

# Blue Mountains Market Update

## 1<sup>st</sup> Half 2024



### OVERVIEW

In Q4 2023, Blue Mountains recorded a median house price of \$864,500, and a median unit price of \$675,000. This represents annual (Q4 2022 – Q4 2023) growth of 0.5% for houses and 4.2% for units. During this time total house sales decreased, by -8.4% (to 328 sales), however increased by 10.5% (to 21 sales) for units. This suggests an undersupplied house market and a highly demanded unit market. Confidence has returned to Blue Mountains, as cash rates start to stabilise. House prices have seen limited growth in the past 12 months, suggesting that now is an ideal time for buyers to enter the market, before further price growth.

#### CHANGE FROM LAST YEAR HALF YEAR



	YEAR	HALF YEAR
HOUSE SALES	↓	↓
HOUSE MEDIAN PRICE	↑	↑
HOUSE RENTAL PRICE	↓	↓

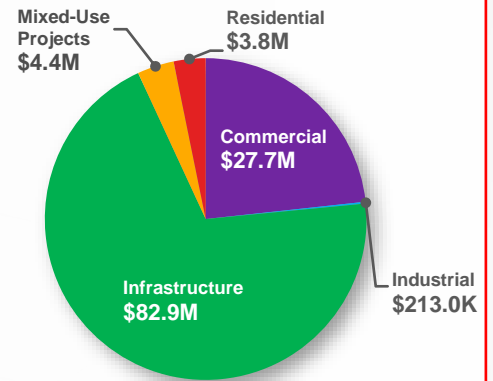


UNIT SALES	↑	↔
UNIT MEDIAN PRICE	↑	↑
UNIT RENTAL PRICE	↑	↓



### FUTURE DEVELOPMENTS

Blue Mountains will see approximately **\$119M of new projects commencing in the 1<sup>st</sup> half of 2024.**



A focus on infrastructure projects will improve liveability for residents and create job opportunities in the construction stage. Combined this will have a spill-over impact on the real estate market, in the form of higher demand for housing.

A key infrastructure development in the 1<sup>st</sup> half of 2024 is Great Western Highway Upgrade Roadworks (\$75M). This will improve accessibility to the Blue Mountains area, fostering a more friendly environment for those who wish to do business and commute.

There are two key residential projects planned, such as:

- 21 Stuarts Road (46 lots)
- 2 Dora Street (12 dwellings)

Although this will assist with some of the demand, existing undersupply suggest that this is not enough, Thus there is a reliance on older stock to be put on the market and price pressures will continue. Vacant lots does allow for buyers to build, however at present this will take longer than expected.



### MARKET CONDITIONS

MEDIAN PRICE  
Q4 2023



**SALES**



AVERAGE DAYS  
ON MARKET Q4 2023



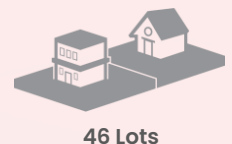
MEDIAN PRICE  
Q4 2023



**RENTALS**



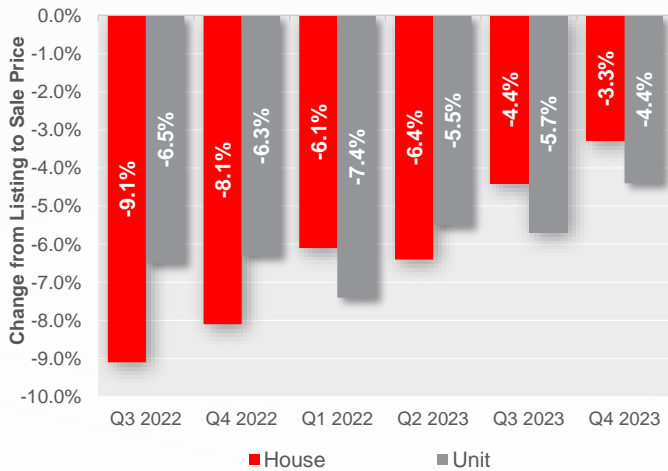
AVERAGE DAYS  
ON MARKET Q4 2023





## AVERAGE VENDOR DISCOUNT\*

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.



