

Market Rent Redeterminations – Frequently Asked Questions

Why has my rent been Redetermined?

Leases, Licences and permits to occupy Crown Land attract annual rental payments. Both the *Crown Lands Act 1989* and individual tenure agreements contain provisions for the periodic market redetermination of rent.

Market rental reviews are a standard condition in leasing agreements. Their purpose is to attempt to keep the rental paid in line with rental rates shown in the current market and in turn maintain a reasonable return to the owner of the property. It is important that market rental is received from users of Crown property to ensure a reasonable return is achieved on behalf of the people of NSW.

How has the market rental been redetermined?

Land values and market rents change over time. The annual rent of a lease or licence is subject to a full market value review to reflect changes which have occurred since the last rent determination was made.

In determining the annual rent of a lease or licence the following principals are applied in accordance with Section 143 of the *Crown Lands Act 1989*;

- Rent shall be the market rent for the land having regard to any restrictions, conditions or terms to which it is subject
- Improvements on the land which were made by the holder, or are owned or in the course of being purchased by the holder shall be disregarded
- Regard may be had to any additional value which, because of the lease of licence, has accrued or is expected to accrue, to other land held by the holder
- Regard may be had to the duration of the time for which the rent is determined will be payable.

An assessment of the market rental value of the land and any improvements owned by the Crown is undertaken by an expert Valuer.

The market rental value is determined based on a comparison with current market evidence which may include rentals recently negotiated for similar premises or where little recent market rental evidence is available, an assessment of the market return on the value of the Crown owned property.

For some tenures, the market rental is determined by specialist Valuers using industry recognised methods which are specific to that particular use. These methods may include the assessment of rent as a percentage of the potential income of the site based on the permitted use stated in the tenure agreement and taking into account any physical, environmental planning or legal constraints on the site. Tenures for golf courses, caravan parks and marinas are examples of permitted uses where income methods of assessment are applied.

How will I be notified of a Market Rental Redetermination?

A written Rental Redetermination Notice is issued detailing the new redetermined market rent and the date from which the new rent will be effective. The effective date is the date from which the new redetermined annual market rent is payable. The Notice states the last date on which a valid objection may be received by NSW Department of Industry - Lands.

Can I lodge an objection?

Crown Land tenure holders have the right to object to a redetermination of rent under Section 142 of the *Crown Lands Act 1989*.

If you would like to lodge an objection, please contact us for more information on the objection lodgement process.

More information

Further general information on Crown land can be found at www.crownland.nsw.gov.au or contact the Department on 1300 886 235 or email us at rent.redeterminations@crownland.nsw.gov.au