

## FINAL REPORT



### GENERAL VALUATION & LAND TAX PROGRAMME DISTRICT 142 - ROCKDALE BASE DATE - 1 JULY 2015

Prepared by  
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*for*  
VALUER GENERAL &  
LAND & PROPERTY INFORMATION



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## EXECUTIVE SUMMARY

All properties in NSW are valued each year for rating and land tax purposes. All valuations are issued to the Office of State Revenue for land tax. Valuations are also issued to councils either each year or every 2nd, 3rd or 4th year. This report details the land valuation programme for the **Rockdale** Local Government Area (LGA). The majority of land values are determined using mass valuation techniques. The Valuer-General's mass valuation system is applied as follows:

- 1) Properties that react to market forces in a similar way are grouped together in a component, and
- 2) The existing values of those properties in a component are updated by a market-based factor that is then used as a multiplier of the prior Land Value. The result is then checked by the Contract Valuer and individually verified values applied as appropriate.

The use of mass valuation techniques does have limitations, particularly over a period of time. The continued application of factors may lead to a distortion in the relativity of values within a geographical area. Some types of properties are so few in number or likely to be so sensitive to localised changes that individually verifying values is the only appropriate method. Although a mass valuation system is used to determine the majority of land values, the Valuation of Land Act requires that each land value be a market value. Each land value must be capable of being tested and supported on its own against all the available market evidence.

The total number of valuation entries (as at 30 October 2015) within Rockdale LGA – 23,554.

The total land value in dollars (as at 30 October 2015) within Rockdale LGA - \$23,292,757,833.

The last local government base date or year when the valuation notice was issued was for the Base Date 1 July 2012. Thus, Base Date 1 July 2015 is a local government base date valuation year for the Rockdale LGA.

The total land value for Base Date 1 July 2014 (as at 30 October 2015) was \$18,513,768,743 which represents a percentage change of 26% to Base Date 1 July 2015. The total land value for Base Date 1 July 2012 (as at 30 October 2015) was \$15,236,683,373 which represents a percentage change of 53% to Base Date 1 July 2015. The percentage changes reflect the overall movement for land values within the Rockdale LGA, over the corresponding period, based on market sales evidence.

### Residential

Overall the residential market within the Rockdale LGA exhibited signs of strong positive growth over the three (3) years ending 30 June 2015. As a whole, components zoned 'R2 – Low Density Residential', 'R3 – Medium Density Residential' and 'R4 – High Density Residential' recorded growth of: 26.7%, 27.8% and 22.9% respectively over the 12 months ending 30 June 2015 and 53.7%, 58.3% and 54.8% respectively over the 3 years ending 30 June 2015. On average, residential land components, depending on locality and development potential, moved within a band of 14.5% and 36.7% between the Base Date 1 July 2014 and 1 July 2015. Single residential sites in components 'XAA – Sans Souci / Dolls Point' and 'XBB – Ramsgate / Sans Souci' have shown considerable growth with both components moving 30% over the 2015 valuing year. The growth in components 'XAA' and 'XBB' are partly attributable to the suburbs amenity in regards to the prestige setting with proximity to waterfront and parklands with many surrounding quality existing & modern / new dwellings. Other single residential components that exhibited strong positive growth over the 2015 valuing year were: 'XGG – Rockdale / Arncliffe' (36.7%), 'XKK – Bexley / Arncliffe' (33.9%) and 'XNN – Bexley / Hurstville' (30.8%). The growth in components 'XGG', 'XKK' and 'XNN' is attributable to the demographic of the market seeking property within centralised areas which are established around/near commercial hubs with excellent public transport accessibility. Density sites within the 'R2', 'R3' and 'R4' zone showed good growth with all components moving within a band of 19.1% and 29% over the 12 months ending 30 June 2015. Furthermore, Inland Density Sites in components 'AHM' and 'AHS' recorded large levels of growth of 70% and 66% respectively over the 3 years ending 30 June 2015. Density sites continue to be in demand as developers seek quality assets which can meet the market demand for residential property while providing more affordable housing options. Individual pockets can move against the trend for varying reasons, however on the whole properties within the **Rockdale** Municipality were relatively consistent.

### Commercial / Retail

As a whole, from Base Dates 1 July 2014 to 1 July 2015 and 1 July 2012 to 1 July 2015, commercial and retail property markets within the Rockdale LGA recorded mixed levels of growth. Overall, zones 'B1 – Neighbourhood Centre', 'B2 – Local Centre', 'B4 – Mixed Use' and 'B6 – Enterprise Corridor' recorded growth of: 13.5%, 23.3%, 30.2% and 35.6% respectively over the 12 months ending 30 June 2015 and 20.9%, 79.6%, 60.1% and 46.1% respectively over the 3 years ending 30 June 2015. Individual components within each business zone show varying levels of growth for numerous reasons including, but not limited to, location, development potential and access to infrastructure / public transport – however, as a whole, business zoned components generally moved within a band of 9.7% and 33.4% over the 2015 valuation year.



## EXECUTIVE SUMMARY (Cont.)

Density / development sites continued to perform well over the 3 years ending 30 June 2015. Generally, residential development continues to outprice commercial development as the highest and best use and as such, sites with residential development potential remain in high demand across the Rockdale LGA. Components 'BWA – high rise / mixed development sites B1', 'BWB – high rise / mixed development sites B2' and 'BWC – high rise / mixed development sites B4' exhibited growth of: 25.6%, 25% and 25.7% respectively over the 12 months ending 30 June 2015 and 51%, 105% and 74% respectively over the 3 years ending 30 June 2015.

Retail components within Rockdale LGA showed mixed levels of growth over the 3 years ending 30 June 2015, with majority of the growth recorded over the 2015 valuation year. Some retail components within Rockdale LGA that performed well over the 2015 valuation year were: 'BAS, Major Centre – Prime Locations – Rockdale', 'BBS, Major Centre – Secondary Locations – Rockdale' and 'BSS, Ramsgate and Sans Souci Shopping Centres' recording growth of 19.1%, 21% and 25% respectively over the valuation period.

Growth in retail spending (and ultimately retail asset values) is being supported by various factors. For example, increases in household net worth, driven by the uplift in residential dwelling values, are resulting in providing support for discretionary retail spending and retail spending on household goods. Additionally, a low Australian dollar and low interest rates are providing some overall support to retail properties and retail land values. Generally, southern Sydney Neighbourhood Retail properties for the first half of 2015 illustrate a prime yield range from 6.50% up to 7.75% and a secondary yield range from 8.00% up to 10.00%.

### Industrial

Overall, the industrial market within Rockdale LGA showed signs of positive growth with the 'IN2 – Light Industrial' zone recording 10.3% growth over the 12 months ending 30 June 2015. The growth within the Rockdale Industrial markets followed previous years (2013 and 2014 valuation years) of subdued activity. Certain components can move against the trend for a varying number of reasons, however overall the industrial market for the Rockdale LGA was fairly consistent with growth across all six (6) industrial components moving within a band of 9% and 12.8% over the 2015 valuation year.

Southern Sydney's industrial property market has experienced increasing demand from property developers acquiring quality industrial sites zoned to be redeveloped from industrial uses to high-rise residential and mixed use developments. As a result of the above, the current industrial supply is decreasing, proving to be a catalyst for driving competition in the industrial sector. Although the majority of the industrial redevelopment demand in Southern Sydney is around the suburbs of Botany, Mascot, Wollri Creek and the like, the reduction in stock creates a lack of supply for the current industrial market for the aforementioned suburbs, thus, potentially driving demand for industrial properties further south/south west to established industrial precincts within the St George and surrounding area. As a result of the above, it has been noted, that industrial yields for southern Sydney industrial properties have compressed to their lowest levels since June 2008, being 6.38% as at September 2015.

TABLE OF TYPICAL VALUES

Location	Zone	Size (square metres)	2015 Land Value
Cameron St, Bexley	Residential	445.91	\$750,000
Barden St, Arncliffe	Residential	415.2	\$819,000
Barnsbury Grove, Bexley North / Bardwell Park	Residential	461.6	\$790,000
Scarborough St, Monterey	Residential	468.1	\$1,130,000
Primrose Ave, Sandringham (water view)	Residential	569.3	\$2,510,000
Princes Hwy, Rockdale	Business	151.8	\$750,000
Phillips Rd, Kogarah	Industrial	1,094	\$773,000
Innesdale Rd, Wollri Creek	High Density Residential	589.7	\$1,280,000

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## **1.0 GENERAL DESCRIPTION OF LOCAL GOVERNMENT AREA**

### **1.1 Introduction**

Rockdale is located on the shores of Botany Bay in the southern metropolitan area of Sydney. The local government area covers an area of 28.14 sq. km, including the International Terminal of Sydney's Kingsford Smith Airport and is 12km from Sydney's Central Business District. The council boundaries include the Cooks River, Botany Bay, Kingsford Smith Airport, Georges River and adjoins the Council areas of Kogarah, Hurstville and Marrickville.

The Local Government Area comprises all or part of the suburbs of Arncliffe, Bexley North, Bexley, Kingsgrove, Bardwell Park, Turrella, Banksia, Kyeemagh, Brighton, Rockdale, Kogarah, Sans Souci, Monterey, Ramsgate, Dolls Point, and Sandringham.

The area is well serviced by public transport including both road and rail services. The area is highly urbanised with the main commercial/retail areas being located at Rockdale (Princes Highway) and Sans Souci (Rocky Point Road). North Arncliffe is currently transforming from a predominantly industrial area to a mixed use area of retail and residential. Pockets of industrial areas remain in Turrella, Arncliffe and Rockdale. Rockdale contains 360 Ha of open space which is 12% of the total area.

The estimated resident population is 106,712 as at 2013 (source – Australian Bureau of Statistics).

(Source: Rockdale City Council)

### **1.2 Overview: ‘State of the Environment’**

The following is an extract from Rockdale City Council’s “State of the Environment” Report:

#### **“2.2 Geology and Topography**

The geological character of the Rockdale City area is distinguished by two major landform units. Hawkesbury Sandstone forms the underlying bedrock of the western part of the district. It is a medium to coarse-grained quartz sandstone, with minor shale and laminate lenses. The eastern margins of the area consist of various Quaternary sand, peat and mud deposits. Quartz and marine sands with varying amounts of shell fragments dominate the coastal margins.

A sandstone ridge runs between the Cooks and Georges Rivers, broadly following an alignment mirrored by the present day Rocky Point Road. Shallow lakes and low-lying swamplands lay along the eastern base of the ridge adjacent to the Botany Bay dune-system. Land along the margins of the Bay incorporates marine beaches and coastal fore-dunes backed by coastal dune fields. Portions of the southern extent of the area are dominated by man-made fill or dredged estuarine sand and mud/and or industrial and household waste. The landscape in the north west of the LGA around Turrella and

Arncliffe is characterised by undulating to rolling rises and low hills on Hawkesbury Sandstone. In the north east of the LGA, east of the mouth of the Cooks River, the landscape is level to gently undulating alluvial floodplain. The majority of the natural landscape around Rockdale and Kyeemagh is wetland, characterised by level to gently undulating swales, depressions and in filled coastal lagoons on Quaternary sands. The geology is Holocene silty to peaty quartz sand and medium to fine marine sand.





## **1.0 GENERAL DESCRIPTION OF LOCAL GOVERNMENT AREA (Cont).**

Along Rocky Point Road towards the south of the LGA at Sans Souci, the landscape is gently undulating plains to rolling rises of Holocene sands mantling other soil materials or bedrock. In the Botany Lowlands, examples of exposed coastal areas close to marine sands or Hawkesbury alluvial sand sources occur at Sans Souci, Banksia and Kogarah. Landform is shaped by the underlying bedrock. The landscapes of the coastal margin along Lady Robinsons Beach is beaches and coastal foredunes on marine sands. The landscape around Kyeemagh, Brighton-Le-Sands, Monterey, Ramsgate and Dolls Point is characterized by gently undulating to rolling coastal dunefields.

### **Current State**

The majority of land within Rockdale is used for residential purposes, although there are a number of important industrial and commercial precincts. A small portion of the Council area is used for open space and agriculture, namely the market gardens. In the past five years there has been a significant increase in mixed use development, with a conscious effort by Council to encourage a mix of uses around the City's major centres. This has resulted in a number of major developments being considered by Council.

### **Residential**

The Rockdale area has a diverse mix of housing stock. In 1996 there were 34,276 private dwellings in Rockdale, an increase of 1,105 (3.3%) over the number in 1991. Separate dwellings made up the majority of housing in the Rockdale LGA, representing 54% of all private dwellings. This is lower than Sydney, in which well over 60% of private dwellings are separate houses. Single dwellings occupy the areas of Kingsgrove, Sans Souci, Bexley North, Arncliffe and the Bardwell Valley (Rockdale City Council 2000). Rockdale has a high proportion of medium density housing, such as semi-detached houses and flats (34% of all occupied dwellings). Medium density areas include Rockdale, Brighton-Le-Sands, Kogarah, Monterey and Bexley. The proportion of high density housing was also slightly higher, being 8% of private dwellings, compared to 7% in Sydney (Rockdale City Council 2000). Rockdale Town Centre and Rockdale Plaza are the main areas of high density housing in the area.

### **Commercial**

The Rockdale LGA has numerous traditional strip shopping centres. These tend to be located on main roads or close to train stations (Banksia, Brighton-Le-Sands, Ramsgate Beach, Ramsgate, Kogarah West, Arncliffe, Bexley, Bexley North and Kingsgrove). These centres tend to offer the basic necessities. The area also has the Rockdale Plaza Shopping Centre which was opened in 1998, which includes two supermarkets, specialty shops, food court and a Roads and Traffic Authority Office. It was anticipated that this would have an impact on the viability of the Rockdale strip shopping centre. However, the Rockdale Town Centre has few retail vacancies and has experienced a growth in 'al fresco' dining and other food outlets.



## **1.0 GENERAL DESCRIPTION OF LOCAL GOVERNMENT AREA (Cont).**

### **Industrial**

Traditionally the industrial areas of Rockdale have included parts of Arncliffe, Turrella, Kogarah (Production Avenue and Phillips Road) and Rockdale (West Botany Street). These areas are zoned for light industry and mainly consist of warehousing and automotive related businesses. In 1999 Council decided to rezone North Arncliffe as a mixed use zone to encourage redevelopment for a wide range of residential, commercial, retail and clean industrial uses. This rezoning was prompted by the new railway station at North Arncliffe and the general decline of traditional manufacturing in that area.

While this area has been rezoned for mixed use, Council remains committed to retaining an employment base. A section of Arncliffe close to Sydney (Kingsford-Smith) Airport has a special industrial zoning which encourages airport related and high technology industries. This area has remained generally undeveloped, however, it is anticipated that this will change with the redevelopment of North Arncliffe and the opening of the M5 East Motorway.

### **Cooks Cove**

This proposed development is to be located in the area of the Kogarah Golf Course and Barton Park, along the foreshores of the Cooks River. The proposal involves the development of a multi-functional complex including exhibition and conference centres, hotels, restaurants, a retail centre, redeveloped golf course and a light rail connection adjacent to Sydney Airport. The project is still at planning stage. The implication of this project is the need to secure open space and to ensure public connections are established.

### **North Arncliffe**

The North Arncliffe development area consists of 25 hectares of mostly low density industrial and automotive business uses and includes several large vacant sites. The area is centred on the new Wolli Creek interchange railway station, which was completed in early 2000. Council has rezoned the area to allow for mixed use development, encouraging redevelopment for a wide range of residential, office, commercial, tourist, clean industry, and retail uses. The expected redevelopment of North Arncliffe will significantly increase the population of the City of Rockdale over the next 10-15 years. In order to promote development in an orderly manner, Council has encouraged development initially in the precinct directly around the railway station and west of the Illawarra train line. Redevelopment in the southern precinct has up till now been restricted.”

### **Land Use and Development: 2010/11 State of the Environment Report**

The majority of land within the City of Rockdale is used for residential purposes, although there are a number of important industrial and commercial precincts and areas of open space. In the period 1 July 2010 to 30 June 2011, 625 Development Applications were approved and 393 Construction Certificates were determined. This is a decrease of 51 development applications since the last report period. There has also been a decrease of 12 Construction Certificates determined over the reporting period. In addition, 68 applications were lodged for Complying Development.





## **1.0 GENERAL DESCRIPTION OF LOCAL GOVERNMENT AREA (Cont).**

Major development applications continue to be seen in key commercial centres and in areas near public transport. A development application has been approved in the Bonar Street Precinct that proposes a residential development of 255 dwellings. A new Concept Plan for Discovery Point, a key development precinct in Wolli Creek Development Area, was approved as a major development under Part 3A of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

As part of the NSW planning reform, the NSW Department of Planning and Infrastructure released the State Environmental Planning Policy (SEPP) Exempt and Complying Development Codes in 2009, which makes provision for small scale development to be carried out as Complying Development. The Codes were further amended in February 2011 to cover housing development on lot as small as 200m<sup>2</sup>. As expected, the number of complying development certificates issued in this reporting period was significantly increased.

(Source - Rockdale City Council's "State of the Environment 2010-2011" Report. Most recent document published as at date of reporting.)

### **1.3 Community Profile / Suburb Description**

The following information is from Rockdale City Council's website – Community Profile

#### **Arncliffe / Wolli Creek - Introduction and summary**

Arncliffe / Wolli Creek is a mixed use area, with residential, industrial and commercial land use. The area is undergoing significant redevelopment, with several mixed use projects which are transforming industrial land use to predominantly residential and commercial land use. Arncliffe / Wolli Creek is bounded by the Wolli Creek in the north, the Cooks River in the east, generally by the Spring Canal, Spring Street, Godfrey Street, Gardiner Park and Carlton Street in the south and Sackville Street, Wolli Creek Road, a line running between Lorraine Avenue and Fairview Street, Hirst Street, Dowling Street and generally by Denison Street, Bonar Street, Thompson Street and the pipeline in the west. Arncliffe is named after the cliffs and rocky terrain in the area. Wolli Creek is named after the creek at its northern border.

