

Final Report



Rugby Road - Rugby, Boorowa District

2015 Base Date

Boorowa LGA

Contract No. 347727

Final Report 2015

Under Rating & Taxing Procedure Manual 6.6.2

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1.0 Executive Summary

1.1 LGA Overview

Boorowa Local Government Area

Boorowa Shire is located approximately 360 km to the south east of Sydney on the south west slopes of NSW. The Shire has a total area of approximately 2,663 sq km and is approximately 3.5 hours drive from Sydney Metropolitan. Young Shire varies geographically from undulating/steep, fine wool grazing country and scrub towards the eastern boundary, with more arable land featuring wide productive valleys and undulating hillsides supporting cropping, horticultural and viticultural enterprises west of Young township. The annual rainfall reduces west of Young as the topography levels out with cropping becoming the main rural enterprise for the western portion of the Shire. The town of Young is at an elevation of 440 metres above sea level.

The Bureau of Meteorology (BoM) states the annual medium temperature for the Shire is 22°C with maximum in the low 30's C and minimum temperatures down to 0°C. BoM shows the annual rainfall for the Young Shire is measured at 653mm per year although this has reduced in recent times due to drought conditions.

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

2,015 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 of 1 July 2014.

Overall the total land value for Boorowa LGA has declined slightly with increases in Residential, Village, and Industrial being offset by a decrease in the Rural sector. This decrease was mainly due to subdued values in the grazing sector. The increase in the residential is mainly due to the continuing demand from Canberra and Sydney metropolitan areas.

The significant increase in industrial land is a consequence of the first vacant land sales in the north east industrial precinct since 2006.

Valuation changes between the Prior Valuation year of 1 July 2014 and the 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
Residential	R1, R2, R5	683	46,521,671	44,201,981	5%
Village	RU5	159	2,963,400	2,875,820	3%
Rural	R, RU1	1,099	351,163,120	356,257,500	-1%
Commercial	B2	44	1,467,900	1,476,900	0%
Industrial	IN1	17	1,425,100	989,300	44%
Infrastructure	SP2	4	105,000	105,000	0%
Public Recreation	RE1	9	1,026,500	1,026,500	0%
Total		2015	404,681,691	406,933,001	-1%

1.2 State & Local Government Legislation for LGA

The Boorowa Local Government Area is governed by the Boorowa Local Environmental Plan 2012 gazetted on 15 June 2012 (LEP). The plan is based on the standardised Local Environmental Plan prescribed by the New South Wales Legislation.

There have been two amendments to the Boorowa Local Environmental Plan since the previous valuation.

1.3 Market Overview and Sales of Particular Interest

Opteon (Central West NSW) have undertaken significant analysis of the Boorowa LGA property market to provide an accurate and reliable basis of valuation. 102 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. Opteon (Central West NSW) undertakes this process using the Paired Sales Approach and the Replacement Cost Approach.

In analysing sales before or after 1 July it may be necessary to adjust the contract price in terms of market movement. In the Boorowa Local Government Area this year sales and resales of properties indicated little variance in values throughout the year. Rental and commercial rental analysis and feasibility studies that were carried out also reflected this.

A more detailed review of the market is articulated later in the report.

1.4 Significant issues and developments

Three major wind farm projects are still in the early stages of planning in the Boorowa LGA. These are to be located at Rye Park (approx 130 wind turbines), Rugby (approx 52 wind turbines), and Bango south east of Boorowa (approx 150 wind turbines).

1.5 Significant Value Changes

Summary of Valuation Changes to Residential Land

Changes since previous valuation year (2014)

Residential market activity in the town of Boorowa has shown a slight decrease in the last twelve months with 26 open market transactions recorded in the twelve months since 1 July 2014 compared with approximately 31 open market transactions recorded for the previous twelve months. There were also 7 vacant land sales occurring in the twelve months since July 2014.

