

# Hobart Residential Insight

Q4 2023

Knight Frank's quarterly analysis of mainstream residential sales and rental markets across Greater Hobart

[knightfrank.com.au/research](https://knightfrank.com.au/research)

## Tight house sales volume leads to strengthening prices

▲ Although sales transactions are the lowest number recorded over the past five years, Greater Hobart saw the best improvement in the growth of annual house sale transactions across Australia's cities.

### SALES PERFORMANCE

Across Greater Hobart, mainstream sales volume trended down 25.3% in the September 2023 quarter with 3,797 residential homes (houses and apartments) sold, after annual sales volume recorded -12.3%.

On average, the days on market for a home was 69 days in September 2023. This was 64 days three months earlier, and 37 days one year ago.

The auction clearance rate at the end of the September 2023 quarter was 0.0% from 1 scheduled actions. This was the same as the prior quarter at 0.0% (from 1 auctions held). By comparison, the same quarter last year was 0.0% (out of 2 auctions) sold (CoreLogic).

### PRICE PERFORMANCE

Residential property prices decreased 4.2% in the year to September 2023, while rising 0.7% in the last quarter to stand at a median value of \$686,500.

Looking forward, average prices are forecast to change -1% at the end of 2023, with 4% in 2024 and 5% in 2025, according to Knight Frank Research.

### RENTAL PERFORMANCE

The total residential rental vacancy was recorded at 2.1% in September 2023, rising 110 bps over the past year across Greater Hobart (REIA). Generally, 3% vacancy is considered a balanced rental market between supply and demand.

Gross rental yields rose 31 bps in the year ending September 2023, as residential property averaged 4.11%.

Residential rents saw no change in the September 2023 quarter, while decreasing by 1.0% annually, to stand at \$520 per week.

Knight Frank Research forecast rents to fall 2% at the end of 2023, with 2% likely in 2024, and 3% in 2025.

### NEW BUILDS

Annual building approvals in September 2023 fell by 13.6% to total 1,275 additional dwellings in Greater Hobart, compared to a fall of 21.5% a year ago. In this time, 1,161 houses and 114 apartments were approved. This was trending 5.8% lower for house approvals, and 53.1% lower for apartment approvals, compared to the year earlier.

**3.3%**

Tasmania annual economic growth in 2022 with forecast of 1.9% in 2025

**3.9%**

Greater Hobart unemployment rate in September 2023

**4.35%**

Official cash rate target in December 2023 with forecast of 3.9% in 2025

**-20.2%**

The annual change in Tasmania new household loan commitments in September 2023

**-13.5%**

Yearly change in number of lending commitments to owner occupier first home buyers in Q3 2023

**0.7%**

Greater Hobart annual population change in 2022 to an estimated 252,500 persons, with 1.0% annual forecast in 2025

**\$686,500**

Greater Hobart residential median value at the end of September 2023

**-4.2%**

The change in Greater Hobart's median residential values recorded between September 2022 and September 2023

**2.1%**

Total residential rental vacancy in September 2023 across Greater Hobart

# Greater Hobart Established Houses

- ▲ The decreasing number of house transactions taking place across Greater Hobart is placing pressure on the market as increasing demand lifts prices over the past quarter.

**\$717,000**

Greater Hobart median house value at end of September 2023

**-3.2%**

The change in Greater Hobart's median house values in the year to September 2023

**-1.9%**

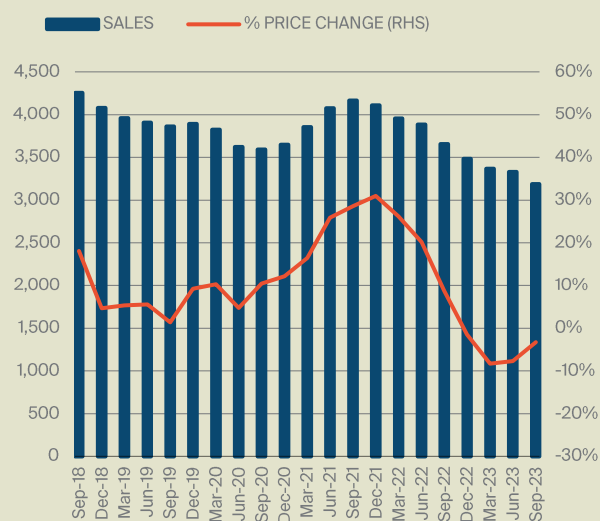
Annual median weekly rental growth in September 2023 across Greater Hobart houses

## SALES & PRICE PERFORMANCE

- ▲ Greater Hobart sales volume fell by 23.8% in the September 2023 quarter to total 3,186 houses, whilst annual sales volume was 12.9% lower than a year ago.
- ▲ The average days on market for a house was 68 days in September 2023. This was 63 days three months earlier, and 38 days one year ago.
- ▲ Median house values fell 3.2% in the year to September 2023, while rising by 1.8% over the last quarter to \$717,000 (APM).