Development of the area dates from 1825 when the first land grants were made, with the land being used mainly for farming. The village of Arncliffe was subdivided in 1840, although development was slow until the 1870s. Some growth occurred in the interwar period, although the most significant growth was during the post-war years. Arncliffe / Wolli Creek has experienced a small decrease in population between 1996 and 2001, the result of few dwellings being added and a decline in the average number of persons living in each dwelling. The population is expected to increase in the future with major redevelopments such as Cooks Cove, Discovery Point and Proximity (North Arncliffe).

Major features of the area include three schools, Kogarah Golf Club, Al-Zahra Mosque & College, Arncliffe Park, Cahill Park, Riverine Park and the Community Centre.



## **1.0 GENERAL DESCRIPTION OF LOCAL GOVERNMENT AREA (Cont).**

### **Banksia - Introduction and summary**

Banksia is an established residential area with some commercial land use along Princes Highway. Banksia is bounded generally by Godfrey Street, Spring Street and the Spring Canal in the north, the Muddy Creek in the east, generally by Bestic Street and Rockdale Street in the south and generally by Wolli Creek Road and Gardiner Park in the west. Banksia is named after botanist Sir Joseph Banks.

Development of the area dates from the mid-1800s, although little growth occurred until the 1880s when the railway line was built and 1906 when the railway station was opened. Significant development occurred in the post-war years. Banksia has experienced a relatively stable population between 1996 and 2001, the result of little change in dwelling stock and relative stability in the average number of persons living in each dwelling.

Major features of the area include Barton Park, Gardiner Park, St George Soccer Stadium and Riverine Park Wetlands.

### **Bardwell Park - Introduction and summary**

Bardwell Park is an established residential area. Bardwell Park is bounded by the Wolli Creek in the north, the Bardwell Creek in the east and south and generally by Benjamin Street, Barnsbury Grove, Stotts Avenue and Slades Road in the west. Bardwell Park is named after Thomas Bardwell, an early land owner.

Development of the area dates from the 1830s when the first land grants were made, although land was used mainly for farming until subdivision in the 1880s. Significant development did not occur until the post-war years, following the opening of the railway line in the 1930s. Bardwell Park has experienced a relatively stable population between 1996 and 2001, the result of little change in dwelling stock and the average number of persons living in each dwelling.

A major feature of the area is the Bardwell Valley Golf Club.

### **Bexley - Introduction and summary**

Bexley is an established residential area with parklands, reserves and some commercial land use along Forest Road. Bexley is bounded generally by Stoney Creek Road, the Bardwell Creek, George Street and Sackville Street in the north, generally by Villiers Street, Forest Road, Frederick Street, Watkin Street and Harrow Road in the east, generally by Warialda Street, Henry Street, Willison Road and Ethel Street in the south and Croydon Road in the west. Bexley is named after a village in Kent, England.

Development of the area dates from the 1830s when several farms were established. Some housing was built from the 1840s, with residential subdivision in 1856. Growth, especially of large homes built by wealthy merchants, occurred from the 1880s, with development spurred by the opening of the railway line in 1884. Significant growth occurred in the interwar period and continued through to the 1940s. Bexley has experienced an increase in population between 1996 and 2001, a result of new dwellings being added to the area. Major features of the area include five schools, St Mary & St Mina Coptic Orthodox College & Church, Bethany College, Marist College, Bexley Swimming Centre, Bexley Golf Club, Dolls Hospital, Bexley Park and Seaforth Park.



## **1.0 GENERAL DESCRIPTION OF LOCAL GOVERNMENT AREA (Cont).**

### **Bexley North - Introduction and summary**

Bexley North is an established residential area with parklands and reserves. Bexley North is bounded by the Wollie Creek in the north, generally by a line running continuous of Benjamin Street in the east, the Bardwell Creek, Preddys Road and generally by Stoney Creek Road in the south and a line running between Staples Street and Laycock Street in the west.

Development of the area dates from the early 1800s when the area was used mainly for farming. Little growth occurred until the 1850s, especially in the 1880s and 1890s. Significant development occurred in the interwar period and post-war years, following the opening of the railway line in the 1930s. Bexley North has experienced an increase in population between 1996 and 2001, a result of new dwellings being added to the area.

Major features of the area include a school, Salvation Army College of Further Education, Kingsgrove Bexley Community Centre and Kingsgrove Avenue Reserve.

### **Brighton-Le-Sands / Kyeemagh - Introduction and summary**

Brighton-Le-Sands / Kyeemagh is an established residential area with commercial land use along Bay Street. Brighton-Le-Sands / Kyeemagh is bounded by the Cooks River in the north, Botany Bay in the east, President Avenue in the south and the suburbs of Kogarah and Rockdale and the Muddy Creek in the west. Kyeemagh is named from an Aboriginal word meaning 'beautiful dawn'.

Development of the area dates primarily from the 1850s, although little growth occurred until 1916 when Kyeemagh was subdivided. Significant development occurred in the interwar period and the post-war years. In recent years, tourism has fuelled growth, with high density housing and many multicultural restaurants constructed close to the beach. Brighton-Le-Sands / Kyeemagh has experienced an increase in population between 1996 and 2001, a result of new dwellings being added to the area.

Major features of the area include three schools, Brighton Le Sands Beach (and Baths), Cook Park, Kyeemagh Boat Ramp Reserve, White Oak Reserve and the Memorial Playing Fields.

### **Carlton- Introduction and summary**

Carlton is an established residential area. Carlton is bounded generally by Ethel Street, Willison Road and Henry Street in the north, generally by Union Street and Union Lane in the east, the railway line in the south and Xenia Avenue in the west. Parts of the suburb of Carlton are located in the City of Hurstville and Municipality of Kogarah.

Development of the area dates from the 1840s, although little growth occurred until the 1880s. Significant development occurred in the interwar period and post-war years. Carlton has experienced a small increase in population between 1996 and 2001, a result of new dwellings being added to the area.

Major features of the area include Tindale Reserve, The School of Arts Hall and Stell Reserve.



## **1.0 GENERAL DESCRIPTION OF LOCAL GOVERNMENT AREA (Cont).**

### **Kingsgrove - Introduction and summary**

Kingsgrove is an established residential area. Kingsgrove is bounded by the Wolli Creek and the railway line in the north, a line running between Staples Street and Laycock Street in the east, generally by Stoney Creek Road in the south and Kingsgrove Road in the west. Kingsgrove is thought to be named after Governor Phillip Gidley King. Parts of the suburb of Kingsgrove are located in the Cities of Canterbury and Hurstville.

Development of the area dates primarily from the late 1800s, when slaughter yards, market gardens, dairies and poultry farms were scattered through the area. Substantial growth did not occur until new housing estates opened in the 1930s, spurred by the opening of the railway line, although growth was slow until the 1940s. Significant development occurred in the post-war years. Kingsgrove has experienced a relatively stable population between 1996 and 2001, the result of little change in dwelling stock and a decline in the average number of persons living in each dwelling.

Major features of the area include Our Lady of Fatima Primary School and De La Salle & St Ursulas College.

### **Kogarah - Introduction and summary**

Kogarah is a mixed use area, with residential, industrial and commercial land use. The western section of Kogarah is bounded by the railway line in the east, generally by Union Street and Union Lane in the south and generally by Warialda Street in the west and north-west. The eastern section of Kogarah is bounded by Harrow Road, Schofield Street and generally by Beach Street in the north, West Botany Street, President Avenue and the suburb of Monterey in the east, the suburb of Ramsgate in the south and Rocky Point Road and Princes Highway in the west. Kogarah is named from an Aboriginal word meaning 'a place of rushes'. Part of the suburb of Kogarah is located in the Municipality of Kogarah.

Development of the area dates from 1808 when the first land grant was made, although growth was slow until the 1840s as there was no access to Cooks River and the area was filled with dense forest. In 1840 a dam was constructed at Cooks River, then a road was built and land was cleared. Settlement increased, with market gardens, orchards and vineyards established. Many Chinese settlers arrived after the gold rushes of the 1850s, with land being used mainly for agricultural purposes. Growth occurred following the opening of the railway in 1884. Significant development occurred in the 1920s and 1950s. Kogarah has experienced a relatively stable population between 1996 and 2001, the result of little change in dwelling stock and a decline in the average number of persons living in each dwelling.

Major features of the area include James Cook Boys High School, Moorefield Girls High School, St George College, Southern Sydney Institute of TAFE, Civic Avenue Reserve and Scarborough Park.



## **1.0 GENERAL DESCRIPTION OF LOCAL GOVERNMENT AREA (Cont).**

### **Monterey - Introduction and summary**

Monterey is an established residential area. Monterey is bounded by President Avenue in the north, Botany Bay in the east, Emmaline Street in the south and the suburb of Kogarah in the west.

Development of the area dates primarily from the 1850s, although little growth occurred until the 1870s and 1890s when many country villas were built by wealthy people and land was subdivided for housing by speculators adjacent to the beach. Significant development occurred in the interwar period and the post-war years. In more recent years, medium density housing has attributed to growth. Monterey has experienced a small increase in population between 1996 and 2001, a result of new dwellings being added to the area. Major features of the area include Lady Robinsons Beach and Scarborough Park.

### **Ramsgate / Ramsgate Beach - Introduction and summary**

Ramsgate / Ramsgate Beach is an established residential area with some commercial land use along Rocky Point Road and an industrial area in Production Avenue. Ramsgate / Ramsgate Beach is bounded by the suburb of Kogarah and Emmaline Street in the north, Botany Bay in the east, generally by Ramsgate Road in the south and Rocky Point Road in the west. Ramsgate is named after a seaside resort in England. Part of the suburb of Ramsgate is located in the Municipality of Kogarah.

Development of the area dates primarily from the 1850s, although little growth occurred until the late 1800s when land was subdivided and many country villas were built by wealthy people near the beach. Significant development did not occur until the post-war years. Ramsgate / Ramsgate Beach has experienced an increase in population between 1996 and 2001, a result of new dwellings being added to the area.

Major features of the area include a school, Ramsgate Plaza Shopping Centre, Cook Park, Scarborough Park, Leo Smith Reserve, Tonbridge Street Reserve and the Baths.

### **Rockdale - Introduction and summary**

Rockdale is a mixed use area with residential, commercial and industrial land use. Rockdale is bounded generally by Wolli Creek Road, Rockdale Street and Bestic Street in the north, the suburbs of Kyeemagh and Brighton-Le-Sands in the east, West Botany Street and generally by Beach Street in the south and generally by Schofield Avenue, Harrow Road and Frederick Street in the west. Rockdale is named for the rocky landscape surrounding the area. Rockdale was previously known as Frog Hollow.

Development of the area dates from the early 1800s, although growth was slow until the 1880s when the railway was built. By 1878 Rockdale had become the centre of municipal activities. Significant development occurred in the 1930s, especially around the railway station. Growth continued in the post-war years. In more recent years growth has occurred largely due to an increase in high density housing. Rockdale has experienced an increase in population between 1996 and 2001, a result of new dwellings being added to the area. Major features of the area include a school, Rockdale Plaza Shopping Centre, Cameron Street Lookout, Rockdale Park and White Oak Reserve.



## **1.0 GENERAL DESCRIPTION OF LOCAL GOVERNMENT AREA (Cont).**

### **Sandringham / Dolls Point - Introduction and summary**

Sandringham / Dolls Point is an established residential area. Sandringham / Dolls Point is bounded generally by Sandringham Street in the north, Botany Bay in the east and south and Waldron Street and the suburb of Sans Souci in the west. Sandringham is named after the residence of the Prince of Wales. It was previously known as Strippers Point.

Development of the area dates originally from the late 1800s, although little growth occurred until the 1920s. Significant development occurred in the post-war years. Sandringham / Dolls Point has experienced an increase in population between 1996 and 2001, a result of new dwellings being added to the area.

Major features of the area include Peter Depena Reserve and the Baths.

### **Sans Souci - Introduction and summary**

Sans Souci is an established residential area with several parklands and reserves. Sans Souci is bounded generally by Ramsgate Road in the north, Botany Bay and the suburbs of Sandringham and Dolls Point in the east, the Georges River in the south and Rocky Point Road in the west. Sans Souci is named from French words meaning 'without worry'. Part of the suburb of Sans Souci is located in the Municipality of Kogarah.

Development of the area dates from the 1830s when the first land grants were made, although growth was slow until the 1850s and 1860s. Significant development occurred in the post-war years. Sans Souci has experienced a small increase in population between 1996 and 2001, a result of new dwellings being added to the area.

Major features of the area include Bona Park, Clareville Park, Cook Park, Noel Seiffert Park, Scott Park and Kendall Street Reserve.

### **Turrella / Bardwell Valley - Introduction and summary**

Turrella / Bardwell Valley is a mixed use area, with residential and industrial land use. Turrella / Bardwell Valley is bounded by the Wollie Creek in the north, generally by Thompson Street in the east, generally by Bonar Street, Hirst Street, Denison Street, Dowling Street and Lorraine Avenue in the south and George Street and a line running between Princes Street and Sackville Street in the west. Turrella is named from an Aboriginal word meaning 'reeds growing in water'.

Development of the area dates from the mid-1800s, although little growth occurred until the 1880s. Significant development occurred in the post-war years, especially following the opening of the railway line in the 1930s. Turrella / Bardwell Valley has experienced an increase in population between 1996 and 2001, a result of new dwellings being added to the area.

Major features of the area include Bardwell Valley Golf Club and Silver Jubilee Park.

*Source - Rockdale City Council's website – Community Profile.*





## 2.0 NUMBER OF VALUATIONS IN THE ZONE CATEGORIES

### 2.1 Zone Category Break-Up

#### 2.1.1 Table: All Zones

<b>Zone Category Break-Up as at 30 October 15</b>		
Residential	21,469	91.15%
Business	1,145	4.86%
Enterprise	8	0.03%
Industrial	171	0.73%
Open Space	318	1.35%
Special Uses	436	1.85%
Rural	7	0.03%
<b>Totals</b>	<b>23,554</b>	<b>100.00%</b>

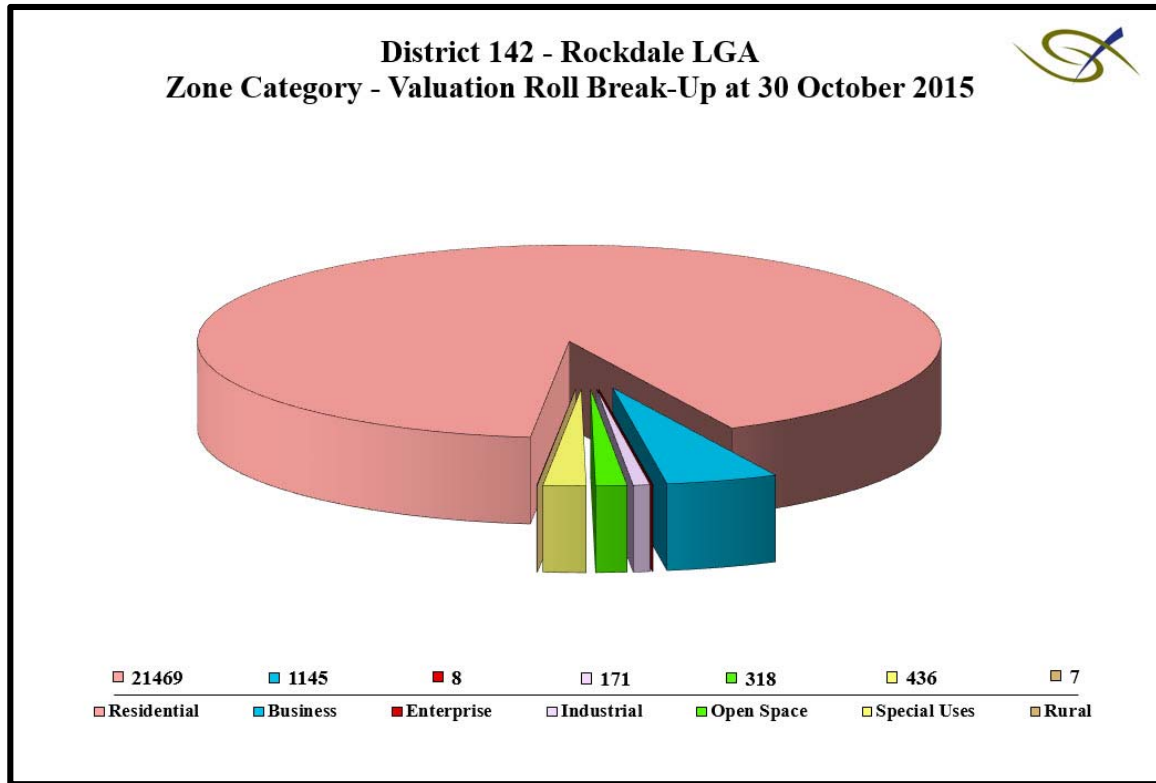
#### 2.1.2 Table: Residential Uses

<b>Residential Uses Break-Up as at 30 October 15</b>		
Single Dwelling Sites	19,842	92.42%
Medium Density	787	3.67%
High Density	840	3.91%
<b>Totals</b>	<b>21,469</b>	<b>100.00%</b>

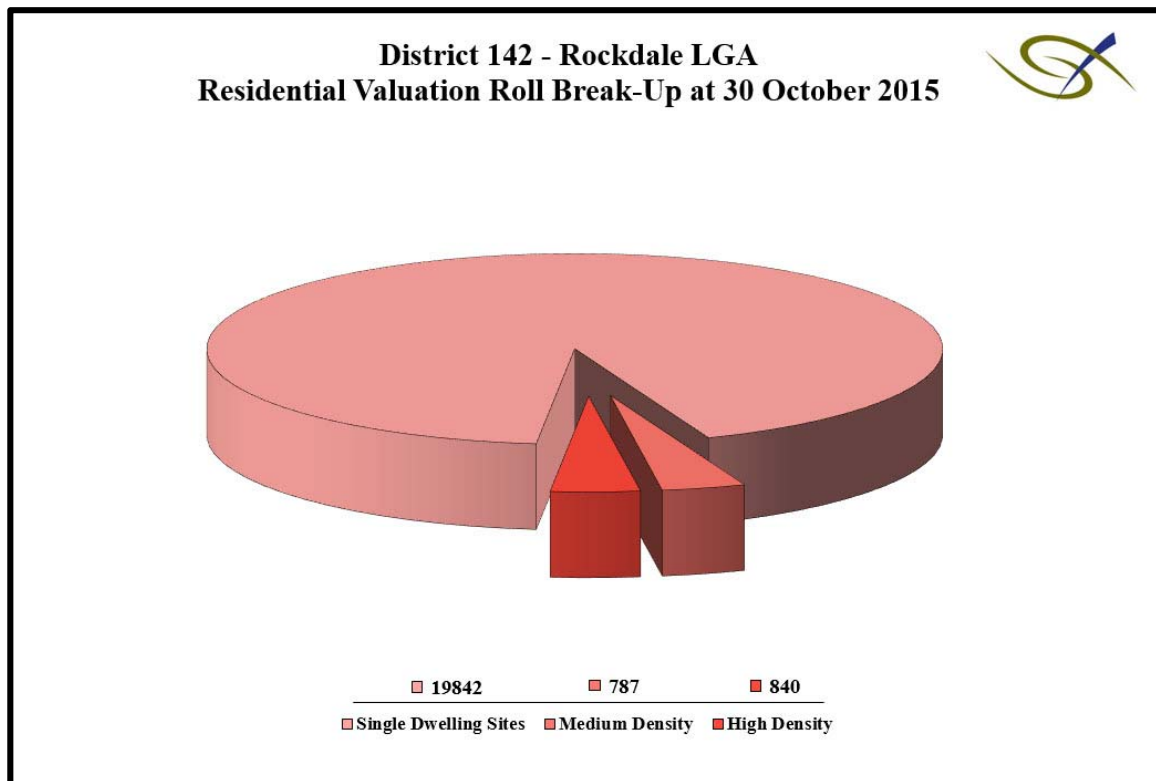


## 2.0 NUMBER OF VALUATIONS IN THE ZONE CATEGORIES (Cont.)

### 2.1.3 Graph: All Zones



### 2.1.4 Graph: Residential Uses





### **3.0 TOWN PLANNING & ZONING INSTRUMENTS**

Current Planning Instruments within Rockdale City Council.

