

## FINAL REPORT 2015

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*'Mare & Foal' Elizabeth Park, Scone*

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### Upper Hunter LGA

<b>Contract Area</b>	Muswellbrook
<b>Contract No</b>	152678
<b>Prepared for</b>	LPI
	Under Rating & Taxing Procedure Manual 6.6.2*

*\*See Contract Meeting Minutes for details regarding terms of accepting RT PM 6.6.2*

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#### VALUE MADE VISIBLE

Liability limited by a scheme approved under Professional Standards Legislation

## Executive Summary

### LGA Overview

#### Upper Hunter Local Government Area

Upper Hunter Local Government Area (LGA) is located in the north of the Hunter Valley region of New South Wales, with the Town of Scone being the major urban centre, located approximately 270 kilometres north of the Sydney Central Business District (CBD). Upper Hunter LGA comprises a land area of approximately 8,096 square kilometres incorporating a number of land uses from smaller rural retreat sites, to crop cultivation along alluvial flat country, to mixed quality grazing lands used for equine and predominantly cattle grazing purposes. Upper Hunter LGA is adjoined by nine other LGAs – Liverpool Plains and Tamworth Regional Councils to the north; Walcha, Gloucester and Dungog Councils to the east; Singleton, Muswellbrook and Mid-Western Regional Councils to the south and Warrumbungle Council to the west.

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

Upper Hunter LGA comprises Residential, Rural, Commercial, Industrial, Infrastructure, Environmental and Public Recreation zones.

7,774 properties were valued at the Base Date of 1 July 2015, and valuations are reflective of the property market at that time. Previous Notices of Valuation issued to owners for the Base Date of 1 July 2014. The Upper Hunter property market has had varied market movement across sectors depending on location. While values in Scone and Aberdeen towns have generally decreased in all sectors due to the downturn in the mining industry, Merriwa and Murrurundi have seen a stabilization or small increase due to a lesser reliance on the mining industry.

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

Properties Valued and Total Land Value					
Zone	Zone Code	Number of Entries	2015 Total Land Value	Prior Annual Valuation (2014)	% change
Residential	R1, R5, RU5	4,509	\$ 487,036,800	\$ 511,320,020	-5%
Rural	RU1, RU3, RU4	2,620	\$ 1,373,662,986	\$ 1,334,556,911	3%
Commercial	B2, B4	367	\$ 46,954,450	\$ 48,772,960	-4%
Industrial	IN1, IN2	76	\$ 10,424,800	\$ 11,453,400	-9%
Infrastructure	SP1, SP2	60	\$ 5,591,390	\$ 5,636,870	-1%
Environmental	E1, E3	69	\$ 30,223,810	\$ 30,068,390	1%
Public Recreation	RE1, RE2	73	\$ 13,403,200	\$ 13,624,750	-2%
<b>Total</b>		<b>7,774</b>	<b>\$ 1,967,297,436</b>	<b>\$ 1,955,433,301</b>	<b>1%</b>

## State & Local Government Legislation for LGA

Upper Hunter LGA is governed by the Upper Hunter Local Environmental Plan 2013 (LEP) gazetted on 23 December 2013. There have been no significant amendments to the LEP since the previous valuation.

The current plan is based on the standardised LEP prescribed by the New South Wales Legislation.

## Market Overview

Opteon Property Group (OPG) as Contractors have undertaken significant analysis of the Upper Hunter LGA property market to provide an accurate and reliable basis of valuation. 321 sales have been analysed to enable the establishment and verification of land values as at 1 July 2015. These analysed sales also support the grading across components. Analysed sales reports are provided to Land and Property Information on a consistent basis throughout the year. The added value of improvements are also analysed to enable the accurate deduction of land values. OPG Contractors undertakes this process using the Paired Sales Approach and the Written Down Replacement Cost Approach, with Replacement Cost Approach used when appropriate.

In analysing sales before or after 1 July it is necessary to adjust the contract price in terms of market movement. With market movement generally only marginal and in the range of  $\pm 5\%$  no adjustment of early contracted sales to Base Date 2015 was considered necessary.

The market activity levels have been inconsistent throughout the preceding twelve months; with better quality broadacre grazing values generally strengthening around 5% in the past 6 to 7 months in line with improved market sentiment, commodity prices and seasonal conditions since November 2014; the Scone and Aberdeen residential, industrial and commercial markets have continued to ease since the prior 2014 Base Date with the majority of sales demonstrating reductions of between 5 - 15% in these sectors due to the general flow on effect from the downturn in the coal mining industry. Areas not as reliant on the coal mining industry have generally remained stable over the twelve month period.

