

2015

CLARENCE VALLEY FINAL REPORT AND PROPOSED LAND VALUE LEVELS FOR DEPARTMENT OF LANDS LOCAL GOVERNMENT AREA CLARENCE VALLEY (303)



Sandon River

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Southern Cross Valuation Services
13/10/2015

Executive Summary

Clarence Valley L.G.A. DISTRICT 303 – Base Date 1ST JULY 2015

Clarence Valley Overview

This is a diverse shire with Grafton as its central focal point. It includes the coastal town of Yamba as its fastest growing centre. Other towns & villages include Angourie, Ashby, Brooms Head, Brushgrove, Copmanhurst, Coutts Crossing, Cowper, Diggers Head, Glenreagh, Iluka, Junction Hill, Lawrence, Maclean, Minnie Waters, Sandon, Tucabia, Ulmarra and Wooli.

The main retail centre is located in the City of Grafton. Secondary centres are available in Yamba & Maclean. Residential development is predominantly single residential, with more common density and up to 3 level buildings being located on Yamba Hill to take advantage of the excellent ocean views.

Number of properties valued this year & the total land value in dollars

There are approximately 25,383 properties recorded on the Register of Land Values within the Clarence Valley Shire Local Government Area (L.G.A.), the new valuations have resulted in an overall increase of around 3% in the total Land Value of the L.G.A. This total has increased from approximately **\$4,239M** at the prior Annual Valuation of 2014 to **\$4,373M** at the current Annual Base Date review of 01-07-2015.

Valuation changes in the Local Government Area & percentage changes between the Clarence Valley Valuation years of 1 July 2013 & this period of 1 July 2015 and the Land Tax Valuation year of 1 July 2014 are as follows:

Clarence Valley 2015 Annual Valuation

PROPERTIES VALUED & TOTAL LAND VALUES							
Zone	Zone Codes	Number of Entries	2015 Total Land Value	Prior Annual Valuation (2014)	% Change	Prior Local Government Valuation (2013)	% Change
Residential	R1, R2, R3, R5	16929	2,539,843,089	2,456,379,452	3.5%	2,451,541,412	3.5%
Rural	RU1, RU2, RU3	6365	1,417,751,006	1,372,591,055	3%	1,376,070,755	3%
Commercial	B1, B2, B3, B5	856	187,989,150	187,183,950	0.5%	186,100,200	1%
Industrial	IN1, IN4	434	69,460,690	69,268,390	0%	68,560,390	1%
Infrastructure	SP1, SP2, SP3	297	107,120,990	103,267,190	3.5%	103,447,190	3.5%
Environmental	E1, E2, E3	159	31,044,460	30,676,300	1%	30,632,000	1%
Public Recreation	RE1, RE2	240	19,169,410	19,169,410	0%	19,169,410	0%
Waterways	W2, W3	103	1,135,380	1,135,380	0%	1,135,380	0%
Total		25383	\$4,373,514,175	\$4,239,671,127	3%	\$4,236,656,737	3%

Please note all figures & percentages listed are approximates.

State & Local Government Legislation for LGA

The Clarence Valley Local Environmental Plan 2011 (CVLEP 2011) has received final approval and commenced from its notification on the NSW Legislation website on 23 December 2011. It replaces all local environmental plans that previously applied to the Local Government Area. Council's Development Control Plans are also amended as a consequence, including the introduction of new clearing controls in the residential zones.

There have been 9 amendments to the 2011 LEP since October 2014. These 9 amendments have been identified & investigated with no major alterations to value levels at this time.

Market Overview and Sales of Particular Interest

Southern Cross Valuation Services have 2 contractors that have undertaken significant analysis of the Clarence Valley district property market to provide an accurate and reliable basis of valuation. Approximately 515 sales have been analysed to enable the establishment and verification of land values as at 1st July 2015. These analysed sales also support the grading across components. Analysed sales reports are provided to Land and Property Information on a consistent basis throughout the year. The added value of improvements are also analysed to enable the accurate deduction of land values. The Paired Sales Approach and the Replacement Cost Approach has been used widely throughout our programme.

In analysing sales prior & after the base date 1/7/2015, care has been taken to adjust the price where needed in be inline with market movements. As the prior table has demonstrated overall there has been no change to 5% increase across all zones. Attention has also been taken in graded areas that may of seen increases & decreases over the past 12 months.

Significant Issues and Developments

One subdivision in Grafton has been released, known as the Marion estate. The first stage of this subdivision has been sold at prices around \$145,000 to \$155,000. The selling agent advised that he has 13 names recorded who are interested in the next stage whenever it is released. Subsequently two other subdivisions have been released; one in the Westlawn part of Grafton, which has failed to attract interest partly because of the markets concern for the potential effects of electromagnetic radiation from the 330Kv electricity lines fronting the majority of the subdivision. While a well presented subdivision at Junction Hill has settled on 10 of the 28 available lots, for prices over \$145,000.

