

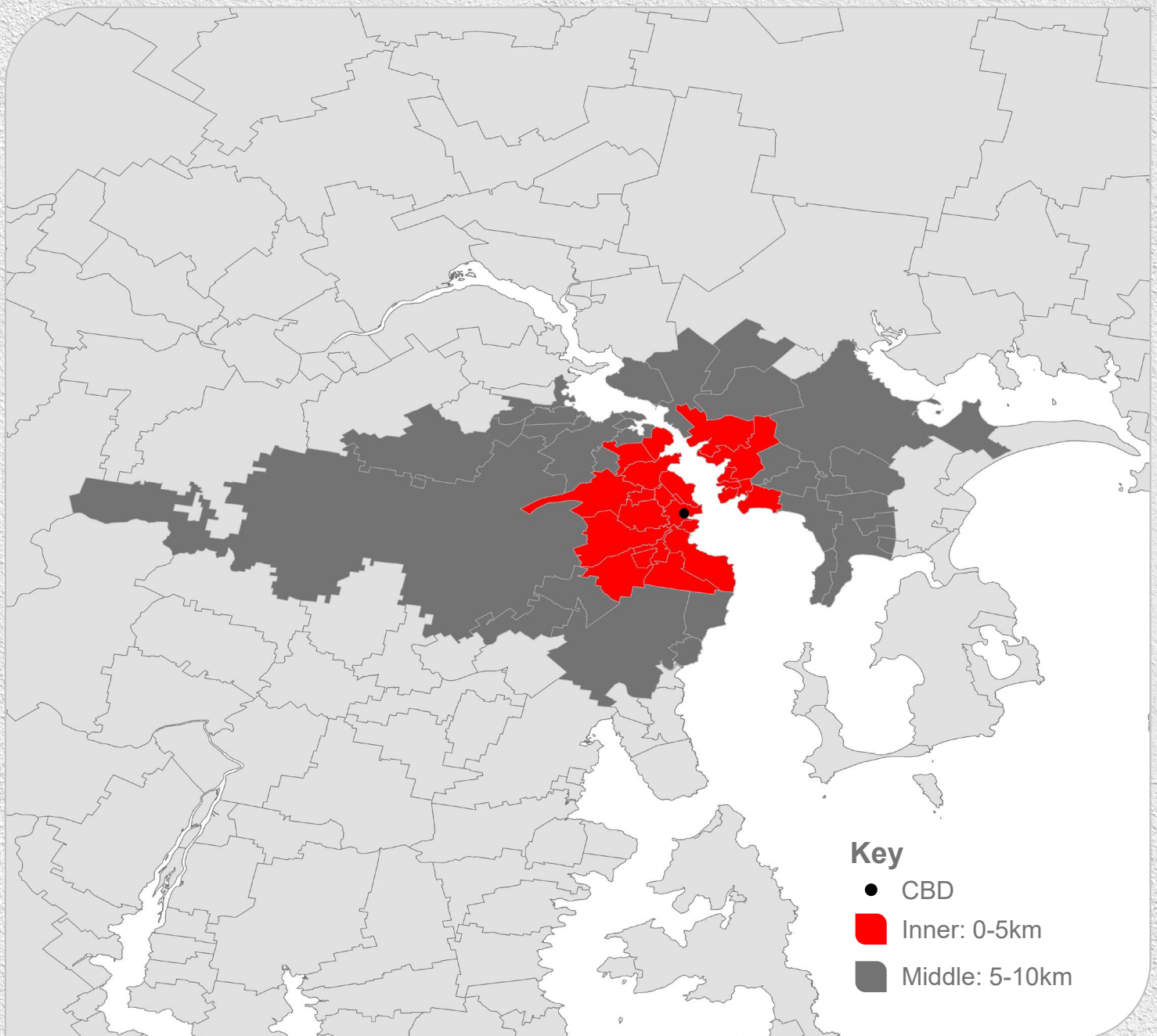
**> Hobart Market Update**

**2nd Half 2021**

## INTRODUCTION

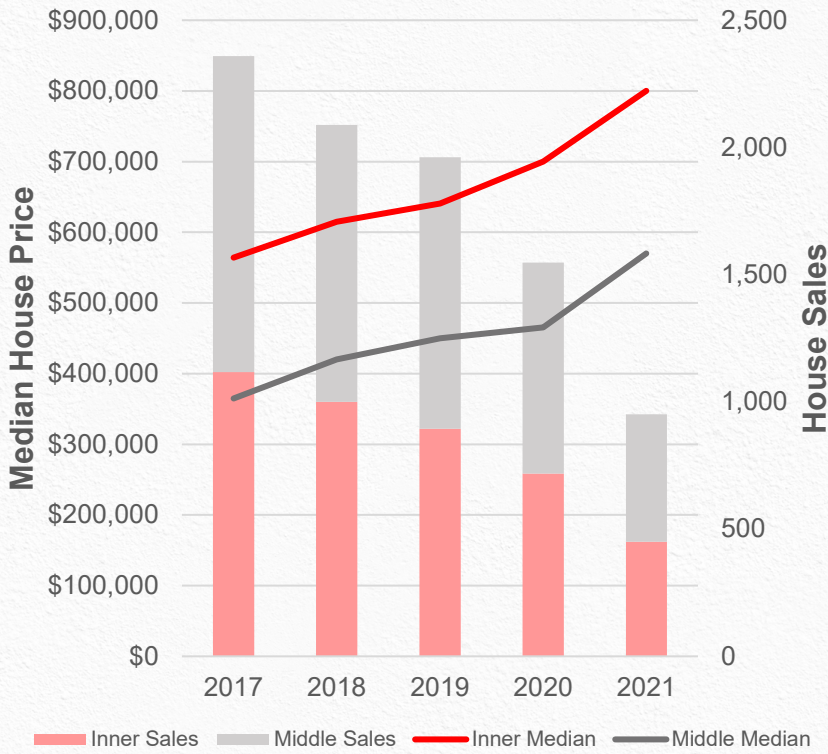
The PRD Hobart Market Update 2nd Half 2021 is part of a report series that divides major cities into the inner, middle, and outer rings. This report provides an in-depth analysis of each specified market in an uncomplicated and simple manner, alongside a holistic picture of property conditions in each area.

