

MEDIA RELEASE – 10 MAY 2022



March Quarter 2022

Has The Tasmanian Real Estate Market Peaked?

Whilst the cumulative value of Tasmanian real estate sales is on target to achieve another record year (exceeding \$6 Billion) data contained in The Real Estate Institute of Tasmania's (REIT) March Quarterly Report suggests that there has been a definite softening in 2022. Prices appear to be plateauing whilst sales numbers continue to decline; down 11.2% on last year. A shortage of property to sell will continue to keep pressure on prices. A federal election combined with growing inflation, and the threat of continued interest rate increases has Buyers becoming much more wary with many opting to wait and see what happens. In many areas, real estate practitioners are reporting a drop off in enquiries and open home attendances.

Highlights of the March Quarter report are:

- 2846 sales with a cumulative value of \$1,661,816,205
- Year on year median house prices have grown 31.3%, Unit prices 26.0%, and land prices 31.4%. It also shows that the 2022 March Quarter growth levels are well down on those of previous years. The first 3 months of 2022 has seen Tasmania's median house price increase a modest 1.7% to \$610,000. Unit prices have not changed remaining steady at \$485,000, whilst the median land value decreased 5.2% from \$255,000 to \$241,800.
- The number of house sales across Greater Hobart decreased 18.0% over the quarter while prices grew 5.8% to \$820,000. In Launceston, sales numbers increased by 10 sales over the quarter to 279, while the median price reduced 3.8% from \$600,000 to \$577,500. Across the North West Centres sales were down 20.8% over the quarter while median price rose 3.1% to \$453,500.
- Sales in excess of \$1Million (269) were up 85.5% on last year but down 9.7% over the previous quarter. 78.4% of these acquisitions were made by local Tasmanians.
- First Home Buyer (FHB) Numbers were down 20.6% on the same period last year and down 13.0% on December Quarter results. Of the 395 FHB sales recorded, 283 purchased a house, 59 a Unit, and 53 land. These numbers differed significantly from last year where 329 were purchasing a house, 71 units, and 103 land. FHB median home price was \$495,000, units \$485,000 and land \$210,000. Sales were spread evenly across the major regions. Rising prices and a lack of stock below \$500,000 were the major contributors to the FHB result.
- Investor activity remained stable, with sales numbers increasing by 1.3% over the year to 567 but down 4.7% for the past quarter. Launceston retains its crown as Tasmania's investment capital with 24% of its sales being used for investment purposes. The North West Centres were just one percent behind at 23% and Hobart a distant third at 17%. Many of the sales in this sector of the market are pre-existing rental properties

and the lack of growth in our rental market continues to place extreme pressure on an already undersupplied market.

- Rental property vacancy rates are at historical lows being 0.9% in Hobart, 0.8% in Launceston, and 1.3% across the North West. Over the quarter median rents increased \$5 in Hobart to \$505, \$30 in Launceston to \$450, and \$10 across the North West to \$360.
- The surge in Tasmanian property prices over the past two years has seen investment yields on local rental properties fall 1.0% to 1.5% over the past three years.
- Mainland purchasers increased 5.6% over the year but still represent just 18.0% of all transactions. This is still well below the pre Covid-19 level of 25%. Over the quarter they purchased 512 properties at a median price of \$570,000. They were responsible for purchasing 58 properties above \$1 million. Of the 512 purchases, 182 were for investment with the balance being homes to move to/live in. 25% sought properties in the North West, 19% in and around Launceston and 14% preferring Hobart.
- We had 18 foreign purchasers acquire property over the quarter. Their median purchase price was \$832,500
- From a Municipal perspective the leading sales areas were, Launceston with 351 sales, Clarence 297, Glenorchy 176, and Hobart 174. In cumulative value, Clarence Municipal sales amassed \$206,933,455 well ahead of Launceston \$196,139,075 and Hobart third with \$184,327,008
- Battery Point accumulated enough sales to record Tasmania's most expensive suburb with a median sale price of \$1,850,000 followed by Sandy bay \$1,400,000 and Rose Bay \$1,300,000. Our most affordable regions remain Rosebery \$160,000, Zeehan \$172,500 and Queenstown \$202,500
- Burnie with 83 sales recorded the most transactions for a town/ suburb followed by Devonport 54, Kingston 40, New Norfolk 37 and a dead heat for fifth between Smithton and South Launceston on 28.

REIT President Michael Walsh said that over the past 5 months there has been an evident easing in the local real estate market. Price growth had slowed but so has the number of properties coming onto the market. We are told that buyer enquiry levels and open home participation levels have dropped. World unrest, the upcoming Federal election, rising inflation and interest rate increases have buyers and sellers cautious. The affordability level of both our sales and rental markets can only be addressed by increases in supply. The shortage of housing supply and rental accommodation is not unique to Tasmania but is being experienced across the whole nation. Unfortunately, there is no quick fix.

END

MEDIA RELEASE EMBARGOED UNTIL MIDNIGHT 9 MAY 2022

REIT President Michael Walsh will be available AT 1.00 pm 10th of May 2022 at Roberts Real Estate, 16 Charles Street Launceston

Radio interviews 0417160715