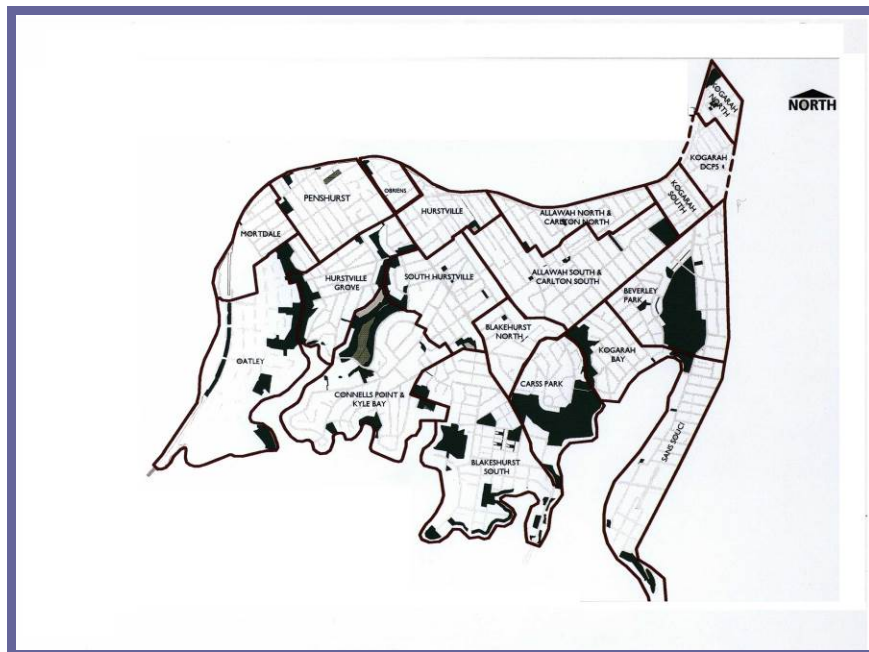


FINAL REPORT



LAND TAX PROGRAMME DISTRICT 141 - KOGARAH BASE DATE - 1 JULY 2015

Prepared by
SOUTHERN ALLIANCE VALUATION SERVICES PTY LTD
for
**VALUER GENERAL &
LAND & PROPERTY INFORMATION**



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EXECUTIVE SUMMARY

All properties in NSW are valued each year for rating and land tax purposes. All valuations are issued to the Office of State Revenue for land tax. Valuations are also issued to councils either each year or every 2nd, 3rd or 4th year. This report details the land valuation programme for the *Kogarah* Local Government Area (LGA). The majority of land values are determined using mass valuation techniques. The Valuer-General's mass valuation system is applied as follows:

- 1) Properties that react to market forces in a similar way are grouped together in a component, and
- 2) The existing values of those properties in a component are updated by a market-based factor that is then used as a multiplier of the prior Land Value. The result is then checked by the Contract Valuer and individually verified values applied as appropriate.

The use of mass valuation techniques does have limitations, particularly over a period of time. The continued application of factors may lead to a distortion in the relativity of values within a geographical area. Some types of properties are so few in number or likely to be so sensitive to localised changes that individually verifying values is the only appropriate method. Although a mass valuation system is used to determine the majority of land values, the Valuation of Land Act requires that each land value be a market value. Each land value must be capable of being tested and supported on its own against all the available market evidence.

The total number of valuation entries (as at 29 October 2015) within Kogarah LGA – 14,345.

The total land value in dollars (as at 29 October 2015) within Kogarah LGA - \$14,757,926,240.

The last local government base date or year when the valuation notice was issued was for the Base Date 1 July 2013.

The total land value for Base Date 1 July 2014 (as at 29 October 2015) was \$11,881,458,760 which represents a percentage change of 24% to Base Date 1 July 2015. The percentage change reflects the overall movement for land values within the Kogarah LGA based on market sales evidence.

Residential - Overall the residential market within the Kogarah LGA exhibited signs of strong positive growth over the 12 months ending 1 July 2015. As a whole, components zoned 'R2 – Low Density Residential', 'R3 – Medium Density Residential' and 'E4 – Environmental Living' recorded growth of 27.3%, 25.5% and 20.8% respectively. On average, residential land components depending on locality and development potential, moved within a band of 19.9% and 45% between the Base Date 1 July 2014 and 1 July 2015. Single residential sites within Kogarah town centre recorded considerable growth with the component moving 45% over the 2015 valuation year. Growth in the 'XPP' (Kogarah) component is attributable to the proposed changes in zoning from 'R2 – Low Density Residential' to 'R4 – High Density Residential' and proposed increases in the floor space ratio as outlined in the "Kogarah Local Environmental Plan 2012 (Amendment No 2)". Other component areas in the residential zoning that exhibited considerable growth were: Mortdale / Penshurst / Hurstville (30.5%), Carlton / Hurstville South / Allawah (28.8%) & Oatley / Hurstville Grove / Connells Point / Blakehurst (28.3%). Furthermore, density sites within a 'R2' and 'R3' zoning showed good growth with components moving within a band of 20% - 25% over the valuation period. Moreover, single residential sites within the 'R3' zoning showed strong positive growth, recording an upward movement of 30% over the valuation period with growth attributable to both the locale of the R3 zoning, being within close proximity to commercial hubs & public transport, and partly attributable to the potential development upside achieved through amalgamating with adjoining allotments. Individual pockets can move against the trend for varying reasons, however on the whole properties within the Kogarah Municipality were relatively consistent.

Commercial / Retail – As a whole, from 1 July 2014 to 1 July 2015, commercial and retail property markets within the Kogarah LGA recorded mixed levels of growth. Overall, zones 'B1 – Neighbourhood Centre', 'B2 – Local Centre' and 'B4 – Mixed Use' recorded growth of 6.3%, 7.4% and 11.7% respectively. Individual components within each business zone show varying levels of growth for numerous reasons including, but not limited to, location, development potential and access to infrastructure / public transport – however, as a whole, business zoned components generally moved within a band of 4% - 25% over the 2015 valuation year.



EXECUTIVE SUMMARY (Cont.)

Strong growth was exhibited by components of commercial and retail properties located in concentrated areas with high amenity, for instance properties within Kogarah's town centre ('BAA – Prime Locations' and 'BBB – Secondary Locations') showed growth of 25% and 21.8% respectively over the 2015 valuation year. However, on the contrary, commercial and retail properties located within the Hurstville City Centre recorded growth of only 4% over the 2015 valuation year – this is partly due to a lack of sales within this component which may be attributed to property owners awaiting gazettal of the Kogarah Local Environmental Plan 2012 (Amendment No 2) before selling their holding.

Growth in retail spending (and ultimately retail asset values) is being supported by various factors. For example, increases in household net worth, driven by the uplift in residential dwelling values, are resulting in providing support for discretionary retail spending and retail spending on household goods. Additionally, a low Australian dollar and low interest rates are providing some overall support to retail spending and asset values. Generally, southern Sydney Neighbourhood Retail properties for the first half of 2015 illustrated a prime yield range from 6.50% up to 7.75% and a secondary yield range from 8.00% up to 10.00%.

Industrial - Overall, the industrial market within Kogarah LGA showed signs of positive growth with the 'IN2 – Light Industrial' zone recording 14% growth over the 12 months ending 1 July 2015. Industrial components 'FAA – Sites from 1-1000m²', 'FBB – Sites from 1000-2000m²' and 'FCC – Sites from 2000-10000m²' exhibited growth of 12.3%, 12.9% and 14% respectively. Certain components can move against the trend for a varying number of reasons, however overall the industrial market for the Kogarah LGA was fairly consistent.

Southern Sydney's industrial property market has experienced increasing demand from property developers acquiring quality industrial sites zoned to be redeveloped from industrial uses to high-rise residential and mixed use developments. As a result of the above, the current industrial supply is decreasing, proving to be a catalyst for driving competition in the industrial sector. Although the majority of the industrial redevelopment demand in Southern Sydney is around the suburbs of Botany, Mascot, Wolli Creek and the like, the reduction in stock creates a lack of supply for the current industrial market for the aforementioned suburbs, thus, potentially driving demand for industrial properties further south/south west to established industrial precincts within the St George and surrounding area. As a result of the above, it has been noted, that industrial yields for southern Sydney industrial properties have compressed to their lowest levels since June 2008, being 6.38% as at September 2015.

TABLE OF TYPICAL VALUES

Location	Zone	Size (square metres)	2015 Land Value
Northcote St, Sans Souci	Residential	613.11	\$1,150,000
Andover St, Carlton	Residential	550.1	\$842,000
Hatfield St, Blakehurst	Residential	512.2	\$1,020,000
George St, South Hurstville	Residential	402.15	\$766,000
Railway Pde, Kogarah	Business	208.6	\$1,050,000
Bellevue Pde, Carlton	Industrial	1695	\$972,000

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Southern Alliance Valuation Services Pty Ltd



1.0 GENERAL DESCRIPTION OF LOCAL GOVERNMENT AREA

1.1 Introduction / Overview

The municipality of Kogarah was established in 1885 and is bounded by the Illawarra Railway line, Georges River, Rocky Point Road, Princes Highway and Harrow Road. The Kogarah Municipality is one of three councils in the St George area, and is approximately 15 kilometres south of the Sydney Central Business District and approximately 5 kilometres south-west of Kingsford Smith Airport. The municipality is 19.51 square kilometres in size – the land component being 15.55 square km with the remainder being waterways and bays from the Georges River. According to the Australian Bureau of Statistics the Estimated Resident Population (ERP) of Kogarah is 61,030 (as at 2014).

The number of parks and reserves maintained by Kogarah Council is 115. The open space areas tend to be located near the Georges River in the southern end of the municipality.

Kogarah has four Council Wards – East Ward, Middle Ward, North Ward and West Ward. The Municipality has 17 Suburbs – as defined by the Geographical Names Board – and most suburbs extend beyond the boundaries of the Kogarah Local Government Area. The adjoining Council areas are Sutherland Shire to the south, Hurstville Council to the west & south-west and Rockdale Council to the North and East. King Georges Road and the Princes Highway are the main arterial roads within the municipality. The Local Government Area comprises all or part of the suburbs of Oatley, Hurstville, Hurstville Grove, Hurstville South, Penshurst, Connells Point, Kyle Bay, Blakehurst, Carss Park, Kogarah Bay, Sans Souci, Beverley Park, Allawah, Carlton and Kogarah.

Of the estimated 19,205 dwellings in the Kogarah Municipality, 53.8% are free standing houses with 22.7% being flats, units and apartments with the remainder being villas, townhouses and public housing. The main concentration of villas and townhouses are situated at Hurstville South, while flats and units are predominantly located near the railway line.

The main commercial and retail focus for Kogarah municipality is the Kogarah Town Centre which comprises, among many businesses, the Head Office for St George Bank, St George TAFE and the St George Public and Private Hospitals. It is planned to make the Town Centre an “Urban Village” with a mixture of uses comprising medium density housing, commercial, civic and institutional with strong links to public transport. There are several smaller neighbourhood retail locations throughout the local government area, primarily near Railway Stations and along Rocky Point Road.

The largest concentration of industrial activity is located at Carlton, in and around Planthurst Road.

(Source: Kogarah Council printed information & Kogarah Council web site).



