

Review of the valuation of airport lands

October 2022



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1. Executive summary

The aim of this review was to determine the appropriate valuation approach for airport lands in NSW. The Valuer General annually determines land values at six (6) Commonwealth owned, 37 council owned airports and three (3) privately owned airports.

A review of relevant legislation found that statutory and regulatory provisions concerning airports are extensive and the role of the airport master plan is fundamental to the valuation of airport lands. A review of existing research and court cases on the valuation of airport lands in Australia and overseas highlighted that there is very limited published research, information or guidance on the valuation approach for airport lands. Further, a review of other rating and taxing jurisdictions identified a methodology developed by the UK Valuation Office that applied surrounding land values to airport lands and which was contended to be a conceptually sound secondary method of valuation in the absence of directly comparable sales evidence.

Research into the available market evidence of sales of airport land found same to be limited. Investigations into these available sales revealed that airports are transacted primarily on the revenue potential of the asset rather than the underlying value of the land and buildings. Transactions of airports are generally of the leasehold interest with the Commonwealth being the owner of the land. Due to the scarcity of airport sales transacted and the impediments to reliably analysing these sales to a residual land value, it was contended that an alternate, secondary valuation methodology to direct comparison of airport sales was required.

Airports have core aviation activities on airside land which include operating runways, terminal buildings and aviation support services as well as non-aviation business activities. Landside development diversifies income and reduces the risk of the often volatile aviation market. Due to airport operator's expanding role as developers and landlords of landside developments, which may be competing with other investment opportunities in a local market, it may be contended that land values should reflect the commercial and industrial sales and leasing market evidence, rather than the infrastructure zoning which has traditionally been seen as restricted and therefore requiring discounts to reflect the perceived zoning restrictions.

This review proposed and tested the use of a valuation methodology based on the UK Valuation Office model and is summarised by Table 1 below.

AIRPORT LANDS ZONED SP			
	MAJOR	REGIONAL	RURAL
TERMINAL BUILDING	100% Business	100% Business	100% Industrial
OTHER BUILDINGS	100% Industrial		
SURFACED & ACTIVELY USED	25% Industrial	15% Industrial	10% Industrial
ALL OTHER LAND	10% Industrial	5% Industrial	50% Rural
DEVELOPMENT LAND	En globo development based on potential use (maximum 20% discount)		
ASSOCIATED AIRPORT PROPERTIES ZONED SP			
	MAJOR	REGIONAL	RURAL
ALL SEPARATELY VALUED AIRPORT LAND	100% business or industrial (maximum 20% discount)		
The above table is to be read in conjunction with the VGNSW report 'Review of the valuation of airport lands'			

Table 1 - Summary of proposed methodology to value airport lands

Type of sales evidence and percentage of value

For airport lands, application of the methodology starts with an assessment of the full market value for each of these land use components. Full market value is based on the equivalent land use from local or regional market evidence adjusted according to normal valuation practice for differences such as location, access, exposure, shape, flooding constraints etc. Each land component then has percentages of full value applied depending on the classification of the airport as either major, regional or rural, with development land discounted by up to 20% for the limitations of the airport location such as height restrictions, obstacle limitation and uses having to be aviation related.

Associated airport properties are those that are required to be separately valued under the *Valuation of Land Act 1916* (VoLA). The permitted uses under the master plan form the basis of the valuation for the associated airport properties. These sites are valued based on their allowable use based on sales evidence from the local or regional market. Adjustments are then made according to normal valuation practice for differences such as location, access, exposure, shape, flooding constraints etc discounted by up to 20% for the limitations of the airport location such as height restrictions, obstacle limitation and uses having to be aviation related.

Six case study airports of varying size and capacity were selected across NSW to test the proposed valuation methodology, being Bankstown and Camden (metropolitan), Armidale and Albury (regional) and West Wyalong and Walgett (rural). The proposed methodology was tested by valuing each airport and a selection of associated properties at the case study airports.

The case study valuations undertaken of major, regional and rural airports found that comparable evidence for both airside and landside uses was available, sales of land for other uses was both relevant and of assistance and that the value of airport lands can be derived from the value of surrounding land uses.

The developed methodology was found to provide values of airport lands that had State-wide consistency subject to local idiosyncrasies such that it offered an appropriate equitable and practical valuation approach for airport lands in NSW in the absence of comparable sales.

If airport land sales for new or expanding airports occur in the future, these sales should be investigated and analysed to establish if they are sufficient to form the primary evidence for valuation by direct comparison.

Following stakeholder consultation, this review will form the basis for the Valuer General's policy on "Valuation of airport lands".

2. Context

The Valuer General is responsible for providing independent and impartial land values for use by Revenue NSW and councils for taxing and rating. The Valuer General determines land values in NSW under the *Valuation of Land Act 1916*.

In NSW, airport lands are generally owned by either the Commonwealth or councils. The Valuer General determines land values at six (6) Commonwealth owned, 37 council owned airports and three (3) privately owned airports.

Commonwealth owned airports are not included on the Register of Land Values under the VoLA. However, a number of councils have agreements with operators of Commonwealth owned airports for an annual payment in lieu of rates and the Valuer General values these airports under Section 9A private agreements with councils.

It is understood that for Commonwealth airports under the head lease between the Commonwealth and the airport operators, rates are dealt with under Clause 26.2 *Ex Gratia payment in lieu of Rates and Land Tax*. Clause 26 was included to ensure the competitive neutrality of airports due to the commercial operations undertaken on airport lands. Clause 26.2 (a) states that ex gratia payments are levied in respect to those parts of the airport site:

- (i) *“which are sub-leased to tenants; or*
- (ii) *on which trading or financial operations are undertaken including but not limited to retail outlets and concessions, car parks and valet car parks, golf courses and turf farms, **but excluding** runways, taxiways, aprons, roads, vacant land, buffer zones and grass verges and land identified in the airport Master Plan for these purposes,”*

unless these areas are occupied by the Commonwealth or an authority constituted under Commonwealth law which is excluded from paying rates by Commonwealth policy or law.

The Lessee must use all reasonable endeavours to enter into an agreement with the relevant Government Authority, body or person to make such payments.’ (emphasis added)

Airports other than those which are on Commonwealth owned land pay rates, including council owned airports.

Councils charge themselves rates on airport land as they are classified as operational. Council owned land is exempt from land tax if:

- operated by local council
- if the term of the lease is less than 12 months (including any period under an option)
- if the lease was entered into before 1 January 1991 and the terms of the lease relating to rental payable remain unchanged.

3. Introduction

Airport lands includes the operating airport and associated airport properties zoned SP1 or SP2 under Local Environmental Plans (LEPs).

Airport lands comprises all that land beneath runways and any associated buildings such as terminal buildings, hangers and buildings with airside access together with extensive surrounding land held to ensure safety and provide expansion potential. Where parts of an airport site are separately occupied by people or corporations other than the main airport operator, they are separately valued under the VoLA, these are termed associated airport properties and also form part of this review.

The privatisation of airports worldwide has resulted in commercial development on airport land to diversify income streams and mitigate against some of the risks to returns. NSW metropolitan and regional airports generally include development for non-aviation purposes with revenues from such commercial development contributing to and diversifying the revenue of airports and in some cases competing with developments outside the airport precincts.

Reflecting the increasing complexity of land uses in and around airports, it is important that the Valuer General determines the value of airport land equitably and consistently.

The aim of this review is to determine the appropriate valuation approach for airport lands in NSW.

It is hypothesised that the market for airport lands has State-wide consistency subject to local idiosyncrasies.

The objectives of the review are to:

- review the availability of comparable market evidence for both airside and landside uses at airports;
- review sales evidence to determine if sales of land for other uses are relevant and of assistance;
- review the extent to which the value of airport lands can be derived from the value of surrounding land uses; and
- review the extent to which the market for airport lands has State-wide consistency subject to local idiosyncrasies.

Undertaking this review should facilitate the development of methodology which can be applied State-wide to ensure consistency in valuing airport lands for rating and taxing.

The report commences by reviewing relevant legislation including sections of the VoLA and planning legislation. The report then investigates research into airport lands, court cases and other rating and taxing jurisdictions' approaches to valuing airport lands before investigating the available market evidence of airport lands. From this research a valuation methodology is proposed for airport lands which is applied to case studies of different categories of airports across NSW. The case studies test the feasibility of the proposed methodology and the hypothesis of the report.

Based on the review a policy on valuing airport lands may be developed for application to all airport lands in NSW to ensure equity and consistency.

4. Review of relevant legislation

4.1 Valuation of Land Act 1916

The valuation of airport lands for statutory purposes in NSW must have regard to Section 6A(1) of the VoLA:

6A Land value

- (1) *The land value of land is the capital sum which the fee-simple of the land might be expected to realise if offered for sale on such reasonable terms and conditions as a bona-fide seller would require, assuming that the improvements, if any, thereon or appertaining thereto, other than land improvements, and made or acquired by the owner or the owner's predecessor in title had not been made.*

Section 6A(1) of VoLA requires the assumption that the land is vacant, free of structural improvements, and is valued on its 'highest and best' use. The highest and best uses of the infrastructure zoned airport land should be considered in two categories being the main operating airport lands and the separately owned or leased associated properties. Regard must be given to the airport master plan in determining the specific permitted land uses at the date valuation made. It is also important to emphasise that s6A(1) includes the assumption of 'fee-simple of the land' therefore any negative adjustment to airport market evidence due to leasehold interests must be removed to ensure fee-simple land values are assessed.

If the existing use is not permitted by the current master plan at the date valuation made, consideration must be given to s6A(2) of the VoLA if the existing use is a higher use than now permitted.

6A Land value

- (2) *Notwithstanding anything in subsection (1), in determining the land value of any land it shall be assumed that--*
(a) *the land may be used, or may continue to be used, for any purpose for which it was being used, or for which it could be used, at the date to which the valuation relates, and*
(b) *such improvements may be continued or made on the land as may be required in order to enable the land to continue to be so used,*

but nothing in this subsection prevents regard being had, in determining that value, to any other purpose for which the land may be used on the assumption that the improvements, if any, other than land improvements, referred to in subsection (1) had not been made.

Section 6A(2) of the VoLA on the basis of existing use may also be applicable if airport land is found to be subject to contamination issues, including per- and polyfluoroalkyl substances (PFAS).

The VoLA excludes any building improvements but must include all land improvements as defined by s4(1) of the Act if they are considered to add value to the highest and best use:

"Land improvements" means--

- (a) *the clearing of land by the removal or thinning out of timber, scrub or other vegetable growths,*
(b) *the picking up and removal of stone,*
(c) *the improvement of soil fertility or the structure of soil,*

- (d) *the restoration or improvement of land surface by excavation, filling, grading or levelling, not being works of irrigation or conservation,*
- (d1) *without limiting paragraph (d), any excavation, filling, grading or levelling of land (otherwise than for the purpose of irrigation or conservation) that is associated with--*
 - (i) *the erection of any building or structure, or*
 - (ii) *the carrying out of any work, or*
 - (iii) *the operations of any mine or extractive industry,*
- (e) *the reclamation of land by draining or filling together with any retaining walls or other works appurtenant to the reclamation, and*
- (f) *underground drains.*

Airports require ample levelled cleared land, free from surface obstructions to allow for safe operation and associated vehicular traffic and adequate drainage to ensure services are not interrupted by wet weather. Depending on the natural topography, the land improvements as defined under the VoLA may have been extensive to achieve the highest and best use.

4.2 Other relevant legislation

It is also important to be aware of the requirements under the Airports Act 1996 and state planning legislation. These are critical to the valuation of airport lands as they provide additional planning requirements for airport lands.

Airports are subject to the provisions of the *Airports Act 1996* and related regulations which include a master plan that provides planning requirements for the next 20 years and is to be updated every 5 years.

Requirements of airport master plans include:

- specify the Airport Lessee Company (ALC's) development objectives for the Airport;
- assess the future needs of civil aviation users and other users;
- specify the ALC's proposals for land use and related development;
- include forecasts relating to noise exposure levels, flight paths (in accordance with regulations) and the ALC's plans, following consultation, for managing aircraft noise intrusion above significant aircraft noise exposure forecast (ANEF) levels;
- assess environmental issues and plans for dealing with these issues;
- specify a 5 year ground transport plan;
- specify information on proposed developments for the first 5 years;
- assess the likely effect on employment levels at the Airport and on the local and regional economy and community in the first 5 years;
- provide an environment strategy;
- be made available for public comment for a period of 60 business days; and
- satisfy the relevant requirements of the Airports Regulations 1997.

Planning legislation in NSW comprises the *Environmental Planning and Assessment Act 1979* (EP&A Act) and the *Environmental Planning and Assessment Regulations 2000*. There are four instruments made under the EP&A Act -

1. State Environmental Planning Policies (SEPPs)
2. Local Environmental Plans (LEPs)
3. Section 117 Local planning directions
4. Development Control Plans (DCPs)

State Environmental Planning Policy (Infrastructure) 2007 includes Part 3 Development Controls, Division 1 *Air Transport Facilities*. Clause 23 *Development with Consent* states:

Development for any of the following purposes may be carried out with consent on land within the boundaries of an existing air transport facility, if the development is ancillary to the air transport facility:

- (a) passenger terminals,*
- (b) facilities for the receipt, forwarding or storage of freight,*
- (c) hangars for aircraft storage, maintenance and repair,*
- (d) premises for retail, business, recreational, residential or industrial uses.*

As the review of relevant legislation indicates, statutory and regulatory provisions concerning airports are extensive and the role of the airport master plan fundamental to the valuation of airport lands.

5. Review of existing research and court cases

There is very limited published research or information on the valuation approach for airport lands.

Prior to privatisation of airports, the standard valuation approach for airports was generally based on the cost method (Scarrett 2008).

Worldwide most airports have been divested from public ownership and become sought after investments 'typically offering strong growth fundamentals, diverse income streams, asset resilience and cash distributions, they also provide the potential to realise significant capital gains upon disposal. Therefore investors and operators analyse an airport company's EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization), undertake valuations based on discounted cash flows (DCF) and study transaction multiples which provide valuation benchmarks. DCF approach is also more appropriate for differentiating between an airports revenue streams (aviation, retail, real estate, external operations) and the various regulatory mechanisms under which airports operate' (PwC 2019).

The split of airport revenue between airside and landside income streams reported outside Europe indicate that landside operations can constitute more than 80% of airport revenue (Akintoye and Beck 2009). Commonwealth of Australia v Essendon Airport Pty Ltd [2019] FCA 1411 referred to the document "Phase 2 Federal Airports Essendon Airport Information Memorandum" issued by the Commonwealth in November 1997 which reported that the revenue mix for the year to 30 June 1997 was 10% airport operations and 90% property operations. The most recent Australian airport sale of Jandakot Airport WA in 2021 is understood to have had a revenue mix comprising less than 10% from airport operations. These revenue splits support the claims that an airport's dominant business activity is property development with aviation activities being ancillary.

In 2001-2002 the Australian Competition and Consumer Commission (ACCC) and Sydney Airport Corporation Ltd (SACL) negotiated at the Productivity Commission (2002:401-02) regarding the appropriate valuation methodology for the purposes of regulating Sydney Airport price caps. SACL (\$705M) argued that surrounding land value or 'ambient value' was the appropriate method whilst the ACCC (\$452M) argued that CPI adjusted historic cost valuation should be utilised. This negotiation highlighted again the significance of airport land to the asset base and rate of return generated.

Two recent Court cases have been identified relating to Clause 26 of the leases between the Commonwealth and airports. Clause 26 of the head lease was included to ensure competitive neutrality. In Commonwealth of Australia v Essendon Airport Pty Ltd [2019] FCA 1411 (EAPL) the matter considered related to clause 26.2(b) and ex gratia payment in lieu of land tax. The valuer for the Commonwealth (\$341.5M) valued the precincts of the master plan and aggregated those values with no adjustment for the requirement to operate the rest of the airport as they were considered to 'stand-alone' for the purposes of clause 26.2(b). The airport's valuer (\$48.4M) took a different approach in valuing the entirety of the land subject to the airport lease, then making a series of adjustments with the clause 26.2(b) value calculated as the percentage of the whole airport site occupied by land liable under clause 26.2(b). The Commonwealth submitted that the airports approach resulted in a 'depressed site value' as it reduces the high value of 'those parts' of the airport site (landside tenancies) by aggregating it with the low value land (operating airport lands). The Court agreed with the Commonwealth's argument that the party's purpose of including clause 26.2(b) was unlikely to be that the "relatively high value of land used for non-aviation purposes vis-à-vis land used for aviation purposes... that the calculation of the payments in lieu of land tax in respect of non-aviation land should be in any way affected by the aviation land."

In *Hobart International Airport Pty Ltd v Clarence City Council & Australia Pacific Airports (Launceston Pty Ltd v Northern Midlands Council Pty Ltd [2022] HCA 5* the initial dispute related to clause 26.2(a) and ex gratia payment in lieu of rates. Section 114 of the Constitution prohibits States from charging “any tax on property of any kind belonging to the Commonwealth”. In 2014 the Valuer General of Tasmania revalued the airport sites resulting in a significant increase. The Commonwealth engaged an independent valuer who assessed the value excluding areas of the airport such as departure and arrival lounges, baggage claim areas, toilets and waiting areas. The airport operator and the Commonwealth contended that “trading or financial operations” was not intended to have application to “aeronautical services and facilities” (which the councils included in their valuation calculations) because such services and facilities were not “contestable” – that is, the lessees could not enjoy a competitive advantage because there was no comparable business. This case did not address valuation methodology.

Interviews with airport operators and purchasers supported the view that investment decisions are based on income streams and therefore commissioned valuation advice and financial reporting is based on income methodology rather than the value of land and buildings.

An airport company has core aviation activities to operate runways and terminal buildings (which is a condition of the head lease when leased from the Commonwealth) and aviation support and non-aviation business activity landside. The airport land with the most potential for income growth is the expansion of landside development on underutilised land. Landside development diversifies income and reduces the risk of the often volatile aviation market.

In Australia the privatisation of airports commenced in 1994 when the Government announced its in principle decision to sell 22 airports. All capital city airports in Australia were privatised between 1997 – 2001 with the new operators granted leases of 50 years with a 49 year option. Most of the privatised airports included large undeveloped areas landside giving operators the potential to substantially increase non-aviation revenue. The development and land uses of landside areas at airports is controlled by the Airports Act 1996 and related regulations (see Section 3 Review of relevant legislation of this report). Landside development at metropolitan and regional airports may benefit from the extent of infrastructure existing such as transport links and reticulated services which can be a cost advantage over other competing development sites (Donehue and Baker 2012).

While metropolitan and regional airports expand due to the opportunities for landside development, many rural airports in Australia do not have demand for landside development yet have to provide infrastructure for aviation operations, meet high maintenance costs and increased security requirements. Rural airports provide vital links for their communities by connecting them to essential services such as education and health providers in larger centres (Donehue and Baker 2012).

Due to airport operators expanding role as developers and landlords of landside developments, which may be competing with other investment opportunities in a local market, it may be contended that land values should reflect the commercial and industrial sales and leasing market evidence (Horsley and Seed 1996) of the area generally, rather than the infrastructure zoning which has traditionally been seen as restricted and therefore requiring discounts to reflect the perceived zoning restrictions.

As the review of existing research and court cases indicates, little or no guidance could be identified on the valuation of airport lands.

6. Review of other rating and taxing jurisdictions

As part of this study, other rating and taxing jurisdictions in Australia and the International Property Tax Institute (IPTI) were surveyed regarding their approach to the valuation of airport land.

The Airports Branch of the Department of Infrastructure, Transport, Regional Development, Communications and the Arts is responsible for the regulation of leased federal airports on Commonwealth land. It is understood the Airports Branch issued draft valuation rules in 2022 as a result of recent court cases including *Commonwealth of Australia v Essendon Airport Pty Ltd* [2019] FCA 1411 and *Clarence City Council v Commonwealth of Australia* [2019] FCA 1568. It is understood the draft valuation rules are to be adopted by airport operators for the purposes of valuing airport land for ex-gratia rates and land tax payments under Clause 26.2 of the head leases with the Commonwealth. At the time of publication, the Airports Branch have not provided a copy of their draft valuation rules to assist in this review.

The only Australian jurisdiction which reported a specific approach is the ACT which has legislation under the *Rates (ACT) Act 2004* PART 5A for its one commercial airport where the annual rating value is generated by a formula (average unimproved value (AUV) = last AUV × (1 + (development index + growth index))) and not by a standard market based valuation methodology.

The only international jurisdiction found to have a specific published valuation approach for airports was the United Kingdom – *Rating Manual Section 250 Civil Airports*. In the UK the rateable value of non-domestic property includes improvements and is generally valued on a ‘rental basis’. Properties that are not normally rented, such as hospitals, schools and airports are valued using the cost of replacing the building and, after adjustment, takes a prescribed percentage of that cost as the rateable value.

The UK manual for the valuation of civil airports includes ‘Stage III Land Cost’ –

‘The objective is to include a land cost for the total land area of the airport and if evidence of site value for a new or extended airport exists, this should be used, analysed on an overall acreage basis... Normally such evidence does not exist and recourse must be had to local evidence of the nearest equivalent land use even though these may not be, strictly, within the same mode of category of use.’

In the UK, to standardise the approach, the UK Valuation Office has adopted a methodology to calculate the site value, agreed with airport users, based on dividing the airport land required for operational purposes into four separate components (see summary in Table 2) –

- (1) **Terminal building** – based on the total floor area of the terminal building with the land value applied on the level of commercial activity based on –
 - (i) major airport - value at peak commercial land value
 - (ii) regional airport – value related to sites utilised for food and retail warehousing in the locality
 - (iii) smaller regional airports – non-food retail land value or higher value industrial land.

Guidance on valuing the terminal component of the land includes allowing for multi floor levels in calculating the area, taking account of the relative size of the retailing area, and that retail values would be inappropriate if shopping facilities did not exist in a terminal. The aim is to reflect the terminals interface between the land and

airsides of the airport and the captive nature of the passengers which motivates retail spending.

- (2) **Other buildings** (including terminals of smaller airports) – based on double footprint of the building at a value equivalent to warehouse/industrial land values.
- (3) **Surfaced land areas** (runways, roads, carpark, aprons, taxiways etc) – valued by reference to values for open storage and carparking land in the vicinity. If no specific market evidence exists for open storage and carparking land, 25% of industrial/warehouse value is adopted for major airports and 5% -15% for minor airports.
- (4) **All other land** (excluding leased areas) - valued at prevailing agricultural values. The instructions specifically qualify that *“remote or green-belt locations should not be taken at a lower site value on the assumption that planning consent would not be available for alternative user, because it is the value of the site for airport use for which consent exists or has been established, which is required for the valuation exercise.”*

AIRPORT LAND USE	AIRPORT CATEGORY			
	MAJOR	REGIONAL	SMALL REGIONAL/RURAL	
	TERMINAL BUILDING	Peak Commercial	Food and retail warehousing	Non food retail or higher value industrial
	OTHER BUILDINGS	Warehousing/Industrial (W/I)		
	SURFACED AREAS	25% W/I	15% - 5% W/I	
ALL OTHER LAND	Agricultural			

* Note 100% if no % included

Table 2 - Summary of UK Valuation Office model
Class of market evidence & % of value for determining site value

The UK Valuation Office approach of applying surrounding land values based on use to land beneath terminals and other buildings is contended to be a conceptually sound secondary method of valuation in the absence of directly comparable sales evidence.

7. Review of airport market evidence

7.1 Market evidence

Market sales of airports are limited and investigations into available sales (Table 3) support the earlier premise that airports are transacted primarily on the revenue potential of the asset rather than the underlying value of the land and buildings. Transactions of airports are generally of the leasehold interest with the Commonwealth being the owner of the land.

Informed parties to these transactions were interviewed regarding the investment decisions relating to these transactions. The parties' opinions at the transaction date on the value of the land component overall, and/or airside and landside was sought. Observations made from the interviewed parties included:

- values were negatively adjusted for the leasehold interest; and
- in some cases, negative adjustments were relevant for restrictions imposed by the airport location such as height and obstacle restrictions.

Three sales of associated airport properties (SP2 zoned land at the airport not part of the operating airport) were identified at Armidale airport and, while complicated by being sales to long term lessees of the land only, with the scarcity of other airport sales they provided some guidance. Comparing one of these airport sales (Armidale Sale No 2 in Table 28) to a comparable sized industrial zoned sale (Armidale Sale No 9 in Table 29) it demonstrates a 25% reduction. If this is adjusted for factors other than the airport restrictions such as location, access and frontage, the discount shown is between 10% - 20%. The analysed 10% - 20% discount is considered to be reasonable for airport associated restrictions such as increased planning controls, building height and obstacle limitations and security restrictions of airside access.

6.2 Rental evidence

Rental evidence of airport land was sought for sale properties and case study airports. Most airport owners claimed, '*commercial in confidence*' and declined to supply specific lease information.

Some councils, that were part of case studies, supplied lease information however these were generally ground rentals based on long term leases subject to annual CPI or fixed rate increases, with market reviews generally every five years. Ground rentals of comparable properties to the airport leases are very rare, and not of a quantity to enable reliable analysis of a rental differential between airport and non-airport lands.

Due to the scarcity of airport land sales market evidence and the impediments to reliably analysing airport sales to a residual land value, it is contended that an alternate valuation methodology is required.

Airport, Location	Council Zoning	Date	Parties	Sale Value	Total Land (ha)	Airside (ha)	Landside (ha)	Comment
Kingsford Smith Airport, Sydney	SP2 - Infrastructure - Airport transport facilities	late 2021	Sydney Airport Corporation to Sydney Aviation Alliance	\$32.2B	907	771.5	135.5	Transaction of remaining term of 99-yr lease (incl 49-yr option) from the Commonwealth that commenced in 2002. Unsolicited bid by consortium understood to include US Global Infrastructure Partners, Australian Super, Qsuper, Qatar Investment Authority and Singapore GIC. Sale value understood to include taking the ASX listed airport private for \$8.75 per share, a premium to the last traded share price on 13 Sept 21 of \$8.00.
Jandakot, Perth WA	Public Purposes	Aug 2021	Jandakot Airport Holdings Pty Ltd to Dexis & Industria REIT	\$1.3B	622	257	365	Transaction of remaining term of 99-yr lease (incl 49-yr option) from the Commonwealth that commenced on 1 July 1998. At 2021 sale date the sale value was attributed as: <ul style="list-style-type: none"> \$875M for a portfolio of 49 properties fully-leased to more than 54 tenants across circa 360,000 sqm, with a 7.6 year weighted average lease expiry and reflecting a 5.2% initial yield and 4.7% cap rate, \$225M attributed to circa 80 hectares of immediately developable land, of which 12 hectares is currently under head of agreement and the remaining 68 hectares is approved under a current master plan, and \$200M for operating the airport.
Proposed Tarras Airport, New Zealand	General Farmland	mid 2020	5 private landholders to Christchurch International Airport Limited (CIAL)	\$45M	750	-	-	Sale reported in media but understood subject to delayed settlement. NZ media reported "local wisdom is that CIAL paid roughly double the land's (rural) value". No approvals or planning in place for airport reported sale date.
Extension to Wellington Airport, New Zealand	Airport Precinct	Dec 2019	Minamar Golf Club to Wellington Airport	\$31M	12.9	-	12.9	Appears purchased land to be used for landside operations with domestic and international terminals to be reconfigured and additional carparking developed.
Extension to Wellington Airport, New Zealand	Residential	Early 2017	Crown to Wellington Airport	\$11M	1,832	-	1,832	Sale of surplus ex school land including a vacant child care centre. Purchase price understood to represent approximately 50% premium on residential values. Purchase understood to allow for future carparking requirements.
Camden and Bankstown, Sydney	SP2 - Infrastructure - Airport transport facilities	late 2015	BAC Holdco Aware Super (then First State Super) & Altis	\$203M	313 <u>196</u> 509	156 <u>128</u> 284	156 <u>67</u> 225	Transaction of remaining term of 99-yr lease (incl 49-yr option) from the Commonwealth that commenced in 2003. At 2015 sale date: <ul style="list-style-type: none"> 31.8ha at Bankstown and 8.3ha at Camden undeveloped area landside. 110.2ha at Bankstown of existing development landside comprising 136 tenants with 2.2% vacancy; 5.2ha at Camden of developed landside comprising 43 tenants with 0 vacancies.

