



*INLAND PACIFIC*  
*PROPERTY GROUP PTY LTD*  
*INDEPENDENT VALUERS & CONSULTANTS*

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**Coffs Harbour City Council**

**Final Report 2015**

**1<sup>st</sup> November 2015**

## Executive Summary

### LGA Overview

The City of Coffs Harbour is situated on the New South Wales Mid North Coast approximately 540 kilometres north of Sydney and 440 kilometres south of Brisbane. The Coffs Harbour Local Government Area (LGA) covers an area of approximately 1,175 square kilometres and has a population of 72,382 (Census 2014) the majority of which reside in established urban areas. Coffs Harbour LGA is bounded to the north and west by Clarence Valley Council LGA and to the south by Bellingen Council LGA.

The topography of the District generally comprises a hinterland of rural valleys and mountain forests with a coastline extending approximately 60 kilometres and bordering the Solitary Islands Marine Park. The mountains which form part of the Great Dividing Range, rise in close proximity to the sea and restrict the coastal plain to a relatively narrow strip.

The District has a sub-tropical climate, which combined with its coastal location, numerous surfing beaches, and proximity to rainforest influenced mountain ranges, makes the area a popular and expanding tourist destination. The tourism industry now leads the economic base of the District from the founding industries of timber, bananas, dairying, beef cattle and fishing.

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

The Coffs Harbour City Local Government Area comprises Residential, Rural, Commercial, Industrial, Environmental, Recreational, Special Activities and Infrastructure and Waterways zones.

27,216 properties were valued at the Base Date of 1 July 2015, and valuations are reflective of the property market at that time. Previous Notices of Valuation were issued to owners for the Base Date 1 July 2014.

Valuation changes in the Local Government Area (LGA) and percentage changes between the Council Valuation and Land Tax Valuation year of 1 July 2014 and 1 July 2015 are as follows;

<b>Properties Valued and Total Land Value</b>							
<b>Zone</b>	<b>Zone Code</b>	<b>Number of Entries</b>	<b>2015 Total Land Value (\$)</b>	<b>Prior Annual Valuation (2014) (\$)</b>	<b>% Change</b>	<b>Prior Local Government Valuation (2014) (\$)</b>	<b>% Change</b>
Residential	R1 R2 R3 R4 & R5	22,337	5,107,536,970	4,891,661,760	4.4	4,891,661,760	4.4
Rural	RU2 & RU3	3,149	961,034,190	927,146,980	3.7	927,146,980	3.7
Commercial	B1 B2 B3 B4 B5 & B6	663	450,692,950	443,059,730	1.7	443,059,730	1.7
Industrial	IN1 IN3 & IN4	500	215,757,220	201,150,200	7.3	201,150,200	7.3
Special Uses	SP1 SP2 & SP3	120	41,786,290	41,447,590	0.8	41,447,590	0.8
Environmental	E1 & E2	83	30,573,101	31,199,861	-2.0	31,199,861	-2.0
Recreation (Public & Private)	RE1 & RE2	361	112,014,590	109,976,140	1.9	109,976,140	1.9
Waterways	W2	3	17,200	17,200	0.0	17,200	0.0
<b>Total</b>		<b>27,216</b>	<b>6,919,412,511</b>	<b>6,645,659,461</b>	<b>4.1</b>	<b>6,645,659,461</b>	<b>4.1</b>

### State & Local Government legislation for LGA

Coffs Harbour Local Environmental Plan 2013 was gazetted on the 27th September 2013. There has been only three (3) minor Amendments to the Plan since Gazettal.

Development within the Coffs Harbour Local Government Area is governed by the Coffs Harbour Local Environmental Plan 2013. The plan is based on the standardised Local Environmental Plan (LEP) prescribed by the New South Wales Legislation.

## Market Overview and Sales of Particular Interest

Inland Pacific Property Group valuers have undertaken significant analysis of the Coffs Harbour District property market to provide an accurate and reliable basis of valuation. 703 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 and relativity of land values across components. Analysed sales reports are provided to Land and Property Information on a progressive basis throughout the year. The added value of improvements are also analysed to enable the accurate deduction of land values. Inland Pacific Property Group valuers undertake this process utilising the paired Sales Approach.

In analysing sales before or after 1 July it may be necessary to adjust the contract price to reflect market movements. In the Coffs Harbour District this year sale and resale properties and median sales trends indicated that the prevailing market has generally shown only slight increases in overall terms. Analysis of these data sets coupled with the interpretation of the current market conditions by Inland Pacific Property Group valuers indicated that the majority of sales analysed would require no significant adjustment of analysed land value levels to reflect market movements to the Base Date.

### **Sales of Particular Interest:**

There have a number of significant sales that have occurred across the LGA in the past twelve months that are considered noteworthy. These are;

- 481 & 722 Upper Bobo Road, Brooklana. Larger grazing properties acquired by same purchaser to be worked as a single consolidated holding. Sold for \$1,600,000 (217.90 Ha) in April 2015 and \$1,700,000 (171.00 Ha) in July 2015, respectively.
- 92 Harbour Drive, Coffs Harbour. Former Commonwealth Bank building in central CBD. Sold with vacant possession - \$3,450,000 in March 2015.
- 1849 Solitary Islands Way (Pacific Highway), Woolgoolga. New Woolworths Supermarket at Woolgoolga. Sold on a projected return basis with extended lease in place for \$20,700,000 in May 2015.
- 39 Isles Drive, North Boambee Valley. Former Bunnings Warehouse building sold to the local Blueberry growers co-operative for cold storage facility - \$7,300,000 in May 2015.
- Pacific Highway, North Coffs Harbour. Englobo residential parcel of 29.44 Ha being formerly part of the large Pacific Bay Resort land holding. Sold for \$2,400,000 in February 2015.
- 150 Edinburgh Street, Coffs Harbour Jetty. A lightly improved residential development site with expansive harbour views. Sold for \$1,575,000 in March 2015.
- 55 Mildura Street, Coffs Harbour Jetty. An older single residence which has since been demolished to make way for a 12 villa development. Sold \$1,100,000 in March 2015.
- 11 Charlesworth Bay Drive. A substantial executive residence on a larger than typical lot in prestige location. Sold \$2,650,000 in June 2015.

