



IDEAS AND OPINION
PAT TURLEY

Coastal property values reflect climate change

Hawke's Bay's coastal strategy has become a pressing topic. Storm surges have wreaked spectacular havoc at Clifton beach, coastal Te Awanga and Haumoana. Hohepa has decided to retreat from low-lying land near Clive for its residents' safety.

And inland residential property is outperforming coastal locations, as could be expected given climate change.

The September United Nations Outlook Report is dramatically entitled, *The Heat Is On*. The report says: "The impacts of climate change have been growing; often with terrifying results, ranging from wildfires, droughts, flooding, and hurricanes to sea-level rise, ocean acidification [and] the melting of the permafrost."

The UN reports that temperatures have increased about 1.0°C compared to "pre-industrial [levels]" and that "the last four years were the warmest on record [and] July 2019 was the hottest month of all." It further reports: "There are ever starker signs of harm caused by climate change. Coral reefs are dying, Arctic sea ice is shrinking, sea levels are rising, [and] droughts, floods, and hurricanes grow more severe."

Climate change is a tough reality and Hawke's Bay is far from alone in its coastal plight. Coastal challenges and retreat are worldwide topics, including in the United States. In July, the US organisation Climate Central published its updated report, *Ocean at the Door: New Homes and The Rising Sea*. The report addresses sea level rise-related coastal flood risks to US housing. It rather grimly prophesises that "unchecked greenhouse gas emissions would expose 3.4 million homes worth US\$ 1.75 trillion to a 10% or higher annual risk of flooding by 2100."

Recently Hohepa decided its low-lying land is increasingly unsafe due to more regular severe flooding, and that retreat is prudent for its 60 residents. The Hohepa relocation to Poraiti will take five years and is budgeted at \$10.5 million.

Local background

The Hawke's Bay Coastal Hazards Strategy sets about to address the next century of climate change effects for our coast. It considers coastal hazard mitigation initiatives, including sea walls, groynes, and beach nourishment. An intergenerational coastal defence 'contributory fund' for Napier-Hastings communities has been suggested by a Councils' joint committee developing a Clifton to Tangoio Coastal Hazards Strategy. The committee mooted a \$15 annual rates charge by each council to fund community infrastructure protection. Given the nationwide scale of the threat, it is hoped that Central government will eventually come to the table as a coastal defence funding partner. The three Councils meanwhile continue refining their planning work.

In December 2016, Hastings District Council committed to a Clifton beach seawall at a cost \$2.8 million over 35 years, financially partnering with the Clifton reserve society, the marine club, and the adjoining landowner.

The seawall, or rock revetment, is a 'hard engineering solution' and part of Hawke's Bay's coastal protection plan. Clifton's rock sea defence was completed this year.

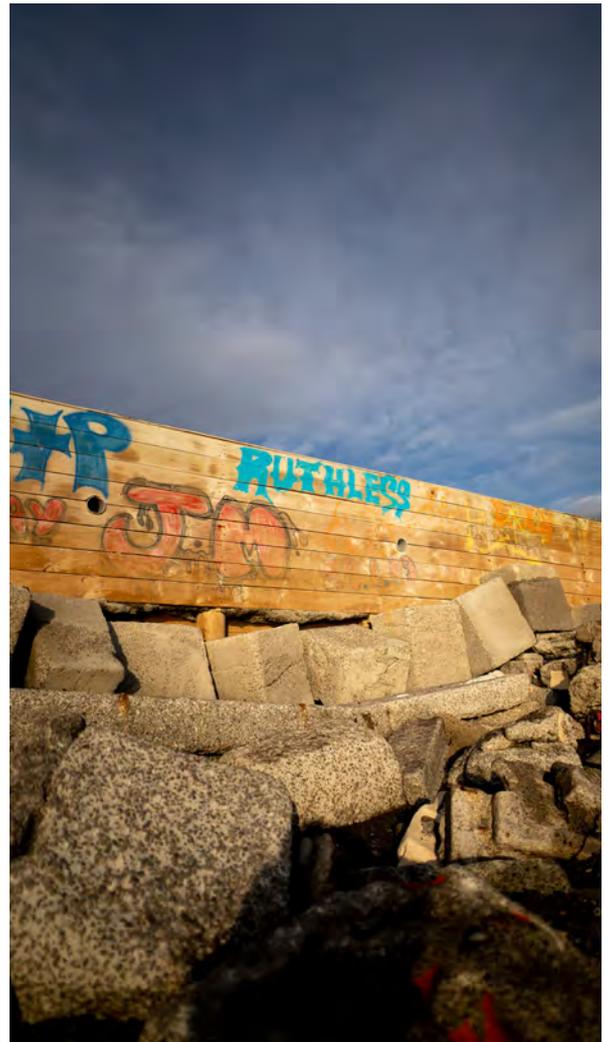
The Walking on Water pressure group made a case to Hastings District Council for a Clifton style revetment at Te Awanga to protect private properties and public infrastructure, including services and road access. Dr William De Lange, of The University of Waikato Earth Sciences facility, says engineered sea defences are "at best a temporary solution", as they ultimately need to be rebuilt. That said, some sea-facing structures in the world have been enduring the elements for centuries, including Netherlands' sea defences since 1250.

