

Derwent Valley Market Update

1st Half 2024



OVERVIEW

In Q4 2023, Derwent Valley* recorded a median house price of \$461,000, and a median vacant land price of \$195,000. This represents annual (Q4 2022 – Q4 2023) median price growth of 7.2% for houses and a softening of -6.7% for land. Total sales decreased during this time, by -15.0% (to 34 sales) for houses and by -66.7% for land (to 5 sales). The house market is in an undersupply, as price growth was accompanied by less sales. This is an ideal time for owners to capitalise on their investment. The vacant land market is more affordable at present, due to construction costs increasing. This creates an opportunity for buyers.

CHANGE FROM LAST YEAR HALF YEAR



	YEAR	HALF YEAR
HOUSE SALES	↓	↓
HOUSE MEDIAN PRICE	↑	↓
HOUSE RENTAL PRICE	↔	↔

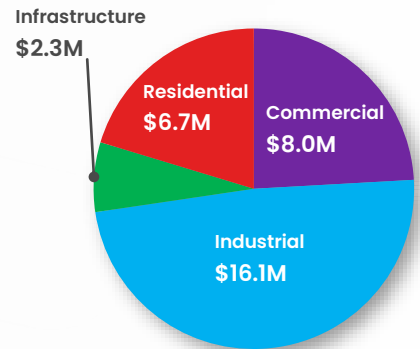


Land SALES	↓	↓
Land MEDIAN PRICE	↓	↓



FUTURE DEVELOPMENTS

Derwent Valley is set to see approximately **\$33.2M worth of new projects commencing in the 1st half of 2024.**



A focus on commercial and industrial projects will stimulate economic growth and create employment opportunities in Derwent Valley. This can have spill-over impact on the real estate market, in the form of more demand for housing.

A key industrial project in the 1st half of 2024 is Southern Organic Waste Processing Facility (\$16.0M). The project will create more local jobs in the area.

The largest residential project in the 1st half of 2024 is the 257 Back River Road Residential Subdivision (\$2.7M). The development is set to add 60 lots to Derwent Valley.

Other projects include 30 Mcleod Street (52 lots) and 94 Benjamin Terrace (29 lots).

There is an absence of new ready-to-sell houses and units, which will continue to push up priced in the future; further outpricing buyers.



141 Lots



MARKET CONDITIONS

MEDIAN PRICE
Q4 2023



\$461K



\$195K

SALES

AVERAGE DAYS
ON MARKET Q4 2023



HOUSE



LAND

MEDIAN PRICE
Q4 2023



\$4880



\$425

RENTALS

AVERAGE DAYS
ON MARKET Q4 2023



HOUSE

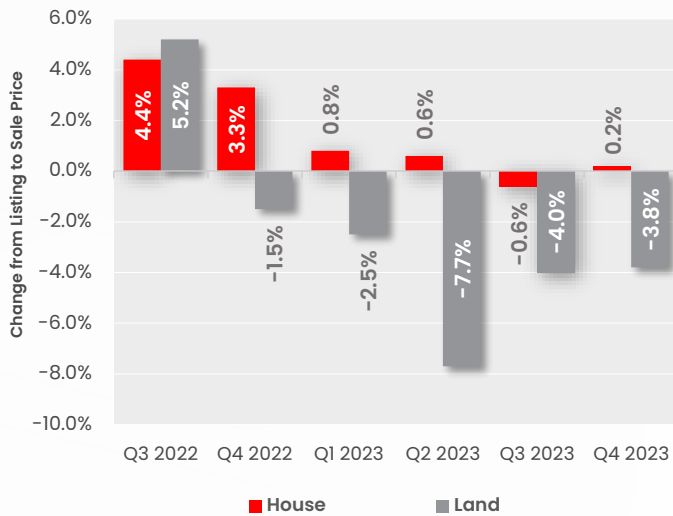


UNIT



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.