## Significant Issues and Developments

There has been limited significant developments or applications for developments as a result of the current economic uncertainty. Significant development activity is summarised below -

- 14 lot subdivision on Moobi Road in Scone approved in April 2015. New DP has not yet been registered.
- Construction of Motel accommodation in Merriwa approved in March 2015.
- Proposed construction of service station and convenience store in Aberdeen.

## Significant Value Changes

Minor variations and value changes (generally  $\pm 10\%$ ) in the past 12 months have previously been noted in this Report (see Market Overview). There have been some significant value changes due to verification since the 2014 Base Date which are summarized below:

- Significant residential value changes occurred in West Scone where heritage listed properties were increased following new instructions regarding heritage valuations.
- The flood liable area on the corner of Kingdon, Wingen and Aberdeen Streets, Scone experienced significant reductions in value as new dwellings/subdivisions would not be permitted in this flood liable location.
- Scone industrial land located on the outskirts of Scone Town have experienced decreases due to the flow on effect from the decline in the mining sector with increased unemployment levels, economic uncertainty, poor outlook, lower coal prices and some delays to coal mine extensions.
- Larger Moonan Flat village sites reduced in line with new sales evidence within this village requiring realignment of values based on allotment sizes.
- Residential values in the Village of Cassilis were increased to maintain relativity with surrounding lots of comparable nature. This increase in land values is supported by new vacant land sales evidence within the Village of Cassilis and on the outskirts in this locality.
- 'Barry Station' which lies on the Upper Hunter / Tamworth Regional border was reduced following sales analysis, and inspection and new available imagery identifying poorer condition/grazing land than previously allowed for.
- A number of rural properties have experienced changes in value, with increases to better reflect quality of the country and dwelling entitlements with new imagery assisting in reviews of these features. Also some reductions in rural land values to reflect lack of building entitlements.

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## Disclaimer - Purpose of this Report

The purpose of this report is to describe the process and considerations for the 1 July 2015 Valuation of the Upper Hunter LGA. The report has been produced on behalf of the Valuer General.

The land values have been specifically made for rating and taxing purposes. Land values produced as part of this process should not be used for any other purpose without the specific agreement of the Valuer General.

Land values must have regard to specific requirements and assumptions in rating and taxing legislation. Consequently these valuations may vary from market levels.

The land values have been determined using a methodology prescribed by the Rating and Taxing Valuation Procedures Manual. The Manual allows mass valuation methodologies that involve assessing large numbers of properties as a group to be utilised where appropriate. Mass valuation methodologies are by their nature likely to be less accurate than individually assessed valuations, however are utilised worldwide for rating and taxing purposes to deliver valuations within an acceptable market range.

Town planning, land use and other market information contained in this report has been compiled based on enquiries undertaken during the valuation process. Third parties should make their own inquiries into these details and should not rely on the contents of this report.

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

More information on the valuation process is available from the Land and Property Information website at [www.lpi.nsw.gov.au/valuation](http://www.lpi.nsw.gov.au/valuation).

## LGA Overview

### Location of the District

Upper Hunter LGA is located in the north of the Hunter Valley region of New South Wales, with the Town of Scone being the major urban centre, located approximately 270 kilometres north of the Sydney Central Business District (CBD). Upper Hunter LGA comprises a land area of approximately 8,096 square kilometres incorporating a number of land uses from smaller rural retreat sites, to crop cultivation along alluvial flat country, to mixed quality grazing lands used for equine and predominantly cattle grazing purposes. Upper Hunter LGA is adjoined by nine other LGAs – Liverpool Plains and Tamworth Regional Councils to the north; Walcha, Gloucester and Dungog Councils to the east; Singleton, Muswellbrook and Mid-Western Regional Councils to the south and Warrumbungle Council to the west.

### Principal Towns

#### Scone

Scone is the principal town in the Upper Hunter Council region and is a regional centre with a population of 4,600. It is located approximately 23 kilometres to the north of the Muswellbrook CBD and 130 kilometres south of the Tamworth CBD. The CBD fronts Kelly Street (New England Highway), with the major cross streets of Kingdon and Susan Streets. It features several large national tenants and many individual shops and offices.

Scone is the commercial and administrative centre of pastoral, agricultural and dairying in the Upper Hunter. The Town is an important stock-selling centre noted for its horse and cattle studs. Scone is known as 'The Horse Capital of Australia' and claims to be the second-largest horse breeding area in the world, after Kentucky in the United States. The Town is home to many famous horse studs, a significant race course, TAFE college and Equine Research Centre.

