

Our Ref 360499/005: RA
Contact Rula Atweh



20 March 2019

Principal Financial Accountant
Finance and Corporate Services Department
Ipswich City Council
PO Box 191
Ipswich QLD 4305

Attention: Ms Barbara Watson

Dear Madam,

VALUATION INDICES FOR LAND ASSETS 2018-19

An assessment of cost movement was undertaken following your request for advice on an appropriate index to apply to Ipswich City Council's land assets opening balances as at July 2018 to bring them up to June 2019.

The assessment was undertaken by Cardno's Certified Practising Valuer, Neil Teves. The methodology adopted by Neil and his recommendations are found in the attached report.

Yours faithfully

Rula Atweh
Senior Consultant – Asset Strategies
Principal – Asset Valuations
for **Cardno**

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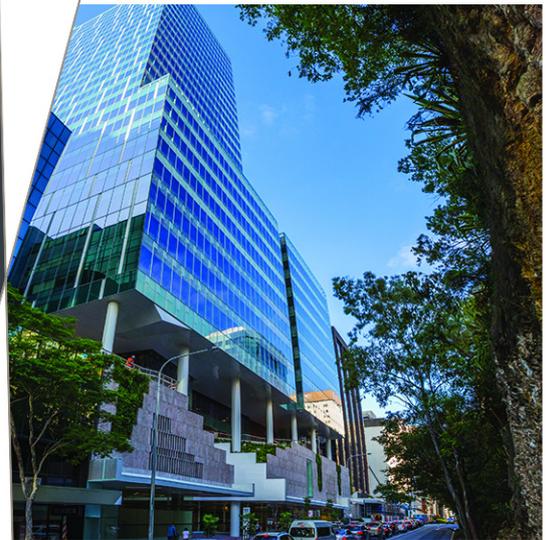
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Indexation – Land Assets 2018-19

IAA File Ref: TZ5154

Prepared for
Ipswich City Council

21 March 2019



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| | | Name | Signature |
| AA008 | 30 June 2019 | Neil V Teves |  |

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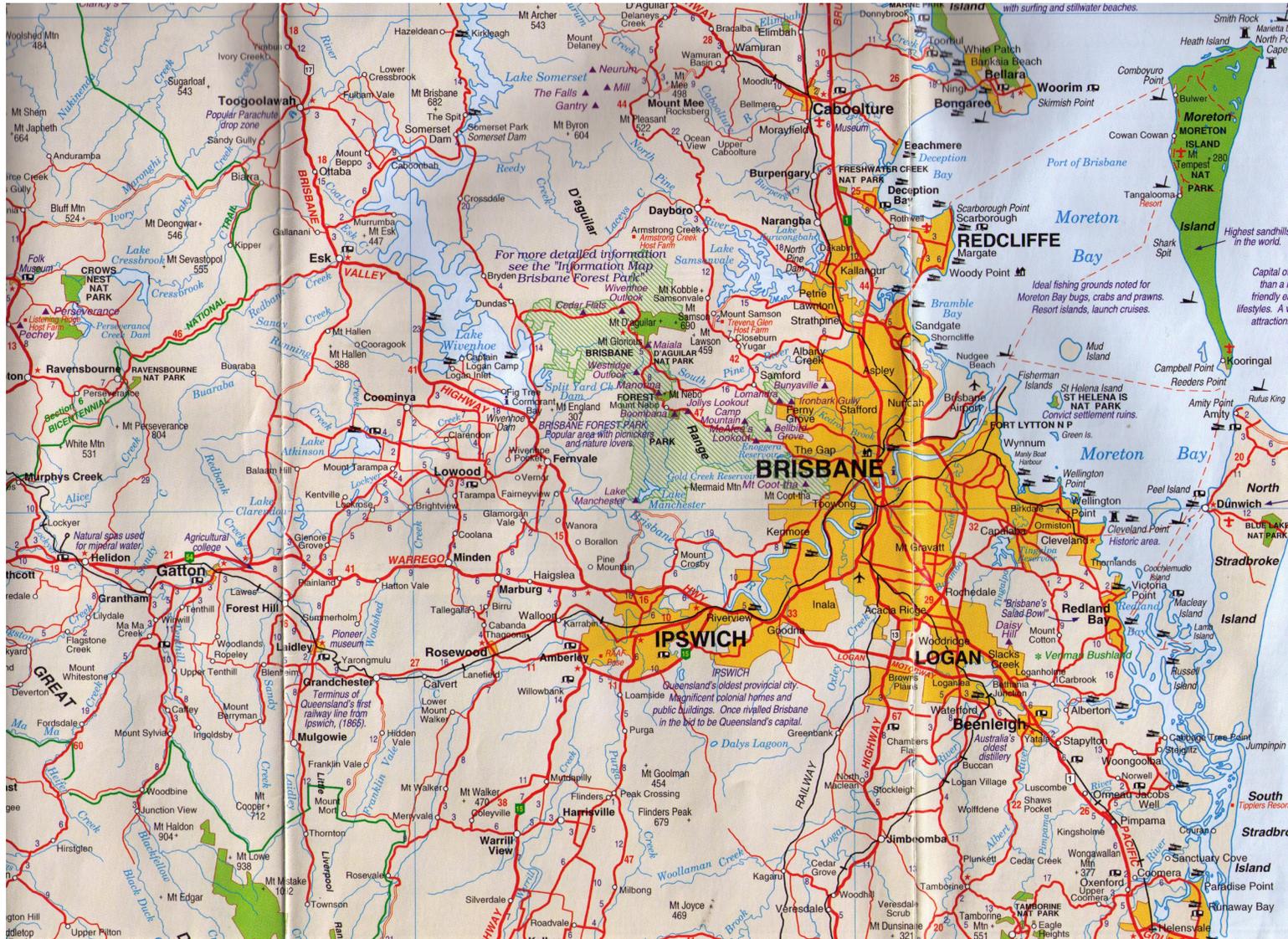
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PROPERTY REPORT

