

> Affordable & Liveable Property Guide

Hobart Metro 2nd Half 2020

METHODOLOGY

This affordable and liveable property guide for Hobart Metro analyses all suburbs within a 10km radius of the Hobart CBD. The following criteria were considered:

- **Property trends criteria** – all suburbs have a minimum of 10 sales transactions for statistical reliability purposes. Based on market conditions suburbs have either positive, or as close as possible to neutral price growth between 2019 to 2020*.
- **Investment criteria** – as of September 2020, suburbs considered will have an on-par or higher rental yield than Hobart Metro, and an on-par or lower vacancy rate.
- **Affordability criteria** – identified affordable and liveable suburbs have a median price below a set threshold. This was determined by adding percentage premiums to the Tasmania (TAS) average home loan, which was \$344,825** as of Q2 2020. Premiums of 92% for houses and 36% for units were added, which were above those required to reach Hobart Metro's median prices (62% for houses and 22% for units). This places the suburbs above Hobart's median prices, meaning buyers must sacrifice affordability to find liveable suburbs in Hobart.
- **Development criteria** – suburbs identified must have a high total estimated value of future project development for the 2nd half of 2020, as well as a higher proportion of commercial and infrastructure projects. This ensures the suburbs show signs of sustainable economic growth, in turn positively affecting the property market.
- **Liveability criteria** – all identified suburbs have low crime rates, availability of amenities within a 5km radius (i.e. schools, green spaces, public transport, shopping centres and health care facilities), and an unemployment rate on-par or lower in comparison to the TAS average (as determined by the Department of Jobs and Small Business, June Quarter 2020 release).

RECENT TOP PERFORMERS

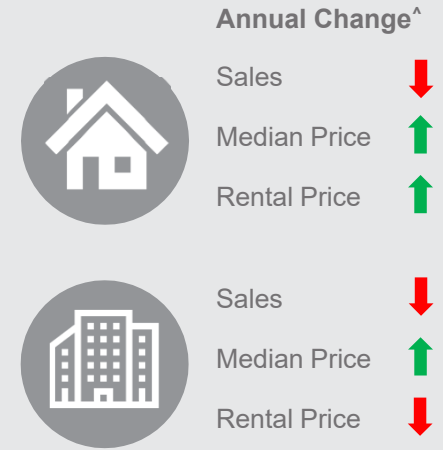
Area	Suburb	Type	Median Price 2019	Median Price 2020*	Price Growth	Projects 2020***
Inner	South Hobart	House	\$600,000	\$680,000	13.3%	\$12.2M
	North Hobart	Unit	\$571,000	\$666,250	16.7%	\$79.6M
North	Glenorchy	House	\$381,750	\$417,000	9.2%	\$1.6M
	Glenorchy	Unit	\$315,000	\$349,000	10.8%	\$1.6M
South	Kingston	House	\$532,500	\$565,000	6.3%	\$309.3M
	Kingston	Unit	\$420,000	\$426,000	1.4%	\$309.3M
East	Rokeby	House	\$325,000	\$355,000	9.2%	\$55.7M
	Rokeby	Unit	\$345,500	\$430,000	24.5%	\$55.7M

OVERVIEW

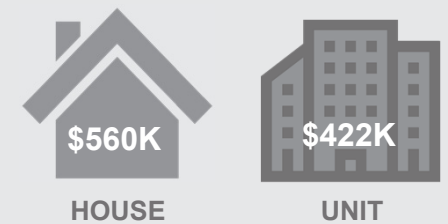
Median property prices in Hobart Metro increased by 4.7% for houses to \$560,000 from 2019 to 2020* and increased by 4.2% for units to \$422,000. By comparison, from 2018 to 2019 the median house price in Hobart Metro increased by 5.7%, while the median unit price grew by 4.5%. Limited stock coupled with high demand has continued to push prices upwards, resulting in the need to sacrifice affordability for liveability. Hobart Metro recorded a healthy price growth trend in both houses and units over the past five years, thus property owners can be confident in their asset's ongoing value. A limited residential development pipeline creates urgent opportunities for the local government and developers. About \$764.4M of development is planned in the 2nd half of 2020 for Hobart Metro. Infrastructure projects will improve liveability aspects and create new employment in the construction phase, in turn having a positive impact on the market.

*Median price quoted captures sale transactions from 1st January 2020 to 30th September 2020, or Q1 2020 – Q3 2020. **Average home loan figure is derived from June Quarter 2020 Housing Affordability Report by the Real Estate Institute of Australia (REIA) and Adelaide Bank. ***Project development is based on aggregate of estimated construction value for residential, commercial, industrial, mixed-use and infrastructure projects scheduled to commence in the 2nd half of 2020 as stated by the relevant data authority. ^Annual Change is reflective of median price change from Q3 2019 to Q3 2020. Figures displayed in infographics are for the period Q3 2020, except for median sale price, which is reflective of 1st January 2020 to 30th September 2020, or Q1 2020 – Q3 2020.

