

Blue Mountains

Final Report 2015

Date: 10th November 2015

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, 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.

36,841 properties were valued at the Base Date of 1 July 2015, 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 remains steady across the residential sector with many experiencing a slight to good increases in values. Smaller locations remain static. The Blue Mountains LGA is a highly regarded locality due to its elevation, scenic quality and proximity to metropolitan areas. Purchasers are attracted to the facilities of the metropolitan centre and its country lifestyle.

Valuation changes in the Local Government Area and percentage changes between the Council Valuation years of 1 July 2013 and 1 July 2015 and the Land Tax Valuation year of 1 July 2014 are as follows:

Properties Valued and Total Land Value							
Zone	Zone Code	Number of Entries	2015 Total Land Value	Prior Annual Valuation (2014)	% Change	Prior Local Government Valuation (2013)	% Change
Residential	(A)	33,121	\$8,181,606,315	\$7,632,569,563	7.19%	\$7,533,613,963	8.60%
Rural	(R)	1,432	\$489,828,600	\$457,381,820	7.09%	\$464,060,670	5.55%
Business	(B)	569	\$279,631,597	\$263,233,253	6.23%	\$262,548,253	6.51%
Industrial	(I)	396	\$92,747,320	\$88,863,400	4.37%	\$91,370,900	1.51%
Roads & Railways	(X)	119	\$3,749,520	\$3,388,520	10.65%	\$3,388,520	10.65%
National Park	(N)	25	\$1,290,000	\$1,289,000	0.08%	\$1,289,000	0.08%
Open Space	(O)	1179	\$106,557,800	\$101,241,430	5.25%	\$101,237,430	3.23%
Total		36,841	\$9,155,411,152	\$8,543,076,955	7.11%	\$8,457,508,736	8.23%

STATE & LOCAL GOVERNMENT LEGISLATION FOR LGA

The Blue Mountains Local Government Area is governed by the Blue Mountains Local Environmental Plan 2005 (LEP).

Blue Mountains Local Environmental Plan 2005 (gazetted 7 October 2005) is the primary instrument for the Blue Mountains LGA. However some provisions of the Blue Mountains LEP 1991 (gazetted 27 December 1991) still apply to certain land within the LGA.

Blue Mountains Draft LEP 2013 was lodged on 20 September 2013 with further amendments being lodged on 3 September 2015. The Blue Mountains LEP 2013 is in the final stages of approval and implementation is expected in the near future.

MARKET OVERVIEW AND SALES OF PARTICULAR INTEREST

QVA Contractors have undertaken significant analysis of the Blue Mountains district property market to provide an accurate and reliable basis of valuation. Six hundred and fifty three (653) sales have been analysed to enable the establishment and verification of land values as at 1 July 2015. These analysed sales also support the grading across components. Analysed sales reports are provided to Land and Property Information on a consistent basis throughout the year. The added value of improvements are also analysed to enable the accurate deduction of land values. QVA Contractors 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 LGA this year, sales and resales indicated slight increases in values throughout the year for properties zoned residential. As a result of this increase in values, the contract price analysed land value has been adjusted 0.75% per month for all analysed residential and rural sales up to the base date of 1 July 2015.

It is noted that since the fires two years ago, most property owners/purchasers are now well aware of the added cost of building in the bush fire prone designated areas of the shire.

Slight increases in residential property have been seen across most of the Blue Mountains LGA with moderate increases in well established areas such as Glenbrook, Lapsone, Leura and Springwood. Some locations have generally shown static levels with very slight decreases in Medlow Bath, Lawson, Yosemite Park, Linden, Woodford and Valley Heights.

The rural property market has experienced a slight increase since the last valuation. This trend has been inconsistent across the LGA. Springwood and Upper Blue Mountains area have seen increases of around 13%, while Mount Toomah has decreased by around 15%. The remaining areas have ranged in the nil to plus 5% range.

A review and analysis of commercial rents and development applications demonstrated minor to moderate increases in values since last year dependent on the property type and location within the LGA.

SIGNIFICANT ISSUES AND DEVELOPMENTS

Residential building approvals in the Blue Mountains LGA have increased to 209 approvals for the year ending 30 June 2015 up from 153 at the close of the previous financial year. Other building approvals have also increased to 19 for the year ending 30 June 2015 up from 2 at the close of the previous financial year.

Great Western Highway Upgrade

The upgrading of the Great Western Highway through the Blue Mountains between Emu Plains and Katoomba has mostly been completed as scheduled.

Hat Hill Road Subdivision - Blackheath

This 45 lot residential subdivision encompassing the continuation of St Elmo Avenue between Robb Avenue and Woodside Avenue including adjoining lots fronting Hat Hill Road was nearing completion in September 2015. Local agents report buyer enquiries had indicated strong interest in the new subdivision with sales expected in late 2015.