| | |
|------------------------------------|--|
| Prepared For | IPSWICH CITY COUNCIL PO BOX 191 IPSWICH QLD 4305 |
| Re: | Instructions received to review the value of the properties described herein by way of Indexation of Land Assets for Asset Financial Reporting Purposes. |
| Property Address | Indexation – Land Assets - 2019 Ipswich City Council, Queensland |
| Effective Date of Valuation | 30 June 2019 |
| Valuation Instructions | Instructions received to prepare a Report for Asset Reporting Purposes, on behalf of the Ipswich City Council to Review the 'Fair Value' for Land Assets for Asset Financial Reporting Purposes for the reporting Year Ending 30 June 2019. |
| Valuation of Findings | Refer to Page 5 of this report for any adjustments considered applicable to asset valuations for the Financial Reporting Year ending 30 June 2019. |
| Signed |  <hr style="width: 20%; margin-left: 0;"/> <div style="display: inline-block; vertical-align: top; margin-left: 20px;"> Neil V Teves ^{AAP1} Certified Practising Valuer Qld Registration No. 382 </div> |

ORIENTATION MAP



1 SUMMARY OF RESULTS OF RESEARCH

Instructions have been received to prepare a Report on behalf of the Ipswich City Council to Review the 'Fair Value' of Land Assets for Asset Financial Reporting Purposes for the Financial Year Ending 30 June 2019. This report is prepared based on data available up until time of preparation of this report plus any Forecasts and Projections available up until 30 June 2019 and therefore recommended Indexation Factors are set against figures currently available but also extended by reference to some projected figures up until 30 June 2019. This means that the Indexation Rates shown as at 30 June 2019 are preliminary indexation figures only and may be subject to change and/or confirmation after consideration of any subsequent additional data as may become available, however the probability of any major future variance occurring is considered a remote possibility.

In response to a Review of the valuations as entered in the Financial Asset Register as at 30 June 2018 for the Land Value Assets and to establish if any changes to the Fair Values are required by way of Indexation to the level of Values based on market indexation evidence as at 30 June 2019, it is concluded that after analysing the Property Sales Trends shown at Annexure "A" and, in particular Part 1 A there-of and also supported by Part 1 B there-of, it is considered that the level of land values have increased by a factor of 2.6% as at 30 June 2019 relative to the values entered into the FAR effective as at 30 June 2018, however this is not considered to be a large enough increase to trigger the necessity to change the figures to be entered in the FAR as at 30 June 2019.

For the values, effective as at 30 June 2019 for the Land Assets, and based on the researched data, it is recommended that the level of land values to be entered into the 2019 Financial Asset Register should remain at the same level as at 30 June 2018.

Any indexation recommended should be the same across all items within this asset class.

In this report ICC means "Ipswich City Council".

2 TITLE PARTICULARS

2.1 ASSUMPTIONS

This report may have relied to some extent on documentation provided by the Client and/or their consultants. The valuation figures assessed are reliant on any such data representing a true and correct position as to any aspect associated with the assets.

2.2 GENERAL QUALIFICATIONS & LIMITATIONS

This report is prepared for the private and confidential use of our client and should not be reproduced in whole or part, or relied upon by any other party for any use without the express written authority of Cardno. We confirm that the Valuer is a properly qualified, registered, and reputable Valuer who has more than five years' continuous experience in valuation and has experience in valuing property of the same nature as the property being valued. This valuation represents the Valuer's opinion of value at the date of valuation. No liability is accepted for any loss or damage (including consequential or economic loss) suffered as a consequence of fluctuations in the property market subsequent to the date of valuation.

