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Peter Druitt

I commenced my career on rural marketing in 1979 with what was then Elder Smith Goldsbrough Mort Ltd, and spent fourteen years with the company at its' Armidale, Guyra and Goulburn branches, and then as manager of the branches at Bourke and Mudgee. I then commenced my own business, Peter Druitt and Co in Mudgee, which I ran successfully for 27 years, before selling the business in 2020 and since then have worked as a rural property specialist with First National Mudgee. During my career I have been recognised by being made an honorary life member of the Australian Livestock and Property Agents Association, and in 2015 was the Real Estate Institute of NSW Rural Marketer of the Year.

Bowdens Silver Mine Project

I have been asked by the Lue Action Group to provide an independent assessment on the impact on property prices in the Lue area of the Bowdens Silver Mine Project.

The proposed development is two kilometres from the village of Lue and much closer to many homes and properties to the north, east and west of the mine site. There are more than one hundred and fifty properties in close proximity to the mine site with fifty five of those being homes and properties in the village of Lue. These properties include large agricultural enterprises, family farms, homes, rural residential properties, farm stays and tourist accommodation, recreation facilities, a public school as well as other small businesses and public spaces.

In excess of one hundred and fifty properties in the Lue area, in addition to many more downstream on Lawsons Creek, have the potential to be impacted by the Bowdens Silver Mine Project.

Impacts of the Project

I believe there are two specific aspects of the project that will affect the decisions of prospective buyers considering the purchase of a property in the area, and thus impacting prices. The first, which will affect all properties, will be the impact on lifestyle caused by such factors as visible mine infrastructure, noise, dust and traffic. My experience marketing properties affected by, or likely to be affected by, any sort of industrial development, be that a mine, wind farm or solar farm, significantly reduces the number of buyers who will contemplate a purchase. When marketing to people looking to buy weekenders, or to make a 'tree change', which is a very significant proportion of the market in an attractive area within three hours of Sydney such as Lue, one of the first questions often asked is 'are there any proposed mining developments in the area'. If the answer is yes, most buyers will immediately move on.

The second aspect to impact the market, most particularly the working farms in the area, will be the likely effect of any possible reduction in water quality or quantity. Good quality water is the lifeblood of the farming industry, and while proposed mining projects often produce studies suggesting there will be no effect on water quantity or quality, there is certainly a perception in the market that these studies are not always reliable. A significant proportion of prospective farm buyers would not proceed with a purchase if they believed there was possibly going to be a negative impact on the farm's water..



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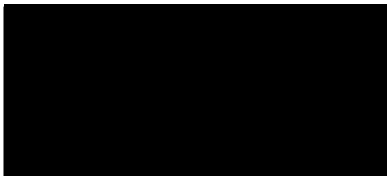
The Bylong Coal Project

A useful case study of the market impact of a mining project on a rural area is provided by the Bylong Valley Coal Project, the proponent of which was the Korean company KEPCO. After KEPCO had acquired the properties they needed for the project and were moving through the process of getting approval, the impact on property sales in the area was profound. I was involved in the marketing of several properties in the area during that time, including 'Wingarra' and 'Wigelma', and the consistent objection from prospective buyers was the proposed coal project, both on the grounds of the negative impact on lifestyle of dust and noise, and the possibility of damage to the groundwater supply. While both these properties were both eventually sold, this was done with considerably less competition and thus at a lower price point than would have been the case without the coal project.

The Bylong Valley Coal Project then received a negative report from the Independent Assessment Authority, they appealed that to the Land and Environment Court unsuccessfully, then appealed to the NSW Court of Appeals, again unsuccessfully, and finally appealed unsuccessfully to the High Court of Australia. The impact of the last unsuccessful appeal was almost immediate. Several properties that had sat on the market for years, including 'Tryalion', 'Coralwood' and 'Meadsville' sold within six months, at prices that would not have been contemplated while the possibility of the coal project going ahead remained.

It is unrealistic to attempt to put an exact figure on the likely impact on property prices in the Lue area of the Bowdens Silver Mine Project, as in any case study it is impossible to create a control in order to accurately quantify the impact. However, to suggest a negative price impact in the range of twenty per cent to thirty per cent is not, in my opinion, unreasonable.

It should be noted that the opinions expressed in this report are the opinions of the author, and not those of the First National Group.



Peter S Druitt

Rural Property Specialist

Licensed Stock and Station Agent, Real estate Agent, Business Broker