



> Affordable & Liveable Property Guide

Hobart 1st Half 2020

METHODOLOGY

This affordable and liveable property guide for Hobart Metro 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 sales transactions for statistical reliability purposes. Based on market conditions suburbs have either positive, or as close as possible to neutral price growth from 2018 to 2019/20*.
- **Investment criteria** – as of April 2020, all suburbs considered will have an on-par or higher rental yield than Hobart Metro, and a similar 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 \$343,649** as of Q1 2020. Premiums of 68% for houses and 25% for units were added, which for houses is above the required to reach Hobart Metro's median price (63%), and for units is slightly below (29%). Unit suburbs identified are more affordable, however house buyers need to sacrifice on affordability to meet liveability and/or investment criteria.
- **Development criteria** – suburbs identified within this report have a high total estimated value of future project development for the 1st half of 2020, as well as a higher proportion of commercial and infrastructure projects. This ensures the suburbs show signs of sustainable economic growth, in turn having 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, December Quarter 2019 release).

RECENT TOP PERFORMERS

Area	Suburb	Type	Median Price 2018	Median Price 2019/20*	Price Growth	Projects 2020***
Inner	Hobart	House	\$675,000	\$729,000	8.0%	\$46.4M
	Hobart	Unit	\$628,750	\$670,000	6.6%	\$46.4M
North	Glenorchy	House	\$375,000	\$385,500	2.8%	\$25.3M
	Glenorchy	Unit	\$280,000	\$315,000	12.5%	\$25.3M
South	Kingston	House	\$515,000	\$527,000	2.3%	\$4.7M
	Kingston	Unit	\$360,000	\$412,500	14.6%	\$4.7M
East	Bellerive	House	\$607,500	\$637,500	4.9%	\$8.2M
	Bellerive	Unit	\$422,500	\$427,500	1.2%	\$8.2M

OVERVIEW

Median property prices in Hobart Metro increased by 7.0% for houses to \$558,500 and by 12.8% for units to \$443,500 from 2018 to 2019/20*. By comparison, from 2017 to 2018 the median house price increased by 10.8%, and the median unit price softened by -7.4%. Hobart Metro's median price growth has shown improvement, showing the market is moving from strength to strength. An estimated \$185.5M worth of development is set to commence in the 1st half of 2020 across Greater Hobart, with a focus on infrastructure projects to improve local amenities for residents. Sustainable population growth remains a challenge due to continued new dwelling supply constraints. This is evident through low vacancy rates across the city, and is likely to continue to put upward pressure on sale and rental prices. This signals the ongoing need for development of residential housing stock.

*Median price quoted captures sale transactions from 1st January 2019 to 31st March 2020, or Q1 2019 – Q1 2020. **Average home loan figure is derived from March Quarter 2020 Housing Affordability Report by the Real Estate Institute of Australia (REIA) 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 1st half of 2020 as stated by the relevant data authority. *Market movement is reflective of median price change from 2018 to 2019/20. Median rent is reflective of median price change from Q1 2019 to Q1 2020. ^u PRD Affordable and Liveable Property Guide Hobart 2nd Half 2019 report. Source: APM Pricerfinder, Real Estate Institute of Australia, SQM Research, Cordell Connect, Department of Jobs and Small Business. © PRD Real Estate 2020.

MARKET MOVEMENT

Market Indicator	Market Variation
House Sales	↓
House Median Price	↑
House Median Rent	↑
Unit Sales	↔
Unit Median Price	↑
Unit Median Rent	↑

KEY COMMENTS

In the 12 months to Q1 2020, the proportion of income to meet home loan repayments grew by 10.4% in TAS. At the same time, the total number of first home buyers who entered the market fell by -16.0%. Overall affordability has declined for the TAS housing market.

