



Hobart Market Update 2nd Half 2020



OVERVIEW

In Q2 2020, Hobart* recorded a median house price of \$758,500, and a median unit price of \$457,500. This represents annual (Q2 2019 – Q2 2020) median price softening of -1.5% for houses and of -16.8% for units. Between Q2 2019 – Q2 2020 total sales slowed, by -28.8% for houses (94 sales) and by -62.5% for units (44 sales). Softer demand is expected due to COVID-19 conditions, however there has also been limited new stock in the market. With more affordable prices now is the time for first home buyers to act.

	CHANGE FROM LAST	YEAR	HALF YEAR
	House Sales	↓	↓
	House Median Price	↓	↑
	House Rental Price	↓	↓
	Unit Sales	↓	↓
	Unit Median Price	↓	↓
	Unit Rental Price	↔	↓

MARKET CONDITIONS

SALES MEDIAN PRICE Q2 2020



SALES AVERAGE DAYS ON MARKET Q2 2020



RENTAL MEDIAN PRICE Q2 2020

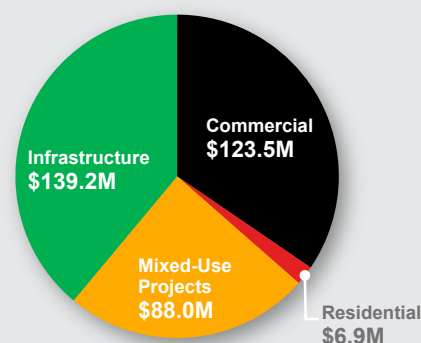


RENTAL AVERAGE DAYS ON MARKET Q2 2020



FUTURE DEVELOPMENTS

Hobart* is set to see approximately **\$357.6M** worth of new projects commence in the 2nd half of 2020.



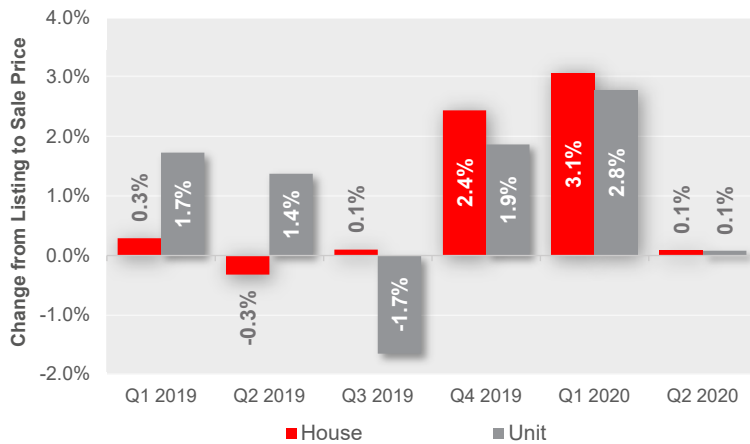
A balance of project types will help stimulate economic growth and create new employment opportunities in Hobart*, which should have a positive spill-over impact on the local market.

A major commercial project for the 2nd half of 2020 is the \$69.0M Former Odeon Theatre Site Redevelopment. This will include a new restaurant and bar and live music venue. The Macquarie Point Waterfront/Hobart Railways Redevelopment is a major \$90.0M infrastructure project which will develop the site in three stages, with public and commercial spaces, conference facilities, accommodation, Tasmanian Aboriginal history centre and more. A total of 106 units/apartments are planned, which is key to the Hobart market. Key projects include: Bathurst Street Mixed Use Development (\$10.0M, 33 units), and Sixty Six North Hobart (\$78.0M, 57 apartments)



AVERAGE VENDOR DISCOUNT

Average vendor discount reflects the average percentage difference between the first list price and final sold price. A lower percentage difference (closer to 0.0%) suggests that buyers are willing to purchase close to the first asking price of a property.



