

# MEDIA RELEASE



## REAL ESTATE INSTITUTE OF TASMANIA

June Quarter 2016

### Tasmanian Real Estate Shines

Results of the 2016 Real Estate Institute of Tasmania June Quarterly Report show that the Tasmanian real estate market has again shown its resilience by recording the highest number of real estate sales in a quarter since March 2010.

Hobart recorded a \$10,000 increase in median house sale price to \$395,000 whilst Launceston and the North West Centres remain stable at \$285,000 and \$230,000 respectively. Increases were again recorded in the sale of units/ townhouses with Launceston prices increasing 22%

In total 1749 house sales were recorded across the state at a median price of \$315,200; 319 units/townhouses at \$258,000 and 394 land sales with a median price of \$130,000.

REIT President Tony Collidge said that the result came as a surprise. With Agents reporting stock shortages in most regions we expected sales to be down and prices to start moving upwards (which they have in Hobart). What we're seeing in today's market place is: a good level of buyer interest; a decrease in the number of properties for sale; and a general reduction in the time properties are taking to sell. There is good demand for property across all regions.

Brighton, Central Coast, Devonport and Glenorchy Municipalities all recorded significant increases (greater than 20%) in house sales for the quarter. Brighton was a standout with the number of sales increasing by 55.8% to 67 sales

Buyer profile data collected showed that investors are now consuming more than 20% of our sales, and that first home buyers have fallen to a new low of 12.0%. During the quarter we had 452 Mainland buyers acquire property in Tasmania. Of these 262 were acquiring property to move into (at a median price of \$308,000) and 190 were investors buying at a median price of \$265,000. We recorded 5 sales to foreign purchasers during the period. Tasmania's real estate market is still controlled by Tasmanians who account for more than 80% of our sales.

Most investor activity has centred around the Launceston (26% of all investor sales), Glenorchy (31%) and Hobart (23%) municipalities. Sandy bay retained the crown as Tasmania's most expensive suburb with 23 sales at a median price of \$800,000. Zeehan was our most affordable town recording 5 sales at a median price of \$55,000. Devonport (44 sales) was the top selling suburb. Launceston (305), Clarence (275) and Hobart (232) were the 3 highest selling Municipalities.

Whilst house prices were evenly distributed across a broad range of price levels 40% of Hobart properties sold between \$300,000 and \$600,000, while in Launceston most sales occurred in the \$150,000 to \$400,000 range. In the North West the main selling band was \$150,000 to \$300,000. Hobart recorded 11 sales over \$1,000,000 for the quarter and Launceston had 1.

First Home Owner Grants have dropped from 2562 in 2013/14 to 716 in 2014/15. In the June quarter there were 298 First Home Buyer sales. With 394 land sales recorded across Tasmania in the June quarter only 45 (or 15.1% of all FHB) were acquired by First home buyers. The State Governments focus to only help those that wish to build a new home is clearly failing to help and support those needing assistance to buy their first established home. It has become clearly evident from our research and the summary above that the existing Grant system is inequitable. Clearly not every first home buyer wants to build or buy a new home.

Our rental markets are performing strongly with vacancy rates below 3% and with most achieving yields above 5%.

Future sales will be impacted by a reduction in the number of properties for sale. We are aware that the number of properties for sale has decreased by more than 20% across most regions. In Hobart, Clarence and Kingborough Municipalities this reduction could be as high as 40%.

“With positive economic conditions, strong consumer sentiment, and with the State Government’s focus on job growth, a positive environment exists for the local real estate market to continue to perform robustly and actively. With Australia’s cheapest housing, solid investment returns, and increasingly optimistic outlook for Tasmania, I remain positive on the direction where Tasmanian real estate is heading “ REIT President Tony Collidge concluded.

END

## **MEDIA RELEASE EMBARGOED UNTIL MIDNIGHT 2<sup>ND</sup> OF AUGUST 2016**

REIT President Tony Collidge will be available for comment or interview at 10.00 am Wednesday the 3<sup>rd</sup> of August 2016 at the Real Estate Institute of Tasmania, 33 Melville Street, Hobart.

Tony Collidge – 0409 726 680