



Derwent Valley Market Update 2nd Half 2020



OVERVIEW

In Q2 2020, Derwent Valley* recorded a median house price of \$362,500, and a median unit price of \$290,000. This represents annual (Q2 2019 – Q2 2020) median price growth of 29.2% for houses and of 8.8% for units. Between Q2 2019 – Q2 2020 total sales in both markets slowed, by -58.7% for houses (to 19 sales). Softer demand is expected due to COVID-19, also potentially due to low stock availability. That said high median house price growth during this time suggest market resilience. With limited competing stock on the market and prices up, now is the time to transact in Derwent Valley*.

	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

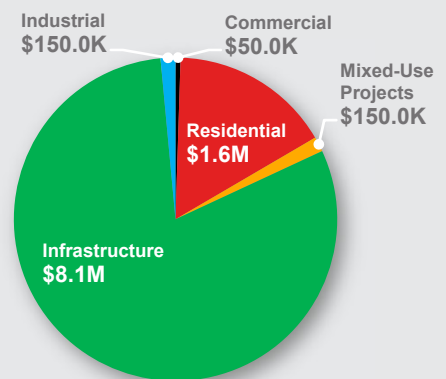


RENTAL AVERAGE DAYS ON MARKET Q2 2020



FUTURE DEVELOPMENTS

Derwent Valley* is set to see approximately **\$10.0M** worth of new projects commencing in the 2nd half of 2020.



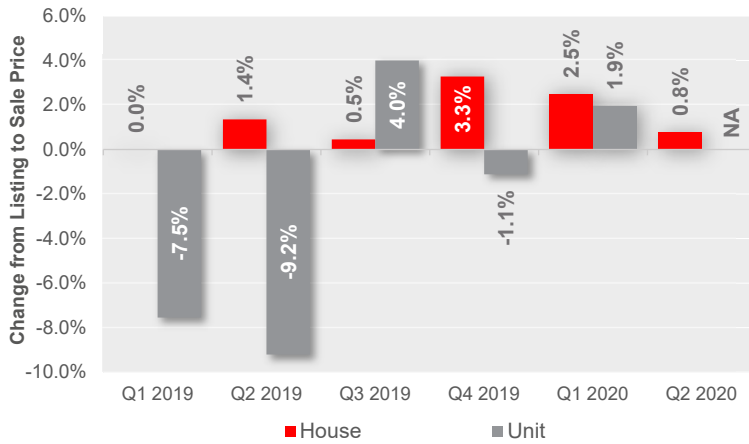
Infrastructure projects will focus on creating improved amenities to benefit locals. The construction phase will create new jobs, which should in turn have a positive spill-over impact on the Derwent Valley* property market.

A main infrastructure project over the 2nd half of 2020 is the \$5.0M New Norfolk Police Station, which will see the demolition and the existing station and a new one constructed in its place. Such upgrades will help provide a safer community in Derwent Valley*, in good news for residents. Residential projects such as the \$910.0K Lower Road Units, which will construct 3 units, will help ease some pressure on local housing demand. However more supply is needed to help normalise the high demand currently placed on the Derwent Valley* property market.



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.



