

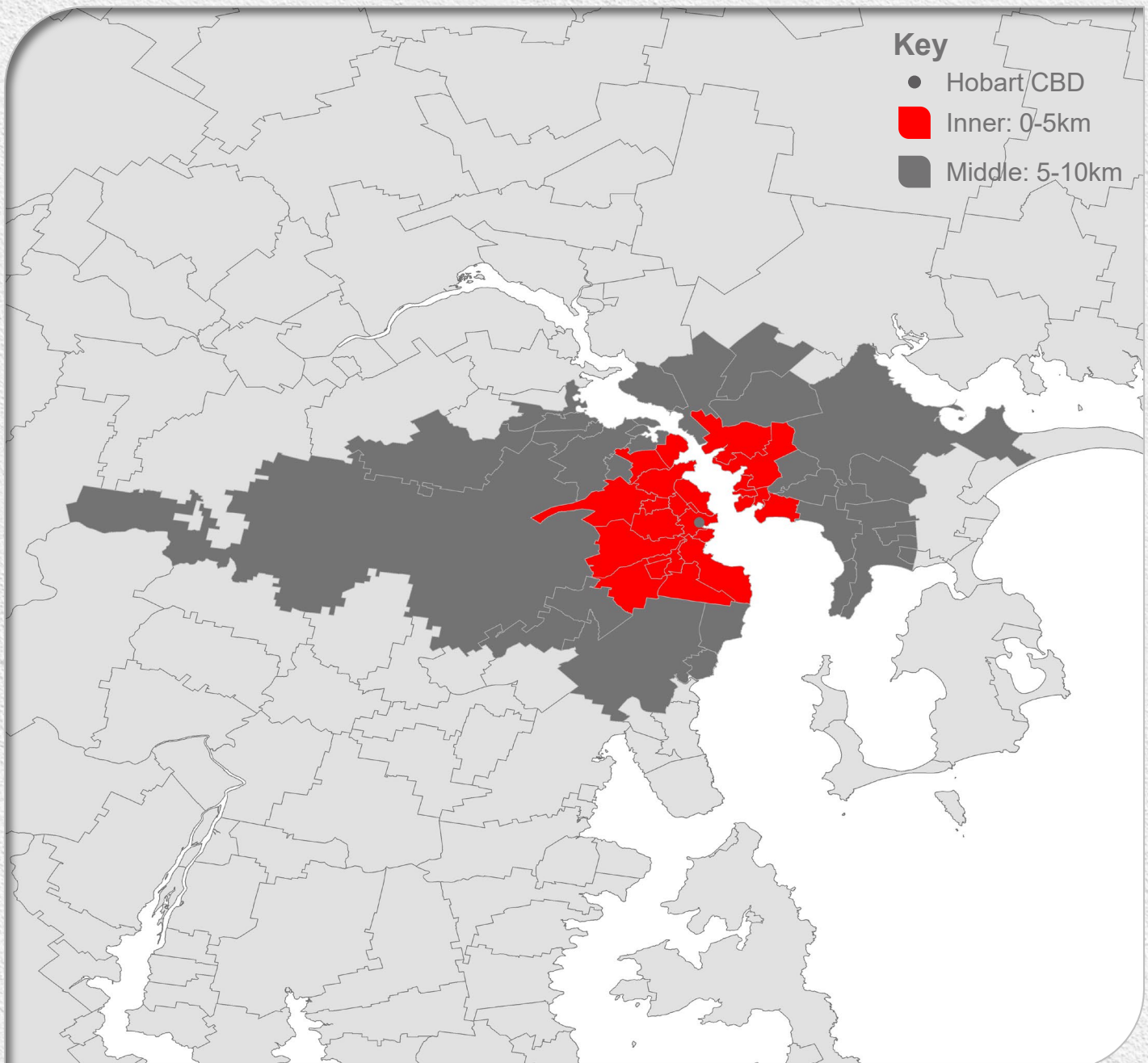
> Hobart Market Update

1st Half 2022

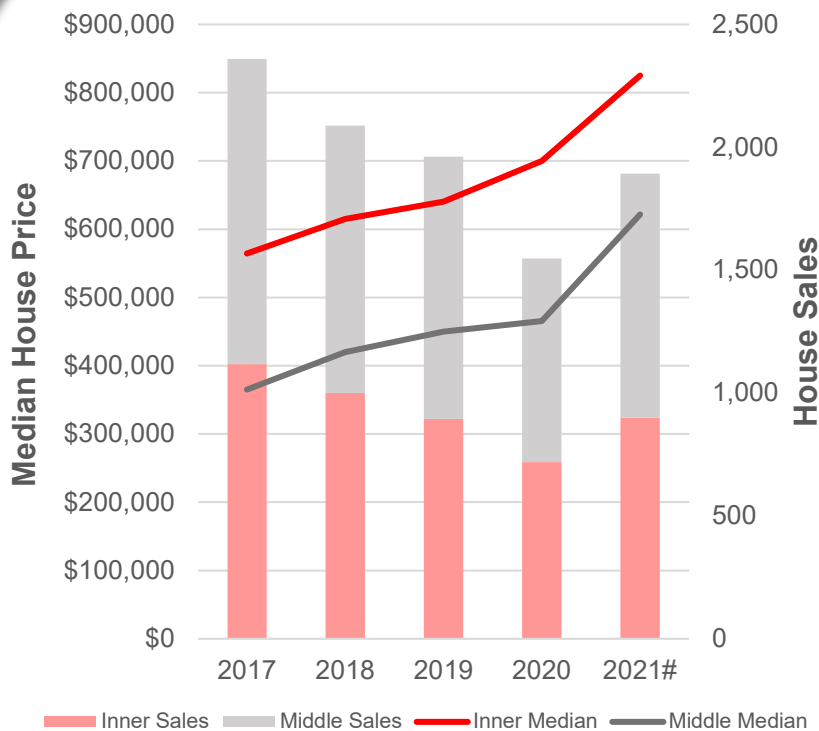
INTRODUCTION

This Hobart market update report divides the city into the inner-ring (0-5km from the city) and the middle-ring (5-10km from the city). It provides a comprehensive and in-depth analysis of each specified market and a holistic picture of property conditions in each area.

The Hobart market has seen outstanding price growth across both rings over the past five years. Despite strong absorption rates of listings in 2021, a decrease in sales volume since 2017 indicates low levels of supply which is fuelling strong price growth. Despite increasing growth in rental prices, rental yields have compressed over the last 12 months due to sale price growth surpassing that of rental price growth. That