Table 3 - Summary of airport transactions

8. Proposed Valuation Methodology

As it has been found that there are insufficient airport land sales available to determine airport land values, the use of sales evidence of land surrounding the airport of similar uses was investigated as a potential alternative valuation approach.

To provide a framework for implementation, a similar approach to the UK Valuation Office model was adopted and tested against six NSW case study locations.

The UK Valuation Office model methodology has been adjusted to cater for the different land uses of NSW airport lands. Two categories have been adopted, being “Airport lands” which comprise the operating airport and “Associated airport properties” which comprise the adjoining lands also zoned infrastructure (aviation).

7.1 Airport lands

Having regard to the UK Valuation Office methodology, the land comprising the operating airport is divided into five components with each airport classified as being major, regional or rural. The definitions are included in the Glossary and NSW airports zoned infrastructure (aviation) are categorised in Appendix 1.

Table 4 summaries the proposed airport lands valuation methodology.

AIRPORT LANDS ZONED SP			
	MAJOR	REGIONAL	RURAL
TERMINAL BUILDING	100% Business	100% Business	100% Industrial
OTHER BUILDINGS	100% Industrial		
SURFACED & ACTIVELY USED	25% Industrial	15% Industrial	10% Industrial
ALL OTHER LAND	10% Industrial	5% Industrial	50% Rural
DEVELOPMENT LAND	En globo development based on potential use (maximum 20% discount)		
ASSOCIATED AIRPORT PROPERTIES ZONED SP			
	MAJOR	REGIONAL	RURAL
ALL SEPARATELY VALUED AIRPORT LAND	100% business or industrial (maximum 20% discount)		
The above table is to be read in conjunction with the VGNSW report 'Review of the valuation of airport lands'			

Table 4 - Summary of proposed methodology to value airport lands
Type of land sales evidence & % of value

In the absence of comparable sales for airports, surrounding land sales in the locality outside the airport are used to value each part of the airport as follows:

1. Terminal building –

- (i) major airport – valued on the basis of business zoned sales.
- (ii) regional airport – valued on the basis of business zoned sales.
- (iii) rural airports – valued on the basis of industrial zoned sales.

2. Other buildings (hangars etc) – valued on the basis of industrial zoned sales

3. **Surfaced and actively used land** (land comprising runways (sealed and grassed), roads, carpark, aprons, taxiways, beacons etc) – valued at 100% of open storage and carparking values if sales evidence is available. If no specific market evidence exists for open storage and carparking land in the locality, industrial values are to be adopted at the following rates of full value:

- (i) major airport – 25% of industrial zoned sales
- (ii) regional airport – 15% of industrial zoned sales
- (iii) rural airports – 10% of industrial zoned sales

Surface land areas may include significant land improvements (refer to Section 3.1) which are included in land value. The use of industrial market evidence and the percentage of industrial values adopted is considered to reflect the added value of these land improvements.

The percentages of full value to be adopted are intended to recognise that this land is not income producing but a critical part of the airport operation.

4. **All other land** (airport buffer including extensive grassed areas)

- (i) major airport – 10% of industrial zoned sales
- (ii) regional airport – 5% of industrial zoned sales
- (iii) rural airports – 50% of rural zoned sales

The percentage of full value is intended to remove from the comparable market evidence the value of attributes such as building entitlement and development potential and to allow for constraints of the airport such as development restrictions, obstacle, noise, height and security restrictions.

5. **Development land** – airport lands may include land identified in airport master plans for future development. Development land is to be valued on the basis of englobo development land sales in the locality based on the potential use.

It is recognised that at some airports this land may be uniquely restricted by the airport operation and development constraints of the airport master plan including obstacle, noise, height and security restrictions which may impact the potentiality of this land. Airport development land may also have higher development costs and longer development periods due to the requirements of the Airport Act 1996 and other associated legislation. The appropriate discount is to be individually assessed to allow for these restrictions up to a maximum of 20% from the en globo sales evidence.

7.2 Associated airport properties

Associated airport properties comprise the adjoining lands also zoned for airport uses but not being part of the operating airport.

In the absence of infrastructure zoned sales, the value of associated airport properties may be determined by sales evidence in the locality of a comparable highest and best use. In most cases the uses of the associated airport properties are related to industrial or business uses. In determining the highest and best use, reference to the airport master plan's land use plan is critical. Airport master plans outline permitted land uses. The sites current use may also assist in determining the highest and best use.

The process of analysis and adjustment for comparability should be considered for the associated airport properties.

In some locations, development land at an airport may attract a premium over surrounding locations due to the increased business generated by the airport. For example, many metropolitan and regional airports with arterial road frontage include service stations and fast food outlets which benefit from both airport and general traffic. With the ongoing growth in the logistics market, the demand for sites with these attributes is strong and airport precincts are anticipated to continue to benefit from the growth in logistics demand.

For some associated airport properties an additional adjustment to the market evidence may be required to recognise the limitations of the airport location such as height restrictions, obstacle limitation and uses having to be aviation related. If this is the case the total adjustment for this is to be no more than 20%.

9. Case Studies

Six case study airports of varying character, size and capacity have been selected across NSW to investigate the objectives through the proposed valuation methodology. Airports selected comprise:

- Major airports* - Bankstown and Camden,
- Regional airports - Armidale and Albury and
- Rural zoned airports - West Wyalong and Walgett.

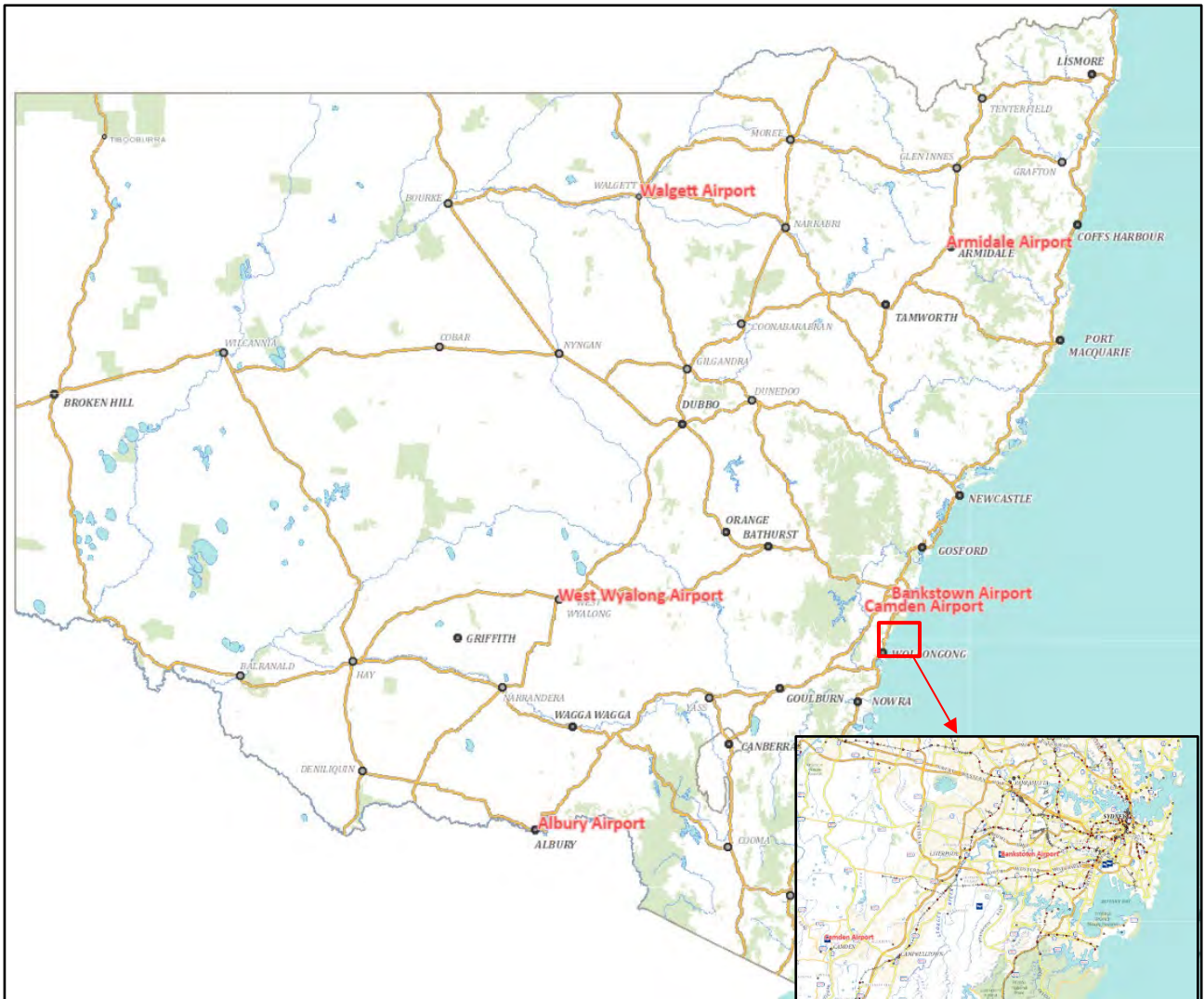


Figure 1 - Location of case study airports
Source: NSW Spatial Services

The detailed case study analyses and valuations are included in Appendix 2.

*it is acknowledged that under the head lease between the Commonwealth and the airport operators' Council rates are dealt with under Clause 26.2 Ex Gratia payment, in lieu of Rates and Land Tax and not payable on operational airport or vacant lands. Bankstown airport (Valuation 1) and Camden airport (Valuation 5) are included only for the purposes of testing the developed methodology.

10. Results

Full details of the case study analyses and valuations can be found in Appendix 2.

Overall, it was found that there was sufficient surrounding sales evidence to use for the airport valuations in each case study location.

Table 5 provides an overview of the valuations of airport land made by adopting the proposed methodology for each airport category.

CATEGORY		MAJOR													
Case Study Airport		Bankstown							Camden						
	Area m ²	FV \$m2	%FV	\$m2	LV	% LV	%Area		Area m ²	FV \$m2	%FV	\$m2	LV	% LV	%Area
Terminal	2,200	\$ 1,550	100%	\$ 1,550	\$ 3,410,000	1%	0.1%								
Other buildings	8,050	\$ 870	100%	\$ 870	\$ 7,003,500	3%	0.4%								
Surfaced & actively used	661,749	\$ 300	25%	\$ 75	\$ 49,631,175	20%	35%		381,750	\$ 230	25%	\$ 58	\$ 21,950,625	36%	20%
Other lands	961,133	\$ 300	10%	\$ 30	\$ 28,833,990	12%	51%		1,415,650	\$ 20	50%	\$ 10	\$ 14,156,500	23%	74%
Development - Aviation Business	236,790			\$ 500	\$ 118,395,000	47%	12%		107,700			\$ 230	\$ 24,771,000	41%	6%
Development - commercial	30,440			\$ 1,400	\$ 42,616,000	17%	2%								
MP Airport Riparian															
TOTALS	1,898,162			\$ 132	\$ 249,889,665	100%	100%		1,905,100			\$ 32	\$ 60,878,125	100%	100%
CATEGORY		REGIONAL													
Case Study Airport		Armidale							Albury						
	Area m ²	FV \$m2	%FV	\$m2	LV	% LV	%Area		Area m ²	FV \$m2	%FV	\$m2	LV	% LV	%Area
Terminal	3,030	\$ 150	100%	\$ 175	\$ 530,250	21%	0.3%		3,336	\$ 250	100%	\$ 250	\$ 834,000	18%	0.3%
Other buildings	1,020	\$ 125	100%	\$ 100	\$ 102,000	4%	0.1%		3,500	\$ 125	100%	\$ 125	\$ 437,500	10%	0.3%
Surfaced & actively used	452,540	\$ 5	15%	\$ 0.75	\$ 339,405	13%	40%		431,700	\$ 10	15%	\$ 1.50	\$ 647,550	14%	40%
Other land	658,450	\$ 5	5%	\$ 0.25	\$ 164,613	7%	58%		382,485	\$ 10	5%	\$ 0.50	\$ 191,243	4%	36%
Development	8,410			\$ 80	\$ 672,800	27%	0.7%		247,979			\$ 10	\$ 2,479,790	54%	23%
Development - B7 zoned	5,550			\$ 130	\$ 721,500	29%	0.5%								
TOTALS	1,129,000			\$ 2.24	\$ 2,530,568	100%	100%		1,069,000			\$ 4.29	\$ 4,590,083	100%	100%
CATEGORY		RURAL													
Case Study Airport		West Wyalong							Walgett						
	Area m ²	FV \$m2	%FV	\$m2	LV	% LV	%Area		Area m ²	FV \$m2	%FV	\$m2	LV	% LV	%Area
Terminal	1,000	\$ 30	100%	\$ 30	\$ 30,000	8%	0.03%		4,540	\$ 10	100%	\$ 10	\$ 45,400	20%	0.4%
Other buildings															
Surfaced & actively used	464,000	\$ 4	10%	\$ 0.40	\$ 185,600	49%	15%		318,900	\$ 2	10%	\$ 0.20	\$ 63,780	28%	27%
Other land	2,717,600	\$ 0.12	50%	\$ 0.06	\$ 163,056	43%	85%		847,560	\$ 0.28	50%	\$ 0.14	\$ 118,658	52%	72%
TOTALS	3,182,600			\$ 0.12	\$ 378,656	100%	100%		1,171,000			\$ 0.19	\$ 227,838	100%	100%

Table 5 - Summary of airport lands case study valuations

Table 6 provides an overview of the valuations of associated airport properties made by adopting the proposed methodology for each airport category.

CATEGORY		MAJOR							
Val. No.	Case Study Location	MP Zone	Current Use	Area	LVB	Sales Utilised	\$m2	LV	
2	Bankstown	Airport business	Warehouse	1,014	6A(1)	Industrial	\$ 1,350	\$ 1,370,000	
3	Bankstown	Commercial	Fast food	2,573	6A(1)	Business	\$ 1,750	\$ 4,500,000	
4	Bankstown	Industrial	Warehouse	23,740	6A(1)	Industrial	\$ 575	\$ 13,600,000	
6	Camden	Aviation	Aviation business	1,466	6A(2)/14G	Industrial	\$ 685	\$ 1,000,000	
7	Camden	Aviation support	Glider business	29,500	6A(2)	Rural	\$ 15	\$ 440,000	
CATEGORY		REGIONAL							
Val. No.	Case Study Location	MP Zone	Current Use	Area	LVB	Sales Utilised	\$m2	LV	
9	Armidale	Highway service centre	Service station	2,174	6A(1)	Business	\$ 200	\$ 435,000	
10	Armidale	Existing industrial	Aviation business	4,982	6A(1)	Industrial	\$ 86	\$ 428,000	
12	Albury	Airside	Aviation business	1,231	6A(1)	Industrial	\$ 145	\$ 178,000	
13	Albury	Terminal	Car rental	2,403	6A(1)	Industrial	\$ 150	\$ 360,000	

Table 6 - Summary of associated airport properties case study valuations

The developed methodology tested in the case studies allows reflection of the local idiosyncrasies of each airport and their local markets, while maintaining a State-wide consistency in the valued airports.

As would be expected, the major airports in metropolitan locations have the highest value, followed by regional airports then rural airports. The relativity of the airport land values in each category (major, regional and rural) is also generally as expected and appears consistent with the strength of the surrounding local values.

For example:

- of the major airports in metropolitan locations, the more centrally located Bankstown airport adjoining higher valued urban lands has the higher value of \$132psm overall, compared to Camden Airport which is in an outer metropolitan location with semi-rural land uses surrounding and a value of \$24psm overall;
- in the category of regional airports, Albury airport has a higher value of \$4.44psm overall as a result of its location on the urban fringe with higher valued industrial land surrounding, compared to Armidale airport with a lower value of \$1.90psm overall due to surrounding development including lower valued RU4 zoned land; and
- for the rural category airports of West Wyalong and Walgett, they do not initially appear to correlate to the local market levels with the lower valued area of Walgett having a higher overall airport value of \$0.17psm compared to West Wyalong having a lower overall value of \$0.11psm but this apparent anomaly in overall values is explained by the differences in airport sizes with West Wyalong Airport being 318.2ha or 172% larger than Walgett Airport's 117.1ha. West Wyalong's 'other land' also has a lower value than Walgett's 'other land' despite the location due to West Wyalong airports 'other land' having timber coverage.

As the resultant airport land values are impacted by the amount of land in each land use component this supports the land use based methodology approach.

Further examples of local idiosyncrasies impacting the value levels can be found at the metropolitan airports of Bankstown and Camden which have similar site areas of 189.8ha and 190.5ha respectively, but the following idiosyncratic differences in land use components:

- Bankstown Airports higher value is related to 14% of the site having development potential, compared to only 6% of Camden Airport having development potential; and
- the configuration of Bankstown airport includes a large number of separately let premises resulting in an extensive network of roads, taxiways and aprons meaning 35% of the site area that is classified as 'surfaced & actively used' land compared to only 20% at Camden airport which has a significantly smaller number of tenancies.

The regional airports at Armidale and Albury also have similar site areas of 112.9ha and 106.9ha respectively, but the following idiosyncratic differences in land use components:

- Albury airport's higher value of \$4.44psm overall is related to 23% of the Albury airport having development potential, compared to only 1.2% of the Armidale airport with an overall value of \$1.90psm.

11. Summary and Conclusion

The aim of this review is to determine the appropriate valuation approach for airport lands in NSW. A review of relevant legislation found that statutory and regulatory provisions concerning airports are extensive and the role of the airport master plan is fundamental to the valuation of airport lands. A review of existing research and court cases on the valuation of airport lands in Australia and overseas highlighted that there is very limited published research, information or guidance on the valuation approach for airport lands. Further, a review of other rating and taxing jurisdictions identified a methodology developed by the UK Valuation Office that applied surrounding land values to airport lands and which was contended to be a conceptually sound secondary method of valuation in the absence of directly comparable sales evidence.

Research into the available market evidence of sales of airport lands found same to be limited. Investigations into these available sales revealed that airports are transacted primarily on the revenue potential of the asset rather than the underlying value of the land and buildings. Transactions of airports are generally of the leasehold interest with the Commonwealth being the owner of the land. Due to the scarcity of airport sales transacted and the impediments to reliably analysing these sales to a residual land value, it was contended that an alternate, secondary valuation methodology to direct comparison of airport sales was required.

Airports have core aviation activities on airside land which include operating runways, terminal buildings and aviation support services as well as non-aviation business activities. Landside development diversifies income and reduces the risk of the often volatile aviation market. Due to airport operator's expanding role as developers and landlords of landside developments, which may be competing with other investment opportunities in a local market, it may be contended that land values should reflect the commercial and industrial sales and leasing market evidence rather than the infrastructure zoning which has traditionally been seen as restricted and therefore requiring discounts to reflect the perceived zoning restrictions.

This review proposed and tested the use of a valuation methodology based on the UK Valuation Office model and is summarised by Table 7 below.

AIRPORT LANDS ZONED SP			
	MAJOR	REGIONAL	RURAL
TERMINAL BUILDING	100% Business	100% Business	100% Industrial
OTHER BUILDINGS	100% Industrial		
SURFACED & ACTIVELY USED	25% Industrial	15% Industrial	10% Industrial
ALL OTHER LAND	10% Industrial	5% Industrial	50% Rural
DEVELOPMENT LAND	En globo development based on potential use (maximum 20% discount)		
ASSOCIATED AIRPORT PROPERTIES ZONED SP			
	MAJOR	REGIONAL	RURAL
ALL SEPARATELY VALUED AIRPORT LAND	100% business or industrial (maximum 20% discount)		
The above table is to be read in conjunction with the VGNSW report 'Review of the valuation of airport lands'			

Table 7 - Summary of proposed methodology to value airport lands
Type of sales evidence & % of value

Six case study airports of varying size and capacity were selected across NSW to test the proposed valuation methodology. The selected airports were Bankstown and Camden (metropolitan), Armidale and Albury (regional) and West Wyalong and Walgett (rural). The proposed methodology was tested by valuing each airport and a selection of associated properties at the case study airports.

The case study valuations undertaken of major, regional and rural airports fulfilled the review's objectives to:

- review the availability of comparable market evidence for both airside and landside uses at airports, finding such evidence to be available;
- review sales evidence to determine if sales of land for other uses are relevant and of assistance, finding such evidence to be relevant and of assistance;
- review the extent to which the value of airport lands can be derived from the value of surrounding land uses, finding that the value of airport lands can be derived from the value of surrounding land uses; and
- review the extent to which the market for airport lands has State-wide consistency subject to local idiosyncrasies, finding that the developed methodology to value airport lands results in State-wide consistency subject to local idiosyncrasies.

Accordingly, the review proved the hypothesis that the market for airport lands has State-wide consistency subject to local idiosyncrasies.

Further, through the development of a methodology with application in the case studies, the review achieved the aim of determining an appropriate valuation approach for airport lands in NSW.

It is contended that this review establishes an equitable and practical methodology to value airport lands for rating and taxing in NSW in the absence of airport sales.

If airport land sales for new or expanding airports occur in the future, these sales should be investigated and analysed to establish if they are sufficient to form the primary evidence for valuation by direct comparison.

Following stakeholder consultation, this review will form the basis for the Valuer General's policy on "Valuation of airport lands".

12. References

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The Auditor-General Audit Report No.48 1998–99 Performance Audit Phase 2 of the Sales of the Federal Airports

Remote, rural and regional airports (RRR) in Australia (Donehue, Baker 2012)

Sydney Airport Land: Appropriate Value for Regulatory Purposes (Pitchford & Wait 2005)

UK Valuation Office Agency, Rating Manual Section 5a: valuation of all property classes, Section 250: civil airports (last updated 4 March 2022).

13. Acknowledgments

Valuers General: thank you to the Valuers General in the other states and territories of Australia and New Zealand for providing information on sales.

Department of Infrastructure, Transport, Regional Development and Communications: thank you to the Domestic Aviation and Reform branch for sharing information on leased Commonwealth airports.

International Property Tax Institute: thank you to Paul Sanderson, President of the International Property Tax Institute, for providing information on overseas rating and taxing jurisdictions.

Airport operators and their advisers: thank you for giving analysis on your purchases and operations including Sydney Metro Airports, Dexus, Aware Super, Colliers and Altis Property Partners.

Rating and taxing contractors: thank you to those who supplied assistance with market evidence.

14. Glossary

The following definitions are provided for terms used in this study.

Landside: the parts of the airport precinct to which the general public has unrestricted access.

Airside: the parts of the airport precinct which have restricted access including runway, aprons, control towers etc.

Major airport: airports in metropolitan locations generally offering scheduled flights to capital cities, regional cities and rural towns by a number of airlines. Facilities provided at a major airport include terminals with service desks for airlines, numerous passenger gates used for both departure and arrivals, lounges, luggage collection and other services, and retail tenancies including bars, cafes etc. Facilities outside the terminal but generally on landside airport land include carparking, rental cars, service stations, fast food etc. Facilities on airside airport land include aircraft hangars, cargo/freight services, fuel and catering providers etc.

Regional airport: airports offering schedule flights but often by a limited number of airlines. Facilities provided at regional airports generally include service desks for airline(s), small number of departure and arrival gates, at least one passenger lounge, café, conference rooms and car rental desks. Facilities outside the terminal but generally on landside airport land may include carparking including designated rental car spaces and service station. Facilities on airside airport land may include aircraft hangars, cargo/freight services, fuel and catering providers, flight schools, aviation business such as charter and private air services, rural aviation providers and service and maintenance providers.

Rural airport: airports in rural location often with no scheduled flights and basic facilities such as a terminal building which provides a waiting area with basic amenities but no other facilities and some hangars. Generally limited or no security between airside and landside operations.

15. Appendices

Appendix 1 – Classification of Airports in NSW

Local Government Area	Airport Name	Categories
Bayside	Part Sydney Airport	Major
Inner West	Part Sydney Airport	Major
Aerotropolis Liverpool	Badgerys Creek	Major
Tweed	Part Coolangatta Airport	Major
Camden	Camden Airport	Major
Canterbury-Bankstown	Canterbury-Bankstown Airport	Major
Hawkesbury	Richmond Airbase – RAAF	Major
Port Stephens	Williamtown Aerodrome	Regional
Wagga Wagga	Wagga Wagga City Airport / RAAF Base	Regional
Albury	Albury Airport	Regional
Armidale	Armidale Airport	Regional
Ballina	Ballina Byron Gateway Airport	Regional
Bathurst	Bathurst Airport	Regional
Coffs Harbour	Coffs Harbour Airport	Regional
Cootamundra	Cootamundra Airport	Regional
Deniliquin	Deniliquin Airport	Regional
Dubbo	Dubbo City Airport	Regional
Grafton	Clarence Valley Regional Airport	Regional
Griffith	Griffith Airport	Regional
Albion Park	Shellharbour Airport	Regional
Lismore	Lismore Airport	Regional
Maitland	Maitland Airport	Regional
Merimbula	Merimbula Airport	Regional
Moree	Moree Airport	Regional
Moruya	Moruya Airport	Regional
Mudgee	Mudgee Airport	Regional
Narrandera	Narrandera Airport	Regional
Parkes	Parkes Airport	Regional
Port Macquarie	Port Macquarie Airport	Regional
Scone	Scone airport	Regional
Spring Hill	Orange Airport	Regional
Tamworth	Tamworth Airport	Regional
Taree	Taree Airport	Regional
Temora	Temora Airport	Regional
Cessnock	Cessnock Airport	Rural
Cobar	Cobar Airport	Rural
Corowa	Corowa Airport	Rural
Cowra	Cowra Airport	Rural
Forbes	Forbes Airport	Rural
Goulburn	Goulburn Airport	Rural
Hay	Hay Airport	Rural
Lake Cargelligo	Lake Cargelligo Airport	Rural
Lightning Ridge	Lightning Ridge Airport	Rural
Narromine	Narromine Airport	Rural
Pelican	Belmont Airport	Rural
Quirindi	Quirindi Airport	Rural
Tocumwal	Tocumwal Airport	Rural
Tumut	Tumut Airport	Rural
Walgett	Walgett Airport	Rural
West Wyalong	West Wyalong Airport	Rural

Appendix 2 – Case Studies

Case Study 1 – Metropolitan (Major) Airport – Bankstown Airport



Figure 2 – Overview of Bankstown Airport
Source: NSW Spatial Services

Overview

Bankstown airport is in Canterbury-Bankstown LGA approximately 26km south-west from Sydney CBD. Bankstown airport is operated by Bankstown Airport Limited as Head Lessee from the Commonwealth as the owner. The Valuer General provides 246 land values to Canterbury-Bankstown Council under a s9A agreement for the airport which comprises 313 hectares.

