

Final Report



Rural Landscape – Wambangalang District, South West of Dubbo NSW

2015 Base Date

Dubbo LGA

Contract No. 1415045-3

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Under Rating & Taxing Procedure Manual 6.6.2

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1.0 Executive Summary

1.1 LGA Overview

Dubbo Local Government Area

The Dubbo City Council area is located in the Central Western Slopes and Plains area of central New South Wales, approximately 4390 kilometres to the northwest of the Sydney Central Business District. Dubbo City Council comprises a land area of approximately 3425 square kilometres that predominantly comprises undulating slopes on the western fall of the Great Dividing Range turning to plains country west of the Newell Highway / Macquarie River north-south dividing line. The local government area (LGA) is adjoined by four other LGAs – Gilgandra Shire Council to the north, Warrumbungle and Wellington Shire Councils to the east, Cabonne Shire Council to the south and Narromine Shire Council to the west.

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

The Dubbo City Council Local Government Area (LGA) comprises residential, rural, commercial, industrial, infrastructure, environmental and public recreation zones.

17,497 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 Dubbo City property market remains sturdy across all sectors with the key sectors of business, industrial, rural and residential all showing general increases in land value over the period. The Dubbo City LGA is a highly regarded regional centre, providing a central location for many shopping, professional, health and manufacturing services required by the population of around 120,000 who reside in the surrounding Orana Region. Approximately 88% of the properties valued are contained within the city urban area, with the remaining 12% being rural lands principally utilised for mixed cropping and grazing with some irrigation along the Macquarie River flood plain. Many property purchasers are attracted to the city due to the regional facilities offered, the consistent growth in population and property values, employment opportunities and the relatively relaxed urban lifestyle. Rural property markets are also influenced by city based professionals seeking open space accommodation or a rural production sideline as well as the bonafide rural producer looking for well located land with a reliable rainfall.

Valuation changes in the LGA and percentage changes between the General Valuation years of 1 July 2014 and the current Land Tax Valuation year of 1 July 2015 are as follows:

Zone	Zone Code	No. of Entries	2015 Total Land Value	Prior Annual Valuation (2014)	% Change	Prior Local Government Valuation (2014)	% Change
Residential	R1, R2, R5	13,619	\$1,751,065,890			\$1,684,697,780	+3.94%
Rural	RU1, RU2, RU4, RU5	1,938	\$472,242,780			\$423,615,450	+11.47%
Commercial	B1, B2, B3, B4, B5, B6, B7	960	\$285,523,000			\$258,307,700	+10.54%
Industrial	IN2, IN3	500	\$150,455,090			\$139,685,390	+7.71%
Infrastructure	SP2, SP3	226	\$53,908,270			\$49,985,330	+7.85%
Environmental	E1, E3	72	\$14,746,310			14,028,970	+5.11%
Recreation	RE1, RE2	179	\$20,881,672			\$20,554,572	+1.59%
Total		17,497	\$2,748,823,572			\$2,612,979,572	+5.20%

1.2 State & Local Government Legislation for LGA

The Dubbo City local government area is governed by the Dubbo City Local Environmental Plan 2011 (LEP). The plan is based on the standardised Local Environmental Plan prescribed by the New South Wales legislation.

Dubbo City Local Environmental Plan 2011 was published on the legislation website on 11 November 2011. Since the previous valuation base date, Amendment No's 3 to 7 have also been published on the legislation website. Additionally, the plan has been modified by Standard Instrument (Local Environmental Plans) Amendment Order 2014.

1.3 Market Overview and Sales of Particular Interest

Opteon (Western NSW) Pty Ltd as LPI Contractors have undertaken significant analysis of the Dubbo City property market to provide an accurate and reliable basis of valuation. 621 sales in total 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. Opteon 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 Dubbo City LGA this year, sales and resales of properties indicated a generally modest growth in values was found to be consistent throughout the year. Rental and commercial rental analysis as well as feasibility studies that were carried out also reflected this.

1.4 Significant Issues and Developments

Significant developments or applications for developments outside of those that are permissible include the following:-

