



# Hobart

Affordable & Liveable Property Guide

1st Half 2018



# HOBART AFFORDABLE & LIVEABLE PROPERTY GUIDE

1<sup>st</sup> HALF 2018

## METHODOLOGY

This guide analyses all suburbs within the greater Hobart area. The suburbs chosen as the most affordable and liveable hotspots are within a 10km radius of the CBD. In selecting hotspots, the below factors and methodology were considered:

- Property trends** - suburbs will have a minimum of 20 transactions for statistical reliability purposes, with positive price growth over the past 15 months (2016 to Q1 2018\*).
- Investment** - suburbs will have on-par or higher rental yield than Hobart Metro, as well as on-par or lower vacancy rates (as of December 2017).
- Affordability and liveability** - suburbs will have a median price below the maximum affordable property sale price, based on the average state loan. In this report 72% for houses and 40% for units were added to the average Tasmanian home loan, which was \$266,839\*\* as at December 2017. Key liveability factors included ensuring the suburbs have a low crime rate, availability of amenities were within a 5km radius (i.e. schools, parks, shopping centres, and health care facilities), and an unemployment rate that is on par or lower in comparison to the state average (as determined by the ABS Census 2016).
- Project development** - suburbs will have a high total estimated value of future project development for the 1<sup>st</sup> half of 2018. This ensures sustainable economic growth, having a positive effect on to the property market.

## RECENT TOP PERFORMERS

Area	Suburb	Type	Median Price 2016	Median Price 2017/2018*	Price Growth	Projects 2017****
Inner	South Hobart	House	\$465,500	\$582,500	25.1%	\$9.0M
North	Berriedale	House	\$260,000	\$335,000	28.8%	\$6.0M
East	Rokeby	House	\$195,000	\$260,000	33.3%	\$11.4M
Inner	Hobart	Unit	\$456,000	\$622,000	36.4%	\$87.1M
South	Battery Point	Unit	\$574,000	\$751,000	30.8%	\$100.5M
South-West	South Hobart	Unit	\$319,000	\$399,000	25.1%	\$9.0M

## OVERVIEW

The city of Hobart's median property prices increased by 10.6% (houses) and 7.2% (units) between 2016 to Q1 of 2018\*. At the same time, sales transactions increased by 30.7% (houses) and 54.0% (units), signifying exceptional demand is driving the market rather than scarcity of stock. Current evidence signals that double digit price growth will further continue into 2018, resulting in Hobart being Australia's top achieving capital city. The highest level of growth is anticipated later into 2018, levelling out to single digits over 2019/2020. With the current activity in Hobart's property market, there is unlikely to be relief from rising prices. Those looking for more affordable options need to look at the northern area of Hobart. Well thought out plans and strategies are needed for Hobart's sustainable growth.

\*Median price quoted captures sale transactions from 1<sup>st</sup> January 2017 to 31<sup>st</sup> March 2018, or Q1 2018. \*\*Average home loan figure is derived from December quarter 2017 Housing Affordability Report by Real Estate Institute of Australia and Adelaide Bank. \*\*\*Project development is based on aggregate of estimated construction value for residential, commercial, industrial, mixed use and infrastructure projects scheduled to commence in the 1<sup>st</sup> half 2018. \*Key market indicators for sales are reflective of median price change over the past 15 months between 2016 and 2017/2018, with 2018 data being up to end of Q1 2018. Median rent is reflective of median price change between Q1 2017 and Q1 2018. © PRDnationwide 2018.



## KEY MARKET INDICATORS HOBART CITY COUNCIL

Indicator	Market Variation <sup>^</sup>
House Sales	↑
House Median Price	↑
House Median Rent	↑
Unit Sales	↑
Unit Median Price	↑
Unit Median Rent	↑

## KEY COMMENTS

Housing affordability in Tasmania has declined over the past 12 months (to the December 2017 quarter). Proportion of income to meet home loan repayments increased by 25.7% and the number of first home buyers only increased by 4.0%, which is lower than other states.

