

Ballarat Development Contributions Plan (DCP)

Expert Report - Opteon Property Group

Opteon Property Group has been engaged to undertake a critical review and provide expert advice in relation to the submissions to the panel.

We have been engaged by Maddocks on behalf of the City of Ballarat to provide expert evidence to the Advisory Committee/Planning Panel in relation to the Amendment C167 to the Ballarat Planning Scheme.

We have considered all matters related to land values within the PSP, specifically within the submissions to the City of Ballarat and Planning Review Panel.

As requested, we supplied our views in response to submission, summarised in table format. Two submissions (listed below) in particular have raised land value matters we addressed in our response but which are further addressed herein:

- G & N Closter Pty Ltd / Urban Land Developments submission "Ballarat West Development Contributions Plan - Property Market Analysis - June 2012 prepared by Charter Keck Cramer (Robert Papaleo)
- Precinct 4 Working Group submission "PSP & DCP - July 2012 prepared by TGM & Leader Property Group.

Land Sales in adjoining areas and Land Values applicable to PSP area

We have analysed land sales in the areas adjoining the PSP area over the period June 2011 - June 2013. The sales have been drawn from two databases:

- City of Ballarat's sales register, and
- Opteon Property Group sales database

We have examined all records of property sales in Alfredton, Delacombe and Sebastopol, being the areas immediately adjoining the PSP precincts 1, 2 and 4.

We have selected a cut-off price level of \$200,000 as the upper limit of records selected from these databases, to overcome missing or inaccurate land classifications codes allocated to sales records in each database.

Comparability of adjoining lands

Sub precinct 4 - Carngham Road

Upon development, we believe land north of Ballarat- Carngham road is likely to be valued in the market as Alfredton, with current land values of new land estates north of the sub precinct applicable to it.

Land south of the Ballarat- Carngham Road abuts existing industrial precinct bounded in the east by Wiltshire lane. Land south east of the precinct is existing established residential areas of Delacombe.

We believe land south of Ballarat- Carngham road is likely to be valued in the market as Delacombe, with current land values of new land estates south east of the sub precinct applicable to it.

Sub precinct 2 - Greenhalghs Road

Upon development, we believe land north of Greenhalghs road is likely to be valued in the market as Delacombe, with current land values of new land estates east of the sub precinct applicable to it.

Land south of the Greenhalghs Road is essentially rural residential in nature at present. Existing established residential areas of Delacombe abut to the north and east.

We believe land south of Greenhalghs Road is likely to be valued in the market as Delacombe, with current land values of new land estates south east of the sub precinct applicable to it.

Sub precinct 1 - Bonshaw Creek

Upon development, we believe land south of Glenelg Highway, west of Tait Street and north-west of Ross Creek Road is likely to be valued in the market as "Delacombe equivalent" market, with current land values of new land estates abutting the precinct in the northeast (Corner Glenelg Highway and Tait Street) applicable to it.

We believe land east of Tait Street, and south-east of Ross Creek Road is likely to be valued in the market as "Sebastopol equivalent" market, with current land values of new land estates abutting the precinct in the east and north (estates east of Tait Street and north of Ross Creek Road) applicable to it.

Land areas of value equivalents

From reference to the Ballarat West PSP, (Plan 1 PSP Area) we have calculated the approximate areas to which these values should apply:

Alfredton Values &4)	158 ha (12% of total area of sub precincts 1, 2
Delacombe/ Delacombe Equivalent Values	814 ha (63%)
Sebastopol/Sebastopol Equivalent Values	318 ha (25%)

Land Sale Analysis

Alfredton

We have examined land sales over the period June 2011 to June 2013 within Alfredton. For this analysis, we have excluded the premium Golf Course Estate of the north side of Remembrance Drive / Sturt Street West which is not considered typical of Alfredton land values.

No sales	Area sqm range	Average Sale Price
19	300-500	\$120,917
37	501-700	\$138,786
31	701-999	\$163,617
66 in total		
Average		\$141,107

Delacombe

We have examined sales over the period June 2011 to June 2013 within Delacombe, summarised as follows.

No sales	Area sqm range	Average Sale Price
17	300-500	\$108,516
75	501-700	\$127,838
42	701-999	\$130,149
134 in total		
Average		\$122,168

Sebastopol

We have examined sales over the period June 2011 to June 2013 within Sebastopol, summarised as follows.