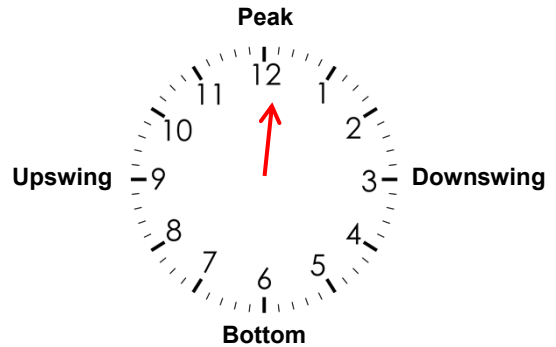
Affordable and liveable suburbs (those with a maximum property sale price of the state average home loan, plus a 145% deposit as per the *2nd Half 2019^u* report), exist. In the 1st half of 2020 there were 45 suburbs within this price range, a notable improvement to the 26 suburbs previously identified in the *2nd Half 2019^u* report.

In the 1st half of 2020 premiums of 68% for houses and 25% for units needed to be added to the TAS average home loan in order to satisfy the liveability criteria. These premiums are well below those in the *2nd Half 2019^u* report, revealing that there has been a decrease in the cost of liveability.

That said, a premium of 68% for houses is slightly higher than the 63% premium needed to reach Hobart Metro's median price. Although there is an improvement in the number of suburbs accessible by homebuyers and the percentage premium added to the state average home loan, Hobart Metro house buyers still, in most cases, either achieve affordability or liveability.

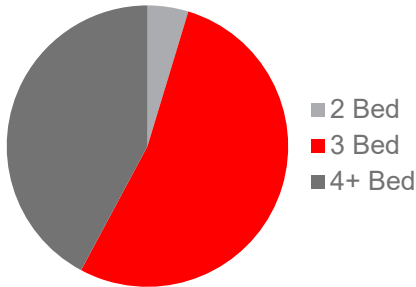


PROPERTY CLOCK - HOUSES



AFFORDABLE & LIVEABLE HOUSE SUBURBS

GEILSTON BAY 7015



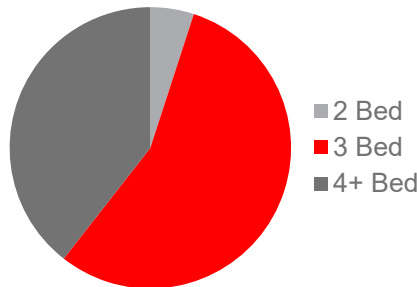
Located in an approximate radius of **5.5km** from the Hobart CBD.

Median House Price **\$512,500**

- 2 Bed Median Price **\$515,000***
- 3 Bed Median Price **\$430,000**
- 4+ Bed Median Price **\$582,500**

North of Hobart's CBD on the Eastern Shore of the Derwent River, Geilston Bay is an affordable and liveable suburb which previously appeared in both the *2nd Half 2018*[‡] and *2nd Half 2019*^μ reports. Featuring the lowest median house price of the three affordable and liveable suburbs identified, Geilston Bay has also seen a healthy median price growth of 6.8% from 2018 to 2019/20^{**}. The low unemployment rate of 4.3% will be further complemented by \$850.0K[^] in project development in the 1st half of 2020. With access to amenities including public transport, schools, parks, and shops, the area is well-equipped for residents. Average house rental yields of 4.2% and a low vacancy rate of 0.8% also make Geilston Bay attractive for investors.

KINGSTON 7050



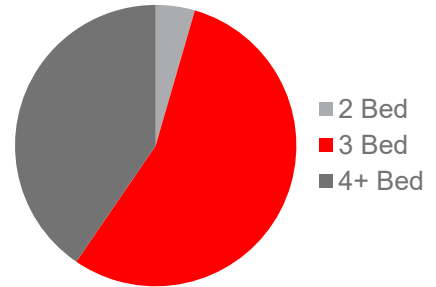
Located in an approximate radius of **5.8km** from the Hobart CBD.

Median House Price **\$527,000**

- 2 Bed Median Price **\$430,000***
- 3 Bed Median Price **\$498,500**
- 4+ Bed Median Price **\$626,000**

Previously featured in both the *2nd Half 2018*^μ and *1st Half 2019*[€] report, Kingston continues to provide both affordability and liveability in the 1st half of 2020. A healthy development pipeline of \$4.7M[^] is set to commence in the 1st half of 2020, with a mix of commercial, infrastructure, and residential projects helping support a growing demand for property and also creating new employment in the area. Kingston's unemployment rate sits at 4.9%, below the TAS average of 6.0%. With direct access to the CBD, and amenities in the suburb including parks, a golf course, schools, shops and more, there are strong liveability benefits for residents in Kingston. Investors in Kingston also benefit from average house rental yields of 4.2% and a low vacancy rate of 0.8%.

