

Blue Mountains

Final Report 2016

Date: 25 October 2016

EXECUTIVE SUMMARY

LGA OVERVIEW

Blue Mountains Local Government Area

Blue Mountains City is a residential, resort and rural municipality. The City encompasses a total land area of 1,432 square kilometres, of which 74% is World Heritage National Park, renowned for its forests, rock formations, bushwalks, waterfalls and lookouts. A further 14% of the Blue Mountains is contained in public reserves. The majority of the remaining area is residential, with most towns and villages located along the ridgelines and plateaus branching off the Great Western Highway and rail corridor. Some are small, semi isolated rural settlements while others are large, urbanised areas. The major population centres are Katoomba, Leura and Springwood. The Council's major industry is tourism, with many holiday homes and guest accommodation in the upper mountain towns such as Blackheath, Katoomba, Leura and Wentworth Falls, while the lower mountain towns such as Blaxland, Glenbrook, Springwood and Winmalee, are more suburban in character. The main industrial estates are located in Katoomba and Lawson. The primary rural (farming) area is the Megalong Valley.

The Blue Mountains is bounded by the Nepean and Hawkesbury Rivers in the east, the Coxs River and Lake Burragorang to the west and south, and the Wolgan and Colo Rivers to the north. Geologically, it is situated in the central parts of the Sydney Basin.

The Blue Mountains forms part of the Greater Blue Mountains World Heritage area. The area was inscribed on the World Heritage list for its outstanding natural universal values on the 29th November 2000.

Number of properties valued this year and the total land value in dollars

The Blue Mountains Local Government Area comprises residential, rural, commercial, industrial, infrastructure, environmental and public recreation zones. 36,912 properties were valued at the Base Date of 1 July 2016, and valuations are reflective of the property market at that time. Previous Notices of Valuation issued to owners for the Base Date of 1 July 2013. The Blue Mountains property market has remained steady across most sectors with many areas experiencing a slight to moderate increase in values. The Blue Mountains LGA is a highly regarded semi-rural locality due to its World Heritage listed National Park, tourism attractions, cooler climate, elevation, soils, vegetation, wildlife and scenery. The Blue Mountains is

considered to be an ecologically sensitive area. Purchasers are attracted to the Blue Mountains because of its semi-rural lifestyle, modern amenities and facilities, health and education establishments, retail, commercial and rural opportunities, outdoor pursuits and its proximity to the city of Sydney.

Valuation changes in the Local Government Area and percentage changes between the Council Valuation years of 1 July 2013 and 1 July 2016 and the Land Tax Valuation year of 1 July 2015 are as follows:

Properties Valued and Total Land Value							
Zone	Zone Code	Number Of Entries	2016 Total Land Value \$	Prior Annual Valuation (2015) \$	% Change	Prior Local Government Valuation (2013) \$	% Change
Residential	(A, R1, R2, R3)	11,410	\$ 3,328,619,230	\$ 3,034,052,687	10%	\$ 2,695,984,467	23%
Rural	(RU2, RU4,)	465	\$ 194,930,600	\$ 183,143,960	6%	\$ 183,171,200	6%
Commercial	(B1, B2, B7)	624	\$ 300,306,700	\$ 285,677,522	5%	\$ 271,782,548	10%
Industrial	(IN1, IN2)	343	\$ 85,944,820	\$ 78,948,010	9%	\$ 74,888,380	15%
Infrastructure	(SP1, SP2,)	202	\$ 23,189,820	\$ 23,102,320	0%	\$ 21,305,260	9%
Environmental	(E1, E2, E3, E4)	23,614	\$ 5,973,586,680	\$ 5,504,521,048	9%	\$ 5,168,612,876	16%
Public Recreation	(RE1, RE2)	254	\$ 53,503,380	\$ 54,046,350	-1%	\$ 52,180,640	3%
Total		36,912	\$ 9,960,081,230	\$ 9,163,491,897	9%	\$ 8,467,925,371	18%

STATE & LOCAL GOVERNMENT LEGISLATION FOR LGA

Blue Mountains Local Environmental Plan 2015 was gazetted 21 December 2015. There have been no amendments to the LEP since its implementation.

The Blue Mountains Local Government Area is governed by the Blue Mountains Local Environmental Plan 2015 (LEP). The plan is based on the standardised Local Environmental Plan prescribed by the New South Wales Legislation.

