



Blue Mountains Market Update

2nd Half 2023



OVERVIEW

In Q2 2023, Blue Mountains* recorded a median house price of \$850,000, and a median unit price of \$649,500. This represents annual (Q2 2022 – Q2 2023) softening of -8.1% for houses. However on a quarterly basis (Q1 2023 – Q2 2023) median price softened at a slower rate, of -1.3%. This suggests cash rate hikes did translate into the market, but consumer confidence has started to slowly return. Sales declined in the past 12 months, by -12.5% for houses, while unit sales increased 13.0%, thus an undersupply in the house market. For those looking for a more affordable market, time is of the essence.

	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
Q2 2023



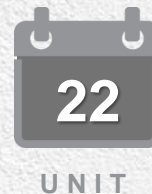
SALES AVERAGE DAYS ON
MARKET Q2 2023



RENTAL MEDIAN PRICE
Q2 2023

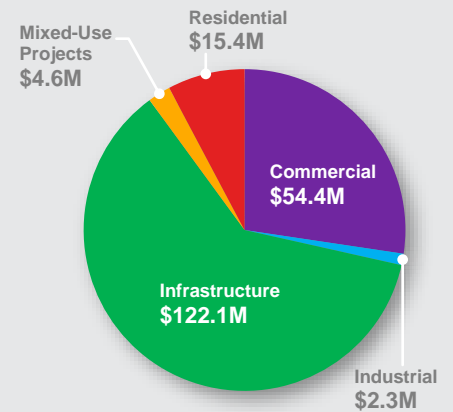


RENTAL AVERAGE DAYS ON
MARKET Q2 2023



FUTURE DEVELOPMENTS

Blue Mountains is set to see approximately **\$198.7M** worth of new projects commencing in the 2nd half of 2023.



These projects will stimulate economic growth and create large employment opportunities in Blue Mountains, which should have a positive spill-over impact on the real estate market.

A main commercial project in the 2nd half of 2023 is Ritz Nursing Home Redevelopment. A key infrastructure development planned is upgrades to the Great Western Highway. This will improve connectivity for commercial activity in the Blue Mountains and improve liveability for residents.

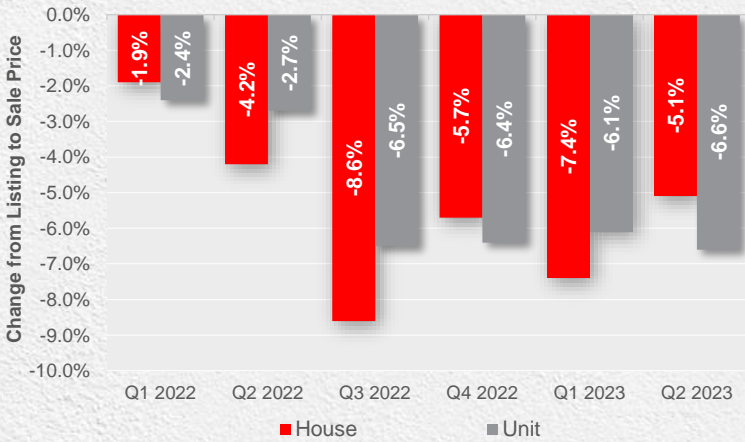
There are residential developments planned, these include:

- 43-51 Great Western Highway Apartments (24 apartments)
- 2 Dora Street Dwellings (12 dwellings)
- 21 Stuarts Road Residential Subdivision (48 lots)



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.