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 \$7,533,606,963, to Land Tax Valuation 2015 of \$8,181,606,315, an increase of 8.60%.

Suburbs/towns in the lower Blue Mountains such as Lapstone and Glenbrook show moderate to good increases due to their proximity to the Sydney metropolitan area. Mid to upper Blue Mountains towns show moderate increases have occurred in centrally located areas such as Leura and Springwood. There is a good remaining supply of vacant land which has generally shown increases. Residential land in smaller villages and more isolated areas remain static with slight decreases evident in some areas which have been reflected in sales across the Blue Mountains.

Changes since previous Valuation Year (2014)

Sales of residential properties across the Blue Mountains LGA have generally shown moderate increases in most areas from the 2014 to 2015 base date. Land values have shown increases in most areas with the total land value for the Residential zone having a slight increase. From the previous valuation year the current market levels are generally more active.

This can be attributed in to the geographical position from Sydney CBD, relatively good value buying in the Blue Mountains district compared to many other districts of Sydney, the impact of bush fires and the subsequent rebuilding in these areas. The strongest growth was witnessed in Lapstone with an increase of 25.03%. Other areas which notably increased on last year include Glenbrook and Springwood South increasing 15.0% and 14.21% respectively.

Smaller localities across the mountains have shown slight decreases, this was evident in Woodford at -2.47% and Yosemite Park -1.05%. A slight decrease was also evident in Medlow Bath -0.10%, Linden -0.12%, Lawson -0.13%, and Valley Heights -0.92%.

It is noted that since the fires two years ago, most property owners/purchasers are now well aware of the added cost of building in the bush fire prone designated areas of the shire.

Summary of Valuation Changes to Rural Land

Changes since previous General Valuation (2013)

The rural land in the Blue Mountains LGA comprises primarily rural lifestyle/hobby blocks. The bulk of the occupied land is handily located to towns and it also adjoins the western periphery of the Sydney metro area. The only farm land of any consequence is in the Megalong Valley which consists mainly of sheep and beef property 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 plus there is a small area of irrigated land with part being dairied on, adjoining the Nepean River at Emu Plains.

The rural property market has experienced an average increase of approximately 5.55% since the last general valuation. This trend has been inconsistent across the LGA. Springwood and Upper Blue Mountains area have seen increases of 12.7% and 12.48%, while Mount Toomah has decreased by 15.26%. The remaining areas have ranged in the plus or minus 5% range. The market has been relatively good over the past two years throughout all localities. However purchasers are generally aware of the added cost of building in the bush fire prone designated areas, which affects a fair proportion of the rural lifestyle/hobby farm properties.

Changes since previous Valuation Year (2014)

The rural property market has experienced an average increase of approximately 7.19% since the last general valuation. This trend has been inconsistent across the LGA. Springwood and Upper Blue Mountains area have seen increases of 13.25% and 12.37%, while the remaining areas have predominantly been in the nil to 5% range. The market has been relatively good over the past year throughout all localities. However purchasers are generally aware of the added cost of building in the bush prone designated areas, which affects a fair proportion of the rural properties.

Summary of Valuation Changes to Business 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 \$262,548,253 to Land Tax Valuation 2015 of \$279,631,597 an increase of 6.51%. Growth mostly occurred in villages in the lower Blue Mountains such as Glenbrook, and middle Blue Mountains such as Leura and Springwood. Values in smaller villages and 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 funding, tourism and residential development. The Blue Mountains LGA unemployment rate has remained steady at 4.6% (06/2015) compared to 4.6% (06/2015) [*Small Area Labour Markets Australia*, DOE].

Changes since previous Valuation Year (2014)

The Blue Mountains LGA commercial market had approximately 17 sales throughout BD 2015. The sales indicate a relatively stable market with some variance in land values. The majority of the sales occurred in Katoomba town centre and included a number of tenanted investments that showed tightening yields for well positioned properties with long-term leases and stable tenancies. Two commercial sales occurred in the tightly held Leura Mall retail strip, and a vacant

density site proposed for a mixed-use development showed significant increases in commercial land values for prime properties. In contrast, the majority of sales showed mild to moderate increases in land values, attributed to inferior positions & precincts, minimal or no redevelopment potential and varying vacancy rates throughout the LGA.

Summary of Valuation Changes to Industrial Land

Changes since previous General Valuation (2013)

Growth was subdued in most industrial precincts since the last General Valuation in 2013. Industrial zoned land values remained relatively unchanged from the last General Valuation in 2013 from \$91,370,900 to Land Tax Valuation in 2015 of \$92,747,320, an increase of 1.51%. Growth has predominately been within the established South Katoomba employment precinct, which is well positioned between Katoomba and Leura town centres and immediately surrounded by residential precincts. Some new development has occurred, or is proposed within this employment precinct. In contrast, more remote industrial precincts, such as the Lawson industrial precinct has showed decreases in land values within this timeframe.