- ❖ Progress of the Dubbo Zirconia Project, a rare earths mine and processing complex to the immediate south of Dubbo that is reportedly in the final stages of being granted NSW Government approval to commence the extraction and refining of this rare and valuable resource. Development of the mine & refining plant has been projected to provide employment for up to 400 with an operational workforce of up to 250.
- ❖ More recently, Dubbo City has been found to be 'Fit for the Future' following the release of the Independent Pricing and Regulatory Tribunal (IPART) findings of its review into local government in NSW. Dubbo City Council's proposal to stand alone within an Orana Joint Organisation was accepted. Although the findings were good for Dubbo City, the neighbouring Narromine & Wellington Shires were not found to be 'fit for the future' on a stand-alone basis and amalgamation with Dubbo, although undesired by all three LGA's, may still be a possibility.
- ❖ Dubbo Regional Livestock Markets remain the largest combined sheep and cattle selling facility in Australia. The market is located on a 30 hectare site just north of the city urban area and is managed by Dubbo City Council. Recent works to enable safe road transport access across the Dubbo-Coonamble railway line from the Newell Highway plus ongoing improvements to the saleyards are designed to increase the ability to handle increasing demand for throughput, particularly for cattle.
- ❖ Dubbo Base Hospital continues to be developed under a \$91 million redevelopment plan that commenced in 2012. New operating theatres have been completed among other works in Stages 1 & 2; with further building infrastructure due to commence in Stages 3 & 4 when current stages are completed.
- ❖ Fletcher International is headquartered in the City Of Dubbo and is the leading Australian supplier of sheep meats, skins and associated by-products to the global market. Export abattoirs are located in Dubbo as well as Albany, WA. To improve the function of his bulk grain and container loading facility in Dubbo, Roger

Fletcher expanded into the rail transport business when he purchased 3 locomotives and 62 rolling stock late in 2014. Third parties are also invited to use the facility as an alternative to existing rail freight services.

1.5 Significant Value Changes

Summary of Valuation Changes to Residential Land

Changes since previous General Valuation (2014)

Growth has been evident in most residential locations across the City since the last General Valuation in 2014, with increases in sought-after, excellent quality developing estates such as Southlakes, Macquarie View, Delroy and Grangewood setting a more noticeable trend. Agents report growth is attributable to a mixture of investors and intending owner occupiers. The suburb of Rosewood Grove however, a former public housing estate in West Dubbo that is being sold in tranches by periodic auctions by the NSW Government, showed the largest percentage increase in value - albeit from a low base. This is despite the Section 88B encumbrance on title that requires the purchaser to live within the new building for a period of seven years.

Values of englobo lands are considered to have shown an increase dependent upon location and scale. With the significant sale of the remaining englobo land within the Southlakes residential estate to a new developer; the sale of a large residential allotment that included a DA for subdivision; and the purchase of additional adjoining lands by the developer of the Magnolia estate, values of larger englobo lands in inner areas that may be readily developed were found to have increased over the dated earlier evidence available prior to these latest sales. At the same time, the lack of evidence, the perceived lack of demand and the increase in fixed costs associated with subdivisions are considered to have limited the value of sites in new areas as well as smaller 'infill' englobo lands requiring infrastructure to a level commensurate with large lot residential lands.

Summary of Valuation Changes to Rural Land

Changes since previous general valuation (2014)

The Dubbo City LGA is a well regarded rural locality attractive to purchasers for a variety of reasons including location to saleyards & grain rail facilities, quality of soils, temperate climate and mix of soil quality as well as the reasonably reliable rainfall. The most common rural land use in the Dubbo City LGA is mixed dryland farming that includes sheep for wool & meat, cattle for beef, cereal grains and pulses. Alternative summer crops of oilseeds & grains plus dairying is carried out with irrigation on the alluvial soils of the Macquarie River flood plain, whilst there are a significant number of smaller rural home sites and hobby farms on the full range of soil types generally within a 20 kilometre radius of the city.

Broad acre farming country has experienced increases of up to fifteen per cent since the last General Valuation. This trend has been more obvious in the better soil types to the east and south of the city. Twenty six sales were recorded over the period for properties in excess of 100 hectares and zoned Primary Production, a number that is consistent with the level of sales reported for the previous reporting period.

City fringe areas and larger lot subdivisions have shown a consistent turnover with increases of around 5% over the period considered average across lifestyle grazing/hobby farms, rural-residential and rural retreat holdings throughout the LGA. Twenty four sales were recorded over the reporting period, once again a number that is consistent with the level with the previous period.

Summary of Valuation Changes to Commercial Land

Changes since previous general valuation (2014)

The Dubbo City LGA commercial market had approximately 70 market related property sales throughout the year ending 1 July 2015. These sales occurred across 7 business components with the analyses indicating that property values varied from relatively stable to a modest increase depending upon the sector.

Within the city CBD, 19 sales were recorded that indicated an increase in land values of up to 20% was market related. Within the prime main street retail area however there has been a greater variation in land values as a result of a noticeable shift south of the perceived 'heart' of the CBD due to new tenants and tenant relocations compared to previous years. Whilst the retail heart has strengthened, the retail areas to the north and south of the heart had remained relatively stable. Sales within the commercial core outside the prime CBD retail area indicated a similar strengthening in values in high pedestrian activity whilst quieter areas remained stable.

Business zoned property on the major corridors into the city also has seen wide variation in land values based on the analysis of 12 sales recorded over the twelve month period. Peak increases in values have occurred at the intersection of the Newell Highway and Mitchell Highway with less significant increases occurring in Bourke, Erskine and Cobra Streets.