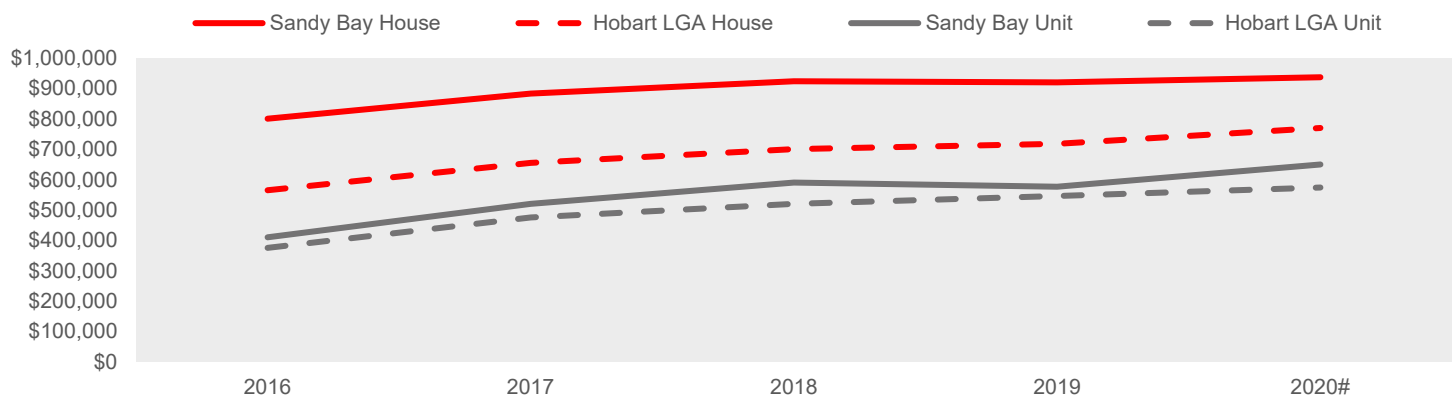
KEY COMMENTS

Average vendor discounts between Q2 2019 and Q2 2020 have swung to a buyer's premium of 0.1% for houses, while units tightened to the same level (0.1%). Market conditions in Hobart* continue to marginally favour vendors overall, as buyers are willing to offer above initial listing prices. This makes now a good opportunity to sell.

The suburb of Sandy Bay has historically outperformed the wider Hobart Local Government Area (LGA) in both house and unit median prices. This continues to be the case throughout 2020[#], proving the area's premium tag.

The dominant proportion of homes sold in Hobart* across 2020[^] were in the premium price bracket of above \$900,000 (29.4%). Units also recorded a dominant premium price point of above \$700,000 (35.7%). The Hobart* area is evidently seen as a premium area by buyers, in good news for owners.

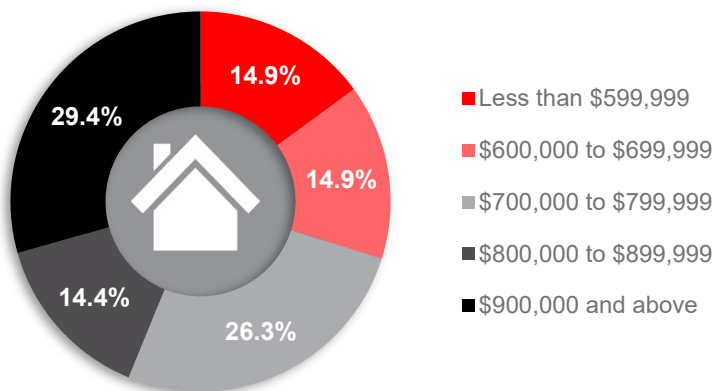
MARKET COMPARISON



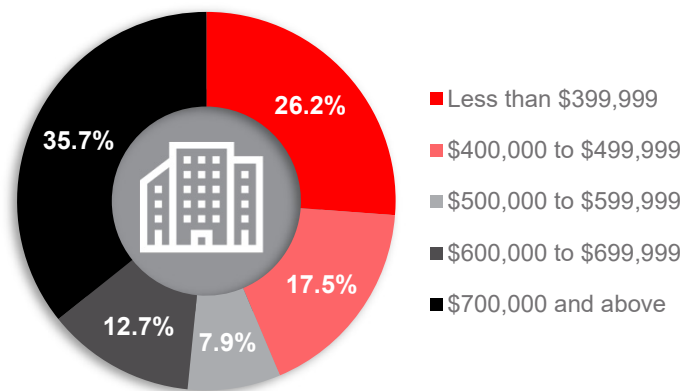
The market comparison graph provides a comparative trend for the median price of houses and units over the past 5 years. The main LGA profiled was chosen based on their proximity to the main suburb analysed, which is Sandy Bay.

