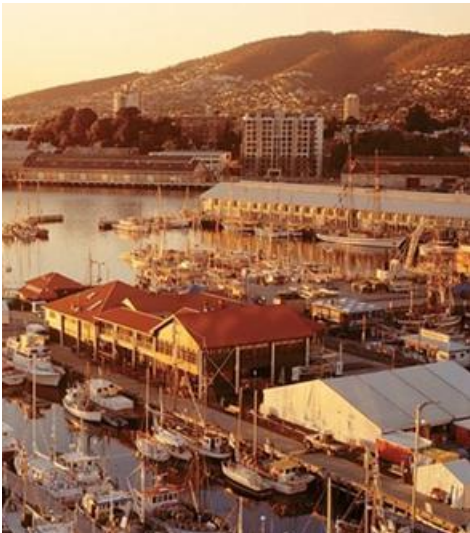


# HOBART HIGHLIGHT

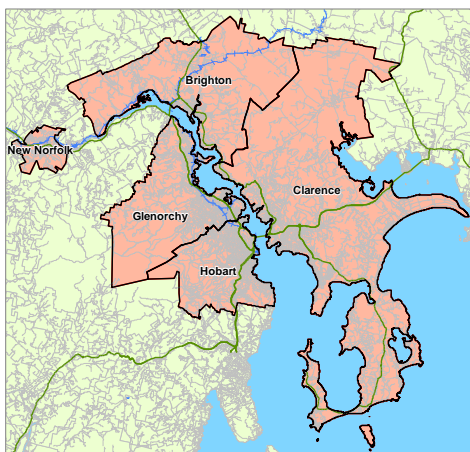
## Property Watch Report®



Hobart, Tasmania

### KEY HIGHLIGHTS

- Low consumer confidence and high unemployment has deterred buyers, causing activity to decrease across a number of regions in Hobart.
- Houses in the Hobart locality remained the only region to maintain both positive number of transactions and median unit price rise.
- A positive forecast is expected in New Norfolk with the Derwent Valley Council increasing infill development.



## HOBART AREA MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market trends of the Hobart Area, which encompasses the municipalities of Hobart, Clarence, Glenorchy, Brighton and New Norfolk.

The Tasmania residential property market as a whole has experienced fluctuation over the past five year period, in particularly since 2009 with the Australian government introducing record low interest rates and stimuli packages aiding home-owners entering the market.

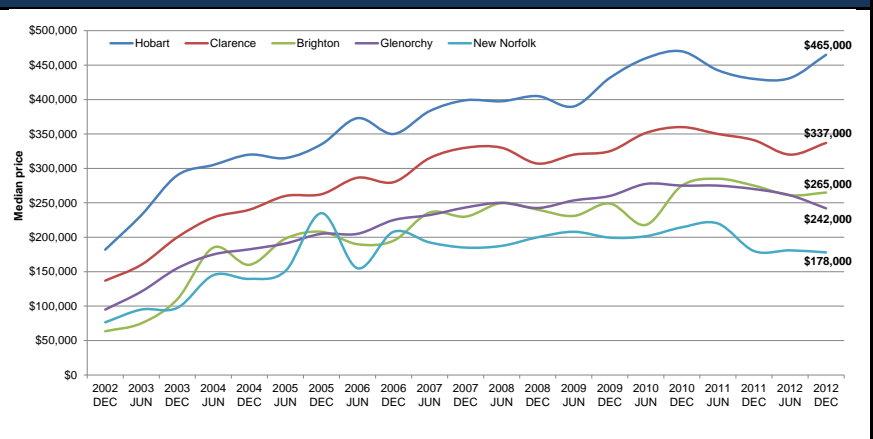
Tasmanian applications for housing finance declined 3.6 per cent in 2012 and new home construction similarly saw continual decline, with dwelling approvals down 25 per cent, a trend expected to continue as house price levels adjust downwards.

Nationally, the Tasmanian market is looking weak and is presently only experiencing +0.2% population growth in the 2012 calendar year, compared with the average +1.6% growth seen nationwide. Hobart, within an Australian Capital Cities market remains to be underperforming as the only Australian Capital City to see a fall in home values at the period ending December 2012.

