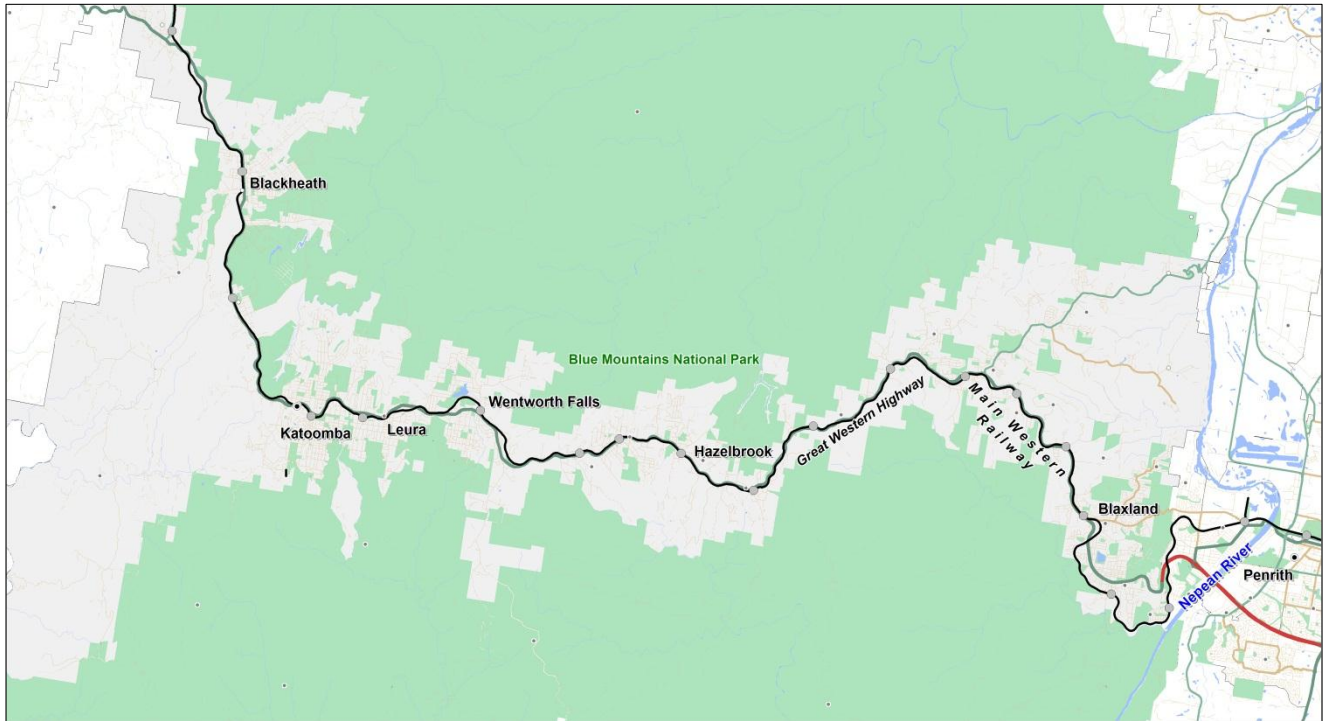


**Blue Mountains LGA**



**Blue Mountains LGA**

**Scope**

This report provides an overview of the Blue Mountains Local Government Area (LGA). It highlights the region's characteristics and analyses the performance of the house, unit and vacant land markets.

**Area Characteristics**

The Blue Mountains LGA is located west of Sydney, bordered by the Penrith LGA to the east and the Lithgow LGA to the west. The main towns in the LGA are Springwood, Katoomba and Blackheath, which are all located on the Main Western Railway Line and the Great Western Highway connecting Sydney with Bathurst and Orange. Employment for towns such as Blaxland, located on the lower mountain part of the LGA, is generally based in Sydney and Penrith, while towns in the upper mountain rely almost entirely on tourism. About 70 per cent of the LGA's area is within the Blue Mountains National Park, which is part of the Greater Blue Mountains Area World Heritage Site. The Blue Mountains population experienced little growth over the past five years, with an average of 0.4 per cent per annum, compared with an average of 1.4 per cent for NSW.