Outlying small business centres to the north, east & west of the CBD have shown little change in value levels with market activity over the period confined to one of these centres only – the Blueridge Estate. Eight sales in this developing centre that incorporates a mix of retail, office & industrial uses have seen land values determined that effectively confirm developer asking prices that have been set at around the same level since circa 2009.

There are seven neighbourhood shopping centre zoned areas across Dubbo. Three sales, being a single sale in three of these centres, has supported an increase in land values from a low base in the Bourke Street, Tamworth Street and Boundary Road centres that more closely align all centres to a common market based level.

Summary of Valuation Changes to Industrial Land

Changes since previous general valuation (2014)

A total of 39 sales have been recorded across the Dubbo City industrial market to the year ended 1 July 2015, with the 28 sales considered to be market related showing values have increased slightly to moderately across the range of industrial sectors.

Heavy industrial zoned land has limited demand within Dubbo City and has experienced the least activity. The two sales considered market related show that value levels have remained stable.

Light industrial zoned property is generally in good demand across the city. Reflecting this demand, 33 recorded transactions that yield 26 market related sales have provided the basis for the slight to moderate increase in values. West of the city, sales in Depot Road and Jannali Road supported an increase in values whilst the variable rates per square metre obtained for vacant sites in Moon Close required manual adjustment to align land values independent of each other. Similarly, lands within the more recently established and recognised light industrial sector of North Dubbo were found to have stable land values however older streets with a mix of diminishing residential development and increasing industrial development had land values increased moderately in response to the evidence of sales.

Sales in the remaining light industrial sectors have generally resulted in land values being increased slightly along the desirable Douglas Mawson Drive and remaining stable in those areas with lower traffic and less exposure to the general public.

2.0 Disclaimer – Purpose of this Report

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

3.0 LGA Overview

3.1 Location of the District

The Dubbo City Council area lies within the Central Western Slopes and Plains of New South Wales with the city urban area located approximately 390 kilometres to the northwest of Sydney. Dubbo City Council comprises a land area of approximately 3425 square kilometres that predominantly comprises undulating slopes on the western fall of the Great Dividing Range turning to plains country west of the Newell Highway / Macquarie River north-south dividing line. The local government area (LGA) is adjoined by four other LGAs – Gilgandra Shire Council to the north, Warrumbungle and Wellington Shire Councils to the east, Cabonne Shire Council to the south and Narromine Shire Council to the west. The resident population of the city at May 2013 is an estimated 40,882 persons having a median age of 35.7 years.

3.2 Principal Towns and Villages

Dubbo

The City of Dubbo is the sole large urban establishment within the Dubbo City Council area; and is the prominent regional centre within the wider Orana Region. It is located approximately 390 kilometres to the northwest of Sydney. The central business district of Dubbo City is bordered by Bligh, Talbragar, Darling and Cobra Streets. It features several large commercial complexes, containing professional suites, offices and government administration in addition to two large shopping centres, a library, council chambers, district court and large police station. Dubbo City is enveloped by residential development, largely single residential dwellings and some small townhouse developments. There are no other towns within the city boundaries.

Villages

Wongarbon is the largest village in the LGA with a population of around 770 and is located approximately 15 kilometres west of Dubbo City on the Mitchell Highway. Average size of lots is circa 2000 sqm with all normal town services except for natural gas available. The village has a general store-post office, a hotel and a primary school – otherwise the village is residential. One creative industry operation, the Garling Gallery, is located within the village which attracts locals and tourists alike to see the artworks, particularly the bronze castings.

Brocklehurst is the second largest village in the LGA with a population of around 470 located approximately 10 kilometres north of Dubbo City on the Newell Highway. Average size of lots is circa 2000 sqm with all normal town services except for natural gas available. The village has no publicly available utilities and is totally residential.

Eumungerie is a village with a population of around 420 located 41 kilometres north of Dubbo on the Newell Highway. Average size of lots is circa 2000 sqm with town services limited to garbage collection and electricity. A piped water supply from Dubbo is expected within the next twelve months. Similar to Ballimore, a hotel and public school provide the only publicly available utilities.

Ballimore is a small village with a population of about 190 situated approximately 31 kilometres east of Dubbo City on the Golden Highway. Average size of lots is circa 2000 sqm with town services limited to town water, garbage collection and electricity. A hotel and public school are the only public utilities.

3.3 Main Industries

Dubbo City is a prominent regional centre with the Dubbo City Council Economic Profile showing that the city services a region of over 120,000 people covering a third of the geographic area of NSW. Principal employment activities within the city are centred upon the provision of health care & social assistance services and the retail trade industry – each of which employ over 2000 persons. Other significant employment industries that employ in excess of 1000 persons include education & training, public administration & safety, accommodation & food, manufacturing and construction. Agriculture, Forestry and Fishing rates number 12 on the list of 18 industries that employ over 100 persons. Mining is the industry that employs the least number of persons with 79 recorded.