2.0 NUMBER OF VALUATIONS IN THE ZONE CATEGORIES

2.1 Zone category Break-Up

2.1.1 Table: All Zones

Zone Category Break-Up as at 29 October 15		
Residential	13,376	93.25%
Business	615	4.29%
Industrial	113	0.79%
Open Space	145	1.01%
Special Uses	94	0.66%
Recreational Waterways	2	0.01%
Totals	14,345	100.00%

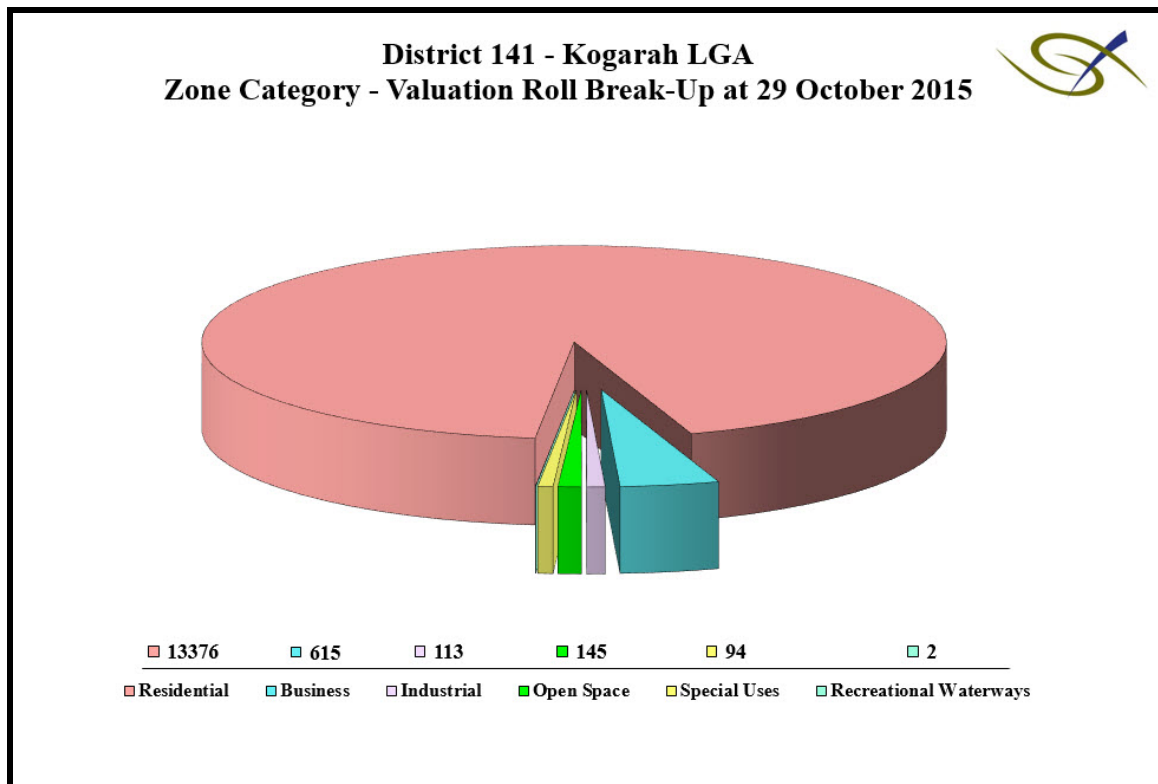
2.1.2 Table: Residential Uses

Residential Uses Break-Up as at 29 October 15		
Single Dwelling Sites	12,524	93.63%
Medium Density	193	1.44%
High Density	659	4.93%
Totals	13,376	100.00%

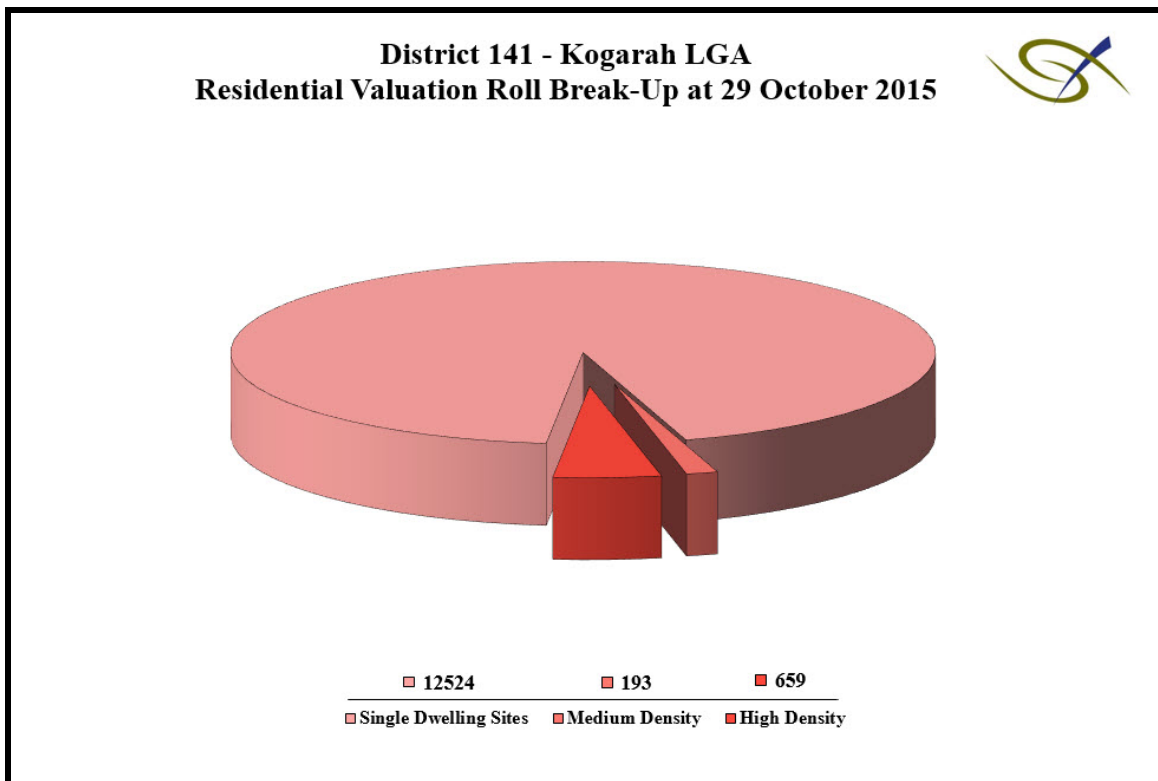


2.0 NUMBER OF VALUATIONS IN THE ZONE CATEGORIES (Cont.)

2.1.3 Graph: All Zones



2.1.4 Graph: Residential Uses





3.0 TOWN PLANNING & ZONING INSTRUMENTS

3.1 Overview:

The starting point for all zoning, land use and development enquiries is the Kogarah Local Environmental Plan 2012 (KLEP 2012). The Kogarah Local Environmental Plan (LEP) 2012 has been finalised and approved by the Minister for Planning and Infrastructure. It was notified on the legislation website Friday 25 January 2013 and came into effect on Friday 8 February 2013, from which date KLEP 1998 no longer applies.

As far as possible, KLEP 2012 is a conversion of the provisions contained within KLEP 1998 to fit within the standard instrument requirements. This means that for the majority of properties in the city, although the name of the land use zone may change, there will be little difference to the nature of development that can be carried out on the land.

The Kogarah DCP 2013 applies to the entire City of Kogarah. The Kogarah DCP 2013 supports the provisions of the Kogarah Local Environmental Plan (LEP) 2012. The Kogarah DCP 2013 was adopted by Council on 23 September 2013. It came into effect on 26 September 2013.

A recent release of statistics from the State Government Department of Planning and Environment indicates an estimated growth of 17,400 residents who will seek housing in the City of Kogarah up to 2031. [A draft planning proposal is outlined below in response to the increase demand for housing within the Kogarah LGA].

(Source: Kogarah Council web site).

4.0 IDENTIFIED SIGNIFICANT CHANGES IN USE OR DEVELOPMENTS OF PROPERTY AND OTHER FACTORS WHICH MAY AFFECT VALUATIONS.

4.1 Town Planning – Kogarah Local Environmental Plan 2012 (Amendment No 2):

Per the ‘LEP Tracking’ NSW Government website:

Title - Kogarah Local Environmental Plan 2012 (Amendment No 2)
New City Plan for Kogarah

Summary - The planning proposal seeks to amend Kogarah Local Environmental Plan (LEP) 2012 by: rezoning lands in and around centres; introducing R4 High Density Residential and E2 Environmental Conservation zones; providing increased development potential in various areas; introducing principal development standards (height of building and floor space ratio maps) for lands across the LGA; providing greater flexibility for dual occupancy development and subdivision of land; deleting E4 Environmental Living and RE2 Private Recreation zones; introducing a local provision for seniors housing; and amendments to Schedule 1 Additional Permitted Uses, Schedule 2 Exempt Development, Schedule 4 Classification and reclassification of public land and Schedule 5 Environmental.



4.0 IDENTIFIED SIGNIFICANT CHANGES IN USE OR DEVELOPMENTS OF PROPERTY AND OTHER FACTORS WHICH MAY AFFECT VALUATIONS (Cont.)

Stage - Approved at Gateway and with RPA for implementation [as at October 2015]

Number - SI_2014_KOGAR_001_00

Supporting

Notes - Kogarah Local Environmental Plan 2012 (KLEP 2012) represented a conversion of the Kogarah LEP 1998 to the Department of Planning's Standard Instrument LEP and was gazetted in January 2013. That Plan was not a review of the statutory planning controls as it was a conversion of the existing plan to the new Standard Instrument LEP format.

At the time of preparing Kogarah LEP 2012 there was no strategic review of zonings and development standards (height, floor space ratio, minimum allotment sizes etc.) and no strategic review of policy relating to employment lands or housing was undertaken.

Council has now completed the relevant background studies to undertake a strategic review of Kogarah LEP 2012. This Planning Proposal aims to implement the recommendations of the recent studies and Council strategies that have been undertaken, which include the following:

- Kogarah 2031 Housing Strategy
- Kogarah Employment Lands and Economic Development Strategy
- Open Space Review

The proposed amendments have been prepared in response to the outcomes of the abovementioned Strategies and provide options for additional housing and employment opportunities across the City to meet the future needs of the community. The Planning Proposal proposes to amend zonings and land use tables, introduce height and floor space ratio controls (principal development standards) and review and amend the associated maps.

4.2 Property Market Overview:

Australia's residential property market exhibited mixed levels of growth over the 2014/15 financial year. The CoreLogic RP Data Home Value Index illustrates the combined capital city index rose 9.8% over the 12 months ending 30 June 2015. According to the index, Sydney residential properties showed an increase of 16.2% over the 12 months ending 30 June 2015 with Melbourne being the closest capital city to Sydney in terms of growth recording 10.2% over the same period. It is evident that the Sydney and Melbourne property markets have continued to increase in value at a faster pace than other Australian capital cities over the 2014/15 financial year. Some pockets of Sydney and noticeably some components of the **Kogarah LGA** had recorded stronger growth than others, however as a whole the **Kogarah LGA** moved homogeneously showing considerable growth.



4.0 IDENTIFIED SIGNIFICANT CHANGES IN USE OR DEVELOPMENTS OF PROPERTY AND OTHER FACTORS WHICH MAY AFFECT VALUATIONS (Cont.)

The continued growth in the Sydney and Melbourne property markets and the imbalance between owner-occupied finance vs. investor finance has drawn the attention of regulatory bodies including the Australian Prudential Regulation Authority (APRA). APRA highlighted in December 2014 that authorised deposit-taking institutes (ADIs) must not exceed growth in investor loans above 10% per annum. Furthermore, in July 2015 APRA announced an increase in capital requirements for Australian residential mortgage exposures under the internal ratings-based (IRB) approach which would see the average risk weight of residential mortgage exposures using the IRB approach increase to at least 25% by mid-2016, from an average of around 17% at the end of June 2015.

All big four banks (ANZ, NAB, Westpac & Commonwealth) increased the variable interest rates on residential investor loans between 0.27 and 0.29 percentage points over the two weeks ending 4 August 2015. Westpac notes the increases are a response following the introduction of investor lending growth benchmarks set by APRA. Furthermore, from 14 October 2015 to 23 October 2015, all big four banks increased their variable interest rates on residential owner-occupier and investor home loans between 15 and 20 basis points – with all four banks citing the decision was partly attributable to the requirement to increase the amount of capital applied to residential mortgages.

SQM Research has reported a notable increase in Sydney residential property listings over the year ending September 2015, whilst the national listing numbers declined over the same period. SQM noted Sydney residential listing numbers rose 7.6% over the month of September 2015 and rose 11.1% over the 12 months ending 30 September 2015 compared to the national residential listing numbers decreasing 0.1% over the 12 months ending 30 September 2015. Furthermore, Australian Property Monitors (APM) research indicates Sydney's residential auction clearance rates last peaked at 89% in May / June 2015 which have since steadily declined to a clearance rate of 65% on Saturday 17 October.

Expanding on the above, the information suggest that some of the *heat* of the Sydney residential property market – which was exhibited in the first half of 2015 – may have dissipated in recent months. However, as at date of report, there is no available information to suggest that in recent months the above has had any direct impact on residential property values.

The commercial / retail property market has showed varied signs of growth over the 2014/15 financial year with some asset classes outperforming others. In general, commercial / retail properties located in concentrated areas with excellent access to transport and infrastructure performed well. Overall, retail property has benefited from an uplift in family net worth, driven by the increases in residential dwelling values, which help support discretionary spending and spending on consumer / household goods. Density / development sites continued to perform well over the 2014/15 financial year. Generally, residential development continues to outprice commercial development as the highest and best use and as such, sites with residential development potential remain in high demand across southern Sydney. Industrial property in the St George locale performed well over the 2015 financial year, following a few years of subdued activity. Industrial properties in St George largely recorded positive growth around 10% or slightly greater. Individual pockets can move against the trend for varying reasons, however on the whole properties within the **Kogarah** Municipality were relatively consistent.



4.0 IDENTIFIED SIGNIFICANT CHANGES IN USE OR DEVELOPMENTS OF PROPERTY AND OTHER FACTORS WHICH MAY AFFECT VALUATIONS (Cont.)

The Kogarah Local Environmental Plan [KLEP] 2012 (Amendment No 2) 'New City Plan for Kogarah' has had some effect on properties within the Kogarah Local Government Area. As discussed in the executive summary and under section '7.0 Market Commentary', subsection '7.1 Residential' herein, it is understood the exhibition of the above amendments to KLEP 2012 has been partly responsible for the large increases in dwelling values within the single residential component XPP – Kogarah. Furthermore, discussed in the executive summary and under section '7.0 Market Commentary', subsection '7.2 Commercial / Retail', some commercial components have a lack of available sales evidence over the 2015 valuation year – this has been partly attributable to the amendments to KLEP 2012 being in draft format and landowners may be awaiting gazettal of the proposed amendments before selling their holding.

