

CROWN VALUATION SERVICES

FINAL REPORT

BASE DATE 1st July 2015

DISTRICT OF KU-RING-GAI (084)

KU-RING-GAI CONTRACT AREA

30 October 2015

EXECUTIVE SUMMARY

LGA Overview:

The Ku-Ring-gai Local Government Area comprises residential, commercial, infrastructure, environmental and public recreation zones. There were 33,608 properties valued at the base date of 1 July 2015, and valuations are reflective of the property market at that time.

In general the property market within the LGA continues to remain strong. Across most classes of land there has been significant increases in the market

Residential and E4 zoned land comprises approximately 95% of the entries in the LGA. There has been consistent increase in value levels throughout the residential components. Density sites continue to show good gains. The levels of value determined are based on analysis of the available market evidence. Sales in close proximity to the base date have been preferred.

Commercial zoned land (inclusive of all "B" Business) comprises approximately 2% of the entries in the LGA. The large increases remain with development which has a strong residential component. The levels of value determined are based on analysis of the available market evidence.

Valuation changes in the local government area and percentage changes between the council valuation year of 1 July 2014 and the land tax valuation year of 1 July 2015 are as follows:

PROPERTIES VALUED AND TOTAL LAND VALUE

Zone	Zone Codes	Entries	2015 Total LV	2014 LT Total LV	Change From LT %	2014 LG Total LV	Change From LG %
Residential	('A','E4','R1','R2','R3','R4','R5')	31,956	\$34,518,561,430	\$27,268,421,180	26.59	\$27,268,421,180	26.59
Commercial	('B','B1','B2','B4','B5','B7')	622	\$752,745,420	\$645,924,200	16.54	\$645,924,200	16.54
Infrastructure	('S','SP1','SP2')	285	\$449,646,680	\$385,641,310	16.60	\$385,641,310	16.60
Environmental	('E1','E2','E3')	473	\$403,208,010	\$350,360,150	15.08	\$350,360,150	15.08
Public Recreation	('O','RE1','RE2','W1')	268	\$258,394,820	\$234,753,110	10.07	\$234,753,110	10.07

State and local government legislation for the Ku-Ring-Gai LGA:

The State Government's planning reforms which include the Standard Instrument, Local Environmental Plans (LEPs) Order 2006 (Standard Instrument) introduced in 2006 requires Local Councils to introduce standardised planning instruments. The Standard Instrument is the state wide template for LEPs which all Councils must use to prepare a new LEP.

The Ku-Ring-Gai LGA is currently governed by three LEP's namely: The Ku-Ring-Gai 2015, the Ku-Ring-Gai (Local Centres) 2012 and the KSPO which relates to Deferred Matters within the LGA.

The Ku-Ring-Gai LEP 2015 took effect by publication on the NSW legislation website on the 2 April 2015.

The Ku-Ring-Gai (Local Centres) LEP 2012 took effect by publication on the NSW legislation website on the 25 January 2013.

The Ku-Ring-Gai Planning Scheme (As amended) which was original gazetted on 1 October 1971 (As amended 14 February 2014).

Market overview and sales of particular interest:

CVS has undertaken significant analysis of the Ku-Ring-Gai LGA property market to provide an accurate and reliable basis of valuation. 395 sales have been analysed to enable the establishment and verification of land values as at 1 July 2015. (326 were residential, 32 E4 zoned properties and 30 Business zoned properties were analysed). 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 in accordance with the agreed upon project plan.

The added value of improvements are also analysed to enable the accurate deduction of land values. CVS 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 Ku-Ring-Gai LGA district this year sales and resales of properties indicated strong increase in values throughout the year with significant movement from August 2014 to 1 July 2015 for properties zoned residential.

Sales of major interest could be limited to a geographical area and component. Mixed Use B4 in Gordon has shown major increases in both development activity and sales. Previously this location was dominated by commercial office buildings but LEP 2012 gives clearer basis for determining site yields; there has been significant movement by developers in securing a mixed use site within close proximity to local infrastructure in this location.

Commercial rental analysis has demonstrated a consistent demand for properties with sound fundamentals.

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.