Values in the large lot residential area of Glenreagh have been reduced considerably following a small reduction last year.

An 805 ha farm close to Brooms Head beach sold for \$3.45m. It was formerly part of a sugar cane farm and more recently a Brahnam cattle stud which has been operating in this location for over 40 years. The vendor has relocated his stud business to the Casino locality and sold off part of his farm to a overseas operator. The farm was well advertised by LJ Hooker. The farm was recently subdivided into nine 40 ha lots and a large residue lot.

Significant Value Changes

Summary of Valuation Changes to Residential Land

Changes since previous Valuation Year (2014)

Residential & Village land values overall have shown an increase of about 3.5%, with some areas having no changes, and other village lots seeing increases of between 5 – 10% movements. Grafton remaining static except for waterview/water frontage lots increasing slightly by 3-4%.

Summary of Valuation Changes to Rural Land

Changes since previous Valuation Year (2014)

Rural holdings overall a little similar to residential showing 3% increases in land values. Smaller homesite & hobbyfarms showing 5% increases. With some rural homesites south of Coutts Crossing showing up to 20% increases. Grazing properties showing no change – 5% throughout the district, similar to movement of homesites/hobbyfarms.

Summary of Valuation Changes to Commercial Land

Changes since previous Valuation Year (2014)

Clarence Valley commercial market has had approximately 30 sales throughout the valuation year. These figure exclude non market & strata sales. Sales indicate values have remained unchanged through the district with only Iluka commercial showing 10% increases, due to interests in tourism & residential development.

Summary of Valuation Changes to Industrial Land

Changes since previous Valuation Year (2014)

Industrial sales have been very minimal with only 14 sales throughout the year. Similar to commercial market the sales indicate a stable market with no changes in land values. The main interest has been in South Grafton, with only 1 sale seen in Yamba, Iluka, Townsend & Trenayr.

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Disclaimer – Purpose of this Report

The purpose of this report is to describe the process and considerations for the 1 July 2015 Valuation of Clarence Valley LGA. 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 valuation methodologies are by their nature likely to be less accurate than individually assessed 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 based on enquiries 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.

Clarence Valley LGA Overview

Location of the District

Clarence Valley area is located in the far north coast of NSW. Approximately 600 kilometres north of Sydney and 300 kilometres south of Brisbane. The Clarence Valley comprises a land area of approximately 10,441 square kilometres. This is a diverse shire with Grafton as its central focal point. It includes the coastal town of Yamba as its fastest growing centre. Other towns & villages include Angourie, Ashby, Brooms Head, Brushgrove, Copmanhurst, Coutts Crossing, Cowper, Diggers Head, Glenreagh, Iluka, Junction Hill, Lawrence, Maclean, Minnie Waters, Sandon, Tucabia, Ulmarra and Woolli.



Principal Towns

Grafton

Location & General Profile

Clarence Valley's central town is the City of Grafton. Grafton is situated on the north coastal plain of New South Wales, approximately 640 kms north of Sydney and 350 kms south of Brisbane. Grafton is the "hub" of the Clarence River Valley and as such its retail centre is the "supply depot" for many more people than simply those who reside in Grafton City. Its increasing viability as a shopping and trading destination is testimony to that. It is in the distribution of the products that the importance of Grafton is evident in a number of ways.

Main Industries

Grafton and surrounds is the base for a variety of industries, both small and large scale. Some of these larger industries include, South Grafton Juvenile Correctional Centre, State Rail Authority, Humes Concrete Products, Grafton Primary Industries Research Station., Manildra/NSW Sugar Milling Co-op at Harwood and the Department of Education.



Maclean

Location & General Profile

Maclean is located along the Pacific Highway between Coffs Harbour and Ballina, about 50 km north of Grafton.

Maclean is the central point for the lower section of the Clarence Valley which covers over 1,400 square kilometres and has over 50 kilometres of natural coastline. There are numerous areas of wetlands, rainforests, estuarine forests, pastoral and farm land, two National Parks and a large river system.

Here, the Clarence River forms part of a large river delta system, incorporating hundreds of islands, wetlands and Broadwater areas. From its formation in Queensland's McPherson Ranges, the Clarence River is fed by many tributaries and flows by over one hundred islands as it transforms into a wide river meeting the ocean between Yamba and Iluka.

Main Industries

Here again, the river supports one of the largest commercial fisheries in New South Wales. It is a popular recreational fishing location and is home to developing aquaculture and ship building industries.

Yamba

Location & General Profile

Yamba is a seaside town in Northern NSW at the mouth of the Clarence River, about 60 kms northeast of Grafton. Yamba has a diverse range of residents due to the 'Sea Change & large number of retirees settling in warmer seaside locations

Main Industries

The town's economy is strongly based on fishing and tourism, but has a diverse range of residents due to the 'Sea Change & large number of retirees settling in warmer seaside locations.

Surrounding Villages & Areas

Main Industries

The Clarence Valley is the most southern locality for the New South Wales/Queensland sugar industry. The historic sugar mill at Harwood stands as one of the oldest working mills in the State and is the site of the first established sugar mills in Australia.