HOBART METRO



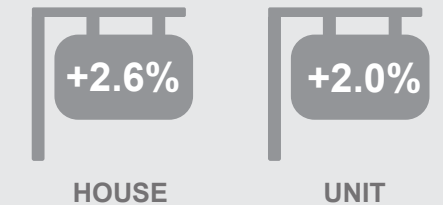
MEDIAN SALE PRICE



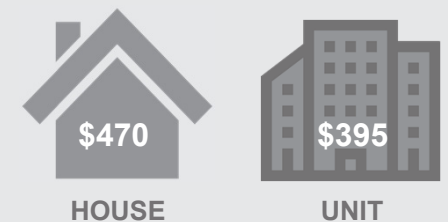
AVERAGE DAYS TO SELL



AVERAGE VENDOR DISC.



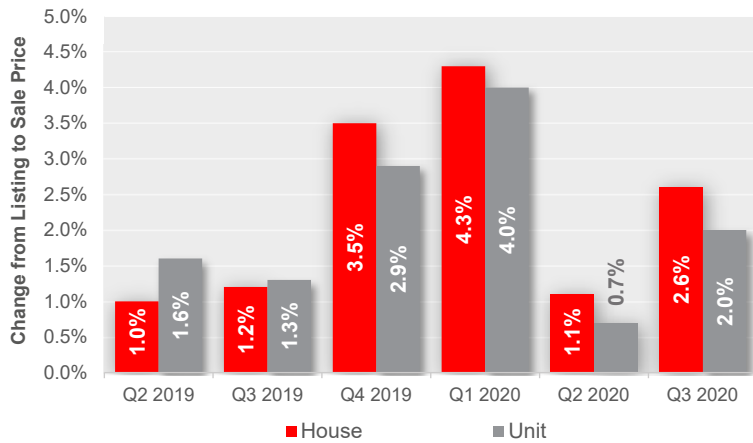
MEDIAN RENTAL PRICE



AVERAGE DAYS TO LET



AVERAGE VENDOR DISCOUNT

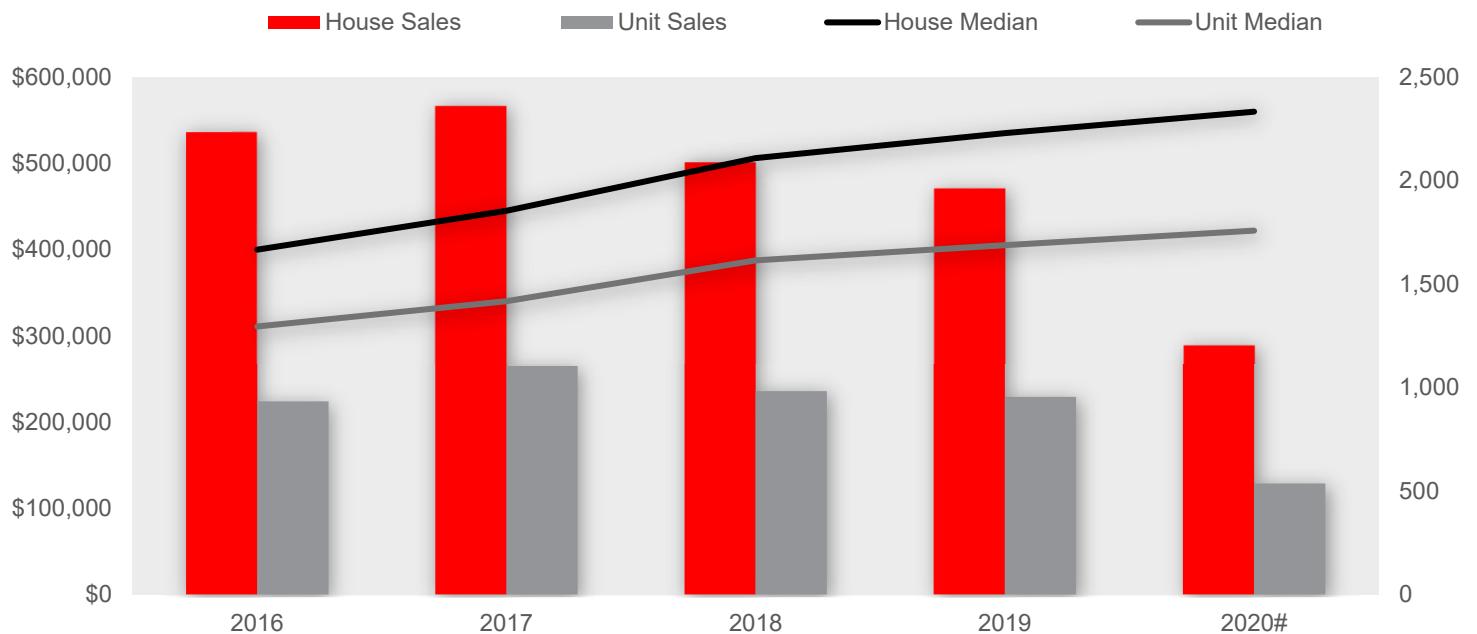


KEY COMMENTS

Average vendor discounts between Q3 2019 and Q3 2020 have further swung towards higher premiums for both property types, of 2.6% for houses and 2.0% for units. Market conditions in Hobart Metro continue to favour vendors, as buyers are willing to offer above the initial listing price. That said premiums in Q3 2020 are not as high as Q4 2019 and Q1 2020, which creates higher affordability for buyers.