No liability is accepted for any loss or damage (including consequential or economic loss) suffered as a consequence of fluctuations in the property market subsequent to the date of valuation.

This document may contain information, which is directly derived from external sources without verification by us.

We have made significant effort to ensure that information and data supplied is correct and where we disagree with such, we have made adjustments within our report to account for such factors.

We confirm that we have not been instructed to verify all such information. Further, the information is not adopted by Cardno as our own, even where it is used in our calculations.

Where the content of this document has been derived, in whole or in part from external sources, Cardno does not warrant or represent that such information is accurate or correct.

2.3 PROPERTY SEARCHES

As no comprehensive valuations have been previously completed or required for this valuation project for Land Assets are required to be reviewed in this report, we have not obtained any current title searches or any other searches with the following authorities

- *Environmental Protection Agency;*
- *Environmental Management Register (EAR) and Contaminated Land Register (CLR)*
- *Electricity Authority;*
- *Local Authority (Town Planning & Flood Searches);*
- *Queensland Transport / Main Roads (Traffic Issues / Road Widening);*
- *Native Title;*
- *Cultural Heritage Register.*

3 PROPERTY DESCRIPTIONS

Real Property Office Description

As no Comprehensive Land Asset Valuations are required to be reviewed in this report no Real Property Office Descriptions are required to be included

4 LOCATION

The subject assets are located predominantly in the Ipswich City Council local authority area in south-east Queensland. For details for location refer to Orientation Map forming part of this report

5 BUILDING ACTIVITY

The information in this section of the report is shown to reflect on the demand created for both residential and other construction required to service the needs of both the local population.

In the 12 months ending 31 January 2018, there were 2,959 new residential buildings approved in Ipswich City Council LGA. These approvals were valued at \$866.7 million.

In the 12 months ending 31 January 2018, there were 25,468 new residential buildings approved in Queensland. These approvals were valued at \$14,319.2 million.

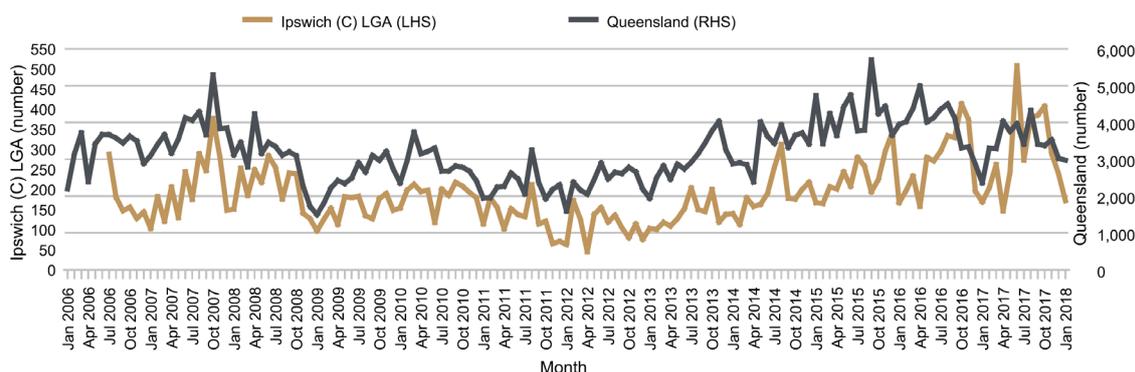
There has been increased residential building construction in this LGA over recent years.

Residential & Non-Residential Building Approvals Ipswich (C) City Council LGA and Queensland, 12 Months Ending 31 January 2018

| LGA / State | Residential Building Approvals | | | | Building Value | | | | |
|-------------|--------------------------------|-----------|--|--------|----------------|-----------------|-----------|------|------------|
| | New Houses | New Other | Alterations, additions and conversions | Total | Residential | Non-residential | Total | | |
| | — number — | | | | \$'000 | % | \$'000 | % | \$'000 |
| Ipswich (C) | 2,959 | 549 | 0 | 3,508 | 866,653 | 67.0 | 426,227 | 33.0 | 1,292,881 |
| Queensland | 25,468 | 16,800 | 159 | 42,427 | 14,319,237 | 64.8 | 7,773,124 | 35.2 | 22,092,361 |

Source: ABS 8731.0, *Building Approvals, Australia*, various editions

Number of Residential Building Approvals, Ipswich (C) City Council LGA and Queensland



Source: ABS 8731.0, *Building Approvals, Australia*, various editions

6 SERVICES & AMENITIES

Generally, there are connections to electricity, reticulated water, telephone, and sewerage services throughout the main developed urban areas. The lands also generally have garbage collection services available.

There are some properties in more remote locations which are removed from infrastructure services.

7 LAND

7.1 LAND DESCRIPTION

Generally, the land components included in the valuation 2017 valuation schedules are held under freehold title.

