



CROWN VALUATION SERVICES

FINAL REPORT

BASE DATE 1st July 2015

DISTRICT OF PARRAMATTA (089)

PARRAMATTA CONTRACT AREA

30 October 2015

EXECUTIVE SUMMARY

LGA Overview: Parramatta City Council.

The Parramatta City local government area comprises residential, commercial, industrial, infrastructure, environmental and public recreation zones. There were 40,585 properties valued at the base date of 1 July 2015, and valuations are reflective of the property market at that time.

In general the property market within the LGA continues to remain strong. Across most classes of land there has been significant increases in the market

Residential zoned land comprises approximately 90% of the entries in the LGA. There has been consistent increase in value levels throughout the residential components. Density sites continue to show good gains. The levels of value determined are based on analysis of the available market evidence. Sales in close proximity to the base date have been preferred.

Commercial zoned land (inclusive of all "B" Business) comprises approximately 4.5% of the entries in the LGA. The large increases remain with development which has a strong residential component. The levels of value determined are based on analysis of the available market evidence.

Industrial zoned land (inclusive of all "I" Industrial) comprises approximately 2% of the entries in the LGA. Industrial values remain constant without showing any significant increase in their value. The levels of value determined are based on analysis of the available market evidence.

Valuation changes in the local government area and percentage changes between the council valuation years of 1 July 2015 and 1 July 2015 and the General Valuation year of 1 July 2013 are as follows:

PROPERTIES VALUED AND TOTAL LAND VALUE

Zone	Zone Codes	Entries	Current Year Total LV	LT Total LV	Change From LT %	LG Total LV	Change From LG %
Residential	(A,'E4','R1','R2','R3','R4','R5','RU5','Z')	37,122	\$27,078,740,000	\$19,858,340,561	36.36	\$16,620,826,520	62.92
Commercial	(B,'B1','B2','B3','B4','B5','B6','B7','C','D','E','M','T')	1,833	\$3,648,280,830	\$3,032,790,572	20.29	\$2,664,346,470	36.93
Industrial	(I,'IN1','IN2','IN3','IN4')	813	\$1,376,412,280	\$1,252,507,470	9.89	\$1,206,989,770	14.04
Infrastructure	(S,'SP1','SP2','SP3','X','Y')	213	\$335,562,100	\$276,264,200	21.46	\$265,337,279	26.47
Environmental	(E1,'E2','E3')	112	\$45,853,730	\$38,208,140	20.01	\$34,789,450	31.80
Public Recreation	(N,'O','P','RE1','RE2','W','W1','W2','W3')	695	\$248,392,060	\$209,182,480	18.74	\$199,052,050	24.79

State and local government legislation for Parramatta City LGA:

The State Government's planning reforms which include the Standard Instrument, Local Environmental Plans (LEPs) Order 2006 (Standard Instrument) introduced in 2006 requires Local Councils to introduce standardised planning instruments. The Standard Instrument is the state wide template for LEPs which all Councils must use to prepare a new LEP. Parramatta City Council has implemented a new Parramatta LEP 2011 and Parramatta Development Control Plan 2011 (DCP) that applies to all land with the exception of the Parramatta City Centre. Land in the Parramatta City Centre is still managed under Parramatta City Centre LEP 2007.

The Parramatta LEP 2011 took effect by publication on the NSW legislation website on the 7th October 2011. The implementation of Parramatta LEP 2011 has seen the superseding of a number of plans, these being: Parramatta LEP 2001 and Heritage Local Environmental Plan 1996. Also the implementation of Parramatta LEP 2011 has led to the Sydney Regional Environment Plan (SREP) 28 – Parramatta being repealed.

Details of these plans as well as any amendments to them have been sourced from Parramatta Council and the Department of Planning Infrastructure and Natural Resources' (DIPNR).

The amendments to both the Parramatta City Centre 2007 LEP and Parramatta 2011 LEP can be found at the NSW Government, NSW legislation site.

Market overview and sales of particular interest:

CVS has undertaken significant analysis of the Parramatta LGA property market to provide an accurate and reliable basis of valuation. 456 number of 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. CVS undertakes this process using the paired sales approach and the replacement cost approach. In analysing sales before or after 1 July it is necessary to adjust the contract price in terms of market movement. In the Parramatta LGA district this year sales and resales of properties indicated strong increase in values throughout the year.

Industrial and commercial rental analysis has demonstrated a strong demand for properties with sound fundamentals.

Major Commercial Sales:

160 Marsden and 4 George St Parramatta: Site was offered for tender in August 2014 with the final expressions of interest in September 2014 and sold for \$170,000,000. Part of the deal included a negotiated leaseback to the government for 12 years.

