



INLAND PACIFIC
PROPERTY GROUP PTY LTD
INDEPENDENT VALUERS & CONSULTANTS

Nambucca Shire Council

Final Report 2015

1st November 2015

Executive Summary

LGA Overview

Nambucca Shire is located on the mid north coast of New South Wales located approximately 500 kilometres north of Sydney and 480 Kilometres south of Brisbane via the Pacific Highway. The Nambucca Shire comprises an area of approximately 1,490 square kilometres bounded to the north by Bellingen Shire and to the south by Kempsey Shire. The main township within the Shire is Nambucca Heads. The population of the Shire is approximately 19,529 people (Australian Bureau of Statistics).

Main population centres within the Shire include Nambucca Heads, Macksville, Valla Beach, Scotts Head and Bowraville. Additionally, there are a number of smaller village communities scattered throughout the Shire including, Eungai, Warrell Creek/Donnellyville, Taylors Arm and Newee Creek.

Nambucca Shire is topographically divided into three primary areas with the western portion comprising steeper hills and valleys of the eastern New England plateau, the middle portion dominated by the gently undulating Nambucca River and Taylors Arm flood plains while the eastern corridor adjoins the coastline where the majority of the population of shire resides.

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

The Nambucca Local Government Area comprises Residential, Rural, Commercial, Industrial, Environmental, Recreational, Special Activities, Infrastructure and Waterways zones.

9,197 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 were issued to owners for the Base Date 1 July 2013. The Nambucca Shire property market has experienced varied market activity with increases in value levels across some sectors while other sectors have remained relatively steady.

Nambucca Shire attracts a wide range of purchasers to the area, generally this is based on the proximity of towns like Nambucca Heads, Valla Beach and Scotts Head to the coast, the productive rural environment within reasonably close proximity to the coast, as well as the proximity to the Regional Centre of Coffs Harbour.

Valuation changes in the Local Government Area (LGA) and percentage changes between the Council Valuation years of 1 July 2013 and 1 July 2015, and the Land Tax Valuation year of 1 July 2014 are as follows;

Properties Valued and Total Land Value							
Zone	Zone Code	Number of Entries	2015 Total Land Value (\$)	Prior Annual Valuation (2014) (\$)	% Change	Prior Local Government Valuation (2013) (\$)	% Change
Residential	R1 R2 R3 R4 & R5	5,747	874,911,590	822,164,060	6.4	839,476,950	4.2
Rural	RU1, RU2, RU3 & RU5	2,759	462,525,940	455,224,120	1.6	455,756,870	1.5
Commercial	B1 B2 B3 B4 & B7	319	67,008,600	65,938,670	1.6	68,857,870	-2.7
Industrial	IN1 & IN2	152	21,858,890	21,916,890	-0.3	21,901,890	-0.2
Special Uses	SP1 SP2 & SP3	22	3,373,900	3,373,900	0	3,373,900	0
Environmental	E1, E2, E3	20	3,595,280	3,590,280	0.1	3,590,280	0.1
Recreation	RE1 & RE2	169	32,005,330	32,141,330	-0.05	32,141,330	-0.05
Waterway	W2	9	77,700	77,700	0	77,700	0
Total		9,197	1,465,357,230	1,404,426,950	4.3	1,425,176,790	2.8

State & Local Government legislation for LGA

Nambucca Local Environmental Plan 2010 was gazetted on the 30th July 2010. Since then there has been eighteen (18) Amendments to the Plan.

The Nambucca Local Government area is governed by the Nambucca Local Environmental Plan 2010. The plan is based on the standardised Local Environmental Plan (LEP) prescribed by the New South Wales Legislation.

Market Overview and Sales of Particular Interest

Inland Pacific Property Group Contractors have undertaken significant analysis of the Nambucca district property market to provide an accurate and reliable basis of valuation. 250 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. Inland Pacific Property Group Contractors undertakes this process using the paired Sales Approach and the Replacement Cost Approach.

In analysing sales before or after 1 July it is necessary to adjust the contract price in terms of market movement. In the Nambucca district this year sales and resales properties indicated that no adjustments were considered to be required.

Significant Issues and Developments

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

Significant Value Changes

Summary of Valuation Changes to Residential Land

Changes since Previous General Valuation (2013)

The main residential location to experience increases in value levels since the last General Valuation in 2013 have been the town of Valla Beach. These changes occurred mostly throughout the 2014 Valuation year and were influenced by the start of work for the Pacific Highway upgrade in this area and subsequent increase in investor purchasers. This resulted in an increase of approximately 10%. However, these changes moderated through the 2015 valuation year.