7.2 ENVIRONMENTAL CONSIDERATIONS

Unless otherwise stated, no site investigation has been carried out with respect to possible contamination of land and/or presence of hazardous substance upon the land, nor are we aware of any classification of the site under the provisions of “The Environmental Protection Act 1994” and or amendments thereto or under any replacement act.

This report and valuation has been prepared on the assumption that there is no contamination or any hazardous substance present that requires substantial management and resources to rectify.

No soil test or environmental studies have been made available to us, therefore our valuation is subject to there being no surface or subsurface soil problems including instability, or building material hazards in or on the property that would adversely affect its existing or potential use or reduce its marketability. Should any problem be known or arise then the valuation should be referred back to us for comment.

8 INDEXATION OVERVIEW

For the financial year ending 30 June 2015, a comprehensive valuation was completed based on the Market Approach. In such report individual valuations were applied to each of the land parcels deemed to be held by Council. For the Land Values effective as at 30 June 2018, Property Sales Trend data available for Ipswich City LGA, has been compiled and analysed to establish what changes, if any, should apply to the Ipswich City Council Land Assets effective as at 30 June 2018. Trend Charts for Ipswich City LGA are shown at Annexure "A". The long-term Property Sales Trend Charts show an increase in land prices over recent past years up until the latter part of 2017, thereafter there were some reduction in prices for land for a short period but with some upward movement during 2018. Any increases in prices and values that occurred prior to and up until the end of June 2017 would have been captured and accounted for in the valuation application effective as at 30 June 2017. Since June 2017 median land prices have trended upwards during the latter part of 2018 Calendar Year before again showing a downward trend in the last quarter of the 2018 Calendar Year. This downward trend for the December Quarter 2018 is considered to reflect the low volume of sales so far processed for this period and that such data included a high proportion of land sales in the lower priced estates. Notwithstanding this, the median price is still considered to be trending upwards. The upward movement extrapolated over the full 2018 to 2019 financial years is calculated at a factor of around 2.6%.

Particular reference has been made primarily to Annexure A Part 1A, and with some support also for Part 1B there-of, which indicate that the median price of land and also housing in this LGA over the short period subsequent to 30 June 2017, has increased over recent years and that this change does warrant any alteration to be made to the values as presently entered into the FAR

It is acknowledged that there has been a more substantial increase in the median price of standard residences on urban lots over this same period however, this large increase is considered to be substantially accounted by way of increased costs of construction and general pressure on the established housing property market as opposed to any movement in land price components

Based on the considerations within this paragraph, it is considered that the level of land values have increased by a factor of 2.6% as at 30 June 2019 relative to the values entered into the FAR effective as

at 30 June 2018, however this is not considered to be a large enough increase to trigger the necessity to change the figures to be entered in the FAR as at 30 June 2019.

9 INDEXATION RESULTS

LAND ASSET INDEXATION RECOMMENDATIONS

For the values, effective as at 30 June 2019 for the Land Assets, and based on the researched data, it is recommended that the level of land values to be entered into the 2019 Financial Asset Register should remain at the same level as at 30 June 2018.

