



# PORT STEPHENS FINAL REPORT

## 2018

Prepared for:

Department of Finance, Services and Innovation  
Valuation Services

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## EXECUTIVE SUMMARY

Port Stephens LGA comprises 30,366 properties which have been valued this year for the 2018 program.

### Zone Totals

Zone	2018 LV	2017 LV	General LV	% chan	Ba	Trend
Residential	\$7,795,373,270	\$7,204,311,780	\$6,512,141,140	8.20	2	Moderate increase
Commercial	\$326,406,030	\$311,301,480	\$286,116,360	4.85	1	Slight increase
Industrial	\$278,713,801	\$260,265,421	\$253,512,421	7.09	2	Moderate increase
Rural	\$1,022,307,911	\$940,640,181	\$902,563,951	8.68	2	Moderate increase
<b>LGA</b>	<b>\$9,705,464,673</b>	<b>\$8,993,265,083</b>	<b>\$8,219,632,273</b>	<b>7.92</b>	<b>2</b>	<b>Moderate increase</b>

### Zone Exceptions

Parent zone	Zone code	Zone description	2018 LV	2017 LV	General LV	% change	Band	Trend
Commercial	B5	Business Development	\$63,135,600	\$56,732,800	\$50,982,900	11.29	3	Strong increase
Industrial	IN2	Light Industrial	\$43,351,000	\$33,087,000	\$33,087,000	31.02	4	Very strong increase

### Component Exceptions

Zone code	Comp code	Comp description	Comp count	Comp calc count	% change	Band	Trend
B5	BAJ	Salamander Bay & Taylors Beach	89	89	14.51	3	Strong increase
IN2	IAA	Raymond Terrace Medowie Lemon Tree Passage & Salamander Bay	126	126	31.02	4	Very strong increase
R2	AAM	Boat Harbour	399	399	1.7	0	Steady
R2	AAS	Medowie (Pacific Dunes Golf course Estate)	300	300	1.14	0	Steady
R3	MAE	Tanilba Bay	214	214	27.28	4	Very strong increase
R5	ABC	Anna Bay One Mile & Boat Harbour	58	58	0	0	Steady
RU1	RAD	Port Stephens West of Pacific Hwy (over 40.01ha)	73	73	-.03	0	Steady
RU2	RAW	RU2 WILLIAMTOWN RED ZONE	520	520	0	0	Steady

**General Overview** ↑**Trend – Moderate Increase**

A moderate increase in land values was experienced across the breadth of the Port Stephens local government area (LGA) property market. This increase has been driven by strong demand for housing at an affordable level, low interest rates, road and infrastructure improvements throughout the LGA and an improved environment for investors from within and outside the Lower Hunter region.

**Residential Overview** ↑**Trend – Moderate Increase**

Residential land values increased moderately overall, especially in the localities of Anna Bay, waterfront areas of Soldiers Point, Fishermans Bay and Boat Harbour oceanfront reserve properties. Medium density properties in Tanilba Bay experienced a very strong increase. This can be attributed to demand for established housing from owner occupiers and investors and recent improvements made in roads and infrastructure projects.

The localities of Boat Harbour, Medowie and large lot residential properties in Anna Bay and Boat Harbour remained steady with more subdued demand.

**Commercial Overview** ↑**Trend - Slight Increase**

Commercial land values increased slightly across most of the local government area with the exception of light industrial style properties in Salamander Bay and bulky goods areas of Taylors Beach which had a strong increase. These increases can be attributed to demand from owner occupiers and positive influences from investment in infrastructure in the locality.

**Industrial Overview** ↑**Trend – Moderate Increase**

Industrial land demonstrated a moderate trend over the last 12 months. The standout area was Light Industrial areas in Raymond Terrace, Medowie, Lemon Tree Passage and Boat Harbour with a very strong increase in values over the last 12 months. In contrast to this is the general industrial areas of Tomago and Heatherbrae which indicated a steady trend.

**Rural Overview** ↑**Trend - Moderate Increase**

Rural land values increased moderately from 2017 to 2018, with good demand for smaller rural lifestyle and hobby farms as a result of improvements to road and infrastructure in the locality in recent years.

The exception to this trend was rural properties over 40 hectares located west of the Pacific Highway with more subdued demand.



## 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 Port Stephens.

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 disclaims 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](http://www.valuergeneral.nsw.gov.au/land_values).



## LGA Overview

### Port Stephens Local Government Area

Port Stephens Local Government Area (LGA) has the second largest number of properties within the Maitland Contract which also comprises the LGAs of Maitland, Cessnock and Dungog.

Port Stephens is located on the Hunter Coast of New South Wales, approximately 200 kilometres north of Sydney and adjoining, immediately to the north, the Newcastle Local Government Area.

Port Stephens boasts both rural and coastal environments and a rapidly growing population base supporting a range of industries and businesses including the growth aerospace industry associated with Newcastle Airport RAAF base located at Williamstown.

Industrial land at both Tomago and Heatherbrae is available for development with these areas offering key advantages of proximity to Newcastle Airport, major transport corridors, and large commercial centre's within Newcastle.