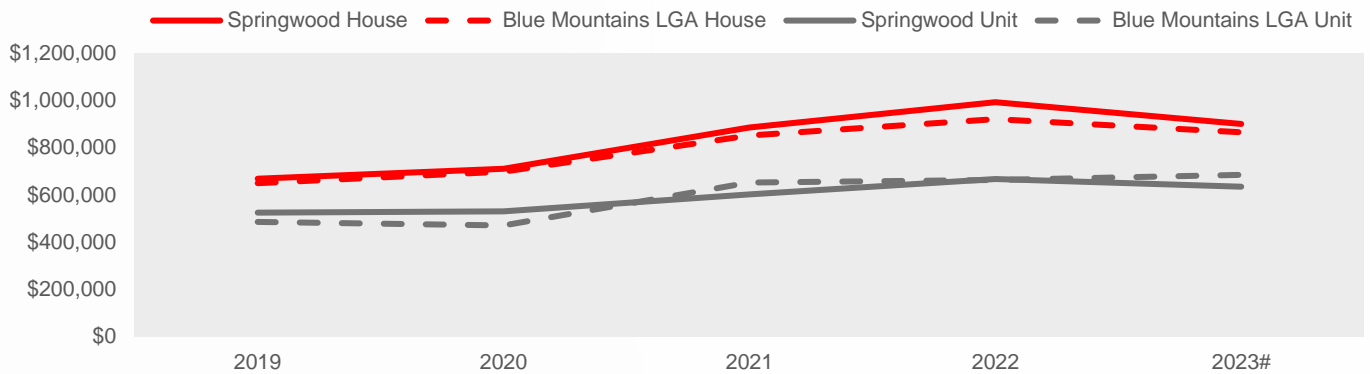
Average vendor discounts between Q4 2022 and Q4 2023 have tightened significantly, to a discount of -3.3% for houses and -4.4% for units. These are the tightest average vendor discount recorded in the past 18 months. Market conditions in The Blue Mountains still favour buyers, as sellers are willing to sell below the initial listing price, but this is now shifting more towards a seller's market. Buyers wishing to benefit from a discount must act fast.

The suburb of Springwood has historically tracked on-par to the wider Blue Mountains Local Government Area (LGA) in both house and unit median prices. 2023 saw this trend continue, with the Springwood unit market declining at a slightly greater rate than the Blue Mountains LGA.

The dominant proportion of homes sold in the Blue Mountains in 2023 were in the premium price bracket of \$1,050,000 and above (31.6%). Units recorded an equal dominance in the middle-price point of \$600,000 to \$699,999 and upper-price point of \$700,000 to \$799,999 (both 22.6%). That said, 24.4% (house) and 15.2% (unit) of sales in the most affordable price point.



## MARKET COMPARISON

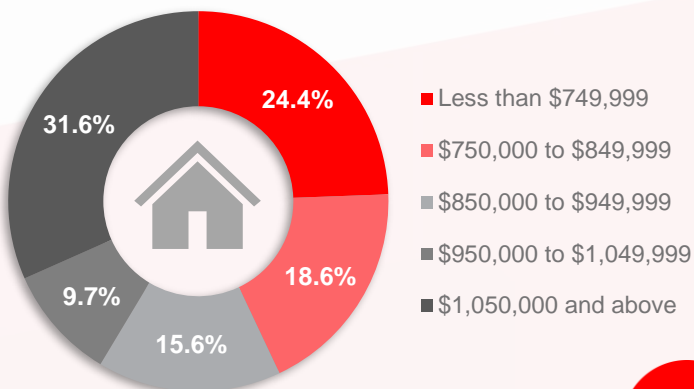


The market comparison graph provides a comparative trend for median price of houses and units over the past 5 years. The main LGA chosen was based on their proximity to the main suburb analysed, which is Springwood.

