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# Blue Mountains LGA

**Final Report 2018**  
**19th October 2018**

Rating and Taxing Contractor: QV

Version: 1

*Think property. Think QV.*

## 1 Executive summary

### 1.1 LGA Overview

There was a strong increase in land values in the Blue Mountains local government area between 2017 and 2018. The increase in land values was not consistent across all market segments, with residential land and rural land showing a strong increase, industrial land a moderate increase, commercial land a slight increase. The upward trend in land values is largely driven by the completion of the Great Western Highway upgrade and improvements to rail infrastructure which has improved accessibility to and from the Sydney metropolitan area, as well as across the mountains towards the greater west.

#### *Residential*

There was an overall strong increase for residential land values in the Blue Mountains Local Government Area with good demand across most areas. There was good interest in residential lots which are in close proximity to towns and have good access to services and transport. The increase in land values however was not consistent across all residential areas.

The village of Mount Victoria has shown very strong increases in residential low density sites in and around the town centre partly due to the completion of the Great Western Highway through Mount Victoria. This is in contrast to the previous year where land values remained steady due to the disruption from the highway upgrade.

The well-established villages of Springwood and Winmalee in the lower Blue Mountains have remained steady. Market demand has been for more affordable properties in areas which are further west of Springwood.

Overall there has been increased demand in residential land across the local government area particularly larger rural/lifestyle lots. This trend is apparent in residential and rural zoned land. The strong increases can also be partly attributed to affordability in comparison to the Sydney metropolitan area.

#### *Commercial*

Commercial land values have had slight increases with steady demand for prime sites within a number of town centres in the lower and middle Blue Mountain areas. However, a number of values within the tourist/business zone in around Mt Victoria village experienced strong increases. The Business Park zone in Lawson, traditionally an industrial precinct, has remained steady. This is an on-going trend within that precinct as a result of competition with stronger trading industrial precincts and commercial centres within the LGA.

#### *Industrial*

Industrial land values have seen moderate increases with sufficient supply to meet demand. The moderate increases are mainly attributed to the Light Industrial zones within Katoomba that include established residential housing, and is more a reflection of the demand in that



market segment. However, the more traditional industrial within the LGA have experienced slight increases benefitted by the continued growth within the residential segment.

**Rural**

Rural land values across the local government area have shown very strong increases.

Properties zoned Rural Small Holdings, which are generally confined to the Megalong Valley, has seen limited sales activity over the past year, however this has indicated an increase to land values.

Rural Landscape zoned properties which are throughout the local government area, have shown increased sales activity over the past year with land values showing very strong increases. This is particularly evident of rural/lifestyle properties which have been in good demand and this trend is also reflected in larger lots in the residential zoned areas.

**Summary of Values**

Properties Valued and Total Land Value							
Zone	Zone Code	Number Of Entries	2018 Total Land Value \$	Prior Annual Valuation ( 2017 ) \$	% Change	Prior Local Government Valuation (2016) \$	% Change
Residential	(A, R1, R2, R3)	11,444	\$ 4,524,249,630	\$ 3,907,548,940	16%	\$ 3,331,189,640	36%
Rural	(RU2, RU4)	469	\$ 237,035,670	\$ 195,456,200	21%	\$ 194,200,500	22%
Commercial	(B, B1, B2, B7)	633	\$ 338,155,710	\$ 325,192,010	4%	\$ 303,641,700	11%
Industrial	(IN1, IN2)	342	\$ 100,007,210	\$ 93,494,290	7%	\$ 84,133,820	19%
Infrastructure	(SP1, SP2)	203	\$ 23,731,380	\$ 24,398,380	-3%	\$ 24,355,680	-3%
Environmental	(E1, E2, E3, E4)	23,694	\$ 7,970,054,544	\$ 6,799,042,056	17%	\$ 5,977,203,980	33%
Public Recreation	(RE1, RE2)	260	\$ 62,058,210	\$ 54,860,380	13%	\$ 54,835,380	13%
Total		37,045	\$ 13,255,292,354	\$ 11,399,992,256	16%	\$ 9,969,560,700	33%