The sale comprised of two commercial buildings on two separate parcels of land. The smaller of the two, 4 George St comprised of a freestanding commercial building (former Blood Bank Building) with a NLA 1,712sqm over 2 levels of office plus secure basement parking (10 spaces) and storage (500sqm). The second and larger site is known as the Justice Precinct Building is a multi-storey building has an approximate NLA of 19, 875sqm. Total NLA of the two sites is 21,587sqm.

110 George St Parramatta: Sold by Knight Frank in October 2014 for \$81,675,000—"The Octagon" allows for a total of 20,845sqm NLA: 18,745sqm of A-grade office accommodation and 2,060sqm retail. Property has been refurbished with approximately \$8.3 million spent over the last 4 years.

2 Wentworth St Parramatta: Sold 12/2015 via Expressions of interest for \$45.05mill by Savills Real Estate. On site improvements comprise of a 13-storey office building with a NLA of 10,750sqm with above ground parking over three levels for 133 cars

78-100 Church St Parramatta: Sold 5/14 via CBRE for \$28 million. A mixed use site with recent DA approval for 1 x studio, 91 x 1bd units, 256 x 2bd units and 16 x 3bd units with a total GFA of 31,500sqm and basement parking for 421 vehicles.

Significant issues and developments

There have not been any significant developments or applications for developments outside of those that are permissible under the current zoning or fall within the auspicious of the Sydney West Joint Regional Panel. The Regional panels determine regionally significant developments, which include: General development over \$20 million, Council related development over \$5 million Crown development over \$5 million or Private infrastructure and community facilities over \$5 million.

What is a major feature of the current market structure is the consistent volume of large scale developments within the Parramatta, the CBD and its immediate surrounds. The core of the CBD remains a strong commercial precinct whilst the immediate surrounds have seen very strong growth due to the demand for high density mixed use sites. This demand and growth has extended to the boundaries under the permissible zonings. This is particularly evident of sites with development potential along the nearby banks of the Parramatta River, Church St (Gateway South), parts of the traditional industrial area of Rydalmere which at present is coming under increasing pressure of been rezoned to a more sympathetic mixed use zone and to a lesser extent, the Merrylands Station locale. A brief example of major development follows:

Gateway South Development Church St Parramatta: 57, 63 & 83 Church Street and 44 Early Street Parramatta Current plans for a development comprising 58,664sqm of residential and 39,099sqm of non-residential are with Parramatta Council.

1a Morton and 2 Morton St: Mixed Use development sites.

2-12 River Rd North Parramatta: (Riviera Apartments): Mixed Use development of on the old David Jones site.

12-14 Phillip St: Mixed use development site opposite the Riviera Apartments

76-100 Church St Parramatta: Mixed use site opposite the recently tendered Boyded development site

Parramatta Square: Parramatta Sq. is a six stage mixed use redevelopment covering three hectares within Parramatta's CBD.

"Altitude": 330 Church St Parramatta: A 53 Level mixed use development on the Parramatta River

Significant value changes

Summary of valuation changes to residential land:

Changes since previous General Valuation (2013) and since previous valuation year (2014)

Growth has been evident in most residential locations of the market since the last general valuation in 2013. Within the single residential components the values have increased on average by between 60% from 2013 up until the current 2015 Base Date. Since 2014 the residential component increases on average by 36%.

The highest increases on a component level has occurred within the Guildford and Merrylands area. These locations have moved from a relative low base, combined with the large site areas has allowed for easy dual occupancy development. This potential along with normal market forces has allowed these areas to increase by approximately 5%-10% above the LGA norm. The areas around Ermington, south of Victoria Rd have also seen increases slightly above the surrounding areas. This area has bounded by industrial uses, but with the areas

proximity to the foreshore, Victoria Rd infrastructure and good sized sites has meant that the increases have also been 5%-10% above that of neighbouring areas.

Sales volumes of single residential dwellings have remained constant in the last twelve months in comparison the preceding 12 months it appears that vendor expectations are currently been met.

Density sites in the LGA have shown considerable growth. Traditional property fundamentals remain the same in terms of a desirable site, but as social and economic parameters expand so does the need for extra housing within the LGA. The market across the board has shown rises relative to its potential, although the discounting for larger sites does not seem to be of a concern with developers. Such is the strength of this market, the risk of larger developments is now not as great as it may have been in previous more moderate times.

Summary of valuation changes to commercial land:

Changes since previous General Valuation (2013) and since previous valuation year (2014)

Growth has been evident in most commercial/mixed use locations of the market since the last general valuation in 2013. Within the B1 to B3 Commercial components the values have increased on average by 35% from 2013 up until the current 2015 Base Date. Since 2014 Commercial component increases are 20%.

