

Tranmere Droughty Point Peninsula

Residential & Commercial Market Assessment

FINAL DRAFT

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For **Carr Family Trust**

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Executive Summary

“Redevelopment of Tranmere-Rokeby Peninsula has the potential to support Tasmania’s future population growth, create new housing outcomes within the Greater Hobart area and alleviate emerging housing diversity and affordability challenges”

The Carr Family Trust (The Carr Family) has appointed Macroplan along with a multi-disciplinary consulting team to prepare inputs to a submission to the draft Tranmere-Rokeby Peninsula Structure Plan (the Structure Plan) and to support future planning and development outcomes relating to their holdings.

The Carr Family owns the majority of the 335-hectare Tranmere-Rokeby Peninsula Structure Plan (the Tranmere-Rokeby Peninsula Planning Area), with the balance held by several other private, public and institutional owners.

The aim of the submission is to demonstrate the significant future development potential of the Carr Family’s holdings and the opportunity to create new housing formats targeting a diverse market, new retail and commercial uses supporting residents and workers and new tourism activities and facilities to be delivered at this unique Peninsula.

This report presents the economic basis for reinterpreting the future role and function of the Tranmere-Rokeby Peninsula as a vibrant new destination, with the potential to attract new residents and visitors to the area.

This report considers economic and real estate market trends within the Greater Hobart and Southern Tasmanian regional market contexts and provides a demand and supply assessment addressing several uses including residential, retirement living, aged care, retail, commercial, childcare, healthcare and short-stay accommodation.

Key opportunities addressed in this report include:

1. The potential for a new residential destination catering to a wide market supporting housing diversity and affordability objectives and catering to a growing pre-retirement and retirement age cohort as well as families and first home buyers
2. New retail and services opportunities supporting residents, workers and visitors to the area that will complement pockets of coastal communities
3. Opportunities to create a unique tourist destination opening new markets in the region and Hobart through events, hospitality and services fronting the River Derwent

The potential for these opportunities and uses to be delivered within the Tranmere-Rokeby Peninsula area is presented in this report along with supporting economic and market analysis.

“There are no other identifiable greenfield locations of this size in single ownership with similar development potential so close to the Hobart CBD and Hobart Airport”

A new liveable community catering to a wide market supporting housing diversity and affordability objectives

Tasmania’s population is forecast to grow to around 650,000 residents by 2050, representing a 21.6% total increase over Tasmania’s 2019 population. The municipalities of Hobart and Clarence will be two of the largest contributors to Tasmania’s future population growth.

During the next two decades the population of Clarence is forecast to increase by approx. 10,100 residents. A significant portion of new residential settlements will take place within the Tranmere-Rokeby Peninsula area.

Population-driven demand indicates at least **2,530 additional dwellings** will be required in the Tranmere-Rokeby Peninsula area by 2046.

A high-level analysis of market led scenarios indicates potential for higher dwelling yield (i.e. 3,000-4,000 dwellings) within the area by 2046. However, this is heavily contingent upon a range of assumptions, including stronger population growth within several key cohorts, greater market share and higher dwelling density, and dependent on the market responding to future changes in Tasmanian and Hobart’s economy.

According to Google Maps, the Tranmere-Rokeby Peninsula is around 15 kilometres from the Hobart CBD and 20 kilometres from Hobart International Airport, presenting a unique opportunity to address unmet demand for new dwellings.

Redevelopment of the Tranmere-Rokeby Peninsula presents a unique opportunity to ‘open up’ more than 300 hectares of previously undeveloped land for the first time in the area’s history.

A study area comprising ABS Statistical Areas **Howrah – Tranmere** and **Rokeby**, mainly comprise detached dwellings and historically this has made the area highly sought-after, particularly given its coastal characteristics and proximity to Hobart CBD.

However, around 98.2% of occupied private dwellings in the study area are detached / semi-detached with only about 1.5% of dwellings being units, flats or apartments.

