



Report for the Valuer General

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# Palm Beach and Whale Beach 2015 Land Value Review Report



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## Executive summary

Valuation Services (VS), a division of Property NSW, reviewed the 1 July 2015 land values of 1,499 residential properties in the Palm Beach and Whale Beach localities. The review sought to investigate the correctness of land values, including a review of the mass appraisal methodology.

The review was initiated due to the level of concern expressed by owners in the area about the land values determined for 2015, which were to be used for rating purposes. This was reflected in a larger than normal lodgement of objections to land value. For the 2015 valuing year, 161 objections were received, representing over 10 per cent of properties. The Palm Beach and Whale Beach Association also raised concern and has provided support to, and representation for, the concerned owners.

VS considered the concerns of the owners were sufficient reason to undertake a review of the land values and supporting evidence.

VS found that a significant amount of sales analysis was undertaken and consistently applied. The mass valuation methodology, which was supported by that analysis, was well applied and land values were, generally, well supported by the evidence.

In total, 44 of the 161 objections were allowed, representing 27 per cent. The reductions were largely due to site specific reasons such as access, topography and views. From these objection decisions, a further 35 neighbouring properties had the 2015 land values amended.

The contract valuer who initially undertook the valuations has agreed to increase the level of sales analysis for ongoing valuing years, in particular analysing all sales of waterfront and ocean front properties. The contractor has also agreed to use a high level of scrutiny in determining the 2016 land value of properties in the area. VS will continue to monitor and quality assure the land values in this area.

## Introduction

### Background

VS received a larger than normal number of objections to the 2015 local government valuations in Whale Beach / Palm Beach area.

This followed the Palm Beach and Whale Beach Association raising concerns on the land value levels in an article on their website that also advised members they had a right to object if they have received significant increases in their land values.

There are a total of 1,499 residential properties within these two localities. VS received a total of 161 objections to the 2015 valuation year land values.

While these objections were being reviewed by an external independent valuer, VS undertook an internal review to investigate the accuracy of land values in the area.

### Land value changes since 2012

The Pittwater LGA (now part of the Northern Beaches LGA) was previously valued for rating purposes at 1 July 2012. From analysis of residential sales, the land values of residential land in Pittwater showed an increase of approximately 27 per cent between the 2012 and 2015 valuing years.

### Land valuation in NSW

Valuation Services, a division of Property NSW, manages the valuation system on behalf of the Valuer General. Professional valuation contractors prepare most land values for Property NSW. Valuers from Property NSW quality assure the land values before they are issued. The NSW land valuation system is based on the analysis of sales transactions within the real estate market. For further information on the land valuation method please visit: [http://www.valuergeneral.nsw.gov.au/land\\_values/valuation\\_method](http://www.valuergeneral.nsw.gov.au/land_values/valuation_method).

This report provides an overview of the land value review method and findings.

### Palm Beach and Whale Beach suburb overview

The suburbs of Palm Beach and Whale Beach are the northern most suburbs of the Northern Beaches LGA. They are approximately 40km north of Sydney GPO by road, and are bordered by Broken Bay to the north, the Tasman Sea to the east, the Pittwater to the west and the suburbs of Avalon to the south and Clareville to the south-west. The suburbs are accessed by Barrenjoey Road which is the main road access north of Mona Vale.

The area is mostly zoned residential and comprises a mixture of predominantly owner-occupier dwellings and holiday homes.

The topography, water frontage, pedestrian and vehicular access and views can vary greatly between properties and this can cause wide variations in land values of nearby properties.

## Review of Palm Beach and Whale Beach land values

The review focused on the four residential areas depicted in this map:

### **Palm Beach and Ocean Front Properties Environmental Living**

This area comprises 154 beachfront and ocean front properties in both Palm Beach and Whale Beach, all of which are zoned E4 Environmental Living.

### **Palm Beach Environmental Living**

This area comprises 1,097 non-beachfront and non-waterfront properties in both Palm Beach and Whale Beach, all of which are zoned E4 Environmental Living.

### **Palm Beach Residential**

This area comprises 64 non-beachfront and non-waterfront properties in Palm Beach only, all of which are zoned R2 Low Density.

### **Palm Beach Waterfront Properties**

This area comprises 184 waterfront properties on the western side of the peninsular, all of which are zoned E4 Environmental Living.



In undertaking investigations, VS reviewed:

1. overall statistical compliance of land values
2. the correctness of information held on the register of land values, including zone, use and location
3. the land valuation method used by the contract valuer
4. the level and detail of sales analysis undertaken by the contractor in determining land values.

## Findings of the review

The review found that:

1. the land values within the area complied with statistical requirements
2. minor errors were found in the correctness of property information:
  - o three properties were identified as non-waterfront, when they are located on the waterfront. The contractor was required to review each land value for the last three years. They found that no changes to land values were required
  - o six properties were missing information relating to leases from the Crown. These have now been amended by the contractor.
3. the contract valuer had correctly applied the mass valuation method, including verifying the correctness of a number of individual property values
4. the contractor has analysed a significant number of sales evidence to a sufficient detail.

The contractor has agreed to review land value levels for 2016 and to continually analyse the sales of all waterfront and ocean front properties in this locality.

## Objection findings and outcomes

There are 1,499 residential properties in the Palm Beach and Whale Beach locality. For the 2015 Valuation Year, there were 161 objections lodged. The objections were undertaken by an appointed independent valuer who was not involved in determining the original valuations. All of the properties were inspected where access was available or assessed from the street.

Of the 161 objections lodged in the 2015 valuing year, 117 land values (or 73 per cent) were supported by a range of available sales evidence, while 44 land values (or 27 per cent) required amendment. The allowed objections were scattered across the locality.

In a summary report, the appointed independent valuer stated he found the land values to be generally of a good standard and noted the most common reason for land value reductions were:

- view loss due to trees growing on subject or neighbouring properties or a new construction on a nearby property
- topography – some sites were particularly challenging to construct a dwelling upon
- vehicular access – being related to topography as well as private driveways being preferable to a shared driveway.

The objections were then discussed with the contractor responsible for the original valuations. Based on these objection decisions, land values of 35 neighbouring properties had their 2015 land value amended. The landholders, the Office of State Revenue and Council have all been advised of the land value changes.

## Conclusion and future considerations

The review of Palm Beach and Whale Beach land values found that, generally the contractor correctly applied mass valuation methodology, resulting in good quality valuations. The contractor had also analysed a significant amount of sales to sufficient detail.

There were a total of nine instances where information on the register of land values was found to be incorrect. This information was amended and land values reviewed; none of the land values were amended as a result.

The majority of the land values objected to were found to be within an acceptable market range by both VS and the independent objection valuer. On objection, 44 land values required amendment; as a result of these objection decisions, a further 35 land values also had the 2015 land value amended.

Overall, a total of 79 properties had their land value amended by either objection decision or

VS review. This amounts to approximately 5 per cent of the land values in the review area. Given the complex area under review, VS found the land values, for the most part, were accurate and of an acceptable standard.

Ongoing monitoring will be conducted by VS to ensure the rating and taxing contractor analyses a greater percentage of available sales in Palm Beach and Whale Beach.

VS and the contract valuer for the area will continue to monitor the market in the review area. All land values will be verified for the 2016 valuing year.

VS have instructed that, in future, all waterfront sales in Palm Beach are to be analysed.

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