4.3 Economy Overview

The following statement was issued by the Reserve Bank of Australia for the monetary policy decision held 7 July 2015 and provides a concise summary on the outlook for national and global economies as at the 2015 base date:-

International Economic Conditions:

The Board's discussion about economic conditions opened with the observation that economic growth in Australia's major trading partners appeared to have been around average in the June quarter. Consumption growth had been little changed for most trading partners in recent months, although it was perhaps a bit stronger in the United States and somewhat weaker in China. The level of consumption in Japan remained well below that seen prior to the increase in the consumption tax in 2014. Core inflation rates had been stable in year-ended terms over recent months and remained below the targets of most central banks. Members also observed that trade volumes, particularly within the Asian region, appeared to have fallen recently. Consistent with this observation, growth in industrial production across a number of east Asian economies had slowed a little.

In China, there had been little change in the monthly indicators of economic activity, although conditions had been a bit more positive in some sectors than early in 2015. The Chinese property market had improved somewhat; residential property prices overall had risen for the first time in a year and floor space sold had increased in the past few months. Members reflected that the recent easing in monetary conditions would provide additional support to the property market and growth more broadly, although it could be some time before a significant pick-up in construction activity began. Recent efforts by central government authorities to increase infrastructure investment further and reform local government financing arrangements were also expected to support investment.

Commodity prices overall had fallen since the previous meeting, driven by iron ore and oil prices. Growth in crude steel production had been modest and steel prices had fallen noticeably over the past month. Iron ore production in China had continued to decline. Shipments of iron ore from Australia and Brazil appeared to have increased in June, which contributed to lower iron ore prices over the past month.

Following quite strong output growth in Japan in the March quarter, more timely indicators pointed to modest growth in the June quarter. Labour market conditions had continued to improve, resulting in the unemployment rate falling further and the ratio of jobs to applicants continuing to rise. Wage growth and financial market measures of inflation expectations were higher than a year earlier and were expected to feed into higher core inflation over time. Members considered the importance for Japan of policy reforms designed to address some longer-term structural challenges, such as the ageing of the population.

In the United States, recent data pointed to moderate growth in economic activity in the June quarter following weakness in the March quarter. The labour market had strengthened further, with growth in non-farm payrolls employment rebounding in April and May and the unemployment rate falling. While there had been some increase in measures of wage growth, core measures of inflation remained below the Federal Reserve's inflation target.



4.0 IDENTIFIED SIGNIFICANT CHANGES IN USE OR DEVELOPMENTS OF PROPERTY AND OTHER FACTORS WHICH MAY AFFECT VALUATIONS (Cont.)

In the euro area, the available indicators pointed to modest economic growth and above-average sentiment in the June quarter, continuing the recent trend of improved conditions in the euro area as a whole. Members noted that exports had made a significant contribution to the pick-up in growth in the region but investment was still well below the levels seen prior to the global financial crisis. The unemployment rate had continued to fall modestly since its peak two years earlier, but varied sharply across the euro area; the unemployment rate was highest in Greece, where output was more than 25 per cent below its level prior to the financial crisis.

Domestic Economic Conditions:

Members noted that output had increased by 0.9 per cent in the March quarter and by 2.3 per cent over the year. Resource exports had made a significant contribution to growth, reflecting better-than-usual weather conditions in the quarter. Dwelling investment had remained strong and while consumption growth had picked up over the past year or so, it had remained below average. Business investment had contracted in the quarter and there had been little growth in public demand. More recent economic indicators suggested that domestic demand had continued to grow at a below-average pace over recent months, but that labour market conditions had continued to improve.

Members observed that consumption grew faster than household income over the year to the March quarter. As a result, the saving ratio had declined further, although it remained well above the level it had been over much of the past 25 years. Year-ended growth in retail sales had been little changed over recent months and liaison suggested that this was likely to have continued into June. Retail sales growth had been relatively strong in New South Wales and Victoria but weaker in Queensland and Western Australia, in line with observed differences in economic conditions across the country. At the same time, surveys indicated that consumers had viewed their financial situation as being above average over the past year, notwithstanding the relatively weak growth in labour incomes. Members observed that this was likely to reflect the very low level of interest rates and strong growth in net household wealth.

Dwelling investment increased by 9 per cent over the year to the March quarter. An increase in the construction of new dwellings accounted for most of this growth, but the alterations and additions component had also contributed more recently, recording the first increase in a year in the March quarter. Forward-looking indicators pointed to further strong growth in dwelling investment in the period ahead. Members noted that there had been ongoing divergence in conditions in established housing markets across the country, as well as between houses and apartments. Housing prices had continued to rise rapidly in Sydney and to a lesser extent in Melbourne. Elsewhere, there had been little change in housing prices over the past six months or so. Prices of apartments had been growing less rapidly than those of houses, which members considered to be consistent with the relatively strong growth in the supply of higher-density housing in many capital cities.

Growth in housing credit overall had been stable over recent months at around 7 per cent on an annualised basis, while growth in lending to investors had been steady at a bit above 10 per cent. Members observed that the household debt-to-income ratio, calculated by netting funds held in mortgage offset accounts from total household debt to the financial sector, had increased over the year to March but had not exceeded previous peaks. Members discussed the fact that high housing prices had different implications for existing home owners, who benefited from increased wealth, and potential new home owners, who were finding it more difficult to finance a home purchase.

Investment in both the mining and non-mining sectors appeared to have fallen in the March quarter, although the split between the two components remained subject to some uncertainty. Profits for non-mining firms had increased by 6 per cent over the past year. More recent survey measures of business conditions, confidence and capacity utilisation had picked up to be around, or even above, their long-run averages. In contrast, private non-residential building approvals had remained weak.

The monthly trade data suggested that resource exports, including iron ore and coal, had declined in the June quarter. Coal exports had been affected by the severe storms in the Hunter region of New South Wales in late April. Members noted that there had been further signs of growth in service exports, in part a response to the depreciation of the exchange rate. Over the past year, net service exports had made a similar contribution to output growth as exports of iron ore, even though total import volumes had increased in the March quarter.



4.0 IDENTIFIED SIGNIFICANT CHANGES IN USE OR DEVELOPMENTS OF PROPERTY AND OTHER FACTORS WHICH MAY AFFECT VALUATIONS (Cont.)

Labour force data indicated further signs of improvement in May. Employment growth had picked up over the year to exceed the rate of population growth. As a result, the unemployment rate had been relatively stable since the latter part of 2014 and had fallen slightly in May to 6 per cent. Members observed that employment growth had been strongest in household services and that employment and vacancies had been growing for business services but had remained little changed in the goods sector. As with other state-based indicators, employment growth and job vacancies had been strongest in New South Wales and Victoria. Forward-looking labour market indicators had been somewhat mixed over recent months. The ABS measure of firms' job vacancies overall suggested that demand for labour could be sufficient to maintain a stable or even falling unemployment rate in the near term, while other forward-looking indicators suggested only modest growth in employment in coming months.

Members noted that the latest estimates indicated that the population had increased by 1.4 per cent over the year to the December quarter, down from a peak rate of growth of 1.8 per cent over 2012. The slower growth was primarily accounted for by a decline in net immigration, which was particularly pronounced in Western Australia and Queensland, consistent with weaker economic conditions in those states. Members observed that the lower-than-expected growth in the population helped to reconcile the below-average growth in output over the past year with a broadly steady unemployment rate.

Despite recent improvements in labour market indicators, members reflected that there was still evidence of spare capacity in the labour market. Consistent with this, the latest national accounts data indicated that non-farm average earnings per hour had recorded the lowest year-ended outcomes since the early 1990s and that unit labour costs had been little changed for around four years.

Financial Markets:

International financial markets were mainly focused on developments in Greece and the fall in Chinese equity markets over the past month.

Members were briefed on recent developments in Greece. The 'no' vote in the referendum on the creditors' latest proposals raised several issues, first among which was how the Greek authorities could reopen the banks. A critical vulnerability in the near term was related to whether the European Central Bank would provide additional emergency liquidity assistance. A second issue was how Greece would be able to service its external debt and a third was the challenges faced by the Greek authorities in improving the competitive position of the economy. Although these issues were of great concern to the Greek populace, the direct economic implications for the global economy and Australia were assessed by members to be relatively limited. They noted that the reaction of financial markets to these developments had been fairly muted. This was consistent with the economic and financial exposures to Greece – apart from the official sector's financial exposure – being quite low.

Members noted that spreads to 10-year German Bunds on comparable bonds issued by Italy, Spain and Portugal had not risen much, with the limited contagion from developments in Greece likely to have reflected a general view of markets that previous adjustment policies in those countries had been relatively successful.

Members then turned their discussion to developments in bond markets more generally. Yields on longer-maturity German Bunds and US Treasuries had risen sharply over the first half of June, with German 10-year yields reaching 1 per cent, compared with a historic low of 8 basis points in mid April. German yields declined somewhat following the announcement of the Greek referendum. Longer-term sovereign yields of most other developed countries, including Australia, tended to move in line with US Treasuries.

Expectations about the timing of the US Federal Reserve's first increase in the federal funds rate were little changed over the past month. Market pricing continued to suggest that the first increase would occur around the end of 2015. Although commentary by Federal Reserve officials suggested that it could be a little sooner than that, they continued to emphasise that the exact timing of the first increase would be less important than the pace of subsequent increases, which were expected to be gradual.



4.0 IDENTIFIED SIGNIFICANT CHANGES IN USE OR DEVELOPMENTS OF PROPERTY AND OTHER FACTORS WHICH MAY AFFECT VALUATIONS (Cont.)

The People's Bank of China (PBC) eased monetary policy further in June by cutting benchmark deposit and lending rates by 25 basis points, citing low inflation and a consequent increase in real interest rates. In addition, the PBC announced cuts to the reserve requirement ratio for selected financial institutions. The Chinese authorities had also announced a proposal to allow banks more flexibility in their choice of funding mix and asset allocation, which could lead to an increase in the supply of credit over time.

The Reserve Bank of New Zealand lowered its policy rate by 25 basis points, to 3.25 per cent, citing the decline in New Zealand's terms of trade and the disinflationary effect of stronger-than-expected labour force growth.

Global equity markets fell by 3 per cent over the course of June, with broad-based falls and price movements generally tending to reflect fluctuations in sentiment about Greece. The Chinese equity market also fell sharply in June, partly in response to what was only a modest tightening of restrictions on margin lending. Mainland share prices were still well above their levels of a year earlier but the sharpness of the recent fall prompted the Chinese authorities to announce a number of measures, including an indefinite suspension of initial public offerings, an equity stabilisation fund and a funding facility for brokers. The Australian equity market underperformed several other advanced economy markets in June, mainly reflecting falls in resources and consumer sector share prices.

Global foreign exchange markets were relatively subdued in June. The euro recorded only a modest and short-lived fall when markets opened after the announcement of the Greek referendum result. The Australian dollar was 3 per cent lower against the US dollar and on a trade-weighted basis.

Corporate bond issuance in Australia had been strong over the course of 2015 to date, particularly by resource companies, although much of the increase reflected refinancing.

Pricing of Australian money market instruments suggested that the cash rate target was expected to remain unchanged at the present meeting.

4.4 Court Cases:

The High Court decision *Maurici v Deputy Commissioner of Land Tax* requires that the valuation be made free of any influence of scarcity. In effect, the valuer is required to have regard to the whole market and not just the vacant land sales. In order to fulfil this requirement Southern Alliance Valuation Services Pty Ltd had regard to all the sales evidence.



5.0 ADDED VALUE OF IMPROVEMENTS

5.1 Residential:

In addition to vacant land sales, improved sales were used to assist in determining the market levels for land values and to negate any possibility of a scarcity factor. The 'Paired Sales Approach' was used throughout the St George region, whereby the land value demonstrated by vacant land sales is to be taken from the sale price of improved properties to determine the added value of the improvements.

The table(s) below details the results from this analysis for the St George valuation area. The schedule provided is general in nature and each analysed sale is assessed individually when determining the added value of improvements to capture specific features e.g. renovations, pools, landscaping, no. of levels, topography etc.