#### **3.1 Rockdale Comprehensive LEP 2011**

In December 2011, a new Local Environmental Plan for Rockdale (RLEP 2011) was gazetted. It complies with the standardised LEP format required by NSW Planning.

To complement RLEP 2011, Rockdale City Council produced a single Development Control Plan which consolidated all previous Development Control Plans and planning instruments.

#### **3.2 Rockdale Development Control Plan 2011**

Rockdale Council prepared the development control plan to ensure compliance with the Environmental Planning and Assessment Amendment (Infrastructure and Other Planning Reform) Act 2005. The Reform Act allows only one development control plan (DCP) for each planning authority to apply to a site. Accordingly, the DCP is the only one that has been prepared for, and applies to, the entire Rockdale Local Government Area. The plan is called Rockdale Development Control Plan (DCP) 2011.

The DCP applies to all the land covered by Rockdale Local Environmental Plan (LEP) 2011 and was adopted by Council on 4 May 2011 and came into effect on 5 December 2011, the date of gazettal of Rockdale Local Environmental Plan 2011.

### **4.0 IDENTIFIED SIGNIFICANT CHANGES IN USE OR DEVELOPMENTS OF PROPERTY AND OTHER FACTORS WHICH MAY AFFECT VALUATIONS**

#### **4.1 Rockdale Town Centre Planning Proposal**

##### **4.1.1 Background**

Rockdale City Council adopted the Rockdale Town Centre Masterplan on 5 December 2012. The Masterplan sets out the vision and strategies for the growth and revitalisation of the Centre, focusing on a number of key precincts where redevelopment is most likely and would have the most positive impact.

To add to the vibrancy of the Centre and accommodate population and jobs growth near existing services and a major public transport interchange, the Masterplan envisages significant growth within the Centre itself and at the Centre's edge. In these areas where significant growth is proposed, and redevelopment is likely to occur, the Masterplan identifies the need to provide infrastructure which delivers a public benefit for the Centre. This includes new public open space, expanded pedestrian connections, more convenient access to public transport, and rationalised public carparking.

The Masterplan also covers the entirety of the Centre's role and function, and includes actions for increasing the Centre's vibrancy as well as its profile and function as the Civic, cultural and economic heart of the LGA. These actions are intended to work in conjunction with redevelopment to improve the amenity, quality, and experience of the Centre.

(Source – Planning Proposal, Rockdale Local Environmental Plan 2011 – Rockdale Town Centre)



## **4.0 IDENTIFIED SIGNIFICANT CHANGES IN USE OR DEVELOPMENTS OF PROPERTY AND OTHER FACTORS WHICH MAY AFFECT VALUATIONS (Cont.)**

### 4.1.2 Overview of Proposed Planning Changes

#### Provide flexibility and encourage design excellence:

Council is amending the Rockdale Local Environmental Plan 2011 (LEP) and Development Control Plan 2011 (DCP) so that planning and design elements of the Rockdale Town Centre can be achieved. One of the amendments is to provide flexibility and incentives with desirable building envelope by:

- Amending the maximum building height for certain land within the Centre and
- Removing the maximum FSR control for land in the Centre.

Council also introduces design excellence clauses in the LEP and proposes more detailed building envelope controls in the DCP to ensure good building design in the town centre.

The draft design excellence clauses in the Planning Proposal apply to development involving erection of a new building on land identified on the Design Excellence Map.

A draft design competition clause in the Planning Proposal applies to Chapel Street Precinct (i.e. Council's Land). The proposed format of the competition is similar to the Design Excellence Guidelines issued by the Director-General's Design Excellence Guidelines.

#### Site Specific challenges – Interchange Precinct Redevelopment:

The Interchange Precinct refers to land bounded by the Prices Highway, Rockdale Railway Station, the Tramway Arcade and Geeves Avenue. This land has been earmarked in the Masterplan, to be redeveloped into a key site with new commercial/residential mixed use, new and improved pedestrian connections and an expanded and upgraded bus interchange.

Any future redevelopment on the land will require the input of a variety of government agencies and landowners.

Council is aware of the challenges that will influence the realisation of the Interchange Precinct vision set out in the Masterplan. Key issues might include:

- Current land ownership and property acquisitions
- Economic viability of commercial and residential yields
- Incentives to encourage redevelopment (i.e. increased building heights)
- Impacts of incentives on land values and redevelopment potential
- The Obstacle Limitation Surface (OLS) restrictions for building height
- Access and car parking.

(Source – Supporting Information Sheet on Proposed Planning Controls to Rockdale Town Centre)



## **4.0 IDENTIFIED SIGNIFICANT CHANGES IN USE OR DEVELOPMENTS OF PROPERTY AND OTHER FACTORS WHICH MAY AFFECT VALUATIONS (Cont.)**

### 4.1.3 Summary of Planning Changes

The 'Revised Gateway determination – Rockdale Local Environmental Plan 2011 (Rockdale Town Centre)' summaries the key planning changes to the town centre as follows:

- Amend objectives within zone B2 Local Centre;
- Amend subclause 4.3(2A) to provide incentives for additional building height on certain land;
- Amend the maximum building height for certain land;
- Rezone certain land to B4 Mixed Use, RE1 Public Recreation and R4 High Density Residential;
- Add land to the Land Reservation Acquisition Map;
- Amend Street Frontages Map;
- Remove FSR controls for land within the Rockdale Town Centre;
- Amend FSR of certain land from 0.5:1 to 1:1;
- Amend clause 4.4 (2C) by deleting the sub clause 4.4 (2C) (a); and
- Insert new subclauses under Part 6 Additional local provisions which will assist in delivering high standard development.

### 4.1.4 Approval and Timeline of Planning Proposal

Rockdale Local Environmental Plan 2011 (Amendment No 8): Date of commencement, on publication on LW, cl 2 – being 5 June 2015.

Per the NSW Government – Planning & Environment LEP Tracking website, the timeline for the Rockdale Town Centre Planning Proposal is as follows:

9 September 2013	Date Proposal Lodged	Submission Stage
5 November 2013	Date of Determination	Gateway State
5 November 2013	Date sent to RPA for Implementation	Gateway Implementation Stage
2 June 2015	Date returned to Department for assessment	LEP Assessment Stage
5 June 2015	Date of Publication ( <u>Approved</u> )	LEP Stage

Further information can be found via the NSW Planning & Environment LEP tracking website - <http://leptracking.planning.nsw.gov.au>

Further (site specific) information can be found on Rockdale Councils Website - <http://www.rockdale.nsw.gov.au>  
<http://www.rockdale.nsw.gov.au/development/Pages/Rockdale-Town-Centre.aspx>



## **4.0 IDENTIFIED SIGNIFICANT CHANGES IN USE OR DEVELOPMENTS OF PROPERTY AND OTHER FACTORS WHICH MAY AFFECT VALUATIONS (Cont.)**

### **4.2 Princes Highway Corridor Strategy**

On Wednesday 4 September 2013 Council adopted the Princes Highway Corridor Strategy. It investigates the area between Wolli Creek and Rockdale, bounded by the Illawarra railway line to the west and properties facing the Princes Highway to the east. The Strategy was funded by the Department of Planning and Infrastructure

#### **4.2.1 Introduction**

The Strategy is a document which outlines a vision for the Princes Highway corridor between Wolli Creek and the Rockdale Town Centre.

Key features of the Vision are:

- Grow Arncliffe as a residential precinct and;
- Revitalise the corridor along the Highway.

It is estimated that realising the Vision can deliver 860 additional homes and 670 full time jobs. Council, State Government, residents, business owners and landowners will all have a role in implementing changes to work towards the vision.

#### **4.2.2 Overview**

The Princes Highway Corridor Strategy study area is defined as the land within the Rockdale Local Government Area (LGA) bounded by the Illawarra railway line to the west, the intersection of Princes Highway and West Botany Street to the north, the intersection of Princes Highway and Bestic Street to the south.

The preparation of the Strategy was identified as a priority action by the Rockdale City Plan 2011-2015. The purpose of the Strategy is to:

- Identify and understand the existing conditions of the Corridor –including the built form and environmental characteristics, broader physical and strategic context, and economic and market conditions;
- Present a vision for the desired future character of the area;
- Identify and outline an implementation strategy to achieve the desired future character; and
- Understand and incorporate the opinions and values of all stakeholders.

Further information can be found via Rockdale Councils website –

<http://www.rockdale.nsw.gov.au/development/Pages/Princes-Highway-Study.aspx>





## **4.0 IDENTIFIED SIGNIFICANT CHANGES IN USE OR DEVELOPMENTS OF PROPERTY AND OTHER FACTORS WHICH MAY AFFECT VALUATIONS (Cont.)**

### **4.3 Property Market Overview**

Whilst the Australian residential property market throughout the 2011/12 financial year remained relatively weak, since 1 July 2012 (Rockdale LGA last General Valuation) the market has showed signs of increases in growth. CoreLogic RP Data Home Value Index illustrates the following statistics about the growth in the Australian residential property market over the previous financial years with the capital cities index recording a decrease in value of -3.6 per cent over 2011/12 financial year, while the 2012/13 and 2013/14 financial years recorded growth at 3.8 and 10.1 per cent respectively.

As a whole Australia's residential property market exhibited mixed levels of growth over the 2014/15 financial year. The CoreLogic RP Data Home Value Index illustrates the combined capital city index rose 9.8% over the 12 months ending 30 June 2015. According to the index, Sydney residential properties showed an increase of 16.2% over the 12 months ending 30 June 2015 with Melbourne being the closest capital city to Sydney in terms of growth recording 10.2% over the same period. It is evident that the Sydney and Melbourne property markets have continued to increase in value at a faster pace than other Australian capital cities over the 2014/15 financial year. Some pockets of Sydney and noticeably some components of the **Rockdale LGA** had recorded stronger growth than others, however as a whole the **Rockdale LGA** moved homogenously showing considerable growth.

The continued growth in the Sydney and Melbourne property markets and the imbalance between owner-occupied finance vs. investor finance has drawn the attention of regulatory bodies including the Australian Prudential Regulation Authority (APRA). APRA highlighted in December 2014 that authorised deposit-taking institutes (ADIs) must not exceed growth in investor loans above 10% per annum. Furthermore, in July 2015 APRA announced an increase in capital requirements for Australian residential mortgage exposures under the internal ratings-based (IRB) approach which would see the average risk weight of residential mortgage exposures using the IRB approach increase to at least 25% by mid-2016, from an average of around 17% at the end of June 2015.

All big four banks (ANZ, NAB, Westpac & Commonwealth) increased the variable interest rates on residential investor loans between 0.27 and 0.29 percentage points over the two weeks ending 4 August 2015. Westpac notes the increases are a response following the introduction of investor lending growth benchmarks set by APRA. Furthermore, from 14 October 2015 to 23 October 2015, all big four banks increased their variable interest rates on residential owner-occupier and investor home loans between 15 and 20 basis points – with all four banks citing the decision was partly attributable to the requirement to increase the amount of capital applied to residential mortgages.

SQM Research has reported a notable increase in Sydney residential property listings over the year ending September 2015, whilst the national listing numbers declined over the same period. SQM noted Sydney residential listing numbers rose 7.6% over the month of September 2015 and rose 11.1% over the 12 months ending 30 September 2015 compared to the national residential listing numbers decreasing 0.1% over the 12 months ending 30 September 2015. Furthermore, Australian Property Monitors (APM) research indicates Sydney's residential auction clearance rates last peaked at 89% in May / June 2015 which have since steadily declined to a clearance rate of 65% on Saturday 17 October.



## 4.0 IDENTIFIED SIGNIFICANT CHANGES IN USE OR DEVELOPMENTS OF PROPERTY AND OTHER FACTORS WHICH MAY AFFECT VALUATIONS (Cont.)

Expanding on the above, the information suggest that some of the *heat* of the Sydney residential property market – which was exhibited in the first half of 2015 – may have dissipated in recent months. However, as at date of report, there is no available information to suggest that in recent months the above has had any direct impact on residential property values.

Overall, from 1 July 2012 to 30 June 2015, retail property has benefited from an uplift in family net worth, driven by the increases in residential dwelling values, which help support discretionary spending and spending on consumer / household goods. Density / development sites continued to perform well over the three (3) years ending 30 June 2015. Generally, residential development continues to outprice commercial development as the highest and best use and as such, sites with residential development potential remain in high demand across southern Sydney. Industrial property in the St George locale performed well over the 2015 financial year, following subdued activity over the 2013 and 2014 financial years. Industrial properties in St George largely recorded positive growth around 10% or slightly greater. Individual pockets can move against the trend for varying reasons, however on the whole properties within the **Rockdale LGA** were relatively consistent.

### 4.4 Economy Overview

The following statement was issued by the Reserve Bank of Australia for the monetary policy decision held 7 July 2015 and provides a concise summary on the outlook for national and global economies as at the 2015 base date:-

#### International Economic Conditions:

*The Board's discussion about economic conditions opened with the observation that economic growth in Australia's major trading partners appeared to have been around average in the June quarter. Consumption growth had been little changed for most trading partners in recent months, although it was perhaps a bit stronger in the United States and somewhat weaker in China. The level of consumption in Japan remained well below that seen prior to the increase in the consumption tax in 2014. Core inflation rates had been stable in year-ended terms over recent months and remained below the targets of most central banks. Members also observed that trade volumes, particularly within the Asian region, appeared to have fallen recently. Consistent with this observation, growth in industrial production across a number of east Asian economies had slowed a little.*

*In China, there had been little change in the monthly indicators of economic activity, although conditions had been a bit more positive in some sectors than early in 2015. The Chinese property market had improved somewhat; residential property prices overall had risen for the first time in a year and floor space sold had increased in the past few months. Members reflected that the recent easing in monetary conditions would provide additional support to the property market and growth more broadly, although it could be some time before a significant pick-up in construction activity began. Recent efforts by central government authorities to increase infrastructure investment further and reform local government financing arrangements were also expected to support investment.*

*Commodity prices overall had fallen since the previous meeting, driven by iron ore and oil prices. Growth in crude steel production had been modest and steel prices had fallen noticeably over the past month. Iron ore production in China had continued to decline. Shipments of iron ore from Australia and Brazil appeared to have increased in June, which contributed to lower iron ore prices over the past month.*



## **4.0 IDENTIFIED SIGNIFICANT CHANGES IN USE OR DEVELOPMENTS OF PROPERTY AND OTHER FACTORS WHICH MAY AFFECT VALUATIONS (Cont.)**

*Following quite strong output growth in Japan in the March quarter, more timely indicators pointed to modest growth in the June quarter. Labour market conditions had continued to improve, resulting in the unemployment rate falling further and the ratio of jobs to applicants continuing to rise. Wage growth and financial market measures of inflation expectations were higher than a year earlier and were expected to feed into higher core inflation over time. Members considered the importance for Japan of policy reforms designed to address some longer-term structural challenges, such as the ageing of the population.*

*In the United States, recent data pointed to moderate growth in economic activity in the June quarter following weakness in the March quarter. The labour market had strengthened further, with growth in non-farm payrolls employment rebounding in April and May and the unemployment rate falling. While there had been some increase in measures of wage growth, core measures of inflation remained below the Federal Reserve's inflation target.*

*In the euro area, the available indicators pointed to modest economic growth and above-average sentiment in the June quarter, continuing the recent trend of improved conditions in the euro area as a whole. Members noted that exports had made a significant contribution to the pick-up in growth in the region but investment was still well below the levels seen prior to the global financial crisis. The unemployment rate had continued to fall modestly since its peak two years earlier, but varied sharply across the euro area; the unemployment rate was highest in Greece, where output was more than 25 per cent below its level prior to the financial crisis.*

