

Review of the impact of flooding on the 1 July 2022 land values

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Executive Summary

Following severe weather and flooding across NSW in 2022, Valuer General NSW has proactively monitored and reviewed the impact of flooding on land values.

This report outlines the findings of this review and the impact on the 1 July 2022 land values, focussing on review outcomes in Northern NSW and Hawkesbury region, being the most significantly impacted areas.

Generally, it was established that there were sufficient sales in flood affected locations for valuations to be based on market evidence across the state.

In Northern NSW, generally:

- areas with limited flood impact have remained stable or increased in land value,
- moderately impacted areas have decreased in land value by up to 10%; and
- the more significantly impacted areas have decreased in land value by up to 35%, predominately in the Lismore area.

In Hawkesbury:

- most flood impacted areas have seen an increase in land values; and
- some properties in the more significantly impacted area along the Hawkesbury River between Richmond and Wilberforce have decreased in land value by 20%.

These % adjustments represent the change in value compared to the 1 July 2021 land values.

At the time of reporting there were ongoing floods in parts of regional NSW. We will continue to monitor the market and impact on land values in these areas.

1. Introduction

The Valuer General is responsible for providing independent and impartial land values for use by Revenue NSW and councils for taxing and rating. The Valuer General determines land values in NSW under the *Valuation of Land Act 1916*.

Following severe weather and flooding across NSW between February and July 2022, the NSW Government declared a natural disaster with more than 50 Local Government Areas (LGA) affected. Severe storms and heavy rainfall caused extensive flooding to communities, particularly in the Northern parts of NSW, and a significant number of properties were impacted.

In response, Valuer General NSW has proactively monitored and reviewed the impact of flooding on land values in NSW. This report outlines the findings of this review and the impact on the 1 July 2022 land values.

2. Land values based on sales evidence

Generally, it was established that there were sufficient sales in flood affected locations for valuations to be based on market evidence across the state.

This report focuses on the review outcomes in Northern NSW and the Hawkesbury region, being the most significantly impacted areas.

3. Northern NSW

Northern NSW was significantly affected by the February and March 2022 floods, including Lismore, Richmond Valley, Ballina, Kyogle, Byron, Clarence Valley and Tweed LGAs.

Generally, across these areas, it has been established that there are sufficient sales for valuations as at 1 July 2022 to be based on market evidence.

The available post-flood sales evidence is showing the impact of the floods on land values is different in each area. In general, the sales show:

- in areas with limited flood impact there has been no impact to land values with some areas increasing in values,
- reductions of up to 10% in moderately impacted areas; and
- reductions of up to 35% in the more significantly impacted areas, predominately in the Lismore area.

These % adjustments represent the change in value compared to the 1 July 2021 land values.

4. Hawkesbury

Hawkesbury LGA has been impacted by flooding this year with the more significant event occurring in July 2022. Compared to Northern NSW, the majority of the areas impacted in the Hawkesbury LGA did not report inundation of dwellings and are predominately rural lifestyle properties.

For most areas in the Hawkesbury River region there was sales evidence to base land values on, and these sales showed increases to land values.

However, there is an area along the Hawkesbury River between Richmond and Wilberforce where properties were fully inundated and there is no sales evidence in this area to demonstrate the impact on land values.

Having regard to recent evidence in Northern NSW and past evidence from the Queensland discussed below, we have applied a 20% reduction compared to the prior 1 July 2021 land values for the properties identified as fully inundated in this area. This has been assessed given the lower overall impact to the locality in comparison to Lismore and Queensland evidence and supported by anecdotal evidence obtained during discussions with local agents in September 2022.

5. Evidence from past flood events

Following significant flooding in late 2010 and early 2011, the Queensland Valuer General reviewed valuations of approximately 23,000 flood-affected properties. The review determined reductions in land values of between 5% to 25% dependant on the impact of the flood inundation. The NSW outcomes are consistent with this Queensland review.

Conclusion

Generally, it was established that there were sufficient sales in flood affected locations for valuations to be based on market evidence across the state.

In Northern NSW, generally the more significantly impacted areas have reduced by up to 35%, moderately impacted areas by up to 10% and areas with limited impact have remained stable or increased in value when compared to the prior 1 July 2021 land values.

In Hawkesbury, most areas have seen an increase in land values while the more significantly impacted area along the Hawkesbury River between Richmond and Wilberforce has had a 20% reduction applied compared to the prior 1 July 2021 land values.

At the time of reporting there were ongoing floods in parts of regional NSW. We will continue to monitor the market and impact on land values in these areas.

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