		Rates Per Square Metre (\$/m ²) Adopted from Paired Analysis					
Property Type	Size (m ²)	Condition					
		Very Poor	Poor	Average	Good	Very Good	Superior
Fibrous Cement, Weatherboard, Permalum Clad, etc.	0-89	250- 425	425- 725	450- 750	475- 775	500- 800	550- 850
	90-115	250- 425	425- 725	450- 750	475- 775	500- 800	550- 850
	116-145	250- 425	425- 725	450- 750	475- 775	500- 800	550- 850
Brick (before 1900) Victorian Style	0-89	350- 800	800- 1000	1000- 1300	1100- 1500	1200- 1700	1400- 2000
	90-115	300- 700	700- 900	900- 1200	1000- 1450	1100- 1600	1300- 1900
	116-145	250- 600	600- 800	800- 1100	900- 1400	1000- 1500	1200- 1800
	146-195	200- 500	500- 700	700- 1000	800- 1300	900- 1400	1100- 1700
	196-350	200- 400	400- 600	600- 950	700- 1200	800- 1300	1000- 1600
Brick (1900 – 1920) Federation Style	0-89	350- 800	800- 1000	1000- 1300	1100- 1500	1200- 1700	1400- 2000
	90-115	300- 700	700- 900	900- 1200	1000- 1450	1100- 1600	1300- 1900
	116-145	250- 600	600- 800	800- 1100	900- 1400	1000- 1500	1200- 1800
	146-195	200- 500	500- 700	700- 1000	800- 1300	900- 1400	1100- 1700
	196-350	200- 400	400- 600	600- 950	700- 1200	800- 1300	1000- 1600



5.0 ADDED VALUE OF IMPROVEMENTS (Cont.)

		Rates Per Square Metre (\$/m ²) Adopted from Paired Analysis					
Property Type	Size (m ²)	Condition					
		Very Poor	Poor	Average	Good	Very Good	Superior
Brick (1920 – 1950) California Bungalow and Art Deco	0-89	350- 800	800- 1000	1000- 1300	1100- 1500	1200- 1700	1400- 2000
	90-115	300- 700	700- 900	900- 1200	1000- 1450	1100- 1600	1300- 1900
	116-145	250- 600	600- 800	800- 1100	900- 1400	1000- 1500	1200- 1800
	146-195	200- 500	500- 700	700- 1000	800- 1300	900- 1400	1100- 1700
	196-350	200- 400	400- 600	600- 950	700- 1200	800- 1300	1000- 1600
Brick (1950 - 1970) Post WWII Style	0-89	350- 900	700- 950	950- 1300	1000- 1400	1050- 1500	1100- 1600
	90-115	300- 800	600- 850	850- 1200	900- 1300	950- 1400	1000- 1500
	116-145	250- 700	500- 750	750- 1100	800- 1200	850- 1300	900- 1400
	146-195	200- 600	450- 650	650- 1000	700- 1100	750- 1200	800- 1300
	196-350	200- 500	400- 550	550- 900	600- 1000	650- 1100	700- 1200
Brick (1970 – 1990)	0-89	400- 950	800- 1200	1050- 1500	1100- 1600	1150- 1700	1200- 1800
	90-115	350- 900	700- 1100	950- 1400	1000- 1500	1050- 1600	1100- 1700
	116-145	300- 800	600- 1000	850- 1300	900- 1400	950- 1500	1000- 1600
	146-195	250- 700	500- 900	750- 1200	800- 1300	850- 1400	900- 1500
	196-350	200- 600	400- 800	650- 1100	700- 1200	750- 1300	800- 1400
Brick (1990 – Present)	0-89	500- 1000	1000- 1700	1700- 2200	1900- 2400	2100- 2600	2300- 2800
	90-115	450- 900	900- 1500	1500- 2000	1700- 2200	1900- 2400	2000- 2600
	116-145	400- 800	800- 1300	1300- 1800	1500- 2000	1700- 2200	1900- 2400
	146-195	350- 700	700- 1100	1100- 1600	1300- 1800	1500- 2000	1700- 2200
	196-350	300- 600	600- 900	900- 1400	1100- 1600	1300- 1800	1600- 2100



5.0 ADDED VALUE OF IMPROVEMENTS (Cont.)

		Rates Per Square Metre (\$/m ²) Adopted from Paired Analysis					
Property Type	Size (m ²)	Condition					
		Very Poor	Poor	Average	Good	Very Good	Superior
Project Home Presentation (Modern)	0-89	500-1500	1500-2200	1900-2400	2100-2600	2300-2800	2500-3000
	90-115	450-1300	1300-2000	1700-2200	1900-2400	2100-2600	2300-2800
	116-145	400-1100	1100-1800	1500-2000	1700-2200	1900-2400	2100-2600
	146-195	350-900	900-1600	1300-1800	1500-2000	1700-2200	1900-2400
	196-350	300-700	700-1400	1100-1600	1300-1800	1500-2000	1700-2200
Architectural Design (Modern)	0-89	1000-2000	2000-3400	3400-4100	3600-4400	3800-4700	4000-5000
	90-115	850-1850	1850-3150	3150-3850	3350-4150	3550-4450	3750-4750
	116-145	700-1700	1700-2900	2900-3600	3100-3900	3300-4200	3500-4500
	146-195	550-1550	1550-2650	2650-3350	2850-3650	3050-3950	3250-4250
	196-350	400-1400	1400-2400	2400-3100	2600-3400	2800-3700	3000-4000



5.0 ADDED VALUE OF IMPROVEMENTS (Cont.)

5.1.1 Paired Analysis

Examples of Paired Analysis within St George Area:

- Vacant Site sale at **2 Southern Street, Oatley**.
Sold 25 October 2014 for \$1,200,000.
Dimensions: 17.68 x 40.23. **Area: 711.27m²**.

Paired with:-

29 Yarran Road, Oatley. Sold 2 May 2015 for \$1,460,000.
Dimensions: 17.12 x 41.09. **Area: 703.2m²**.

Circa late 1960's / early 1970's, single storey with sub-floor, brick and part weatherboard dwelling with brick perimeter wall foundation and tiled roof. Accommodation generally consists of 5 bedrooms, 3 bathrooms and a DLUG UMR. Partly renovated / updated throughout. Modern renovated kitchen and ensuite. Main bathroom appears to be have been renovated circa 1990's. In-ground pool. GBA: 190m² (approx.), excluding garage 33m² (approx.), under house storage 30m² (approx.) and rear verandah 18m² (approx.). After allowing for size, location, date, topography etc. shows \$209,000 (equates to \$1,100/m²) for this type of improvement and \$52,150 for existing garage, under house storage, in-ground pool, rear verandah, driveways, paths, landscaping and fencing - **Total: \$261,150**.

Or paired with:-

23 Yarran Road, Oatley. Sold 23 March 2015 for \$1,750,000.
Dimensions: 20.12 / 15.8 x 35.05 / 36.39 IRR. **Area: 691.4m²**.

Circa 2004, double storey, brick dwelling with concrete slab foundation and tiled roof. Accommodation generally consists of 5 bedrooms, 3 bathrooms and a DLUG UMR. Dwelling appears to be mostly original since date of construction, however well maintained with a good standard of finish. In-ground pool. GBA: 255m² (approx.), excluding garage 32m² (approx.) and rear entertainment area 23m² (approx.). After allowing for size, location, date, topography etc. shows \$420,750 (equates to \$1,650/m²) for this type of improvement and \$84,050 for existing garage, rear entertainment area, in-ground pool, driveways, paths, landscaping and fencing - **Total: \$504,800**.

Or paired with:-

12 Lloyd Street, Oatley. Sold 18 October 2014 for \$1,400,000.
Dimensions: 15.24 x 45.72. **Area: 696.77m²**.

Circa 1960's, single storey, brick dwelling with brick perimeter wall foundation and tiled roof. Accommodation generally consists of 3 bedrooms, 1 bathrooms and a detached SLUG with work shed, garden storage and additional water closet. Dwelling appears to be mostly original, however well maintained. GBA: 150m² (approx.), excluding garage/workshop/storage/w.c. 51m² (approx.). After allowing for size, location, date, topography etc. shows \$150,000 (equates to \$1,000/m²) for this type of improvement and \$28,300 for existing garage/workshop/storage/w.c., driveways, paths, landscaping and fencing - **Total: \$178,300**.



5.0 ADDED VALUE OF IMPROVEMENTS (Cont.)

- Vacant Site sale at **25 The Esplanade, South Hurstville**.
Sold 18 October 2014 for \$1,261,000.
Dimensions: 13.41 x 50.29. **Area: 670.3m²**.

Paired with:-

82 Greenacre Road, Connells Point. Sold 25 September 2015 for \$2,230,000.
Dimensions: 13.41 x 50.11. **Area: 670.3m²**.

Circa 2009, architecturally designed double storey rendered brick dwelling with concrete slab foundation and corrugated metal roof. Accommodation generally consists of 5 bedrooms (2 with ensuites and WIR), 4 bathrooms and a DLUG UMR. In-ground pool and rear entertainment deck. Front and rear balconies. GBA: 360m² (approx.), excluding garage 33m² (approx.), rear entertainment deck 25m² (approx.), front balcony 13m² (approx.) and rear balcony 49m² (approx.). After allowing for size, location, date, topography etc. shows \$936,000 (equates to \$2,600/m²) for this type of improvement and \$122,200 for existing garage, in-ground pool, rear entertainment deck, front & rear balconies, driveways, paths, landscaping and fencing - **Total: \$1,058,200**.

Or paired with:-

17 Waitara Parade, Hurstville Grove. Sold 28 March 2015 for \$1,480,000.
Dimensions: 13.41 x 45.72. **Area: 613.11m²**.

Circa 1910's single storey, brick dwelling with sandstone perimeter wall foundation and tiled roof. Accommodation generally consists of 3 bedrooms, 2 bathrooms and a detached 4 car LUG (fibrous cement construction). Dwelling appears updated throughout, with updated kitchen and bathrooms – overall, very well maintained. Front verandah, rear covered entertainment deck. GBA: 120m² (approx.), excluding garage 54m² (approx.), front verandah 10m² (approx.) and rear deck 22m² (approx.). After allowing for size, location, date, topography etc. shows \$144,000 (equates to \$1,200/m²) for this type of improvement and \$36,200 for existing garage, front verandah, rear deck, driveways, paths, landscaping and fencing - **Total: \$180,200**.



5.0 ADDED VALUE OF IMPROVEMENTS (Cont.)

- Vacant Site sale at **46 Wentworth Avenue, Blakehurst**.
Sold 20 September 2014 for \$1,055,000.
Dimensions: 14.71 / 14.12 x 63.6 / 61.49. **Area: 885.2m²**.

Paired with:-

39 Lynwood Street, Blakehurst. Sold 1 November 2014 for \$1,580,000.
Dimensions: 15.24 x 49.1. **Area: 748.28m²**.

Circa 2010, architecturally designed (project home style) split three level brick dwelling with concrete slab foundation and tiled roof. Accommodation generally consists of 5 bedrooms, 3 bathrooms and on-site parking for 3 cars (no garage). Front balconies and rear patio. Minimal landscaping works. GBA: 290m² (approx.), excluding front balconies 13m² (approx.) and rear patio 7m² (approx.). After allowing for size, location, date, topography etc. shows \$464,000 (equates to \$1,600/m²) for this type of improvement and \$23,300 for front balconies, rear patio, driveways, paths, landscaping and fencing - **Total: \$487,300**.

Or paired with:-

28 Wentworth Avenue, Blakehurst. Sold 13 December 2014 for \$1,371,000.
Dimensions: 13.41 x 63.8 / 64.13. **Area: 853.6m²**.

Circa 1960's, two storey brick dwelling with brick perimeter wall and concrete slab foundation with tiled roof. Accommodation generally consists of 4 bedrooms, 2 bathrooms and no garage or on-site parking. In-ground pool (empty at DOS) and rear balcony. GBA: 200m² (approx.) excluding rear balcony 10m² (approx.). After allowing for size, location, date, topography etc. shows \$200,000 (equates to \$1,000/m²) for this type of improvement and \$19,000 for in-ground pool, rear balcony, driveway (layback only), paths, landscaping and fencing - **Total: \$219,000**.

- Vacant Site sale at **63 Mountview Avenue, Beverly Hills**.
Sold 17 December 2014 for \$820,000.
Dimensions: 13.59 / 13.69 x 34.14 / 34.37. **Area: 417.3m²**.

Paired with:-

94 Mountview Avenue, Narwee. Sold 13 September 2014 for \$920,000.
Dimensions: 13 x 33.53. **Area: 435.89m²**.

Circa 1960, single storey, brick dwelling with brick perimeter wall foundation and tiled roof. Accommodation generally consists of 3 bedrooms, 1 bathrooms and a detached DLUG (fibrous cement construction). Original throughout, moderately well maintained. GBA: 110m² (approx.), excluding garage 30m² (approx.) and front verandah 9m² (approx.). After allowing for size, location, date, topography etc. shows \$104,500 (equates to \$950/m²) for this type of improvement and \$14,850 for existing garage, front verandah, driveways, paths, landscaping and fencing - **Total: \$119,350**.



5.0 ADDED VALUE OF IMPROVEMENTS (Cont.)

➤ Vacant Site sale at **5 Warraba Street, Hurstville.**

Sold 24 November 2014 for \$985,000.