MARKET OVERVIEW AND SALES OF PARTICULAR INTEREST

QVAustralia have undertaken significant analysis of the Blue Mountains district property market to provide an accurate and reliable basis of valuation. 656 sales have been analysed to enable the establishment and verification of land values as at 1 July 2016. These analysed sales also support the grading across components. Analysed sales reports are provided to Property NSW on a consistent basis throughout the year. The added value of improvements are also analysed to enable the accurate deduction of land values. QVAustralia undertakes this process using the Paired Sales Approach and the Replacement Cost Approach.

In analysing sales before or after 1 July it is necessary to adjust the contract price in terms of market movement. In the Blue Mountains District this year sales and resales of properties indicated a slight variance in values throughout the year with minimal movement from August 2015 to 1 July 2016 for properties zoned residential and rural therefore market movement has not been applied.

Residential sales across the Blue Mountains have generally shown slight to moderate increases (in properties zoned A, R1, R2, R3) from the previous valuation year of 10% and this increase is also evident from the previous general valuation of 2013 with an increase of 23%. Sales in environmental zones (E, E1, E2, E3, E4) also indicated increases of 9% from the previous year to 16% from the previous general valuation in 2013.

The rural property market (RU2 and RU4 zones) has generally shown slight increases of 6% over the past year and since the previous general valuation in 2013 indicating the rural market to be steady with no significant increases.

Rental and commercial analysis demonstrated minor to moderate increases in values since last year and feasibility studies that were carried out also reflected this.

SIGNIFICANT ISSUES AND DEVELOPMENTS

The Blue Mountains LEP 2015 was implemented creating zoning which is consistent with the standard instrument that has been applied to the majority of LGA's across New South Wales.

Residential building approvals in the Blue Mountains LGA have increased to 241 approvals for the year ending 30 June 2016 up from 209 at the close of the previous financial year. Other

building approvals have decreased by 1 to 18 for the year ending 30 June 2016 down from 19 at the close of the previous financial year.

Great Western Highway Upgrade

The upgrade of the Great Western Highway through the Blue Mountains has been completed up to Katoomba improving access, safety, traffic flow and road quality for pedestrians and road users.

The upgrade continues with work between Katoomba and Mount Victoria underway. The village of Mount Victoria in the upper Blue Mountains has significant scheduled works being undertaken along the highway as part of the upgrade. The work will continue for the remainder of 2016 and is scheduled for completion in 2017.

Great Western Highway, Leura

Construction of a 12 unit multi-residential building at 2-6 Great Western Highway has commenced. An adjoining lot also has approval for nineteen (19) residential units with basement car parking and is currently listed with CBRE asking for expressions of interest.

SIGNIFICANT VALUE CHANGES

Summary of Valuation Changes to Residential Land

Changes since previous General Valuation (2013)

Growth has been evident in most residential locations of the market since the last General Valuation in 2013. Residential land value has increased from the last General Valuation in 2013 of \$2,695,984,467 to General Valuation in 2016 of \$3,328,619,230, indicating an increase of 23%. Land in environmental zones also increased from last General Valuation in 2013 of \$5,168,612,876 to General Valuation in 2016 of \$5,973,586,680, indicating an increase of 16%.

Since the General Valuation in 2013, slight to moderate increases have been evident in most areas of the Blue Mountains. Moderate increases have been evident in well established areas such as Blackheath, Hazelbrook, Katoomba, Lawson, Leura and Springwood. Some smaller

villages and more remote locations in the upper mountains have generally shown slight increases.

The residential subdivision at St Elmo Ave and Hat Hill Road, Blackheath is the only large subdivision to be completed since the General Valuation in 2013. There was strong demand for the sites available with the majority of these sold and construction of approved dwellings have commenced.

Properties previously affected by bush fires around Winmalee and Yellow Rock have mostly been rebuilt with moderate to high quality development. With the continued investment in building in these areas, the values have increased steadily with sales indicating a strong demand for property in these areas over the previous year.

There is still a good supply of vacant land remaining across the Blue Mountains. Sales of vacant land over the past year have also shown strong demand with increases evident across the majority of the LGA.