## Significant Issues and Developments

Although there have not been any significant issues, developments or applications outside of those that are permissible under the current zoning framework that require special consideration, the following are noteworthy. These are generally localised and affect either individual or a proportionately small number of properties and have not had any discernible or significant flow on impact to wider value levels for property within the LGA.

- The completion of a new Bunnings Home Improvement retail store and the concurrent realignment of the Pacific Highway/Cook Drive/North Boambee Road intersection.
- Construction of a new multi-level car park, and partial renovation of the lettable space within Park Beach Plaza Regional Shopping Centre in 2014.
- Renovation and extensions to the former “Palms” Shopping Centre (now Coffs Central) within the Coffs Harbour CBD in 2014.
- Completion of construction of the new “Equinox” residential unit development at Park Beach in 2015.
- Council approval of a DA for 38 apartments on a vacant allotment adjacent to the Jetty Village Shopping Centre in 2014 – Construction commenced 2015.
- Completion of construction of a new Woolworths supermarket on the former “Taj Hahal” site at Woolgoolga in 2014.
- Completion of construction in 2015 of a new Masters Home Improvement retail store fronting the Pacific Highway at South Coffs Harbour.
- Approval and development of the 29 lot “Aspect” residential subdivision over part of the Big Banana site (part of the larger “Summit” development) north of Coffs Harbour in 2015.
- Commencement of construction and marketing of Stage 1 of the new “Elements” residential subdivision at Stadium Drive south of Coffs Harbour.

## Significant Value Changes

### **Summary of Valuation Changes to Residential Land**

#### ***Changes since Previous General Valuation (2014) and previous Valuation Year (2014)***

The residential property market across the Coffs Harbour LGA has experienced increased market activity over the past 12 months. Interest rates are currently at historically low levels which are projected by economists to continue for a relatively prolonged period. As a result there has been a continued improvement in demand for properties throughout this sector of the market with local agents reporting that selling periods have shortened and buyer demand has remained strong throughout the past 12 months.

Single residential land values have increased across all established residential areas within the LGA, with most localities recording increases in the 3% to 6% range. No area reflected a drop in value levels.

Localities showing a greatest increases in value levels were East Coffs Harbour including Brodie Drive and Macauleys Headland (7%), South Coffs Harbour including North Boambee Valley (6.5%), Sawtell (6.5%), Arrawarra/Mullaway (6%) and Emerald Beach (6%).

Increased investor/developer confidence and a strengthening market demand for residential units across the LGA has resulted in modest increases in land values for all classes of Medium Density zoned property. Market gains in the range of 4% to 8% over the twelve month were typical while the prime Coffs Harbour Jetty locality showed the greatest increase of 10%.

The market for rural residential property throughout the LGA has continued to perform strongly with consistent land value increases in the range of 5% to 7% being evidenced in most localities.

### **Summary of Valuation Changes to Rural Land**

#### ***Changes since Previous General Valuation (2014) and previous Valuation Year (2014)***

The last twelve months has seen a continuation of steady market supply and demand for most classes of rural property across the LGA. Consequently, prevailing land values have tended to remain steady particularly throughout localities west of the range (Orara Valley, Bucca and the Eastern Dorrigo Plateau and fall).

The notable exception to this trend has been for rural homesites on the coastal strip south of Coffs Harbour, particularly in the Boambee and Bonville localities. Market movements of rural homesite property values in this area have tended to mirror those of the adjoining rural residential market with increases in the range of 5% to 7% being typical.

### **Summary of Valuation Changes to Commercial Land**

#### ***Changes since Previous General Valuation (2014) and previous Valuation Year (2014)***

The market for commercial property within the Coffs Harbour LGA over the past 12 months, has generally seen a continued period of sustained value levels, at a similar level of market activity as the prior year.

The most significant value change recorded in the commercial/business sector was a 10% increase in the value of property in the commercial precinct lining the Pacific Highway between Marcia Street and Bray Street, north of the Coffs Harbour CBD. This has been a response to the higher levels of demand in the market and significant recent re-development of property in this locality.

There have been some minor incremental value changes across other commercial precincts in line with recent market evidence, however these value changes have been generally limited to less than 2%.

## **Summary of Valuation Changes to Industrial Land**

### ***Changes since Previous General Valuation (2014) and previous Valuation Year (2014)***

The market for industrial land throughout established estates in the greater Coffs Harbour LGA has increased slightly over the preceding 12 months. Overall sales volumes have recovered since the lows of 2011 – 2013 signifying a slight increase in demand for this class of property. Although there has been little in the way of significant new development across the industrial sector, the gradually diminishing supply of available property is now becoming more aligned with current levels of demand in most areas. Rental vacancy rates in most areas continue to be low while returns on investment property, evidenced from the analysis of recent reliable sales, appear consistent in the 7.0% to 8.0% per annum net range. Overall auction clearance rates have remained consistently high throughout the reporting period.

Established industrial Estates generally showed the following increases; South Coffs Harbour (including Isles Estate and Hurley Drive Estate) – 5%, Marcia Street & June Street – 7%, Orlando Street – 3%, Toormina (including Hulberts Road and Hi-Tech Estates) – 8%, Woolgoolga – 7%.