The B4 zoned sites are where the majority of larger increases have occurred. This has become particularly evident in the last 12 months. The most significant of these increases has been within the smaller development sites. The residential component of a mixed use zone continues to be the catalyst for high growth.

Summary of valuation changes to industrial land

Changes since previous General Valuation (2013) and since previous valuation year (2014)

Modest growth has been evident in most industrial locations of the market since the last general valuation in 2013. Within the B1 to B3 Commercial components the values have increased on average by 14% from 2013 up until the current 2015 Base Date. Since 2014 the industrial component increases are 9%.

There appears to be steady demand for properties of various sizes and classes which is supporting values, particularly in the past year. The market has been fairly steady with fairly stable vacancy rates.

TABLE OF CONTENTS

Executive Summary	Page 2
Disclaimer - Purpose of this report	Page 7
LGA Overview	Page 8
State and Local Government Legislation for LGA	Page 10
Market Overview and Sales of Particular Interest	Page 12
Significant Issues and Developments	Page 16
Significant Value Changes	Page 19
Overview of Quality Assurance Process	Page 20
Author	Page 20

DISCLAIMER: Purpose of this Report

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

LGA OVERVIEW:

The Parramatta City Local Government Area is situated some 24 kilometres west of Sydney's Central Business District. The Parramatta L.G.A. covers an area of approximately 61 square kilometres. Founded by Governor Arthur Phillip in November 1788, it is the second site of European settlement in Australia and was originally named Rose Hill but later changed to the Aboriginal name of Parramatta.

Parramatta is the geographic and demographic centre of Sydney, and is the second most important commercial and retail centre with services and facilities provided to some 1.7 million residents of the Greater Western Sydney Region.

Parramatta population as at 2011 census was 166,858 and a projected population at 2019 of 161,000 and at 2021 of 195,000. The current population makes Parramatta the seventh fastest growing Local Government Area. The population is characterised by its cultural diversity with 41.4% born overseas. Successive State Governments have confirmed Parramatta's status as Sydney's second largest CBD and the gateway to Western Sydney, particularly by relocating public servants to it. The most recent metropolitan planning strategies issued in 1995 and 1998 identified the need to develop Parramatta further as a business and cultural activities centre with significant increases in its share of total metropolitan population.

Approximately ninety two thousand people work in the Parramatta LGA with 62,000 people working within the Primary Centre, which consists of the City Centre, Westmead, Camellia, Rydalmere, Harris Park and the Government Precinct of North Parramatta. In the Primary Centre alone, there are 36,000 workers. The Primary Centre is the key regional centre serving Greater Western Sydney. The City is bounded by Duck River and the Ryde Local Government Area to the east, the main western and south-western railway lines to the west, the Baulkham Hills and Hornsby Local Government Areas to the north and the Sydney water supply line to the south. The topography falls into two distinct geographic areas. The area north of the Parramatta River including the suburbs of Winston Hills, Telopea, Dundas Valley, Carlingford and Epping consists of land that rises sharply towards the Hawkesbury Plateau. The area south of the river which includes the Parramatta CBD, Harris Park, Granville, Granville South and Guilford forms part of the Cumberland Plains and is described as being generally flat to undulating. Parramatta sits at the head of the Parramatta River and at the extremity of Sydney Harbour, where salt and fresh water meets. There is 65 kilometres of open creeks as well as 13.4 kilometres of open stormwater channel. These include Duck River and A'Becketts, Subiaco, Ponds and Toongabbie Creeks. The banks of these watercourses experience mainstream flooding, restricting the development potential of affected adjoining lands.

Within the LGA there are approximately 300 local parks, 10 CBD parks, 6 urban district parks, 52 natural reserves, 6 foreshore parks and 4 cultural parks covering 800 hectares including 32 sports grounds of approximately 73 hectares.

The Parramatta Local Government Area is a major transport hub. It is easily accessed by transport being on the main western and south-western railway lines from Sydney. It is well located in relation to Sydney's road network with the M4 tollway, Parramatta Road and the Great Western Highway, Victoria Road, Silverwater Road and Woodville Road all providing road access to the district. Supplementing the above is the roll out of the Western Sydney Rapid Bus Transport Network and the Parramatta Transport Interchange. A Sydney Ferries catamaran service to Circular Quay operates from the Charles Street wharf.

Source: Parramatta City Council Web page

PRINCIPAL TOWNS AND SUBURBS

The municipality encompasses the principal suburbs of Parramatta, North Parramatta, Northmead, Harris Park, Merrylands, Granville, South Granville, Clyde, Rosehill, Camellia, Rydalmere, Dundas, Telopea, Carlingford, Eastwood, Epping, Ermington, Oatlands, Winston Hills, and parts of Westmead, Toongabbie, Wentworthville, Pendle Hill, West Ryde, Guilford and Chester Hill.