Changes since previous Valuation Year (2015)

Sales volumes have increased slightly from 2015 to 2016 base date with residential values generally indicating a moderate increases with a few locations remaining static. Land values have generally shown increases in most areas with the Residential zone showing an increase of 10% from 2015 to 2016. Environmental zones showing an increase of 9% from 2015 to 2016 base date. Market activity is generally more active than the previous year.

Some of the increased activity could be attributed to the implementation of the new LEP in 2015 which introduced new zoning in some areas that would allow for further development above what was allowed under the previous zoning.

A good supply of vacant land and overall affordability appear to be strong market drivers.

Summary of Valuation Changes to Rural Land

Changes since previous General Valuation (2013)

The Blue Mountains LGA is a highly regarded rural locality due to its scenery, ecological diversity, cooler climate, elevation, soil quality, reliable rainfall and location close to Sydney and regional NSW.

The rural land in the Blue Mountains LGA comprises primarily rural lifestyle/hobby blocks. The bulk of the occupied land is in close proximity to towns and villages and adjoins the western

periphery of the Sydney metro area. The Megalong Valley located west of Blackheath is a small rural community consisting of mainly of sheep and beef producing properties intermingled with rural lifestyle/hobby blocks. Given the amount of cleared land on these larger sized properties, most are regarded as uneconomic. There are a limited number of horticultural properties including wineries and a small area of irrigated land adjoining the Nepean River at Emu Plains, part of which is being used for dairy production.

The rural property market (covered by zones RU2, RU4, E1, E2 and E3) has shown a moderate increase over the past three years since the last general valuation. Rural properties showed a value of \$499,174,370 in 2013, increasing to \$556,897,980 in 2016 (11.6% increase).

Some areas across the upper mountains have experienced a slight change while well located rural properties have experienced higher increases. Most properties have seen a moderate increases since the last general valuation.

Changes since previous Valuation Year (2015)

Rural properties (covered by zones RU2, RU4, E1, E2 and E3) across the Blue Mountains have seen a slight increase from \$527,081,000 in 2015 to \$556,897,980 in 2016 indicating an increase of 5.7%. The market has been relatively steady over the past year with forty sales across the rural sector analysed. Properties in well located areas have shown higher increases than the more remote areas.

Summary of Valuation Changes to Commercial Land

Changes since previous General Valuation (2013)

Growth was evident in most business precincts since the last General Valuation in 2013. Business zoned land values increased from the last General Valuation in 2013 from \$267,554,948 to Land Tax Valuation 2016 of \$295,153,500 an increase of 10.32%. Growth mostly occurring in villages in the lower and middle Blue Mountain areas such as Glenbrook, Springwood and Leura. Values in smaller villages and in more isolated areas, such as, Mt Victoria, have remained static. The region has been experiencing steady growth in population since 2011, albeit at lower rates than Penrith and Sydney. More recently, the commercial sector has been buoyed by improvements in cost of funding, tourism and residential development. The Blue Mountains LGA unemployment rate has decreased from 4.7% (06/2015) compared to 3.4% (06/2016) [*Small Area Labour Markets Australia, DOE*].

Changes since previous Valuation Year (2015)

The Blue Mountains LGA commercial market had approximately 15 sales throughout BD 2016. The sales indicate a relatively stable market with some variance in land values. Sales occurred across most commercial precincts within the LGA, and included a few tenanted or purchased by national brands that showed tightening yields and substantial increases for well positioned properties with long-term leases and stable tenancies. In contrast, the majority of sales showed minor to moderate increases in land values, attributed to inferior positions or precincts, with minimal or no redevelopment potential.

Summary of Valuation Changes to Industrial Land

Changes since previous General Valuation (2013)

Growth has been modest in the industrial/employment precincts since the last General Valuation in 2013, except for a contingent of industrial zoned land in suburbs like Katoomba that have historically been used for residential purposes. Industrial zoned land values have increased from the last General Valuation in 2013 from \$74,888,380 to Land Tax Valuation in 2016 of \$85,944,820, an increase of 14.76%. Overall value levels are reduced since the last valuation year, due to part of the established Lawson industrial precinct being rezoned from an industrial (IN) zone to B7 – Business Park, which has experienced modest to no growth since the last General Valuation. Growth has predominately been within the established South Katoomba employment precinct, which is well positioned between Katoomba and Leura town centres, is immediately surrounded by a large residential catchment area and is in close proximity to the major carriageway, Great Western Highway. Some new development has occurred recently, or is proposed within this employment precinct. In contrast, the more remote/isolated industrial precincts across the LGA, have experienced modest growth in land values within this timeframe.