The Valley in general has a rural base with activities such as grazing and timber being the dominant major industries. (eg Koppers Logs Australia Ltd. and Big River Timbers at Junction Hill, which in November 2014 had a major fire in part of the mill). There are some tourist based industries such as, farm-stay or accommodation based enterprise, emerging, however, these are considered to have a minor impact on the land use and associated value.

Copmanhurst and Junction Hill areas were emerging as growing rural/residential domains for commuting workers in the adjoining Grafton City and the retirement lot market. With the economic slowdown, even though two large parcels adjacent to the existing developed residential area of Junction Hill have received development approval from Council, only one has commenced construction so far. Subdivision in general has been somewhat subdued with existing lots dominating the market.

A few ago years the interest in private timber reserves resulted in the emergence of eucalypt plantations, and the corresponding loss of large grazing properties. More recently some of these private timber plantations are being ripped out and returned to grazing land.

Significant Retail Centres

The main retail centre is located in Grafton, this includes the traditional strip centre in Prince Street as well as the Grafton Shopping World & the Grafton Mall in King St. In South Grafton, the land close to the Pacific Highway is the central location for a secondary retail sector containing fast food outlets, hardware, petrol stations and a Coles shopping centre.

Secondary Centres are available in Yamba & Maclean. Yamba has a Coles Shopping Complex and Maclean has a smaller Spar and traditional main shopping strip with a proposed IGA complex at the rear of the main street.

Type of Residential Development

Residential development is **predominantly single residential**, with concentrated **density** of up to 3 level buildings being located on **Yamba Hill** to take advantage of the excellent ocean views. It was many years ago that a high density three storey building has been developed and/or proposed.

Population

Australian Bureau of Statistics estimated resident population figure for 2015 is 510003 this is a 0.06% drop from the 2014 figures. The site indicates an estimate that there are 20,501 private dwellings. **No updated figures are available on ABS website for 2014 or 2015, all figures are estimates.**

Total Land Values

There are approximately 25,383 properties recorded on the Register of Land Values within the Clarence Valley Shire Local Government Area (L.G.A.), the new valuations have resulted in an overall increase of around 3% in the total Land Value of the L.G.A. This total has increased from approximately **\$4,239M** at the prior Annual Valuation of 2014 to **\$4,373M** at the current Annual Base Date review of 01-07-2015.

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Total		25383	\$4,373,514,175	\$4,239,671,127	3%	\$4,236,656,737	3%

State & Local Government Legislation for Clarence Valley LGA

Effects of state and local government legislation town planning and zoning instruments

Clarence Valley LEP 2011

The Clarence Valley Local Environmental Plan 2011 (CVLEP 2011) has received final approval and commenced from its notification on the NSW Legislation website on 23 December 2011. It replaces all local environmental plans that previously applied to the Local Government Area. Council's Development Control Plans are also amended as a consequence, including the introduction of new clearing controls in the residential zones.

The new LEP resulted in approximately 150 value changes in 2012 as a result of zoning changes.

The previous planning instruments that no longer have effect are:

- Ulmarra Local Environmental Plan 1992
- Nymboida Local Environmental Plan 1986
- Grafton Local Environmental Plan 1988
- Copmanhurst Local Environmental Plan 1990
- Richmond River Local Environmental Plan 1992
- Maclean Local Environmental Plan 2001

Council's **Development Control Plans (DCPs)** have also been amended with these amendments taking effect from the commencement of the CVLEP 2011. These amendments were necessary to ensure consistency with the CVLEP 2011.

Significant alterations & amendments to planning instruments over the period of review

(671)	Clarence Valley Local Environmental Plan 2011 (Amendment No 13). LW 17.10.2014. Date of commencement, on publication on LW, cl 2.
(721)	Clarence Valley Local Environmental Plan 2011 (Amendment No 15). LW 14.11.2014. Date of commencement, on publication on LW, cl 2.
2015 (149)	Clarence Valley Local Environmental Plan 2011 (Amendment No 18). LW 27.3.2015. Date of commencement, on publication on LW, cl 2.
(197)	Clarence Valley Local Environmental Plan 2011 (Amendment No 16). LW 8.5.2015. Date of commencement, on publication on LW, cl 2.
(198)	Clarence Valley Local Environmental Plan 2011 (Amendment No 17). LW 8.5.2015. Date of commencement, on publication on LW, cl 2.
No 15	Statute Law (Miscellaneous Provisions) Act 2015. Assented to 29.6.2015. Date of commencement of Sch 3, 15.7.2015, sec 2 (3).

- (376) Clarence Valley Local Environmental Plan 2011 (Amendment No 20). LW 10.7.2015.
Date of commencement, on publication on LW, cl 2.
- (409) Clarence Valley Local Environmental Plan 2011 (Amendment No 19). LW 24.7.2015.
Date of commencement, on publication on LW, cl 2.
- (592) Clarence Valley Local Environmental Plan 2011 (Amendment No 21). LW 2.10.2015.
Date of commencement, on publication on LW, cl 2.