Tasmania entered Q1 2013 with again the highest rate of unemployment nationwide at 7.3 per cent, a rate comparable to various troubled international economies. Similarly, the national unemployment rate, not including Tasmania, remains around 5.8 per cent with increasing unemployment in South Australia and the Australian Capital Territory recently affecting the figure.

Considering the flailing economy, low transaction numbers and no identifiable source of growth in Tasmania's short term future, the outlook certainly looks to be tough. This being said, a number of positive outcomes and forecast can be seen within the sub-markets of Hobart and this Highlight Report will look to focus on Hobart's immediate and long term economic future.

### HOBART MUNICIPALITY HOUSE & UNIT SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

# HOBART

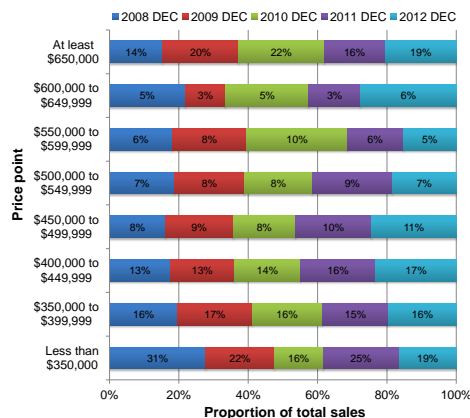
*The discrepancy between the median prices of house to unit has increased over the past decade by 15.7 per cent per annum, equating to a median difference of \$120,000 entering Q1 2013.*

The Hobart Municipality property market experienced a rapid increase in demand in 2009 when interest rates were low at an average 5.85 per cent for a standard home loan. As a result of the escalated demand, values increased through to December 2010 with the median house price peaking at \$470,000. The market has since experienced a consistent decline in activity resulting in a median price fluctuation as sellers begin to reduce their asking price to meet a softening market.

After recording the lowest number of sales in over a decade, the six month period to December 2012 reported a 13 per cent recovery from 332 to 378 transactions noting a similar 7.5 per cent positive median shift closing at \$465,000. The most recent median house price increase despite decreased transactions is in part due to the house price point witnessing a 12 per cent decrease in entry level house sales under \$350,000 as well as a 7 per cent increase in sales between \$350,000 and \$500,000.

Hobart Municipal Unit sales have improved over the past calendar year, increasing by 15.9 per cent to record a total of 369 sales closing with a median unit price of \$345,000. Whilst this median price represents an 11.3 per cent positive shift on the previous year, it remains an affordable alternative for investors in the Hobart Municipality with the increase in house median paired with the continuing high levels of unemployment.

## HOBART MUNICIPALITY HOUSE PRICE POINTS



Prepared by PRDNationwide Research. Source: PDS

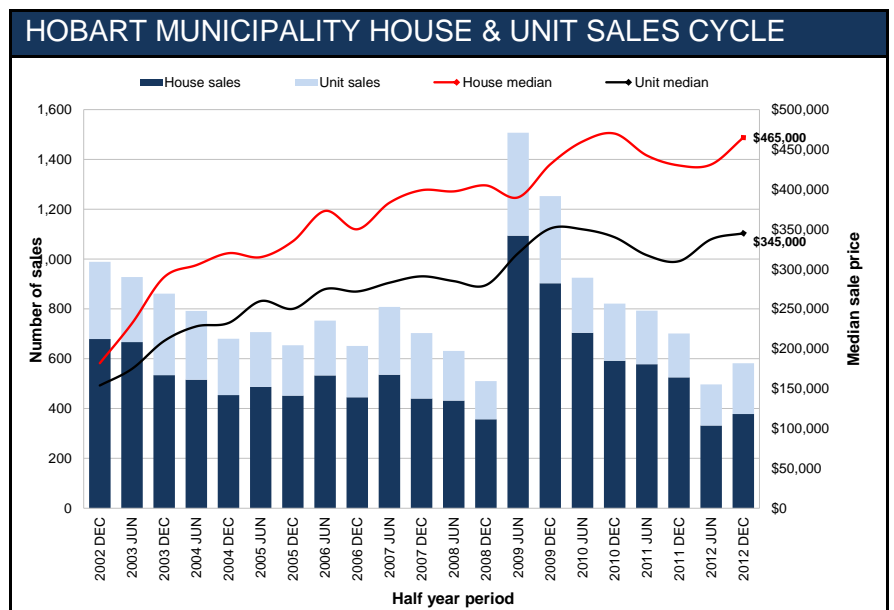
The discrepancy between the median prices of house to unit has increased over the past decade by 15.7 per cent per annum, equating to a median difference of \$120,000 entering Q1 2013. By observing the Hobart Municipality House and Unit Sales Cycle from the peak of the market in 2009, it can be determined that while units have maintained parity with housing sales, a widening gap between housing and unit markets is becoming apparent.