Changes since previous Valuation Year (2015)

The Blue Mountains LGA industrial/employment market had approximately 20 sales throughout BD 2016, a slight decrease over sales occurring in BD 2015. However, analysis of these sales indicated a relatively stable market across all precincts within the LGA. A number of the precincts have a supply of vacant industrial land, however, in general, there has been limited demand for new development, albeit industrial areas within the larger suburbs of the LGA and in close proximity to residential zones; such as South Katoomba and Springwood. A lack of sustained demand for industrial space in some precincts has caused values to remain static in the last twelve months, while other precincts have experienced modest increases at around 5.98%.

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DISCLAIMER – PURPOSE OF THIS REPORT

The purpose of this report is to describe the process and considerations for the 1 July 2016 Valuation of Blue Mountains LGA. The report has been produced on behalf of the Valuer General.

The land values have been specifically made for rating and taxing purposes. Land values produced as part of this process should not be used for any other purpose without the specific agreement of the Valuer General.

Land values must have regard to specific requirements and assumptions in rating and taxing legislation. Consequently these valuations may vary from market levels.

The land values have been determined using a methodology prescribed by the Rating and Taxing Valuation Procedures Manual. The Manual allows mass valuation methodologies that involve assessing large numbers of properties as a group to be utilised where appropriate. Mass valuation methodologies are by their nature likely to be less accurate than individually assessed valuations, however are utilised worldwide for rating and taxing purposes to deliver valuations within an acceptable market range.

Town planning, land use and other market information contained in this report has been compiled based on enquiries undertaken during the valuation process. Third parties should make their own inquiries into these details and should not rely on the contents of this report.

The Valuer General disclaims any liability to any person who acts or omits to act on the basis of the information contained in this report.

More information on the valuation process is available from the DSFI Valuation Services website at <https://valuation.property.nsw.gov.au/>

LGA OVERVIEW

LOCATION OF THE DISTRICT

The Blue Mountains City Local Government Area is situated some 55 kilometres west of Sydney's Central Business District. The Blue Mountains L.G.A. covers an area of approximately 1,432 square kilometres. About 74 per cent of the area is incorporated into the World Heritage Blue Mountains National Park, a further 14 per cent is contained in public reserves with approximately 12 per cent of the total land area in private ownership and available for human settlement.

The Blue Mountains is bounded by the Nepean and Hawkesbury Rivers in the east, the Coxs River and Lake Burratorang to the west and south, and the Wolgan and Colo Rivers to the north. Geologically, it is situated in the central parts of the Sydney Basin.

The Blue Mountains form part of the Greater Blue Mountain World Heritage area. The area was inscribed on the World Heritage list for its outstanding natural universal values on the 29th November 2000.

The entrance to the Blue Mountains at Glenbrook/Lapstone is about one hours drive from Sydney CBD. The main arterial that services this area is the Great Western Highway, a continuation from the M4 motorway. An alternative route to the Blue Mountains is via Bell's Line of Road which starts at Richmond and takes you through to Mount Tomah and Bell, and across to Mount Victoria. This drive is extremely pleasant through the vast Blue Mountains National Park, a contrast to the main thoroughfare of the Great Western Highway. Also there is a direct rail link from Sydney CBD which generally runs alongside the Great Western Highway with trains stopping at the main towns.

PRINCIPAL TOWNS

Blue Mountains

The Blue Mountains LGA encompasses the principal suburbs of Bell, Blaxland, Blackheath, Bullaburra, Faulconbridge, Glenbrook, Hazelbrook, Katoomba, Lapstone, Lawson, Leura, Linden, Medlow Bath, Megalong, Mount Irvine, Mount Riverview, Mount Tomah, Mount Victoria, Mount Wilson, North Katoomba, Shipley, Springwood, Sun Valley, Valley Heights, Warrimoo, Wentworth Falls, Winmalee, Woodford, Yellow Rock and Yosemite.

Katoomba is the principal town in the Blue Mountains LGA and is the main centre for business, retail trade, accommodation and other amenities. Katoomba is also well frequented by tourists year round due to its unique scenery and wildlife. The town of Leura lies immediately to the east

of Katoomba and is well known for its traditional strip shopping, heritage buildings and open gardens which are also well frequented by tourists year round. Blaxland and Springwood are the main towns in the lower mountains offering a wide range of services and facilities to surrounding towns and villages within close proximity to the Sydney metro area.