Scone has full utility services available including reticulated town water supply, reticulated sewer and telecommunication services. A range of Government Departments and services are also available including Police Station, Court House, Ambulance Station, Fire Station, Council Chambers and Library.

Community based facilities available in Scone include a golf course, numerous sporting clubs, recreational playing fields, parks and reserves, showground, racecourse, a public swimming pool, and tennis courts.

#### Merriwa

Merriwa is located 60 kilometres west of Scone with a population of approximately 1,800. Merriwa provides general services to the surrounding area with a small commercial precinct comprising a small supermarket and a number of small business, Council Chambers, Library, Hospital, two schools and a police station.

Merriwa has full utility services available including a reticulated town water supply, reticulated sewer and telecommunication services.

## Aberdeen

Aberdeen is located on the New England Highway approximately 11 kilometres north of Muswellbrook and 12 kilometres south of Scone. The town has a population of 1,800. There are some small commercial uses along New England Highway, two schools and a police station supporting the town.

Aberdeen has full utility services available including a reticulated town water supply, reticulated sewer and telecommunication services.

## Murrurundi

Located approximately 38 kilometres north of Scone is the town of Murrurundi with a population of approximately 850. Murrurundi provides general services to the surrounding area with a small commercial precinct comprising a super market and a number of small businesses, Murrurundi Hospital, a school and a police station.

Murrurundi has full utility services available including a reticulated town water supply, reticulated sewer and telecommunication services.

## Types of Residential Development

Residential development in Scone ranges from federation and colonial styles (centrally located), 1950's government built dwellings (east), 1970's brick veneers (south and north east Scone and Satur) in conjunction with modern brick veneer dwellings (Figtree and Montys Estate). Development in both Merriwa and Murrurundi varies from 1900 weatherboard cottages to modern brick veneer and tile dwellings.

Approximately 67% of properties in the region are owner occupied, 29% are owned by investors and 4% are government owned dwellings.

## Villages

In addition to the above towns there are 7 small rural villages located throughout the shire, being Bunnan, Gundy, Wingen, Moonan Flat, Parkville, Blandford and Cassilis.

Bunnan is located approximately 30 kilometres west of Scone and 30 kilometres north-east of Merriwa. The village of 223\* has a church, hall and rural fire station.

Gundy is located approximately 17 kilometres north-east of Scone. Within Gundy is a hotel, general store, church, hall and rural fire station supporting an estimated population of 188\*.

Located on the New England Highway, approximately 16 kilometres north of Scone is Wingen. With a population of 287\* Wingen has a rural fire station, showground, antique store and tavern.

Moonan Flat is located approximately 50 kilometres north-east of Scone and has a population of approximately 274\*. The village has a hotel, post office, church, rural fire station, showground, hall and police station.

Situated along the New England Highway is Parkville, approximately 8 kilometres north of Scone. The village has a population of 323\* and limited facilities being in close proximity to Scone.

Blandford is located on the New England Highway and is situated approximately 6 kilometres east of Murrurundi and 30 kilometres north of Scone. The village of approximately 323\* people is supported by a school, church and service station.



Cassilis is situated approximately 40 kilometres west of Merriwa and 35 kilometres south-east of Coolah. The village has a showground, bowling club, post office, police station, school, church, hall and rural fire station supporting the population of approximately 350\*.

*\*Based on 2011 Census Population data which includes village and surrounding rural locality.*

## Main Industries

The Scone industrial precinct is located on the northern fringe of Scone incorporating Sherwood / Muffett / McLoughlin and Hayes Streets. A new Scone Business and Industrial Park has had the first stage released on the northern fringe of Scone, with a total of 97 lots planned.

## Significant Retail Centres

Scone CBD provides the main retail centre for the Upper Hunter Region. The Scone CBD comprises several large national tenants, and many individual shops and offices.

Commercial development with New England Highway exposure on the northern and southern fringes of Scone is increasing with a United Petroleum / McDonalds development constructed in early 2010 and a Red Rooster also planned for this site on the northern fringe of Scone. On the southern fringe of Scone a new electricity substation and Caltex service station.

## Rural

Beef cattle breeding and fattening is the most common agricultural pursuits within Upper Hunter Shire. Crop cultivation is present but mostly confined to alluvial flats which include extensive Hunter River flats with numerous creeks also providing alluvial country. Alluvial flats are utilised for cultivation, equine and grazing purposes. The vineyard plantings which became popular in the region during the late 1990's have largely ceased with the dissolution of advantageous tax breaks and recent nationwide wine glut affecting supply contracts and overall demand.