Changes since previous Valuation Year (2014)

The Blue Mountains LGA industrial/employment market had approximately 25 sales throughout BD 2015, an increase over sales occurring in BD 2014. However, analysis of these sales indicated a relatively subdued 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 & Springwood. A lack of sustained demand for industrial space has caused values to remain static in the last twelve months.

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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 2015 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 Land and Property Information website at www.lpi.nsw.gov.au/valuation

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

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.

MAIN INDUSTRIES

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

SIGNIFICANT RETAIL CENTRES

Katoomba has the largest commercial precinct within the Blue Mountains LGA, comprising of over 150 properties. Major retail centres include Katoomba Fair, Leura Mall, and Winmalee Village.

TYPE OF RESIDENTIAL DEVELOPMENT

As at the 2011 Census, there were 30,550 separate dwellings (91.9%), 2,455 medium density dwellings (7.4%), 101 high density dwellings (0.3%), 52 non-permanent dwellings (0.2%) and 96 other dwellings (0.3%). When compared to the NSW figures it can be seen that Blue Mountains LGA has a large number of separate low density residential dwellings. According to the 2011 Census, 36.1% of all dwellings were fully owned out right, 38.9% were owned with a mortgage and 18.5% of all dwellings were being rented. When compared with rest of the NSW statistics, Blue Mountains has a higher percentage of home ownership.

STATE & LOCAL GOVERNMENT LEGISLATION FOR LGA

Blue Mountains Local Environmental Plan 2005 gazetted 7 October 2005. There have been no amendments to the LEP since the previous valuing year. Blue Mountains Draft LEP 2013 is in the final stages of approval prior to implementation which is expected in late 2015.

The Blue Mountains Local Government Area is governed by the Blue Mountains Local Environmental Plan 2005. Some provisions of the Blue Mountains Local Environmental Plan 1991 still apply to certain land within the LGA.

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 City Council has development controls including the Blue Mountains Development Control Plan 2005 that affects the subdivision and erection of dwellings which impacts on land values. Land zoning in the Blue Mountains is divided into the following categories:

Zone	Minimum Lot Size
Residential (A)	720m ²
Business (B)	By Council Consent
Industrial (I)	By Council Consent
National Park (NP)	By National Parks Consent
Rural (R)	1ha
Open Space (O)	By Council Consent
Roads and Railways (X)	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 large 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.

Approximately 36.1% of properties in the region are fully owned, 38.9% are owned with a mortgage, 18.5% are renting and 6.5% are tenure of other types.

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 has seen a marginal increase in total reliable, market sales volume for residential property in the Blue Mountains LGA. This level of sales activity has been fairly consistent throughout the year. Generally, the more established areas of the Blue Mountains LGA continue to show demand and value increases while smaller villages remain static.

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 generally increased across the Blue Mountains LGA. This follows the same overall trend from the previous valuation year and supports that the current market levels have generally increased. Some smaller village locations have remained static or have seen slight decreases.

The past 12 months has seen widespread residential sales over the region, including both vacant and improved sales in the residential components. 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
2277119, 2277120 & 2275635	412-414 Hawkesbury Rd, 1 and 1A White Cross Rd, Winmalee	20/03/2015	\$1,291,980	One vacant and two improved lots with DA approval for a medical centre.
2257403	38 Echo Point Rd	19/11/2014	\$450,000	These four adjoining properties are opposite the Three Sisters lookout and were purchased by Echo Point Village Accommodation Pty Ltd., who will continue the current operation of holiday rental accommodation.
2257404	36 Echo Point Rd	19/11/2014	\$1,500,000	
3242053	2 Cliff Dr, Katoomba	19/12/2014	\$1,100,000	
3242054	4 Cliff Dr, Katoomba (vacant)	19/12/2014	\$150,000	

COMMERCIAL & INDUSTRIAL

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.

INDUSTRIAL

The Blue Mountains LGA comprises approximately 396 industrial/employment zoned properties predominately located in Katoomba (at 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 are Health Care and Social Assistance, Education & Training and Retail Trade & Tourism.

RURAL

The rural land in the Blue Mountains LGA comprises primarily rural lifestyle/hobby blocks, as the bulk of the occupied land is handily located to towns and it also adjoins the western periphery of the Sydney metro area. The only farm land of any consequence is in the Megalong Valley which consists mainly of sheep and beef property 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 plus there is a small area of irrigated land with part being dairied on, close to the Nepean River at Emu Plains.

