

Manly LGA

Final Report 2015

Date: 13 November 2015

EXECUTIVE SUMMARY

LGA OVERVIEW

Manly Local Government Area

Manly is located on Sydney's Northern Beaches between 8 and 17 kilometres north-east of Sydney. The Manly Council area is bounded by the Warringah Council area, Burnt Bridge Creek and Manly Creek in the north, the Tasman Sea in the east, Sydney Harbour and North Harbour in the south, and Middle Harbour in the west and is approximately or 1,514ha. No part of Manly is more than 1 km for the Sydney Harbour or the ocean.

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

The Manly Council Local Government Area comprises Residential, Commercial, Industrial, Infrastructure, Environmental and Public Recreation zones. Approximately 9,797 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 Manly LGA property market has been strong over the last year in the residential market, with commercial and industrial remaining predominately steady. The Manly LGA is highly regarded and sought after with the close proximity to beaches and with many properties receiving water views. As last years valuation (as at 1 July 2014) was both the Annual Valuation and the General Valuation, we have provided value changes from one year only, and are as follows:

Zone	No. of Entries	LV @ 1 July 2014	LV @ 1 July 2015	% change 2014 - 2015
Business (B1, B2, B6)	444	\$993,940,630	\$1,026,374,322	3.26%
Industrial (IN2)	30	\$43,310,000	\$43,323,000	0.03%
Residential (R1, R2, R3, E3, E4)	9044	\$12,222,009,949	\$14,591,273,489	19.39%
Infrastructure (SP1, SP2)	60	\$209,813,640	\$208,503,640	-0.62%
Recreation (RE1, RE2)	181	\$139,870,981	\$167,811,711	19.98%
Environmental (E1, E2)	38	\$60,595,700	\$63,890,700	5.44%
GRAND TOTAL	9797	\$13,669,540,900	\$16,101,176,862	17.79%

STATE & LOCAL GOVERNMENT LEGISLATION FOR LGA

On 5 April 2013 the Manly Local Environment Plan 2013 (MLEP 2013) came into effect. However, in approving the MLEP 2013 the Minister for Planning and Infrastructure deferred certain land in which will continue to be run under the Manly Local Environment Plan 1988. There are currently 3 properties that have currently had deferred zoning.

The Manly Development Control Plan 2013 (amendment 6) is supplementary to, and should be read in conjunction with, the MLEP 2013. The DCP sets out and controls a more detailed and design guidelines for development.

Development in Manly is also controlled by State Environmental Planning Policies (SEPP). These policies can often conflict with local environment plans however these override the LEP & DCP.

MARKET OVERVIEW AND SALES OF PARTICULAR INTEREST

QVA have undertaken significant analysis of the Manly property market to provide an accurate and reliable basis of valuation. 203 of 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. QVA 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 Manly this year sales, resales of properties, and various data collected indicated adjustments for time had to be made to analysed sales throughout the year to 1 July 2015.

Sales analysed indicated a strong market over the past year in the residential market with an increase of 19.39%, while the industrial and commercial markets remained steady with increases of 0.03% and 3.26% respectively. The Manly LGA increased 17.79% overall.

Sales of particular interest include a development site at 239 Pittwater Road, Manly, sold at auction for \$6.75 million, and another development site at 9 Cliff Street, Manly sold for \$3.03 million.

Commercial sales of interest include development site sale at 17-19 Central Ave, Manly and a number of sales supporting an increase in values located at 183 Pittwater Road, Manly; 192 Pittwater Road, Manly; 169 Pittwater Road, Manly; and 149 Pittwater Road, Manly.

SIGNIFICANT ISSUES AND DEVELOPMENTS

A significant number of large development applications this year are government owned sites being improvements to schools or health facilities being at 22 Wentworth St, 52 Eurobin Ave, and 21 Dalwood Ave in Manly.

Manly council are calling for expressions of interest for the development of the council owned car park at 4-16 Whistler Street, Manly with the council wanted one of two scenarios for the site. The first is the demolition of the car park and library, and the second is the demolition of the car park and retention and upgrade of the library. The council is still to make a decision on the site.

