

Real Estate Market Sets

New Benchmarks



The Tasmanian Real estate market continues to buck the national trend and has recorded its eighth consecutive quarterly record for the value of property sold and the highest number of transactions in a decade. Amid speculation that the local market could not continue to sustain its momentum the June 2018 quarter not only record its highest level of sales (3083 transaction), it amassed a record cumulative sale value of \$1,078,089,596.

Highlights for the quarter are;

- Whilst the number of house sales in Hobart retreated for the 2nd Quarter in a row (down 0.9%), Launceston (+8.1%) and the North West Coast (+10.3%) recorded significant gains which is reflective of the confidence in their market places.
- Median House prices increased across all regions over the past 12 months with Hobart up 17.7% (to \$506,000), Launceston up 16.1% (to \$339,000) and the North West Centres up 11.6% to (\$278,000). Unit sales also recorded positive growth in both sales (+4.9%) and price (+5.8%) over the period.
- A perceived shortage in established dwellings for sale has seen a surge in the sale of vacant land. Land sales in 2018 (1088 lots) are 20.4% higher than at the same time last year. Interestingly FHB's acquired 170 lots while 560 were purchased by existing home owners looking to upgrade. The balance was acquired by investors and developers.
- Investor activity grew slightly over the quarter (up by 1.0%) to 23% of all transactions Launceston retained its crown as residential investment capital of the State with 33% of its total sales snapped up by investors. Hobart was second with 28%, and the North West with 23%. The median purchase price for investors was \$305,000.
- The rental market appears to have softened in the June quarter with vacancy rates in Hobart and the North West easing to 1.7% and 3.1 % respectively while Launceston remained stable at 1.9%. Rents also appear to have flattened out following the easing of demand over the quarter.
- First Home Buyer sales also increased by a similar margin (+1.0%) and were greatest in Hobart (16%) and the North West (16%) of all sales, while Launceston was lower at 12%. The median purchase price for FHB's across the state was \$340,000.
- Interstate buyers acquired 479 properties over the quarter at a median price of \$348,000. Over the half year, 1310 sales were made by Interstate buyers of which 732 were buying to reside here. The remaining 578 buyers were interstate investors who acquired property at a median price of \$280,000. Interstate sales were dispersed evenly across all regions.
- Foreign investors acquired 21 properties in the quarter at a median price of \$392,000. Theses represent less than 1% of total sales.
- Local buyers dominate the Tasmanian residential property market accounting for more than three quarters (76%) of the property transactions that occurred in the June quarter. Interstate and foreign buyers accounted for 24% of our sales
- Sandy Bay came closer to being our first Million dollar suburb recording 27 sales at a median price of \$970,000. It was followed by Taroona with 11 sales at a median of \$800,000 and Glebe

with 5 sales at \$775,000. Zeehan , Rosebery and Queenstown (all with median prices below \$100,000)retain our most affordable title.

- Of the suburbs, cities or towns, Devonport recorded the highest number of sales (59), followed by Newnham (41), Glenorchy (36), Riverside (34) and New Norfolk (33) whilst Launceston dominated the municipal sales (with 419), followed by Clarence (273), Glenorchy (246) and Hobart (240).
- 89 Million Dollar plus sales have been recorded over the first 6 months of 2018. Interestingly, interstate buyers have only acquired 17 of these the remainder selling locally.
- The surge in market prices over the past two years has seen all but two greater Hobart suburbs (Otago and Tinderbox) at their highest median price ever. In contrast Launceston and the North West Centres have the majority of their metropolitan areas below previous highs. Regional and rural areas have recorded the slowest upward movement.

REIT President Tony Collidge said “The strength of our real estate market is a reflection of the strong economic conditions which have created confidence, jobs, and positive population growth. There isn’t the necessity for people to have to move to the mainland for work and Tasmania is now being considered as a lifestyle destination for those seeking to escape the mainland capitals .

Whilst some momentum appears to be coming out of the Hobart Market activity in other parts of the state remain strong.

In Hobart we are starting to see buyer intensity cool. Some properties are taking longer to sell; enquiry levels are dropping. But this is all part of a transitioning Market. I expect to see price growth slow and stabilise towards the end of the year.

The shortage of properties for sale across all sections of the State will continue to ensure that the market and price levels won’t drop away.”

END

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REIT President Tony Collidge will be available for comment or interview from 10.30 am onwards on Friday the 3rd of August 2018

REIT President Tony Collidge – 0409 726 680