

## **ITEM NUMBER: 17.1**

### **CONFIDENTIAL REPORT**

#### **PROPOSED SALE OF LAND**

*Pursuant to Section 83(5) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to the Council Members upon the basis that the Council consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Council will receive, discuss or consider:*

- b. Information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and would, on balance, be contrary to the public interest.**
  
- d. Commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and would, on balance, be contrary to the public interest.**

**Recommendation – Exclusion of the Public – Section 90(3)(b & d) Order**

- 1** That pursuant to Section 90(2) of the *Local Government Act 1999* Council hereby orders that the public be excluded from attendance at this meeting with the exception of the Chief Executive Officer and Staff in attendance at the meeting in order to consider Report No: 131/19 Proposed Sale of Land in confidence.
  
  - 2.** That in accordance with Section 90(3) of the *Local Government Act 1999* Council is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 131/19 Proposed Sale of Land in confidence on the following grounds:
    - b.** pursuant to section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is  
  
conducting business; or  
would prejudice the commercial position of the Council.
  
    - d.** pursuant to section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected  
  
to prejudice the commercial position of the person who supplied the information, or  
to confer a commercial advantage on a third party.  
  
In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information.
  
  - 3.** The Council is satisfied, the principle that the meeting be conducted in a place open to the public, has been outweighed by the need to keep the information or discussion confidential.
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Item No: **17.1**

Subject: **PROPOSED SALE OF LAND**

Date: 9 April 2019

Written By: Property Management Officer

General Manager: City Assets and Services, Mr H Lacy

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## **SUMMARY**

Following the redevelopment of the Minda land directly adjacent to King George Avenue Somerton Park, two (2) Road Reserves owned by Council (formally utilised by Minda within their grounds), have been fenced off and returned to Council for their ongoing operational management.

These blocks now currently remain unused, are unsuitable for community use/activation, and council is incurring all ongoing costs associated with the maintenance of the sites (approximately \$2,000 per year per block for mowing, spraying and labour).

Following a recent assessment, each Road Reserve has been estimated to be approximately 660m<sup>2</sup> in size, and each has been valued at \$700,000.

On the basis that the blocks are currently deemed to be 'lazy assets' and as Council's budgeted contribution to the Minda Coast Path development totalled \$1,000,000, the sale and disposal of these two parcels of land (subject to road closure provisions) for residential purposes will off-set the Minda Coast Path contribution. This was included in the 2018/19 budget as capital revenue and will have budget implications of \$1M if the sale of the properties does not proceed.

This report therefore seeks Council's endorsement for Administration to commence the relevant road closure processes with a view of selling and disposing of each allotment once created for residential development.

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## **RECOMMENDATIONS**

1. **That Council authorise Administration to:**
  - (a) **initiate action to convert the two (2) unused parcels of Road Reserves to Operational Land in accordance with the *Roads Opening and Closing Act 1991*;**
  - (b) **seek Certificates of Titles for each of the blocks in accordance with the Real Property Act 1886;**

- (c) explore options and quotes for undergrounding the electricity supply through the Lynmouth Avenue block; and
  - (d) once complete, obtain three (3) quotes from suitably qualified real estate agents to market and sell each of the two (2) parcels of land.
2. That following the completion of the aforementioned, Administration be authorised to proceed with the sale of the blocks, based on the advice of the successful agent.
  3. That Council delegates to the Chief Executive Officer the authority to approve any subsequent sale documents.
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#### COMMUNITY PLAN

Place making: Creating lively and safe places

Culture: Being financially accountable

#### COUNCIL POLICY

*Disposal of Assets Policy (2019) ("Policy").*

#### STATUTORY PROVISIONS

*Local Government Act 1999 [ss 49 & 201] ("Act").*

*Real Property Act 1886.*

*Roads Opening and Closing Act 1991.*

#### REPORT

Following the redevelopment of the Minda land directly adjacent to King George Avenue Somerton Park, two (2) Road Reserves owned by Council have been fenced off and returned to Council for their ongoing operational management.

Council is incurring operational management costs for the blocks, and they are deemed to be impractical for community use/activation.

Each Road Reserve is approximately 660m<sup>2</sup> in size, and each has recently been valued at \$700,000. As Council's budgeted contribution toward the Minda Coast Path development totalled \$1,000,000, it is recommended that Council authorise Administration to proceed with the sale and disposal of the properties.

### ***Lynmouth Avenue and Lynton Avenues Road Reserve***

A Road Reserve is defined as land held by Council which is set aside for the purposes of a public road, irrespective of whether or not it is being used as a public road. Both Lynmouth and Lynton Avenues were never extended beyond King George Avenue into the adjacent land (currently owned by Minda). As such, the Road Reserves have laid dormant; having only been used by Minda for recreational purposes for their clients. An aerial map identifying these Road Reserves is attached for member's reference.