Prices have firmed in most residential locations in the town of Boorowa since the last Annual Valuation in 2014, with the exception of those properties zoned Low Density Residential which remained steady. Moderate increases again occurred to larger allotments zoned Residential. The remainder of the residential land in Boorowa Township experienced slight increases.

The village of Reids Flat also experienced moderate increases, albeit from a low value base. Values in other villages throughout the Boorowa Shire have remained steady.

Growth has been supported by purchasers from Sydney and Canberra while any restriction to the town's growth is mainly due to lack of employment opportunities.

Summary of Valuation Changes to Rural Land

Changes since previous valuation year (2014)

Boorowa Shire is a well known grazing area well regarded as a producer of fine wool.

There are also pockets of good mixed farming country, particularly towards the south east of the Shire.

There was a good number of larger rural holdings transactions with 14 sales occurring throughout the year. In most cases the sales occurred with the involvement of an agent to a good mix of adjoining or nearby owners and new land holders to the area.

The market for mixed farming properties throughout the Boorowa Shire remained steady. However the market for grazing properties showed a decline in values.

There has been a slight increase in the number of Hobby Farm sales across the Shire totalling 34 sales in the twelve months since July 2014 compared to 28 the previous 12 months. However, many of these have been in relatively remote areas over 15 kms from Boorowa. Most purchasers have been absentee owners and either Sydney or Canberra based.

Most hobby farm values remained steady apart from those hobby farms north of Boorowa which showed an increase of 10%.

Summary of Valuation Changes to Commercial Land

Changes since previous valuation year (2014)

The Commercial and Business Sector of the market is small (44 properties), very quiet and tightly held. Many businesses are owner occupiers with vacant shops in Boorowa remaining vacant for lengthy periods of time often with little interest.

There has been just one recorded sales within Boorowa commercial precinct in the twelve months since July 2014.

From this evidence it appears that values have generally remained steady over this period. Rental levels are relatively low, with many premises containing owner occupiers. Commercial rents of between \$100 - \$250/week gross encompass the majority of tenancies within the precinct.

Summary of Valuation Changes to Industrial Land

Changes since previous valuation year (2014)

The industrial precinct is also small (17 properties) and is mostly located on the northeast fringe of Boorowa Township. It is also very quiet and tightly held. There have been three sales including two vacant land sales over the last twelve months which have been the first sales of vacant land in this precinct since 2006. These sales have shown a significant increase in land values in this precinct.

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 Boorowa 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

Boorowa Shire is situated approximately 310kms south west of Sydney and 110kms north west of Canberra on the south west slopes of New South Wales and occupies an area of approximately 2,580 square kilometres and a total population of approximately 2,399.

The topography of the Boorowa Shire is mainly steeply sloping fine wool grazing country and then sloping scrub country as the topography levels out approaching the south western boundary of the Shire and land use changes to more cropping and open grazing. The Town of Boorowa is at an elevation of 488 metres above sea level.

The Bureau of Meteorology (BoM) states that climatic conditions within the Shire are typically temperatures ranging between 6 and 20 degrees Celsius and in normal seasons an annual rain fall of 612mm.

3.2 Principal Towns and Villages

Boorowa

Boorowa is the main town in the Boorowa Shire first proclaimed in 1888. Located on the Boorowa River, the latest census data for the town of Boorowa records a population of approximately 1,188 people.

Villages

The remainder of the Shire consists of approximately 1,314 people spread between, rural locations and the villages of:

- Rugby
- Reids Flat
- Frogmore
- Rye Park

Individual population details are not available for the villages as they are all relatively small Individual population details are not available for the relatively small villages.

3.3 Main Industries

The main industry in the Boorowa Shire is agriculture including support services and according to the latest census data employs approximately 32.2% of the local population over the age of 15. Agricultural enterprises mainly comprise fine wool and lamb production, beef cattle and cropping.

Aside from agriculture the main employers in the Shire are the Hospital, Local Government Administration, and local schools. There is no major industry or manufacturing in the Shire.