Significant value changes to residential land

Changes since previous General Valuation (2014)

Growth has been evident in most residential locations of the market since the last general valuation in 2014. Within the single residential components the values have increased in total by between 25%-30% up until the current 2015 Base Date.

Sales volumes of single residential dwellings have remained constant in the last twelve months in comparison to the preceding 12mths and it appears that vendor expectations are currently being met.

Density sites in the LGA have shown moderate growth in relation to the single residential market. Traditional property fundamentals remain the same in terms of a desirable site, but as social and economic parameters expand so does the need for extra housing within the LGA. The market across the board has shown rises relative to a site's potential, although the discounting for larger sites does not seem to be of a concern with developers. Such is the strength of this market, the risk of larger developments is now not as great as it may have been in previous more moderate times.

Summary of valuation changes to commercial land

Changes since previous General Valuation (2014).

Modest growth in the market has been evident in most business locations since the last general valuation in 2014. Within the B1, B2, B3 and B4 lands the values have increased in total by approx. 16% from 2014 up until the current 2015 Base Date. Since the adoption of the Town Centres LEP in 2012 there has been significant individual increases particularly around the Mixed Use site locations around Gordon. This has become particularly evident in the last 12-18 months. The residential component of a mixed use zone continues to be the catalyst for high value growth.

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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 Ku-Ring-Gai 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 enquires undertaken during the valuation process. Third parties should make their own inquiries into these details and should not rely on the contents of this report.

The Valuer General disclaims any liability to any person who acts or omits to act on the basis of the information contained in this report.

More information on the valuation process is available from the Land and Property Information website at www.lpi.nsw.gov.au/valuation

LGA OVERVIEW:

The Ku-ring-gai Local Government Area (LGA) is located in Sydney’s northern suburbs approximately nine (9) kilometres north of the Sydney commercial business district.

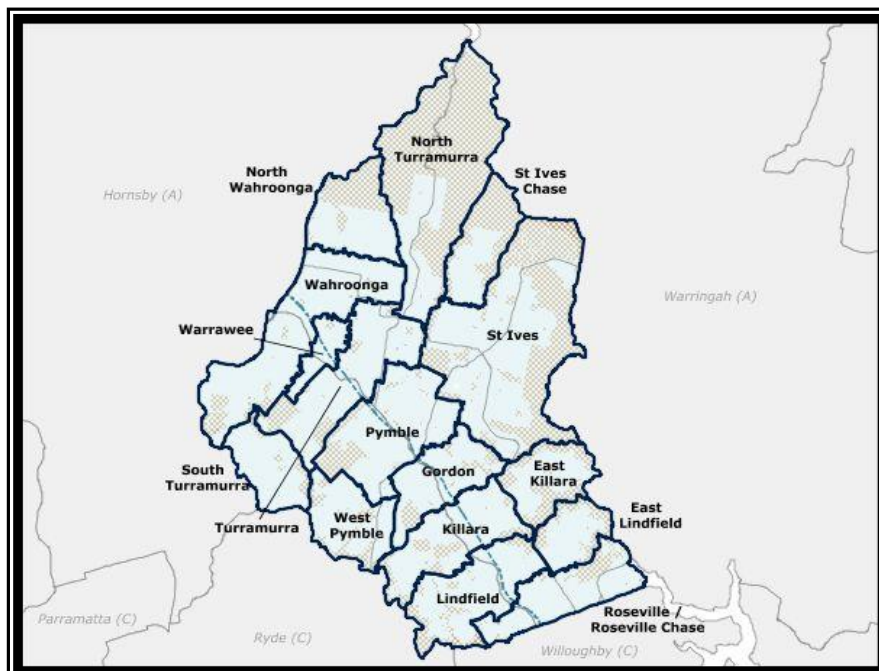
The Ku-ring-gai LGA adjoins Hornsby LGA in the west, Warringah LGA in the east and both Ryde and Willoughby LGA’s in the south. The Ku-ring-gai LGA is bounded by Cockle and Cowan Creeks in the north, Middle Harbour Creek and Middle Harbour in the east, Boundary Street, Blue Gum Creek and the Lane Cove River in the south, and Coups Creek and the Sydney-Newcastle Freeway in the west.