The council also has the intention of construction a car park under the Manly Oval located on Raglan Street, Manly with the initial intentions for 760 car spaces at a cost estimate of \$34 million. The council is yet to make a decision on the site.

The major developments by the private sector are the mixed use development at 17-19 Central Ave, Manly containing 20 residential units and 1 ground floor retail shop with water views from the upper levels. Luxury apartments have been approved over two sites at 12-13 Marine Parade & 102 Bower St, Manly for 6 apartments with unobstructed water views.

The Spring Cove Estate is nearing completion however still have a small number of properties for sale and vacant land sites. Sale prices for the leasehold land sites are generally in the \$2.5 - \$3 million range for vacant land, and \$4.5 - \$5 million for luxury residences.

Issues include the substantial increases on Pittwater Road in Manly in both residential and commercial zoning however these changes are well supported by a number sales in the locality as previously stated.

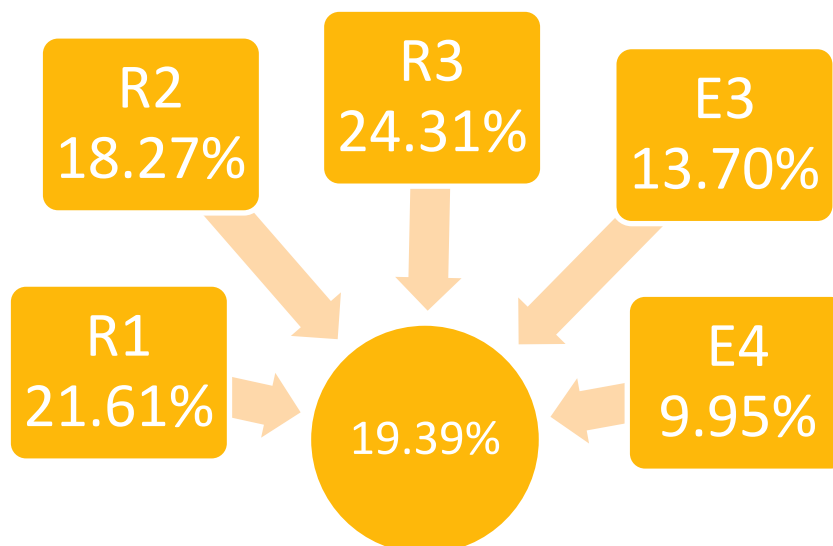
SIGNIFICANT VALUE CHANGES

As the 2014 revaluation was also the General Valuation, we have provided one summary for each use class.

Summary of Valuation Changes to Residential Land

Changes since previous Valuation Year (2014)

The residential market in the Manly has been strong over the past year with an increase of 19.39%. The absolute waterfront or prestige residential market has not seen the strong increases as lower valued properties in the LGA with increases of 13.70% in E3 zone, and 9.95% in E4 zone. This compares to the R1, R2, & R3 zones which increased 21.61%, 18.27%, & 24.31% respectively.



Summary of Valuation Changes to Commercial Land

Changes since previous Valuation Year (2014)

The commercial market in the Manly LGA has generally been stable with an overall increase of 3.26% with the B2 zone increasing 1.98% and B6 increasing just 0.32%. The B1 zone increased overall by 17.92% however this increase was driven by a number of properties on Pittwater Road in Manly having large increases due to a number of sales supporting values increases. The B1 zone had a primary factor of 1.00 and therefore the value change was driven by the handcrafting on Pittwater Road.

Summary of Valuation Changes to Industrial Land

Changes since previous Valuation Year (2014)

The Manly LGA only has a small number of industrial properties with a total 30 assessments. There were no industrial sales in Manly this year and there was only a small movement in values of only 0.03%. Industrial sales from the Warringah LGA were utilized for the valuation of the Manly industrial sites. The rezoning of the industrial land in Manly to B6 has been approved at The Gateway and is currently with the Manly Council and it is anticipated it will be placed on government gazette in the coming months.