Rural retreat home sites occupy much of the poorer quality land within the district, particularly around the Timor, Crawney and north of Merriwa localities where the relative isolation/privacy and the natural bushland settings are attractive features to the 'lifestyle' market.

## Rural Locations within the LGA

The land values throughout the Shire vary depending on locations, access, soil types and land forms. The following are general descriptions of some localities within the LGA:

### Cassilis/Merriwa

Cassilis/Merriwa locality is situated within the western corner of Upper Hunter Shire south of Great Dividing Range/Liverpool Plains Shire Boundary, east of Talbragar River/Warrumbungle Shire Boundary and north of Goulburn River National Park/Mid Western Regional Shire Boundary. This locality is situated on the Golden Highway central to Tamworth, Dubbo and Newcastle, which are all within two hours driving distance. The closest major town to this rural locality is Scone being approximately 65 kilometres east of the locality. The rural land in this area is generally well watered, very fertile country ideally suited to livestock (beef cattle/sheep) and/or crop production. The landform varies from cleared level farming land to steep heavily timbered country with the elevation ranging from 200 to 1000 metres above sea level. Black (basalt) earths, red/brown and other heavy texture soils are common in this area along with a variety of clay and sandy loams. The average annual rainfall of this region is approximately 624 millimetres per annum\*.

### **Brawboy/Bunnan/Upper Dartbrook**

Brawboy/Bunnan/Upper Dartbrook locality is situated approximately 25 kilometres west of Scone and south west of Murrurundi Village. There are more hobby farm holdings/rural retreats throughout this locality due to the areas close proximity to town services. Other land uses include larger broadacre grazing and cropping enterprises. The landforms vary from cleared level land to hilly timbered country. Dark earths, red/brown and other heavy texture soils are common in this area along with a variety of clay and sandy loams. The elevation ranges from 200 metres to 1,000 metres above sea level with an approximate average annual rainfall of 686 millimetres per annum\*.

### **Ellerston/Glenrock/Moonan**

Ellerston/Glenrock/Moonan locality is situated approximately 70 kilometres north east of Scone within the north eastern corner of the Shire. The World Heritage listed Barrington Tops National Park is located to the south of this area, the Barnard River/Tamworth Shire Boundary to the north and the Gloucester Shire boundary to the east. The Mount Royal Range runs north to south through this area along the localities western edge. This area is internationally known for Ellerston Station being one of Australia's most famous rural properties owned by the Packer Family. The region's primary land use is large broadacre cattle/sheep grazing enterprises with rural retreat/lifestyle holdings scattered throughout. Land forms comprise mostly sloping to steep hill timbered grazing lands with typically good natural water. Accessibility throughout much of the region requires a 4WD vehicle with the elevation ranging from 500 to 1300 metres above sea level. Fertile volcanic loam soils and areas of lighter shale are evident within this region with an approximate average annual rainfall of 844 millimetres per annum\*.

### **Gundy/Belltrees/Glenbawn**

Gundy/Belltrees/Glenbawn locality is a sought-after property address in this region located approximately 20 kilometres east of Scone primarily accessed via Segenhoe Road. Equine enterprises are concentrated in this area due to quality soils providing highly productive pastures and reliable access to water (namely the Pages and Hunter Rivers). This area is internationally known for its thoroughbred, stock and polo horse breeding and training. Glenbawn Dam is located within this area providing power generation, water supply, recreational pursuits and accommodation. Land uses include equine, cattle, sheep and dairy operations, with smaller rural lifestyle holdings more prevalent due to the localities close proximity to Scone Town. The land forms are generally level to undulating along the river valleys to sloping to hilly timbered lands. The elevation ranges from 200 to 700 metres above sea level with brown sandy loam to clay based soils and an approximate average annual rainfall of 637 millimetres per annum\*.

### **Timor/Waverly**

Timor/Waverly locality is located approximately 30 kilometres south east of Murrurundi Village and 35 kilometres north east of Scone just south of the Great Dividing Range/Liverpool Plains/Tamworth Regional Shire Boundary. The land uses within this area range from heavily timbered rural retreat holdings to equine, cattle and sheep grazing enterprises. The land ranges from undulating open country to steep hilly timbered lands with typically good natural water. The elevation ranges from 400 to 1130 metres above sea level with red/black loams to lighter shale soil varieties with an approximate annual rainfall of 661 millimetres per annum\*.

