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Final Report

For The

Valuer-General's Office

The Local Government

Area of Albury

Base Date: 1st July 2015

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EXECUTIVE SUMMARY

LGA Overview

Local Government Area of Albury

The Albury Local Government Area is located in the Eastern Riverina Region, 300 kilometres from Melbourne and 560 kilometres from Sydney. Albury has a population of over 50,000 and services a regional population of 105,000 with a land area comprising 30,618 hectares.

Albury comprises of mostly level and gentle sloping topography, green timbered hills and river flats. The urban area is surrounded by Nail Can Hill to the west, Black Range to the north, Eastern Hill to the east and the Murray River/Victorian NSW border to the south. In addition the suburb of Thurgoona which comprises Albury's primary residential growth corridor is situated to the north east of the CBD.

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

The Albury Local Government Area comprises Residential, Rural, Business, Industrial, Special Purpose, Recreation, Environmental Protection and Waterway zones.

As at the base date of 1 July 2015, 21,802 properties were valued and valuations are reflective of the property market at the time. Total land value of Albury City Council amounts to \$3,466,583,210. Land valuation notices were last issued for Local Government rating purposes for the 1st July 2014 valuing year when 21,404 properties were valued for a total land value of \$3,331,739,470.

The Albury district property market has on the whole been relatively steady in terms of land values over the past 12 months. Some market movement has occurred in residential pockets and in particular we note that locations considered on the fringe of central Albury have reflected a boost in popularity with Monument Hill, South, North and East Albury areas showing an increase in values. The significant residential areas of Lavington have also shown an overall increase in values where in previous years a slight decline was shown due to the popularity shift to Thurgoona. In light of the growing size of Thurgoona, this suburb has been divided into two portions. The more recently developed estates on the fringe remains strong overall with local residential growth focused in this sector, whilst the original section of Thurgoona is relatively stable. There has also been an increase to land values of large lot/primary production type properties in areas such as Table Top and Wirlinga.

In terms of other property types, the industrial and commercial sectors of the market appear steady from the previous year.

Albury is a strategic hub for commerce, retail, transport, health and education. The city has achieved national and international recognition as a centre for government administration, defence, manufacturing, agricultural support services, sport, festivals and the arts.

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

Properties Valued and Total Land Value							
Zone	Zone Code	No. of Entries	2015 Total Land Value	Prior Annual Valuation (2014)	% Change	Prior Local Government Valuation (2014)	% Change
Neighbourhood Centre	B1	6	\$1,515,500	\$1,515,500	0%	\$1,515,500	0%
Local Centre	B2	15	\$9,022,000	\$9,022,000	0%	\$9,022,000	0%
Commercial Core	B3	315	\$219,834,100	\$219,834,100	0%	\$219,834,100	0%
Mixed use	B4	745	\$270,219,410	\$269,897,110	0.12%	\$269,897,110	0.12%
Business Development	B5	4	\$1,457,000	\$1,457,000	0%	\$1,457,000	0%
Enterprise Corridor	B6	9	\$7,711,000	\$7,711,000	0%	\$7,711,000	0%
Business Park	B7	8	\$1,090,100	\$1,090,100	0%	\$1,090,100	0%
Environmental Conservation	E2	51	\$5,433,070	\$6,256,020	-13.15%	\$6,256,020	-13.15%
Environmental Management	E3	185	\$35,629,340	\$35,577,970	0.14%	\$35,577,970	0.14%
Environmental Living	E4	63	\$23,128,000	\$23,002,000	0.55%	\$23,002,000	0.55%
General Industrial	IN1	415	\$117,941,610	\$118,284,210	-0.29%	\$118,284,210	-0.29%
Light Industrial	IN2	167	\$42,132,320	\$42,165,320	-0.08%	\$42,165,320	-0.08%
General Residential	R1	17987	\$2,304,225,430	\$2,224,964,050	3.56%	\$2,224,964,050	3.56%
Low Density Residential	R2	311	\$65,723,300	\$66,374,300	-0.98%	\$66,374,300	-0.98%
Medium Density Residential	R3	485	\$62,554,400	\$62,523,200	0.05%	\$62,523,200	0.05%
Large Lot Residential	R5	278	\$66,553,440	\$61,838,180	7.63%	\$61,838,180	7.63%
Public Recreation	RE1	118	\$25,202,110	\$25,202,110	0%	\$25,202,110	0%
Private Recreation	RE2	12	\$12,069,100	\$12,069,100	0%	\$12,069,100	0%
Primary Production	RU1	56	\$24,900,200	\$21,798,800	14.23%	\$21,798,800	14.23%
Rural Landscape	RU2	89	\$32,824,630	\$32,824,630	0%	\$32,824,630	0%
Rural Small Holdings	RU4	302	\$87,935,430	\$86,545,530	1.61%	\$86,545,530	1.61%
Village	RU5	58	\$7,808,070	\$7,747,070	0.79%	\$7,747,070	0.79%
Infrastructure	SP2	122	\$41,368,650	\$41,610,650	-0.58%	\$41,610,650	-0.58%
Recreational Waterways	W2	1	\$305,000	\$288,000	5.91%	\$288,000	5.91%
TOTAL		21802	\$3,466,583,210	\$3,379,597,950	2.57%	\$3,379,597,950	2.57%