said, Hobart recorded incredibly low vacancy rates in both its inner and middle rings, indicating quick occupancy and rental cashflow. Buyers have a better chance of finding affordable property in Hobart's middle-ring. They must be quick to purchase, with average vendor premiums to purchase a property increasing sharply to an all time high in 2021.



HOBART HOUSE SALES 2017-2021



2021 Median Sale Price

- Inner: \$825,000
- Middle: \$621,750

2017-2021 Price Growth

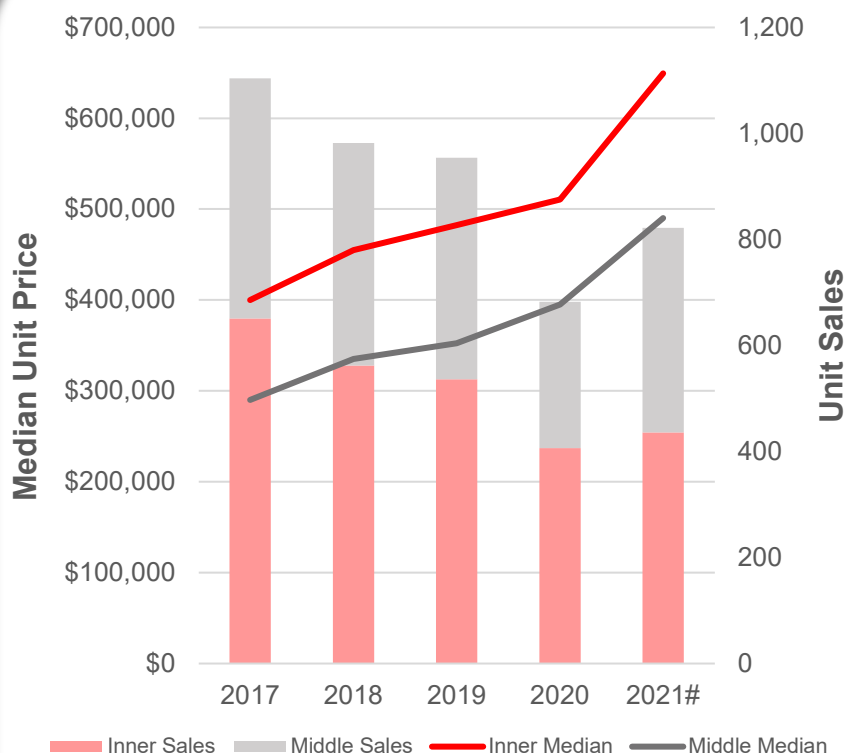
- Inner: +46.2% (+\$260,725)
- Middle: +70.3% (+\$256,750)

Key Comments

- Hobart has recorded exceptionally strong house price growth in its inner and middle rings since 2017.
- Hobart's middle-ring has grown at an unprecedented pace, recording the fastest growth rate out of Australia's capital cities from 2017.

