

# Valuing domestic waterfront occupancies

A domestic waterfront occupancy (DWO) is Crown land below the mean high water mark that the Department of Industry (Crown Lands Office) or Roads and Maritime Services lease for domestic purposes.

## What is land value?

Land value is the market value of the land only, as if it had sold on 1 July in the valuing year. It is assumed that the valuation is of the full fee simple in possession<sup>1</sup>.

Land value does not include the value of:

- your home or other structures
- restrictions like easements, rights of way, caveats and title covenants.

Land value does include:

- improvements to the land like draining, excavating, filling and clearing
- the physical effect of works within an easement, such as piping or transmission lines.

The land value of a DWO does include the value of improvements to the land like retaining and sea walls, however it does not include the value of piers, which are considered part of the improvements constructed on the land.

## Are DWOs valued with the adjoining land?

DWOs can be valued with the adjoining land or separately.

### DWOs valued with the adjoining land

We value a DWO with the adjoining land if the name(s) on the DWO lease are the same as the name(s) of the owners of the adjoining land.

We will value a DWO owned by more than one person with the adjoining land if one of the names on the DWO lease is the same as one of the legal owners of the adjoining land.

#### Examples

Owner of adjoining land parcel	DWO lessee	Valued together?
J Smith	J Smith	Yes
J Smith	J Smith and D Brown	Yes
J Smith and D Smith	D Smith	Yes
J Smith	D Smith	No
J Smith	A Jones	No

### Shared jetties

A shared jetty is a DWO that is shared by the owners of two adjoining parcels of land. We will value a shared DWO with the adjoining parcels if the names on the DWO lease are the same as the names of the legal owners of the adjoining parcels.

#### Examples

Owner(s) of adjoining land parcel 1	Owner(s) of adjoining land parcel 2	DWO lessees	Valued together with adjoining land parcel 1	Valued together with adjoining land parcel 2
D Smith	S Young	D Smith and S Young	Yes	Yes
J Smith and D Smith	S Young and C Martin	J Smith, D Smith and S Young, C Martin	Yes	Yes
J Smith and D Smith	C Martin	J Smith and C Martin	Yes	Yes
D Smith	S Young	J Smith and S Young	No	Yes

When we value a shared DWO with the adjoining parcels, the land value of each parcel will include the value of the whole DWO.

## DWOs valued separately to the adjoining land

We will value a DWO separately if:

- the DWO is separated from the lessees' land by a road or other land
- the name(s) on the DWO lease is/are different to the name(s) of the legal owner(s) of the adjoining land
- we cannot identify an adjoining property that benefits from the DWO.

## How are DWOs valued?

Most DWOs are valued using a mass valuation process. This is where properties that are expected to change in value at the same rate are valued together in groups. The properties in the group generally have similar features.

Representative properties from each group are individually valued each year to determine how much its value has changed from the previous year. This change is applied to all the properties in the group to work out their new values.

Valuers use valuation methods such as the direct comparison method and the hypothetical development method to value the representative properties.

### Direct comparison method

Using this method valuers determine land value by comparing market sales with the property they are valuing. This is the most common method used to value a DWO when valued in conjunction with the adjoining freehold land.

Valuers determine how much value a DWO adds to the adjoining freehold land by analysing sales of comparable properties both with and without a DWO. The price difference gives the valuer an indication of how much someone is willing to pay for the right to lease a DWO.

Where a sale of land includes a DWO, the sale price represents the value of the freehold land plus the right to lease the DWO. To arrive at a land value there is a further value that must be determined for the Crown interest in receiving the rental. This is determined by estimating the current capitalised value of the rental payments over the life of the lease.

The value of the freehold land and the full freehold value of the DWO lease area, as demonstrated by market sales and rental evidence is included in the land value.

### Example

A freehold property with an associated DWO sold for \$2.1m.

The current rent to lease the DWO is \$10,000 per year. Capitalised at, say, 10% = \$100,000

Sale price plus the current capitalised value of the rental payment = \$2.2m (we call this the full fee simple in possession)<sup>1</sup>

Then we minus the added value of improvements:

- House \$300,000
- Garage \$50,000
- Jetty \$50,000

Total added value of improvements \$400,000

Analysed land value = \$1.8m

Less land value of a freehold parcel without a DWO (based on the sales of similar properties), say \$1.6m

**Added value of DWO = \$200,000**

*Note: Figures quoted are for illustration only*

### Hypothetical development method

This method is most commonly used to value standalone DWOs. Information on this method can be found in the Valuer General's policy [Valuation of land below high watermark \(domestic waterfront occupancies\)](#).

### Legislation

Roads and Maritime Services' DWOs are valued under section 6A of the *Valuation of Land Act 1916* (the Act).

Crown Lands Office DWOs are valued under section 6A and section 14I of the Act, as they are considered to be Crown lease restricted land.

## Where can I find more information?

You can find more information on the valuation of DWOs and Crown lease restricted land in the Valuer General's policies. You can find the Valuer General's policies at [valuergeneral.nsw.gov.au](http://valuergeneral.nsw.gov.au) or by calling us on **1800 110 038**.

## Why is my land valued?

### Rating

Land values are one factor councils use to set rates. We give councils new land values every three years.

Please contact your council to find out how it sets your rates.

### Land tax

Revenue NSW uses land values to calculate land tax. We give Revenue NSW land values each year.

Please contact Revenue NSW on 1300 139 816 or visit [revenue.nsw.gov.au](http://revenue.nsw.gov.au) for more information on land tax.

## Can I have my land value reviewed?

If you would like the land value or property information on your Notice of Valuation or land tax assessment reviewed you can lodge an objection.

You have 60 days to lodge an objection. The last date to do this is printed on the front of your Notice of Valuation. Land tax clients have 60 days from the issue date printed on their land tax assessment.

Our review kit helps you lodge an objection. It contains an information booklet, objection form and valuation sales report.

You can get a review kit or lodge your objection at [valuergeneral.nsw.gov.au](http://valuergeneral.nsw.gov.au). You can also get a review kit by calling us on **1800 110 038**.

## Contact us



**1800 110 038**  
8:30am - 5:00pm Mon - Fri



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## We value your feedback



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## Do you need an interpreter?

Please call TIS National on 131 450 and ask them to call Valuation Services on **1800 110 038**.



131 450