Impact on the Real Estate Market & Impact on proposed value levels

The 2011 LEP does not appear to have had an major impact on the market in general. There are, however, some pockets that are effected. For example, it is interesting to note small increases in the Coutts Crossing large lot residential zones and the Environmental Management zone. This indicates new interest in land previously thought to be remote in the case of E3 zone and ignored in the case of large lots, which had a rural zoning.

There has been 9 amendments to the 2011 LEP since October 2014. These amendment have been identified & investigated with no major alterations to value levels at this time.

Significant changes in the use or development of property

It was estimated that if current growth rates are maintained, within 20 years the population of the Clarence Valley is set to grow by the size of Grafton City or by more than 15,000 according to Clarence Valley Council in March 2011. The Mid North Coast Regional Development Strategy predicted construction of 7100 new dwellings in the valley by 2031. Housing development around Grafton includes more than 1000 dwellings in Clarenza, 800-1000 homes at Junction Hill and 500 additional cottages in South Grafton. The lower river may see 800-1000 homes at Gulmarrad, 1100 lots at West Yamba (subject to filling), 350 lots at Iluka (now that sewerage is connected) and around 200 lots at Lawrence. Although the December 2011 LEP confirmed these new potential development sites, the current financial market has meant that no sites are being developed and englobo sites at Gulmarrad, Maclean and Woombah have since sold as a result of mortgagee in possession actions. In 2014 and 2015 none of these sites have commenced any site works because the market is relatively dormant and oversupplied with properties for sale and a short supply of purchasers.

South Grafton CBD and river precinct has benefitted from a \$1m facelift which was commenced Aug. 2010 and completed in 2012. The improvements include improved parking, trees, paint and artwork and will be a much needed boost to this very attractive centre. Up until October 2015, no further redevelopment has occurred in this part of South Grafton since the beautification.

Sewerage works have been completed in Lawrence. No significant alteration to values has been noted as a result of the works. Sewerage works for the coastal village of Iluka were completed in 2014 and a general 10% rise in land values is confirmed by the recent sales over the period of 2014/2015.

Other factors affecting the valuations

The increased real estate market in Sydney appears to be having a roll on effect on the coastal markets between Sydney and Brisbane. This increased demand for real estate is having the effect of increased sales and decreasing supply. Some sections of the Clarence Valley coastal markets are seeing increases of up to 20%. This demand is expected to continue in the short term and further broader increases are expected away from the coast.

With low interest rates & incentives within the first home owner grants (eg exemptions from transfer duty up to \$550,000), vacant land sales have risen from 1/7/13 to 1/7/14 of 130 sales to within 1/7/14 to 1/7/15 of 176 sales, showing an increase of just over 50%. Overall sales have increased in volume from 13/14 – 1321 to 14/15 – 1440, an increase of approximately 10%. Since 1/7/2015 there has been an extra 175 sales showing the market is still moving (*all figures are approximates only & excludes strata sales*).

The lack of job security and uncertainty in the future short term growth of the Clarence Valley is about to turn around with the major upgrade of the Pacific Highway, the proposed construction of the second bridge over the Clarence River at Grafton and the reopening of a section of the Grafton jail. Villages away from the coastal influence are stationary at the moment, but the prior facts are expected to confirm that the coastal market increases are and will move towards inland communities with an increasing momentum in the near future.

General comments on values

The following are typical land values as at 1st July 2014 & 2015 for an average property:

Residential

Locality	Area	2014	2015
Alice St – Grafton	556 m2	\$117,000	\$117,000
Ryan St – South Grafton	735 m2	\$45,600	\$45,600
Grevillea Ave – Yamba west	620 m2	\$161,000	\$169,000
Pacific Pde – Yamba Hill	550 m2	\$820,000	\$1,000,000
Melville St – Iluka	600 m2	\$151,000	\$166,000
Williams Cres – Wooli	765 m2	\$131,000	\$131,000
Sussex St – Copmanhurst	1500 m2	\$60,000	\$66,000
Kerrani St – Coutts Crossing	1186 m2	\$70,000	\$70,000

Rural

Locality	Area	2014	2015
Schwinghammer Rd – Seelands	6.28ha	\$240,000	\$255,000
Kingfisher Ave – Glenreagh	6000 m2	\$138,000	\$124,000
Armidale Rd – Blaxlands Creek	137 ha	\$463,000	\$463,000
Hernani Station Rd – Hernani	190 ha	\$969,000	\$969,000

Rosella Rd – Gulmarrad	4000 m2	\$124,000	\$124,000
Harwood Island (cane farm)	69ha	\$450,000	\$450,000