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HOBART UNIT SALES 2017-2021



2021 Median Sale Price

- Inner: \$649,500
- Middle: \$490,000

2017-2021 Price Growth

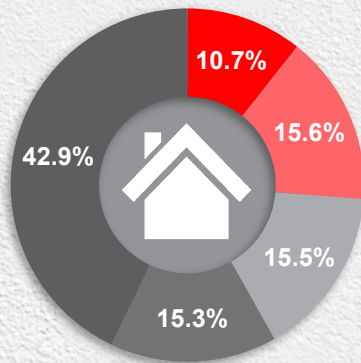
- Inner: +62.4% (+\$249,500)
- Middle: +69.0% (+\$200,000)

Key Comments

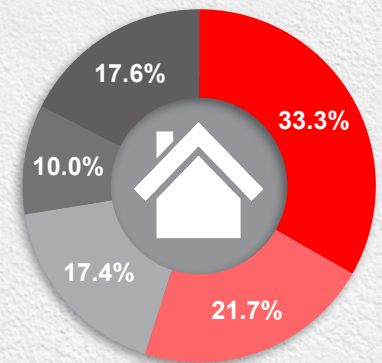
- Unit price growth over the five year period for inner suburbs (62.4%) is greater than house price growth (46.2%).
- Despite strong absorption of new listings, sales volume since 2017 has decreased for units and houses. Demand surpasses supply which is fuelling price growth.

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HOBART HOUSE PRICE BREAKDOWN 2021[#]



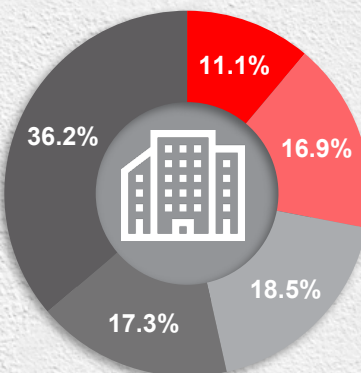
Inner-Ring



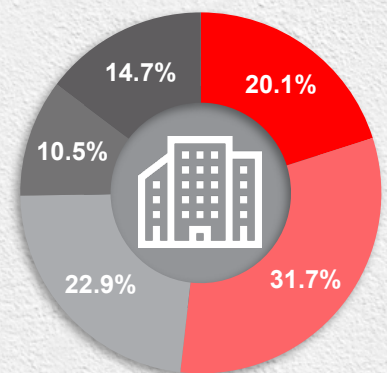
Middle-Ring

- Less than \$549,999
- \$550,000 to \$649,999
- \$650,000 to \$749,999
- \$750,000 to \$849,999
- \$850,000 and above

HOBART UNIT PRICE BREAKDOWN 2021[#]



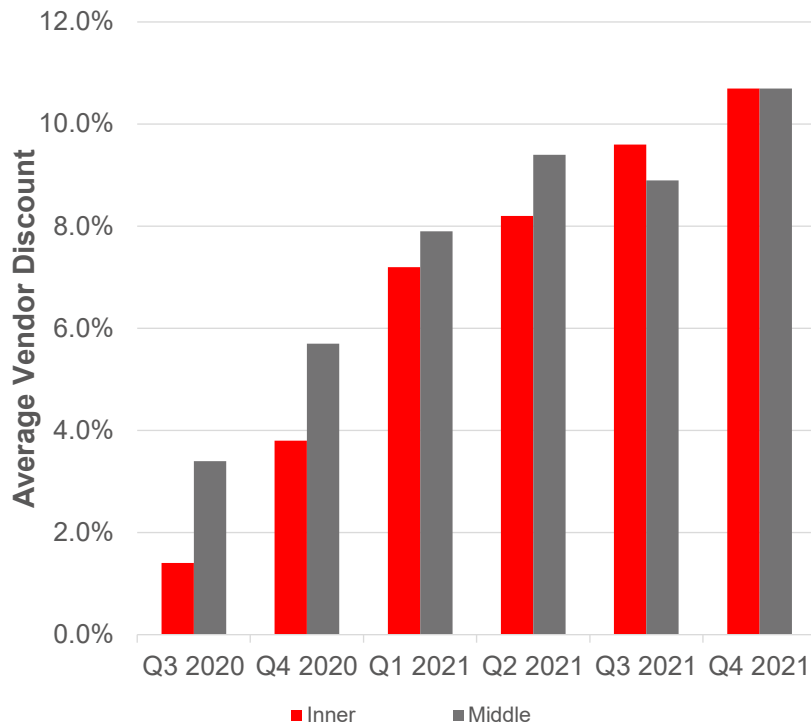
Inner-Ring



Middle-Ring

- Less than \$399,999
- \$400,000 to \$499,999
- \$500,000 to \$599,999
- \$600,000 to \$699,999
- \$700,000 and above

HOBART HOUSE AVERAGE VENDOR DISCOUNT



Q4 2021 Overview

- Inner: +10.7%
- Middle: +10.7%

What is Average Vendor Discount?