Highly affordable suburbs (those with a maximum property sale price of the average state loan, plus a 40% deposit) exist. There are 8 suburbs that meet our affordable criteria and include: Rokeby, Goodwood, Risdon Vale and Montrose.

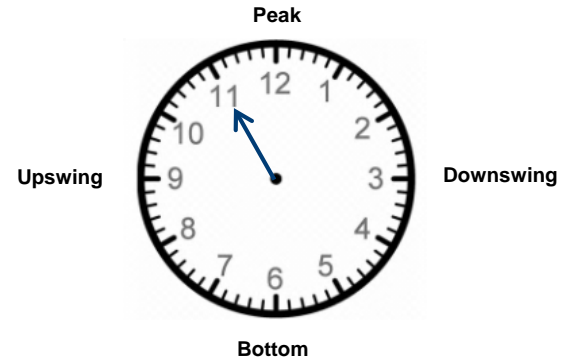
Although affordable, these suburbs fail to meet our liveability criteria set. To meet this, 72% (houses) and 40% (units) needed to be added to the average state loan. Thus, the average cost of liveability (based on average percentage difference of premiums added to average state loan) in Hobart is 16%. This is almost on par with Sydney (18%) and higher than Melbourne (10%) and Brisbane (5%).



## HOBART HOUSE HOTSPOTS

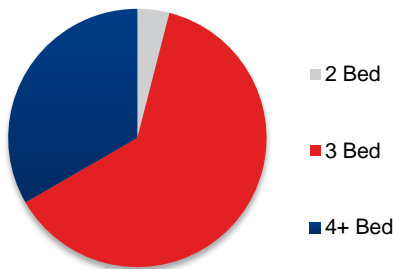


## PROPERTY CLOCK – HOUSES



## AFFORDABLE & LIVEABLE HOUSE HOTSPOTS

### BERRIEDALE 7011



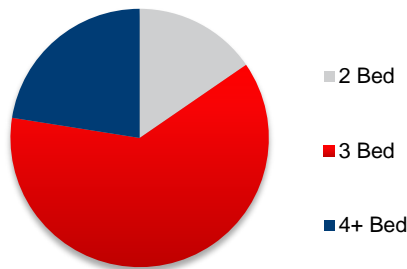
Located in an approximate radius of **10.0km** from the CBD.

Median house price **\$335,000**

- 2 bed median price **\$275,000\***
- 3 bed median price **\$315,000**
- 4+ bed median price **\$376,000**

Located to the north of Hobart's CBD, Berridale has earned its place in Hobart's most affordable and liveable suburbs due to a combination of its highly positive price growth and affordable median price. Berridale recorded a 28.8% annual price growth over the past 15 months (to Q1 2018). Savvy investors are currently benefiting from 6.1% rental yields, which when combined with very low vacancy rates of 0.5%, signifies the suburb's strong rental demand. The 1<sup>st</sup> half of 2018 will focus on the redevelopment of the Berridale Foreshore caravan park, which is valued at \$6.0M<sup>^</sup>.

### GLENORCHY 7010



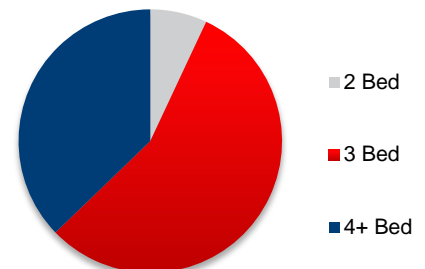
Located in an approximate radius of **6.7km** from the CBD.

Median house price **\$325,000**

- 2 bed median price **\$270,000**
- 3 bed median price **\$320,000**
- 4+ bed median price **\$415,000**

Positioned to the north-east of Hobart's CBD, Glenorchy has made our hotspots list for the second consecutive time. Not only does it offer great affordability, the suburb has also recorded an 18.6% annual price growth over the past 15 months (to Q1 2018). Healthy rental demand is proven by its very low vacancy rate of 0.3% and solid rental yield of 5.3%. The 1<sup>st</sup> half of 2018 will see \$8.9M<sup>^</sup> worth of development commence, adding 5 new townhouses to the area and new infrastructure. This will further enhance liveability and boost economic activity in the area.