The Ku-ring-gai LGA includes the suburbs of: East Killara, East Lindfield, Gordon, Killara, Lindfield, North Turramurra, North Wahroonga, Pymble, Roseville (part), Roseville Chase, South Turramurra, St Ives, St Ives Chase, Turramurra, Wahroonga (part), Warrawee and West Pymble.

The Ku-ring-gai LGA is generally divided into two (2) sections by the Pacific Highway and North Shore Railway Line which generally dissect the area in a north-west/south-east direction. As can be seen from the Ku-ring-gai Planning Scheme zoning map (attached) the LGA is a predominantly residential area with significant areas of parkland and bushland. The majority of the residential areas comprise low density residential housing, whilst the majority of commercial uses and higher density housing is primarily located along the Pacific Highway corridor and within the areas governed by Local Centres LEP.

Major features of the LGA include Garigal National Park, Ku-ring-gai Chase National Park, Lane Cove National Park, University of Technology Sydney (Ku-ring-gai Campus), the CSIRO Telecommunications and Industrial Physics and National Measurement Laboratory, St Ives Village Shopping Centre, Sydney Adventist Hospital, Echo Point Park, Lindfield Soldiers Memorial Park, Swain Gardens and Wahroonga Park.

Major vehicular access routes in the area include the Pacific Highway, Ryde Road, Mona Vale Road and the Sydney-Newcastle Freeway, whilst public transport is provided via bus services and the North Shore Railway Line with railway stations at Gordon, Killara, Lindfield, Pymble, Roseville, Turramurra, Wahroonga and Warrawee.



STATE and LOCAL GOVERNMENT LEGISLATION:

Planning in the Ku-Ring-Gai LGA is currently under three LEP's namely: The Ku-Ring-Gai 2015, the Ku-Ring-Gai (Local Centres) 2012 and the KPSO which relates to Deferred Matters within the LGA.

Ku-Ring-Gai LEP 2015 took effect by publication on the NSW legislation website on the 2 April 2015. Ku-ring-gai Local Environmental Plan 2015 applies to the majority of land within Ku-ring-gai.

The land use zones under this Plan are as follows:

Residential Zones	Business Zones	Special Purpose Zones	Recreation Zones:	Environment Protection Zones:	Waterway Zones
R1 - General	B1 - Neighbourhood Centre	SP1 Special Activities	RE1 - Public Recreation	E1 - National Parks and Nature Reserves	W1 - Natural Waterways
R2 - Low Density	B2 - Neighbourhood Centre	SP2 - Infrastructure	RE2 -Private Recreation	E2 - Environmental Conservation	
R3 - Medium Density	B4 - Mixed Use			E3 - Environmental Management	
R4 - High Density	B7 - Business Park			E4 - Environmental Living	
R5 - Large Lot					

For each zone, the *Standard Instrument* sets out 'core' objectives for development in the zone, and requires certain permitted or prohibited land uses. The LEP has included a number of local objectives for the zones being used as well as identifying all permitted and prohibited land uses for each zone.

The 'Land Zoning Map' identifies the land to which each zone applies. The zones used under the KLEP 2012 are as follows:

R2 – Low Density Residential: - applies to land where primarily low density housing is to be established or maintained. The zone objectives also encourage the provision of facilities or services that meet the day-today needs of residents;

R3 – Medium Density Residential: - provides for medium density housing, generally in the form of townhouse development of 2 to 3 storeys. The zone provides for increased housing choice and is also a transition area between low and high density areas;

R4 – High Density Residential: - provides for unit development generally up to 5 storeys with similar densities to that previously permitted in the 2 (d3) zone under LEP 194. These areas are located close to rail/bus and centres of retail/commercial activity;

B2 – Local Centre: - applies to the core retail commercial areas. This zone will permit developments with a mix of retail, commercial, residential and associated community facilities;

B4 – Mixed Use: -is intended to integrate a mixture of suitable uses such as business, office, residential, bulky good and other car based retail, which supports and not detracts from the retail functions and viability of the core of the Gordon centre;

B5 – Business Development: - enables a mix of business and retail uses in locations which are close to, and which support the viability of centres. The zone does not permit residential uses;

SP1 – Special Activities: - for special land uses or sites with special characteristics that cannot be accommodated in other zones;