PRICE BREAKDOWN 2020[^]

HOUSES SOLD



UNITS SOLD

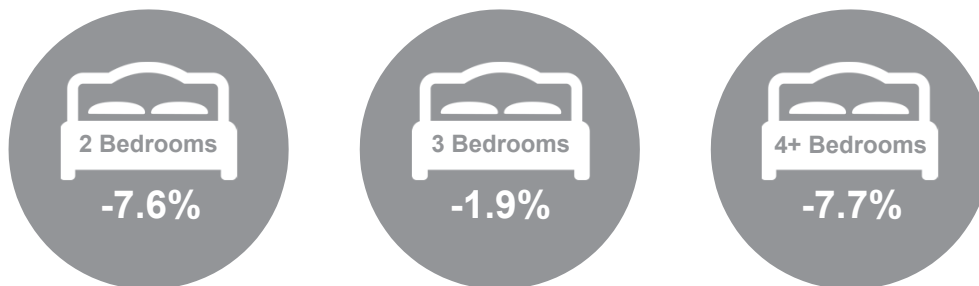


RENTAL GROWTH 2020€

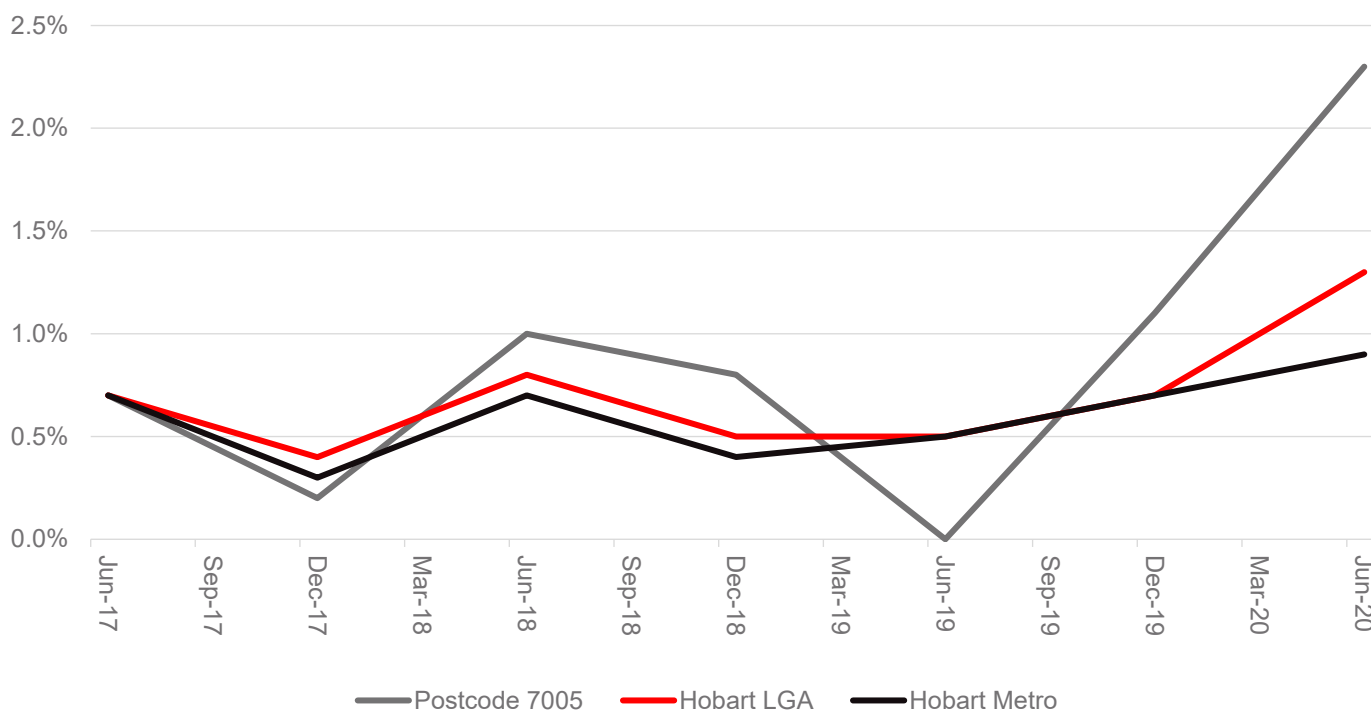
Over the past 12 months, house rental yields in Postcode 7005 compressed to sit at 3.9% in June 2020. This suggests the house rental market is in a fairly healthy position, particularly when combined with the 11.7% increase in demand for house rentals, to 230 rentals in the 12 months to Q2 2020. Now is an opportune time to enter the house rental market, particularly as the average days to let have also declined.

3 bedroom houses have provided investors with the most resilient rental prices annually with a median rent of \$520 per week.