<b>Important Statistics:</b>	<b>Population</b> <b>68,556</b> <small>(ABS Census 2016)</small>	<b>Land area</b> <b>979km<sup>2</sup></b>	<b>Population density</b> <b>68.2 per km<sup>2</sup></b>
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Newcastle Airport and Williamstown RAAF Base are key economic drivers for Port Stephens and the wider Hunter Valley.

Other major employment industries include tourism, government, transport and logistics, manufacturing, construction and retail.

There are various commercial and industrial developments, residential, medium density and greenfield residential development opportunities throughout the LGA. Some of these developments are discussed in this report.

Port Stephens benefits from its geographical proximity to Newcastle, with many associated businesses and industries being located within Port Stephens.

Newcastle is the second largest City in New South Wales and seventh across Australia. The City offers Port Stephens residents easy access to employment opportunities, major shopping centres, University and major hospital facilities.

Newcastle also has a working harbour, which plays a vital role in the national economy in terms of exports earnings, primarily coal exports which is a key employment driver throughout the Hunter region.



## Principal Towns

### Raymond Terrace

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Raymond Terrace is situated entirely to the east of the Hunter and Williams rivers and consists of three distinct regions. The north and south areas are primarily rural/semi-rural and occupy approximately 74% of the town's land with only 3% of the population living in these areas. Most of the population lives in the town itself.

The centre of the town, where the shopping district is located, is adjacent to the Hunter River, just south of the confluence of the two rivers. Access to the northern sides of the rivers is via the Fitzgerald bridge, which crosses the Williams River immediately adjacent to and upstream of the confluence.

### Tomago

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Is a combined industrial/semi-rural suburb located just north of the Hunter River and west of Fullerton Cove.

Major industrial sites in the area are the Tomago aluminum smelter, Forgacs Shipyard, Valley Longwall International, Westtrac and Tomago Sandbeds water treatment works.

### Nelson Bay

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Nelson Bay is the main town located on a bay of the same name on the southern shore of Port Stephens about 60 kilometres by road north-east of Newcastle, its nearest rail link. It is a major tourism centre, particularly for dolphin and whale watching, surfing, diving, fishing and other recreational aquatic activities.

The eastern boundaries of Nelson Bay lie within the Tomaree National Park while the southeastern section is almost entirely within the park.

### Corlette

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Corlette is located just to the west of Nelson Bay on the shores of Port Stephens. It was named after Captain James Corlette who skippered the 63 tonnes cutter *Lambton*, which was the first privately owned local vessel.

The Corlette was first used to ship timber and wool out of Port Stephens in 1816.

While property values throughout the suburb average around \$695,000, in the most affluent areas on the shores of Salamander Bay individual sale prices of \$3.6 million have been realized.

### Soldiers Point

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Located on the southern shores of Port Stephens it is almost entirely surrounded by the bay, and is a popular location for fishing and boating. While primarily residential, like other suburbs around Port Stephens it is a popular tourist destination, especially in summer months.

Soldiers Point was originally the site of a garrison of soldiers that was established in 1820 to hunt down escaped convicts.

### Anna Bay

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The suburb and town are immediately adjacent to the north-eastern end of Stockton Beach and the town provides one of the major entry points to the beach here. Both were named after the bay of the same name which is now located in the adjacent suburb of One Mile.



## **Main Industry**

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Due to its position in a broader regional economy, Port Stephens has a unique combination of industries with four key industry sectors:

- Defence & Aviation
- Manufacturing & Logistics
- Retail & Services
- Tourism

All sectors of industry are becoming more skill intensive and knowledge based. Communications technologies have also driven change and created new opportunities. The development of high speed broadband has enabled service industries to operate outside of capital city locations and has encouraged the development of home based employment and telecommuting. All of these factors favour locations like Port Stephens.

A focus on energy efficiency and transport efficiency is creating highly efficient intermodal logistics networks to distribute products to markets by road, rail and air. The tourism market is changing as people seek new experiences and short breaks rather than extended holidays.

Employment ratios are changing in service industries, as new retail formats are emerging and new businesses are developing to meet service needs. Hours of work are changing, with a number of people in service industries opting for part-time employment or a portfolio of jobs.

Lifestyle factors (including employment structures and work-life balance) are becoming important as businesses seek to attract and retain talent. In this environment of change, Port Stephens has a number of assets including a quality environment, lifestyle options, affordable housing, key infrastructure and jobs in a growing economy. Over the last 10 years, the area has moved to become a lifestyle location, service centre and value added manufacturing and defence technology hub.

## **Significant retail Centres**

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There are no regional shopping centres in the Port Stephens LGA. The main retail centres are within Raymond Terrace, Nelson Bay and Salamander Bay with smaller shopping areas in Anna Bay, Tanilba Bay, Medowie and Karuah.

## **Type of Residential Development**

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In the Port Stephens LGA, the majority of residential development is single and two-storey detached dwellings. There are also significant numbers of high density development around the Nelson Bay CBD and waterfront and other smaller pockets in Soldiers Point, and Shoal Bay. Medium density development is represented in all main centres with an emphasis in Nelson Bay, Shoal Bay, Corlette, Salamander Bay and Soldiers Point.





