



Hobart

Affordable & Liveable

Property Guide

2nd Half 2019



METHODOLOGY

This report analyses all suburbs in the Greater Hobart area, within a 10km radius of the Hobart CBD. The following criteria were considered:

- **Property trends criteria** – all suburbs have a minimum of 10 transactions for statistical reliability purposes. Based on market conditions, suburbs have either positive, or as close as possible to neutral price growth, between 2018 to 2019*.
- **Investment criteria** – as of June 2019, all suburbs considered will have an on-par or higher rental yield than Hobart Metro, and an on-par or lower vacancy rate.
- **Affordability criteria** – identified suburbs have a median price below a set threshold. This was determined by adding percentage premiums to the Tasmania (TAS) average home loan, which was \$276,558** as of Q2 2019. Premiums of 145% for houses and 70% for units were added, which were above those required to reach Hobart Metro’s median prices (91% for houses and 45% for units). This places the suburbs above Hobart’s median prices. Buyers in Hobart need to sacrifice on affordability to ensure liveability and/or investment potential.
- **Development criteria** – all suburbs identified within this report have a high total estimated value of future project developments for the 2nd half of 2019, as well as a higher proportion of commercial and infrastructure projects. This ensures suburbs chosen show signs of sustainable economic growth, which in turn has a positive effect on the property market.
- **Liveability criteria** – this included ensuring all suburbs assessed have low crime rates, availability of amenities within a 5km radius (i.e. schools, green spaces, public transport, shopping centres and health care facilities), and an unemployment rate on-par or lower in comparison to the state average (as determined by the Department of Jobs and Small Business, March Quarter 2019 release).

RECENT TOP PERFORMERS

Area	Suburb	Type	Median Price 2018	Median Price 2019*	Price Growth	Projects 2019***
Inner	Lenah Valley	House	\$551,775	\$572,500	3.8%	\$4.1M
	New Town	Unit	\$360,000	\$398,500	10.7%	\$1.3M
East	Rokeby	House	\$290,000	\$311,500	7.4%	\$13.3M
	Rokeby	Unit	\$300,000	\$376,000	25.3%	\$13.3M
South	Taroona	House	\$720,000	\$746,000	3.6%	\$1.5M
	Kingston	Unit	\$360,000	\$398,500	10.7%	\$11.4M
North	Montrose	House	\$394,000	\$455,000	15.5%	\$8.0M

OVERVIEW

Median property prices in Hobart increased by 1.4% for houses to \$529,500 and by 1.7% for units to \$399,750, from 2018 to 2019*. Sale transactions have declined over the same period, by -31.8% for houses and -32.3% for units, which is reflective of the slower market conditions. By comparison, from 2017 to 2018 the median house price increased by 10.8%, and the median unit price softened by -7.4%, while sales transactions fell -10.8% for houses and -9.4% for units. Although Hobart’s median house price continues to grow, it is at a slower pace than the previous year, which presents greater affordability to first home buyers. Higher reduction in market activity should further increase first home buyers’ confidence, as the reduced competition makes now an ideal opportunity to enter the market. An estimated \$451.1M worth of developments are set to commence in the 2nd half of 2019, with a particular focus on commercial activity. This will create further local employment opportunities. Sustainable population growth remains a challenge due to limited dwelling supply coming into the market. This is evident through low vacancy rates across the city. This is likely to continue to put upward pressure on sale and rental prices, and signals the ongoing need for development of residential housing stock in Hobart.

KEY MARKET INDICATORS HOBART METRO

Indicator	Market Variation [^]
House Sales	↓
House Median Price	↑
House Median Rent	↑
Unit Sales	↓
Unit Median Price	↑
Unit Median Rent	↑

KEY COMMENTS

Over the 12 months to Q2 2019, the proportion of income to meet home loan repayments increased by 1.6% in TAS. At the same time, the total number of first home buyers entering into the market softened by -6.1%.