*Refer Attachment 1*

These two (2) sections of Road Reserve currently remain unused and are both unsuitable and impractical for community use/activation. Council continues to incur ongoing maintenance costs for mowing, spraying and labour. Photos of the street frontage of both allotments are provided for member's reference in order to outline the current condition and complexities of the sites.

*Refer Attachment 2*

### ***Valuation***

On 4 March 2019 Administration commissioned M3 Property to undertake a valuation of both Road Reserves. This valuation was received 18 March 2019 (attached for member's reference), and has determined that each 660m<sup>2</sup> block is valued at around \$700,000 subject to the sites having free title and the undergrounding of the power lines that currently traverse through the Lynmouth Avenue allotment.

*Refer Attachment 3*

### ***Revocation of Road Reserve Status, Disposal of Assets, and Sale Process***

Should Council wish to sell the two (2) portions of unused Road Reserve, a number of steps must first be undertaken, being:

1. Pursuant to the provisions of the *Roads Opening and Closing Act 1991*, revoke the current Road Reserve status for each block in order to close the roads;
2. Contacting SAPN to research the necessary steps required to relocate the existing electricity stobie pole located in the Lynmouth block;
3. Pursuant to the requirements of the the *Real Property Act 1886* have Certificates of Title issued for each block; and
4. In accordance with Council's current *Disposal of Assets Policy* obtaining three written quotes and sale proposals from Real Estate Agents.

### ***Revocation of Road Reserve Status and Issuing of Certificates of Title***

Pursuant to section 201 of the *Local Government Act 1999*, where the Land forms or formed a road or part of a road, the Council must ensure that the Land is closed under the *Roads Opening and Closing Act 1991* (SA) prior to its disposal. This statutory process will be undertaken by Council's lawyers and takes between 6-9 months.

The issuing of Certificates of Title will be undertaken once the Road Closing process is complete.

### Disposal of Assets

Pursuant to section 49 (1) (a) of the *Local Government Act 1999*, a council must develop and maintain procurement policies, practices and procedures for the sale or disposal of its land and/or other assets.

In 2017 Council adopted its current *Disposal of Assets Policy* ("Policy") which outlines the requirements for the disposal of Council owned land and/or assets (including Road Reserves) in order to provide the best value to the community within the framework of fairness, transparency and accountability.

Section 2.3.6 of Council's current Policy requires that, in order to dispose of the land, Administration will obtain at least three (3) quotes from suitably qualified real estate agents. When selecting an agent, consideration will be given to:

- the nominated sales person;
- the agencies experience in selling similar properties;
- the proposed sale method and anticipated selling price;
- fee proposal and associated selling costs.

This process will be undertaken following the removal of the Road Reserve classification and issuing of Certificates of Title.

### Community Land Status

The *Local Government Act 1999* [s 193 (2)] requires councils to undertake community consultation when there is an intention to revoke Community Land status for the purpose of sale or converting the land to operational. Neither of the road reserve portions are classified as 'Community Land' on the current Community Land Register, **no consultation** is required prior to undertaking the sale process.

### **BUDGET**

An annual budget allocation is provided to City Assets & Services for the review and implementation of property leases as well as for land disposal. This budget includes the engagement of legal and other professional services when and where necessary.

Additional costs may be incurred in order to remove the stobie pole from the Lynmouth block and potentially underground the power supply. Further information regarding specific requirements, including any easement requirements, will be discussed with SA Power Networks.