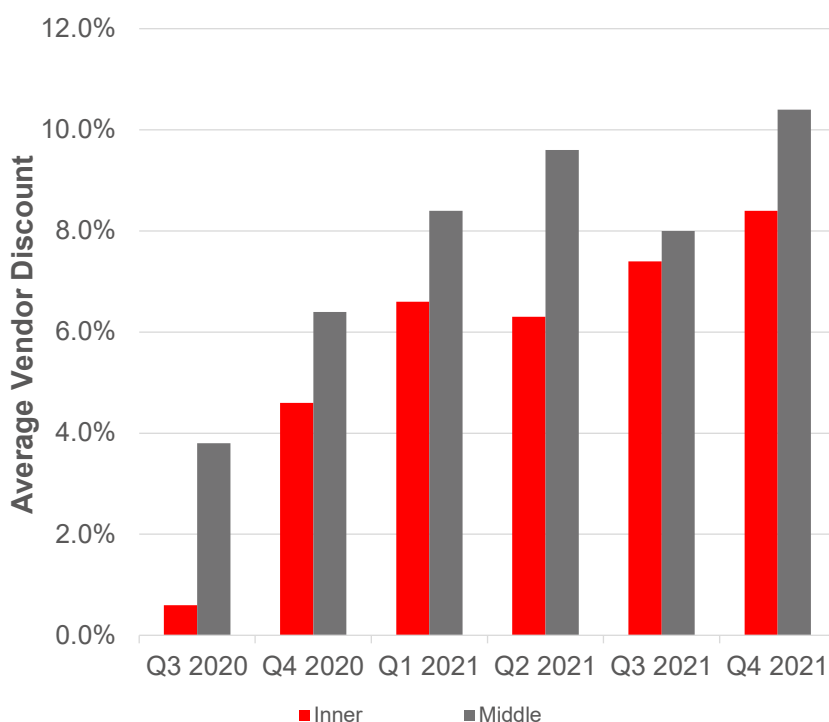
- The average percentage difference between the first list price and final sold price.

Key Comments

- Average vendor premiums are currently the highest ever seen in Hobart.
- Both inner and middle rings recorded an average vendor premium of above 10%, with houses in the inner-ring recording the largest swing.

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HOBART UNIT AVERAGE VENDOR DISCOUNT



Q4 2021 Overview

- Inner: +8.4%
- Middle: +10.4%

What is Average Vendor Discount?

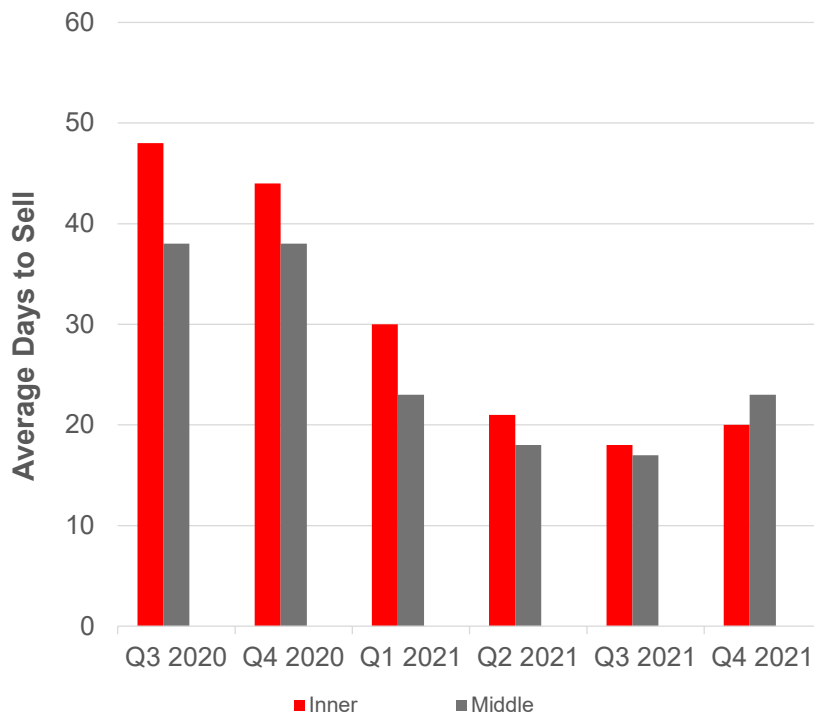
- A lower percentage difference (closer to 0.0%) suggests that buyers are willing to purchase closer to a property's initial asking price.

Key Comments

- Unit premiums in both rings have skyrocketed since being dampened by COVID-19 in Q2 2020.
- Middle-ring unit premiums are especially high, indicating buyers are willing to spend well over the asking price in this area.

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HOBART HOUSE AVERAGE DAYS TO SELL



Q4 2021 Overview

- Inner: 20 days
- Middle: 23 days

Why Average Days to Sell?