### LINDISFARNE 7015



Located in an approximate radius of **4.6km** from the CBD.

Median house price **\$458,500**

- 2 bed median price **\$376,000\***
- 3 bed median price **\$440,000**
- 4+ bed median price **\$540,000**

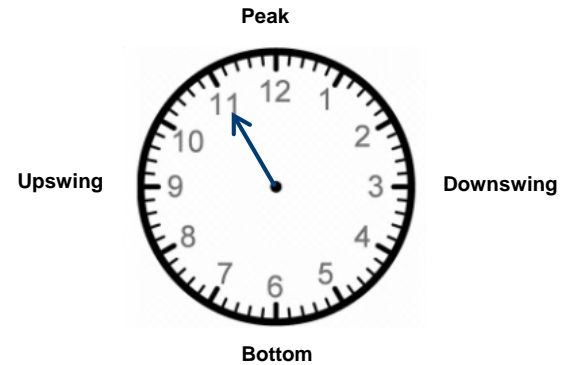
Lindisfarne is located to the north-east of Hobart's CBD and over the past 15 months to Q1 2018 has recorded a price growth of 19.2%. Lindisfarne ticks all our affordability and liveability boxes, and is set to have sustainable economic growth in the near future and long term. Astute investors are currently benefiting from solid rental yields of 5.6% and a low vacancy rate of 0.3%. Lindisfarne will reap positive spill-over benefits from projects valued at \$21.2M<sup>^</sup> set to begin in the 1<sup>st</sup> half of 2018. This will improve future liveability and local job growth.

\*Quoted estimated values of projects are based on reported land construction values as stated by the relevant data authority and do not signify their commercial/resale value. \*Median price is either N/A due to no recorded sales data or quoted as an indication only due to having less than 20 sales transactions. © PRDnationwide 2018.

## HOBART UNIT HOTSPOTS

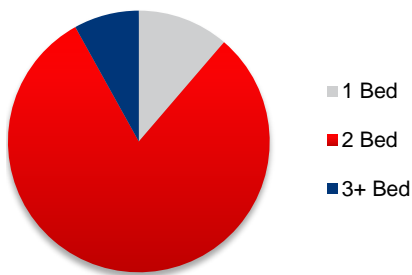


## PROPERTY CLOCK – UNIT



## AFFORDABLE AND LIVEABLE UNIT HOTSPOTS

### BELLERIVE 7018



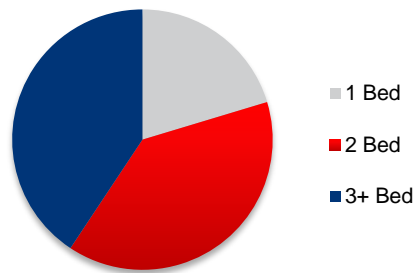
Located in an approximate radius of **3.4km** from the CBD.

Median unit price **\$330,000**

- 1 bed median price **\$225,000\***
- 2 bed median price **\$322,500**
- 3+ bed median price **\$580,000\***

Perched on the eastern bank of the Derwent River, Bellerive is one of Hobart's most popular lifestyle suburbs. Price growth was recorded at 3.8% over the last 15 months (since 2016). Current owner-occupiers and investors alike can capitalise on affordability as well as liveability in Bellerive's unit market. Eagle-eyed investors are currently enjoying high rental yields of 5.1% and low vacancy rates of 0.5%. In the 1<sup>st</sup> half of 2018 the \$1.6M<sup>^</sup> worth of infrastructure projects planned will stimulate economic growth in the area and improve liveability.

