



# Blue Mountains Market Update 1<sup>st</sup> Half 2023



## OVERVIEW

In Q4 2022, Blue Mountains\* recorded a median house price of \$876,500 and a median unit price of \$640,000. This represents annual (Q4 2021 – Q4 2022) median price softening of -5.2% for houses median price growth of 6.7% for units. Total sales declined between Q4 2021 – Q4 2022, by -35.5% (to 323 sales) for houses, while total sales for units declined -4.2% over the 12 month period (to 23 sales). These trends suggest cash rate hikes have translated into the market, as median price downturn is evident alongside an undersupplied house and unit market. New opportunities now exist for buyers.

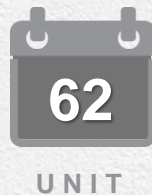
	CHANGE FROM LAST	YEAR	HALF YEAR
			
House Sales		↓	↓
House Median Price		↓	↓
House Rental Price		↑	↓
			
Unit Sales		↓	↑
Unit Median Price		↓	↓
Unit Rental Price		↑	↑

## MARKET CONDITIONS

### SALES MEDIAN PRICE Q4 2022



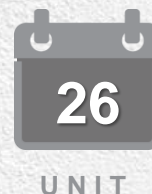
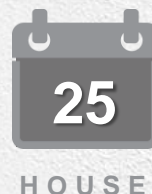
### SALES AVERAGE DAYS ON MARKET Q4 2022



### RENTAL MEDIAN PRICE Q4 2022

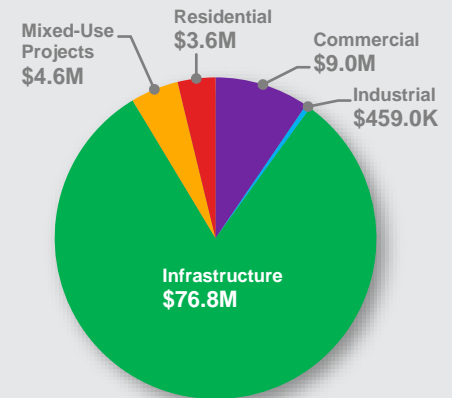


### RENTAL AVERAGE DAYS ON MARKET Q4 2022



## FUTURE DEVELOPMENTS

Blue Mountains will see approximately **\$94.3M** worth of new projects commencing in the 1<sup>st</sup> half of 2023.



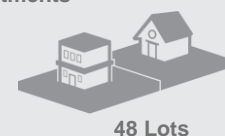
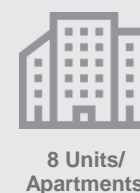
A focus on infrastructure projects will improve liveability for current residents and create jobs in the construction phase. It can also attract more residents in the future, which will impact demand for real estate / housing.

Great Western Highway Upgrade – Medlow Bath is a key infrastructure development planned for the 1<sup>st</sup> half of 2023. This project will improve mobility for residents.

Residential developments include:

- 2 Edwin Lane – Townhouses (5 townhouses)
- Stuarts Road Residential Subdivision (48 lots)

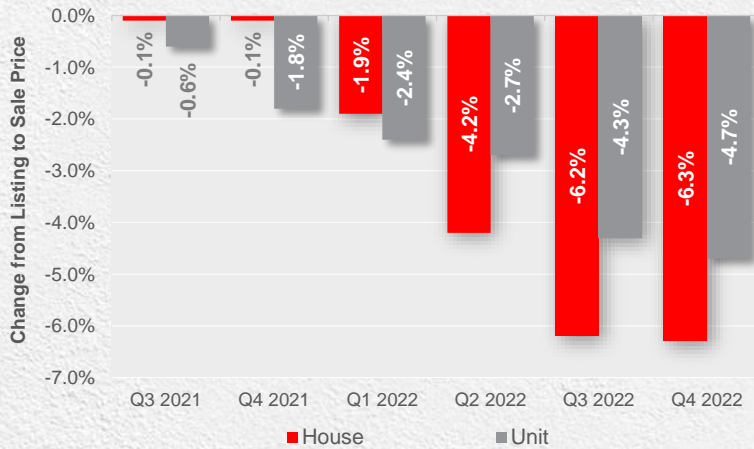
There is little ready-to-sell supply in the pipeline, which allows for current stock to be absorbed. Vacant lots is the main focus, allowing first home buyers to build in the area.