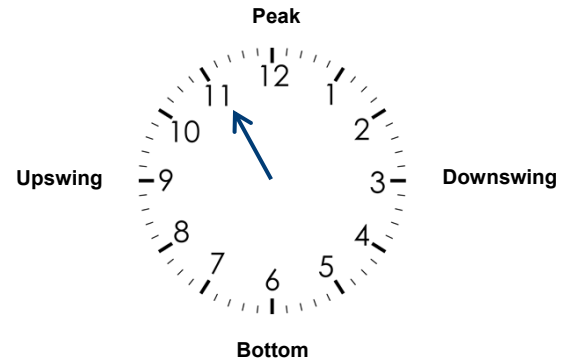
Highly affordable suburbs (those with a maximum property sale price of the average state loan, plus a 120% deposit as per the *1st Half 2019[‡]* report), exist. In the 2nd half 2019 there were 26 suburbs within this price range, which is a slight improvement on the 23 suburbs previously identified in the *1st Half 2019[‡]* report.

Despite this improvement, many of these suburbs fail to meet liveability criteria. Premiums of 145% for houses and 70% for units needed to be added to the TAS average home loan in order to satisfy liveability criteria. These premiums are above those in the *1st Half 2019[‡]* report (previously 120% for houses and 60% for units), revealing that there has been an increase in the cost of liveability. The premiums are also above the level required to reach Hobart’s median price. Thus, the recent slower median price growth has not resulted in improved access to liveable suburbs.

Aside from Lindisfarne, areas featured in previous *Affordable and Liveable Property Guides* as affordable and liveable suburbs have either failed to meet liveability criteria, or have become unaffordable due to median price growth. This highlights the need to improve Hobart’s liveability.

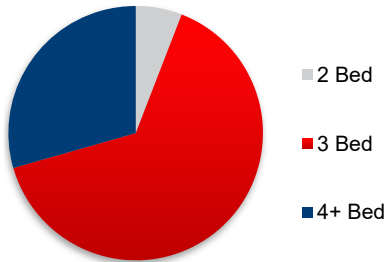


PROPERTY CLOCK – HOUSES



AFFORDABLE & LIVEABLE HOUSE SUBURBS

MONTROSE 7010



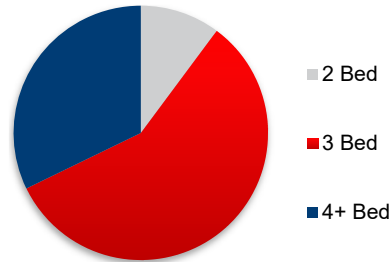
Located in an approximate radius of **8.4km** from the CBD.

Median House Price **\$455,000**

- 2 Bed Median Price **\$213,500***
- 3 Bed Median Price **\$391,000**
- 4+ Bed Median Price **\$557,000***

Montrose is located north-west of the Hobart CBD. The area has not previously featured as an affordable and liveable suburb, however is the most affordable suburb for houses in this 2nd half 2019 report. It has had strong annual median price growth of 15.5%**. Montrose has an incredibly tight vacancy rate of 0.1% and an average house rental yield of 5.4%, making it a highly attractive suburb for investors. At the same time, access to a variety of amenities including public transport and cycleways, shops, and green spaces along the foreshore of the Derwent River all make the area desirable for its liveability aspects.

LENAH VALLEY 7008



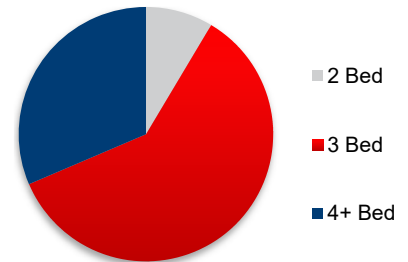
Located in an approximate radius of **2.9km** from the CBD.