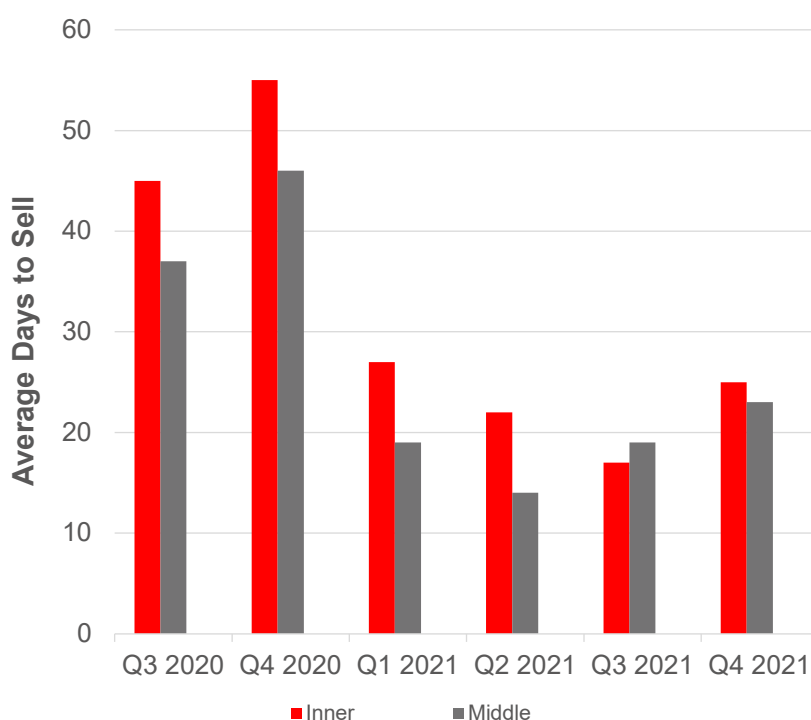
- The change in average days to sell a property is indicative of buyer demand.

Key Comments

- Strong demand has seen average days to sell houses fall dramatically in both rings. Inner-ring houses currently sell the fastest.
- The decreased time to sell houses in Hobart reached its lowest point in Q3 2021.

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HOBART UNIT AVERAGE DAYS TO SELL



Q4 2021 Overview

- Inner: 25 days
- Middle: 23 days

Why Average Days to Sell?

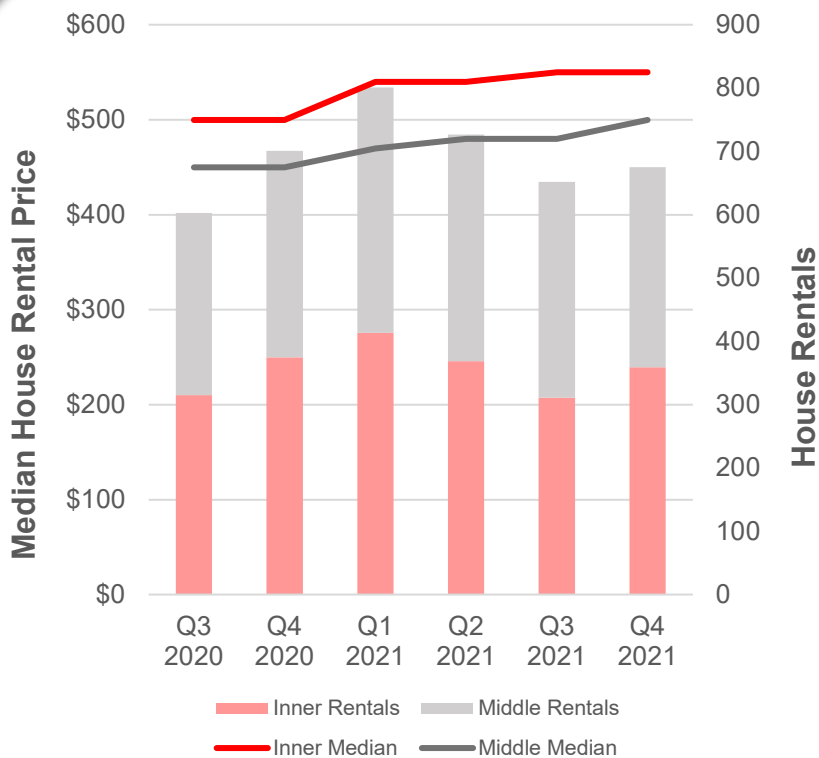
- A lower average number of days to sell a property reveals an increase in the willingness of buyers to purchase property more quickly.

Key Comments

- Both inner and middle units are now selling twice as fast as they were at the end of 2020 (Q3 and Q4 2020).
- However, units in both inner and middle rings are selling slightly slower than houses in Hobart.

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HOBART HOUSE RENTALS



Q4 2021 Median Rental Price

- Inner: \$550 per week
- Middle: \$500 per week

Annual Price Growth*

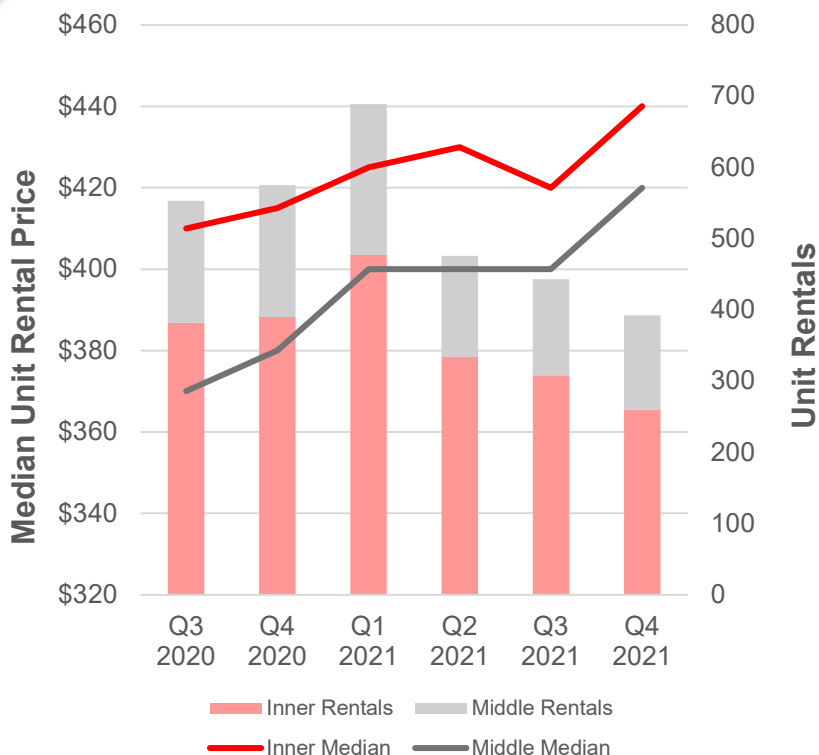
- Inner: +10.0% (+\$50 per week)
- Middle: +11.1% (+\$50 per week)