## STATE & LOCAL GOVERNMENT LEGISLATION FOR LGA

Planning documents guide Council when determining proposed development within a city. There are three levels of planning instruments that apply within a Local Government Area (LGA). These are:

- Local Plans (including Local Environmental Plans and Development Control Plans)
- Regional Plans
- State Environmental Planning Policies

A Local Environmental Plan (LEP) is prepared by councils to guide planning decisions and control development through land use zoning and development standards.

The main function of an LEP is to separate incompatible land uses through land use zones. In addition, LEPs often include other planning provisions which set out additional planning controls or matters to consider to guide development.

Each council in NSW is required by law to have an LEP, which is prepared by council in consultation with the community before it is approved by the Minister for Planning. The Minister for Planning grants approval in accordance with the Environmental Planning and Assessment Act and its associated Regulations.

### **Local Environmental Plan (LEP)2013**

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The Port Stephens Local Environmental Plan (LEP) 2013 came into effect on 22 February 2014 and comprises a written instrument and zoning maps. The PSLEP is the main environmental planning instrument that applies to the Port Stephens Local Government area.

The aim of the *Port Stephens Local Environmental Plan (LEP) 2013* is to make local environmental planning provisions for land in Port Stephens in accordance with the relevant standard environmental planning instrument under section 33A of the Act.

In summary the stated Port Stephens minimum lot sizes are as follows:



<b>Zone</b>	<b>Minimum allotment size</b>	
<b>Rural</b>		
	RU1	40 Hectares
	RU2	2-4-10-40 Hectares
	RU3	40 Hectares
	RU5	1 Hectare
<b>Residential</b>		
	R1	450m <sup>2</sup>
<i>Dual Occupancy (attached)</i>		500m <sup>2</sup>
<i>Dual Occupancy (detached)</i>		600m <sup>2</sup>
<i>Multi House Dwelling</i>		500m <sup>2</sup>
	R2	500-600m <sup>2</sup>
<i>Dual Occupancy (attached)</i>		500m <sup>2</sup>
<i>Dual Occupancy (detached)</i>		600m <sup>2</sup>
<i>Multi House Dwelling</i>		750m <sup>2</sup>
	R3	200 -500m <sup>2</sup>
<i>Dual Occupancy (attached)</i>		450m <sup>2</sup>
<i>Dual Occupancy (detached)</i>		500m <sup>2</sup>
<i>Multi House Dwelling</i>		750m <sup>2</sup>
<i>Residential flat building</i>		450m <sup>2</sup>
	R5	1000 -4000m <sup>2</sup> to 2 Hectare
<b>Business</b>		
	B1	Subject to consent
	B2	400m <sup>2</sup>
	B3	Subject to consent
	B4	400m <sup>2</sup>
<i>Residential flat building</i>		450m <sup>2</sup>
	B5	Subject to consent
	B7	Subject to consent
<b>Industrial</b>		
	IN1	Subject to consent
	IN2	Subject to consent
	IN4	Subject to consent
<b>Special Uses</b>		
	SP1	Subject to consent
	SP2	20-40 Hectares
<b>Open Space</b>		
	RE1	Subject to consent
	RE2	600m <sup>2</sup> - 20 Hectares
<b>Environmental</b>		
	E1	Subject to consent
	E2	40 Hectares
	E3	10-40 Hectares
	E4	1 - 10 Hectare
<b>Waterways</b>		
<i>W1 Natural Waterways</i>	W1	Subject to consent
<i>W2 Recreational Waterways</i>	W2	Subject to consent



## **The Hunter Regional Plan 2036**

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The Hunter Regional Plan 2036 is a 20 year blueprint reflecting the community and stakeholder's aspirations along with the significance of the Hunter Regions contribution to Gross State Product and its location on the fastest growing population corridor in the state. The plan will guide the NSW Government's land use and planning priorities and decisions through an overarching framework that will guide subsequent and more detailed land use plans, development proposals and infrastructure funding decisions.

The Hunter Development Corporation will deliver, co-ordinate and be accountable for achieving the vision and goals of the plan and in the short term will develop a Greater Newcastle Metropolitan Area Plan and oversee action of planning for land along the Hunter Expressway; global gateways; economic changes in the Upper Hunter; the protection of regionally significant biodiversity corridors. The Hunter Region Special Infrastructure Contributions Plan outlines a schedule of infrastructure projects to support growth with funding being provided to growth areas. New housing and jobs and targets growth in strategic centres and renewal corridors close to transport to deliver social and economic benefits are the key focus of the plan.

## **The Greater Newcastle Metropolitan Plan 2036**

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The Greater Newcastle area, incorporating Cessnock, Lake Macquarie, Newcastle and Port Stephens, is considered a global gateway for northern NSW and is facing a new future with investment in aviation, transport, education, health and tourism. The Greater Newcastle Metropolitan Plan, launched on 17 September 2018, is the first of its kind for the area and sets out strategies and actions that will drive sustainable growth and help to achieve the vision set out in the Hunter Regional Plan 2036. The key outcomes envisioned in the plan include:

- Create a workforce skilled and ready for the new economy
- Enhance environment, amenity and resilience for quality of life
- Deliver housing close to jobs and services
- Improve connections to jobs, services and recreation.