Median House Price **\$572,500**

- 2 Bed Median Price **\$502,500***
- 3 Bed Median Price **\$574,500**
- 4+ Bed Median Price **\$635,000**

Lenah Valley is located to the west of Hobart's CBD and is another newly identified affordable and liveable suburb for houses. The area has a \$4.1M development pipeline for the 2nd half of 2019, which will create a medical centre, 45 lots, 5 units, and 3 townhouses. This is great news for residents, as an increased supply of dwellings will help ease the pressures of a growing population. Lenah Valley has a very low unemployment rate of just 3.8%, meaning there is a high level of economic activity. House rentals have a low vacancy rate of 0.4% and an average house rental yield of 4.5%, making Lenah Valley ideal for investors.

NEW TOWN 7008



Located in an approximate radius of **2.4km** from the CBD.

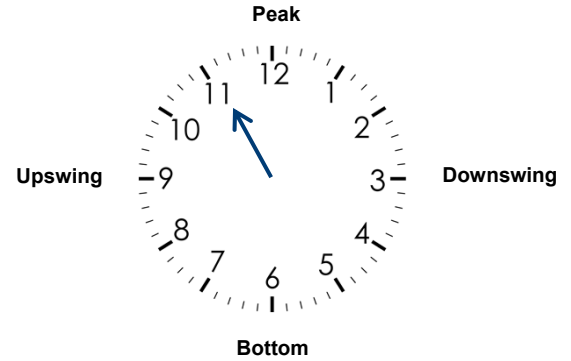
Median House Price **\$676,800**

- 2 Bed Median Price **\$566,500***
- 3 Bed Median Price **\$679,600**
- 4+ Bed Median Price **\$722,000**

The closest affordable and liveable suburb for houses just north of Hobart's CBD; New Town offers residents a choice of many shops, schools, parklands, buses, and medical centres. The unemployment rate was 5.7% in the March quarter of 2019, which is below TAS's 6.6% average, making it an economically productive suburb. It also had an annual median price growth of 4.5%** for houses, and investors have been able to benefit from house rental yields of 4.5%, and a very low vacancy rate of 0.4%. This cements New Town as a good area for buyers seeking returns in either solid yields or capital growth.

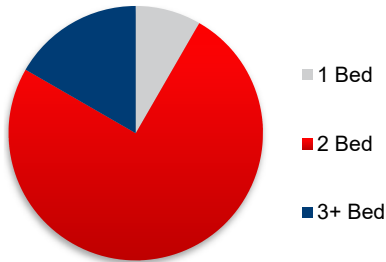


PROPERTY CLOCK – UNITS



AFFORDABLE & LIVEABLE UNIT SUBURBS

MONTROSE 7010



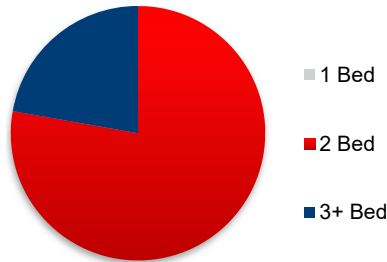
Located in an approximate radius of **8.4km** from the CBD.

Median Unit Price **\$320,000**

- 1 Bed Median Price **\$181,000***
- 2 Bed Median Price **\$267,500***
- 3+ Bed Median Price **\$500,500***

Montrose is the only affordable and liveable suburb to feature for both houses and units, making it a standout performer in this report. With a strong development pipeline of \$8.0M scheduled for the 2nd half of 2019 (driven by the commercial sector), spill-over benefits are likely for the property market as new employment is created. This will help improve an already healthy rate of unemployment of 6.4%. Units also recorded a strong average yield of 6.8%, and extremely low vacancies of just 0.1%, making the area attractive for investors. It is also highly liveable with access to shops, education, parklands, and more.

GILSTON BAY 7015



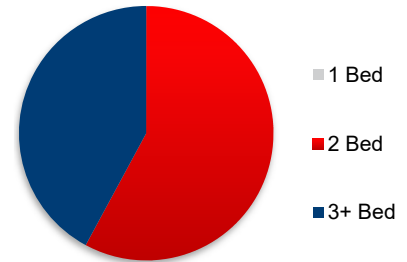
Located in an approximate radius of **4.6km** from the CBD.