The largest increase in industrial land values was recorded in the Cook Drive Estate at 11%. This is largely attributed to the increased profile of the area following the recent opening of the new Bunnings Warehouse development (corner Pacific Highway and Cook Drive) and the realignment of the Pacific Highway/North Boambee Road/Cook Drive intersection.

## Contents

	<b>Page</b>
Executive Summary .....	2
Disclaimer – Purpose of this Report .....	9
LGA Overview .....	10
State & Local Government Legislation for LGA .....	12
Market Overview & Sales of Particular Interest .....	13
Significant Issues and Developments .....	19
Significant Value Changes .....	21
Overview of Quality Assurance Process .....	22
Author .....	22

## **Disclaimer – Purpose of this Report**

The purpose of this report is to describe the process and considerations for the 1 July 2015 Valuation of Coffs Harbour 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 the 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 used 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](http://www.lpi.nsw.gov.au/valuation).

## LGA Overview

### Location of the District

The City of Coffs Harbour is situated on the New South Wales Mid North Coast approximately 540 kilometres north of Sydney and 440 kilometres south of Brisbane. The Coffs Harbour Local Government Area (LGA) covers an area of approximately 1,175 square kilometres and has a population of 72,382 (Census 2014) the majority of which reside in established urban areas. Coffs Harbour LGA is bounded to the north and west by Clarence Valley Council LGA and to the south by Bellingen Council LGA.

The topography of the District is quite diverse but generally comprises an expansive rural hinterland with a narrow coastal plain extending approximately 60 kilometres and bordering the Solitary Islands Marine Park. The mountains which form part of the Great Dividing Range rise in close proximity to the sea and restrict the coastal plain to a relatively narrow strip. A significant majority of development within the Coffs Harbour LGA is established on the coastal plain and supports a high proportion of the areas total population.

The District has a sub-tropical climate, which combined with its coastal location, numerous surfing beaches, and proximity to rainforest influenced mountain ranges, makes the area a popular and expanding tourist destination. The tourism industry now leads the economic base of the District from the founding industries of timber, bananas, dairying, beef cattle and fishing. Tourist accommodation within Coffs Harbour ranges from exclusive 5 star resort facilities to low budget motels and hostels. Iconic tourist facilities include the Big Banana and Dolphin Marine Magic facilities as well as the Jetty Foreshores precinct centred on the historical Coffs Harbour Jetty.

Coffs Harbour is well serviced by transport services including railway and bus services and has a busy airport with multiple carriers providing services daily to Sydney and Brisbane plus a weekend service to Melbourne. The airport also has an international capacity.

Coffs Harbour also has a full and extensive range of Government services including numerous public schools supplemented by several private schools. The multi-purpose Coffs Harbour Education Campus provides TAFE education, secondary schooling and is a campus for Southern Cross University. The Coffs Harbour Health Campus provides modern public hospital facilities in addition to private hospital facilities and various retirement villages and aged care facilities. Public libraries are located at Coffs Harbour, Toormina and Woolgoolga. An ambulance station is located at Coffs Harbour whilst Fire Brigade stations are provided at Coffs Harbour, Sawtell and Woolgoolga.

Extensive maritime infrastructure including an International Marina (with Australian Customs Office), boat launching facilities and a commercial fishing co-operative servicing a large local commercial fishing fleet is established in the inner harbour area.

Community based facilities available within the city also include public and private golf courses, various sporting clubs, recreational playing fields, parks and reserves, showground, public swimming pools, tennis courts and a velodrome.

## Principal Towns

The heavily populated coastal strip is centred on the residential/suburban area of Coffs Harbour. Other main residential areas include the southern suburbs of Sawtell, Toormina, and Boambee East. The coastline to the north of Coffs Harbour comprises the “northern beaches” of Korora, Sapphire Beach, Moonee Beach, Emerald Beach, Sandy Beach, the satellite centre of Woolgoolga, Safety Beach and Arrawarra/Mullaway. The villages of Corindi Beach and Red Rock complete this northern coastal residential strip and represent the most northerly residential localities within the Coffs Harbour LGA. Additionally, there are the smaller rural villages in the Orara Valley west of Coffs Harbour. These include Coramba, and Nana Glen and the villages of Lowanna and Ulong, which are situated further to the west on the “Eastern Dorrigo” plateau.

## Main Industries

Coffs Harbour supports a strong and expanding industrial base with several industrial estates centred on Coffs Harbour including established estates at Orlando Street and Marcia/June Street. Extensive industrial areas are also located to the south of the city centre comprising the older Cook Drive area, the newer Hurley and Mainsbridge Drive estates and the latest Isles Drive estate. Secondary estates are located at Toormina (Hi-Tech Drive and Newcastle Drive estates) and the Woolgoolga industrial estate in the north of the LGA.

## Significant Retail Centres

The primary retail areas within the Coffs Harbour LGA include the Regional Park Beach Plaza Shopping Centre, and nearby Home Base bulky goods precinct, the Coffs Central Shopping Centre and central business district in Harbour Drive, Toormina Gardens Shopping Centre, the Moonee Shopping Centre and the Woolgoolga shopping centre. Sawtell business district is now principally a lifestyle restaurant strip, which is similar to the Jetty Strip at the eastern end of Harbour Drive.

## Type of Residential Development

A vast majority of the residential development within the Coffs Harbour LGA is comprised of traditional privately owned single residences, although the scale, age and style vary, sometimes significantly, depending upon locality. Older/original residential areas are primarily centred on the more established centres of Coffs Harbour CBD, Woolgoolga and Sawtell with newer and emerging residential development tending to radiate concentrically outwards.

