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Nature Conservation Saves for Tomorrow

HOUSING IN THE BLUE MOUNTAINS – FAST FACTS

Population - now and into the future

The Blue Mountains population is projected to continue to increase, at a steady but modest rate.

Population in the Blue Mountains from 1986 to 2021 (based on census figures)

Census year	Population	% change
1986	63,427	
1991	69,452	9.5%
1996	72,506	4.4%
2001	74,323	2.5%
2006	74,065	-0.3%
2011	75,942	2.5%
2016	76,904	1.3%
2021	78,121	1.5%

Population projections for the Blue Mountains 2026-2036

Forecast year	Population	Change in population
2026	80,089	1,968
2031	81,231	1,142
2036	82,844	1,613

Population demographics and household composition

- The population of the Blue Mountains is older on average than Greater Sydney.
 - In 2021 more than 31% of people were over 60 years, and more than 44.9% were over 50 years.
 - The population over 60 years has been increasing while the population under 60 has been decreasing and this trend is expected to continue.
- By 2036, approximately two thirds of households in the Blue Mountains will be 'couple' or 'lone person' households.
- While all areas have a higher than average proportion of lone person or couples without children households, the following variants occur across the Blue Mountains:
 - The upper mountains has a much higher proportion of lone person households, and far fewer households that are couples with children;
 - The lower mountains has a higher proportion of couples with children households, even higher than the Greater Sydney average.

Housing stock

- As at 2021, most dwellings in the Blue Mountains (92%) were free standing houses on large blocks of land, typically designed and built to accommodate families.
- This means limited availability of smaller housing to accommodate smaller households such as couples without children or singles.
- Three-bedroom houses represent the dominant dwelling size in the Blue Mountains at over 42%. Houses with four bedrooms or more make up more than 39.8% of all dwellings in the Blue Mountains. Both of these figures are greater than the NSW average.

Income

- Income analysis is based on income quartiles as outlined below.

Income quartile	Weekly household income	Annual household income
Lowest group	\$0 to \$750	\$0 to \$39,000
Medium lowest group	\$751 to \$1,481	\$39,052 to \$77,012
Medium highest group	\$1,482 to \$2,554	\$77,064 to \$132,808
Highest group	\$2,555 and over	\$132,860 and over
- Based on 2016 data, the income of Blue Mountains residents is fairly evenly distributed across the quartiles, with marginally more households represented by the middle two income quartiles. Greater Sydney as a whole has a greater proportion of households in the two highest income quartiles.
- Higher incomes are more prevalent in the lower mountains (35.3% in the highest group), with comparatively lower incomes in the upper mountains (only 11.5% in the highest group).

House prices

- Median housing prices in the Blue Mountains have been increasing at a similar rate to Greater Sydney.
- Over the 20 years from 1997 to 2016, the median residential sales price in the Blue Mountains increased from \$153,000 to \$635,000, an increase of 315%. This is higher than the Greater Sydney increase of 250% over that same time period (\$236,000 to \$840,000).
- In 2022 the median house price in the Blue Mountains was \$876,500, and median unit price was \$640,000.
- Over the longer term, median house prices in the Blue Mountains are increasing at a similar (if not greater) rate to those in Sydney.

Rentals and home ownership

- In 2021 fewer households rented in the Blue Mountains than the NSW average (being only 17.8% compared to 32.6%).
- In 2021 home ownership in the Blue Mountains was higher than the state average. 40.9% of houses were owned outright while 38.8% were owned with a mortgage, compared to the NSW average of 31.5% and 32.5 % respectively. This could reflect relatively more affordable house prices in the Blue Mountains.
- The proportion of households renting varies, with the greatest proportion of renters in Katoomba/Leura/Wentworth Falls at 24% as compared to the lower mountains (Blaxland/Glenbrook) at 13%.
- Rental costs are lower as compared to Greater Sydney. In 2021 the median rental cost was \$400 per week.
- There was a decrease in rental bonds lodged between 2012 (5,622) and 2016 (5,380) representing a decrease of 242 properties under long term rental agreements in the Blue Mountains in this period.
- This time period correlates with the global trend in the increasing use of online short-term rental platforms, namely AirBnB.