The Hobart market has seen outstanding price growth in both inner and middle rings in the past five years. Consistent decreases in sales volumes indicate that low levels of supply, coupled with macro forces that spurred demand, are fuelling this strong price growth. Incredibly low vacancy rates continue to feature across Hobart's inner and middle rings, sustaining strong rental price growth in the past 12 months. Buyers have a better chance of finding an affordable property in Hobart's middle ring, however must be quick to act as average vendor premiums to purchase property are sharply increasing.



#2021 encapsulates sales transactions for 1H 2021 (01/01/2021 – 30/06/2021)

## HOBART HOUSE SALES 2017-21



### 2021 Median Sale Price

- Inner: \$800,000
- Middle: \$570,000

### 2017-21 Price Growth

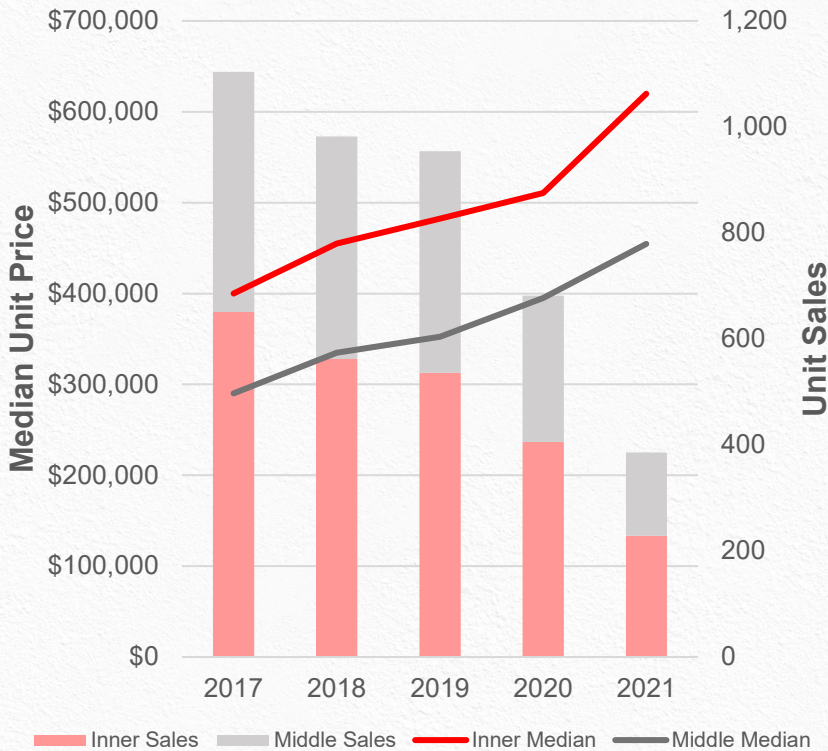
- Inner: +41.8% (+\$235,725)
- Middle: +56.2% (+\$205,000)

### Key Comments

- Hobart has recorded exceptionally strong median house price growth in the inner and middle rings since 2017.
- Hobart's middle ring has been growing at a faster rate since 2017, decreasing the price gap between inner and middle ring median house prices.

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## HOBART UNIT SALES 2017-21



### 2021 Median Sale Price

- Inner: \$620,000
- Middle: \$454,500

### 2017-21 Price Growth

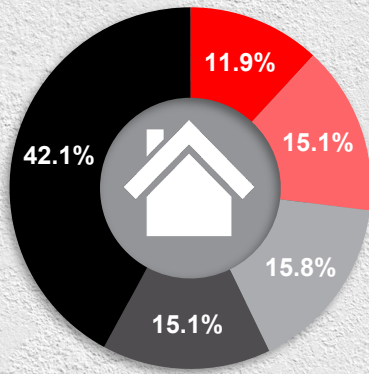
- Inner: +55.0% (+\$220,000)
- Middle: +56.7% (+\$164,500)

### Key Comments

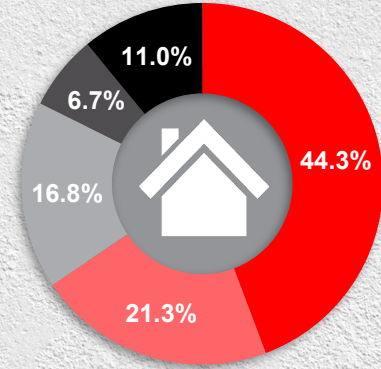
- Unit price growth over the five year period for both rings is greater than median house price growth in Hobart.
- Sales volumes since 2017 have decreased for both units and houses, in both rings, as demand grew faster than supply.