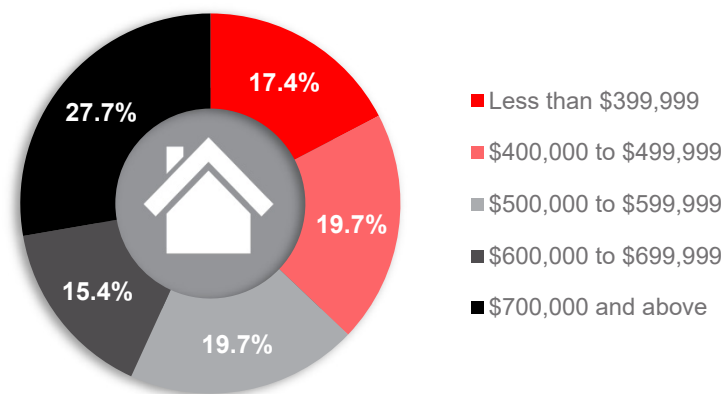
The dominant proportion of homes sold in Hobart Metro across 2020# were in the premium price bracket of \$700,000 (27.7%), while units recorded a dominant lower-middle price point of \$300,000-\$400,000 (31.0%). This reveals that there is affordably priced stock available, however buyers must act quickly.

MARKET PERFORMANCE

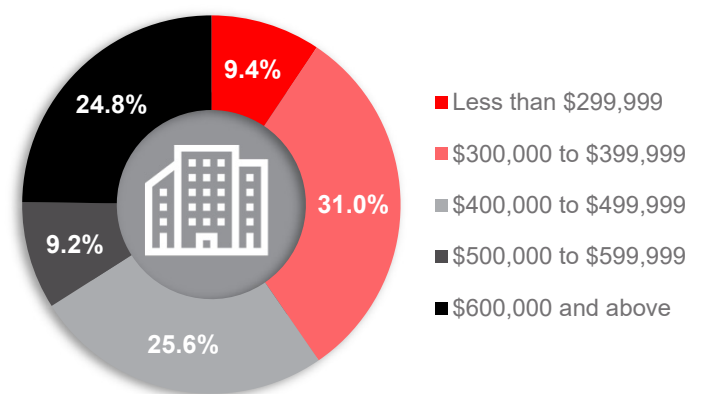


PRICE BREAKDOWN 2020#

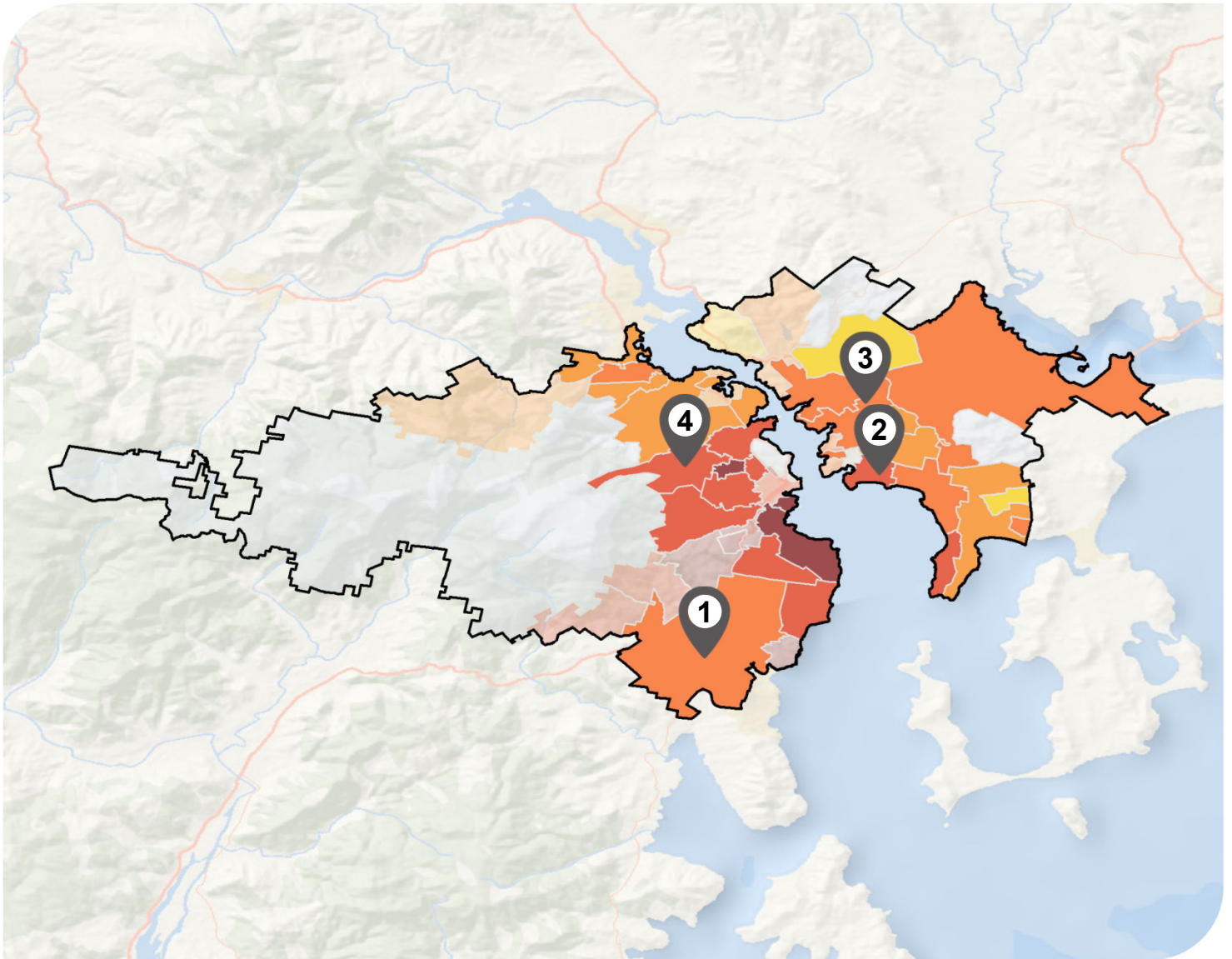
HOUSES SOLD



UNITS SOLD



HOBART METRO MEDIAN HOUSE PRICE 2020* 10KM FROM CBD



LEGEND

- Data not available
 - \$0 - \$350,000
 - \$350,000 - \$500,000
 - \$500,000 - \$650,000
 - \$650,000 - \$800,000
 - \$800,000+
 - 10km from CBD
- Translucent colours for <10 sales

HOBART AFFORDABLE & LIVEABLE SUBURBS RENTAL YIELD