# AVERAGE VENDOR DISCOUNT\* KEY COMMENTS

Average vendor discount reflects the average percentage difference between the first list price and final sold price. A lower percentage difference (closer to 0.0%) suggests that buyers are willing to purchase close to the first asking price of a property.

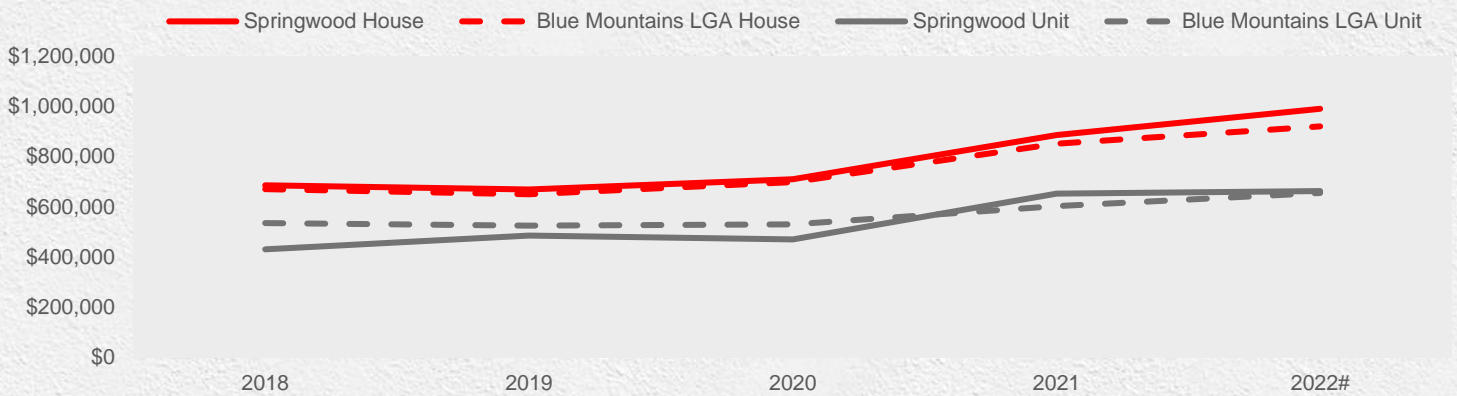
Average vendor discounts between Q4 2021 and Q4 2022 have widened to a larger discount of -6.3% for houses and -4.7% for units. Market conditions remain in favour of buyers, as vendors are willing to accept below the first list price. The past 6 months saw the highest vendor discount recorded, in good news to buyers.



Springwood has historically performed on par with the wider Blue Mountains Local Government Area (LGA) in both median house and unit price. This continued to be the case in late 2022#, with houses trending towards a more premium market despite negative growth in the past quarter (between Q3 and Q4 2022)

The dominant proportion of homes sold in the Blue Mountains\* across 2022# were in the premium bracket of above \$1,050,000 (36.3%). Units have also recorded a dominant premium price point of \$750,000 and above (28.4%). The premium market continues to dominate the house market, however affordable price brackets have started to widen in the unit market.