### GLENORCHY 7010



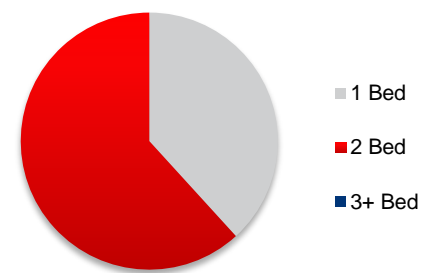
Located in an approximate radius of **6.7km** from the CBD.

Median unit price **\$235,087**

- 1 bed median price **\$120,000\***
- 2 bed median price **\$228,000**
- 3+ bed median price **\$300,000**

Glenorchy's reign of double digit price growth has continued over the past 15 months, offering affordability for both houses and units within 10kms of the CBD. The median price for units has increased by 10.6% and the vacancy rate is currently at 0.3%. Astute investors are benefiting from a unit rental yield of 5.1%. Glenorchy is well connected to other locations in Hobart with high frequency public transport servicing key nodes at 11-15 minute intervals. This points to increased liveability, which is great news for buyers.

### NEW TOWN 7008



Located in an approximate radius of **3.0km** from the CBD.

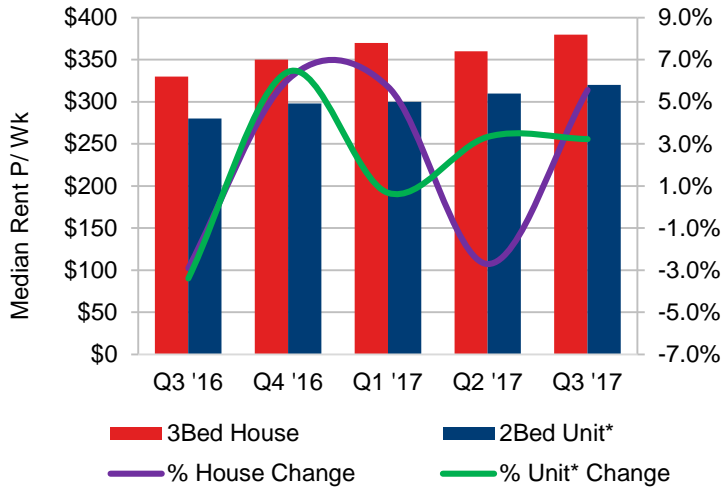
Median unit price **\$294,810**

- 1 bed median price **\$251,000\***
- 2 bed median price **\$316,000**
- 3+ bed median price **N/A**

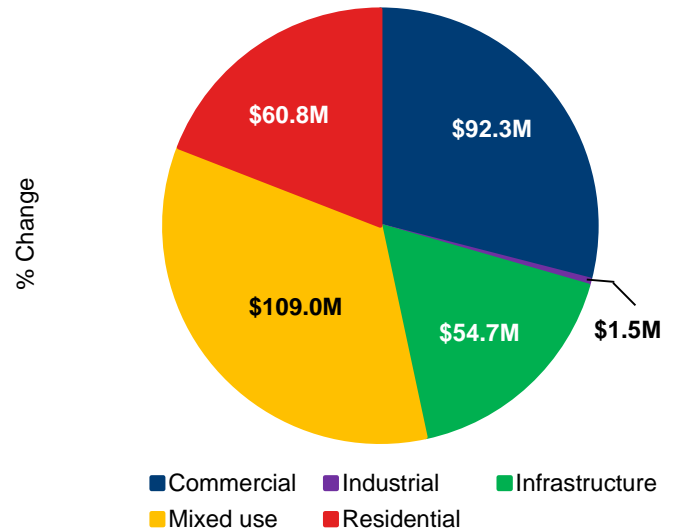
New Town is located north-east of Hobart's CBD and boasts a positive price growth of 3.4% over the past 15 months (to Q1 of 2018), while having an affordable entry price point. Interest in New Town is very high with 2,692 online visits per property. Investors are currently enjoying a high rental yield of 5.1%. The 1<sup>st</sup> half of 2018 will see residential and infrastructure projects valued at \$8.2M<sup>^</sup>, which are set to add new dwellings and boost health services. The suburb is also accessible by public transport, and is close to the major arterials and shopping centres.