### *Domestic Economic Conditions:*

*Members noted that output had increased by 0.9 per cent in the March quarter and by 2.3 per cent over the year. Resource exports had made a significant contribution to growth, reflecting better-than-usual weather conditions in the quarter. Dwelling investment had remained strong and while consumption growth had picked up over the past year or so, it had remained below average. Business investment had contracted in the quarter and there had been little growth in public demand. More recent economic indicators suggested that domestic demand had continued to grow at a below-average pace over recent months, but that labour market conditions had continued to improve.*

*Members observed that consumption grew faster than household income over the year to the March quarter. As a result, the saving ratio had declined further, although it remained well above the level it had been over much of the past 25 years. Year-ended growth in retail sales had been little changed over recent months and liaison suggested that this was likely to have continued into June. Retail sales growth had been relatively strong in New South Wales and Victoria but weaker in Queensland and Western Australia, in line with observed differences in economic conditions across the country. At the same time, surveys indicated that consumers had viewed their financial situation as being above average over the past year, notwithstanding the relatively weak growth in labour incomes. Members observed that this was likely to reflect the very low level of interest rates and strong growth in net household wealth.*



## **4.0 IDENTIFIED SIGNIFICANT CHANGES IN USE OR DEVELOPMENTS OF PROPERTY AND OTHER FACTORS WHICH MAY AFFECT VALUATIONS (Cont.)**

*Dwelling investment increased by 9 per cent over the year to the March quarter. An increase in the construction of new dwellings accounted for most of this growth, but the alterations and additions component had also contributed more recently, recording the first increase in a year in the March quarter. Forward-looking indicators pointed to further strong growth in dwelling investment in the period ahead. Members noted that there had been ongoing divergence in conditions in established housing markets across the country, as well as between houses and apartments. Housing prices had continued to rise rapidly in Sydney and to a lesser extent in Melbourne. Elsewhere, there had been little change in housing prices over the past six months or so. Prices of apartments had been growing less rapidly than those of houses, which members considered to be consistent with the relatively strong growth in the supply of higher-density housing in many capital cities.*

*Growth in housing credit overall had been stable over recent months at around 7 per cent on an annualised basis, while growth in lending to investors had been steady at a bit above 10 per cent. Members observed that the household debt-to-income ratio, calculated by netting funds held in mortgage offset accounts from total household debt to the financial sector, had increased over the year to March but had not exceeded previous peaks. Members discussed the fact that high housing prices had different implications for existing home owners, who benefited from increased wealth, and potential new home owners, who were finding it more difficult to finance a home purchase.*

*Investment in both the mining and non-mining sectors appeared to have fallen in the March quarter, although the split between the two components remained subject to some uncertainty. Profits for non-mining firms had increased by 6 per cent over the past year. More recent survey measures of business conditions, confidence and capacity utilisation had picked up to be around, or even above, their long-run averages. In contrast, private non-residential building approvals had remained weak.*

*The monthly trade data suggested that resource exports, including iron ore and coal, had declined in the June quarter. Coal exports had been affected by the severe storms in the Hunter region of New South Wales in late April. Members noted that there had been further signs of growth in service exports, in part a response to the depreciation of the exchange rate. Over the past year, net service exports had made a similar contribution to output growth as exports of iron ore, even though total import volumes had increased in the March quarter.*

*Labour force data indicated further signs of improvement in May. Employment growth had picked up over the year to exceed the rate of population growth. As a result, the unemployment rate had been relatively stable since the latter part of 2014 and had fallen slightly in May to 6 per cent. Members observed that employment growth had been strongest in household services and that employment and vacancies had been growing for business services but had remained little changed in the goods sector. As with other state-based indicators, employment growth and job vacancies had been strongest in New South Wales and Victoria. Forward-looking labour market indicators had been somewhat mixed over recent months. The ABS measure of firms' job vacancies overall suggested that demand for labour could be sufficient to maintain a stable or even falling unemployment rate in the near term, while other forward-looking indicators suggested only modest growth in employment in coming months.*

*Members noted that the latest estimates indicated that the population had increased by 1.4 per cent over the year to the December quarter, down from a peak rate of growth of 1.8 per cent over 2012. The slower growth was primarily accounted for by a decline in net immigration, which was particularly pronounced in Western Australia and Queensland, consistent with weaker economic conditions in those states. Members observed that the lower-than-expected growth in the population helped to reconcile the below-average growth in output over the past year with a broadly steady unemployment rate.*





## **4.0 IDENTIFIED SIGNIFICANT CHANGES IN USE OR DEVELOPMENTS OF PROPERTY AND OTHER FACTORS WHICH MAY AFFECT VALUATIONS (Cont.)**

*Despite recent improvements in labour market indicators, members reflected that there was still evidence of spare capacity in the labour market. Consistent with this, the latest national accounts data indicated that non-farm average earnings per hour had recorded the lowest year-ended outcomes since the early 1990s and that unit labour costs had been little changed for around four years.*

### Financial Markets:

*International financial markets were mainly focused on developments in Greece and the fall in Chinese equity markets over the past month.*

*Members were briefed on recent developments in Greece. The 'no' vote in the referendum on the creditors' latest proposals raised several issues, first among which was how the Greek authorities could reopen the banks. A critical vulnerability in the near term was related to whether the European Central Bank would provide additional emergency liquidity assistance. A second issue was how Greece would be able to service its external debt and a third was the challenges faced by the Greek authorities in improving the competitive position of the economy. Although these issues were of great concern to the Greek populace, the direct economic implications for the global economy and Australia were assessed by members to be relatively limited. They noted that the reaction of financial markets to these developments had been fairly muted. This was consistent with the economic and financial exposures to Greece – apart from the official sector's financial exposure – being quite low.*

*Members noted that spreads to 10-year German Bunds on comparable bonds issued by Italy, Spain and Portugal had not risen much, with the limited contagion from developments in Greece likely to have reflected a general view of markets that previous adjustment policies in those countries had been relatively successful.*

*Members then turned their discussion to developments in bond markets more generally. Yields on longer-maturity German Bunds and US Treasuries had risen sharply over the first half of June, with German 10-year yields reaching 1 per cent, compared with a historic low of 8 basis points in mid April. German yields declined somewhat following the announcement of the Greek referendum. Longer-term sovereign yields of most other developed countries, including Australia, tended to move in line with US Treasuries. Expectations about the timing of the US Federal Reserve's first increase in the federal funds rate were little changed over the past month. Market pricing continued to suggest that the first increase would occur around the end of 2015. Although commentary by Federal Reserve officials suggested that it could be a little sooner than that, they continued to emphasise that the exact timing of the first increase would be less important than the pace of subsequent increases, which were expected to be gradual.*

*The People's Bank of China (PBC) eased monetary policy further in June by cutting benchmark deposit and lending rates by 25 basis points, citing low inflation and a consequent increase in real interest rates. In addition, the PBC announced cuts to the reserve requirement ratio for selected financial institutions. The Chinese authorities had also announced a proposal to allow banks more flexibility in their choice of funding mix and asset allocation, which could lead to an increase in the supply of credit over time.*

*The Reserve Bank of New Zealand lowered its policy rate by 25 basis points, to 3.25 per cent, citing the decline in New Zealand's terms of trade and the disinflationary effect of stronger-than-expected labour force growth.*



## **4.0 IDENTIFIED SIGNIFICANT CHANGES IN USE OR DEVELOPMENTS OF PROPERTY AND OTHER FACTORS WHICH MAY AFFECT VALUATIONS (Cont.)**

*Global equity markets fell by 3 per cent over the course of June, with broad-based falls and price movements generally tending to reflect fluctuations in sentiment about Greece. The Chinese equity market also fell sharply in June, partly in response to what was only a modest tightening of restrictions on margin lending. Mainland share prices were still well above their levels of a year earlier but the sharpness of the recent fall prompted the Chinese authorities to announce a number of measures, including an indefinite suspension of initial public offerings, an equity stabilisation fund and a funding facility for brokers. The Australian equity market underperformed several other advanced economy markets in June, mainly reflecting falls in resources and consumer sector share prices.*

*Global foreign exchange markets were relatively subdued in June. The euro recorded only a modest and short-lived fall when markets opened after the announcement of the Greek referendum result. The Australian dollar was 3 per cent lower against the US dollar and on a trade-weighted basis.*

*Corporate bond issuance in Australia had been strong over the course of 2015 to date, particularly by resource companies, although much of the increase reflected refinancing.*

*Pricing of Australian money market instruments suggested that the cash rate target was expected to remain unchanged at the present meeting.*

### **4.5 Court Cases**

The High Court decision *Maurici v Deputy Commissioner of Land Tax* requires that the valuation be made free of any influence of scarcity. In effect, the valuer is required to have regard to the whole market and not just the vacant land sales. In order to fulfil this requirement Southern Alliance Valuation Services Pty Ltd had regard to all the sales evidence.

### **4.6 Aircraft Noise**

Aircraft noise is a continuing factor within the Rockdale Local Government Area, however any affectation is reflected in the relevant market evidence. Aircraft Movements and Airport Operational Statistics are available at the following web site [www.airservicesaustralia.com](http://www.airservicesaustralia.com).





## 5.0 ADDED VALUE OF IMPROVEMENTS

### 5.1 Residential

In addition to vacant land sales, improved sales were used to assist in determining the market levels for land values and to negate any possibility of a scarcity factor. The 'Paired Sales Approach' was used throughout the St George region whereby, the land value demonstrated by vacant land sales is to be taken from the sale price of improved properties to determine the added value of the improvements.

The table below details the results from this analysis for the St George valuation area. The schedule provided is general in nature and each analysed sale is assessed individually when determining the added value of improvements to capture specific features e.g. renovations, pools, landscaping, no. of levels, topography etc.

		Rates Per Square Metre (\$/m <sup>2</sup> ) Adopted from Paired Analysis					
Property Type	Size (m <sup>2</sup> )	Condition					
		Very Poor	Poor	Average	Good	Very Good	Superior
Fibrous Cement, Weatherboard, Permalum Clad, etc.	0-89	250-425	425-725	450-750	475-775	500-800	550-850
	90-115	250-425	425-725	450-750	475-775	500-800	550-850
	116-145	250-425	425-725	450-750	475-775	500-800	550-850
Brick (before 1900) Victorian Style	0-89	350-800	800-1000	1000-1300	1100-1500	1200-1700	1400-2000
	90-115	300-700	700-900	900-1200	1000-1450	1100-1600	1300-1900
	116-145	250-600	600-800	800-1100	900-1400	1000-1500	1200-1800
	146-195	200-500	500-700	700-1000	800-1300	900-1400	1100-1700
	196-350	200-400	400-600	600-950	700-1200	800-1300	1000-1600
Brick (1900 – 1920) Federation Style	0-89	350-800	800-1000	1000-1300	1100-1500	1200-1700	1400-2000
	90-115	300-700	700-900	900-1200	1000-1450	1100-1600	1300-1900
	116-145	250-600	600-800	800-1100	900-1400	1000-1500	1200-1800
	146-195	200-500	500-700	700-1000	800-1300	900-1400	1100-1700
	196-350	200-400	400-600	600-950	700-1200	800-1300	1000-1600



## 5.0 ADDED VALUE OF IMPROVEMENTS (Cont.)

		Rates Per Square Metre (\$/m <sup>2</sup> ) Adopted from Paired Analysis					
Property Type	Size (m <sup>2</sup> )	Condition					
		Very Poor	Poor	Average	Good	Very Good	Superior
Brick (1920 – 1950) California Bungalow and Art Deco	0-89	350- 800	800- 1000	1000- 1300	1100- 1500	1200- 1700	1400- 2000
	90-115	300- 700	700- 900	900- 1200	1000- 1450	1100- 1600	1300- 1900
	116-145	250- 600	600- 800	800- 1100	900- 1400	1000- 1500	1200- 1800
	146-195	200- 500	500- 700	700- 1000	800- 1300	900- 1400	1100- 1700
	196-350	200- 400	400- 600	600-950	700- 1200	800- 1300	1000- 1600
Brick (1950 - 1970) Post WWII Style	0-89	350- 900	700- 950	950- 1300	1000- 1400	1050- 1500	1100- 1600
	90-115	300- 800	600- 850	850- 1200	900- 1300	950- 1400	1000- 1500
	116-145	250- 700	500- 750	750- 1100	800- 1200	850- 1300	900- 1400
	146-195	200- 600	450- 650	650- 1000	700- 1100	750- 1200	800- 1300
	196-350	200- 500	400- 550	550-900	600- 1000	650- 1100	700- 1200
Brick (1970 – 1990)	0-89	400- 950	800- 1200	1050- 1500	1100- 1600	1150- 1700	1200- 1800
	90-115	350- 900	700- 1100	950- 1400	1000- 1500	1050- 1600	1100- 1700
	116-145	300- 800	600- 1000	850- 1300	900- 1400	950- 1500	1000- 1600
	146-195	250- 700	500- 900	750- 1200	800- 1300	850- 1400	900- 1500
	196-350	200- 600	400- 800	650- 1100	700- 1200	750- 1300	800- 1400
Brick (1990 – Present)	0-89	500- 1000	1000- 1700	1700- 2200	1900- 2400	2100- 2600	2300- 2800
	90-115	450- 900	900- 1500	1500- 2000	1700- 2200	1900- 2400	2000- 2600
	116-145	400- 800	800- 1300	1300- 1800	1500- 2000	1700- 2200	1900- 2400
	146-195	350- 700	700- 1100	1100- 1600	1300- 1800	1500- 2000	1700- 2200
	196-350	300- 600	600- 900	900- 1400	1100- 1600	1300- 1800	1600- 2100



## 5.0 ADDED VALUE OF IMPROVEMENTS (Cont.)

		Rates Per Square Metre (\$/m <sup>2</sup> ) Adopted from Paired Analysis					
Property Type	Size (m <sup>2</sup> )	Condition					
		Very Poor	Poor	Average	Good	Very Good	Superior
Project Home Presentation (Modern)	0-89	500-1500	1500-2200	1900-2400	2100-2600	2300-2800	2500-3000
	90-115	450-1300	1300-2000	1700-2200	1900-2400	2100-2600	2300-2800
	116-145	400-1100	1100-1800	1500-2000	1700-2200	1900-2400	2100-2600
	146-195	350-900	900-1600	1300-1800	1500-2000	1700-2200	1900-2400
	196-350	300-700	700-1400	1100-1600	1300-1800	1500-2000	1700-2200
Architectural Design (Modern)	0-89	1000-2000	2000-3400	3400-4100	3600-4400	3800-4700	4000-5000
	90-115	850-1850	1850-3150	3150-3850	3350-4150	3550-4450	3750-4750
	116-145	700-1700	1700-2900	2900-3600	3100-3900	3300-4200	3500-4500
	146-195	550-1550	1550-2650	2650-3350	2850-3650	3050-3950	3250-4250
	196-350	400-1400	1400-2400	2400-3100	2600-3400	2800-3700	3000-4000



## 5.0 ADDED VALUE OF IMPROVEMENTS (Cont.)

### 5.1.1 Paired Analysis

#### Examples of Paired Analysis within St George Area:

- Vacant Site sale at **2 Southern Street, Oatley**.  
Sold 25 October 2014 for \$1,200,000.  
Dimensions: 17.68 x 40.23. **Area: 711.27m<sup>2</sup>**.

Paired with:-

**29 Yarran Road, Oatley**. Sold 2 May 2015 for \$1,460,000.  
Dimensions: 17.12 x 41.09. **Area: 703.2m<sup>2</sup>**.

Circa late 1960's / early 1970's, single storey with sub-floor, brick and part weatherboard dwelling with brick perimeter wall foundation and tiled roof. Accommodation generally consists of 5 bedrooms, 3 bathrooms and a DLUG UMR. Partly renovated / updated throughout. Modern renovated kitchen and ensuite. Main bathroom appears to be have been renovated circa 1990's. In-ground pool. GBA: 190m<sup>2</sup> (approx.), excluding garage 33m<sup>2</sup> (approx.), under house storage 30m<sup>2</sup> (approx.) and rear verandah 18m<sup>2</sup> (approx.). After allowing for size, location, date, topography etc. shows \$209,000 (equates to \$1,100/m<sup>2</sup>) for this type of improvement and \$52,150 for existing garage, under house storage, in-ground pool, rear verandah, driveways, paths, landscaping and fencing - **Total: \$261,150**.

Or paired with:-

**23 Yarran Road, Oatley**. Sold 23 March 2015 for \$1,750,000.  
Dimensions: 20.12 / 15.8 x 35.05 / 36.39 IRR. **Area: 691.4m<sup>2</sup>**.

Circa 2004, double storey, brick dwelling with concrete slab foundation and tiled roof. Accommodation generally consists of 5 bedrooms, 3 bathrooms and a DLUG UMR. Dwelling appears to be mostly original since date of construction, however well maintained with a good standard of finish. In-ground pool. GBA: 255m<sup>2</sup> (approx.), excluding garage 32m<sup>2</sup> (approx.) and rear entertainment area 23m<sup>2</sup> (approx.). After allowing for size, location, date, topography etc. shows \$420,750 (equates to \$1,650/m<sup>2</sup>) for this type of improvement and \$84,050 for existing garage, rear entertainment area, in-ground pool, driveways, paths, landscaping and fencing - **Total: \$504,800**.

Or paired with:-

**12 Lloyd Street, Oatley**. Sold 18 October 2014 for \$1,400,000.  
Dimensions: 15.24 x 45.72. **Area: 696.77m<sup>2</sup>**.