The rural property market has experienced an average increase of approximately 5.55% since the last general valuation. This trend has been inconsistent across the LGA. Springwood and Upper

Blue Mountains area have seen increases of 12.7% and 12.48%, while Mount Toomah has decreased by 15.26%. The remaining areas have ranged in the plus or minus 5% range.

The rural property market has experienced an average increase of approximately 7.19% since the last general valuation. This trend has been inconsistent across the LGA. Springwood and Upper Blue Mountains area have seen increases of 13.25% and 12.37%, while the remaining areas have predominantly been in the nil to 5% range.

The market has been relatively good over the past two years throughout all localities. However purchasers are generally aware of the added cost of building in the bush fire prone designated areas, which affects a fair proportion of the rural lifestyle/hobby farm properties.

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 developments in discussion or underway include:

- Approval for the development of a medical centre with parking and ten residential units on White Cross Road, Winmalee. This development is located on the corner of Hawkesbury Road and is opposite Winamalee Shopping Village.
- Application for the redevelopment of The Mountain Heritage (Apex St) and The California (Penault Ave) in Katoomba. The application is for multi-dwelling housing and tourist accommodation.
- Approval for development of a medical centre including pharmacy and parking on vacant land located at 2-6 View Street, south of the strip of commercial development fronting the Great Western Highway in Blaxland.
- Application for the development of a 28 residential unit residential flat building in Leura. The location of the proposed development is on the roundabout at the intersection of the Great Western Highway and Leura Mall, bordered by Den Hogan Drive to the north west. The proposal includes a complex of three separate two level residential buildings with specific units for easy access and underground parking.
- An amended EIS report was submitted on 12 June 2015 over a long pending application for a Bunnings bulky goods store at 48 Megalong Street, Katoomba, a vacant site of 1.2ha, located between Katoomba & Leura town centres within the established South Katoomba employment precinct. Estimated cost is \$5 million.

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

Great Western Highway Upgrade

The upgrade to the Great Western Highway between Emu Plains and Katoomba has mostly been completed.

Hat Hill Road Subdivision, Blackheath

The 45 lot residential subdivision which is the continuation of St Elmo Avenue including 15 lots fronting Hat Hill Road was nearing completion in September 2015. Local real estate agents have reported significant enquiries from buyers with the first sales expected in late 2015.

SIGNIFICANT VALUE CHANGES

SIGNIFICANT VALUE CHANGES – FROM PRIOR TO CURRENT ANNUAL VALUATION

- A thirty (30) lot residential subdivision in Blackheath began construction in early 2015. There was legal access however the road was unformed and there were no services connected, therefore lots for 2013 and 2014 LVs were valued at \$50,000 each with a \$10,000 subdividers allowance. Had the roading and services been in place we would have valued them at \$140,000. With subdividers allowance of \$28,000 and off site of \$60,000. The roading and services have just been completed and the lots are on the market with the first settlements expected to be late 2015. Have discussed with DV Mark Glanville and we have just asked that LPI set up a supplementary under section 14 A2 – (Valuer General at any time can make a fresh Valuation) via supplementary action to adjust the values given the roading and services are now in place.
- Significant increases have occurred on lots with telecommunication towers and associated buildings. The value increases are supported by recent sales therefore we considered it appropriate to increase values for these types of properties across the Blue Mountains LGA.
- A small number of rural lifestyle lots at Bell increased significantly.

- Buckland Retirement Village is situated on 51ha of residential zoned land on Hawkesbury Road, Springwood. It is our opinion that this parcel of land is potentially a site for future development with 13ha being subdivisible.

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

Since the last General Valuation in 2013, residential values have generally seen slight to moderate increases in most areas with land values reflecting the change. This follows the same overall trend from the previous valuation year and supports that the current market levels have generally increased with smaller locations remaining static or slightly decreasing.

Residential property in certain suburbs within the LGA have overall increased and decreased at differing rates:

- Decreases were evident in smaller locations such as Medlow Bath (-8.71%), Hawkesbury Heights (-7.51%), Yosemite (-7.24%) and Woodford (-6.60%)
- Well established locations showed slight to moderate increases, notably Glenbrook (20.35%), Blaxland North (19.06%), Lapstone (18.30%), Springwood (18.12%) and Springwood North (16.49%).

OVERVIEW OF THE QUALITY ASSURANCE PROCESS

LPI has 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 basis' 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 6.2.2. 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.

AUTHORS

Report Prepared by:

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

Nigel Robinson
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Quotable Value Australia
10th November 2015

A handwritten signature in black ink, appearing to read 'Therone Russell'.

Therone Russell
Senior Valuer
Registered Valuer No. 26104
Quotable Value Australia
10th November 2015