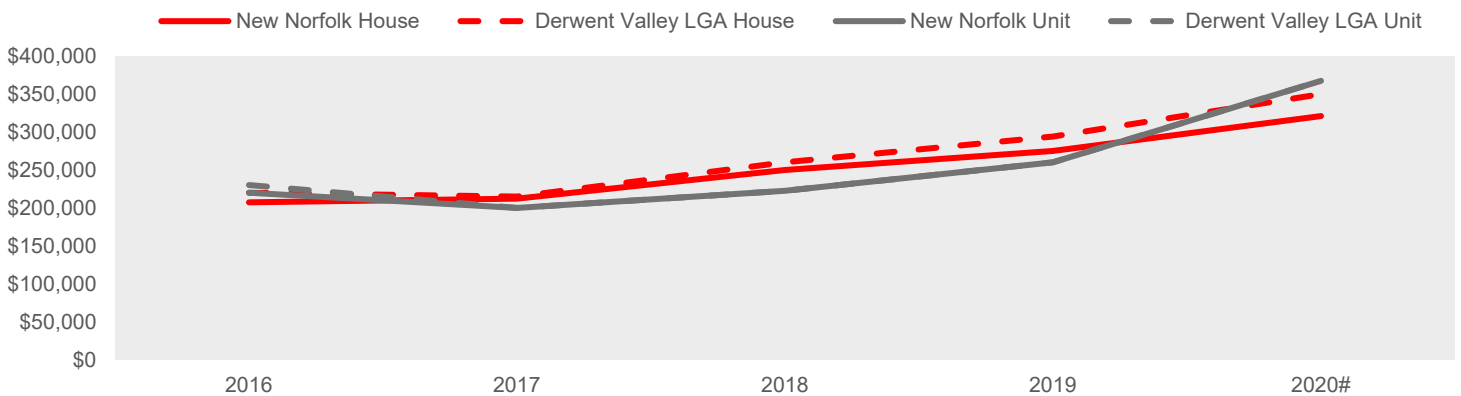
KEY COMMENTS

Average vendor discounts between Q2 2019 and Q2 2020 have slightly lessened for houses, to a buyer's premium of +0.8%. Market conditions in Derwent Valley* continue to favour vendors overall however, as buyers are willing to offer above initial listing prices. This makes now is the time to sell.

The suburb of New Norfolk has historically performed similarly to the wider Derwent Valley Local Government Area (LGA) in both house and unit median prices. This continues to be the case in 2020#, though houses in New Norfolk currently provide better value than before.

The dominant proportion of homes sold in Derwent Valley* across 2020^ were in the lowest price bracket below \$300,000 (34.2%). Only 5 unit sales were recorded, with a dominant price point of below \$300,000 and above \$450,000 (each 40.0%). This reveals a range of affordably priced options for buyers.

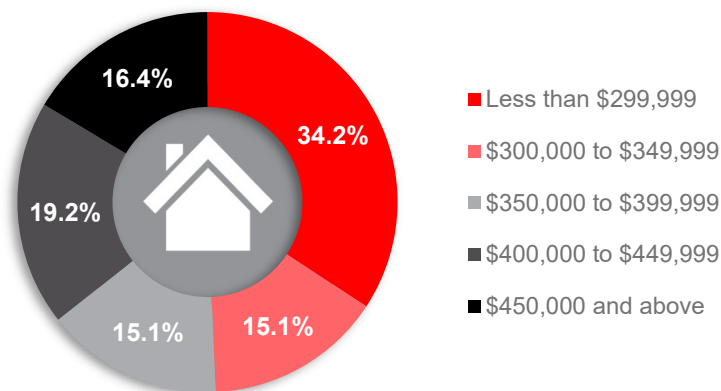
MARKET COMPARISON



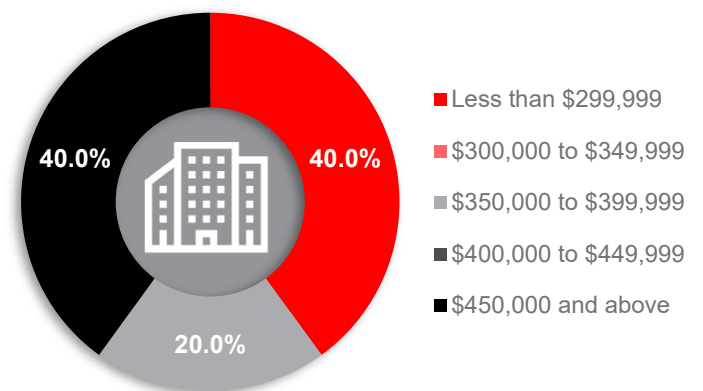
The market comparison graph provides a comparative trend for the median price of houses and units over the past 5 years. The main LGA profiled are chosen based on their proximity to the main suburb analysed, which is New Norfolk.