### Upper Rouchel/Davis Creek

Upper Rouchel/Davis Creek locality is situated approximately 30 kilometres south east of Scone and Aberdeen in the south eastern corner of the Shire. The land form in this region vary from open gently undulating country along waterways (Rouchel Brook/Davis and Keans Creek) to sloping to steeply timbered hills country. There is generally a mix of land uses from hobby farms to larger cattle/sheep grazing operations. The elevation ranges from 200 to 1200 metres above sea level with predominantly loams to clay loam soil types with an approximate average annual rainfall of 793 millimetres per annum\*.

*\*Approximate rainfalls for each locality are the closest open station as reported by the Bureau of Meteorology utilising the mean average for all years.*

### State & Local Government Legislation for LGA

The Upper Hunter LGA is governed by the Upper Hunter LEP 2013 gazetted on 23 December 2013. There have been no significant amendments to the LEP since the previous valuation.

The plan is based on the standardised Local Environmental Plan prescribed by the New South Wales Legislation.

The Plan aims to make local environmental planning provisions for land in the Upper Hunter Council Local Government Area in accordance with the relevant standard environmental planning instrument under section 33A of the Act. Upper Hunter Council has development controls including the Upper Hunter Development Control Plan 2015 that affects the subdivision and erection of dwellings which impacts on land values. These include:

Zone	Minimum Allotment Size
Residential/Village	600m <sup>2</sup> - Scone & Aberdeen (R1) 800m <sup>2</sup> - Merriwa & Muurundi (R1) Varies between 2,000m <sup>2</sup> and 5ha (R5)* 2000m <sup>2</sup> (RU5)
Rural/Forestry	Varies between 40ha, 100ha, 120ha & 400ha (RU1)* 100ha(RU3) 40ha (RU4) Council Consent Required (E1) 40ha (E3)
Business	Council Consent required (B2) 600m <sup>2</sup> (B4)
Industrial	1000m <sup>2</sup> (IN1 & IN2)
<i>*See LEP Maps for full details</i>	

## Market Overview & Sales of Particular Interest

Opteon Property Group (OPG) as Contractors has undertaken significant analysis of the Upper Hunter LGA market to provide an accurate and reliable basis of valuation. 321 sales have been analysed to enable the establishment and verification of land values as at 1 July 2015. These analysed sales also support the grading across components. Analysed sales reports are provided to Land and Property Information on a consistent basis throughout the year. The added value of improvements are also analysed to enable the accurate deduction of land values. OPG Contractors undertakes this process using the Paired Sales Approach and Written Down Replacement Cost Approach, with the Replacement Cost Method used when appropriate.

In analysing sales before or after 1 July it is necessary to adjust the contract price in terms of market movement.

Sales which do not have market circumstances including sales between related parties and company transfers, have not been utilised when assessing market changes and determining land values.

General economic factors (including international exchange rates, economic growth and interest rates, commodity prices and climatic conditions strongly influence the Upper Hunter property market.

### Residential

The Upper Hunter LGA comprises approximately 4,114 residential zoned properties located throughout the Shire.

Throughout Base Date 2015 there were 180 sales within the residential sector, 157 of which were analysed.

Unemployment levels have continued to increase in the mining sector as a result of the drop in the coal prices which has lowered consumer confidence in the Hunter Valley property market. As a result, sales evidence in Scone indicates a reduction in residential values in the last year, with a significant fall noted in the later months of 2014. Demand for property in the higher price bracket has generally fallen over this period with extended marketing periods and a reduction in vendor expectations required to achieve a sale. Sales numbers and prices have improved in the New Year, with the market improving closer to the Base Date. Reductions in Scone town vary between 6 - 8%.

Similar to the Scone market, residential values in Aberdeen have also eased by about 5%. Aberdeen provides housing for a large number of coal industry employees due to its proximity to mines and its affordability compared to Scone and Muswellbrook. In contrast to previous years, where the uptake of newly released residential lots in estates such as Aberdeen Heights was strong, there have been no vacant land sales since the last Base Date.

Towns not in close proximity to the mines have not been impacted by the increased unemployment levels and the resulting effects on the property market. Therefore values and sales volumes in the Towns of Merriwa and Murrurundi have remained stable, or have seen marginal increases of 5%.

The value levels adopted are supported by both vacant and improved sales analysis.