State and Local Government Legislation for LGA

The current planning instrument for Albury is the Local Environmental Plan 2010 which was gazetted on the 13th August 2010.

The 2010 LEP is in line with the Standard Instrument set out by the NSW Department of Planning.

The Albury Development Control Plan 2010 is the supporting document that compliments the requirements contained within the Albury Local Environmental Plan 2010.

All of the abovementioned documents can be downloaded from the Albury City Council website.

Since the introduction of the new Local Environmental Plan the following amendments have occurred:

- *Amendment No. 1* – minor amendments to land use tables in the B4 – Mixed Use zone relating to caravan parks, residential accommodation and rural workers’ dwellings. Minor rewording in exempt development relating to signage.
- *Amendment No. 2* – change from community to operation land on a single allotment in Lavington.
- *Amendment No. 3* – change of zoning map 4 and lot size map 4, affecting two lots in North Albury, previously zoned RE1 Public Recreation to R1 General Residential.
- *Amendment No. 4* – change from community to operational land on a single allotment in Central Albury.
- *Amendment No. 5* – inserted “Bulky goods premises” in item 3 of the matter relating to Zone B6
- *Amendment No. 6* – minor amendments made to clause 7.5 affecting river frontage properties.
- *Amendment No. 7* – classification and reclassification of public land. Affecting 546 Dean Street, Albury (part of Albury Art Gallery) and Milro Avenue, East Albury.
- *Amendment No. 8* – amended Floor Space Ratio Map 4C, Height of Buildings Map 4C, Land Zoning Map 4 and Lot Size Map 4.
- *Amendment No. 9* – classification and reclassification of public land affecting Lot 1/DP 1182825 Noreuil Park, South Albury and Lot 2/DP 231315 Wagga Road, Lavington.
- *Amendment No. 10* – redistribution of environmental and residential lands to maximise residential development potential affecting Lot 757/DP 1186094, Fairway Gardens Drive, Snead Place, Ferrier Court and Forest Drive, Thurgoona.
- *Amendment No. 11* - finalisation of a deferred matter in respect to zoning affecting part Lot 1/DP 128086, part Lot 1/DP 128087, part Lot 2/DP128087 and part Lot 96/DP 753356, Riverina Highway, Thurgoona.
- *Amendment No. 12* – change of zoning from Low Density Residential (R2) to General Industrial (IN1) affecting Lot 108/DP 1146428 and Lot 1/DP/ 107393 being 395 and 423 Wagga Road, Springdale Heights.
- *Amendment No. 13* – minor amendment to Land Use Table, Zone IN1 General Industrial, item 3 – insert “Agricultural produce industries”
- *Amendment No. 14* – minor amendment made to clause 6 insertion of 6A – Development for the purposes of a service station is permitted with consent affecting Lot 3/SP 41799 481 Urana Road, Lavington.
- *Amendment No 15* - Gazetted 27th February 2015, and this Plan applies to part of the former Lavington Library site, being part of Lots 1 and 2, DP 1194751, 329 Griffith Road, Lavington. It is a reclassification of public land to operational land.
- *Amendment No 16* - Gazetted 10th April 2015, this Plan applies to Lot 31, DP 1156505, 221 Fallon Street, North Albury. The maps adopted by *Albury Local Environmental Plan 2010* are amended or replaced, as the case requires, by the maps approved by the Minister on the making of this Plan.
- *Amendment No 17* - Gazetted 28th August 2015, this Plan applies to land within Zone RU1 Primary Production, Zone RU2 Rural Landscape and Zone RU4 Primary Production Small Lots under *Albury Local Environmental Plan 2010*. A new clause was entered whereby the objective of this clause is to enable the subdivision of land in certain rural areas to an