Hobart Municipality suburbs of Sandy Bay and West Hobart recorded the most house sales in the 2012 calendar year with 258 and 158 sales respectively followed by New Town and Lenah Valley which both recorded 120. These four suburbs made up 62 per cent of total house transactions of the fifteen suburbs that registered sales in Hobart Municipality in 2012.

## HOBART MUNICIPALITY MARKET INDICATORS

Change from Last	Year	Half Year
HOUSE SALES	↓	↓
HOUSE MEDIAN	↑	↑
UNIT SALES	↓	↑
UNIT MEDIAN	↑	↑

The indicators depicted above are based on the year ending December 2012.



Prepared by PRDNationwide Research. Source: PDS

# GLENORCHY

*The Glenorchy LGA represents a comparatively quieter market to the neighbouring Hobart Municipality with both house and unit sales decreasing by 10.4 per cent and 18.1 per cent respectively for the 12 month period ending December 2012.*

Similar to neighbouring Hobart Municipality, the Glenorchy Municipality property market experienced an increase in sales over 2009 due to incentives passed on through by the Australian Government reaching a peak at 1,240 total house transactions. Unlike Hobart, Glenorchy has witnessed a gradual decline to the period ending December 2012 which witnessed a total of 267 house sales recorded, equating to a decrease of 39 per cent from the previous year.

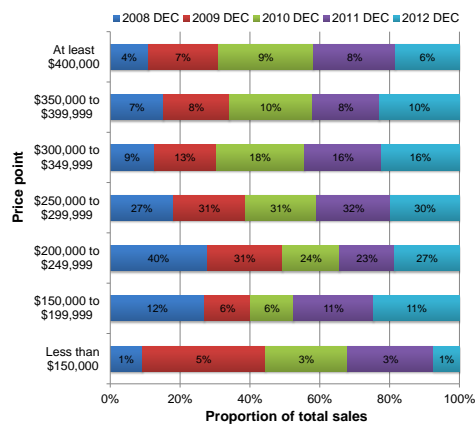
The majority of transactions in 2012 took place in the \$200,000 to \$299,999 price range accounting for 57 per cent of the total sales. The Price Point analysis displays that no noticeable shift in Price Point has been witnessed in the Glenorchy Municipality since December 2008.

The Glenorchy Municipality housing market registered 415 transactions in the 2012 calendar year, a 66 per cent decrease on the peak seen during the incentive based economy of 2009. Even though the Glenorchy Municipality has recorded a 9.8 per cent per annum positive shift in house median price over the past decade, it has more recently witnessed a 10.4 per cent downturn in 2012, closing the period ending in December with the median house price at \$242,000.

The Glenorchy Municipality Unit market has been consistent with the house market, albeit, marginally lower in terms of median price. In the 2012 calendar year the median price for units experienced a decline of 18.1 per cent, to register a median price of \$186,000. The vast majority of these units transacted within the \$150,000 to \$249,999 price range accounting for 52 per cent of total unit sales. Unit sales have decreased by 10.2 per cent per annum since December 2002 however there is every indication that the unit market may have bottomed out and a positive shift may be due after the six month period to December 2012 registered the lowest amount in a decade with 72 transactions.