Industrial

Locality	Area	2014	2015
Turf St – Grafton	1012 m2	\$90,000	\$90,000
Heber St – South Grafton	1239 m2	\$60,000	\$60,000
Induna St – South Grafton	7305 m2	\$95,000	\$95,000
Uki St – Yamba	1200 m2	\$200, 000	\$200,000

Commercial

Locality	Area	2014	2015
Prince St – Grafton (CBD)	669m2	\$315,000	\$315,000
Fitzroy St – Grafton (Fringe)	590 m2	\$134,000	\$134,000
Yamba St – Yamba	310 m2	\$372,000	\$372,000
Centenary Dr – Maclean	306.6 m2	\$200,000	\$200,000

Changes to components illustrated by changes to the existing value relationships

With the gazettal of the LEP in 2011, substantial changes were again made to components in 2012. Primarily to reflect the increased number of zonings in each group (eg 4 Business zones with separate component applying only to the individual zone). New planning zones and descriptions have necessitated the creation of many new components and component descriptions. Many properties, particularly in rural areas, now contain two or more zones and every effort has been made to ensure entries have been placed in components which reflect the highest value of the zoning codes which make up the entry. By continuing to review all components, we plan to ensure all entries have been placed in their correct codes.

Development applications

In recent months developers are investigating the potential of their sites by commencing the first step of attempting to receive approval to develop from the appropriate authorities. Some examples follow.

The Northern Joint Regional Planning Panel very recently approved an application for the subdivision at 22 Carrs Drive for a 161 lot subdivision. In approving the subdivision the panel in summary applied conditions which retained and enhanced a nearby wetland area, improved storm water, waste water and drainage controls, allowed for biodiversity protection and offsets, protected aboriginal sites,

reflected the current development control plan, allowed for traffic management and road upgrades and finally noise control during construction. This approval will provide increased employment opportunities during construction and will provide positive economic benefits arising from the construction of new homes in the Yamba area. At this point in time, no works have commenced. Sub2014/0016 refers.

On the 21/7/15 the local paper reported that a nine bay service station site at the corner of Yamba Rd and Treelands Dr, which is part of the Coles shopping centre site, will be voted on by Council to send the development to the State Governments planning gateway for rezoning approval from the existing Residential 2 to Business 2, local centre. Council have also requested updated information in regards to a revised traffic assessment reflecting the future development, increased traffic, a future roundabout and alternative access points.

In 2013 a dwelling was demolished to leave a vacant commercial site at 20 High St. In 2015 DA2015/0061 was approved by Council to permit a ground floor restaurant with a residence above. At this point in time, no works have commenced.

A multi storey tourist unit redevelopment, worth many millions, on the award winning riverfront Blue Dolphin Holiday Park at Yamba, remains still on hold given the slowdown in demand.

Fifty five three storey townhouses were proposed to be built on Lot 3 Dp 101101094 at Rannoch Ave Maclean. This land is in part flooded up to 3.75m above ground level and a request to Council to rezone the land to allow medium density housing was put to Council. Council decided to go against the staff recommendation to refuse the proposal and supported the motion that the proposal proceed to the State Governments planning gateway for consideration. Council did not want to be seen as anti-development. Eventually the State Government refused the application and the developer is reconsidering the development of the site, which will add further costs and delays before any sites works are commenced. At this point in time the site remains vacant.

About two years ago Council rezoned some carpark land owned by Council, an agreement was made for the construction of a shop and car parking area with this sale. This sale took years to reach settlement, and over two years has elapsed and still no DA has been approved. The site remains a public carpark. The owners subsequently lodged an altered single storey building, which requires more parking area and the State Government to rezone more land, as Council have a vested interest in any rezoning proposal.

While at Grafton, the not for profit, Clarence Village Limited, has signed off on a \$3.7m tender for the construction of their new development known as Clarence Village Gardens. The development includes 16 two bedroom dwellings and five two bedroom plus study dwellings. The site is located on the fringe of Grafton off Queen St. This organization identified a need for mature residents who wished to downsize their residences to a more manageable smaller habitat in the local area, rather than leave the valley where they have lived for a majority of their lives. Construction of the dwellings has commenced.

On the 15th August 2015 Sub2014/0015, was approved by Council. This is a 46 lot residential subdivision over three stages. The land is at 56 Silverton Street, South Grafton. Dealing with waste

water from the proposed development was a key factor in deciding if the development would be approved. To meet Council's Water Sensitive Urban Design criteria and they agreed to a bio-retention pond on land that will become a Council reserve. Council will collect developer contributions totaling almost \$800,000 plus ongoing revenue from rates. In turn Council will have maintenance bill of \$41,000 over a 10-15 year period which could possibly blow out to \$82,000 if repairs are too difficult. According to a report by the applicant, the proposed system will reduce nitrogen levels by 2.6% and phosphorous levels by 1%.

Main features of the Market & Significant Value Changes

Residential & Villages

Changes since previous Valuation Year (2014)

Residential & Village land values overall have shown an increase of about 3.5%, with some areas having no changes, and other village lots seeing increases of between 5 – 10% movements. Grafton remaining static except for waterview/water frontage lots increasing slightly by 3-4%.