Changes since previous Valuation Year (2014)

Scotts Head seaside village has experienced increases in value levels of generally 9.5% to 12% based on the market evidence.

Macksville medium density zoned land close to the CBD has shown an increase in values of approximately 16.7% whilst areas of the residential area have increased by approximately 11.4% with areas close to the centre of town and in the newer estates showing an increase in values.

The Eungai villages have increased in value by approximately 14.3% with a slight increase in sales volume.

Summary of Valuation Changes to Rural Land

Changes since previous General Valuation (2013)

There have been minimal changes in value in the rural areas and values have remained relatively static.

Prime rural properties in the central valley have increased slightly in value by approximately 3% in 2014.

Changes since previous Valuation Year (2014)

Most rural properties have remained relatively static since 2014 with a slight increase in sales volumes now evident.

Prime rural properties in the central valley have increased slightly in value by approximately 3%.

Coastal Homesites and hobby farms have increased slightly in value by approximately 3% to 4.7%.

Summary of Valuation Changes to Commercial Land

Changes since previous General Valuation (2013)

Macksville Commercial values have decreased in value by 10% since the last General Valuation however remained static in 2015.

Changes since previous Valuation Year (2014)

Nambucca Heads main commercial area located on Bowra Street recorded increases in the order of 5% over the 2015 valuation year.

Macksville Commercial values have remained static in 2014.

Summary of Valuation Changes to Industrial Land

Changes since previous General Valuation (2013)

Industrial zoned land across the shire has remained static since 2013.

Changes since previous Valuation Year (2014)

Industrial zoned land has remained static since 2014.

Contents

	Page
Executive Summary	2
Disclaimer – Purpose of this Report	7
LGA Overview	8
State & Local Government Legislation for LGA	10
Market Overview & Sales of Particular Interest	11
Significant Issues and Developments	14
Significant Value Changes	14
Overview of Quality Assurance Process	15
Author	16

Disclaimer – Purpose of this Report

The purpose of this report is to describe the process and considerations for the 1 July 2015 Valuation of Nambucca 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 the 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 used 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

Nambucca Shire is located on the mid north coast of New South Wales located approximately 500 kilometres north of Sydney and 480 Kilometres south of Brisbane via the Pacific Highway. The Nambucca Shire comprises an area of approximately 1,490 square kilometres bounded to the north by Bellingen Shire and to the south by Kempsey Shire. The main township within the Shire is Nambucca Heads. The population of the Shire is approximately 19,529 people.

Main population centres within the Shire include Nambucca Heads, Macksville, Valla Beach, Scotts Head and Bowraville. Additionally, there are a number of smaller village communities scattered throughout the Shire including, Eungai, Warrell Creek/Donnellyville, Taylors Arm and Newee Creek.

Nambucca Shire is topographically divided into three primary areas with the western portion comprising steeper hills and valleys of the eastern New England plateau, the middle portion dominated by the gently undulating Nambucca River and Taylors Arm flood plains while the eastern corridor adjoins the coastline where the majority of the population of shire resides.

Major industries within the Shire include tourism, timber and primary industries such as beef cattle, dairying, bananas, macadamia nuts, and commercial fishing. There is also a growing emphasis on engineering and smaller scale manufacturing.

Principal Towns

Residential development within Nambucca Shire is primarily contained within the coastal settlements of Nambucca Heads, Valla Beach and Scotts Head, there are also the inland townships of Macksville and Bowraville. A high proportion of development in these centres comprises privately owned single residences that vary in age, size, quality, style and construction. Additionally, there are a number of medium density residential developments, primarily serving the tourism sector, within Nambucca Heads and numerous single residences and smaller multi-unit housing developments available for holiday accommodation in Valla Beach and Scotts Head. The townships of Macksville and Bowraville almost exclusively contain privately owned single residential dwellings.

Nambucca Heads, Macksville, Valla Beach, Scotts Head and Bowraville all have full utility service availability including a reticulated town water supply, reticulated sewerage, telecommunication and broadband internet services. The Nambucca Shire also has an extensive range of Government services including two State High Schools, six State Primary Schools, a TAFE campus, three Police Stations, two Fire Stations, two Ambulance Stations, Hospital, Court House, Council Chambers and administrative office's for various Government Agencies.

Additional community based facilities available within the Shire include various denominational churches, five private schools, five child care centres, various aged care facilities, sporting clubs (including two 18 hole golf courses), recreational playing fields, parks and reserves, public swimming pools, tennis and squash courts.