## **The Lower Hunter Regional Strategy (LHRS) 2010**

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In 2010 a plan was prepared to ensure the region develops in a strong and sustainable way. The NSW Government's 25-year land use strategy for the region guides local planning in the five local government areas of Newcastle, Lake Macquarie, Port Stephens, Maitland and Cessnock.

The Lower Hunter Regional Strategy is a land use planning document that outlines the provision of sufficient, appropriately placed housing and employment land to cater for the Region's predicted growth over the next 25 years. The strategy is based on population growth projections which forecast that there will be an additional 160,000 people in the Region by 2031.

## **Draft Rural Residential Strategy**

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Port Stephens Council resolved on 28 July 2015 to place the Draft Port Stephens Rural Residential Strategy on public exhibition.

Rural Residential development refers to land in a rural setting, used for dwellings that are not primarily associated with agriculture with a minimum lot size of 4000m<sup>2</sup>.

The Draft Strategy has been prepared to provide a framework to consider future Planning Proposals and aims to:

- To provide a framework for which Council can assess the appropriateness of future rural residential development proposals.
- To ensure future development protects the environmental and cultural values of the area.
- To ensure that existing prime agricultural land is preserved and agricultural industries are able to prosper and expand without being unduly limited by neighbouring residential uses.
- To ensure that rural residential development does not hinder the strategic development of urban settlements in the future.



- To ensure new developments can have access to an appropriate level of community services in a cost effective manner.

### **Williams River Catchment Regional Environmental Plan 1997**

The aims of this plan are to protect and improve the environmental quality of the Williams River catchment through the management and use of the catchment's resources in an ecologically sustainable manner.

### **Port Stephens Futures Strategy 2009**

Developed with extensive community and State Government consultation and adopted on 13 October 2009 the Strategy comprises of a series of strong statements about the future of Port Stephens and how to achieve desired outcomes.

### **Port Stephens Planning Strategy (PSPS) 2011**

The Port Stephens Planning Strategy (PSPS) was adopted by Council on the 20 December 2011. The PSPS is one of a suite of high level strategic documents produced by Port Stephens Council to guide the operations of the Council, and the future growth and sustainability of the Local Government Area.

The PSPS responds to the State Government's Lower Hunter Regional Strategy and Lower Hunter Regional Conservation Plan by providing local level detail, and by incorporating the results of more recent studies, such as the Port Stephens Commercial and Industrial Land Study and the Rural Lands Study.

The primary purpose of the PSPS is to guide land use planning and decision making for development and environmental outcomes. The PSPS provides the framework for the broad strategic base to manage growth and is supplemented by the development of sub-strategies to provide an additional level of detail for specific areas or issues.

These sub-strategies facilitate the release of urban lands supported by timely infrastructure provision such as the new release areas of Kings Hill (North Raymond Terrace), Anna Bay and Medowie, the emerging Heatherbrae Enterprise Corridor and Defence and Airport Related Employment Zone Business Park, and the continued development of Raymond Terrace as the major regional centre.

### **Anna Bay Strategy and Town Plan 2008**

This Strategy was adopted on 16 December 2008 and guides the management of future population growth and the building of neighbourhoods in Anna Bay. It establishes a context and policy direction for future rezoning requests and development controls in the Anna Bay area. It also integrates the location, timing and funding for community facilities and infrastructure.

### **Karuah Growth Strategy 2011**

Adopted on 20 December 2011 and jointly prepared by Port Stephens and Great Lakes Council, this Strategy provides direction for the future urban growth while recognising the need to protect the highly valued environmental lands of the area.

### **Medowie Planning Strategy 2018**

The Medowie Planning Strategy provides local direction for land use planning and sustainable growth over the next 20 years. It follows the identification of Medowie as a growth area in the Port Stephens Planning Strategy and the Hunter Regional Plan.

The Medowie Planning Strategy was adopted by Council on the 13 December 2016. The Strategy is guided by five key principles as well as a number of actions that will be implemented as part of the Implementation Plan to achieve the vision for Medowie.



### **Nelson Bay Town Centre and Foreshore Strategy 2012**

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Adopted on 24 April 2012 the Strategy provides a vision for change and details the key initiatives and strategies that will guide the Town Centre and the Foreshore, while the Improvement Program outlines key public domain improvements, a framework to guide infrastructure and capital improvements, and facilitate the delivery of the Strategy.

Key recommendations of this Strategy include new development controls that will be implemented through a proposed new Nelson Bay Town Centre locality chapter in the Port Stephens Development Control Plan (DCP), recommendations for additional clauses to be included in the Port Stephens Local Environment Plan 2000 (and subsequently the Port Stephens Local Environmental Plan 2012 (Standard Instrument Principal LEP)).

### **Port Stephens Commercial and Industrial Lands Study 2010**

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Prepared by SGS Economics and Planning in July 2010 for Port Stephens Council, the study informs Councils strategic land use planning with a detailed investigation into the role of industrial land within the LGA.

