

# Hobart Market Update

## 1<sup>st</sup> Half 2024



### OVERVIEW

In Q4 2023, Hobart\* recorded a median house price of \$930,000, and a median unit price of \$645,000. This represents annual (Q4 2022 – Q4 2023) slight price softening of -4.9% for houses and -1.1% for units. Total house sales increased during this time, by 5.0% (to 125 sales), and unit sales decreased by -30.6% (to 59 sales). The current market suggest cash rate hikes and lower consumer confidence has translated into the market, as median prices softened regardless of the number of sales. This creates a more affordable market for first home buyers, and thus an opportune time to enter the market and transact.

#### CHANGE FROM LAST YEAR HALF YEAR



|                    | YEAR | HALF YEAR |
|--------------------|------|-----------|
| HOUSE SALES        | ↑    | ↑         |
| HOUSE MEDIAN PRICE | ↓    | ↓         |
| HOUSE RENTAL PRICE | ↓    | ↑         |

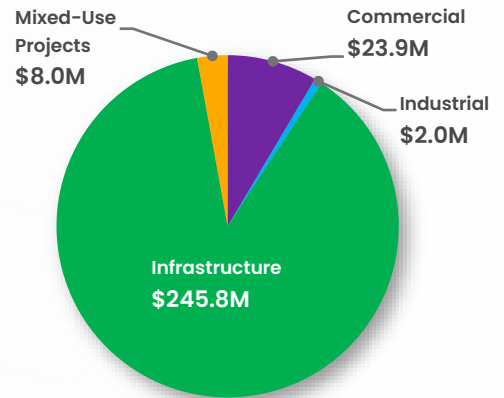


|                   |   |   |
|-------------------|---|---|
| UNIT SALES        | ↓ | ↓ |
| UNIT MEDIAN PRICE | ↓ | ↓ |
| UNIT RENTAL PRICE | ↓ | ↑ |



### FUTURE DEVELOPMENTS

Hobart is set to see approximately **\$279.7M worth of new projects commencing in the 1<sup>st</sup> half of 2024.**



A focus on infrastructure project improve liveability for current residents, whilst also creating more jobs in the construction phase. This benefits the Hobart area as a whole, and can potentially make the area more attractive for people to live in. This will result in higher demand for property.

The Escarpment at Macquarie Point is the largest project commencing construction. Initiated by Tasmania State Government, his will deliver a mix of short term accommodation, retail and restaurants.

The key infrastructure project is the Royal Hobart Hospital Emergency Department Expansion. This improve liveability for residents, especially through the health care sector.

199 Macquarie St and 49 Molle St is a key mixed-use project that plans to deliver new stand-alone houses and offices. That said this will not fully address the housing undersupply, thus price pressures will continue.