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## HOBART HOUSE PRICE BREAKDOWN 2021#



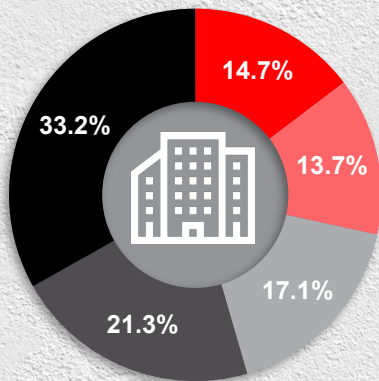
Inner



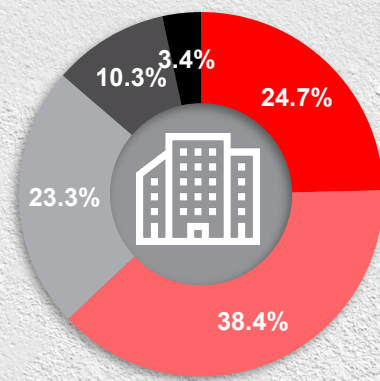
Middle

- Less than \$549,999
- \$550,000 to \$649,999
- \$650,000 to \$749,999
- \$750,000 to \$849,999
- \$850,000 and above

## HOBART UNIT PRICE BREAKDOWN 2021#



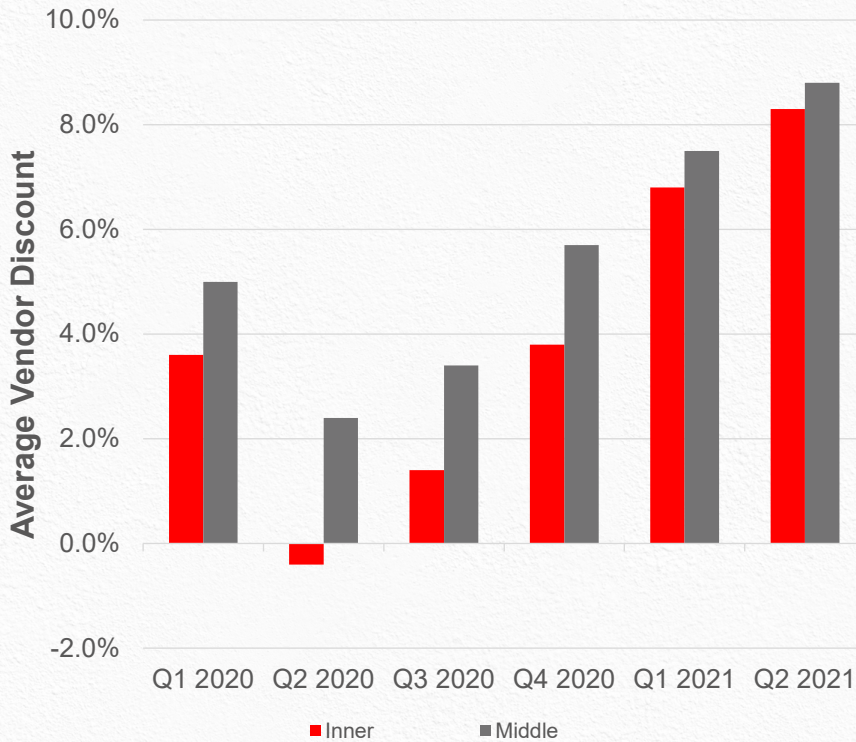
Inner



Middle

- Less than \$399,999
- \$400,000 to \$499,999
- \$500,000 to \$599,999
- \$600,000 to \$699,999
- \$700,000 and above

## HOBART HOUSE AVERAGE VENDOR DISCOUNT



### Q2 2021 Overview

- Inner: +8.3%
- Middle: +8.8%

### What is Average Vendor Discount?

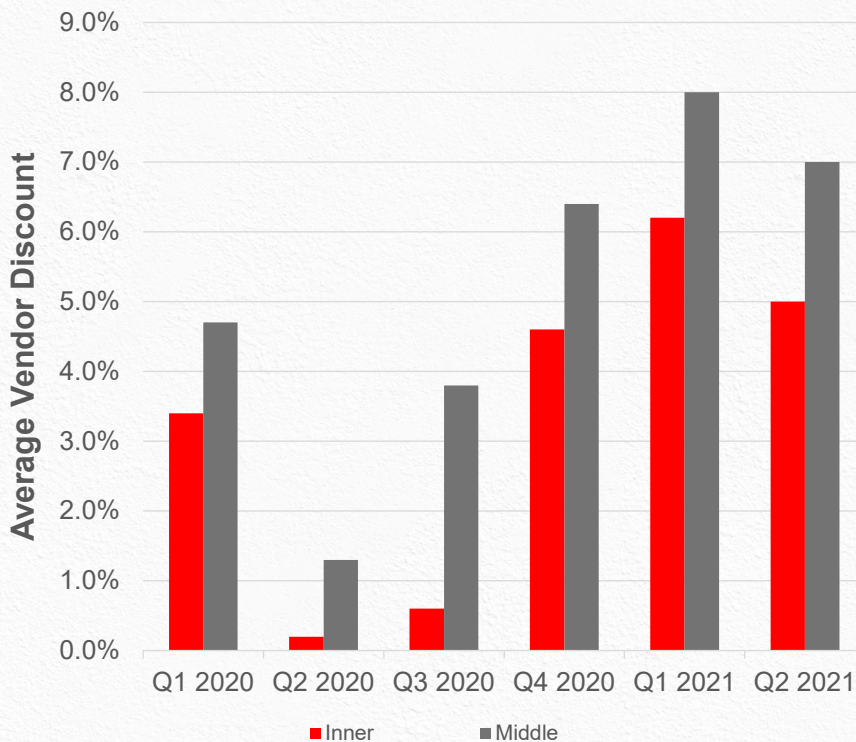
- The average percentage difference between the first list price and final sold price.