appropriate size to meet the needs of current permissible uses other than for the purpose of dwelling houses or dual occupancies. This clause applies to land in the following zones: Zone RU1 Primary Production, Zone RU Rural Landscape, Zone RU4 Primary Production Small Lots.

Market Overview and Sales of Particular Interest

Cosgraves Property Advisers have undertaken significant analysis of the Albury district property market to provide an accurate and reliable basis of valuation. A total of 535 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. Cosgraves Property Advisers undertakes this process using the Paired Sales Approach and the Replacement Cost Approach.

In analysing sales before or after 1 July it may be necessary to adjust the contract price in terms of market movement. In the Albury district this year sales and resales of properties indicated some variance in values throughout the year with some movement from August 2014 to 1 July 2015 for properties zoned residential as noted above. Rural and lifestyle properties also had slight increases in values throughout the year. The Commercial property market indicated a steady market trend since the Prior Annual Valuation in 2014.

Sales of specific interest include the purchase of a number of englobo sites around the north eastern side of Thurgoona for future subdivision and we understand further properties in this area are currently in the negotiation stage. There was an additional large englobo development site located on the corner of Elizabeth Mitchell Drive and Thurgoona Drive sold at auction and having approval for 75 lots, a child care centre and medical premises. This property sold in June 2015 for \$3,234,000. We believe strong growth will continue along this corridor.

A large site on the corner of Drome Street and Riverina Highway/Borella Road occurred in June 2014 and settled later in the same year for \$1,100,000, and we note a new McDonald's franchise is currently under construction in this location.

Two separate parcels of land previously occupied as Service Station sites and owned by Caltex have sold after a protracted period on the market. We understand these sold after the appropriate remediation works for the removal of any potential contamination was completed. One of these sites (7172sq.m.) was sold in Jan 2015 for \$1,485,000 whilst the other more centrally located property (2134sq.m.) sold in March 2015 for \$412,500.

The 'Grange' Aged Care facility in Thurgoona sold in August 2014 for \$12,000,000.

A prominent commercial property on the corner of Dean Street and AMP Lane in central Albury transacted in September 2014 for \$4,000,000. This property is also Heritage listed and the sale price was considered a good result for this location.

There have also been a number of prestige residential and rural residential property sales in the last 12 months in the Albury District. Including but not limited to:

730 Fellowes Crescent, Albury sold March 2015 \$2,450,000 (improved)

610 Carrington Street, Albury sold May 2015 \$1,050,000 (improved)

26 Old Sydney Road, Table Top sold August 2014 for \$1,150,000 (improved)

50 Gunbower Place, Doctors Point sold Feb 2015 \$1,100,000 (improved)

352 Knobles Road, Wirlinga sold May 2015 for \$1,300,000 (land only)

Significant Issues and Developments

The Albury region continues to achieve sound population growth and this is expected to continue. Albury is considered a robust economy in general terms and the turnover and sale of newly offered residential land together with the health of the local building industry is testament to this.

The Independent Review of Local Government by the Independent Pricing and Regulatory Tribunal (IPART) has recommended that Albury City is 'Fit for the Future' and should not face merger. IPART assessed submissions from every Council in NSW on whether they were 'Fit for the Future', asking Councils to demonstrate how they would become and remain sustainable, provide effective and efficient services, and develop the scale and capacity to meet the needs of the community. IPART has made its recommendations to the Minister for Local Government.

Proposed significant local developments in the region include the final stages of the Volt Lane Development. Construction of the Australian Tax Office building above is completed, however completion and letting of the market style retail area to the ground floor is currently in progress. We note that adjacent to this property was the proposed construction of a multi storey Accor Group Hotel, however this appears to be on hold. The recent completion of two Quest Hotels in the vicinity together with the significant upgrade of the Atura Hotel may have placed pressure on this project, and there is the possibility of another hotel being constructed nearby.