### MARKET CONDITIONS

MEDIAN PRICE  
Q4 2023



**\$930K**

**SALES**



**\$645K**

AVERAGE DAYS  
ON MARKET Q4 2023



**HOUSE**



**UNIT**

MEDIAN PRICE  
Q4 2023



**\$568**

**RENTALS**



**\$475**

AVERAGE DAYS  
ON MARKET Q4 2023



**HOUSE**

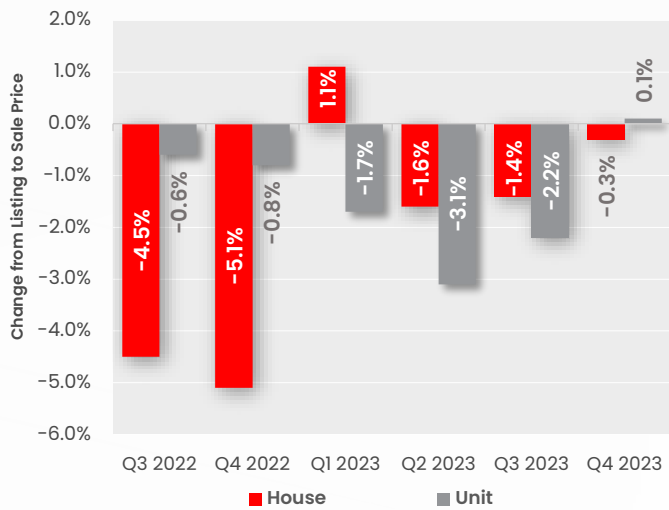


**UNIT**



## 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.



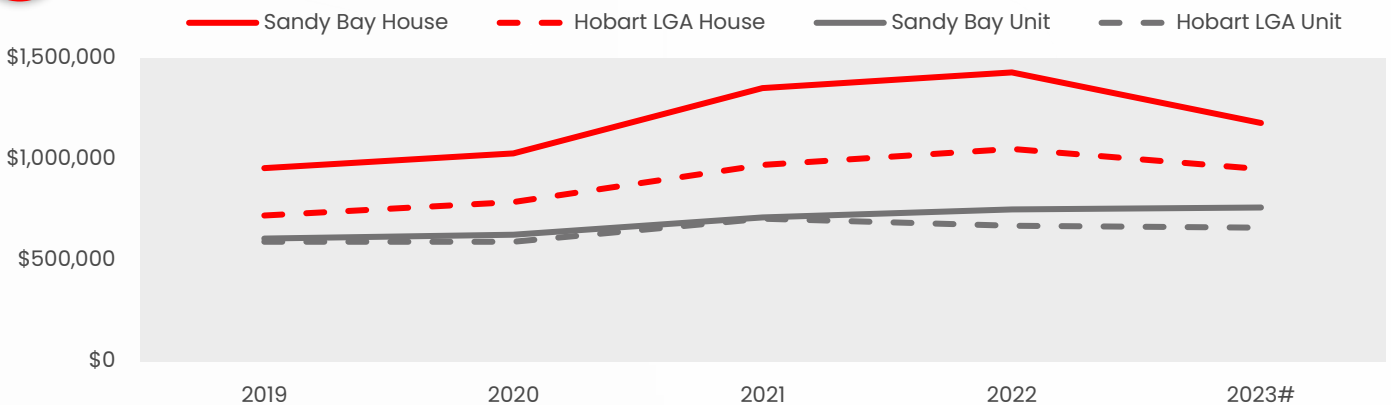
Average vendor discounts between Q4 2022 and Q4 2023 have tightened to a discount of -0.3% for houses. Average unit vendor discount have swung to a premium in Q4 2023, to 0.1%. Both houses and units are transitioning to a seller's market, despite slower price growth. Buyers must offer either close to or slightly above the first list price. This indicate that for buyers looking for an opportunity in a more affordable market, time is of the essence.

The suburb of Sandy Bay has historically outperformed the wider Hobart Local Government Area (LGA) in both house and unit median prices. This said, 2023# has seen a return to parity to the LGA's prices, due to slower price growth for both houses and units.

The dominant proportion of homes sold in Hobart across 2023# were in the premium price point of above \$1,200,000 (32.7%). Comparatively, units recorded a dominant more affordable price point of less than \$549,999 (30.4%). That said overall there is a relatively healthy balance of stock in each price point, thus there is a home for every budget. This balance will benefit both owners and buyers.



## MARKET COMPARISON

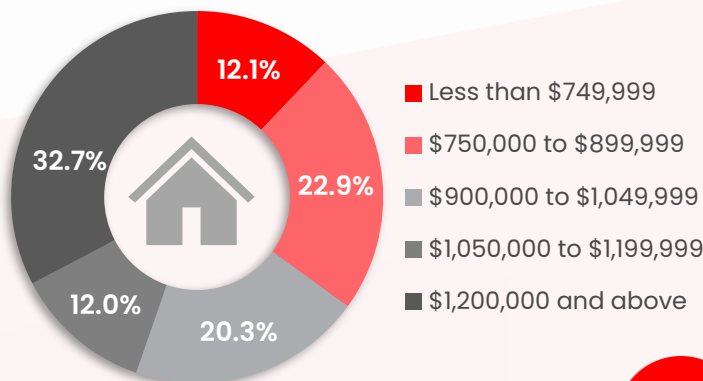


The market comparison graph provide a comparative trend for median price of houses and vacant land over the past 5 years. The main LGA chosen was based on their proximity to the main suburb analysed, which is Sandy Bay.