LINDISFARNE 7015



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

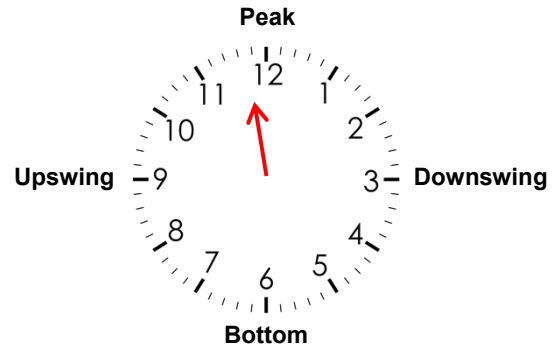
Median House Price **\$575,000**

- 2 Bed Median Price **\$470,000***
- 3 Bed Median Price **\$516,500**
- 4+ Bed Median Price **\$630,000**

Lindisfarne is a suburb on Hobart's Eastern Shore, and is the most frequently appearing affordable and liveable suburb in Hobart Metro, being in the *1st Half 2018*[§], *2nd Half 2018*[‡], *1st Half 2019*[€], and *2nd Half 2019*^μ reports, and for both houses and units in two of these. Its strength is shown in its continued price growth, up by 6.8% from 2018 to 2019/20^{**}, and ongoing performance for investors with a 0.8% vacancy rate and a 4.1% average house rental yield. A very low unemployment rate of 3.4% indicates local economic stability, and project development of \$900.0K[^] in the 1st half of 2020 will further stimulate Lindisfarne's economy. Local amenities are aplenty in the suburb, with access to health care, shops, schools, and more.

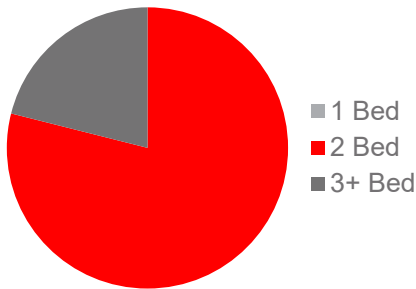


PROPERTY CLOCK - UNITS



AFFORDABLE & LIVEABLE UNIT SUBURBS

BELLERIVE 7018



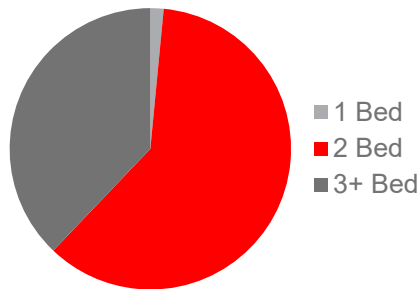
Located in an approximate radius of **3.6km** from the Hobart CBD.

Median Unit Price **\$427,500**

- 1 Bed Median Price **N/A**
- 2 Bed Median Price **\$400,000**
- 3+ Bed Median Price **\$607,500***

On Hobart's Eastern Shore and directly opposite the Hobart CBD, Bellerive is a suburb near to shops, schools, public transport, parks, and more. A strong development pipeline of \$8.2M[^] in the 1st half of 2020 is set to add commercial and infrastructure projects to the area, to further benefit residents and create new jobs. An already low unemployment rate of just 4.3% in Bellerive suggests economic stability. With average unit rental yields of 4.3% and a low vacancy rate of 1.0%, investors continue to see the suburb as a stable market for ongoing returns. This helps explain why the suburb has appeared previously in both the *1st Half 2018*^{\$} and *2nd Half 2018*[#] reports, as does its modest 1.2% positive median unit price growth from 2018 to 2019/20^{**}.