Median Unit Price **\$355,000**

- 2 Bed Median Price **\$355,000**
- 3+ Bed Median Price **\$362,500***

Geilston Bay is north of Hobart's CBD on the Eastern Shore of the Derwent River. The area recorded an excellent average unit rental yield of 7.3% and a very low vacancy rate of just 0.5%, making the area quite attractive to investors. In addition, an estimated \$850.0K in infrastructure projects scheduled for the 2nd half of 2019 will help upgrade local roads, which will benefit residents. Other liveable aspects of Geilston Bay include a great range of outdoor recreation options, as well as access to public transport, schools, and shops. A very low unemployment rate of 3.8% is also a positive sign of the local economy's health.

LINDISFARNE 7015



Located in an approximate radius of **3.9km** from the CBD.

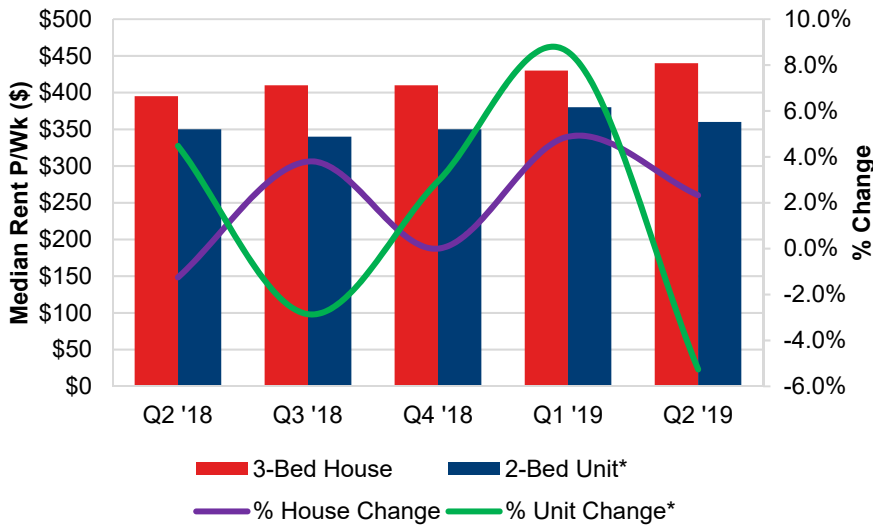
Median Unit Price **\$460,000**

- 2 Bed Median Price **\$441,500***
- 3+ Bed Median Price **\$537,500***

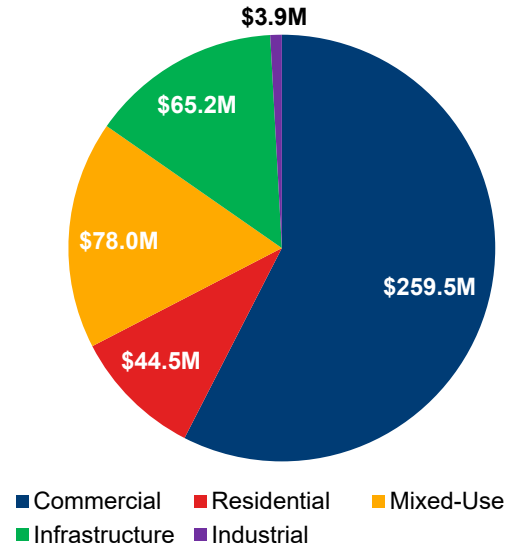
As the only affordable and liveable unit suburb to have been featured twice in consecutive reports (2nd Half 2018^µ and 1st Half 2019[¶]), the north-eastern suburb of Lindisfarne continues to be a strong contender for Hobart in this report. A \$2.0M residential project pipeline for the 2nd half of 2019 will see the creation of 12 dwellings, which is necessary to ensure population increases can be sustained. Annual median unit price growth of 5.7%** was recorded, along with strong 7.0% average rental yields and a very low 0.5% vacancy rate. Lindisfarne continues to meet all aspects of liveability, including shops, schools, and parks.