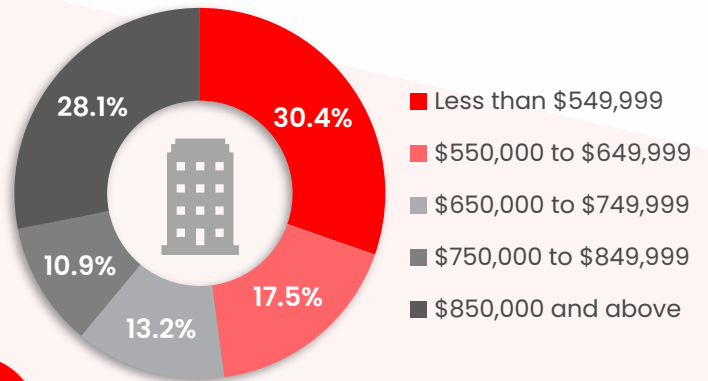


## PRICE BREAKDOWN 2023#

### HOUSES SOLD



### UNITS SOLD





## RENTAL GROWTH 2023€

House rental yields in Hobart\* was 3.1% in December 2023, slightly lower than Hobart Metro (3.5%). That said median house and unit rents have held relatively stable in the past 12 months to Q4 2023, at \$570 and \$475 per week respectively, whilst the number of houses and units rented increased. This suggests a resilient rental market.

4+ bedroom houses softened by -3.6% annually, achieving a median rent of \$675 per week.

Hobart\* recorded a vacancy rate of 2.4% in December 2023, which is above Hobart Metro's 1.1% average. Vacancy rates in Hobart\* have increased considerably in the past 24 months, due to a high level of investor activity in 2021 and 2022. That said vacancy rates have now declined in the past 6 months, potentially due to cash rate hikes and investors exiting the market. These key indicators create an overall conducive and sustainable environment for investors, as there is quicker occupancy of rental properties. This is especially prevalent at the moment, with median house and unit sale prices softening in the past 12 months.