	Suburb	House		Suburb	Unit
1	Kingston	4.9%	1	Kingston	4.5%
2	Bellerive	5.0%	4	Lenah Valley	4.8%
3	Lindisfarne	4.2%	3	Lindisfarne	4.7%

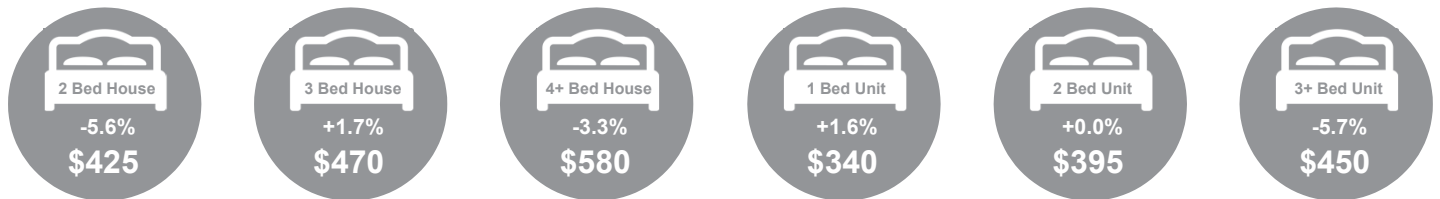
*House median price reflected in the heat-map captures sale transactions from 1st January 2020 to 30th September 2020.
Source: APM Pricerfinder, ESRI ArcGIS, SQM Research. © PRD Real Estate 2020.

RENTAL GROWTH 2020€

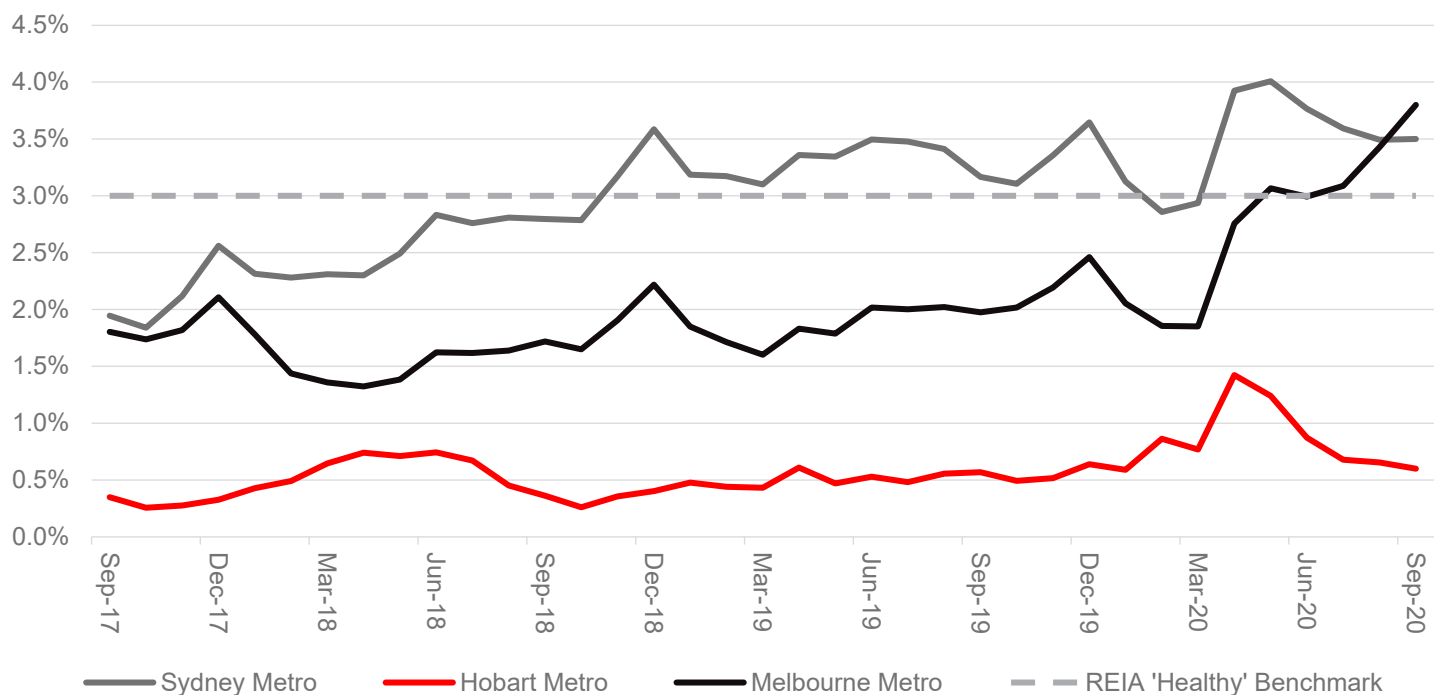
In September 2020, house rental yields in Hobart Metro were recorded at 4.1%. In the 12 months to Q3 2020, the median house rental price increased to \$470 per week, while average days on the market declined by -4.8% (to 20 days). Overall this suggests Hobart Metro has retained a highly resilient rental market throughout COVID-19.