In total there are 16,959 people employed within the city with the greatest concentration of employment centres located within the CBD, south to Boundary Road and east to Sheraton Road. The above data was compiled from the latest REMPLAN data incorporating Australian Bureau of Statistics' (ABS) June 2014 Gross State Product, 2012 / 2013 National Input Output Tables and 2011 Census Place of Work Employment Data.

3.4 Significant Retail Centres

Dubbo City central business district provides the main retail centre for the Orana region. It features two significant commercial complexes being the Dubbo Square with major anchor of Coles and Target and Riverdale Shopping Centre with major anchor of Woolworths. Myer also have a large presence in the centre of the CBD.

To the east of the CBD, the privately owned Orana Mall also provides a powerful shopping presence within the city and Orana Region. Woolworths, Big W and Bernadi's IGA are the anchor tenants with around 60 additional shop spaces providing specialty stores, banking and other professional services. This centre has recently added 10 shop spaces and two storey parking as part of an ongoing \$30m expansion.

3.5 Type of Residential Development

The Dubbo City Council urban area encompasses several types of residential developments. The overwhelming majority of residential properties in the city are single residential dwellings located in the urban area and villages followed by a large number of such dwellings located in rural locations on both hobby and larger farms. Dubbo City also has a number of residential unit developments and townhouse style properties plus a growing number of more densely developed gated estates within the city urban area.

Approximately 94 per cent of the population live in privately owned properties; 65 per cent of the properties in the city are owner occupied, 28 per cent are owned by investors and 5.6 per cent non-private or government owned dwellings.

4.0 State and Local Government Legislation for LGA

Dubbo Local Environmental Plan 2011 was published on the legislation website on 11 November 2011. This plan is based on the standardised Local Environmental Plan prescribed by the New South Wales Legislation; having the intention to standardise, clarify and simplify planning controls across all local government areas. Since the previous valuation base date, Amendment No's 3 to 7 have been published on the legislation website; Standard Instrument (Local Environmental Plans) Amendment Order 2014 and Statute Law (Miscellaneous Provisions) Act 2015 has been added to the legislation affecting the LEP.

The aims of the Dubbo LEP 2011 are:-

- (a) to achieve a city structure that centralises the central business district by shifting the residential development emphasis to West Dubbo,
- (b) to ensure the Dubbo central business district remains the primary commercial centre for the greater region,
- (c) to ensure tourism opportunities are provided in appropriate locations in close proximity to the Taronga Western Plains Zoo, established accommodation nodes and service and support facilities,
- (d) to provide high quality open space to meet a wide range of active and passive recreational needs,
- (e) to ensure environmental and cultural heritage is adequately protected to ensure its conservation,
- (f) to ensure adequate provision is made for the development, establishment and enhancement of cultural, research and medical institutions,
- (g) to ensure land zoned for industrial purposes is protected from inappropriate development,
- (h) to ensure rural lands are kept in large holdings to ensure sustainable agriculture can be undertaken without detrimental impact,
- (i) to ensure development and land management practices do not further exacerbate the impact of salinity or result in new salinity outbreaks,
- (j) to ensure urban stormwater is managed to maintain quality and not detrimentally impact on downstream development,
- (k) to ensure the floodplains of the Macquarie and Talbragar Rivers are adequately protected from inappropriate development and to ensure the impact of flooding on people and the built and natural environment is minimised.

Amendments to the LEP since 1 July 2014 are detailed as follows:-

- Amendment No.3 – published on the legislation website 11 July 2014 – amended Schedule 1 to allow development of an indoor recreation facility at 1 Torvean Avenue, Dubbo
- Standard Instrument (Local Environmental Plans) Amendment Order 2014 – published on the legislation website 15 August 2014
- Amendment No.4 – published on the legislation website 29 May 2014 - effected a number of changes to Land Use Tables in zones R2, B3, B5, B6, B7; amended Clause 5.4; amended Clause 7.13; amended Schedule 1 to allow additional permitted uses at two locations; amended Schedule to reclassify public land at one location; amended Schedule 5 Environmental Heritage to redefine the title details of 24 listed heritage items; and placed an additional item in the Dictionary.
- Statute Law (Miscellaneous Provisions) Act 2015 – assented to 29 June 2015
- Amendment No.5 – published on the legislation website 31 July 2015 – amended Schedule 5 Environmental Heritage by adding two dwellings at Mitchell Street, Dubbo to the listed heritage items.

- Amendment No.6 – published on the legislation website 31 July 2015 – amended or replaced the maps adopted by Dubbo LEP 2011.
- Amendment No.7 – published on the legislation website 31 July 2015 – rezoned part of Daphne Park to allow extension of a pre-school.

Dubbo LEP 2011 is supported by Development Control Plan 2013 (DCP). Since 1 July 2014 there have been no amendments made to the DCP.