The Murray Art Museum Albury (MAMA) recently opened in September 2015 and provides a modern facility with the appropriate climate controlled conditions and exhibition capabilities that will attract both local and international exhibitions. MAMA has increased in space from 832m² to 2036m². This includes seven flexible exhibition spaces, an education workshop, permanent collection storage, an accessible loading dock, a restaurant and a shop. The construction of the new portion of the building is very contemporary and yet this marries in well with the original historic portions of the space.

The Albury Regional Cancer Centre is progressing steadily and is a major addition to the Albury Base Hospital. Estimated to be a \$47M project, it will provide 30 specialist beds to local and regional cancer patients and will negate the need for travel to Melbourne for specialist treatment.

The Nexus Precinct and the Ettamogah Rail Hub continue to grow and with the proposed expansion to the Melbourne – Brisbane Rail link, we expect the need for additional rail infrastructure may grow with Albury well placed in this scheme.

A purchase of a substantial parcel of land has occurred in David Street, Albury for the potential future provision of a Child Care Centre. No Development Application has been sighted at this stage.

Across the Murray River, Wodonga has some major retail developments currently on the radar with the redevelopment of its most centrally located commercial area after the relocation of the Albury – Melbourne Railway Line. This is known as Junction Place. The redevelopment of this area will include many new opportunities for retailers and includes the construction of a new shopping centre to be known as Mann's. This is mentioned due to the impact this may place on Albury retail in the coming years with many patrons presently travelling from Wodonga to Albury to purchase major items, and this dynamic may change.

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

Significant Value Changes

Summary of Valuation Changes to Residential Land

Changes since previous Valuation Year (2014)

Residential activity remains buoyant and since the 1st of July 2014, R1 General Residential properties have increased by 3.56% to reflect a 2015 Land value of \$2,304,225,430. The total increase in land values of R1 –R3 and R5 is 3.451% to reflect a combined 2015 land value of \$2,499,056,570.

The city fringe areas are increasing in favour and as mentioned earlier, the Monument Hill, East, North and South Albury areas are reflecting increases in land values.

The Thurgoona growth corridor remains a success story for Albury City with its diverse style of estates on offer, excellent shopping complex, growing educational precinct and lifestyle opportunities.

Given the current momentum, interest rates remaining at historically low levels and current Government incentives suggest continuing growth in this precinct.

Summary of Valuation Changes to Rural Land

Changes since previous Valuation Year (2014)

Rural properties within the RU1 – Primary Production Zone are generally tightly held with the 2015 land value of \$24,900,200 showing a moderate increase in value of 14.23% since the 1st July 2014 valuation.

Rural small holdings within the RU4 zone remain in strong demand. Since the 1st July 2014 revaluation there has been a slight increase in value of 1.61% with an overall 2015 land value of \$87,935,430. This style of property remains popular as a lifestyle alternative particularly given the ease of access to the City of Albury.

Summary of Valuation Changes to Commercial Land

Changes since previous Valuation Year (2014)

Within the Business Zones values for B3 -Commercial Core properties have remained stable. Properties within this precinct are generally tightly held and keenly sought after by the investor sector. Recent developments including the continued development of the Volt Lane precinct, upgrading of Kiewa Street and the, redevelopment of the cultural precinct including the opening of MAMA, the expansion of the 'Mates' retail complex continue to underpin the market together with the addition of the upgrade to the Atura Hotel and the redevelopment of the Old Wool Store into A Quest Hotel. Whilst core commercial in Lavington has been notably supported by the Northpoint Tower developed by Zauner Constructions in recent years, the completion of the ambulance station and the now completed redevelopment of the former Wow complex by Aldi Supermarket. Overall there has been no change in commercial values in Lavington since the 1st July 2014.

With respect to B4 - Mixed Use properties the values have experienced a slight increase in value post 1st July 2014 by 0.12%. This has principally been reflected in the firming of values in the business fringe residential properties and also service station sites which have transacted. There remain a number of vacant properties but it is worthy to note the recent activity and confidence shown by developers to invest into the Lavington commercial core precinct. Given the continued expansion of the Thurgoona residential growth corridor to the north east it may be expected that this will generate increased business activity to this segment of the market.

