

Derwent Valley Market Update 1st Half 2022



OVERVIEW

In Q4 2021, Derwent Valley* recorded a median house price of \$446,000, and a median vacant land price of \$165,000. This represents annual (Q4 2020 – Q4 2021) median price growth of 28.9% for houses and 13.8% for land. Between Q4 2020 – Q4 2021 total sales in both markets slowed, by -22.6% for houses (to 41 sales) and by -63.0% for units (to 10 sales). Now is the time for owner occupiers and down-sizers to capitalise on their investment, as the market is undersupplied. There are unique opportunities for developers in Derwent Valley*, as there is a need for new ready-to-sell stock.

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

MARKET CONDITIONS

SALES MEDIAN PRICE Q4 2021



SALES AVERAGE DAYS ON MARKET Q4 2021



RENTAL MEDIAN PRICE Q4 2021



RENTAL AVERAGE DAYS ON MARKET Q4 2021



FUTURE DEVELOPMENTS

Derwent Valley* is set to see approximately **\$58.8M** worth of new projects commencing in the 1st half of 2022.



Commercial projects will stimulate economic growth and create employment opportunities in Derwent Valley*. This will have a spill-over impact on the real estate market, in the form of higher demand for housing.

A main commercial project over the 1st half of 2022 is Monte-Brady Mini Hydro Project (\$50.0M), located in the Tasmanian highlands on the existing Woodward's Canal.

\$5.1M in residential projects are planned for Derwent Valley*, adding 17 units and 79 lots to the market. Key projects include: Tynwald Road Residential Subdivision (\$2.0M, 73 lots), Hackett Street Units (\$1.2M, 8 units), Lower Road Apartments (\$875K, 5 apartments, Lower Road Units (\$700K, 4 units, and Oakdale Road Residential Subdivision (\$270K, 6 lots).

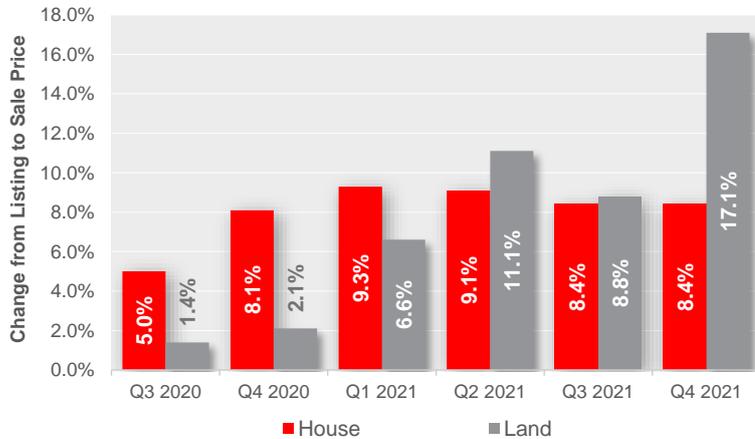
First home buyers can capitalise on government grants to build their dream home. That said there is still a need for read-to-sell houses, thus an opportunity for developers.



AVERAGE VENDOR DISCOUNT* KEY COMMENTS

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.

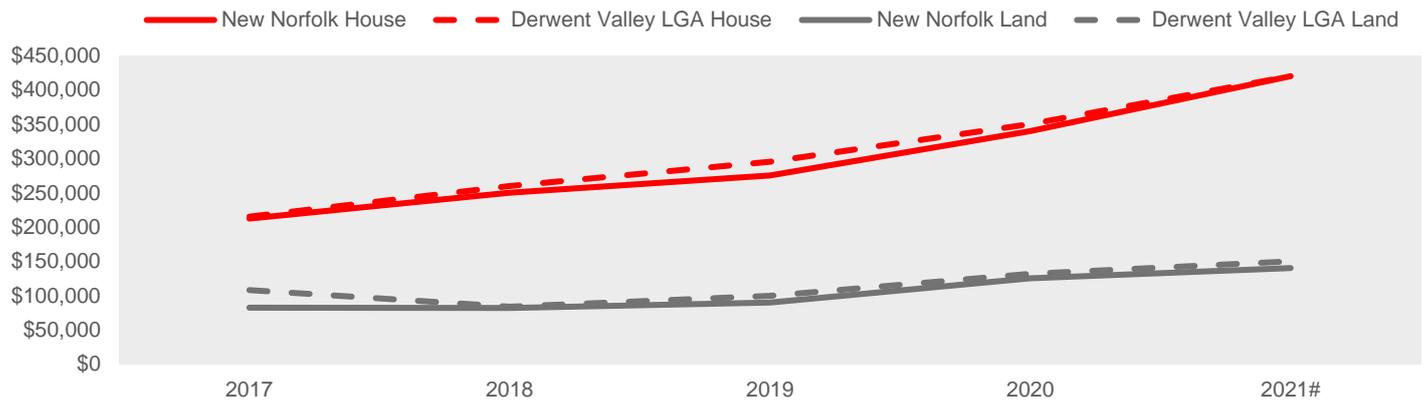
Average vendor discounts between Q4 2020 and Q4 2021 have further travelled towards a higher premium for both property types, to 8.4% for houses and -17.1% for land. Market conditions in Derwent Valley* continue to favour sellers, where buyers must offer above their initial listing price.