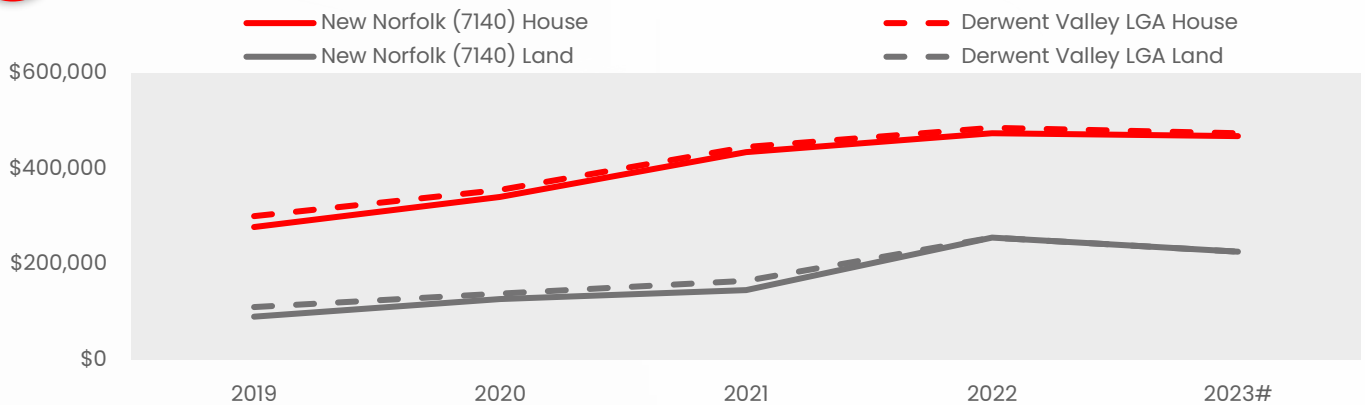
Average vendor discounts between Q4 2022 and Q4 2023 have moved to a lower premium of 0.2% for houses. This benefits buyers as although they must offer a premium above the first list price, it is at a lower level compared to 12 months prior. Vacant land vendor discount remained relatively stable, at -3.8%. Again this benefits buyers, as sellers are willing to accept lower than the first list price. That said there is a very small land market in Q4 2023.

The suburb of New Norfolk and the wider Derwent Valley Local Government Area (LGA) have historically held on par in house and land median prices. This continued in 2023#, with price growth in both areas holding steady.

Most of the homes sold in Derwent Valley* in 2023# were in the most affordable price point of less than \$449,999 (38.0%), while vacant land recorded a dominant premium price point of above \$275,000 (27.4%). There is a relatively balanced availability of stock in all price points, thus there is a home and/or land for every budget. The premium house market is growing, with 23.6% of sales at \$600,000 and above; providing assurance to owners and investors.



MARKET COMPARISON

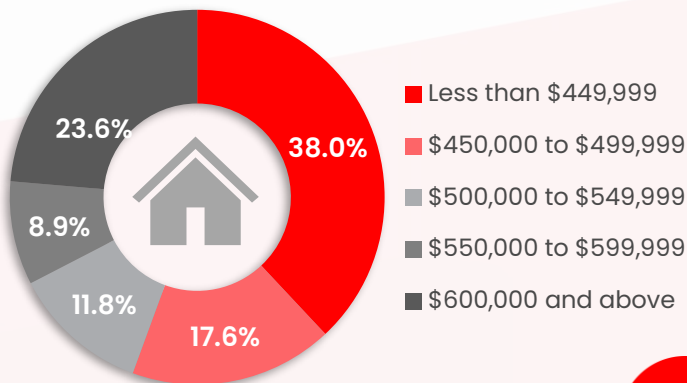


The market comparison graph gives a comparative trend for median price of houses and vacant land in the past 5 years. The main LGA chosen was based on their proximity to the main suburb analysed, which is Derwent Valley.

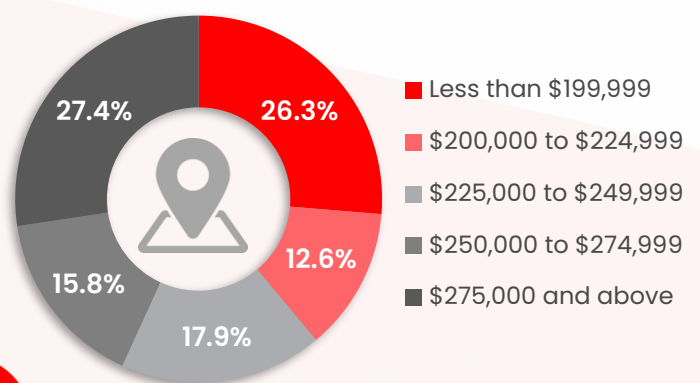


PRICE BREAKDOWN 2023#

HOUSES SOLD



Vacant Land SOLD





RENTAL GROWTH 2023€

House rental yields in Derwent Valley* was 4.7% in December 2023, much higher than Hobart Metro (3.3%). Median house rental price has held steady in the past 12 months to Q4 2023, at \$480 per week, whilst the number of houses rented increased by 22.9% to 188 rentals. The same pattern can be seen in the unit market, which benefits renters.

4+ bedroom houses have provided investors with +3.6% rental growth annually, achieving a median rent of \$580 per week.