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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 Manly 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

LGA OVERVIEW

LOCATION OF THE DISTRICT

Manly is located on Sydney's Northern Beaches between 8 and 17 kilometres north-east of Sydney. The Manly Council area is bounded by the Warringah Council area, Burnt Bridge Creek and Manly Creek in the north, the Tasman Sea in the east, Sydney Harbour and North Harbour in the south, and Middle Harbour in the west.

The LGA is relatively small in comparison to many other LGA's in the Sydney Metropolitan area and is approximately 15.14km², or 1,514ha. No part of Manly is more than 1 km from the Sydney Harbour or the ocean.

PRINCIPAL TOWNS

The suburb of Manly is the administrative centre of the Manly Council local government area, is the most eastern suburb in the LGA, and is home to Manly Beach. There are a number of medium to high density mixed use and residential flat buildings in Manly and are within a short walk to Manly beach. Other suburbs in the LGA include Fairlight, Balgowlah, Balgowlah Heights, Clontarf, and Seaforth, with many of the properties receiving water views or glimpse.

Seaforth is the western-most suburb of the Manly LGA and comprises predominately low density residential housing with many capturing Middle Harbour views and some being absolute waterfront properties. The suburb is connected to Manly via Sydney Road, to Mosman via the Spit Bridge, a north via Burnt Bridge Creek Deviation and Condamine Street.

Balgowlah comprises low density and general residential zoned properties with some receiving water glimpses. Primary access to and from Balgowlah is via Sydney Road and Condamine Street. The suburb also comprises Stocklands Shopping Centre and is detailed elsewhere in this report.

The suburb of Fairlight comprises a mixture of low, medium, and high density residential properties. The suburb is in close proximity to Manly Beach and borders the Manly suburb with many of the properties in Fairlight receiving water views.

Clontarf and Balgowlah Heights are on the peripheral of the LGA and comprise single residential housing, with many being absolute waterfront properties of receiving water views.

MAIN INDUSTRIES

While the Manly LGA has sought after and well located commercial properties, the LGA predominately comprises residential zoned properties.

Of the 9,798 assessments in Manly, approximately 8,893 of these properties are considered to be residential in nature. This represents a little over 90% of the LGA. However, many locations in the LGA, as said previously, receive ocean views or glimpses. The area also provides prestige's residential properties with many having absolute waterfront and private jetties to the Sydney Harbour.

SIGNIFICANT RETAIL CENTRES

The most notable retail centre in the Manly LGA is Stocklands Shopping Centre. Stocklands Balgowlah comprises over 50 tenants, 720 parking spaces, across a total of approximately 12,917m² gross lettable area.

Located in Manly is a strip retail mall known as The Corso. The Corso is closed to vehicles and comprise some 50+ shops, and connects the Manly Wharf to Manly Beach. Manly also comprises a number of plaza shopping centre's

TYPE OF RESIDENTIAL DEVELOPMENT

The Manly LGA contains a variety of residential development with low, medium, and high density developments in the LGA, and with varying zones to allow for development comprising, R1, R2, and R3 residential zone.

The LGA comprises a number of single dwellings built late 1800's to early 1900's with medium density residential flat buildings being introduced in the locality circa the early to mid 1900's. Large scale, high density residential flat buildings were built in the area during the 1960's/70's predominately in the suburbs Fairlight and Manly with developers eager to capture the water views, however much of the waterfront properties as of single residential dwellings.

STATE & LOCAL GOVERNMENT LEGISLATION FOR LGA

Throughout the year we have monitored and considered the affects State and Local Legislation have had on Values and Value Relationships compared to Prior Value Levels.

We consider that over the year there has been a minimal impact on Values and Value Relationships compared to Prior Value Levels.

On 5 April 2013 the Manly Local Environment Plan 2013 (MLEP 2013) came into effect as per the State Governments Standard Instrument (Local Environment Plans) Order 2006. This order standardises Local Environment Plans across the state, as further explained in this report. However, in approving the MLEP 2013 the Minister for Planning and Infrastructure deferred certain land in which will continue to be run under the Manly Local Environment Plan 1988. There are currently 3 properties that have currently had deferred zoning, and are all currently zoned special uses. This means the Manly LGA is currently running two LEPs (MLEP 1988 and MLEP 2013).