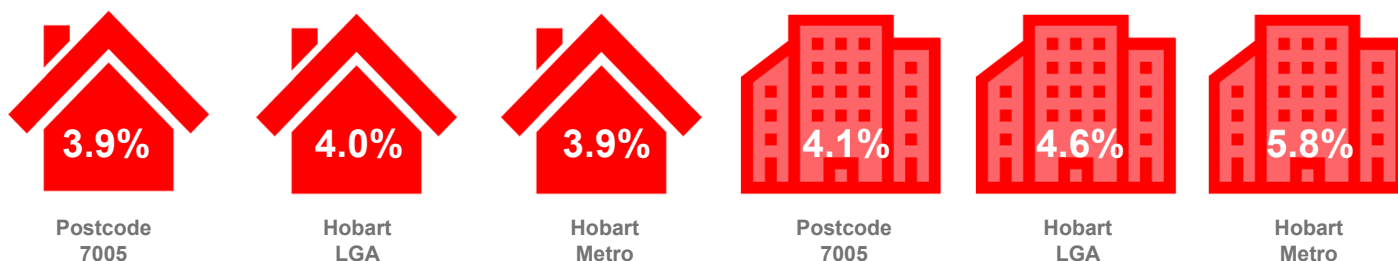
Postcode 7005 recorded a vacancy rate of 2.3% in June 2020. Although the increasing vacancy rate trend might sound alarming, a vacancy rate of 2.3% is still well below the Real Estate Institute of Australia's 3.0% healthy benchmark. This confirms a healthy rental demand continues to exist in Hobart*, and that there is conducive conditions for investment.



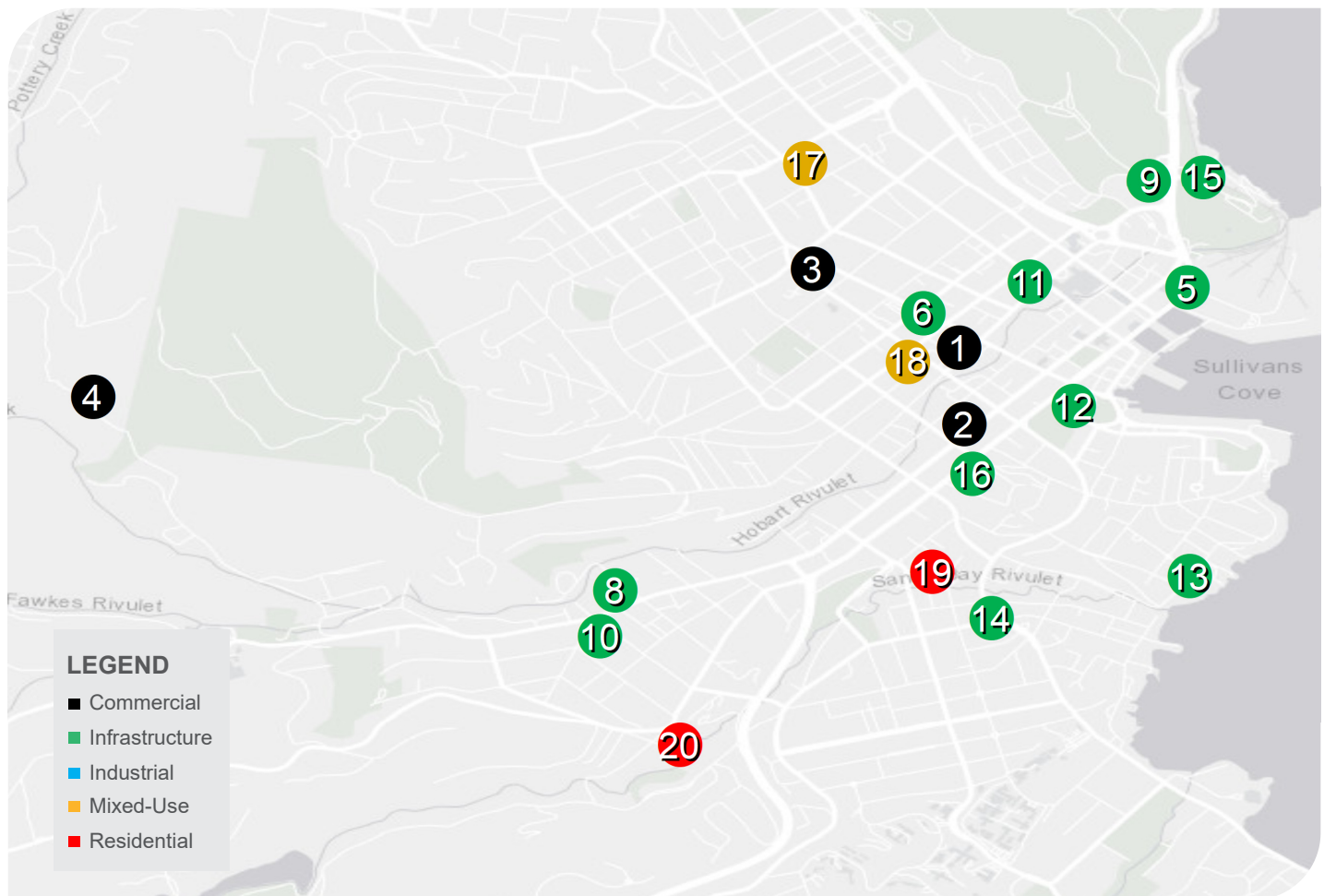
RENTAL VACANCY RATES 2020



RENTAL YIELD 2020\$



PROJECT DEVELOPMENT MAP 2ND HALF 2020[Ⓐ]