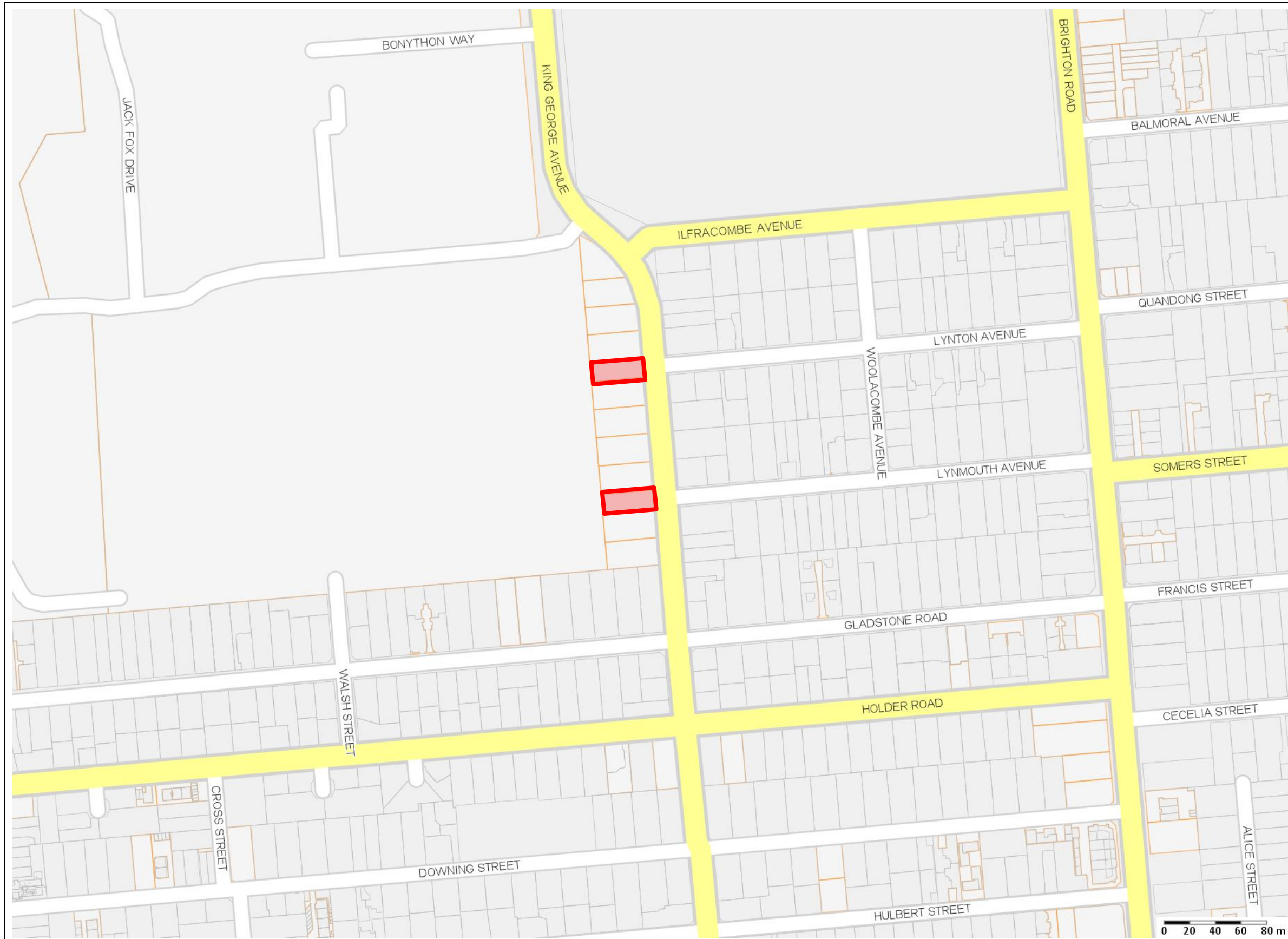
Additionally, it should be noted that Council's budgeted contribution to the Minda Coast Path development totalled \$1,000,000. The sale and disposal of these Road Reserves for residential purposes may off-set part of the Minda Coast Path contribution.

If Council does not approve the sale of these properties there will be a 2018/19 budget shortfall of \$1M in the capital revenue line. This will need to be allowed for in the next budget review and will affect the 2019/20 draft budget in terms of funding requirements.

#### **LIFE CYCLE COSTS**

Should Council resolve to support the conversion of two (2) portions of unused road reserve into saleable residential allotments, there will be no further ongoing costs incurred by Council after the respective sales.

CONFIDENTIAL



- Az Property Address Labels
- Holdfast Bay
- Az Roads Name
- Arterial
- Sub-Arterial
- Collector
- Local
- Track 2-Wheel Drive
- Undefined
- Roads
- Arterial
- Sub-Arterial
- Collector
- Local
- Track 2-Wheel Drive
- Undefined
- Property
- Property Miss Matches
- Reserves



This map has been created for the purpose of showing basic locality information and is a representation of the data currently held by The City of Holdfast Bay. This information is provided for private use only. While every effort has been made to ensure the accuracy of the product, Council accepts no responsibility for any errors or omissions. Property Boundary line network data is supplied by State Government.

### Lynmouth Ave & Linton Ave Road Reserves

5/03/2019

1:3201





*Lynton Avenue Road Reserve Frontage*



*Lynmouth Avenue Road Reserve Frontage*



13 March 2019

Fabienne Reilly  
Team Leader, Commercial and Leasing  
City Assets and Services  
City of Holdfast Bay  
PO Box 19  
BRIGHTON SA 5048

Email: freilly@holdfast.sa.gov.au

Dear Fabienne,

**RE: VALUATION REPORT  
UNMADE ROADS, LYNTON AND LYNMOUTH AVENUES, NORTH BRIGHTON, SA**

We thank you for your recent instructions to complete an assessment of market value 'as if complete' on the aforementioned properties.

We can confirm that our inspection of the properties was completed on 12 March 2019 and as requested, we now provide you with a copy of our report.

Due to possible changes in market conditions and other circumstances, this report can only be regarded as relevant at the date of valuation. Our assessment should not be construed as a prediction of value into the future.