The Glenorchy suburbs of Claremont and Glenorchy recorded the most house sales in the 2012 calendar year with 131 sales each, followed by Moonah and West Moonah which recorded 84 and 69 sales respectively. These four suburbs of the sixteen that registered sales made up 57 per cent of total sales for 2012. Of these recognised suburbs, West Moonah and Moonah registered median prices of \$310,000 and \$282,000 respectively while largest selling suburbs Claremont and Glenorchy witnessed median prices of \$230,000 and \$242,000 at the six month period closing December 2012.

## GLENORCHY MUNICIPALITY HOUSE PRICE POINTS



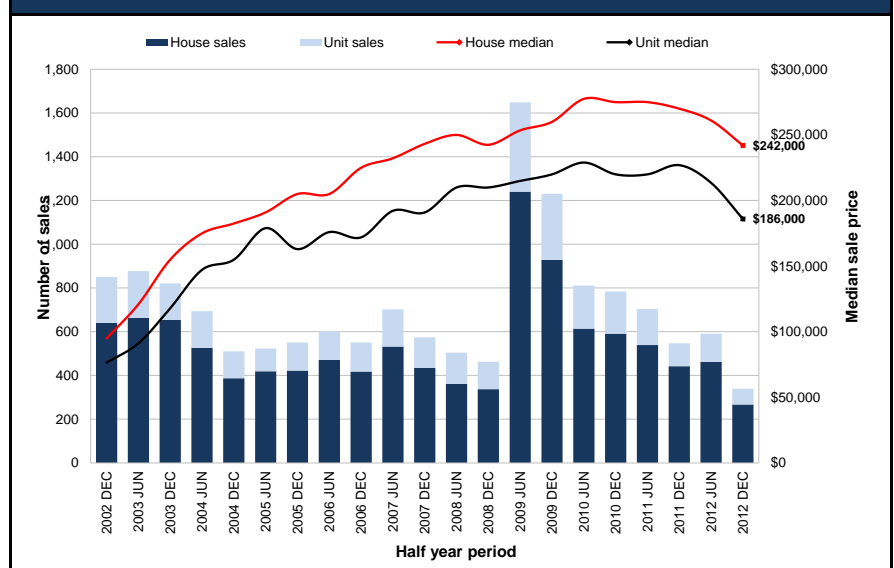
Prepared by PRDnationwide Research. Source: PDS

## GLENORCHY MUNICIPALITY MARKET INDICATORS

Change from Last	Year	Half Year
HOUSE SALES	↑	↓
HOUSE MEDIAN	↓	↓
UNIT SALES	↑	↓
UNIT MEDIAN	↓	↓

The indicators depicted above are based on the year ending December 2012.

## GLENORCHY MUNICIPALITY HOUSE & UNIT SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

# BRIGHTON

*Brighton homes over \$200,000 have witnessed a 26 per cent increase in transactions since 2008 confirming that even though the numbers of sales remain at historic lows, the average sale price is positively shifting resulting in a consistent median sale price.*



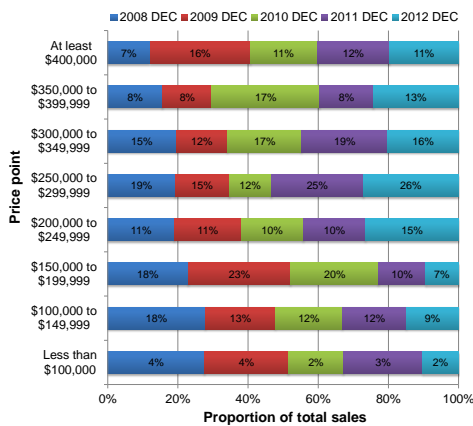
The Brighton Municipality housing market has experienced a continual decline in total sales since peaking at 444 transactions for the six month period ending June 2009. Unlike the surrounding regions of the Hobart Area, the Brighton Municipality failed to see any positive movement from the incentives passed on through by the Australian Government spurred by the Global Financial Crisis (GFC).