*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 quoted as an indication only due to having less than 20 sales transactions. **Median price growth quoted captures sale transactions from 1st January 2019 to 30th September 2019, or Q1 2019 – Q3 2019. µ PRD Nationwide Affordable and Liveable Property Guide Hobart 2nd Half 2018 report. ¶ PRD Nationwide Affordable and Liveable Property Guide Hobart 1st Half 2019 report. Source: APM Pricefinder, SQM Research, Cordell Connect, Department of Small Jobs and Business, Google Maps. © PRD Nationwide 2019.

RENTAL MARKET ANALYSIS



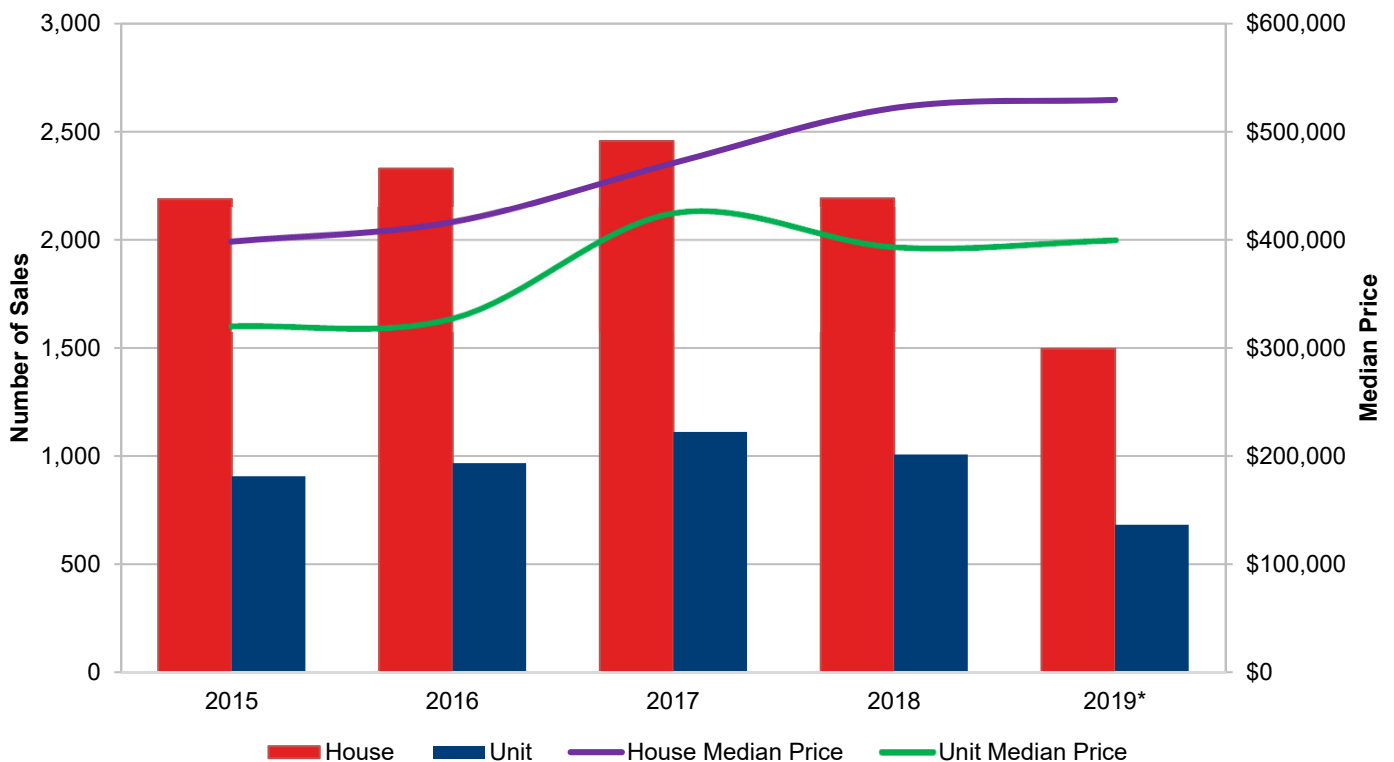
2nd HALF 2019 PROJECTS**



Over Q2 2019, the Hobart rental market recorded a median rental price of \$440 per week for houses and \$360 per week for units, representing median house rental growth of 2.3% and a softening in the median unit rental price of -5.3%. These median rental price levels were achieved alongside an incredibly tight 0.5% vacancy rate, which tightened over the 12 months to June 2019. Average yields