Main Industries

Major industries within the Shire include tourism, timber and primary industries such as beef cattle, dairying and horticulture.

The tourism industry is mainly focussed around the coast and the coastal villages. This is at Nambucca Heads, Scotts Head and Valla Beach localities. The Pacific Highway is a major arterial road through the LGA, and the main highway route from Sydney to Brisbane. It carries a high traffic volume including tourists which utilise the proximity of the highway for visits to this region.

Primary industries are another export from this LGA, and are based upon the high productive nature of most soils throughout this LGA. These soils coupled with relatively high rainfall and a mild climate mean the Nambucca LGA is a generally highly desired by rural producers. Predominantly these are cattle based, however there is also a large congregation of Macadamia plantations within the LGA.

The timber industry is primarily based around the large tracts of State Forest land in this LGA. It is regularly logged by private contractors under Forest NSW guidelines. Most of this land is relatively remote and difficult to access; being generally located in the upper reaches of the remote valley's.

Significant Retail Centres

Nambucca Heads and Macksville comprise the main commercial centres in the Nambucca Shire. Commercial activity in Nambucca Heads is divided between the main retail precinct centred on Bowra Street and Ridge Street and the Nambucca Plaza Shopping Centre development situated on the Pacific Highway, west of the town centre. Macksville is a somewhat smaller centre generally bounded by the Pacific Highway, Princess Street, River Street and Winifred Street. The new Woolworths supermarket is located outside the main commercial precinct in a small commercial area on the Pacific Highway.

These centres provide a basic level of service to the broader Nambucca community and include a typical conglomeration of small supermarkets, take-away food outlets, restaurants and cafés, various specialty stores and hotels.

Nambucca Heads in particular is a popular tourist destination and as such many town businesses are heavily reliant on tourism and derive a significant proportion of their income from this source.

There has been limited new commercial developments over the preceding 12-24 month period preceding 24 month period with the most recent additions being the Woolworths supermarket at Macksville as well as the new McDonalds Restaurant in Nambucca Heads. Outside of these major developments there have been few new business enterprises established and minimal significant new development in these areas over recent years.

In addition to the main commercial centres of Nambucca Heads and Macksville, there is a small, local strip retail centre on High Street at Bowraville, while small neighbourhood shops serve both Scotts Head and Valla Beach.

Type of Residential Development

Residential development within Nambucca Shire is primarily contained within the coastal influenced settlements of Nambucca Heads, Valla Beach and Scotts Head as well as inland towns of Macksville and Bowraville. A high proportion of development in these centres comprises privately owned single residences that vary in size, quality, style and construction. Additionally, there are a small number of medium density residential developments, primarily located within Nambucca Heads. The coastal areas have numerous single residences and tourist parks available for holiday accommodation in places such as Valla Beach, Scotts Head and Nambucca Heads.

Nambucca's residential development comprises an even mix of older, Federation style homes, newer conventional designed homes as well as houses of eclectic design features and construction. Residential development is generally dominated by older homes from the 1900's onwards, with a relatively small percentage, being modern conventionally designed and constructed homes. Residential development in villages throughout the LGA is also dominated by older designed and constructed houses.

State & Local Government Legislation for LGA

Nambucca Local Environmental Plan 2010 was gazetted on the 30th July 2010. Since then there has been eighteen (18) Amendments to the Plan.

The Nambucca Local Government area is governed by the Nambucca Local Environmental Plan 2010. The plan is based on the standardised Local Environmental Plan (LEP) prescribed by the New South Wales Legislation.

The Plan aims to make local environmental planning provisions for land in the Nambucca Local Government Area in accordance with the relevant standard environmental planning instrument under Section 33A of the Act.

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

Zone	Minimum Allotment Size
Residential	450m ² (R1, R2, R3)
	1 & 2 Hectare (R5)
Rural	40 & 100 Hectares (RU1)
	40 & 100 Hectares (RU2)
	40 & 100 Hectares (RU3)
Business	Council consent required
Industrial	1,500m ²

Market Overview & Sales of Particular Interest

Residential

Single Residential

The main residential areas of Nambucca Shire incorporate Nambucca Heads, Macksville, Valla Beach and Scotts Head. Following several years of general decreases across most areas the residential real estate market has shown signs of improvement in some locations while other locations have remained steady. Overall, across the LGA, residential sales volume over the preceding 12 month period have slightly decreased and value levels have slightly increased.