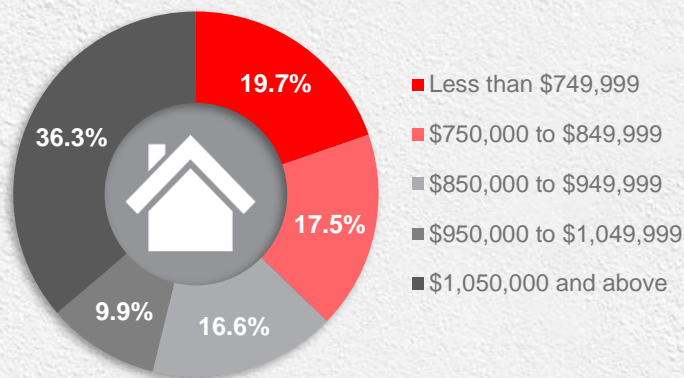
## MARKET COMPARISON



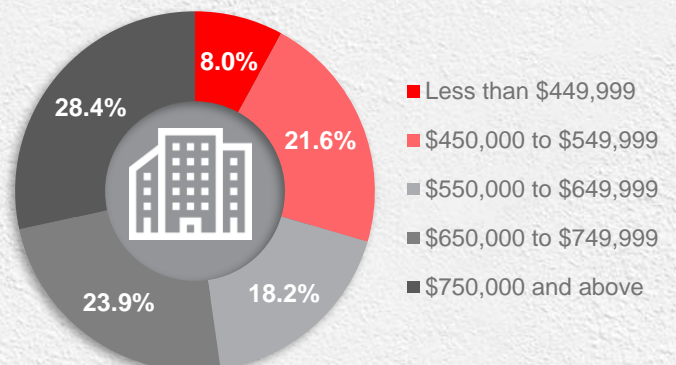
The market comparison graph provides a comparative trend for the median price of houses and units over the past 5 years. The main LGA profiled was chosen based on their proximity to the main suburb analysed, which is Springwood.

## PRICE BREAKDOWN 2022#

### HOUSES SOLD



### UNITS SOLD

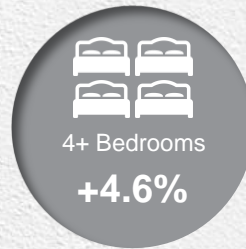


# RENTAL GROWTH 2022€

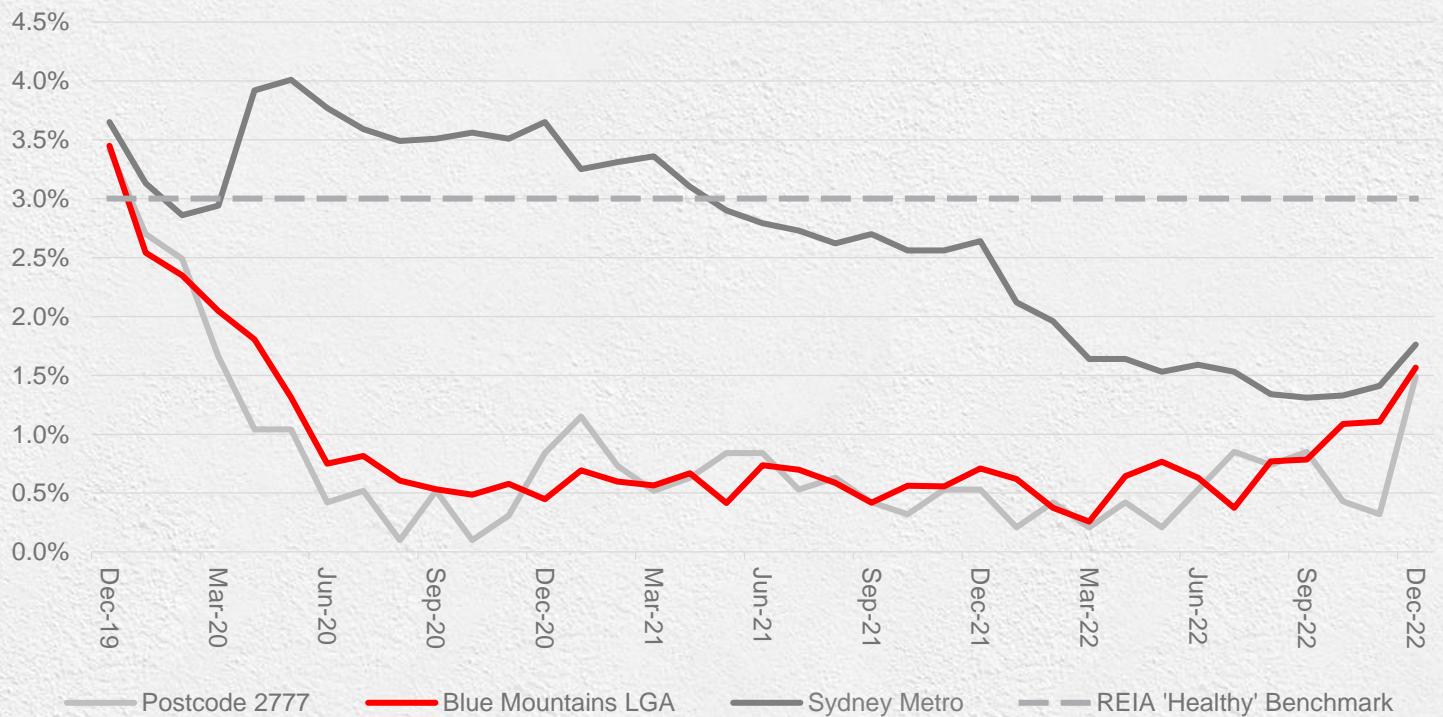
House rental yields in Postcode 2777\* was 3.1% in December 2022, slightly higher than Sydney Metro (2.7%). In the 12 months to Q4 2022 median house rental price increased by 1.9% to sit at \$550 per week, alongside a 30.7% increase (to 294 rentals) in the number of houses rented. Average days on the market remained low at 25 days for Q4 2022, indicating a strong rental market in Postcode 2777\*.

