

MEDIA RELEASE 27/4/21

Robust Real Estate Market

Continues to Climb



The release of the Real Estate Institute of Tasmania's March 2021 Quarterly Report confirms that the local real estate market has continued to advance with the strongest growth activity recorded since 2002. Sales numbers are up 14.4% on last year and 12.9% on 2019. Values continue to surge with the cumulative value of sales recording the highest ever quarterly value (\$1.449 Billion). Regional sales continue to swell particularly on the North West Coast where many regions recorded their strongest sales numbers and price growth in decades.

Increases in property prices and rents reflect the critical in-balance between buyers and renters and supply. A dwindling number of choices available within the market and an inability to provide adequate supply to meet demand will see upward pressure remain on prices and rents. What continues to fascinate is that this market is being driven locally with just 15.1% of sales being made from outside this state.

Highlights of the March Quarter results were:

- 3205 sales worth \$1,449,468,609. Sales numbers up 14.4% on 2020 and a whopping 32.1% in cumulative value.
- 84.5% of all transactions were made locally by Tasmanians. Just 15.5% by mainland (15.1%) and foreign (0.4%) buyers.
- Median house prices increased across all regions (Hobart up 8.5% to \$623,750, Launceston up 11.4% to \$420,000, and the North West centres up 28.5% to \$379,000).
- First home buyer activity remained stable at 15.7% of all sales. Whilst unit and land acquisition numbers by FHB remained on par with last year there was a 4% increase in numbers looking to acquire new or established homes.
- Investor activity was similar to last year at 17.5% of all sales. This is still well below the 21% to 23% recorded prior to 2018 and remains a concern moving forward particularly in trying to provide some respite in an already stressed rental market. Investment activity was greatest in Launceston and on the North West Coast where it represented 27% and 23% of all sales. Investment activity in Hobart was just 15% of all sales.
- Rents across all regions appear to have increased by between \$5 – \$30 per week compared with the same time last year. A shortage of rental accommodation in Launceston was clearly evident with it recording its lowest vacancy rate (at just 1.3%). Similarly, the North West Centres recorded their lowest vacancy rate level at 2.1% since 2008. Hobart's vacancy rate dropped 0.3% to 1.7%.
- With increasing property prices, and minimal rental increases, property yields continued to fall with Hobart averaging a 4.4% return, Launceston, 5.2% and The North West centres 4.8%.

The continuing decrease in rental yields particularly in Hobart is tending to have investors looking outside Tasmania for better returns.

- The March quarterly figures did not show a surge in mainland buyer activity in our market however current levels of enquiry suggest that this will change as we move deeper into 2021. Mainland buyers (485) represented just 15.1 % of total sales. 35.3% of these were investors while 314 buyers (64.7%) were moving here to live.
- Million-dollar sales (144) were up 161.8% on last year, 76.4% of these sales were made by locals
- Foreign buyers were responsible for just 14 sales over the period.
- Battery Point retained its crown as Tasmania's most expensive suburb recording 6 sales over the period at a median price of \$1,600,000. Sandy Bay was second at \$1,278,000, and West Hobart third at \$1,053,250. Tasmania's most affordable suburbs remain Queenstown at \$117,500, Rosebery \$132,000 and Zeehan at \$135,000.
- Devonport with 75 sales recorded more transactions than any other city/ town/ suburb. Others of interest were Smithton with 37, Sandy Bay 35, Ulverstone 33, Kingston 33, New Norfolk 29, and Penguin 28.
- From a municipal perspective, Launceston led the way with 355 sales worth \$145,425,759. Followed by Clarence with 273 sales worth \$147,962,798, Glenorchy 237 sales worth \$103,984,314, Hobart 225 sales worth \$193,814,384 and Central Coast with 185 sales worth \$74,725,294.

Commenting on the results REIT President Mandy Welling said that she didn't think that she would be presenting a quarterly report as strong as this given what we have experienced over the past 12 months. COVID-19 changed a lot of things for a lot of people. Today we have a local real estate market driven by Tasmanians. What we are noticing is a growing trend of increased levels of activity across all regional areas of the State. In particular, increased activity in the North West which had been struggling for so long.

We have a resurgent market and are struggling to find the stock we need to satisfy our buyer and rental needs. As there are no quick fixes to the stock and rental shortages, we will continue to see upward pressure on property prices and rents. I see no reason for change in our market in the immediate future.

We have and live in one of the safest places in the world and I believe many people value this. People who live here now don't want to leave and there are many from other parts of the world that are keen to move here.

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REIT President Mandy Welling will be available for comment on 0429707911