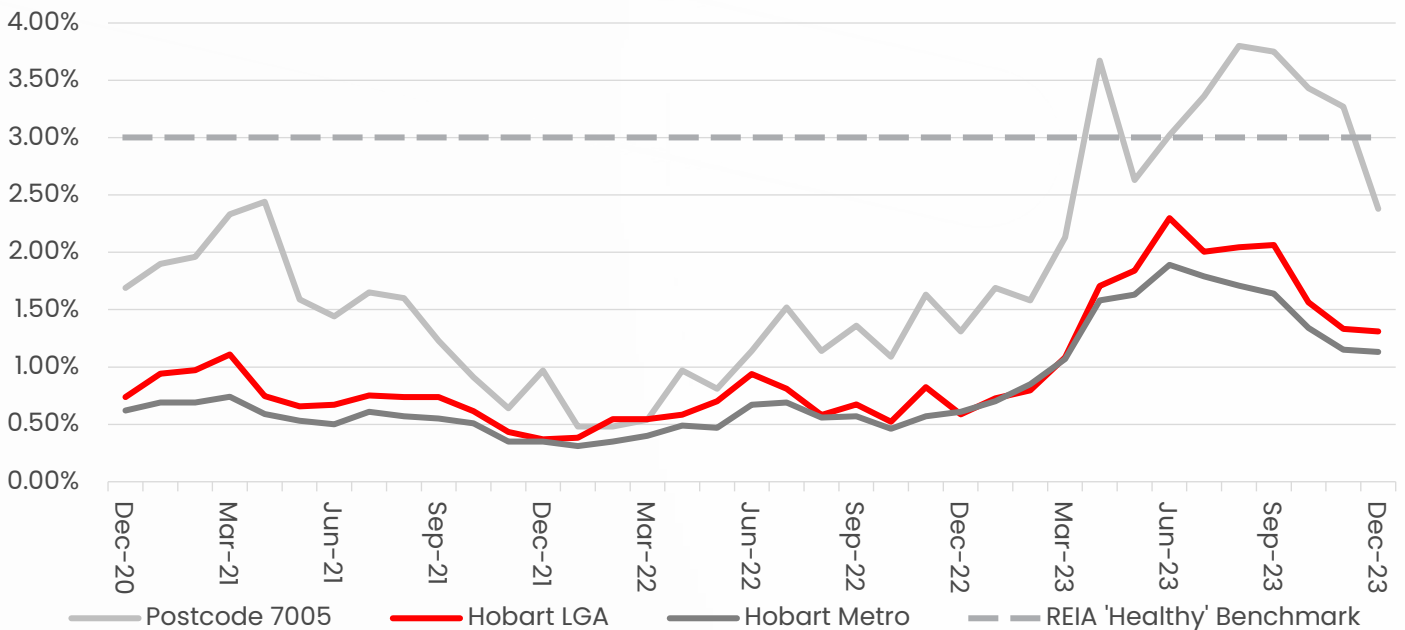
2 BEDROOMS  
**-1.0%**

3 BEDROOMS  
**-2.6%**

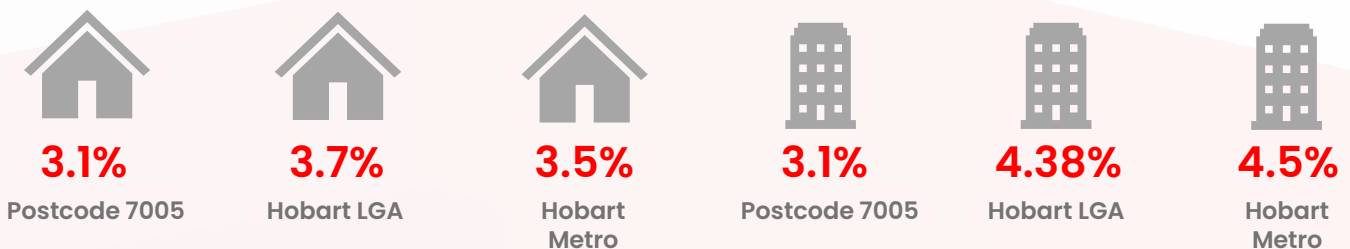
4 BEDROOMS  
**-3.6%**



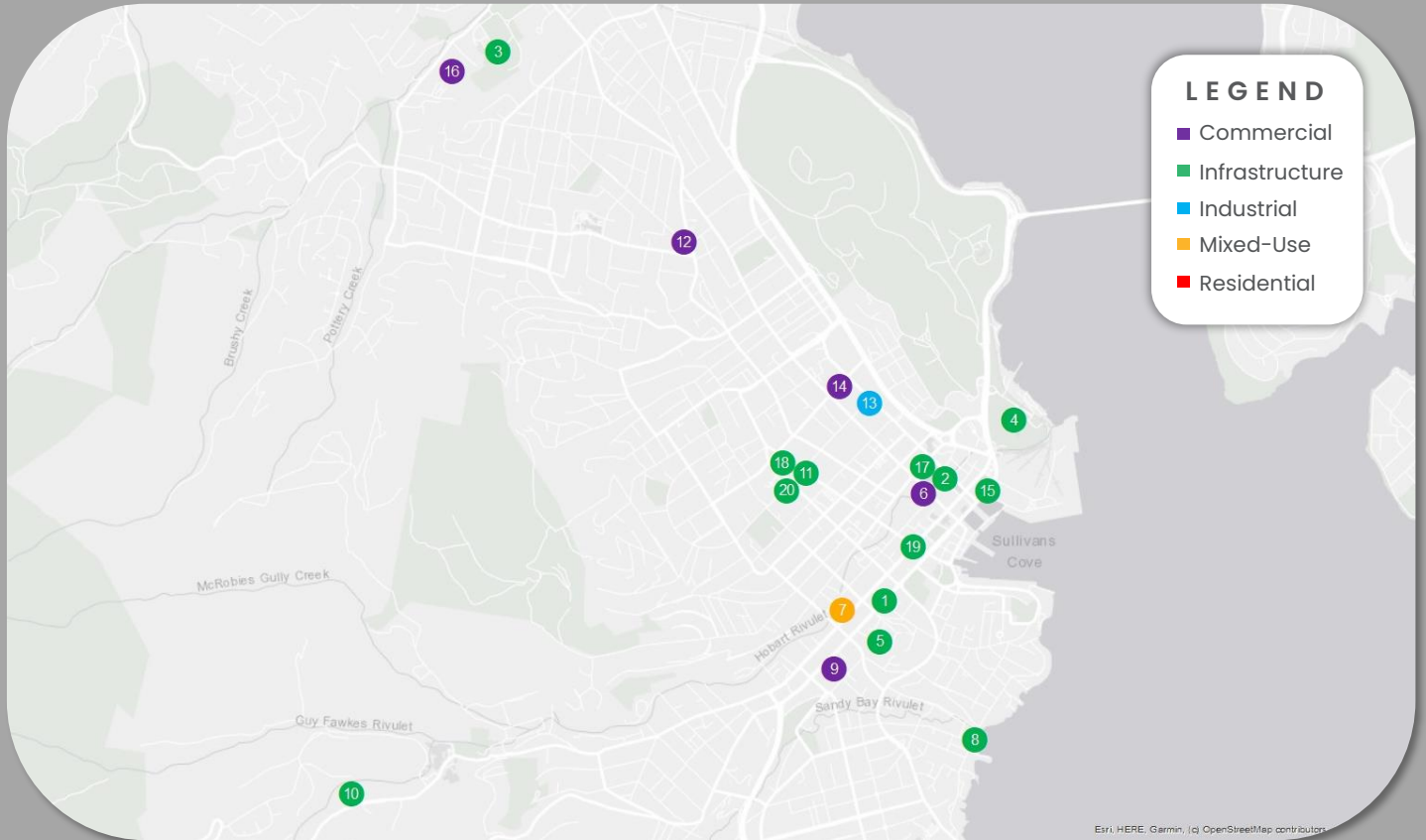
## RENTAL VACANCY RATES 2023



## RENTAL YIELD 2023§



# PROJECT DEVELOPMENT 1<sup>st</sup> HALF MAP 2023 <sup>A</sup>



| #  | Project <sup>£</sup>   | Type           | Estimated Value <sup>µ</sup> | Commence Date <sup>ψ</sup> |
|----|--|----------------|------------------------------|----------------------------|
| 1  | The Escarpment At Macquarie Point (Tasmania State Government)          | Infrastructure | \$100,000,000                | 06/06/2024                 |
| 2  | Royal Hobart Hospital Emergency Department Expansion                   | Infrastructure | \$74,800,000                 | 17/06/2024                 |
| 3  | St Johns Park Mental Health Facility - New Town                        | Infrastructure | \$20,000,000                 | 22/01/2024                 |
| 4  | Sullivans Cove Distillery - 10 Evans Street Hobart                     | Infrastructure | \$15,000,000                 | 13/05/2024                 |
| 5  | Anglesea Barracks - Paterson Building Works                            | Infrastructure | \$14,500,000                 | 08/05/2024                 |
| 6  | Hobart Private Hospital Vibe Building Conversion                       | Commercial     | \$13,000,000                 | 25/04/2024                 |
| 7  | 199 Macquarie Street & 49 Molle Street Hobart Dwellings (45 Dwellings) | Mixed Use      | \$8,000,000                  | 15/06/2024                 |
| 8  | Battery Point Foreshore Walkway  | Infrastructure | \$5,000,000                  | 25/03/2024                 |
| 9  | Respect St Anns Residential Aged Care Home - Davey Street Hobart       | Commercial     | \$3,700,000                  | 12/02/2024                 |
| 10 | Department Of Communities Site Redevelopment Program Round 5           | Infrastructure | \$2,800,000                  | 25/04/2024                 |
| 11 | Macquarie Point Civil & In-situ Solidification Remediation Works       | Infrastructure | \$2,414,145                  | 29/01/2024                 |