SP2 – Infrastructure: - accommodates a wide range of human and physical infrastructure uses. The main application of this zone is for schools, main roads and the railways as well as for proposed future local roads and schools;

RE1 – Public Recreation: - provides for a wide range of public recreation areas and activities, including local open space. A range of land uses compatible with recreation uses of the land will be permitted;

E2 – Environmental Conservation: - applies to land that has high conservation value. A number of land uses considered to be inappropriate for this zone have been mandated as prohibited uses. This zone applies to a number of Council reserves in Turramurra, Pymble and St Ives;

E4 – Environmental Living: - for land with special environmental or scenic values where residential development could be accommodated. The zone has been applied where there are a combination of factors, such as the presence of threatened environmental communities, riparian zones or bushfire hazard that make the protection of the ecological values of the land impractical under a standard residential zone.

The **Ku-Ring-Gai (Local Centres) LEP 2012** took effect by publication on the NSW legislation website on the 25 January 2013. Ku-ring-gai Local Environmental Plan (Local Centres) 2012 applies to land surrounding Turramurra, Pymble, Gordon, Lindfield, Roseville railway stations and St Ives Village Green.

Residential Zones	Business Zones	Special Purpose Zones	Recreation Zones	Environment Protection Zones
R1 - General	B2 - Neighbourhood Centre	SP1 - Special Activities	RE1 - Public Recreation	E2 Environmental Conservation
R2 - Low Density	B4 - Mixed Use	SP2 - Infrastructure		E4 Environmental Living
R3 - Medium Density	B5 - Business Development			
R4 - High Density				

The **Ku-Ring-Gai Planning Scheme (As amended)** which was original gazetted on 1 October 1971 (As amended 14 February 2014). The Deferred Areas relate to 13 areas within Ku-ring-gai that have been deferred from inclusion in the Ku-ring-gai Local Environmental Plan 2015 (KLEP 2015) to allow for reassessment of bushfire evacuation risk and proposed zoning changes.

Details of these plans as well as any amendments to them have been sourced from the Ku-Ring-Gai Council website and the Department of Planning Infrastructure and Natural Resources' (DIPNR).

The amendments to the Ku-Ring-Gai 2015, the Ku-Ring-Gai (Local Centres) 2012 and the KPSO can be found at the NSW Government, NSW legislation site.

MARKET OVERVIEW and SALES OF PARTICULAR INTEREST:

Ku-Ring-Gai Residential Market 2015:

Ku-ring-gai LGA is an established area of predominantly single dwelling homes with increasing areas of medium density development with the advent of the Ku-Ring-Gai LEP 2012 and the recently gazetted 2015 Ku-Ring-Gai LEP which have both provided market certainty in planning.

Reasons people choose to live in Ku-ring-gai have changed little over the years. Residents enjoy the larger than average suburban blocks, open space, lack of congestion in most areas, close proximity of Chatswood and the Sydney commercial business district and a range of schools and facilities. There is a strong desire to maintain the unique character of the area and the surrounding natural environment, and the connecting urban bushland with its neighbourhoods.

This past 12-18 months has seen one of the most spectacular booms in Sydney's real estate history. Further interest rate cuts earlier this year extended the boom, along with strong demand from investors and a shortage of stock that resulted in auction clearance rates peaking at 89% in May (although at the writing of this report this rate has softened). On June 30 2013, Sydney's median house price was \$662,500 and it had risen 6.3% over the year. Over the next 12 months we saw another 16.2% rise and a further 17.8% gain by June 30 2015. By September 2015, Sydney's median house price was \$900,000.

The residential markets in Ku-Ring-Gai have seen good growth with vendor expectations appearing to have been continually met. Increases here have been less dramatic than other locations that are coming off a low value base. Much of the large price rise in this market were of first home and low end investment property whereas the Ku-Ring-Gai market is predominantly an established prestige residential market.

In recent years Ku-ring-gai LGA has experienced unprecedented residential development particularly in relation to medium density housing in response to continued population growth of Sydney. This growth in part has been the result of the New South Wales Government's Sydney Metropolitan Strategy to accommodate population growth along transport corridors and urban consolidation and driven within Ku-Ring-Gai by the KLEP 2012 LEP (Local Centres).