In 2017 an impasse between Hastings District Council and a Haumoana landowner concerning a potentially illegal seawall ended without prosecution. The wall, which was considered to be unconsented, will be allowed to remain.

Some suggest that Clifton and Te Awanga coastal erosion is a natural phenomenon due to a lack of replenishment material from collapsing Cape Kidnappers' cliffs. It is possibly the result of about 1.0m subsidence following the 1931 earthquake, and less frequent severe north-easterly swells. The hypothesis is the beaches' realignment is a natural occurrence.

Westshore Napier beach erosion causes are not agreed. The weight of science-based opinion says the 1931 earthquake is the primary culprit. Others suggest Napier Port's 1983 breakwater extension and dredging of the main shipping channel are possible causes.

Hohepa has occupied 22 hectares near Clive since 1960, situated between



CLOCKWISE FROM TOP: Ocean Beach (photo Rosa Turley); private seawall at Clifton Beach; HDC new rock revetment at Clifton Beach; NCC beach nourishment at Westshore (photos Tom Allan).



9 Clifton Road, Haumoana 11 years ago in July 2008. Photos: Pat Turley

2003 Median Sale Price		
Rank	Locality	Median
1	Waimarama	\$385,500
2	Napier Hill	\$357,500
3	Bay View	\$350,000
4	Westshore	\$315,000
5	Haumoana	\$261,000
6	Te Awanga	\$253,000
7	Taradale	\$232,000
8	Mahia	\$210,000
9	Mahora	\$162,600
10	Flaxmere	\$95,000

2018 Median Sale Price		
Rank	Locality	Median
1	Waimarama	\$890,000
2	Te Awanga	\$690,000
3	Bay View	\$640,000
4	Westshore	\$605,000
5	Napier Hill	\$575,000
6	Taradale	\$517,500
7	Mahora	\$405,250
8	Haumoana	\$400,000
9	Mahia	\$342,500
10	Flaxmere	\$230,000

Turley & Co data ©

The rate of value growth for relatively scarce Hawke's Bay beachfront property has generally not - as might have been expected - outperformed more abundant inland competitors.

the mouths of the Clive and Ngaruroro Rivers. Recently Hohepa decided its low-lying land is increasingly unsafe due to more regular severe flooding, and that retreat is prudent for its 60 residents. The Hohepa relocation to Poraiti will take five years and is budgeted at \$10.5 million.

Property value impacts

Clifton Road Haumoana's dramatic oceanfront challenges have attracted considerable attention. The location near East Road has five sections in the land title system that are increasingly beach. In high-tide stormy weather, Pacific Ocean surges inundate private land, morphing it from dry land to submerged land to an ever-increasing degree.

The property at 25 Clifton Road purchased in 1997 for \$160,000, transacted for \$135,000 in late 2018 (a value decline over 21 years of \$25,000 or 15.6%). It was one of nine Clifton Road residential properties accumulated by a single owner.