Annexure A

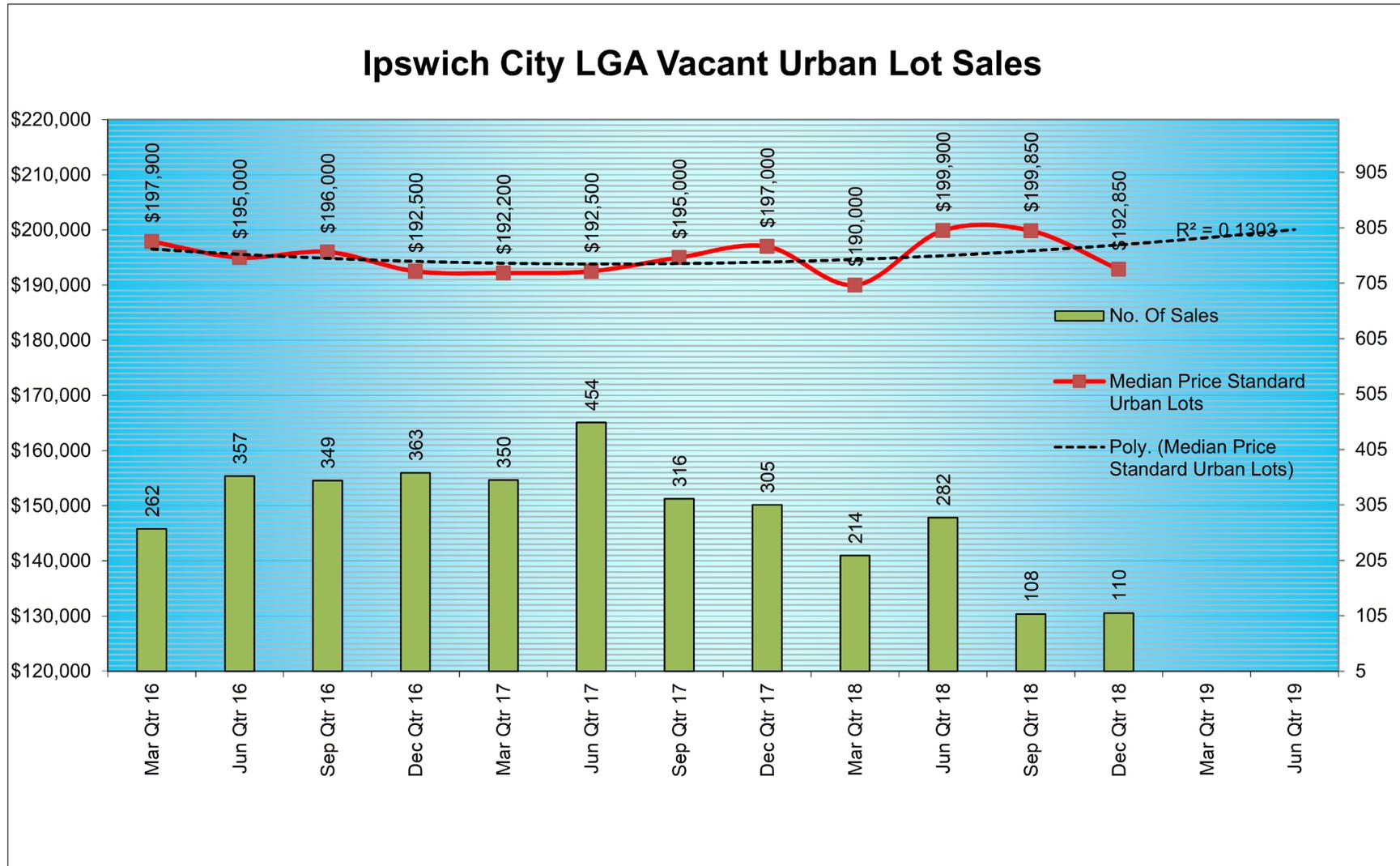
Property Sales Indexation Trend Charts

Part 1 A

Vacant Urban Land – Ipswich LGA

Compose Chart

TZ5154_Annexure A_Part 1A_TrendChartsVacantStandardLotsIpswichCityLGA_Qtrs