Dimensions: 12.19 x 41.45. **Area: 505.28m².**

Paired with:-

23 Louis Terrace, Hurstville. Sold 8 November 2014 for \$1,110,000.

Dimensions: 12.19 x 45.72. **Area: 557.33m².**

Circa 1920's, single storey, brick dwelling with brick perimeter wall foundation and tiled roof. Accommodation generally consists of 3 bedrooms, 1 bathroom and a detached SLUG with adjoining car port. Overall, original throughout and in average condition. GBA: 118m² (approx.), excluding garage 23m² (approx.), car port 17m² (approx.), front verandah 8m² (approx.) and rear entertaining area 20m² (approx.). After allowing for size, location, date, topography etc. shows \$106,200 (equates to \$900/m²) for this type of improvement and \$21,900 for existing garage, car port, front verandah, rear entertaining area, driveways, paths, landscaping and fencing - **Total: \$128,100.**

Or paired with:-

16 Emily Street, Hurstville. Sold 13 November 2014 for \$1,720,000.

Dimensions: 12.19 x 36.58. **Area: 442.6m².**

Brand new, double storey, rendered brick dwelling with concrete slab foundation and corrugated metal roof. Accommodation generally consists of 5 bedrooms, 4 bathrooms and a DLUG (under the main roof). Property also has 2 front balconies, a rear balcony and a rear patio. Overall, very good condition / construction quality. GBA: 302m² (approx.), excluding garage 30m² (approx.), front balconies 14m² (approx.), rear balcony 16m² (approx.) & rear patio 16m² (approx.). After allowing for size, location, date, topography etc. shows \$604,000 (equates to \$2,000/m²) for this type of improvement and \$75,800 for existing garage, front balconies, rear balcony, rear patio, driveways, paths, landscaping and fencing - **Total: \$679,800.**

Or paired with:-

6 Joan Street, Hurstville. Sold 3 February 2015 for \$1,210,000.

Dimensions: 14.02 x 39.62. **Area: 555.47m².**

Circa 1910's, single storey, brick dwelling with brick perimeter wall foundation and tiled roof. Accommodation generally consists of 3 bedrooms, 1 bathroom and a detached SLUG. Overall, original throughout and in average condition. GBA: 120m² (approx.), excluding garage 20m² (approx.), front verandah 10m² (approx.) and rear entertaining area 20m² (approx.). After allowing for size, location, date, topography etc. shows \$156,000 (equates to \$1,300/m²) for this type of improvement and \$28,250 for existing garage, front verandah, driveways, paths, landscaping and fencing - **Total: \$184,250.**



5.0 ADDED VALUE OF IMPROVEMENTS (Cont.)

➤ Vacant Site sale at **4 Turon Avenue, Kingsgrove.**

Sold 28 March 2015 for \$1,100,000.

Dimensions: 21.52 / 21.54 x 25.24 / 26.18. **Area: 553.3m².**

Paired with:-

64 Glenwall Street, Kingsgrove. Sold 12 June 2015 for \$1,600,000.

Dimensions: 24.54 / 19.68 x 22.15 / 26.75. **Area: 531.1m².**

Circa 2006, modern double storey, brick dwelling with concrete slab foundation and tiled roof. Accommodation generally consists of 5 bedrooms, 3 bathrooms and a DLUG (under the main roof). Property also has a front balcony and a rear patio. Overall, good-very good condition / construction quality. GBA: 265m² (approx.), excluding garage 48m² (approx.), front balcony 3m² (approx.) & rear patio 40m² (approx.). After allowing for size, location, date, topography etc. shows \$424,000 (equates to \$1,600/m²) for this type of improvement and \$71,000 for existing garage, front balcony, rear patio, solar panels, driveways, paths, landscaping and fencing
- Total: \$495,000.

➤ Vacant Site sale at **2 Primrose Avenue, Sandringham.**

Sold 29 November 2014 for \$2,800,000.

Dimensions: 15.95 / 15.77 x 57.53 / 58.09. **Area: 859.9m².**

Paired with:-

110 Ida Street, Sandringham. Sold 4 February 2015 for \$5,500,000.

Dimensions: 23.295 / 23.165 x 34.98 / 38.35. **Area: 847.3m².**

Modern, architecturally designed, two storey rendered brick dwelling with concrete slab foundation and reinforced concrete roof. Accommodation generally consists of 4 bedrooms, 4 bathrooms and 4 car garage. Other areas include front balconies and side/rear balcony. Overall, superior build quality with decorative ceilings. Extensive use of Italian marble and mosaic tiling throughout. Master bedroom with spa. Guest suite/wing. Internal gym and steam room. Heated in-ground pool and additional roof top (in-ground/in-roof) plunge pool/spa. Manicured gardens. Extensive paved areas including front entry to residence and rear courtyard. GBA: 420m² (approx.), excluding garage 70m² (approx.), front balconies 30m² (approx.) and side/rear balcony 32m² (approx.). After allowing for size, location, date, topography etc. shows \$1,680,000 (equates to \$4,000/m²) for this type of improvement and \$423,000 for existing garage, in-ground pool, rooftop plunge pool/spa, front balconies, side/rear balcony, driveways, paths, landscaping and fencing - **Total: \$2,103,000.**



5.0 ADDED VALUE OF IMPROVEMENTS (Cont.)

➤ Vacant Site sale at **24 Vivian Street, Bexley.**

Sold 20 September 2014 for \$1,110,000.

Dimensions: 15.24 x 43.74 / 43.89. **Area: 676.6m².**

Paired with:-

53 Bruce Street, Bexley. Sold 20 September 2014 for \$1,280,000.

Dimensions: 15.24 x 42.44. **Area: 646.79m².**

Circa 1920, single storey, brick dwelling with concrete slab foundation and tiled roof. Accommodation generally consists of 3 bedrooms, 1 bathroom and a SLUG (under the main roof). Property also has a front verandah and a rear covered deck. Overall, good-very good condition with renovated kitchen and bathroom. GBA: 140m² (approx.), excluding garage 18m² (approx.), front verandah 10m² (approx.) & rear deck 22m² (approx.). After allowing for size, location, date, topography etc. shows \$175,000 (equates to \$1,250/m²) for this type of improvement and \$24,900 for existing garage, front verandah, rear deck, driveways, paths, landscaping and fencing - **Total: \$199,900.**

➤ Vacant Site sale at **40 Ada St, Bexley.**

Sold 29 September 2014 for \$1,000,000.

Dimensions: 13.56 x 39.62. **Area: 537.25m².**

Paired with:-

4 Moore Street, Bexley. Sold 19 January 2015 for \$1,520,000.

Dimensions: 12.19 x 46.76 / 46.63. **Area: 569m².**

Circa 2000's, double storey, brick dwelling with concrete slab foundation and tiled roof. Accommodation generally consists of 5 bedrooms, 3 bathrooms and a DLUG (under the main roof). Property also has an outbuilding (detached living area) adjacent to the in-ground pool and a rear entertainment area adjoining the house. Overall, in good-very good condition with a recently renovated kitchen. GBA: 250m² (approx.), excluding garage 32m² (approx.), rear outbuilding 40m² (approx.) & rear entertaining area 25m² (approx.). After allowing for size, location, date, topography etc. shows \$400,000 (equates to \$1,600/m²) for this type of improvement and \$91,000 for existing garage, outbuilding, in-ground pool, rear entertaining area, driveways, paths, landscaping and fencing - **Total: \$491,000.**

Or paired with:-

132 Croydon Road, Bexley. Sold 6 January 2015 for \$1,100,000.

Dimensions: 14.15 x 40.23. **Area: 569.25m².**

Circa 1920's, single storey, rendered brick dwelling with brick perimeter wall foundation and tiled roof. Accommodation generally consists of 3 bedrooms, 2 bathrooms and a detached DLUG with storage space / workshop. Property also has a front verandah and a rear covered deck. Overall, appears to be in good condition and externally renovated. GBA: 140m² (approx.), excluding garage/workshop 46m² (approx.), front verandah 9m² (approx.) & rear deck 14m² (approx.). After allowing for size, location, date, topography etc. shows \$168,000 (equates to \$1,200/m²) for this type of improvement and \$38,000 for existing garage, front verandah, rear deck, driveways, paths, landscaping and fencing - **Total: \$206,000.**



5.0 ADDED VALUE OF IMPROVEMENTS (Cont.)

5.2 Commercial / Retail / Industrial

Due to the lack of sufficient vacant land sales in the St George area for the above zone categories, the Replacement Cost approach was applied when analysing sales evidence. The Replacement Cost approach is based upon the principle that the informed purchaser would pay no more than the cost to reproduce the sale property. Hence the methodology used on analysis is as follows:

Replacement Cost Methodology:

- Reasonable allowance for refurbishment costs added to the sale price to bring the improvements to an as new replacement standard where the returns would be equivalent to as new.
- An appropriate entrepreneurial profit and risk allowance. On average between 10% – 15% in the St George valuation area.
- Allowance for interest on funds during the hypothetical construct to completion period. This is inclusive of holding charges and construction costs. Depending on borrowings from 6% up to 8.5% was applied.
- The adjusted sale price can now be analysed for land content by using industry accepted cost estimates for the as new building and development expenses. As a general summary, the cost new applied in the St George districts were as follows:

Single storey retail shop	\$900 to \$1,400 m ² gross building area
Two storey retail shop with office above	\$1,200 to \$1,600 m ² gross building area
Two storey retail shop with residential above	\$1,500 to \$2,000 m ² gross building area
Industrial (depending on construction type)	\$650 to \$800 m ² gross building area

The residual amount following this exercise will show the adjusted land value at the base date.

Other costs accounted for are:

- All professional fees
- Costs of site works in preparation for building
- Cost of stamp duty and legal charges on purchase of site
- Costs of rates and taxes over development period
- Loss of interest on capital outlaid on purchase of site
- Loss of interest on capital outlaid on construction (av. 50% of dev. period).
- Legal costs and commission on sale for development sites.

Critical to the analysis is that the added value only is to be captured and taken from the Sale Price to show the Residual Land Value.



6.0 CHANGES TO COMPONENTS ILLUSTRATED BY CHANGES TO THE EXISTING VALUE RELATIONSHIPS.

From the analysed sales evidence available at the commencement and during the programme, the amount of variation applied to the value of properties within each zone & component is as follows:

6.1 Value Levels - Typical Properties

Typical Single Dwelling Site – Andover St, Carlton

Dimensions	:	12.19m x 45.11m
Site Area	:	550.1m ²
BD 07/14 Land Value	:	\$654,000
Factor Update	:	1.287
BD 07/15 Land Value	:	\$842,000

Typical Single Dwelling Site – Northcote St, Sans Souci

Dimensions	:	15.24m x 40.23m
Site Area	:	613.11m ²
BD 07/14 Land Value	:	\$932,000
Factor Update	:	1.234
BD 07/15 Land Value	:	\$1,150,000

Typical Single Dwelling Site – Jellicoe St, Hurstville Grove

Dimensions	:	12.19m x 45.19m
Site Area	:	550.87m ²
BD 07/14 Land Value	:	\$668,000
Factor Update	:	1.283
BD 07/15 Land Value	:	\$857,000

Typical Single Dwelling Site – Hatfield St, Blakehurst

Dimensions	:	13.08m x 39.62m
Site Area	:	512.2m ²
BD 07/14 Land Value	:	\$796,000
Factor Update	:	1.281
BD 07/15 Land Value	:	\$1,020,000

Typical Waterfront Property – Kyle Pde, Kyle Bay

Dimensions	:	12.19m/HWM x 40.84m/39.93m
Site Area	:	887.9m ²
BD 07/14 Land Value	:	\$2,120,000
Factor Update	:	1.222
BD 07/15 Land Value	:	\$2,590,000



6.0 CHANGES TO COMPONENTS ILLUSTRATED BY CHANGES TO THE EXISTING VALUE RELATIONSHIPS (Cont.)

Typical Home Unit Site – Hampton Court Rd, Carlton

Dimensions	:	24.39m x 39.63m
Site Area	:	966.2m ²
Development	:	8 x 2 bedroom units (120.8m ²)
BD 07/14 Land Value	:	\$1,290,000 (\$161,250 per site)
Factor Update	:	1.248
BD 07/15 Land Value	:	\$1,610,000 (\$201,250 per site)

Typical Villa Home/Townhouse Site – Greenacre Rd, Hurstville South

Dimensions	:	20.12m x 59.46m
Site Area	:	1,196m ²
Development	:	4 x 3 bedroom villas (299m ²)
BD 07/14 Land Value	:	\$1,270,000 (\$317,500 per site)
Factor Update	:	1.228
BD 07/15 Land Value	:	\$1,560,000 (\$390,000 per site)

Typical Retail Property – Railway Pde, Kogarah

Dimensions	:	6.71m/6.73m x 36.58m
Site Area	:	240.3m ²
BD 07/14 Land Value	:	\$1,130,000
Rate per metre frontage	:	\$168,405 (\$4,702m ²)
Factor Update	:	1.248
BD 07/15 Land Value	:	\$1,410,000
Rate per metre frontage	:	\$210,134 (\$5,868m ²)

Typical Industrial Site – Planthurst Rd, Carlton

Dimensions	:	18.29m x 54.53m/54.48m
Site Area	:	992.7m ²
BD 07/14 Land Value	:	\$575,000
Rate per square metre	:	\$579
Factor Update	:	1.122
BD 07/15 Land Value	:	\$645,000
Rate per square metre	:	\$650



