

Final Report



Back Creek Road - Kingsvale, Harden District

2015 Base Date

Harden LGA

Contract No. 347727

Final Report 2015

Under Rating & Taxing Procedure Manual 6.6.2

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1.0 Executive Summary

1.1 LGA Overview

Harden Local Government Area

Harden is situated approximately 330 km south west of Sydney and 130 km northwest of Canberra on the south west slopes of New South Wales. The Shire occupies an area of approximately 1,861 square kilometres and a total population of approximately 3,584.

The topography of the Harden Shire varies between steeply sloping fine wool grazing country and sloping scrub country on the eastern portion of the Shire, before levelling out to become more open grazing and cropping country heading west through the Shire. The Town of Harden is at an elevation of 431 metres above sea level.

The Bureau of Meteorology (BoM) describes the climatic conditions within the Shire as typically featuring temperature ranges between 12 and 28 degrees Celsius and in normal seasons an annual average rain fall of 609mm. These rain fall averages have been less in recent times due to drought conditions.

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

2,550 properties were valued at the Base Date of 1 July 2015, and valuations are reflective of the property market at that time. Previous Notices of Valuation were issued to owners for the Base Date of 1 July 2014.

Overall the total land value for Harden LGA has risen slightly with a slight to moderate increase in residential values and a slight increase in village, commercial and rural values. The industrial, infrastructure and recreation sectors have remained steady.

Valuation changes in the Harden Local Government Area and percentage changes between the Prior Annual Valuation of 1 July 2014 and the Land Tax Valuation year of 1 July 2015 are as follows:

| Zone | Zone Code | No. of Entries | 2015 Total Land Value | Prior Annual Valuation (2014) | % Change |
|----------------|-----------|----------------|-----------------------|-------------------------------|-----------|
| Residential | R1, R5 | 1009 | 35,051,762 | 32,268,742 | 9% |
| Village | RU5 | 199 | 6,036,610 | 5,769,350 | 5% |
| Rural | RU1, RU4 | 1132 | 530,669,761 | 521,608,996 | 2% |
| Commercial | B4 | 140 | 3,085,300 | 2,938,810 | 5% |
| Industrial | IN1, IN2 | 52 | 1,781,150 | 1,781,150 | 0% |
| Infrastructure | SP2 | 2 | 25,000 | 25,000 | 0% |
| Recreation | RE1, RE2 | 16 | 1,716,050 | 1,716,250 | 0% |
| Total | | 2,550 | 578,365,633 | 566,108,298 | 2% |

1.2 State & Local Government Legislation for LGA

The Harden Shire currently operates under Harden Local Environmental Plan 2011 gazetted on 18 February 2011. The plan is based on the standardised Local Environmental Plan prescribed by the New South Wales Legislation.

1.3 Market Overview and Sales of Particular Interest

Opteon (Central West NSW) have undertaken significant analysis of the Harden LGA property market to provide an accurate and reliable basis of valuation. 112 market sales have been analysed to enable the establishment and verification of land values as at 1 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. Opteon (Central West NSW) undertakes this process using the Paired Sales Approach and the Replacement Cost Approach.

In analysing sales before or after 1 July it may be necessary to adjust the contract price in terms of market movement. In the Harden Local Government Area this year sales and resales of properties indicated little variance in values has occurred throughout the year. Rental and commercial rental Analysis and feasibility studies that were carried out also reflected this.

A more detailed review of the market is articulated later in the report.

1.4 Significant issues and developments

Development of a 130 turbine Wind farm in the Coppabella area appears to have stalled with a request from the Department of Planning and Infrastructure that the developers undertake further consultation.

1.5 Significant Value Changes

Summary of Valuation Changes to Residential Land

Changes since previous valuation year (2014)

The residential market in the twin towns (Harden/Murumburrah) has decreased slightly in activity with approximately 46 open market transactions recorded in the twelve months since 1 July 2014, compared to 49 sales the previous twelve months. Vacant land stocks are still available with 8 vacant land sales occurring in the twelve months since July 2014.

Most areas throughout the twin towns have strengthened in value apart from west of Iris Street, north of the railway and larger allotments which remained unchanged.

Residential (RU5) values in the villages of Galong and Wombat have strengthened as have the large lot residential (R5) values in the villages of Galong, Jugiong and Wombat.

Summary of Valuation Changes to Rural Land

Changes since previous valuation year (2014)

In the twelve months since July 2014 there were only 8 completed open market transactions of rural properties larger than 100ha.

Prices reflected a steady market across the Shire apart from a firming of values for mixed farming land in the Jugiong/Bookham locality.

There have been 25 sales of hobby farms for the twelve months since 1 July 2014 (an increase of 11 sales over the previous twelve months) with rises in values of hobby farms near Harden/Murrumburrah and in the north west of the shire occurring during this period.

The medium size hobby farms to the north and west of the shire had experienced a softening of values the previous year.