3 bedroom houses have provided investors with 8.9% rental growth annually, achieving a median rent of \$550 per week.

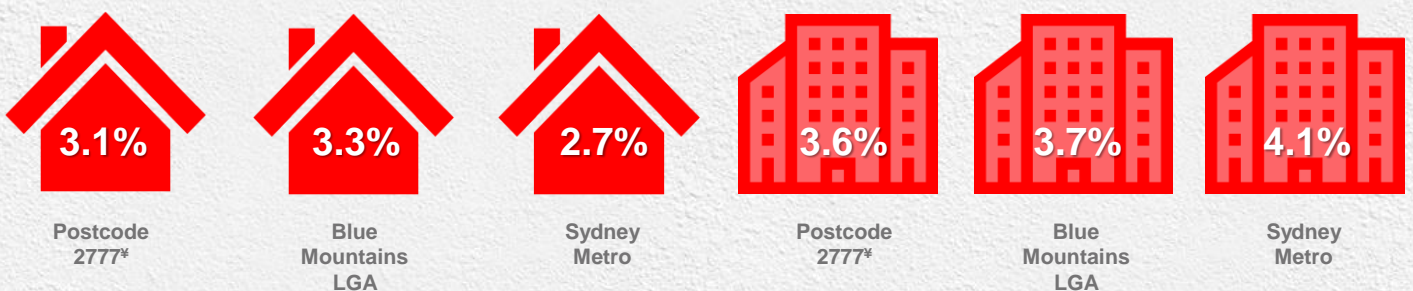
Postcode 2777\* recorded a vacancy rate of 1.5% in December 2022, slightly below Sydney Metro's 1.8% average. The spike in late 2022 can be attributed to more investors capitalising on a tight rental market. Vacancy rates in Postcode 2777 have trended relatively steady over the past 12 months and under the Real Estate institute of Australia's healthy benchmark of 3.0%. Thus a conducive and sustainable environment for investors, especially with lower median property sale prices.



