

Hay Shire

Final Report 2015

Date: 20th November 2015

EXECUTIVE SUMMARY

LGA OVERVIEW

Hay Local Government Area

Hay Shire, located in the Riverina Region of NSW comprises about 11,326 sq km and has a population of approximately 2,956.

The main centre is Hay, which provides full shopping, social, educational, medical and banking facilities. The villages of Maude and Booligal are both small rural villages with basic limited services. Both villages have hotels, Maude has a general store and Booligal has a primary school. The townships largely include single residential dwellings, built from the late 1800's onwards.

The area is supported by the Murrumbidgee and Lachlan Rivers. Major enterprises in the Shire include large scale irrigated agriculture, including rice, cotton, wheat, corn and vegetable growing. In addition it is a major centre for the wool and beef cattle industries. Average annual rainfall is about 325mm.

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

The Hay Shire Council Local Government Area comprises Residential, Rural, Industrial, Infrastructure, Environmental and Public Recreation zones.

1,986 properties were valued at the Base Date of 1 July 2015, and valuations are reflective of the property market at that time. Previous Notices of Valuation issued to owners for the Base Date of 1 July 2014. The Hay Shire property market has remained static across MOST sectors this year with a general decline in the volume of sales and a slowing of the market in general. There has been some activity in the Commercial sector and a slight decrease in rural land values due to objections following the 2014 general valuation.

Valuation changes in the Local Government Area and percentage changes for the Land Tax Valuation year of 1 July 2015 are as follows:

Properties Valued and Total Land Value					
Zone	Zone Code	Number of Entries	2015 Total Land Value	Prior Annual Valuation (2014)	% Change
Residential	(RU5)	1367	\$ 29,978,860	\$ 29,279,440	2.39%
Rural	(RU1, RU4)	564	\$ 149,736,257	\$ 151,429,477	-1.12%
Industrial	(IN1)	20	\$ 1,166,900	\$ 1,089,700	7.08%
Environmental	(E1, E2)	15	\$ 2,747,380	\$ 2,747,380	0.00%
Public Recreation	(RE1, RE2)	11	\$ 712,030	\$ 712,030	0.00%
Infrastructure	(SP2, SP3)	2	\$ 440,060	\$ 440,060	0.00%
Total		1986	\$ 185,698,087	\$ 184,781,487	-0.49%

STATE & LOCAL GOVERNMENT LEGISLATION FOR LGA

The Hay Local Environmental Plan 2011 was gazetted on 9th December 2011. There have been no amendments to the LEP since the previous valuation.

The Hay Local Government Area is governed by the Hay Local Environmental Plan 2011. The plan is based on the standardised Local Environmental Plan prescribed by the New South Wales Legislation.

MARKET OVERVIEW AND SALES OF PARTICULAR INTEREST

QV Australia has undertaken significant analysis of the Hay Shire property market to provide an accurate and reliable basis of valuation. 49 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. QV Australia 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 Hay Shire this year sales generally indicated a slowing of the market with a reduction in volume and no movement over the 12 months.

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 and therefore no special consideration is required.

SIGNIFICANT VALUE CHANGES

Summary of Valuation Changes to Residential Land

Changes since previous Valuation Year (2014)

The Hay residential market has remained static over the past year. There has been a significant decrease in the volume of sales since December 2014. This activity has been occurring across all market segments. The market remains a buyers market with a large level of stock remaining on the market.

The small outlying villages remain thinly traded with no demand and values remain static in these locations.

Our interpretation of this market is that there has been minimal land value market movement from July 2014 to July 2015.

Summary of Valuation Changes to Rural Land

Changes since previous Valuation Year (2014)

Rural sales volumes have decreased across Hay LGA this year. Sales across the shire indicate little movement in values across all sectors.

This has affected both the irrigated and dryland sectors, with no significant sales. Values remain steady and indications are the market is beginning to soften with low water allocations this season and the forecast of el-nino conditions next year.

The rural lifestyle properties within the Hay Private Irrigation District were verified and value levels reduced overall following a number of objections resulting from the general valuation last year. The component was re-graded and resulted in an overall value decrease in this

component of approximately 30%. This component forms a small part of the overall rural components in the Hay Shire.