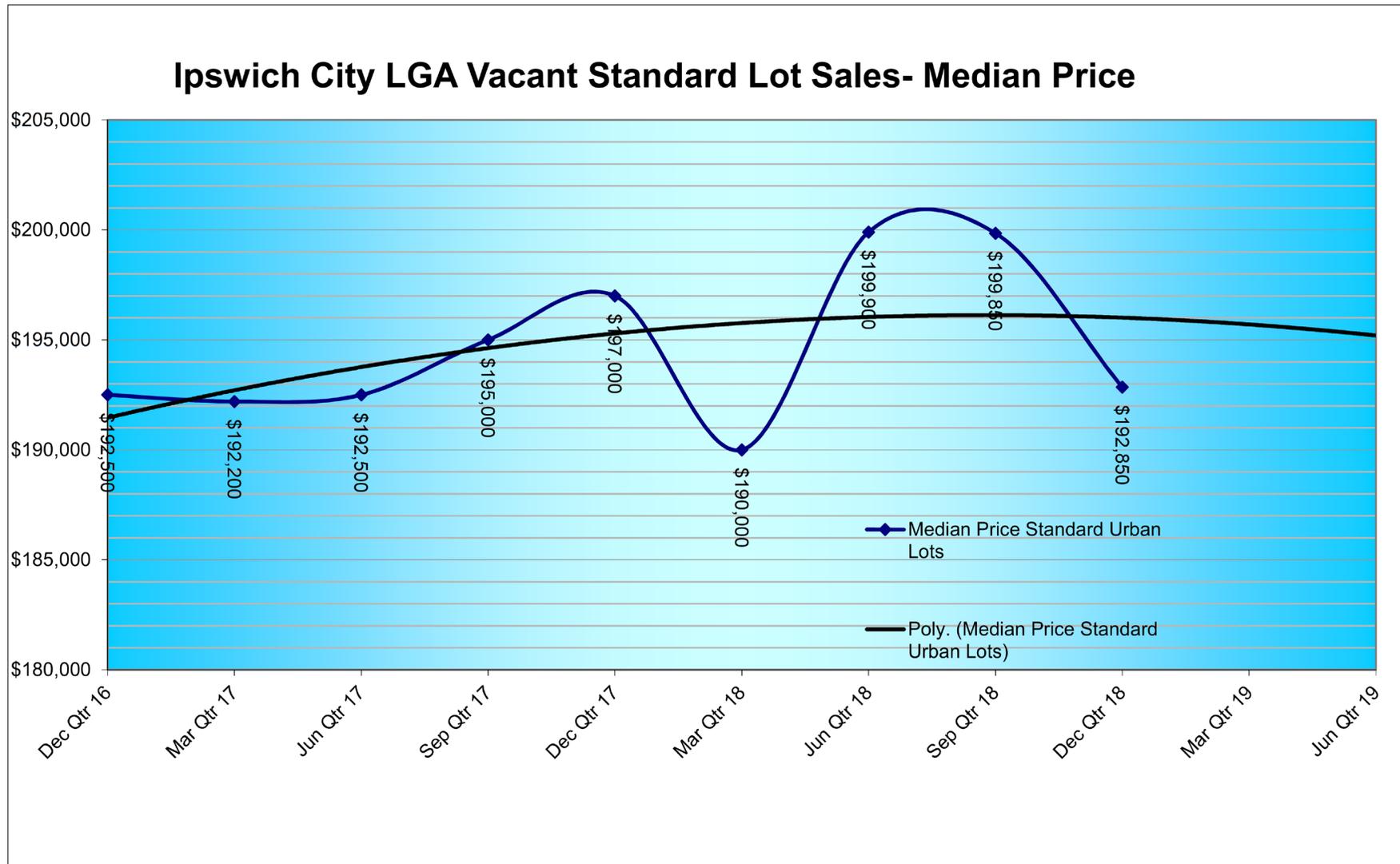


Part 1 B

Vacant Urban Land – Ipswich LGA

Median Price Short to Medium Term

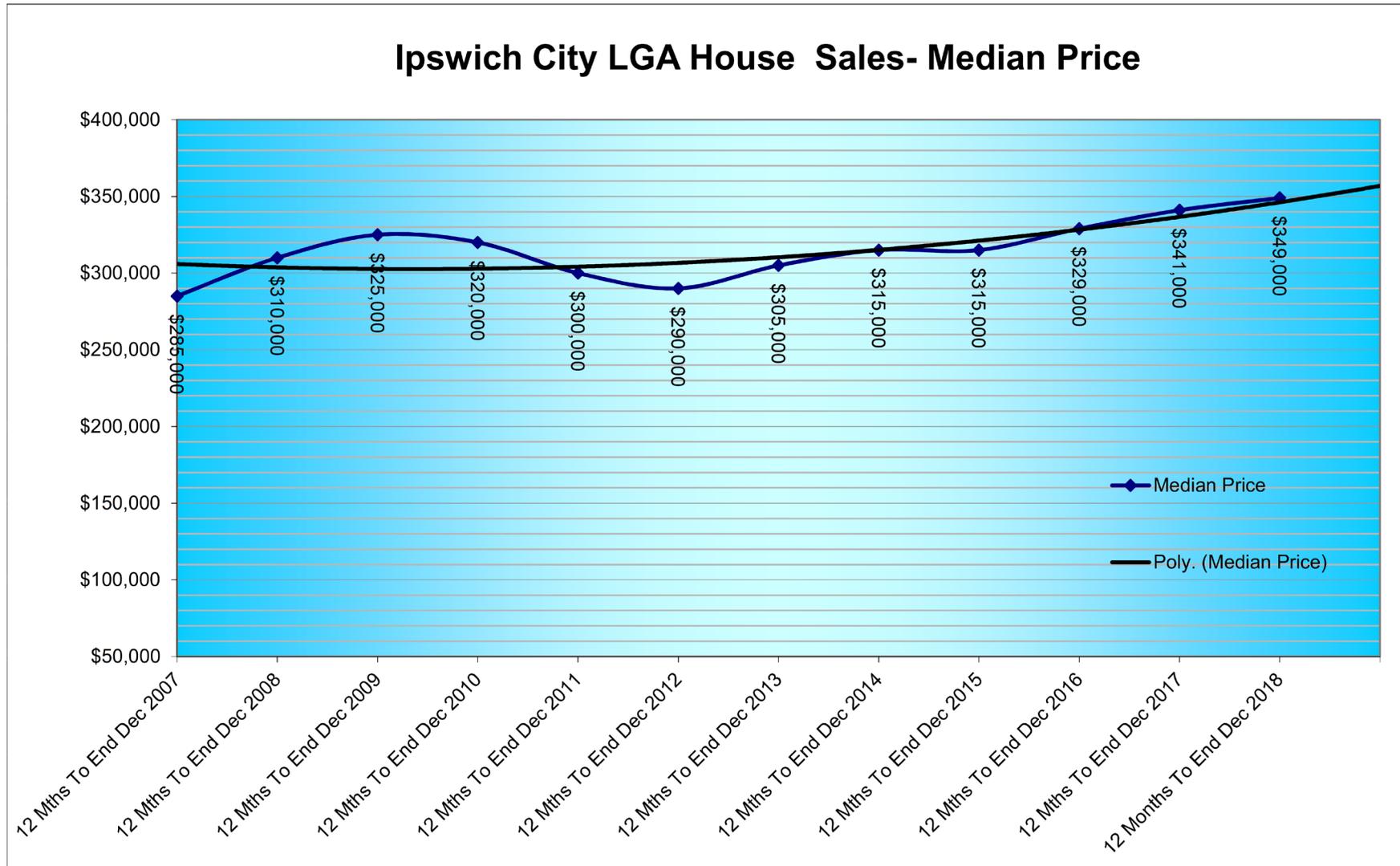
TZ5154_Annexure A_Part 1B_TrendChartsVacantStandardLotsIpswichCityLGA_Qtrs_Short Term