### Key Comments

- Average vendor premiums have surpassed pre-COVID-19 levels.
- In Q2 2021 they are sitting at their strongest level in the past 18 months.
- Both ring's premiums are especially high, indicating houses are selling well above their initial list prices.

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## HOBART UNIT AVERAGE VENDOR DISCOUNT



### Q2 2021 Overview

- Inner: +5.0%
- Middle: +7.0%

### What is Average Vendor Discount?

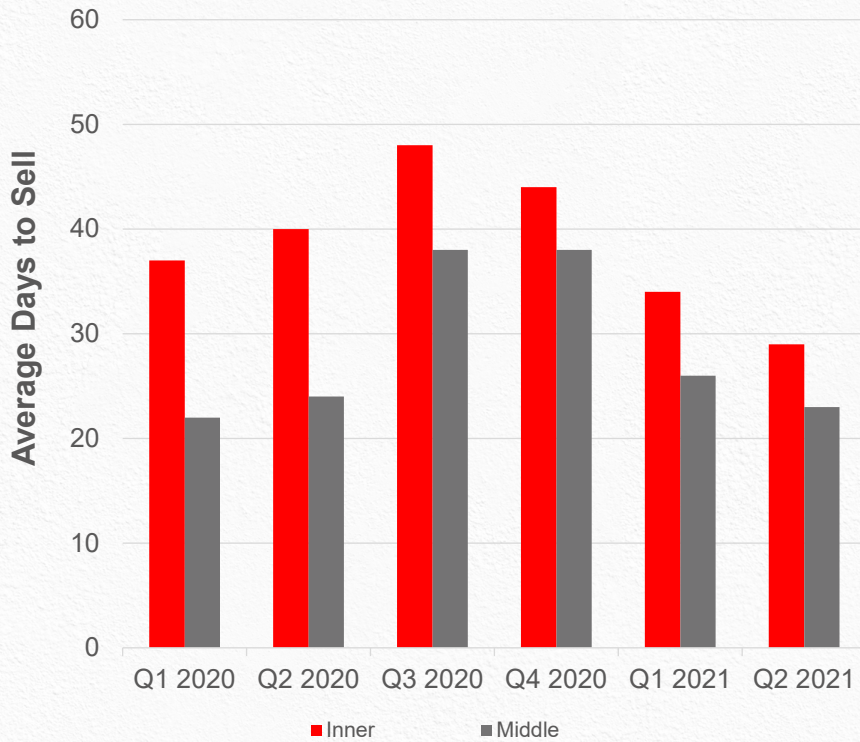
- A lower percentage difference (closer to 0.0%) suggests that buyers are willing to purchase closer to a property's initial asking price.

### Key Comments

- Unit premiums in both rings have skyrocketed since a dampening during the peak of COVID-19 in Q2 2020.
- Middle ring unit premiums are especially high, indicating buyers are willing to spend well over market price in these particular areas.

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## HOBART HOUSE AVERAGE DAYS TO SELL



### Q2 2021 Overview

- Inner: 29 days
- Middle: 23 days

### Why Average Days to Sell?

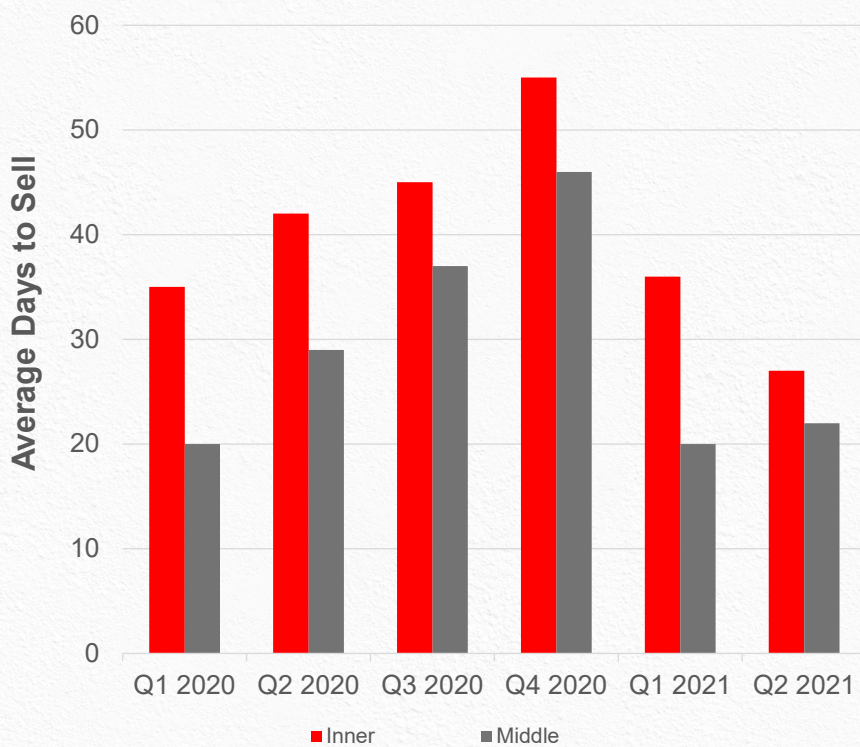
- The change in average days to sell a property is indicative of buyer demand.