PRICE BREAKDOWN 2020^

HOUSES SOLD



UNITS SOLD

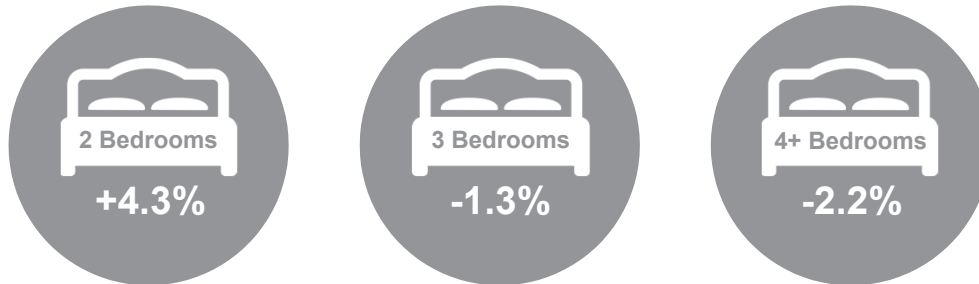


RENTAL GROWTH 2020€

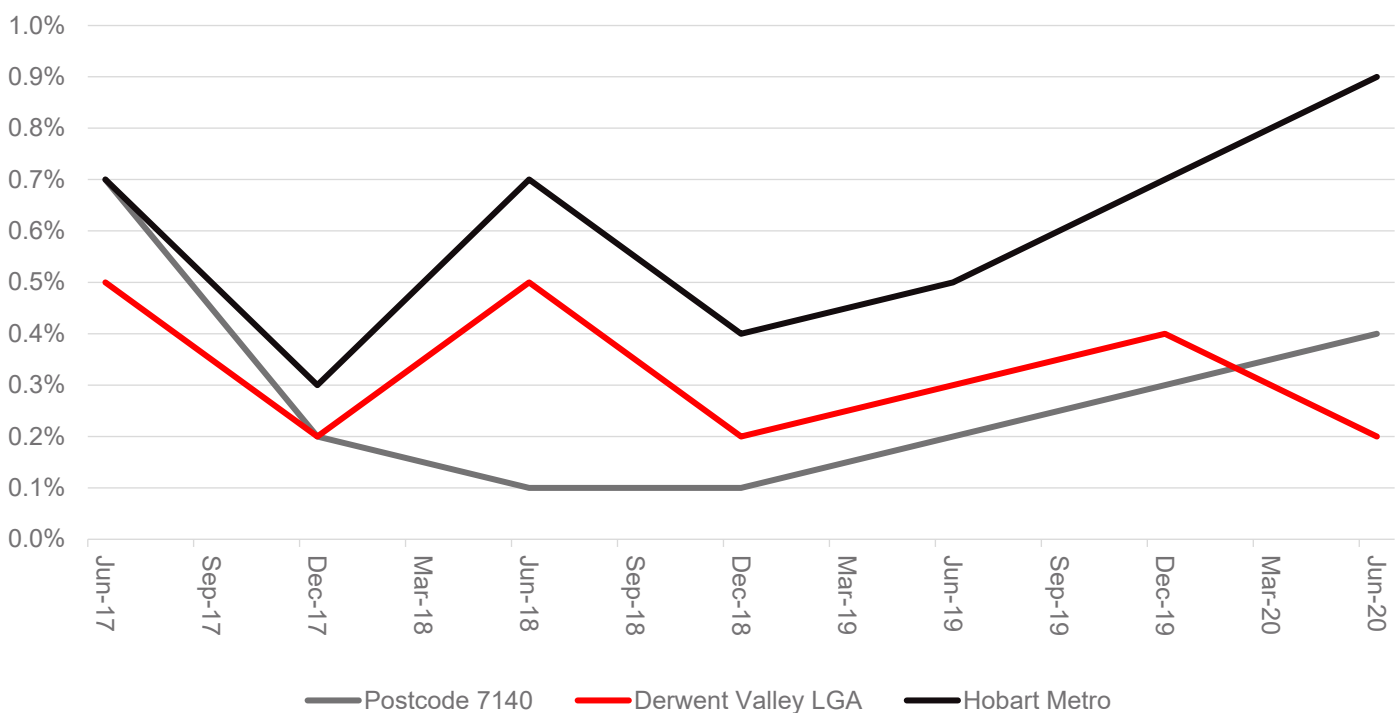
Over the past 12 months, house rental yields in Postcode 7140 increased steadily to sit at 5.5% in June 2020. This suggests the house rental market is in a healthy position, as does the 14.3% increase in demand for house rental properties in Derwent Valley* (to 48 rentals in the 12 months to Q2 2020).