### **Port Stephens Rural Strategy and Port Stephens Rural Lands Study 2011**

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Prepared by Edge Land Planning and completed in February 2011 these documents inform Council's strategic land use planning.

### **Williamstown Defence and Airport Related Employment Zone (DAREZ) Land Use Development Strategy 2008**

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The Lower Hunter Regional Strategy that was released in October 2006 identifies where future employment lands are to be focussed to meet the demands of the expected population growth in the region. Logically the land in the vicinity of the RAAF Base Williamstown and Newcastle Airport has been earmarked as having potential for employment generating development.

GHD Pty Ltd was engaged by the Department of Planning in May 2006 to prepare a Land Use and Development Strategy for the proposed DAREZ Zone at Williamstown.

The Strategy was prepared in consultation with the Project Control Group which included representatives from Port Stephens Council, the Department of Planning, the Department of Defence, Hunter Water Corporation, Newcastle Airport Limited, NSW Premiers Department and the Department of State and Regional Development.

The Williamstown DAREZ Land Use Development Strategy was adopted on 24 June 2008 and was developed in order to present the outcomes for a preferred land use scenario for the staged development of the subject area over the next 10 to 25 years.

It provides a development control framework to guide the future use of the land within the proposed employment hub. It has been prepared in the form of a Local Environmental Study so that it may be used by Port Stephens Council to assist with the rezoning process and to progress the development of the land as an important regionally significant employment generating initiative.

### **Port Stephens Local Environmental Plan (LEP) Amendments**

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These amendments are tracked using the Department of Planning Gateway System with amendments reported in each Monthly Progress Report for the Port Stephens Contract.

Most LEP Amendments relate to changes in zoning, enabling clauses, heritage listing etc.



## MARKET OVERVIEW AND SALES OF PARTICULAR INTEREST

### Market Overview

In terms of value changes in the Port Stephens local government area, there was a moderate increase in overall land values from 2017 through to 2018. The increase in land values occurred across the majority of the LGA however, it was primarily within the residential market sector. The upward trend in land values, particularly within the residential sector was largely underpinned by record low interest rates, increasing demand as a result of consistent population growth and proximity to the very strongly performing Newcastle market. This economic environment has seen significant increases in market activity across all buyer profiles including investors, developers and private buyers.

Residential land values increased moderately overall across the Port Stephens LGA. The most significant suburbs of strong growth include medium density residential zoned areas comprising Tanilba Bay, Shoal Bay, Nelson Bay, Salamander Bay, Soldiers Point and Raymond Terrace along with the low density residential zoned areas of Soldiers Point west side waterfronts along with Anna Bay, Fishermans Bay and Boat Harbour oceanfront reserve properties. The large lot residential zoned areas have generally experienced steady growth overall with the exception of a new unique residential subdivision known as The Bower Estate within Medowie which also experience strong growth.

A slight increase overall to commercial land values in the Port Stephens LGA. The areas which showed the greatest increases were the Business Development zoned properties comprising the bulky goods development in Taylors Beach and the light industrial type uses in Salamander Bay. In contrast, the Local Centre zoned properties in Nelson Bay showed no significant change in values. Port Stephens Council released seven vacant Commercial Core allotments within the Salamander Bay Shopping Centre precinct, purchasers of these allotments include Aldi Foods Pty Limited and GPV Property. The allotment purchased by Aldi gives the opportunity to construct a freestanding facility in what is seen as a key site with the Salamander Bay Shopping Centre precinct. Meanwhile GPV Property has constructed a medical centre. Approximately 7 hectares of residual Commercial Core lands remains for future expansion of the centre. Overall, Commercial land was relatively thinly traded throughout the LGA over the year.

Industrial land demonstrated a moderate increase over the last 12 months. Record low interest rates combined with a general improvement across all property sectors have had a positive influence on the Industrial sector with owner occupiers being the significant driver in the market. The most significant industrial area of strong growth was Light Industrial areas in Raymond Terrace, Medowie, Lemon Tree Passage and Boat Harbour with a very strong increase in values over the last 12 months. In contrast to this, was the General Industrial areas of Tomago and Heatherbrae, which indicated a steady trend.

Rural land values in the Port Stephens LGA have shown a moderate increase with the most significant growth occurring within the smaller lifestyle and hobby farm, market segment. The increased growth within this sector is attributed to a low interest rate environment along with improvements to roads and infrastructure over recent years. The major exception to this is the RU2 William Town Red Zone, with buyers cautious over the potential presence of contamination and the larger rural properties (over 40Ha) west to the Pacific Highway.






Very limited supply and sales activity in the englobo market for Port Stephens LGA. The only sale of englobo land occurred in Medowie – four adjoining properties were sold as a single parcel with a total residential development area of approximately 17 hectares. The land had only been rezoned to residential by Amendment 24 in March 2018. The expected development yield for the site is 200 lots. (Refer to sales of interest)

**Sales**

To date in the current 2018 Annual Program for the Maitland Contract we have completed sales analysis for over 2,000 sales (592 Port Stephens LGA sales). These sales have been used to determine the 2017 value recommendations, which have now been accepted and applied by the Valuer General. Comprehensive statistical and quality assurance checks were completed by both us, as the contractor, and by Valuation Services in the function of Audit Managers.