Brighton Municipality house sales have declined over the most recent six month period to December 2012 with total 109 sales recorded, well below the five year average of 203 sales and equates to a decrease of 25.5 per cent from the previous year. Despite the declining transaction numbers, the median price has rallied to close at \$265,000 for the period ending December 2012, only 3.5 per cent down on the 2011 median figure.

Of the total 242 house sales recorded in the 2012 calendar year, approximately 26 per cent occurred within the \$250,000 to \$299,999 price bracket. This was followed by the \$200,000 to \$249,999 and \$300,000 to \$349,999 price point brackets with 12.5 per cent and 17.5 per cent of market share respectively. Since the period ending December 2008 the markets over \$200,000 have witnessed on average a 26 per cent increase in transactions confirming that even though the number of sales remains at historic lows, the average sale price is positively geared resulting in a strengthening median house price.

The suburb of Brighton registered the majority of sales in the 2012 calendar year with 76 transactions closely followed by Old Beach with 64 sales and Bridgewater which recorded 35 sales. Of these regions which form 71 per cent of the Brighton Municipality residential transactions, Old Beach saw the greatest median price at \$331,000 while the suburb of Bridgewater was most affordable with a median price of \$185,000.

## BRIGHTON MUNICIPALITY HOUSE PRICE POINTS



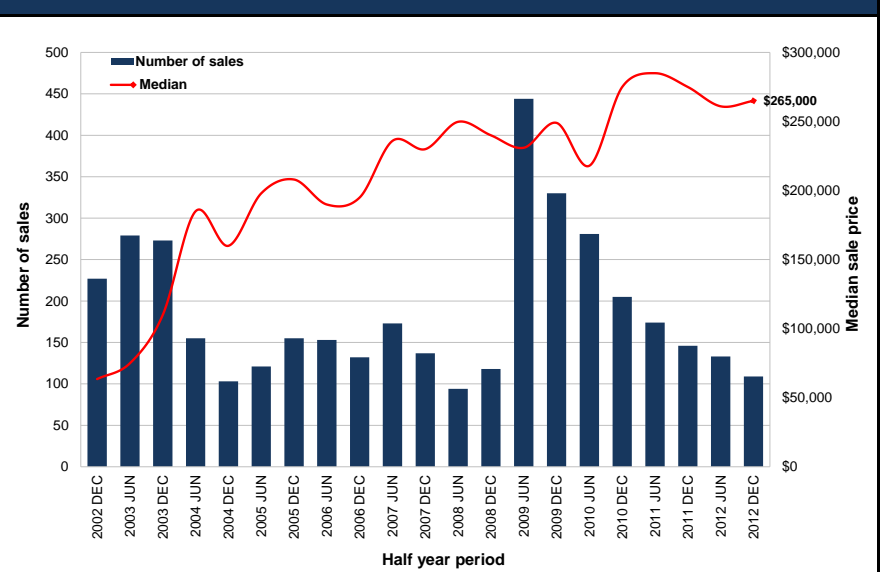
Prepared by PRDnationwide Research. Source: PDS

## BRIGHTON MUNICIPALITY MARKET INDICATORS

Change from Last	Year	Half Year
HOUSE SALES	↓	↓
HOUSE MEDIAN	↓	↑

The indicators depicted above are based on the year ending December 2012.

## BRIGHTON MUNICIPALITY HOUSE SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS



# CLARENCE

*Reflective of the Tasmania's current rate of emigration and unemployment, the six month period to December 2012 registered a total of 347 house sales - equating to a decrease by 23.7 per cent on the previous year.*

With a high unemployment rate, the number of new migrants entering the state has fallen and as a matter of fact, the Australia Bureau of Statistics (ABS) has registered an outward net migration of residents to the Hobart Region which is evidenced across all the Hobart sub-markets seeing a decline and flattening in total sales and development.

The Eastern Shore of Hobart, in particularly the Clarence Municipality is no different as the median house price registered for the six month period ending December 2012 closed at \$337,000, resulting in zero change from the previous year. Compared to the 10 year growth rate of 9.4 per cent per annum, it is evident that the Clarence Municipality house market is experiencing a period of median price correction.