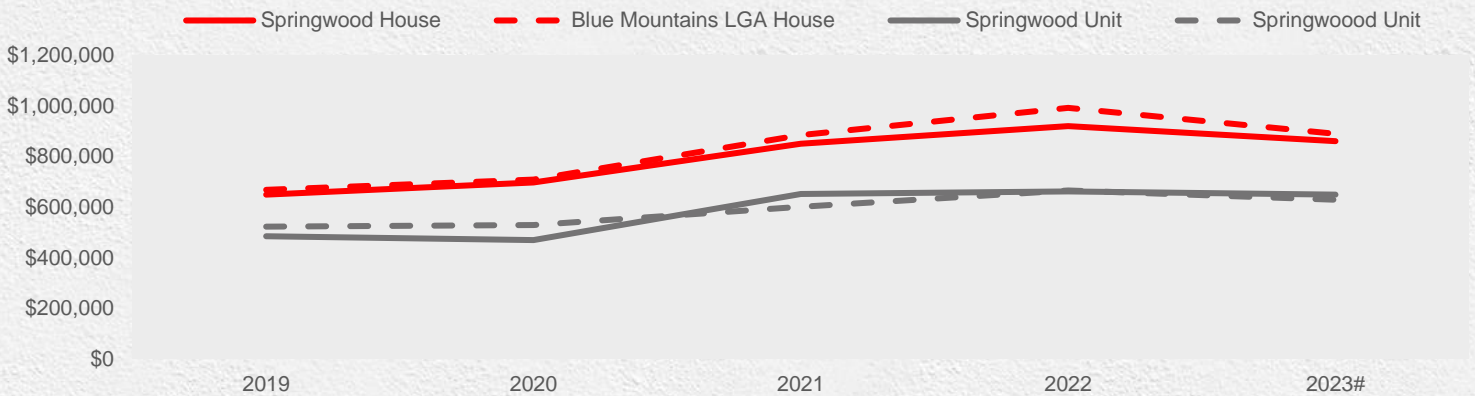


Average vendor discounts between Q2 2022 and Q2 2023 have widened to a larger discount of -5.1% for houses and -6.6% for units. Market conditions remain in favour of buyers, as vendors are willing to accept below the first list price. That said Q2 2023 average discounts are lower than Q1 2023, reflective of higher confidence. Those looking for more affordability need to act fast.

The suburb of Springwood has historically performed on par with the wider Blue Mountains Local Government Area (LGA) in both house and unit median prices. This continued to be the case throughout the 1st half of 2023.

The dominant proportion of homes sold in the Blue Mountains* across 2023# were in the premium market of \$950,000 and above (38.0%). Units on the other hand recorded a dominant mid-range price point of between \$300,000-\$399,000 (37.4%). Affordable options are available for both property types, however there is a more balanced opportunity for buyers with various budgets in the unit market.

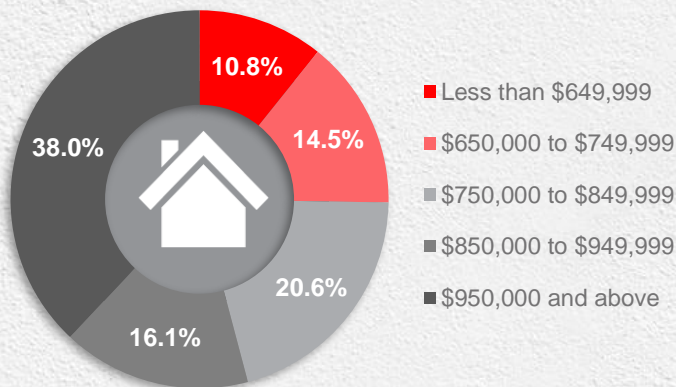
MARKET COMPARISON



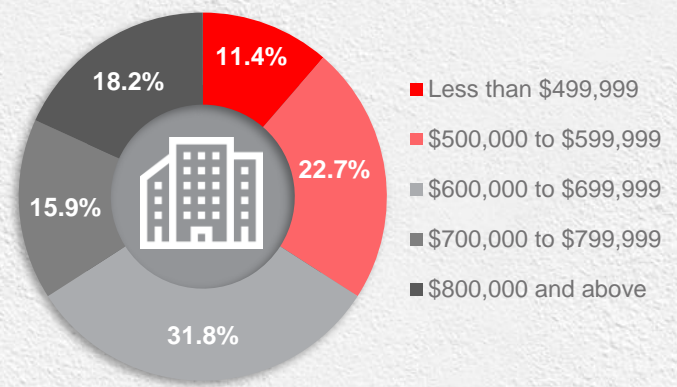
The market comparison graph provides a comparative trend for the median price of houses and units over the past 5 years. The main LGA profiled was chosen based on their proximity to the main suburb analysed, which is Springwood.