## Contents

1	Executive summary	2
	Contents	4
2	Disclaimer	5
3	Blue Mountains Overview	6
3.1	Location of the district	6
3.2	Principal towns	6
3.3	Main industries	6
3.4	Significant retail centres	7
3.5	Types of residential development	7
4	State and local government legislation for LGA	8
5	Market overview and sales of particular interest	9
5.1	Residential	9
5.2	Commercial	9
5.3	Industrial	9
6	Significant Issues and Developments	12
6.1	Significant Developments – From Prior to Current Annual Valuation	12
7	Significant value changes	14
7.1	Significant value changes – from prior to current annual valuation	14
8	Overview of the quality assurance process	15
9	Author	16



## 2 Disclaimer

The purpose of this report is to describe the process and considerations for the 1 July 2018 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 have 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 Property NSW website at [www.property.nsw.gov.au](http://www.property.nsw.gov.au)



## **3 Blue Mountains Overview**

### **3.1 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 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 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 29<sup>th</sup> 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. A direct rail service is available on the Blue Mountains Line which begins at Central Station in Sydney and generally runs adjacent to the Great Western Highway stopping at all of the major towns and villages.

### **3.2 Principal towns**

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

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.

### **3.3 Main industries**

There is a diverse economy in Blue Mountains with tourism and cultural business being the traditional mainstay industries within the LGA. The local economy includes 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.

### **3.4 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 8 kilometres north of the Great Western Highway at Springwood is a fully enclosed local shopping centre anchored by Coles and approximately twenty specialist retailers.

### **3.5 Types 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 92.3% 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 7.5% of dwellings and are located mainly in the larger towns of Blaxland, Katoomba, Leura and Springwood.

## 4 State and local government legislation for LGA

The Blue Mountains Local Government Area is governed by the Blue Mountains Local Environmental Plan 2015 (LEP) gazetted 21 December 2015. The plan is based on the standardised Local Environmental Plan prescribed by the New South Wales Legislation. There have been no amendments to the LEP since the previous valuation. Some provisions of the Blue Mountains Local Environmental Plan 1991 and 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:

Zones	Minimum Lot Size
Residential	720m <sup>2</sup>
Environmental	1,200m <sup>2</sup>
Business	By Council Consent
Industrial	By Council Consent
National Parks	By National Parks Consent
Rural	5ha
Open Space	By Council Consent





## **5 Market overview and sales of particular interest**

### **5.1 Residential**

The Blue Mountains City Council region encompasses several types of residential developments. Single residential properties represent 92.3% of dwellings in the local government area. There are a small number of low to medium density residential unit developments located close to developed areas which account for 7.1% of dwellings. Other dwelling types make up the remaining 0.2% of residential accommodation.

Since the last General Valuation in 2017 values have shown strong increases across most of the Blue Mountains LGA with increased sales activity across most sectors of the market. This level of sales activity has been consistent across the local government area, 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.

### **5.2 Commercial**

The Blue Mountains LGA comprises approximately 633 commercial zoned properties predominately located in Katoomba and Springwood. The Blue Mountains LGA commercial market had approximately 21 sales throughout the valuation year. The sales indicate a slight to moderate market with land values varying based on location and size of the commercial centre. Sales occurred across most commercial precincts within the LGA. The majority of sales occurred in Katoomba town centre, and included a number of tenanted investments supported by feasibility studies. 17 commercial sales occurred in the major centres, or lower Blue Mountains centres, all of which showed slight to moderate increases in commercial land values. In contrast, to the sales in Lawson in which land values remained steady, likely due to commercial vacancy rates and a fringe trading area.

### **5.3 Industrial**

The Blue Mountains LGA comprises approximately 342 industrial/employment zoned properties predominately located in Katoomba. 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) are rental, hiring & real estate services, construction and health care and social assistance.

The Blue Mountains industrial market had approximately 6 sales throughout the valuation year. Industrial land values have seen moderate increases with sufficient supply to meet demand. The strong increases are mainly attributed to the Light Industrial zones within Katoomba that includes a contingent of established residential housing, and is a reflection of the demand in that market segment. However, the more traditional industrial precincts within the LGA have experienced slight increases in land values. This can be attributed to increased demand in the residential market.

#### **5.4 Rural locations within the LGA**

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

The most common rural land use in the Blue Mountains local government area is lifestyle lots. Rural production includes some horticulture (including viticulture) enterprises, sheep and beef grazing properties which are predominantly uneconomic. Land values in the rural sector have seen strong increases throughout the year.