### Key Comments

- Average days to sell houses in both of Hobart's rings decreased significantly since Q3 2020.
- Middle ring houses are selling faster than inner ring houses.
- Inner ring houses are selling faster than pre-COVID levels whilst middle ring house average day on market figures have returned to pre-COVID levels.

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## HOBART UNIT AVERAGE DAYS TO SELL



### Q2 2021 Overview

- Inner: 27 days
- Middle: 22 days

### Why Average Days to Sell?

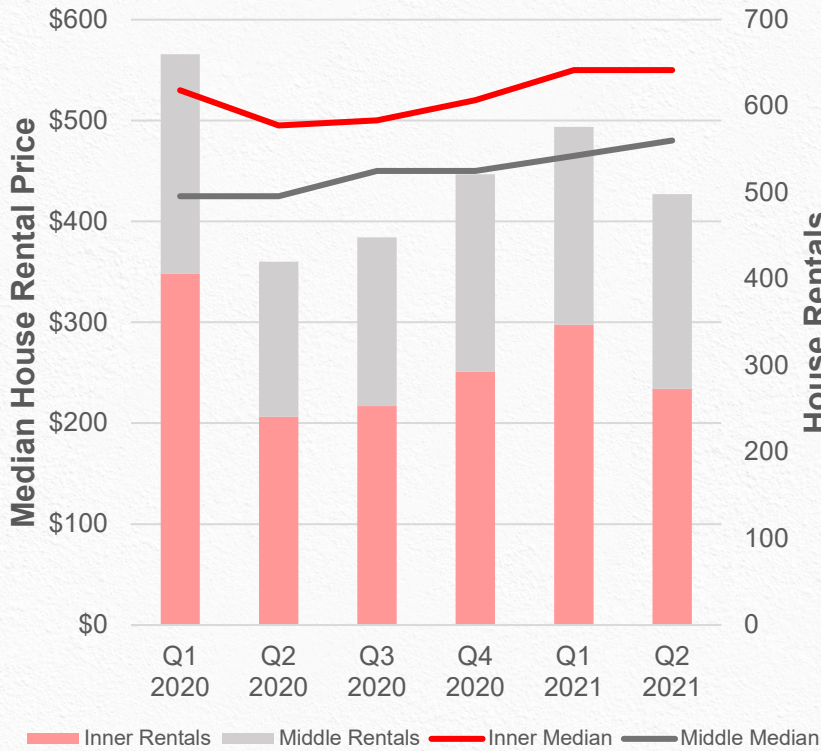
- A lower average number of days to sell a property reveals an increase in demand, as buyers are willing to purchase property more quickly.

### Key Comments

- In Q2 2021 inner and middle units are selling twice as fast compared to 2020.
- In Q2 2021 both inner and middle rings units are selling faster than houses.
- Competition for units has increased, indicating an urgent need for more stock.

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## HOBART HOUSE RENTALS



### Q2 2021 Median Rental Price

- Inner: \$550 per week
- Middle: \$480 per week

### Annual Price Growth\*

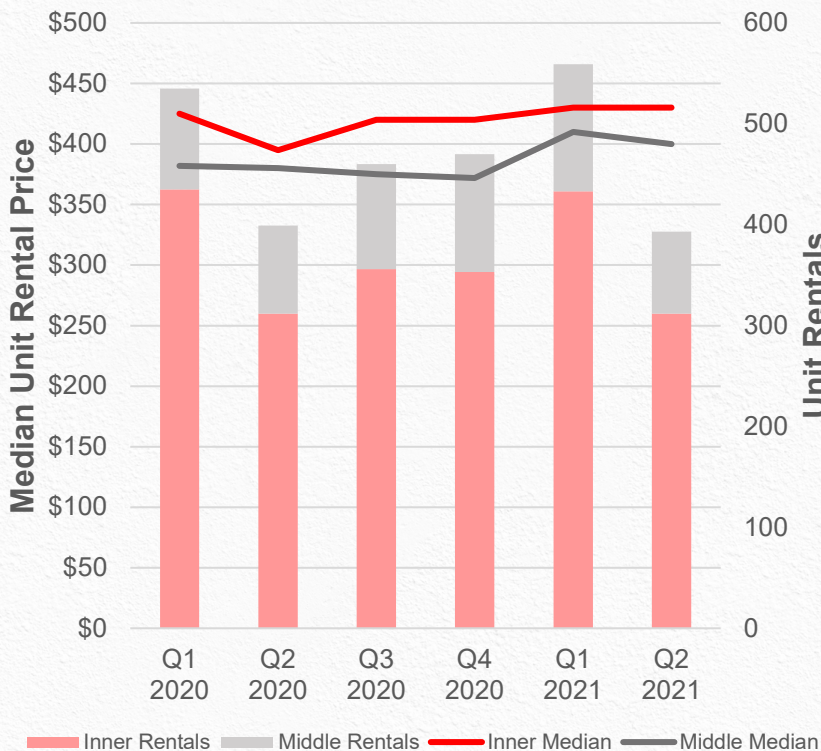
- Inner: +11.1% (+\$55 per week)
- Middle: +12.9% (+\$55 per week)