Circa 1960's, single storey, brick dwelling with brick perimeter wall foundation and tiled roof. Accommodation generally consists of 3 bedrooms, 1 bathrooms and a detached SLUG with work shed, garden storage and additional water closet. Dwelling appears to be mostly original, however well maintained. GBA: 150m<sup>2</sup> (approx.), excluding garage/workshop/storage/w.c. 51m<sup>2</sup> (approx.). After allowing for size, location, date, topography etc. shows \$150,000 (equates to \$1,000/m<sup>2</sup>) for this type of improvement and \$28,300 for existing garage/workshop/storage/w.c., driveways, paths, landscaping and fencing - **Total: \$178,300**.



## 5.0 ADDED VALUE OF IMPROVEMENTS (Cont.)

➤ Vacant Site sale at **25 The Esplanade, South Hurstville.**

Sold 18 October 2014 for \$1,261,000.

Dimensions: 13.41 x 50.29. **Area: 670.3m<sup>2</sup>.**

Paired with:-

**82 Greenacre Road, Connells Point.** Sold 25 September 2015 for \$2,230,000.

Dimensions: 13.41 x 50.11. **Area: 670.3m<sup>2</sup>.**

Circa 2009, architecturally designed double storey rendered brick dwelling with concrete slab foundation and corrugated metal roof. Accommodation generally consists of 5 bedrooms (2 with ensuites and WIR), 4 bathrooms and a DLUG UMR. In-ground pool and rear entertainment deck. Front and rear balconies. GBA: 360m<sup>2</sup> (approx.), excluding garage 33m<sup>2</sup> (approx.), rear entertainment deck 25m<sup>2</sup> (approx.), front balcony 13m<sup>2</sup> (approx.) and rear balcony 49m<sup>2</sup> (approx.). After allowing for size, location, date, topography etc. shows \$936,000 (equates to \$2,600/m<sup>2</sup>) for this type of improvement and \$122,200 for existing garage, in-ground pool, rear entertainment deck, front & rear balconies, driveways, paths, landscaping and fencing - **Total: \$1,058,200.**

Or paired with:-

**17 Waitara Parade, Hurstville Grove.** Sold 28 March 2015 for \$1,480,000.

Dimensions: 13.41 x 45.72. **Area: 613.11m<sup>2</sup>.**

Circa 1910's single storey, brick dwelling with sandstone perimeter wall foundation and tiled roof. Accommodation generally consists of 3 bedrooms, 2 bathrooms and a detached 4 car LUG (fibrous cement construction). Dwelling appears updated throughout, with updated kitchen and bathrooms – overall, very well maintained. Front verandah, rear covered entertainment deck. GBA: 120m<sup>2</sup> (approx.), excluding garage 54m<sup>2</sup> (approx.), front verandah 10m<sup>2</sup> (approx.) and rear deck 22m<sup>2</sup> (approx.). After allowing for size, location, date, topography etc. shows \$144,000 (equates to \$1,200/m<sup>2</sup>) for this type of improvement and \$36,200 for existing garage, front verandah, rear deck, driveways, paths, landscaping and fencing - **Total: \$180,200.**



## 5.0 ADDED VALUE OF IMPROVEMENTS (Cont.)

- Vacant Site sale at **46 Wentworth Avenue, Blakehurst**.  
Sold 20 September 2014 for \$1,055,000.  
Dimensions: 14.71 / 14.12 x 63.6 / 61.49. **Area: 885.2m<sup>2</sup>**.

Paired with:-

**39 Lynwood Street, Blakehurst**. Sold 1 November 2014 for \$1,580,000.  
Dimensions: 15.24 x 49.1. **Area: 748.28m<sup>2</sup>**.

Circa 2010, architecturally designed (project home style) split three level brick dwelling with concrete slab foundation and tiled roof. Accommodation generally consists of 5 bedrooms, 3 bathrooms and on-site parking for 3 cars (no garage). Front balconies and rear patio. Minimal landscaping works. GBA: 290m<sup>2</sup> (approx.), excluding front balconies 13m<sup>2</sup> (approx.) and rear patio 7m<sup>2</sup> (approx.). After allowing for size, location, date, topography etc. shows \$464,000 (equates to \$1,600/m<sup>2</sup>) for this type of improvement and \$23,300 for front balconies, rear patio, driveways, paths, landscaping and fencing - **Total: \$487,300**.

Or paired with:-

**28 Wentworth Avenue, Blakehurst**. Sold 13 December 2014 for \$1,371,000.  
Dimensions: 13.41 x 63.8 / 64.13. **Area: 853.6m<sup>2</sup>**.

Circa 1960's, two storey brick dwelling with brick perimeter wall and concrete slab foundation with tiled roof. Accommodation generally consists of 4 bedrooms, 2 bathrooms and no garage or on-site parking. In-ground pool (empty at DOS) and rear balcony. GBA: 200m<sup>2</sup> (approx.) excluding rear balcony 10m<sup>2</sup> (approx.). After allowing for size, location, date, topography etc. shows \$200,000 (equates to \$1,000/m<sup>2</sup>) for this type of improvement and \$19,000 for in-ground pool, rear balcony, driveway (layback only), paths, landscaping and fencing - **Total: \$219,000**.

- Vacant Site sale at **63 Mountview Avenue, Beverly Hills**.  
Sold 17 December 2014 for \$820,000.  
Dimensions: 13.59 / 13.69 x 34.14 / 34.37. **Area: 417.3m<sup>2</sup>**.

Paired with:-

**94 Mountview Avenue, Narwee**. Sold 13 September 2014 for \$920,000.  
Dimensions: 13 x 33.53. **Area: 435.89m<sup>2</sup>**.

Circa 1960, single storey, brick dwelling with brick perimeter wall foundation and tiled roof. Accommodation generally consists of 3 bedrooms, 1 bathrooms and a detached DLUG (fibrous cement construction). Original throughout, moderately well maintained. GBA: 110m<sup>2</sup> (approx.), excluding garage 30m<sup>2</sup> (approx.) and front verandah 9m<sup>2</sup> (approx.). After allowing for size, location, date, topography etc. shows \$104,500 (equates to \$950/m<sup>2</sup>) for this type of improvement and \$14,850 for existing garage, front verandah, driveways, paths, landscaping and fencing - **Total: \$119,350**.





## 5.0 ADDED VALUE OF IMPROVEMENTS (Cont.)

➤ Vacant Site sale at **5 Warraba Street, Hurstville.**

Sold 24 November 2014 for \$985,000.

Dimensions: 12.19 x 41.45. **Area: 505.28m<sup>2</sup>.**

Paired with:-

**23 Louis Terrace, Hurstville.** Sold 8 November 2014 for \$1,110,000.

Dimensions: 12.19 x 45.72. **Area: 557.33m<sup>2</sup>.**

Circa 1920's, single storey, brick dwelling with brick perimeter wall foundation and tiled roof. Accommodation generally consists of 3 bedrooms, 1 bathroom and a detached SLUG with adjoining car port. Overall, original throughout and in average condition. GBA: 118m<sup>2</sup> (approx.), excluding garage 23m<sup>2</sup> (approx.), car port 17m<sup>2</sup> (approx.), front verandah 8m<sup>2</sup> (approx.) and rear entertaining area 20m<sup>2</sup> (approx.). After allowing for size, location, date, topography etc. shows \$106,200 (equates to \$900/m<sup>2</sup>) for this type of improvement and \$21,900 for existing garage, car port, front verandah, rear entertaining area, driveways, paths, landscaping and fencing - **Total: \$128,100.**

Or paired with:-

**16 Emily Street, Hurstville.** Sold 13 November 2014 for \$1,720,000.

Dimensions: 12.19 x 36.58. **Area: 442.6m<sup>2</sup>.**

Brand new, double storey, rendered brick dwelling with concrete slab foundation and corrugated metal roof. Accommodation generally consists of 5 bedrooms, 4 bathrooms and a DLUG (under the main roof). Property also has 2 front balconies, a rear balcony and a rear patio. Overall, very good condition / construction quality. GBA: 302m<sup>2</sup> (approx.), excluding garage 30m<sup>2</sup> (approx.), front balconies 14m<sup>2</sup> (approx.), rear balcony 16m<sup>2</sup> (approx.) & rear patio 16m<sup>2</sup> (approx.). After allowing for size, location, date, topography etc. shows \$604,000 (equates to \$2,000/m<sup>2</sup>) for this type of improvement and \$75,800 for existing garage, front balconies, rear balcony, rear patio, driveways, paths, landscaping and fencing - **Total: \$679,800.**

Or paired with:-

**6 Joan Street, Hurstville.** Sold 3 February 2015 for \$1,210,000.

Dimensions: 14.02 x 39.62. **Area: 555.47m<sup>2</sup>.**

Circa 1910's, single storey, brick dwelling with brick perimeter wall foundation and tiled roof. Accommodation generally consists of 3 bedrooms, 1 bathroom and a detached SLUG. Overall, original throughout and in average condition. GBA: 120m<sup>2</sup> (approx.), excluding garage 20m<sup>2</sup> (approx.), front verandah 10m<sup>2</sup> (approx.) and rear entertaining area 20m<sup>2</sup> (approx.). After allowing for size, location, date, topography etc. shows \$156,000 (equates to \$1,300/m<sup>2</sup>) for this type of improvement and \$28,250 for existing garage, front verandah, driveways, paths, landscaping and fencing - **Total: \$184,250.**



## 5.0 ADDED VALUE OF IMPROVEMENTS (Cont.)

➤ Vacant Site sale at **4 Turon Avenue, Kingsgrove.**

Sold 28 March 2015 for \$1,100,000.

Dimensions: 21.52 / 21.54 x 25.24 / 26.18. **Area: 553.3m<sup>2</sup>.**

Paired with:-

**64 Glenwall Street, Kingsgrove.** Sold 12 June 2015 for \$1,600,000.

Dimensions: 24.54 / 19.68 x 22.15 / 26.75. **Area: 531.1m<sup>2</sup>.**

Circa 2006, modern double storey, brick dwelling with concrete slab foundation and tiled roof. Accommodation generally consists of 5 bedrooms, 3 bathrooms and a DLUG (under the main roof). Property also has a front balcony and a rear patio. Overall, good-very good condition / construction quality. GBA: 265m<sup>2</sup> (approx.), excluding garage 48m<sup>2</sup> (approx.), front balcony 3m<sup>2</sup> (approx.) & rear patio 40m<sup>2</sup> (approx.). After allowing for size, location, date, topography etc. shows \$424,000 (equates to \$1,600/m<sup>2</sup>) for this type of improvement and \$71,000 for existing garage, front balcony, rear patio, solar panels, driveways, paths, landscaping and fencing - **Total: \$495,000.**

➤ Vacant Site sale at **2 Primrose Avenue, Sandringham.**

Sold 29 November 2014 for \$2,800,000.

Dimensions: 15.95 / 15.77 x 57.53 / 58.09. **Area: 859.9m<sup>2</sup>.**

Paired with:-

**110 Ida Street, Sandringham.** Sold 4 February 2015 for \$5,500,000.

Dimensions: 23.295 / 23.165 x 34.98 / 38.35. **Area: 847.3m<sup>2</sup>.**

Modern, architecturally designed, two storey rendered brick dwelling with concrete slab foundation and reinforced concrete roof. Accommodation generally consists of 4 bedrooms, 4 bathrooms and 4 car garage. Other areas include front balconies and side/rear balcony. Overall, superior build quality with decorative ceilings. Extensive use of Italian marble and mosaic tiling throughout. Master bedroom with spa. Guest suite/wing. Internal gym and steam room. Heated in-ground pool and additional roof top (in-ground/in-roof) plunge pool/spa. Manicured gardens. Extensive paved areas including front entry to residence and rear courtyard. GBA: 420m<sup>2</sup> (approx.), excluding garage 70m<sup>2</sup> (approx.), front balconies 30m<sup>2</sup> (approx.) and side/rear balcony 32m<sup>2</sup> (approx.). After allowing for size, location, date, topography etc. shows \$1,680,000 (equates to \$4,000/m<sup>2</sup>) for this type of improvement and \$423,000 for existing garage, in-ground pool, rooftop plunge pool/spa, front balconies, side/rear balcony, driveways, paths, landscaping and fencing - **Total: \$2,103,000.**



## 5.0 ADDED VALUE OF IMPROVEMENTS (Cont.)

- Vacant Site sale at **24 Vivian Street, Bexley**.  
Sold 20 September 2014 for \$1,110,000.  
Dimensions: 15.24 x 43.74 / 43.89. **Area: 676.6m<sup>2</sup>**.

Paired with:-

**53 Bruce Street, Bexley**. Sold 20 September 2014 for \$1,280,000.  
Dimensions: 15.24 x 42.44. **Area: 646.79m<sup>2</sup>**.

Circa 1920, single storey, brick dwelling with concrete slab foundation and tiled roof. Accommodation generally consists of 3 bedrooms, 1 bathroom and a SLUG (under the main roof). Property also has a front verandah and a rear covered deck. Overall, good-very good condition with renovated kitchen and bathroom. GBA: 140m<sup>2</sup> (approx.), excluding garage 18m<sup>2</sup> (approx.), front verandah 10m<sup>2</sup> (approx.) & rear deck 22m<sup>2</sup> (approx.). After allowing for size, location, date, topography etc. shows \$175,000 (equates to \$1,250/m<sup>2</sup>) for this type of improvement and \$24,900 for existing garage, front verandah, rear deck, driveways, paths, landscaping and fencing - **Total: \$199,900**.

- Vacant Site sale at **40 Ada St, Bexley**.  
Sold 29 September 2014 for \$1,000,000.  
Dimensions: 13.56 x 39.62. **Area: 537.25m<sup>2</sup>**.

Paired with:-

**4 Moore Street, Bexley**. Sold 19 January 2015 for \$1,520,000.  
Dimensions: 12.19 x 46.76 / 46.63. **Area: 569m<sup>2</sup>**.

Circa 2000's, double storey, brick dwelling with concrete slab foundation and tiled roof. Accommodation generally consists of 5 bedrooms, 3 bathrooms and a DLUG (under the main roof). Property also has an outbuilding (detached living area) adjacent to the in-ground pool and a rear entertainment area adjoining the house. Overall, in good-very good condition with a recently renovated kitchen. GBA: 250m<sup>2</sup> (approx.), excluding garage 32m<sup>2</sup> (approx.), rear outbuilding 40m<sup>2</sup> (approx.) & rear entertaining area 25m<sup>2</sup> (approx.). After allowing for size, location, date, topography etc. shows \$400,000 (equates to \$1,600/m<sup>2</sup>) for this type of improvement and \$91,000 for existing garage, outbuilding, in-ground pool, rear entertaining area, driveways, paths, landscaping and fencing - **Total: \$491,000**.

Or paired with:-

**132 Croydon Road, Bexley**. Sold 6 January 2015 for \$1,100,000.  
Dimensions: 14.15 x 40.23. **Area: 569.25m<sup>2</sup>**.

Circa 1920's, single storey, rendered brick dwelling with brick perimeter wall foundation and tiled roof. Accommodation generally consists of 3 bedrooms, 2 bathrooms and a detached DLUG with storage space / workshop. Property also has a front verandah and a rear covered deck. Overall, appears to be in good condition and externally renovated. GBA: 140m<sup>2</sup> (approx.), excluding garage/workshop 46m<sup>2</sup> (approx.), front verandah 9m<sup>2</sup> (approx.) & rear deck 14m<sup>2</sup> (approx.). After allowing for size, location, date, topography etc. shows \$168,000 (equates to \$1,200/m<sup>2</sup>) for this type of improvement and \$38,000 for existing garage, front verandah, rear deck, driveways, paths, landscaping and fencing - **Total: \$206,000**.



## 5.0 ADDED VALUE OF IMPROVEMENTS (Cont.)

### 5.2 Commercial / Retail / Industrial

Due to the lack of sufficient vacant land sales in the St George area for the above zone categories, the Replacement Cost approach was applied when analysing sales evidence. The Replacement Cost approach is based upon the principle that the informed purchaser would pay no more than the cost to reproduce the sale property. Hence the methodology used on analysis is as follows:

Replacement Cost Methodology:

- Reasonable allowance for refurbishment costs added to the sale price to bring the improvements to an as new replacement standard where the returns would be equivalent to as new.
- An appropriate entrepreneurial profit and risk allowance. On average between 10% – 15% in the St George valuation area.
- Allowance for interest on funds during the hypothetical construct to completion period. This is inclusive of holding charges and construction costs. Depending on borrowings between 6% - 8.5% was applied.
- The adjusted sale price can now be analysed for land content by using industry accepted cost estimates for the as new building and development expenses. As a general summary, the cost new applied in the St George districts were as follows:

Single storey retail shop	\$900 to \$1,400 m <sup>2</sup> gross building area
Two storey retail shop with office above	\$1,200 to \$1,600 m <sup>2</sup> gross building area
Two storey retail shop with residential above	\$1,500 to \$2,000 m <sup>2</sup> gross building area
Industrial (depending on construction type)	\$650 to \$800 m <sup>2</sup> gross building area

The residual amount following this exercise will show the adjusted land value at the base date.

Other costs accounted for are:

- All professional fees
- Costs of site works in preparation for building
- Cost of stamp duty and legal charges on purchase of site
- Costs of rates and taxes over development period
  
- Loss of interest on capital outlaid on purchase of site
- Loss of interest on capital outlaid on construction (av. 50% of dev. period).
- Legal costs and commission on sale for development sites.

Critical to the analysis is that the added value only is to be captured and taken from the Sale Price to show the Residual Land Value.