Part 2 A

Standard Single Unit Residences Ipswich LGA – Yearly Figures Median Price

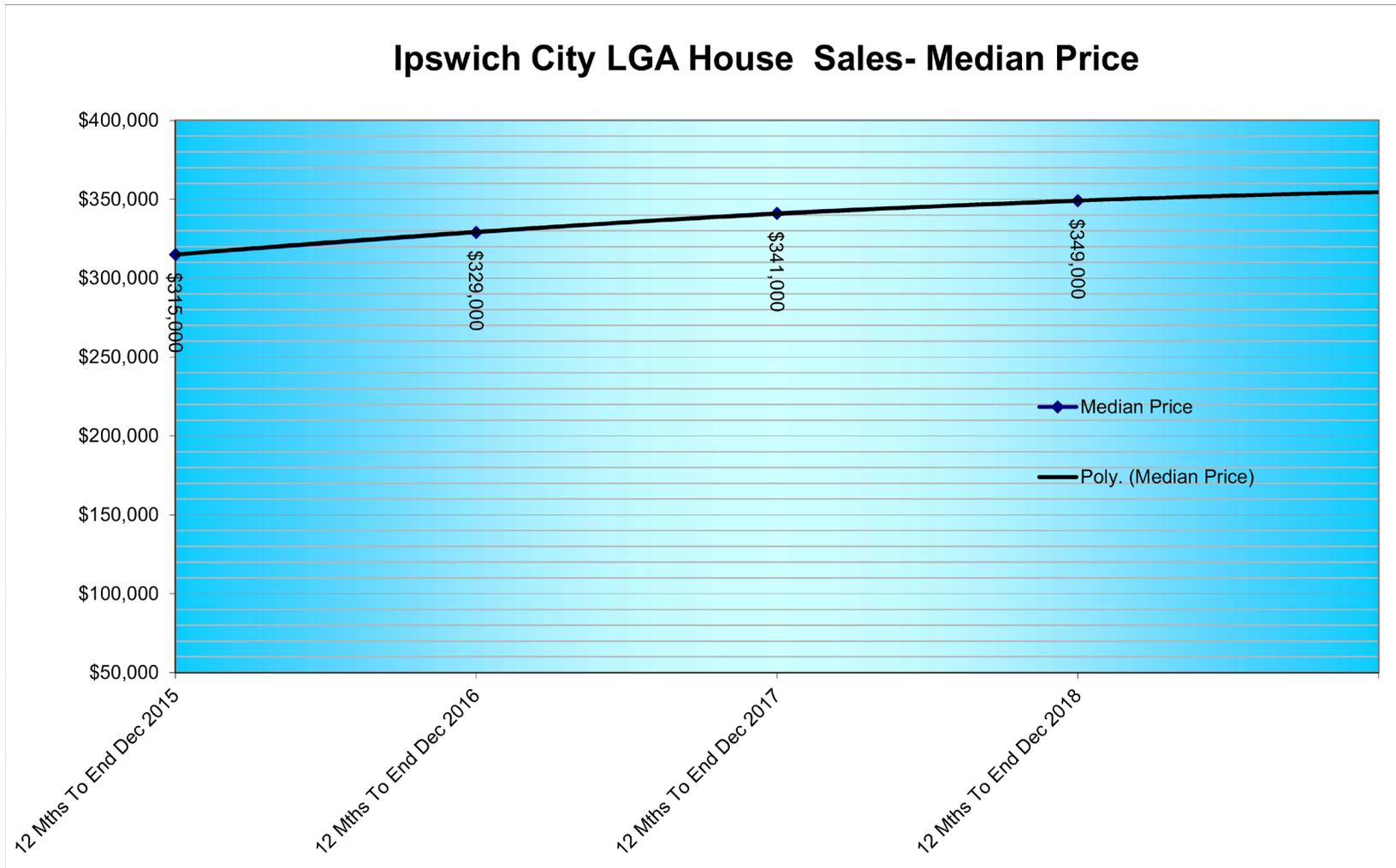
TZ5154_Annexure A_Part 2A_TrendChartsStandardHousingIpswichCityLGA_Years