Overall the rural markets showed a small decrease in rural land values from July 2014 to July 2015.

Summary of Valuation Changes to Commercial/Industrial Land

Changes since previous Valuation Year (2014)

In Hay, these properties have had a small increase in value. There has been a small increase in sales of commercial premises over the past year. These sales are mainly to owner occupiers. There remains limited demand for commercial and industrial properties with most properties owner occupied.

Our interpretation of this market is that there has been an increase of 7% in land value from July 2014 to July 2015.

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DISCLAIMER – PURPOSE OF THIS REPORT

The purpose of this report is to describe the process and considerations for the 1 July 2015 Valuation of Hay LGA. The report has been produced on behalf of the Valuer General.

The land values have been specifically made for rating and taxing purposes. Land values produced as part of this process should not be used for any other purpose without the specific agreement of the Valuer General.

Land values must have regard to specific requirements and assumptions in rating and taxing legislation. Consequently these valuations may vary from market levels.

The land values have been determined using a methodology prescribed by the Rating and Taxing Valuation Procedures Manual. The Manual allows mass valuation methodologies that involve assessing large numbers of properties as a group to be utilised where appropriate. Mass valuation methodologies are by their nature likely to be less accurate than individually assessed valuations, however are utilised worldwide for rating and taxing purposes to deliver valuations within an acceptable market range.

Town planning, land use and other market information contained in this report has been compiled based on enquiries undertaken during the valuation process. Third parties should make their own inquiries into these details and should not rely on the contents of this report.

The Valuer General disclaims any liability to any person who acts or omits to act on the basis of the information contained in this report.

More information on the valuation process is available from the Land and Property Information website at www.lpi.nsw.gov.au/valuation

LGA OVERVIEW

LOCATION OF THE DISTRICT

Hay Shire, located in the Riverina Region of NSW comprises about 11,326 sq km and has a population of approximately 2,956.

PRINCIPAL TOWNS

The main centre is Hay, which provides full shopping, social, educational, medical and banking facilities. The villages of Maude and Booligal are both small rural villages with basic limited services. Both villages have hotels, Maude has a general store and Booligal has a primary school. The townships largely include single residential dwellings, built from the late 1800's onwards.

MAIN INDUSTRIES

The area is supported by the Murrumbidgee and Lachlan Rivers. Major enterprises in the Shire include large scale irrigated agriculture, including rice, cotton, wheat, corn and vegetable growing. In addition it is a major centre for the wool and beef cattle industries. Average annual rainfall is about 325mm.

TYPE OF RESIDENTIAL DEVELOPMENT

Nearly all the residential development in Hay Shire is of single residential dwellings.

STATE & LOCAL GOVERNMENT LEGISLATION FOR LGA

The Hay Local Environmental Plan 2011 was gazetted on 9th December 2011. There have been no amendments to the LEP since the previous valuation.

The Hay Local Government Area is governed by the Hay Local Environmental Plan 2011. The plan is based on the standardised Local Environmental Plan prescribed by the New South Wales Legislation.

The Plan aims to make local environmental planning provisions for land in the Hay Shire Council Local Government Area in accordance with the relevant standard environmental planning instrument under section 33A of the Act.

Hay Shire Council has development controls that affects the subdivision and erection of dwellings which impacts on land values. These include:

Zone	Minimum Allotment Size
RU5	550m ²
IN1	550m ²
RU4	2ha
RU1	600ha

MARKET OVERVIEW & SALES OF PARTICULAR INTEREST

RESIDENTIAL

The Hay residential market has remained static over the past year. There has been a significant decrease in the volume of sales since December 2014. This activity has been occurring across all market segments. The market remains a buyers market with a large level of stock remaining on the market.

This has been a result of the completion of construction of the cotton gin south of Hay. This construction employed a lot of workers and now complete these temporary workers have left the district again vacating rental properties.

The small outlying villages remain thinly traded with no demand and values remain static in these locations.

There have been no recent bona fide re-sales of a property in the past year. There are no available statistics published for this area to show market movement.

Our interpretation of this market is that there has been minimal land value market movement from July 2014 to July 2015.

