

2018 BALLINA MARKET REPORT

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SOUTHERN CROSS VALUATION SERVICES

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EXECUTIVE SUMMARY

BALLINA L.G.A DISTRICT 148 – BASE DATE 1ST JULY 2018

SIGNIFICANT VALUES

There was a moderate to strong increase in land values in Ballina local government area between 2017 and 2018. This increase was consistent across all market segments except for Industrial land which experienced a slight increase in land values.

Land values in Ballina continued to be influenced by higher demand for residential land due to affordability in comparison to larger cities, the area's proximity to Byron Bay and the recent upgrades to Pacific Highway which have reduced travelling times.

SUMMARY OF VALUATION CHANGES TO RESIDENTIAL LAND

CHANGES SINCE PREVIOUS VALUATION YEAR (2017)

Residential land values saw a moderate increase between 2017 and 2018. Land values in most areas of Ballina and Alstonville. rose due to increased demand as the result of greater affordability compared with adjoining northern locations. Areas in the north of the local government area including Lennox Head & parts of East Ballina experienced strong increases due to the high demand for a coastal village lifestyle and the area's proximity to Byron Bay. The North Creek / Skennars Head locality experienced the strongest growth with value levels drawing closer to neighbouring areas.

Conversely, some areas of West Ballina and Wardell, experienced steady value levels after stronger growth in past years.

SUMMARY OF VALUATION CHANGES TO RURAL LAND

CHANGES SINCE PREVIOUS VALUATION YEAR (2017)

Rural land values, particularly homesites, generally experienced a strong increase across the local government area due to some demand from local buyers and buyers from Sydney wanting a rural lifestyle at prices more affordable than those in Byron Bay.

There were very strong increases in land values in the Newrybar locality at the northern end of Ballina close to the Byron local government area boundary. This area continues to see strong growth as a result of its proximity to Byron Bay.

SUMMARY OF VALUATION CHANGES TO COMMERCIAL LAND

CHANGES SINCE PREVIOUS VALUATION YEAR (2017)

Commercial land values across Ballina local government area experienced moderate increases due to increased demand for more affordable properties compared with adjoining areas.

SUMMARY OF VALUATION CHANGES TO INDUSTRIAL LAND

CHANGES SINCE PREVIOUS VALUATION YEAR (2017)

Industrial land in Ballina was steady, however, Industrial Land in Alstonville's Russellton Estate had a very strong increase as these properties were coming off a very low value base with increases bringing the values closer to residential levels. This anomaly resulted in a slight increase in Industrial values overall.

DISCLAIMER – PURPOSE OF THIS REPORT

This report has been prepared on behalf of the Valuer General. The purpose of this report is to provide an overview of the valuation program for the 1 July 2018 valuation in the Local Government Area of Ballina.

To make a land valuation, regard must be had to the requirements and assumptions set out in rating and taxing legislation, such as the Valuation of Land Act 1916 (NSW). Land values are also determined by the rules set out in the “Rating and Taxing Valuation Procedures Manual”. The manual permits large numbers of properties to be assessed using mass valuation methodologies.

Although mass valuation methodologies may be less accurate than individually assessed land valuations, they are routinely used across the globe to deliver land valuations for rating and taxing purposes that are within an acceptable range of variation. Consequently, land valuations from the Valuer General may vary from an individually assessed market valuation for a parcel of land. All land valuations are, however, subject to a risk-based verification process which ensures each parcel of land is individually reviewed periodically.

Whilst the content of this report has been prepared with all due care and skill, the Valuer General does not warrant that it is complete or free from error.

During the valuation process, information is compiled from third party sources, such as information relating to town planning, land use, zoning and other market related information. The Valuer General is not responsible for, and makes no warranty in relation to, the accuracy, currency, reliability or completeness of that information. Readers are directed to contact the source of the information.

The land values made in accordance with the valuation program have been made for rating and taxing purposes only, therefore, the land values should not be used for any other purpose. No reliance should be made on the contents of this report. To the extent permitted by law, the Valuer General and Sydney Valuers Pty Ltd t/a Southern Cross Valuation Services disclaim all liability to any person(s) who relies on, or uses, any information contained in this report.