MAIN INDUSTRY

There is a diverse economy in Parramatta with the manufacturing, retail trade, construction, health, finance, public administration, business services and information technology sectors contributing over \$17 billion to Gross Domestic Product.

SIGNIFICANT RETAIL CENTRES

Parramatta is the main commercial area in the L.G.A. and has as its focus one of the largest shopping centres in the southern hemisphere, Westfield Shoppingtown. Strip retail centres are located in the majority of suburbs within the Parramatta LGA with the most prominent being located at Granville and Guilford.

TYPE OF RESIDENTIAL DEVELOPMENT

As at the 2011 Census, there were 29,929 separate dwellings (52.8%), 7,582 semi-detached dwellings and townhouses (13.4%), 18,982 flats and units (33.5%) and 111 other dwellings (0.2%). When compared to the 2006 Census it can be seen that the number of separate dwellings is reducing and medium density housing increasing. According to the 2011 Census, 36.3% of all dwellings were fully owned, 31.9% were being purchased and 39.3% of all dwellings were being rented.

STATE and LOCAL GOVERNMENT LEGISLATION:

The State Government's planning reforms which include the Standard Instrument, Local Environmental Plans (LEPs) Order 2006 (Standard Instrument) introduced in 2006 requires Local Councils to introduce standardised planning instruments. The Standard Instrument is the state wide template for LEPs which all Councils must use to prepare a new LEP. Parramatta City Council has implemented a new Parramatta LEP 2011 and Parramatta Development Control Plan 2011 (DCP) that applies to all land with the exception of the Parramatta City Centre. Land in the Parramatta City Centre is still managed under Parramatta City Centre LEP 2007.

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(1) - Parramatta Local Environment Plan 2011:

The Zones specified under the Parramatta LEP 2011 are:

Residential Zones:

- R1 - General Residential
- R2 - Low Density Residential
- R3 - Medium Density Residential
- R4 - High Density Residential

Business Zones:

- B1 - Neighbourhood Centre
- B2 - Local Centre
- B4 - Mixed Use
- B5 - Business Development
- B6 - Business Park

Industrial Zones:

- IN1 - General Industrial
- IN2 - Light Industrial
- IN3 - Heavy Industrial

Special Purposes Zones

- SP1 – Special Activities

- SP2 - Infrastructure

Public Recreation

- RE1 – Public Recreation
- RE2 - Private Recreation

Environment Protection Zones

- E2 – Environmental Conservation
- E3 – Environmental Management

Waterways Zones

W1 – Natural Waterways

W2 - Recreational Waterways

Parramatta Local Environment Plan 2007:

The Zones specified under the Parramatta LEP 2007 are:

B3 – Commercial Core

B4 – Mixed Use

B5 – Business Development

SP2 – Infrastructure

RE1 – Public Recreation

RE2-Private Recreation

Details of these plans as well as any amendments to them have been sourced from Parramatta Council and New South Wales Government NSW legislation site.

The amendments to both the Parramatta City Centre 2007 LEP and Parramatta 2011 LEP can be found at the NSW Government, NSW legislation site.

MARKET OVERVIEW and SALES OF PARTICULAR INTEREST:

Parramatta Residential Market 2015:

The Parramatta LGA in both single and density residential markets has seen very strong growth with vendor expectations appearing to have been continually met. In the last 12 months the median house value LGA wide has increased by approximately 22% with the median over the past three years showing an approximate gain of 55%. Clearance rates up until the end of the 3rd quarter of 2015 were regularly up around 80%-90% mark although at the writing of this report this does appear to be tapering off.

Demolition and infill development continues to be a popular style of development in the district. This is especially the case with existing larger lots which continue to be met by the market with strong demand. This increases the amount of dual occupancies and townhouse/villa style developments across the LGA. The analysis of these sales where existing improvements are demolished is important and provides good evidence for Land values. As always is the case, sites that offer a clear pathway to an easy development remain. Sites with DA approval or are located in an area where a saturation point hasn't been reached still show a solid return.

In relation to the density site market, we also note the increasing added value of a development approval. Initial sales of properties for site amalgamation, when compared to the resale of an amalgamated site with approval can show a large increase.

The residential density sites within the Parramatta work off two distinct markets, the first being smaller amalgamated sites, the second been the larger sites generally being on main roads or the result of the introduction of LEP 2011 increasing the possible yields. With State Government imposed dwelling targets on local councils and new LEP re-zonings, residential real estate continues to show solid growth. A feature of the market in particular is that the larger unit development sites show little or no discount for the higher unit yields they produce. These sites seem to be supported heavily from overseas developers sensing an opportunity.