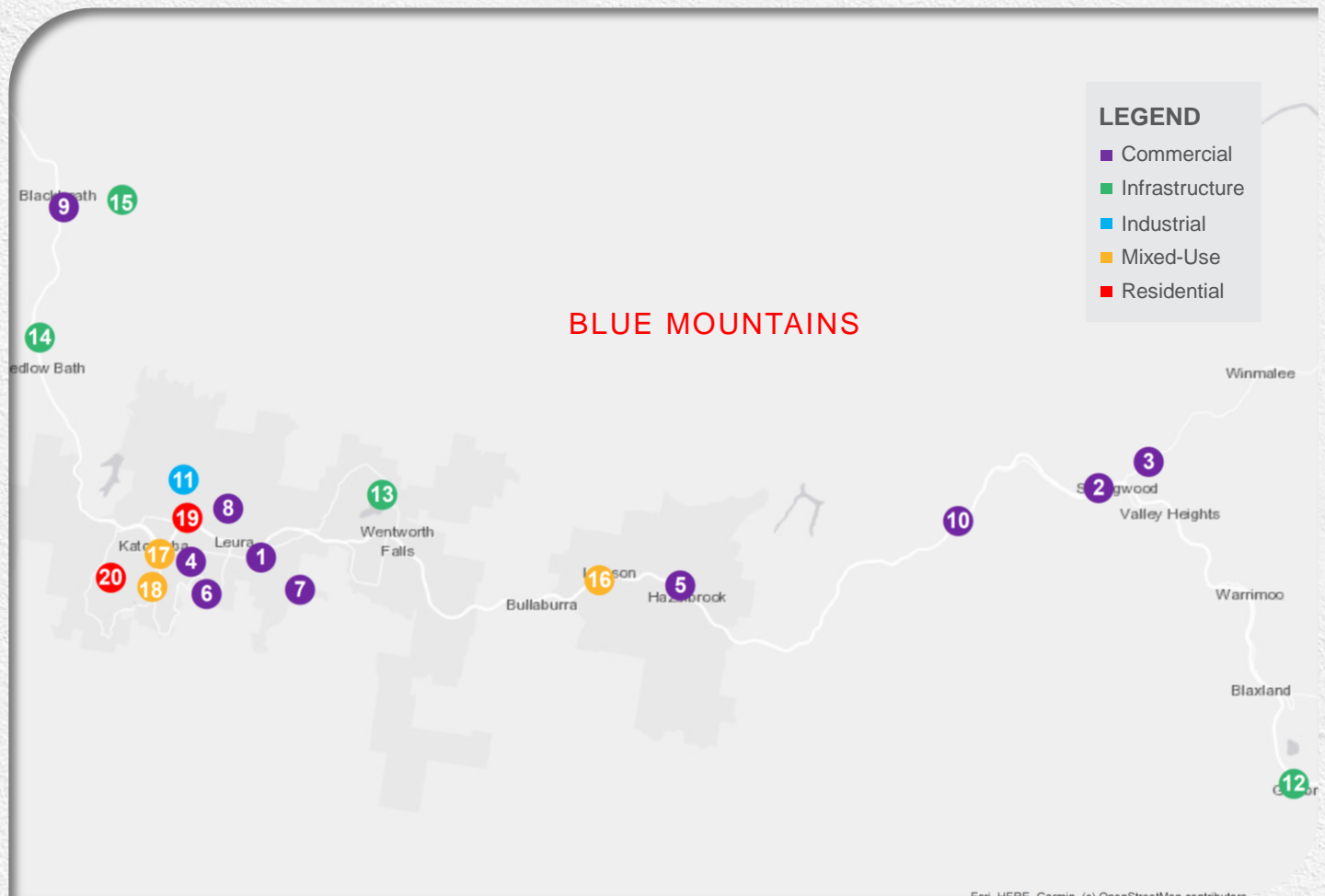
# RENTAL VACANCY RATES 2022



# RENTAL YIELD 2022\$



# TOP DEVELOPMENTS MAP 1<sup>st</sup> HALF 2023<sup>A</sup>



Location	Project <sup>£</sup>	Type	Estimated Value <sup>µ</sup>	Commence Date <sup>ψ</sup>
1	Martyn Claver Care Facility	Commercial	\$1,366,000	14/06/2023
2	220 Macquarie Street Springwood Royal Hotel Alterations & Additions	Commercial	\$1,350,000	10/03/2023
3	Boiler House Cafe Springwood Fit Out	Commercial	\$516,000	11/06/2023
4	Wellness Retreat	Commercial	\$1,300,000	26/05/2023
5	Ampol Foodary Hazelbrook	Commercial	\$573,000	26/05/2023
6	Solitary Restaurant	Commercial	\$1,089,000	18/03/2023
7	Fairmont Resort & Spa Blue Mountains - Mgallery By Sofitel	Commercial	\$435,000	06/02/2023
8	Blue Mountains Retirement Village	Commercial	\$883,000	16/02/2023
9	Govetts Leap Road Shops	Commercial	\$854,000	25/02/2023
10	Metro Petroleum Faulconbridge	Commercial	\$600,000	06/02/2023
11	17 Twynam Street Industrial Building	Industrial	\$280,000	08/05/2023
12	Peel Street Reconstruction	Infrastructure	\$500,000	09/01/2023
13	Waratah Road Roadworks	Infrastructure	\$500,000	04/05/2023
14	Great Western Highway Upgrade - Medlow Bath	Infrastructure	\$75,000,000	24/04/2023
15	Blackheath Soldiers Memorial Park Landscaping & Duck Pond Refurbishment	Infrastructure	\$781,000	16/01/2023
16	1-7 Honour Avenue Shop Top Housing (3 units)	Mixed-use	\$1,307,000	06/06/2023
17	17-19 Lurline Street Apartment & Boarding House (3 apartments)	Mixed-use	\$2,259,000	24/06/2023
18	171-175 Katoomba Street Mixed Use Development (2 units)	Mixed-use	\$985,000	05/06/2023
19	2 Edwin Lane – Townhouses (5 townhouses)	Residential	\$1,184,000	01/01/2023
20	Stuarts Road Residential Subdivision (48 lots)	Residential	\$2,400,000	24/05/2023



## OUR SERVICES INCLUDE

- Advisory and consultancy
- Market analysis including profiling and trends
- Primary qualitative and quantitative research
- Demographic and target market analysis