Land values vary throughout the LGA, primarily according to views, contour, bushland 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, Hawkesbury Heights 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 with commuter trains travelling into Sydney. 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. Springwood provides traditional retail shopping, health and community facilities. Winmalee, north of Springwood



is serviced by an indoor shopping centre anchored by Coles featuring approximately 20 specialty shops.

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

This area is the main tourism area of the local government area and is located 1.5 to 2 hours drive west of Sydney CBD. Properties are easily accessed via the Great Western Highway and are well serviced by commuter trains to Sydney. 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. Katoomba is the main retail centre for the Blue Mountains and provides a wide range of health and community facilities.

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

This area is located 1.75 to 2.25 hours drive west of Sydney CBD. Properties are easily accessed via the Great Western Highway with commuter rail services operating to 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. Blackheath is the main retail centre for the upper mountains which provides traditional retail shopping and limited health care and other community facilities.

**Bells Line of Road (Bell, Mount Wilson, Mount Irvine and Mount Tomah)**

This area is located 2.5 hours drive west of Sydney CBD. Properties are easily accessed via Bells Line of Road, which is a sealed road running from Lithgow to Richmond. A commuter rail service is available from Bell to Sydney CBD and to Lithgow in the west. 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 villages have very limited local services with no shopping or health facilities. Blackheath is the nearest retail centre to the south of these rural villages.

## **6 Significant Issues and Developments**

### **6.1 Significant Developments – From Prior to Current Annual Valuation**

Throughout the previous year development applications (DAs) lodged with Blue Mountains City Council have been monitored to assist with the revaluation program. This was done through periodic checking of local papers and council's web page as well as regular contact with members of council's planning and development department.

The points below show only the **significant** demolition, redevelopment, and re-zoning development applications lodged during the 2017 – 2018 valuation period.

#### **70-86 Lurline Street, Katoomba**

On 5 September 2017 an application was lodged for the new Katoomba RSL which is to replace the previous building destroyed by fire in February 2017. The application was approved on 12 April 2018 with construction of the new building commencing in July 2018.

#### **119 Cliff Drive, Katoomba**

On 1 March 2018, a development application was lodged with Blue Mountains City Council in conjunction with (JRPP) Joint Regional Planning Panel for construction of a new place of worship including visitor accommodation, café, ancillary buildings, landscaping works and car parking. The development is on the site of the existing Katoomba Christian Convention Centre. The application includes the demolition of the existing structures. This application is currently under consideration.

#### **32-34 Rusden Road, Blaxland**

On 22 May 2018 a development application was lodged with Blue Mountains City Council for the demolition of existing dwellings and construction of a Seniors Living Housing Development comprising 6 dwellings. The site is located on Boorea Street. The application was approved on 12 September 2018.



19 November 2018 11.07 AM

#### **409-417 Great Western Highway, Springwood**

On 23 August 2018, a development application was lodged with Blue Mountains City Council for the demolition of the existing dwelling and construction of a 16 unit Seniors Development. The site is located on Churchill Street. The application is currently under consideration.



## **7 Significant value changes**

### **7.1 Significant value changes – from prior to current annual valuation**

There have been strong movements in the residential and rural sectors for the Blue Mountains LGA from the prior to current revaluation. In particular the town of Mount Victoria has experienced very strong growth which is partly attributed to the completion of the highway.

The strong growth in the residential sector is due to an increase in demand particularly for properties which are close to the retail centres and transport and the relative affordability compared to the outer fringe areas of the Sydney metropolitan area.

The rural sector has experienced increased sales activity over the past year compared with previous years. There has been good demand and supply for rural / lifestyle properties across the local government area. This trend is reflected in the residential sector.

These strong increases are well supported by sales evidence from within Blue Mountains LGA.



## 8 Overview of the quality assurance process

Property NSW has been provided with a detailed response to the Exceptions Data Report. These responses explain any anomalies or deviations outside the Statistical measures. A list of High value properties was also provided at the time of delivery. All Deliverable Statements were completed as required for each file as it was delivered.

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 7.2.1. 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.

19 November 2018 11.07 AM



## 9 Author

### Report Prepared by:

A handwritten signature in black ink, appearing to read 'N. Robinson', written in a cursive style.

Nigel Robinson  
Contract Services Manager  
19<sup>th</sup> October 2018