2 bedroom houses have provided investors with +4.3% rental growth annually, achieving a median rent of \$313 per week.

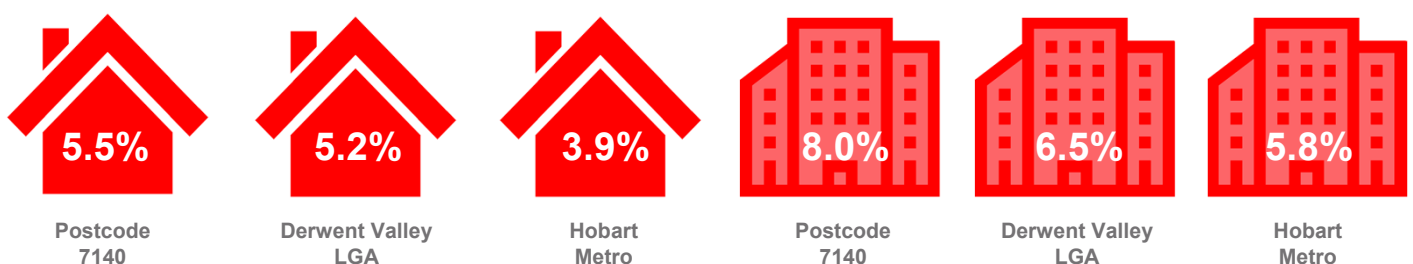
Postcode 7140 recorded a very low vacancy rate of 0.4% in June 2020, which is even lower than Hobart Metro's already low 0.9% average. Although there is an increasing vacancy rate pattern in Postcode 7140, it remains significantly below the Real Estate Institute of Australia's healthy benchmark of 3.0%. This confirms a healthy rental demand exists for properties in Postcode 7140, and a conducive environment for investment.