**Typical land value at 1 July 2015 for typical residential properties include:**

Description	Address	Area	BD14	BD15	CHG 14-15
East Scone	Susan Street, Scone	1,012m <sup>2</sup>	\$134,000	\$126,000	-5.97%
Figtree & Monty Estate	Redbank Drive, Scone	2,144m <sup>2</sup>	\$150,000	\$138,000	-8.00%
Established residential off Satur Rd	Gould Street, Scone	1,012m <sup>2</sup>	\$135,000	\$126,000	-6.67%
West Scone	Kelly Street, Scone	1,056m <sup>2</sup>	\$126,000	\$118,000	-6.35%
Rural Residential and hobby farms in Scone	Kookaburra Avenue, Scone	2,068m <sup>2</sup>	\$155,000	\$143,000	-7.74%
Aberdeen	McLeod Street, Aberdeen	1,007m <sup>2</sup>	\$99,000	\$94,000	-5.05%
Rural Residential and hobby farms in Aberdeen	Glenbawn Road, Glenbawn	1.190ha	\$171,000	\$162,000	-5.26%
Merriwa Town	Vennacher Street, Merriwa	2,030m <sup>2</sup>	\$50,000	\$50,000	0.00%
Large lots in Merriwa	MacKenzie Street, Merriwa	2.920ha	\$150,000	\$150,000	0.00%
Rural Residential and Hobby Farms in Merriwa	Gummun Lane, Merriwa	1.190ha	\$84,000	\$88,000	4.76%
Murrurundi Town	Mayne Street, Murrurundi	2,023m <sup>2</sup>	\$46,700	\$49,000	4.93%
Rural Residential and hobby farms in Murrurundi and Blandford	Page Street, Blandford	8,094m <sup>2</sup>	\$85,000	\$85,000	0.00%

There were four residential sales over \$600,000 in the last twelve months. All these sales were of high valued, single occupancy dwellings in Scone.

## Village

There are 395 village zoned properties located within the Upper Hunter LGA. There were 20 village sales in the past 12 months, all of which were analysed.

Similar to the residential sector, village land values have experienced varied market movement since the prior Base Date. Most Upper Hunter Villages including Blandford, Moonan Flat, Bunnan and Gundy have remained stable with the limited sales transacted indicating no change in values. The Highway villages of Parkville and Wingen have demonstrated slight reductions considered to be influenced by the downturn in the coal industry and the reduction in values in Scone. Cassilis was unaffected by the rising unemployment levels in the mining industry being located outside any easy commuting distance to the mines, and values increased by approximately 10%.

### Typical land value at 1 July 2015 for typical village properties include:

Description	Address	Area	BD14	BD15	CHG 14-15
Bunnan Village	High Street	4,129m <sup>2</sup>	\$18,200	\$18,200	0.00%
Gundy Village	Church Street	2,023m <sup>2</sup>	\$95,000	\$95,000	0.00%
Moonan Flat Village	High Street	2,023m <sup>2</sup>	\$43,000	\$43,000	0.00%
Parkville Village	Park Street	2,023m <sup>2</sup>	\$80,000	\$78,000	-2.50%
Wingen Village	Vernon Street	2,023m <sup>2</sup>	\$90,000	\$88,000	-2.22%
Blandford Village	Mills Street	4,046m <sup>2</sup>	\$52,500	\$52,500	0.00%
Cassilis Village	Branksome Street	2,023m <sup>2</sup>	\$17,000	\$19,000	11.76%

There was one sale over \$600,000 in the village sector being a rural residential property located in Wingen.

## Commercial

The Upper Hunter LGA comprises approximately 367 commercial zoned properties located throughout the Shire.

The Upper Hunter commercial market had 16 commercial sales analysed within the past twelve months.

Commercial sales activity has been limited throughout the district, with very few new listings/sales. Available sales demonstrate varying market movement dependant on location.

In line with surrounding residential values, Scone and Aberdeen commercial values decreased by around 5%, being similarly impacted by the local economic downturn. Less affected by this are the towns of Murrurundi and Merriwa, where values have remained stable.

### Typical land value at 1 July 2015 for typical commercial properties include:

Description	Address	Area	BD14	BD15	CHG 14-15
Mixed Use Commercial Properties in Scone and Aberdeen	Kingdon Street, Scone	733.5m <sup>2</sup>	\$157,000	\$150,000	-4.46%
Scone CBD	Kelly Street	335.1m <sup>2</sup>	\$130,000	\$124,000	-4.62%
Aberdeen Commercial	MacQueen Street	834.7m <sup>2</sup>	\$60,000	\$58,000	-3.33%
Murrurundi Commercial	Mayne Street	1,163m <sup>2</sup>	\$46,700	\$47,000	0.64%
Merriwa Commercial	Dutton Street	1,483m <sup>2</sup>	\$45,500	\$45,500	0.00%

There were two commercial market sales over \$1,000,000 since the last Base Date; being an operating service station and the Scone Village Shopping Centre, anchored by Coles plus 12 specialty stores.