### Key Comments

- There has been a tightening between Hobart's inner and middle ring median house rental prices since the beginning of COVID-19.
- Both Hobart's inner and middle rings recorded positive annual median house rental price growth.

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## HOBART UNIT RENTALS



### Q2 2021 Median Rental Price

- Inner: \$430 per week
- Middle: \$400 per week

### Annual Price Growth\*

- Inner: +8.9% (+\$35 per week)
- Middle: +5.3% (+\$20 per week)

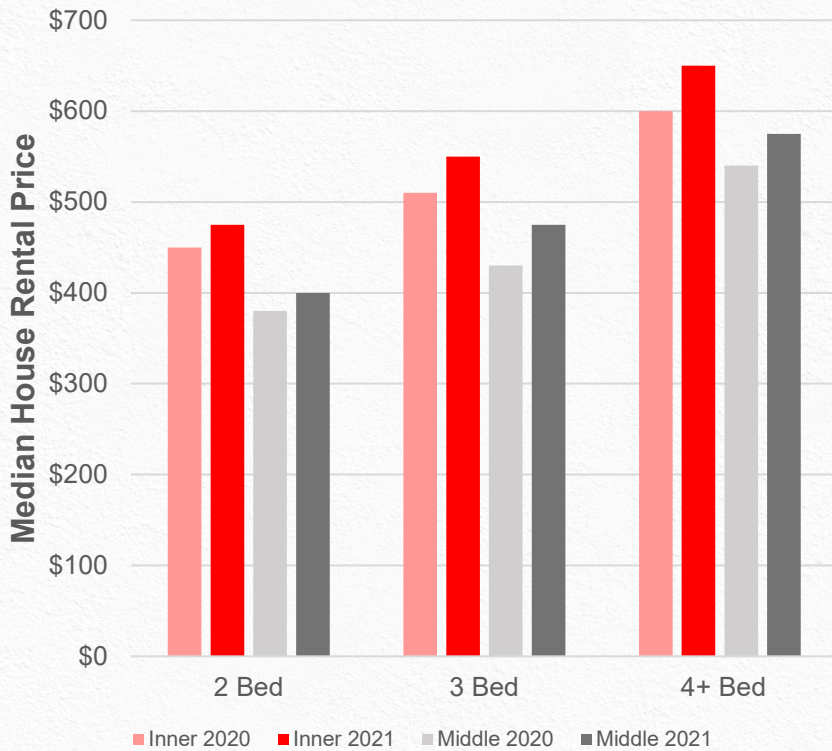
### Key Comments

- Despite COVID-19's impact, both inner and middle rings recorded positive annual median unit rental price growth.
- There is now a small difference in median unit rental price between both rings.
- Rental volumes in Q2 2021 are sitting at the same level as peak COVID-19 times (in Q2 2020).

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\* Annual price growth is based on comparison between Q2 2020 and Q2 2021 figures.

## HOBART HOUSE RENTAL PERFORMANCE 2020-21



### 2021 Median Rental Prices

#### 2 Bedroom

- Inner: \$475 per week
- Middle: \$400 per week

#### 3 Bedroom

- Inner: \$550 per week
- Middle: \$475 per week

#### 4+ Bedroom

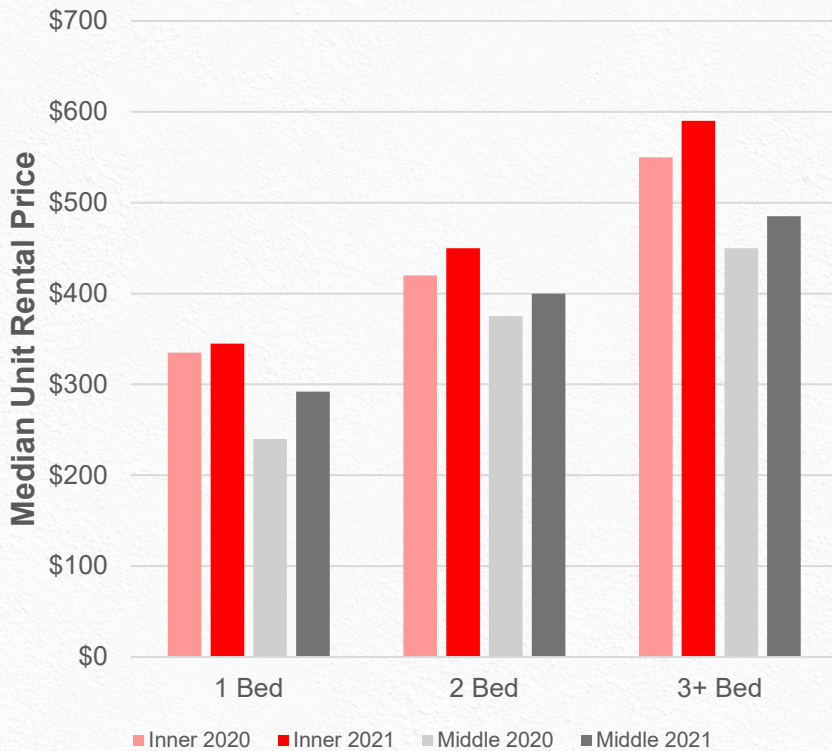
- Inner: \$650 per week
- Middle: \$575 per week