MAIN INDUSTRIES

There is a diverse economy in Blue Mountains with tourism and cultural business being the traditional mainstay industries within the LGA. There is a diverse local economy including manufacturing, retail trade, wholesale trade, construction, health, public administration, professional services, education and training, transport and logistics, tourism and accommodation.

A broad range of industrial activities are located in the two main industrial centres of Lawson and Katoomba. Small scale agriculture pursuits encompassing viticulture, livestock and other specialized ventures are conducted predominantly in the Megalong Valley.

SIGNIFICANT RETAIL CENTRES

Katoomba has the largest commercial precinct within the Blue Mountains LGA with over 150 properties comprising the major retailers of Aldi, Big W, Woolworths, Coles and Target combined with the traditional strip shopping of smaller independent retailers and specialist services mostly located along Katoomba Street and a smaller number located along Bathurst Road and Parke Street.

Other prominent retail centres include Leura Mall which consists predominantly of individual retailers along a traditional shopping strip which attracts large numbers of tourists each year. The only major retailer in Leura is Woolworths, located behind the retail strip on the eastern side of the mall with pedestrian access via a walkway from Leura Mall.

Winmalee Village shopping centre located approximately 8km north of the Great Western Highway at Springwood is a fully enclosed local shopping centre anchored by Coles and approximately twenty specialist retailers.

TYPE OF RESIDENTIAL DEVELOPMENT

The Blue Mountains LGA contains a number of village settlements of varying size with the majority of development located in the major centres of Blaxland, Katoomba, Leura, Hazelbrook, Springwood and Lawson.

The majority of development in the Blue Mountains are single residential dwellings, this equates to approximately 91.9% of improved residential properties.

There are also a smaller number of medium density residential unit/villa and townhouse style properties located within the established towns and villages. These medium density developments account for approximately 7.4% of dwellings and are located mainly in the larger towns of Blaxland, Katoomba, Leura and Springwood.

STATE & LOCAL GOVERNMENT LEGISLATION FOR LGA

Blue Mountains Local Environmental Plan 2015 gazetted 21 December 2015. There have been no amendments to the LEP since the previous valuation.

The Blue Mountains Local Government Area is governed by the Blue Mountains Local Environmental Plan 2015 (LEP). The plan is based on the standardised Local Environmental Plan prescribed by the New South Wales Legislation.

Some provisions of the Blue Mountains Local Environmental Plan 2005 still apply to certain land within the LGA which are currently zoned as 'Deferred Matter'. These provisions will remain in place until a decision has been made on appropriate zoning for the subject parcels of land.

The Plan aims to make local environmental planning provisions for land in the Blue Mountains Council Local Government Area in accordance with the relevant standard environmental planning instrument under section 33A of the Act.

Blue Mountains Council has development controls including the Blue Mountains Development Control Plan 2015 that affects the subdivision and erection of dwellings which impacts on land values. These include the following:

Zone	Minimum Allotment Size
Residential (A) General Residential (R1) Low Density Residential (R2) Medium Density Residential (R3)	720m ²
Neighbourhood Centre (B1) Local Centre (B2) Business Park (B7)	By Council Consent
National Parks and Nature Reserves (E1)	By Council Consent
Environmental Conservation (E2)	By Council Consent
Environmental Management (E3)	30ha
Environmental Living (E4)	1,200m ²
Light Industrial (IN1) General Industrial (IN2)	By Council Consent
Rural Landscape (RU2) Primary Production Small Lots (RU4)	100 ha
Public Recreation (RE1) Private Recreation (RE2)	By Council Consent
Special Activities (SP1) Infrastructure (SP2)	By Council Consent

MARKET OVERVIEW & SALES OF PARTICULAR INTEREST

RESIDENTIAL

The Blue Mountains Council LGA contains a number of villages and rural settlements, with the majority of development being located in and around the larger villages of Blackheath, Glenbrook, Hazelbrook, Katoomba, Leura, Springwood, and Winmalee.