## Industrial

The Upper Hunter LGA has 76 industrial zoned properties located throughout the Shire.

There were 4 industrial sales within the Upper Hunter industrial market in the last 12 months, and all of these sales were analysed.

Industrial values throughout the shire have eased between 3 to 15% with limited genuine sales evidence available associated with the continued downturn in the mining sector. Falls in value vary, with the largest decrease seen in Scone, while industrial properties in Aberdeen and Merriwa have seen more moderate decreases.

**Typical land value at 1 July 2015 for typical industrial properties includes:**

Description	Address	Area	BD14	BD15	CHG 14-15
Aberdeen Industrial	Campbell Street	1.5ha	\$260,000	\$250,000	-3.85%
Scone Central Industrial	McLoughlin Street	2,436m <sup>2</sup>	\$104,000	\$97,000	-6.73%
Merriwa Industrial	Cullingrall Road	4,000m <sup>2</sup>	\$38,200	\$38,000	-0.52%
Fringe Scone Industrial	New England Highway	2,854m <sup>2</sup>	\$140,000	\$119,000	-15.00%

There were no significant sales within the Upper Hunter industrial market in the past 12 months.

## Rural

There are 2,620 rural zoned properties located throughout the Upper Hunter LGA.

Within the last year there were 139 rural sales in the Upper Hunter LGA, 124 of which were analysed.

The volume of sales available in the rural residential, lifestyle grazing/hobby farms sectors has continued to remain firm since the prior Base Date with sales showing maintained or small increases in values over this period. The rural properties within close proximity to Scone, Aberdeen, Merriwa and Murrurundi have been maintained, with smaller hobby farm sites outside this town/village vicinity experiencing small increases in value between 3 - 5%, with the only exception being the Timor/Crawney locality where values have remained stable over this twelve month period.

The larger broadacre holdings have generally strengthened in the Upper Hunter since the prior Base Date. This improvement can be attributed to an improved market sentiment, combined with a good climatic season since November 2014, and much improved commodity prices for both cattle and wool in the last 6 months. The land values in this rural sector have remained steady in more remote/poorer quality grazing localities with increases being experienced of up to 6% in more well located/better quality grazing areas.

The value levels adopted are supported by both vacant and improved sales analysis.

**Typical land value at 1 July 2015 for typical rural properties include:**

Description	Address	Area (approximate)	BD14	BD15	CHG 14-15
Environs surrounding Scone	Gundy Road, Scone	16ha	\$400,000	\$400,000	0.00%
Environs surrounding Highway villages	Yarrandi Road, Moobi	16ha	\$300,000	\$300,000	0.00%
Environmental Management properties near Scone	Segenhoe Road, Segenhoe	23ha	\$478,000	\$478,000	0.00%



Rural holdings in west of shire (minimum lot size of 100ha)	Lawlers Lane, Merriwa	24ha	\$235,000	\$247,000	5.11%
Smaller Holdings and Retreats outside towns and villages	Gundy Road, Scone	25ha	\$190,000	\$200,000	5.26%
Rural Retreats in Murrurundi, Blandford and Timor	Karalee Row, Murrurundi	42ha	\$220,000	\$220,000	0.00%
Rural holdings within 15 kilometres of towns and villages	Bunnan Road, Scone	46ha	\$360,000	\$371,000	3.06%
Rural holdings in east of Shire (minimum lot size of 400ha)	Upper Rouchel Road, Rouchel	112ha	\$191,000	\$200,000	4.71%
Rural holdings in north of Shire (minimum lot size of 40ha)	Old Highway Road, Blandford	149ha	\$545,000	\$545,000	0.00%
Broadacre Grazing in close proximity to Scone	Turnville Road, Scone	240ha	\$1,940,000	\$1,940,000	0.00%
Forestry Land	Wollara Road, Merriwa	282ha	\$163,000	\$168,000	3.07%
Rural Holdings in west of Shire (400ha minimum lot size)	Bunnan Road, Scone	288ha	\$585,000	\$619,000	5.81%
Rural grazing surrounding Cassilis	Pembroke Road, Cassilis	307ha	\$163,000	\$172,000	5.52%
Environmental Management Land Throughout Shire	Mathews Road, Niangala	498ha	\$200,000	\$206,000	3.00%