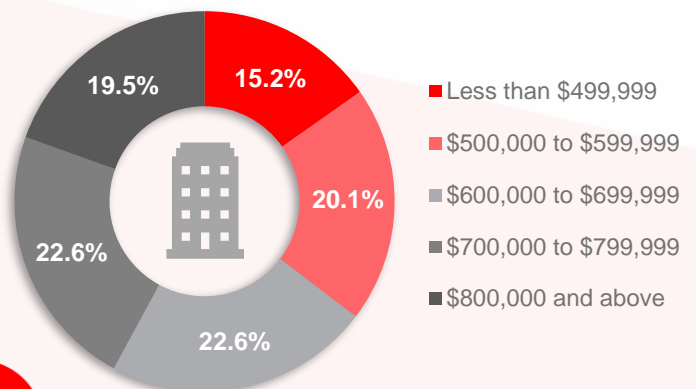


## PRICE BREAKDOWN 2023#

### HOUSES SOLD



### UNITS SOLD





## RENTAL GROWTH 2023€

House rental yields in Postcode 2777 was 3.0% in December 2023, slightly higher than Sydney Metro (2.8%). In the 12 months to Q4 2023 median house rental price increased by 8.2%, to \$595 per week, alongside a -11.4% decline in the number of houses rented (to 867 rentals). This suggests a rental undersupply, with more rental houses needed. With a much lower entry price than Sydney Metro, the Blue Mountains area is attractive for investors.

4+ bedroom houses have provided investors with +7.7% rental growth annually, achieving a median rent of \$700 per week.

Springwood (postcode 2777) recorded a vacancy rate of 0.4% in November 2023, below Sydney Metro's 1.7%. Vacancy rates in Springwood have fluctuated in the past 12 months, due to the level of investors opting in/out of the area – mirroring cash rates fluctuations. However, a 0.4% vacancy rate is still significantly below the Real Estate Institute of Australia's healthy benchmark of 3.0%, indicating quicker occupancy of rental properties.