The Blue Mountains City Council region encompasses several types of residential developments. The majority of residential properties in the region are single residential dwellings located in towns or villages followed by a number of such dwellings located in rural locations on predominantly rural lifestyle/hobby farms. The Blue Mountains has a small number of low to medium density residential unit developments and townhouse style properties located close to developed areas.

A high proportion of development in these centres comprises privately owned single residences that vary in size, quality, style and construction. Additionally, there are a small number of medium density residential developments within the Blue Mountains LGA.

The Blue Mountains LGA has a significant number of tourist accommodation and food services due to one of the main industries being tourism. Other significant industries in the Blue Mountains region include health care, education and training, professional services, public administration and safety, manufacturing and construction.

The majority of the Blue Mountains LGA has full utility service available including a reticulated town water supply, reticulated sewerage and telecommunication services. Blue Mountains LGA also has an extensive range of Government services including public and private primary, secondary and tertiary education establishments, emergency services including Police, NSW Fire Brigade, Rural Fire Service, SES and Ambulance, Hospitals, Council Chambers and administrative offices for various Government Agencies.

Additional community based facilities available within the LGA include various denominational churches, child care centres, various aged care facilities, libraries, sporting clubs, recreational playing fields, parks and reserves, public swimming pools, tennis courts and golf courses.

Sales volumes have increased slightly in the last twelve months with residential values generally showing slight to moderate increases in most areas over the past year. This level of sales activity has been fairly consistent throughout the year.

Blue Mountains residential values are supported by stable employment from major employers in the public sector and tourism industries and also supported by the surrounding rural and metropolitan communities.

Since the last General Valuation in 2013 values have increased across the Blue Mountains LGA.

The past 12 months has seen an active residential property market across the region, including both vacant and improved sales. The predominant sale type was improved residential properties with purchase prices generally reflective of the age, style and condition of the dwelling and any ancillary ground improvements.

The table below features sales in the Blue Mountains LGA which are of particular interest due to their development or potential for future development.

PIDs	Address	Sale Date	Sale Price	Comments
2247396	31 Hope Street, Blaxland	27/05/2016	\$520,000	Vacant site zoned R3 Medium Density
3781075	280 Great Western Hwy, Lawson	05/12/2015	\$217,000	Vacant site zoned R3 Medium Density
3003795	8 Great Western Hwy, Leura	17/09/2015	\$1,387,000	Vacant site fronting highway at Leura zoned 'Deferred Matter' (currently listed with CBRE with approval for 19 unit residential building with basement parking)

COMMERCIAL

The Blue Mountains LGA comprises approximately 570 commercial zoned properties predominately located in Katoomba & Springwood (> 100), but mostly made up of 'Village' (< 100) centres. Currently, Katoomba is the only centre within the LGA currently offering bulky good retail. Neighbourhood shopping centres are located in the suburbs of Katoomba, Leura and Winmalee. The majority of registered businesses are either 'non employing' or employ 1-4 people with over 90% categorised as 'small businesses' – employing less than 20 people.

The Blue Mountains LGA commercial market had approximately 15 sales throughout BD 2016. The sales indicate a relatively stable market with some variance in land values. Sales occurred across most commercial precincts within the LGA, and included a few tenanted or purchased by national brands that showed tightening yields and substantial increases for well positioned properties with long-term leases and stable tenancies. In contrast, the majority of sales showed minor to moderate increases in land values, attributed to inferior positions or precincts, with minimal or no redevelopment potential.

INDUSTRIAL

The Blue Mountains LGA comprises approximately 396 industrial/employment zoned properties predominately located in Katoomba (at approximately 250), the remainder (in order by size) being made up of five other established precincts in Lawson, Blackheath, Valley Heights/Springwood and Blaxland. The majority of industrial uses are for domestic storage, and small to medium factory unit warehousing or manufacturing. The predominant industries within the LGA (by output) Rental, Hiring & Real Estate Services, Construction and Health Care and Social Assistance.

The Blue Mountains LGA industrial/employment market had approximately 20 sales throughout BD 2016, a slight decrease over sales occurring in BD 2015. However, analysis of these sales indicated a relatively stable market across all precincts within the LGA. A number of the precincts have a supply of vacant industrial land, however, in general, there has been limited demand for new development, albeit industrial areas within the larger suburbs of the LGA and in close proximity to residential zones; such as South Katoomba and Springwood. A lack of sustained demand for industrial space in some precincts has caused values to remain static in the last twelve months, while other precincts have experienced modest increases at around 5.98%.