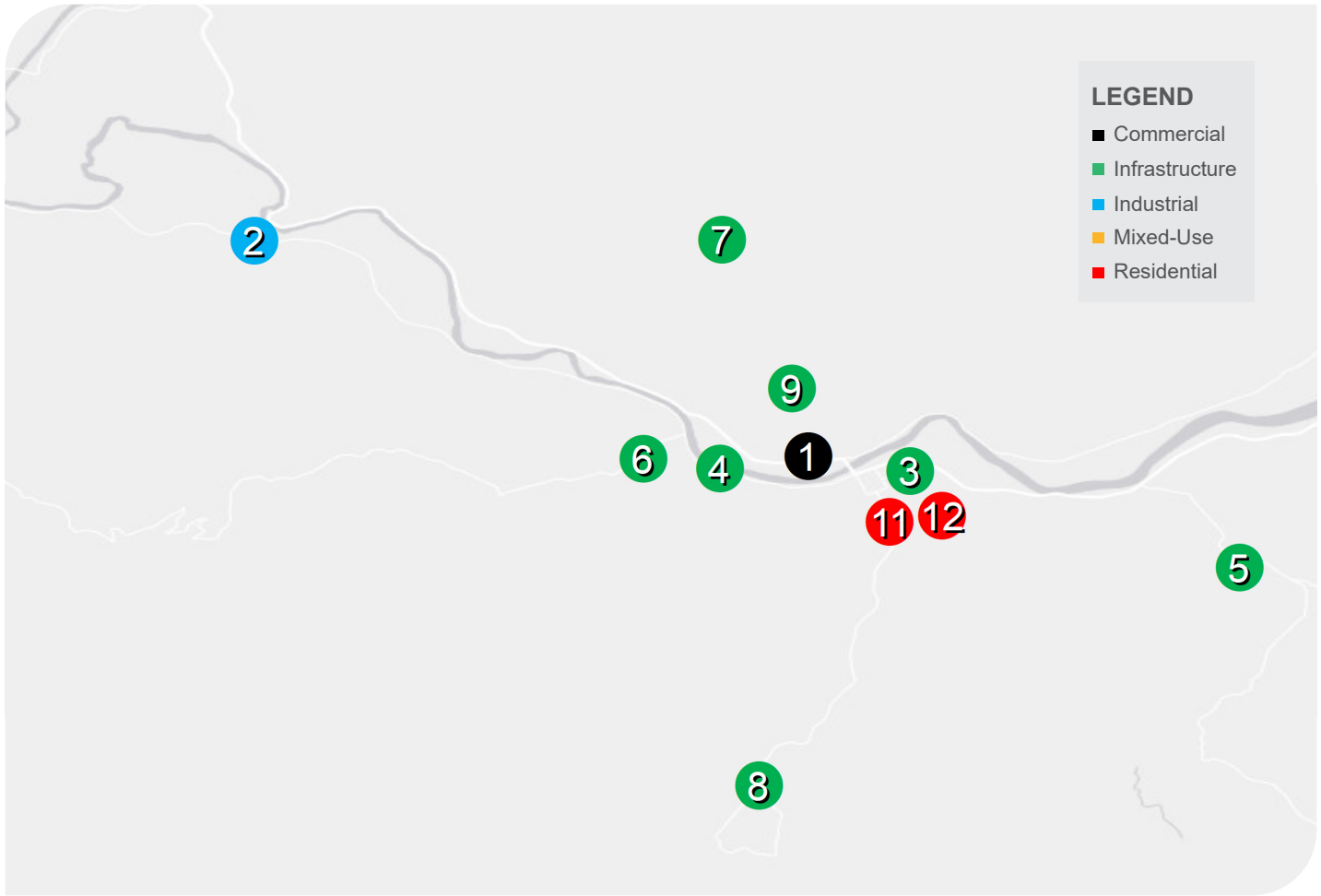
RENTAL VACANCY RATES 2020



RENTAL YIELD 2020\$



PROJECT DEVELOPMENT MAP 2ND HALF 2020[†]



Location	Project [£]	Type	Estimated Value [¥]	Commence Date ^ψ
1	Les Walkden Enterprises Truck Wash	Commercial	\$50,000	19/07/2020
2	Glenora Road Farm Shed	Industrial	\$150,000	24/10/2020
3	New Norfolk Police Station	Infrastructure	\$5,000,000	28/11/2020
4	Glenora Road Improvements	Infrastructure	\$1,000,000	22/09/2020
5	Molesworth Road Roadworks	Infrastructure	\$450,000	31/12/2020
6	Glenfern Road Roadworks	Infrastructure	\$450,000	11/12/2020
7	Black Hills Road Roadworks	Infrastructure	\$450,000	11/12/2020
8	Lachlan Road Roadworks	Infrastructure	\$400,000	11/12/2020
9	Back River Road Roadworks	Infrastructure	\$300,000	11/12/2020
10	Tamar Street Mixed Use Development (Multiple Units)	Mixed-use	\$150,000	17/09/2020
11	Lower Road Units (3 Units)	Residential	\$910,000	11/08/2020
12	Lower Road Units (4 Units)	Residential	\$700,000	07/09/2020

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.



Natalie Gray

Director

M +61 417 344 822

E nataliegray@prdhobart.com.au



Conor Canning

Director

M +61 409 969 295

E conorcanning@prdhobart.com.au



Rychelle Kay

Director

M +61 488 074 240

E rychellekay@prdhobart.com.au

PRD New Norfolk

P +61 3 6261 2555

F +61 3 6273 0825

40 High Street

New Norfolk TAS 7140

PRD.com.au/hobart

REFERENCES

* Derwent Valley market data and key indicators encapsulates aggregate property conditions within the Derwent Valley 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.

¥ Derwent Valley LGA market data encapsulates aggregate property conditions within the Postcodes 7011, 7012, 7030, 7054, 7139, and 7140.

§ 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 Derwent Valley 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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