KINGSTON 7050



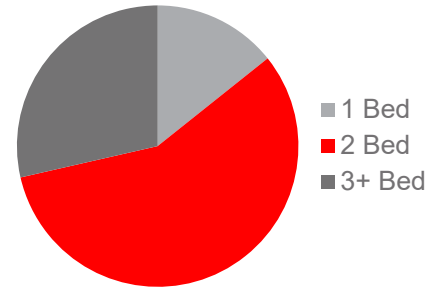
Located in an approximate radius of **5.8km** from the Hobart CBD.

Median Unit Price **\$412,500**

- 1 Bed Median Price **\$176,000***
- 2 Bed Median Price **\$355,000**
- 3+ Bed Median Price **\$450,000**

The suburb of Kingston is the only affordable and liveable suburb to appear for both houses and units in this report, highlighting its consistent value to residents and investors alike. Set to benefit from \$4.7M[^] in project development for the 1st half of 2020, and with low unemployment of 4.9%, Kingston has a stable economic platform. Kingston also offers locals easy access to shops, schools, parks, and more. The suburb also recorded median unit price growth of 14.6% from 2018 to 2019/20^{**}, providing solid capital gains to owners. Further, Kingston's investors have benefited from an average unit rental yield of 5.5% and a very low vacancy rate of 0.8%. These factors together explain why Kingston has appeared twice as an affordable and liveable suburb.

NEW TOWN 7008



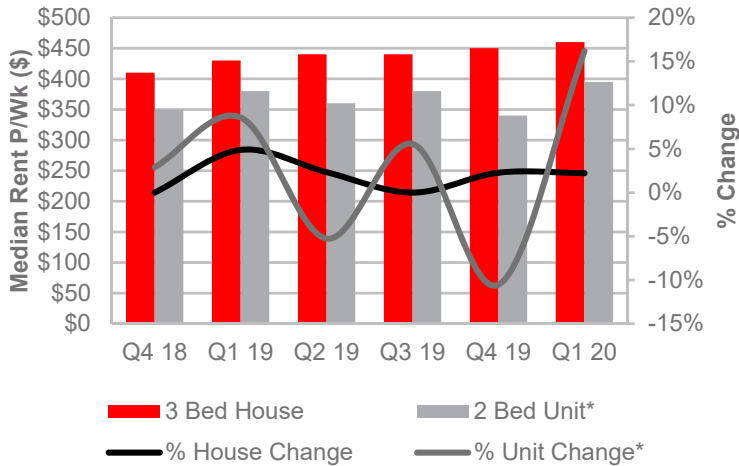
Located in an approximate radius of **3.0km** from the Hobart CBD.

Median Unit Price **\$404,750**

- 1 Bed Median Price **\$310,000***
- 2 Bed Median Price **\$385,000**
- 3+ Bed Median Price **\$685,000***

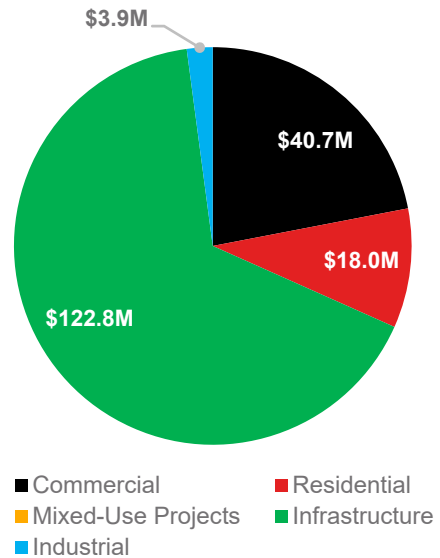
New Town has also proven a popular affordable and liveable suburb, having appeared in three previous reports (*1st Half 2018*^{\$}, *1st Half 2019*[€], and *2nd Half 2019*^μ) for houses and units. The suburb has seen a large median unit price growth of 20.8% from 2018 to 2019/20^{**}, and offers investors strong average unit rental yields of 5.0% and a low vacancy rate of just 1.5%. New Town is due to develop \$4.3M[^] of new projects in the 1st half of 2020, with commercial projects stimulating new jobs. This will assist the already low unemployment rate of 6.3%. Meanwhile infrastructure projects will improve amenities for residents, adding to the abundance of schools, parks, public transport, and shops currently accessible by local residents.