RURAL

The Blue Mountains LGA is a highly regarded rural locality due to its cooler climate, elevation, soil quality and proximity to the Sydney metro area and western NSW.

The most common rural land use in the Blue Mountains LGA is lifestyle lots with some horticulture (including viticulture) enterprises and sheep and beef grazing properties which are predominantly uneconomic.

Properties zoned Rural Landscape (RU2) have shown increases of 5.73% since the previous valuation year and a 4.59% increase since the previous general valuation in 2013.

Rural properties zoned (RU4) Rural Small Holdings have shown an 8.94% increase over the past year and an increase of 13.27% since the previous general valuation of 2013.

Rural properties zoned (E3) Environmental Management have shown an 17.36% increase over the past year and an increase of 6.93% since the previous general valuation of 2013.

The above trends have generally been fairly consistent across the rural properties throughout the LGA.

RURAL LOCATIONS WITHIN THE LGA

Land values vary throughout the LGA, primarily according to views, contour, land cover, location and access. The following are general descriptions of some localities within the Blue Mountains LGA:

Lower Blue Mountains (Glenbrook, Springwood, Yellow Rock, Winmalee and Sun Valley)

These areas are located in the Lower Blue Mountains and are within a comfortable commuting drive of Penrith CBD. The area is well located to Sydney, being on the western periphery. Most properties are easily accessed via the Great Western Highway or Hawkesbury Road. Commuting trains travel into the Sydney CBD. Land form varies from undulating to hill land, with properties being in pasture or bush or a mixture of the two. Some properties provide panoramic views of the countryside.

Middle Blue Mountains (Katoomba, Leura, Wentworth Falls, Lawson, Hazelbrook and Woodford)

This area is the main tourism area of the shire and is located 1.5 to 2 hours drive west of Sydney CBD. Properties are easily accessed via the Great Western Highway. Commuting trains travel into the Sydney CBD. Land form varies from undulating to hill land, with properties being in pasture or bush or a mixture of the two. Some properties provide panoramic views of the countryside which includes large areas of National Park in bush.

Upper Blue Mountains (Medlow Bath, Blackheath, Megalong Valley, Mount Victoria)

This area is located 2 to 2.5 hours drive west of Sydney CBD. Properties are easily accessed via the Great Western Highway. Commuting trains travel into the Sydney CBD except from the Megalong Valley which has road access only. Land form varies from undulating to hill land, with properties being in pasture or bush or a mixture of the two. Some properties provide panoramic views of the countryside which includes large areas of National Park in bush.

Bell Line of Road (Bell, Mount Wilson, Mount Irvine and Mount Toomah)

This area is located 2 to 2.5 hours drive west of Sydney CBD. Properties are easily accessed via Bell Line of Road, which is a good tarsealled road running from Lithgow to Richmond. Land form varies from undulating to hill land, with properties being in pasture or bush or a mixture of the two. Some properties provide panoramic views of the countryside which includes large areas of National Park in bush. These properties have limited local services with no shopping facilities to talk of.

SIGNIFICANT ISSUES AND DEVELOPMENTS

SIGNIFICANT DEVELOPMENTS – FROM PRIOR TO CURRENT ANNUAL VALUATION

Below is a summary of significant Development Applications. Most of these Development Applications are for developments permissible within the current zoning therefore no special consideration is required.

New residential developments in discussion or underway include:

- A small subdivision of eight residential lots on the northern side of Spring St, Springwood. Lots range in size from 1,200m² to 4,000m². Early sales reflect the moderate increases in this area over the past year.
- Construction of a nine (9) dwelling Seniors Housing Development at 92 Great Western Highway, Blaxland. Demolition of existing dwellings has commenced.

SIGNIFICANT DEVELOPMENTS – FROM PRIOR TO CURRENT LOCAL GOVERNMENT COUNCIL RATING VALUATION

The most significant developments since the previous valuation year are as follows:

- The rejuvenation of Lawson shopping village including new retail shops fronting the Great Western Highway coincided with the highway upgrade and has attributed to increased activity in the Lawson market.
- Completion of the Hat Hill Road / St Elmo Avenue subdivision in Blackheath in 2015.
- Completion of the Great Western Highway upgrade up to Katoomba and the continuation of the upgrade between Katoomba and Mount Victoria.