These sales have been used through the component methodology, which currently utilises 82 components and 258 benchmarks being valued to determine the 2018 value recommendations for all of Port Stephens LGA, which comprises a total of about 30,366 properties at the moment.

The following sales are of particular interest, in that we consider them key sales that represent what is happening to particular segments of the market.

Address	Sale Price	Sales Date	Land Area	Land Use	
9 Randell Drive, Salamander Bay	\$3,600,000	24/02/2018	1,081m <sup>2</sup>	R2 Low Density Residential	
Address	Sale Price	Sales Date	Land Area	Land Use	
21B Tareebin Road, Nelson Bay	\$1,625,000	03/04/2018	1,391m <sup>2</sup>	R2 Low Density Residential	
Address	Sale Price	Sales Date	Land Area	Land Use	
10 Thurlow Ave, Nelson Bay	\$1,820,000	02/12/2017	1,012m <sup>2</sup>	R3 Medium density Residential	
Address	Sale Price	Sales Date	Land Area	Land Use	
58 Gan Gan Road, Anna Bay	\$1,350,000	28/05/2018	3.751ha	RU2 Rural Landscape	
Address	Sale Price	Sales Date	Land Area	Land Use	
10 Carmichael Street, Raymond Terrace	\$1,485,000	22/03/2018	1,815m <sup>2</sup>	IN2 Light Industrial	



Address	Sale Price	Sales Date	Land Area	Land Use	
39 Donald Street, Nelson Bay	\$1,750,000	14/09/2017	2,010m <sup>2</sup>	B2 Local Centre	
Address	Sale Price	Sales Date	Land Area	Land Use	
688 -730 Medowie Road Medowie	\$11,550,000	26/07/2018	19.79ha	Englobo Residential	

## Significant issues and developments

Significant issues and developments have been reported throughout the year and as they happen in the Monthly Progress Reports. Issues and Developments include:

- Council Mergers
- State wide Council mergers/amalgamations
- Williamtown Contamination issue
- New Tallowood Lifestyle Resort in Medowie
- Medowie's Bower Estate
- Potter's Lane Raymond Terrace

### Council Mergers

Port Stephens Council was a possible merger partner with Newcastle and/or Dungog. Consultations went on for some time, with Port Stephens Council favouring the Dungog option. There appeared to be very little support for a merger with Newcastle. Eventually nothing transpired, as the Berejiklian government abandoned its policy of local government amalgamations halfway through.

### Williamtown Contamination

The investigation into PFAS contamination coming from the RAAF Base Williamtown is complete, and the NSW Government is providing long-term advice to the Williamtown community.

This follows a review of the Department of Defence's final Human Health Risk Assessment (HHRA) report. Based on the data in this report, the PFAS Expert Panel, led by the NSW Chief Scientist and Engineer Professor Mary O'Kane AC, made some changes to the precautionary advice and the investigation area.

In summary: The precautionary advice in place since 2015 remains largely unchanged and is tailored for residents depending on location. The advice continues to be precautionary in nature because the effects of PFAS are still unclear.

The boundaries of the Investigation Area, now known as the Management Area, will comprise of three zones. This has seen a reduction in some areas and an expansion in other areas including Fullerton Cove and additional streets in Salt Ash.

There is now a Primary Management Zone where the strongest advice applies.



■ **Management Area**

The new data led the NSW Government to refine the boundaries of the Investigation Area that was originally determined in late 2015. This was possible because of:

A significant amount of new data from further testing that the NSW Government requested from Defence in October 2016.

An increased knowledge of the surface and groundwater in the Investigation Area.

Modelling of movement of PFAS in the Investigation Area into the future.

The boundaries of the Investigation Area, now known as the Management Area, comprises three zones:

■ **Primary Management Zone**

This area has significantly higher levels of PFAS detected and therefore, the strongest advice applies.