More information on the valuation process is available from the Valuer General's website at

www.valuergeneral.nsw.gov.au/land_values.

BALLINA LGA OVERVIEW

The Ballina Shire area is located on the North Coast of New South Wales, approximately 785 kilometres north of Sydney in the Northern Rivers Region of New South Wales. Ballina Shire Council comprises a land area of approximately 490 square kilometres that predominantly includes undulating coastal land and lower escarpment lands of the coastal hinterlands. The Local Government Area (LGA) is adjoined by three other LGAs – Byron Shire to the north, Richmond Valley Shire to the south and Lismore City Council to the west.

NUMBER OF PROPERTIES VALUED THIS YEAR & THE TOTAL LAND VALUE IN DOLLARS

The Ballina Shire Council Local Government Area comprises Residential, Rural, Commercial, Industrial, Infrastructure, Water Ways, Environmental (Deferred Matters) and Public & Private Recreation zones.

Over 15,000 properties were valued at the Base Date 1 July 2018 and valuations are reflective of the property market at that time. Previous Notices of Valuation issued to owners for the Base Date 1 July 2017. The Ballina property market has shown a moderate increase across all sectors. The Ballina LGA is a highly regarded rural locality due to its temperate climate, elevation, soil quality, location close to the coast and its reliable rainfall. Purchasers are attracted to the facilities of the regional centre and its industry.

Valuation changes in the Local Government Area have moved from a total of **\$6,893,334,751** on 1 July 2017 to **\$7,597,100,931** at 1 July 2018, showing an overall increase of 10.21%.

Ballina 2018 ANNUAL VALUATION					
PROPERTIES VALUED & TOTAL LAND VALUES					
Zone	Zone Codes	Number of Entries	2018 Total Land Value (\$)	Prior Annual Valuation (2017)	% Change
Residential	R2, R3	11140	\$4952,547,010	\$4,556,148,430	8.7
Rural	RU1, RU2	2700	\$1,597,003,040	\$1,373,596,310	14.95
Commercial	B1, B2, B3, B4, B5, B6	430	\$337,067,340	\$315,815,440	6.72
Industrial	IN1	370	\$177,293,300	\$169,113,300	4.84

Please note all figures & percentages listed are approximates.

PRINCIPAL TOWNS & VILLAGES

Ballina is a coastal shire with predominantly residential uses. A large percentage of the population has relocated to the area over the past 25 years for a “sea change” and the area has developed as a result of this influx. Only 5-10% of the properties of the shire are utilized for genuine rural pursuits.

The Ballina Shire area is located on the North Coast of New South Wales, approximately 785 kilometres north of Sydney in the Northern Rivers Region of New South Wales. Ballina Shire Council comprises a land area of approximately 490 square kilometres that predominantly includes undulating coastal land and lower escarpment lands of the coastal hinterlands. The Local Government Area (LGA) is adjoined by three other LGAs – Byron Shire to the north, Richmond Valley Shire to the south and Lismore City Council to the west.

BALLINA

Ballina is the principal town located at the coastal heart of the shire. It includes popular surfing beaches and is situated at the intersection of North Creek and the Richmond River, including the river mouth. The township is the commercial centre of the Shire and the town has approximately 5,000 residential properties.

The township is geared to support local industry. Tourism is one of the town’s major industries. The township is following its smaller villages with increased alfresco dining, a modernized town centre and a stronger focus on the river, with the upgrade of Fawcett Park.

The residential sector of Ballina and the Villages is predominantly single residential dwellings of varying sizes with a substantial number of properties with river or ocean frontage, or water views.

The Township of Ballina has a significant area of medium density development on the main island and in East Ballina near the beaches. Approximately 1,500 properties are identified for medium density use.

LENNOX HEAD

Lennox Head is situated at the southern tip of Seven Mile Beach, approximately 12 kilometres north of Ballina along the coastline. Lennox also accommodates a ti-tree lake, Lake Ainsworth, on it’s northern boundary adjoining crown reserve to the north and the Beach to the east. Lennox residential area includes approximately 2,100 properties.