Coastal villages appear to be increasing in demand and selling prices, while inland villages are steady. The real estate market is operating at two speeds say local real estate agents. At the beginning of May 2015, First National Yamba advised the market was already moving and would gain momentum following the recent cut to interest rates. It's really taken off. You can tell by the number of multiple bids we're getting. Inspections rates are going through the roof. Investors are driving the boom, which has resulted in higher prices and an increase in rental returns. While Elders Real Estate in Grafton stated, interest rates had fallen without stimulating the market. He said that the good thing for potential home owners is the stagnant market has kept prices low and there is a lot of good buys, especially at the lower end of the market. But it is only a matter of time before the market picks up, given the proposed highway upgrade and second Grafton bridge crossing projects on the drawing board.

Grafton and South Grafton residential land values have remained steady. This is partly caused by a flow on effect of a loss of employment opportunities especially for the higher salaried workers and business owners, in this rural regional centre, over recent years and the current limited job market.

One subdivision in Grafton has been released, known as the Marion estate. The first stage of this subdivision has been sold at prices around \$145,000 to \$155,000. The selling agent advised that he has 13 names recorded who are interested in the next stage whenever it is released. Subsequently two other subdivisions have been released; one in the Westlawn part of Grafton, which has failed to attract interest partly because of the markets concern for the potential effects of electromagnetic radiation from the 330 kv electricity lines fronting the majority of the subdivision. While a well presented subdivision at Junction Hill has settled on 10 of the 28 available lots, for prices over \$145,000. There are another 39 lots still to be developed in the next stage, some have extensive westerly views towards the river and

mountains in the distance. Demand is showing signs of increasing, but building approvals for new homes are at low levels.

South Grafton residential land which is protected by the earth levee wall has remained steady over the last 12 months, which demonstrates that supply and demand determines market levels and improved services may not always translate into increased values.

A gradual loss of large businesses which employed a substantial number of workers in the valley has reduced demand for residential development in the short term and may result in a flow on effect to the commercial sections of the town.

Similarly the majority of the Maclean and Yamba markets have also remained steady, which is an improvement on prior years of falling prices. Yamba ocean view properties have finally taken off and this year increased up to 25%. But there are early signs that prices may increase in the near future. Three ocean view properties sold in excess of \$1 million dollars in Yamba during the prior financial year. Other properties are for sale with asking prices well over the million dollar mark, which is in line with other north coast ocean view blocks, but they so far have not attracted an agreed selling price.

Less than 10 vacant land sales were recorded in Yamba over the previous year. This is mainly attributed to the reduced demand. Subject to filling, there are about another 1100 vacant lots of residential land that will be developed in Yamba when market conditions are more favourable. Given the oversupplied market in the western section of Yamba a 5% increase was applied. This area is expected to increase substantially in the next year. This prediction is supported by the 10% to 20% movement in Iluka, Woombah and Wooloweyah localities

Only 17 sales were recorded in the Village of Lawrence this year and prices continue to be subdued resulting in no increase in value. The Orange Grove Estate was finished in 2012 and despite considerable marketing and provisional sales to speculative builders, no sales have been recorded. Only one vacant land sale was recorded in Lawrence during the period.

Component CYY embraces small villages within the Shire and this year contained a total of 15 sales. Analysis of these resulted in an increase of value levels by 10% across the board, this is a very consistent result. All villages have a very low value base and appeal to many first home buyers who are able to commute to Grafton. Waterfront sites and sites with views in Minnie Water, Ulmarra and Diggers Camp have again seen small increases after substantial reductions in 2012 & 2013 however it was decided to leave values in Sandon River at previous levels due to the lack of evidence and access problems.

Waterfront sites in Wooli have been increased by 10% this year following a small amount of sales at increased prices. This year many beach and riverfront properties remain on the market but 5 sales, including 1 vacant land sale, were analysed resulting in an increase in value of 10%. This, however did not extend to the riverside properties in the newer areas which were kept at last years level due to the lack of interest in non beach front sites.

Values in the large lot residential area of Glenreagh have been reduced considerably following a small reduction last year. Agents have been interviewed and agree the sales are below what they consider to be the market but the flow on effect from mortgagee in possession sales in the Sherwood Estate has further depressed the market for these sites.

Commercial

Changes since previous Valuation Year (2014)

Clarence Valley commercial market has had approximately 30 sales throughout the valuation year. These figure exclude non market & strata sales. Sales indicate values have remained unchanged through the district with only Iluka commercial showing 10% increases, due to interests in tourism & residential development.