PRICE BREAKDOWN 2023#

HOUSES SOLD



UNITS SOLD

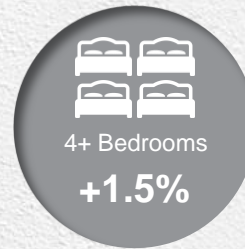


RENTAL GROWTH 2023€

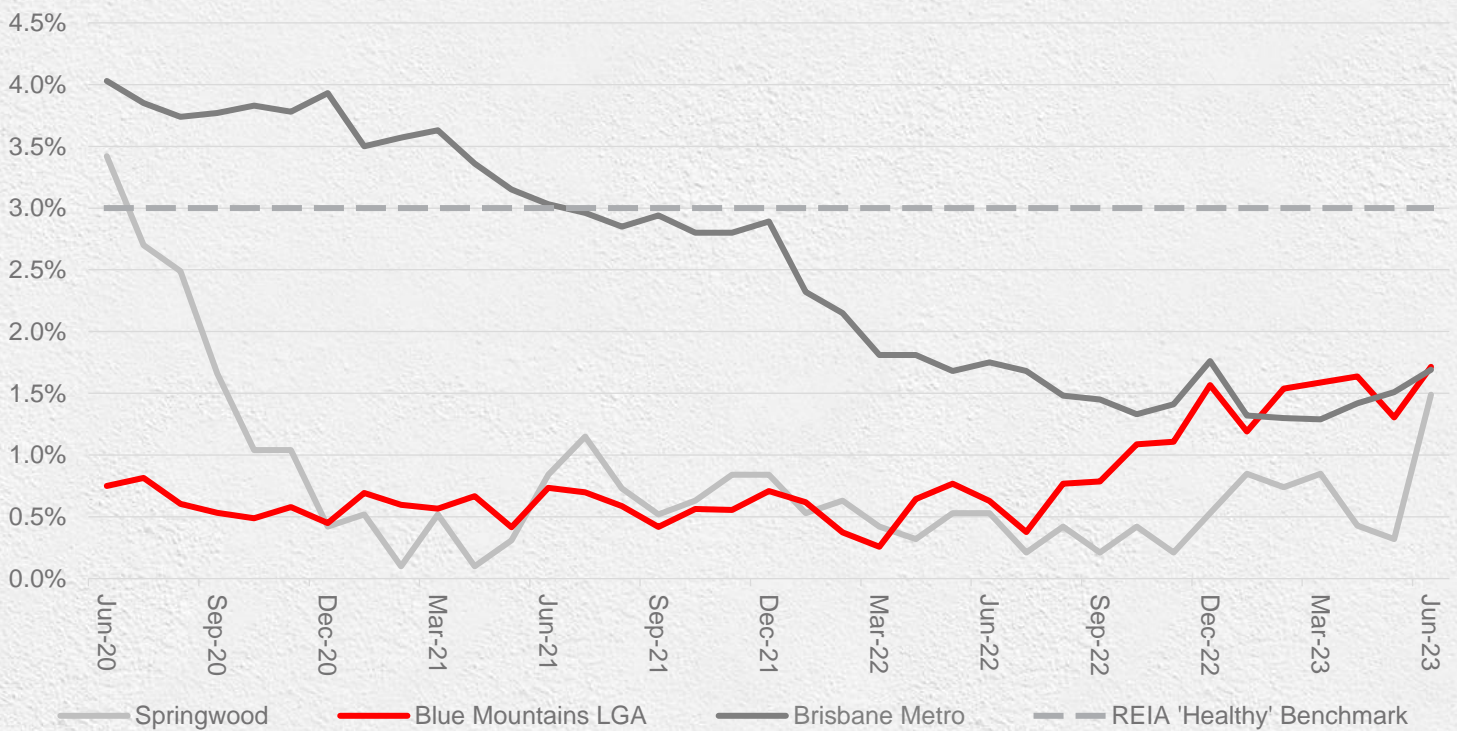
House rental yields in Postcode 2777[‡] was 3.1% in June 2023, slightly higher than Sydney Metro (2.8%). In the 12 months to Q2 2023 median house rental price remained stable at \$560 per week, alongside a 20.3% increase (to 284 rentals) in the number of house rented. Average days on the market marginally increased, however still at a low 26 days in Q2 202. This indicates a strong rental market in Postcode 2777[‡], which is more affordable market than Sydney Metro.

2 bedroom houses have provided investors with +2.2% rental growth annually, achieving a median rent of \$470 per week.