As with the East Ballina area, there are spectacular views with good vantage points for whale watching or even hang gliding such as Pat Morton Lookout at the Lennox Point which is now listed on the National Heritage Register for its social links with surfing.

Lennox Head has a coastal village atmosphere, with the main street comprising boutiques, cafes, restaurants, post office and supermarket and a long strip of park adjoining the beach.

Lennox has a mix of single residential sites (1485) and medium density sites (790). With a small strip of Village zoned, Commercial use properties. 2019 will see the addition of a small Commercial Centre in the Epiq Subdivision.

ALSTONVILLE

Alstonville is situated in the hinterland plateau. This village of approximately 1,800 properties, with the satellite village of Wollongbar (950 properties) supports much of the surrounding rural community. It supports a medium size shopping centre (anchor + 30 specialty shops) as well as strip commercial development.

Hidden throughout the surrounding plateau are secluded waterfalls, lush, sub-tropical parks and, at Victoria Park Nature Reserve, a magnificent remnant of the “Big Scrub” with some idyllic picnic spots.

WARDELL

Wardell is located approximately 17 kilometres south of Ballina, where the Pacific Highway crosses the Richmond River. The village is the smallest urban centre in the Shire with an approximate population of 500 people (250 properties).

MAIN INDUSTRIES

As the Ballina Shire has grown, traditional industries of fishing and agriculture have slowly been overtaken with service, health, education and retail services as the major employers of the Shire. Along the coastal strip sugar cane is one of the dominant horticultural pursuits. Macadamia production has spread from the hills and plateau to include a number of properties on the alluvial coastal plain.

SIGNIFICANT RETAIL CENTERS

The main strip centre within Ballina is located adjacent to the Richmond River. Approximately 250 commercial properties are located within this area. There are currently a few vacant shops in the main centre of these properties.

The main commercial block has been revitalized with riverside dining tourist accommodation in the river precinct. Interest in the area has strengthened in 2018.

The Ballina Fair Shopping centre is located 1.6 kilometres from this area, opposite the existing K-mart Coles Centre. BFSC has 4 larger or anchor tenants, 3 midsize & over 40 specialty shops. There are at least 3 vacant shops in the centre at the time of going to writing.

Ballina Central also commenced operation in May 2006, including Big W supermarket as an anchor tenant, together with Ritchies Supa IGA and 30 specialty shops to further enhance the retail sector in Ballina. Access is available via the existing round-about from Lennox Head and through new traffic lights on the existing Pacific Highway, linking Ballina Fair & Ballina Central.

There are some local centres of note, particularly the one at West Ballina, in this location the area is beginning to strengthen.

Generally, the Commercial sector has strengthened with a clear decrease in vacancies during 2018.

TYPE OF RESIDENTIAL DEVELOPMENT

The Ballina Shire Council LGA contains a number of coastal and village settlements, with the majority of development located in and around Ballina, Lennox Head and Alstonville town areas. A smaller amount of residential development is located at Wardell and Wollongbar.

The Ballina Shire Council region encompasses several types of residential developments. The majority of residential properties in the region are single residential dwellings located in Ballina and the villages followed by a smaller number of unit developments and town house style properties. There is a large number of rural residential holdings as well.

STATE & LOCAL GOVERNMENT LEGISLATION FOR LGA

BALLINA LEP 2012

There have been 5 amendments to the 2012 LEP since October 2017. These 5 amendments have been identified & investigated. This resulted in a total of 10 properties having their values reviewed across the shire. Alterations were carried out as required to value upon changes to the LEP (see below table from Planning & Environment NSW website).

Ballina Planning is controlled by Ballina LEP 2012 and the Combined Development Control Plan 2012. The new LEP plan conforms to the new state model. Most zoning changes are in line with the new guidelines but there will be some minor effect from a valuation perspective according to Council's planners.