<sup>^</sup>Quoted estimated values of projects are based on reported land construction values as stated by the relevant data authority and do not signify their commercial/resale value. \*Median price is either N/A due to no recorded sales data or quoted as an indication only due to having less than 20 sales transactions. © PRDNationwide 2018.

## RENTAL MARKET ANALYSIS



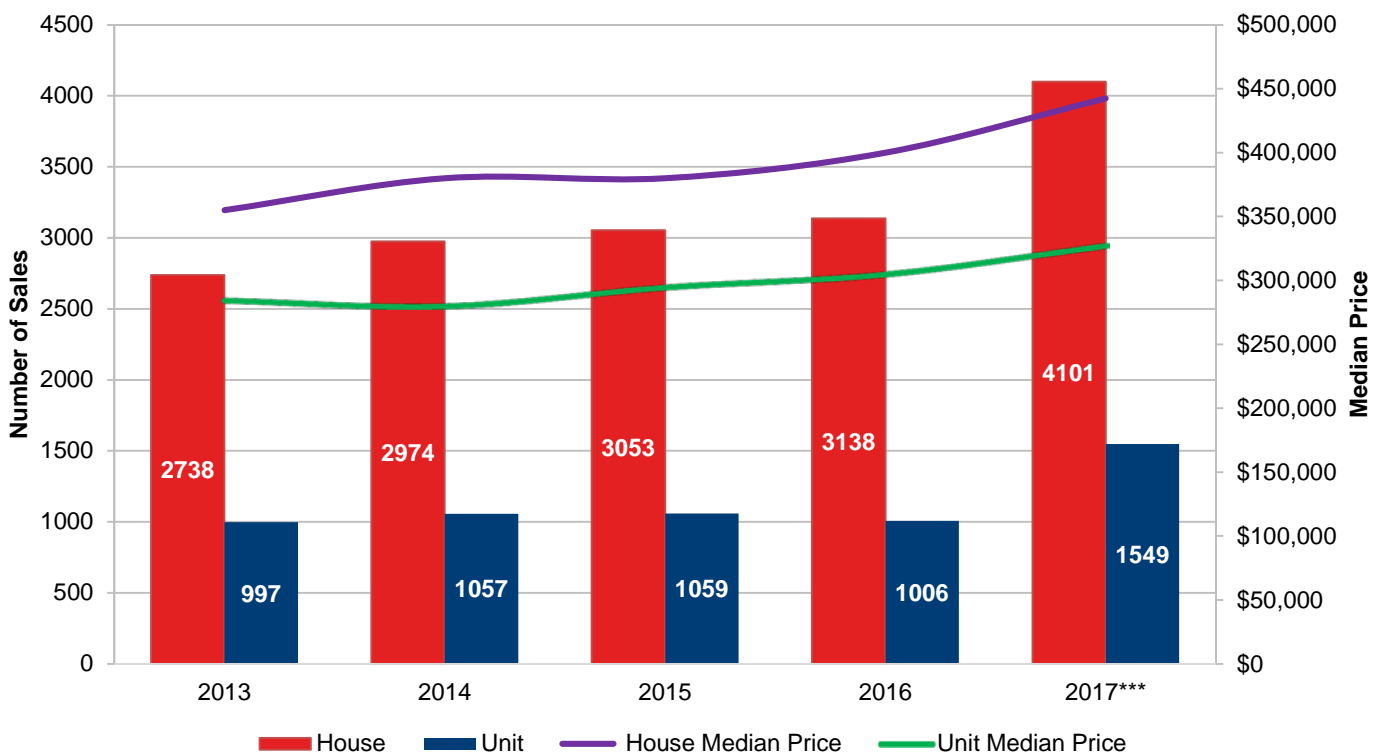
## 1<sup>st</sup> HALF 2018 PROJECTS\*\*



Hobart's rental market proves to be in high demand, demonstrated by median rental prices of \$380 for houses and \$320 for units, and low vacancy rates of 1.4% - even though there has been an increase in median sales prices. There has been an increase of 5.6% (houses) and 3.2% (units) in median rent over the past 12 months to December 2017. Currently rental yields are amongst the strongest in the Australian market which provides attractive, low risk options for investors seeking opportunities beyond the Sydney and Melbourne property markets. Now is the time to enter the lucrative Hobart property market before this investment hotbed moves beyond the reaches of affordability.

