

Westpac

Tasmania

Property Report – July 2015



National Overview

Owner-occupiers are the lifeblood of Australia's property market, and this quarter we reveal suburbs and locations where home buyers – first timers as well as upgraders – can enjoy the trifecta of amenity, affordability and healthy long-term capital growth prospects.

INFRASTRUCTURE IMPROVEMENTS DELIVER BENEFITS

As our growing cities spread outwards, strong transport links can be a key point of appeal for owner-occupiers. In Sydney, values in the Inner West suburb of Dulwich Hill have been constrained by limited public transport options but the opening of the Inner West's new light rail link is expected to push prices beyond today's typical price of \$1.2 million.

It's a similar story in Sydney's Hills District. The Norwest Rail Link, due for completion in 2019, will provide a much-needed rail link between this growth area and the city. Suburbs such as Baulkham Hills, where homes are currently priced at around \$800,000, are expected to be prime beneficiaries.

The Perth suburbs of Atwell and Success, located around 21 kilometres from the CBD, sit on opposing sides of the Kwinana Freeway, one of the city's major arterial roads. This gives residents excellent commuter access; however, neighbourhood rail links could be the factor that supports future price growth as Perth's expanding population puts increased pressure on commuting times. Home values in both suburbs start at around \$550,000.

RIDING THE RIPPLE EFFECT

The ripple effect, where rising prices in one area radiate outwards to neighbouring suburbs, can help owner-occupiers pinpoint areas that are affordable today but have growth potential for tomorrow. In Canberra, Narrabundah adjoins Griffith, one of the city's most sought-after suburbs, and this should support long-term price growth beyond the current median value of \$500,000.

Brisbane's middle-ring suburbs are enjoying a wave of price appreciation emanating from the inner city. Suburbs such as Kedron, Wavell Heights and Stafford in the north and Coorparoo in the south remain affordable, with entry-level prices typically ranging from \$500,000 to \$600,000.

Similarly, Melbourne owner-occupiers, who may be priced out of prestige suburbs such as Northcote and Preston, can find value in nearby Reservoir. An abundance of facilities plus a new retail hub look set to push up values from Reservoir's present median house price of \$541,000.



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SKIP THE MORTGAGE BELT

In cities such as Adelaide and Hobart, first home buyers and upgraders can still enjoy close proximity to the CBD, beaches and other lifestyle attractions – all for an affordable price. Adelaide’s Plympton Park offers older homes on large lot sizes priced from around \$450,000. Demand for this type of property is expected to escalate as developers increasingly look for blocks with subdivision potential.

Darwin owner-occupiers who cast their net a bit wider can also find value. In the northern suburb of Mill-ner, house prices are typically around \$550,000, making it more affordable than nearby Nightcliff or Co-conut Grove. Yet along with a wealth of facilities, Millner features large residential lots, which could have subdivision potential further down the track.

Brendon Hulcombe

CEO - HERRON TODD WHITE



Tasmania

For first home buyers and upgraders in Tasmania, the concept of ‘hidden property gems’ will vary according to individual needs and life stages. Nonetheless, owner-occupiers across the state share a common benefit: access to some of the most affordable property prices in Australia.

Hobart

Hobart is enjoying a burgeoning tourism market and this has underpinned a multimillion-dollar upgrade of Hobart Airport. The improvements will see a \$25 million upgrade of the terminal building, backed by a Federal Government pledge to spend \$38 million extending the runway to allow for international flights. The upgrade is expected to have significant flow-on effects, boosting Hobart as a gateway destination to Tasmania, supporting employment growth and helping to underpin property price growth within the greater Hobart area.

The population and physical size of Hobart mean commute times for residents can be longer than elsewhere in the state. Reflecting this, owner-occupiers tend to look for locations offering local employment opportunities or reasonable proximity to the city centre.

KINGSTON – A GROWTH AREA

The rapidly growing suburb of Kingston is located approximately 12 kilometres from Hobart’s CBD. It is home to the national headquarters of the Australian Antarctic Division (an arm of the Department of Environment) and the state headquarters of Vodaphone, both of which offer employment for local residents. Kingston also boasts several shopping centres, including Kingston Town Shopping Centre and Channel Court Shopping Centre, plus a wide selection of public and private schools.

The median home price in Kingston is currently \$390,000; however, vacant lots can be priced from around \$150,000 and some older homes can be picked up for the high \$200,000s. These prices make Kingston a potential option for first home buyers as well as upgraders.

SANDY BAY – IDEAL FOR UPGRADERS

For buyers preferring a short commute to Hobart’s CBD, Sandy Bay is a suburb worth considering. The median home price is about \$680,000, so it may be beyond the budgets of first home buyers; however, Sandy Bay is home to the Wrest Point Casino and features a campus of the University of Tasmania, both of which offer local employment opportunities.

First home buyers with a more modest budget could look north-west of Sandy Bay to the sub-urbs of Glenorchy and Claremont, which offer median prices of \$235,000 and \$239,000 respectively. These suburbs represent good value, with an easy commute to the CBD, and local employment opportunities at nearby landmarks such as the Cadbury Chocolate factory, the Museum of Old and New Art (MONA) and neighbourhood retail outlets.



Northern Tasmania

LAUNCESTON – PLENTY OF VALUE

For home buyers in Tasmania's north, Launceston offers a wealth of suburbs that combine generous local amenities with value buying.

One of the most affordable areas is South Launceston, which has a median home price of \$250,000, putting it within reach of first home buyers. South Launceston offers excellent value given its proximity to the city centre, Launceston General Hospital and the popular cafe strip at the southern end of the Launceston CBD.

Further along the price scale, Newstead is an established residential suburb located just under 4 kilometres from the centre of Launceston. The town is well served by sporting facilities, child-care centres, shops, schools, public transport and parks. These features have all made Newstead popular with families, and the suburb's median price is currently about \$329,500.

For excellent views across the Tamar River, Trevallyn and Riverside are worth a look. Trevallyn is closer to the city centre and Cataract Gorge, and the median price is currently \$340,000. Riverside is located immediately to the north of Trevallyn and offers a range of local facilities – including schools, a neighbourhood shopping centre, a public swimming pool and parks – plus good public transport options. Riverside is slightly more affordable, with a median price of \$295,000.

NORTH-WEST GROWTH SUBURBS

In the north-west of Tasmania, the villages of Port Sorell and Shearwater, located approximately 20 kilometres from Devonport, have rapidly become growth areas by offering new residential dwellings in traditional holiday beachside locations.

The population swing from Devonport to these suburbs has been such that a new \$13 million state-of-the-art primary school was opened in Port Sorell in 2013 to cater for local families. Median prices in Port Sorell and Shearwater are \$304,500 and \$330,000 respectively.

It is worth bearing in mind that the relatively high proportion of contract employment roles in many areas of the state's north-west has created pockets of uncertainty in the local residential property market.

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