### **Purpose of Valuation**

To determine the current market value of the abovementioned properties for consideration as a prelude to potential sale on the following basis:

- Market Value 'as if complete' assuming the unmade roads are closed and individual Certificates of Title issued.

Our valuation is further premised on the basis that the electricity pylon and overhead cable infrastructure currently positioned to the Lynmouth Avenue site would be relocated prior to sale and further assuming that there would be no impediment to the development of the allotment for residential purposes.

We confirm that the report may be relied upon by City of Holdfast Bay.

### **Certification**

We confirm that the valuations have been prepared by a Valuer that:

- Confirms the valuations have been prepared for consideration as a prelude to sale.
- Is authorised under the Law of the State of South Australia to practise as a Valuer.
- Neither the Valuer nor m3property have any pecuniary interest giving rise to a conflict of interest in valuing the properties.

## Definition of Market Value

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In accordance with the definition adopted by the Australian Property Institute, 'Market Value' is defined as follows:

*"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

## Goods and Services Tax (GST)

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Our valuation of the properties assumes that under current GST legislation, that the property would represent 'existing residential' and therefore GST would not be applicable upon sale or transfer (i.e. **GST not applicable**).

Should the City of Holdfast Bay be required to remit GST on the sale of the properties the assessed values should be assumed to be **GST inclusive**.

In relation to any potential GST liability, we advise that we are not taxation or legal experts and we recommend competent and qualified advice be obtained. We are also of the view that any interested party relying on these valuations of the subject properties should obtain their own legal advice on the GST position. Should this advice vary from our interpretation of the legislation and Australian Taxation Office rulings current as at the date of these valuations, we reserve the right to review and amend our valuations accordingly.

## Legal Description

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The sites comprise unmade roads described within Deposited Plan 3139.

Our valuation assessments have been made on the basis that individual Certificates of Title are to be issued for each of the unmade road sections, broadly in line with their delineation on the Deposited Plan.

Our valuations also assume that the properties will not be affected by any easements, encumbrances, or covenants that would be an impediment to their development for residential purposes and that may otherwise detrimentally affect their value. If any such matters are known or discovered, we should be advised and asked as to whether they affect our assessments.

We attach a copy of the Certificates of Title, refer Annexure 1.

## Location

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The subject properties are located within the suburb of North Brighton, situated approximately 13 kilometres south-west of the Adelaide GPO. More particularly, the subject sites are positioned on the western side of King George Avenue, with Lynton Avenue some 93 metres south of its intersection with Ilfracombe Avenue, and Lynmouth Avenue some 115 metres north of its intersection with Gladstone Road.

As a result of more recent 'Assisted Living' residential development on land adjacent and to the rear of the site by Minda Inc, a private access road known as Fassina Way has been constructed and provides indirect access to the adjacent allotments with dwellings constructed to these lots being orientated facing west. Notably the Lynton Avenue site features residential dwellings developed as part of the Minda site to both side boundaries, while the Lynmouth Avenue parcel is flanked to the north by a reserve and public footpath linking the Minda site with King George Avenue. The land to the south remains undeveloped.

The location of the sites is depicted in the cadastral map noted overleaf.



Imagery provided by Government of South Australia, © Land Services Group (Dept of Planning, Transport and Infrastructure).

The majority of the surrounding development comprises residential dwellings developed at low densities typically between the circa 1950's to 1970's period with a more recent trend to redevelop older properties with higher quality dwellings including the subdivision of larger allotments for infill development.

North Brighton is a popular beachside suburb that offers reasonable access to the convenience shopping, public transport and other local amenities as well as public and private schools. Brighton Beach is located approximately 500 metres west of both properties, accessible from Gladstone Road with a public bus route runs to King George Avenue.

Both sites are adjacent to the Minda Brighton Campus, a registered training facility offering disability support services to the community.

### Road System and Access

King George Avenue is a two-way carriageway carrying moderate to high levels of vehicular traffic. It is bitumen sealed with concrete kerbing and gutters and pedestrian footpaths.

While noting that adjacent dwellings are accessed via the private road known as Fassina Way within the adjacent Minda site, in this instance access to the subject properties is expected to be via the King George Avenue frontages.

### Services

All essential and desired urban services are assumed to be available to the subject properties.

## Land Description

Both land parcels are of near rectangular shape and based on measurements taken from the Deposited Plan they have the following approximate dimensions:

### Lynton Avenue

Boundary Alignments	Dimensions (m)
Frontage to King George Avenue	21.33
Rear Boundary	15.24
Northern Boundary	42.67
Southern Boundary	42.67
<b>Total Land Area</b>	<b>Approximately 660m<sup>2</sup></b>

### Lynmouth Avenue

Boundary Alignments	Dimensions (m)
Splay Frontage to King George Avenue	21.33
Rear Boundary	15.24
Northern Boundary	42.67
Southern Boundary	42.67
<b>Total Land Area</b>	<b>Approximately 660m<sup>2</sup></b>

The shape and dimensions of the sites are clearly depicted on Deposited Plan 3139, a copy of which is contained within the Annexures of this report. A current survey has not been sighted.