Three-bedroom houses provided the greatest annual rental growth (of +1.7%) to reach \$470 per week. A softening in the median rental price for 3+ bedroom units (-5.7% to \$450 per week) is indicative of tighter household finances due to COVID-19 affecting employment. Tenants may be seeking rental properties with fewer bedrooms in order to reduce their rent.

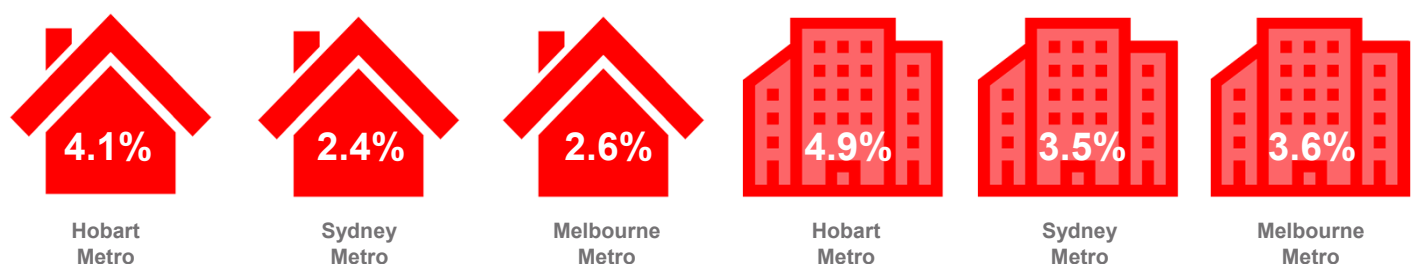
In September 2020, Hobart Metro recorded a very low vacancy rate of 0.6%, well below both Sydney Metro (3.5%) and Melbourne Metro (3.8%). Vacancy rates in Hobart Metro remain well below the Real Estate Institute of Australia's healthy benchmark of 3.0%, even amidst COVID-19 conditions. Further, Hobart Metro vacancy rate has shown a declining trend since peaking in April 2020 due to COVID-19, which confirms there is a healthy ongoing rental demand.



RENTAL VACANCY RATES 2020



RENTAL YIELD 2020§



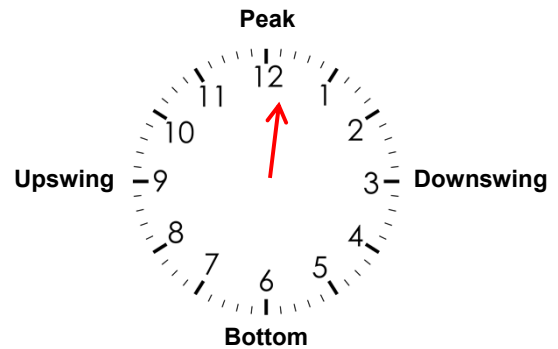
€ Annual rental growth is a comparison between 2019 and 2020 (01/01/2020 – 30/09/2020) house median rent figures.

§ Rental yields shown are as reported at September 2020.

Source: APM Pricerfinder, SQM Research. © Copyright PRD Real Estate 2020.

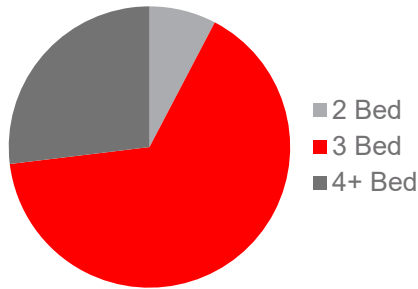


PROPERTY CLOCK - HOUSES



AFFORDABLE & LIVEABLE HOUSE SUBURBS

KINGSTON 7050

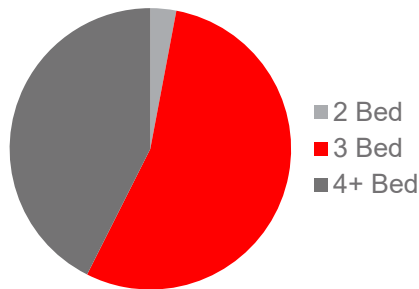


Located about **5.8km** from the Hobart CBD.