There have been a number of factors coming together to cause the large rise in demand for residential unit development sites in the Sydney area. With continued low interest rates and an undersupply of residential units the parameters are set to see a continued surge in residential development activity which in more recent times has been facilitated even further by the influx of overseas investors.

Government planning policy to address the population increase of Sydney has in part been addressed by planning for very large developments to be located near existing and new transport infrastructure.

In the last 12-18 months there have been numerous announcements, newspaper articles and new items on the market within the Parramatta LGA and in particular the CBD. Across Sydney it appears that Parramatta with \$1,014,202,000 worth of projects will outstrip development in all other suburbs. More than half of that amount is to be generated from two mixed use developments in Parramatta over the next financial year. The continued population growth of Sydney in part has been the result of the New South Wales Government's Sydney Metropolitan Strategy to promoting growth along transport corridors and urban consolidation.

This has seen the largest increase in unit numbers targeted for the following five LGAs with expected approvals to be:

- City of Sydney (3700 a year);
- Parramatta LGA (1600 a year);
- Ryde LGA (1200 a year);
- Auburn LGA (1100 a year);
- Ku-ring-Gai Shire (900 a year)

Further evidence of this market can be found in the tables below which show year ending volumes of building approval of both single and density dwellings. Whilst in previous years the increases have been steady, this year's volume approved has shown a significant jump in both single and density dwellings.

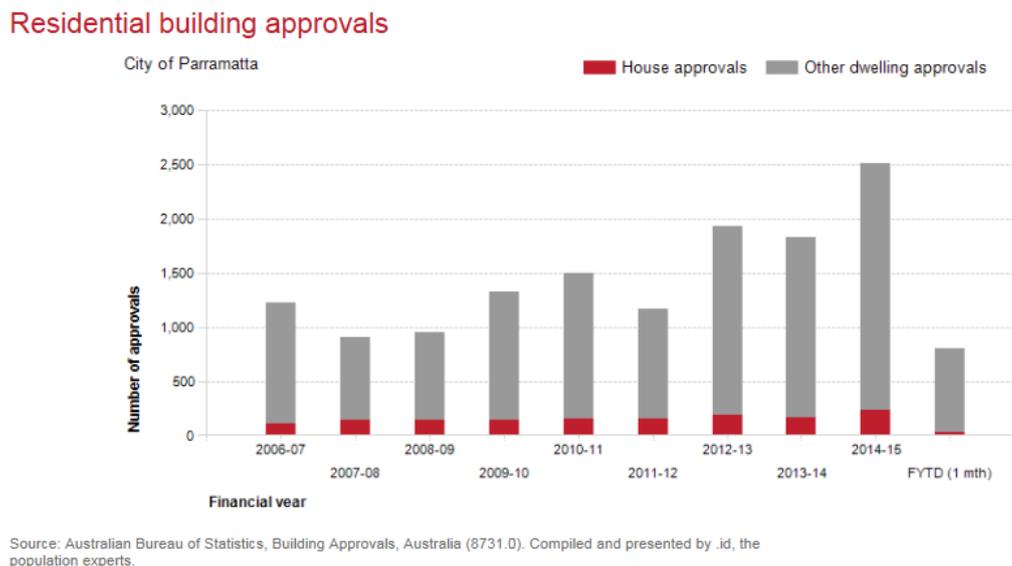
Residential building approvals export reset

City of Parramatta

Year (ending June 30)	Number			Annual change		
	Houses	Other	Total	Houses	Other	Total
FYTD (1 mth)	28	775	803	--	--	--
2014-15	231	2,282	2,513	+64	+616	+680
2013-14	167	1,666	1,833	-16	-80	-96
2012-13	183	1,746	1,929	+32	+728	+760
2011-12	151	1,018	1,169	-2	-325	-327
2010-11	153	1,343	1,496	+14	+160	+174
2009-10	139	1,183	1,322	-1	+367	+366
2008-09	140	816	956	+2	+51	+53
2007-08	138	765	903	+27	-348	-321
2006-07	111	1,113	1,224	--	--	--

Source: Australian Bureau of Statistics, Building Approvals, Australia (8731.0). Compiled and presented in profile.id by .id, the population experts

This table indicates approvals only with our investigations showing still a large amount of developments currently awaiting final approval.



COMMERCIAL/MIXED USE MARKET:

Parramatta is one of the state's strongest Municipalities in terms of its percentage of the states GDP at 3.55%, supporting 120,000 jobs which also represent 3.41% of the state's workforce. This figure is tipped to rise to 257,000 over the next 15 years.

According to market data the 12 months up until June 2015 Parramatta recorded its highest dollar level of market transactions in over a decade. There were 8 transactions over \$15million, with a total of \$556 million recorded in all office transactions over this same period. This represents an 18% increase on the previous year.

