

REIT MEDIA RELEASE

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Powerhouse market continues to defy the odds



Against overwhelming odds, the resilience of Tasmania's real estate market has seen it set a new annual sales record of almost \$4.4 Billion dollars for cumulative value of sales, and even more remarkably recording more sale than the previous year (2019). Whilst COVID-19 slowed activity in the first half of 2020 it wasn't enough to stop the stampede which saw the December quarter record the strongest results since 2016.

Highlights of 2020 were:

- A record 87% of all residential sales were made by Tasmanians
- Total value of all residential sales increased by 7.1% to \$4,397,080,631.
- Land sale numbers increase 23.7% to 2343 with median of \$160,000
- House sales numbers dropped 4.7%, but values increased 10.2% to \$420,000
- First home buyer activity increased 25.8% to 1836 sales. The highest number recorded since 2009. Land sales to FHB increases 67.2% on 2019
- The number of properties sold over \$1 Million increased by 46.35% to 256 sales
- Whilst Hobart and Launceston house sales numbers decreased by 15.9% and 9.1%, they both recorded increases in property value of 8.5% (\$560,000) and 14.55 (\$395,000) respectively. The stand out performer was the North West region which saw an increase in house sales over the period of 2.1% (to 882) and a 15.7% increase in values to \$325,000
- With the number of properties for sale down by more than 30% on last year many established homeowners have bought land and opted to build rather than compete for an established home. Land sales to such buyers increased by 31.8% over the year.
- Of real concern is a drop-in investor activity in our market for the third consecutive year. Investor numbers were down 10.2% to 1739 sales. Numbers have decreased 43% since 2018. In 2020 investors made 15.9% of total residential purchases.
- As expected, Mainland buyer numbers shrunk by 16.1% to 1421 down from 1694 the previous year and 2348 in 2018. They represent 13% of total purchases.
- Only 58 residential sales were made by overseas buyers: representing less than 0.5% of total sales.

- The rental market has seen a slight ease in vacancy rates in. Hobart (up from 1.7% in 2019 to 2.2% in 2020.) whilst Launceston and the North West Centres recorded reductions of 0.2% and 0.4% respectively.
- Rents showed a slight increase of between \$10-\$20 per week over the year across all regions,
- With rents failing to keep pace with property price increases, investment yields dropped significantly across all regions. This could partly explain why residential investment has waned over the past 3 years as other markets offer promises of better returns. Hobart's yield dropped from 4.9% to 4.2%, Launceston 5.5% to 4.7% and The North West 5.7% to 4.8%.

Very few places in the world have been provided the safety and seclusion from COVID-19 that Tasmania has. Whilst our isolation offered its challenges the appeal and interest in Tasmania grew. From March to June, we had more people inspecting our real estate online than any other area in Australia. Enquiries from mainland immigrants considering a move here and expats wanting to move back home saw a rush of activity over the second half of 2020. The lifting of the lock downs has seen renewed interest and the possibilities of a new boom time ahead as real estate values continue their upward surge.

REIT results for the December Quarter confirm an influx of activity across all regions. The State recorded its strongest quarterly performance over the past 5 years.

Highlights for the December Quarter were:

- 3083 residential sales worth \$1.302 Billion were achieved over the quarter. 87% of these transactions were made by Tasmanian's.
- 1993 house sales were recorded with prices continuing to increase as Hobart's median climbed 7.3% to \$590,000 while Launceston surged 10.9% to \$402,000 and the North West up 15.5% to \$338,000.
- 419 Unit sales were achieved with numbers up 15.7% on the same time last year and prices increasing 9.9%.
- Land sales surged to a record 638 for the quarter.
- Investor numbers continue to decline to 13% of sales made. Investment activity was highest in Launceston representing 20% of its house sales. Hobart was 10% and the North west 14%
- First Home Buyers were responsible for 18% of house sales with take-up spread evenly across each region.
- Interstate buyers remain steady at 13% of sales. They acquired 8% of Hobart's house sales, 14% of Launceston's and 13% of the North West.
- Over the quarter rents remained stable in Hobart and on the North West while Launceston showed a 2.8% gain. Median rent for a 3-bed home in Hobart was \$450,

in Launceston \$370 and on the North West \$310. Vacancy rates in Hobart remained at 2.0%, in Launceston 1.5% and the North West 2.3%

- Tasmania's ten most expensive suburbs all have median prices above \$750,000 with Sandy Bay achieving the \$1M status with a median sale price of \$1,197,500. At the other end of the spectrum Zeehan retains the title as Tasmania's most affordable town at \$112,000. Devonport recorded the highest number of sales with 71 over the quarter whilst Launceston had the most municipal sales with 347. Clarence pipped Launceston with the highest cumulative sales value at \$152 million.

REIT President Mandy Welling said

" Demand for residential real estate across Tasmania over the December Quarter has been at unprecedented levels. Dire stock shortages are placing strong upward pressure on prices. There is no evidence to suggest that there will or can be any change to this over the short to medium term. The withdrawal of investors from our market will continue to place pressure on an already overburdened rental market. Investors need to be enticed back to this market if we are to see any easing of rents and rental numbers.

Tasmania's real estate market remains buoyant and in a very healthy condition. Current levels of enquiry and activity suggest there will be no easing up. I believe 2021 will be another strong year for real estate in this State.

Tasmania has seen strong interest by first home buyers either buying or building their first home. This has been made achievable in many cases by the State and Federal Government Grants which have been very successful.

We have noted of concern though is for a third consecutive year the interstate investor numbers have shrunk. This raises a concern in the residential tenancy space as the continued tightening will ultimately put upward pressure on rents and lack of supply."

END

MEDIA RELEASE EMBARGOED UNTIL MIDNIGHT 28 January 2021

REIT President Mandy Welling will be available for comment on 0429707911