

LOCAL MARKET ROCKETS TO 13 YEAR HIGH



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Real Estate Institute of Tasmania (REIT) March Quarterly results confirm that over the first 3 months of 2017 the Tasmanian real estate market has continued to strengthen and recorded its highest number of sales since 2004. Over the period 2886 sales amounting to \$955,721,525 occurred up 29.6% on the same time last year.

Launceston outperformed all other regions recording 440 sales, an increase of 34.6% over last year. Hobart sales increased 20.2% and the North West 20.9%. Launceston was the only region to record a decrease in median sale price but this came about as a result of more than 60% of its transactions occurring at the mid to lower end of the market.

Significant movement in unit/townhouse sales was also a highlight of the quarter that recorded its highest number of transactions (385 sales) for many years. Unit/townhouse transactions were up 27% in Hobart, 22% in Launceston and 4% on the North West Coast.

Twenty five (25) sales were recorded during the period for properties priced above One Million dollars. 23 of these were in Hobart and 2 in Launceston.

The table below clearly shows changes in the market in the March quarter over the past 12 months.

March qtr	Number of Sales			Median price			Average days on market		
	Hbt	Lton	NWC	Hbt	Lton	NWC	Hbt	Lton	NWC
2016	557	250	138	385,000	286,000	235,000	38	56	77
2017	662	351	171	410,000	280,000	239,000	20	36	57

First home Buyers are finding it increasingly difficult to get into the market. Most are looking to buy established dwellings that are not eligible for Government Assistance (First Home Buyers Grant) and have to compete against investors to secure a home. FHB numbers continue to decline and represented just 11.0 % of sales for the quarter. This was a 15.4% decrease on the same period last year. State Revenue Office figures show that in 2013/14 financial year, the State Government paid out 2560 FHB Grants worth \$25,126,000 and for the 8 months of 2016/17 have paid just 310 FHB Grants (amounting to \$6,051,000).

Tasmania's rental market continues to offer strong investment returns on the back of high demand and historically low vacancy rates. Investor activity grew by 50% over the same time last year increasing from 14% of total sales in 2016 to 21% in the March quarter. 32% of Launceston's sales were made to investors: 26% on the North West Coast and 23% in Hobart. Interstate buyers acquired 214 rental properties during the quarter at a median price of \$260,000. A significant proportion of the growth in investor activity can be attributed to mainland interest where interstate buyers grew from 16% of all sales in 2016 to 22% over the period. Foreign buyers have had little impact on our residential market making only 12 purchases (less than 1%) in the quarter.

REIT research revealed that interstate buyers acquired 465 properties during the quarter. Of these, 214 were for investment purposes and the remaining 251 were for people moving here to live.

On a municipal basis, Launceston Municipality recorded the highest number of sales (393) up 44% on last year at an accumulated value of \$120,821,027; Hobart up 36% with 290 sales worth \$167,335,543; Clarence up 24% with 285 sales worth \$116,471,588; Glenorchy up 59% with 273 sales worth \$81,767,931 and Kingborough up 16% with 189 sales worth \$80,316,094.

In summing up the March 2017 quarter REIT President, Tony Collidge Commented

"Everything had pointed towards the March Quarter being one of the most active we have seen for some time. I believe this market still has a way to run. What is pleasing is that increased levels of activity appear to be finally spreading state wide with all regions participating in the improved market conditions. Launceston was a stand out performer.

There continues to be a dire shortage of properties for sale and for rent that is placing real pressure on our markets. The last boom had a lifespan of 9 years and we only appear to be 3 years into this new cycle. The rapid improvement in our economic conditions has brought many benefits to this state but it has also created unforeseen situations that are proving difficult to resolve; In particular the markets inability to meet buyer and renter demand.

I am hopeful that as a State with strong buyer and rental demand that we are now able to demonstrate that there are real opportunities for increased levels of private investment into the housing sector. I firmly believe that the climate is right to attract increased development (particularly with infill housing) into our marketplaces."

END - REIT President Tony Collidge will be available for interview at midday Wednesday 26th of April 2017 at the Real Estate Institute of Tasmania, 33 Melville Street Hobart.

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