Over \$318.2M\*\*\* of commercial, industrial, infrastructure, mixed-use and residential projects are planned for the 1<sup>st</sup> half of 2018, underlining Hobart's sustainable economic growth and enhanced liveability. This will result in conducive conditions for a vibrant property market in the future. The main mixed-use project is the Montpelier Salamanca Residential. At approximately \$109.0M\*, this will add 116 units to the market. In total 112 units, 36 townhouses, 76 houses, and 198 residential lots will be added in the 1<sup>st</sup> half of 2018.

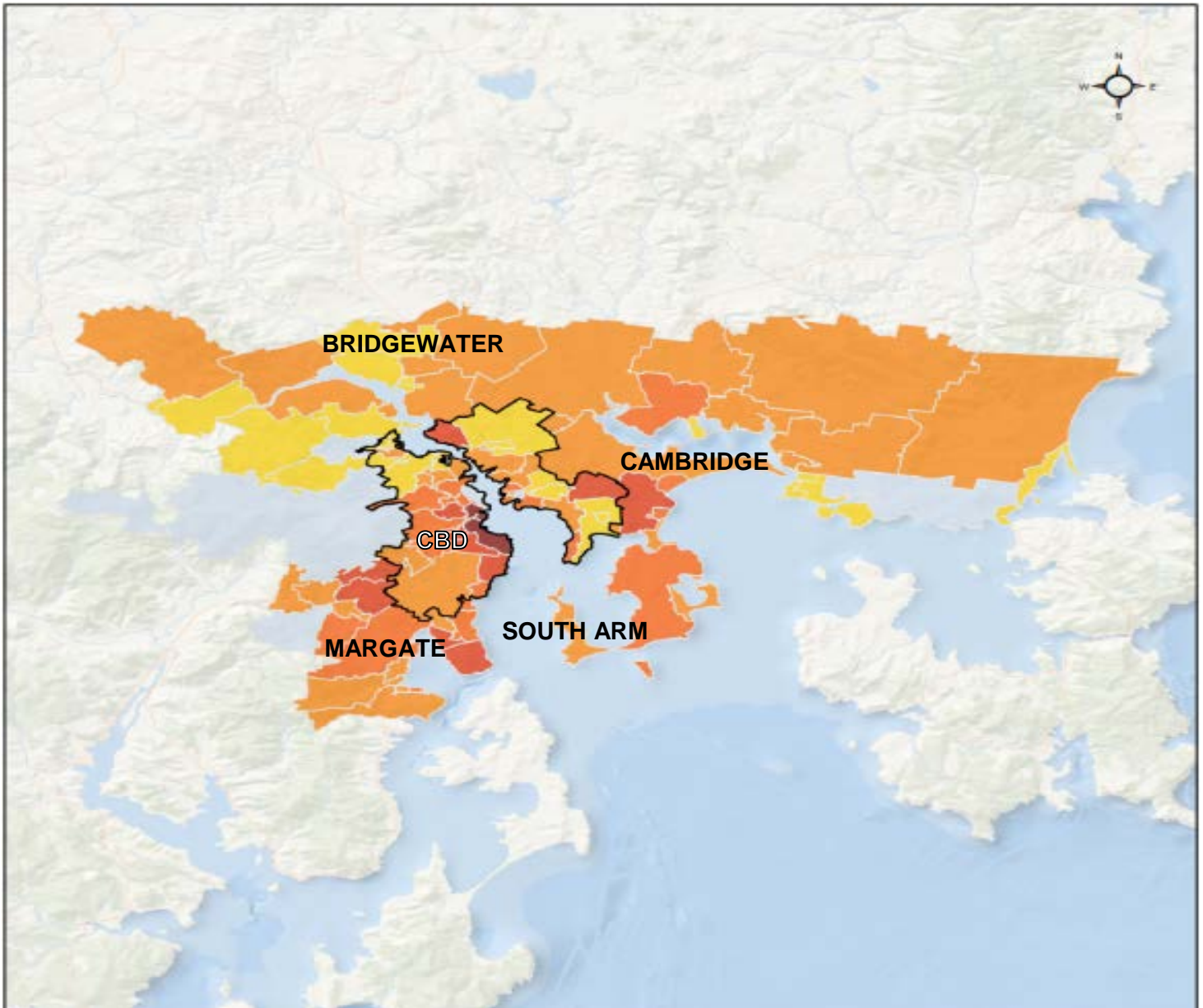
## HOBART CITY COUNCIL SALES AND MEDIAN PRICE GROWTH