- There is currently a **significant mismatch** between the existing stock of dwellings and household types with around 62.3% of single person households occupying large 3-4 bedroom dwellings and 39.6% of dwellings with 4+ bedrooms are occupied by households with two or fewer residents;
- The current median detached dwelling price amongst the 3 districts that comprise the study area ranged from \$327,500 and \$720,000 (RP Data) and median weekly rents \$388 pw to \$635 pw (SQM research), whilst median unit prices ranged from \$310,000 to \$450,000, with median weekly rents ranging from \$388 pw to \$403 pw.

Detached and semi-detached dwellings are significantly **less affordable** than alternative dwelling types.

The level of development activity in the study area is relatively high with 913 dwelling approvals during the 5 years from 2015 to 2019 – 829 for detached dwellings and 84 for other residential types.

This trend has the potential to continue to perpetuate the current dwelling stock mismatch and relative un-affordability, without higher density developments.

The current mismatch of dwelling types suggests there is immediate potential for medium density non-detached dwellings to provide more appropriate and affordably priced dwellings and rental accommodation catering to a diverse community.

There is a growing market among pre-retired and retirement-age residents as well as families, first home buyers and investors that are largely un-catered-for in the local and Greater Hobart property market.

Whilst alternative residential products are not currently being built on a large scale in the Tranmere-Rokeby Peninsula, this does not suggest there is no demand for these types of products.

Major candidate sub-markets for new dwelling formats that may be delivered in the Tranmere-Rokeby Peninsula Planning Area include:

1. Pre-retired / retirees market – this group comprises the 55-74 age cohort, including pre-retired 55-64 and retired 65-74 aged residents looking to remain in the area (internal migration is the largest contributor to population growth within the municipality of Clarence) with no practical options for downsizing in the local market or appropriate options for retirement living. This is a significant and growing market.

2. Families and first home buyers – this group is looking to purchase apartments, town houses, villas or flats with access to employment and services in the area with good access to Hobart CBD and Hobart Airport. This group has historically been confined to greenfield development areas much further north, south and east of Greater Hobart. Given there are few higher-density / town houses and villa-style developments taking place in established areas in and around Hobart, this sub-market is has few choices in this location.

3. Investors – this group comprises property investors seeking new investment-grade property (as opposed to established dwellings) with solid investment yields and long-term asset growth. Rental price growth and capital growth opportunities exist in the town-house and villa / holiday accommodation market close to Hobart Airport. However, there very is limited new investment grade stock being built in Tranmere and surrounding areas.

The first of these candidate markets is discussed in detail below.

The pre-retired and retirement-age population (55-74 years) living in the study area and Clarence LGA represent a significant proportion of the demographic (around 22.9% of persons in the study area as at 2018, 24.6% of persons in Clarence LGA and 23.1% of persons in Greater Hobart) and this group has limited or no practical options for downsizing or cashing-out in the local market.

In the future this age group will increase its relative share of the resident population transitioning from their existing home into more suitable, accessible accommodation such as an apartment, townhouse or villa or a new retirement village connected to or equipped with services and amenity.

A significant proportion of residents living in the study area are aged 65+ and 70+, and this proportion is expected to experience significant growth into 2046. The effect of these cohorts will be to drive demand for aged care and retirement living options in the study area into the future.

Tranmere-Rokeby Peninsula has the potential to attract new residents from beyond the local catchment, meaning there will be strong demand for residential developments catering to a wide market, including a pre-retired and retired residents looking for a coastal lifestyle with access to Hobart CBD and Hobart International Airport.

Our analysis suggests there will be demand for up to **230** retirement living Independent Living Units (ILUs) within the study area by 2046 and **380** aged care beds/ILUs within the study area during this period.

Providing new and different types of residential accommodation options will not only help meet the needs of older residents wishing to live in the Tranmere-Rokeby Peninsula but can also attract property investors looking for investment grade stock in the area as well as families and first home buyers looking to live close to Hobart CBD and Airport rather than greenfield locations 30-40 minutes' drive from Hobart.

New retail and services opportunities supporting residents, workers and visitors

Redevelopment of Tranmere-Rokeby Peninsula has the potential to unlock demand for new retail and commercial spaces supporting residents, worker and visitors to the area and some people living beyond the main trade area.