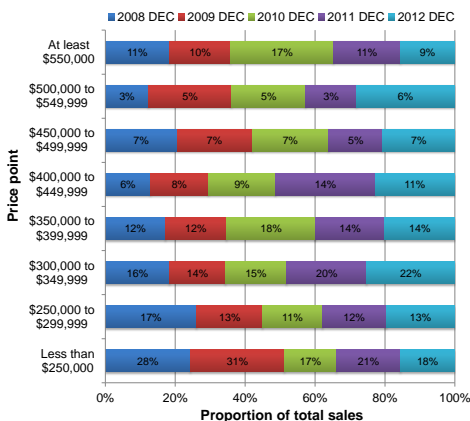
Over the past five years an average 494 houses were sold per six month period, with the most recent six month period ending December 2012 registering a total of 347 house sales - equating to a decrease in sales by 23.7 per cent from the previous year. By observing the House Price Points graph, it is evident that 36 per cent of total sales in the six month period to December 2012 occurred within the \$300,000 to \$399,999 bracket, providing reason why the median price has maintained despite declining transactions.

Unit sales in the Clarence Municipality are still emerging with an average 20 per cent of total dwelling transactions and a ten year growth rate of 10.1 per cent per annum keeping parity with the housing market. The six month period to December 2012 in fact saw a 13.8 per cent increase in the median price for unit sales within the Clarence Municipality closing at \$290,000, only 13.9 per cent behind the house median price.

The majority of unit sales recorded during this period took place in the \$200,000 to \$299,999 price range, with 46 per cent of the total unit sales, identifying the \$200,000 to \$300,000 price point as a sweet spot for the unit market on the Eastern Shore.

While the short term recovery of both house and unit markets in the six month period ending December 2012 may provide additional confidence, the consistent fluctuation since the peak in 2010 should not be taken lightly by potential sellers in the market. In contrast to a heated market in 2010, buyers now can afford to be patient and pursue their due diligence on a property that reflects enduring value.

## CLARENCE MUNICIPALITY HOUSE PRICE POINTS

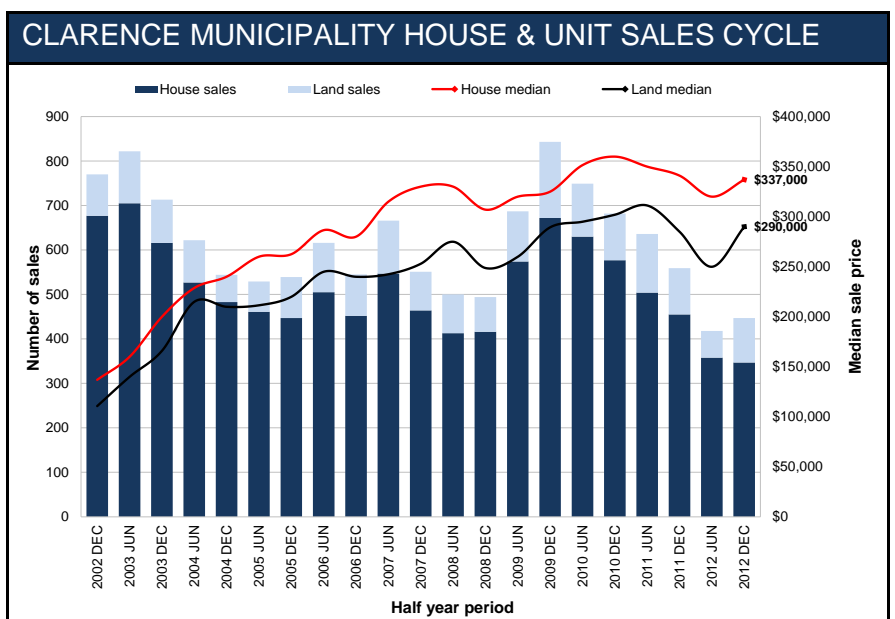


Prepared by PRDnationwide Research. Source: PDS

## CLARENCE MUNICIPALITY MARKET INDICATORS

Change from Last	Year	Half Year
HOUSE SALES	↓	↓
HOUSE MEDIAN	↓	↑
UNIT SALES	↓	↑
UNIT MEDIAN	↓	↑

The indicators depicted above are based on the year ending December 2012.



