

Final Report



Narromine Aviation Museum, Narromine

2015 Base Date

Narromine LGA

Contract No. 1415045-3

Final Report 2015

Under Rating & Taxing Procedure Manual 6.6.2

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1.0 Executive Summary

1.1 LGA Overview

Narromine Local Government Area

The Narromine Shire Council area is located in the Orana region in central northern of New South Wales, located approximately 40 kilometres to the west of the Dubbo central business district. Narromine Shire Council comprises a land area of approximately 5,264 square kilometres that predominantly includes agricultural land. The Local Government Area (LGA) is adjoined by six other LGAs – Dubbo to the east, Lachlan to the west, Parkes and Cabonne to the south and Warren and Gilgandra to the north.

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

The Narromine Council local government area comprises residential, rural, commercial, industrial, infrastructure, environmental and public recreation zones.

3,479 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 issued to owners for the base date of 1 July 2014.

The Narromine LGA property market has remained steady in the business, special purpose, public and private recreation and recreational waterways markets. There has been a slight rise in the residential market, a moderate rise in the rural market whilst the environmental management and industrial markets have shown substantial rises.

The Narromine LGA is a rural locality known for its flower farms and irrigation enterprises. The Narromine township has a rich aviation history and, having some the world's best thermals, it provides excellent gliding conditions.

Valuation changes in the Local Government Area and percentage changes between the Council Valuation year of 1 July 2013 and Annual Valuation year of 1 July 2014 to the Annual Valuation year of 1 July 2015 are as follows:

Zone	Zone Code	No. of Entries	2015 Total Land Value	Prior Annual Valuation (2014)	% Change	Prior Local Government Valuation (2013)	% Change
Residential	R1, R5, RU5	2,117	\$112,671,230	\$102,604,000	9.81%	\$99,507,570	13.23%
Rural	RU1	1,120	\$557,118,320	\$490,320,900	13.62%	\$474,782,880	17.34%
Business	B2	141	\$3,341,000	\$3,341,000	0.00%	\$3,336,380	0.14%
Industrial	IN1	46	\$4,065,100	\$2,521,000	61.25%	\$2,521,500	61.22%
Special Purpose	SP2	19	\$1,928,650	\$1,928,650	0.00%	\$1,928,650	0.00%
Environmental	E3	18	\$1,813,400	\$1,450,000	25.06%	\$1,450,000	25.06%
Recreational	RE1, RE2	16	\$914,500	\$914,500	0.00%	\$915,800	-0.14%
Waterways	W2	2	\$38,000	\$38,000	0.00%	\$38,000	0.00%
Total		3,479	\$681,890,200	\$603,118,050	13.06%	\$584,480,780	16.67%

1.2 State & Local Government Legislation for LGA

The Narromine local government area is governed by the Narromine Local Environmental Plan 2011 (LEP). The plan is based on the standardised Local Environmental Plan prescribed by the New South Wales legislation.

The Narromine Local Environmental Plan 2011 was published on the legislation website 9 December 2011. Since the previous valuation base date, Amendment No's 1 to 4 have been published on the legislation website. Additionally, the plan has been modified by Standard Instrument (Local Environmental Plans) Amendment Order 2014 and Statute Law (Miscellaneous Provisions) Act 2015.

1.3 Market Overview and Sales of Particular Interest

Opteon (Western NSW) Pty Ltd as LPI Contractor has undertaken significant analysis of the Narromine district property market to provide an accurate and reliable basis of valuation.

Ninety eight 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 assessment of land values. Opteon undertakes this process using the paired sales approach and the replacement cost approach. In analysing sales before or after 1 July it is necessary to adjust the contract price in terms of market movement.

In the Narromine LGA this year, sales and resales of properties indicated significant increases in land values within the Narromine industrial area and a modest increase in land values for Environmental Management lands, Trangie Large Lot Residential lands and Hobby Farms up to 200 hectares north of Narromine. Slight to modest increases in land values have occurred in most residential areas of Narromine and for rural properties above 200 hectares north of Narromine. Rural property land values elsewhere remained stable, as did the Narromine and Trangie Business zoned lands and the village of Tomingley.

1.4 Significant Issues and Developments

There have not been any significant developments or applications for developments outside of those that are permissible under the current zoning and therefore no special consideration is required.

1.5 Significant Value Changes

Summary of Valuation Changes to Residential Land

Changes since previous valuation year (2014)

Total residential transactions within the Narromine & Trangie residential areas appears to be steady with 103 sales recorded for the year to 1 July 2015 compared to 100 sales recorded for the previous period.