Part 2 B

Standard Single Unit Residences Ipswich LGA – Yearly Figures Median Price Short Term

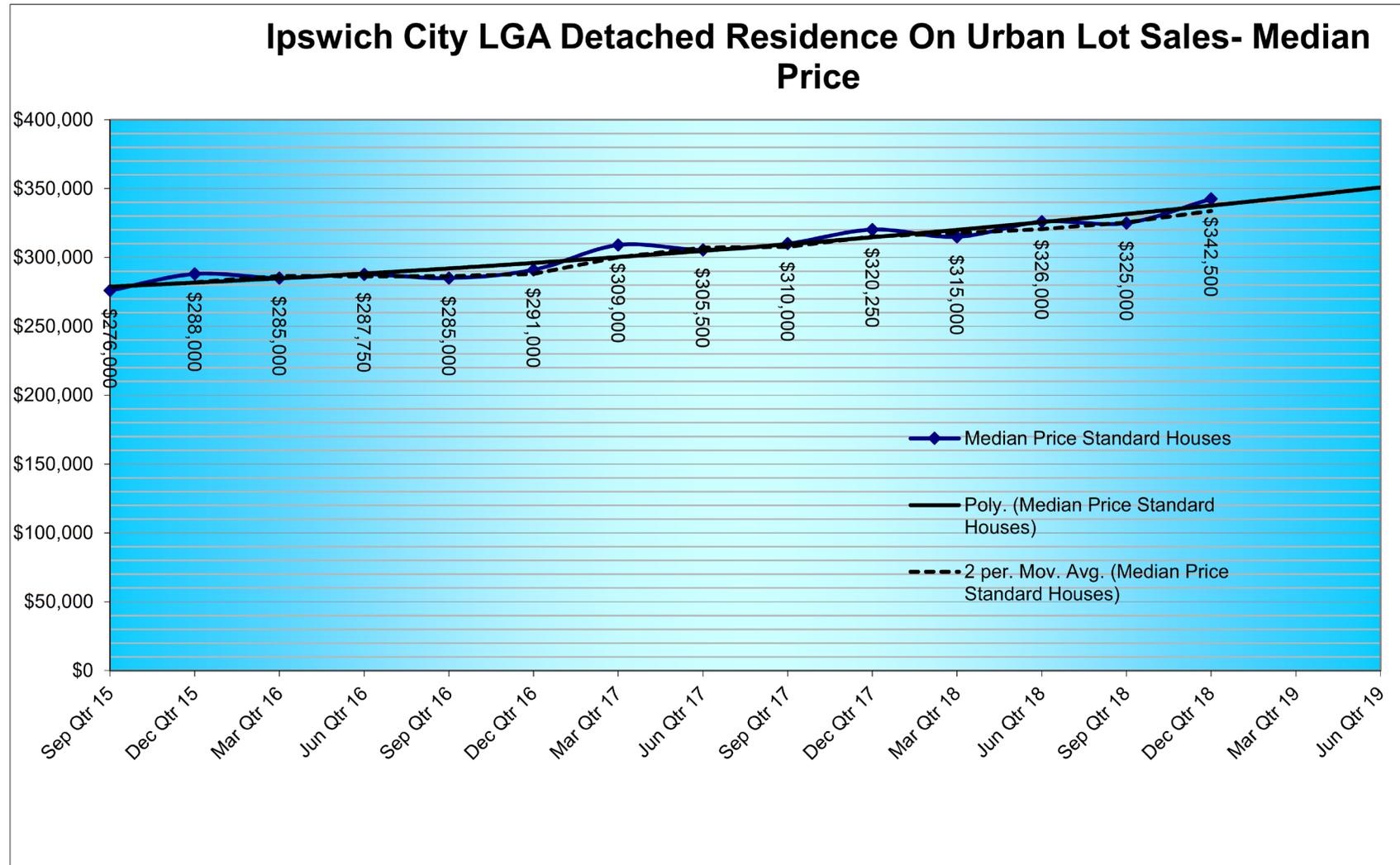
TZ5154_Annexure A_Part 2B_TrendChartsStandardHousingIpswichCityLGA_Years_Short Term



Part 3 A

Detached Single Unit Residences on Urban Lots Ipswich LGA – Quarterly Figures Median Price

TZ5154_Annexure A_Part 3A_TrendChartsStandardHousesIpswichCityLGA_Qtrs



Part 3 B

Detached Single Unit Residences on Urban Lots Ipswich LGA – Quarterly Figures Median Price Short Term

TZ5154_Annexure A_Part 3B_TrendChartsStandardHousesIpswichCityLGA_Qtrs_Short Term