\*Data is based on '2 Bedroom Other Dwellings' figures as per REIA's Real Estate Market Facts December quarter 2017 report and are assumed to be predominantly units.  
 \*\*Quoted project development spending reflects aggregate of estimated values for projects commencing in 1st half 2018. Quoted estimated value of projects is based on reported land construction value as stated by the relevant data authority and does not signify its commercial/resale value. \*\*\*Median price for 2017/18 captures sale transactions from 1st January 2017 to 31st March 2018. \*Inner Hobart area is inclusive of all suburbs within the Hobart, Glenorchy, Kingborough, and Clarence Local Government Areas (LGAs). © PRDnationwide 2018.



## GREATER HOBART MEDIAN HOUSE PRICES 2017/2018\*



### LEGEND

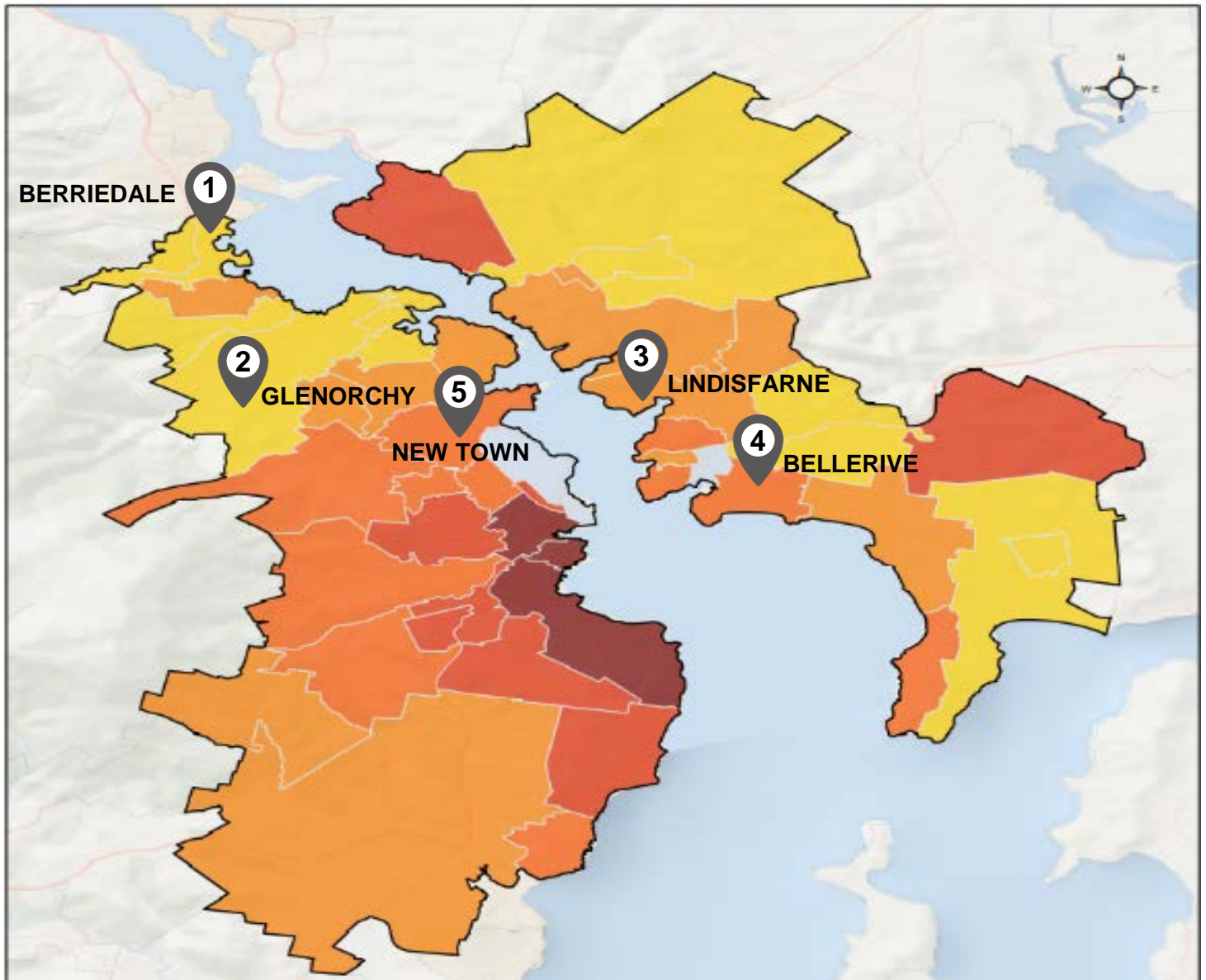
	Data not available
	\$0 - \$350,000
	\$350,000 - \$500,000
	\$500,000 - \$650,000
	\$650,000 - \$800,000
	\$800,000+
	10km from CBD