The growth in residential land values that was reported to have commenced by the previous contractor in 2014 is shown to have accelerated through 2015. 57 sales were analysed to substantiate an overall increase of 10.5% in land values since 1 July 2014. This increase may be separated to show that over the past twelve months, Narromine residential land values increased by \$8,838,570 or 11% compared to the increase in Trangie residential land values of \$356,640 or 5% over the previous total. The increase in Narromine is most pronounced in the residential area south of the railway line where values increased overall by \$4,715,100 or 14.9%.

Summary of Valuation Changes to Rural Land

Changes since previous valuation year (2014)

Rural market activity declined slightly over the year to 1 July 2015 with 38 sales recorded compared to the 46 sales reported to have occurred in the year ended 1 July 2014.

Analysis of the 24 sales considered to be indicators of the market show that total rural land values have experienced an increase of \$66,797,420 or 13.6% over the past 12 months. The rural sectors responsible for this increase have been the 226 hobby farms up to 200 hectares north of Narromine with an overall increase of \$9,159,170 or 34%; the 342 rural properties north of Narromine with an overall increase of \$47,563,860 or 19.6%; and the 289 rural properties south of Narromine with an overall increase of \$9,223,690 or 5%. The remaining rural areas remained stable around 2014 land value levels.

Summary of Valuation Changes to Commercial Land

Changes since previous valuation year (2014)

The Narromine LGA commercial property market consists of 141 properties in total, being the Narromine local centre with 104 properties and Trangie local centre with 37 properties.

Total land values remained unchanged in 2015 from the values that were determined at base date 2014 in both centres. Eight sales in Narromine and one sale in Trangie were analysed to determine support for current levels. Both centres are also considered to have more commercial developments than demand requires.

Summary of Valuation Changes to Industrial Land

Changes since previous valuation year (2014)

The industrial sector within the Narromine LGA consists of a total of 46 properties. This total is comprised of the Narromine industrial area with 39 properties and the Trangie industrial area with 7 properties.

Analysis of the two sales recorded in the Narromine Industrial Area over the 12 months to 1 July 2015 showed that the basis for all land values had increased substantially over the levels that had remained fixed for 9 years from 2005 to 2014. Both sales were of vacant land that justified lifting values overall by \$1,544,100 or 66%.

Trangie industrial area had no sales over the same period and values remained at the level established in 2014.

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 Narromine 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

The Narromine Local Government Area (LGA) is located in the Orana region in central northern New South Wales, approximately 40 kilometres to the west of the city of Dubbo. The Narromine LGA comprises a land area of approximately 5,264 square kilometres that predominantly includes agricultural land. The Narromine LGA is adjoined by six other LGAs – Dubbo to the east, Lachlan to the west, Parkes and Cabonne to the south and Warren and Gilgandra to the north. Narromine Shire Council has a population of approximately 6,870.

3.2 Principal Towns and Villages

Narromine

Narromine is the principal town in the Narromine Shire with a population of approximately 3,500. It is located on the Mitchell Highway on the southern side of the Macquarie River.

Villages

The remainder of the Shire consists of approximately 3,370 people spread between:

- Trangie: 35 km to the west (approximate population of 800)
- Tomingley: 35 km to the south (approximate population of 50)

The remaining population of approximately 2,530 people live in the surrounding rural areas.

3.3 Main Industries

The Narromine Shire's major industries are predominately agricultural including cotton, grain crops, livestock, wool and citrus farming. Grain Corp, Agrigrain and the Department of Primary Industry's "Trangie Agricultural Research Centre" also have a significant business presence within the Narromine Shire.

The Australian Bureau of Statistics 2011 Census indicated that the main employment industries were: 25.3% in agriculture, forest and fishing; 11% in healthcare and social services; 9.2% in the retail trade; 8.7% in education and training; and 5.9% in transport, postal and warehousing.

3.4 Significant Retail Centres

Whilst Narromine has no major shopping centres, large national outlets are located within the traditional style strip retail "main street" including Coles, Liquorland, a Ford Car Dealership and Tyreright along with a variety of other specialty, retail and fashion outlets.

Trangie similarly has no major shopping centres nor major retailers or commercial branches.

3.5 Type of Residential Development

The majority of residential properties in the Narromine LGA are single storey detached residential dwellings located in Narromine, the two villages and on both hobby and larger farms.

Approximately 95.75% of the population of Narromine live in a separate dwelling house; similarly 94.8% of the population of Trangie live in a separate dwelling house.

4.0 State and Local Government Legislation for LGA

The Narromine local government area is governed by the Narromine Local Environmental Plan 2011 (LEP). The plan is based on the standardised Local Environmental Plan prescribed by the New South Wales legislation.