No sales	Area sqm range	Average Sale Price
11	300-500	\$98,350
13	501-700	\$109,875
10	701-999	\$123,000
34 in total		
Average		\$110,408

Adopted Average Lot Values

Based on lot size of between 501 - 700 sqm, we have adopted average lot values as follows:

Alfredton	\$139,000
Delacombe	\$ 127,500
Sebastopol	\$ 110,000

Weighted Average Land Value

We have calculated a weighted average land value, using the average land values of adjoining suburbs as considered applicable to the subprecinct areas 1, 2 and 4:

Suburb	% land area as applied	Average Land Value(ALV)	Proportional Average
Alfredton	12%	\$141,107	\$ 16,932
Delacombe	63%	\$122,168	\$ 76,966
Sebastopol	25%	\$110,408	\$ 27,602
Weighted Average Land Value over PSP			\$121,500

DCP levy - as a % of lot value

The Closter CKC submission (at Figure 12 / Page 14) makes comparison of Total Development Cost per lot as a % of median Lot Value: The ratio for Ballarat DCP is calculated at 17% (\$17,404 / \$100,000).

We are advised that Urban Enterprises, as at 13 June 2013 has corrected the Ballarat West DCP levy to \$238,405 per hectare; this equates to \$15,894 per lot (on the basis of 15 lots per ha)

We have considered the levy ratio for the respective suburbs, calculated as follows:

Suburb	Average Land Value(ALV)	Ratio(ALV/DCP per ha)
Alfredton	\$141,107	11.2%
Delacombe	\$122,168	13.0%
Sebastopol	\$110,408	14.4%

Likely Market Response to DCP as proposed

Supply of englobo (raw) residential 1 land in Ballarat is limited.

In our view, land developers are likely to complete for land within the PSP area, to continue to provide market supply; existing stocks of similar calibre land within the Ballarat urban area are limited. Some landholdings with existing permits less onerous than the PSP area/ less costly to develop are likely to be developed first.

The cost of development and likely attainable lot price will continue to determine which land is developed first, either inside the DCP or elsewhere within the Ballarat urban area. We would expect development within the PSP area to occur on its northern and western fringes out from the current development fringe / extent of services, in a number of locations. Developers are likely to provide small stages of subdivisions at various price levels for different buyer profiles. For example, land in Sebastopol for entry-level / first home buyers, and in Alfredton for more affluent / second home purchasers.

With the introduction of the DCP, developers are likely to offset profit margins against ensuring their continued market presence / business operation. We would anticipate smaller subdivision stages to restrict supply / limit risk. However, we would anticipate the development and supply of residential land within the PSP to continue although at a lagged rate due to the prioritising and exhaustion of supply outside PSP first. Delay is unlikely to be significant, as alternate land development options, of similar calibre and proximity to the existing urban area are limited.

Declaration

I have made all the enquiries that I believe are desirable and appropriate and that no matters of significance that I regard as relevant have to my knowledge been withheld from the Advisory Committee.



David Callil AAPI
Certified Practising Valuer

Opteon Property Group
13th June, 2013

DAVID CALLIL

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Industry Experience

David is a specialist valuer with over 20 years expertise of residential, commercial, industrial and retail property valuations. Before joining Opteon (Victoria) David worked for the Valuer - General Victoria and the City of Melbourne, undertaking a wide range of valuations for statutory purposes.

Since joining Opteon (Victoria) in 2001, David has developed expertise in the valuation of commercial and specialised property in Ballarat and the wider region. He also specialises in the valuation of prestige residential and holiday accommodation property, particularly in Daylesford and Hepburn Springs.

Areas of Expertise

- Commercial, industrial, office and retail property valuations
- Capital value and rental value assessments
- Land subdivision / englobo land valuation
- Ground rental valuation
- Capital Gains Tax valuation
- Project feasibility and “upon completion” valuation
- Valuation of property for Family Law purposes
- Asset valuations for superannuation fund purposes
- Mortgagee in Possession valuation
- Asset valuations for financial reporting
- Prestige Residential and Rural Lifestyle Property
- Purpose built holiday accommodation

Formal Qualifications

- Associate Member of the Australian Property Institute
- Certified Specialist Retail Valuer
- Associate Diploma in Valuations, RMIT 1986

Significant Valuations

1. 2-6 Victoria Street, Ballarat (multi unit retail & office complex)
 2. 255 Albert Street, Sebastopol (construction/subdivision of 17 townhouses)
 3. 118 Learmonth Road, Alfredton (industrial complex of 100 tenancies)
 4. 58A Magpie Street, Mount Pleasant (11 lot residential land development)
 5. Ballarat Airport - ground and building rental assessments for 30 tenancies
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