The Manly Local Environment Plan 2013 (as amended) is made up of a written instrument and maps, containing restrictions on development within the Manly Local Government Area. In addition to the MLEP 2013, the Manly Development Control Plan 2013 has also come in to effect. The DCP supports the LEP with more detailed planning and design guidelines.

Manly Development Control Plan 2013 (Amendment 6) should be read in conjunction with, and in addition to Manly Local Environment Plan 2013 that affects the subdivision and erection of dwellings which impacts on land values. These include:

	ZONE	MINIMUM LOT SIZE
Residential	R1 – General Residential	250 & 300m ²
	R2 – Low Density Residential	500 & 750m ²
	R3 – Medium Density Residential	250m ²
Business	B1 – Neighbourhood Centre	Council assessment
	B2 – Local Centre	Council assessment
	B6 – Enterprise Corridor	Council assessment

Industrial	IN2 – Light Industrial	Council assessment
Recreation	RE1 – Public Recreation	Council assessment
	RE2 – Private Recreation	Council assessment
Environmental	E1 – National Parks and Nature Reserves	Council assessment
	E2 – Environmental Conservation	Council assessment
	E3 – Environmental Management	250 & 300m ²
	E4 – Environmental Living	300, 750, 950, 1150m ²
Special Activities	SP1 – Special Activities	Council assessment
	SP2 - Infrastructure	Council assessment
	SP3 - Tourist	Council assessment
Natural Waterways	W1 – Natural Waterways	Council assessment
DM	Deferred Matter	Council assessment

Development in Manly is also controlled by State Environmental Planning Policies (SEPP). These policies can often conflict with local environment plans however these override the LEP & DCP.

MARKET OVERVIEW & SALES OF PARTICULAR INTEREST

RESIDENTIAL

Overall, Manly has seen a strong market over the previous year with increases predominately between 20 to 24%, however the largest primary factor being 30%. These increases are primarily located in the Low Density Residential and General Residential zones.

For the previous valuation year, we have seen a relatively static residential market for higher valued or prestige properties, although there has been some sales activity, the value changes for these properties have been subdued. However, over the last year we have seen a strengthening in the prestige market and, although still not as strong as the other parts of the market, we have primary factors with increases of 10% for Environmental Living and 14% for Environmental Management zoned properties.

The increase from the 2014 Land Tax valuation base date shows growth of 21.61% across R1 zoned properties, 18.27% across R2 zoned properties, and 24.31% across R3 zoned properties. E3 properties increased 13.70% and E4 zoned properties increased 9.95%.

Sales of particular interest include a development site at 239 Pittwater Road, Manly. The property sold at auction for \$6.75 million with a delayed settlement with vacant possession upon settlement.

A property in the eastern hill at 9 Cliff Street, Manly sold for \$3.03 million with a development application for the demolition of the current improvements and the construction of two dwellings.

COMMERCIAL

The Manly LGA comprises approximately 444 commercially zoned properties, with the majority of them being comprised in the Manly town centre and being zoned mixed use. The commercial sector in Manly is a small portion of the total assessments, representing just 4.5% of the total assessments for the LGA.

This revaluation there was only small changes in the commercial areas with primary factors from 1.00 to 1.03. While the values in the business components moved closely with the component factors applied, the exception was in component B1-BAA where a factor of 1.00 was applied however the value change of the component was 17.92%. This can attributed to handcrafting predominately on Pittwater Road where a number of sales indicated values needed large increases in this area.

Sales of note for the LGA are the development site sale at 17-19 Central Ave, Manly. The property sold for \$3 million as a development site for a multi level shop top housing building containing 20 residential units and 1 ground level retail shop.