The Narromine Local Environmental Plan 2011 was published on the legislation website 9 December 2011. Since the previous valuation base date, Amendment No’s 1 to 4 have been published on the legislation website. Additionally, the plan has been modified by Standard Instrument (Local Environmental Plans) Amendment Order 2014 and Statute Law (Miscellaneous Provisions) Act 2015. Brief details of the purpose of the amendments and orders and as follows:

- Amendment No.1 – listed on legislation website 15 Aug 2014; relates to a change of planning for a property known as “The Pines”, being part Lot 51 DP233201, Tomingley Road, Narromine.
- Amendment No.2 – listed on legislation website 6 Feb 2015; relates to a change of planning for a property known as Lot 5122 DP1083390, Mitchell Highway, Narromine.
- Amendment No.3 – listed on legislation website 1 May 2015; relates to the addition of Clause 4.2D where the objective of the clause was to provide flexibility in the application of lot size standards for subdivision for the purpose of intensive plant agriculture and to encourage sustainable intensive plant agriculture. This clause applies to lands in Zone RU1 Primary Production and in Zone R5 Large Lot Residential
- Amendment No.4 – listed on legislation website 11 July 2015; relates to the addition of Clause 4.2E where the objective of the clause was to facilitate boundary adjustments between lots where one or more resultant lots do not meet the minimum lot size but the objective of the relevant zone can be achieved. This clause applies to lands in Zone RU1 Primary Production, Zone RU3 Forestry, Zone E2 Environmental Conservation and in Zone E3 Environmental Management.

Narromine LEP 2011 is supported by the Narromine Development Control Plan 2011. This DCP has an appendix being the Narromine Flood Policy; and also refers to the Narromine Agricultural Lands Strategy. No amendments have been made to these documents over the reporting period.

Narromine Shire Council has development controls included within the LEP as Lot Size Maps which affects the subdivision and erection of dwellings and subsequently land values. Minimum lot sizes for the major land uses within the LGA are summarised in the table below:

Zone	Minimum allotment size
Residential - Narromine	450 m ² serviced town lots zoned R1; 1400 m ² Skypark Estate zoned R1 3.5 ha and some 5 ha for R5 zoned land
- Trangie	450 m ² for urban lots; 3.5 ha for identified fringe lots
Commercial	Council consent required
Industrial	Council consent required
Village (Tomingley)	450 m ² for village lots zoned RU5
Rural	400 ha for RU1 zoned land; 80 ha for

5.0 Market Overview and Sales of Particular Interest

5.1 Residential

The majority of residential development is located in and around the townships of Narromine and Trangie. Narromine is a town that provides a range of facilities including a reticulated town water supply, reticulated sewerage, reticulated natural gas and telecommunication services. Narromine also has government services including an integrated site with high school and primary school, emergency services including Police, Fire Brigade, Rural Fire Services, Ambulance and Hospital. Additional community based facilities available within the LGA include various denominational churches, child care centres, aged care facilities, sporting clubs, recreational playing fields, parks and reserves, a public swimming pool, tennis courts and an 18-hole golf course. Trangie is a smaller town that similarly provides a range of facilities including a reticulated town water supply, reticulated sewerage and telecommunication services. Government services are limited to a primary school, emergency services including Police, Fire Station, Rural Fire Services, Ambulance and Hospital that provides multi-purpose health services. Additional community based facilities available within the LGA include various denominational churches, child care centres, Trangie United Service Club, recreational playing fields, parks and reserves and a public swimming pool.

The volume of residential property sales across the LGA remained stable with 103 sales reported for the year to 1 July 2015 compared to the 100 sales for the previous year. This level of activity indicates that there is a steady and consistent low level of demand that is weighted Narromine 85 sales, Trangie 18 sales.

In Narromine, the growth in residential land values that was reported to be evident in 2014 is shown to have accelerated through 2015. 42 sales were analysed to substantiate an increase of 11% in land values since 1 July 2014. The main residential component south of the railway line having 629 properties increased by 15%; the 256 properties within the Council subdivision carries a 10% increase; the 85 properties within the public housing estate carried a 20% increase; the 45 lots in the Macquarie River estate carried a 10% increase and the 37 lot Skypark estate carried a 15% increase. All other residential components had an increase of 5%. The value levels adopted are supported by both vacant land and improved property analysis examples of which are:-