As noted in the Bankstown Airport Master Plan 2019, Bankstown airport is the third busiest airport in Australia and the second busiest general aviation airport, operating full-time with limitations on some night training operations. The master plan states that the businesses operating from the Bankstown airport include emergency services, flight schools, air freight, air maintenance, charter and private businesses offering services such as car rentals, fuel supplies etc.

Bankstown airport is a major commercial centre of Canterbury-Bankstown area with more than 160 business operating from airport land including major tenants such as Bunnings, Aldi and Pickles Auctions.

Bankstown airport operations were reported in the 2019 Airport Master Plan to contribute \$1 billion annually to the economy and generate over 6,000 jobs to NSW.

Planning

The Bankstown LEP 2015 identifies the airport site as being zoned SP2 Infrastructure – Airport Transport Facilities. Objectives of the SP2 zone are –

- to provide for infrastructure and related uses, and
- to prevent development that is not compatible with or that may detract from the provision of infrastructure.

Figure 3 provide an overview of the existing zones in the location of the airport.

The airport is identified as a Heritage Item – General on the Heritage Map as Item I18 – Bankstown Aerodrome (Figure 4) and on Acid Sulphate Soils Map as Class 3, 4 and 5 (Figure 5).

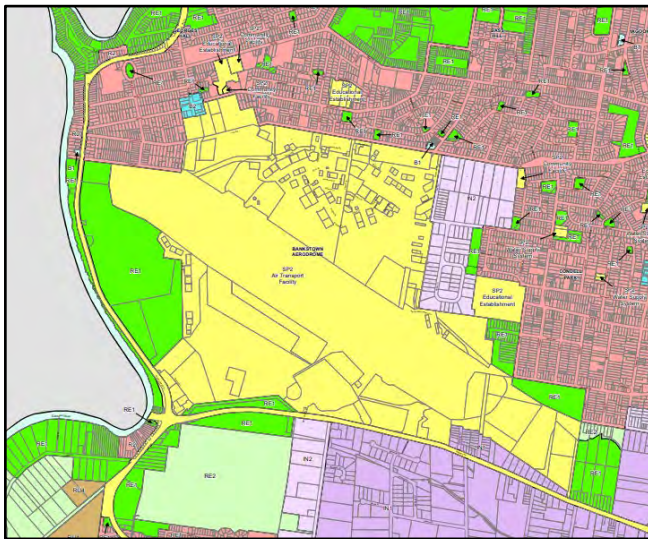


Figure 3 - Land Zoning Map – Sheet LZN_2

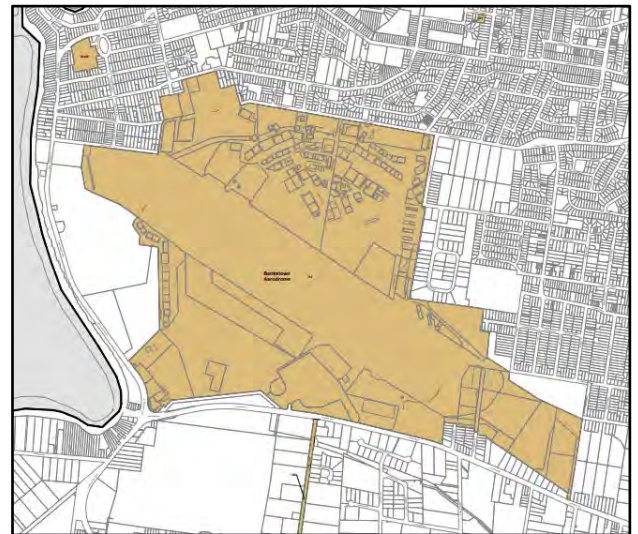


Figure 4 - Heritage Map – Sheet HER_2

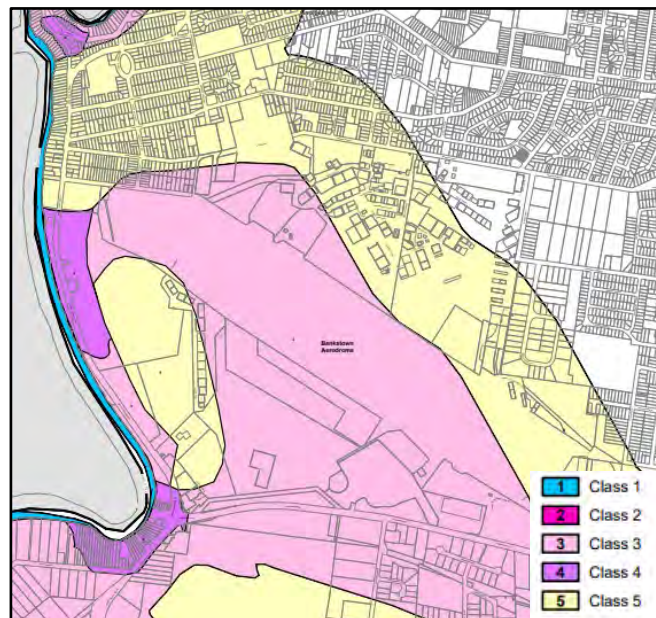


Figure 5 - Acid Sulphate Soils Map – Sheet AAS_2
Source: Bankstown LEP 2015 – NSW Planning Portal

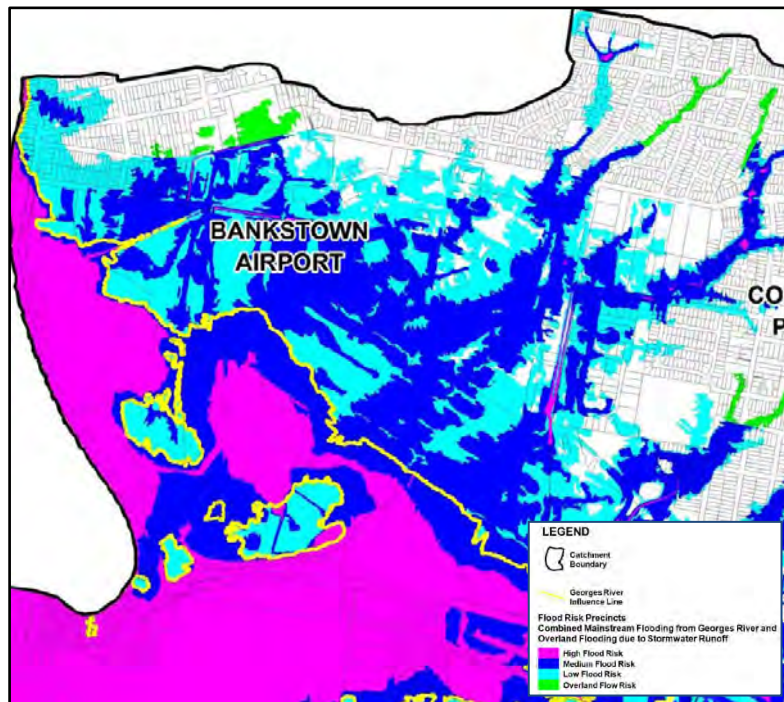


Figure 6 - Flood Risk Precincts Map

Source: City of Canterbury Bankstown Floodplain Risk Management Study and Plan for Sub-Catchments of the Mid Georges River

The flood maps currently show majority Bankstown airport to be within Flood Risk Precincts with low to high flood risks.

Bankstown Airport Ltd has developed a site-wide Flooding and Stormwater Management Strategy in consultation with Canterbury-Bankstown Council. The strategy demonstrates how flooding, stormwater and water quality can be manage through an extensive range of development scenarios.

A freeboard of 300mm has been adopted for all new development at Bankstown Airport to ensure development achieves flood immunity from the 1:100 year ARI flood event.

The airport is excluded from LEP Maps for restrictions on floor space ratio, height of buildings, lot size, additional permitted uses, land reservation acquisition, foreshore building line, terrestrial biodiversity, special provisions, riparian lands, watercourses and sun access protection.

The 2019 Bankstown Airport Master Plan identifies four airport zones – Airport Business (75.6ha), Aviation (155.2ha), Commercial (76.3ha) and Industrial (6ha). These zones are displayed in Figure 7.

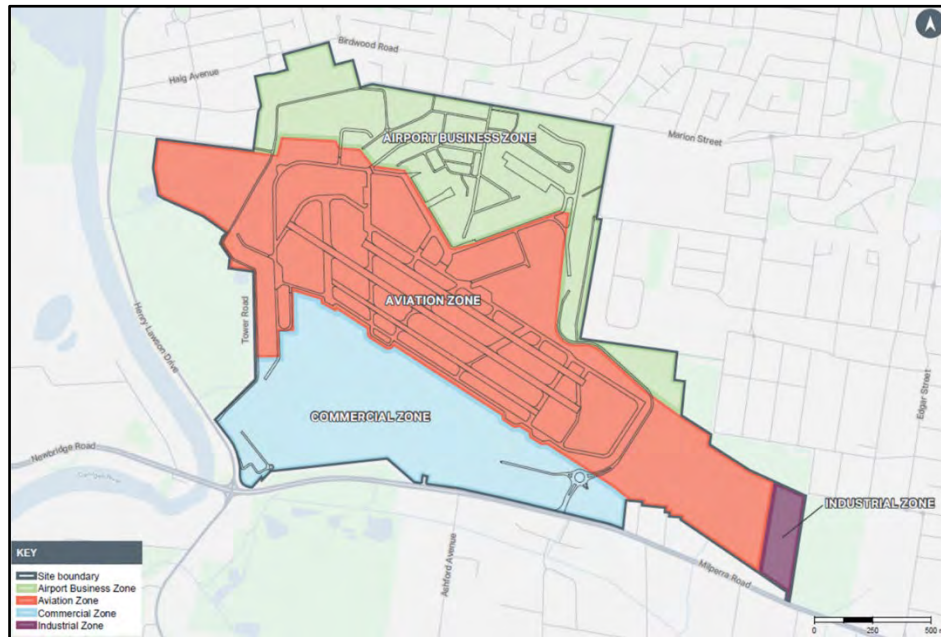


Figure 7 - Zone Plan
Source: Bankstown Airport Master Plan 2019

These zones are described fully in the Master Plan with the following providing an overview:

- Airport Business Zone is the historical ‘heart’ of the Airport and includes the main terminal and aviation area (and Chevron and airport-related businesses) and neighbourhood facilities such as Georges River Grammar School and retail facilities.
- Aviation Zone is the location for runways, taxiways, aircraft movement and parking areas, along with airside and some airside/landside tenancy buildings.
- Commercial Zone provides opportunity to develop as a major hub for transport logistics and distribution facilities, warehousing and industrial/commercial development, along with retail facilities at the ‘gateway’/entrances to the Zone.
- Industrial Zone being constrained by height limitations is well suited to surrounding industrial uses, including the Milperra Industrial Area with good access close by to Milperra Road.

Heritage

Whilst the LEP identifies the entire airport site as a Heritage Item – General on the Heritage Map as Item I18 – Bankstown Aerodrome (Figure 4) detailed information is provided in the 2019 Bankstown Airport Master Plan which identifies and describes two areas in the Aviation Zone as items of heritage being the control tower and Chevron area. The location of these heritage items are shown in Figure 8. Therefore, only valuations in this part of the airport are considered to require consideration of Section 14G of the VoLA and associated instructions and policies on heritage valuations.

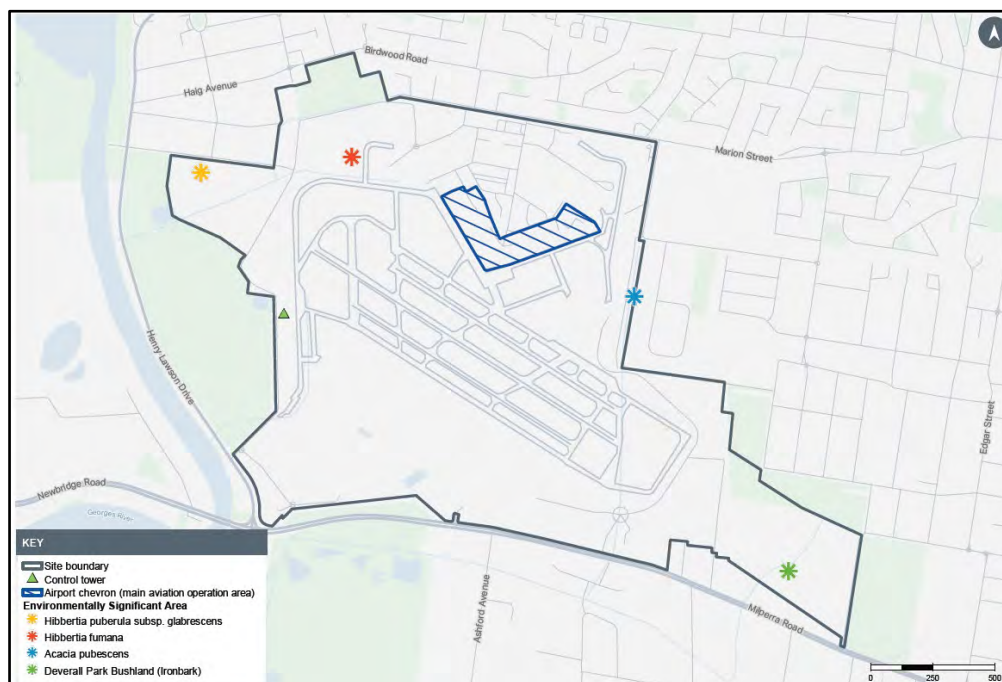


Figure 8 - Figure 12.3 Areas of Heritage and Environmental Significance
Source: 2019 Bankstown Airport Master Plan

Contamination

The Bankstown airport is not identified on the Australian PFAS Chemicals Map. However the 2019 Bankstown Airport Master Plan states that 'substances containing Per- and Poly-Fluro Alkyl Substances (PFAS) have been detected at the airport'. It is therefore considered reasonable that the operating airport valuation (Valuation 1) which includes the runways and aprons where the use of fire-fighting foam may have occurred in the past be valued on the basis of Section 6A(2) of the VoLA as the continuation of the existing airport use is not impacted by the potential contamination.

The EPA Contaminated Land Public Record does not list Bankstown airport as contaminated.

Bankstown Airport Case Study Valuations

Within Bankstown Airport, four valuations have been undertaken comprising the Airport Lands and three example Associated properties. The associated properties have been selected to represent each precinct of the airport master plan.

- Valuation 1 – Airport Lands;
- Valuation 2 – Associated property – warehouse;
- Valuation 3 – Associated property – fast food franchise; and
- Valuation 4 – Associated property – industrial warehouse.

as shown in Figure 9:

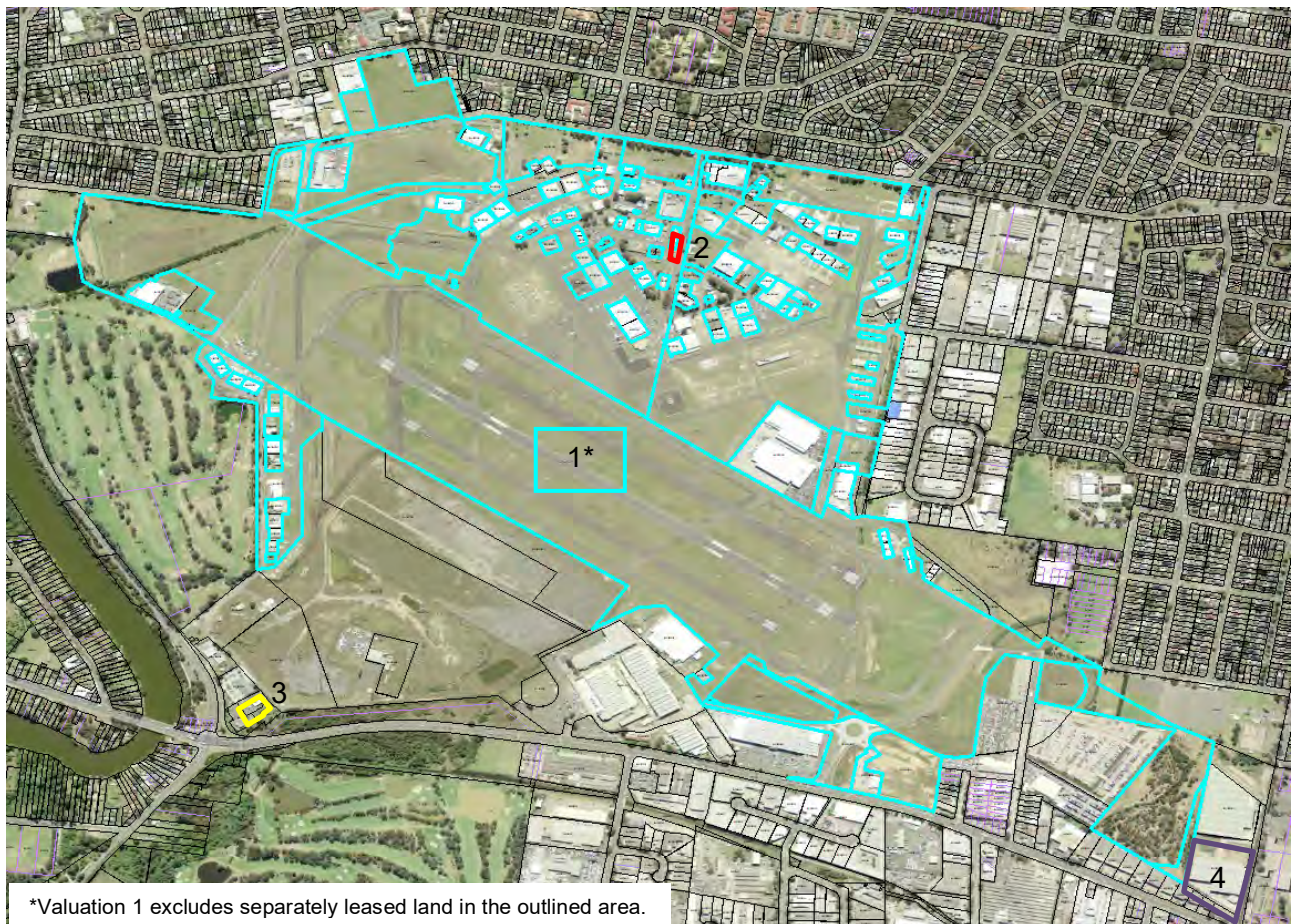


Figure 9 - Bankstown Airport Case Studies – Valuations 1 to 4
Source: NSW Spatial Services

Market Evidence

The following sales evidence has been analysed for the valuation of the Airport Lands and Associated properties:

Sale No.	Address	Zone	Contract Date	Vacant (VL) or Improved (IM)	Sale Price \$	Site Area m ²	Frontage m	FSR	HOB	ALV @ contract date	AALV @ 01.07.21	AALV \$m ² @ 01.07.21
1	956 Canterbury Rd (cnr Canarys Rd), Roselands	B5	7/04/2021	VL	\$ 6,000,000	2,574	63.468 44.622 32.69	no FSR	18m	\$ 5,372,449	\$ 5,440,000	\$ 2,114
2	1262-1270 Canterbury Rd, Roselands	B2	24/06/2021	VL	\$ 5,050,000	1,930	36.415	no FSR	18m	\$ 4,545,000	\$ 4,540,000	\$ 2,352
3	735-737 Hume Hwy, Bass Hill	B2	25/10/2021	IM	\$ 2,350,000	1,467	29.015	1:1	14m	\$ 2,250,160	\$ 2,130,000	\$ 1,452

Table 8 - Business Zoned Sales

Sale No.	Address	Zone	Contract Date	Vacant (VL) or Improved (IM)	Sale Price \$	Site Area m ²	Frontage m	FSR	ALV @ contract date	AALV @ 01.07.21	AALV \$m ² @ 01.07.21
4	120 Gow St (cnr Nelso Ave), Padstow	IN2	12/02/2021	VL	\$ 1,802,000	923	15.24 60.96	1:1	\$ 1,632,000	\$ 1,795,000	\$ 1,944
5	11-15 Benaroon Rd, Belmore	IN2	30/09/2020	VL	\$ 1,390,000	948	20.12	1:1	\$ 1,340,000	\$ 1,640,000	\$ 1,729
6	57 Anzac St, Greenacre	IN2	20/04/2021	VL	\$ 1,900,000	1,012	20.12	1:1	\$ 1,575,000	\$ 1,650,000	\$ 1,631
7	3 Cooraban Rd, Milperra	IN1	6/12/2021	IM	\$ 4,275,000	1,227	27.81	1:1	\$ 1,962,000	\$ 1,710,000	\$ 1,394
8	16 Alexander St, Auburn	IN1	29/01/2021	VL	\$ 1,950,000	1,346	15.54	1:1	\$ 1,750,000	\$ 1,960,000	\$ 1,456
9	14 Clapham Road & 24-26 Elaine Street, Regents Park	IN2	19/11/2020	IM	\$ 4,125,000	1,416	10.975 64.32	1:1	\$ 2,308,712	\$ 2,710,000	\$ 1,913
10	259 Milperra Rd, Revesby	IN1	12/07/2021	IM	\$ 4,700,000	2,016	31.57	1:1	\$ 2,210,855	\$ 2,210,000	\$ 1,096
11	243 Milperra Rd, Revesby	IN1	2/08/2021	IM	\$ 5,630,000	2,346	67.22 33.685	1:1	\$ 2,621,700	\$ 2,550,000	\$ 1,087
12	128 Milperra Rd (cnr Violet St), Revesby	IN1	14/12/2020	VL	\$ 10,250,000	9,162	82.88 118.755	1:1	\$ 7,014,000	\$ 8,240,000	\$ 899
13	21 Marigold St, Revesby	IN1	24/11/2021	IM	\$ 16,300,000	10,410	73.17	1:1	\$ 11,904,000	\$ 10,710,000	\$ 1,029
14	32-38 Belmore Rd N, Punchbowl	IN1	30/10/2020	VL	\$ 12,515,000	11,560	82.04	1:1	\$ 11,772,500	\$ 14,120,000	\$ 1,221
15	321 Milperra Rd, Milperra	IN1	6/12/2021	IM	\$ 22,500,000	14,480	110.505 151.27 124.46	1:1	\$ 11,300,000	\$ 9,880,000	\$ 682
16	406 Marion St, Condell Park	IN2	20/12/2019	IM	\$ 16,850,000	24,280	120.70	1:1	\$ 9,678,800	\$ 14,460,000	\$ 596
17	373 Horsley Rd, Milperra	IN1	23/09/2021	IM	\$ 34,200,000	31,240	132.51	1:1	\$ 16,093,511	\$ 15,280,000	\$ 489
18	349 Horsley Rd, Milperra	IN1	7/07/2020	IM	\$ 22,508,000	33,780	73.42	1:1	\$ 12,967,200	\$ 16,850,000	\$ 499

Table 9 - Industrial Zoned Sales

There are no recent sales of large industrial sites in Canterbury-Bankstown LGA (Table 9), therefore the following sales of englobo industrial sites in western Sydney have also been utilised in determining the land value of some components of the Bankstown airport lands under the methodology:

Sale No.	Address	Zone	Contract Date	Vacant (VL) or Improved (IM)	Sale Price \$	Site Area m2	Frontage m	FSR	HOB m	ALV @ contract date	AALV @ 01.07.21	AALV \$m2 @ 01.07.21
19	38-50 Quarry Rd, Erskine Park	IN1	3/06/2021	IM	\$15,949,209	19,290	261.469	no FSR	no HOB	\$ 8,641,210	\$ 8,857,000	\$ 459
20	57 Station Rd (cnr McCoy St) Seven Hills	IN1	24/02/2021	IM	\$18,920,000	25,710	110.363 45	no FSR	no HOB	\$ 12,861,875	\$ 14,140,000	\$ 550
21	26 Nelson Rd Yennora	IN1	18/05/2021	VL	\$35,000,000	32,960	174.369	no FSR	no HOB	\$ 28,700,000	\$ 29,410,000	\$ 892
22	205 Lawson Rd, Badgerys Creek	ENT ENZ	6/10/2020	VL	\$14,500,000	39,560	110.642	no FSR	no HOB	\$ 14,500,000	\$ 17,400,000	\$ 440
23	Lot 1, DP 1274322 Eastern Creek Rd, Eastern Creek	IN1	4/12/2020	VL	\$42,020,000	48,050	48.19	no FSR	no HOB	\$ 42,020,000	\$ 48,320,000	\$ 1,006
24	98&100 Parramatta Rd, Auburn	B6	9/06/2021	IM	\$90,500,000	48,249	493 114.67 37.21	1:1	no HOB	\$ 45,800,000	\$ 46,560,000	\$ 965
25	24-40 Alfred St, Chipping Norton	IN3	5/11/2021	IM	\$60,514,000	49,050	182.88	no FSR	30	\$ 58,014,000	\$ 68,160,000	\$ 1,390
26	6 Honeman Cl, Huntingwood	IN1	14/10/2020	VL	\$70,400,000	50,410	443.145 282.26	no FSR	no HOB	\$ 70,400,000	\$ 84,480,000	\$ 1,676
27	14 Distribution Dr, Orchard Hills	IN1	30/11/2020	VL	\$34,706,871	51,720	236.335	no FSR	no HOB	\$ 34,706,871	\$ 40,780,000	\$ 788
28	28 Nelson Rd, Yennora	IN1	5/02/2021	VL	\$41,800,000	55,150	30.405	no FSR	no HOB	\$ 35,530,000	\$ 39,970,000	\$ 725
29	78 Lockwood Rd, Kemps Creek	IN1 C2	4/06/2021	VL	\$98,708,600	77,240	70.775 400.19	no FSR	no HOB	\$ 98,708,600	\$ 101,170,000	\$ 1,310
30	8 - 10 Johnston Cres, Horsley Park	IN1 C2	18/12/2020	VL	\$88,287,804	117,390	522.04	no FSR	no HOB	\$ 88,287,804	\$ 101,530,000	\$ 865
31	113 - 153 Aldington Rd, Kemps Creek	IN1 C2	Reported sale date 09/2021 Settlement anticipated in 04/2023	VL	\$123,000,000	303,600 or 282,100*	413.345	0.5317:1 (Potential FSR)	no HOB	\$ 111,507,923	\$ 111,500,000	\$ 395*
32	754-784 Mamre Rd, Kemps Creek* aggregated sites for 3 dealings	IN1 C2	31/08/2020 - 2/06/2021 Delayed settlement	VL	\$133,285,364	372,350 or 358,150*	336.4	no FSR	no HOB	\$ 133,107,864	\$ 133,100,000	\$ 372*
33	707A - 757 Mamre Rd, Kemps Creek* consolidated over 3 dealings	IN1 RE1 RE2 ENZ SP2	29/07/2020 to 11/02/2021	VL	\$143,565,851	749,400 or 521,500*	565	no FSR	no HOB	\$ 140,717,101	\$ 140,710,000	\$ 270*
*	*Calculated IN1 area											

Table 10 - Western Sydney Englobo Industrial & Business Sales

VALUATION 1 – Airport lands



Address		Site No	Site Area
Bankstown Airport, Nancy Ellis Leebold Dr, Bankstown		n/a	189.82ha
Legal Description		LEP Zone	Master Plan Zone
310, 312-314, 316, 318, 321/1077440; 701-703/1108141; 406/1152148; 5012-013/1176822; 1402/1181500; 1452/1184054; 2-3/1257577; 2/1268218; 64-65/1273439; 1/1274186		SP2 Infrastructure – Air Transport Facility	Aviation, Airport Business and Commercial zones
Land Value Basis	Valuation Year	Date Valuation Made (DVM)	Site Use at DVM
6(A)2/14G	01/07/2021	7/10/2021	Bankstown Airport including terminal, runway, aprons, taxiways, roads and unleased lands
Highest and Best Use			
Operating airport with areas of development land as identified in Bankstown Airport Master Plan 2019.			