Whilst there are several smaller retail centres within the surrounding catchment (i.e. IGA Everyday Rokeby, Woolworths anchored Shoreline Plaza), the redevelopment of Tranmere-Rokeby Peninsula may create demand for new a neighbourhood retail shopping centre by 2036.

Sustained residential growth within Tranmere-Rokeby Peninsula in the next 10-15 years will create demand for a **4,500 sq.m to 6,000 sq.m neighbourhood retail shopping centre** that would most likely be anchored by a major supermarket operator such as Coles or Woolworths, with approx. 3,700 sq.m of floorspace for food, liquor and groceries, as well as a small provision of supporting fresh food specialties.

This could be accompanied by a range of specialty uses in food-catering (450 sq.m), general (620 sq.m), leisure (140 sq.m) and retail services (280 sq.m) can be tenanted in support of the anchor.

In terms of location, it is most likely this neighbourhood retail centre would be located in an area that is highly visible and easily accessible, most likely towards the northern boundary of the Planning Area, similar to the location of the C1 Local Centre outlined in the draft Tranmere-Rokeby Peninsula Structure Plan.

Such a location will allow the centre to serve the existing Tranmere population and the future residents within the Planning Area and capture a proportion of expenditure from secondary trade areas such as Rokeby.

There may be potential for several smaller local centres available to a network of coastal communities distributed throughout the Planning Area, providing top-up and convenience-oriented retail. Whilst these smaller local centres play an important function, they are generally considered inadequate to serve the weekly food and grocery needs of the catchment population.

With continued population growth, more population-based services would be required such as health, education, children's services and a range of business services in the area.

Whilst population based serviced may or may not require office floorspace, this form of employment will also help improve employment self-containment and self-sufficiency within the study area.

The largest employing sectors within the study area (i.e. education and training, retail trade, and health care and social assistance) are largely consistent with the existing skills and professions of employed residents within the study area.

Commercial office developments and coworking operators tend to cluster around highly accessible locations with easy access via public transport and main road network. The Tranmere-Rokeby Peninsula Planning Area is located within the growth area to the east of the Hobart CBD across the River Derwent, with limited direct access via major arterial road and public transport, meaning most professionals work outside the area.

Whilst there may be limited potential for commercial office developments within the Planning Area, there will be demand for a range of uses such as education, children's services and various business services in the area.

The study area contains a significant cohort of residents aged 0-5 years, and the demand for long day care created by these residents currently outweighs the existing supply of long day care facilities. However, the study area is well-served by outside school hours care, and there will be no requirement for further development of OSHC facilities in the foreseeable future.

Based on the large proportion of young children and elderly residents and strong anticipated future growth in these cohorts, there appears to be a need for additional developments of medical centres with co-located allied health services.

Opportunities to create a unique daytime tourist destination opening new markets in the region and Greater Hobart

A redeveloped Tranmere-Rokeby Peninsula has the potential to capture a portion of Tasmania's day-time and overnight tourism market and provide a range of new tourism attractions catering to visitors to the area looking for new experiences with the potential to stay in accommodation that offers a unique point of difference.

Events spaces catering to larger groups such as schools and businesses /corporate market might be an angle that could be explored further given the location and views across the Peninsula towards the River Derwent.

Tasmania offers a unique history and natural landscapes, diverse regional produce, food, wine and culturally significant places including MONA - all of which make Tasmania attractive as an international tourism destination.

Capturing these themes and the supply chains underpinning them and harnessing the potential to bring these themes together in the Tranmere-Rokeby Peninsula area will be important in driving tourism in the area.

Attracting day-time, over-night and weekend visitors and capturing a share of the market for larger groups such as corporate/business travel, arts, food and music festivals and schools/universities will also be important drivers for the case for tourism investment in the area.

It is notable that there has been a increase in the use of Airbnb, particularly within the Hobart CBD, immediate surrounds and inner suburbs.

The growth of Airbnb is having 'crowding out' effect impacting the supply of traditional short-stay accommodation and limiting the pool of residential properties available for longer term rental, leading to tighter rental market and higher relative rents.

This trend is impacting investment in the short-stay market generally in Hobart.

Analysis presented in this paper suggests there is unlikely to be sufficient tourism-led demand to make investment in new stand-alone short-stay accommodation viable in the area during the foreseeable future.