RENTAL MARKET ANALYSIS



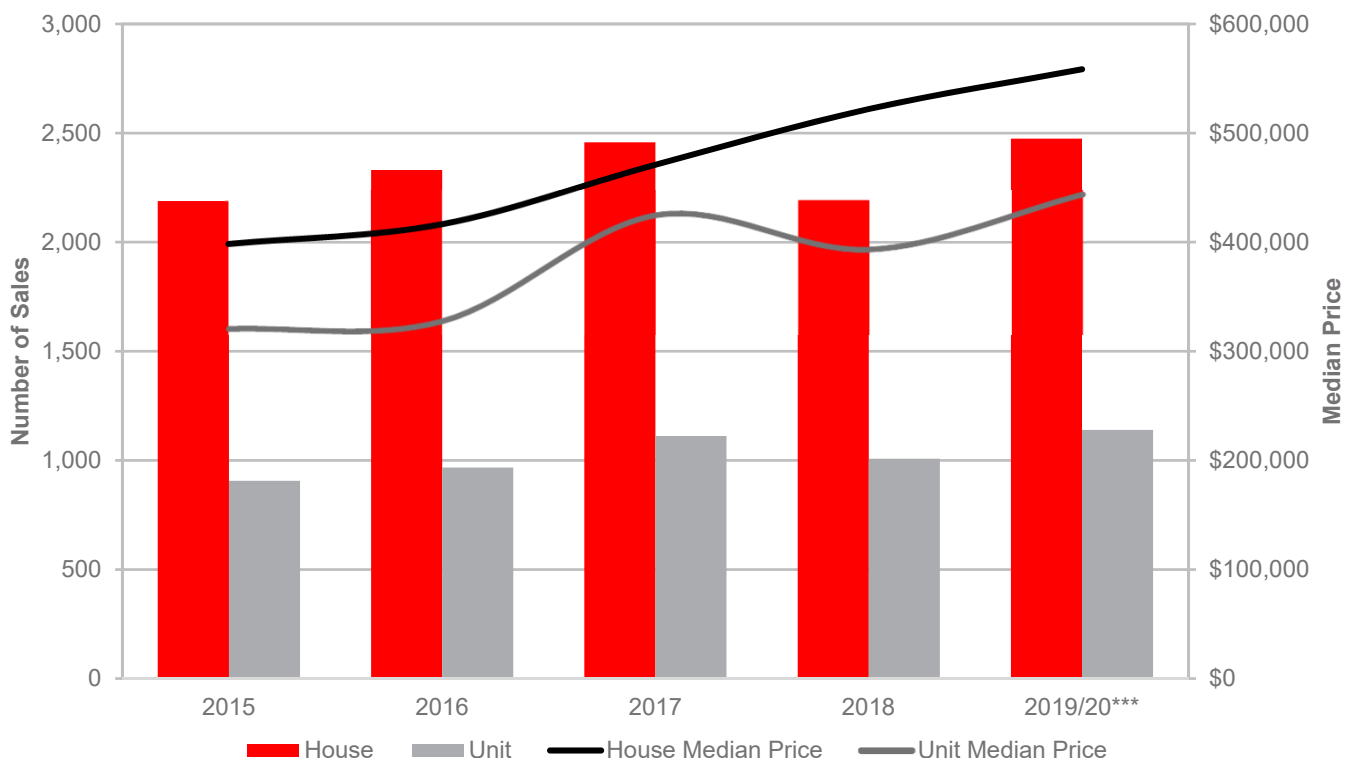
Over Q1 2020, the Hobart Metro rental market recorded a median rental price of \$460 per week for houses and \$395 per week for units, representing quarterly median house rental growth of 2.2% and growth of 16.2% in the median unit rental price. Hobart Metro also recorded a low vacancy rate of 1.4%, which has slightly lifted in the 12 months to April 2020. Average yields of 3.9% (houses) and 5.7% (units) are reflective of these tight vacancy levels. The lack of additional supply in the property market should keep vacancy rates low, which is good news for investors.