- Median House Price **\$565,900**
- 2 Bed Median Price **NA**
- 3 Bed Median Price **\$511,000**
- 4+ Bed Median Price **\$642,150**

Having appeared in three previous guides (the *2nd Half 2018^μ*, *1st Half 2019[€]*, and *1st Half 2020[¥]*), Kingston is a regular top performing affordable and liveable suburb within Hobart Metro. The area had annual median price growth of 6.3%** for houses, and an average rental yield of 4.9%. An extremely tight vacancy rate of 0.4% is consistent with wider Hobart, and as such is attractive to investors. A massive development pipeline worth an estimated \$309.3M[^] for the 2nd half of 2020 will see major investment into the area, particularly via Kingston Park Mixed-Use Redevelopment (\$300.0M[^]). Low unemployment of 4.6% and access to nearby amenities including education, parks, schools, public transport, and health care ensure the area is well-served also.

BELLERIVE 7018

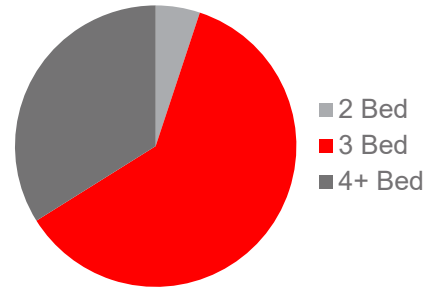


Located about **3.6km** from the Hobart CBD.

- Median House Price **\$660,000**
- 2 Bed Median Price **\$519,500***
- 3 Bed Median Price **\$646,500**
- 4+ Bed Median Price **\$810,000***

As the closest affordable and liveable house suburb to the CBD, Bellerive is also a recurring suburb; now having appeared in three previous guides (the *1st Half 2018^β*, *2nd Half 2018^μ*, and *1st Half 2020[¥]*). The area has a low unemployment rate of 4.4% and a \$3.0M[^] project development pipeline for the 2nd half of 2020, which will further economic growth in the area. An incredibly tight vacancy rate of just 0.1% ensures investors of quicker occupancy (below Hobart Metro's low 0.6%). When combined with an average rental yield of 5.0% (above Hobart Metro's 4.1%), this positions Bellerive as an investment hotspot. The suburb also recorded annual median price growth of 6.0%** which should further build owner-occupier and investor confidence in the area.

LINDISFARNE 7015



Located about **4.6km** from the Hobart CBD.

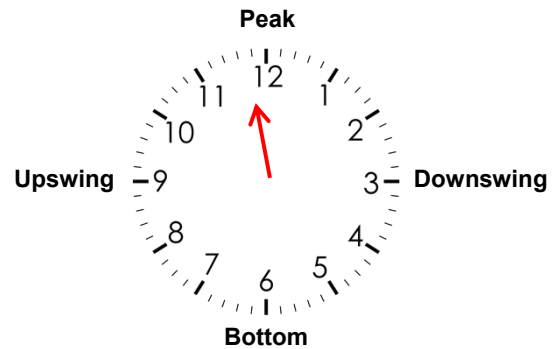
- Median House Price **\$611,500**
- 2 Bed Median Price **\$570,300***
- 3 Bed Median Price **\$600,000**
- 4+ Bed Median Price **\$670,000**

Having appeared in a record five previous guides consecutively (from the *1st Half 2018^β* through to *1st Half 2020[¥]*), Lindisfarne has solidified its position as one of the top performing suburbs in Hobart Metro. Lindisfarne recorded median house price growth of 6.8%** annually, with an average rental yield of 4.2% for houses and an extremely tight vacancy rate of 0.1%, proving the area ideal for investment. An estimated \$3.8M[^] in projects for the 2nd half of 2020 will help improve an already low unemployment rate of 3.3%. Residential projects include: Moirunna Road Dwellings (\$2.0M[^], 12 dwellings), Flagstaff Gully Road Units (\$900K[^], 3 units), and Tianna Road Units (\$900K[^], 3 units). Such projects will help regulate housing supply to a more sustainable position in the area.

[^]Quoted estimated values of projects are based on reported land/construction values as stated by the relevant data authority and do not signify their commercial/resale value. *Median price is quoted as an indication only due to having less than 10 sales transactions. **Median price growth quoted captures sale transactions from 1st January 2020 to 30th September 2020, or Q1 2020 – Q3 2020. ^β PRD Affordable and Liveable Property Guide Hobart 1st Half 2018 report. ^μ PRD Affordable and Liveable Property Guide Hobart 2nd Half 2018 report. [€] PRD Affordable and Liveable Property Guide Hobart 1st Half 2019 report. [¥] PRD Affordable and Liveable Property Guide Hobart 1st Half 2020 report. Source: APM Pricefinder, SQM Research, Cordell Connect, Department of Small Jobs and Business, Google Maps. © PRD Real Estate 2020.

