

# Rankings show if you're sitting on a goldmine

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High value: Oriental Bay from Wellington Harbour. Photo / Getty Images

They are the neighbourhoods where dirt is more valuable than bricks and mortar - and if you are lucky enough to live in one them, you could be sitting on a goldmine.

New research by OneRoof has identified the suburbs in New Zealand where the value of the land overwhelmingly outweighs the value of the houses that sit on them.

Of the more 1700 suburbs examined, there are 43 suburbs where the average value of the land represents 80 percent or more of the total council valuation. All are in Auckland bar one.

Wellington's Oriental Bay, where properties typically change hands for \$1.8 million, has the highest land to house value ratio in New Zealand. Land in the suburb makes up 84 percent of the total CV.

## ARE YOU SITTING ON A GOLDMINE?

Land value as percentage of total CV (%)  
Oriental Bay









75

Lake Tarawera

75

Hauraki

75

Belmont

75

Chart: OneRoof / Valocity Source: [OneRoof / Valocity](#) [Get the data](#)

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The suburbs with the next highest ratios include Onetangi and Oneroa, on Waiheke Island, and Ponsonby, Westmere and Pt Chev, where median property values are above \$1.4 million.

OneRoof editor Owen Vaughan says: “Among the suburbs identified as having very high land to house value ratios are some of the most expensive places to buy a home.

“What makes them so expensive, is not the high quality of the houses found there, but their location. Oriental Bay is Wellington’s most exclusive waterfront suburb.

Onetangi and Oneroa are as close to the beach as you can get on Waiheke.”

OneRoof and its data partner Valocity found two properties in Oriental Bay where the CVs attributed zero value to the house and improvement. Both were older cottages on big, relatively flat, sections where the land values were \$3.35 million and \$4.2 million.

For some 180 Auckland suburbs, both inner city and fringes, the house makes up less than 30 percent of the total CV.

The research suggests some parts of New Zealand are more valuable for intensive development than others and that those living in suburbs where the land represents more than three quarters of the total CV could be sitting on a goldmine.

Valocity’s director of valuation innovation James Wilson says the high land to house value ratios in Auckland can be explained by changes in planning rules and the push for residential construction.

“The land values are based on the ‘highest and best’ use of the land,” he says.

“Obviously land value changes are driven by the use specified in a property’s zoning. It says that this piece of land is better utilized as something else – for example more intensive zoning for development.

In rural parts of New Zealand, that land to house value ratio reversed: for some 100 suburbs, land value is only 20 percent or less of the, admittedly low, valuations. That includes rural villages on the southern and northern edges of Auckland such as Pollock, Waiau Pa, Patamahoe, Wellsford, Pakari with land valuations less than half of their CV. But this lower land value is also seen in developed suburbs such as Schnapper Rock, Silverdale and Gulf Harbour and towns on the cusp of growth such as Warkworth.

This is generally because the land is already considered to be utilised to its full extent, for example if you are in a residential zone which permits a single dwelling to occupy the site and the site is currently occupied by a well presented, modern home, then the market will be paying for the utility of this, not the future development potential.

Councils base their revaluations on analysts looking at the market sales on a large scale, including recent vacant land sales in the area to ascertain how land values are trending against total value. This is applied across a whole suburb, so there will of course be differences between individual properties or between individual private valuations.

This differs from individual valuer or developer's take on a property's worth. Then, not only the quality of the improvements, but also the suitability of the land are taken into account. For example, land contours or accessibility, even the neighbouring buildings, can make an individual building site more or less appealing to a developer.

Wilson points out that just because a section is zoned for more density, doesn't mean it will happen.

"In areas with high built amenity, heritage suburbs like Herne Bay, Freemans Bay, Epsom or Mt Eden, having a large, character home may over ride some of the added value from a more intensive underlying zoning," he says.

"The site may be large enough to be sub divided into two lots, however a high end character home sits right in the middle. In such areas, the market may place more value the high end character home over and above the development potential of the site."

Wilson points to 2007 research by Motu for the Centre for Housing Research which attributed Auckland's rapid rise in land values to the introduction of the (MUL) in the late 1990s. Even a decade ago, land accounted for 60 percent of cost of an Auckland property, compared to only 40 percent in the rest of the country and that's only gone up since then. Land just inside the MUL was nearly 10 times higher than land just

outside the boundary and section prices rose over 100 percent in parts of the region between 2000 and 2005.