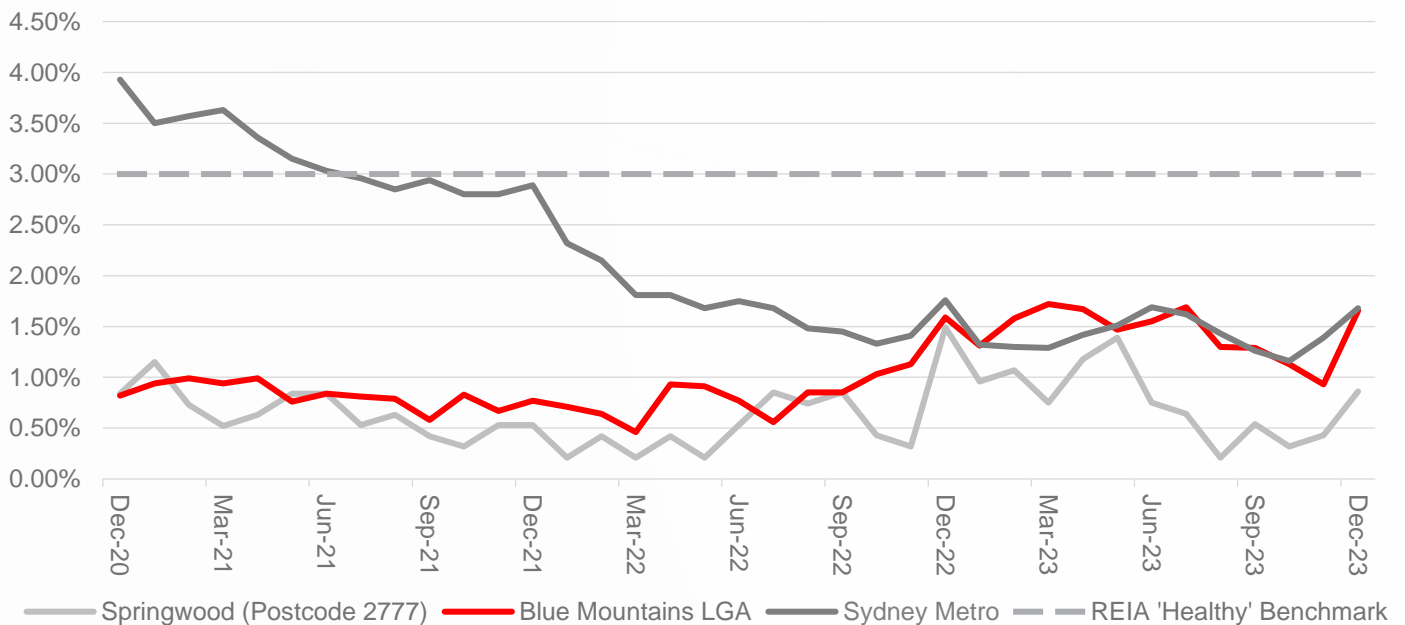
2 BEDROOMS  
**+7.1%**

3 BEDROOMS  
**+5.8%**

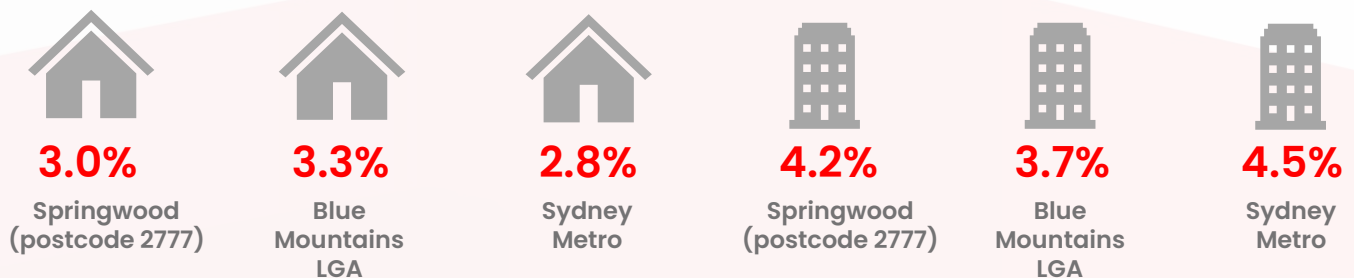
4 BEDROOMS  
**+7.7%**



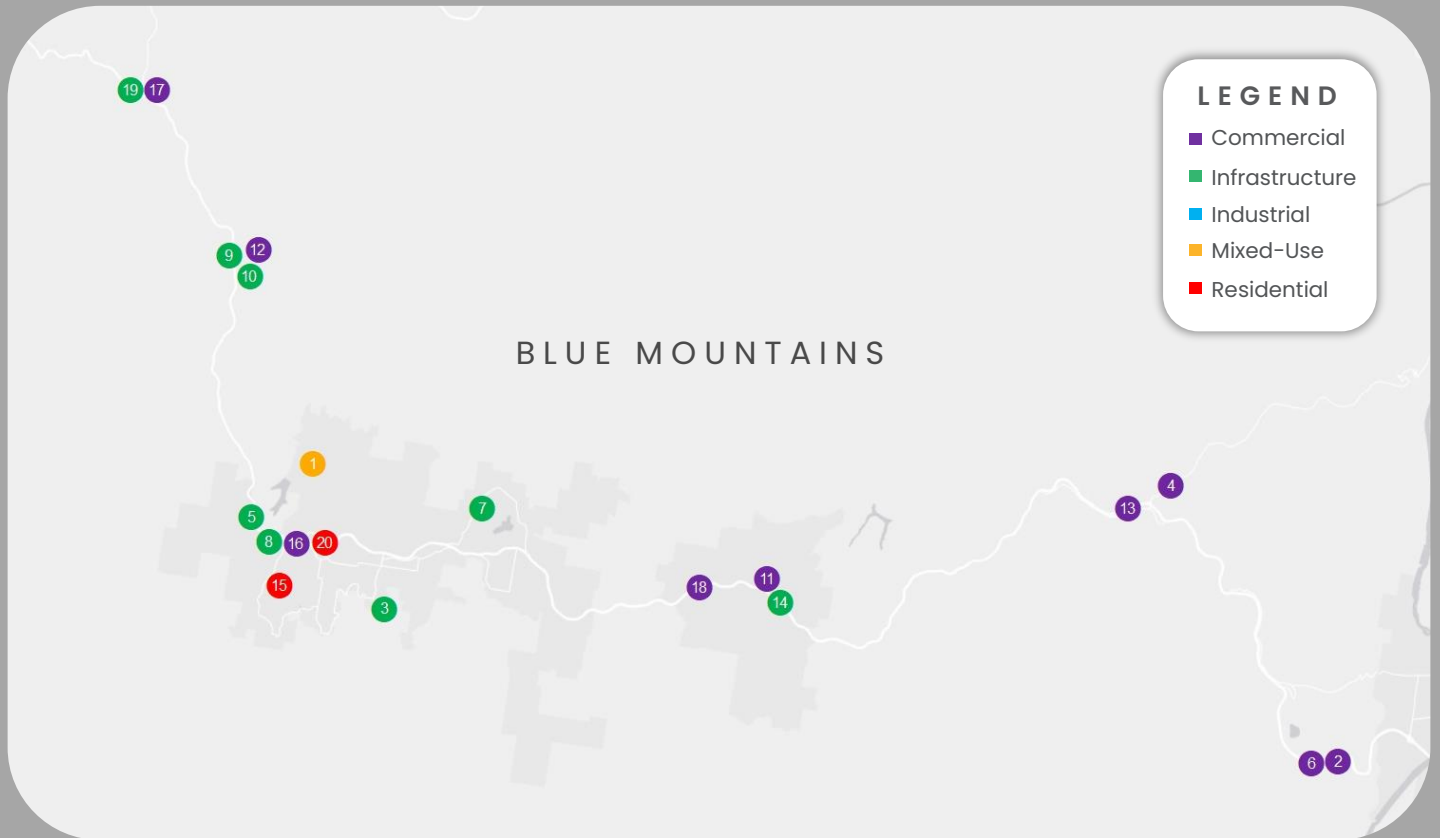
## RENTAL VACANCY RATES 2023



## RENTAL YIELD 2023§



# PROJECT DEVELOPMENT MAP 1<sup>st</sup> HALF 2024<sup>A</sup>



#	Project <sup>£</sup>	Type	Estimated Value <sup>µ</sup>	Commence Date <sup>ψ</sup>
1	RSPCA NSW Katoomba Mixed Use Development	Mixed Use	\$4,400,000	29/05/2024
2	Glenbrook Town Centre Upgrade	Commercial	\$4,000,000	19/02/2024
3	Gordon Falls Reserve	Infrastructure	\$1,500,000	29/04/2024
4	Boiler House Springwood Shop & Cafe Fit Out	Commercial	\$516,000	08/05/2024
5	Great Western Highway Upgrade Roadworks	Infrastructure	\$75,000,000	12/04/2024
6	Ampol Foodary Glenbrook Electric Vehicle Charging Stations	Commercial	\$553,300	16/04/2024
7	Wentworth Falls Lake Accessible Walk & Waratah Road Carpark	Infrastructure	\$700,000	11/03/2024
8	Treeline Lurline Underground Power	Infrastructure	\$850,000	25/03/2024
9	Blue Mountains City Council Road Embankment Remediation	Infrastructure	\$1,000,000	22/06/2024
10	Govetts Leap Road & Wentworth Street Intersection Upgrade	Infrastructure	\$1,200,000	18/03/2024
11	Ampol Hazelbrook Service Station Alterations & Additions	Commercial	\$1,276,000	13/06/2024
12	28 Govetts Leap Road Commercial Building Redevelopment	Commercial	\$1,375,000	06/06/2024
13	220 Macquarie Street Springwood Royal Hotel Additions	Commercial	\$1,350,000	11/03/2024
14	Hazelbrook Village Centre - Place Activation Project	Infrastructure	\$2,100,000	02/02/2024
15	21 Stuarts Road Residential Subdivision (46 Lots)	Residential	\$2,400,000	24/04/2024
16	Katoomba Falls Visitor Precinct	Commercial	\$4,600,000	08/04/2024
17	Mount Victoria Motel	Commercial	\$11,396,000	15/04/2024
18	1-7 Honour Avenue Shop Top Housing Alterations & Additions	Commercial	\$1,307,000	17/06/2024
19	Mount Victoria Memorial Park New Carpark Walkway & Drainage	Infrastructure	\$505,000	22/01/2024
20	2 Dora Street Dwellings (12 Dwellings)	Residential	\$1,408,000	10/04/2024

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## RESEARCH SERVICES

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

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- 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

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

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## REFERENCES

\* Blue Mountains sales 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 all of 2023 (01/01/2023 – 31/12/2023).

€ Annual rental growth is a comparison between Q4 2022 (01/10/2022 – 31/12/2022) and Q4 2023 (01/10/2023 – 31/12/2023) 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 December 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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