There have been a number of factors coming together to cause the large rise in demand for residential unit development sites in the Sydney area. Government planning policy to address the population increase of Sydney has in part been addressed by planning for very large developments near existing and new transport infrastructure. With continued low interest rates and an undersupply of residential units the parameters are set to see continued growth in residential development activity which in more recent times has been facilitated even further by the influx of overseas investors.

The residential density sites within the Ku-Ring-Gai LGA work off two distinct markets, the first being smaller amalgamated sites, the second been the larger sites generally being on main roads or the result of the introduction of both the 2012 LEP and 2015 LEP.

It appears that the volume of major residential redevelopment coming on-line with this Municipality has abated slightly in comparison to the years' previous. It is believed that this has occurred due two major reasons. The first is that the number of appropriate sites is beginning to dwindle. A high proportion of large non-amalgamated sites have now been redeveloped with the more recent sales showing developers enticing multiple vendors into an amalgamated sale enabling a more economically sustainable development. There has also been an unprecedented volume of units coming on-line in recent years. Within the last four or five years it was believed that this market was getting close to a saturation point. Developers in the short term partially shied away waiting for demand to strengthen again. To quantify this information, demand within this sector is still relatively strong with competition for appropriate sites remains robust and reflected of the prices paid for good sites.

As mentioned, the tables below the large volumes of building approval for medium and high density units are beginning to reduce.

Residential building approvals

export  reset 

Ku-ring-gai Council area		Number			Annual change		
Year (ending June 30)	Houses	Other	Total	Houses	Other	Total	
FYTD (1 mth)	24	0	24	--	--	--	
2014-15	165	345	510	+38	-383	-345	
2013-14	127	728	855	+5	+240	+245	
2012-13	122	488	610	-14	-17	-31	
2011-12	136	505	641	-40	-29	-69	
2010-11	176	534	710	+31	-62	-31	
2009-10	145	596	741	-31	+70	+39	
2008-09	176	526	702	-39	-565	-604	
2007-08	215	1,091	1,306	+65	+412	+477	
2006-07	150	679	829	+36	+136	+172	
2005-06	114	543	657	-23	+416	+393	
2004-05	137	127	264	-2	-7	-9	
2003-04	139	134	273	-103	-156	-259	
2002-03	242	290	532	+49	+156	+205	
2001-02	193	134	327	--	--	--	

Source: Australian Bureau of Statistics, Building Approvals, Australia (8731.0). Compiled and presented in profile.id by [id](#), the population experts

In broad terms the demand for residential property within Ku-ring-gai LGA has improved over the current valuation year with reasonable levels of supply available. Dwellings in good locations, where vendors have realistic expectations are being sold in reasonable time frames and sites that present in providing for relative easy redevelopment with good yields, both show sale prices indicating that there is a good amount of confidence with a continued positive outlook for both the single and density markets.

Ku-Ring-Gai Commercial Market 2015:

Ku-ring-gai is an affluent residential area. There is no industrial activity and the predominant type of business in Ku-ring-gai is small to medium sized enterprise. Ku-ring-gai does not have a CBD. Its relative isolation from train stations and lack of infrastructure has always counted against it becoming a significant and strong commercial market.

The Gazettal by Ku-ring-gai Council of the Local Centres LEP 2012 has led to the increase in residential densities and mixed uses in six of its local centres, including the town centre of Gordon, and the villages of St Ives, Turramurra, Pymble, Lindfield and Roseville. These local centres have good access to public transport, and service the surrounding areas on a localised level through retail services, community facilities and some commercial development. It appears, as is the case in other locations with Sydney, that it is the residential component of this type of mixed used development that continues to drive the market. In accordance with the KRG LEP's desire, the greater development yield remains with land in close proximity to public infrastructure.

Gordon is the largest commercial centre in Ku-ring-gai and has a strip shopping centre structure with arcades and malls leading from the Pacific Highway and including one large supermarket. There is about 3,000m² of office space and 17,000m² of retail space in the centre. The centre is located close to Gordon Station, and has a high level of commuter patronage on-route to work or home. Over the next 25 years it is envisaged that Gordon will develop as a centre with strong commercial and higher density residential development.

The other major shopping centre is the St Ives Village. Although not as large as Gordon and with only a retail presence, it does remain strong, providing good service to the immediate area.