Valuation Rationale

The 2019 Bankstown Airport Master Plan states that 'substances containing Per- and Poly-fluoro Alkyl Substances (PFAS) have been detected at the airport'. It is therefore considered reasonable that this valuation which includes the runways and aprons where the use of fire-fighting foam may have occurred in the past be valued on the basis of Section 6A(2) of the VoLA as the continuation of the existing airport use is not impacted by the potential contamination.

The 2019 Bankstown Airport Master Plan also identifies parts of this area as being items of heritage ([Figure 8](#)) therefore Section 14G of the VoLA is also applicable however the heritage listing is not considered to impact on the airport use and therefore has no impact on the assessed land value.

Adjustment and application of analysed comparable sales:

- Terminal building

The following sales from Table 8 are the best available and have been analysed and adjusted to value the land under the terminal building:

Sale No.	Address	Zone	Contract Date	Site Area m ²	Frontage m	AALV m ² @ 01.07.21	% Adjustment				Adjusted AALV \$m ² @ 01.07.21
							Size	Location	Frontage/Shape	TOTAL ADJUSTMENT %	
1	956 Canterbury Rd	B5	7/04/2021	2,574	63.468	\$ 2,114	0%	-10%	-10%	-20%	\$ 1,691
2	735-737 Hume Hwy, Bass Hill	B2	25/10/2021	1,467	29.015	\$ 1,452	-7.5%	-5%	-10%	-23%	\$ 1,125
3	1262-1270 Canterbury Rd, Roselands	B2	24/06/2021	1,930	36.415	\$ 2,352	-5%	-10%	-10%	-25%	\$ 1,764

Table 11 - Terminal Building Sale Adjustments

There is a scarcity of comparable sales for the terminal building land. After adjustment the available sales show a range of \$1,125m² to \$1,764m². Sales 1 and 3 are considered the most comparable evidence and require the least adjustments. A value of \$1,550m² has been adopted which is towards the upper end of the range closer to Sales 1 and 3. The methodology applies no discount to this land use category

- Other Buildings

The following sales from Table 9 are the best available and have been analysed and adjusted to value the land under the other building:

Sale No.	Address	Zone	Contract Date	Site Area m ²	Frontage m	AALV m ² @ 01.07.21	% Adjustment				Adjusted AALV \$m ² @ 01.07.21
							Size	Location	Frontage/Shape	TOTAL ADJUSTMENT %	
12	128 Milperra Rd	IN1	14/12/2020	9,162	82.88	\$ 899	5%	-10%	-10%	-15%	\$ 764
13	21 Marigold St, Revesby	IN1	24/11/2021	10,410	73.165	\$ 1,029	5%	-10%	-10%	-15%	\$ 874
14	32-38 Belmore Rd N, Punchbowl	IN1	30/10/2020	11,560	82.04	\$ 1,221	5%	-15%	-10%	-20%	\$ 977

Table 12 - Other Buildings Sale Adjustments

After adjustment the sales show a range of \$764m² to \$977m². A value of \$870m² has been adopted for the subject land being the mid-point of range. The methodology applies no discount to this land use category.

- Surfaced & Actively Used & Other Lands

The following sales from Table 10 are the best available and have been analysed and adjusted to value the Surfaced & Actively Used & Other Lands:

Sale No.	Address	Zone*	Contract Date	Site Area* m2	Frontage m	AALV m2 @ 01.07.21*	% Adjustment				TOTAL ADJUSTMENT %	Adjusted AALV \$m2 @ 01.07.21*
							Size	Location	Frontage/Shape			
31	113 - 153 Aldington Rd, Kemps Creek	IN1	Reported 09/2021	282,100	413.345	\$ 395	-15%	20%	-15%	-10%	\$	356
32	754-784 Mamre Rd, Kemps Creek*	IN1	31/08/2020	358,150	336.4	\$ 372	-15%	20%	-15%	-10%	\$	335
33	707A - 757 Mamre Rd, Kemps Creek*	IN1	29/07/2020 to 11/02/2021	521,500	565	\$ 270	-15%	20%	-15%	-10%	\$	243

*See Table # for full analysis on zones, areas - adjustment table represented calculated IN1 portion

Table 13 - Surfaced & Actively Used & Other Lands Sale Adjustments

After adjustment the sales show a range of \$243m² to \$356m². A value of \$300m² has been adopted for the subject lands being the mid-point in the range. The methodology applies 25% of the \$300m² for the 'surfaced & actively used' land reducing the \$300m² to \$75m² and 10% for the 'other lands' reducing the \$300m² to \$30m².

- Development land

The subject airport has two different types of development land. That which allows aviation business development and that which allows commercial development. These areas have been separately valued.

The following sales from Table 10 are the best available and have been analysed and adjusted to value the land under the development land for aviation business:

Sale No.	Address	Zone*	Contract Date	Site Area* m2	Frontage m	AALV m2 @ 01.07.21*	% Adjustment				TOTAL ADJUSTMENT %	Adjusted AALV \$m2 @ 01.07.21*
							Size	Location	Frontage/Shape	Airport Restrictions		
29	78 Lockwood Rd, Kemps Creek	IN1	4/06/2021	77,240	70.775	\$ 1,310	-20%	20%	-15%	-20%	-35%	\$ 851
30	8 - 10 Johnston Cres, Horsley Park	IN1	18/12/2020	117,390	522.04	\$ 865	-15%	20%	-15%	-20%	-30%	\$ 605
31	113 - 153 Aldington Rd, Kemps Creek*	IN1	Reported sale date 09/2021	282,100	413.345	\$ 395	10%	20%	-10%	-20%	0%	\$ 395

*See Table # for full analysis on zones, areas - adjustment table represented calculated IN1 portion

Table 14 - Development Land - Aviation Business Sale Adjustments

The -20% adjustment allowed for airport restrictions is due to the subject lands additional constraints and risks related to the complying with the airport master plan in developing this larger parcel of land. After all adjustments the three sales show a range of \$395m² to \$851m². However, as sales 30 and 31 require less adjustment they are considered the better evidence therefore the mid-point of these sales being \$500m² has been adopted for the subject.

The following sales from Table 10 are the best available and have been analysed and adjusted to value the development land in the commercial zone of the master plan:

Sale No.	Address	Zone	Contract Date	Site Area m ²	Frontage m	AALV m ² @ 01.07.21	% Adjustment				TOTAL ADJUSTMENT %	Adjusted AALV \$m ² @ 01.07.21
							Size	Location	Frontage/Shape	Airport Restrictions		
23	Lot 1, DP 1274322 Eastern Creek Rd, Eastern Creek	IN1	4/12/2020	48,050	48.19	\$ 1,006	10%	20%	0%	-20%	10%	\$ 1,106
24	24-40 Alfred St, Chipping Norton	IN3	5/11/2021	49,050	182.88	\$ 1,390	10%	0%	-5%	-20%	-15%	\$ 1,181
25	6 Honeman Cl, Huntingwood	IN1	14/10/2020	50,410	443.145 282.26	\$ 1,676	10%	20%	-10%	-20%	0%	\$ 1,676

Table 15 - Development Land - Commercial Sale Adjustments

The -20% adjustment allowed for airport restrictions is due to the subject lands additional constraints and risks related to the complying with the airport master plan in developing this larger parcel of land. After all adjustments the three sales show a range of \$1,106m² to \$1,676m². Close to the mid-point of these sales being \$1,400m² has been adopted for the subject.

Valuation Calculations – Airport Lands

The adopted land value rates have been applied to each land use component of the subject airport to give a total land value for the airport lands.

Land use	Basis of value	F LV \$m ²	% F LV	Area m ²	\$m ²	LV
Terminal	Business	\$ 1,550	100%	2,200	\$ 1,550	\$ 3,410,000
Other buildings	Industrial	\$ 870	100%	8,050	\$ 870	\$ 7,003,500
Surfaced & actively used	Industrial englobo	\$ 300	25%	661,749	\$ 75	\$ 49,631,175
Other lands	Industrial englobo	\$ 300	10%	961,133	\$ 30	\$ 28,833,990
Development land - Aviation Business	Industrial englobo			236,790	\$ 500	\$ 118,395,000
Development land - Commercial	Business englobo			30,440	\$ 1,400	\$ 42,616,000
				1,898,162	\$ 132	\$ 249,889,665
				ADOPT LV		\$ 249,900,000

Table 16 - Land Value Calculations

VALUATION 2 – Associated airport property - warehouse



Address		Site No	Site Area
453 Airport Ave, Bankstown Aerodrome		569	1,014 m ²
Legal Description	LEP Zone		Master Plan Zone
Lot 569 DP 848438	SP2 Infrastructure – Air Transport Facility		Airport Business Zone
Land Value Basis	Valuation Year	Date Valuation Made (DVM)	Site Use at DVM
6(A)1	01/07/2021	07/10/2021	Warehouse
Highest and Best Use			
Light industrial/business uses such as warehousing. The existing warehouse on the site was advertised for lease in June 2021 as office/warehouse with no condition known for aviation related business.			
Valuation Rationale			
<p>The Bankstown Airport Master Plan in Figure 8 shows the subject property is outside the airport heritage area. With regards to PFAS contamination, the subject property is distant from the runways, aprons etc. where PFAS uses for firefighting may have occurred, therefore we assume subject property is not affected with contamination with a 6A(1) land value basis adopted.</p> <p>The following sales from Table 9 are the best available and have been analysed and adjusted to value the subject land:</p>			

Sale No.	Address	Zone	Contract Date	Site Area m2	Frontage m	AALV m2 @ 01.07.21	% Adjustment					TOTAL ADJUSTMENT %	Adjusted AALV \$m2 @ 01.07.21
							Size	Location	Frontage/Shape	Airport Restrictions			
4	120 Gow St (cnr Nelso Ave), Padstow	IN2	12/02/2021	923	15.24	\$ 1,944	-2.5%	-10%	0%	-15%	-27.5%	\$ 1,410	
5	11-15 Benaroon Rd, Belmore	IN2	30/09/2020	948	20.12	\$ 1,729	-2.5%	-10%	5%	-15%	-22.5%	\$ 1,340	
6	57 Anzac St, Greenacre	IN2	20/04/2021	1,012	20.115	\$ 1,631	0%	-10%	5%	-15%	-20%	\$ 1,305	
7	3 Cooraban Rd, Milperra	IN1	6/12/2021	1,227	27.81	\$ 1,394	2.5%	-5%	5%	-15%	-12.5%	\$ 1,220	
8	16 Alexander St, Auburn	IN1	29/01/2021	1,346	15.54	\$ 1,456	5.0%	-10%	0%	-15%	-20%	\$ 1,165	
9	14 Clapham Road & 24-26 Elaine Street, Regents Park	IN2	19/11/2020	1,416	64.32	\$ 1,913	5%	-10%	0%	-15%	-20%	\$ 1,530	
					10.975								

Table 17 - Associated Airport Property - Sale Adjustments

The subject property is located within the airport in the landside precinct and the highest and best use is considered to have some impact by the airport restrictions such as height and obstacle restrictions etc therefore a 20% discount has been allowed in the above adjustment table.

After adjustment the sales show a range of \$1,165m² to \$1,530m² compared to the subject property. A value of \$1,350m² has been adopted being the mid-point of range.

Valuation Calculation – Associated airport property

Industrial site	1,014 m ² @ \$1,350m ²	\$1,368,900
	Adopted land value	\$1,370,000

VALUATION 3 – Associated airport property – fast food franchise



Address		Site No	Site Area
KFC, 355 Henry Lawson Dr, Bankstown Aerodrome.		124	2,573 m ²
Legal Description	LEP Zone		Master Plan Zone
Lot 124 DP 1037073	SP2 Infrastructure – Air Transport Facility		Commercial Zone
Land Value Basis	Valuation Year	Date Valuation Made (DVM)	Site Use at DVM
6(A)1	01/07/2021	07/10/2021	KFC - fast food restaurant chain

Highest and Best Use

Commercial uses requiring good exposure and access such as bulky goods centres and other service centre uses.

Valuation Rationale

The following sales from Table 8 have been analysed and adjusted to value the subject land:

Sale No.	Address	Zone	Contract Date	Site Area m ²	Frontage m	AALV m ² @ 01.07.21	% Adjustment					Adjusted AALV \$m ² @ 01.07.21
							Size	Location	Frontage/Shape	Airport Restrictions	TOTAL ADJUSTMENT %	
1	956 Canterbury Rd (cnr Canarys Rd & Belemba Ave), Roselands	B5	7/04/2021	2,574	63.468 44.622	\$ 2,114 32.69	0%	-5%	-10%	0%	-15%	\$ 1,797
2	735-737 Hume Hwy, Bass Hill	B2	25/10/2021	1,467	29.015	\$ 1,452	-10%	-5%	-10%	0%	-25%	\$ 1,089
3	1262-1270 Canterbury Rd, Roselands	B2	24/06/2021	1,930	36.415	\$ 2,352	-5%	-5%	-10%	0%	-20%	\$ 1,882

Table 18 - Associated Airport Property - Sale Adjustments

The subject property is located on the fringe of the airport lands with the highest and best use not considered to be impacted by any airport restrictions.

There is a scarcity of comparable sales for the subject land. After adjustment the available sales show a range of \$1,089m² to \$1,882m². Sales 1 and 3 are considered the most comparable evidence and require the least adjustments. A value of \$1,750m² has been adopted which is towards the upper end of the range closer to Sales 1 and 3.

Valuation Calculation – Associated airport property		
Commercial site	2,573 m ² @ \$1,750m ²	\$4,502,750
	Adopted land value	\$4,500,000

VALUATION 4 – Associated airport property – industrial warehouse



Address		Site No	Site Area
231 Milperra Rd (also fronting Steel St) Revesby, Bankstown Aerodrome		19	23,740 m ²
Legal Description	LEP Zone		Master Plan Zone/Land Use
Lot 802 DP 1133371	SP2 Infrastructure – Air Transport Facility		Industrial zone
Land Value Basis	Valuation Year	Date Valuation Made (DVM)	Site Use at DVM
6(A)1	01/07/2021	07/10/2021	Warehouse building

Highest and Best Use

Industrial uses, such as warehousing, transport, logistics and manufacturing.

Valuation Rationale

The Bankstown Airport Master Plan in [Figure 8](#) shows the subject property is outside the airport heritage area. With regards to PFAS contamination, the subject property is distant from the runways, aprons etc. where PFAS uses for firefighting may have occurred, therefore we have assumed the subject property is not affected with contamination and a 6A(1) land value basis has been adopted.

The following sales from Table 9 have been analysed and adjusted to value the subject land:

Sale No.	Address	Zone	Contract Date	Site Area m ²	Frontage m	AALV m ² @ 01.07.21	% Adjustment					Adjusted AALV \$m ² @ 01.07.21
							Size	Location	Frontage/Shape	Airport Restrictions	TOTAL ADJUSTMENT %	
15	321 Milperra Rd, Milperra	IN1	6/12/2021	14,480	110.505	151.27 \$ 682	-15%	0%	-5%	0%	-20%	\$ 546
16	406 Marion St, Condell Park	IN2	20/12/2019	24,280	120.7	124.46 \$ 596	0%	0%	0%	0%	0%	\$ 596
17	373 Horsley Rd, Milperra	IN1	23/09/2021	31,240	132.509	\$ 489	10%	0%	5%	0%	15%	\$ 562
18	349 Horsley Rd, Milperra	IN1	7/07/2020	33,780	73.42	\$ 499	10%	0%	0%	0%	10%	\$ 549

Table 19 - Associated Airport Property - Sale Adjustments

The subject property is located on the fringe of the airport lands with the highest and best use not considered to be impacted by any airport restrictions.

After adjustment the available sales show a range of \$546m² to \$596m². A value of \$575m² has been adopted which is the mid-point of the range.

Valuation Calculations

Industrial site	23,740 m ² @ \$575m ²	\$13,650,500
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Adopted land value	\$13,600,000
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Case Study 2 – Metropolitan Airport – Camden airport



Figure 10 - Overview of Camden Airport
Source: NSW Spatial Services

Overview

Camden airport is in Camden LGA approximately 50km south-west of the CBD of Sydney. Camden airport is operated by Camden Airport Limited as Head Lessee from the owner the Commonwealth.

Camden Airport is a general aviation, emergency services and recreation airport. Businesses operating from the Camden airport include emergency services, flight schools, air freight, air maintenance, charter and private businesses offering supporting services such as fuel supplies, recreational gliding and ballooning etc.

The Master Plan identifies approximately 10.8ha of flood free land with potential for commercial development within the Aviation Business zone.

Camden airport operations were reported in the 2020 Master Plan to contribute \$110 million annually to the economy and generate over 500 jobs to NSW.

Planning

The Camden LEP 2010 identifies the airport site as being zoned SP2 Infrastructure – Airport Transport Facilities. Objectives of the SP2 zone are –

- to provide for infrastructure and related uses, and
- to prevent development that is not compatible with or that may detract from the provision of infrastructure.

Figure 11 provides an overview of the existing zones in the location of the airport.

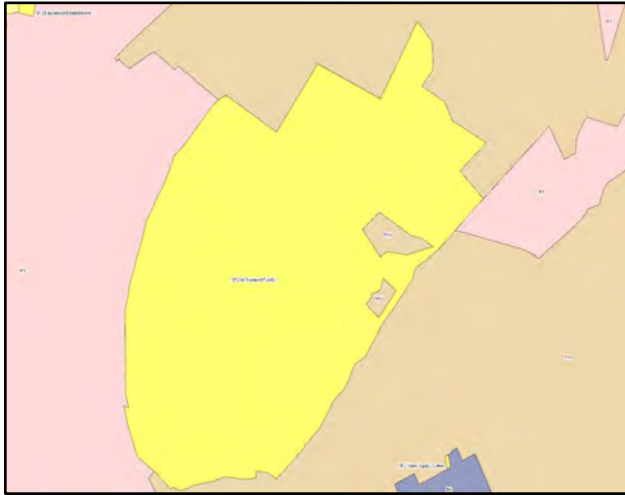


Figure 11 - Land Zoning Map
Source: Valuer General NSW Valmap GIS Portal

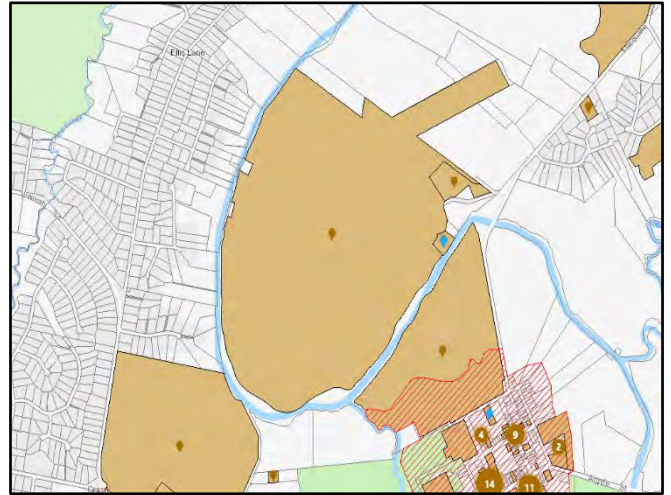


Figure 12 - Heritage Map
Source: State Heritage Inventory

The airport is identified as a Heritage Item – General on the Heritage Map as Item 198 – Camden Airport (including airfield, airport, hangars, cottages, outbuildings and grounds) (Figure 12). The airport is excluded from the other LEP Map notations such as floor space ratio, height of buildings, lot size and additional permitted uses.

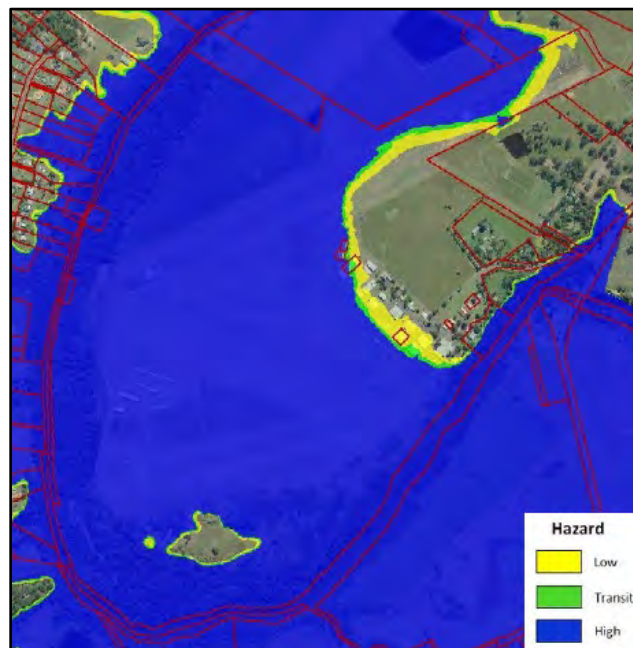


Figure 13 - Flood Hazard Map
Source: Camden Airport Master Plan 2020

The Nepean River forms the boundary of Camden Airport on three sides. The airport land is low lying therefore the majority is flood liable from the Nepean River. A Flood Certificate provided by Camden Council in 2019 shows the majority of the airport land within the high hazard zone (Figure 13). Most of the land outside the flood hazard zones is the Airport Business Zone of the Master Plan.

The 2020 Camden Airport Master Plan identifies four airport zones – Aviation (54ha), Airport Business (23.5ha), Airport Support (56.5ha) and Airport Riparian (53ha). These zones are displayed in Figure 14.

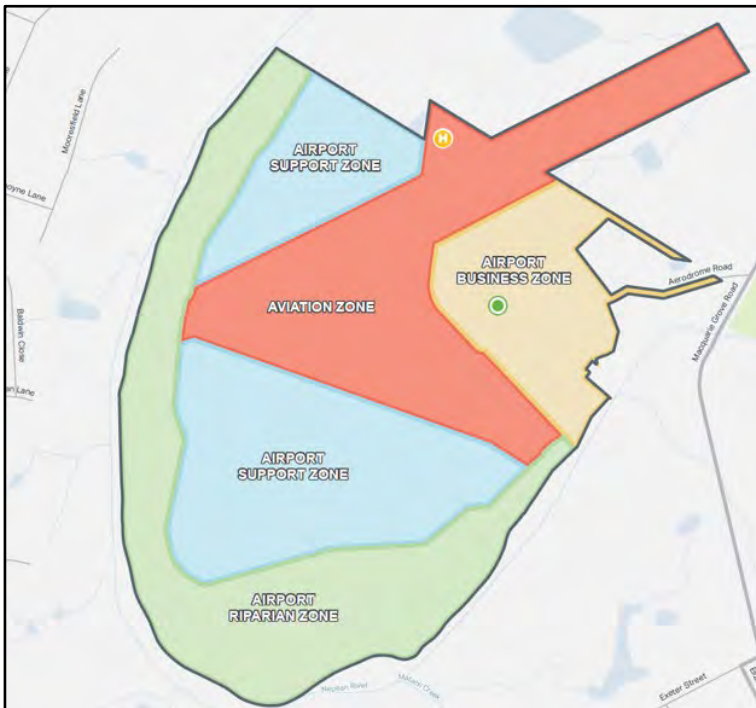


Figure 14 - Zone Plan
Source: Camden Airport Master Plan 2020

These zones are described fully in the Master Plan with the following providing an overview:

- Aviation Zone – V shaped area comprising the runways, taxiways and aprons.
- Airport Business Zone – provides the interface between airside and landside operations, accommodating aviation and related operations as well as commercial and business activities.
- Airport Support Zone – divided by the aviation zone, the land to the south is the location of glider activities at the airport whilst the land to the north is utilised for aviation support activities and farming and agricultural activities.
- Airport Riparian Zone – area adjacent to the Nepean River with ecological and environmental importance.

Heritage

Camden Airport was established as a private aerodrome by the Macarthur-Onslow family in 1935. It was acquired by the Commonwealth government in 1940 following the commencement of World War II with the RAAF based at the airport. Following the war the airport was transferred to the Department of Civil Aviation in 1946 and expanded to be used as a general aviation facility. In 1998 the airport was privatised and transferred to Camden Airport Limited.

Whilst the LEP identifies the entire airport site as a Heritage Item – General on the Heritage Map as Item I98 – Camden Airport (including airfield, airport, hangars, cottages, outbuildings and grounds) (Figure 12) detailed information is provided within the Camden Airport Master Plan 2020 which identifies and describes that only the administration and operations area, aerodrome road and parade ground are areas of heritage significance. The location of these heritage items are shown below in Figure 15. Therefore, only valuations in this part of the airport are considered to require consideration of Section 14G of the VOLA and associated instructions and policies on heritage valuations.

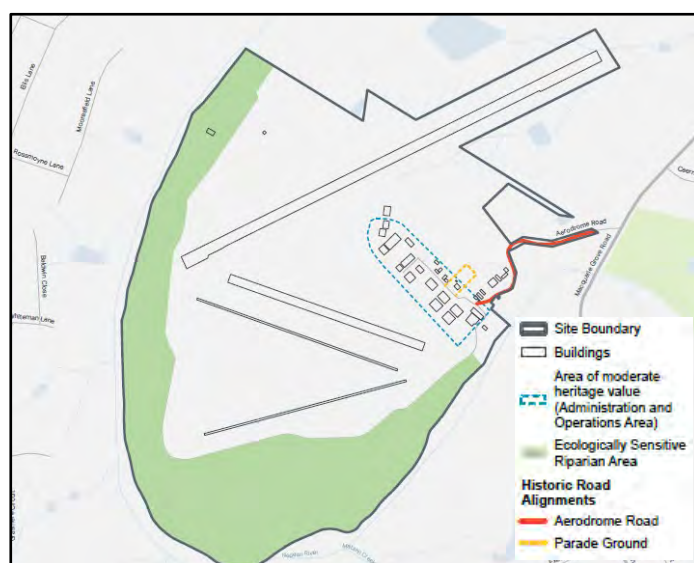


Figure 15 - Figure 12.3 Areas of Heritage and Environmental Significance
Source: Camden Airport Master Plan 2020

Contamination

The Camden airport is not identified on the Australian PFAS Chemicals Map. However, the Camden Airport Master Plan 2020 states that 'substances containing Per- and Poly-Fluoro Alkyl Substances (PFAS) have been detected at the airport'.