Regardless, real estate situated right

by the ocean - if not almost in the sea on some days - regularly transacts. At Haumoana, since late 2018, five right-on-the-beach properties changed hands for \$75,500 to \$188,000. Compared to most Hawke's Bay residential property, however, the values are modest.

A 15-year coastal property study conducted by Turley & Co land economists and valuers, shows that many Hawke's Bay coastal locality property values have performed well, but several inland urban locations have performed better.

At Haumoana in 2003 and 2018, residential property transactions were 10 and 11 sales respectively. The value of sales though was higher by \$2.0 million or 72%. The median sale price over 15 years increased from \$261,000 to \$400,000 (53% total change or 2.9% per annum compound).

Beachfront property generally outperforms adjacent non-beachfront real estate. However, the performance of Clifton Road beachfront properties unsurprisingly trailed Haumoana's

overall housing price growth. The settlement's beachfront-only property values at Clifton Road decreased by 12%, for 5-years' sales samples 1999-2003 and 2014-2018.

Neighbouring Te Awanga property values have tracked differently. Benchmarking again 2003 and 2018, Te Awanga's residential property median price increased by 173%. For immediately coastal property, however, this was lower at 151%. Compared to oceanfront Haumoana, Te Awanga's coastal stretch has performed considerably better, although Te Awanga's beachfront properties growth has not outperformed adjacent non-beachfront real estate, as could have been expected in normal circumstances.

As for other Hawke's Bay coastal residential property sales, our analysis shows that for coastal Bayview, Westshore, and Waimarama, median residential values over 15 years escalated by 83% to 131% (4.1% to 5.7% per annum). This value change falls short of Te Awanga, although are much stronger



Current erosion at Clifton Road Haumoana adjacent to East Road. Photo: Tom Allan

than Haumoana and Clifton Road's negative growth beachfront stretch.

Mahia beach over 15 years shows 3.3% per annum median value growth for residential properties, including baches. The annual value of sales was higher by \$3.7 million (2003 v. 2018). For other Hawke's Bay coastal locations, including the Central Hawke's Bay's beaches, the sales samples are insufficient for meaningful analysis.

The studied inland and elevated housing areas of Napier-Hastings, reflect 15-years annualised residential property value appreciation for Napier Hill (3.2%), Taradale flat areas (5.5%), Flaxmere (6.1%) and Mahora Hastings (6.3%).

Taradale and Hastings suburban areas growth, including Flaxmere, outperformed residential property at Mahia beach, Bayview's coastal appellation, Westshore and Haumoana overall. Our study of 10 coastal and non-coastal Hawke's Bay residential localities 2003-2018, shows that Haumoana has the lowest property values growth rate whilst growth for many inland urban

localities outperformed their counterpart coastal appellations.

Of the ten localities studied, a median prices table shows that Waimarama ranked consistently first at \$385,000 (2003) and \$890,000 (2018). Whilst Flaxmere has the lowest median at \$95,000 and \$230,000 respectively - 15 years apart. Napier Hill moved from second place to fifth. Mahora moved up and Mahia moved down.

The residential property market drivers are nuanced and influenced by many factors. The rate of value growth for relatively scarce Hawke's Bay beachfront property has generally not - as might have been expected - outperformed more abundant inland competitors. The prospects of superior price performance for close-to-coast property could in some cases be fading.

It is fair to say for acutely affected coastal locations' residential property, the tide has been outgoing for over a decade. Market competition increasingly is discounting for the threat of erosion and inundation in oceanfront

situations, relative to other housing options for Hawke's Bay.

The increasing frequency and severity of storms and flood events is a headache for coastal and ocean-affected riverside communities everywhere, as well as councils, central government, and the whole community. If rising sea-level predictions become reality, the double-whammy effects could cause the headache to morph into a migraine of epic proportions. Many Hawke's Bay communities are feeling this already, including tragically the wonderful cause that is Hohepa. The cost financially and socially is great. ●

Pat Turley is a Hawke's Bay-based property strategist and valuer at Turley & Co. He is a volunteer organisations board member and chair of the Maraetōtara Tree Trust. The property stats cited are a portion only of data assembled. The contents of this article are not for property decisions reliance. Refer to www.turley.co.nz