Prepared by PRDnationwide Research. Source: PDS

# NEW NORFOLK

*New Norfolk's house median price market has witnessed correction since reaching its historic peak in June 2011 closing the six month period to December 2012 at \$185,000.*

Settled along the banks of the Derwent River, New Norfolk is the central town of the Derwent Valley Region. Located approximately 30 kilometres north-west of the Hobart Municipality along the Lyell Highway, New Norfolk provides all the modern rural living while maintaining proximity to Tasmania's Capital. Even though New Norfolk is well established residentially, the Derwent Valley Council continues to consolidate and strengthen New Norfolk's role as a key regional service and commercial centre for the areas to the west and north-west of Hobart Municipality and surrounds.

Despite seeing an 8.9 per cent per annum decline in total transactions since 2002 New Norfolk has registered and continued to see consistent sales. For the six month period ending December 2012 a total 43 house sales were recorded, compared with the five year average of 41 sales denotes a negligible increase, which is relative to the 1.1 per cent annum growth in median price since December 2007.

The New Norfolk median house price market for the six month period ending December 2012 closed at \$185,000, resulting in a 1.3 per cent decline from the previous year. When compared to the 10 year growth rate of 11.4 per cent per annum, it is evident that the New Norfolk house market is experiencing a period of median price correction following a surge over the incentive based markets of 2009 and 2010.

As the urban footprint of New Norfolk is comparably smaller to surrounding regions of the Greater Hobart region, the requirement to maintain and further promote infill development of vacant residential land within the town boundary as well as intensifying current development south and south west of the existing New Norfolk city centre will maximise the areas potential and support new residents.



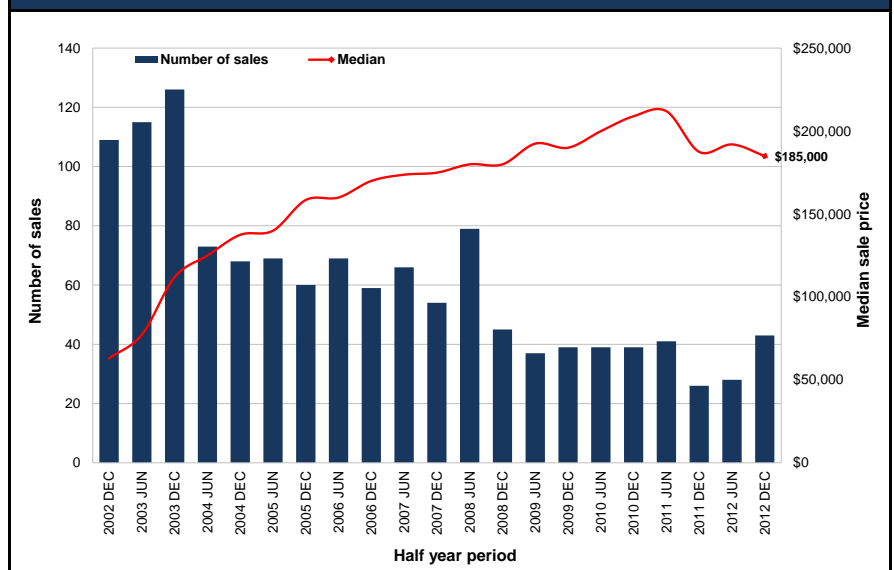
New Norfolk, Tasmania

## NEW NORFOLK MUNICIPALITY MARKET INDICATORS

Change from Last	Year	Half Year
HOUSE SALES	↑	↑
HOUSE MEDIAN	↑	↓

The indicators depicted above are based on the year ending December 2012.

### NEW NORFOLK HOUSE SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

