

# No Halt in Sight

## Market Continues to Surge



The Real Estate Institute of Tasmania's Quarterly Report confirmed that Tasmania's real estate market has continued to grow in sales numbers and value over the March 2018 quarter.

Highlights of the report were:

- The period 1 January to 31 March 2018 recorded the highest value of sales ever recorded for a quarter at \$1.034 Billion.
- The number of sales remained stable (at 2887) for the quarter. While Hobart and Launceston saw slight decreases in the number of transactions regional areas improved.
- Buyer interest and activity has not dropped off and continues to be strong.
- An acute shortage of properties for sale has now spread state wide, placing an upward pressure on prices across all regions.
- House sale numbers across Greater Hobart were down 10.1% on last year but have seen prices increase 20%. Launceston was down 10.5% in sales, but prices have risen 16.6%. The North West has seen a 9.4% increase in the number of sales and a 5.9% increase in house prices. Median prices at 31 March 2018 were: Hobart \$492,000, Launceston \$326,500 and North West \$253,000.
- The number of Investor sales increased by 3% to 22% of all house sales. 651 sales were recorded by investors at a median price of \$266,000. Mainland investors accounted for 277 of these sales buying at a median price of \$272,500.
- A further 375 mainland purchasers who were moving to reside in the state acquired their home at a median price of \$325,000. Only 6 of these purchasers paid more than \$1 Million for their property.
- 42 properties sold for more than \$1 Million in the quarter. The vast majority of these (36) were acquired by locals.
- Only 14 sales (at a median sale price of \$582,000) were recorded for Foreign Buyers over the quarter.
- Local buyers account for more than 70% of market activity.
- First Home Buyer numbers were down 2% on last quarter. 341 FHB acquired property in the March Quarter with 207 purchasing houses (median \$308,000), 47 units and 87 land. Some FHB's appear to be holding off awaiting the introduction of State Government Stamp Duty Concessions promised in the recent election campaign.
- Tasmania continues to provide some of the cheapest housing in Australia. The affordability of regional Tasmanian areas is attracting attention for people looking to relocate and invest. Increased activity has been recorded for both interstate and intrastate buyers.

- On a Municipal basis, Launceston recorded the highest number of sales (348 with an accumulated sales value of \$112,716,000), followed by Clarence (300 sales worth \$137,921,000), Glenorchy (233 sales \$81,388,000), Hobart (215 Sales worth \$151,694,843), Kingborough (201 sales worth \$96,448,138), and Devonport (161 sales worth \$43,102,985).
- The 3 most expensive suburbs over the quarter were North Hobart (median \$967,500), Sandy Bay (\$855,000), and Acton Park (\$800,300), while Rosebery (\$75,000), Queenstown (\$83,000) and Zeehan (\$95,000) remain the most affordable.
- Rental vacancy rates remain steady at 1.4% in Hobart. The rate has tightened in Launceston to 1.9% (down 0.2%) and the North west down 0.4% to 2.8%. Rental supply continues to be at a critically low level. Rents continue to rise following increased purchase prices and an ever-increasing demand for rental accommodation.

REIT President Tony Collidge said:

“Tasmania continues to be a desirable destination to visit, study, and live. Hobart remains the cheapest Capital City in Australia to reside with our median price almost a third of house prices in Sydney, half of Melbourne, and \$80,000 - \$100,000 less than Adelaide, Brisbane and Perth. Over the past decade Hobart’s median house price has risen 48% (most of this increase occurring over the past 2 years) well behind Sydney (59.1%) and Melbourne (56.1%). Recent increases in property prices reflect positive improvement in our local economy, consumer confidence, and jobs growth.

The level of activity within the current market suggests that there will be no relief from rising prices or rents in the immediate future. The situation we now find ourselves in is becoming acute. With a growing population, influx of university students, booming tourism market, and increased social housing demand the States’ ability to service all these housing and accommodation needs is near (if not at) breaking point.

The process to overcome this situation needs to be thoroughly and well thought through; involving resource planning, expedient development, and a Planning Scheme which encourages and doesn’t hinder people with options and red tape. It needs people to act and resolve the issues which prevent us from achieving sustainable growth.

Because of our size we are susceptible to situations arising as they have in our current real estate market. Unfortunately, this situation could not be foreseen and it is unfair to lay the blame on any one sector. We need brave leadership to guide us into a positive and sustainable future“.

END

## **MEDIA RELEASE EMBARGOED UNTIL MIDNIGHT 1<sup>st</sup> OF May 2018**

REIT President Tony Collidge will be available for comment or interview at 12.30 pm the 2<sup>nd</sup> of May 2018 at the Real Estate Institute of Tasmania, 33 Melville Street, Hobart.

REIT President Tony Collidge – 0409 726 680

REIT CEO Mark Berry – 0418 103 641