SIGNIFICANT VALUE CHANGES

SIGNIFICANT VALUE CHANGES – FROM PRIOR TO CURRENT ANNUAL VALUATION

Significant value changes that have occurred since the previous valuation year are outlined below.

- Properties zoned (A) have generally shown slight to moderate increases of between 4-15% from the previous valuation year. More significant increases were seen in Lawson which increased by 24.84% and Wentworth Falls increasing by 26.36% from the previous year. A small component of 84 properties in north Leura showed an increase of 21.19% however this is attributed to a significant sale of vacant land on the Great Western Highway which had development approval for 19 residential units. Falconbridge showed a slight decrease of -0.23%.
- Properties in environmental zones (E1, E2, E3 and E4) have generally shown slight to moderate increases on the previous year. Notable increases occurred in Blackheath at 16.09%, Lawson at 21.11% and Leura at 19.03%. The market remained steady or decreased slightly from the previous year in Blaxland north at 1.50%, Falconbridge 1.94%. Upper Blue Mountains Environmental Conservation showed a decrease of -0.56% and National Parks and Reserves also decreased by -5.12% from the previous year.
- Properties zoned R2 have shown slight to moderate increases from 4 - 15% from the previous valuation year. Slightly higher increases were evident in Lawson, showing an increase of 17.56%, Katoomba at 15.45%. The market remained steady in Warrimoo with a change of 1.28%.
- Properties zoned R3 generally showed moderate increases across the Blue Mountains from 11.60% to 15.48%. The exception being Springwood and Winmalee where no medium density sales were recorded over the previous valuation year.

SIGNIFICANT VALUE CHANGES – FROM PRIOR TO CURRENT LOCAL GOVERNMENT COUNCIL RATING VALUATION

The Blue Mountains residential market has generally seen slight to moderate increases across the LGA which is consistent with the previous valuation year. Properties in certain suburbs within the LGA have shown stronger increases since the last General Valuation in 2013 and are outlined below.

Residential

- Significant increases have occurred in environmental zoned land located in Winmalee and Yellow Rock. The properties concerned are generally large residential lots up to 2,500m², some have cleared building envelopes while others have more substantial partial improvements such as concrete slabs, fencing, landscaping and driveways (due to fire through the area in 2014). Demand for property in this area has been strong and is reflected in the 27.41% increase from the general valuation in 2013. Significant increases were also noted in Leura which increased by 25.53% and Glenbrook increasing by 25.81%.
- Property zoned (A) in Glenbrook has increased by 28.63%. North and South Leura increased by 35.91% and 33.88% respectively. Katoomba south increased by 29.22%. Lawson increased by 30.78% and South Wentworth Falls increased by 30.15%. Falconbridge, a small component showed an increase of 32.14%.
- Slight decreases were evident in Hawkesbury Heights showing a reduction in value since the last general valuation of -2.91%.
- Properties zoned R2 showed significant increases in Blaxland of 28.65%, Katoomba increased by 27.69% and Mount Riverview increased by 25.28%.
- Properties zoned R3 showed increases of 28.16% in Blaxland and an increase of 34.98% across Katoomba, Leura and Wentworth Falls.

OVERVIEW OF THE QUALITY ASSURANCE PROCESS

Property NSW have been provided with a detailed Valuation Analysis Report, which details the Quality Assurance Process of QV Australia Contractor and outlines that the Verification process and certifies that Land Values meet all Statistical Measures and Component Data Analysis. In addition, a Quality Statement and lists of high value and high risk properties is also provided in the Valuation Analysis Report. Checks have been undertaken to ensure that all properties have been valued, land values are consistent with each other, land value bases have been correctly determined and all concessions and allowances have been supplied. Additionally, properties that had land values amended through the objection or reascertainment process were individually examined to reconcile surrounding land values and ensure accuracy of the grading of surrounding land values. Benchmarks and Reference Benchmarks are core elements of the quality assurance processes and are identified and individually valued in accordance with the Rating and Taxing Procedures Manual Version XX. Worksheets have been maintained on all properties where calculations are required. We have also ensured that adjustments and assumptions within the market analysis have been based on market evidence and have been fully documented and rationalised.

AUTHOR

Report Prepared by:

A handwritten signature in black ink, appearing to read 'N. Robinson'.

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