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LOCAL GOVERNMENT INFRASTRUCTURE PLAN

LAND VALUATION STUDY

PREPARED FOR

IPSWICH CITY COUNCIL

May 2015

**Local Government Infrastructure Plan
Land Valuation Study
Ipswich City Council**

Our Reference: 15017

Date of Study: March/April/May 2015

Purpose of Study:

This study provides a review and update of the existing land valuation study for the Ipswich City Council (Council). The update is to be “used in determining the establishment cost of trunk infrastructure for inclusion in the new Local Government Infrastructure Plan (LGIP).” Council have requested that rates be determined and expressed by land use type and suburb. The rates are generally expressed as a dollar rate per square metre.

Background

Council adopted a Priority Infrastructure Plan (PIP) on 19 June 2012. The PIP came into effect as Part 13 of the Ipswich Planning Scheme on 9 July 2012 and includes trunk infrastructure networks for Parks, Road and Land for Community Facilities.

Amendments to the *Sustainable Planning Act 2009* (SPA) were introduced by the Queensland Government on 4 July 2014. “The amended legislation, amongst other matters:

- Converts and saves Council’s PIP as a LGIP (s982(1) of SPA).
- Requires an amendment to the saved LGIP to be prepared in accordance with Statutory Guideline 03/2014 – *Local Government Infrastructure Plan*”

In determining the rates adopted herein, the land valuation study provided to Council by Taylor Byrne in November 2006 was also reviewed.

Land Valuation Study Rates

Refer to Attachment 1 – Land Valuation Study Rates.

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Methodology

This land valuation study has been prepared based on the following methodology:

- (i) Divided the Local Government Area (LGA) into suburbs.
- (ii) Subsequently:
 - Identified within each suburb the predominant land use classifications based on the current Ipswich Planning Scheme.
 - Considered the relevant development constraints contained in the current Ipswich Planning Scheme.
 - Identified for certain land use classifications and suburbs a size threshold for inglobo land capable of further subdivision (based on the provisions of the Ipswich Planning Scheme).
 - Prepared a spreadsheet for suburb and land use classifications.
 - Utilised the most recent relevant sales evidence from PDS Live (Pricerfinder) and our internal database.
 - Assessed indicative values for the various land use classifications in each suburb using the direct comparison method of valuation.
 - Where a land use classification is not represented within a suburb, **N/A** has been listed in the spreadsheet.
 - Where sales evidence is not available within a particular suburb for a land use classification, sales from other suburbs have been adopted and appropriate adjustments have been made.

The approach adopted herein is considered to be fair for determining generic land acquisition costs for use in preparing the LGIP.

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Qualifications

These assessments have been made as at May 2015 and market conditions can change significantly and unexpectedly over a relatively short period of time (either positively or negatively) as a result of general market movements or as a result of matters specific to a particular suburb or land use classification.

The study is not property specific advice and should not be used on such a basis, nor have individual property inspections been undertaken. The study has been provided to the Ipswich City Council. It sets out a rate (generally per square metre or hectare) for each land use classification to assist in determining the establishment cost of trunk infrastructure in accordance with the Sustainable Planning Act and LGIP Guidelines, and for use in estimating trunk infrastructure project costs pursuant to the adopted trunk infrastructure charging framework only. In some cases properties with the same land use classification and suburb will have a value above, equal to or less than the land valuation study rates detailed herein.

The property market experienced a period of strong growth peaking in late 2007 to early 2008. The Global Financial Crisis (GFC) affected the property market with a dramatic decline in property values and sale volumes immediately after its peak. The market has remained flat although some sectors within South East Queensland are improving.

Whilst the residential development site market is becoming slightly more active, it is coming off a low base. The unit site market remains weak with little activity.

Other than activity driven by larger corporations the development site market is slow. Further, few strip retail development site sales have recently occurred throughout the LGA.

Sales data available indicates conservation, recreation and constrained site sales continue to be predominantly purchased by Council although the private buyer remains interested in low value constrained sites.

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Assumptions

In assessing the values of the various land use classifications the following categories have been used:

- Rural
- Conservation
- Recreation
- Future Urban
- Large Lot Residential
- Residential Low Density
- Medium Density Residential
- High Density Residential
- Local Retail and Commercial
- Major Centres
- City Centre Primary Retail/Commercial
- City Centre Secondary Retail/Commercial
- Springfield Town Centre
- Springfield Community Residential
- Local Business and Industry
- Local Business and Industry Buffer
- Regional Business and Industry
- Regional Business and Industry Investigation
- Regional Business and Industry Buffer

In adopting the land valuation study rates applied herein servicing issues which affect some of the land uses have been considered (e.g. Future Urban land at Walloon).

In undertaking this review the zones and development constraints have been reviewed and considered as detailed in the current Ipswich Planning Scheme. The review acknowledges that some suburbs were significantly affected by the January 2011 flood.

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Rural zoned land

In adopting a rate for rural zoned land it is acknowledged that lot sizes vary from relatively small sites of about two (2) hectares to large sites of several hundred hectares. Reference has been given to sales evidence across all rural land use classifications.

Recreation and Conservation zoned land

Recreation and Conservation land is more often than not purchased by the local government with the occasional sale to private buyers. Sales evidence has been considered and analysed throughout the LGA of sites which are considered to be used only for a Conservation and/or Recreation use; and sites purchased for Conservation purposes.