- 15 Mingelo Street, Narromine – vacant land – 1126 m² – May 2015 - \$48,000
- 108 Garden Ave, Narromine – vacant land – 1528 m² - October 2014 - \$85,000
- 108 Kurrajong Pde, Narromine – vacant land – 2138 m² August 2014 - \$87,000
- 39 Bowden Fletcher Dve, Narromine – vacant land – 1742 m² – July 2014 - \$110,000
- Lots 57 & 58 Nellie Vale Rd, Narromine – vacant land – 9.46 ha – May 2015 - \$231,000
- 4 Bowden Fletcher Dve, Narromine – residential dwelling – 2400 m² – November 2014 - \$500,000
- 18 Temoin Street, Narromine – residential dwelling with granny flat – 1014 m² April 2015 - \$280,000
- 36 Algalah St, Narromine – residential dwelling – 1014 m² – October 2014 - \$100,000

In Trangie, residential land values were increased by 5% overall with the value levels adopted supported by the analysis of vacant land and improved sales such as the examples below:-

- 19 Harris St, Trangie – vacant land – 809 m² – June 2015 - \$19,500
- 50 Belgrove St, Trangie – vacant land – 1.416 ha – December 2014 - \$65,000
- 20 Mullah St, Trangie – residential dwelling – 1011 m² – March 2015 - \$85,000

15 John St, Trangie – residential dwelling – 926 m² – January 2015 - \$160,000

30 Weemabah St, Trangie – residential dwelling – 2023 m² – February 2015 - \$270,000

5.2 Villages

The one village area located within the Narromine LGA is the Village of Tomingley, a hamlet that sits astride the Newell Highway and adjacent to the Alkane Tomingley Gold Mine. Three sales only were recorded in Tomingley for the 12 months ended 1 July 2015 - one residential property at 3 Myall Street, Tomingley in March 2015 for \$145,000; one commercial property which was a service station in Myall Street, Tomingley in March 2015 for \$725,000; and an industrial workshop in May 2015 for \$5,000 which was not a market indicator.

In the absence of any substantial sales evidence, the land values remained unchanged from the levels established in both 2013 and 2014.

5.3 Commercial

The Narromine LGA commercial property market consists of 141 properties in total, being the Narromine local centre with 104 properties and Trangie local centre with 37 properties.

Narromine commercial lands are principally located in the main strip shopping centre of Dandaloo Street and a section opposite the railway line in Burraway Street. Values were determined on the basis of 2 analysed sales with contract dates within the year to 1 July 2015, supported by the review of 4 sales that occurred in the first six months of 2014. The evidence provided by these sales supported the land values established in both 2013 and 2014 and no movement could be supported in 2015. Sales recorded and analysed in Narromine for the current period were both B2 zoned residential dwellings at 2 Dandaloo Street, Narromine in June 2015 for \$100,000 and 38 Nymagee Street, Narromine in December 2014 for \$250,000.

Trangie commercial lands are similarly located in the main retail shopping strip also named Dandaloo Street. The one sale recorded and analysed was that at 45 Dandaloo Street sold in September 2014 for \$200,000 as a commercial premises with two shop fronts plus 1 x 2 bedroom unit and 3 x 1 bedroom units and a detached 3 bedroom dwelling. This property was also analysed by the previous contractor to establish 2014 base date land values. In the absence of any further evidence, local centre land values were maintained at the levels established in 2013 and 2014.

5.4 Industrial

The industrial sector within the Narromine LGA consists of a total of 46 properties. This total is comprised of the Narromine industrial area with 39 properties and the Trangie industrial area with 7 properties.

Analysis of the two sales recorded in the Narromine Industrial Area over the 12 months to 1 July 2015 showed that the basis for all land values had increased substantially over the levels that had remained fixed for 9 years from 2005 to 2014. Both sales were of vacant land that justified lifting values overall by \$1,544,100 or 66%. These sales were:

Narromine Road, Narromine – vacant industrial development site – 12.16 ha – April 2015 - \$313,500

12 Sungift Ave, Narromine – vacant land – 2544 m² – June 2014 - \$77,000

Trangie industrial area had no sales over the same period and values remained at the level established in 2014.

5.5 Rural locations within the LGA

The most common rural land use in the Narromine Shire LGA is mixed dryland farming and grazing properties, mostly broadacre farms although there are a number of smaller hobby farms and rural residential based enterprises within easy commuting distance of the urban area. Irrigation, citrus and intensive plant propagation enterprises are also present along the banks of the Macquarie River which runs through the northeastern quarter of the LGA.

Activity for rural properties across the LGA declined slightly with 38 sales recorded in the twelve months to 1 July 2015 compared to the 46 sales recorded for the previous year.