6.0 CHANGES TO COMPONENTS ILLUSTRATED BY CHANGES TO THE EXISTING VALUE RELATIONSHIPS (Cont.)

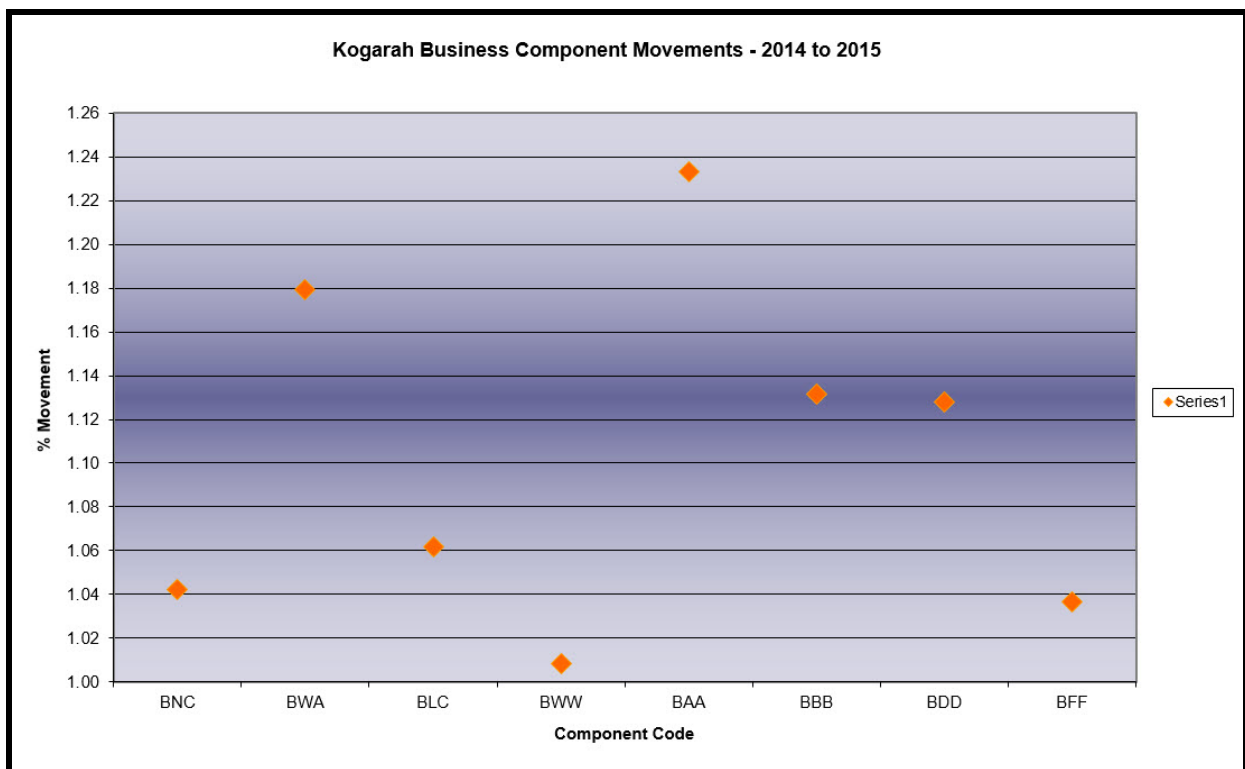
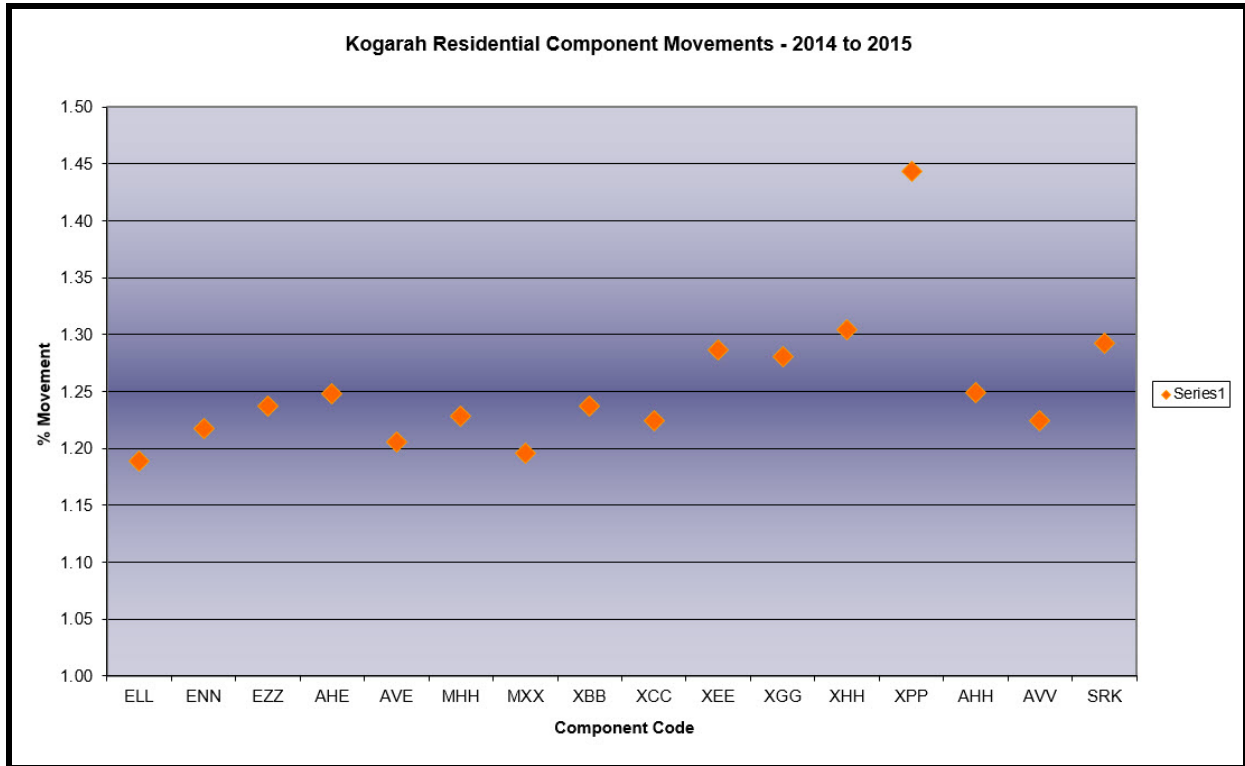
6.2 Value Totals

District 141 - Kogarah LGA BD 14 & 15 LV Totals at 29 October 2015					
Zone & / or Category	Total of 2014 LV's as at 29 October 2015	Total of 2015 LV's as at 29 October 2015	2014-2015 Factor Variation	% of Cat. to Total District Value 2014	% of Cat. to Total District Value 2015
<i>The below figures exclude the November Supplementary Import</i>					
Single Dwelling Sites	\$9,530,587,370	\$11,965,636,110	1.26	80.21%	81.08%
Medium Density Sites	\$312,554,000	\$380,961,000	1.22	2.63%	2.58%
High Density Sites	\$1,015,350,000	\$1,268,031,000	1.25	8.55%	8.59%
Business	\$719,398,120	\$788,639,390	1.10	6.05%	5.34%
Industrial	\$74,874,000	\$85,358,000	1.14	0.63%	0.58%
Open Space	\$61,903,800	\$73,248,980	1.18	0.52%	0.50%
Special Uses	\$166,442,970	\$195,646,760	1.18	1.40%	1.33%
Recreational Waterways	\$348,500	\$405,000	1.16	0.00%	0.00%
Total LV	\$11,881,458,760	\$14,757,926,240	1.24		



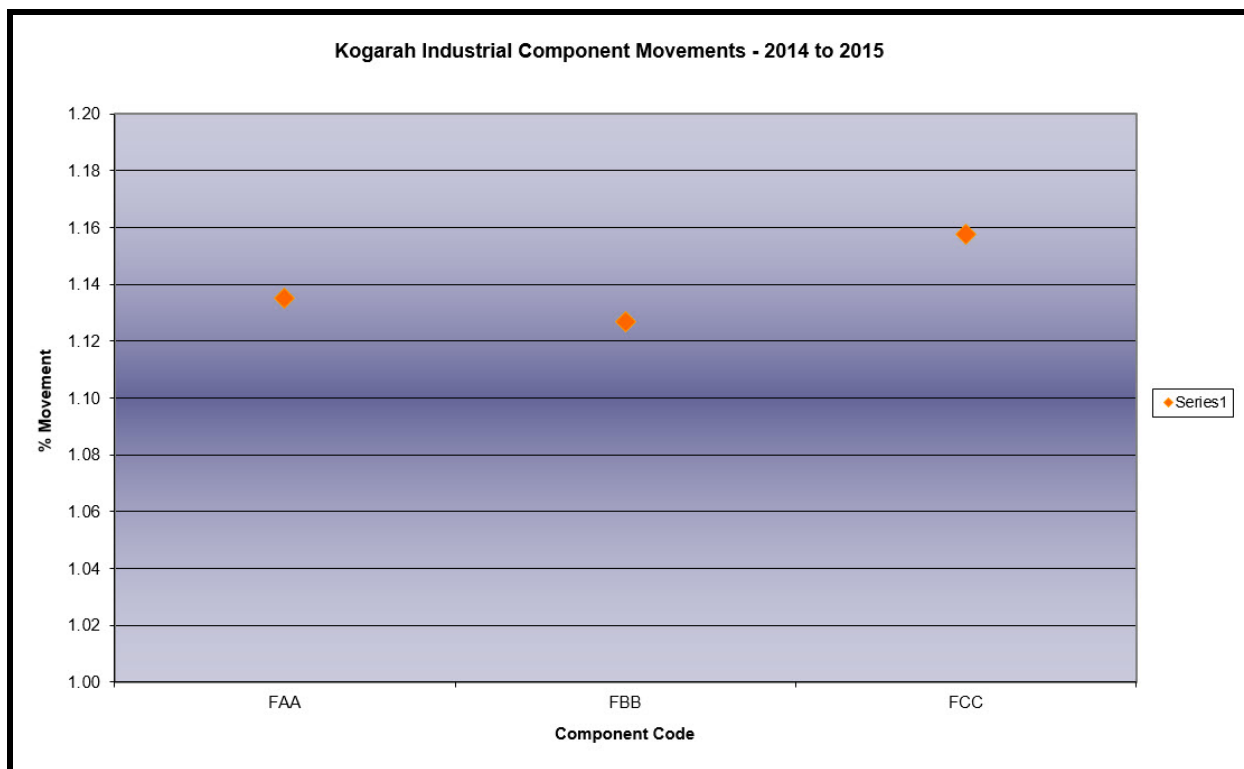
6.0 CHANGES TO COMPONENTS ILLUSTRATED BY CHANGES TO THE EXISTING VALUE RELATIONSHIPS (Cont.)

6.3 Component Movement Graphs





6.0 CHANGES TO COMPONENTS ILLUSTRATED BY CHANGES TO THE EXISTING VALUE RELATIONSHIPS (Cont.)





7.0 MARKET COMMENTARY:

7.1 Residential

Overall the residential market within the **Kogarah LGA** exhibited signs of strong positive growth over the 12 months ending 30 June 2015. As a whole, components zoned 'R2 – Low Density Residential', 'R3 – Medium Density Residential' and 'E4 – Environmental Living' recorded growth of 27.3%, 25.5% and 20.8% respectively. On average, residential land components depending on locality and development potential, moved within a band of 19.9% and 45% between the Base Date 1 July 2014 and Base Date 1 July 2015.

Some single residential component areas in the 'R2' zone that had shown considerable growth over the 2014/15 valuing year are:

Component	Suburb(s)	
XPP (45%)	Kogarah	High growth component: attributable to the exhibition of "Kogarah Local Environmental Plan 2012 (Amendment No 2)" proposing to change the zoning from 'R2 – Low Density Residential' to "R4 – High Density Residential" with the introduction of a Floor Space Ratio of 4:1 and a Height of Building limit of 33 metres.
XHH (30.5%)	Mortdale / Penshurst / Hurstville	High growth component: attributable to the demographic of the market seeking close proximity to railway stations and commercial hubs.
XEE (28.8%)	Carlton / Hurstville South / Allawah	High growth component: attributable to the demographic of the market seeking close proximity to railway stations and commercial hubs. However, Hurstville South does not have a train station, the growth in this area is attributable to the demand from prospective property owners who are priced out of the suburb of Hurstville.
XGG (28.3%)	Oatley / Hurstville Grove / Connells Point / Blakehurst	High growth component: attributable to the demand from prospective property owners who are priced out of the suburb of Hurstville.

Other residential component areas which showed substantial growth over the 2014/15 valuing year include:

Component	Suburb(s)	
ENN (28%)	Blakehurst	High growth component: attributable to the suburbs' amenity in regards prestige setting including proximity to waterfront and parklands with many surrounding quality existing dwellings and modern / new dwellings.
SRK (30%)	LGA Wide: Small / Single Residential Sites (R3 Zone)	High growth component: attributable to the locale of R3 zones, in regards to distance to amenities and public transport, coupled with the development upside of future amalgamation to form a medium density residential (villa / townhouse) development site.

Density sites within the 'R2' and 'R3' zoning showed good growth with all components moving within a band of 20% - 25% over the 2015 valuation year. Density sites continue to be in demand as developers seek quality assets which can meet the market demand for residential property while providing more affordable housing options to the market.