Future Urban zoned land

Future Urban zoned land generally includes sites which are greenfield in character. This land extends from existing urban suburbs including Walloon, Thagoona, Rosewood, Chuwar, Deebling Heights and Ripley Valley (which includes the suburbs of Ripley, South Ripley and White Rock).

The availability of services varies throughout these suburbs, however it is reasonable to state that significant planning for and construction of infrastructure is required for these areas to develop.

Sales activity of inglobo Future Urban sites has been slow.

Residential zoned land

Residential land comprises sites zoned:

- Large Lot Residential
- Residential Low Density
- Residential Medium Density
- Residential High Density

The Large Lot Residential market comprises generally unsewered lots which are situated on the edge of urban area locations, or other areas where trunk sewer is not intended to be provided. The typical 4,000m² Large Lot Residential allotment is generally sold on a site basis. Sales activity in the inglobo Large Lot Residential market of sites one (1) hectare or greater has been extremely slow for several years. The rates adopted herein are based on the available sales evidence of appropriately zoned sites.

Inglobo Residential Low Density development sites can vary from relatively small one (1) hectare to larger sites with subdivisional development potential. Typically they are sites which are greenfield in character. They have been treated as appropriately zoned inglobo development sites.

Developed Residential Low Density sites have typically reduced in land area for most suburbs throughout the LGA since the last land valuation study. In assessing the rate for 700m² sites, reference has been given to the sales evidence available and appropriate adjustments have been made. The 700m² site area is still considered to be a reasonable indicator of where subdivision could occur (inglobo) for this zone.

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Medium Density and High Density zoned land

These sites are generally located around significant centres and public transport (existing or future) serviced locations. Both market sectors are currently considered slow. More particularly, it can be stated that the Ipswich market has not matured to a point where high volumes of sales exist of residential unit development sites.

Very few High Density sites have recently sold. Only one (1) application has recently been submitted to Council proposing to develop the land in accordance with its planned capacity. Development of this site has not yet occurred despite the approval of fifty-nine (59) units on the land in June 2014.

The maturing of this sector is sensitive to price and economic viability.

Local Retail and Commercial zoned land

This sector is currently slow with little activity. It generally comprises strip retail and commercial development, and local convenience centres.

Major Centres zoned land

This sector remains slow with limited recent activity. Woolworths and Coles have acquired several sites throughout the LGA, however they are yet to develop all of the sites they have acquired.

Ipswich City Centre

The Ipswich City Centre remains slow with limited recent sales activity.

Springfield Town Centre

The majority of development within the Springfield Town Centre is in and around Orion, Springfield Central.

Springfield Community Residential

This sector includes small fully serviced residential allotments and the occasional sale of inglobo development sites. In assessing the rate for 700m² sites, reference has been given to the sales evidence available and appropriate adjustments have been made. The 700m² site area is still considered to be a reasonable indicator of where subdivision could occur (inglobo) for this zone.

Local Business and Industry

This market generally comprises smaller industrial, and service and trades sites in infill areas. It remains slow.

Regional Business and Industry

This market generally comprises larger industrial areas such as Carole Park, Bundamba/Ebbw Vale, Redbank and Swanbank. With several developers active in these areas there is some but slow activity in this market.

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Regional Business and Industry Investigation

This market includes the suburbs of Swanbank, Ebenezer and Willowbank. Detailed land use planning and servicing issues need to be addressed for these suburbs to develop. Activity in Swanbank has commenced although it is slow.

Often these sites are constrained by vegetation, flooding, former mining activity and other issues and/or include Regional Business and Industry Buffer land. This is particularly the case for sites at Ebenezer and Willowbank. Little to no relativity is evident in this sector with the market not making adjustments for constraints, split zones (Regional Business and Industry Investigation/Regional Business and Industry Buffer) and encumbrances.

Regional Business and Industry Buffer

Regional Business and Industry Buffer (buffer) zoned land often forms part of sites which are predominantly zoned Regional Business and Industry Investigation (industrial). The buffer land generally separates future development land (industrial) from other land uses (including residential uses) and infrastructure such as roads.

Buffer land is integral to the development and ongoing use of regional business and industrial land.

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Savas Varitimos FAPI
Registered Valuer Qld 1908
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May 2015

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QUALIFICATIONS & LIMITATIONS

1. This study has been prepared to update the existing land valuation study for the LGA. Council have requested that land valuation rates be determined by land use type. The study has been provided to the Ipswich City Council to assist in determining the establishment cost of trunk infrastructure in accordance with the Sustainable Planning Act and LGIP Guidelines, and for use in estimating trunk infrastructure project costs pursuant to the adopted trunk infrastructure charging framework only. The rates are generally expressed as a dollar rate per square metre or hectare.
2. This study assumes that there are no restrictions or onerous encumbrances other than those registered on Title.
3. The assessments used in this study are not site specific. Therefore, environmental audits have not been undertaken, nor were searches of the Contaminated Site Register undertaken. This study does not include rates for contaminated sites.
4. In accordance with the International Valuation Standards Committee (IVSC) the definition of market value is as follows: "Market Value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing where in the parties had each acted knowledgeably, prudently and without compulsion."