However, this may not preclude one-off market-led investments in unique tourism and accommodation offerings catering to a domestic and international market.

Examples of unique tourism and short-stay accommodation that attracts inter-state and overseas visitors include MONA, Salamanca Wharf, Battery Point, The Art Series Hotels and successful mixed-use concepts such as Ovolo Nishi (previously Hotel Hotel) in Canberra, Ovolo Woolloomooloo in Sydney or the Ivy in Sydney with integrated dining, conference/events and entertainment offerings.

The overall market potential of each candidate use based on the 2,530 dwelling yield scenario is presented in the table on the following pages. It is noted that the results may change if a higher dwelling yield scenario (i.e. 3,000 or 4,000 dwellings) is adopted.

Overall Market Potential Summary*

Candidate Uses	Overall Market Potential	Demand	Supply	Key Considerations, Issues & Opportunities	Indicative Sizing
Residential	HIGH	<ul style="list-style-type: none"> Generally strong population growth within the study area The Tranmere / Droughty Point Peninsula is designated as one of the growth areas in Hobart Relatively large number of residential sales per annum within the study area with significant price growth Extremely tight rental market with high rental growth and low vacancy rate A level of housing stress in Rokeby 	<ul style="list-style-type: none"> Largely homogeneous detached dwelling stock with a lack of housing diversity A likely mismatch between generally large dwelling sizes and shrinking household sizes with limited options for smaller households and downsizers Significant new dwellings approvals 	<ul style="list-style-type: none"> The Clarence LGA is forecast to have the second largely population growth during 2018-42 across all LGAs in Tasmania. The population growth within study area has been outperforming the average growth rate of the overall Clarence LGA during recent years. The Tranmere / Droughty Point Peninsula Planning Area is one of the designated growth areas of Hobart and presents significant potential to accommodate the projected population growth. 	Capacity for up to 2,530 dwellings at the based on a number of assumptions, which may include retirement products, subject market appetite
Retail / F&B	HIGH	<ul style="list-style-type: none"> Generally strong population growth within the study area Demand from future population potentially accommodated Food, liquor and groceries (FLG), the main expenditure category for supermarkets, is projected to increase from \$113 million at mid-2019 to \$337 million at 2046, reflecting an average annual growth rate of 4.1% Within the primary sector FLG expenditure is expected to increase from \$17 million at 2026, to \$88 million at 2046, once the Planning Area is projected to reach capacity 	<ul style="list-style-type: none"> The future residents of the Tranmere Rokeby Planning Area will likely utilise the Woolworths anchored Shoreline Plaza and the future Coles anchored Glebe Hill Village for their weekly supermarket shopping, before any retail centre is developed within the Planning Area 	<ul style="list-style-type: none"> Approximately 3-4 years after the residents of the Planning Area occupy their dwellings in 2030, a small to medium sized supermarket of around 2,000 sqm can be supported, while a neighbourhood centre anchored by a full-line supermarket can be accommodated at around 2036. The subject retail centre can accommodate an estimated 6,400 sqm of retail floorspace as the Planning Area approaches capacity. 	Approx. 2,000 sqm supermarket around 2030 and up to 6,400 sqm total retail floorspace capacity

Note: * The overall market potential presented in the table is based on the 2,530 dwelling yield scenario.