Summary of Valuation Changes to Industrial Land

Changes since previous Valuation Year (2014)

Industrial land value has decreased by an overall -0.234% since the 1st July 2014 valuation with current total land value of \$160,073,930 as at 2015, suggesting a general softening in the market. The previous closing of Drivetrain Systems International in addition to Kimberly Clark Australia closing its Drome Street plant in the second half of 2015 flags concerns as to the future of decentralised larger scale manufacturing.

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 Albury district. The report has been produced on behalf of the Valuer General.

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

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

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

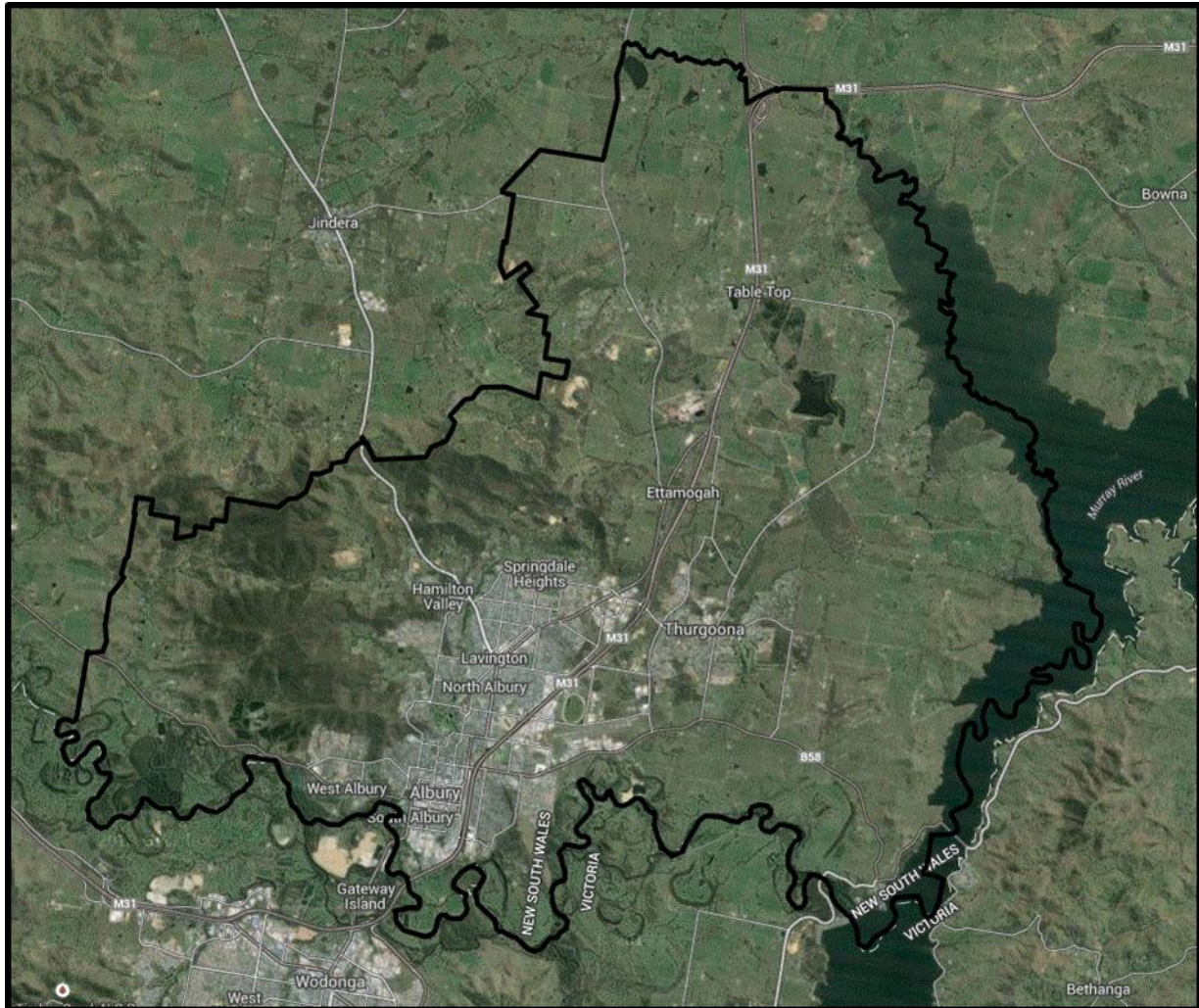
Town planning, land use and other market information contained in this report has been compiled based on enquiries undertaken during the valuation process. Third parties should make their own inquiries into these details and should not rely on the contents of this report.