1ST HALF 2020 PROJECTS



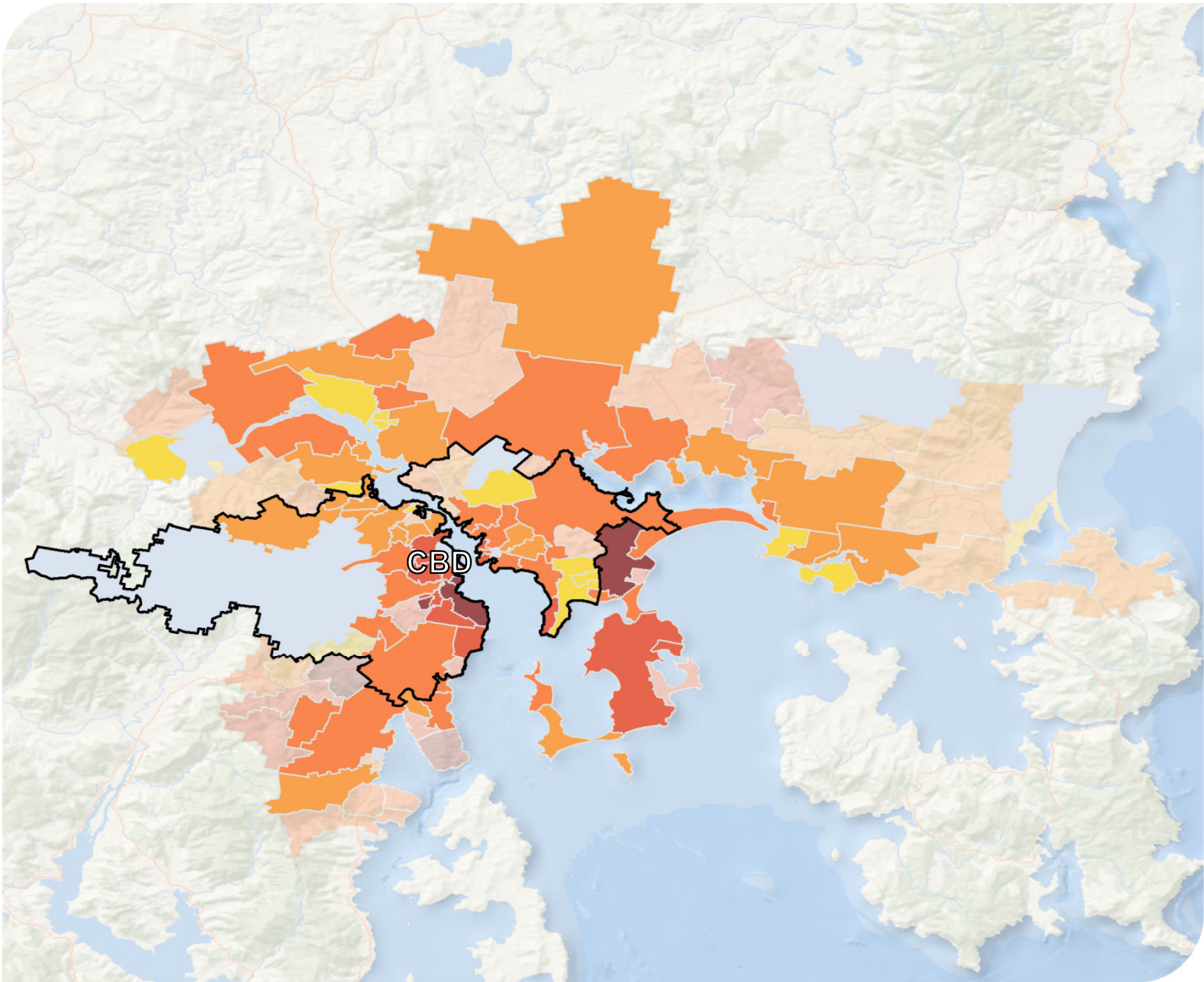
The 1st half of 2020 is set to see approx. \$185.4M** of development across Greater Hobart, with a major focus on infrastructure projects, which will improve services and liveability aspects for residents. A limited residential supply pipeline is still a cause for concern, as it creates housing affordability issues; however, this provides developers with a great opportunity. A key infrastructure project is the \$37.6M Hobart International Airport Road Upgrade. Projects such as this will help create new jobs and tourism opportunities for Greater Hobart.