3.4 Significant Retail Centres

The main commercial activity takes place around the intersection of Marsden and Pudman Streets in central Boorowa with the basic services being provided by banks (Bendigo Bank, CBA and Westpac – Bendigo Bank is the only bank with a designated shop front) and Supermarket. Other services include rural supply stores, post office, newsagents, hairdressers, butcher, clothes stores, cafés, bakery and Licensed Premises.

3.5 Type of Residential Development

The principal type of development in Boorowa is detached single dwellings. There are a small number of units and semi detached dwellings which according to the latest census data amount to approximately 31 residences.

Discussions with Boorowa Shire Council indicate that there is limited amount of interest for new dwellings and developments. This is generally due to the lack of demand for housing in the Shire, which stems from a lack of employment opportunities. There are currently no new subdivisions being marketed in Boorowa that provide standard residential allotments. All new residential development is taking place on the existing stock within the town or part of a subdivision of larger holding in the town.

4.0 State and Local Government Legislation for LGA

The Boorowa Local Government Area is governed by the Boorowa Local Environmental Plan 2012 gazetted on 15 June 2012 (LEP). The plan is based on the standardised Local Environmental Plan prescribed by the New South Wales Legislation.

There have been two amendments to the Boorowa Local Environmental Plan since the previous valuation.

Boorowa Local Environmental Plan 2012 (Amendment No 1) ensures that development on land in the Carinya Estate is appropriate having regard to the management of bush fire risk and biodiversity protection.

Boorowa Local Environmental Plan 2012 (Amendment No 2) ensures that development on land identified on the Drinking Water Catchment Map will be managed to avoid any significant adverse impact on water quality in the drinking water catchment.

Relevant entries have been reviewed and ensuing sales evidence will be monitored to identify any affectation on values.

Boorowa Council has development controls including the Boorowa Development Control Plan 2013 that affects the subdivision and erection of dwellings which impacts on land values.

These include:

Zone	Minimum allotment size
Residential / Village	700 m (R1)
	2000 (RU5)
	4000 m (R2)
	2 ha (R5)
Rural	40 ha (RU1)
Commercial	Council consent required
Industrial	Have a minimum frontage and square width of 24m, and a minimum area of 2000m ² .

Boorowa Council has an Integrated Planning Approach derived from community input based on:

- A Strategic Plan covering at least 10 years
- A Delivery program spanning 4 years
- An Annual Operating Plan

5.0 Market Overview and Sales of Particular Interest

5.1 Residential

Residential market activity in the town of Boorowa has shown a slight decrease in the last twelve months with 26 open market transactions recorded in the twelve months since 1 July 2014 compared with approximately 31 open market transactions recorded for the previous twelve months.

Prices ranged from \$62,000 for 1,366 m² of vacant land in Ford Street, to \$417,500 for a 1.252 ha allotment improved with a brick veneer dwelling in Farm Street. Twelve (12) transactions recorded sale prices above \$200,000, with six (6) of these transactions above \$250,000.

Vacant land stocks within the town are available with 7 vacant land sales occurring in the twelve months since July 2014 within the town. Restriction to the town's growth is mainly due to lack of employment opportunities.

Other vacant land sales included a 2,225 m² allotment in Queen Street for a consideration of \$135,000 and a 709.2 m² allotment in Court Street for a consideration of \$67,500.

Growth has been evident in most residential locations throughout the town of Boorowa since the last Annual Valuation in 2014, with the exception of those properties zoned Low Density Residential which remained steady. Moderate increases occurred to larger allotments zoned Residential. The remainder of the residential land in Boorowa township experienced slight increases.

5.2 Villages

There were eight residential sales in the outlying villages of Boorowa Shire of the past twelve months with sales analysis indicating a steady market in the villages of Rugby, Frogmore and Rye Park while sales evidence in Reid's Flat indicated a moderate rise in values.