The Property Council of Australia reports that there is approximately 690,000sqm of office space across the four office grades. The biggest volume of stock is A-grade with approximately 273,000sqm of space which currently is showing a vacancy factor of 2.4%, coming off a low of .2% last year. The stock of B-grade accommodation sit at 219,000sqm. This has also seen it vacancy rate move out from 9.5% to 11.00% over the same 12month period. In June 2015 the overall vacancy factor within the Parramatta CBD was 7.4%

Net face rents in Parramatta as at June 2015 typically range between \$380 and \$450 per square metre per annum for A-grade buildings, and between \$275 and \$350 per square metre per annum for secondary grade buildings. The average A-grade face rent in Parramatta is \$415 per square metre per annum, a 6 percent increase over the last 12 months.

At this current cycle within the Parramatta CBD there is future stock of approximately 140,000sqm which comprises in part both new and re-furbished office space. With most of this space based on pre-committal it is the general belief that the volume of good quality stock in the short to medium term will tighten which will lead to continued positive activity.

There were also very strong increases in Commercial B4 Mixed Use components. This continues the trend where the residential component of any development appears to be the catalyst for its success. There has been several major transactions occurring in the last 12 months which has drawn national attention to the changing face of this LGA. Ironically it's the demand for mixed use sites that will in part drive the commercial sector as prime sites which may have been purely commercial are now redeveloped for primarily residential use.

Major Commercial Sales:

160 Marsden and 4 George St Parramatta: Site was offered for tender in August 2014 with the final expressions of interest in September 2014 and sold for \$170,000,000. Part of the deal included a negotiated leaseback to the government for 12 years.

The sale comprised of two commercial buildings on two separate parcels of land. The smaller of the two, 4 George St comprised of a freestanding commercial building (former Blood Bank Building) with a NLA 1,712sqm over 2 levels of office plus secure basement parking (10 spaces) and storage (500sqm). The second and larger site is known as the Justice Precinct Building which is a multi-storey building that has an approximate NLA of 19,875 sqm. Total NLA of the two sites is 21,587 sqm.

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78-100 Church St Parramatta: Sold 5/14 via CBRE Parramatta. Mixed Use site with recent DA approval for 1 x studio, 91 x 1bd units, 256 x 2bd units and 16 x 3bd units with a total GFA of 31,500 sqm and basement parking for 421 vehicles.

INDUSTRIAL MARKET GENERAL:

The major industrial areas within the Parramatta Industrial precinct are located in Rydalmere, Clyde and Granville. These industrial precincts have easy access to core markets as well as being well located close to the major commercial centres.

In recent years significant ongoing improvements have been made to Sydney's metropolitan transport infrastructure, including the M2 and M5 motorways which are currently being widened to accommodate increasing traffic volumes during peak periods. Sydney is linked by what is known as the Sydney Orbital Network,

which connects the M1, M2, M4, M5 and the M7. This has allowed direct access from Sydney's port and airport. Industrial land values slightly increased over the last 12 months, with signs of further growth in Western Sydney.

There appears at present two distinct types of industrial markets. The traditional style centred at Clyde, Granville and in part, Rydalmere which are consistent with the overall industrial market but, there is increasing pressure from developers for mixed use/residential developments that is creating a sub-market as evidenced by the large sales of industrial zoned land with potential. These sales are often subject to development proposals or in the process of a rezoning and although are still at the current time zoned industrial, the prices paid are commensurate with their potential as residential redevelopment sites.

Vacancy rates in the Parramatta LGA industrial market appear to be fairly stable. According to Knight Frank Industrial Research July 2015 vacancy rates for the outer west and central west appear to be trending down which will assist the investment performance of the asset class in the coming 12 months and allowing for a continued recovery. It is also noted in Knight Frank's research that speculative stock under construction is generally reducing for the Sydney industrial market. Rents have remained fairly stable commensurate with the age and condition of the space available over the course of 2015.

Major Industrial Sales:

23 Pike St Rydalmere: Sold for \$9mill @ 30 April 2015 via CB Richard Ellis and GJS Property. Improvements comprised of a high clearance freestanding building housing a traditional office and warehouse facility in good condition. Recent refurbishment of these improvements included a new roof, refurbished office area and landscaping.

10a Grand Ave Rosehill: 2.53HA site sold 13 May 2014 for \$8,635,000 by Colliers International. Improvements included an office, workshop and large under-cover canopy. Building area is 2,582m² (approx) with the remainder of the site crushed rock hardstand.