The large increases in value along Pittwater Road were substantiated by a number of sales including 183 Pittwater Road, Manly; 192 Pittwater Road, Manly; 169 Pittwater Road, Manly; and 149 Pittwater Road, Manly.

INDUSTRIAL

The Manly LGA only has a small number of industrial properties located in Balgowlah of only 30 properties bound by Kenneth Road, Quirk Road, Balgowlah Road, and Roseberry Street. These properties are comprised predominately of warehousing and showroom developments of various ages.

These sites are tightly held and few sales have occurred in this locality over a number of years. The valuation of this area and benchmark properties utilize sales in the neighbouring Warringah LGA and the valuations showed a static market over the past year with a primary factor of 1.00 applied.

The Manly council is currently in the process of changing the zoning of all these properties from IN2 to B6 and this would eliminate any industrial zoning properties in the Manly LGA. The proposal has been given approval at the gateway, was placed on exhibition from 10 October to 9 November, and is now with council for determination. It is anticipated the change will be placed on the government gazette in the coming months, however only minor changes in values will take place.

SIGNIFICANT ISSUES AND DEVELOPMENTS

SIGNIFICANT DEVELOPMENTS – FROM PRIOR TO CURRENT ANNUAL VALUATION

Below is a summary of significant Development Applications. Most of these Development Applications are for developments permissible within the current zoning therefore no special consideration is required.

New residential developments in discussion or underway include:

- 22 Wentworth St, Manly - Approval by the Joint Regional Planning Panel on 6 May 2015 for the demolition of existing "Elsie Hill Building, construction of a six (6) storey building

"Centre for Child Health and Learning" over two (2) levels of basement car parking for fifty three (53) cars and the use of the building as clinical, educational and office facilities, alterations to Drummond House to connect to the new centre and landscape works

- 52 Eurobin Ave, Manly - Approval by the Joint Regional Planning Panel on 6 May 2015 for the Re-development of an existing Educational Establishment including partial demolition, construction of three (3) storey buildings with basement car park, refurbishment of buildings, an increase in student numbers by 200, landscaping and a covered play area - Stella Maris College
- 21 Dalwood Ave, Seaforth - Approval by the Joint Regional Planning Panel on 6 August 2014 for the development of a new Child & Family Health Services Building for Dalwood Children's Home.
- 17-19 Central Ave, Manly - Demolition of existing, construction of a building containing one (1) retail shop, twenty (20) residential units and sixteen (16) car parking spaces, with a floor space of 1,016m² (FSR 3.06). The DA was initially refused on 19/12/2013 however a court appeal was subsequently upheld.
- 12-13 Marine Pde & 102 Bower St, Manly - Demolition of the existing buildings, construction of a five (5) storey Residential Flat Building containing six (6) units with a two (2) level car park, decks and landscaping. Originally refused however the appeal was upheld by the Land and Environment Court.
- 4-16 Whistler St, Manly – Manly Council has called for expressions of interest for the controversial long- term lease and redevelopment of the Whistler St car park site. The invitation brief asks for at least two development scenarios to be offered in the submission. The scenarios must include the complete demolition of the car park and Manly library, and the demolition of the car park, with the retention and upgrade of the library. However, council are yet to make a decision on the site.
- Manly Oval, Raglan Street, Manly – Manly council are considering constructing a car park under the Manly Oval containing 760 spaces. The project has initially estimated to cost \$34 million, however council are yet to make a decision on the development and no DA has been submitted.
- Development of luxury dwellings, townhouses, and a unit building at the Spring Cove Estate is nearing completion with only a small number of vacant sites available and is nearly fully sold. All property in this estate is leasehold land and typical vacant land sites are selling for \$2.5 - \$3 million, and \$4.5 - \$5 million for residences.

SIGNIFICANT VALUE CHANGES

SIGNIFICANT VALUE CHANGES – FROM PRIOR TO CURRENT ANNUAL VALUATION

The following properties have had significant value changes from the prior revaluation. The last revaluation was also the general valuation and therefore the properties represent changes from Annual Valuation and General Valuation.