Market Evidence

The following sales evidence has been analysed and utilised in determining the land value of the Camden airport lands:

Sale No.	Address	Zone	Contract Date	Vacant (VL) or Improved (IM)	Sale Price \$	Site Area m ²	Frontage m	ALV @ contract date	AALV @ 01.07.21	AALV \$m ² @ 01.07.21
1	16 Bellingham St, Narellan	IN1	25/03/2021	IM	\$ 2,180,000	1,489	23.60	\$ 1,362,000	\$ 1,460,000	\$ 981
2	43 Topham Rd, Smeaton Grange	IN1	20/04/2021	IM	\$ 3,451,250	2,000	32.89	\$ 2,310,000	\$ 2,420,000	\$ 1,210
3	12 Grazier Av, Gregory Hills	IN1	24/01/2020	VL	\$ 2,021,000	2,021	43.34 42.56	\$ 2,021,000	\$ 2,950,000	\$ 1,460
4	8 Grazier Av, Gregory Hills	IN1	25/02/2021	VL	\$ 2,302,300	2,093	38.37	\$ 2,302,300	\$ 2,590,000	\$ 1,237
5	4 Grazier Av, Gregory Hills	IN1	9/04/2021	VL	\$ 2,302,300	2,093	38.37	\$ 2,302,300	\$ 2,470,000	\$ 1,180

Table 20 - Industrial Zoned Sales

Sale No.	Address	Zone	Contract Date	Vacant (VL) or Improved (IM)	Sale Price \$	Site Area m ²	ALV @ contract date	AALV @ 01.07.21	AALV \$m ² @ 01.07.21
6	The Old Oaks Rd, Grasmere	RU1	26/03/2021	VL	\$ 3,200,000	174,000	\$ 3,150,000	\$ 3,245,000	\$ 19
7	20 Dowles Lane (cnr Burragorang Rd), Bickley Vale	RU1	16/02/2021	VL	\$ 6,350,000	230,100	\$ 6,300,000	\$ 6,552,000	\$ 28
8	203 Greendale Rd, Bringelly	RU1	15/03/2022	VL	\$ 52,000,000	1,208,000	\$ 51,900,000	\$ 47,229,000	\$ 39
9	315 Coates Park Rd, Cobbitty	RU1 SP2	4/08/2021	IM	\$ 40,000,000	1,615,790	\$ 38,200,000	\$ 37,818,000	\$ 23

Table 21 - Rural Zoned Sales

Camden Airport Case Study Valuations

Within Camden Airport, three valuations have been undertaken comprising:

- Valuation 5 - Master Plan Aviation, Aviation Support, Airport Business and Airport Riparian Zoned land – the operating airport including runways, aprons, roads, carpark and agricultural land uses, but excluding separately leased land in the outlined area. (Buildings separately valued);
- Valuation 6 - Master Plan Aviation Zone – separately occupied land/building and
- Valuation 7 - Master Plan Aviation Support Zone – glider operations.

as shown in Figure 16.

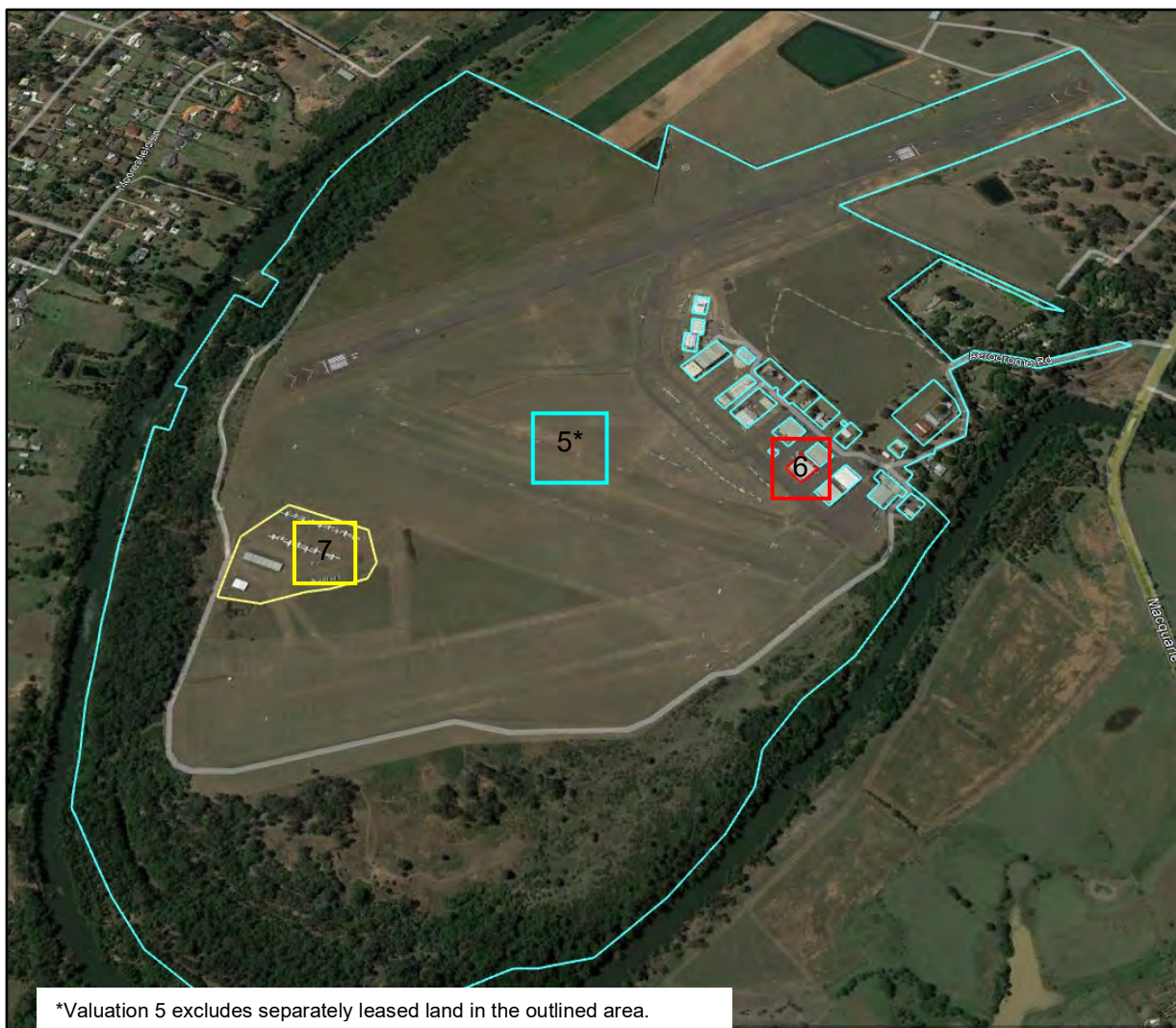


Figure 16 - Camden Airport Case Studies – Valuations 5 to 7
Source: Google Earth

VALUATION 5 – Airport lands



Address		Site No	Site Area
Camden Airport, Aerodrome Road, Cobbitty		n/a	190.51ha
Legal Description	LEP Zone		Master Plan Zone
Part 102/1121442, 3/217570, 3/791287	SP2 Infrastructure – Air Transport Facility		Aviation, Airport Support, Airport Business and Airport Riparian zones.
Land Value Basis	Valuation Year	Date Valuation Made (DVM)	Site Use at DVM
6(A)2/14G	01/07/2021	5/10/2021	Camden Airport including runway, aprons, taxiways,

			roads and unleased lands
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Highest and Best Use

Operating airport with areas of development land as identified in Camden Airport Master Plan 2020.

Valuation Rationale

The Camden Airport Master Plan 2020 states that 'substances containing Per- and Poly-fluoro Alkyl Substances (PFAS) have been detected at the airport'. It is therefore considered reasonable that this valuation which includes the runways and aprons where the use of fire-fighting foam may have occurred in the past be valued on the basis of Section 6A(2) of the VoLA as the continuation of the existing airport use is not impacted by any potential contamination.

The Camden Airport Master Plan 2020 also identifies parts of this area as being items of heritage (Figure 15) therefore Section 14G of the VoLA is also applicable, however the heritage listing is not considered to impact on the current airport use and the Aviation Business zone identified in the Master Plan is not included in the areas of heritage significance.

Adjustment and application of analysed comparable sales:

- Surfaced & Actively used land

The following sales from Table 10 are the best available and have been analysed and adjusted to value the land under the surfaced & actively used land:

Sale No.	Address	Zone*	Contract Date	Site Area* m2	Frontage m	AALV m2 @ 01.07.21	% Adjustment				Adjusted AALV \$m2 @ 01.07.21
							Size	Location	Frontage/Shape	TOTAL ADJUSTMENT %	
31	113 - 153 Aldington Rd, Kemps Creek	IN1	Reported 09/2021	282,100	413.345	\$ 395	-5%	-15%	-10%	-30%	\$ 277
32	754-784 Mamre Rd, Kemps Creek*	IN1	31/08/2020	358,150	336.4	\$ 372	0%	-15%	-10%	-25%	\$ 279
33	707A - 757 Mamre Rd, Kemps Creek*	IN1	29/07/2020 to 11/02/2021	521,500	565	\$ 270	10%	-15%	-10%	-15%	\$ 230

*See Table # for full analysis on zones, areas - adjustment table represented calculated IN1 portion

Table 22 - Surfaced & Actively Used Sale Adjustments

After adjustments the sales show a range of \$230m² to \$279m². A value of \$230m² has been adopted for the subject lands being close to the mid-point in the range. The methodology applies a 25% discount to this land use category

- Other Lands

Camden airport's other lands are in the airport support and airport riparian zones of the master plan and are mostly subject to high risk of flooding (Figure 13). Therefore, rural sales are considered the most appropriate sales evidence on which to base the value.

The following sales from Table 21 are the best available and have been analysed and adjusted to value the land the other lands:

Sale No.	Address	Zone	Contract Date	Site Area m2	AALV m2 @ 01.07.21	% Adjustment					TOTAL ADJUSTMENT %	Adjusted AALV m2 @ 01.07.21
						Size	Location	Frontage/Shape	Topography			
6	The Old Oaks Rd, Grasmere	RU1	26/03/2021	174,000	\$ 19	-10%	-10%	-5%	0%	-25%	\$	14
7	20 Dowles Lane (cnr Burragorang Rd), Bickley Vale	RU1	16/02/2021	230,100	\$ 28	-10%	-10%	-15%	0%	-35%	\$	19
8	203 Greendale Rd, Bringelly	RU1	15/03/2022	1,208,000	\$ 39	0%	-10%	-15%	0%	-25%	\$	29
9	315 Coates Park Rd, Cobbitty	RU1 SP2	4/08/2021	1,615,790	\$ 23	0%	-10%	-15%	0%	-25%	\$	18

Table 23 - Other Lands Sale Adjustments

After adjustments the sales show a range of \$14m² to \$29m². A value of \$20m² has been adopted for the subject lands being close to the mid-point in the range. The methodology applies a 50% discount to this land use category

- Development land

The subject airport has development land for aviation business under the master plan. The following sales from Table 10 are the best available and have been analysed and adjusted to value the land under the development land for aviation business:

Sale No.	Address	Zone*	Contract Date	Site Area* m2	Frontage m	AALV m2 @ 01.07.21	% Adjustment					TOTAL ADJUSTMENT %	Adjusted AALV \$m2 @ 01.07.21
							Size	Location	Frontage/Shape	Airport Restrictions			
31	113 - 153 Aldington Rd, Kemps Creek	IN1	Reported 09/2021	282,100	413.345	\$ 395	0%	-15%	0%	-20%	-35%	\$ 257	
32	754-784 Mamre Rd, Kemps Creek*	IN1	31/08/2020	358,150	336.4	\$ 372	5%	-15%	0%	-20%	-30%	\$ 260	
33	707A - 757 Mamre Rd, Kemps Creek*	IN1	29/07/2020 to 11/02/2021	521,500	565	\$ 270	10%	-15%	0%	-20%	-25%	\$ 203	

*See Table # for full analysis on zones, areas - adjustment table represented calculated IN1 portion

Table 24 - Development Land – Sale Adjustments

The -20% adjustment allowed for airport restrictions is due to the subject lands additional constraints and risks related to the complying with the airport master plan in developing this parcel of land. After all adjustments the three sales show a range of \$203m² to \$260m². A value of \$230m² has been adopted for the subject lands being close to the mid-point in the range.

Valuation Calculations

The adopted land value rates have been applied to each land use component of the subject airport to give a total land value for the airport lands.

Land use	Basis of value	F LV \$m ²	% F LV	Area m ²	\$m ²	LV
Surfaced & actively used	Industrial englobo	\$ 230	25%	381,750	\$ 58	\$ 21,950,625
Other lands	Rural	\$ 20	50%	1,415,650	\$ 10	\$ 14,156,500
Development land - Aviation Business	Industrial englobo			107,700	\$ 230	\$ 24,771,000
				1,905,100	\$ 31.96	\$ 60,878,125
				ADOPT LV		\$ 60,900,000

Table 25 - Land Value Calculations

VALUATION 6 – Associated airport property - hangar



Address		Site No	Site Area
Hangar 56, Aerodrome Road, Cobbitty		Site 714	1,466m ²
Legal Description	LEP Zone		Master Plan Zone
Part 102/1121442	SP2 Infrastructure – Air Transport Facility		Aviation
Land Value Basis	Valuation Year	Date Valuation Made (DVM)	Site Use at DVM
6(A)2/14G	01/07/2021	5/10/2021	Aviation business
Highest and Best Use			
Aviation business requiring airside access			
Valuation Rationale			
<p>The Camden Airport Master Plan 2020 states that ‘substances containing Per- and Poly-Fluro Alkyl Substances (PFAS) have been detected at the airport’. It is therefore considered reasonable that this valuation which is in close proximity to the runways where the use of fire-fighting foam may have occurred in the past be valued on the basis of Section 6A(2) of the VoLA We note that the continuation of the existing aviation business use would not be impacted by any potential contamination.</p> <p>The Camden Airport Master Plan 2020 also identifies this land as being within the area of moderate heritage significance (Figure 15) therefore Section 14G of the VoLA is also applicable, however the heritage listing is not considered to impact on the land’s current highest and best use.</p> <p>The following sales from Table 20 have been analysed and adjusted to value the subject land:</p>			

Sale No.	Address	Zone	Contract Date	Site Area m2	Frontage m	AALV m2 @ 01.07.21	% Adjustment						TOTAL ADJUSTMENT	Adjusted AALV m2 @ 01.07.21
							Size	Location	Frontage/Shape	Topography	Airport Restriction			
1	16 Bellingham St, Narellan	IN1	25/03/2021	1,489	23.60	\$ 981	0%	-5%	-5%	0%	-20%	-30%	\$ 686	
2	43 Topham Rd, Smeaton Grange	IN1	20/04/2021	2,000	32.89	\$ 1,210	-5%	-10%	-5%	0%	-20%	-40%	\$ 726	
3	12 Grazier Av, Gregory Hills	IN1	24/01/2020	2,021	43.34 42.56	\$ 1,460	-5%	-10%	-5%	0%	-20%	-40%	\$ 876	
4	8 Grazier Av, Gregory Hills	IN1	25/02/2021	2,093	38.37	\$ 1,237	-5%	-10%	-5%	0%	-20%	-40%	\$ 742	
5	4 Grazier Av, Gregory Hills	IN1	9/04/2021	2,093	38.37	\$ 1,180	-5%	-10%	-5%	0%	-20%	-40%	\$ 708	

Table 26 - Associated Airport Property Sale Adjustments

While the sales have required adjustment in the order of -30% to -40% it is noted that the majority of the adjustment is for 'airport restrictions' being 20%. After all adjustment the available sales show a range of \$686m² to \$876m². A value of \$685m² has been adopted which is at the bottom of the range and closest to Sale 6 with the least adjustment which is considered the best available evidence.

Valuation Calculations – Associated airport property

Industrial value 1,466m² @ \$685m² \$1,004,210

Adopted land value \$1,000,000

VALUATION 7 – Associated airport property – glider operations



Address		Site No	Site Area
Aerodrome Road, Cobbitty		n/a	29,500m ²
Legal Description	LEP Zone		Master Plan Zone
Part 102/1121442	SP2 Infrastructure – Air Transport Facility		Aviation Support
Land Value Basis	Valuation Year	Date Valuation Made (DVM)	Site Use at DVM
6(A)2	01/07/2021	5/10/2021	Glider business
Highest and Best Use			
Gliding business with airside access.			
Valuation Rationale			
<p>The Camden Airport Master Plan 2020 states that ‘substances containing Per- and Poly-Fluro Alkyl Substances (PFAS) have been detected at the airport’. It is therefore considered reasonable that this valuation which is in close proximity to the runways where the use of fire-fighting foam may have occurred in the past be valued on the basis of Section 6A(2) of the VoLA We note that the continuation of the existing aviation business use would not be impacted by any potential contamination.</p> <p>The Camden Airport Master Plan 2020 also identifies this land as being within the area of moderate heritage significance (Figure 15) therefore Section 14G of the VoLA is also applicable, however the heritage listing is not considered to impact on the land’s current highest and best use.</p> <p>The following sales from Table 21 have been analysed and adjusted to value the subject land:</p>			

Sale No.	Address	Zone	Contract Date	Site Area m2	AALV m2 @ 01.07.21	Location/Access	Flooding	Topography	Airport Restrictions	TOTAL ADJUSTMENT %	Adjusted AALV m2 @ 01.07.21
6	The Old Oaks Rd, Grasmere	RU1	26/03/2021	174,000	\$ 19	-20%	-5%	0%	0%	-25%	\$ 14
7	20 Dowles Lane (cnr Burragorang Rd), Bickley Vale	RU1	16/02/2021	230,100	\$ 28	-20%	-15%	0%	0%	-35%	\$ 19
8	203 Greendale Rd, Bringelly	RU1	15/03/2022	1,208,000	\$ 39	-20%	-15%	-10%	0%	-45%	\$ 22
9	315 Coates Park Rd, Cobbitty	RU1 SP2	4/08/2021	1,615,790	\$ 23	-20%	-15%	-10%	0%	-45%	\$ 13

Table 27 - Associated Airport Property - Sale Adjustments

There is limited sales evidence for comparable land especially flood liable lands, with the sales representing the best available but requiring considerable adjustment for comparison. After adjustment the available sales show a range of \$13m² to \$22m². A value of \$15m² has been adopted which is close to Sale 6 which has the least adjustment and is considered the best available evidence.

Valuation Calculations – Associated airport property

Rural value	29,500m ² @ \$15m ²	\$442,500
Adopted land value		\$440,000

Case Study 3 – Regional Airport – Armidale Airport

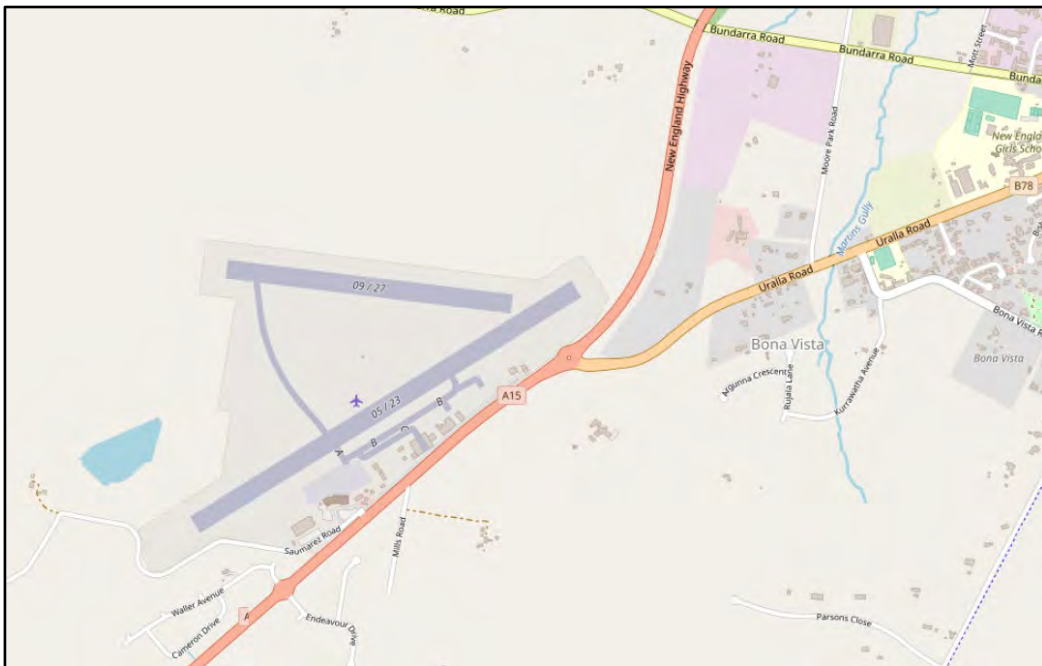


Figure 17 - Overview of Armidale Airport

Source: NSW Spatial Services

Overview

Armidale airport is in Armidale Regional Local Government Area approximately 6km south-west of the city centre of Armidale on the southern approach via the New England Highway. Armidale airport is owned and operated by Armidale Regional Council. The Valuer General provides 14 land values to Armidale Regional Council for the airport lands based on separate titles and leases over parts of the approximately 120 hectares zoned SP2 site.

Businesses operated at the airport include a service station, secure parking, aircraft maintenance and fuel supplies, aero club, emergency services, general and private aviation, car rentals, aviation businesses offering charter and agricultural services and aircraft maintenance and fuel supplies.

Armidale airport was ranked as 44th in Australia on the basis of number of revenue passengers in FY 14-15. The airport provides passenger flights to Sydney and Brisbane with three airlines operating.

Planning

The Armidale Dumaresq LEP 2012 identifies the airport site as being zoned SP2 Infrastructure – Air Transport Facility. Objective of the SP2 zone is –

- to provide for infrastructure and related uses, and
- to prevent development that is not compatible with or that may detract from the provision of infrastructure.

Figure 18 provide an overview of the existing zones in the location of the airport.

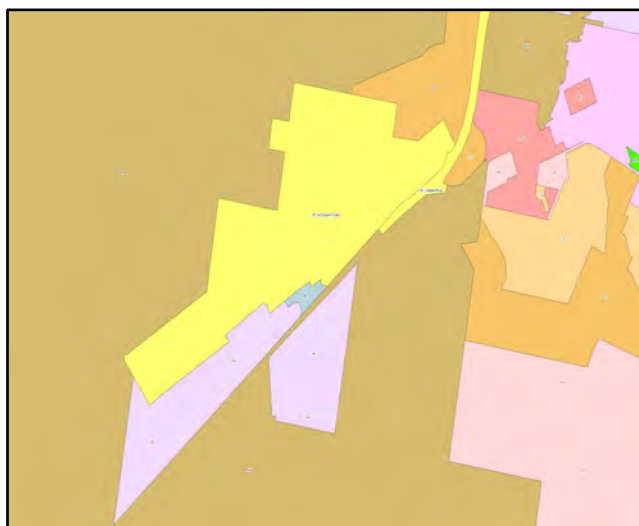


Figure 18 - Land Zoning Map

Source: Valuer General NSW Valmap GIS Portal

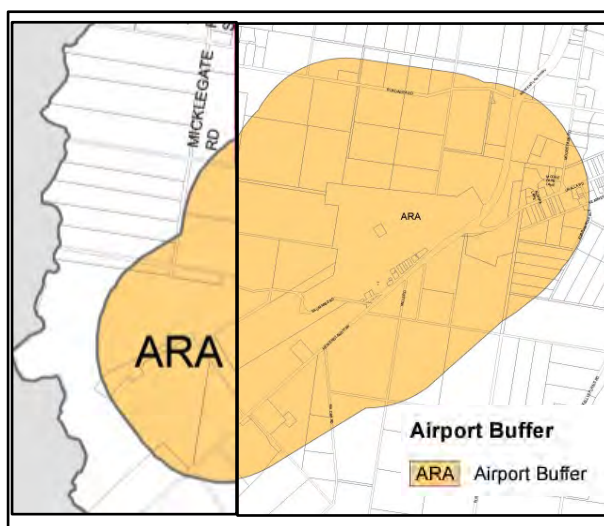


Figure 19 - Airport Buffer Map – Sheet CL_002 & 1
Source: NSW Planning Portal

The airport is excluded from the other LEP Maps including lot size map, heritage, height of buildings etc.

Proposals for development in the Airport Buffer (Figure 19) are required to address the LEP provisions of Clause 6.4 Development in areas subject to aircraft noise and 6.5 Development within a designated buffer with objectives including maintaining a safe and effective operational environment around the Armidale Regional Airport.

The Armidale Regional Airport Master Plan June 2016 identifies seven airport land uses/precincts – aviation related development, highway service centre, existing industrial lots, new industrial lots, residential air park, terminal expansion and business park. These precincts are displayed in Figure 20.

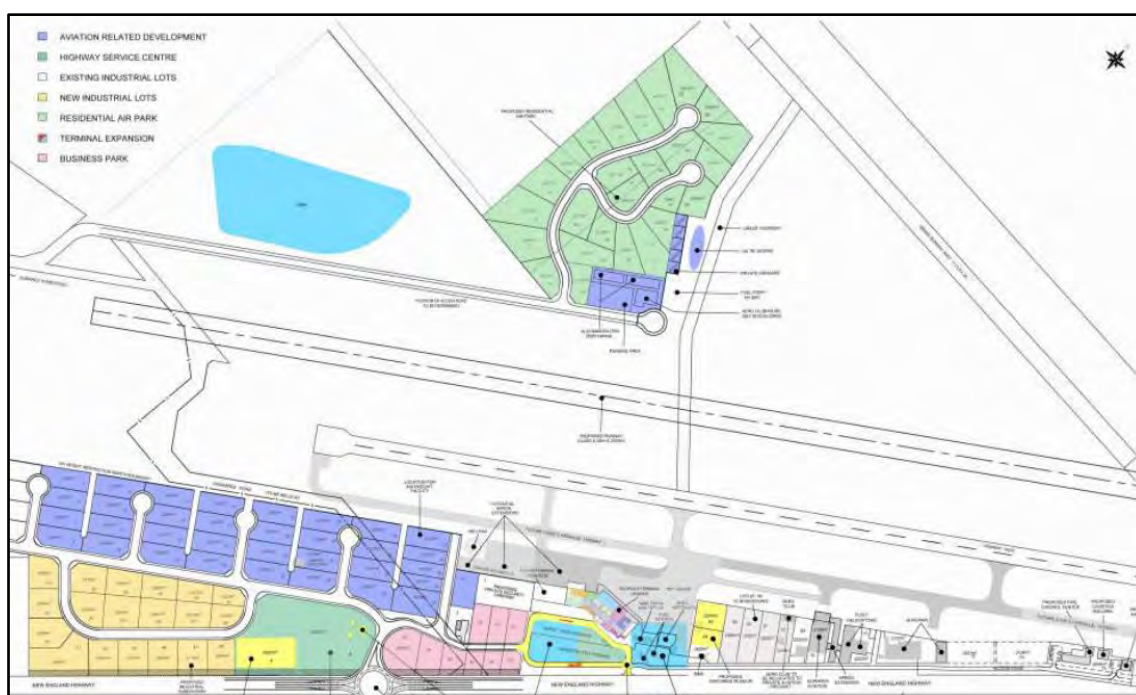


Figure 20 - Master Plan Land Use Precincts

Source: Armidale Regional Airport Final Master Plan 2016

The development of the 7 land use precincts is described in the master plan. However, landside development is currently contained to land east of the existing runway and west of the New England Highway.

Contamination

The Armidale airport is not identified on the Australian PFAS Chemicals Map, and the master plan identifies no contamination.