Grafton commercial property continues to be affected by the general economic malaise common to all centres, with especial local effect following the loss of a number of major local enterprises in recent years (Grafton Goal, Telstra Call Centre, Abattoirs). Long term vacancies persist for small shops, offices and small workshop/service industry establishments. The major "brand" retailers, such as ALDI, Woolworths, Coles and Bunnings prosper with centralization of retailing, notwithstanding the advent and inroads of retail shopping. This trend is evident from the limited numbers of sales. A vacant commercial investment property in Spring St, opposite the McDonalds that sold for \$800,000 over a year ago, has since been developed as a BP petrol station with a Red Rooster outlet. A large office building in Grafton at the corner of Prince and Victoria Streets, formerly occupied in part by LPI, has been advertised nationally as an investment property, but so far has failed to attract a buyer for over 18 months. Also the former RTA riverfront office building in Victoria Street was offered for sale about 6 months ago and failed to attract a serious offer. Similarly a large ex ford dealer car ship site remains mainly vacant for over three years.

Commercial and retail land values remain static with low demand, especially for retail property although South Grafton appears to benefit from the steady growth in residential development and shoppers' disinclination to cross the inadequate River Bridge unnecessarily. This further weakens the appeal of the prime Prince St CBD as a retail centre.

The major significant development on commercial land in Grafton over 24 months ago was the construction of the multi-million development Library complex on the Pound St car park adjacent to the North Coast Railway, a project with little potential to lift retail or commercial activity.

With only one Yamba commercial sales the market has not moved over the prior 12 months. While in Maclean, the fringe commercial area, near the Council car park and Olympic swimming pool which sold for figures well above the former residential based values, because an IGA supermarket is planned to be built in this location, still remains vacant. This process to approve a supermarket site and supermarket design has now taken about three years, when the purchaser paid the Council the full purchase price for their car park.

The Maclean Riverside Precinct Plan which was adopted in 2012 intends to focus on the river, both recreationally and commercially, by revealing views of the river and building a marina. It aims to encourage appropriate use of public space, ensuring the land use is compatible with surrounding areas and addresses the river in an active manner, rather than currently being back of house facilities such as bins storage and air conditioning. It includes a long term aim to orientate buildings and structures towards the river to present a consolidated and medium to high density urban form to visitors arriving by boat. In time this may have a large impact on the commercial values of this town. But currently given the slow demand for commercial development there is no evidence of this plan have any effect on the current commercial valuations in this locality. The only recent community impact has been a major campaign to restrain Council from cutting down some camphor laurel trees in the park adjacent to the Clarence River. Council proposes to upgrade this riverfront park with the funds received from the sale of part of their carpark, but unfortunately the quotes to remove the trees exceeded Council's estimated budget.

Industrial

Changes since previous Valuation Year (2014)

Industrial sales have been very minimal with only 14 sales throughout the year. Similar to commercial market the sales indicate a stable market with no changes in land values. The main interest has been in South Grafton, with only 1 sale seen in Yamba, Iluka, Townsend & Trenayr.

Even though the major upgrade of the Pacific Highway has commenced and will continue for the next five years, this has not translated to an increased demand for industrial properties in Maclean, Yamba, Iluka or Grafton.

The demand for industrial land has been low for another year. In prior years, prices for industrial properties at Yamba increased dramatically. Some of this land has been developed as a quasi-commercial influence. But in the last year a relatively new isolated Industrial estate on the fringe of Yamba has not sold any lots, indicating a lack of demand for industrial land with low to nil passing traffic visibility,

The value of industrial land on the fringe of South Grafton has remained steady. This partly reflects the flow on effect of a loss of employment opportunities in this rural regional centre over recent years, combined with the GFC and tighter bank lending rules.

Rural

Changes since previous Valuation Year (2014)

Rural holdings overall a little similar to residential showing 3% increases in land values. Smaller homesite & hobbyfarms showing 5% increases. With some rural homesites south of Coutts Crossing showing up to 20% increases. Grazing properties showing no change – 5% throughout the district, similar to movement of homesites/hobbyfarms.

Sales volume is similar to last year with approximately 135 rural homesite sales being analysed during the programme. The more remote sites and Environmental management sites have not continued to sell with only three sales being recorded and no increase in value evident. Coutts Crossing area has not progressed as quickly as anticipated and many lots which were created after the zoning change two years ago remain unsold. Prices have remained steady following the analysis of the six sales in the code.

Sales in the horticultural areas north of Glenreagh are increasing rapidly but only for cleared sites which can be planted to small crops such as blueberries. Prices here are much lower than in the Coffs Harbour area where established farms and cooperatives provide product to an established market, particularly overseas, where seasons are reversed. The Glenreagh area is within commuting distance of these markets and, as anticipated, prices have increased as demand builds and supply dwindles. Values have been increased by 20% for these sites but timbered sites and those in the Coutts Crossing area are unaffected and have been kept at last year's level. Agents have been interviewed and one says "they are very hard working and are making a fortune. They just want land and don't mind what they pay". Purchasers are reticent about giving information. This code will be watched closely during the 2015/16 year and it may be necessary to create new codes.