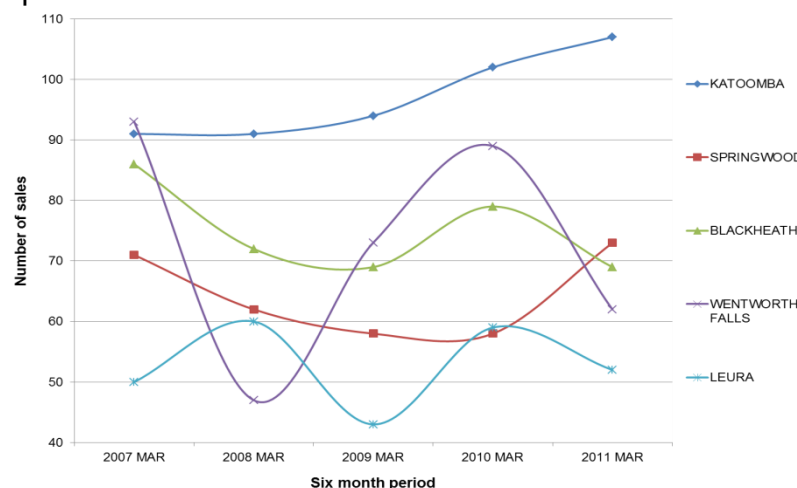
**Infrastructure**

Currently the largest investment in infrastructure within the Blue Mountains is the multimillion dollar upgrade of the Great Western Highway. It includes the replacement of intersection with interchanges and tunnels to accommodate the increase in traffic volumes. Also under construction is a community centre and retail precinct on Parkes road in Katoomba, representing an investment of \$7 million in the town's centre.

Demographic Snapshot	Katoomba	Blue Mountains LGA
Population 2010	8,036	77,943
Population 2009	8,013	77,705
Population growth rate 2009 to 2010	0.3%	0.3%
Proportion of people aged 65 years and over	14%	13%
Proportion of people aged 15 years and younger	19%	20%
Median age	40	39
Median weekly household income	\$667	\$1,093
Median weekly individual income	\$386	\$501
Average number of people per household	2.2	3

Prepared by PRDnationwide Research. Source: ABS

**Top 5 Suburbs – Six Months to March House Sales**



Prepared by PRDnationwide Research. Source: ABS

## Rental Market

Recent data from the Department of Housing indicates rising weekly rental prices in the LGA. For the quarter ending June 2011 the median rent for a three bedroom house was \$340 per week, while the rent for a two bedroom apartment increased 17.4 per cent to \$270 per week over the 12 months to June. This is a strong increase compared to the Sydney Statistical Division's growth of 7.4 per cent over the same period.

## House Market

The latest Census puts detached houses at 94 per cent of total dwellings in the Blue Mountains LGA, while for the March 2011 six month period houses represented 86 per cent of all residential sales. The median price for a house remained below the 2004 levels until government incentives and lower interest rates propelled prices closer to \$400,000 in 2010. The median closed the March 2011 half year at \$393,000, representing a 12 month growth of 4.4 per cent. The price point distribution emphasises the weight of each price bracket in the market. It reveals that the largest share of houses transacted in the \$300,000 to \$399,999 bracket, with houses selling below \$300,000 accounting for 15 per cent. Twenty five houses transacted above \$800,000, pointing to a limited market at the top end. Activity continued to decline from a peak of 972 transactions in September 2009 to 687 transactions in March 2011, equating to a change of 29 per cent. Suburbs recording the largest number of sales included Katoomba, Springwood and Wentworth Falls. The activity graph on the previous page shows the Springwood market bottomed in March 2010, with a strong increase in activity in the 12 months to March 2011. The Katoomba market remained buoyant, while in Wentworth Falls house activity tended to be cyclical, recording a sharp decline between 2010 and 2011.

