We assume no responsibility in connection with such foregoing matters.
Currency	All figures are in New Zealand Dollars (unless otherwise stated).
Site survey	This report is not a land survey and we have not sighted a current survey. The valuation is made on the basis that there are no encroachments by or upon the property and this should be confirmed by a current survey report and/or advice from a Registered Surveyor. If any encroachments are noted by the survey report, Added Valuation Limited should be consulted to reassess (if applicable) the value stated in this report.
Detrimental registration(s)	Unless otherwise stated our report is subject to there being no detrimental registration(s) affecting the land other than those appearing on the Record of Title(s) valued in this report. Such registrations may include Wahi Tapu registrations and Historic Places Trust registrations.
Zoning	Zoning information was obtained from online records of the Imaginary City Council. However, we recommend that this zoning should be verified by the Imaginary City Council.
Land Information Memorandum	We have not obtained from the territorial authority a Land Information Memorandum. Our valuation has been made on the basis that such Memorandum if obtained would not have disclosed information which would have affected adversely our opinion of the market value of the property.
Compliance with statute	Unless otherwise stated in our report our valuation is on the basis that the property complies with the Building Act 1991, Health and Safety at Work Act 2016, Evacuation of Buildings Regulations 1992 and Disabled Persons Community Welfare Act 1975 or that the legislation has no significant impact on the value of the property.

Compliance statement

We confirm the following:

- To the best of our knowledge the statements of fact presented in this report are correct.
- The analysis and conclusions are limited only by the reported assumptions and conditions.
- We have no interest in the subject property being valued.
- Our fee is not contingent upon any aspect of the report.
- The Valuer has satisfied professional educational requirements.
- The Valuer has experience in the location and category of the property being valued.
- No one, except those specified in the report, has provided professional assistance in preparing the report.

Unless stated otherwise earlier in this report, we confirm the following:

- The valuation has been prepared in accordance with the PINZ/NZIV Code of Ethics, Rules of Conduct and Valuation Standards.
- The Valuer has made a personal inspection of the property.

RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD

Historical Search Copy

Registrar-General of Land

Constituted as a Record of Title pursuant to Sections 7 and 12 of the Land Transfer Act 2017 - 12 November 2018

Identifier HBI1/1254

Land Registration District

Date Issued 24 September 2009

Prior References
HBB1/ 415

Estate Fee Simple

Area 610 square metres more or less

Legal Description Lot 3 Deposited Plan 45321

Original Registered Owners
Developments Limited

Interests

Appurtenant hereto are water and pipeline rights created by Transfer 76543
5871234.1 Transfer to Jack and Jill - 1/1/2010
12935428.2 Mortgage to Bank of New Zealand - 1/1/2010
Land Covenant in Covenant Instrument 1284321.15 - 2012

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