5.3 Commercial

The Commercial and Business Sector of the market is very quiet and tightly held with just 44 properties mainly located around the intersection of Marsden and Pudman Streets. Many businesses are owner occupiers with vacant shops in Boorowa remaining vacant for lengthy periods of time often with little interest. There has been just one recorded sales within Boorowa commercial precinct in the twelve months since July 2014.

This was the sale of a building on the western side of Marsden used as a hair dressing salon for a consideration of \$85,000. Analysis of the sale indicates that values are being maintained.

5.4 Industrial

The industrial precinct is also small (17 properties) and is mostly located on the northeast fringe of Boorowa Township. It is also very quiet and tightly held. There have been three sales over the last twelve months including two of vacant land which have been the first sales of vacant land in this precinct since 2006. These sales have shown a significant increase in land values in this precinct. Each sale recorded the transfer of a vacant industrial allotment for the consideration of \$47,250. The other sale of an allotment improved with a colorbond shed and amenities for a consideration of \$137,500 also supported these new values. As a result of these analyses values were lifted throughout the industrial component.

5.5 Rural locations within the LGA

The topography of the Boorowa Shire is mainly steeply sloping fine wool grazing country towards the north east and then sloping scrub country as the topography levels out. Approaching the south western boundary of the Shire, land use changes to more cropping and open grazing.

Mixed broadacre farming land throughout the Boorowa Shire has remained steady in value since July 2014. However grazing land has mostly experienced a slight softening of values particularly for those properties with detracting features such as weed infestation and poor access.

Although the returns from livestock enterprises have been improving they still appear to be below levels needed to inspire an increased demand for grazing properties.

Enquiries with agents reveal that purchasers comprise a good mix of adjoining or nearby owners and new land holders to the area.

Sales have ranged from an adjusted rate of \$802/ha for a 162 ha parcel of lighter grazing land north east of Frogmore to \$3,200/ha for 593 ha of good cropping land west of Boorowa.

Most hobby farm values remained steady apart from those hobby farms north of Boorowa which showed an increase of 10%.

Prices have ranges from \$34,000 for 11.41 ha of vacant land on Tarrants Gap Road to \$600,000 for 77.17 ha of mostly creek flats improved with a 4 bedroom brick home on Taylors Flat Road north of Rugby.

6.0 Significant Issues and Developments

6.1 Significant developments – from prior to current annual valuation

The limited economic activity in the Boorowa Shire has continued although increased interest from Canberra and Sydney buyers continues to support values in some land uses across the Shire.

Significant developments over the past year in the Boorowa Shire include:

- Three major wind farm projects are still in the early stages of planning in the Boorowa LGA. These are to be located at Rye Park, Rugby and 20 kilometres south west of Boorowa.
- Work is yet to begin on a 20 unit addition to the Court House Motel in Boorowa.
- Work on the Tarengo Bridge between Boorowa and Harden has been completed with the bridge now open.
- There are currently no other major public works programmes underway or planned for the near future.
- There is no registered interest from any major employer looking to relocate to Boorowa.
- There are no significant subdivisions taking place within the Shire.

7.0 Significant value changes

7.1 Significant value changes – from prior to current annual valuation

Since the Prior Annual Valuation (July 2014), most values have remained steady with the exception of areas noted below:

- Smaller industrial allotments on the northeast fringe of Boorowa township increased by 95% to 135% based on the first sales of vacant land in this precinct since 2006.
- Midsized industrial allotments on the northeast fringe of Boorowa township increased by 40% to 50%.
- Larger industrial allotments ranged from steady to an increase of 10%.
- Most residential land throughout the town of Boorowa increased by 5%.
- Residential allotments greater than 5000 sqm increased by 10%.
- Large lot residential land increased by 5%.
- Hobby Farms of 10 ha and over in north of Boorowa increased by 10% following last years increase in the Boorowa/Rye Park area.
- Grazing land throughout the Boorowa Shire decreased be 5%.
- Land in the village of Reids Flat increased by 15%.

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 (Central West NSW) 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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