- Geographic information mapping
- Project analysis including product and pricing recommendations
- Rental and investment return analysis

## OUR KNOWLEDGE

Access to accurate and objective research is the foundation of all good property decisions.

## OUR PEOPLE

Our research team is made up of highly qualified researchers who focus solely on property analysis.

## OUR SERVICES

Our research services span over every suburb, LGA, and state within Australia; captured in a variety of standard and customised products.



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# REFERENCES

\* Blue Mountains market data and key indicators encapsulates aggregate property market conditions within the Local Government Area (LGA) of Blue Mountains LGA.

\*\* Estimated values are based on construction value provided by the relevant data authority and does not reflect commercial and/or re-sale value.

# 2022 encapsulates sales transactions for 2022 (01/01/2022 – 31/12/2022) only.

€ Annual rental growth is a comparison between 2021 (01/01/2021 – 31/12/2022) and 2022 (01/01/2022 – 31/12/2022) house median rent figures.

¥ Blue Mountains market data encapsulates aggregate property conditions within the postcode of 2777.

§ Rental yields shown are as reported as of December 2022.

⌘ Project development map showcases a sample of upcoming projects only, due to accuracy of addresses provided by the data provider for geocoding purposes.

£ Projects refers to the top developments within the Local Government Area (LGA) of Blue Mountains LGA.

μ Estimated value is the value of construction costs provided by relevant data authority, it does not reflect the project's sale/commercial value.

ψ Commencement date quoted for each project is an approximate only, as provided by the relevant data authority, PRD does not hold any liability to the exact date.

Source: APM Pricerfinder, Cordell Connect database, SQM Research, Esri ArcGIS.

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