PID	Zone	Comp	Applied Factor	Approved Factor	Comment
743876	B1	BBA	1.47	1	A number of sales have been analysed this year showing of properties on Pittwater Road and in the Vicinity of Manly Beach require substantial increases and handcrafting has been undertaken to relevant properties. Supporting sales are PIDs 747491, 747605, 747610
747490	B1	BBA	2.14	1	
747491	B1	BBA	2.14	1	
747492	B1	BBA	2.23	1	
747493	B1	BBA	2.22	1	
747498	B1	BBA	1.44	1	
747508	B1	BBA	2.92	1	
747509	B1	BBA	2.6	1	
747592	B1	BBA	1.45	1	
747594	B1	BBA	2.39	1	
747595	B1	BBA	2.31	1	
747596	B1	BBA	2.18	1	
747597	B1	BBA	2.19	1	
747598	B1	BBA	2.19	1	
747599	B1	BBA	2.02	1	
747600	B1	BBA	2.42	1	
747601	B1	BBA	1.89	1	
747605	B1	BBA	2.03	1	
747616	B1	BBA	1.76	1	
750329	B1	BBA	2.08	1	
2776088	B1	BBA	1.47	1	
2776089	B1	BBA	1.47	1	
3486601	B1	BBA	1.47	1	

739289	B2	BBC	1.45	1	The property is located in an inferior location to other properties in the vicinity (which are located on Sydney Rd) however was considered an increase was necessary. PIDs 750101, 747635, 747605 used as supporting evidence.
741978	B2	BBC	2.26	1	The property was previously located in an open space component and was valued as such. However the property is zoned part RE1/B2 and has been revalued to represent the zoning and has moved to the most appropriate component. PIDs 749982, 750101, 747605 used as supporting evidence.
736333	R1	RAD	0.78	1.22	The component has been verified and handcrafting has been undertaken on the property. PIDs 736076, 742521, 3585123 as sales evidence.
3621236	R1	RAD	1.76	1.22	The component has been verified and handcrafting has been undertaken on the property and is coming off a low base. PIDs 3621240, 3585213, 736076 as sales evidence.
3621237	R1	RAD	1.76	1.22	
3621238	R1	RAD	1.76	1.22	
3621239	R1	RAD	1.76	1.22	
3621240	R1	RAD	1.75	1.22	
3621241	R1	RAD	1.75	1.22	
3621242	R1	RAD	1.79	1.22	
3621243	R1	RAD	1.79	1.22	
3621244	R1	RAD	1.75	1.22	
3621245	R1	RAD	1.75	1.22	
3621246	R1	RAD	1.74	1.22	
3621247	R1	RAD	1.68	1.22	
3621248	R1	RAD	1.74	1.22	
3621249	R1	RAD	1.74	1.22	
3621250	R1	RAD	1.68	1.22	
3621251	R1	RAD	1.8	1.22	
3621252	R1	RAD	1.68	1.22	
3621253	R1	RAD	1.8	1.22	
3621254	R1	RAD	1.72	1.22	
3621255	R1	RAD	1.75	1.22	

3621256	R1	RAD	1.75	1.22	
3621257	R1	RAD	1.75	1.22	
3621258	R1	RAD	1.75	1.22	
3621259	R1	RAD	1.75	1.22	
747578	R1	RAE	1.88	1.24	The property sold and has been analysed and handcrafted based on the analysis.
3001744	R1	RAE	0.41	1.24	The property is part of a 26A valuation and has been changed based on the ratios
748874	R2	RAC	0.72	1.2	The property sold and has been analysed and handcrafted based on the analysis.

OVERVIEW OF THE QUALITY ASSURANCE PROCESS

LPI has been provided with a detailed Valuation Analysis Report, which details the Quality Assurance Process of Quotable Value Australia 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 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 XX. 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.

AUTHOR

A handwritten signature in black ink, appearing to read 'N. Robinson'.

Nigel Robinson
Contract Services Manager
AAPI CPV
13 November 2015

A handwritten signature in black ink, appearing to read 'Sam Percy'.

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13 November 2015