SIGNIFICANT ISSUES AND DEVELOPMENTS:

Significant developments – from prior to current local government council rating valuation.

Lindfield Shopping Centre (AQUALAND Site):

Redevelopment of 23-27 Lindfield Ave and 11 Havilah Lane Lindfield

A large mixed use development is in the process of approval which will change the retail landscape of what was a very traditional strip retail location. The development comprises of 2379sqm of commercial space which at this stage includes Coles supermarket as its anchor tenant, 1,634sqm of specialty shop and 9,686sqm for residential unit development housed within two multi-storey towers.

Crimson Hill (UTS Ku-ring-gai Campus Redevelopment):

On 12 December 2005 the Minister for Planning agreed to consider the proposal for the redevelopment of UTS as a potential Major Project. The Minister declared the proposal to be a Major Project (and therefore a project to which Part 3A of the Environmental Planning and Assessment Act 1979 applies) on 14 June 2007. At this time he also authorised the submission of a concept plan for the proposed redevelopment. The requirements for a State significant site study were issued by the Department of Planning to UTS on 1 February 2006, and Director-General's Environmental Assessment Requirements for the Concept Plan were issued on 12 July 2007. This guides the preparation of an Environmental Assessment for public exhibition and assessment purposes.

The original proposal comprised of:

- Partly demolish existing campus facilities and provide for adaptive re-use of the main campus building;
- Provide for approximately 440 new dwellings, residential buildings to 5 storeys and a “village green” park, concentrating on developed areas of the site;
- Retain bushland on the site.

This site allows for 345 dwellings in total. Approval was given by the Minister 11/6/2008 after modified twice. The concept comprises of 10 large housing lots, 25 small integrated housing lots & 310 units.

Barwon Park Sub-division: A 26 lot residential sub-division which was part of the B2 road corridor to link the F3 and M2 motorway. Final development includes open space and roadworks.

Bunnings Warehouse (950 Pacific Hwy): At the site of the 3M commercial building on the corner of Ryde Rd and The Pacific Hwy. A DA has been lodged over the site since 2014 for a 33,900 Bunnings Warehouse with associated car park facilities. The original development application of February 2014 was refused. A new lodgement in April 2015 is pending. Refer to Council website for details.

Current sites under Council ownership or guidance slated for redevelopment Per Council website:

“Activate Lindfield” 259-271 Pacific Hwy Linfield:

Council in early stages of developing a site at 259-271 Pacific Hwy into a residential development with council owned childcare facilities. The sites current uses comprise of It is the address for a number of Council services and facilities including:

- Lindfield Branch Library
- Former Arrunga Aged Care Self-Contained Units (now vacated)
- Former Lindfield Seniors’ Centre
- Former Lindfield Seniors’ Resource Centre
- Ku-ring-gai Youth Development Service (KYDS)
- Lindfield Community Centre tennis courts and sun shelter

- Car park and access road
- Other elements on the site are toilet facilities

“Lindfield Community Hub”:

The site is positioned at Woodford Lane behind the Pacific Highway shops at Lindfield. At this stage commitment is for:

- A new park on Bent Street.
- Upgrading and widening of Woodford Lane and Bent Lane.
- A new ‘kiss and ride’ zone and a taxi rank in Woodford Lane.
- Improved cycling access and facilities.
- A new link at street level between Beaconsfield Parade and Bent Street.
- A new multi-purpose community building.
- A new modern branch library.
- A new town square.
- Up to 240 commuter parking spaces funded by Transport for NSW.

With concept plans drawn up for other integrated options which will be confirmed.

Option A: Community facilities with a small supermarket, specialty retail, residential apartments a new park and a three storey height limit.

Option B: Community facilities with a medium sized supermarket, specialty retail, residential apartments, a new park and a seven storey height limit.

Option C: Community facilities with residential apartment buildings only, a new park and a five storey height limit.

Option D: Community facilities with a large supermarket, specialty retail, no residential accommodation, a new park and a three storey height limit.

A preferred option will be reported to Council in October 2015. Once a preferred option is adopted by Council, it will be placed on public exhibition. This exhibition is planned for late 2015.