of 4.3% (houses) and 6.6% (units) are reflective of the tight vacancy levels in the Hobart Metro area. In fact, both markets recorded a slight upward trend in rental yields in the 12 months to June 2019 due to high rental demand over the period. The lack of additional supply within Hobart's property market should keep vacancy rates low, which is good news for investors.

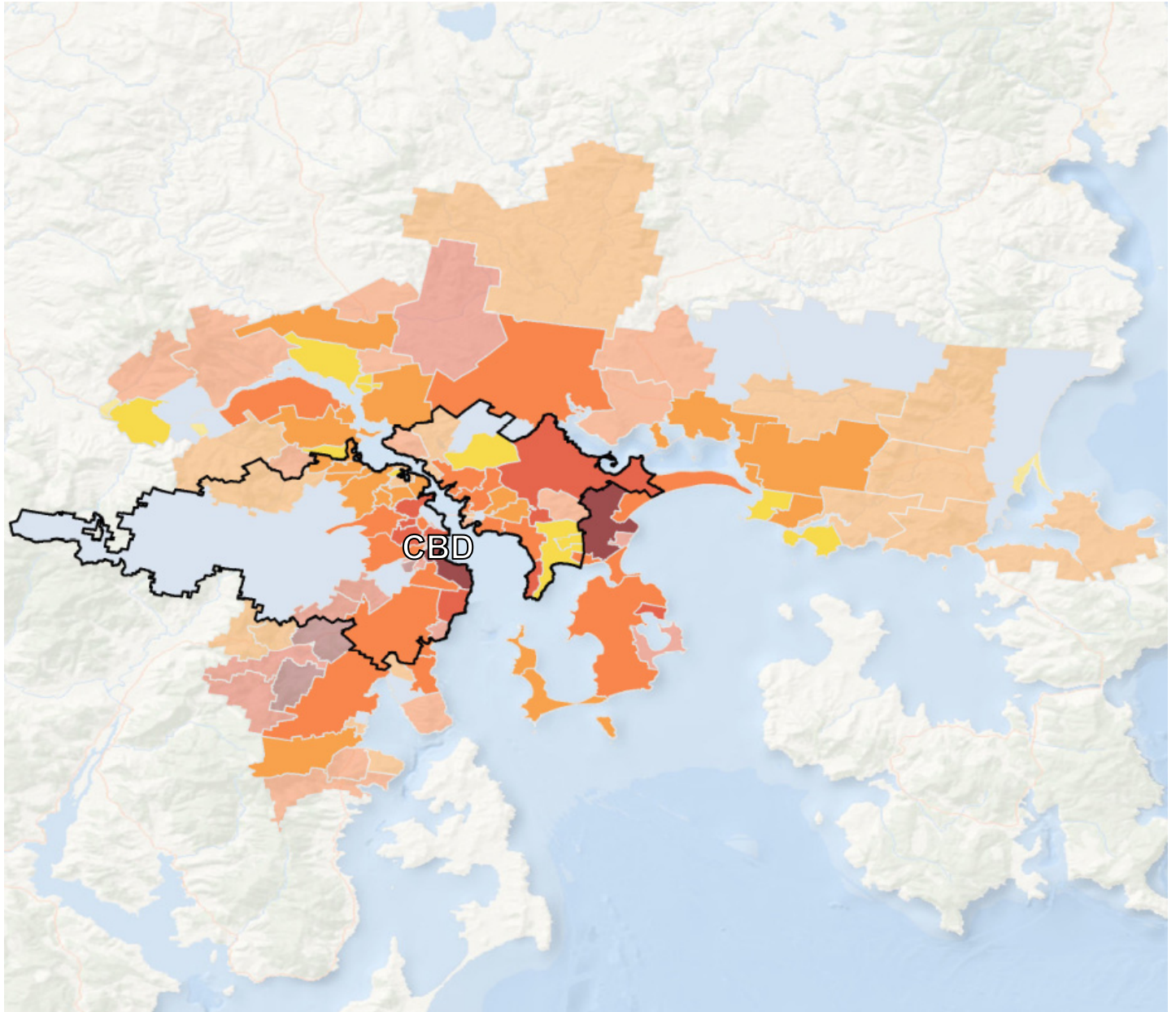
The 2nd half of 2019 is set to see approximately \$451.1M** of development, with a major focus on commercial activity, as well as spending on infrastructure, mixed-use, residential, and some industrial projects also. A limited residential supply pipeline is a cause for concern in regards to housing affordability in the area, and provides developers with a great opportunity. A key commercial project for the period is the \$100.0M Hobart International Airport Stage 1 Upgrade, which will create a terminal twice the size of the existing one. Such a project will help create great employment and tourism opportunities for Hobart.