Nambucca Heads residential property has shown some minor increases with increased buyer interest and sales volume with majority of excess stock that has been listed for sale for long periods being sold which has tightened supply of properties for sale. Buyers have been taking advantage of interest rates, which are at historically low levels coupled with generally favourable market conditions. The lower end of the market has been primarily driven by first home buyer as well as an increase in investor confidence in this sector. Overall Nambucca Heads has shown increases in the 4% to 5% range.

Scotts Head residential and Macksville residential areas have shown increases in values over the preceding 12 months.

Valla Beach had shown marked increases in both sales volume and value levels throughout 2013/14 with sales volume increased by 100% resulting in an increase in value levels of approximately 10%. This growth was mostly to an increase in investor interest due to an influx of short term workers seeking accommodation for the Pacific Highway Upgrade in this area which will take place over the following 4 to 6 years. Throughout 2015 the Valla Beach market steadied with sales volume decreasing.

The most recent sales of vacant land show typical residential allotments within the coastal towns of Valla Beach, Nambucca Heads and Scotts Head are \$100,000 to \$200,000 while in the township of Macksville average values are \$95,000 to \$135,000 depending on the quality of building land, services and location.

Of these recorded sales premium properties have been scarce throughout the shire and these properties have generally static value levels. Securing finance still remains an issue in this area of the market with purchasers generally being a mix of owner occupiers and those seeking rental returns through both long term rental and holiday rental properties

The Warrell Creek to Urunga Pacific Highway Deviation has been widely publicised in the last twelve to eighteen months. Civil works are well underway along the route, which follows the existing highway in some sections, but also deviates around urban areas such as Warrell Creek, Macksville, Nambucca Heads and Urunga. Roads and Maritime Services (RMS) current estimate is that the works will be finalised by 2017.

Large Lot Residential Homesites

The market for Large Lot Residential land within Nambucca Shire has shown some minor increases in some areas while other areas have remained stable over the past 12 months. Generally supply has outweighed demand for these types of properties with some of the subdivisions lowering prices to meet the market expectation. These areas have remained stable, with those areas that are closer to the coastline towns of Nambucca Heads, Valla and Scotts Head showing some increases in value levels of approximately 3% to 5%.

There are several relatively new subdivisions throughout the shire in the particular areas of Gumma, Utungun and extension to the Strawberry Rd subdivision south of Macksville with Stage 2 now completed. These types of lots generally offer lower prices than that of similar land in the surrounding shires of Bellingen, Coffs Harbour and a lesser extent Kempsey.

Residential Englobo

During the last twelve months there has been no sales of genuine englobo parcels of land. This follows on from limited market activity in this sector since September 2011 throughout the Nambucca LGA. Levels of demand for single allotments have been able to be satisfied with existing land stocks and currently there is a relatively low demand for vacant single residential lots throughout the shire with supply easily outweighing demand.

Developers in this field are hoping to secure buyers with house and land packages to overcome the slump in demand for vacant single residential sites. In addition investors are looking at projected long term demand for residential home sites. Some completed subdivisions are carrying out further onsite works to single residential lots to enhance the selling capabilities of the land.

Surrounding LGAs of Bellingen and Coffs Harbour have shown signs of a stabilising of the englobo property market with this stabilisation following into Nambucca Shire resulting in minimal changes to values throughout 2015.

Villages

Sales activity for residential property within the designated village areas within the Nambucca LGA has also experienced a continued stabilisation of value levels in all the villages which include Bowraville, Taylors Arm and Warrell Creek. This trend is expected to continue in the short term whilst current economic conditions prevail.

However Eungai Creek and Eungai Rail villages have increased in value by approximately 14.3% following stronger market evidence.

Generally these locations are of lower average value levels than the larger residential areas of Nambucca Heads, Macksville, Scotts Head and Valla Beach with first home buyers and local rural land holders looking to downsize making up the majority of buyers.

Commercial

There are two main commercial precincts within the LGA, one at Nambucca Heads and one at Macksville. There are also secondary commercial locations at Nambucca Heads, Valla Beach, Scotts Head and Bowraville.

There has been increased sales activity within the main commercial precinct of Macksville over the preceding 12 month period. The upcoming deviation of the Pacific Highway around Macksville CBD is beginning to show signs of uncertainty as potential purchasers weigh up the possible impact the deviation will have on business activity and rental returns. Vacancy levels appear to have remained stable over the preceding 12 months within the commercial area of Macksville. Value levels throughout the commercial area have remained steady with average values within the prime commercial area showing approximately \$300 to \$350 per square metre for an average lot.