| 12 | Bererad New Town Medical Centre Fit Out                                | Commercial     | \$2,000,000                  | 25/04/2024                 |
| 13 | 140 & 116-138 Campbell Street Bulky Goods Sales Conversion             | Industrial     | \$2,000,000                  | 09/05/2024                 |
| 14 | BMW Hobart Showroom & Workshop   | Commercial     | \$1,950,000                  | 03/05/2024                 |
| 15 | Macquarie & Davey Streets Bus Improvements                             | Infrastructure | \$1,849,019                  | 29/01/2024                 |
| 16 | 63-83 Creek Road Crisis Accommodation Units                            | Commercial     | \$1,500,000                  | 29/03/2024                 |
| 17 | Royal Hobart Hospital 3d Neurology Upgrade                             | Infrastructure | \$1,040,900                  | 29/01/2024                 |
| 18 | City Of Hobart Pipeline Track Extension                                | Infrastructure | \$1,000,000                  | 09/04/2024                 |
| 19 | Davey To Macquarie Streets Transit Lane Connection                     | Infrastructure | \$1,000,000                  | 15/04/2024                 |
| 20 | Hobart City Council HVAC Maintenance Services                          | Infrastructure | \$1,000,000                  | 20/05/2024                 |



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## RESEARCH SERVICES

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- 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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## REFERENCES

\* Hobart market data and key indicators encapsulates aggregate property market conditions within the suburbs of 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.

# 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.

¥ Hobart market data encapsulates aggregate property conditions within the Hobart LGA.

§ 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 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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