5.0 Market Overview and Sales of Particular Interest

5.1 Residential

The Dubbo City LGA contains the one major urban centre of Dubbo surrounded by the four ‘satellite’ villages of Wongarbon, Brocklehurst, Ballimore & Eumungerie. Residential development within the Dubbo urban area encompasses several types of residential developments, although the overwhelming majority of the population live in single dwelling houses. Residential development within the village areas is almost entirely single residential dwellings, with a corresponding proportion of such dwellings located in rural locations on both hobby and larger farms.

Approximately 60 per cent of properties in the region are owner occupied, 30 per cent are owned by investors and approximately 6 per cent are government owned dwellings.

Dubbo City has the full range of utility services availability including a reticulated town water supply, reticulated sewerage, reticulated natural gas and telecommunication services. Dubbo City Council also has an extensive range of Government services including six state primary schools, three state high schools (Dubbo College South Campus (years 7-9), Dubbo Delroy Campus (years 7-9) and Dubbo Senior Campus (years 10-12), a TAFE and a campus of the Charles Sturt University; in addition there are emergency services including Police, NSW Fire Brigade, Rural Fire Service, SES and Ambulance, two hospitals (Dubbo Base and Dubbo Private), council chambers and administrative offices for various government agencies. Additional community based facilities available within the LGA include three full term (years 1-12) private schools, two special needs schools, various denominational churches, child care centres, various aged care facilities, sporting clubs, extensive recreational playing fields, parks and reserves, a public swimming pool, tennis courts and a 27-hole golf course.

The volume of property sales across the City for the twelve month period ended 1 July 2015 showed no substantial movement from the volume recorded for the year ended 1 July 2014. This level of sales activity reflects the continuation of strong demand for residential property that commenced in 2013 and includes a further surge in demand for the period November 2014 to May 2015. Increased demand for vacant lots has seen many new streets created in the established Keswick Estate, Southlakes Estate and the extended Delroy Estate with the new subdivisions of Macquarie View Estate and Highland Grove Estate adding to the variety of locations offered. Grangewood Estate centred on the golf course also provided a number of new lots to the market in extending existing streets. Demand for improved residential property peaked circa April / May 2015 with agents citing the increased interest of many investors outside of Dubbo for house and land packages as the leading cause of the sales surge.

Dubbo City residential values are supported by stable employment from major employers in the Dubbo retail industry, the health industry, Fletcher’s abattoir and manufacturing industries, supported also by the surrounding rural communities for which Dubbo City is the regional service centre.

Growth has been evident in most residential locations of the market since the last general valuation in 2014, with increases in the sought-after, excellent quality estates such as Southlakes and Grangewood considered to have kept ahead of more modest increases in the established residential areas of East Dubbo and West Dubbo.

The value levels adopted are supported by both vacant and improved sales analysis examples of which are: -

The moderate to strong increase noted to have occurred in the Rosewood Grove estate to 1 July 2014 continued through to 1 July 2015 with house land packages selling from around \$330,000 to \$390,000 supported by sales of vacant allotments up to \$100,000. With the large number of new residential estates in recent years; a good remaining supply of vacant land; and higher subdivision costs, englobo values are considered to have eased marginally since the last general valuation in 2011.

The value levels adopted are supported by both vacant and improved sales analysis examples of which are: -

Rosewood Grove	– Vacant land – 162 Yaruga Street, Dubbo – 1038m ² February 2015 - \$100,000;
	– Residential – 4 Algona Street, Dubbo – March 2015 – \$369,000
Delroy Estate	– Vacant land – 41 Champagne Drive, Dubbo – 842m ² - \$150,000
	– Residential – 8 Arbory Close, Dubbo – March 2015 - \$430,000
Southlakes	– Vacant land – 9 Venetian Court, Dubbo – 920m ² August 2015 - \$190,000;
	– Residential – 20 Southlakes Parade, Dubbo – November 2014 – \$565,000
Grangewood	– Vacant land – 57 Lakeside Circuit, Dubbo – 937m ² April 2015 - \$197,000;
	– Residential – 21 Cypress Point Drive, Dubbo – December 2014 – \$475,000
Keswick	– Vacant land – Volta Avenue, Dubbo – 683m ² August 2015 - \$130,000;
	– Residential – 8 William Farrer Drive, Dubbo – September 2014 – \$410,000

5.2 Villages

The Dubbo City village markets have generally reflected steady growth in values from their relatively low bases over the last twelve months. The main villages of Wongarbron, Brocklehurst & Ballimore have been in-line with this trend, although the village of Eumungerie which is yet to be connected to a secure water supply yet to show any consistency in demand and value.

The past 12 months has seen consistent residential sales occur within the main village of Wongarbron, with limited numbers in the smaller villages. The predominant sale type was improved residential properties with purchase prices generally reflective of the age, style and condition of the dwelling and any ancillary ground improvements. No distinct trend appears in relation to increases in value in any of the villages.