Top 3 Lowest Priced Suburbs**	Median Price 2017/2018**	Project Development***	Median Rent 2017/2018**	Rental Yield
Clarendon Vale	\$165,000	\$360,000	\$265	6.8%
Gagebrook	\$165,000	-	\$268	8.2%
Herdsmans Cove	\$166,000	-	\$275	8.2%
Top 3 Highest Priced Suburbs**	Median Price 2017/2018**	Project Development***	Median Rent 2017/2018**	Rental Yield
Sandy Bay	\$870,000	\$4,700,000	\$598	5.8%
Acton Park	\$750,000	-	\$700	2.5%
Dynnyrne	\$725,000	-	\$550	5.8%

\*Median house price reflected in the heat-map captures sale transactions from 1st January 2017 to 31st March 2018. Grey areas represent areas where no recorded sales data could be accessed or due to having less than 20 sales transactions.  
 \*\*Top 3 suburbs identified are located within 10 km from Hobart CBD; suburb median price and median rent figures capture data from 1st January 2017 to 31st March 2018. \*\*\*Project development value is an aggregate of estimated construction value for residential, commercial, industrial, mixed use, and infrastructure projects commencing in 1st half 2018; and does not reflect commercial/re-sale value. © PRDnationwide 2018.

# HOBART MEDIAN HOUSE PRICES 2017/2018\*

## 10KM FROM CBD



### LEGEND

	Data not available
	\$0 - \$350,000
	\$350,000 - \$500,000
	\$500,000 - \$650,000
	\$650,000 - \$800,000
	\$800,000+
	10km from CBD

### HOBART AFFORDABLE & LIVEABLE HOTSPOTS RENTAL YIELD

	Suburb	House		Suburb	Unit
1	Berriedale	6.1%	2	Glenorchy	5.1%
2	Glenorchy	5.3%	4	Bellerive	5.1%
3	Lindisfarne	5.6%	5	New Town	5.1%

\*House median price reflected in the heat-map captures sale transactions from 1st January 2017 to 31st March 2018. Source: APM PriceFinder, ESRI ArcGIS, SQM Research, REIA and Adelaide Bank, Cordell Database. © PRDnationwide 2018.

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