

5/11/2015

REIT SEPTEMBER QUARTER

MEDIA RELEASE



EMBARGOED TO 9.00 AM THURSDAY 5/11/15

Real Estate activity across Tasmania continued to gain momentum over the September Quarter. Many areas of our marketplace are transitioning from a buyers to a balanced market. Agents are reporting stock shortages and good buyer enquiry. The level of property sales is holding and a modest growth in prices is being recorded in many regions.

To put our market into perspective, over the past 16 years (since the year 2000), the September quarter has averaged 1748 house sales. At the peak of our last boom (2003) house sales reached 3182 transactions. When the market bottomed out (in 2011), the September quarterly sales dropped to 1214. In 2015 we have recorded 1630 house sales, which is 416 house sales above the 2011 low but still 118 sales below our 16 years average. The pleasing feature of this analysis is that our market still has the potential for significant and continued growth. Tasmania would need to see a significant rise in employment, population growth, and economic prosperity to return to the activity at the lofty heights of 2003.

Whilst sales across Tasmania dipped slightly for the quarter (1.2%) they are up 15% over last year. The median house price increased for both the quarter (1.6%) and the year (2.8). 1630 house sales were recorded for the period at a median house price of \$310,000.

Over the same period 291 unit/townhouse sales were recorded which is 14.1% up on last year. Median prices increased by 3.6%

There were 323 land sales during the quarter.

Unlike the Melbourne, Sydney and southeast Queensland markets (who are investor driven), Tasmanian Real Estate continues to be dominated by 2+ (existing) homebuyers with 55% market share. Investors remain steady at 15% and first home buyers at 12%

Interstate buyers (307 for quarter) continue their love affair with Tasmania maintaining a healthy 19% market share. Only 6 sales were recorded to foreign purchasers during the period. Again more than 60% of the sales recorded were made by locals.

Battery Point remained Tasmania's most expensive suburb achieving a median house price of \$828,778 while Queenstown is our most affordable at \$61,000

Sale price distribution tended to favour the lower end of the market with 71% of sales below \$399,999, 21% were between \$400,000 and \$599,999 and 8% between \$600,000 and \$999,999 nine house sales were recorded in excess of 1 million dollars.

Focusing on Municipalities; Launceston recorded the highest number of sales at 315, up 11.7% on last year, followed by Clarence 267 (up 13.6%), Glenorchy 193 (up 12.2%) Hobart 192 (up 20%) Kingsborough (down 6%) and Devonport 112 (up 3.7%)

First Home Owners Grant continues to decline from 440 in September Quarter last year to 288 this year.

Demand for rental accommodation remains strong. Vacancy rates vary from 2.8% in Hobart to 4% on the North West Coast. Whilst yields of 3.9% to 5.5% are detailed in the report, returns exceeding 8.0% are being obtained in many areas across the state.

It is heartening to see the September Quarterly results continue to follow on from the trends of the previous two quarters. The September Quarter is traditionally the weaker of the four quarters. So to achieve the results we have is pleasing.

Tasmania continues to offer the most affordable housing in Australia. With a growing economy, improving employment opportunities, and increasing consumer confidence, we remain optimistic that the prospects of the local real estate market look both sound and positive for the future.

END

**For interview, REIT President Tony Collidge will be available at the Real Estate Institute of Tasmania, 33 Melville Street Hobart at 11.00 am on Thursday the 5th of November 2015
Telephone interview, 03 62735555 or 0409726680**

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