Lindfield Village Green:

Site is positioned at the Tryon Rd Council owned Car park. The site is on the eastern side of Lindfield behind the Lindfield Avenue shops. Most of the existing car spaces will be relocated underground and the new Village Green will be built on top. Concept Plans were exhibited with the final concept awarded design presented to Council in late 2015.

“Activate Gordon”:

The project site is located in Gordon Local Centre on the western side of the Pacific Highway bounded by Dumaresq Street to the south, the Pacific Highway to the east, 828 Pacific Highway to the north and residential properties to the west. The site also encompasses land acquired by Council under the Open Space Acquisition Strategy, 2006 at 9, 15 & 17 Dumaresq Street, Gordon.

The 'Hub' site is currently zoned B2 - Local Centre under the Ku-ring-gai Local Centres LEP 2012 (KLEP 2012) with a maximum building height of 26.5 metres (9 storeys) and a maximum floor space ratio (FSR) of 3:1. The site is classified as community land under the Local Government Act, 1993. The KLEP 2012 shows a heritage item and areas of biodiversity significance on part of the subject site.

With reference to the local centre suite of planning documents, including the Town Centres Public Domain Plan, 2010, Ku-ring-gai Contributions Plan, 2010 and Local Centres DCP, 2013 the subject site has been identified as a strategically important site for the delivery of future public community and cultural infrastructure.

The project will include the following elements as a minimum:

- A cultural hub facility of approximately 2000-4000m²;
- A park/civic square with a minimum area of 3500m².

SIGNIFICANT VALUE CHANGES:

Significant value changes – from prior Local Government Valuation (2014) to current annual valuation (2015)

In broad terms the Sydney wide market has seen unprecedented increases particularly in residential/mixed use markets. Encouraged by current interest rates which sit at their lowest rates since the 1960's, the influx of global money, clearer development pathways with the new and standardised LEP's and the fear of missing out scenario, Sydney's median house price is now hovering close to the \$1mill mark.

On average the Sydney wide median has increase 23% in the 12months prior to this current Base Date with 8.4% of that growth occurring in the last quarter to BD. This type of growth has not been seen since the boom period of the early 1980'S.

Within the Ku-Ring-gai LGA there has been significant and consistent interest across all levels of single residential dwellings and mixed use development. The demand for residential property within the LGA has been widespread and improved markedly over the current valuation year with reasonable levels of supply available.

These increases are generally consistent within each of the residential components and also on a component by component level. There has not being a single major factor within the LGA that has led to widespread fluctuations in values but there has been a broad and significant positive market shift as shown by this year's sales evidence.

However, there are some small pockets that have moved slightly above others. An example of this is the change in an area such as South Turramurra. This follows the release of the Barwon Park estate which will transform the immediate surrounding area with sale prices of vacant land close to the \$1m mark. This pocket, which previously was passive open space, is now becoming a much sort after residential location. Value movements in this location reflect the movement in the prices paid for sites. The reverse of this has been the influx of high density developments which affect the amenity of nearby residential dwellings. This has been evidenced along Boundary and Victoria Streets Roseville where numbers of single dwelling residences have been demolished to make way for high density living. Those cottages that are surrounded by high rise development with its demographic change are considered to have reduced amenity; this can be reflected in their sale price.

Properties within the LGA have had significant movements in their Land Values in this current year program. In some instances it is considered that some values have moved significantly enough that its variation does not just represent normal market conditions but is the result of a variation in the development potential of a particular site. This type of movement is evident the Business Mixed Use zones in Gordon, there has been significant variations in values from handcrafting which has resulted in one off value changes that have been brought about by sales analysis.

The case remains that dwellings and sites with good public and private infrastructure or good development potential and where vendors have realistic expectations are being sold in reasonable time frames with general market indicators continuing to show a positive outlook for the foreseeable future.

All new values have been struck and were included in the values upload that attached the VAR and have a Risk Rating of 1 indicating a high value change.

OVERVIEW OF THE QUALITY ASSURANCE PROCESS:

The LPI has been provided with a detailed valuation analysis report, which details the quality assurance process of Crown Valuation Service 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 6.5.1. 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.

Signed



Mark Everitt A.A.P.I.

CONTRACT SERVICES MANAGER

KU-RING-GAI CONTRACT

30 October 2015