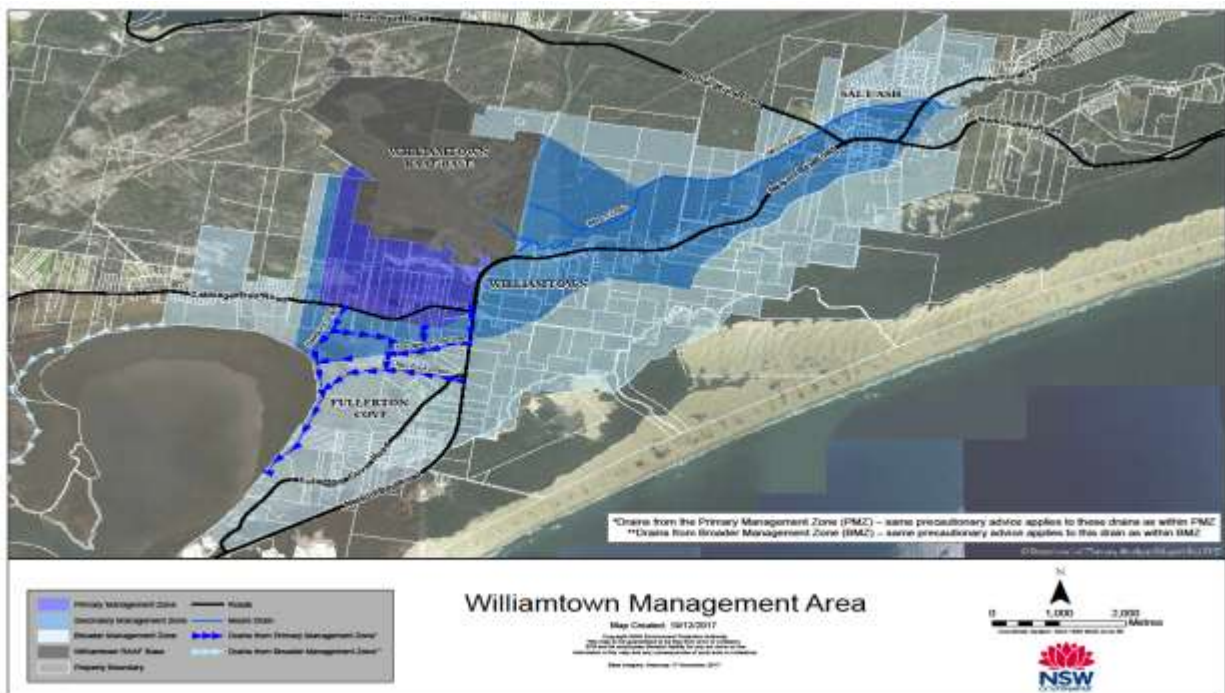
■ **Secondary Management Zone**

This area has some detected levels of PFAS.

■ **Broader Management Zone**

The topography and hydrology of the area means PFAS detections could occur now and into the future.

Each zone has tailored precautionary advice for residents to minimise exposure to PFAS coming from the RAAF Base Williamtown.



This redefinition of the boundaries resulted in an additional 183 properties being identified as within the Management Area. These properties were subject to supplementary valuation action in April 2018, having new valuations applied consistent with all other properties previously identified in the original Red Zone. This manifested in a reduction in land values of 15% across the board.<sup>1</sup>

■ **Objection history**

To date we have received 1 objection to the 1 July 2017 land values in the Williamtown management area. This objection was disallowed.

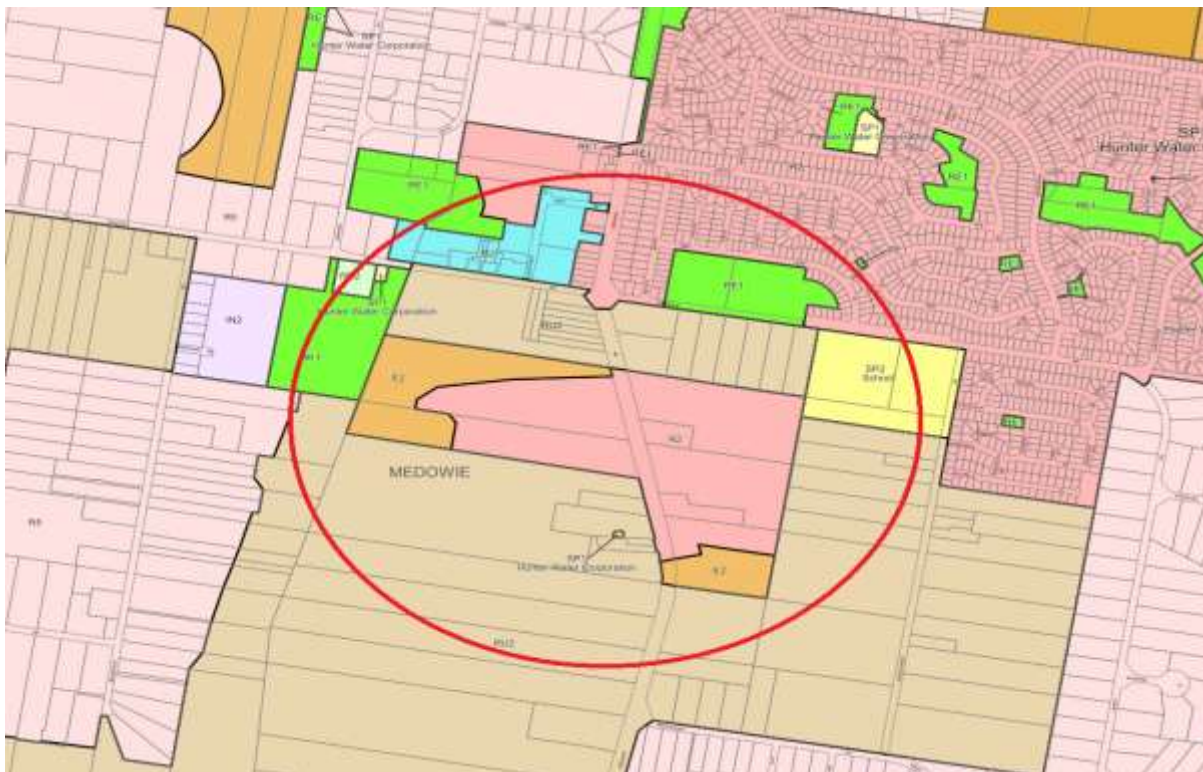
<sup>1</sup> <https://www.epa.nsw.gov.au/-/media/4D4B82DDB9E1449DA0F65EF02B006919.ashx?la=en>

**Medowie Rezoning – Amendment 24**

A significant parcel of rural land on Medowie Road, Medowie was rezoned R2 Low Density Residential by Amendment 24 to the Port Stephens LEP 2013. The parcel comprises 7 adjoining properties in total, five on the eastern side of Medowie Road and 2 on the western side.