Properties in the desirable beachside localities of Diggers Beach/Charlesworth Bay, Coffs Harbour Jetty, Korora, Sapphire Beach, Woolgoolga Headland and Arrawarra Headland in the north and Sawtell in the south command the highest residential values in the LGA with those properties obtaining ocean views or enjoying close beach proximity achieving premium prices in the market.

The narrow coastal plain of the Coffs Harbour LGA restricts opportunities for residential expansion both logistically and topographically. Newer areas of significant development are generally limited at present to North Bonville and North Boambee Valley to the south of the CBD, West Coffs Harbour and the northern localities of North Sapphire Beach and Sandy Beach. Some limited infill development land is available throughout established residential localities within the LGA, however this is rapidly diminishing in supply in response to a continued market demand for vacant residential land. Future larger scale urban growth areas have been identified by Council in the Bonville, North Boambee Valley and West Moonee localities in particular.

The Coffs Harbour LGA has a number of areas identified by the Coffs Harbour LEP 2013 for Medium Density Residential development. These are primarily located adjacent to the established CBD fringe and extending eastwards into the Coffs Harbour Jetty and Park Beach localities. Smaller concentrations of Medium Density residential development land are situated at Sawtell/Toormina, Korora, Emerald Beach and in the Woolgoolga eastern coastal fringe. These areas cater primarily to residential unit developments although a scattering of tourist units appear throughout coastal influenced locations such as Sawtell, Coffs Harbour Jetty, Park Beach east and Woolgoolga.

The majority of identified Medium Density Residential sites throughout the LGA are in established localities and most are currently developed to older single residences. As such, the demolition of existing improvements is a pre-requisite of site re-development in most instances.

In addition to the more conventional Medium Density Residential sites throughout the LGA, the narrow coastal beachfront strip situated between the Pacific Highway and the ocean to the north of Coffs Harbour (Diggers Beach, Korora and Sapphire Beach in particular) features a number of medium/high density tourist resort developments. These include A'anuka Beach Resort, Pacific Bay Resort, Opal Cove Resort and Nautilus Beachfront Resort.

Rural residential living is also very popular with numerous estates scattered throughout the LGA forming a significant component of the real estate market. The main areas of development are located along the coastal strip and include the Bonville and Boambee areas south of Coffs Harbour and the northern localities of West Korora (Korora Basin), Sapphire Beach (hinterland), Moonee Beach (including the Forest Glen and Heritage Park estates), Emerald Heights, Sandy Beach and Woolgoolga (Country Club Estate).

## **State & Local Government Legislation for LGA**

Coffs Harbour Local Environmental Plan 2013 was gazetted on the 27th September 2013. There has been only three (3) minor Amendments to the Plan since Gazettal.

Development within the Coffs Harbour Local Government Area is governed by the Coffs Harbour Local Environmental Plan 2013. The plan is based on the standardised Local Environmental Plan (LEP) prescribed by the New South Wales Legislation.

The Local Environmental Plan provides a comprehensive Town Planning framework encompassing Business (B1, B2, B3, B4, B5 & B6 Zonings), Rural (RU2 & RU3 Zonings), Residential (R1, R2, R3, R4 & R5 Zonings), Industrial (IN1, IN3 & IN4 Zonings), Special Activities/Infrastructure (SP1, SP2 & SP3 Zonings), Environmental Conservation (E1 & E2 Zonings), Public and Private Recreation (RE1 & RE2 Zonings) and Recreational Waterways (W2 Zoning) Zonings throughout the LGA.

At the 1 July 2015 Base Date, subdivision and development of land within the Coffs Harbour LGA was controlled by the provisions of the Coffs Harbour Development Control Plan 2013 (DCP). The 2013 DCP was presented in 6 Parts with 37 Sub-Components which established certain general controls to facilitate development permissible under the Coffs Harbour LEP 2013.

In October 2015, Council adopted a new DCP (Coffs Harbour Development Control Plan 2015) to regulate development of land within the LGA. The 2015 DCP is presented in 9 Parts with 44 Sub-Components which share, rationalise and expand the objectives of establishing certain general controls to facilitate development permissible under the Coffs Harbour LEP 2013.

The controls embodied within the current 2015 and prior 2013 DCP's, include provisions relating to the subdivision of land and the erection of dwellings/buildings which may impact land values. These include;

<b>Zone</b>	<b>Minimum Allotment Size</b>
<b>Residential</b>	(R1) – Locality based “Special Area” Control provisions apply.
	(R2) – 400 m <sup>2</sup>
	(R3) – General Provision 200 m <sup>2</sup> /dwelling for developments over 8.5 metres and 100 m <sup>2</sup> /dwelling for developments under 8.5 metres. “Special Area” Control provisions also apply to some localities.
	(R4) – Locality based “Special Area” Control provisions apply.
	(R5) – 1 Hectare
<b>Rural</b>	(RU1) – 40 Hectares
<b>Business</b>	(All Zones B1 – B6) – Merit based with Council consent required. Additional “Special Area” Control provisions applicable in some localities.
<b>Industrial</b>	(IN1) – General Provision 1,000 m <sup>2</sup> . Additional “Special Area” Control provisions applicable in some localities.

## Market Overview & Sales of Particular Interest

### Residential

Coffs Harbour LGA contains a number of residential areas that are primarily based within close proximity to the coast. The major developed areas can be generally classified into three generic locations – Coffs Harbour City, the southern suburbs of Sawtell, Boambee East and Toormina, and the northern beaches which include the coastal suburbs of Korora through to Red Rock.

The residential property market across the Coffs Harbour LGA has experienced increased market activity over the past 12 months. Interest rates are currently at historically low levels which are projected by economists to continue for a relatively prolonged period. As a result there has been a continued improvement in demand for properties throughout this sector of the market with local agents reporting that selling periods have shortened and buyer demand has remained strong throughout the past 12 months.