Ballimore	– Vacant land – 56 Nardoo Street, Ballimore – 2023m ² June 2015 - \$36,000;
	– Residential – 10 Federation Street, Ballimore – March 2015 – \$228,000
Eumungerie	– Vacant land – 14 Moonul Street, Eumungerie – 2023m ² - \$30,000
	– Residential – Cobboco Road, Eumungerie – March 2015 - \$360,000
Wongarbron	– Vacant land – 62 Bundemar Street, Wongarbron – 2095m ² September 2015 - \$100,000;
	– Residential – 53 Umangala Street, Wongarbron – September 2015 – \$472,500

5.3 Commercial

The Dubbo City LGA includes approximately 960 commercial zoned properties, principally located within the main Dubbo City area bounded by Erskine Street, Fitzroy Street, Cobra Street & Bligh Street. This commercial market had 73 sales recorded throughout the reporting year to 1 July 2015, compared to the 46 sales reported for the previous period ended 1 July 2014. These sales indicate that some sectors have shown little change over the period whilst other sectors, limited to high exposure sites outside the CBD as well some areas of the CBD, have shown some increase in values.

Values of the 389 properties within the commercial core were determined on the basis of 17 analysed sales. These sales included 6 in Macquarie Street and 3 in Talbragar Street, the main retail streets. Main sales included a single storey retail shop at 129 Macquarie Street in September for \$401,000; the large retail store with basement at 151 Macquarie Street in December 2014 for \$3,000,000; the part two storey retail shop at 178 Macquarie Street in April 2015 for \$680,000; another part two storey retail shop at 134 Macquarie Street in May 2015 for \$550,000; a single storey multi-tenanted shop at 80 Talbragar Street in July 2014 for \$550,000; and a single storey retail shop at 128 Talbragar Street in June 2015 for \$300,000. These sales, combined with the evidence of earlier sales, indicated that the 'heart' of the CBD is trending to the Macquarie Street-Wingewarra Street intersection where land values have been increased. By contrast, land values at the edges of the main retail strip have remained static. Talbragar Street, having land values at a much lower base than Macquarie Street, were adjusted by a factor of 1.2 in response to the evidence of sales trends.

Land values outside the main retail area or fringe commercial core were adjusted upward by a factor of 1.2 in response to sales that included a two storey retail/office building at 144 Brisbane Street in May 2015 for \$820,000; a dwelling converted to offices at 192 Brisbane Street in February 2015 for \$400,000; a similar dwelling converted to retail at 194 Brisbane Street in July 2015 for \$455,000; a dwelling converted to offices at 33 Bultje Street in October 2014 for \$367,000; and an aged dwelling at 54 Bultje Street in May 2015 for \$275,000.

Twenty two sales occurred in the B4-Mixed Use zoned area to the east of the commercial core which consistently showed land values remaining in line with those recorded at base date 2014. These sales included the complex of residential flats at 117 Wingewarra Street in October 2014 for \$820,000; a dwelling at 122 Bultje Street in April 2015 for \$405,000; a dwelling at 11 Furney Street in December 2014 for \$207,500 and a dwelling at 106 Gipps Street in March 2015 for \$467,000.

Outside the central CBD area outlined above, the secondary business zones encompass 271 additional properties. Within this group are the 144 properties that extend out from the centre of town in strips zoned B6 - Enterprise Corridor. This business zone was adjusted up by a factor of 1.2 based on the evidence provided by 10 sales that have been analysed to determine value levels. Sales analysed include the multi-tenanted retail/office complex at 66 Erskine Street in November 2014 for \$2,150,000; the sale of a dwelling and vacant land at 40-42 Bourke Street in February 2015 for \$392,500; the industrial shed and paved yard at 23 Bourke Street in February 2015 for \$742,500; and a residential dwelling at 1 Roper Street in September 2014 for \$200,000.

The final business zoned property to have an increase in value over the period is the Orana Mall as a stand-alone local centre. Although there was no direct sales evidence available, rising values in the general area surrounding the centre combined with the virtual completion of the \$30 million expansion program to the building and car parking prompted an increase of 5% over the value that was established in 2014.

All three remaining business zones, being B1-Neighbourhood Centres, B5-Business Development & B7-Business Park comprising 126 properties remained stable with a factor of 1.0 based on the evidence provided by the analysis of 9 sales – 3 in each of the zone divisions.

5.4 Industrial

Dubbo City is a prominent regional centre with five established Light Industrial centres within the city area and Brocklehurst together with developing light industrial estates located adjacent to the airport and another to the north of the city. The principal location for Heavy Industrial lands is around Yarrandale & Boothenba Roads to the north of the urban area, with another lower profile area around Brocklehurst and another zoned area adjoining the airport which currently remains in use for rural residential purposes.