HOBART METRO SALES AND MEDIAN PRICE GROWTH



*Data is based on '2 Bedroom Other Dwellings' figures as per REIA's Real Estate Market Facts June quarter 2019 report and are assumed to be predominantly units. **Quoted project development spending reflects aggregate of estimated values for projects commencing in the 2nd half of 2019. Quoted estimated value of projects are based on reported land/construction value as stated by the relevant data authority and do not signify commercial/resale value. ***Median price for 2019 captures sale transactions from 1st January 2019 to 30th September 2019. Source: APM Pricerfinder, Real Estate Institute of Australia, SQM Research, Cordell Connect. © PRDnationwide 2019.

GREATER HOBART MEDIAN HOUSE PRICE 2019*



LEGEND

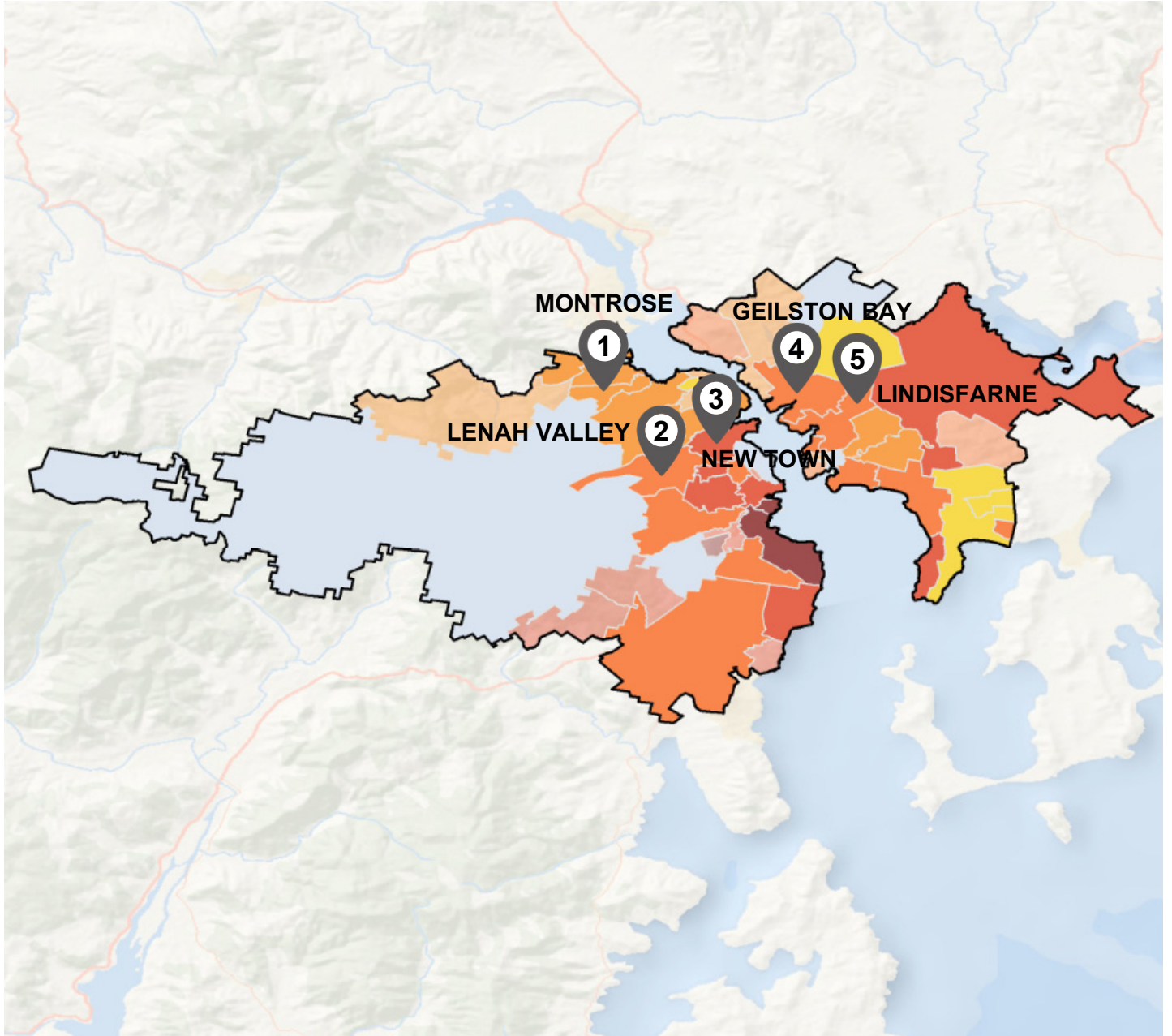
- Data not available
- \$0 - \$350,000
- \$350,000 - \$500,000
- \$500,000 - \$650,000
- \$650,000 - \$800,000
- \$800,000+
- 10km from CBD