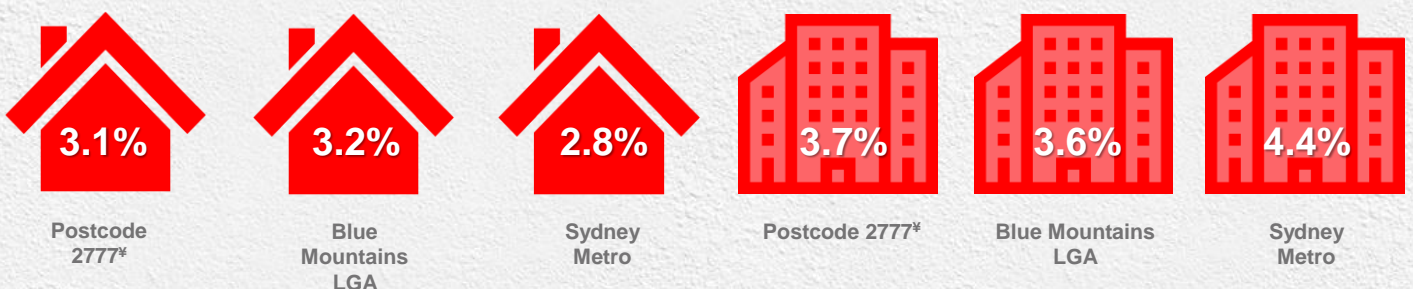
Postcode 2777[‡] recorded a vacancy rate of 1.5% in June 2023, slightly below Sydney Metro's 1.7% average. Vacancy rates in Postcode 2777[‡] have trended relatively steady over the past 12 months, although there was a spike between March and June 2023. This is potentially due to more investors capitalising on a tight rental market and re-entering. That said vacancy rates in the area remain under the Real Estate Institute of Australia's healthy benchmark of 3.0%, indicating quicker returns.