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

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

LGA OVERVIEW

Location of the District



(Map sourced from Albury City Council)

Strategically positioned on the New South Wales and Victorian Border, on the banks of the Murray River, Albury City has a population of around 50,500 and is the major urban centre of the Albury Wodonga region, servicing a regional population of around 105,000.

Albury City is considered as one of the nation's great regional inland cities offering a vibrant cosmopolitan feel that reflects a unique multicultural heritage.

Being located between Sydney and Melbourne on Australia's busiest inland transport corridor, Albury is a strategic hub for commerce, retail, transport, health and education. The city has achieved national and international recognition as a centre for government administration, defence, manufacturing, agricultural support services, sport, festivals and the arts.

Note: The above information has been sourced from the Albury City Council Website.

Principal Towns

Albury

The City of Albury comprises several urban areas together with outlying rural residential fringe areas, however the main CBD area of Albury is the core commercial area. The population of Albury City is around 50,500 and offers a wide range of retail goods, services and businesses typical of a regional centre of this magnitude. Further, the city offers public and private hospital services together with several specialist medical centres, a number of public and private schools of a high calibre, child care centres and Charles Sturt University and the Riverina Institute of TAFE.

Albury City is highly considered for its tourism with the Murray River and Lake Hume forming portions of the city boundaries and the town centre itself with many historic buildings, the new state of the art Murray Art Museum Albury, the Botanic Gardens, the attraction for shoppers with a large retail centre and additional attractions nearby such as the Victorian Snowfields, the historic town of Beechworth and the Rutherglen Wine Region.

Main Industries

Albury is located on the Hume Highway and the Great Southern Railway Line, the main transport links for industry between Sydney and Melbourne. The surrounding rural areas and smaller shire districts supports the local industry with agriculture underpinning many of the local businesses. Albury has a number of varied types of industry and provides the base for businesses including although not limited to:

Norske Skog

Milspec

DTD Engineering

The Border Mail

Geofabrics

Mountain H2O

The Riverina Dairy Pty Ltd

Apex Tool Group

Macfab Engineering

Overall Forge

Australian Tax Office

Neighbouring Wodonga also has a number of significant industry businesses making its home there which assists Albury in boosting the overall available population base.

SIGNIFICANT RETAIL CENTRES

The retail hub of Albury City is located in the Albury CBD with two major mall type complexes and numerous specialty stores and supermarkets located along and near to Dean Street. In particular, the Myer Centrepoint Shopping Centre (Myer and Woolworths are anchor tenants) and West End Centro (with Kmart and Coles as anchor tenants) are the two major retail centres, however the newly refurbished Mates Building and City Walk Arcade are well situated along the 'ant track' of Albury. In addition, there are the large warehouse style buildings that occupy Dan Murphy's Liquor, First Choice Liquor, Aldi Supermarket, Rebel Sports, Bunning's Warehouse, SuperCheap Auto, Auto Barn, Ishka, Adairs and many other retail offerings in smaller premises.

There are two additional shopping centres of note in outlying areas with Lavington having a core commercial precinct which includes the Centro Lavington Square housing a Big W and Woolworths as anchor tenants. Lavington also has an Aldi Supermarket and a small retail shopping strip with several specialty style stores and take-away premises. The other shopping centre of note is the Thurgoona Plaza with a modern, large Woolworths and several smaller retailers including bakery, butcher, newsagent and chemist.

Type of Residential Development

Albury offers a range of residential properties, which comprises predominantly single detached dwellings but also offers low density type properties, numerous strata style units and villas and the neighbour and community type schemes are becoming increasingly common. We note the below statistics and as can be read from the Albury Development Monitor 2014-15 as published on the Albury City Council website.