Thirty eight (38) sales of industrial zoned land were recorded and analysed for the period ending 1 July 2015 compared to the 14 sales reported for the preceding period. These sales ranged from \$115,000 paid for a 2848 sqm vacant lot in Moon Close to the \$4,350,000 paid for the 4.892 ha industrial complex which included industrial sheds with significant office space on an improved site at 32L Narromine Road, Dubbo.

Most activity within the light industrial market has occurred in the West Dubbo and East Dubbo areas. The Moon Close estate in West Dubbo has experienced a number of transactions through the period to the point where all available lots in subdivision have been cleared, although sale prices on a rate per sqm basis have fluctuated. These fluctuations have been at odds with the consistent steady increase shown by the sales in the Depot Road area. Seven sales analysed in the West Dubbo industrial area supported the factored increase adopted of 1.4 for all except the Moon Close subdivision in a total of 63 properties. East Dubbo had 9 sales throughout the period where analysis showed that the 135 properties in the component should remain in line with those determined at base date 2014. North Dubbo industrial values by contrast were adjusted by a factor of 1.15 based on the evidence of two analysed sales. Supporting evidence of continuing demand for industrial rental space plus increasing land values in the Enterprise Corridor and Residential zoned land surrounding were also relied upon to increase the land values from the relatively low base determined at base date 2014. A total of 96 properties in the remaining light industrial areas were adjusted upward by a factor of 1.05 on the evidence provided by 6 analysed sales.

Heavy Industrial zoned land typically experiences little market activity year-on-year, and the period to 1 July 2015 was considered to be little different to past years with 2 sales analysed. A feature of the market during the period was the release of 15 heavy industrial zoned lots of circa 8000 to 10000sqm off Yarrandale Road to the north of the city. These lots have been submitted to the market, despite reported little demand for such land, with asking prices of \$45 to \$55 per sqm. One sale only to date in this subdivision did not provide evidence of market value. Response to the release of this estate and results of the sales analysed indicated that there was no movement in values since base date 2014.

5.5 Rural locations within the LGA

The most common rural land use in the Dubbo City LGA is mixed dryland farming and grazing properties, mostly broadacre farms although there are a significant number of smaller hobby farms and rural residential based enterprises within easy commuting distance of the urban area. Irrigation and dairying enterprises are also present along the banks of the Macquarie River which runs through the centre of the LGA.

Activity for rural properties across the city remained relatively stable with 46 sales recorded in the twelve months to 1 July 2015 compared to the 53 sales recorded for the previous year.

The broadacre rural property market has experienced increases of up to 15% across the Primary Production zoned areas since the last general valuation. These increases have been more pronounced in the better class of country to the east and south, whilst the inferior quality country to the north has tended to show little to no increase over the twelve month period.

There are 905 properties contained within the area zoned RU1 – Primary Production, and a total of 23 property sales that occurred over the twelve month period to 1 July 2015 were analysed to determine the land values. Sales of

properties in excess of 100 hectares that provided evidence of land values ranged from the small mixed farm of 108.1 hectares at 39R Ten Mile Lane, Dubbo that sold in August 2014 for \$530,000 to the 1300 hectare holding at 54R Strathgled Road, Toongi that sold in November 2014 for \$1,800,000.

Analysed land values on a rate per hectare basis ranged from the \$100 per hectare for bush country on a 1084 hectare grazing property with light soils at 135L Mogriguy Road, Goonoo Forest to the \$2900 per hectare shown for first class broadacre cultivation on a mixed dryland farm at 153L Obley Road, Dubbo. Other analysed rates of interest include the \$825 per hectare shown for second class cultivation/pasture improvement country on the boundary of Dubbo and Narromine LGA's in the Tomingley – Wambangalang area; the \$2,562 per hectare shown for first class cultivation and \$1,500 per hectare shown for slopes/hill/creek grazing country in the Benelong area south of Dubbo; the \$2,483 per hectare shown for a 180.4 hectare farming block north of Wongarbron; and the 627.7 hectare property at 91R Finlays Road, Ballimore that showed \$665 per hectare for light red mixed farming and \$175 per hectare for natural timbered forest.

Rural residential and hobby farm values were determined through the analysis of 20 sales over the twelve month period to July 2015. These sales showed a slight upward trend with land values that remained generally on par with the values determined for the previous period, and a factor of 1.0 was adopted. Sales included the 38.89 hectare holding at 75L Peak Hill Road, Dubbo in June 2015 for \$700,000; the 40.02 hectare holding at 225L Mogriguy Road, Eumungerie in April 2015 for \$460,000; the 9.6 hectare vacant hobby block at 8L Conica Road, Minore in April for \$160,000; and the 16.74 hectare parcel at 36L Durraween Lane, Dubbo in September 2014 for \$260,000.