## **6.0 CHANGES TO COMPONENTS ILLUSTRATED BY CHANGES TO THE EXISTING VALUE RELATIONSHIPS.**

From the analysed sales evidence available at the commencement and during the programme, the amount of variation applied to the value of properties within each zone & component is as follows:

### **6.1 Value Levels - Typical Properties**

#### **Typical Single Dwelling Site - Inland Suburb –Cameron St, Bexley**

Dimensions	:	12.19 x 36.58 m
Site Area	:	445.91 m <sup>2</sup>
BD 07/12 Land Value:		\$480,000
BD 07/14 Land Value:		\$610,000
2015 Factor Update	:	1.230
BD 07/15 Land Value:		\$750,000
2012 – 2015 Variation:		56.25%

#### **Typical Single Dwelling Site - Inland Suburb –Barden St, Arncliffe**

Dimensions	:	12.5x 33.22m.
Site Area	:	415.2 m <sup>2</sup>
BD 07/12 Land Value:		\$479,000
BD 07/14 Land Value:		\$607,000
Factor Update	:	1.349
BD 07/15 Land Value:		\$819,000
2012 – 2015 Variation:		70.98%

#### **Typical Single Dwelling Site - Coastal Suburb –Scarborough St, Monterey**

Dimensions	:	12.19x 38.4 m
Site Area	:	468.1 m <sup>2</sup>
BD 07/12 Land Value:		\$750,000
BD 07/14 Land Value:		\$885,000
Factor Update	:	1.277
BD 07/15 Land Value:		\$1,130,000
2012 – 2015 Variation:		50.67%

#### **Typical Waterview Property –Primrose Ave, Sans Souci**

Dimensions	:	15.85 / 15.84 x36.53/ 36.54 m
Site Area	:	569.3m <sup>2</sup>
BD 07/12 Land Value:		\$1,960,000
BD 07/14 Land Value:		\$2,060,000
Factor Update	:	1.218
BD 07/15 Land Value:		\$2,510,000
2012 – 2015 Variation:		28.06%



## 6.0 CHANGES TO COMPONENTS ILLUSTRATED BY CHANGES TO THE EXISTING VALUE RELATIONSHIPS (Cont.)

### Typical Home Unit Site - Inland Suburb –Aboukir St, Rockdale

Dimensions	:	30.18/34.19 x 60.95/61.08 m
Site Area	:	1,962m <sup>2</sup>
Development	:	23 x 2 bedroom units (85.3 m <sup>2</sup> )
BD 07/12 Land Value:	:	\$2,810,000 (\$122,174 per site)
BD 07/14 Land Value:	:	\$3,790,000 (\$164,783 per site)
Factor Update	:	1.259
BD 07/15 Land Value:	:	\$4,770,000 (\$207,391 per site)
2012 – 2015 Variation:	:	69.75%

### Typical Home Unit Site - Coastal Suburb –Kings Rd, Brighton-Le-Sands

Dimensions	:	20.12/20.12 x 46.34/46.34
Site Area	:	932m <sup>2</sup> (133m <sup>2</sup> )
Development	:	7 x 3 bedroom units
BD 07/12 Land Value:	:	\$1,270,000 (\$181,429 per site)
BD 07/14 Land Value:	:	\$1,470,000 (\$210,000 per site)
Factor Update	:	1.190
BD 07/15 Land Value:	:	\$1,750,000 (\$250,000 per site)
2012 – 2015 Variation:	:	37.80%

### Typical Villa Home/Townhouse Site - Inland Suburb –Beaconsfield St, Bexley

Dimensions	:	20.12m x 60.96m
Site Area	:	1,226m <sup>2</sup> (306.5m <sup>2</sup> )
Development	:	4 x 3 bedroom villas
BD 07/12 Land Value:	:	\$1,010,000 (\$252,500 per site)
BD 07/14 Land Value:	:	\$1,260,000 (\$315,000 per site)
Factor Update	:	1.246
BD 07/15 Land Value:	:	\$1,570,000 (\$392,500 per site)
2012 – 2015 Variation:	:	55.45%

### Typical Villa Home/Townhouse Site - Coastal Suburb –Alfred St, Monterey

Dimensions	:	20.12 x 66.98m
Site Area	:	1,347m <sup>2</sup> (270m <sup>2</sup> )
Development	:	5 x 3 bedroom villas
BD 07/12 Land Value:	:	\$1,010,000 (\$252,500 per site)
BD 07/14 Land Value:	:	\$1,870,000 (\$374,000 per site)
Factor Update	:	1.289
BD 07/15 Land Value:	:	\$2,410,000 (\$482,000 per site)
2012 – 2015 Variation:	:	55.45%





## 6.0 CHANGES TO COMPONENTS ILLUSTRATED BY CHANGES TO THE EXISTING VALUE RELATIONSHIPS (Cont.)

### Typical Retail Property –Princes Hwy, Rockdale

Dimensions	:	6.1m x 24.99m
Site Area	:	151.8m <sup>2</sup>
Floor Space Ratio	:	2:1
BD 07/12 Land Value	:	\$580,000
Rate per metre frontage:		\$95,082 (\$3,821 m2)
BD 07/14 Land Value	:	\$630,000
Rate per metre frontage:		\$103,279 (\$4,150 m2)
Factor Update	:	1.190
BD07/15 Land Value	:	\$750,000
Rate per metre frontage:		\$122,951 (\$4,941 m2)
2012 – 2015 Variation:		29.31%

### Typical Industrial Property –Phillips Rd, Kogarah

Site Area	:	1,094m <sup>2</sup>
BD 07/12 Land Value	:	\$710,000
Rate per square metre	:	\$650
BD 07/14 Land Value	:	\$710,000
Rate per square metre	:	\$650
Factor Update	:	1.089
BD 07/15 Land Value	:	\$773,000
Rate per square metre	:	\$707
2012 – 2015 Variation:		8.87%



## 6.0 CHANGES TO COMPONENTS ILLUSTRATED BY CHANGES TO THE EXISTING VALUE RELATIONSHIPS (Cont.)

### 6.2 Value Totals

## District 142 - Rockdale LGA BD 14 & 15 LV Totals at 30 October 2015

Zone & / or Category	Total of 2014 LV's as at 30 October 2015	Total of 2015 LV's as at 30 October 2015	2014- 2015 Factor Variation	% of Cat. to Total District Value 2014	% of Cat. to Total District Value 2015
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*The below figures exclude the November Supplementary Import*

<b>Single Dwelling Sites</b>	\$13,023,883,260	\$16,537,711,040	1.27	70.35%	70.76%
<b>Medium Density Sites</b>	\$1,365,290,000	\$1,722,798,000	1.26	7.37%	7.37%
<b>High Density Sites</b>	\$1,984,418,000	\$2,432,045,000	1.23	10.72%	10.41%
<b>Business</b>	\$1,306,460,270	\$1,659,799,970	1.27	7.06%	7.10%
<b>Enterprise</b>	\$4,820,000	\$5,549,700	1.15	0.03%	0.02%
<b>Industrial</b>	\$226,933,920	\$250,213,270	1.10	1.23%	1.07%
<b>Open Space</b>	\$131,757,720	\$153,706,970	1.17	0.71%	0.66%
<b>Special Uses</b>	\$524,723,883	\$604,253,973	1.15	2.83%	2.59%
<b>Rural</b>	\$5,570,000	\$6,210,000	1.11	0.03%	0.03%

<b>Total LV</b>	<b>\$18,573,857,053</b>	<b>\$23,372,287,923</b>	<b>1.26</b>		
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## 6.0 CHANGES TO COMPONENTS ILLUSTRATED BY CHANGES TO THE EXISTING VALUE RELATIONSHIPS (Cont.)

### District 142 - Rockdale LGA BD 12 & 15 LV Totals at 30 October 2015

Zone & / or Category	Total of 2012 LV's as at 30 October 2015	Total of 2015 LV's as at 30 October 2015	2012-2015 Variation	% of Cat. to Total District Value 2012	% of Cat. to Total District Value 2015
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*The below figures exclude the November Supplementary Import*

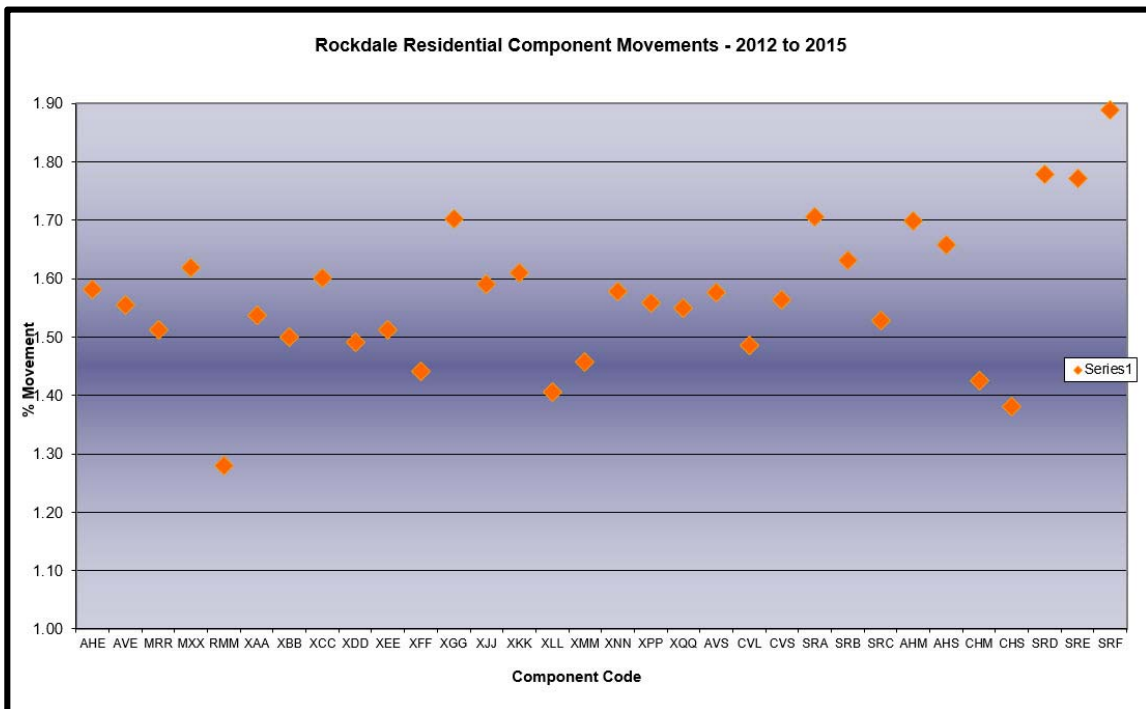
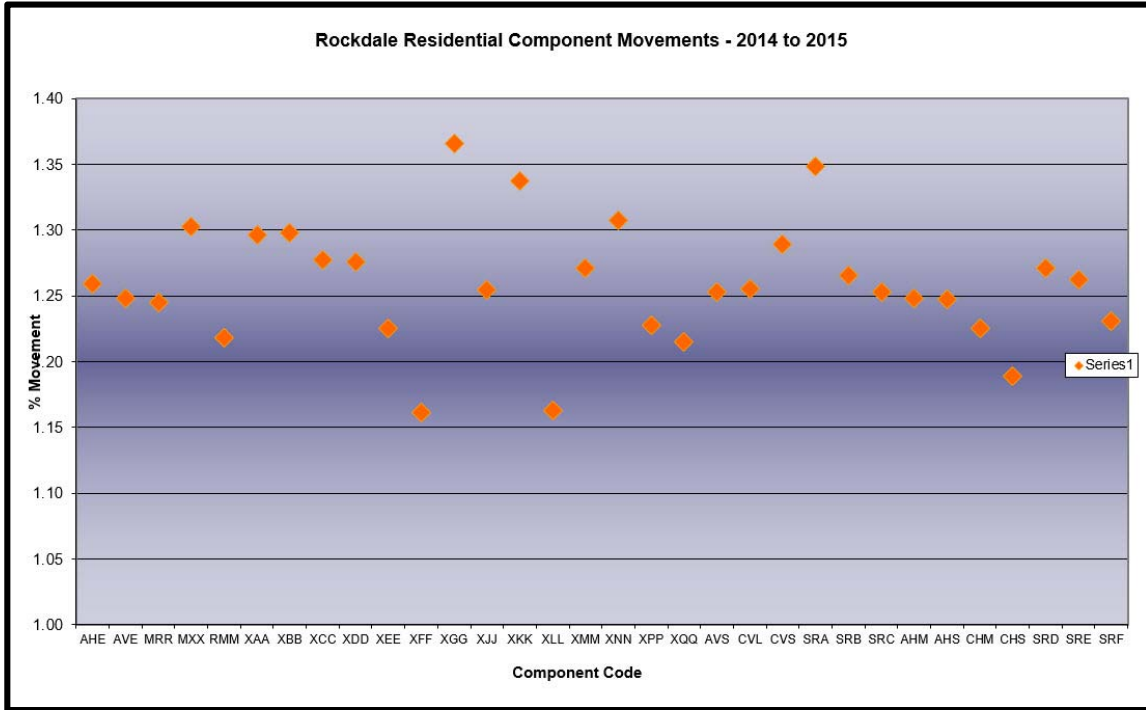
Single Dwelling Sites	\$10,690,890,460	\$16,537,711,040	55%	70.17%	70.76%
Medium Density Sites	\$1,105,951,000	\$1,722,798,000	56%	7.26%	7.37%
High Density Sites	\$1,590,560,000	\$2,432,045,000	53%	10.44%	10.41%
Business	\$1,037,706,530	\$1,659,799,970	60%	6.81%	7.10%
Enterprise	\$4,820,000	\$5,549,700	15%	0.03%	0.02%
Industrial	\$227,015,920	\$250,213,270	10%	1.49%	1.07%
Open Space	\$110,048,890	\$153,706,970	40%	0.72%	0.66%
Special Uses	\$464,635,573	\$604,253,973	30%	3.05%	2.59%
Rural	\$5,055,000	\$6,210,000	23%	0.03%	0.03%

<b>Total LV</b>	<b>\$15,236,683,373</b>	<b>\$23,372,287,923</b>	<b>53%</b>		
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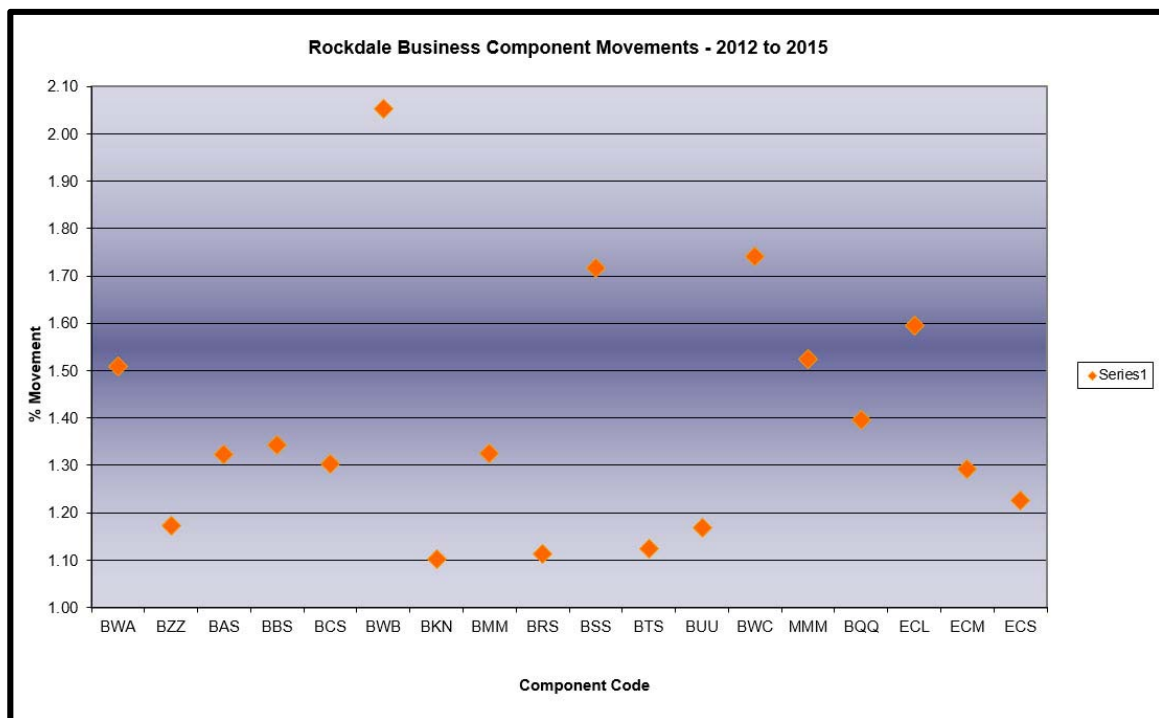
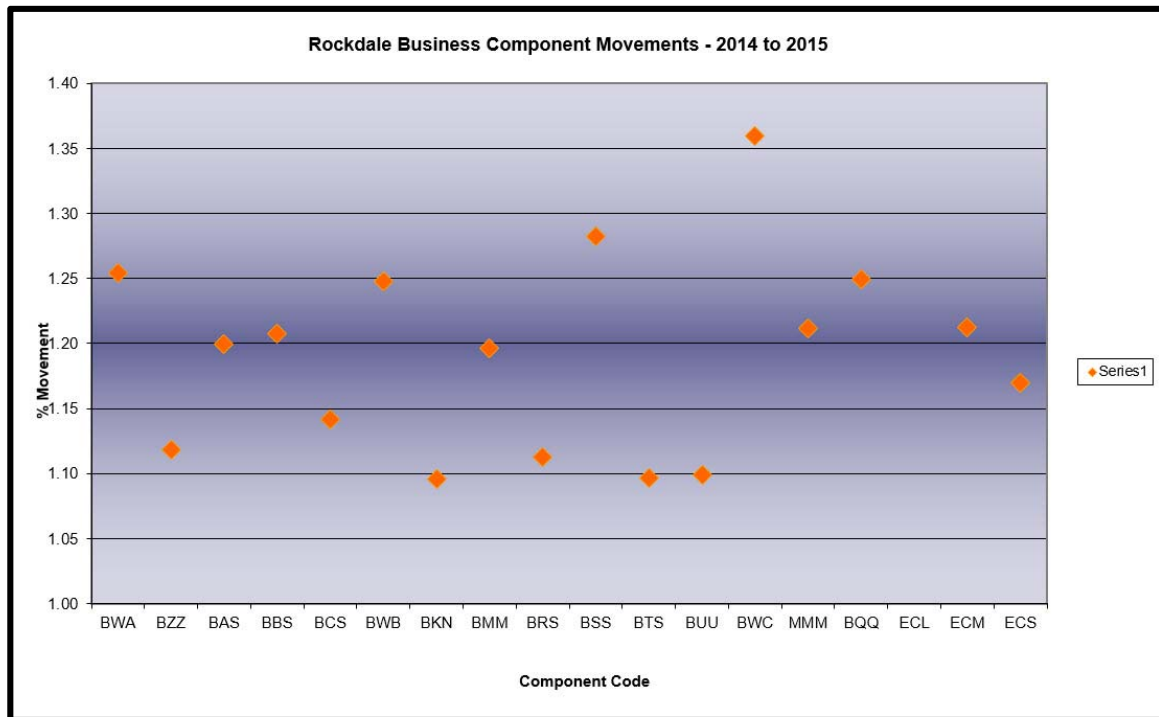
## 6.0 CHANGES TO COMPONENTS ILLUSTRATED BY CHANGES TO THE EXISTING VALUE RELATIONSHIPS (Cont.)

