

**Westpac**

# Tasmania

Property Report – January 2015



## National Overview

This quarter we asked Herron Todd White’s team of valuers to identify those suburbs ideally suited to upgraders. Despite differing market conditions around the nation, it is clear that upgraders often have remarkably similar aspirations when it comes to climbing the property ladder.

### FOCUS ON NEARBY SCHOOLS

The move to a second, third or even fourth home is often triggered by the needs of a growing family, so proximity to quality schools and family-friendly facilities is often at, or near, the top of an upgrader’s wish list.

This is certainly the case in Sydney, where the population growth zones north-west and south-west of the city are proving extremely popular among second and subsequent home buyers. With homes priced anywhere from \$500,000 to over \$1 million in prestige locations such as The Ponds, these areas of Greater Western Sydney will benefit from improvements to transport infrastructure and the development of new employment hubs such as the Western Sydney Airport.

It’s a similar story in Brisbane, where upgraders are favouring family-focused northern suburbs such as Ashgrove, Wilston, Bardon and New Farm. Price growth in Brisbane has hovered around 5-10% in the past 12 months, and if interstate migration picks up, we could see further long-term gains in value across the city.

### A CHANCE TO ENJOY MORE DESIRABLE LOCATIONS

Melbourne upgraders can take the opportunity to buy into one of the near-city suburbs that offer cosmopolitan living and charming character homes, such as South Melbourne, Thornbury, Williamstown and Essendon. The weak Australian dollar may stimulate further foreign investment in Melbourne, thereby supporting future capital growth.

In some areas, upgraders are taking advantage of increased home equity to trade up to more desirable locations. In Hobart, for instance, proximity to water frontage is a key drawcard, so we are seeing plenty of upgrader activity in waterfront locations such as Howrah, Sandy Bay, Lindisfarne, Bellerive and Blackmans Bay. It’s a similar situation in Adelaide, where the inner north-west suburbs between Croydon and St Clair offer nearby beaches and an easy commute to the CBD.



Melbourne upgraders can take the opportunity to buy into one of the near-city suburbs that offer cosmopolitan living and charming character homes, such as South Melbourne, Thornbury, Williamstown and Essendon.

In the Northern Territory, government incentives are enticing upgraders to consider brand new dwellings and units. This has underpinned the popularity of newer suburbs in Palmerston, including Durack Heights, Johnston, Zuccoli and Bellamack.

#### **THE APPEAL OF LOCAL EMPLOYMENT OPPORTUNITIES**

Not surprisingly, many upgraders regard local employment opportunities as an important location factor. In Perth, the opening of the new Fiona Stanley Hospital in Murdoch has stimulated upgrader activity in nearby Kardinya and Winthrop.

Upgraders are more experienced than first home buyers, and the buying trends we are observing suggest that many of today's upgraders are very selective about the area they buy into. As location remains a driving force of future capital gains, I am confident this considered approach will pay off over time.

Brendon Hulcombe

**CEO - HERRON TODD WHITE**



## Tasmania

The typical upgrader in Tasmania tends to seek a home priced from \$220,000 upwards, though the choice of suburb and property is not always driven by household budget. Lifestyle preferences often play a key role; indeed, Tasmanians will often invest in a regional or coastal weekender rather than upgrade their existing home in a major population centre.

Recent economic data are relatively positive for Tasmania, with unemployment at its lowest rate since February 2013. A number of large-scale projects are in the pipeline for the state, including \$42.5 million in repairs to north-east freight roads and the \$12 million Burnie Port project.

In addition, the federal government's 2014 Green Paper on competitiveness in agriculture named five new irrigation schemes in Tasmania, which are likely to get funding within 12 months. The schemes are located at Scottsdale, Swan Valley, North Esk, Circular Head and the Southern Highlands.

These projects are likely to give Tasmania's economy a much-needed boost, and the resulting increase in employment opportunities is likely to underpin the real estate market. This may provide additional impetus for the state's home owners to consider upgrading.

### Hobart

#### **WATER FRONTAGE IS A KEY DRAWCARD**

The greater Hobart region features a number of suburbs ideal for upgraders willing to spend, on average, more than \$300,000 for their next home.

Residential sales data indicate that proximity to a water or river frontage is a highly desirable feature among Hobart's upgraders. A number of locations – including Howrah, Sandy Bay, Lindisfarne, Bellerive and Blackmans Bay – offer water frontage. In particular, Bellerive, Lindisfarne and Howrah are just a short commute to the heart of the city, and some locations within these suburbs command views across the Derwent River and the CBD.

Perhaps the pick of the crop among these eastern suburbs is Bellerive, notable for Bellerive Oval – Tasmania's international cricket ground – as well as the local marina and commuter ferry port.



Residential sales data indicate that proximity to a water or river frontage is a highly desirable feature among Hobart's upgraders.

To the south of Hobart’s CBD, Sandy Bay, Kingston and Blackmans Bay are desirable upgrader locations. Sandy Bay contains many prestige homes and has the additional appeal of being just a short commute to the city centre. Residents of Kingston and Blackmans Bay have longer commutes to the city; however, Kingston is experiencing rapid growth supported by a wealth of amenities and a picturesque location nestled between Hobart and the Huon Valley.

The median residential property price in Howrah, Bellerive and Lindisfarne ranges from \$380,000 to \$385,000. Kingston and Blackmans Bay are further along the scale, with median prices of \$390,000 and \$405,000 respectively, while in Sandy Bay the median value is around \$560,000.

## Launceston

### UPGRADERS DRAWN TO QUALITY SCHOOLS

In the northern population centre of Launceston, one of the key drivers of upgrader activity tends to be the availability of quality local schools. There are more than twice as many primary schools as high schools in Tasmania, and some high schools are held in higher regard than others. For families with children approaching secondary school age, there can be a strong impetus to upgrade to suburbs that fall within a catchment area of one of Launceston’s more desirable schools.

The other factor affecting upgrader preferences is the availability and location of vacant building blocks. Vacant land is becoming increasingly scarce in well-established suburbs within a short distance of Launceston’s business centre, and as a result, vacant blocks in new developments are becoming more compact, while featuring larger homes. This is a trend we are observing in a number of popular locations, notably South Launceston, Newstead, Prospect, Kings Meadows and Newnham.

At this stage we haven’t seen a significant volume of resales in the new estates of these suburbs; however, vacant blocks have been commanding prices ranging from around \$110,000 up to \$299,000. This is generally a notch above the prices paid by first home buyers eager to take advantage of the state’s \$30,000 First Home Builder Boost.

For upgraders seeking established homes, there is a generous range of price points across Launceston. Median dwelling prices in popular upgrader suburbs range from \$220,000 in Kings Meadows to \$345,000 in Newstead. Newnham, with a median of \$240,000, and South Launceston, with a median of \$245,000, lie midway on the price spectrum.

Further from the city centre, upgraders looking for larger parcels of land can find more generous lot sizes in the suburbs of Riverside, Legana and St Leonards. The median price for a residential property with a land area greater than 2,000 square metres in Riverside is around \$475,000, in Legana \$468,500 and in St Leonards \$660,000.



Local expertise.  
National strength.  
Trusted solutions.

Herron Todd White is Australia's leading property valuation and advisory group. For more than 45 years, we've given our customers peace of mind and the confidence to make good-decisions for their vital property investments. Whether you are buying or selling, expert independent advice is the smartest property investment you can make.

Liability limited by a scheme approved under Professional Standards Legislation. The scheme does not apply within Tasmania.