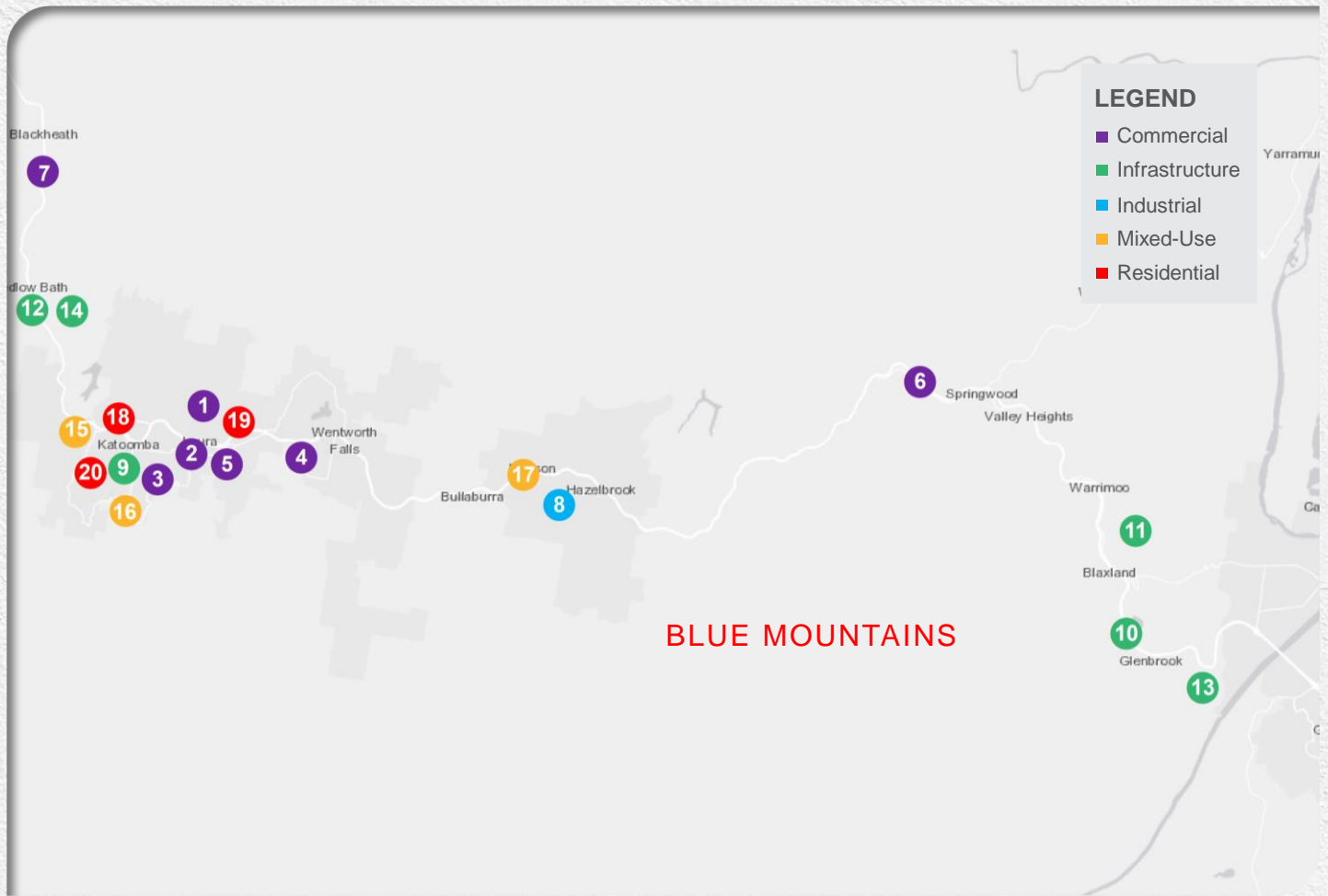
RENTAL VACANCY RATES 2023



RENTAL YIELD 2023\$



TOP DEVELOPMENTS MAP 2nd HALF 2023[Ⓐ]



Location	Project [£]	Type	Estimated Value [Ⓜ]	Commence Date [Ⓜ]
1	10-12 Leura Mall Specialist Disability Accommodation	Commercial	\$973,000	04/07/2023
2	Ritz Nursing Home Leura Age Care Facility Redevelopment	Commercial	\$40,777,000	12/10/2023
3	Solitary Restaurant Katoomba Alterations & Additions	Commercial	\$1,089,000	18/12/2023
4	Katoomba Dental Centre	Commercial	\$1,093,000	04/12/2023
5	Martyn Claver Care Facility	Commercial	\$1,366,000	17/07/2023
6	409-417 Great Western Highway Seniors Housing Dwellings	Commercial	\$3,724,000	15/12/2023
7	28 Govetts Leap Road Commercial Building Redevelopment	Commercial	\$1,375,000	06/11/2023
8	Livingstone & Adeline Streets Factory Units	Industrial	\$2,000,000	04/12/2023
9	Katoomba Civic Centre	Infrastructure	\$1,500,000	22/12/2023
10	Blaxland Town Centre Upgrade	Infrastructure	\$3,300,000	09/12/2023
11	Blaxland Waste Management Facility Stage 4 Cell Section 2	Infrastructure	\$6,634,000	07/07/2023
12	Medlow Bath Station Upgrade	Infrastructure	\$31,915,000	29/12/2023
13	Eastern Escarpment Southern Precinct Plan & Design Of Lapstone Hill Tunnel & Surrounds	Infrastructure	\$1,000,000	16/12/2023
14	Great Western Highway Upgrade Roadworks	Infrastructure	\$75,000,000	12/10/2023
15	17-19 Lurline Street Apartment & Boarding House (3 apartments)	Mixed-use	\$2,259,000	24/12/2023
16	171-175 Katoomba Street Mixed Use Development (2 units)	Mixed-use	\$985,000	09/10/2023
17	1-7 Honour Avenue Shop Top Housing Alterations & Additions (3 units)	Mixed-use	\$1,307,000	06/10/2023
18	2 Dora Street Dwellings (12 dwellings)	Residential	\$1,408,000	08/11/2023
19	43-51 Great Western Highway Apartments (24 apartments)	Residential	\$11,605,000	03/08/2023
20	21 Stuarts Road Residential Subdivision (48 lots)	Residential	\$2,400,000	24/12/2023

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 suburbs 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.

2023 encapsulates sales transactions for 1st half of 2023 (01/01/2023 – 30/6/2023) only.

€ Annual rental growth is a comparison between Q2 2022 (01/04/2022 – 30/06/2022) and Q2 2023 (01/04/2023 – 30/06/2023) house median rent figures.

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

§ Rental yields shown are as reported as of June 2023.

⌘ 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 suburbs 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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