- 534 Vacant residential lots across the city
- 285 new vacant lots produced in the city = 4% decrease
- 60% of vacant lots produced in the city were in Thurgoona
- 313 vacant lots were consumed in the city – 10% increase compared to 285 lots
- 60% of vacant lots consumed were located in Thurgoona
- 133 Dwellings created as a dual occupancy or multi dwelling housing development – 36% increase
- 466 New dwellings were created in the city – 17% increase
- 85 new Community Title and Strata Title Subdivision lots were created – 158% increase
- \$766 million invested in construction in the past 5 years
- The average sale price of vacant lots of \$132,636 – 2.2% increase.

STATE AND LOCAL GOVERNMENT LEGISLATION FOR LGA

The current planning instrument for Albury is the Local Environmental Plan 2010 which was gazetted on the 13th August 2010.

The 2010 LEP is in line with the Standard Instrument set out by the NSW Department of Planning. The Albury Development Control Plan 2010 is the supporting document that compliments the requirements contained within the Albury Local Environmental Plan 2010.

Albury City Council has development controls including the Albury City Development Control Plan 2010 that affects the subdivision and erection of dwellings which impacts on land values. These include:

Zone	Minimum Allotment Size
Rural	
RU1 – Primary Production	100 ha
RU2 – Rural Landscape	100 ha
RU4 – Primary Production Small Lots	40 ha & 80 ha
RU5 – Village	4,000m ²
Residential	
R1 – General Residential	300m ² and 450m ²
R2 – Low Density Residential	1,500m ² , 2,000m ² , and 4,000m ²
R3 – Medium Density Residential	450m ²
R5 – Large Lot Residential	1 ha, 2 ha & 10 ha
Business	
B1 – Neighbourhood Centre	100m ²
B2 – Local Centre	N/A
B3 – Commercial Core	N/A
B4 – Mixed Use	300m ²
B5 – Business Development	N/A
B6 – Enterprise Development	N/A
B7 – Business Park	N/A
Industrial	
IN1 – General Industrial	N/A
IN2 – Light Industrial	N/A
Special Purpose	
SP1 – Special Activities	N/A
SP2 - Infrastructure	N/A
Recreation	
RE1 – Public Recreation	N/A

Zone	Minimum Allotment Size
RE2 – Private Recreation	N/A
Environment Protection	
E2 – Environmental Conservation	300 ha
E3 – Environmental Management	100 ha
E4 – Environmental Living	5000m ²
Waterway	
W2 – Recreational Waterways	N/A

MARKET OVERVIEW AND SALES OF PARTICULAR INTEREST

Residential

Residential land values within Albury City have generally seen a slight increase with particular strengthening of the fringe of the inner city market in addition to strong interest in the expanding satellite suburb of Thurgoona which strategically forms Albury's residential growth corridor. Englobo sites are being sold readily and this trend will likely continue.

Commercial

The investor market recovering from post GFC concerns has seen the Albury commercial land values remain relatively steady. Prime central Albury properties with national tenants generally remain tightly held and when exposed to the market draw significant interest. We note there is the potential for a large portion of space to become available in the CBD if Myer do not renew their current lease. The continued revitalisation of Albury CBD with the redevelopment of the Art Gallery precinct, the completed upgrade of Kiewa Street, the expansion of the Mates Building and additional retail space on the ground level of the Volt Lane (ATO) project generally maintains a vibrant retail and entertainment core within the City. Lavington commercial precinct has been positively impacted with a number of recent developments including the completion of the Zauner Tower project, the completion of the modern ambulance station and the recently opened Aldi supermarket on Wagga Road together with the beautification upgrade of Wagga Road. Lavington remains well placed to service the increasing commercial requirements of both Lavington and Thurgoona.

Industrial

Land values indicate a contraction in the industrial sector although this is considered minor at this time and yet is well positioned to meet the needs of a growing regional centre. The closure of Drivetrain Systems International in Lavington and Kimberley Clarke in East Albury follows an

increasing trend of major manufacturing plants transferring operations offshore and will have some impact on service industry at least in the short term.

Rural Locations within the LGA

Rural

Primary production property values have tended to remain steady as properties are tightly held with limited sales evidence. One sale in particular of a good sized rural holding shows the potential for an increase however, this property has subdivision potential and likely sold on this attribute. The generally reliable climate and proximity to markets and the services provided by a regional centre underpin the rural market in this region.

Rural Residential

Land values for rural residential properties have trended to a slight to moderate increase as demand for this style of property has increased. The properties are considered to be within convenient commuting distance and accessibility to goods and services provided by the regional centre of Albury.