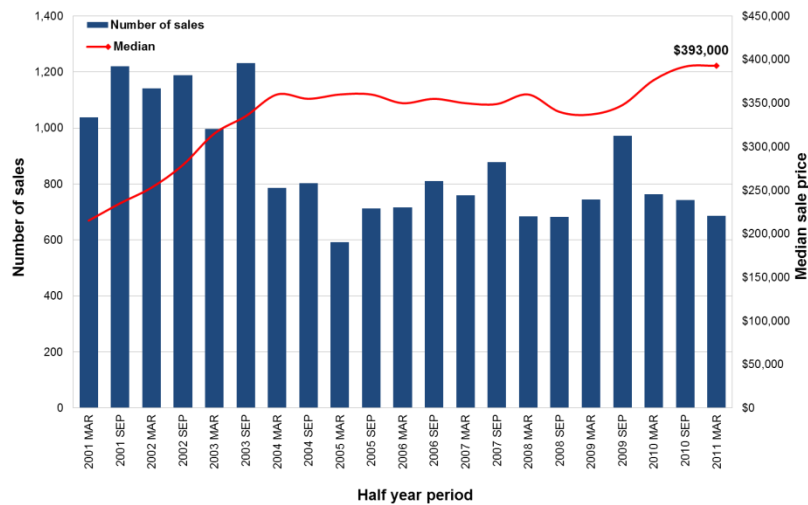
## Unit Market

A small unit market exists in the region, offering limited selection of strata titled dwellings, with the larger towns of Katoomba, Springwood and Leura recording the highest sales activity. The volatility in unit prices is depicted by the Unit Sales Cycle graph, with the median price crossing the \$330,000 mark three times in the past ten years, and dipping to \$235,000 during the 2008 to 2009 Financial Crisis. More recently the median price for a unit in the Blue Mountains read \$290,000, stemming from 47 transactions in the six months to March 2011. The majority of units sold within the \$250,000 to \$299,999 price bracket, equating to 34 per cent of total unit sales. While 13 units transacted toward the top end of the market (\$400,000 to \$450,000 bracket), only two units transacted below \$200,000. Activity reverted toward the long term average of 52 unit transactions per six months after a spike in sales during 2009 to 2010.

## Vacant Land Market

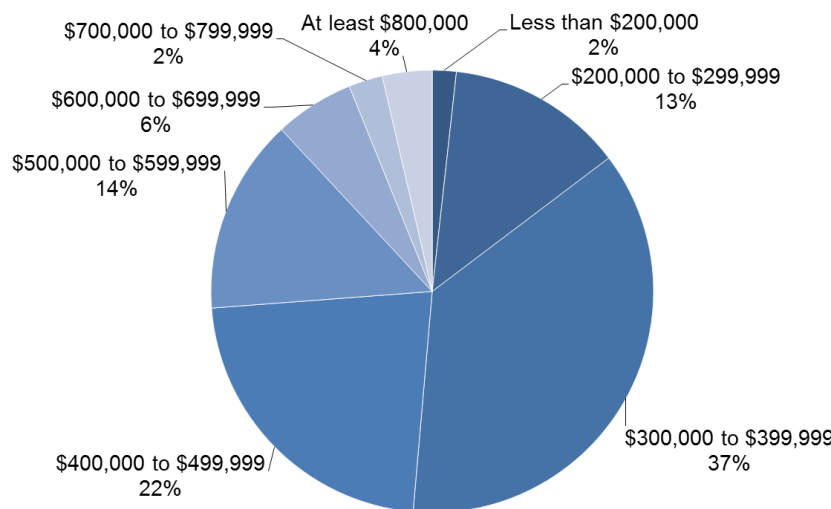
The scarcity of land releases in the region creates large variance in lots shape, size and consequently selling price. Land activity declined in the March half year after three consecutive increases, to register 67 transactions for the period. Most transactions were for lots sized under 1,000sq m (37 per cent) followed by the 1,000sq m to 1,999sq m bracket (27 per cent).

## Blue Mountains LGA – House Sales Cycle



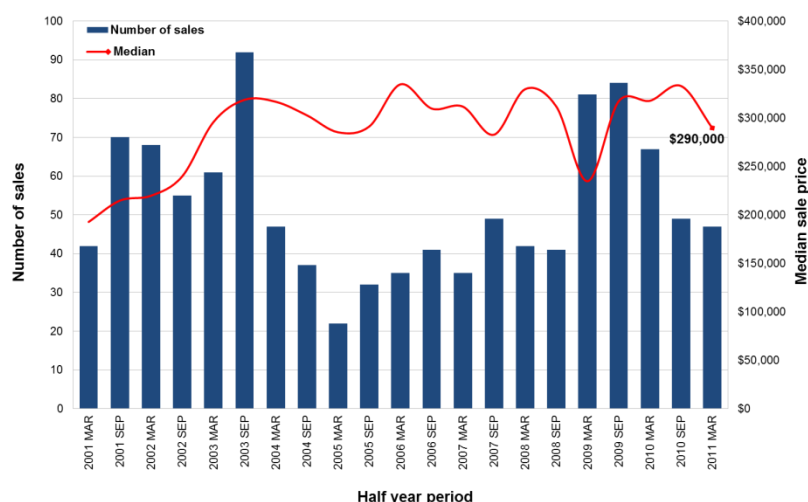
Prepared by PRDnationwide Research. Source: PDS

## House Price Points - Six Months to March 2011



Prepared by PRDnationwide Research. Source: PDS

## Blue Mountains LGA – Unit Sales Cycle



Prepared by PRDnationwide Research. Source: PDS

Prepared by PRDnationwide Research. Source: PDS, REINSW, Housing NSW, BCI Australia and the ABS. For further details contact: Oded Reuveni Etzioni, Research Analyst Ph: (02) 9257 0254 or Email: OdedEtzioni@prd.com.au or visit our website at [www.prdnationwide.com.au/research](http://www.prdnationwide.com.au/research).

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