Nambucca Heads has experienced an increase in commercial property exchanges within the preceding 12 month period, for some years there has been minimal activity in the area however there has been several reliable sales with 30 Bowra Street being the commonwealth bank the most significant sale of a commercial going concern in the 2014 valuation year. This has been followed in the 2015 year by the sale of 22 Bowra Street, Nambucca Heads for \$1,700,000. Rental levels and generally remain unchanged and vacancy levels are relatively low throughout the commercial centres in the area. Average values within the prime commercial area are showing approximately \$500 to \$550 per square metre for an average lot. The secondary commercial area located at Bellwood has seen little commercial sales activity.

Industrial

The industrial land market throughout Nambucca LGA is generally limited, given the relatively closeness of the larger Coffs Harbour industrial centres. There are two main industrial locations within the LGA; one at Nambucca Heads and one at Macksville. There is a newly zoned Industrial area at Valla however this may not be developed for some years. The industrial estate in Nambucca Heads has remained stable in the preceding 12 month period with average site values in the vicinity of \$70 to \$80 per square metre. There has been limited reliable sales in this area over the preceding 12 month period. Macksville Industrial values remain steady through 2014/2015 valuation year with demand from mainly local investors, this has seen previously low values levels come more into line as a secondary industrial locality for the shire. There has been several sales within this estate over the last 12 months, showing value levels remaining steady. The average site in Macksville industrial estate shows approximately \$30 to \$50 per square metre.

Rural Locations within the LGA

Nambucca Shire has a limited supply of larger rural holdings that are considered commercially viable enterprises. The majority of the rural holdings are larger than that of rural residential land however are not large enough to make them commercially viable. The majority of these larger grazing properties are located in the south west of the shire between the towns of Bowraville and Taylors Arm. Due to the lack of supply of these properties they are generally held in the same ownership for many years. It has been an ever increasing trend to subdivide the larger holdings into smaller sites of 40ha, these properties generally run some stock but are mostly combined with off property income. Overall this market has been generally stable over the past 12 months with overall sales volume being similar to the past 2-3 years.

Coastal Home sites and hobby farm properties have shown some increases mainly due to the proximity to the coast and the towns of Valla Beach, Nambucca Heads and Scotts Head. These increases in value levels have been in the range of 3% to 5%.

Significant Issues and Developments

Significant Developments – From Prior to Current Annual Valuation

Below is a summary of significant development applications. These are for developments permissible within the current zoning, therefore no special consideration is required.

- DA198/2015; 26 lot Subdivision – Large Lot Residential. Old Coast Road, Nambucca Heads. Approved 25/2/15.
- DA32/2015; 25 lot Subdivision – Residential. Gumbayngir Rd, Bowraville. Approved 28/5/15

Significant Developments – From Prior to Current Local Government Council Rating Valuation

- DA11/2012; 346 lot Residential Subdivision. Alexandra Drive, Nambucca Heads. Lodged 16/7/12 - Approved 5/8/2014.

Significant Value Changes

Significant Value Changes – From Prior to Current Annual Valuation

Scotts Head seaside village has experienced increases in value levels of generally 9.5% to 12% based on the market evidence.

Macksville medium density zoned land close to the CBD has shown an increase in values of approximately 16.7% whilst areas of the residential area have increased by approximately 11.4% with areas close to the centre of town and in the newer estates showing an increase in values.

The Eungai villages have increased in value by approximately 14.3% with a slight increase in sales volume.

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

Valla Beach has shown increases of approximately 13% since the last General Valuation.

Macksville Commercial values have decreased in value by 10% since the last General Valuation however remained static in 2015.

Scotts Head seaside village has experienced increases in value levels of generally 9.5% to 12% based on the market evidence.

Macksville medium density zoned land close to the CBD has shown an increase in values of approximately 16.7% whilst areas of the residential area have increased by approximately 11.4% with areas close to the centre of town and in the newer estates showing an increase in values.

The Eungai villages have increased in value by approximately 14.3% with a slight increase in sales volume.

Overview of the Quality Assurance Process

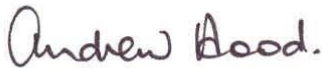
LPI has been provided with a detailed Valuation Analysis Report, which details the Quality Assurance Process of Inland Pacific Property Group Contractors and outlines the Verification process, and certifies that Land Values meet all Statistical Measures and Component Data Analysis. In addition, a Quality 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 bases' 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 6.2.2. 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.

Author

Report Prepared By:



**Dean Ingram AAPI CPV
Registered Valuer No. 7202**



**Andrew Hood AAPI CPV
Registered Valuer No. 10869**

Report Approved By:



**Robert Glover AAPI CPV
Registered Valuer No. 2757
Contract Services Manager**