HOBART METRO SALES & MEDIAN PRICE GROWTH



*Data is based on '2 Bedroom Other Dwellings' figures as per REIA's Real Estate Market Facts March Quarter 2020 report and are assumed to be predominantly units. **Quoted project development spending reflects aggregate of estimated values for projects commencing in the 1st half of 2020. 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 2019/20 captures sale transactions from 1st January 2019 to 31st March 2020. Source: APM Pricer, Real Estate Institute of Australia, SQM Research, Cordell Connect. © PRD Real Estate 2020.

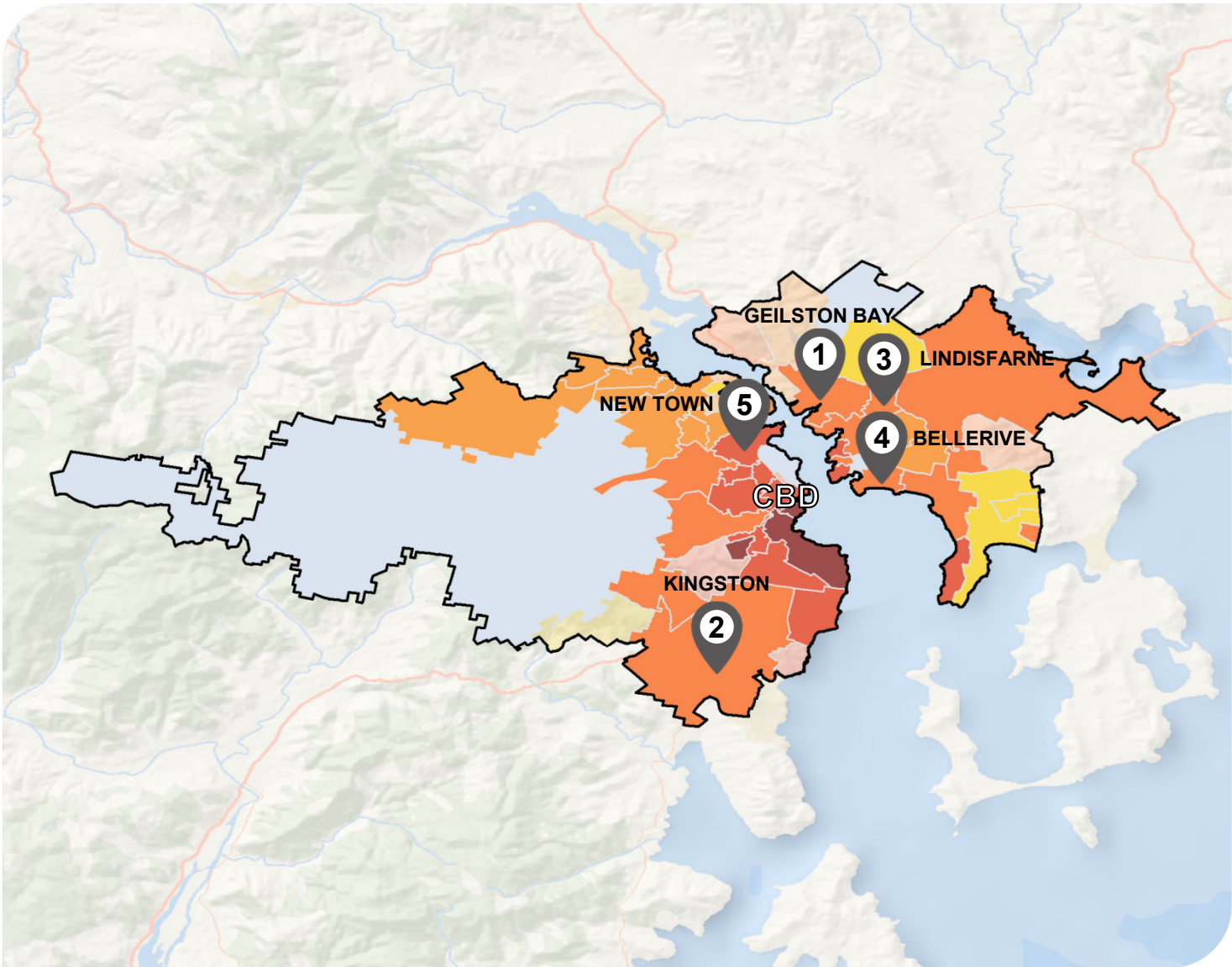
GREATER HOBART MEDIAN HOUSE PRICE 2019/20**