### Key Comments

- Both inner and middle ring houses have seen annual rental price increases, for all bedroom configurations, indicating strong rental performance in Hobart.
- 4+ bedrooms houses still command the highest median rent in 2021.

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## HOBART UNIT RENTAL PERFORMANCE 2020-21



### 2021 Median Rental Prices

#### 1 Bedroom

- Inner: \$345 per week
- Middle: \$292 per week

#### 2 Bedroom

- Inner: \$450 per week
- Middle: \$400 per week

#### 3+ Bedroom

- Inner: \$590 per week
- Middle: \$485 per week

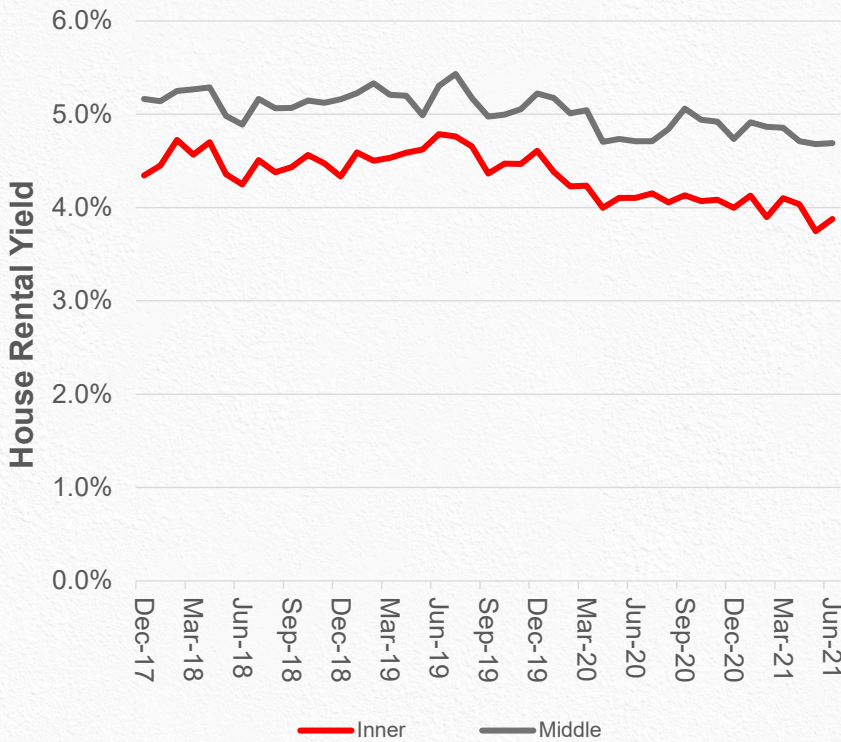
### Key Comments

- All inner and middle ring units have shown price growth from 2020 to 2021, regardless of bedroom configuration. This is encouraging for all investor types.
- 1 bedroom units provide the most affordable option to renters.

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## HOBART HOUSE AVERAGE RENTAL YIELD