This has provided continued stimulus in the affordable price sector of the vacant land market under \$200,000. Typical residential allotments in the Coffs Harbour LGA are realising values in the range of \$150,000 to \$200,000 depending on the quality of building land, services and location. Sites comprising more marginal land quality or in inferior localities generally range from \$100,000 to \$150,000. The mid-price range of \$200,000 to \$400,000 has also experienced increased demand levels and retracting of supply. Further, the prestige market, whilst still showing low volume levels of sales has shown an increase in activity mostly for improved properties with some selling prices recorded upward of \$1,500,000.

New residential areas within establishing subdivisions in Bonville, North Boambee, West Coffs Harbour, Korora, North Sapphire Beach, Moonee Beach, Sandy Beach, Woolgoolga, Safety Beach and Corindi Beach have been subject of strong demand over the 2015 valuation year. Vacant land within these subdivisions has been taken up by private owners looking to build new homes however there has been a strong increase in demand from local builders to acquire multiple lots to provide house and land packages.

Value movements throughout the Coffs Harbour LGA have generally shown increases over the 2015 valuation year. Coffs Harbour City residential land has shown value increases ranging from 3% to 8%. The southern suburbs of Sawtell, Boambee East, Toormina and Bonville have shown similar characteristics with value increases in the 3% to 8% range. The northern beaches suburbs of Korora, Sapphire Beach, Moonee Beach, Emerald Beach, Sandy Beach, Woolgoolga, Safety Beach, Mullaway/Ararwarra, Corindi Beach and Red Rock have also shown similar increases reflecting common market sentiment across coastal residential areas with increases in the range of 3% to 7% being typical.

### **Residential Englobo**

While the general residential market has shown increases there has been little evidence that this has translated to the market for residential development or englobo land with the Coffs Harbour LGA. There has only been one recent genuine market sale of englobo land. This property is situated adjacent to the Pacific Highway at Korora and sold following expressions of interest for \$2,400,000. This property has potential issues with access off the Pacific Highway that may make its development a longer term proposition. There have been two notable mortgagee in possession sales of development land over the preceding 12 months, one being at Sandy Beach and one at West Coffs Harbour. Development on the sale at West Coffs Harbour has commenced.

While this market has had little activity and shown no discernible increases over the 2015 year, if the current interest and demand in single residential vacant land throughout the LGA continues, it may increase the demand on the englobo sector.

### **Medium Density**

The Coffs Harbour LGA has a number of areas identified by the Coffs Harbour LEP 2013 for Medium Density Residential development with either R1 – General Residential, R3 – Medium Density Residential or R4 – High Density Residential zonings. These areas are primarily located adjacent to the established CBD fringe and extending eastwards into the Coffs Harbour Jetty and Park Beach localities. Smaller concentrations of Medium Density residential development land are situated at Sawtell/Toormina, Korora, Emerald Beach and in the Woolgoolga eastern coastal fringe.

An emerging trend of stronger demand for residential units and a resurgence in investor/development confidence has resulted in a number of new medium density residential developments being undertaken within the Coffs Harbour District over the preceding 12 months. The most significant of these are the “Equinox” multi-level apartment complex at Park Beach and the “Pandanus” Apartments adjacent to the Jetty Village Shopping Centre which commenced construction in 2015. A number of other smaller residential unit development projects have been undertaken particularly in the Park Beach, Coffs Harbour Jetty and Sawtell localities.

There has been two particularly significant sales of lightly improved medium density residential development sites (suited to immediate redevelopment) in the Jetty Precinct area during the preceding 12 month period. 150 Edinburgh Street – An older small single residence with expansive Harbour views which sold for \$1,575,000 in March 2015. 55 Mildura Street – An older single residence that has since been demolished to allow construction of 12 residential villas which sold for \$1,100,000 also in March 2015.

These, and a number of other supporting sales have indicated land value increases of around 10% in the Jetty Precinct over the past 12 months.

An increased number of sales of vacant and improved residential redevelopment sites have been transacted in and around the central Coffs Harbour CBD area however the majority appear to be speculative and are currently being utilised as land banking or short term rental prospects in anticipation of future potential as market conditions improve. Analysis of the most recent reliable sales indicates the beginning of a market recovery with land value levels for medium density development sites increasing modestly since the market lows that persisted over the period 2011 to 2013.

In the southern suburbs the Toormina Medium Density area backing the Toormina Gardens Shopping Centre has seen no new significant unit developments over the last 12 months. Sales evidence was once again scarce although there have been two vacant sites in the last 12 months which indicated a modest increase in value levels.

The Woolgoolga Medium Density zone incorporates properties on the Woolgoolga Headland where ocean views or excellent proximity to beaches and the main street are a feature. In this area there were two significant sales in Ocean Street in the latter part of 2014 which along with other reliable market evidence supported a value increase of approximately 7.5%. These sales are; 50 Ocean Street – A dilapidated cottage with DA approval for demolition which sold for \$850,000 in December 2014 and, 42 Ocean Street – An older single residence suited to re-development which also sold for \$850,000 in August 2014.

## **Villages**

There are a number of smaller residential villages spread throughout rural localities across the Coffs Harbour LGA. These include; Coramba, Nana Glen, Lowanna and Ulong.

The villages of Nana Glen and Coramba are both located in the Orara Valley west of Coffs Harbour. Land values in the more remote Nana Glen village have remained steady with limited sales activity, while Coramba village has shown increased land values of approximately 3% over the 2015 valuation year.