### 6.3 Component Movement Graphs



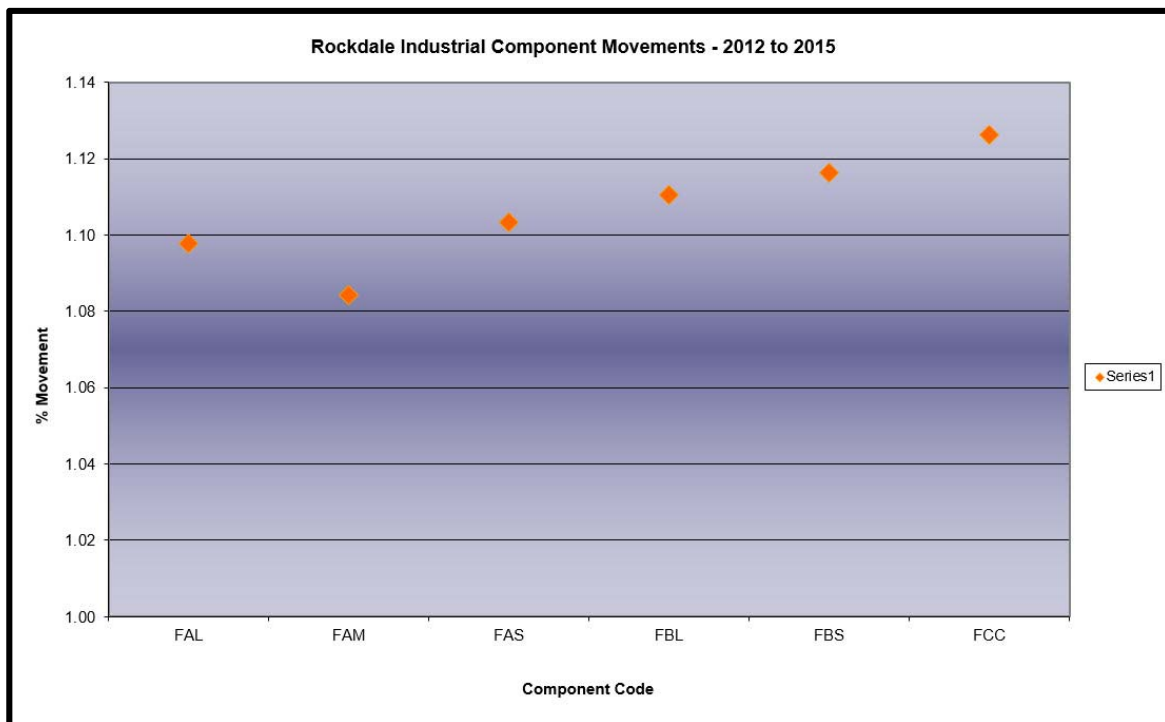
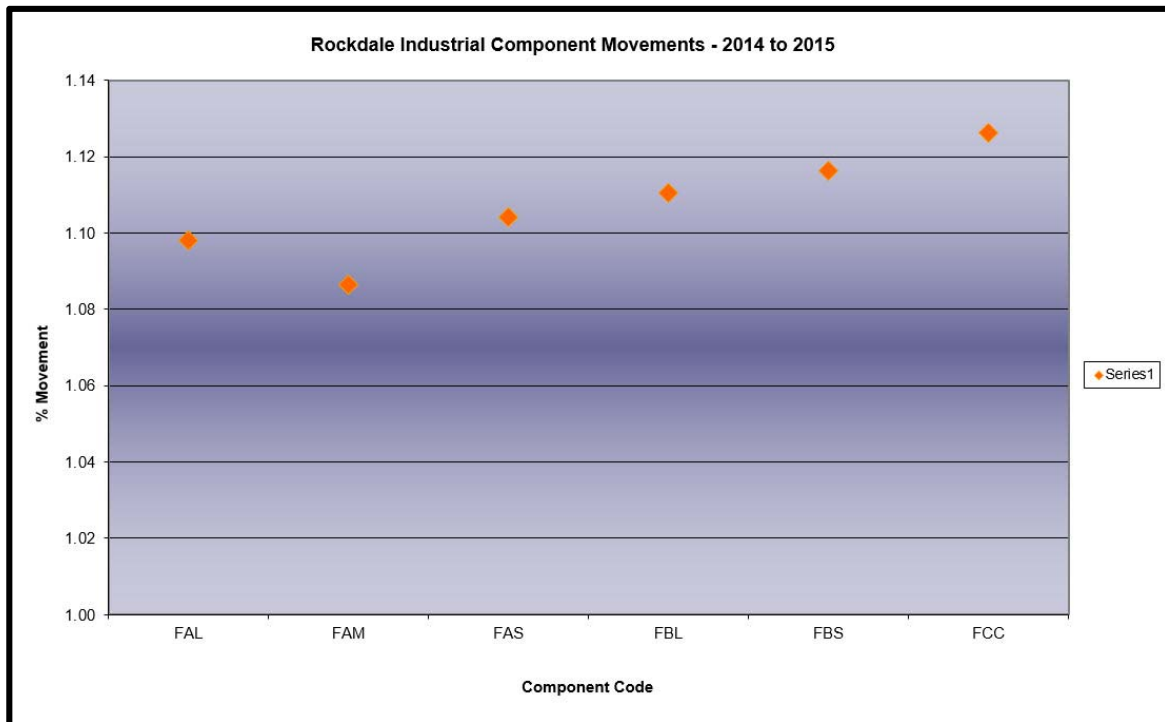


## 6.0 CHANGES TO COMPONENTS ILLUSTRATED BY CHANGES TO THE EXISTING VALUE RELATIONSHIPS (Cont.)





## 6.0 CHANGES TO COMPONENTS ILLUSTRATED BY CHANGES TO THE EXISTING VALUE RELATIONSHIPS (Cont.)







## 7.0 MARKET COMMENTARY:

### 7.1 Residential

Overall, the residential market within the **Rockdale LGA** exhibited signs of strong positive growth over the three (3) years ending 30 June 2015.

As a whole, component within the residential zoning moved as follows:

Zone	1 July 2014 – 30 June 2015	1 July 2012 – 30 June 2015
R2 – Low Density Residential	26.7%	53.7%
R3 – Medium Density Residential	27.8%	58.3%
R4 – High Density Residential	22.9%	54.8%

On average, residential land components, depending on locality and development potential, moved within a band of 14.5% and 36.7% between the Base Date 1 July 2014 and 1 July 2015.

Some single residential component areas in the ‘R2’ zone that had shown considerable growth from 1 July 2012 to 30 June 2015 and over the 12 months ending 30 June 2015 are:

Component	Suburb(s)	Movement 2014 – 2015	Movement 2012 - 2015	Comments
XAA	Sans Souci / Dolls Point	30%	54%	High growth component/s: attributable to the suburbs amenity in regards prestige setting with proximity to waterfront and parklands with many surrounding quality existing & modern / new dwellings.
XBB	Ramsgate / Sans Souci	30%	50%	
XGG	Rockdale / Arncliffe	37%	70%	High growth component/s: attributable to the demographic of the market seeking property within centralised areas established around/near commercial hubs with excellent public transport accessibility.
XKK	Bexley / Arncliffe	34%	61%	
XNN	Bexley / Hurstville	31%	58%	

Some single residential component areas in the ‘R2’ zone that underperformed (in comparison to other component areas in the Rockdale LGA) over the 2015 valuing year are:

Component	Suburb(s)	Comments
XFF (16.2%)	Kyeemagh	Underperforming component: partly attributable to the suburbs’ fringe locality in terms of accessibility to commercial hubs and partly attributable to proximity to airport (being a detriment in this circumstance due to visual and noise impact).
XLL (14.5%)	Bexley North / Bardwell Park	Underperforming component: partly attributable to the locale’s distance from significant commercial centres/hubs. However, some properties with good amenity perform well – i.e. in general, the properties with views over Bardwell Valley golf course outperformed the majority of the component exhibiting growth greater than 14.5% over the valuation period.



## 7.0 MARKET COMMENTARY (Cont.)

Component 'RMM – Bayside Properties' underperformed in comparison to other component areas within the 'R2' residential zone. Between base dates 1 July 2012 and 1 July 2015 the 'RMM' component recorded growth of 28%, with the majority of growth illustrated over the 12 months ending 30 June 2015 – being 22%. The early phase of the current growth cycle favoured lower value properties, with increases experienced by high value properties towards the later stages of the growth cycle.

Single residential component 'SRA: Small Lots – R3 Zoning – Arncliffe / Banksia / Rockdale' recorded strong growth of 35% over the 2015 valuing year and 71% over the three (3) years ending 30 June 2015. The result mirrors the strong growth noted above for components 'XGG' and 'XKK' – i.e. with growth being attributable to the demographic of the market seeking property within centralised areas established around/near commercial hubs with excellent public transport accessibility.

Similarly to the above, single residential sites within the 'R4' zone had shown considerable growth between Base Dates 1 July 2012 and 1 July 2015 due to the location of 'R4' zoned land combined with the development upside achieved through future amalgamation with adjoining allotments. Components movement were as follows:

Component	Movement	
	1 July 2014 – 30 June 2015	1 July 2012 – 30 June 2015
SRD – Small Lots Arncliffe / Banksia / Rockdale	27%	78%
SRE – Small Lots Bexley / Carlton	26%	77%
SRF – Small Lots Coastal Locations	23%	89%

Density sites within the 'R2', 'R3' and 'R4' zone showed good growth over the 12 months ending 30 June 2015 and the 3 years ending 30 June 2015. Density sites continue to be in demand as developers seek quality assets which can meet the market demand for residential property while providing more affordable housing options. Component's which showed significant growth were:

Component	Movement	
	1 July 2014 – 30 June 2015	1 July 2012 – 30 June 2015
AVS – Inland Medium Density (Villa/TH) Sites	25%	58%
AHM – Inland Density (RFB) Sites Above 1,500m <sup>2</sup>	25%	70%
AHS – Inland Density (RFB) Sites up to 1,500m <sup>2</sup>	25%	66%



## 7.0 MARKET COMMENTARY (Cont.)

**Factors which are considered to be contributing to the current residential market conditions are:**

- A Low Cash Rate (in historic terms), as at:
  - 1 Jul 2012 3.50%
  - 3 Oct 2012 3.25% (decrease of 25 basis points)
  - 5 Dec 2012 3.00% (decrease of 25 basis points)
  - 8 May 2013 2.75% (decrease of 25 basis points)
  - 7 Aug 2013 2.50% (decrease of 25 basis points)
  - 4 Feb 2015 2.25% (decrease of 25 basis points)
  - 6 May 2015 2.00% (decrease of 25 basis points)
  - 1 Jul 2015 2.00%
- High capital growth in Sydney Dwelling Values – CoreLogic / RP Data Home Value Index notes Sydney residential property values are 16.2% higher over the year ending 30 June 2015 – which is larger in growth than the combined capital cities which recorded 9.8% over the same period. According to the abovementioned index, Sydney dwelling values were 15.4% higher over the 2014 financial year.
- Having regard to Sydney's low rental growth of 2.5% over the 12 months ending 30 June 2015 in comparison to growth in dwelling values over the same period – consequently, Sydney residential yields have compressed 0.2% and 0.6% over the quarter and year ending 30 June 2015 respectively. Thus, gross rental yields are 3.2% and 4.2% respectively for Sydney houses and units. (Source – CoreLogic / RP Data).
- Sydney maintaining a low/strong residential rental vacancy rate – 1.8% for June 2015, which is marginally lower than the 1.9% and 2% recorded for June 2014 & June 2013 respectively. (Source – SQM Research).
- Selling time/duration for Sydney residential dwellings decreasing by 1 day and 6 days respectively over the quarter and year ending 30 June 2015 (Source – CoreLogic / RP Data).
- Sydney residential dwelling vendor discounting increasing by 0.7 and 1.1 percentage points respectively over the quarter and year ending 30 June 2015. (Source – CoreLogic / RP Data).
- Increases in Sydney residential property listings whilst the national listing numbers decreased – Sydney listing numbers rising 7.6% over the month of September 2015 and rising 11.1% over the 12 months ending 30 September 2015 compared to the national listing numbers decreasing 0.1% over the 12 months ending 30 September 2015. (Source – SQM Research)
- Sydney's auction clearance rates peaking at 89% on two weekends in May 2015 and one weekend in June 2015. This compares to clearance rates in Sydney in the low 70 per cent range for June 2014. Sydney's auction clearance rates have reduced since peaking in May / June 2015 – recording a clearance rate of 65% on Saturday 17 October 2015. (Source – Australian Property Monitors).
- Sydney's auction clearance rate was 75.2% (year to September 2014 trend). (Source – RP Data).
- All four big banks increasing investor variable interest rates between 0.27 and 0.29 percentage points over the two weeks ending 4 August 2015. Increases attributable to the banks' response to Australian Prudential Regulation Authority's (APRAs) demand that housing investor loan growth has to slow to less than 10 per cent a year (Source – Sydney Morning Herald & ABC).
- APRA announced in July 2015 an increase in capital requirements for Australian residential mortgage exposures under the Internal Ratings-Based (IRB) Approach. The average risk weight of residential mortgage exposures using the IRB approach will increase to at least 25 per cent by mid-2016, from an average of around 17 per cent at the end of June 2015. (Source – RBA: Financial Stability Review 'Box C').



## 7.0 MARKET COMMENTARY (Cont.)

- Having regard to the above, from 14 October 2015 to 23 October 2015, all big four banks increased their variable interest rates on residential owner-occupier and investor home loans between 15 and 20 basis points – with all four banks citing the decision was partly attributable to the requirement to increase the amount of capital applied to residential mortgages.
- Increase in housing credit growth from 4.6% (2013) to 6.4% (2014) and to 7.3% (2015) – 12 month growth for years ending 30 June. (Source – RBA: Financial Aggregates).
- Increase in foreign investment for residential property in Australia from around \$6 billion annually in the 1990's to more than \$17 billion in 2012/13. (Source – RBA / Foreign Investment Review Board).
- All Groups CPI increasing 1.5% over the 12 months ending 30 June 2015 (Source – Australian Bureau of Statistics).
- Australian GDP (chain volume measure) grew by 2.0% (seasonally adjusted) over the 12 months ending 30 June 2015 (Source – Australian Bureau of Statistics).
- Australian Real GDP forecast to expand by 2.4% in 2015/16 and 3.1% in 2016/17. (Source – NAB, Global & Australian Forecasts – October 2015)
- The Australian unemployment rate is at 6.2% in September 2015 (seasonally adjusted). (Source – Australian Bureau of Statistics).
- Australian unemployment rate forecast to decrease slightly to 6% by end 2015/16 and to 5.75% by end 2016/17. (Source – NAB, Global & Australian Forecasts – October 2015)
- National annual population growth of 1.4% (as at 31 March 2015), down from 1.7% (as at 31 March 2014) and down from the previous peak of 1.8% recorded over 2012. (Source – Australian Bureau of Statistics).
- Wage Price Index (total hourly rates of pay excluding bonuses) recording a +2.3% annual change over the 12 months ending 30 June 2015 – down from +2.6% annual change over the 12 months ending 30 June 2014. (Source – Australian Bureau of Statistics).
- Declining Australian Dollar (AUD vs. USD) – falling from \$0.94 as at June 2014 to \$0.77 as at June 2015 (approx.).

**Please note:** It is important to point out land value assessed at 1 July 2015 takes into account market conditions at that point in time and the further impact of factors such as interest rate increases/decreases, national and global economies, unemployment etc. can only be assessed by monitoring future market transactions.



## 7.0 MARKET COMMENTARY (Cont.)

### 7.1.2 Sales and Resales

Sale and Resales within Rockdale LGA (2014/15)

\* Excludes resales which have been redeveloped and non-market sales

<i>66 Bruce Street, Brighton-Le-Sands</i>		
Sold	24 November 2014 - \$1,200,000	Shows an increase of 29.83%, which equates to an approximate increase of 4.97% per month.
Resold	30 May 2015 - \$1,558,000	
*Appears to have resold completely renovated (extensive renovation)		
<i>22 Cecil Street, Monterey</i>		
Sold	17 March 2014 - \$710,000	Shows an increase of 27.46%, which equates to an approximate increase of 1.83% per month.
Resold	13 June 2015 - \$905,000	
*Appears to have resold in similar condition		
<i>173 Chuter Avenue, Sans Souci</i>		
Sold	5 April 2014 - \$1,090,000	Shows an increase of 40.46%, which equates to an approximate increase of 4.50% per month.
Resold	14 January 2015 - \$1,531,000	
*Appears to have resold completely renovated (extensive renovation)		
<i>23 Harrow Road, Bexley</i>		
Sold	31 May 2014 - \$852,500	Shows an increase of 17.30%, which equates to an approximate increase of 1.44% per month.
Resold	5 June 2015 - \$1,000,000	
*Appears to have resold in similar condition		
<i>35 Sanoni Avenue, Sandringham</i>		
Sold	30 August 2014 - \$1,400,000	Shows an increase of 5.71%, which equates to an approximate increase of 0.63% per month.
Resold	11 June 2015 - \$1,480,000	
*Appears to have resold in similar condition		
<i>64 Scarborough Street, Monterey</i>		
Sold	8 March 2014 - \$1,210,000	Shows an increase of 23.97%, which equates to an approximate increase of 1.84% per month.
Resold	18 April 2015 - \$1,500,000	
*Appears to have resold with a renovated kitchen, polished floor boards, and some other minor alterations including, but not limited to, new blinds to the main bedroom.		
<i>14 Russell Lane, San Souci</i>		
Sold	11 March 2014 - \$775,000	Shows an increase of 25.81%, which equates to an approximate increase of 2.15% per month.
Resold	3 March 2015 - \$975,000	
*Appears to have resold in similar condition – however, adjoining owner purchaser. Dwelling is anticipated to be demolished, refer to DA-2016/3.		