### Hobart Houses Sales Market

No. annual sales & % annual price growth



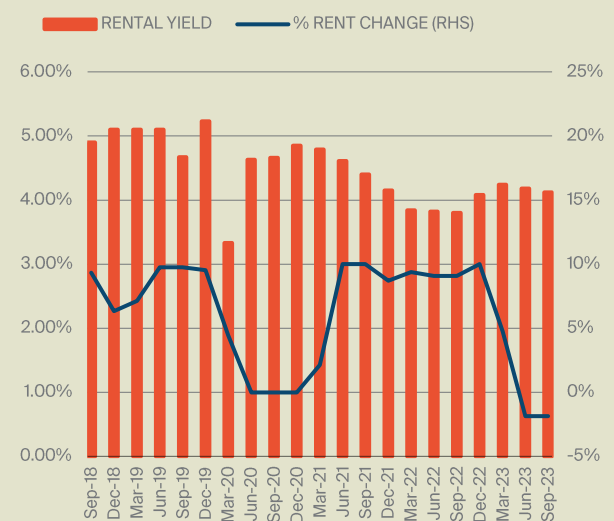
Source: Knight Frank Research, APM

## RENTAL MARKET

- ▲ Gross rental yields increased 32 bps in the past year, with Greater Hobart houses averaging 4.12% in September 2023.
- ▲ House rents saw no change in the September 2023 quarter, while being down 1.9% annually, to stand at \$530 per week (APM).

### Hobart Houses Rental Market

Gross rental yield & % annual rental change



Source: Knight Frank Research, APM

# Greater Hobart Established Apartments

- Established apartments across Greater Hobart are taking longer to recover from the downswing in prices and time on market, when compared to established houses.

**\$503,000**

Greater Hobart median apartment value at the end of September 2023

**-11.5%**

The change in Greater Hobart median apartment values in the year to September 2023

**0%**

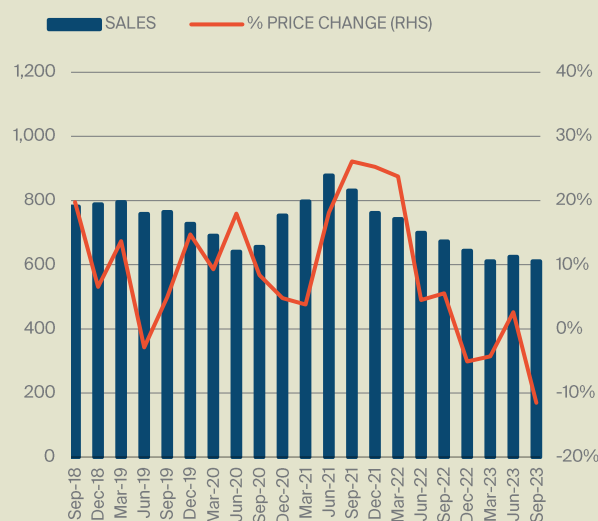
Annual median weekly rental growth in September 2023 across Greater Hobart apartments

## SALES & PRICE PERFORMANCE

- Greater Hobart apartment sales volume decreased by 32.6% in the September 2023 quarter to count 611 apartments in the past year, as annual sales volume was 9.2% lower than a year ago.
- The average time on market for an apartment was 73 days in September 2023. This was 68 days one quarter earlier, and 34 days one year ago.
- Median apartment values fell by 11.5% in the year to September 2023, while falling 8.4% in the last quarter to stand at \$503,000 (APM).

### Hobart Apartments Sales Market

No. annual sales & % annual price change



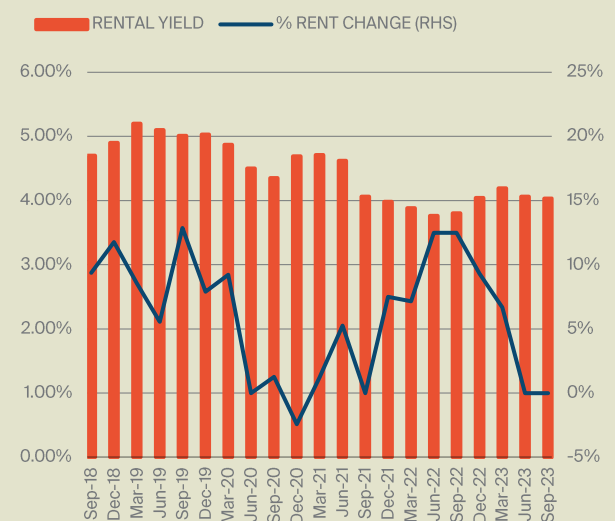
Source: Knight Frank Research, APM

## RENTAL MARKET

- In the year to September 2023, Greater Hobart apartment gross rental yields increased 23 bps to 4.03%.
- Apartment rents saw no change in the September 2023 quarter, while over the year is unchanged at \$450 per week (APM).

### Hobart Apartments Rental Market

Gross rental yield & % annual rental change



Source: Knight Frank Research, APM

# Greater Hobart Residential Forecast

## Key Drivers Forecast

	2021	2022	2023f	2024f	2025f	Average 2023f-2025f
TAS Economic Growth	7.2%	3.3%	-1.2%	0.4%	1.9%	0.4%
Unemployment Rate	5.1%	3.7%	3.7%	4.3%	4.3%	4.1%
Cash Rate Target	0.1%	1.2%	3.9%	4.6%	3.9%	4.1%

Source: Oxford Economics

## Hobart Residential Forecast

	2021	2022	2023f	2024f	2025f	Average 2023f-2025f
Price Performance	30%	-2%	-1%	4%	5%	3%
Rental Market	9%	10%	-2%	2%	3%	1%

Source: Knight Frank Research

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

## Recent Research



Australian Residential Review



Global House Price Index



Regional Tasmania Residential Insight



The Wealth Report



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