The suburb of New Norfolk has historically performed on par with the wider Derwent Valley Local Government Area (LGA) in both house and land median prices. This continues to be the case in 2021[#], with the property market in both areas trending in the same trajectory.

The dominant proportion of homes sold in Derwent Valley* across 2021[^] were in the middle price bracket of \$400-\$500K (31.3%). The unit market shows a large dominance in the lower-mid price bracket of \$100-\$150K (39.7%). There are affordable options available, but the premium market has grown for both stock types, in particular for land priced \$250K and above.

MARKET COMPARISON

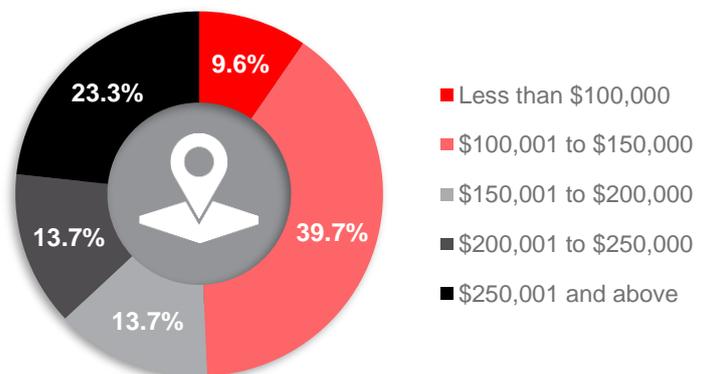
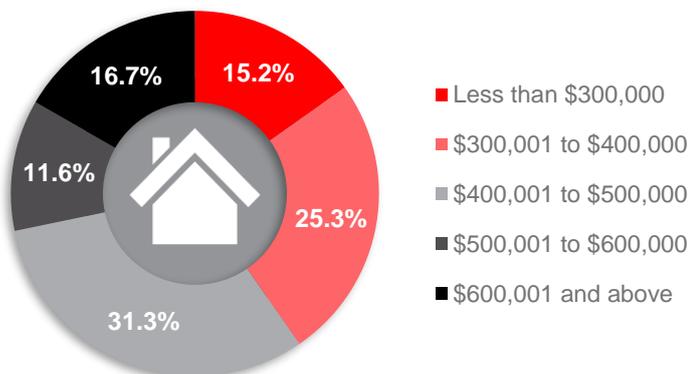


The market comparison graph provides a comparative trend for the median price of houses and vacant land over the past 5 years. The main LGA profiled was chosen based on their proximity to the main suburb analysed, which is New Norfolk.

PRICE BREAKDOWN 2021[^]