Sales in the coastal areas of Gulmarrad, Ashby, Lawrence and Woombah are showing signs of increased demand in recent months. There appears to be sellers who have had their properties for sale for a long time and take the first offer, which reflects the existing land values and some sellers who are hold out for top dollar and achieve about 10% above the former selling prices. Therefore it is anticipated that in the next 12 months as the excess supply is absorbed, value levels may rise by 10 to 15% if demand continues.

Grazing - All grazing codes remain unchanged or have been increased by 5% this year. Only approx 30 genuine sales of grazing land were recorded amongst approximately 1100 properties. This is similar to last year but does not indicate a strong market. Once again, agents advise sales are extremely difficult to achieve but interviews with agents and border conferences with Tamworth and Coffs Harbour contractors indicate the market is holding. Cattle prices are increasing on last report but this is yet to result in increased values. Big plantation investors are once again absent and the added value of hardwood plantations now seems to be a thing of the past and their existence a liability. Tasmania Plantations p/l are now in liquidation and the managing company is attempting to sell many of their

properties. These sales are hampered by the existence of the plantations themselves as investors seek to return the land to grazing. Two recent sales indicate these properties have fallen in value by at least 50%, however, this may be the result of inflated purchase prices.

Flood plain grazing and cane land has remained stable over the last 12 months. Major floods in 2009, May 2011, January 2012, and two in early 2013 have resulted in difficult growing seasons for sugar cane especially on the lower elevated properties. Given this recent history of floods it is very difficult to attract young people into this industry, high outlays to get established combined with high risks are not attractive incentives to repay a loan. Current world sugar prices are falling and are close to the costs of production, making it very difficult to convince a potential cashed up buyer to enter the industry. Lower Clarence rural values are currently static.

An 805 ha farm close to Brooms Head beach sold for \$3.45m. It was formerly part of a sugar cane farm and more recently a Braham cattle stud which has been operating in this location for over 40 years. The vendor has relocated his stud business to the Casino locality and sold off part of his farm to an overseas operator. The farm was well advertised by LJ Hooker. The farm was recently subdivided into nine 40 ha lots and a large residue lots with the sale showing approximately \$3,500/ha and shows a factor just over 1.

General Comments on Sales Activity

To ensure that the best evidence is available to support the recommended land values several recent vacant land sales and an industrial sale in Grafton, which occurred after LPI's provisional report have been analysed and reflected in final values. Minor additional handcrafting was conducted in parts of Yamba, Woombah and Grafton.

Sales activity has increased in the past twelve months. The number of sales in the 2013/2014 period was approximately 1460, whereas sales for 2014/2015 period have increased by about 10% to 1602. Vacant land sales activity showing the biggest activity from 2013/2014 – 108 sales to 2014/2015 – 164 sales showing 50% increase.

Local real estate agents all report that the vendors who are prepared to meet the market are selling their properties, especially those properties at the lower end of the market.

There has been an increased number of vacant land across the board matched with increased construction of new homes, especially in Grafton and Junction Hill.

Four ocean view properties were sold for over one million dollars in Yamba during the last 12 months. But the market is definitely not over heated as is confirmed on the 26th September 2015 a vacant ocean view lot at Angourie failed to sell at auction. The asking price is now \$1,050,000, it previously sold for \$1,500,000 in 2010.

With interest rates at all-time lows, the cattle prices at all time highs, an increased demand especially along the coast, the commencement of the major upgrade of the Pacific Highway and the proposed construction of a second bridge over the Clarence River at Grafton; all point to a stronger market for 2015/2016 year

Sales totals

Shire Wide		
	1/7/13 to 1/7/14	1/7/14 to 1/7/15
Residential Vacant Land	108	164
Residential Cottages & Units	867	960
Business Use	39	55
Rural	386	373
Industrial	25	16
Other Uses	35	34
Total Sales	1460	1602
<i>All above figures includes all sales ie. Non Market Sales & Strata Sales</i>	131	179

This indicates increase of approximately 10% in sales volumes.

Please note since 1/7/2015 we have had another 195 sales on our system.

Overview of the Quality Assurance Process

LPI has been provided with a detailed Valuation Analysis Report, which details the Quality Assurance Process of Southern Cross Valuation Services and outlines that the Verification process and certifies that Land Values meet all Statistical Measures and Component Data Analysis. In addition, a Quality Statement and lists of high value and high risk properties is also provided in the Valuation Analysis Report. Checks have been undertaken to ensure that all properties have been valued, land values are consistent with each other, land value basis' have been correctly determined and all concessions and allowances have been supplied. Additionally, properties that had land values amended through the objection or ascertainment process were individually examined to reconcile surrounding land values and ensure accuracy of the grading of surrounding land values. Benchmarks and Reference Benchmarks are core elements of the quality assurance processes and are identified and individually valued in accordance with the Rating and Taxing Procedures Manual Version 6.6.2. Worksheets have been maintained on all properties where calculations are required. We have also ensured that adjustments and assumptions within the market analysis have been based on market evidence and have been fully documented and rationalised.

REPORT

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SOUTHERN CROSS VALUATION SERVICES

29/10/2014



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