

# **MEDIA RELEASE 31 JANUARY 2022**

## **December Quarter**

### **Bricks and Mortar Boom**



The onset and uncertainty of COVID-19 has seen many Tasmanians access the local property market. The ability of Tasmania to minimise the COVID-19 threat and maintain strong and positive economic conditions has seen local real estate surge to record levels for the ninth consecutive year. Not only did 2021 record a cumulative sales record of \$6.2 billion, but it also recorded its highest number of transactions since 2003. The value of sales increased 41.9% on 2020 resulting in all three major population centres recording record median prices. Whilst First Home Buyer numbers remained on par with 2020 (1825 purchasers), it was pleasing to see a meaningful increase in the number of investors entering the market. As expected, mainland numbers moving to the state increased but have not met the tsunami numbers forecast. Strong buyer demand and an underwhelming shortage of property for sale and long term rental accommodation will continue to see upward pressure on prices and rents.

#### **Notable outcomes of 2021 were:**

- 12,107 residential property sales with a cumulative value of \$6,239,311,550
- State-wide median prices reach new benchmarks for housing (\$520,000 up 23.85%), Units (\$432,000 up 23.4%) and Land (\$210,000 up 31.3%).
- Greater Hobart House prices surged to \$699,500 (up 24.9%), Launceston \$491,000 (up 24.3%), and the North West Centres climbed to \$399,000 (up 22.8%).
- Properties selling for in excess of \$1 million surged 207.8% from 256 in 2020 to 788 in 2021. Locals acquired 77.3% of these properties, while mainland buyer numbers only represented 22.7% or 179 sales.
- Increasing prices saw First Home Buyer (FHB) numbers remain about the same as last year (1836) but saw a definite shift in what they were purchasing. Land sales to FHB were down 28.3% (408 to 318) over the year, whilst unit acquisitions increased 12.6% and houses 4.0%.
- Investor numbers (2329 sales) grew 33.9% but are still below levels set in 2017 and 2018.
- Mainland buyer numbers (2190) increased 54.1% over last year but still only represent 18.1% of all buyers.
- In 2021, 38% (841) of mainland purchasers were investors buying at a median price of \$412,000. The remaining 1349 mainlanders who were migrating to our shores acquired property at a median price of \$480,000.

- An acute shortage of rental accommodation across all parts of the state are seeing an upward pressure on rental prices. With vacancy rates at an historical low, rents on a 3-bed home have increased \$35 per week in Hobart, \$50 in Launceston and \$40 across the North-West Centres. Investment yields continue to drop as rents fail to keep pace with property price increases. Yields have dropped from 4.7% in Hobart, 5.4 % in Launceston and 5.6% in The North-West in 2018 to 3.7%, 4.1% and 4.4% respectively today.

### **2021 December Quarter results:**

A consistent market across 2021 saw results spread relatively evenly across all 4 quarters. The December Quarter set a record for the cumulative value of sales achieving almost \$1.8 billion in sales over the period. Greater Hobart recorded its strongest quarter for the year achieving 560 house sales at a median price of \$775,000. The December quarter achieved more million-dollar sales (298) than the whole of 2020 (256), whilst Land sales plunged to their lowest level for the year.

### **December Quarter highlights:**

- 2985 residential sales worth \$1,778,825,078
- Compared to 2020 December Quarter, there were 98 fewer sales but a 36.6% increase in the cumulative value of sales. House prices have increased 36.4%, Units 31.8% and Land a whopping 45.8%
- Over the year, Launceston house prices have increased 49.3%, Hobart 31.4% and the North West Centres 30.2%.
- State wide median house prices exceeded \$600,000 for the first time, whilst Units (\$485,000) and Land (\$255,000) attained new benchmark levels.
- As stated above, Hobart recorded its best quarter for the year while Launceston numbers slowed, but median house price increased to a new high of \$600,000 and the North-West centres achieved their best result of 288 house sales at a median price of \$440,000.
- It was the strongest quarter for million dollar sales seeing an 80% increase over the 3 previous quarters. Tasmanian buyers made 76.2% of the acquisitions in this sector of the market. Mainland buyers accounted for 23.8% of the million-dollar sales; up 220% on December quarter last year.
- First Home Buyers made 454 sales in the quarter. Median purchase prices were \$475,000 for houses, \$470,000 units and \$217,500 for land. Sales numbers are down 18.9% for the same time last year. The vast majority of this difference coming in land sales, which dipped from 98 to 58 sales.
- Land sales 537 recorded their lowest number of transactions for any quarter in 2021.
- Investors acquired 594 properties at a median price of \$473,000. Investor numbers are up 26.1% on last year. Launceston remains the investment capital of Tasmania

with 32% of all sales being for investment purposes. The North-West and Hobart have 22% and 19% respectively.

- 537 Mainland buyers acquired property at a median price of \$540,000. 58% of these sales were to mainland investors. This is well above the 38% average for the year. Mainland buyer acquisitions were up 45.1% on the same time in 2020.
- Sandy bay maintains the crown as Tasmania's most expensive suburb with a median price of \$1,645,000 followed closely by South Hobart \$1,217,500 and West Hobart 1,201,000. Rosebery is our most affordable town with a median price of \$135,000. Burnie recorded the highest number of sales for a location with 96. Devonport was next with 74 followed by Kingston with 36 sales. Clarence municipality recorded the highest number of sales (337) beating Launceston (322) and Glenorchy (250).
- Hobart, Launceston and The North-West Centres recorded their lowest rental vacancy rates of 0.9%, 0.8% and 1.3% respectively in the December quarter. Rents continue to rise as a lack of supply.

REIT President Michael Walsh said that the December Quarter results reflected the strong and robust nature of Tasmania's residential real estate market at this moment in time. A dire shortage of properties for sale and for rent combined with an unprecedented demand for residential accommodation to live in and rent, has seen prices and rents surge to new highs. The likelihood that we are not going to be able to provide the stock we need in the immediate to medium future will most probably see continued upward pressure on prices and rents. This is the ninth consecutive year of price growth and we now see Tasmania achieving prices on our property comparable to many major centres on the mainland. Price increases have seen significant windfalls to the Government in Stamp Duty and Land Tax revenues. These gains present an opportunity for the Government to use these funds to assist the young and disadvantaged to not only put a roof over their head but to achieve the Australian dream of owning their own home. Given the significant increase in property prices over the past 3 years now is an appropriate time for the Government to review the significant impost it places on those seeking to buy a home or investment property. The real estate industry is acutely aware of the pressure that many face in this current market and the diminishing affordability that it brings. Finding a balance between demand and supply is an issue we unfortunately will have to contend with for some time to come. Demand for Tasmanian real estate is strong and being driven by locals. There are no signs that a drop off in the market is in sight.

**END**

**MEDIA RELEASE EMBARGOED UNTIL MIDNIGHT 31 JANUARY 2022**

**REIT President Michael Walsh will be available AT 11.00 am - 1<sup>st</sup> of February 2022 at Roberts Real Estate, 16 Charles Street Launceston**

**Radio interviews 0417160715**