HOUSES SOLD

VACANT LAND SOLD



RENTAL GROWTH 2021€

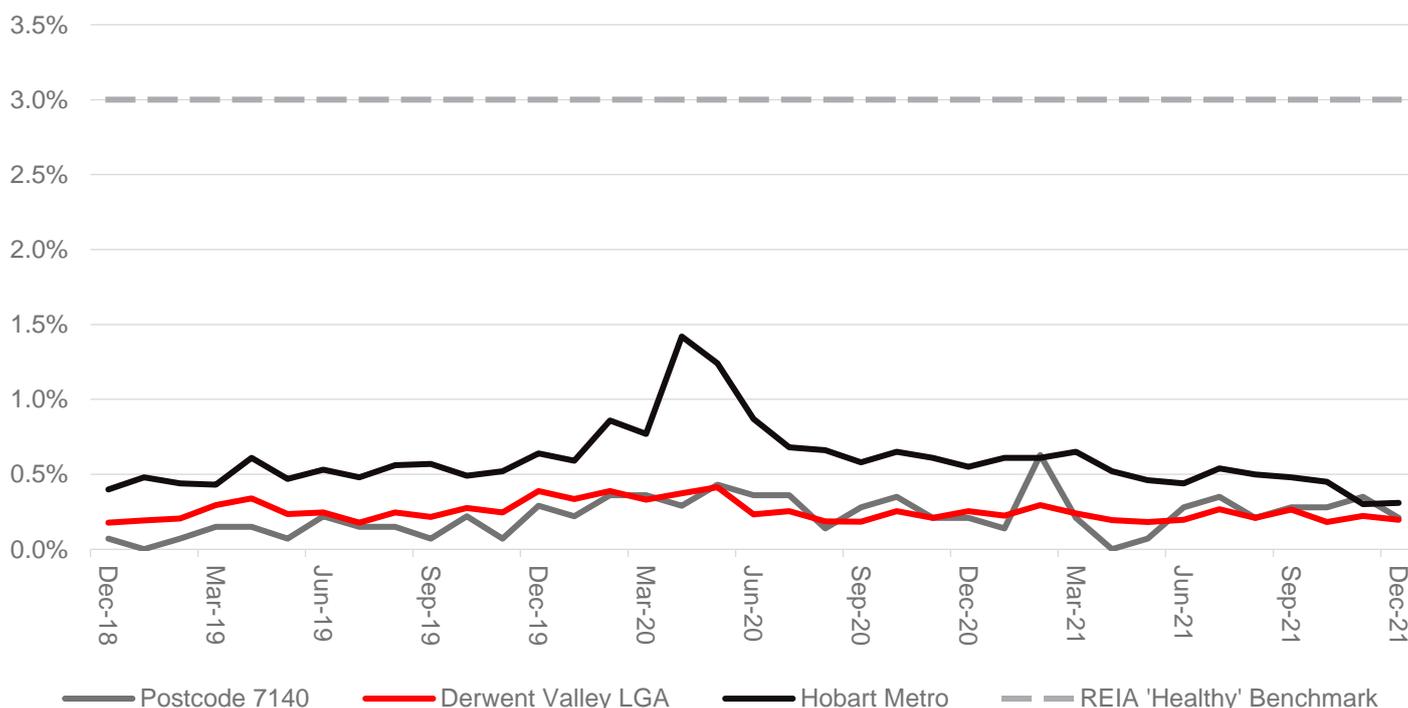
In December 2021, house rental yields in Derwent Valley* were recorded at 3.9%. In the 12 months to Q4 2021, the median house rental price increased by 12.5% to reach \$450 per week. This is below annual median sale price growth (28.9%), which resulted in lower rental yields. That said median house rental price was \$450 per week in Q4 2021 and average days on the market declined by -5.3% (to 18 days), which overall represents a resilient rental market throughout COVID-19.

4+ bedroom houses have provided investors with +20.0% rental growth annually€, with a median rent of \$540 per week.

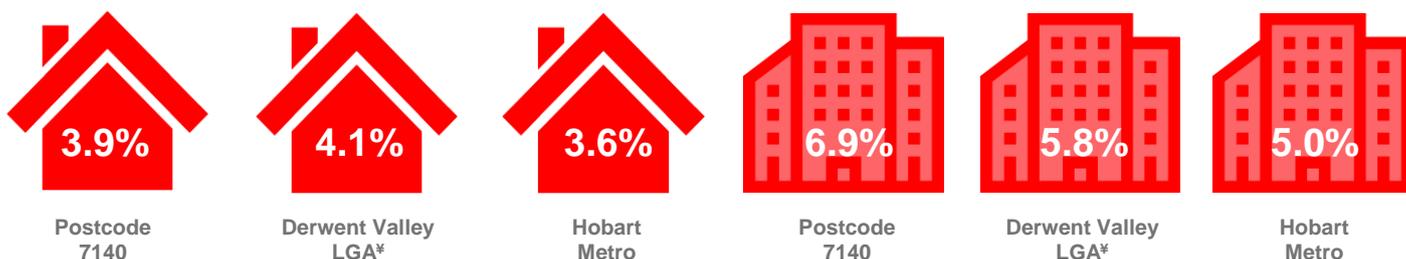
Also in December 2021, Derwent Valley* recorded a vacancy rate of 0.2%, on par with Derwent Valley LGA (0.2%) and Hobart Metro (0.3%). Vacancy rates in Derwent Valley* remain well below the Real Estate Institute of Australia's healthy benchmark of 3.0%, and trended below 0.5% in the past 3 years, even amidst COVID-19 conditions. This confirms there is still a healthy rental demand and investors can be confident of a conducive investment environment in Derwent Valley*.