6.0 Significant Issues and Developments

6.1 Significant developments – from prior to current annual valuation

- Dubbo City Council has been found to be ‘fit for the future’ as a stand-alone local government area by the Independent Pricing and Regulatory Tribunal. Although Dubbo City Council would prefer to remain as is, the findings by the Tribunal that the adjoining Wellington and Narromine local government areas are not ‘fit for the future’ as rural councils may result in a future merger.
- Early in 2015, Stage 1 of the Fletcher Industrial Estate comprising 15 lots of IN3 - Heavy Industrial zoned land was released to the market.
- In February 2015, Dubbo City Council sought approval for the next stage of Keswick Estate development consent from the Western Joint Regional Planning Panel for the fifth stage of Keswick Estate – intended to add 217 residential lots to the subdivision. Stage 5 has an estimated value of \$14 million.
- Two new residential subdivisions were released during the reporting year:-
 - Macquarie View Estate off Hennessy Road, Dubbo released 40 lots in a configuration of three sizes – circa 700 sqm, 2000 sqm and 4000 sqm – in Stage 1 with asking prices from \$159,000 to \$310,000.
 - Huntingdale Estate off Glenabbey Drive and adjoining the Kintyre Estate released 18 lots in Stages 1 & 2 of the subdivision with asking prices from \$175,000 to \$260,000 for lots with sizes ranging from 807 sqm to 2394 sqm.
- West Dubbo Preschool received a \$9 million grant for a multi-purpose school for special needs students. This will bring West Preschool, Infants and Primary schools together on the Dubbo West Public School site.
- In May 2015, the NSW Department of Planning and Environment recommended approval of the \$1 billion Dubbo Zirconia Project (DZP) with “strict conditions to ensure its impacts are not significant”. The independent Planning Assessment Commission (PAC) will review the department’s assessment of the project in making the final decision.
- On June 1, the PAC announced that it approved the DZP application to build and operate the mine and associated processing facilities.
- Redevelopment and expansion of Dubbo’s Orana Mall including the provision of 14 new shops at a total cost of \$30 million was reported to be nearing completion.
- In response to steady sales of vacant lands on both the eastern and western fringes of the urban area, developers of the Southlakes Estate, Keswick on the Park Estate, Keswick Estate, Grangewood Estate and Delroy Estate respectively have continued to expand with the release of further subdivision stages – providing evidence of continuing confidence in the residential market.

7.0 Significant value changes

7.1 Significant value changes – from prior to current annual valuation

Value changes from the 2014 base date general valuation to the current annual valuation have occurred in all zones across the city; *significant* value changes however have occurred in only 17 (38%) of the 45 components across the local government area.

Significant value changes – or a change higher than 5% – and the underlying basis for the change for each affected component across the City of Dubbo is outlined below:

- Business zoned land within the commercial core outside the main retail area was adjusted upward by a factor of 1.2 in response to sales showing consistent indications of strength in this market.
- Business zoned land in the Enterprise Corridors increased by was adjusted upward by a factor of 1.15 again on the indication of sales that have consistently shown strength in this section of the market.
- Light Industrial zoned land on the western edge of the city was adjusted upward by a factor of 1.4 although the increase was variable across the component as sales indicated strength in the established sectors whilst sales in the 'new' Moon Close subdivision demonstrated variable rates per sqm more in line with 2014 base date values.
- General Residential land in the established areas of North Dubbo and South Dubbo were adjusted upward by 10% again in response to the results of a mixture of vacant land and improved sales activity.
- Large Lot Residential lands experienced variable increases in response to sales activity within the three size based components. Lots with a size up to 2 hectares were adjusted upward by a factor of 1.10; lots in the size range of 2 to 10 hectares had no adjustment with a factor of 1.0; and lots in the range of 20 to 35 hectares were increased minimally by a factor of 1.05.
- Primary Production lands in the superior soil types south and east of the city were adjusted upward by a factor of 1.13 and 1.15 respectively.

Since the last general valuation in 2014, village values have moved as follows:-

- ❖ Increased by 10% in Wongarbron - from \$81,000 on a representative 2023 sqm block to \$89,100 with connection to a reliable city sourced water supply and local sewerage system.
- ❖ Increased by 15% in Ballimore - from \$33,300 on a representative 2023 sqm block to \$38,300 based on sales of vacant land and dwellings since the village was connected to a reliable city sourced water supply. Dwellings are still required to have a septic tank waste disposal system.
- ❖ Remained steady with no increase in Brocklehurst - where a representative 2023 sqm block with reliable water and sewerage has been connected for some years has a land value of \$40,100, and
- ❖ Remained steady with no increase in Eumungerie - where a representative 2023 sqm block that is expected to be connected to a reliable water supply in 2016 and requires a septic tank waste disposal system if a dwelling is to be erected has a land value of \$22,700.

8.0 Overview of the Quality Assurance Process

LPI has been provided with a detailed valuation analysis report, which details the quality assurance process of Opteon (Western NSW) 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 bases have been correctly determined and all concessions and allowances have been supplied. Additionally, properties that had land values amended through the objection or re ascertainment 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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