We have identified the boundaries of the properties on inspection and whilst there do not appear to be any existing encroachments, save for overhead power lines and a pylon to the Lynmouth Avenue site, we advise that we are not qualified surveyors and no warranty can be given without the benefit of an identification survey. If there is any doubt in respect of these issues, we recommend that a check survey be undertaken by a qualified surveyor and that the survey be sent to us for advice as to whether our assessments of value are affected.

Our valuations are made on the assumption that there are no encroachments by or upon the properties. If any encroachment or other affectation is noted in the event of a surveyor's report being commissioned, the Valuer should be consulted to assess any effect on the values stated in this report.

## Environmental Issues

### Soil Contamination

No soil tests, environmental studies, or reports have been made available to us. Accordingly, our valuations are made on the assumption that there are no environmental problems in any way affecting the properties, including surface or below ground conditions, toxic or hazardous wastes or building material hazards. Any such matters may adversely affect the properties or their use and our assessments of value. Should any such matters be known or discovered, no reliance should be placed on our assessments of value unless we have been advised of these matters and we have confirmed that our assessments are not affected.

While there are no visible signs of contamination to the subject properties, the only way that it could be certified that there is no contamination is by an independent environment survey by an appropriate expert. These valuations assume that the subject properties are unaffected by current or previous land uses.

### Inundation

The subject properties do not appear to be prone to flooding under normal climatic conditions.

## Planning

Local Government Area	City of Holdfast Bay
<b>Zoning</b>	Residential
<b>Objectives</b>	<p>The major objectives of this zone are:</p> <ul style="list-style-type: none"> <li>• A residential zone comprising a range of dwelling types, including a minimum of 15 per cent affordable housing.</li> <li>• Increased dwelling densities in close proximity to centres, public transport routes and public open spaces.</li> <li>• Development that contributes to the desired character of the zone.</li> </ul>
<b>Policy Area</b>	Institution Policy Area 4
<b>Objectives</b>	<p>The major objectives of this Policy Area zone are noted as follows:</p> <ul style="list-style-type: none"> <li>• A policy area accommodating educational, community or institutional land uses, dwellings, residential flat buildings and housing for aged persons.</li> <li>• Retention of the open nature of the Sacred Heart College and Brighton High School grounds, as viewed from Brighton Road.</li> <li>• Cemetery and school facilities located to the west of Brighton Road.</li> <li>• A transition in the scale and intensity of development along any interface with the Residential Zone and Residential Character Zone.</li> <li>• Land divisions that provide for: <ul style="list-style-type: none"> <li>(a) a variety of allotment sizes suitable for different types and sizes of dwellings</li> <li>(b) street environments which are pleasant and safe for both pedestrian and vehicle movement</li> <li>(c) residential streets and allotments which are arranged so that dwellings can be readily orientated to take most advantage of sun and shade.</li> </ul> </li> <li>• Development that contributes to the desired character of the policy area.</li> </ul>
<b>Heritage Issues</b>	Nil.

In addition, the Desired Character Statement for the Residential zone notes that: -

*'The zone contains the majority of the city's living areas, which are of predominantly low-density suburban form, but within policy areas include medium-to-high density forms of housing on the coast, along key transport corridors and within Glenelg, as well as coordinated development opportunities within large institutional sites. The zone includes five policy areas, three of which cater for coastal development, one for the City's residential institutions (including Minda and Masonic Homes) and one for medium density development along the key transit routes of Brighton Road, Anzac Highway, Tapleys Hill Road and along sections of the Seaford railway transit corridor.'*

With particular reference to Institution Policy Area 4, the Policy Area statement is noted as follows:

*The Minda Incorporated Brighton Campus site (which is identified on Concept Plan Map HoB/6 - Minda Incorporated Brighton Campus) will be developed with low to medium rise buildings mainly for residential accommodation. Buildings will be a variety of heights up to 9 storeys along the foreshore area and up to 6 storeys in the rest of the site. Medium density development within an overall target density across the site of around 35-60 dwellings per hectare net is expected, although some parts of the site may be developed above or below this rate, but on average will be within the target range across the site.*

The planning information set out in this report has been obtained via the on-line Development Plans provided by the SA Government web page (sa.gov.au). We have relied upon this information in assessing the values of the properties. No responsibility is accepted for the accuracy of that information and if it is wrong in any significant respect, our assessments of value may be different.

## Existing Use

The properties currently comprise unmade sections of road positioned to the western ends of Lynton and Lynmouth Avenues where they abut the Minda Inc site.

## Highest and Best Use

The 'highest and best use' of properties can generally be defined as that reasonable and probable use that will support the highest present value of the properties as at the date of valuation. The opinion of such use may be based upon the highest and most probable use of the properties as at the date of valuation or the use likely to be in demand within the reasonably near future.