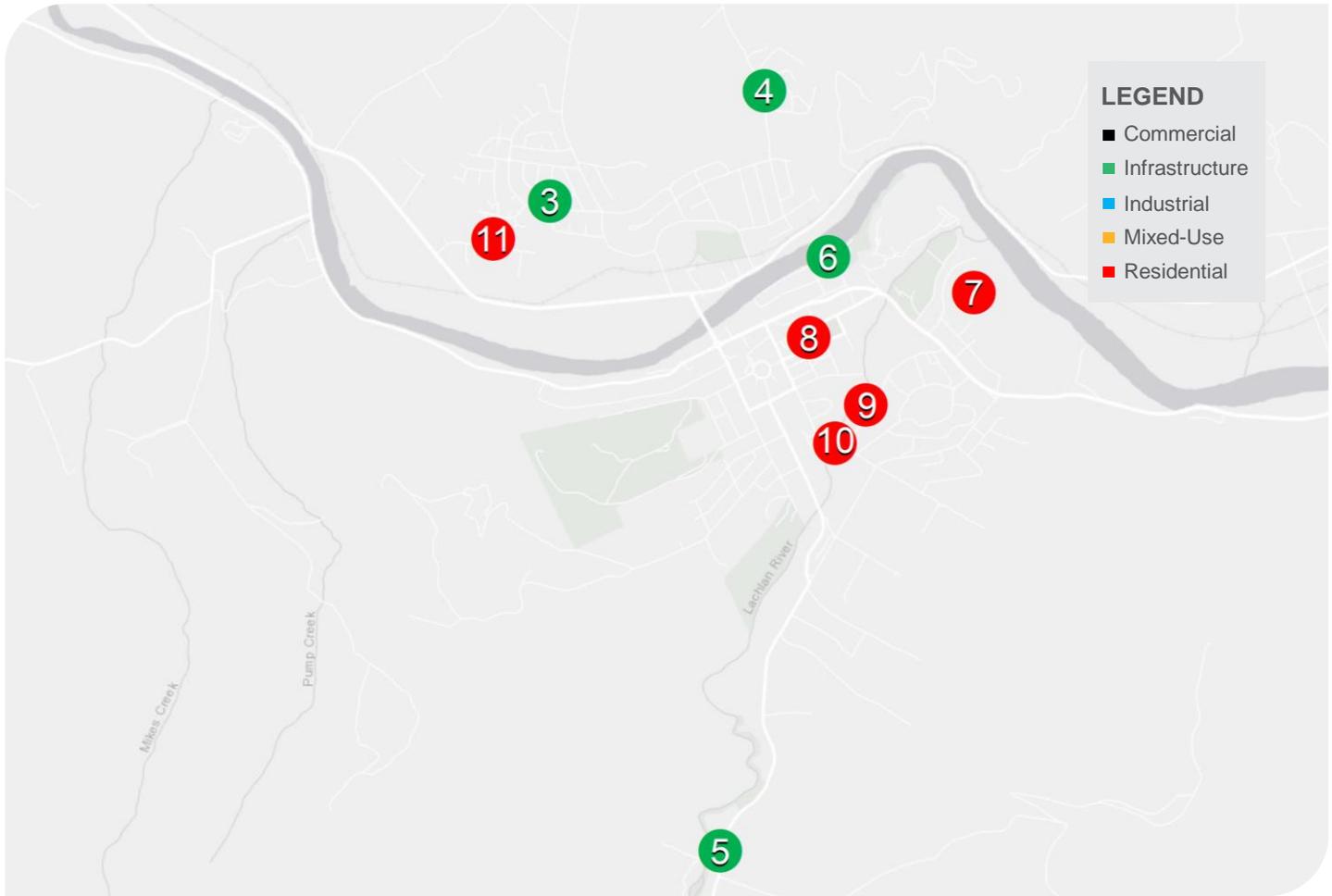
RENTAL VACANCY RATES 2021



RENTAL YIELD 2021§



TOP DEVELOPMENTS MAP 1st HALF 2022[▲]



Location	Project [£]	Type	Estimated Value [Ⓜ]	Commence Date [Ⓜ]
Not mapped	Monte-brady Mini Hydro Project	Commercial	\$50,000,000	06/06/2022
Not Mapped	Lake Dobson Road Development Stage 3	Commercial	\$1,000,000	15/07/2022
3	Derwent Valley Council Road Rehabilitation Program 2021-2022 Tranche 1	Infrastructure	\$850,000	03/12/2021
4	Derwent Valley Council Road Rehabilitation Program 2021-2022 Tranche 2	Infrastructure	\$850,000	03/12/2021
5	Lachlan Road Bridge 2 Replacement	Infrastructure	\$513,000	12/03/2022
6	The Esplanade	Infrastructure	\$450,000	01/05/2022
7	Tynwald Road Residential Subdivision (73 Lots)	Residential	\$2,045,000	26/06/2022
8	Hackett Street Units (8 Units)	Residential	\$1,250,000	12/07/2022
9	Lower Road Apartments (5 Units)	Residential	\$875,000	19/06/2022
10	Lower Road Units (4 Units)	Residential	\$700,000	07/12/2021
11	Oakdale Road Residential Subdivision (6 Lots)	Residential	\$270,000	12/07/2022

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

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

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

2021 encapsulates sales transactions for 2021 (01/01/2021 – 31/12/2021) only.

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€ Annual rental growth is a comparison between 2020 (01/01/2020 – 31/12/2020) and 2021 (01/01/2021 – 31/12/2021) house median rent figures.

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

§ Rental yields shown are as reported as of December 2021.

⌘ 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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