Lowanna and Ulong villages are remotely located on the Eastern Fall of the East Dorrigo Plateau. This area is about a one hour drive west of Coffs Harbour and is accessed via a winding but bitumen sealed road. Demand for property here has been at traditionally lower levels than other less remotely located areas. There have been no sales of particular interest in these villages in the last twelve months and recorded sales volumes have been at slightly reduced levels over that period. This comparatively small and insular market is best described as static at present.

## **Rural Residential/Large Lot Residential**

This class of property is situated throughout the LGA and varies between parcels with significant coastal influence to more “remotely” located coastal hinterland holdings. Some of the more highly regarded areas include the Crossmaglen, Bonville, Boambee, Korora, Sapphire Beach, Moonee Beach, Woolgoolga, Karangi and Nana Glen localities.

The rural-residential property market continues to be one of the better performing sectors with sustained good levels of demand underpinning market values.

This year has seen a continuation of the trend for the majority of recorded sales being over improved property with sales of vacant rural residential land representing a small percentage of total sales volume.

This is primarily attributable to a continued decline in the supply of vacant allotments as established rural residential localities near full development.

All established coastal rural residential localities including Boambee (north, middle and south), Bonville, Crossmaglen, those surrounding Coffs Harbour's urban fringe, Korora, Sapphire Beach, Moonee Beach, Emerald Beach and Woolgoolga have continued to display a strong market performance over the preceding 12 months. Levels of sales activity have generally been maintained, underpinned by sustained levels of demand. Prevailing value levels have increased slightly in all of these areas as a result.

The market for rural residential property in the more remote, but popular Orara Valley and Nana Glen localities has remained relatively steady over the preceding 12 month period with sales activity and value levels remaining at similar levels to those of 2014.

## **Commercial**

The Coffs Harbour LGA contains 663 commercially zoned properties spread across six commercial zones. These properties cover a wide range of classifications from single street-front shops to multi-level regional shopping centres and commercial office blocks. To a large extent, performance of this sector of the real estate market is reliant upon external economic conditions and consumer confidence. Locally, it is additionally impacted by the comparatively low average income base of the local population.

The market for commercial property within the Coffs Harbour LGA over the past 12 months, has generally seen a continued period of sustained value levels, at a similar level of market activity as the prior year.

The most significant value change recorded in the commercial/business sector was a 10% increase in the value of property in the commercial precinct lining the Pacific Highway between Marcia Street and Bray Street, north of the Coffs Harbour CBD. This has been a response to the higher levels of demand in the market and significant recent re-development of property in this locality.

There have been some minor incremental value changes across other commercial precincts in line with recent market evidence, however these value changes have been generally limited to less than 2%.

One transaction of particular interest is the recent sale of the former Commonwealth Bank building in the prime Coffs Harbour CBD block. This extensively improved property sold with vacant possession, after auction, for \$3,450,000 in March 2015. The building was purpose built for the bank in the late 1970's, however it is well suited to conversion to a multi-tenanted retail/office building, which is the local purchaser's intention. The analysis of this sale supported the adopted value levels.

The secondary commercial areas of Sawtell, Toormina, and the Jetty Precinct have again experienced relatively low levels of supply and demand over the preceding twelve month period with similar small numbers of recorded market transactions over the previous year. Analysis of the limited sales that were transacted has indicated no significant value level movements.

The commercial area of Woolgoolga continues to experience a period of transition following the relocation of the Pacific Highway and the opening of the new Woolworths supermarket development. Any impact of these factors on the wider Woolgoolga commercial market has not yet manifested in the market and value levels have remained steady.

## **Industrial**

The market for industrial land throughout established estates in the greater Coffs Harbour LGA has increased slightly over the preceding 12 months. Overall sales volumes have recovered since the lows of 2011 – 2013 signifying a slight increase in demand for this class of property. Although there has been little in the way of significant new development across the industrial sector, the gradually diminishing supply of available property is now becoming more aligned with current levels of demand in most areas. Rental vacancy rates in most areas continue to be low while returns on investment property, evidenced from the analysis of recent reliable sales, appear consistent in the 7.0% to 8.0% per annum net range. Overall auction clearance rates have remained consistently high throughout the reporting period.

Development within the Isles Drive Industrial Estate south of Coffs Harbour continues to expand albeit to a lesser extent than in prior peak years. Sustained demand for a decreasing supply of available property has resulted in a moderate increase in value levels over the preceding 12 months.

The construction of a new Bunnings Warehouse home improvement retail store at the intersection of Cook Drive and the Pacific Highway and the concurrent upgrade and re-alignment of the Cook Drive/Pacific Highway/North Boambee Road intersection were notable factors affecting the Cook Drive industrial estate over the past year. These improvements have elevated the profile of this traditionally secondary location with analysis of the most recent reliable sales within the locality indicating a moderate increase in land values of around 10% over the past 12 months.

There has been very little new development but slightly increased recent sales activity in the Hi-Tech Drive/Craft Close, Newcastle Drive/Hulberts Road, Marcia Street/June Street or Orlando Street/Lawson Crescent industrial estates over the preceding year. Although these areas appear to have experienced slightly lower levels of demand than superiorly located estates, land value increases in the range of 5% to 8% have been recorded.

Slightly increased levels of demand and overall sales activity within the insular Woolgoolga Industrial Estate has resulted in a corresponding moderate increase (approximately 8%) in land value levels throughout the latter stages of 2014 and into 2015. Any impact on values stemming from the recent opening of the Pacific Highway bypass of the Woolgoolga town centre (including the industrial centre situated slightly to its south) has yet to be reflected in the market.