Key Comments

- Both Hobart's inner and middle rings recorded positive annual median house rental price growth.
- Despite strong rental price growth (10.0% inner, 11.1% middle-ring), it is surpassed by house sale annual price growth (17.9% inner, 33.6% middle-ring).

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HOBART UNIT RENTALS



Q4 2021 Median Rental Price

- Inner: \$440 per week
- Middle: \$420 per week

Annual Price Growth*

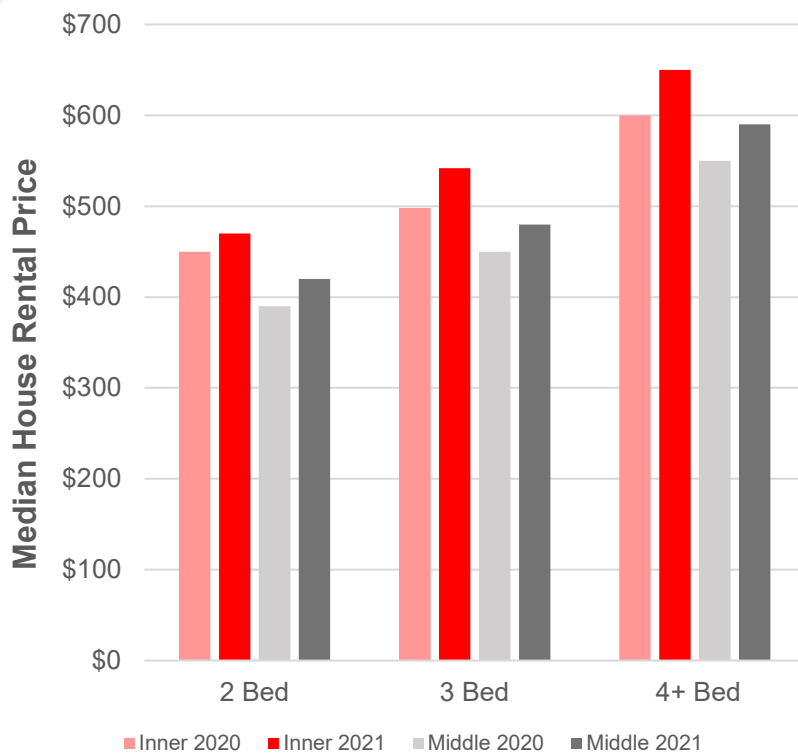
- Inner: +6.0% (+\$25 per week)
- Middle: +10.5% (+\$40 per week)

Key Comments

- Hobart's middle-ring recorded the highest annual median unit rental price growth of 10.5%. That said, unit sale annual price growth surpassed this at 24.1%.
- Rental volumes in Q4 2021 are at the lowest point since the start of 2020.

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HOBART HOUSE RENTAL PERFORMANCE 2020-2021



2021 Median Rental Prices

2 Bedroom

- Inner: \$470 per week
- Middle: \$420 per week

3 Bedroom

- Inner: \$542 per week
- Middle: \$480 per week

4+ Bedroom

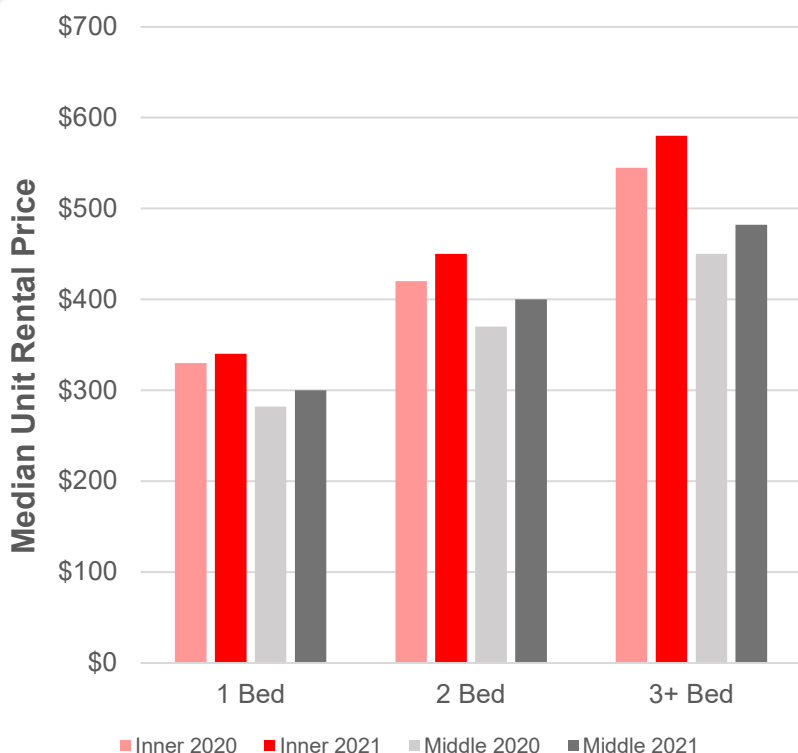
- Inner: \$650 per week
- Middle: \$590 per week