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

COMMERCIAL / INDUSTRIAL

In Hay, these properties have had a small increase in value. There has been a small increase in sales of commercial premises over the past year. These sales are mainly to owner occupiers. There remains limited demand for commercial and industrial properties with most properties owner occupied.

The market remains fairly static with limited sales evidence although this is not untypical of this market segment in remote rural locations.

Our interpretation of this market is that there has been an increase of 7% in land value from July 2014 to July 2015.

RURAL

Hay Shire comprises both dryland and irrigated agriculture production supported by the Murrumbidgee River and the availability of underground bore water. Enterprises consist of grazing sheep and cattle through to cotton and vegetable production.

Rural sales volumes have decreased across Hay LGA this year. Sales across the shire indicate little movement in values across all sectors.

This has affected both the irrigated and dryland sectors, with no significant sales. Values remain steady and indications are the market is beginning to soften with low water allocations this season and the forecast of el-nino conditions next year.

The rural lifestyle properties within the Hay Private Irrigation District were verified and value levels reduced overall following a number of objections resulting from the general valuation last year. The component was re-graded and resulted in an overall value decrease in this component of approximately 30%. This component forms a small part of the overall rural components in the Hay Shire.

Overall the rural markets showed a small decrease in rural land values from July 2014 to July 2015.

RURAL LOCATIONS WITHIN THE LGA

Land values vary throughout the LGA according to land form, location, access and soil types. The following are general descriptions of some localities within the Hay LGA:

Irrigation Country

This country is scattered throughout the shire and is located from the Murrumbidgee River in the south to the Lachlan River in the North and adjoining shire boundaries. Country is mainly level and soils range from light red sandy loams to red clay loam and heavy grey clays suitable for rice production. Native trees include redgum, box, kurrajong and cypress pine. These lands are used irrigation agriculture producing grapes, citrus, cotton, corn, vegetables and rice.

Dry farming

Again this country is scattered throughout the shire and forms most of the country remote from the river water sources. Country is mainly level. Soil types vary from medium red loams to heavier clay loams, with the main enterprise being livestock production. Native trees include redgum, box, cypress pine and kurrajong. The country generally has good cover of native saltbush in the better managed properties. This provides valuable livestock feed.

SIGNIFICANT ISSUES AND DEVELOPMENTS

SIGNIFICANT DEVELOPMENTS – FROM PRIOR TO CURRENT ANNUAL VALUATION

There are no new significant developments this year in Hay Shire. A number of major projects approved over the past few years have been completed and are now operating including the Auscott Cotton Gin.

Over the past 2 years there has been an influx of corporate investor/farmers into the region. This has increased employment opportunities through the shire.

SIGNIFICANT VALUE CHANGES

SIGNIFICANT VALUE CHANGES – FROM PRIOR TO CURRENT ANNUAL VALUATION

We note following a number of objections after the 2014 general valuation. The rural lifestyle component was re-graded and verified. This was completed in conjunction with the District Valuer. An overall decrease in value of properties in this component occurred on average by 30%, although this varied by individual property.

OVERVIEW OF THE QUALITY ASSURANCE PROCESS

LPI has been provided with a detailed Valuation Analysis Report, which details the Quality Assurance Process of QV Australia 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 basis' have been correctly determined and all concessions and allowances have been supplied. Additionally, properties that had land values amended through the objection or reascertainment process were individually examined to reconcile surrounding land values and ensure accuracy of the grading of surrounding land values. Benchmarks and Reference Benchmarks are core elements of the quality assurance processes and are identified and individually valued in accordance with the Rating and Taxing Procedures Manual Version 6.6.2 Worksheets have been maintained on all properties where calculations are required. We have also ensured that adjustments and assumptions within the market analysis have been based on market evidence and have been fully documented and rationalised.

AUTHOR

Report Prepared by:

A handwritten signature in blue ink, appearing to read 'Peter Gunn'.

Peter Gunn
Registered Valuer 15555
Quotable Value Australia

A handwritten signature in blue ink, appearing to read 'Keith Williams'.

Keith Williams
Contract Services Manager
Quotable Value Australia