### Jun-21 Overview

- Inner: 3.9%
- Middle: 4.7%

### Annual Change

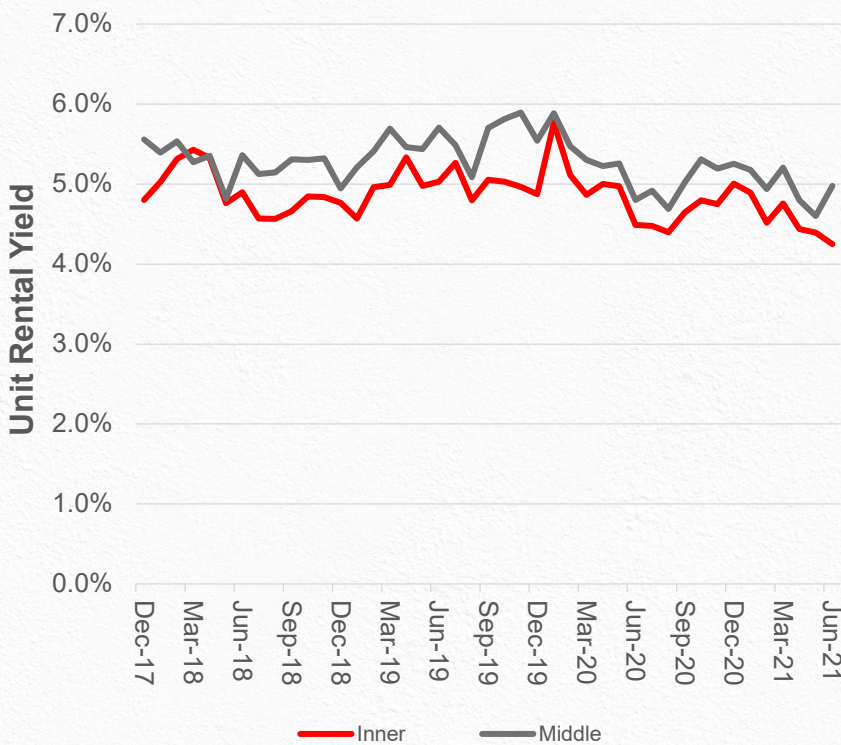
- Inner: -0.2%
- Middle: 0.0%

### Key Comments

- Hobart's middle ring recorded a superior house average rental yield than the inner ring, and in contrast, have remained stable in the past 12 months.
- House yields have slightly compressed over the past 18 months, due to median house prices growing at a faster pace than median house rent prices.

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## HOBART UNIT AVERAGE RENTAL YIELD



### Jun-21 Overview

- Inner: 4.3%
- Middle: 5.0%

### Annual Change

- Inner: -0.2%
- Middle: +0.2%

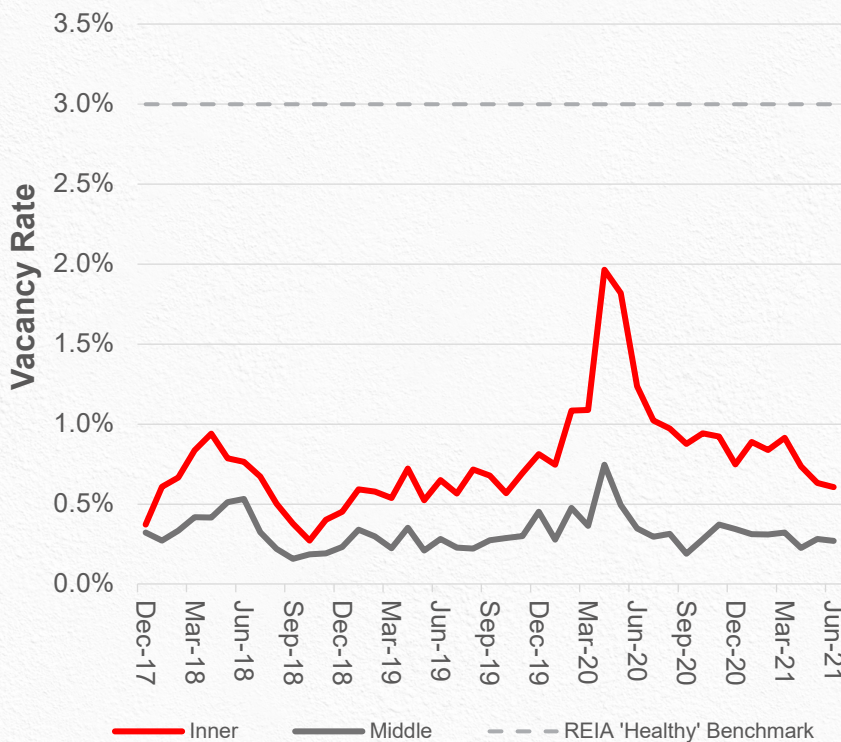
### Key Comments

- Hobart's middle ring recorded a higher unit average rental yield than the inner ring, and in contrast, have increased in the past 12 months.
- Unit yields across the inner and middle rings show a tighter gap difference than house yields, indicating similar rates of return regardless of investment choice.

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## HOBART VACANCY RATES



### Jun-21 Overview

- Inner: 0.6%
- Middle: 0.3%

### Annual Change

- Inner: -0.6%
- Middle: -0.1%

### Key Comments

- Inner Hobart's vacancy rate was impacted by COVID-19 in April 2020. However, it declined sharply within 3 months and has recovered well since.
- Both rings continue to show extremely low vacancy rates, as low as rates before COVID-19 times. This signal's Hobart's rental market resilience.

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# REFERENCES

Inner ring market data encapsulates aggregate property conditions within following suburbs:

Battery Point, Bellerive, Dynnryne, Geilston Bay, Glebe, Hobart, Lenah Valley, Lindisfarne, Lutana, Montagu Bay, Moonah, Mount Nelson, Mount Stuart, New Town, North Hobart, Queens Domain, Ridgeway, Rose Bay, Rosny, Rosny Park, Sandy Bay, South Hobart, Tolmans Hill, West Hobart.

Middle ring market data encapsulates aggregate property conditions within following suburbs:

Berriedale, Bonnet Hill, Cambridge, Clarendon Vale, Collinsvale, Derwent Park, Dowsing Point, Fern Tree, Glenorchy, Goodwood, Grasstree Hill, Howrah, Kingston, Montrose, Mornington, Mount Rumney, Neika, Oakdowns, Otago, Risdon, Risdon Vale, Rokeby, Rosetta, Taroon, Tranmere, Warrane, Wellington Park, West Moonah.

Source: APM Pricerfinder, SQM Research, ESRI ArcGIS.

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## ABOUT PRD RESEARCH

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.

## OUR KNOWLEDGE

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.



## 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

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