Location	Project [£]	Type	Estimated Value [Ⓜ]	Commence Date [Ⓜ]
1	Former Odeon Theatre Site Redevelopment	Commercial	\$69,000,000	21/09/2020
2	Macquarie & Collins Streets & Crowthers Lane Hotel	Commercial	\$50,000,000	25/08/2020
3	Murray Street Accommodation	Commercial	\$2,500,000	05/08/2020
4	Pinnacle Road Cableway (Mount Wellington)	Commercial	\$2,000,000	14/12/2020
5	Macquarie Point Waterfront/Hobart Railyards Redevelopment	Infrastructure	\$90,000,000	12/10/2020
6	Macquarie Point Infrastructure Scheme	Infrastructure	\$20,000,000	08/11/2020
Not mapped	Pinnacle Road Safety Barriers	Infrastructure	\$6,000,000	12/08/2020
8	Department Of Communities Tasmania Site Redevelopment Program Round 4	Infrastructure	\$4,287,000	01/11/2020
9	Great Eastern Drive Road Widening & Safety Treatments Phase 2 Upgrade	Infrastructure	\$3,841,000	01/10/2020
10	Department Of Communities Site Redevelopment Program Round 5	Infrastructure	\$2,800,000	25/08/2020
11	Police Emergency Services Operations Centre Redevelopment	Infrastructure	\$2,500,000	12/11/2020
12	Podium Office Parliament Square	Infrastructure	\$2,003,000	03/10/2020
13	Battery Point Slipyard	Infrastructure	\$2,000,000	18/12/2020
14	Hobart City Council Stormwater System Restoration Works	Infrastructure	\$2,000,000	16/09/2020
15	Great Eastern Drive Road Widening & Safety Treatments Phase 3	Infrastructure	\$2,000,000	01/11/2020
16	Anglesea Barracks & Paterson Barracks	Infrastructure	\$1,800,000	12/08/2020
17	Sixty Six North Hobart (57 Apartments)	Mixed-use	\$78,000,000	18/11/2020
18	Bathurst Street Mixed Use Development (33 Units)	Mixed-use	\$10,000,000	10/07/2020
19	Montgomery Court Units (5 Units)	Residential	\$3,900,000	14/10/2020
20	Kooyong Glen Units (11 Units)	Residential	\$3,000,000	24/12/2020

OUR SERVICES INCLUDE

- Advisory and consultancy
- Market Analysis including profiling and trends
- Primary qualitative and quantitative research
- Demographic and target market Analysis
- Geographic information mapping
- Project Analysis including product and pricing recommendations
- Rental and investment return analysis

OUR KNOWLEDGE

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

OUR PEOPLE

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

OUR SERVICES

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



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REFERENCES

* Hobart market data and key indicators encapsulates aggregate property conditions within the suburbs Hobart Local Government Area (LGA).

** Estimated values are based on construction value provided by the relevant data authority and does not reflect commercial and/or re-sale value.

2020 encapsulates sales transactions for 1H 2020 (01/01/2020 – 30/06/2020) only.

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€ Annual rental growth is a comparison between 1H 2019 (01/01/2019 – 30/06/2019) and 1H 2020 (01/01/2020 – 30/06/2020) house median rent figures.

¥ Hobart market data encapsulates aggregate property conditions within the Postcodes 7000, 7004, 7005, 7007, 7008, 7009, 7050, and 7054.

§ Rental yields shown are as reported at June 2020.

⌘ Project development map showcases a sample of upcoming projects only, due to accuracy of addresses provided by the data provider for geocoding purposes.

£ Projects refers to the top developments within the suburbs Hobart LGA.

μ Estimated value is the value of construction costs provided by relevant data authority, it does not reflect the project's sale/commercial value.

ψ Commencement date quoted for each project is an approximate only, as provided by the relevant data authority, PRD does not hold any liability to the exact date.

Source: APM Pricerfinder, Cordell Connect database, SQM Research, ESRI ARCGIS.

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