Summary of Valuation Changes to Commercial Land

Changes since previous valuation year (2014)

The Commercial and Business Sector of the market is very quiet and tightly held with many premises being owner occupied. This is typical of commercial markets in these types of smaller, rural localities.

There have been just 4 recorded sales of commercial use properties in Harden/Murrumburrah in the twelve months since July 2014 with analysis indicating a slight rise in values.

Rental levels are relatively low, with many premises containing owner occupiers. Commercial rents of between \$100 - \$250/week gross encompass the majority of tenancies within the precinct.

Summary of Valuation Changes to Industrial Land

Changes since previous valuation year (2014)

The industrial sector is quite small comprising just 52 properties spread across three different precincts over the twin towns.

There has been just one sale of an industrial property during the twelve months since 1 July 2014. Analysis of this sale supports current values.

2.0 Disclaimer – Purpose of this Report

The purpose of this report is to describe the process and considerations for the 1 July 2015 Valuation of Harden 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.

3.0 LGA Overview

3.1 Location of the District

Harden is situated approximately 330kms south west of Sydney and 130kms northwest of Canberra on the south west slopes of New South Wales. The Shire occupies an area of approximately 1,861 square kilometres and a total population of approximately 3,584.

The topography of the Harden Shire varies between steeply sloping fine wool grazing country and sloping scrub country on the southern and south eastern portion of the Shire, before levelling out to become more open grazing and cropping country heading north and west through the Shire. The Town of Harden is at an elevation of 431 metres above sea level.

The Bureau of Meteorology (BoM) describes the climatic conditions within the Shire as typically featuring temperature ranges between 12 and 28 degrees Celsius and in normal seasons an annual average rain fall of 609mm. These rain fall averages have been less in recent times due to drought conditions.

3.2 Principal Towns and Villages

Harden / Murrumburrah

The main residential locations within the Shire are the twin towns of Harden/Murrumburrah, Council records show that the area was first settled in 1848. Today, according to the Australian Bureau of Statistics the twin towns have a population of 1,925. Whilst the two towns adjoin each other Harden is considered to be the stronger town with the services for both towns being mainly located in the Harden main street.

Villages

The population for the remainder of the Shire is 1,659 and incorporates the four main villages of:

- Wombat
- Jugiong
- Kingsvale
- Galong

Individual population details are not available for relatively small villages.

3.3 Main Industries

The main industry in the Harden Shire is agriculture and according to the latest census data employs approximately 20.6% of the local population over the age of 15. Agricultural enterprises mainly comprise fine wool and lamb production, cropping and horticulture particularly the growing of cherries in the north west of the Shire.

The main employers within the Shire are the Hospital and local schools.

3.4 Significant Retail Centres

Most of the commercial activity takes place in the main street of Harden with the basic services being provided by banks (CBA, Bendigo Bank and NAB), Foodworks and IGA supermarkets, other services include Accountant, Solicitors, Pharmacy, Hardware and Rural supply stores, Post Office, newsagent's, hairdressers, butcher, video store, clothes stores and a number of Licensed Premises.

3.5 Type of Residential Development

The principal type of development in Harden is detached single dwellings. There are a small number of units and semi-detached dwellings which according to the latest census data amount to approximately 46 residences.

Discussions with Harden Shire Council indicate that there is limited amount of interest for new dwellings and developments. This generally is due to the lack of demand for housing in the Shire, which stems from a general lack of employment opportunities and limited suitably zoned land to develop.

4.0 State and Local Government Legislation for LGA

The Harden Shire currently operates under Harden Local Environmental Plan 2011 gazetted on 18 February 2011. The plan is based on the standardised Local Environmental Plan prescribed by the New South Wales Legislation.

Harden Local Environmental Plan 2011 (Amendment No 2) was been gazetted since the previous valuation, notably on 3 October 2014. This amendment relates to the identification of heritage items throughout the Harden Shire and the extension of the Flood Planning Map. The revaluation of affected properties has been undertaken.

The various zones throughout the Shire of Harden are subject to minimum lot sizes.

These include:

| Zone | Minimum allotment size |
|-----------------------|-----------------------------------------------------------------------------------|
| Residential / Village | Council Consent required (R1 and RU5) 6000 m ² , 1 ha and 2 ha (R5) |
| Rural | 2 ha and 15 ha (RU4) 40 ha (RU1) |
| Business | Council Consent required |
| Industrial | Council Consent required |

5.0 Market Overview and Sales of Particular Interest

5.1 Residential

The residential market in the twin towns has decreased slightly in activity with approximately 46 open market transactions recorded in the twelve months since 1 July 2014, compared to 49 sales the previous twelve months.

Highest sale price recorded was \$320,000 for a federation brick dwelling in Albury Street, Harden with 8 sales in excess of \$200,000.

Most areas throughout the twin towns have strengthened in value apart from west of Iris Street, north of the railway and larger allotments which have remained unchanged.