SIGNIFICANT ISSUES AND DEVELOPMENTS:

Examples of Major Development sites with the LGA:

Gateway South Development Church St Parramatta: 57, 63 & 83 Church Street and 44 Early Street Parramatta Current plans for a development comprising 58,664sqm of residential and 39,099sqm of non-residential are with Parramatta Council. The proposed Concept Plan is for a high rise mixed use development across the three sites comprising 5 buildings. Concept Plan: 20xstudio units, 340x1bd units, 394x2bd, 19x3bd units, 39,099sqm of non-residential uses, associated underground parking and approx. 4,850sqm of public domain.

1a Morton St: A former Council depot site which was decommissioned in 2013 now with a DA in place for an apartment complex consisting of five apartment buildings ranging in height from 5 to 9 storeys with a total of 361 residential units and 393 car spaces.

2 Morton St: An ex-industrial site which has recently been purchased for a staged mixed use development. The site has a masterplan for the 5ha site which includes 774 apartments across 10 towers of up to 12 storeys. The first stage comprised 277 dwellings and more than 400 car spaces, while the second and third stages are mixed-use developments.

2-12 River Rd North Parramatta: (Riviera Apartments) Preliminary floor space calculations provided by the applicant indicate that the proposal could generate 6,666m² of commercial floor space (at ground level) and 39,692m² of residential floor space. On the basis of allowing an average of 100m² per dwelling (including common areas), the proposal could generate approximately 400 dwellings.

76-100 Church St Parramatta: "Malaysia's EcoWorld launched \$300 million project West Village in September, expecting to start construction next year. The chief executive of EcoWorld, Yap Foo Leong, said Parramatta is being "transformed... one can visually see the tower cranes above Parramatta city skyline which means a rapid transformation is taking place". This project will consist of 397 apartments across 40 levels. West Village's proposed construction date is mid 2016 with completion expected by end 2018.

12-14 Phillip St: Riverside Tower is a \$250 million precinct development and will be one of the tallest building outside the Sydney CBD. This project is expected to be completed by 2017. Per the development application the development will comprise seven levels of basement car parking and the construction of a 41 storey mixed use building comprised of: 3 storey podium accommodating retail tenancies, a Council owned Discovery Centre and café and Conference Centre and a 38 storey residential tower with 413 residential apartments and Public Domain improvements.

"This site will be transformed into a first-class precinct known as 'Riverside Parramatta'. The project is being delivered to a 'Design Excellence' standard creating many benefits for Parramatta's community including a range of improvements along the river foreshore areas and public domains. A range of uses will be accommodated including cafés / bars / restaurants and Councils new Discovery Centre. Council has entered into a Development Agreement with LIDIS, one of Sydney's Specialist Property Groups to deliver what is destined to become Sydney's newest landmark."

657-661 Victoria Rd Melrose Park: This land was rezoned, allowing for mixed-use development, and reclassification to operational land was gazetted in August 2012.

"According to the Urban Design Study prepared by JBA, the site has various options for high-density residential, retail and commercial developments, with the highest and best use as a residential development with a total GFA [gross floor area] up to about 97,000 square metres for residential apartments, retail and car parking, based on the current floor space ratio of 2:1 and 28-metre height limit,"

Although at this stage no master plan or DA have been lodged but Parramatta Council chief executive officer Greg Dyer said because of the site's zoning the expectation was that it would be turned into an apartment

complex. "Our planning indicates a little less than 1000 apartments on the site is technically feasible. It's somewhere between 930 and 940 apartments,"

"V by Crown": 145 Macquarie St Parramatta: This yet to be complete mixed use development will contain ground floor retail and a 1st floor of 5,800 m² commercial space suiting a convention centre or similar and 336 apartments located above street level.

"Altitude": 330 Church St Parramatta: A 53 Level mixed use development on the Parramatta River containing 413 residential apartments, entertainment facilities, cafes, restaurants and a visitor/exhibition facility 'Discovery Centre' which is due for completion in late 2016.

Parramatta Square: Parramatta Sq. is a six stage mixed use redevelopment covering three hectares within Parramatta's CBD.

Stage One: 169 Macquarie Street, Parramatta Commercial, 24,500sqm 5 Green Star office tower designed by Architectus and to be developed by Leighton. Construction completion anticipated late 2015.

Stage Two: The Aspire Tower, Corner Church and Darcy Streets, Parramatta 90-storey Grimshaw designed 5 Green Star mixed-use tower of 700 apartments, 150-key hotel, ground level retail, a skydeck and experience centre.

Stage Three: 153 Macquarie Street, Parramatta Commercial and community facilities, 22,000sqm 5 Green Star office tower, 7,000sqm of 5 Green Star public facilities including civic building, community centre and library opening out onto the public domain.

Stage Four: 5,000sqm 5 Green Star mixed-use retail and commercial building central to the Parramatta Square Public Domain. Subject of design competition.

Stage Five & Six: 100,000sqm dual commercial 5 Green Star office towers. Subject of design competition.