Derwent Valley* recorded a vacancy rate of 0.7% in December 2023, which is slightly below Hobart Metro's 1.1% average. Vacancy rates in Derwent Valley* have seen sporadic growth over the past 12 months, due to investors entering/exiting the market as higher cash rates shape their decision / financial viability. That said a 0.7% vacancy rates is still very low, and significantly below the REIA 'healthy' benchmark of 3.0%. There is still quicker occupancy of rental properties, which benefits investors – even if there is a steady rental returns.

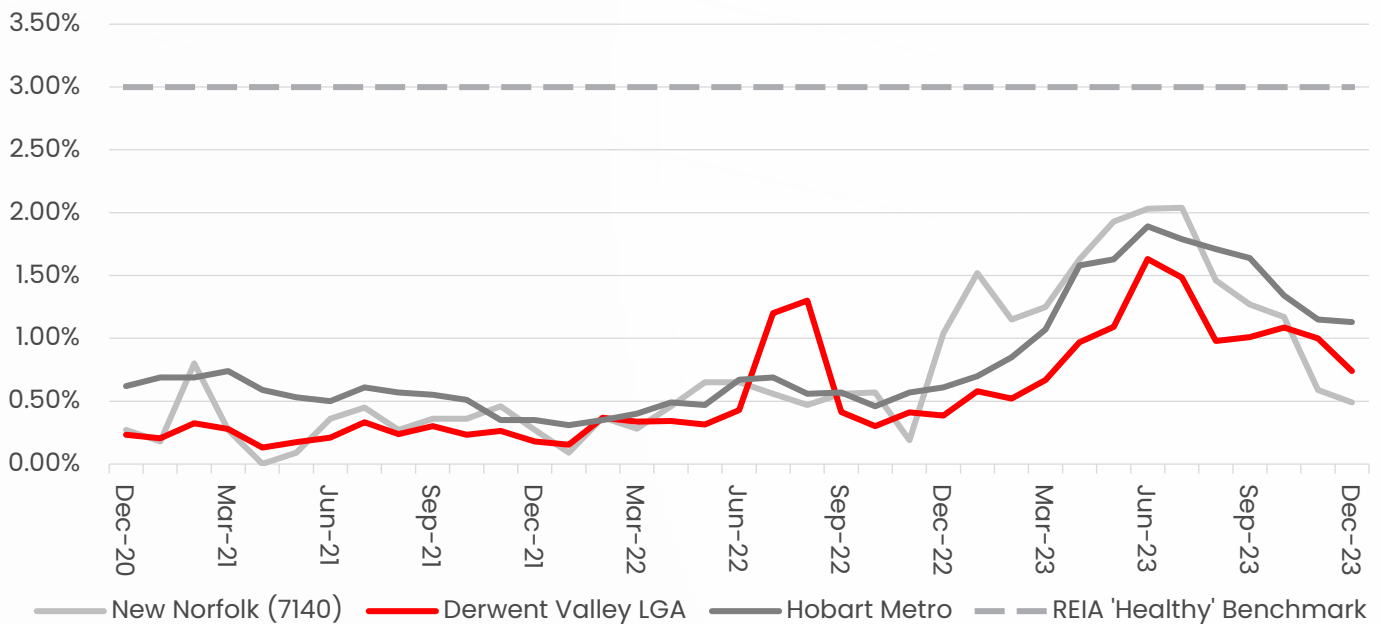
2 BEDROOMS
+0.0%

3 BEDROOMS
+1.7%

4 BEDROOMS
+3.6%



RENTAL VACANCY RATES 2023



RENTAL YIELD 2023§



4.7%

New Norfolk (7140)*



4.2%

Derwent Valley LGA



3.3%

Hobart Metro



4.5%

New Norfolk (7140)*



4.9%

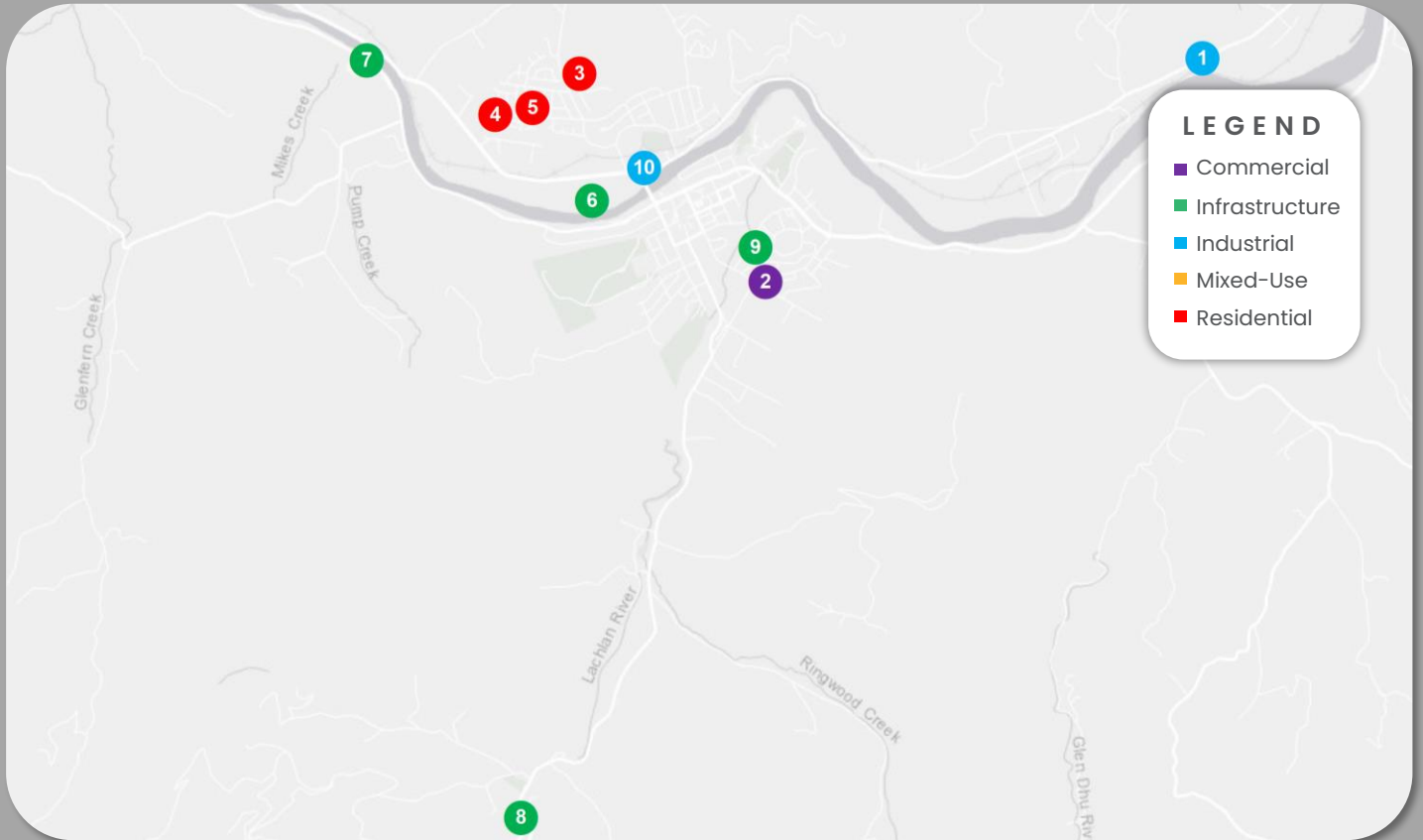
Derwent Valley LGA



4.8%

Hobart Metro

PROJECT DEVELOPMENT 1st HALF MAP 2024^A



#	Project [£]	Type	Estimated Value ^µ	Commence Date ^ψ
1	Southern Organic Waste Processing Facility	Industrial	\$16,000,000	13/05/2024
2	The Mills New Norfolk Cabins	Commercial	\$8,000,000	12/04/2024
3	257 Back River Road Residential Subdivision (60 Lots)	Residential	\$2,700,000	17/02/2024
4	30 Mcleod Street Centacare Evolve Housing Residential Subdivision (52 Lots)	Residential	\$2,340,000	20/05/2024
5	94 Benjamin Terrace Residential Subdivision (29 Lots)	Residential	\$1,700,000	10/03/2024
6	Derwent Valley Council Roadworks Rehabilitation Program	Infrastructure	\$700,000	26/06/2024
7	Glenora Road Roadworks Upgrade	Infrastructure	\$700,000	26/06/2024
8	Lachlan River Bridge Replacement	Infrastructure	\$650,000	12/01/2024
9	1141 Glenora Road Extraction Plant	Infrastructure	\$280,000	15/04/2024
10	Derwent Valley Railway Additions	Industrial	\$110,000	27/05/2024

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REFERENCES

* Derwent Valley sales 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.

2023 encapsulates sales transactions for all of 2023 (01/01/2023 – 31/12/2023).

€ Annual rental growth is a comparison between Q4 2022 (01/10/2022 – 31/12/2022) and Q4 2023 (01/10/2023 – 31/12/2023) house median rent figures

¥ Derwent Valley rental market data encapsulates aggregate property conditions within the postcode of 7140.

§ Rental yields shown are as reported as of December 2023.

▲ 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 of 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 Pricfinder, Cordell Connect database, SQM Research, Esri ArcGIS.

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