Key Comments

- 4+ bedroom houses in the inner-ring are the most expensive rental stock, whereas 2 bedroom houses in the middle-ring are the most affordable.

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HOBART UNIT RENTAL PERFORMANCE 2020-2021



2021 Median Rental Prices

1 Bedroom

- Inner: \$340 per week
- Middle: \$300 per week

2 Bedroom

- Inner: \$450 per week
- Middle: \$400 per week

3+ Bedroom

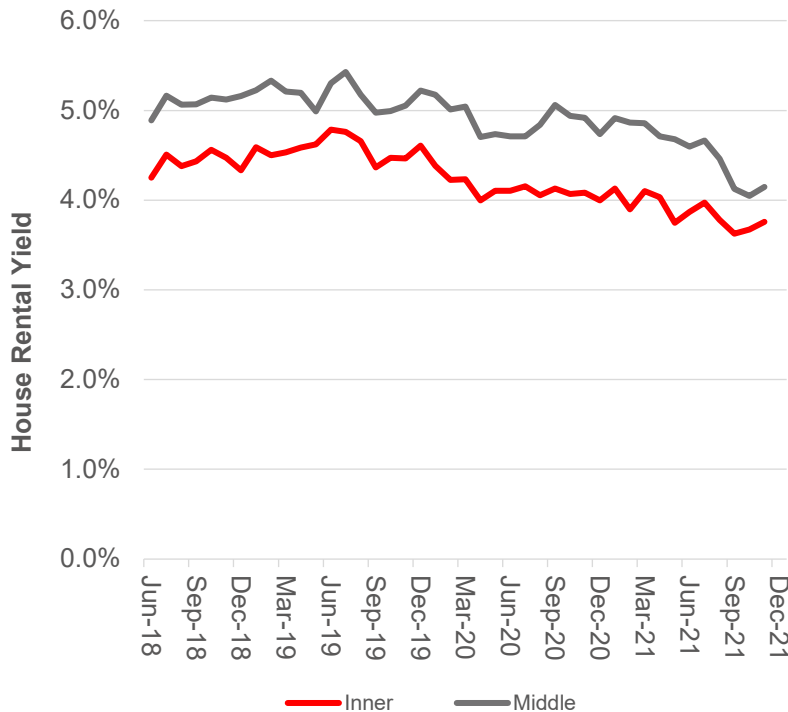
- Inner: \$580 per week
- Middle: \$482 per week

Key Comments

- Like houses, all inner and middle-ring units have shown rental price growth from 2020 to 2021, providing positive results for Hobart investors.

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HOBERT HOUSE AVERAGE RENTAL YIELD