Market Evidence

The following sales evidence is of assistance in determining the land value of the Armidale airport lands:

Sale No.	Address	Zone	Contract Date	Vacant (VL) or Improved (IM)	Sale Price \$	Site Area m ²	Frontage m	ALV @ contract date	AALV @ 01.07.21	AALV \$m ² @ 01.07.21
1	37 Shand Dr, Armidale	SP2	26/02/2018	VL	\$ 360,452	4,096	91.125	\$ 350,452	\$ 350,452	\$ 86
2	17-19 Shand Dr, Armidale	SP2	22/03/2019	VL	\$ 477,733	5,565	59.99	\$ 477,733	\$ 477,733	\$ 86
3	27 Shand Dr, Armidale	SP2	1/12/2017	VL	\$ 970,948	13,450	199.00	\$ 970,948	\$ 1,116,590	\$ 83

Table 28 - Infrastructure (Airport) Sales

Sale No.	Address	Zone	Contract Date	Vacant (VL) or Improved (IM)	Sale Price \$	Site Area m ²	Frontage m	ALV @ contract date	AALV @ 01.07.21	AALV \$m ² @ 01.07.21
4	7 Webb Pl, Armidale	IN2	22/10/2020	IM	\$ 379,500	613.1	20.12	\$ 147,250	\$ 147,250	\$ 240
5	6 Southern Cross Dr, Armidale	IN2	07/08/2020	VL	\$ 215,050	1,000	25.00	\$ 215,050	\$ 215,050	\$ 215
6	21 Waller Av, Armidale	IN2	04/12/2020	VL	\$ 220,000	2,280	43.95	\$ 210,000	\$ 210,000	\$ 92
7	227 Mann St, Armidale	IN2	29/10/2019	IM	\$ 1,075,000	3,298	29.70	\$ 474,325	\$ 474,325	\$ 144
8	272 Mann St, Armidale	IN2	18/06/2019	VL	\$ 550,000	3,937	51.03	\$ 540,000	\$ 540,000	\$ 137
9	291-293 Mann St, Armidale	IN2	25/02/2021	IM	\$ 1,375,000	5,420	49.29	\$ 578,000	\$ 578,000	\$ 107
10	New England Highway, Armidale #	IN2	1/02/2019	VL	\$ 3,054,545	25,000	-	\$ 3,050,000	\$ 3,050,000	\$ 122

Reported sale still to settle - service centre site in Airport Business Park East sold by Council

Table 29 - Industrial Zoned Sales

Sale 2 in the SP2 zone at Armidale Airport of 5,565m² shows \$86m² compared to Sale 9 in the IN2 zone in the established industrial precinct of Armidale of 5,420m² showing \$107m² which represents a 24.4% discount for all differences including zoning, airport constraints and site attributes.

Sale No.	Address	Zone	Contract Date	Vacant (VL) or Improved (IM)	Sale Price \$	Site Area m ²	Frontage m	ALV @ contract date	AALV @ 01.07.21	AALV \$m ² @ 01.07.21
11	220 Rusden St, Armidale	B4	5/04/2021	IM	\$ 352,000	543	20.117	\$ 158,000	\$ 158,000	\$ 291
12	118 Markham St, Armidale	B4	10/06/2021	IM	\$ 330,000	607	15.24	\$ 136,800	\$ 136,800	\$ 225
13	94 Beardy St, Armidale	B4	16/12/2020	IM	\$ 380,000	742	14.055 6.83	\$ 172,000	\$ 172,000	\$ 232
14	246-248 Beardy St, Armidale	B3	26/05/2021	IM	\$ 2,950,000	1862	30.63	\$ 2,950,000	\$ 411,000	\$ 221

Table 30 – Business Zoned Sales

There are no recent sales of large industrial sites in Armidale (Table 31), therefore the following regional sales of englobo industrial sites have been utilised in determining the land value of some components of the Armidale airport lands under the methodology –

Sale No.	Address	Zone	Contract Date	Vacant (VL) or Improved (IM)	Sale Price \$	Site Area m ²	Frontage m	ALV @ contract date	AALV @ 01.07.21	AALV \$m ² @ 01.07.21
A	17-29 Ceres Dr, Thurgoona	IN1	1/11/2021	VL	\$ 2,784,870	43,600	230.00	\$ 2,784,870	\$ 2,367,140	\$ 54
B	49 Dane Lane, Orange	IN1	18/03/2021	VL	\$ 3,800,000	52,300	257.39	\$ 3,797,500	\$ 3,797,500	\$ 73
C	1 Copland St, East Wagga Wagga	IN1	05/02/2019	VL	\$ 800,000	62,900	225.51	\$ 800,000	\$ 960,000	\$ 15
D	254 Copland St, East Wagga Wagga	IN2	12/04/2018	VL	\$ 960,000	98,580	132.13	\$ 960,000	\$ 1,152,000	\$ 12
E	1 Industry Dr, Orange	IN1	01/09/2020	VL	\$ 3,712,500	151,600	413.04 358.03	\$ 3,602,500	\$ 3,602,500	\$ 24
F	330 Byrnes Rd, Bomen, Wagga Wagga,	IN1	13/07/2021	VL	\$ 1,650,000	203,600	99.42	\$ 1,625,000	\$ 1,625,000	\$ 8
G	298 Clergate Rd, Orange	IN1	08/11/2018	VL	\$ 2,000,000	262,000	841	\$ 1,973,500	\$ 2,368,200	\$ 9
H	90 Kaitlers Rd, Springdale Heights, Albury	IN1	21/10/2019	IM	\$ 6,350,000	329,900	403	\$ 2,007,030	\$ 2,107,382	\$ 6
I	4R Freight Dr, Dubbo	IN2	04/02/2021	VL	\$ 2,850,000	349,000	29 312.03 1,281.3	\$ 2,850,000	\$ 2,850,000	\$ 8

Table 31 - Regional Englobo Industrial Sales

There are currently two business parks being marketed adjoining and adjacent to the Armidale airport in the IN2 zone of the LEP –

- 1) The Armidale Airport Business Park developed on land owned by Armidale Regional Council. The sales occurring in this subdivision were investigated with council but only one sale had settled at the time of publishing this report (21 Waller Avenue in Table 29). Council's property officer advised that the subdivision is being marketed to incentivize employment and business growth in the LGA with the contracted sale prices not necessarily representing market value.
- 2) The Airport East Business Park is being developed by a private entrepreneur. Construction of services and roadwork through this business park is nearing completion with new premises under construction but no separate titles or sales settled to-date. It is understood that parts of this business park is to be developed by the owner as 'land and building packages' for occupiers or investors. Current advertising lists the development for sale with land prices starting at \$92m² incl GST which is generally consistent with the SP2 and IN1 sales in Tables 28 & 29 in comparable locations. It is understood that since early 2021 they have been achieving sales for sites of approximately 8,000m² at approximately \$82m² incl GST. The settlement of these sales is delayed due to the registration of new titles but is anticipated for July 2022.

Armidale Airport Case Study Valuations

Within Armidale Airport, three valuations have been undertaken comprising:

- Valuation 8 - Master Plan General Aviation, Aviation Related, Future Residential Airpark, Industrial and Highway Services Precincts – operating airport including runway, aprons, terminal and car parks but excluding separately leased land in the outlined area;
- Valuation 9 - Master Plan Highway Service Centre Precinct - service station and
- Valuation 10 - Master Plan Existing Industrial Precinct - hangar.

as shown in Figure 21.

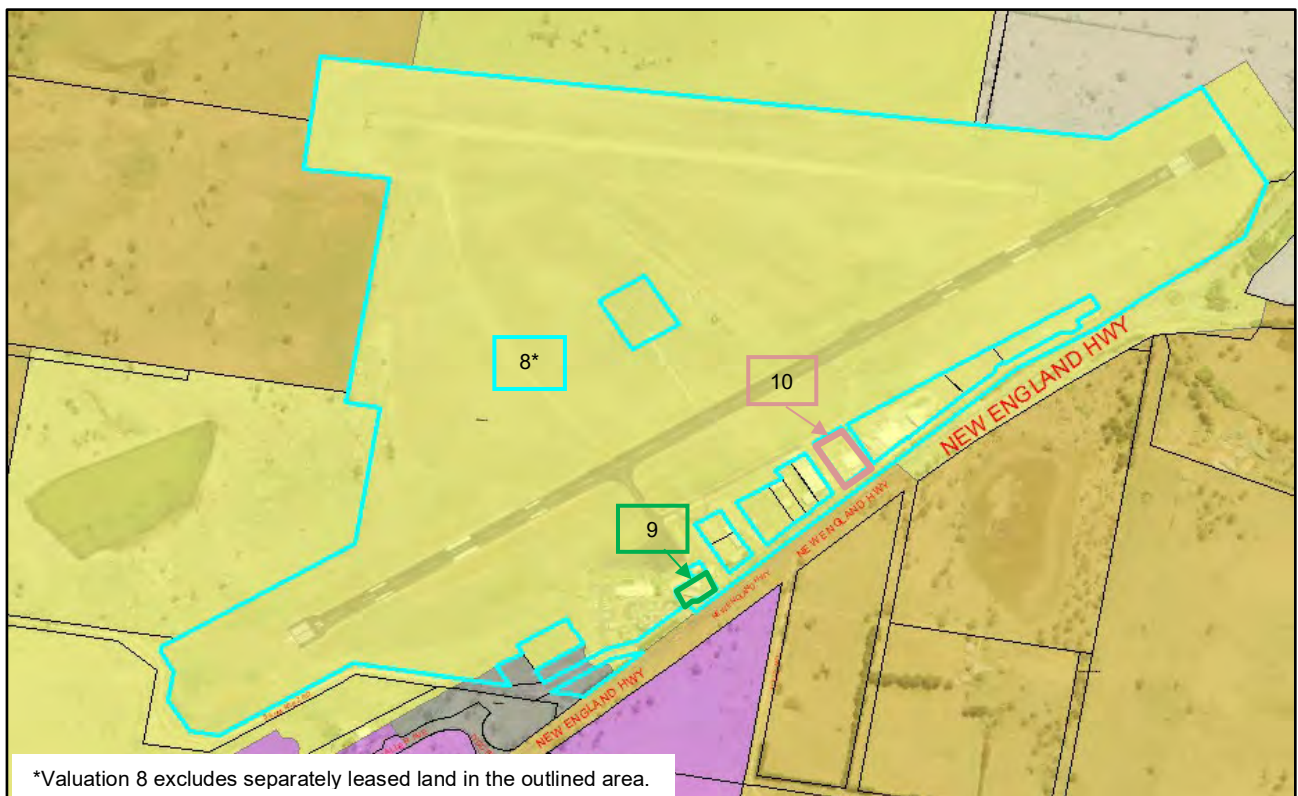


Figure 21 - Armidale Airport Case Studies – Valuations 8 to 10
Source: NSW Spatial Services

VALUATION 8 – Airport lands



Address		Site No	Site Area
9 Peter Monley Dr, Armidale Airport			112.9ha
Legal Description	LEP Zoning		Master Plan Zone/Land Use
Lot 100 DP 1273640	SP2 Infrastructure – Air Transport Facility and B7 Business Park		Existing general aviation, aviation related development, residential airpark and business park
Land Value Basis	Valuation Year	Date Valuation Made (DVM)	Site Use at DVM
6A(1)	01/07/2021	20/09/2021	Airport uses including terminal, carpark, runways, aprons etc.
Highest and Best Use			
The highest and best use of the SP2 land is considered to be airport operations in the general aviation precinct of the master plan, and development for aviation associated purposes in the other master			

plan precincts. There is also B7 zoned land to the south-west of the property where uses such as light industrial uses or offices are permitted.

Valuation Rationale

Adjustment and application of analysed comparable sales:

- Terminal building

The following sales from Table 30 are the best available and have been analysed and adjusted to value the land under the terminal building:

Sale No.	Address	Zone	Contract Date	Site Area m2	Frontage m	AALV m2 @ 01.07.21	% Adjustment					Adjusted AALV m2 @ 01.07.21
							Size	Location	Frontage/Shape	Topography	TOTAL ADJUSTMENT %	
11	220 Rusden St, Armidale	B4	5/04/2021	543	20.117	\$ 291	-10%	-10%	-10%	0%	-30%	\$ 204
12	118 Markham St, Armidale	B4	10/06/2021	607	15.24	\$ 225	-10%	-10%	-10%	0%	-30%	\$ 158
13	94 Beardy St, Armidale	B4	16/12/2020	742	14.055 6.83	\$ 232	-10%	-10%	-10%	0%	-30%	\$ 162
14	246-248 Beardy St, Armidale	B3	26/05/2021	1862	30.63	\$ 221	-5%	-10.0%	-10%	0%	-25%	\$ 166

Table 32 - Terminal Building Sale Adjustments

After adjustment the available sales show a range of \$158m² to \$204m². A value of \$175m² has been adopted which is close to the mid-point of the range. The methodology applies no discount to this land use category.

- Other Buildings

The following sales from Table 28 & 29 are the best available and have been analysed and adjusted to value the land under the other building:

Sale No.	Address	Zone	Contract Date	Site Area m2	Frontage m	AALV m2 @ 01.07.21	% Adjustment				TOTAL ADJUSTMENT %	Adjusted AALV m2 @ 01.07.21
							Size	Location	Frontage/Shape	Topography		
1	37 Shand Dr, Armidale	SP2	26/02/2018	4,096	91.125	\$ 86	10%	0%	0%	0%	10%	\$ 94
2	17-19 Shand Dr, Armidale	SP2	22/03/2019	5,565	59.99	\$ 86	15%	0%	0%	0%	15%	\$ 99
6	21 Waller Av, Armidale	IN2	04/12/2020	2,280	43.95	\$ 92	10.0%	0%	0%	0%	10%	\$ 101

Table 33 - Other Buildings Sale Adjustments

After adjustment the sales show a range of \$94m² to \$101m². A value of \$100m² has been adopted for the subject land being at the top of the narrow range. The methodology applies no discount to this land use category.

- Surfaced & Actively Used & Other Lands

The following sales from Table 31 are the best available and have been analysed and adjusted to value the Surfaced & Actively Used & Other Lands:

Sale No.	Address	Zone	Contract Date	Site Area m2	Frontage m	AALV m2 @ 01.07.21	% Adjustment					TOTAL ADJUSTMENT %	Adjusted AALV m2 @ 01.07.21
							Size	Location	Frontage/Shape	Topography			
F	330 Byrnes Rd, Bomen, Wagga	IN1	13/07/2021	203,600	99.42	\$ 8	-10%	0%	-15%	0%	-25%	\$	6
G	298 Clergate Rd, Orange	IN1	08/11/2018	262,000	841	\$ 9	-10%	0%	-15%	0%	-25%	\$	7
H	90 Kaitlers Rd, Springdale Heights, Albury	IN1	21/10/2019	329,900	403	\$ 6	-5%	-5%	-15%	0%	-25%	\$	5
I	4R Freight Dr, Dubbo	IN2	04/02/2021	349,000	29 312.03	\$ 8	-5%	-10%	-15%	0%	-30%	\$	6
					1 281.3								

Table 34 - Surfaced & Actively Used & Other Lands Sale Adjustments

After adjustment the sales show a range of \$5m² to \$7m². A value of \$5m² has been adopted for the subject lands being at the bottom on the narrow range. The methodology applies 15% of the \$5m² for the 'surfaced & actively used' land reducing the \$5m² to \$0.75m² and 5% for the 'other lands' reducing the \$5m² to \$0.25m².

- Development land

The subject airport has two different types of development land. That which allows industrial development and land zoned B7 under the LEP. These areas have been separately valued.

The following sales from Table 28 & 29 are the best available and have been analysed and adjusted to value the development land for industrial uses under the master plan:

Sale No.	Address	Zone	Contract Date	Site Area m ²	Front. m	AALV m ² @ 01.07.21	% Adjustment					TOTAL ADJUSTMENT %	Adjusted AALV m ² @ 01.07.21
							Size	Location	Frontage/Shape	Topography	Airport Restrictions		
1	37 Shand Dr, Armidale	SP2	26/02/2018	4,096	91.125	\$ 86	-5%	0%	0%	0%	0%	-5%	\$ 81
2	17-19 Shand Dr, Armidale	SP2	22/03/2019	5,565	59.99	\$ 86	-5%	0%	0%	0%	0%	-5%	\$ 82
6	21 Waller Av, Armidale	IN2	04/12/2020	2,280	43.95	\$ 92	-10%	0%	0%	0%	-15%	-25%	\$ 69

Table 35 - Development Land – Industrial & SP2 Sale Adjustments

The -15% adjustment allowed for airport restrictions on sale 6 is due to the subject lands additional constraints and risks related to the complying with the airport master plan in developing this larger parcel of land. Sales 1 & 2 are in the same SP2 zone as the subject land and therefore do not require

this adjustment for airport restrictions. After all adjustments the three sales show a range of \$69m² to \$82m². However, as sales 1 and 2 require less adjustment being in the same SP2 zone they are considered the best evidence with \$80m² adopted for the subject.

The following sales from Table 28, 29 & 30 are the best available and have been analysed and adjusted to value the B7 zoned land under the LEP:

Sale No.	Address	Zone	Contract Date	Site Area m2	Front. m	% Adjustment								Adjusted AALV m2 @ 01.07.21
						AALV m2 @ 01.07.21	Size	Location	Frontage/Shape	Topography	Airport Restrictions	TOTAL ADJUSTMENT %		
1	37 Shand Dr, Armidale	SP2	26/02/2018	4,096	91.125	\$ 86	-5%	20%	0%	0%	15%	30%	\$ 111	
2	17-19 Shand Dr, Armidale	SP2	22/03/2019	5,565	59.99	\$ 86	-5%	20%	0%	0%	15%	30%	\$ 112	
6	21 Waller Av, Armidale	IN2	04/12/2020	2,280	43.95	\$ 92	-15%	20%	0%	0%	0%	5%	\$ 97	
14	246-248 Beardy St	B3	26/05/2021	1,862	30.63	\$ 221	-5%	-10%	-10%	0%	0%	-25%	\$ 166	

Table 36 - Best Available Evidence for B7 Zoned Land Sale Adjustments

Sales 1 and 2 require a +15% adjustment as they are subject to airport restrictions being additional constraints and risks related to the complying with the airport master plan, while the subject land and other sales are not subject to these restrictions. After all adjustments the sales show a range of \$97m² to \$166m². Close to the mid-point of these sales being \$130m² has been adopted for the subject.

Valuation Calculation – Airport lands

The adopted land value rates above have been applied to each land use component of the subject airport to give a total land value for the airport lands:

Land use	Basis of value	F LV \$m ²	% F LV	Area m ²	\$m ²	LV
Terminal	Business	\$ 150	100%	3,030	\$ 175	\$ 530,250
Other buildings	Industrial	\$ 125	100%	1,020	\$ 100	\$ 102,000
Surfaced & actively used	Industrial englobo	\$ 5	15%	452,540	\$ 0.75	\$ 339,405
Other lands	Industrial englobo	\$ 5	5%	658,450	\$ 0.25	\$ 164,613
Development - MP industri	Industrial			8,410	\$ 80	\$ 672,800
B7 zoned land	Business			5,550	\$ 130	\$ 721,500
				1,129,000	\$ 2.24	\$2,530,568
				ADOPT LV		\$2,530,000

Table 37 - Land Value Calculations

VALUATION 9 – Associated airport property – service station



Address		Site No	Site Area / Frontage
19/10541 New England Highway, Armidale		n/a	2,174m ² / 83.685 m (corner)
Legal Description	LEP Zone		Master Plan Zone/Land Use
Lot 19 DP 875110	SP2 Infrastructure – Air Transport Facility		Highway service centre
Land Value Basis	Valuation Year	Date Valuation Made (DVM)	Site Use at DVM
6A(1)	01/07/2021	08/08/2021	Service Station
Highest and Best Use			
Highway service centre uses such as fast food outlets and service stations which is the sites current use.			
Valuation Rationale			
The following sales from Table 29 & 30 are the best available and have been analysed and adjusted to value the subject land:			

Sale No.	Address	Zone	Contract Date	Site Area m2	Frontage m	AALV m2 @ 01.07.21	% Adjustment						TOTAL ADJUSTMENT %	Adjusted AALV m2 @ 01.07.21
							Size	Location	Frontage/Shape	Topography	Airport Restrictions			
14	246-248 Beardy St, Armidale	B3	26/05/2021	1,862	30.63	\$ 221	-5%	5%	-5%	0%	0%	-5%	\$ 210	
7	227 Mann St, Armidale	IN2	29/10/2019	3,298	29.70	\$ 144	5%	10%	10%	0%	0%	25%	\$ 180	
8	272 Mann St, Armidale	IN2	18/06/2019	3,937	51.03	\$ 137	5%	10%	10%	0%	0%	25%	\$ 171	

Table 38 - Associated Airport Property Sale Adjustments

The subject property is located within the airport in the landside precinct and the highest and best use is not considered to be impacted by the airport restrictions therefore no discounts have been allowed in the above adjustment table.

After adjustment the sales show a range of \$171m² to \$210m² compared to the subject property. A value of \$200m² as Sale 14 is considered the best evidence being the most comparable highest and best use to the subject.

Valuation Calculations – Associated airport property

Commercial site with highway exposure	2,174m ² @ \$200m ²	\$434,800
Adopted land value	\$435,000	

VALUATION 10 – Associated airport property - hangar



Address		Site No	Site Area / Frontage
23 Shand Drive, Armidale		n/a	4,982m ² / 54.87 m
Legal Description	LEP Zone		Master Plan Zone/Land Use
Lot 4 DP 1252697	SP2 Infrastructure – Air Transport Facility		Existing industrial
Land Value Basis	Valuation Year	Date Valuation Made (DVM)	Site Use at DVM
6A(1)	01/07/2021	08/08/2021	Hangar and associated office and carpark
Highest and Best Use			
Aviation related business with access to runway.			
Valuation Rationale			
The following sales from Table 28 & 29 are the best available and have been analysed and adjusted to value the subject land:			

Sale No.	Address	Zone	Contract Date	Site Area m ²	Frontage m	AALV m ² @ 01.07.21	% Adjustment						Adjusted AALV m ² @ 01.07.21
							Size	Location	Frontage/Shape	Topography	Airport Restrictions	TOTAL ADJUSTMENT %	
1	37 Shand Dr, Armidale	SP2	26/02/2018	4,096	91.125	\$ 86	0%	0%	0%	0%	0%	0%	\$ 86
9	291-293 Mann St, Armidale	IN2	25/02/2021	5,420	49.29	\$ 107	5%	-30%	20%	0%	-15%	-20%	\$ 85
2	17-19 Shand Dr, Armidale	SP2	22/03/2019	5,565	59.99	\$ 86	0%	0%	0%	0%	0%	0%	\$ 86

Table 39 - Associated Airport Property Sale Adjustments

Sales 1 & 2 are in the same SP2 zone as the subject land and therefore do not require an adjustment for airport restrictions. After adjustment the sales show a narrow range of \$85m² to \$86m² compared to the subject property. A value of \$86m² has been adopted for the subject land.

Valuation Calculations – Associated airport property

Industrial aviation value 4,982m² @ \$86m² \$428,452

Adopted land value \$428,000

Case Study 4 – Regional Airport – Albury Airport

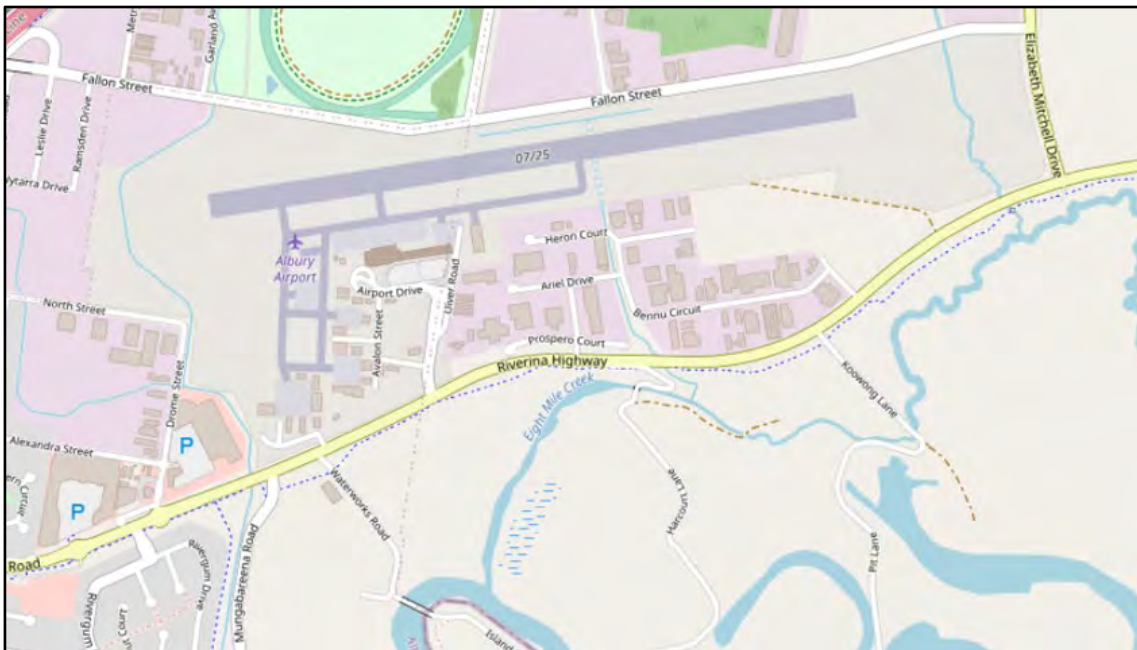


Figure 22 - Overview of Albury Airport

Source: NSW Spatial Services

Overview

Albury airport is in Albury City Council approximately 5km north-east of the city centre of Albury, near the state border with Victoria. Albury airport is owned and operated by Albury City Council. The Valuer General provides 32 land values to Albury City Council for the airport based on separate titles and leases over the 112.3 hectares zoned SP2.

Lessees at the airport include:

- flight training facilities – air force cadets and private providers
- emergency operations – local and seasonal aerial firefighting
- car rentals,
- aviation businesses offering charter, air freight, survey/surveillance, aero-medical and agricultural services and
- aircraft maintenance and fuel supplies.

Albury airport ranked as 28th largest airport in Australia and the 21 busiest out of 50 regional airports in Australia. Up to 180 flights a week are offered from Albury airport, including daily flights to Sydney, and Melbourne (2018 Albury Master Plan).

Planning

The Albury LEP 2010 identifies the airport site as being zoned SP2 Infrastructure – Airport. Objective of the SP2 zone are –

- to provide for infrastructure and related uses,
- to prevent development that is not compatible with or that may detract from the provision of infrastructure, and
- to reserve land for the provision of infrastructure.

Figure 23 provide an overview of the existing zones in the location of the airport.

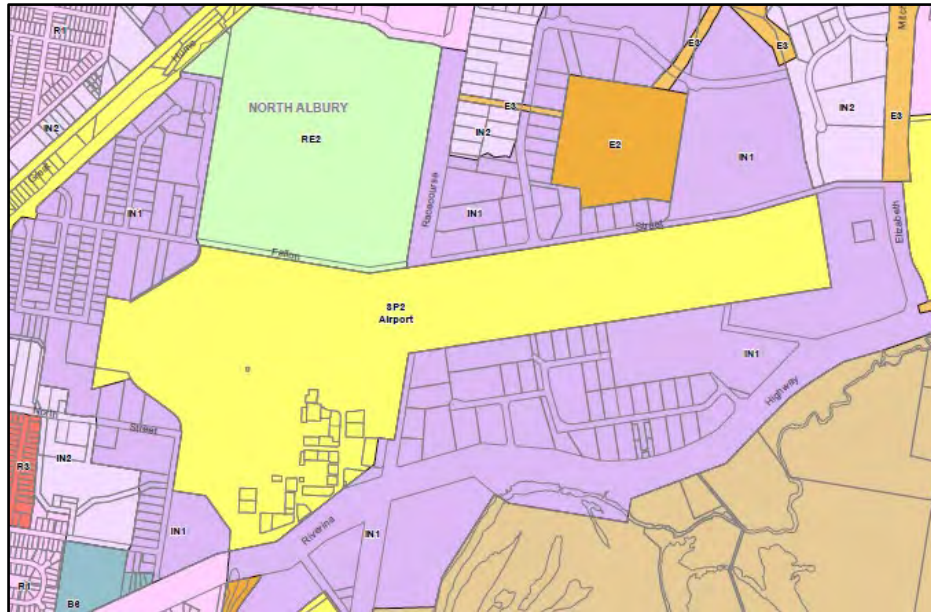


Figure 23 - Land Zoning Map – Sheet LZN_007
Source: Albury LEP 2010 – NSW Planning Portal

The airport is excluded from the other LEP Maps including floor space ratio, lot size map, heritage, height of buildings etc.