7.0 MARKET COMMENTARY (Cont.)

Factors which are considered to be contributing to the current residential market conditions are:

- A Low Cash Rate (in historic terms), as at:
 - 1 Jul 2014 2.5%
 - 4 Feb 2015 2.25% (decrease of 25 basis points)
 - 6 May 2015 2.00% (decrease of 25 basis points)
 - 1 Jul 2015 2.00%
- High capital growth in Sydney Dwelling Values – CoreLogic / RP Data Home Value Index notes Sydney residential property values are 16.2% higher over the year ending 30 June 2015 –which is larger in growth than the combined capital cities which recorded 9.8% over the same period.
- Having regard to Sydney’s low rental growth of 2.5% over the 12 months ending 30 June 2015 in comparison to growth in dwelling values over the same period – consequently, Sydney residential yields have compressed 0.2% and 0.6% over the quarter and year ending 30 June 2015 respectively. Thus, gross rental yields are 3.2% and 4.2% respectively for Sydney houses and units. (Source – CoreLogic / RP Data).
- Sydney maintaining a low/strong residential rental vacancy rate – 1.8% for June 2015, which is marginally lower than the 1.9% and 2% recorded for June 2014 & June 2013 respectively. (Source – SQM Research).
- Selling time/duration for Sydney residential dwellings decreasing by 1 day and 6 days respectively over the quarter and year ending 30 June 2015 (Source – CoreLogic / RP Data).
- Sydney residential dwelling vendor discounting increasing by 0.7 and 1.1 percentage points respectively over the quarter and year ending 30 June 2015. (Source – CoreLogic / RP Data).
- Increases in Sydney residential property listings whilst the national listing numbers decreased – Sydney listing numbers rising 7.6% over the month of September 2015 and rising 11.1% over the 12 months ending 30 September 2015 compared to the national listing numbers decreasing 0.1% over the 12 months ending 30 September 2015. (Source – SQM Research)
- Sydney’s auction clearance rates peaking at 89% on two weekends in May 2015 and one weekend in June 2015. This compares to clearance rates in Sydney in the low 70 per cent range for June 2014. Sydney’s auction clearance rates have reduced since peaking in May / June 2015 – recording a clearance rate of 65% on Saturday 17 October 2015. (Source – Australian Property Monitors).
- All four big banks increasing investor variable interest rates between 0.27 and 0.29 percentage points over the two weeks ending 4 August 2015. Increases attributable to the banks’ response to Australian Prudential Regulation Authority’s (APRAs) demand that housing investor loan growth has to slow to less than 10 per cent a year (Source – Sydney Morning Herald & ABC).
- APRA announced in July 2015 an increase in capital requirements for Australian residential mortgage exposures under the Internal Ratings-Based (IRB) Approach. The average risk weight of residential mortgage exposures using the IRB approach will increase to at least 25 per cent by mid-2016, from an average of around 17 per cent at the end of June 2015. (Source – RBA: Financial Stability Review ‘Box C’).
- Having regard to the above, from 14 October 2015 to 23 October 2015, all big four banks increased their variable interest rates on residential owner-occupier and investor home loans between 15 and 20 basis points – with all four banks citing the decision was partly attributable to the requirement to increase the amount of capital applied to residential mortgages.



7.0 MARKET COMMENTARY (Cont.)

- Increase in housing credit growth from 4.6% (2013) to 6.4% (2014) and to 7.3% (2015) – 12 month growth for years ending 30 June. (Source – RBA: Financial Aggregates).
- All Groups CPI increasing 1.5% over the 12 months ending 30 June 2015 (Source – Australian Bureau of Statistics).
- Australian GDP (chain volume measure) grew by 2.0% (seasonally adjusted) over the 12 months ending 30 June 2015 (Source – Australian Bureau of Statistics).
- Australian Real GDP forecast to expand by 2.4% in 2015/16 and 3.1% in 2016/17. (Source – NAB, Global & Australian Forecasts – October 2015)
- The Australian unemployment rate is at 6.2% in September 2015 (seasonally adjusted). (Source – Australian Bureau of Statistics).
- Australian unemployment rate forecast to decrease slightly to 6% by end 2015/16 and to 5.75% by end 2016/17. (Source – NAB, Global & Australian Forecasts – October 2015)
- National annual population growth of 1.4% (as at 31 March 2015), down from 1.7% (as at 31 March 2014) and down from the previous peak of 1.8% recorded over 2012. (Source – Australian Bureau of Statistics).
- Wage Price Index (total hourly rates of pay excluding bonuses) recording a +2.3% annual change over the 12 months ending 30 June 2015 – down from +2.6% annual change over the 12 months ending 30 June 2014. (Source – Australian Bureau of Statistics).
- Declining Australian Dollar (AUD vs. USD) – falling from \$0.94 as at June 2014 to \$0.77 as at June 2015 (approx.).

Please note: It is important to point out land value assessed at 1 July 2015 takes into account market conditions at that point in time and the further impact of factors such as interest rate increases/decreases, national and global economies, unemployment etc. can only be assessed by monitoring future market transactions.



7.0 MARKET COMMENTARY (Cont.)

7.1.2 Sale and Resales within Kogarah LGA (2014/15)

* Excludes resales which have been redeveloped and non-market sales

<i>18 Boronia Street, Kyle Bay</i>		
Sold	8 March 2014 - \$1,347,000	Shows an increase of 15.07%, which equates to an approximate increase of 1.26% per month.
Resold	25 March 2015 - \$1,550,000	
*Appears to have resold in similar condition		

<i>10 Erang Street, Carss Park</i>		
Sold	21 October 2014 - \$1,150,000	Shows an increase of 36.61%, which equates to an approximate increase of 3.66% per month.
Resold	1 August 2015 - \$1,571,000	
*Assumed to have resold in a similar condition – however, with the interior recently painted		

<i>23 Hampton Street, Hurstville Grove</i>		
Sold	9 April 2014 - \$1,340,000	Shows an increase of 14.18%, which equates to an approximate increase of 1.42% per month.
Resold	26 February 2015 - \$1,530,000	
*Appears to have resold with a renovated kitchen & bathroom and new floor tiles downstairs		

<i>37 Hatfield Street, Blakehurst</i>		
Sold	17 January 2014 - \$1,470,000	Shows an increase of 15.65%, which equates to an approximate increase of 1.04% per month.
Resold	18 April 2015 - \$1,700,000	
*Appears to have resold with a renovated kitchen		

7.1.3 Change in Median Values

Results from the most recent Department of Housing Sales Tables (March Quarter 15 – Non-Strata) available at date of report indicate the following:

Location	Median Value	Change in Median (Qtly)	Change in Median (Annual)
Kogarah (LGA)	\$1,210,000	-6.9%	12.0%
Greater Sydney	\$752,000	-7.7%	10.6%

Please note a variety of factors can contribute to anomalies in the sale price and the end statistical data. The above information is viewed as a reference only for reporting purposes.



7.0 MARKET COMMENTARY (Cont.)

7.1.4 Building Approvals

“Residential building approval statistics are used in both the public and private sectors as a leading indicator of the general level of economic activity, employment and investment.

Residential building approvals are compiled from permits issued by: local government authorities and other principal certifying authorities; contracts let or day labour work authorised by Commonwealth, state, semi-government and local government authorities, and; major building approvals in areas not subject to normal administrative approval e.g. building on remote mine sites.

A dwelling (or residential building) is defined as:

A residential building is a building consisting of one or more dwelling units. Residential buildings can be either houses or other residential buildings.

An other residential building is a building other than a house primarily used for long-term residential purposes. An other residential building contains more than one dwelling unit. Other residential buildings are coded to the following categories: semi-detached, row or terrace house or townhouse with one storey; semi-detached, row or terrace house or townhouse with two or more storeys; flat, unit or apartment in a building of one or two storeys; flat, unit or apartment in a building of three storeys; flat, unit or apartment in a building of four or more storeys; flat, unit or apartment attached to a house; other/number of storeys unknown. The latter two categories are included with the semi-detached, row or terrace house or townhouse.”

Residential building approvals

Kogarah City	Number			Annual change		
	Year (ending June 30)	Houses	Other	Total	Houses	Other
2014-15	93	83	176	+16	-390	-374
2013-14	77	473	550	+3	+365	+368
2012-13	74	108	182	+7	-8	-1
2011-12	67	116	183	-33	-81	-114
2010-11	100	197	297	+10	+48	+58
2009-10	90	149	239	-5	+101	+96
2008-09	95	48	143	-9	-66	-75
2007-08	104	114	218	+21	-6	+15
2006-07	83	120	203	-28	+11	-17
2005-06	111	109	220	-24	-10	-34
2004-05	135	119	254	+11	-502	-491
2003-04	124	621	745	+16	+403	+419
2002-03	108	218	326	0	-196	-196
2001-02	108	414	522			

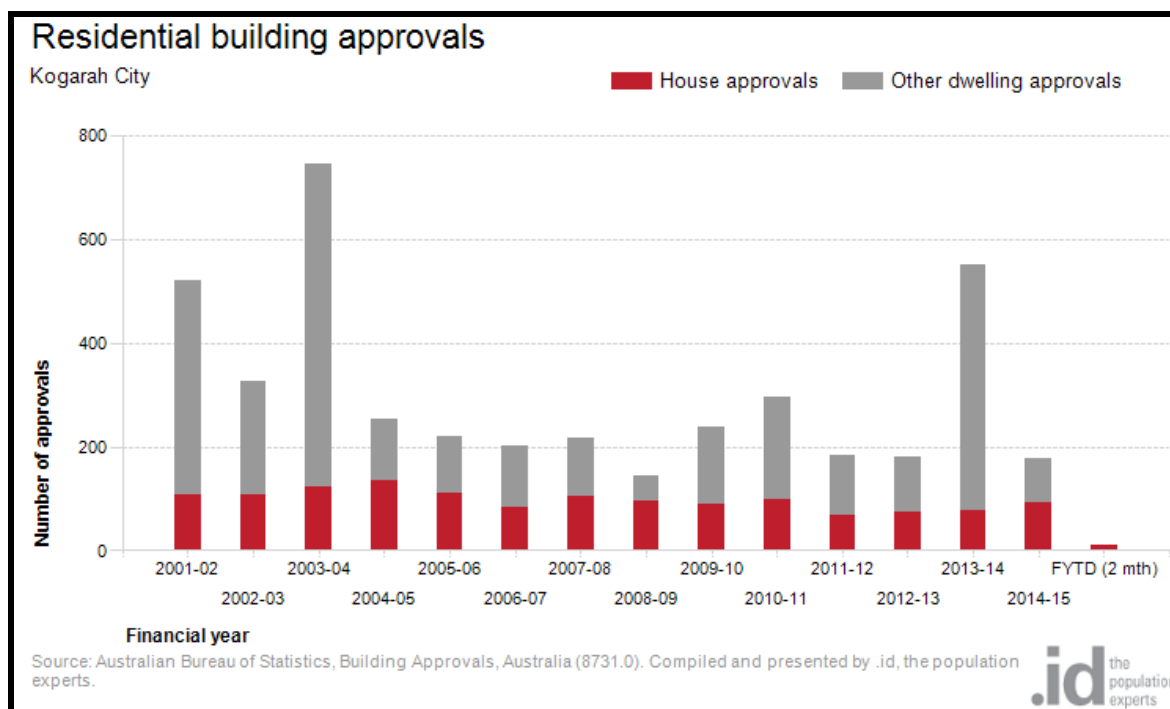
Source: Australian Bureau of Statistics, Building Approvals, Australia (8731.0).

Compiled and presented in profile.id by .id, the population experts.

(Usual residence data).



7.0 MARKET COMMENTARY (Cont.)



7.2 Commercial / Retail

As a whole, from 1 July 2014 to 1 July 2015, commercial and retail property markets within the **Kogarah LGA** recorded mixed levels of growth. Overall, zones ‘B1 – Neighbourhood Centre’, ‘B2 – Local Centre’ and ‘B4 – Mixed Use’ recorded growth of 6.3%, 7.4% and 11.7% respectively. Individual components within each business zone show varying levels of growth for numerous reasons including, but not limited to, location, development potential and access to infrastructure / public transport – however, as a whole, business zoned components generally moved within a band of 4% - 25% over the 2015 valuation year.

Strong growth was exhibited by components of commercial and retail properties located in concentrated areas with high amenity, for instance properties within Kogarah’s town centre (‘BAA – Prime Locations’ and ‘BBB – Secondary Locations’) showed growth of 25% and 21.8% respectively over the 2015 valuation year. It should be noted however, that commercial and retail properties located within the Hurstville City Centre recorded growth of only 4% over the 2015 valuation year – this is partly due to a lack of sales within this component which may be attributable to property owners awaiting gazettal of the Kogarah Local Environmental Plan 2012 (Amendment No 2) before selling their holding.

In contrast to the above, not all business components within the Kogarah town centre recorded growth above 20%. For instance, component ‘BDD – Major centre-office & mixed development’ in Kogarah town centre recorded growth of 12.5% over the 2015 valuation year. There is a lack sales evidence within this component area. Similarly to above, one reason behind the insufficient sales evidence could be attributable to the planning proposal to amend Kogarah’s LEP being in draft format and consequently, property owners may be holding their assets until the amendments are gazetted. It should be noted, other business zoned ‘High Rise / Mixed Use Development Site’ components within ‘B1’ and ‘B2’ zoning recorded growth over the valuation year of 18.2% and 19.9% respectively.