There is a significant number of properties that have had their zonings deferred due to Community Consultation, as to what should be permitted in the new Environmental Management zones. These properties are generally still being controlled by the former 1987 Ballina LEP under the Environmental Protection zones.

Ballina Local Environmental Plan 2012 (Amendment No 31) (2017) LW 10 November 2017

Ballina Local Environmental Plan 2012 (Amendment No 35) (2018-38) LW 16 February 2018

Ballina Local Environmental Plan 2012 (Amendment No 36) (2018-26) LW 9 February 2018

Ballina Local Environmental Plan 2012 (Amendment No 37) (2018-389) LW 20 July 2018

Ballina Local Environmental Plan 2012 (Amendment No 39) (2018-451) LW 17 August 2018

State Environmental Planning Policy Amendment (Artisan Food and Drink Industries) 2018 (2018-406) LW 27 July 2018

State Environmental Planning Policy Amendment (Land Use Terms) 2018 (2018-488) LW 29 August 2018

Zone	Minimum allotment size
Residential/ Village	450-800 m (R2) 450-800 m(R3)
Rural	1-2ha for homesites (RU1) 20-40ha(RU1&2)
Business	Council Consent required
Industrial	Council Consent required

MARKET OVERVIEW & SALES OF PARTICULAR INTEREST

The Ballina Shire Council LGA contains a number of coastal and rural settlements, with the majority of development located in and around Ballina and Alstonville town areas.

The Ballina Shire Council region encompasses several types of residential developments. The majority of residential properties in the region are single residential dwellings located in towns or villages followed by a large number of such dwellings located in rural locations on both hobby and larger grazing or horticultural properties. Ballina Shire has a number of residential unit developments and townhouse style properties located close to town in Ballina, Lennox Head, Alstonville and Wollongbar.

Although the market values have continued to increase, there is a clear sign of a slow down, with sales volumes decreasing strongly in the last twelve months by around 20%.

RESIDENTIAL

Residential development within the Ballina Shire Council area is primarily situated within the settlements of Ballina Shire, Alstonville and Lennox Head townships. A smaller amount of residential development is located in the areas of Wollongbar and Wardell.

A high proportion of development in these centres comprises privately owned single residences that vary in size, quality, style and construction and units, as referred to above.

Ballina Shire, Alstonville, Lennox Head, Wollongbar and Wardell all have full utility service availability including a reticulated town water supply, reticulated sewerage and telecommunication services. Ballina Shire Council also has an extensive range of Government services including two state high schools in 2018 (Southern Cross and Alstonville High Schools), seven state primary schools, emergency services including Police, NSW Fire Brigade, Rural Fire Service, SES and ambulance, one hospital at Ballina, council chambers and administrative offices for various government agencies.

Additional community-based facilities available within the LGA include various denominational churches, 4 K-12 private schools, child care centres, various aged care facilities, sporting clubs, Community centres and halls, recreational playing fields, parks and reserves, public swimming pools, tennis courts and golf courses.

The Ballina Shire Council LGA contains a number of coastal and rural settlements, with the majority of development located in and around Ballina Shire and Alstonville town areas.

Whilst residential values have generally increased by almost 9% over the past year, residential sales volumes have fallen by 20%. Sales volumes also fell over the prior financial year. Note, these figures exclude contracts made, such as resales of stage 3 of the Epiq Estate, or other new subdivisions in Ballina Heights, Skennars Head or Wollongbar which are yet to settle.

An August 2018 auction with 14 properties listed had 2 properties withdrawn, 3 sold or under contract by the time of auction but only 3 of the remaining 9 properties selling at Auction. This included the sale of a beachfront property opposite the commercial development in Lennox Head selling for \$3.8M, whilst another Lennox Head home sold September 2017 for just over \$4M in Dress Circle Drive.

Ballina Shire residential values are supported by stable employment from major employers in the retail industry, the public sector and small business enterprises and also supported by the surrounding rural horticulture activities for which Ballina Shire is a contributor to the regional productivity.

Recent residential development in the Ballina Shire LGA has largely been focused in Ballina and most of the major villages, which have seen increased residential development over the past five years, with new subdivisions described previously. Future growth will occur in the Kinvara Ridge locality based around the western end of Ross Lane.