As set out in the Section 18.2 of the Albury DCP 2010, all buildings and structures must comply with the Obstacle Limitation Surface Map. The Obstacle Limitation Surface Map indicates the maximum height that buildings and other structures and trees/landscaping must not exceed to ensure the safe operation of the Albury Airport.

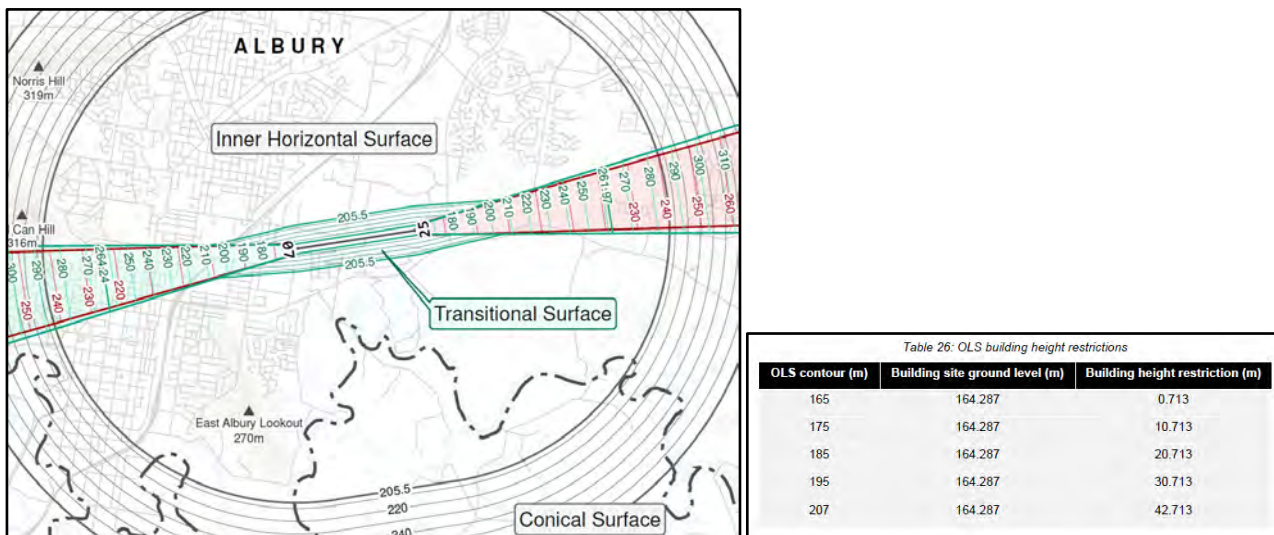


Figure 24 - Part obstacle limitation surface map and OLS building height restrictions
Source: Albury DCP 2010

The Albury Airport Final Master Plan identifies five airport precincts – northern precinct (7.62ha), western precinct (12.50ha), airside precinct (83.95ha), terminal precinct (7.25ha) and south-eastern precinct (7.54ha). The south-eastern precinct is outside the SP2 zone and separately valued therefore it is not included in the case study valuation. These precincts are displayed in Figure 25.

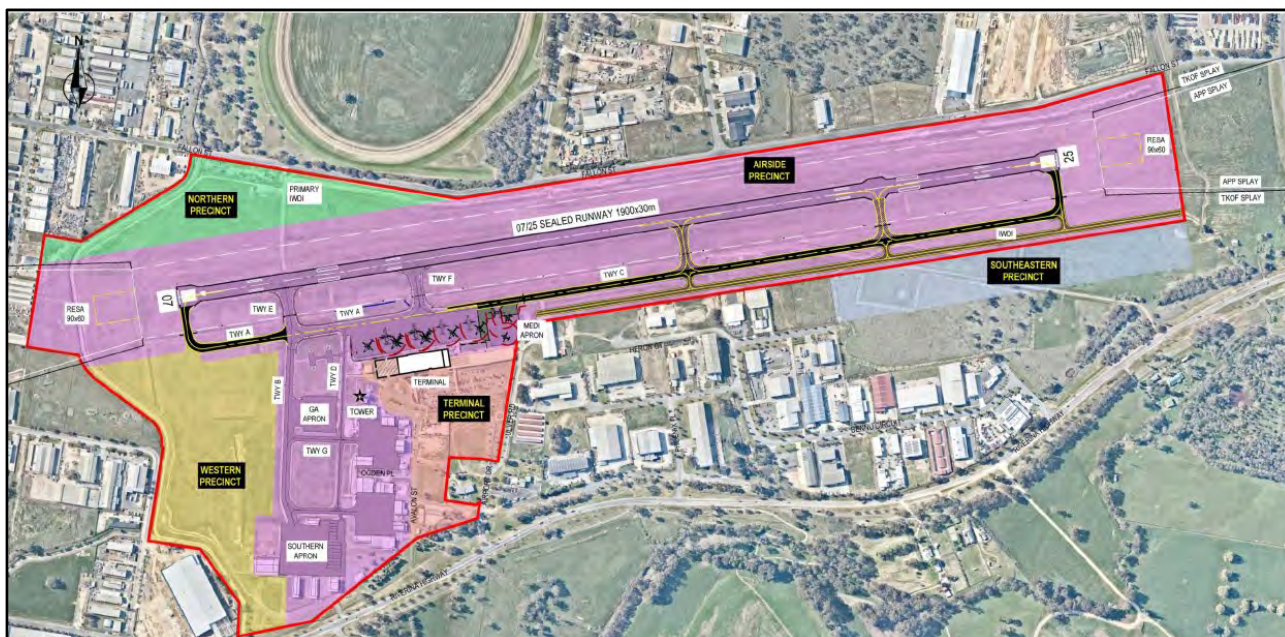


Figure 25 - Master Plan Land Use Precincts
Source: Albury Airport Final Master Plan 2018 – Figure 28 (adapted)

The development of the five precincts has more detailed conceptual layouts in the master plan. However, development is currently contained to the airside and terminal precincts.

Contamination

The Albury Airport is not identified on the Australian PFAS Chemicals Map, and the master plan identifies no contamination.

Market Evidence

The following sales evidence is of assistance in determining the value of the Albury airport lands:

Sale No.	Address	Zone	Contract Date	Vacant (VL) or Improved (IM)	Sale Price \$	Site Area m2	Frontage m	ALV @ contract date	AALV @ 01.07.21	AALV \$m2 @ 01.07.21
1	15 Diamond Dr Thurgoona	B2	25/01/2021	VL	\$ 480,000	1,200	25.463	\$ 479,770	\$ 479,770	\$ 400
2	52 Diamond Dr, Thurgoona	B2	19/08/2020	VL	\$ 962,500	2,500	84.858	\$ 962,500	\$ 962,500	\$ 385
3	66 Diamond Dr, Thurgoona	B2	31/07/2020	VL	\$ 962,500	2,500	44.702 58.814 31.7	\$ 962,500	\$ 962,500	\$ 385
4	1108 Mate St, North Albury	B3	19/12/2020	IM	\$ 1,386,000	3,829	80.475 59.01	\$ 794,055	\$ 794,055	\$ 207
5	312 Wodonga Pl, South Albury	B4	4/02/2021	VL	\$ 1,320,000	4,766	52.335 32.43	\$ 1,318,950	\$ 1,318,950	\$ 277

Table 40 - Business Zoned Sales

Sale No.	Address	Zone	Contract Date	Vacant (VL) or Improved (IM)	Sale Price \$	Site Area m2	Frontage m	ALV @ contract date	AALV @ 01.07.21	AALV \$m2 @ 01.07.21
6	845 Knight Rd, North Albury	IN1	21/05/2021	IM	\$ 280,000	942	20.12	\$ 186,905	\$ 186,905	\$ 198
7	853 Knight Rd, North Albury	IN1	22/02/2021	IM	\$ 585,000	942	20.12	\$ 171,540	\$ 171,540	\$ 182
8	857 Ramsden Dr, North Albury	IN1	1/12/2020	IM	\$ 620,000	1,267	27	\$ 221,380	\$ 221,380	\$ 175
9	928 Metry St, North Albury	IN1	18/12/2019	IV	\$ 330,000	1,624	23.17	\$ 166,000	\$ 239,610	\$ 148
10	939 Metry St, North Albury	IN1	11/06/2021	IM	\$ 924,000	1,714	25	\$ 256,720	\$ 256,720	\$ 150
11	899 Metry St, North Albury	IN1	8/02/2021	IM	\$ 450,000	1,714	25	\$ 248,856	\$ 248,856	\$ 145
12	36 Ruby Court, East Albury	IN1	3/06/2021	VL	\$ 363,000	1,966	30.34	\$ 362,500	\$ 362,500	\$ 184
13	940 Metry St, North Albury	IN1	25/06/2021	IM	\$ 806,025	3,558	91.41	\$ 428,055	\$ 428,055	\$ 120
14	66 Merkel St, Thurgoona	IN1	9/10/2020	VL	\$ 351,000	4,091	37.19	\$ 339,240	\$ 373,164	\$ 91
15	98 Ceres Dr, Thurgoona	IN1	22/10/2020	VL	\$ 332,833	4,656	50	\$ 332,833	\$ 366,116	\$ 79
16	99 Bennu Cct, Thurgoona	IN1	3/08/2021	VL	\$ 561,000	5,001	51	\$ 552,250	\$ 552,250	\$ 110
17	69 Fallon St, North Albury	IN1	10/01/2019	VL	\$ 797,500	12,700	66.6	\$ 791,000	\$ 1,048,075	\$ 83
18	4 Travelstop Way, Lavington	IN1	28/09/2021	VL	\$ 1,705,000	23,900	22	\$ 1,680,275	\$ 1,680,275	\$ 70
19	8-12 Fallon St, Thurgoona	IN1	7/09/2020	VL	\$ 1,934,416	30,300	166.44	\$ 1,900,000	\$ 2,090,000	\$ 69
20	69 Catherine Cres, Lavington	IN1	18/03/2019	VL	\$ 450,000	41,300	76.56	\$ 446,400	\$ 468,720	\$ 11
21	17-29 Ceres Dr, Thurgoona	IN1	1/11/2021	VL	\$ 2,784,870	43,600	230.00	\$ 2,784,870	\$ 2,367,140	\$ 54
22	162 Kaitlers Rd, Springdale Heights	IN2	25/01/2021	VL	\$ 1,375,000	53,700	158.57	\$ 1,319,450	\$ 1,319,450	\$ 25
23	90 Kaitlers Rd, Springdale Heights	IN1	21/10/2019	IM	\$ 6,350,000	329,900	402.53	\$ 2,007,030	\$ 2,107,382	\$ 6

Table 41 - Industrial Zoned Sales

Albury Airport Case Study Valuations

Within Albury Airport, three valuations have been undertaken comprising:

- Valuation 11 - Master Plan – most precincts – the operating airport including main runway, aprons, taxiways, and future master plan development land but excluding separately leased land in the outlined area.
- Valuation 12 - Master Plan Airside Precinct - hanger with apron and runway access.
- Valuation 13 - Master Plan Terminal Precinct Airport Business – car rental.

as shown in Figure 26.

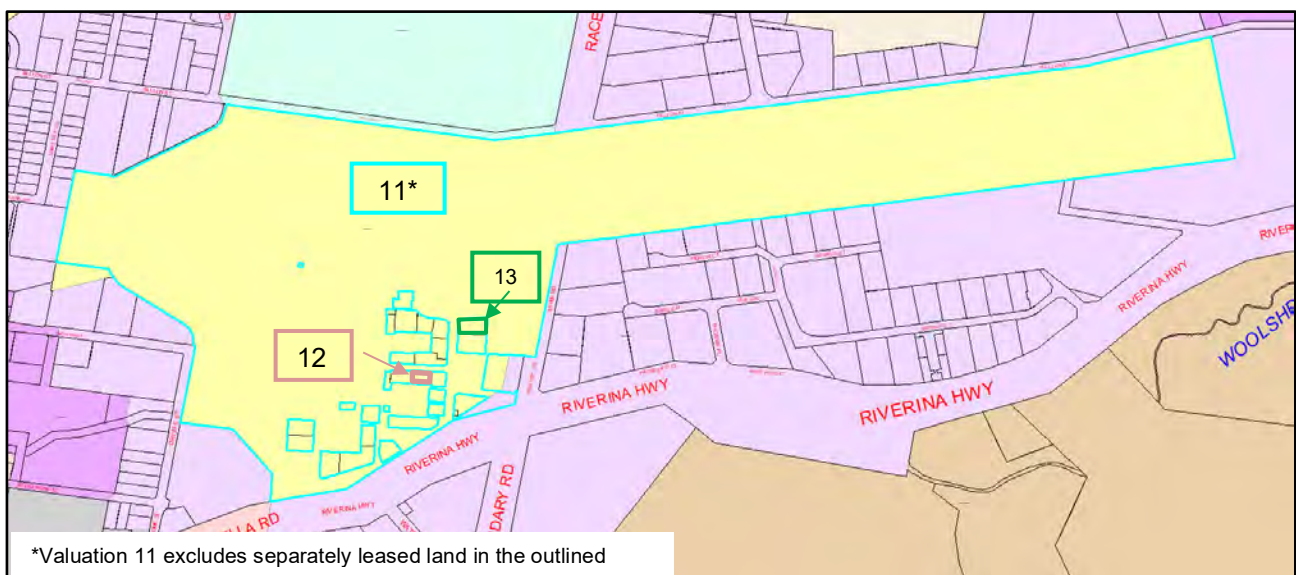


Figure 26 - Albury Airport Case Studies – Valuations 11 to 13
Source: NSW Spatial Services

VALUATION 11 – Airport lands



Address		Site No	Site Area
121 Airport Drive, East Albury		n/a	106.9ha
Legal Description	LEP Zone		Master Plan Zone/Land Use
Lot 44 DP 1256679	SP2 Infrastructure – Airport		Airside precinct, terminal precinct, northern precinct, and western precinct
Land Value Basis	Valuation Year	Date Valuation Made (DVM)	Site Use at DVM
6A(1)	01/07/2021	12/08/2021	Airport uses including terminal, carparks, runways, aprons etc.
Highest and Best Use			
Airport			
Valuation Rationale			
Adjustment and application of analysed comparable sales: <ul style="list-style-type: none"> Terminal building <p>The following sales from Table 40 are the best available and have been analysed and adjusted to value the land under the terminal building:</p>			

Sale No.	Address	Zone	Contract Date	Site Area m2	Frontage m	AALV m2 @ 01.07.21	% Adjustment					TOTAL ADJUSTMENT %	Adjusted AALV m2 @ 01.07.21
							Size	Location	Frontage/Shape	Topography			
2	52 Diamond Dr, Thurgoona	B2	19/08/2020	2,500	84.858	\$ 385	-15%	-10%	7.5%	0%	-18%	\$ 318	
3	66 Diamond Dr, Thurgoona	B2	31/07/2020	2,500	44.702 58.814 31.7	\$ 385	-15%	-10%	7.5%	0%	-18%	\$ 318	
4	1108 Mate St, North Albury	B3	19/12/2020	3,829	80.475 59.01	\$ 207	2.5%	-10%	-10%	0%	-18%	\$ 171	
5	312 Wodonga Pl, South Albury	B4	4/02/2021	4,766	52.335 32.43	\$ 277	10%	-7.5%	-15%	0%	-13%	\$ 242	

Table 42 - Terminal Building Sale Adjustments

After adjustment the available sales show a range of \$171m² to \$318m². A value of \$250m² has been adopted which is close to the mid-point of the range. The methodology applies no discount to this land use category.

- Other Buildings

The following sales from Table 41 are the best available and have been analysed and adjusted to value the land under the other building:

Sale No.	Address	Zone	Contract Date	Site Area m2	Frontage m	AALV m2 @ 01.07.21	% Adjustment					TOTAL ADJUSTMENT %	Adjusted AALV m2 @ 01.07.21
							Size	Location	Frontage/Shape	Topography			
12	36 Ruby Court, East Albury	IN1	3/06/2021	1,966	30.34	\$ 184	-10%	-5%	-10%	0%	-25%	\$ 138	
13	940 Metry St, North Albury	IN1	25/06/2021	3,558	91.41	\$ 120	0%	-5%	-5%	0%	-10%	\$ 108	
16	99 Bennu Cct, Thurgoona	IN1	3/08/2021	5,001	51	\$ 110	10%	0%	-5%	0%	5%	\$ 116	

Table 43 - Other Buildings Sale Adjustments

After adjustment the sales show a range of \$108m² to \$138m². A value of \$125m² has been adopted for the subject land being close to the mid-point of the range.

- Surfaced & Actively Used & Other Lands

The following sales from Table 31 are the best available and have been analysed and adjusted to value the Surfaced & Actively Used & Other Lands:

Sale No.	Address	Zone	Contract Date	Site Area m2	Frontage m	AALV m2 @ 01.07.21	% Adjustment				TOTAL ADJUSTMENT %	Adjusted AALV m2 @ 01.07.21
							Size	Location	Frontage/Shape	Topography		
D	254 Copland St, East Wagga Wagga	IN2	12/04/2018	98,580	132.13	\$ 12	-15%	25%	-10%	0%	0%	\$ 12
F	330 Byrnes Rd, Bomen, Wagga Wagga,	IN1	13/07/2021	203,600	99.42	\$ 8	-5%	30%	0%	0%	25%	\$ 10
G	298 Clergate Rd, Orange	IN1	08/11/2018	262,000	841	\$ 9	-5%	30%	-10%	0%	15%	\$ 10
H	90 Kaitlers Rd, Springdale Heights, Albury	IN1	21/10/2019	329,900	403	\$ 6	0%	15%	-10%	0%	5%	\$ 7
I	4R Freight Dr, Dubbo	IN2	04/02/2021	349,000	29 312.03 1 281.3	\$ 8	0%	30%	-15%	0%	15%	\$ 9

Table 44 - Surfaced & Actively Used & Other Lands Sale Adjustments

After adjustment the sales show a range of \$7m² to \$12m². A value of \$10m² has been adopted for the subject lands being close to the mid-point of the range. The methodology applies 15% of the \$10m² for the 'surfaced & actively used' land reducing the \$10m² to \$1.50m² and 5% for the 'other lands' reducing the \$10m² to \$0.50m².

- Development land

The subject airport has development land primarily in the north, west and airside precincts of the master plan where the land uses will be primarily related to industrial uses. The following sales from Table 31 are the best available and have been analysed and adjusted to value the development land identified in the master plan:

Sale No.	Address	Zone	Contract Date	Site Area m ²	AALV m ² @ 01.07.21	% Adjustment					TOTAL ADJUSTMENT %	Adjusted AALV m ² @ 01.07.21
						Size	Location	Frontage/Shape	Topography	Airport Restrictions		
D	254 Copland St, East Wagga Wagga	IN2	12/04/2018	98,580	132.13	\$ 12	-15%	25%	5%	0%	-15%	\$ 12
F	330 Byrnes Rd, Bomen, Wagga Wagga,	IN1	13/07/2021	203,600	99.42	\$ 8	-5%	30%	10%	0%	-15%	\$ 10
G	298 Clergate Rd, Orange	IN1	08/11/2018	262,000	841	\$ 9	0%	30%	-5%	0%	-15%	\$ 10
H	90 Kaitlers Rd, Springdale Heights, Albury	IN1	21/10/2019	329,900	403	\$ 6	10%	20%	-5%	0%	-15%	\$ 7
I	4R Freight Dr, Dubbo	IN2	04/02/2021	349,000	29 312.03 1,281.3	\$ 8	10%	30%	-10%	0%	-15%	\$ 9

Table 45 - Development Land Sale Adjustments

After adjustments the sales show a range of \$7m² to \$12m². A value of \$10m² has been adopted for the subject lands being close to the mid-point of the range.

Valuation Calculations – Airport lands

The adopted land value rates above have been applied to each land use component of the subject airport to give a total land value for the airport lands:

Land use	Basis of value	F LV \$m ²	% F LV	Area m ²	\$m ²	LV
Terminal	Business	\$ 250	100%	3,336	\$ 250	\$ 834,000
Other buildings	Industrial	\$ 125	100%	3,500	\$ 125	\$ 437,500
Surfaced & actively used	Industrial englobo	\$ 10	15%	431,700	\$ 1.50	\$ 647,550
Other lands	Industrial englobo	\$ 10	5%	382,485	\$ 0.50	\$ 191,243
Development land	Industrial			247,979	\$ 10	\$ 2,479,790
				1,069,000	\$ 4.29	\$ 4,590,083
				ADOPT LV		\$ 4,590,000

Table 46 - Land Value Calculations

VALUATION 12 – Associated airport property - hangar



Address		Site No	Site Area / Frontage
11 Ogden Place, East Albury		n/a	1,231m ² / 36.88m
Legal Description	LEP Zone		Master Plan Zone/Land Use
Lot 8 DP837400	SP2 Infrastructure – Airport		Airside precinct
Land Value Basis	Valuation Year	Date Valuation Made (DVM)	Site Use at DVM
6A(1)	01/07/2021	12/08/2021	Aviation business with apron and runway access.
Highest and Best Use			
Aviation business with runway access.			
Valuation Rationale			
The following sales from Table 41 are the best available and have been analysed and adjusted to value the subject land:			

Sale No.	Address	Zone	Contract Date	Site Area m2	Frontage m	AALV m2 @ 01.07.21	% Adjustment						Adjusted AALV m2 @ 01.07.21
							Size	Location	Frontage/Shape	Topography	Airport Restrictions	TOTAL ADJUSTMENT %	
6	845 Knight Rd, North Albury	IN1	21/05/2021	942	20.12	\$ 198	-10%	-5%	0%	0%	-10%	-25%	\$ 149
7	853 Knight Rd, North Albury	IN1	22/02/2021	942	20.12	\$ 182	-10%	-5%	0%	0%	-10%	-25%	\$ 137
8	857 Ramsden Dr, North Albury	IN1	1/12/2020	1,267	27	\$ 175	0%	-5%	0%	0%	-10%	-15%	\$ 149
9	928 Metry St, North Albury	IN1	18/12/2019	1,624	23.17	\$ 148	10%	0%	0%	0%	-10%	0%	\$ 148

Table 47 - Associated Airport Property Sale Adjustments

The subject property is located within a precinct of the airport where uses must be aviation related and the highest and best use is considered be impact this and the other by the airport restrictions such as height and obstacle restrictions etc therefore a 10% discount has been allowed in the above adjustment table.

After adjustment the sales show a range of \$137m² to \$149m² compared to the subject property. A value of \$145m² has been adopted being close to the mid-point of range.

Valuation Calculations – Airport associated property

Industrial value 1,231m² @ \$145m² \$178,495

Adopted land value \$178,000

VALUATION 13 – Associated airport property – car rental



Address		Site No	Site Area / Frontage
1 Avalon St, East Albury		n/a	2,403m ² / cnr approx. 58m (Airport Dr) & 36m (Avalon Dr)
Legal Description	LEP Zone		Master Plan Zone/Land Use
Lot 35 DP1145352	SP2 Infrastructure – Airport		Terminal precinct
Land Value Basis	Valuation Year	Date Valuation Made (DVM)	Site Use at DVM
6A(1)	01/07/2021	12/08/2021	Rental car facilities
Highest and Best Use			
Landside aviation support business not requiring runway access			
Valuation Rationale			
The following sales from Table 41 are the best available and have been analysed and adjusted to value the subject land:			

Sale No.	Address	Zone	Contract Date	Site Area m2	Frontage m	AALV m2 @ 01.07.21	% Adjustment							Adjusted AALV m2 @ 01.07.21
							Size	Location	Frontage/Shape	Topography	Airport Restrictions	TOTAL ADJUSTMENT %		
9	928 Metry St, North Albury	IN1	18/12/2019	1,624	23.2	\$ 148	-5%	-5%	10%	0%	0%	0%	\$ 148	
10	939 Metry St, North Albury	IN1	11/06/2021	1,714	25	\$ 150	-5%	-5%	10%	0%	0%	0%	\$ 150	
11	899 Metry St, North Albury	IN1	8/02/2021	1,714	25	\$ 145	-5%	-5%	10%	0%	0%	0%	\$ 145	
12	36 Ruby Court, East Albury	IN1	3/06/2021	1,966	30.3	\$ 184	-5%	-15%	10%	0%	0%	-10%	\$ 166	
13	940 Metry St, North Albury	IN1	25/06/2021	3,558	91.4	\$ 120	5%	-5%	10%	0%	0%	10%	\$ 132	

Table 48 - Associated Airport Property Sale Adjustments

The subject property is located within a precinct of the airport where uses are not required to directly relate to aviation and airport restrictions such as height and obstacle restrictions are not considered to impact of the highest and best use, therefore no discount has been allowed in the above adjustment table.

After adjustment the sales show a range of \$132m² to \$166m² compared to the subject property. A value of \$150m² has been adopted being close to the mid-point of range.

Valuation Calculations – Associated airport property

Industrial value 2,403m² @ \$150m² \$360,450

Adopted land value \$360,000

Case Study 5 – Rural Airport – West Wyalong Airport

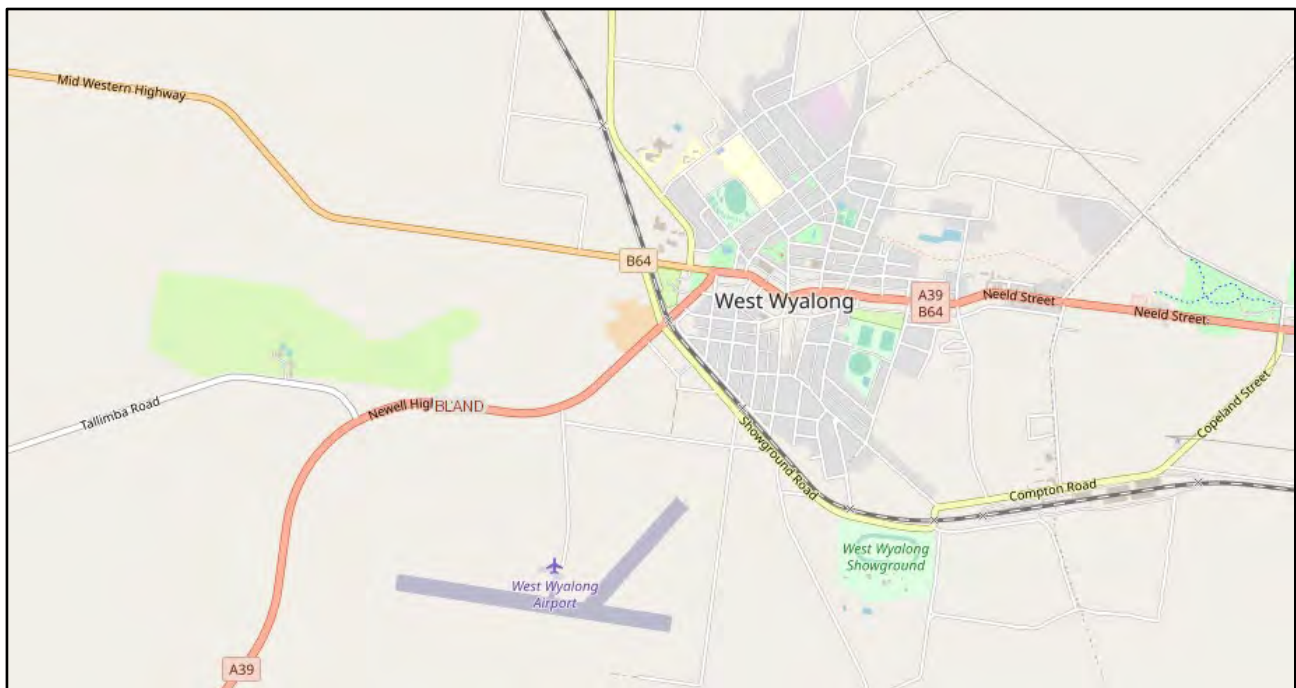


Figure 27 - Overview of West Wyalong Airport

Source: NSW Spatial Services

Overview

West Wyalong airport is in the Bland Local Government Area approximately 1.9km south-west of the township. West Wyalong airport is owned and operated by Bland Shire Council. The Valuer General provides one valuation for the West Wyalong Airport site of 318.26ha there being no separately leased areas noted on title.