When determining the 'highest and best use', there are a number of factors which must be considered including:

- Location.
- Existing use.
- Profitability and marketability.
- Financial and social constraints.
- Legal constraints and regulatory controls.
- Physical and functional limitations.

Noting the zoning designation of the properties, they each appear to offer potential for residential development and in this respect the Institution Policy Area 4 notes the following minimum site areas for land division.

<b>Dwelling Type</b>	<b>Site Area Requirements</b>	<b>Frontage Requirements</b>
Detached dwelling	300m <sup>2</sup> minimum site area	5 metre minimum site frontage
Semi-detached dwelling	250m <sup>2</sup> minimum site area	5 metre minimum site frontage
Group dwelling	200m <sup>2</sup> average site area	5 metre minimum site frontage
Residential Flat building	200m <sup>2</sup> average site area	5 metre minimum site frontage
Row dwelling	200m <sup>2</sup> minimum site area	5 metre minimum site frontage

On this basis both allotments appear to offer potential for development with a range of densities including up to two single dwellings, two semi-detached dwellings or potentially three group dwellings, subject to formal application and approvals.

Nevertheless, our investigations into the market in this location have indicated that in most cases, where a single site is redeveloped, there appears to be a preference for the development of a single dwelling or at most a pair of semi-detached dwellings and we view the development of the properties on this basis as potentially representing their 'highest and best use'.

## Property Description

Both sites are of broadly rectangular dimensions, level, unimproved/cleared and part enclosed with modern 'Colorbond' 1.8m height fence panels, with vegetation and established trees adjacent to the King George Avenue boundaries of both parcels.

Vegetation appears to be smaller remnant indigenous and non-indigenous trees species growing to the King George Avenue frontage. Given the size and type of vegetation we have assumed will be readily removable if required and will not cause any impediment to the development of the sites.

Electricity infrastructure including overhead cables and a single pylon traverses adjacent to the southern boundary of the Lynmouth Avenue site.

We also note that in this instance neither allotment is serviced, that is there are no existing water and sewer connections, and potential purchasers would be required to undertake such connections at their own cost.

We provide the following photographs of the subject properties:



Lynton Avenue site frontage



Lynton Avenue site looking west



King George Avenue looking north



Lynmouth Avenue site frontage



Lynmouth Avenue site looking west



King George Avenue looking south

## Ownership History

Information provided by the Land Services Group of Department of Planning, Transport and Infrastructure (DPTI) and RP Data Ltd reveals the properties have not sold within the past three years.

## Market Comment – Residential Snapshot

Factor	Current	Previous Year	Annual Change	Comment	Six Month Outlook
South Australia's Population As at: June 2018 Quarter	1,736,389	1,723,923	0.72%	Slow population growth and an aging population remain some of the key challenges for the residential market in South Australia. Population is expected to grow, but at a slower growth rate over the coming years.	
House Approvals As at: December 2018	674	674	0.00%	On the back of restrained population growth, house approvals are expected to be fairly stagnant over the short term.	
Non-House Approvals As at: November 2018 (units, apartments, townhouse & semi-detached terraces)	181	231	-21.65%	Tighter investor and development lending in response to APRA regulations are expected to see non-house approvals continue to fall over the next six months.	
Metro Adelaide: Median House Price As at: December 2018 Quarter	\$480,000	\$461,500	4.01%	Unlike most other States, median house price growth in SA is likely to remain in positive territory.	
Metro Adelaide: Median Unit Price As at: December 2018 Quarter	\$358,750	\$370,000	-3.04%	After solid growth and high levels of unit construction over previous years, prices have the potential to continue to fall slightly.	
Metro Adelaide: Total Annual Lot Sales As at: Year 2017	1,846	1,739	6.15%	Below average total lot sales due to low levels of demand resulting from sluggish population growth.	
Metro Adelaide: Median Lot Price As at: Year 2017	\$167,000	\$167,000	\$0	Median lot price is expected to continue to remain fairly stable.	
Metro Adelaide: Median Lot Size As at: Year 2017	449m <sup>2</sup>	413m <sup>2</sup>	+36m <sup>2</sup>	Although lots size has increased over the period, we expect land size to remain steady in the short to medium term.	