Translucent colours for <10 sales

Top 3 Lowest Priced Suburbs**	Median Price 2019**	Project Development***	Median Rent 2019**	Rental Yield
Clarendon Vale	\$245,000	\$1.2M	\$353	4.6%
Risdon Vale	\$291,000	\$5.4M	\$360	6.1%
Rokeby	\$311,500	\$13.3M	\$360	4.6%
Top 3 Highest Priced Suburbs**	Median Price 2019**	Project Development***	Median Rent 2019**	Rental Yield
Taroona	\$746,000	\$1.5M	\$573	4.2%
Sandy Bay	\$890,000	\$73.0M	\$600	4.4%
Battery Point	\$1,405,000	-	\$675	6.3%

*Median house price reflected in the heat-map captures sale transactions from 1st January 2019 to 30th September 2019. Grey areas represent areas where no recorded sales data could be accessed or due to having no sales transactions.
 Top 3 suburbs identified are located within 10 km from CBD; suburb median price and median rent figures capture data from 1st January 2019 to 30th September 2019. *Project development value is an aggregate of estimated construction value for residential, commercial, industrial, mixed use, and infrastructure projects commencing in the 2nd half of 2019; it does not reflect commercial/re-sale value.
 Source: APM Pricerfindr, Cordell Connect, ESRI ArcGIS, SQM Research. © PRDnationwide 2019.

HOBART MEDIAN HOUSE PRICES 2019* – 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
	Translucent colours for <10 sales

HOBART AFFORDABLE & LIVEABLE SUBURBS

RENTAL YIELD

	Suburb	House	Suburb	Unit	
1	Montrose	5.4%	1	Montrose	6.8%
2	Lenah Valley	4.5%	4	Geilston Bay	7.3%
3	New Town	4.5%	5	Lindisfarne	7.0%

*House median price reflected in the heat-map captures sale transactions from 1st January 2019 to 30th September 2019.
Source: APM Pricerfinder, ESRI ArcGIS, SQM Research. © PRDnationwide 2019.

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