LEGEND		Top 3 Lowest Priced Suburbs**	Median Price 2019/20*	Project Development ***	Median Rent 2019/20*	Rental Yield
	Data not available	Clarendon Vale	\$252,000	-	\$350	4.7%
	\$0 - \$350,000	Risdon Vale	\$300,000	\$1.5M	\$370	5.6%
	\$350,000 - \$500,000	Rokeby	\$325,000	\$500.0K	\$360	4.8%
	\$500,000 - \$650,000	Top 3 Highest Priced Suburbs**				
	\$650,000 - \$800,000	Battery Point	\$1,500,000	\$11.5M	\$650	4.1%
	\$800,000+	Sandy Bay	\$945,000	\$581.0K	\$600	3.5%
	10km from CBD	Tolmans Hill	\$900,000	-	\$720	3.5%
Translucent colours for <10 sales						

*Median house price reflected in the heat-map captures sale transactions from 1st January 2019 to 31st March 2020. 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 20km from CBD; suburb median price and median rent figures capture data from 1st January 2019 to 31st March 2020. ***Project development value is an aggregate of estimated construction value for residential, commercial, industrial, mixed use, and infrastructure projects commencing in the 1st half of 2020; it does not reflect commercial/re-sale value. Source: APM Pricefinder, Cordell Connect. ESRI ArcGIS, SQM Research. © PRD Real Estate 2020.

HOBART METRO MEDIAN HOUSE PRICE 2019/20* 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 METRO AFFORDABLE & LIVEABLE SUBURBS RENTAL YIELD

House			Unit		
Rank	Suburb	Rental Yield	Rank	Suburb	Rental Yield
1	Geilston Bay	4.2%	4	Bellerive	4.3%
2	Kingston	4.2%	2	Kingston	5.5%
3	Lindisfarne	4.1%	5	New Town	5.0%

*House median price reflected in the heat-map captures sale transactions from 1st January 2019 to 31st March 2020.
Source: APM Pricerfinder, ESRI ArcGIS, SQM Research. © PRD Real Estate 2020.

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PRD Research Division provides reliable, unbiased, and authoritative property research and consultancy to clients in metro and regional locations across Australia

Our extensive research capability and specialised approach ensures our clients can make the most informed and financially sound decisions about residential and commercial properties.

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Access to accurate and objective research is the foundation of all good property decisions.

As the first and only truly knowledge based property services company,

PRD shares experience and knowledge to deliver innovative and effective solutions to our clients.

We have a unique approach that integrates people, experience, systems and technology to create meaningful business connections. We focus on understanding new issues impacting the property industry; such as the environment and sustainability, the economy, demographic and psychographic shifts, commercial and residential design; and forecast future implications around such issues based on historical data and fact.

OUR PEOPLE

Our research team is made up of highly qualified researchers who focus solely on property analysis.

Skilled in deriving macro and micro quantitative information from multiple credible sources, we partner with clients to provide strategic advice and direction regarding property and market performance. We have the added advantage of sourcing valuable and factual qualitative market research in order to ensure our solutions are the most well considered and financially viable.

Our experts are highly sought after consultants for both corporate and government bodies and their advice has helped steer the direction of a number of property developments and secured successful outcomes for our clients.

OUR SERVICES

Our research services span over every suburb, LGA, and state within Australia; captured in a variety of standard and customized products.

We have the ability and systems to monitor market movements, demographic changes and property trends. We use our knowledge of market sizes, price structure and buyer profiles to identify opportunities for clients and provide market knowledge that is unbiased, thorough and reliable.

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