## **Rural Grazing**

The market for larger grazing holdings is relatively limited within the Coffs Harbour LGA as there are few remaining holdings of viable size. The majority of these larger holdings are scattered throughout the western region of the LGA particularly in the Upper Orara Valley and Eastern Dorrigo Plateau localities. Given the limited quantity of this type of property in the LGA, supply is at lower levels than that for other classes of rural property. In the last twelve months there has been a similar level of sales volume occur for this class of rural property, as the prior two years. The steady state of the current market has resulted in value levels for this type of property having experienced no significant value movements during the last twelve months.

The only significant sales to have occurred in the past year in this area are of two larger grazing holdings at Brooklana. These are situated in an area that has not seen a recorded sale for many years. The properties were bought by the one purchaser to run as an amalgamated grazing holding. The combined purchase price of \$3,300,000 for just under 400 hectares indicated a combined analysed land value around \$8,485/ha.

## **Rural Horticulture**

The Coffs Harbour region has traditionally been represented as a strong horticultural area, with production of bananas being dominant. This status has reduced in recent times due poor prices received for produce, and an increase in banana production from other areas, notably North Queensland. The number of working banana plantations in the Coffs Harbour LGA has continued to fall again this year as producers move to more viable crops, or remove plantations altogether. Conversely, the amount of crops normally affiliated with niche markets is increasing each year. The number of smaller operators planting horticultural crops, particularly blueberries has once again increased during the last twelve months.

During the last twelve months there has been an increase in sale transactions for this class of property. Traditionally, the majority of transactions for horticultural property occur on the Corindi Plateau, where the greatest concentration of these properties are situated. However, as land in this area is relatively tightly held and nearly fully developed, producers have had to source suitable property from locations where the supply of suitable land is greater. These developing areas have traditionally been utilised for small scale grazing and now include locations that previously did not feature blueberry production such as the coastal hinterland at Bucca.

Despite increased sales activity, it is evident that the majority of transactions taking place in these newer locations have been privately negotiated for properties not listed on the open market. However, analysis of reliable sales evidence from other comparable localities indicates a continued stabilization of value levels for this sector of the market.

## **Rural Homesites**

Properties classed as rural homesites are widely distributed throughout the Coffs Harbour LGA and generally comprise holdings ranging in area from smaller 1 Hectare lifestyle lots through to larger 40 hectare and greater hobby farms with small scale grazing or horticultural potential.

The last twelve months has seen a continuation of steady market supply and demand for most classes of rural homesite property across the LGA. Consequently, prevailing land values have tended to remain steady particularly throughout localities west of the range (Orara Valley, Bucca and the Eastern Dorrigo Plateau and fall).

The notable exception to this trend has been for rural homesites on the coastal strip south of Coffs Harbour, particularly in the Boambee and Bonville localities. Market movements of rural homesite property values in this area have tended to mirror those of the adjoining rural residential market with increases in the range of 5% to 7% being typical.

The localities of Bucca and Central Bucca, which are located west of Moonee Beach and East of Nana Glen has had mixed market conditions over recent years. There has been a significant push by local blueberry farmers to purchase suitable properties within the area. The land must have site specific characteristics for blueberry production and therefore only certain properties are suitable. The majority of these sales have taken place by private treaty with the property very seldom being offered via the open market and more so the purchaser identifying the property as being suitable and approaching the owner privately. Often the purchase price is significantly higher than if the property was offered via the open market.

## Significant Issues and Developments

### Significant Developments – From Prior to Current Annual Valuation and Prior to Current Local Government Council Rating Valuation

During the preceding twelve month period, there has only been a limited number of significant local issues that have the potential to affect the Coffs Harbour LGA property market. The most pertinent of these in terms of their potential influence on prevailing land values are;

- Gazettal of the new Coffs Harbour Local Environmental Plan in 2013. The standardised Coffs Harbour Local Environmental Plan 2013 was Gazetted on 27<sup>th</sup> September 2013. The valuation period 1<sup>st</sup> July 2014 to 1<sup>st</sup> July 2015 is the first year that any impact of the new LEP on prevailing property values within the LGA would have been reflected in the market. This new LEP superseded the prior Coffs Harbour LEP 2000 as well as the Coffs Harbour City Centre LEP 2011. The new LEP was not utilised by Council as a means to implement significant Zoning changes within the LGA. Rather, it introduced a Zoning structure consistent with the standardised format required by NSW Department of Planning. Accordingly, the vast majority of properties across the LGA experienced no immediate or discernible changes to value levels as a direct result of the implementation of the new LEP.
- Roads and Maritime Services (RMS - formerly Roads and Traffic Authority) have completed the Pacific Highway Sapphire to Woolgoolga upgrade, including the Woolgoolga town centre bypass. During the construction phase of the Highway upgrade, significant disruption to traffic flows was experienced along the length of the works area. This contributed to a noticeable decline in total sales volumes for property along the route and, while not solely responsible in itself, was a contributing factor to the predominantly static market conditions that have prevailed in affected localities over the preceding three years. In a positive sense, the upgrade of this section of the Highway has immediately delivered improved travel times from northern beaches localities into Coffs Harbour, improved accessibility to northern beaches localities from the new Solitary Islands Way carriageway and improved traffic safety to and from the Highway via a series of new interchanges. Conversely, there has been reports in local media regarding increased traffic noise, particularly in parts of the Sapphire Beach, Moonee Beach, Emerald Beach, Sandy Beach and Woolgoolga localities that are in close proximity of the Highway. RMS is reported to be investigating these issues. Although this ongoing issue has been well publicised locally, from a value perspective, no discernible changes to land value levels resulting from increased Highway traffic noise have become apparent in the market at this stage. However, this situation will be monitored in future Programs and any land value adjustments will be made as the market dictates. Similarly, any potential land value movements in the Woolgoolga commercial and industrial property markets resulting from the Highway bypass of the town centre have yet to be manifested in the market. Again, this will be monitored over future Valuation Programs.
- Within the commercial sector the most significant change is in Woolgoolga, where the effects of the Pacific Highway being relocated to a new deviation over a year ago, seem to be manifesting. The new Woolworths supermarket in this area is being well supported by locals, and there is further evidence some market value movements could be expected in the short term. This area is one of two satellite commercial areas in Woolgoolga, with it being the least developed with the lowest value levels.