Moderate growth has been evident in most residential locations of the market, with increases in sought after areas such as Lennox Head and East Ballina, continuing to be a little stronger.

A strengthening of the market can be seen in englobo sales such as the englobo part of "Stewart's Farm" late in 2017 for \$21.95M which is now being advertised for sale as "Aureus".

As Kinvara Ridge is developed it is anticipated that additional englobo sales will occur in the more remote properties in the locality which are now identified with residential potential but, yet to be earmarked for development.

Residential value levels adopted are supported by both vacant and improved sales analysis.

RURAL HOLDINGS

There are various rural residential developments throughout the shire, with less than 150 cane farms still in production and now with over 350 properties with macadamia nut production. There has been a slight strengthening in the horticultural properties as well as the smaller rural grazing group, of a little under 200 properties.

Rural homesites show a strong movement, with strengthening demand coming from Sydney Vendors and local residents. There have been no large rural residential developments come on line in Ballina Shire in the past 12 months.

COMMERCIAL & INDUSTRIAL

Ballina Shire has approximately 430 properties zoned for commercial use, located in the main centres of Ballina, Lennox Head and Alstonville with other commercial properties scattered throughout the shire villages.

There were less than 10 commercially zoned market sales throughout Base Date 2018 program. The sales indicate a moderate movement and continued strengthening for this market. This is a decrease on the prior year's volume of commercial market sales. The only significant sale was for 2 adjoining properties near the southern strip of the Lennox Head Commercial Precinct that has 3 street frontage and currently has a mix of residential and office use, selling for \$3.5M.

Once again, half of the sales occurred outside the Ballina CBD.

Ballina Shire has its main Industrial Estate located in the Airport precinct, known as the Southern Cross Industrial Estate. There is also an older, smaller estate located North of Ballina Central. In addition to this, there is a smaller, waterfront industrial development at West Ballina, considered to have value as a marine and boat building estate. The other significant industrial development is located between Wollongbar and Alstonville, known as the Russellton Industrial Estate.

Industrial sales have been very minimal with only 17 non-strata market sales throughout the year, with the bulk of these sales occurring in the Russellton Industrial Estate.

The coastal industrial at Ballina has been steady, whilst the inland industrial has shown a very strong increase in value due to the prior low value levels which are starting to catch up with the residential market.

SIGNIFICANT ISSUES AND DEVELOPMENTS

SIGNIFICANT DEVELOPMENTS – FROM PRIOR TO CURRENTLY ANNUAL VALUATION

There have been few changes of significance in Ballina in the year of review.

There has been a new stage to the existing development in Ballina Heights with a further approximately 50 lots coming online this year with almost 100 new lots being finalised in Wollongbar.

Stage 3a of the subdivision at Lennox Head now known as Epiq, recently sold at auction. It has been reported that the total development will cost \$200 million and create up to 335 jobs during construction and 245 jobs in the new shopping centre on completion.

The purchase of englobo land late last year at Sharpes Beach has now resulted with properties on the market, prior to development. With approximately 225 residential lots identified in the plan.

There is a proposal for a \$45M resort at Empire Vale. The proposal will now be subject to consideration by the JRPP and a further report from Ballina Shire Council.

Development is continuing at the Ballina Byron Gateway Airport upgrade which is understood to be costing \$5.4 million with \$4.5 million in funding coming from the NSW Regional Tourism Infrastructure Program.

SIGNIFICANT VALUE CHANGES

SIGNIFICANT VALUES

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OVERVIEW OF THE QUALITY ASSURANCE PROCESS

Property NSW has been provided with a detailed Valuation Analysis Report. This details the Quality Assurance Process of Southern Cross Valuation Services, and outlines that the verification process has been followed 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 basis' have been correctly determined and all concessions and allowances have been supplied. Additionally, properties that had land values amended through the objection or 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 7.2.1. 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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Registered Valuer No. 3206

Managing Director

SOUTHERN CROSS VALUATION SERVICES

1st November 2018