Factor	Current	Previous Year	Annual Change	Comment	Six Month Outlook
<b>Metro Adelaide: Median Land Price (/m<sup>2</sup>)</b> As at: Year 2017	\$373/m <sup>2</sup>	\$404m <sup>2</sup>	-\$31/m <sup>2</sup>	Reduction in sale price (on a rate p/m <sup>2</sup> basis) reflects marginally larger land proportions.	
<b>South Australian Proposed Lots in Subdivision</b> Six months to: June 2018	5,892	4,785	23.00%	Metropolitan Councils recording the greatest number of proposed lots in subdivision over the period were Onkaparinga (1,007 lots), Adelaide (666 lots), Charles Sturt (651 lots) and Playford (472 lots).	
<b>South Australian Completed Lots in Final Plans Deposited</b> Year to June 2018	2,756	4,318	-36.00%	Metropolitan Councils recording the greatest number of completed lots in final deposited plans over the period were Charles Stuart (360 lots), Port Adelaide Enfield, Onkaparinga and Marion (199 lots).	
<b>South Australian Broadhectare Land Stocks</b> As at: Year 2017	8,115h	7,826h		Land stocks in Greater Adelaide increased over 2017 due to reduced consumption rates. This can partially be attributable to the increased push for infill development over greenfield development.	

Source: ABS Australian Demographic Statistics March 2018, ABS Building Approvals (original series), SQM Research, SA Housing Authority Quarterly Rental Report, Office of the Valuer-General, REISA, Urban Development Institute of Australia (UDIA), Department of Planning, Transport and Infrastructure (DPTI), m3property Research.

Notes: bp = basis points.

## Adelaide Residential Market Outlook

- Slow population growth and an aging population remain some of the key challenges for the residential market in South Australia.
- The long-term outlook for the Adelaide metropolitan residential property market is to remain stable, although the median unit price in the Adelaide CBD may continue to remain volatile.
- Slowdown in the development pipeline could help prices improve in the unit /apartment sector.
- Changes in regulatory measures have slowed down the overseas purchasers and investors of 'off the plan' sales. These measures include increased stamp duty for overseas purchasers and removal of 'off the plan' stamp duty savings for investors. This is anticipated to steady the market over the medium term, with signs of these measures having an impact already within the Adelaide CBD.

## General Commentary

The properties currently comprise unmade sections of road, positioned within an established and popular beachside suburb which is currently experiencing a level of renewal, with older houses often being purchased for redevelopment. Where sites are being redeveloped, newly constructed dwellings appear to be of a higher standard and of a more contemporary design. Notably in this instance both allotments are vacant, with no requirement to demolish any existing improvements.

Subject to our assumption that individual Certificates of Title will be issued for the allotments, each appear to offer the opportunity for development with a single dwelling or pair of semi-detached dwellings, in line with development currently underway within the surrounding areas.

With regard to the Lynmouth Avenue site, we reiterate the positioning of an electrical pylon and overhead cable infrastructure that traverses the site in an east – west direction, just inset from the site's southern boundary and we reiterate that our valuation assessment has been premised on the assumption that this infrastructure will be relocated prior to the sale of the land.

In this respect we provide comment that should this not occur, that the site may be unmarketable by virtue of significant market stigma related to the aesthetics of the infrastructure, restrictions on the developability of the land and the unknown cost of relocating or undergrounding. A sale on this basis is unlikely to achieve the optimum price for the land and is not recommended.

While we note that the sites are positioned within relatively proximity to the nearby foreshore, public parks and schooling which would be appealing to the market, the frontage to busy King George Avenue may deter some purchasers. Nevertheless, given the popularity of the North Brighton area, the lack of opportunities to purchase property suited to redevelopment and the obvious level of residential redevelopment activity on a number of other sites in this and adjoining suburbs, we would expect a good level of interest to be displayed for the subject properties if they were offered to the market, subject to appropriate pricing and marketing strategies.

## Valuation Rationale

A variety of approaches have been considered and we detail below our principal approach to values.

In this case we have adopted Direct Comparison as our primary approach with reference to quantum allotment values, whereby the subject properties are compared directly with sales of other properties in similar locations and adjustments made for small points of difference.

## Sales Evidence

Amongst others, a summary of the more pertinent sales evidence inspected and analysed includes the following:

Address	Sale Price	Sale Date	Land Area (m <sup>2</sup> )	Comments
34A Rossall Road, Somerton Park	\$707,500	12/18	577	Recently subdivided cleared corner allotment.
11 Ilfracombe Avenue, North Brighton	\$705,000	04/18	780	Rectangular site facing Brighton Secondary School with single storey detached dwelling now under construction. Former dwelling demolished after sale. 18.29 metre frontage.
10 Gladstone Road, North Brighton	\$860,000	03/18	817	Rectangular site with two storey detached dwelling now under construction. Former dwelling demolished after sale. 15.54 metre frontage.
39 Holder Road, Hove	\$815,000	03/18	783	Rectangular site. Vacant land. 18.59 metre frontage.
20A College Road, Somerton Park	\$785,000	03/18	492	Sub-divided site with two storey detached dwelling now under construction. Former dwelling appears to have been demolished prior to sale. 10.79 metre frontage. Suited to a single dwelling only.