In the rural broadacre market there were four sales contracted above \$3,500,000 since the prior Base Date which are outlined below:

- Three sales were properties located in the Merriwa/Kars Springs/Brawboy region comprising arable to undulating to timbered hill basalt grazing with good water and property areas of between 1,200 – 5,760ha. These sales show an overall analysed land values ranging between \$1950/ha - \$2,130/ha for quality basalt grazing land in this locality; and
- The other large rural sale comprised undulating to hilly timbered grazing land with good water on the Tamworth/Upper Hunter Shire boundary in the Barry locality. This property had limited interest due to remote location and poor state of repair and sold as a mortgagee in possession sale considered concessional although advertised and sold on the open market. This sale showed an overall analysed land value of \$330/ha for 8,522 hectares.

In the lifestyle/small holding market there were four sales contracted above \$800,000 since the prior Base Date which are outlined below:

- Two sales were hobby farm holdings in the Blandford/Wingen area well located to village services and the New England Highway. These sales show an overall analysed land values ranging between \$345,000 (44 ha Wingen Site) to \$560,000 (90 ha Blandford site) for hobby farm sites in this locality; and
- The other two sales were hobby farm holdings in the Scone/Upper Dartbrook area well located to Scone Town. These sales show an overall analysed land values ranging between \$390,000 (56 ha Upper Dartbrook Site) to \$465,000 (47 ha Scone site) in this well sort after locality.

## Significant Issues and Developments

### Significant Developments – From Prior to Current Annual Valuation

There has been limited significant developments or applications for developments as a result of the current economic uncertainty. Significant development activity is summarised below -

- 14 lot subdivision on Moobi Road in Scone approved in April 2015. New DP has not yet been registered.
- Construction of Motel accommodation in Merriwa approved in March 2015.
- Proposed construction of service station and convenience store in Aberdeen.

## Significant Value Changes

### Significant Values Changes – From Prior to Current Annual Valuation

Minor variations and value changes (generally  $\pm 10\%$ ) in the past 12 months have previously been noted in this Report (see Market Overview). There have been some significant changes due to verification since Base Date 2014 which are summarized below :

- Significant residential value changes occurred in West Scone where heritage listed properties were increased following new instructions regarding heritage valuations.
- The flood liable area on the corner of Kingdon, Wingen and Aberdeen Streets, Scone experienced significant reductions in value as new dwellings/subdivisions would not be permitted in this flood liable location.
- Scone industrial land located on the outskirts of Scone Town have experienced decreases due to the flow on effect from the decline in the mining sector with increased unemployment levels, economic uncertainty, poor outlook, lower coal prices and some delays to coal mine extensions.
- Larger Moonan Flat village sites reduced in line with new sales evidence within this village requiring realignment of values based on allotment sizes.
- Residential values in the Village of Cassilis were increased to maintain relativity with surrounding lots of comparable nature. This increase in land values is supported by new vacant land sales evidence within the Village of Cassilis and on the outskirts in this locality.
- 'Barry Station' which lies on the Upper Hunter / Tamworth Regional border was reduced following sales analysis, and inspection and new available imagery identifying poorer condition/grazing land than previously allowed for.
- A number of rural properties have experienced changes in value, with increases to better reflect quality of the country and dwelling entitlements with new imagery assisting in reviews of these features. Also some reductions in rural land values to reflect lack of building entitlements.

## Overview of the Quality Assurance Process

LPI has been provided with a detailed Valuation Analysis Report, which details the Quality Assurance Process of OPG Contractor and outlines that the Verification process and certifies that Land Values meet all Statistical Measures and Component Data Analysis. In addition, a Quality Statement and lists of high value and high risk properties is also provided in the Valuation Analysis Report. Checks have been undertaken to ensure that all properties have been valued, land values are consistent with each other, land value basis' have been correctly determined and all concessions and allowances have been supplied. Additionally, properties that had land values amended through the objection or reascertainment process were individually examined to reconcile surrounding land values and ensure accuracy of the grading of surrounding land values. Benchmarks and Reference Benchmarks are core elements of the quality assurance processes and are identified and individually valued in accordance with the Rating and Taxing Procedures Manual Version 6.6.2. Worksheets have been maintained on all properties where calculations are required. We have also ensured that adjustments and assumptions within the market analysis have been based on market evidence and have been fully documented and rationalised.

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