## 7.0 MARKET COMMENTARY (Cont.)

### 7.1.3 Change in Median Values

Results from the most recent Department of Housing Sales Tables (March Quarter 15 – Non-Strata) available as at date of reporting indicate the following:

Location	Median Value	Change in Median (Qtly)	Change in Median (Annual)
Rockdale (LGA)	\$1,100,000	9.6%	18.7%
Greater Sydney	\$752,000	-7.7%	10.6%

**Please note a variety of factors can contribute to anomalies in the sale price and the end statistical data. The above information is viewed as a reference only for reporting purposes.**

### 7.1.4 Building Approvals

Residential building approval statistics are used in both the public and private sectors as a leading indicator of the general level of economic activity, employment and investment.

Residential building approvals are compiled from permits issued by: local government authorities and other principal certifying authorities; contracts let or day labour work authorised by Commonwealth, state, semi-government and local government authorities, and; major building approvals in areas not subject to normal administrative approval e.g. building on remote mine sites.

#### **A dwelling (or residential building) is defined as:**

*A residential building is a building consisting of one or more dwelling units. Residential buildings can be either houses or other residential buildings.*

*An other residential building is a building other than a house primarily used for long-term residential purposes. An other residential building contains more than one dwelling unit. Other residential buildings are coded to the following categories: semi-detached, row or terrace house or townhouse with one storey; semi-detached, row or terrace house or townhouse with two or more storeys; flat, unit or apartment in a building of one or two storeys; flat, unit or apartment in a building of three storeys; flat, unit or apartment in a building of four or more storeys; flat, unit or apartment attached to a house; other/number of storeys unknown. The latter two categories are included with the semi-detached, row or terrace house or townhouse.*





## 7.0 MARKET COMMENTARY (Cont.)

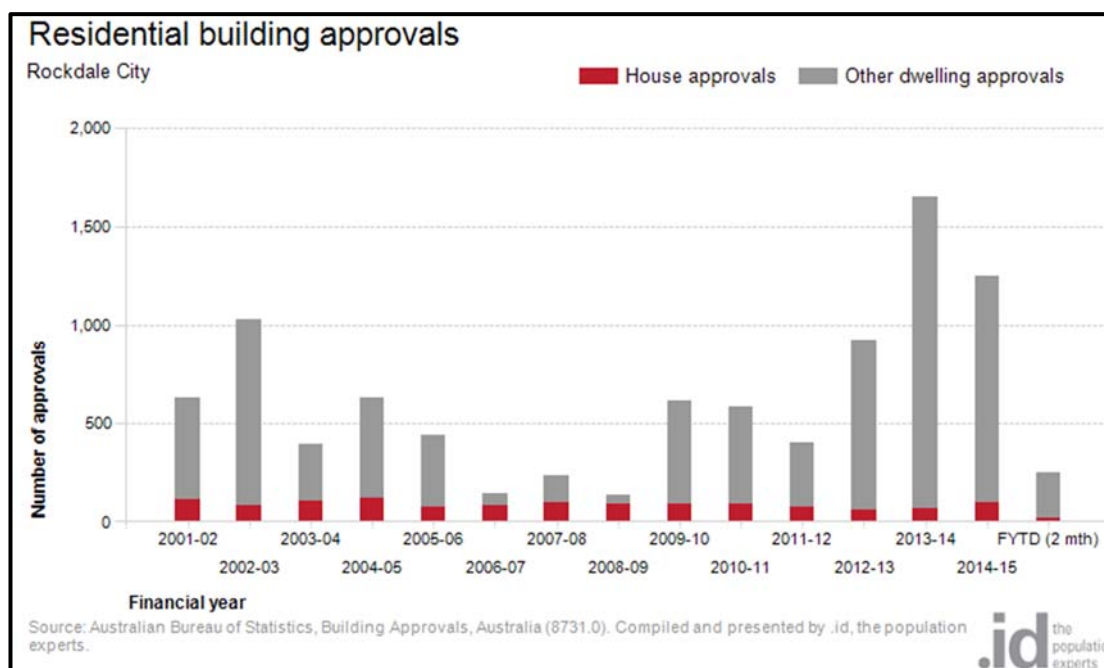
### Residential building approvals

Rockdale City Year (ending June 30)	Number			Annual change		
	Houses	Other	Total	Houses	Other	Total
2014-15	92	1,158	1,250	+30	-430	-400
2013-14	62	1,588	1,650	+2	+726	+728
2012-13	60	862	922	-10	+533	+523
2011-12	70	329	399	-13	-165	-178
2010-11	83	494	577	-1	-32	-33
2009-10	84	526	610	0	+474	+474
2008-09	84	52	136	-13	-81	-94
2007-08	97	133	230	+18	+71	+89
2006-07	79	62	141	+5	-302	-297
2005-06	74	364	438	-43	-148	-191
2004-05	117	512	629	+14	+222	+236
2003-04	103	290	393	+23	-658	-635
2002-03	80	948	1,028	-32	+433	+401
2001-02	112	515	627			

Source: Australian Bureau of Statistics, Building Approvals, Australia (8731.0).

Compiled and presented in profile.id by .id, the population experts.

(Usual residence data).





## 7.0 MARKET COMMENTARY (Cont.)

### 7.2 Commercial / Retail

As a whole, from Base Dates 1 July 2014 to 1 July 2015 and Base Dates 1 July 2012 to 1 July 2015, commercial and retail property markets within the **Rockdale LGA** recorded mixed levels of growth. Overall, the growth recorded for the following zones was as follows:

Zone	Movement	
	1 July 2014 – 30 June 2015	1 July 2012 – 30 June 2015
B1 – Neighbourhood Centre	13.5%	20.9%
B2 – Local Centre	23.3%	79.6%
B4 – Mixed Use	30.2%	60.1%
B6 – Enterprise Corridor	35.6%	46.1%

Individual components within each business zone show varying levels of growth for numerous reasons including, but not limited to, location, development potential and access to infrastructure / public transport – however, as a whole, business zoned components generally moved within a band of 9.7% and 33.4% over the 2015 valuation year.

Density / development sites continued to perform well over 2015 valuation year with value increases continuing from 2013 and 2014 valuation years. Generally, residential development continues to outprice commercial development as the highest and best use and as such, sites with residential development potential remain in high demand across the Rockdale LGA. Some density components within the business zoning which show considerable movement are:

Component	Movement	
	1 July 2014 – 30 June 2015	1 July 2012 – 30 June 2015
BWA – High Rise/Mixed Development Sites – B1	25%	51%
BWB – High Rise/Mixed Development Sites – B2	25%	105%
BWC – High Rise/Mixed Development Sites – B4	36%	74%

Having regard to the announcement of the ‘Princes Highway Corridor Strategy’, outlined earlier in this report under section ‘4.0 Identified significant changes in use or developments of property and other factors which may affect valuations’ subsection ‘4.2’, sites within the study area zoned ‘B6’ have recorded good growth over the 2015 valuing year. In summary, the corridor of ‘B6’ properties have been identified for revitalisation to allow for a more intensive employment use with “future residential growth potential”. The study recommends an increase to the FSR from 1.5:1 to 2.5:1 with an increase in building height limits from 14.5m to 18m. Although the above increases in development potential are only in early planning stages (hence, not gazetted), the sales analysed over the 2015 valuing year indicate a demand for the properties within this area and subsequently larger sites recorded the largest growth among the ‘B6’ components, with component ‘ECL – Enterprise Corridor – Sites Over 1,500sqm’ recording growth of 33.4% over the 2015 valuation year.



## 7.0 MARKET COMMENTARY (Cont.)

Retail components within Rockdale LGA showed mixed levels of growth from Base Dates 1 July 2012 to 1 July 2015 and Base Dates 1 July 2014 to 1 July 2015. Different pockets of retail properties can move against the trend for a varying number of reasons, including but not limited to, location to public transport, proximity to infrastructure, surrounding amenity, demand for surrounding residential property, increases / decreases in surrounding residential property values and increases / decreases in density & population of the surrounding locale. Some retail components within Rockdale LGA that performed well over the abovementioned periods, with growth partly attributable to the above reasons, were:

Component	Movement	
	1 July 2014 – 30 June 2015	1 July 2012 – 30 June 2015
BAS – Prime Locations Rockdale	20%	32%
BBS – Secondary Locations Rockdale	21%	34%
BMM – Bexley Shopping Centre	20%	33%
BSS – Ramsgate and Sans Souci Shopping Centres	28%	72%

Growth in retail spending (and ultimately retail asset values) is being supported by various factors. For example, increases in household net worth, driven by the uplift in residential dwelling values, are resulting in providing support for discretionary retail spending and retail spending on household goods. Additionally, a low Australian dollar and low interest rates are providing some overall support to retail properties and retail land values.

Colliers International report that Neighbourhood Retail properties for the first half of 2015 illustrate a prime yield range from 6.50% up to 7.75% and a secondary yield range from 8.00% up to 10.00%. Additionally, Colliers International report that Sub-Regional shopping centres' for the first half of 2015 exhibit a prime yield range from 6.50% up to 7.50% and a secondary yield range from 7.50% up to 9.50%.



## 7.0 MARKET COMMENTARY (Cont.)

### 7.3 Industrial

Overall, the industrial market within **Rockdale LGA** showed signs of positive growth with the 'IN2 – Light Industrial' zone recording 10.3% growth over the 12 months ending 30 June 2015. The growth within the Rockdale Industrial markets followed previous years (2013 and 2014 valuation years) of subdued activity. Certain components can move against the trend for a varying number of reasons, however overall the industrial market for the Rockdale LGA was fairly consistent, with growth over the 3 years ending 30 June 2015 and 12 months ending 30 June 2015 for industrial components as follows:

Component	Movement	
	1 July 2014 – 30 June 2015	1 July 2012 – 30 June 2015
FAL – Kogarah/Rockdale Over 2,500m <sup>2</sup>	10%	10%
FAM – Kogarah/Rockdale 1,001m <sup>2</sup> to 2,500m <sup>2</sup>	9%	8%
FAS – Kogarah/Rockdale Up to 1,000m <sup>2</sup>	10%	10%
FBL – Arncliffe/Turrella Over 2,500m <sup>2</sup>	11%	11%
FBS – Arncliffe/Turrella Up to 2,500m <sup>2</sup>	12%	12%
FCC – Other (Bexley)	13%	13%

Southern Sydney's industrial property market has experienced increasing demand from property developers acquiring quality industrial sites zoned to be redeveloped from industrial uses to high-rise residential and mixed use developments. As a result of the above, the current industrial supply is decreasing, proving to be a catalyst for driving competition in the industrial sector. Although the majority of the industrial redevelopment demand in Southern Sydney is around the suburbs of Botany, Mascot, Wolli Creek and the like, the reduction in stock creates a lack of supply for the current industrial market for the aforementioned suburbs, thus, potentially driving demand for industrial properties further south/south west to established industrial precincts within the St George and surrounding area.

Colliers International report as a result of high density residential demand and a shortage of industrial sites within Southern Sydney, the average prime industrial yields in the area have compressed to their lowest levels since June 2008, being 6.38% as at September 2015.



## **8.0 MANAGEMENT OF COMPONENTS, VERIFICATION & HANDCRAFTING**

Southern Alliance Valuation Services Pty Ltd undertook a restructure for all of the existing Component Codes within the Rockdale Local Government Area for the Base Date 1 July 2012. This was due to the introduction of a new LEP. All entries are now correctly aligned with RLEP 2011. No major management of components occurred for Base date 1 July 2013

### **8.1 Verification**

As part of Southern Alliance Valuation Services contract with Land & Property Information and the Valuer General, a certain percentage of properties within the **Rockdale LGA** is to be verified annually to ensure correctness of values.

High risk properties require annual verification, moderate risk properties are to be verified every 3 years, and low risk properties every 6 years. This provides for more frequent review of individual land values and Components for the more complex and contentious valuation.

The components that have been targeted/completed for verification within the **Rockdale LGA** during 2014/15 are as follows:

Residential Component(s): XMM (1,737), XNN (1,053)

Business Component(s): BWA (11), BWB (76), BWC (114), BKN (82), BTS (38), BSS (64), BUU (13) & BWW (44).

Other Component(s): RE2 (5)



## **9.0 QUALITY ASSURANCE**

### **9.1 Overview**

In accordance with Southern Alliance Valuation Services Pty Ltd own internal QA manual and the Office of the Valuer General guidelines, the following quality checks have been made in the delivery of services:

1. Ensuring all properties have been valued.
2. Ensuring the valuations are within the set parameters.
3. That a zone/component code integrity check has been made.
4. An in depth value check on those properties that have considerably higher values in relation to the average for land.
5. Ensure that current and proposed Development Control Plans and planning changes that affect the valuations have been taken into account.
6. Where the land value of a property has been amended on objection, the alignment of values with nearby properties has been checked.
7. That all Statutory concession valuations and allowances have been supplied, including -
  - Allowances for development on and off the land.
  - Heritage Values.
  - Land Rating Factors.
  - Apportionment of Values.
  - Mixed Development Apportionment Factors.

The following statistical checks have been carried out.

### **9.2 Coefficient of Dispersion (COD)**

This measures the relative consistency and, when viewed with the other measures, the relative accuracy of values in relation to the sales. It shows the amount of variation or the consistency of the values and also the relative accuracy of the values as the relationship between values and sales widens.

The accepted measure for the COD is 0 – 15.

### **9.3 Mean Value to Price Ratio (MVP)**

This calculates the mean relative accuracy, or level of values, relative to the sales. It shows the mean level of accuracy of the values assigned compared to the sales evidence. The MVP is to be calculated only in single dwelling residential categories, including rural home site areas.

The accepted measure for the MVP is 85-100%.

### **9.4 Price Related Differential (PRD)**

This test measures the progressive value to sale relativity across the range of values in the sample. It demonstrates the variations of relativity between the sales and the assigned values and indicates if there is a progressive change in relativity across the value range.

The accepted measure for the PRD is 0.98 – 1.03.





## 9.0 QUALITY ASSURANCE (Cont.)

Please find below an overview of the statistical analysis (as exhibited in the Land & Property Information – Mass Valuation Statistical Check Report):

<b>District: 142-Rockdale Base Date 01 July 2015</b>						
<b>Zone</b>	<b>Description</b>	<b>No. of Entries</b>	<b>COD</b>	<b>MVP</b>	<b>PRD</b>	<b>COAVC</b>
B1	Neighbourhood Centre	215	4.08	94.68%	1.01	-0.58
B2	Local Centre	285	5.10	93.43%	1.01	7.57
B4	Mixed Use	491	4.67	92.63%	1.05	6.94
B6	Enterprise Corridor	153	4.22	91.74%	1.04	23.74
E	Enterprise	8				
IN2	Light Industrial	171	3.34	95.90%	0.99	-0.38
R2	Low Density Residential	17,176	4.32	91.75%	1.00	-0.22
R3	Medium Density Residential	3,234	3.98	91.95%	1.00	-0.76
R4	High Density Residential	1,055	2.24	96.66%	1.01	-4.22
RE1	Public Recreation	313				
RE2	Private Recreation	5	0.000	100.00%	1.000	84.80
RU4	Rural Small Holdings	7				
SP2	Infrastructure	407				
SP3	Tourist	29	0.000	95.12%	1.00	-0.16

### **9.4 Subsequent Valuations upon Objection / Reascertainment**

Southern Alliance Valuation Services' internal valuation system identifies any property which has been subject to an objection. Upon identification, the selected valuer will review the objection, confirm the new land value (if appropriate) and review and alter (if needed) the surrounding land values that may have been affected due to the change in land value for the property subject to objection.

An overview of all properties within the Rockdale LGA subject to an objection, and subsequent actions taken, are listed within the 2014 VAR.



## **10.0 CONCLUSION**

### **10.1 Purpose of this Report**

The purpose of this report is to describe the process and considerations for the 1 July 2015 Valuation of Rockdale Local Government Area. The report has been produced on behalf of the Valuer General.

The land values have been specifically made for rating and taxing purposes. Land values produced as part of this process should not be used for any other purpose without the specific agreement of the Valuer General.

Land values must have regard to specific requirements and assumptions in rating and taxing legislation. Consequently these valuations may vary from market levels.

The land values have been determined using a methodology prescribed by the Rating and Taxing Valuation Procedures Manual. The Manual allows mass valuation methodologies that involve assessing large numbers of properties as a group to be utilised where appropriate. Mass valuations, however are utilised worldwide for rating and taxing purposes to deliver valuations within an acceptable market range.

Town planning, land use and other market information contained in this report has been compiled base on enquires undertaken during the valuation process. Third parties should make their own inquiries into these details and should not rely on the contents of this report. The Valuer General disclaims any liability to any person who acts or omits to act on the basis of the information contained in this report.

More information on the valuation process is available from the Land and Property Information website at [www.lpi.nsw.gov.au/valuation](http://www.lpi.nsw.gov.au/valuation).

### **10.2 Signatory**

*Murray Edmondson*  
*St. George Area Manager*  
*Southern Alliance Valuation Services Pty Ltd*