Candidate Uses	Overall Market Potential	Demand	Supply	Key Considerations, Issues & Opportunities	Indicative Sizing
Commercial	LOW	<ul style="list-style-type: none"> A level of existing pool of educated / skilled workers and professionals Relatively low levels of job density, employment servicing ratio and self-containment / sufficiency Limited direct access The share of office based workers is relatively low, reflecting limited demand for office space with the study area A lack of involvement from State or local governments, education / research institutes, major private investment and market interest for a research / technology focused office park 	<ul style="list-style-type: none"> No existing or proposed supply of dedicated commercial office space in the study area. Most existing office space within the study area comprises shop fronts and ground level office spaces in mixed use buildings, which are generally small scale and lower quality 	<ul style="list-style-type: none"> The analysis indicates current office based workers in the study area could potentially support 6,324 sqm of commercial office floor space, and this is expected to increase in the future. This demand is likely to have been met by existing secondary office floorspace, given no existing dedicated office building supply. Commercial office developments tend to cluster around highly accessible locations with easy access via public transport and main road network. With a main focus on population based services, the potential for commercial office developments within the study area appears to be limited in the absence of major public or private led investment within the area in the short to medium term future. 	-
Short Stay Accommodation	LOW	<ul style="list-style-type: none"> Relatively low visitation levels with significant fluctuation year on year A large share of visitors were for visiting friends and relatives, with a small number of holiday makers and no business travellers Minimum market penetration for commercial short-stay accommodation with almost all visitors staying in private accommodation 	<ul style="list-style-type: none"> Only one small scale commercial short-stay accommodation establishment No proposed supply 	<ul style="list-style-type: none"> The assessment indicates to stack up a small scale short-stay accommodation establishment with 40 rooms, a total of 113,880 overnight visitors per annum will be required, which is significant compared to the current visitation levels. In the absence of a substantial change in the current visitation patterns and/or major tourism destinations that drive significant underlying tourist accommodation demand, there is unlikely to be a 'demand driven' requirement for new short-stay accommodation development in the catchment in the short to medium term future. 	-

Note: * The overall market potential presented in the table is based on the 2,530 dwelling yield scenario.

Candidate Uses	Overall Market Potential	Demand	Supply	Key Considerations, Issues & Opportunities	Indicative Sizing
Retirement Living & Aged Care	HIGH	<ul style="list-style-type: none"> Continued population ageing including the 65+ and the 70+ age cohorts, supporting demand for retirement living products and requirement for aged care facilities Demand from future population potentially accommodated 	<ul style="list-style-type: none"> No existing or proposed supply of retirement living or aged care facilities in the study area 	<ul style="list-style-type: none"> There appears to be an existing unmet market of retirement living products and aged care facilities catering to the increasingly ageing population within the study area. The assessment indicates a theoretical demand for up to 230 ILUs and 380 aged care places within the study area by 2046. The Planning Area has great potential to absorb a large proportion of the theoretical demand. 	Potential for 1-2 retirement villages with 50-70 ILUs per village as part of residential products and 1-2 aged care facilities with 60-80 beds per facility, subject to operator interest
Childcare	LDC – HIGH OSHC – LOW	<ul style="list-style-type: none"> A relatively large share of children aged 0-12 years within the study area, which is expected to continue to grow during the forecast period A relatively large share of working parents with moderate household income Generally low vacancy or at capacity among existing childcare centres Demand from future population potentially accommodated 	<ul style="list-style-type: none"> There are 3 LDC centres providing 195 places and 3 OSHC facilities providing 190 places within the study area There is one LDC centre proposed and scheduled to complete later in 2020, and no known proposed OSHC supply in the pipeline 	<ul style="list-style-type: none"> The gap analysis indicates an existing undersupply of 72 LDC places within the study area and the demand for additional LDC places will increase to approximately 149 places by 2046. However the analysis indicates the study area is already well serviced by OSHC facilities, with no future requirement foreshadowed. 	One LDC centre with approx. 60-80 places, totalling 600-800 sqm built area, as well as 600-1,200 sqm outdoor play area plus car parking, subject to operator interest
Medical / Allied Health	HIGH / MODERATE	<ul style="list-style-type: none"> Generally strong population growth within the study area, particularly children and the elderly A significant ageing population consistent with the overall trend Demand from future population potentially accommodated 	<ul style="list-style-type: none"> A number of medical centres and allied health services, mostly located in the northern portion of the study area No proposed medical centre or allied health facilities within the development pipeline. 	<ul style="list-style-type: none"> The assessment indicates up to 16 GPs will be required within the Planning Area by 2046. There appears to be an existing and increasing market gap for a number of allied health services. This indicates a opportunity to co-locate a medical centre, various allied health services with the potential neighbourhood activity centre within the Planning Area. 	One medical centre with up to 10 GPs totalling approx. 625sqm plus car parking, accompanied by a number of co-located allied health professionals, subject to operator interest

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