Currently the airport is not serviced by a provider. In the past West Wyalong airport was serviced by East-West Airlines (1953 -1975), Country Connection Airlines (1991 – 2001) and Regional Express Airlines (2005 – 2007).

Planning

The Bland LEP 2011 identifies the airport site as being zoned SP2 Infrastructure – Air Transport Facilities. Objective of the SP2 zone is –

- to provide for infrastructure and related uses and
- to prevent development that is not compatible with or that may detract from the provision of infrastructure.

Figure 28 provide an overview of the existing zones in the location of the airport.

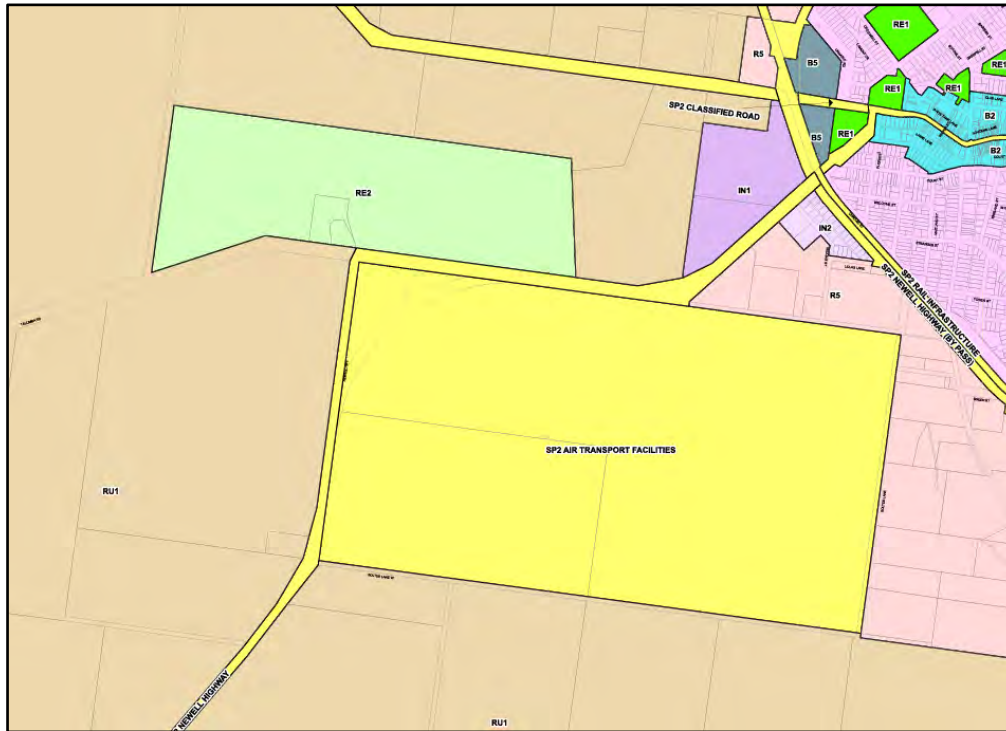


Figure 28 - Land Zoning Map – Sheet LZN_007D
Source: Bland LEP 2011 – NSW Planning Portal

The airport is excluded from all other LEP Maps including lot size map.

Clause 6.8 of the LEP relates to Airspace operations with the objections to:

- (a) to provide for the effective and ongoing operation of the West Wyalong Airport by ensuring that such operation is not compromised by proposed development that penetrates the Limitation or Operations Surface for that airport, and
- (b) to protect the community from undue risk from that operation.

Contamination

The West Wyalong airport is not identified on the Australian PFAS Chemicals Map.

Market Evidence

The following sales evidence is of assistance in determining the land value of the West Wyalong airport lands:

Sale No.	Address	Zone	Contract Date	Vacant (VL) or Improved (IM)	Sale Price \$	Site Area m ²	Frontage m	ALV @ contract date	AALV @ 01.07.21	AALV \$m ² @ 01.07.21
1	105 Railway Rd, West Wyalong	IN2	08/07/2021	IM	\$ 285,000	1,012	20.30	\$ 43,600	\$ 43,600	\$ 43
2	133 Railway Rd, West Wyalong	IN2	04/02/2021	IM	\$ 120,000	1,518	30.37	\$ 58,800	\$ 58,800	\$ 39
3	14 Calleen St, West Wyalong	IN1	09/12/2021	VL	\$ 80,000	2,177	43.425	\$ 75,000	\$ 75,000	\$ 34
4	1 Calleen St (cnr Central Rd), West Wyalong	IN1	08/10/2019	IM	\$ 159,090	2,601	49.850	\$ 78,000	\$ 78,000	\$ 30
5	Gelling St (Showground Rd), West Wyalong	IN2	05/08/2021	IM	\$ 407,000	7,942	63.57138.8	\$ 160,000	\$ 160,000	\$ 20

Table 49 – Industrial Zoned Sales

Sale No.	Address	Zone	Contract Date	Vacant (VL) or Improved (IM)	Sale Price \$	Site Area ha	ALV @ contract date	AALV @ 01.07.21	AALV \$ha @ 01.07.21
6	Bellarwi Rd, West Wyalong	RU1	15/03/2021	VL	\$ 607,000	245.7	\$ 560,200	\$ 560,200	\$ 2,280
7	244 Charcoal Tank Rd, West Wyalong	RU1	10/11/2020	IM	\$ 850,000	503.3	\$ 438,000	\$ 438,000	\$ 870
8	795 Younga Plains Rd, West Wyalong	RU1	29/01/2021	VL	\$ 1,441,000	583.36	\$ 1,356,500	\$ 1,424,325	\$ 2,442

Table 50 - Bland Rural Zoned Sales

VALUATION 14 – Airport lands



Address		Site No	Site Area
13510 Newell Highway, West Wyalong		n/a	318.26 ha
Legal Description	LEP Zone		Master Plan Zone/Land Use
Lots 10-11 DP 1141509	SP2 Infrastructure – Air Transport Facilities		N/A
Land Value Basis	Valuation Year	Date Valuation Made (DVM)	Site Use at DVM
6A(1)	01/07/2021	07/09/2021	Airport
Highest and Best Use			
There is no master plan for the West Wyalong airport. The highest and best use based on the current SP2 zoning is the current use as an airport.			
Valuation Rationale			
Adjustment and application of analysed comparable sales: <ul style="list-style-type: none"> Terminal and buildings <p>The following sales from Table 49 are the best available and have been analysed and adjusted to value the land under the terminal building:</p>			

Sale No.	Address	Zone	Contract Date	Site Area m ²	Frontage m	AALV m ² @ 01.07.21	% Adjustment					Adjusted AALV m ² @ 01.07.21
							Size	Location	Frontage/Shape	Topography	TOTAL ADJUSTMENT %	
1	105 Railway Rd, West Wyalong	IN2	08/07/2021	1,012	20.30	\$ 43	0%	-10%	-10%	0%	-20%	\$ 34
2	133 Railway Rd, West Wyalong	IN2	04/02/2021	1,518	30.37	\$ 39	0%	-10%	-10%	0%	-20%	\$ 31
3	14 Calleen St, West Wyalong	IN1	09/12/2021	2,177	43.425	\$ 34	5%	-10%	-10%	0%	-15%	\$ 29
4	1 Calleen St (cnr Central Rd), West Wyalong	IN1	08/10/2019	2,601	49.8 50	\$ 30	5%	-10%	-10%	0%	-15%	\$ 25

Table 51 – Industrial sales - Sale Adjustments

After adjustment the available sales show a range of \$25m² to \$34m². A value of \$30m² has been adopted which is close to the mid-point of the range. The methodology applies no discount to this land use category.

- Surfaced & Actively Used

The following sales from Table 31 are the best available and have been analysed and adjusted to value the Surfaced & Actively Used:

Sale No.	Address	Zone	Contract Date	Site Area m ²	Frontage m	AALV m ² @ 01.07.21	% Adjustment					Adjusted AALV m ² @ 01.07.21
							Size	Location	Frontage/Shape	Topography	TOTAL ADJUSTMENT %	
F	330 Byrnes Rd, Bomen, Wagga Wagga,	IN1	13/07/2021	203,600	99.42	\$ 8	-15%	-15%	-5%	0%	-35%	\$ 5
G	298 Clergate Rd, Orange	IN1	08/11/2018	262,000	841	\$ 9	-15%	-15%	-5%	0%	-35%	\$ 6
H	90 Kaitlers Rd, Springdale Heights, Albury	IN1	21/10/2019	329,900	403	\$ 6	-15%	-15%	-5%	0%	-35%	\$ 4
I	4R Freight Dr, Dubbo	IN2	04/02/2021	349,000	29 312.03 1,281.3	\$ 8	-15%	-15%	-5%	0%	-35%	\$ 5

Table 52 – Surfaced & Actively used - Industrial englobo - Sale Adjustments

There is limited sales evidence of industrial englobo sales in towns of a comparable class to West Wyalong therefore locational adjustments are high, but these are considered the best available sales. After all adjustment the sales show a range of \$4m² to \$6m². A value of \$4m² has been adopted at the bottom of the range due to allow for the limited sales evidence. The methodology applies 10% of the \$4m² for rural airports reducing the \$5m² to \$0.40m²

- Other Lands

The following sales from Table 50 are the best available and have been analysed and adjusted to value the Other Lands:

Sale No.	Address	Zone	Contract Date	Site Area m2	AALV m2 @ 01.07.21	% Adjustment					TOTAL ADJUSTMENT %	Adjusted AALV m2 @ 01.07.21
						Size	Location	Frontage/Shape	Topography/Timber			
6	Bellarwi Rd, West Wyalong	RU1	15/03/2021	2,457,000	\$ 0.23	0%	0%	0%	-30%	-30%	\$	0.16
7	244 Charcoal Tank Rd, West Wyalong	RU1	10/11/2020	5,033,000	\$ 0.09	10%	10%	0%	-10%	10%	\$	0.10
8	795 Younga Plains Rd, West Wyalong	RU1	29/01/2021	5,833,600	\$ 0.24	15%	-15%	-10%	-20%	-30%	\$	0.17

Table 53 – Other Lands - Rural sales - Sale Adjustments

After adjustment the sales show a range of \$0.10m² to \$0.17m². A value of \$0.12m² has been adopted for the subject lands being to the bottom of the range indicated to reflect the amount of timber on the subject land. The methodology applies 50% of the \$0.12m² for 'other lands' at rural airports reducing the \$0.12m² to \$0.06m².

Valuation Calculations – Airport lands

The adopted land value rates above have been applied to each land use component of the subject airport to give a total land value for the airport lands:

Land use	Basis of value	F LV \$m ²	% F LV	Area m ²	\$m ²	LV
Terminal & other buildings	Industrial	\$ 30.00	100%	1,000	\$30.00	\$ 30,000
Surfaced & actively used	Industrial englobo	\$ 4.00	10%	464,000	\$ 0.40	\$ 185,600
Other land	Rural	\$ 0.12	50%	2,717,600	\$ 0.06	\$ 163,056
				3,182,600	\$ 0.12	\$ 378,656
				ADOPT LV		\$ 379,000

Table 54 – Land Value Calculations

Case Study 6 – Rural Airport – Walgett Airport

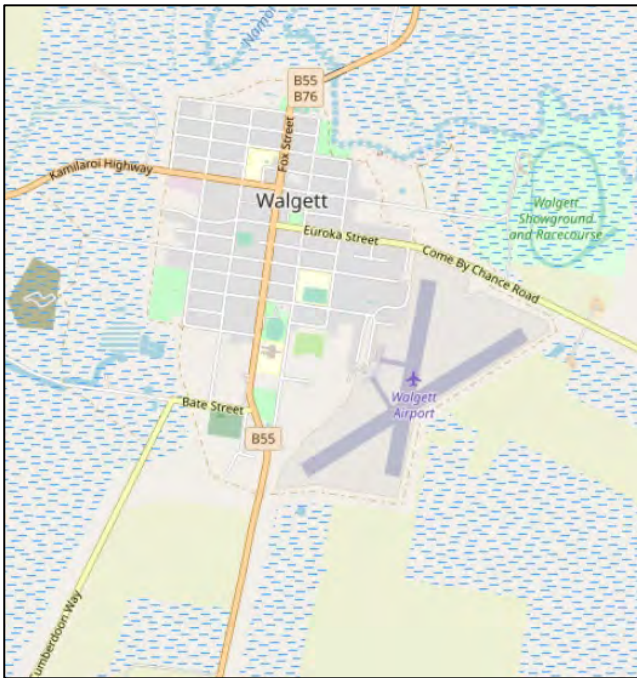


Figure 29 - Overview of Walgett Airport
Source: NSW Spatial Services

Overview

Walgett airport is in the Walgett Local Government Area and located on the south-eastern urban fringe of the township. Walgett airport is owned and operated by Walgett Shire Council. The Valuer General provides one valuation for the Walgett Airport site of 117.1ha with no leases on title that meet the requirements for separate valuations under VGNSW policies.

Currently the airport has scheduled flights provided by Air Link from Dubbo to Walgett three times a week which service community, medical, educational and business needs,

Planning

The Walgett LEP 2013 identifies the airport site as being zoned SP2 Infrastructure – Air Transport Facility & Depot. Objective of the SP2 zone is –

- to provide for infrastructure and related uses and
- to prevent development that is not compatible with or that may detract from the provision of infrastructure.

Figure 30 provide an overview of the existing zones in the location of the airport.

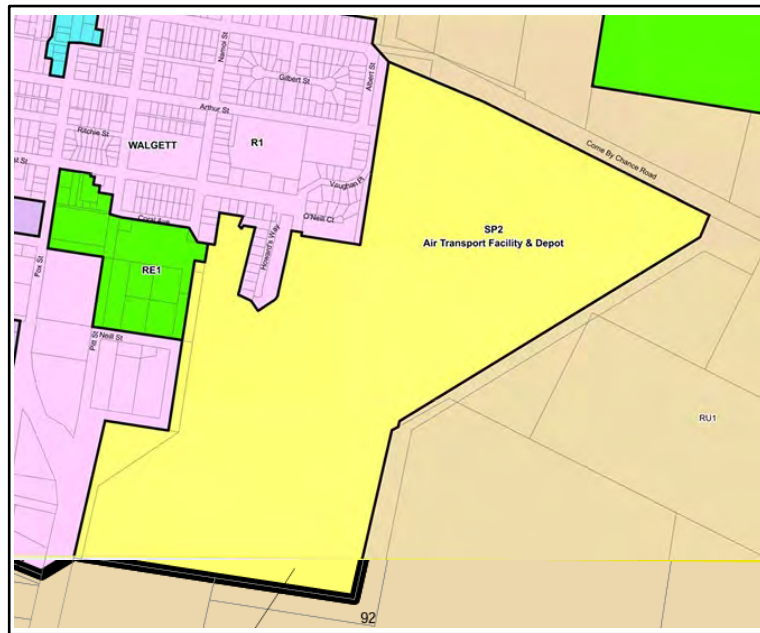


Figure 30 - Land Zoning Map – Sheet LZN_005A & 005AA
Source: Walgett LEP 2013 – NSW Planning Portal

The airport is excluded from other LEP Maps.

Clause 6.4 of the LEP relates to Airspace operations with the objectives to:

- (a) to provide for the effective and ongoing operation of the Walgett, Collarenebri and Lightning Ridge airports by ensuring that such operation is not compromised by proposed development that penetrates the Limitation or Operations Surface for that airport, and
- (b) to protect the community from undue risk from that operation.

Contamination

The Walgett airport is not identified on the Australian PFAS Chemicals Map.

Market Evidence

The following sales evidence is of assistance in determining the land value of the Walgett airport lands:

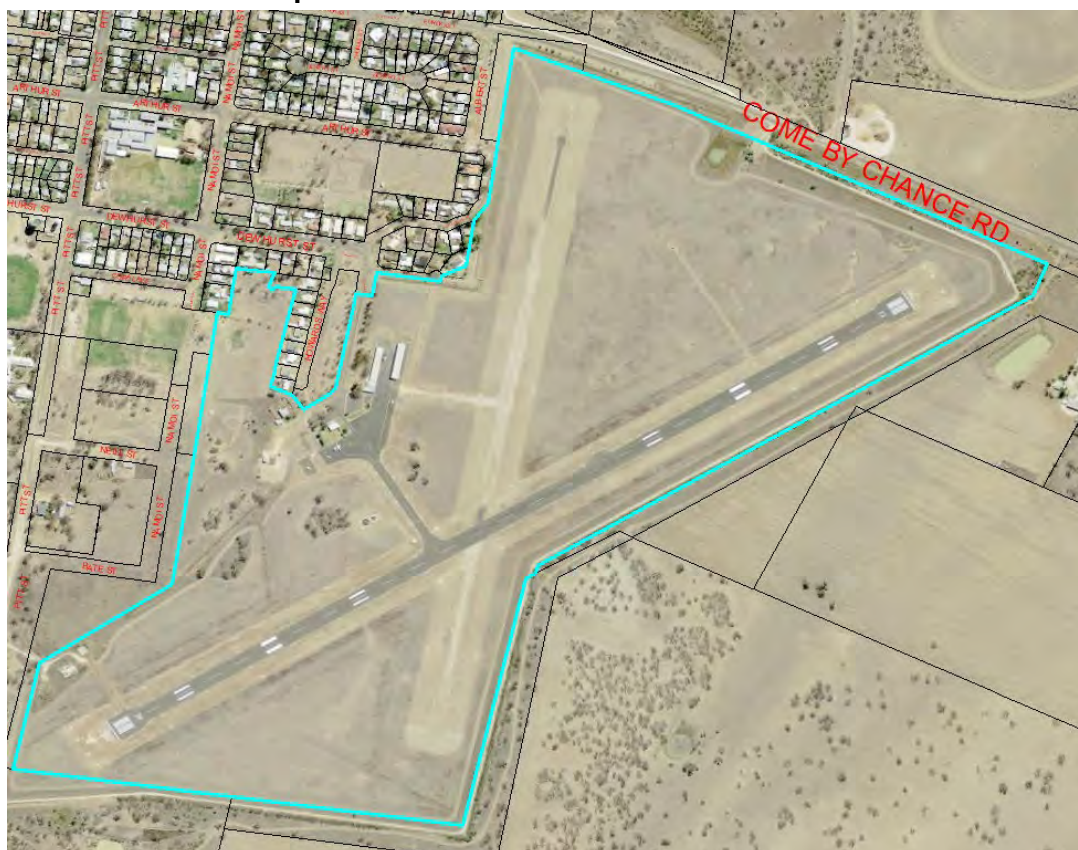
Sale No.	Address	Zone	Contract Date	Vacant (VL) or Improved (IM)	Sale Price \$	Site Area m ²	Frontage m	ALV @ contract date	AALV @ 01.07.21	AALV \$m ² @ 01.07.21
1	Cnr Fox and Montkeila Sts, Walgett	B2	30/06/2021	IM	\$ 150,000	4,956	50.29 60.35	\$ 65,000	\$ 65,000	\$ 13
2	125-127 Peel St, Walgett	IN1	29/08/2017	IM	\$ 192,500	5,913	48.94	\$ 56,675	\$ 55,000	\$ 9
3	15-17 Hope St (cnr Peel St), Walgett	IN1	30/07/2021	IM	\$ 450,000	6,653	50.00 102.81	\$ 60,000	\$ 60,000	\$ 9
4	158 Peel St, Walgett	IN1	04/03/2021	VL	\$ 130,000	13,160	97.79	\$ 114,000	\$ 114,000	\$ 9

Table 55 - Industrial Zoned Sales

Sale No.	Address	Zone	Contract Date	Vacant (VL) or Improved (IM)	Sale Price \$	Site Area ha	ALV @ contract date	AALV @ 01.07.21	AALV \$ha @ 01.07.21
5	647 Come By Chance Rd, Walgett	RU1	13/07/2020	VL	\$ 208,300	54.01	\$ 178,000	\$ 178,000	\$ 3,296
6	38449 Kamilaroi Hwy, Walgett	RU1	30/09/2020	IM	\$ 300,000	55.06	\$ 156,000	\$ 156,000	\$ 2,833
7	54 George Sands Way, Walgett	RU1	26/06/2020	VL	\$ 236,000	81.65	\$ 226,000	\$ 226,000	\$ 2,768
8	Woodlands Rd, Walgett	RU1	26/06/2020	IM	\$ 340,000	57.03	\$ 126,500	\$ 126,500	\$ 2,218
9	1136 Come By Chance Rd, Walgett	RU1	23/07/2021	VL	\$5,500,000	1481.84	\$ 5,105,000	\$ 5,105,000	\$ 3,445

Table 56 – Rural Zoned Sales

VALUATION 15 – Airport lands



*the imagery shows what appears to be a residence on the site but for the purposes of testing the methodology by desktop assessment this has been excluded from the calculations. If confirmed by inspection consideration of 6A(2) of VoLA would be required.

Address		Site No	Site Area
O'Neill Court, Walgett		n/a	117.1ha
Legal Description	LEP Zone		Master Plan Zone/Land Use
Lots 61-61 DP 826629, Lot 11 DP 851116	SP2 Infrastructure – Air Transport Facilities & Depot		N/A
Land Value Basis	Valuation Year	Date Valuation Made (DVM)	Site Use at DVM
6A(1)	01/07/2021	31/07/2021	Airport
Highest and Best Use			
There is no master plan for the Walgett airport. The highest and best use based on the current SP2 zoning is the current use as an airport.			

Valuation Rationale

Adjustment and application of analysed comparable sales:

- Terminal and buildings

The following sales from Table 55 are the best available and have been analysed and adjusted to value the land under the terminal building:

Sale No.	Address	Zone	Contract Date	Site Area m ²	Frontage m	AALV m ² @ 01.07.21	% Adjustment					Adjusted AALV m ² @ 01.07.21
							Size	Location	Frontage/Shape	Topography	TOTAL ADJUSTMENT %	
1	Cnr Fox and Montkeila Sts, Walgett	B2	30/06/2021	4,956	50.29 60.35	\$ 13	0%	-10%	-5%	0%	-15%	\$ 11
2	125-127 Peel St, Walgett	IN1	29/08/2017	5,913	48.94	\$ 9	5%	0%	-5%	0%	0%	\$ 9
3	15-17 Hope St (cnr Peel St), Walgett	IN1	30/07/2021	6,653	50.00 102.81	\$ 9	10%	0%	-15%	0%	-5%	\$ 9
4	158 Peel St, Walgett	IN1	04/03/2021	13,160	97.79	\$ 9	15%	0%	-10%	0%	5%	\$ 9

Table 57 – Industrial land use sales - Sale Adjustments

After adjustment the available sales show a range of \$9m² to \$11m². A value of \$10m² has been adopted which is the mid-point of the range. The methodology applies no discount to this land use category.

- Surfaced & Actively Used

The following sales from Table 55 are the best available and have been analysed and adjusted to value the Surfaced & Actively Used:

Sale No.	Address	Zone	Contract Date	Site Area m ²	Frontage m	AALV m ² @ 01.07.21	% Adjustment					Adjusted AALV m ² @ 01.07.21
							Size	Location	Frontage/Shape	Topography	TOTAL ADJUSTMENT %	
1	Cnr Fox and Montkeila Sts, Walgett	B2	30/06/2021	4,956	50.29 60.35	\$ 13	-	-10%	-5%	0%	-15%	\$ 11
2	125-127 Peel St, Walgett	IN1	29/08/2017	5,913	48.94	\$ 9	-	0%	-5%	0%	-5%	\$ 9
3	15-17 Hope St (cnr Peel St), Walgett	IN1	30/07/2021	6,653	50.00 102.81	\$ 9	-	0%	-5%	0%	-5%	\$ 9
4	158 Peel St, Walgett	IN1	04/03/2021	13,160	97.79	\$ 9	-	0%	-5%	0%	-5%	\$ 8

Table 58 – Industrial sales - Sale Adjustments

The sales in Table 58 show a range of \$8m² to \$11m² after adjustment for other than size comparison to the subject land. Close to the mid-point of this range is \$10m². There is limited sales evidence of

large industrial 'englobo' sales in towns of a comparable class to Walgett. Therefore, a more reliable approach to the full value of the surfaced and actively used land is considered to be allowing a percentage of the available smaller sized Walgett industrial sales evidence in Table 58 to recognise the large site area of the surfaced & actively used land with 20% adopted of the \$10m² or \$2.00m². The methodology applies 10% of the \$2m² for rural airports reducing the \$2m² to \$0.20m²

- Other Lands

The following sales from Table 56 are the best available and have been analysed and adjusted to value the Other Lands:

Sale No.	Address	Zone	Contract Date	Site Area m2	% Adjustment							Adjusted AALV m2 @ 01.07.21
					AALV m2 @ 01.07.21	Size	Location	Frontage/Shape	Topography	TOTAL ADJUSTMENT %		
5	647 Come By Chance Rd, Walgett	RU1	13/07/2020	540,100	\$ 0.33	-10%	-5%	-5%	0%	-20%	\$	0.26
6	38449 Kamilaroi Hwy, Walgett	RU1	30/09/2020	550,600	\$ 0.28	-10%	-5%	-5%	0%	-20%	\$	0.23
7	54 George Sands Way, Walgett	RU1	26/06/2020	816,500	\$ 0.28	0%	-5%	-5%	0%	-10%	\$	0.25
9	1136 Come By Chance Rd, Walgett	RU1	23/07/2021	14,818,400	\$ 0.34	10%	-15%	-5%	0%	-10%	\$	0.31

Table 59 – Rural sales - Sale Adjustments

After adjustment the sales show a range of \$0.23m² to \$0.31m². A value of \$0.28m² has been adopted for the subject lands being close to the mid-point of the range. The methodology applies 50% of the \$0.28m² for 'other lands' at rural airports reducing the \$0.28m² to \$0.14m².

Valuation Calculations

The adopted land value rates above have been applied to each land use component of the subject airport to give a total land value for the airport lands:

Land use	Basis of value	F LV \$m ²	% F LV	Area m ²	\$m ²	LV
Rural terminal and sheds	Industrial	\$ 10.00	100%	4,540	\$ 10.00	\$ 45,400
Surfaced & actively used	Industrial	\$ 2.00	10%	318,900	\$ 0.20	\$ 63,780
Other land	Rural	\$ 0.28	50%	847,560	\$ 0.14	\$ 118,658
				1,171,000	\$ 0.19	\$ 227,838
				ADOPT LV		\$ 228,000

Table 60 - Land Value Calculations

16. Disclaimers

The case study valuations contained in this report are desktop assessment of land values based on measured areas from aerial and satellite imagery available and based on market evidence primarily using sales analysis completed by Valuer General NSW Rating and Taxing Contractors.

Site inspections of both case study properties and market evidence could result in variations from the valuations in this report.

Areas calculated to value the components of operating airports have been estimated from available aerial and satellite imagery and not from formal survey.



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