The following were generally localised issues affecting either individual or a proportionately small number of properties. These issues have not had any discernible or significant flow on impact to wider value levels for property within the LGA.

- The completion of a new Bunnings Home Improvement retail store and the concurrent realignment of the Pacific Highway/Cook Drive/North Boambee Road intersection.
- Construction of a new multi-level car park, and partial renovation of the lettable space within Park Beach Plaza Regional Shopping Centre in 2014.
- Renovation and extensions to the former “Palms” Shopping Centre (now Coffs Central) within the Coffs Harbour CBD in 2014.
- Completion of construction of the new “Equinox” residential unit development at Park Beach in 2015.
- Council approval of a DA for 38 apartments on a vacant allotment adjacent to the Jetty Village Shopping Centre in 2014 – Construction commenced 2015.
- Notification of contamination and subsequent lease expiry and closure of Coffs Harbour Slipway in Marina Precinct in 2014.
- Completion of construction of a new Woolworths supermarket on the former “Taj Hahal” site at Woolgoolga in 2014.
- Completion of construction in 2015 of a new Masters Home Improvement retail store fronting the Pacific Highway at South Coffs Harbour.
- Approval and development of the 29 lot “Aspect” residential subdivision over part of the Big Banana site (part of the larger “Summit” development) north of Coffs Harbour in 2015.
- Commencement of construction and marketing of Stage 1 of the new “Elements” residential subdivision at Stadium Drive south of Coffs Harbour.

Below is a summary of recent significant development applications. These are for developments permissible within the current zoning, therefore no special consideration is required.

- 0054/16DM-78 Beach Street, Woolgoolga. Demolition of existing motel and construction of a mixed use development.
- 0016/16DM – 35 Gordon Street, Coffs Harbour. Demolition of house and construction of new Medical Centre.
- DA 0871/15 – Lot 54 DP 1199012 & multiple Lease Lots, Airport Drive, Coffs Harbour. Demolition, earthworks and 99 Lot Subdivision (plus 1 residue Lot) – Industrial
- DA0848/15 – 27-33 First Avenue, Sawtell. Demolition of existing building and construction of retail premises and multi dwelling housing (10 units)

## Significant Value Changes

### Significant Value Changes – From Prior to Current Annual Valuation and Prior to Current Local Government Council Rating Valuation

Land values across all classes of property within the Coffs Harbour LGA have increased modestly since the prior Local Government Rating Valuation at 1 July 2014, signifying a continuation of the local market recovery from the lows experienced throughout 2011-2012.

#### Single Residential

Single residential land values have increased across all established residential areas within the LGA, with most localities recording increases in the 3% to 6% range. No area reflected a drop in value levels.

Localities showing a greatest increases in value levels were East Coffs Harbour including Brodie Drive and Macauleys Headland (7%), South Coffs Harbour including North Boambee Valley (6.5%), Sawtell (6.5%), Arrawarra/Mullaway (6%) and Emerald Beach (6%).

#### Medium Density Residential

Increased investor/developer confidence and a strengthening market demand for residential units across the LGA has resulted in modest increases in land values for all classes of Medium Density zoned property. Market gains in the range of 4% to 8% over the twelve month were typical.

The prime Coffs Harbour Jetty locality showed the greatest increase of 10%.

#### Rural Residential (Large Lot Residential)

The market for rural residential property throughout the LGA has continued to perform strongly with consistent land value increases in the range of 5% to 7% being evidenced in most localities.

#### Business

The most significant value change recorded in the commercial/business sector was a 10% increase in the value of property in the commercial precinct lining the Pacific Highway between Marcia Street and Bray Street, north of the Coffs Harbour CBD. This has been a response to the higher levels of demand in the market and significant recent re-development of property in this locality.

There have been some minor incremental value changes across other commercial precincts in line with recent market evidence, however these value changes have been generally limited to less than 2%.

#### Industrial

Sustained demand for a decreasing supply of available property has resulted in moderate increases in industrial land values over the preceding 12 months.

Established industrial Estates generally showed the following increases; South Coffs Harbour (including Isles Estate and Hurley Drive Estate) – 5%, Marcia Street & June Street – 7%, Orlando Street – 3%, Toormina (including Hulberts Road and Hi-Tech Estates) – 8%, Woolgoolga – 7%.

The largest increase in industrial land values was recorded in the Cook Drive Estate at 11%. This is largely attributed to the increased profile of the area following the recent opening of the new Bunnings Warehouse development (corner Pacific Highway and Cook Drive) and the realignment of the Pacific Highway/North Boambee Road/Cook Drive intersection.

## Rural

The last twelve months has seen a continuation of steady market supply and demand for most classes of rural property across the LGA. Consequently, prevailing land values have tended to remain steady particularly throughout localities west of the range (Orara Valley, Bucca and the Eastern Dorrigo Plateau and fall).

The notable exception to this trend has been for rural homesites on the coastal strip south of Coffs Harbour, particularly in the Boambee and Bonville localities. Market movements of rural homesite property values in this area have tended to mirror those of the adjoining rural residential market with increases in the range of 5% to 7% being typical.

## Overview of the Quality Assurance Process

LPI has been provided with a detailed Valuation Analysis Report, which details the Quality Assurance Process of Inland Pacific Property Group Contractors and outlines 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 6.2.2. 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

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