The broadacre rural property market has experienced increases of up to 13.5% across the Primary Production zoned areas since the last general valuation. This increase has been more pronounced in the better class of country to the north of Narromine (increased by 19.6% overall), whilst properties to the south have had land value increases limited to 5% overall over the twelve month period.

There are 1126 properties contained within the area zoned RU1 – Primary Production, and a total of 24 property sales that occurred over the twelve month period to 1 July 2015 were analysed to determine the land values. Sales of properties in excess of 100 hectares that provided evidence of land values ranged from the small mixed farm of 105.1 hectares at 3650 Mitchell Highway, Narromine in December 2014 for \$650,000 to the 1208 hectare holding at 1082 Strathallyn Lane, Narromine that sold in March 2015 for \$2,059,650.

Analysed land values on a rate per hectare basis ranged from the \$330 per hectare for an improved 364.16 ha hobby farm in second class country “Pine Park” Tomingley to \$1,722 per hectare for a 523.2 ha broadacre cultivation and mixed farming property on the Dubbo-Burroway Road, Burroway in March 2015.

Other analysed rates of interest include the \$1,068 per hectare shown for a mixed farming property which has been improved to a broadacre farming standard south of Narromine; “Maybrook” & “Gunnawae” dryland mixed farming just south of Narromine at \$1,078 per hectare for 1,206ha; and the “Hazelwood” Narromine dryland mixed farming holding at \$1,096 per hectare for 1,208 hectares.

6.0 Significant Issues and Developments

6.1 Significant developments – from prior to current annual valuation

- Narromine Council has unanimously agreed to refute the finding by the Independent Pricing and Regulatory Tribunal that it was not fit to continue to stand alone. Narromine Council do not endorse a merger with neighbouring Dubbo City Council nor any other forced mergers.
- Narromine Council rate rise has been approved and will increase by 5.9 per cent in July 2015. Earlier this year council applied to the Independent Pricing and Regulatory Tribunal to increase income above the rate peg of 2.4 per cent by 3.5 per cent, creating a rate increase of 5.9 per cent. IPART have approved the increase.
- A loss of productive water and its high cost has impacted significantly on the Narromine Shire and Macquarie Valley in general; so much so local businesses have started to suffer. Environmental Development Group has agreed saying management of the Macquarie Marshes was high on the list of issues discussed. It was pointed out to the authority members the cost to the valley was in the order of \$1.6 billion, this had a flow-on effect to every business in the valley along with the loss of hundreds of jobs.
- Equipment program may benefit local irrigators. Irrigators in the Parkes electorate may benefit from a program that will modernise equipment in order to save more water in the Murray-Darling Basin.
- Alkane Resources Tomingley Gold Mine – The Tomingley Gold mine is gearing up for full production and there are already plans to expand the life of the mine.
- A proposed new community-based housing estate (known as Oxley Parklands over 2.428 hectares) in Narromine was approved in February 2014 for development into 40 free standing, villa style, single storey dwellings of two, three and four bedrooms. Physical development of the site does not appear to have commenced, and no sales have been recorded to date.

7.0 Significant value changes

7.1 Significant value changes – from prior to current annual valuation

There are 11 zoning identifiers within the Narromine LGA. Value changes from the 2014 base date general valuation to the current annual valuation have occurred in 5 of these zones with the *significant* value – or a change higher than 5% – and the underlying basis for the change for each affected component across LGA outlined below:

- The 18 properties zoned E3 – Environmental Management were adjusted upward by a factor of 1.25 in response to the one sale showing consistency in land values with surrounding RU1 – Primary Production land value levels.
- Industrial zoned land in Narromine industrial area was adjusted upward by an overall 68% on the indication of two reliable vacant land sales that demonstrated a new level of land values in this section of the market.
- Residential lands within the town of Narromine increased by an overall 11% with the increases ranging from 5% in the sector north of the railway line, 15% in the largest sector south of the railway line to 20% in the small public housing sector.
- R5 - Large Lot Residential zoned land on the outskirts of Trangie, comprising 10 properties in total, were adjusted upward by 50% overall in response to the results of a mixture of vacant land and improved sales activity.
- RU1 - Primary Production lands north of the Narromine township had land values adjusted upward by a factor of 1.20 and hobby farms in the same area had land values adjusted upward by a factor of 1.35.

Since the last Annual Valuation in 2014, village values have remained steady with no increase in Tomingley - where a representative 1884 m² block in the village connected to a water supply and requires a septic tank disposal system has a land value of \$11,600.

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 Opteon (Western NSW) Pty Ltd 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 6.6.2. 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.

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