Vacant land stocks are still available with 8 vacant land sales occurring in the twelve months since July 2014.

Sales of vacant allotments ranged from \$15,000 for a 1018 sqm allotment in Iris Street to \$117,000 for a 2.228 ha allotment in Doolan Road. Typical 700 sqm allotments in normal locations sold from \$22,000 to \$25,000. Other prices varied according to size, slope and location.

5.2 Villages

Residential values in the villages of Galong and Wombat have strengthened as have the large lot residential values in the villages of Galong, Jugiong and Wombat.

A sale of a 1113 m² vacant allotment for \$10,000 in the hamlet of Kingsvale provided sale evidence in this locality for the first time since 2006. Having regard to this sale as well as sales activity and values in surrounding villages land values for smaller allotments have been lifted.

5.3 Commercial

The Commercial and Business Sector of the market is very quiet and tightly held with many premises being owner occupied. There have been just 4 recorded sales of commercial use properties in Harden/Murrumburrah in the twelve months since July 2014 with analysis indicating a slight rise in values.

Examples of this activity include the sale of a 505.9 sqm allotment improved with a 1930's single storey brick office building for \$75,000.

Commercial rents in the towns generally range from \$100 - \$250/week gross.

5.4 Industrial

The industrial sector is quite small comprising just 52 properties spread across three different precincts over the twin towns.

There has been just one sale of a 9251 m² industrial property improved with a colourbond shed for a consideration of \$150,000 which supported current values.

5.5 Rural locations within the LGA

The more northern and central parts of Harden Shire comprise well regarded mixed farming country while southern areas towards the Hume Highway are more suited to grazing.

In the twelve months to July 2014 there were only 8 completed open market transactions of properties larger than 100ha.

Prices reflected a steady market across the Shire apart from a firming of values for mixed farming land in the Jugiong/Bookham locality.

Analysed Land Value rates ranged from \$2,263/ha for 138 ha of Binalong type landscapes suitable for grazing and rotational cropping 3.6 km south of the village of Galong to \$4,760 for 109 ha of Young type landscapes of 100% cleared cultivation country suited to mixed farming and horticulture 2.5 km west of Kingsvale.

There have been 25 sales of hobby farms for the twelve months since 1 July 2014 (an increase of 11 sales over the previous twelve months) with rises in values of hobby farms near Harden/Murrumburrah and in the north west of the shire occurring during this period.

Sales reflecting this demand included \$155,000 for a 9.931 ha vacant hobby farm approximately 10.5 km north of Kingsvale village and \$128,000 for a 7.696 ha vacant hobby farm approximately 1.7 km south west of Murrumburrah town centre.

6.0 Significant Issues and Developments

6.1 Significant developments – from prior to current annual valuation

Significant new developments and updates to current developments include the following:

- Harden and Cootamundra Councils have been deemed fit for amalgamation.
- GHD Pty Ltd (GHD) has been engaged by Harden Shire Council to undertake a comprehensive review of its current environmental planning instruments with a view to justify any potential rezoning required to facilitate sustainable development within the LGA.
- Development of a 130 turbine Wind farm in the Coppabella area appears to have stalled with a request from the Department of Planning and Infrastructure that the developers undertake further consultation.
- Pepe's Ducks is currently building 27 sheds near the town of Harden to house over 200,000 ducks which will be transported back to the company's Windsor base for processing.
- 13 lot residential subdivision on the northern edge of town, adjoining existing residential development, having obtained necessary approvals, is still awaiting development to begin.
- The Harden streetscape project has continued with furniture fitout commenced.
- There are currently no other major public works programmes underway or planned for the near future.
- There is no registered interest from any major employer looking to relocate to Harden.
- There are no significant subdivisions taking place within the Shire.

7.0 Significant value changes

7.1 Significant value changes – from prior to current annual valuation

Since the Prior Annual Valuation (July 2014), most values have remained steady with the exception of areas noted below:

- Town blocks in the established central area of Harden and the newer area in south east Harden have risen by 10%.
- Large lot residential (R5) on the north and south fringes of Harden have risen by 15%.
- Mixed use areas and fringe areas in Harden township have risen by 5%.
- Large lot residential (R5) in Galong, Jugiong and Wombat have risen by 5% to 10%.
- Village residential (RU5) in Galong and Wombat have also risen by 5% to 10%.
- Smaller hobby farms around Harden have risen by 5%.
- Medium sized hobby farms to the north and west of Harden have risen by 5% to 10%
- Mixed farming land in the Jugiong/Bookham locality has increased by 10%.

8.0 Overview of the Quality Assurance Process

LPI has been provided with a detailed valuation analysis report, which details the quality assurance process of Goulburn Valuation District Contractor 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 bases have been correctly determined and all concessions and allowances have been supplied. Additionally, properties that had land values amended through the objection or re 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 6.2.2. 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.

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