7.0 MARKET COMMENTARY (Cont.)

Growth in retail spending (and ultimately retail asset values) is being supported by various factors. For example, increases in household net worth, driven by the uplift in residential dwelling values, are resulting in providing support for discretionary retail spending and retail spending on household goods. Additionally, a low Australian dollar and low interest rates are providing some overall support to retail properties.

Colliers International report that Neighbourhood Retail properties for the first half of 2015 illustrated a prime yield range from 6.50% up to 7.75% and a secondary yield range from 8.00% up to 10.00%. Additionally, Colliers International report that Sub-Regional shopping centres' for the first half of 2015 exhibited a prime yield range from 6.50% up to 7.50% and a secondary yield range from 7.50% up to 9.50%.

7.3 Industrial

Overall, the industrial market within **Kogarah LGA** showed signs of positive growth with the 'IN2 – Light Industrial' zone recording 14% growth over the 12 months ending 1 July 2015. Industrial components 'FAA – Sites from 1-1000m²', 'FBB – Sites from 1000-2000m²' and 'FCC – Sites from 2000-10000m²' exhibited growth of 12.3%, 12.9% and 14% respectively. Certain components can move against the trend for a varying number of reasons, however overall the industrial market for the Kogarah LGA was fairly consistent.

Southern Sydney's industrial property market has experienced increasing demand from property developers acquiring quality industrial sites zoned to be redeveloped from industrial uses to high-rise residential and mixed use developments. As a result of the above, the current industrial supply is decreasing, proving to be a catalyst for driving competition in the industrial sector. Although the majority of the industrial redevelopment demand in Southern Sydney is around the suburbs of Botany, Mascot, Wolli Creek and the like, the reduction in stock creates a lack of supply for the current industrial market for the aforementioned suburbs, thus, potentially driving demand for industrial properties further south/south west to established industrial precincts within the St George and surrounding area.

Colliers International report as a result of high density residential demand and a shortage of industrial sites within Southern Sydney, the average prime industrial yields in the area have compressed to their lowest levels since June 2008, being 6.38% as at September 2015.



8.0 MANAGEMENT OF COMPONENTS, VERIFICATION & HANDCRAFTING

Southern Alliance Valuation Services Pty Ltd undertook a restructure for all of the existing Component Codes within the Kogarah Local Government Area for the Base Date 1 July 2013. This was due to the introduction of a new LEP. All entries are now correctly aligned with KLEP 2012.

8.1 Verification

As part of Southern Alliance Valuation Services contract with Land & Property Information and the Valuer General, a certain percentage of properties within the **Kogarah LGA** is to be verified annually to ensure correctness of values.

High risk properties require annual verification, moderate risk properties are to be verified every 3 years, and low risk properties every 6 years. This provides for more frequent review of individual land values and Components for the more complex and contentious valuation.

The components that have been targeted/completed for verification within the **Kogarah LGA** during 2014/15 are as follows:

Residential Component(s): AHE (25), AHH (634), AVE (54), AVV (139) & SRK (552).

Commercial Component(s): BLC (218).

Industrial Component(s): FAA (78), FBB (21) & FCC (14).

Other Component(s): REP (1) & WSS (2).

A full list of individually verified land values, including the numbers and percentages of properties verified in each risk rating and the Components reviewed is annexed to this report (and can also be found in the Kogarah 2015 VAR).



9.0 QUALITY ASSURANCE

In accordance with Southern Alliance Valuation Services Pty Ltd own internal QA manual and the Office of the Valuer General guidelines, the following quality checks have been made in the delivery of services:

- Ensuring all properties have been valued.
- Ensuring the valuations are within the set parameters.
- That a zone/component code integrity check has been made.
- An in depth value check on those properties that have considerably higher values in relation to the average for land.
- Ensure that current and proposed Development Control Plans and planning changes that affect the valuations have been taken into account.
- Where the land value of a property has been amended on objection, the alignment of values with nearby properties has been checked.
- That all Statutory concession valuations and allowances have been supplied, including -
 - Allowances for development on and off the land.
 - Heritage Values.
 - Land Rating Factors.
 - Apportionment of Values.
 - Mixed Development Apportionment Factors.

The following statistical checks have been carried out for residential zoned properties.

9.1 Coefficient of Dispersion (COD)

This measures the relative consistency and, when viewed with the other measures, the relative accuracy of values in relation to the sales. It shows the amount of variation or the consistency of the values and also the relative accuracy of the values as the relationship between values and sales widens.

The accepted measure for the COD is 0 – 15.

9.2 Mean Value to Price Ratio (MVP)

This calculates the mean relative accuracy, or level of values, relative to the sales. It shows the mean level of accuracy of the values assigned compared to the sales evidence. The MVP is to be calculated only in single dwelling residential categories, including rural home site areas.

The accepted measure for the MVP is 85-100%.

9.3 Price Related Differential (PRD)

This test measures the progressive value to sale relativity across the range of values in the sample. It demonstrates the variations of relativity between the sales and the assigned values and indicates if there is a progressive change in relativity across the value range.

The accepted measure for the PRD is 0.98 – 1.03.



9.0 QUALITY ASSURANCE (Cont.)

Please find below an overview of the statistical analysis (as exhibited in the Land & Property Information – Mass Valuation Statistical Check Report):

District: 141 – Kogarah Base Date 01 July 2015						
Zone	Description	No. of Entries	COD	MVP	PRD	COAVC
B1	Neighbourhood Centre	108	3.25	94.23%	1.00	-1.07
B2	Local Centre	228	0.18	90.55%	1.00	10.92
B4	Mixed Use	279	2.89	96.07%	1.01	1.53
E4	Environmental Living	2,651	4.66	92.23%	1.00	-1.65
IN2	Light Industrial	113	3.73	91.62%	1.01	4.45
R2	Low Density Residential	9,400	4.65	93.15%	1.00	-0.35
R3	Medium Density Residential	1,325	5.07	90.73%	1.01	3.55
RE1	Public Recreation	142				
RE2	Private Recreation	1	0.000	99.90%	1.00	
SP2	Infrastructure	91				
W2	Recreational Waterways	2				

9.4 Subsequent Valuations upon Objection / Reascertainment

Southern Alliance Valuation Services' internal valuation system identifies any property which has been subject to an objection. Upon identification, the selected valuer will review the objection, confirm the new land value (if appropriate) and review and alter (if needed) the surrounding land values that may have been affected due to the change in land value for the property subject to objection.

An overview of all properties within the Kogarah LGA subject to an objection, and subsequent actions taken, are listed within the 2015 VAR.



10.0 CONCLUSION

10.1 Purpose of this Report

The purpose of this report is to describe the process and considerations for the 1 July 2015 Valuation of Kogarah Local Government Area. 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 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 base 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.

10.2 Signatory

Murray Edmondson
St. George Area Manager
Southern Alliance Valuation Services Pty Ltd



REPORT ANNEXURES



VERIFICATION ANNEXURE(S)

“A full list of individually verified land values, including the numbers and percentages of properties verified in each risk rating and the Components reviewed is annexed to this report (and can also be found in the Kogarah 2015 VAR).”

Section 6.1.3 (t) (iii) Verification by Component - 15 October 2014 - 15 October 2015

Zone	Component Code:	No. Records:	Total No. Verified:	Verified by Risk Rating			District: 141-Kogarah					
				1	2	3						
B1	Neighbourhood Centre	BNC	NEIGHBOURHOOD CENTRE	100	8	8.0%	7	7.0%	93	93.0%		
B1	Neighbourhood Centre	BWA	HIGH RISE/MIXED DEVELOPMENT	8	3	37.5%	3	37.5%	5	62.5%		
B2	Local Centre	BLC	LOCAL RETAIL CENTRE	218	218	100.0%	11	5.0%	207	95.0%	Component Reviewed	
B2	Local Centre	BWW	HIGH RISE/MIXED DEVELOPMENT	10	4	40.0%	3	30.0%	7	70.0%		
B4	Mixed Use	BAA	MAJOR CENTRE-PRIME LOCATIONS	43	5	11.6%	5	11.6%	38	88.4%		
B4	Mixed Use	BBB	MAJOR CENTRE-SECONDARY LOC	49	5	10.2%	5	10.2%	44	89.8%		
B4	Mixed Use	BDD	MAJOR CENTRE-OFFICE & MIXED D	142	14	9.9%	10	7.0%	132	93.0%		
B4	Mixed Use	BFF	HURSTVILLE - SHOPPING CENTRE	45	9	20.0%	7	15.6%	38	84.4%		
E4	Environmental Living	ELL	WATERFRONT RES SITES	636	49	7.7%	21	3.3%	392	61.6%	223	35.1%
E4	Environmental Living	ENN	E4 SITES - OATLEY/HURSTVILLE G	1795	25	1.4%	17	0.9%	22	1.2%	1756	97.8%
E4	Environmental Living	EZZ	E4 SITES - KOGARAH BAY / SANSO	220	5	2.3%	5	2.3%			215	97.7%
IN2	Light Industrial	FAA	INDUSTRIAL 1-1000 SQUARE METR	78	78	100.0%	9	11.5%	69	88.5%	Component Reviewed	
IN2	Light Industrial	FBB	INDUSTRIAL 1000-2000 SQUARE ME	21	21	100.0%	3	14.3%	18	85.7%	Component Reviewed	
IN2	Light Industrial	FCC	INDUSTRIAL 2000-10000 SQUARE M	14	14	100.0%	2	14.3%	12	85.7%	Component Reviewed	
R2	Low Density Residential	AHE	EXISTING HIGH DENSITY	25	25	100.0%	3	12.0%	22	88.0%	Component Reviewed	

Section 6.1.3 (t) (iii) Verification by Component - 15 October 2014 - 15 October 2015

Zone	Component Code:	No. Records:	Total No. Verified:	Verified by Risk Rating				District: 141-Kogarah					
				1	2	3							
R2	Low Density Residential	AVE	EXISTING MEDIUM DENSITY	54	54	100.0%	4	7.4%	33	61.1%	17	31.5%	Component Reviewed
R2	Low Density Residential	MHH	MAIN HIGHWAYS (RES SITES)	431	20	4.6%	8	1.9%	19	4.4%	404	93.7%	
R2	Low Density Residential	MXX	MISCELLANEOUS RES SITES	46	4	8.7%	3	6.5%	5	10.9%	38	82.6%	
R2	Low Density Residential	XBB	RES SITES - SANS SOUCI/BEVERLE	1405	21	1.5%	18	1.3%	7	0.5%	1380	98.2%	
R2	Low Density Residential	XCC	RES SITES - KOGARAH BAY/CARSS	759	16	2.1%	13	1.7%	1	0.1%	745	98.2%	
R2	Low Density Residential	XEE	RES SITES - CARLTON/HURSTVILLE	2169	24	1.1%	16	0.7%	30	1.4%	2123	97.9%	
R2	Low Density Residential	XGG	RES SITES - OATLEY/HURSTVILLE	2131	35	1.6%	15	0.7%	5	0.2%	2111	99.1%	
R2	Low Density Residential	XHH	RES SITES - MORTDALE/PENSHURS	2270	23	1.0%	19	0.8%	25	1.1%	2226	98.1%	
R2	Low Density Residential	XPP	RES SITES - KOGARAH	110	13	11.8%	5	4.5%	5	4.5%	100	90.9%	
R3	Medium Density Residential	AHH	DENSITY (HOME UNIT/FLAT) SITES	634	634	100.0%	6	0.9%	11	1.7%	617	97.3%	Component Reviewed
R3	Medium Density Residential	AVV	VILLA / TOWNHOUSE SITES	139	139	100.0%	4	2.9%	2	1.4%	133	95.7%	Component Reviewed
R3	Medium Density Residential	SRK	R3 SMALL / SINGLE RESIDENTIAL S	552	552	100.0%	16	2.9%	18	3.3%	518	93.8%	Component Reviewed
RE1	Public Recreation	AZZ	ALL AREAS ZONED OPEN SPACE	142	9	6.3%	5	3.5%	18	12.7%	119	83.8%	
RE2	Private Recreation	REP	PRIVATE RECREATION	1	1	100.0%	1	100.0%					Component Reviewed
SP2	Infrastructure	SZZ	ALL AREAS ZONED SPECIAL USES	91	13	14.3%	5	5.5%	23	25.3%	63	69.2%	

Section 6.1.3 (t) (iii) Verification by Component - 15 October 2014 - 15 October 2015

Zone	Component Code:	No. Records:	Total No. Verified:	Verified by Risk Rating			District: 141-Kogarah
				1	2	3	
W2 Recreational Waterways	WSS RECREATIONAL WATERWAYS	2	2	100.0%	2	100.0%	Component Reviewed

Total Verified	14340	2043					
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Section 6.1.3 (t) (iv) Verification by Zone - 15 October 2014 - 15 October 2015

Zone	2011	2012	2013	2014	2015
B1 Neighbourhood Centre				96	11
B2 Local Centre				6	222
B4 Mixed Use			162	83	33
E4 Environmental Living	497	650	29	102	78
IN2 Light Industrial					113
R2 Low Density Residential	1389	1284	2620	2335	235
R3 Medium Density Residential					1325
RE1 Public Recreation			3	1	9
RE2 Private Recreation					1
SP2 Infrastructure		56	5	10	13
W2 Recreational Waterways					2
Total Verified	1886	1990	2819	2633	2042