Hobby Farms

Land values for hobby farms have trended to a slight increase as demand for this style of property has increased. The properties are considered to be within convenient commuting distance and accessibility to goods and services provided by the regional centre of Albury.

Villages

The villages of Ettamogah and Lake Hume have trended to a very slight increase in land values. Ettamogah with its rural outlook and Lake Hume with its water vista provide an alternative lifestyle to city living yet both easily accessible to Albury City.

SIGNIFICANT ISSUES AND DEVELOPMENTS

Significant Developments – From Prior to Current Annual Valuation

The Albury region continues to achieve sound population growth and this is expected to continue. Albury is considered a robust economy in general terms and the turnover and sale of newly offered residential land together with the health of the local building industry is testament to this.

The Independent Review of Local Government and the Independent Pricing and Regulatory Tribunal (IPART) has recommended that Albury City is Fit For the Future and should not face merger. IPART assessed submissions from every Council in NSW on whether they were Fit For the Future, asking Councils to demonstrate how they would become and remain sustainable, provide effective and efficient services, and develop the scale and capacity to meet the needs of the community. IPART has made its recommendations to the Minister for Local Government.

Proposed significant local developments in the region include the final stages of the Volt Lane Development. Construction of the Australian Tax Office building above is completed, however completion and letting of the market style retail area to the ground floor is currently in progress. We

note that adjacent to this property, the construction of a multi storey Accor Group Hotel is proposed to be completed in the next few years, however this appears to be on hold. The recent completion of two Quest Hotels in the vicinity together with the significant upgrade of the Atura Hotel may have placed pressure on this project, and there is the possibility of another hotel being constructed nearby.

The Murray Art Museum Albury (MAMA) recently opened in September 2015 and provides a modern facility with the appropriate climate controlled conditions and exhibition capabilities that will attract both local and international exhibits. MAMA has increased in space from 832m² to 2036m². This includes seven flexible exhibition spaces, an education workshop, permanent collection storage, an accessible loading dock, a restaurant and a shop. The construction of the new portion of the building is very contemporary and yet this marries in well with the original historic portions of the space.

The Albury Regional Cancer Centre is progressing steadily and is a major addition to the Albury Base Hospital. Estimated to be a \$47M project, it will provide 30 specialist beds to local and regional cancer patients and will negate the need for travel to Melbourne for specialist treatment.

The Nexus Precinct and the Ettamogah Rail Hub continue to grow and with the proposed expansion of the Melbourne – Brisbane Rail link, we expect the need for additional rail infrastructure may grow and Albury is well placed in this scheme.

A purchase of a substantial parcel of land has occurred in David Street, Albury for the potential future provision of a Child Care Centre. No Development Application has been sighted at this stage.

Across the Murray River, Wodonga has some major retail developments currently on the radar with the redevelopment of its most centrally located commercial area after the relocation of the Albury – Melbourne Railway Line, this is known as Junction Place. The redevelopment of this area will include many new opportunities for retailers and includes the construction of a new shopping centre to be known as Mann's. This is mentioned due to the impact this may place on Albury retail in the coming years with many patrons presently travelling from Wodonga to Albury to purchase major items, and this dynamic may change.

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

SIGNIFICANT VALUE CHANGES

Significant Value Changes – From Prior to Current Local Government Council Rating Valuation

In general terms, the residential housing on the fringe of the CBD area of Albury is trending to an increase in values overall, together with the growth area of Thurgoona. Other areas which are reflecting increases are those of a rural residential and primary production nature as these lifestyle properties gain popularity.

A significant amount of primarily Council owned property has been re-examined and formulas applied to assist in determining a consistent rate per square metre for the purpose of valuation. These properties pertain mostly to Public Reserve and Environmental land. This regrading of property values has produced varying results with numerous properties increasing in value and an equal number decreasing in value. It has not had a significant overall impact on the underlying value of Council held land.

Commercial land values have remained relatively stable whilst a slight decrease has been reflected in the sales of industrial property throughout the region.

OVERVIEW OF THE QUALITY ASSURANCE PROCESS

LPI has been provided with a detailed Valuation Analysis Report, which details the Quality Assurance Process of Cosgraves Property Adviser's, outlines 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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