Parramatta Westfield: The Westfield Group lodged in 2012 a development application with the NSW Department of Planning and Infrastructure proposing a two-stage redevelopment of Westfield Parramatta

"Scentre Group and Singapore's GIC Real Estate are expected to soon unveil a multibillion-dollar proposal to create an even bigger Westfield Parramatta as both the government and the local council ramp up the push to transform the region into Sydney's second CBD.

The NSW Department of Planning and Infrastructure last year approved a more than \$400 million plan to expand the centre into a \$2 billion office and retail complex. Now the owners of the existing five-storey mall are exploring the capacity for the site to become even bigger, sources said.

The new proposal could see the planned adjoining 20-storey office tower increase to as much as 70,000sqm from 35,000sqm. The retail complex, which is already gaining an extra 31,500sq m, may also be increased. Industry sources said the new proposal could be made public within the next couple of months".

Infrastructure:

Westmead Hospital redevelopment: @ July 2014 The NSW government announced \$1billion redevelopment of Westmead Hospital Stage 1 of the project, which is expected to cost more than \$400 million, will begin next year and include a new emergency department and the co-location of services such as radiology, pathology and operating theatres. Overall the preferred master plan for the precinct has the potential to deliver in excess of 750,000m² of building area, which is approximately 380,000m² of additional space.

Western Sydney Light Rail Network: @ June 2014, the state government has allocated \$400 million to accelerate work on the project, with the first task to identify the highest priority corridor from Parramatta and carry out a detailed feasibility study.

The potential light rail routes included:

- Parramatta to Macquarie Park via Carlingford
- Parramatta to Castle Hill via Old Northern Road
- Parramatta to Liverpool via the T-way
- Parramatta to Bankstown
- Parramatta to Sydney Olympic Park
- Parramatta to Rouse Hill
- Parramatta to Ryde via Victoria Road
- Parramatta to Sydney CBD via Parramatta Road
- Parramatta to Macquarie Park via Eastwood (proposed by Parramatta Council)
- Parramatta to Castle Hill via Windsor Road (proposed by Parramatta Council)

In August 2104 the State Government also announced a \$2billion major urban renewal project for North Parramatta. The precinct is bounded by the Parramatta River and O'Connell St and spans a 146ha area.

The new high-density residential development will stand alongside heritage-significant buildings in North Parramatta such as the Francis Greenway-built (convict architect) female factory. The area also includes the old Kings School, the old Parramatta gaol, Pirtek stadium and the Cumberland Hospital, which is currently operating as a mental health facility. The site will feature 6000 new apartments in high-rise buildings up to 30-storeys high.

SIGNIFICANT VALUE CHANGES:

Significant value changes – from prior to current annual valuation

In broad terms the Sydney wide market has seen unprecedented increases particularly in residential/mixed use markets. Spurred on by current interest rates which sit at their lowest rates since the 1960's, the influx of global money, clearer development pathways with the new and standardised LEP's and the fear of missing out scenario, Sydney's median house price is now hovering close to the \$1mill mark.

On average the Sydney wide median has increase 23% in the 12months prior to this current Base Date with 8.4% of that growth occurring in the last quarter to BD. This type of growth has not been seen since the boom period of the early 1980'S.

Within the Parramatta LGA there has been significant and consistent interest across all levels of single/multi residential dwellings and mixed use development. The demand for residential property within the LGA has been widespread and improved markedly over the current valuation year with good levels of supply available.

These increases are generally consistent within each of the components and also on a component by component level. There has not being a single major factor within the LGA that has led widespread fluctuations in values but there has been that broad and significant positive market shift evidenced by this year's sales and subsequent issued values.

The case remains that dwellings and sites with good public and private infrastructure or good development potential and where vendors have realistic expectations are being sold in reasonable time frames with general market indicators continuing to show a positive outlook for the foreseeable future.

All new values have been struck and were included in the values upload that attached the VAR and have a Risk Rating of 1 indicating a high value change.

Properties within the LGA have had significant movements in their Land Values in this current year program. In some instances it is considered that some values have moved significantly enough that its variation does not just represent normal market conditions but is the result of a variation in the development potential of a particular site.

Other significant variations in values are the result of handcrafting through verification a one off value changes that have been brought about by sales analysis.

All new values have been struck and were included in the values upload that attached the VAR and have a Risk Rating of 1 indicating a high value change.

OVERVIEW OF THE QUALITY ASSURANCE PROCESS:

The LPI has been provided with a detailed valuation analysis report, which details the quality assurance process of Crown Valuation Service 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 6.5.1. 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.

Signed



Mark Everitt

**CONTRACT SERVICES MANAGER
PARRAMATTA CONTRACT
30 October 2015**