

MEDIA RELEASE



REAL ESTATE INSTITUTE OF TASMANIA

June Quarter 2017

Tasmanian real estate market surges to new highs

The Tasmanian real estate market is on track to exceed last year's outstanding results achieving a 17.5% increase in the number of sales (for the first half 2017) and 24.7% increase in the gross value of property sold.

REIT President Tony Collidge said:

“For the first time in more than a decade, we could achieve annual results exceeding 11,000 sales worth almost four billion dollars (\$4,000,000,000). The March and June 2017 Quarters have seen real growth in not only the number of sales but also prices. The results appear to be spreading across the broader state and not just the major populated areas. It was pleasing to see the West Tamar, Meander Valley, Northern Midlands, Circular Head, Derwent Valley, Central Highlands and Southern Midlands all record increased sales in their regions”

The June Quarter produced 2896 sales with a gross value of \$989,629,768 up just 10 sales on the March Quarter. Median prices across all regions increased with Hobart at \$430,000 (up 4.9% for the Quarter), Launceston \$292,000 (+4.3%), and North West Centres \$249,000 (+4.2%). The State recorded 2026 house sales, 387 unit / townhouse sales and 151 land sales. Launceston and the North West are performing strongly being up 14.9% and 13.6% on last years' sales; while Hobart with a chronic shortage of properties for sale levelled out at just 0.2%.

Investor activity and enquiry has continued to escalate, and now account for 20 -25% of sales. Investors made 405 house sales in the quarter purchasing at a median price of \$283,500. Launceston continues to attract investors with 27% of house sales being acquired for investment purposes. In the first 6 months of 2017 investor sales were up 40% on last year. 1302 properties were sold to investors with 713 being purchased by locals and 589 by interstate buyers. A shortage of rental properties across most regions has seen vacancy rates fall and placed upward pressure on rents. Strong rental yields are providing incentive for growing interest in investment in this sector.

Interstate buyers acquired 490 houses over the quarter at a median price of \$315,000 while 26 properties were sold to foreign residents (at a median price of \$382,000). Sales to interstate buyers are up 55% on last year. In 2017, 1272 interstate purchasers have

acquired property in Tasmania. 46.3% (589) were investors who purchased at a median price of \$262,600 while the remaining 53.7% (683) purchased property to reside in at a median price of \$310,000.

Seventy-nine (79) properties were sold over the past 6 months for in excess of one million dollars. This is up 58% on last year. Interestingly only 17 of these million dollar sales were purchased by interstate buyers.

In the 6 months to 30 June 2017, First Home Buyers (FHB) recorded 619 purchases comprising of 426 house acquisitions, 73 unit/townhouse and 120 land sales. FHB numbers are up 1.1% on last year but are still less than half the levels of 2014 and before.

In the 6 months ending 30th June 2017, house sales had occurred in 183 suburbs or towns throughout Tasmania. Only 43 had not recorded an increase in median price over the last 2 years (since 30th June 2015); the vast majority of those failing to achieve any growth occurred in areas with median prices were at or below \$250,000. Cumulatively towns or suburbs with a median price over \$420,000 achieved an increase of 24.6% over the two-year period while those below \$250,000 only achieved a cumulative increase of 3.6%. On 30th June 2015, 14 towns/suburbs had a median price above \$500,000. Today we have 26. Twenty-four of these are in southern Tasmania. Sandy Bay leads the way in the south at \$851,500; Blackstone Heights in the North at \$543,000 and Spreyton in the North West at \$464,000. Only 23 locations have median prices below \$200,000, with Queenstown our lowest at \$77,000.

REIT President Tony Collidge summed up the state of our real estate market as follows:

“Whilst national focus has been on the mainland markets, Tasmania has quietly slipped under the real estate radar. Most pundits were surprised to learn that Hobart has the second best performing market behind Sydney for cumulative growth since January 2000. We have had the best performing market over the past 12 months. The transformation has occurred as a result of a shortage of properties for sale and for rent coupled with an increase in population growth, increase in employment, increased consumer sentiment and positive economic conditions. The growth in our market has allowed us to keep pace with the other capital cities and not fall further behind. Whilst it is a concern as to how we can close the gap between demand and supply we still provide the cheapest and best value accommodation in Australia. 2017 has seen momentum build and it appears this market may still have a way to go.”

END

MEDIA RELEASE EMBARGOED UNTIL MIDNIGHT 1st OF AUGUST 2017

REIT President Tony Collidge will be available for comment or interview at 10.00 am Wednesday the 2nd of August 2017 at the Real Estate Institute of Tasmania, 33 Melville Street, Hobart.

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