Housing stress

- Housing stress is considered to be loan or rent payments greater than 30% of a household's income, for those households with the lowest 40% of incomes.
- Levels of rental stress in 2021 were substantially higher (44.7%) than the NSW average (35.5%), particularly in the upper mountains. These areas include the highest proportion of rental households in the Blue Mountains, and also the highest proportion of low-income households.
- A significant contributor to this rental stress across the Blue Mountains is the limited range of rental options, leading to affordability issues.
- Mortgage stress is lower than the NSW average but not insignificant. In 2021 13.3% of households were considered to be stressed, the NSW average was 17.3%.

Affordable and Social Housing

- Affordable Rental Housing (ARH) is housing provided by registered community housing providers, below market rent.
- ARH is intended to provide housing for key workers such as nurses, emergency services personnel and teachers, who could otherwise not afford to live in the area where they work. This is different from social or public housing.
- A study on the demand for social and affordable housing for the Blue Mountains was undertaken in 2016 and revealed that in 2016:
 - The existing supply of social and affordable housing was 854 social housing dwellings and 39 affordable housing dwellings.
 - Demand for social and affordable housing was 3,146 households, which meant an **unmet demand of 2,253 dwellings**.
 - This demand represents homeless households, plus those households in severe and moderate rental stress, and represents around 10% of all households.
 - The greatest number of households needing social and affordable housing are lone person households at nearly 45%.
 - The demand for social or affordable housing in 2016 was for 2,253 dwellings, compared with the 4,140 dwellings which were unoccupied in the Blue Mountains LGA.

Housing vacancy rates

- In 2021, the Blue Mountains had a higher vacancy rate ie unoccupied private dwellings (10.5%) than the NSW average (9.4%).
- This is likely because people may own multiple properties which are not available for rent, such as a holiday home or transition into retirement home.
- Another likely significant contributor is the use of housing for short term rental accommodation, such as AirBnB, which has significantly expanded over the last ten years.
- Significantly higher vacancy rates occur in the upper mountains - Blackheath/Mount Wilson has 26% unoccupied dwellings while Katoomba/Leura/Wentworth Falls has 18% (as compared to Springwood/Winnmalee at 6%). Given the strong tourism focus in this area, use for short-term rental accommodation is likely to be a significant contributor to these unoccupied dwelling rates.
- **These figures indicate that a substantial proportion of any supply of new housing (particularly in the upper mountains) is not likely to contribute to the supply of long term rentals or homes which are owner occupied, unless other reforms are implemented.**

Future Housing supply

- The Blue Mountains has previously been classified by the NSW Government as 'Metro Rural' which recognises the significant environmental, infrastructure and risk (flooding and bushfire) constraints and designates the area as not suitable for significant increases in new housing.
- The Blue Mountains therefore has been required to only accommodate local population growth.
- With a modest forecast for population increase there is no immediate expectation that housing supply needs to significantly increase.
- The Local Housing Strategy nominates a target of 550 new dwellings across the Blue Mountains for the 2021-2026 period. This target is considered achievable under the existing Blue Mountains Local Environmental Plan and current zoning.

Free standing houses

- In 2021 there were 28,125 free standing houses, representing 92% of all dwellings.
- 99 new houses are currently being built each year on average.
- This would result in an estimated total of 28,800 free standing houses by 2026 making up 90.8% of all dwellings.
- Currently there is capacity (or potential) for 3,052 new houses on vacant land or lots estimated to be created through subdivision.
- At the current rate of dwelling construction this capacity could be reached by the year 2043, at which point there would be no (or negligible) vacant land remaining.

Medium or high density

- In 2021, 2,282 dwellings in the Blue Mountains were classified as medium density or high density made up of 1,339 medium density (town house, semi detached houses, or units in buildings two storeys or less) and 943 high density (units in buildings of three or more storeys or attached to shops), representing 7.5% of all dwellings.
- It is estimated there will be a total of 2,793 medium or high density dwellings in the Blue Mountains (including seniors housing) by 2026, making up 8.4% of all dwellings.
- There is current capacity for an estimated 776 new units to be built on land zoned R1 General Residential & R3 Medium Density Residential around existing town centres. There is also capacity for an additional 504 shop top housing units in town centres.
- At the current rate that new units are being built, this capacity would be reached in 2044.

Sources

Blue Mountains Local Housing Strategy 2020, Blue Mountains City Council
Census data 2021, Blue Mountains LGA, Australian Bureau of Statistics (abs.gov.au)