Dec-21 Overview

- Inner: 3.7%
- Middle: 4.1%

Annual Change

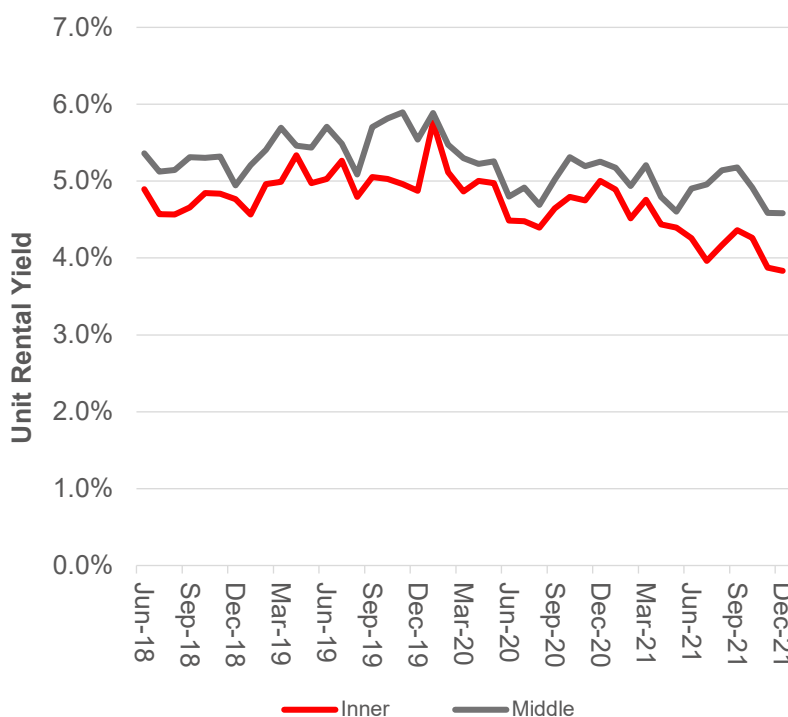
- Inner: -0.3%
- Middle: -0.6%

Key Comments

- House yields across Hobart's inner and middle rings remain more tightly spread than unit yields, indicating similar rates of return.
- House yields have compressed over the past 18 months due to sale prices growing at a higher level than rental prices.

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Source: SQM Research Pty Ltd/Haver Analytics.

HOBERT UNIT AVERAGE RENTAL YIELD



Dec-21 Overview

- Inner: 3.8%
- Middle: 4.6%

Annual Change

- Inner: -1.2%
- Middle: -0.7%

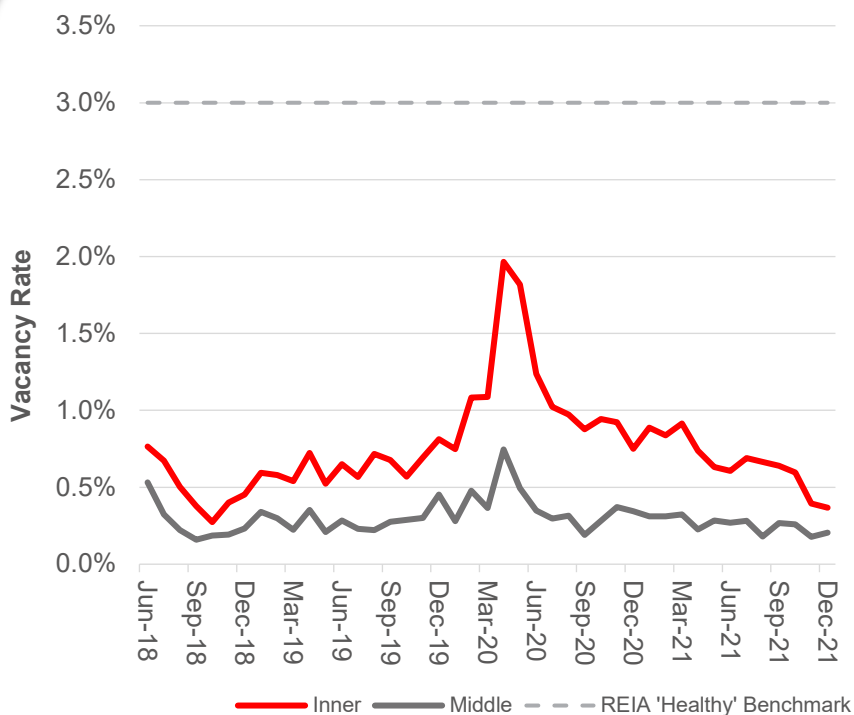
Key Comments

- Hobart's unit middle-ring recorded the highest average rental yield for both houses and units.
- As price growth has surpassed rental price growth, rental yields have compressed for houses and units to their lowest levels in the past three years.

© Prepared by PRD Research.
Source: SQM Research Pty Ltd/Haver Analytics.



HOBART VACANCY RATES



Dec-21 Overview

- Inner: 0.4%
- Middle: 0.2%

Annual Change

- Inner: -0.4%
- Middle: -0.1%

Key Comments

- Despite an initial spike due to COVID-19 in April 2020, Hobart's vacancy rates continued to be the lowest of all capital cities in Australia throughout 2021.
- Hobart's inner-ring recorded the highest decline in vacancy rate. This offsets the lower rental yield as units are occupied quicker, thus securing rental income.

REFERENCES

Inner-ring market data encapsulates aggregate property conditions within the following suburbs:

Battery Point, Bellerive, Dynnynrne, Geilston Bay, Glebe, Hobart, Lenah Valley, Lindisfarne, Lutana, Montagu Bay, Moonah, Mount Nelson, Mount Stuart, New Town, North Hobart, Queens Domain, Ridgeway, Rose Bay, Rosny, Rosny Park, Sandy Bay, South Hobart, Tolmans Hill, West Hobart.

Middle-ring market data encapsulates aggregate property conditions within the following suburbs:

Berriedale, Bonnet Hill, Cambridge, Clarendon Vale, Collinsvale, Derwent Park, Dowsing Point, Fern Tree, Glenorchy, Goodwood, Grasstree Hill, Howrah, Kingston, Montrose, Mornington, Mount Rumney, Neika, Oakdowns, Otago, Risdon, Risdon Vale, Rokeby, Rosetta, Taroon, Tranmere, Warrane, Wellington Park, West Moonah.

Source: APM Pricefinder, SQM Research, ESRI ArcGIS.

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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.

OUR KNOWLEDGE

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 customised 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.



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

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