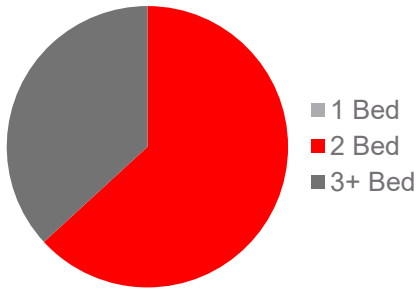


PROPERTY CLOCK - UNITS



AFFORDABLE & LIVEABLE UNIT SUBURBS

KINGSTON 7050

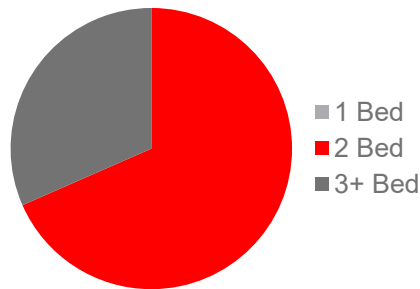


Located about **5.8km** from the Hobart CBD.

- Median Unit Price **\$426,000**
- 1 Bed Median Price **N/A**
- 2 Bed Median Price **\$405,000**
- 3+ Bed Median Price **\$472,500**

Appearing as a top suburb for both houses and units for the 2nd half of 2020, Kingston provides owner occupiers, investors, and tenants alike with fantastic opportunity and value across the board. Positive median unit price growth of 1.4%** was recorded annually, while units saw an average rental yield of 4.5%. Vacancy rates remained at a very low level of just 0.4%, signifying solid investment fundamentals in the area. Besides the significant Kingston Park Mixed-Use Redevelopment (approx. \$300.0M[^]), another key project for the area is the \$1.5M[^] Channel Highway and Spring Farm Lane Warehouse Units, an industrial project which will create 6 warehouse units. This will offer new employment opportunities for local residents.

LENAH VALLEY 7018

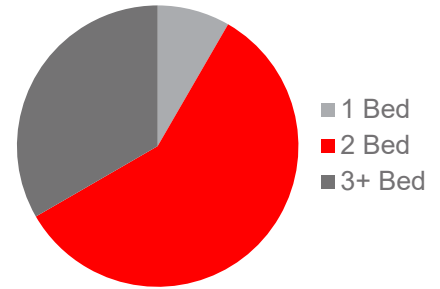


Located about **2.9km** from the Hobart CBD.

- Median Unit Price **\$425,000**
- 1 Bed Median Price **N/A**
- 2 Bed Median Price **\$400,000**
- 3+ Bed Median Price **\$475,250**

As the most affordable and closest to the CBD top suburb, Lenah Valley has appeared in two previous reports (the *2nd Half 2017^B* and *2nd Half 2019[^]*), marking it as a strong performer. Units have recorded annual median price growth of 8.3%***, while investors benefited from average rental yields of 4.8% and a very low vacancy rate of 0.4%. An estimated \$1.7M[^] in projects for the 2nd half of 2020 will bolster the local economy by creating new jobs, while the area already boasts a low 3.3% unemployment rate. Liveability factors such as access to nearby parks, schools, educational facilities, health care services, and shopping further highlight the real value of Lenah Valley to its residents, as does a low level of crime in the area.