The sales information quoted has been obtained from a number of sources including published sales information provided by the Land Services Group of Department of Planning, Transport and Infrastructure (DPTI) and Corelogic / RP Data Ltd. Whilst we understand the information to be reliable, we are unable to guarantee the accuracy.

## Assessments of Value

In determining individual values for the subject allotments, we have had regard to prevailing market conditions and price levels whilst being mindful of the likely target market and the characteristics offered by the subject properties. To this end, sales evidence of comparable allotments within North Brighton and immediately surrounding localities have been sought and compared with the subject sites.

The sales evidence indicates that sales have occurred within a relatively narrow band of values between \$705,000 and \$860,000 for allotments of between 492 and 817 square metres in size.

At the lower end of the range we reference the sale of **11 Ilfracombe Avenue** for \$705,000 noting that this site is positioned opposite the Brighton Secondary School and adjacent a student 'drop off' zone, which may have deterred some buyers. The purchaser was also required to demolish the existing dwelling.

Also towards the lower end we note the sale at **34A Rossall Road** for \$707,500 being a smaller allotment positioned to the corner of Kind George Avenue.

At the higher end we reference the sale of **10 Gladstone Road** for \$860,000, with this being the largest site with a requirement to demolish an existing dwelling. Nevertheless, by virtue of its overall proportions a higher price quantum price would be expected.

Of the remaining sales, **39 Holder Road** at \$815,000 is a larger cleared site in a quieter location and considered somewhat superior.

The **Somerton Park** sale is of a smaller subdivided allotment, albeit that the quantum price level of \$785,000 is slightly above what would be expected given the balance of the sales evidence.

Overall, while there appear to be some inconsistencies across the sales evidence, we have been mindful of the individual site proportions, the position of the sites fronting a busy road and bus route and the lack of existing service connections and are of the opinion that the properties would retain individual value levels towards the lower end of the range. On balance, we suggest that their values lay within the low \$700,000 range.

For the purposes of this advice, subject to the issue of an individual Certificate of Title and the relocation of the electricity infrastructure, we have adopted a market value 'as if complete' for each allotment of **\$700,000**.

### Valuation Statement

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Therefore, after due consideration of recent sales transactions and other relevant market data, we are of the opinion that as at 12 March 2019, the subject properties warrant market values 'as if complete', subject to our remarks and qualifications herein noted as follows:

#### **Unmade Road Lynton Avenue, North Brighton**

**\$700,000**

**(SEVEN HUNDRED THOUSAND DOLLARS) GST not applicable**

#### **Unmade Road Lynmouth Avenue, North Brighton**

**\$700,000**

**(SEVEN HUNDRED THOUSAND DOLLARS) GST not applicable**

We also take this opportunity to advise that neither m3property nor related companies or individuals have any pecuniary interest that would conflict with the valuations of these properties.

We trust that this letter is sufficient for your immediate requirements. If you should require any additional assistance with regard to this or any other property matters please do not hesitate to contact the undersigned.

Please also find enclosed our account for this service.

### Disclaimers

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These valuations are for the use only of the party to whom they are addressed and is not to be relied upon by any other person or for any other purpose. We accept no liability to third parties nor do we contemplate that this report will be relied upon by third parties.

Neither the whole of the report or any part or reference thereto, may be published in any document, statement or circular nor in any communication with third parties without prior written approval of the form and context in which it will appear. We reserve the right to withhold consent or to review the contents of this report in the event that our consent is sought.

Only a signed original of this valuation report should be relied upon and no responsibility will be accepted for photocopies of the report.

We have valued the 100% interest of the assets for the party referred to above. Proportional ownership of the 100% interest should not be construed as representing the same proportional interest in our assessed values of the assets.

In undertaking our valuations, we have relied upon various financial and other information submitted by The City of Holdfast Bay. Where possible within the scope of our retainer and limited to our expertise as Valuers, we have reviewed this information including by analysis against industry standards. Based upon that review, we have no reason to believe that the information is not fair and reasonable or that material facts have been withheld. However, our enquiries are necessarily limited by the nature of our role and we do not warrant that we have identified or verified all of the matters which a full audit, extensive examination or 'due diligence' investigation might disclose. For the purpose of our valuation assessments, we have assumed that this information is correct.

These valuations are current as at the date of valuation only. The values assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements and factors specific to the particular property). We do not accept responsibility or liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume responsibility or accept liability where the valuations are relied upon after the expiration of 90 days from the date of valuation or such earlier date if you become aware of any factors that have an effect on the valuations.

Yours sincerely  
m3property



Rachel Elliott B Bus Prop (Val & PRM), FAPI  
Certified Practising Valuer/Director  
Primary Signatory



Kym Dreyer  
Managing Director (SA)  
Counter Signatory

The opinion of value expressed in this report is that of the Valuer who is the primary signatory to the report. The counter signatory verifies that the report has been reviewed in accordance with our Quality Assurance Policy, is genuine and authorised by m3property (SA).