The properties on the western side of Medowie Road – 717 & 733 comprise approximately 12 hectares of R2 Low Density Residential land and have also been approved for a 238 dwelling Over 50s Village – Tallowood Lifestyle Resort (see below).

The properties on the eastern side – 688 – 730 comprise a total of approximately 17.7 hectares of R2 Low Density Residential with a potential development yield of approximately 200 lots. This eastern parcel has been sold to development company McCloy Medowie Central Pty. (see sales of interest)



**Tallowood Lifestyle Resort in Medowie.**

Tallowood is a new Lifestyle resort and gated community for over-50s in Medowie

It is a nine stage development that will create new jobs for the Port and Hunter region and that stage one of the project will be complete by Christmas 2019.

Once complete, the gated Tallowood community will feature 238 two-bedroom homes plus a clubhouse with such features as indoor and outdoor heated pools, covered bowling green, gym, spa, sauna, and consulting rooms for general practitioners.

Stage one is due to begin February 2019 and will include the construction of 42 homes and some of the community facilities.



### **Medowie's - Bower Estate**

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The Bower Estate is a new staged residential subdivision in Medowie Port Stephens with construction commencing in 2016 and an approved yield of 416 lots. The site is located off Medowie Road, on the northern side of Boundary Road and west of the Medowie Township with a total land area of 127 hectares which consists of 57 hectares of residential zoned land. The residential zoning is split into two separate zones comprising approximately 19 hectares of R5 large lot residential zoned land and approximately 38 hectares of R2 low density residential zoned land. The remaining 70 hectares will be preserved as part of Medowie State Conservation Area.

In September, 2018, the development was subject to an amendment to reflect changes made to the zoning creating smaller residential lot sizes. In effect, the subdivision is estimated to achieve an increase in lot yields to 466, which range in size from approximately 600 square metres up to 5000 square metres across the 57 hectares.

The Department of Environment and Planning have indicated that the smaller lot sizes is a step towards meeting the Hunter Regional Plan 2036's goals for sustainable growth in the Hunter region.

### **Raymond Terrace - Potter's Lane Estate**

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Potter's Lane is a new residential subdivision in Raymond Terrace with construction commencing in 2016 for a yield of 230 lots. The estate is located off Rees James Road on the western side north of Raymond Terrace CBD. The site has a total land area of 23 hectares with lot sizes ranging from approximately 500 square meters to over 1200 square meters.

Potter's Lane Estate is a progressive staged development working towards meeting the Hunter Regional Plan 2036's goals for sustainable growth in the Hunter region.

## **SIGNIFICANT VALUE CHANGES FROM 2017 - 2018**

Several components showed significant increases in land value from the previous base date to the current base date. These include the following:

- Medium density residential within Shoal Bay comprising detached residential dwellings and unit sites on the fringe of Shoal Bay commercial precinct and foreshores showed increases of approximately 29%.
- Medium density residential within Tanilba Bay comprising detached residential dwellings showed increases of approximately 27%.
- Medium density residential within Nelson Bay comprising detached residential dwellings and unit sites on the fringe of Shoal Bay commercial precinct and foreshores showed increases of approximately 24%.
- Medium density residential within Salamander Bay and Soldiers Point comprising detached residential dwellings and unit sites on the fringe of the commercial precinct and showed increases of approximately 20%.
- Medium density residential within Raymond Terrace comprising detached residential dwellings and unit sites on the fringe of the commercial precinct and showed increases of approximately 20%.
- Light industrial within Raymond Terrace and Medowie comprising various improved industrial enterprises and industrial vacant land showed increases of approximately 50%.



## OVERVIEW OF THE QUALITY ASSURANCE PROCESS

Property NSW provide Valuation Analysis Tools (VATools) and exception files, these are imported to our database MVP3 Quality Assurance applications. Together these quality assure the delivered future values and market data analysis. Exceptions highlighted through the VATools are reconciled in our database MVP3 and reported to PNSW via electronic file transfer.

Property NSW has been provided with a detailed valuation analysis report, which details the quality assurance process of Robertson & Robertson (Central Coast) 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 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.

## ROBERTSON & ROBERTSON AS AUTHOR OF THIS FINAL REPORT

Robertson & Robertson is the author of this report, produced on behalf of the NSW Valuer General and forwarded to Valuation Services – Property NSW.

Town planning, land use and other market information contained in this report have been compiled based on enquiries undertaken during the valuation process. Third parties should make their own enquiries 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 Valuer Generals website at <http://www.valuergeneral.nsw.gov.au>

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November, 2018

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