LINDISFARNE 7015

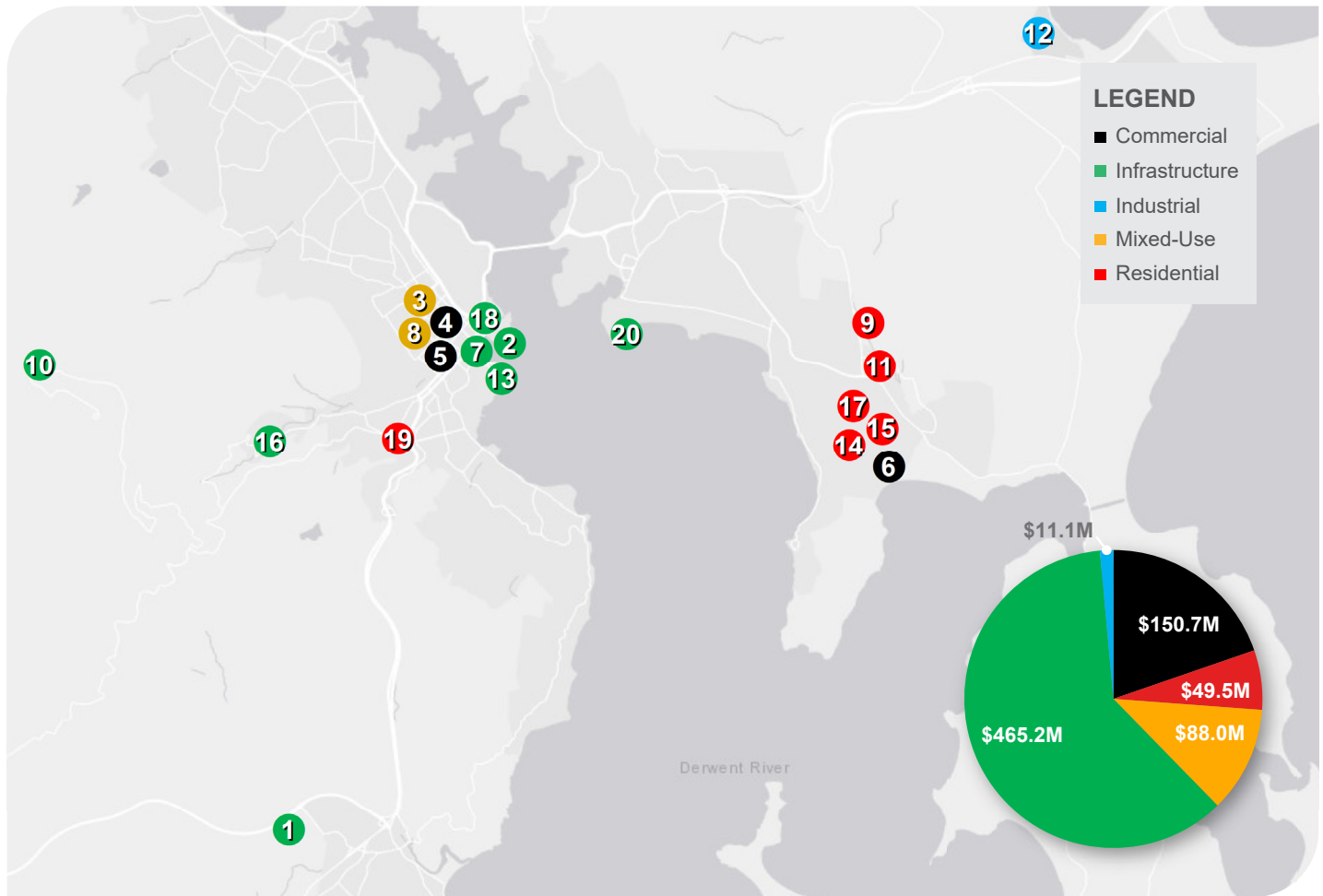


Located about **4.6km** from the Hobart CBD.

- Median Unit Price **\$466,500**
- 1 Bed Median Price **\$250,000***
- 2 Bed Median Price **\$431,500***
- 3+ Bed Median Price **\$581,500***

Lindisfarne is another suburb which appears for both houses and units as a top suburb for the 2nd half of 2020. The investment market fared well, recording average yields of 4.7% (slightly below Hobart Metro's 4.9% average for units) and an extremely tight vacancy rate of just 0.1% (below Hobart Metro's 0.6%). There was however a slight softening of -3.2% in the median unit price annually**. Thus creating an opportunity for buyers to enter the market while the suburb is more affordable, in what is generally a less affordable market. Liveability itself is well satisfied in Lindisfarne, with many amenities including various recreational opportunities such as the Lindisfarne Cricket Club, the Motor Yacht Club of Tasmania, and the Gordons Hill Nature Recreation Area.

PROJECT DEVELOPMENT MAP 2ND HALF 2020*



Location	Project [£]	Type	Estimated Value ^µ	Suburb
1	Kingston Park Mixed Use Redevelopment	Infrastructure	\$300,000,000	Kingston
2	Macquarie Point Waterfront/Hobart Railyards Redevelopment	Infrastructure	\$90,000,000	Hobart
3	Sixty Six North Hobart (57 Apartments)	Mixed-Use	\$78,000,000	North Hobart
4	Former Odeon Theatre Site Redevelopment	Commercial	\$69,000,000	Hobart
5	Macquarie & Collins Streets & Crowthers Lane Hotel	Commercial	\$50,000,000	Hobart
6	The Hobart Clinic	Commercial	\$25,000,000	Rokeby
7	Macquarie Point Infrastructure Scheme	Infrastructure	\$20,000,000	Hobart
8	Bathurst Street Mixed Use Development (33 Units)	Mixed-Use	\$10,000,000	Hobart
9	Greenville Pass Road Residential Subdivision (175 Lots)	Residential	\$7,800,000	Rokeby
10	Pinnacle Road Safety Barriers	Infrastructure	\$6,000,000	Wellington Park
11	Paranville Residential Subdivision (179 Lots)	Residential	\$6,000,000	Rokeby
12	Kennedy Drive Warehouse Units	Industrial	\$5,000,000	Cambridge
13	Great Eastern Drive Roadworks	Infrastructure	\$5,000,000	Hobart
14	Emmaline Court Townhouses (16 Townhouses)	Residential	\$4,800,000	Rokeby
15	Hart Place Dwellings (15 Dwellings)	Residential	\$4,500,000	Rokeby
16	Department Of Communities Tasmania Site Redevelopment Program Round 4	Infrastructure	\$4,287,000	South Hobart
17	Burtonia Street Residential Subdivision & Units (48 Lots, 6 Units)	Residential	\$4,000,000	Rokeby
18	Great Eastern Drive Road Widening & Safety Treatments Phase 2 Upgrade	Infrastructure	\$3,841,000	Hobart
19	Kooyong Glen Units (11 Units)	Residential	\$3,000,000	South Hobart
20	Kangaroo Bay Public Pier	Infrastructure	\$2,500,000	Bellerive

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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.

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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.

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