

MEDIA RELEASE

The “Bang” is disappearing from Tasmania’s property boom!

The past 5 years have seen significant change in Tasmania’s residential real estate market.



Buoyant economic conditions, a booming tourism market, growing tertiary student numbers, and our attraction as a lifestyle destination has seen unprecedented property demand and growth in property values. We have seen Tasmanian property prices surpass those of the Northern Territory, South and Western Australia, and fast approaching Queensland. Whilst the mainland capital city real estate markets are in free fall, Tasmania’s markets have proven resilient. Over recent months we have seen some normality return to the Launceston and Hobart markets while the North West and a few other select parts of the state push on.

The Real Estate Institute of Tasmania’s March 2019 Quarterly Report reveals sales numbers have decreased for the third consecutive quarter and median prices have retracted for the first time in several years. Over the past 12 months there were 247 or 8.6% fewer property transactions than 2018. At the same time, we have seen an 18% increase in the number of properties advertised for sale; suggesting that the market is “cooling”.

The report notes that properties in the south and north are now taking significantly longer to sell. Over the past year Greater Hobart’s house sale numbers (500) decreased 16% while its median price dropped 1.7% to \$483,750. Launceston sales didn’t drop as steeply going down 5.7% while its median house price rose 4.9% to \$342,500. Sales in the North West were up 10.7% with its median price increasing to \$275,000, up 8.7%.

Unit and Townhouse prices and sales numbers were up across all sectors of the market with Launceston recording a 26.2% increase in transaction numbers and a 16% increase in median price.

With established dwelling numbers still at a low base many purchasers have opted to buy land and build. This has seen land sales surge with 451 lots (at a median price of \$145,000) being acquired over the quarter.

In the March quarter for 2018 there were 2887 property transactions recorded with a cumulative value of \$1,034,171,102. By March 2019 these numbers have dropped to 2640 sales worth \$958,989,129. It is worth noting that 51.3% of state wide house sales occur below \$400,000; that 42.1 % occur between \$400,000 and \$800,000 and just 6.6% occur above this price. Hobart accounts for 73.8% of sales in the 400-800 price range and 87.9% above that range. Sales over \$1 Million recorded in the March quarter dropped slightly from 26 in 2018 to 25 in 2019. This was more pronounced in the South where the number dropped from 26 to 21.

Rising property prices, decreasing rental affordability, and decreasing investment yields have seen investors looking elsewhere for their next investment. Over the past 4 years, investors have consistently acquired around 22% of our sales but in the last quarter this shrunk to just 16%.

Markets like Perth (WA), Melbourne and Sydney where prices have dropped significantly over the past 12 months are locations that astute investors are turning to.

As investors leave our market, first home buyers have filled the void with numbers growing from 11% of all sales 12 months ago to 17% this quarter. 296 FHB sales were recorded over the quarter at a median price of \$331,500.

The changing markets (both locally and nationally) have also impacted the number of properties sold to interstate purchasers who went from 23% of home buyers last year to 16% over the March quarter. Sales to Foreign buyers continue to remain below 1%.

In the March 2018 quarter, it took just 18 days to sell a house in Hobart. In 2019 it has crept out to 28. While in Launceston it was 23 and today 28. However, in the North West in 2018 it took 43 days to sell a home but today it has reduced to 31.

Battery Point returns to the top of the list as Tasmania's most expensive suburb recording 5 sales over the quarter at a median price of \$1.5 Million. Queenstown and Roseberry remain the most affordable with median prices below \$100,000. Devonport recorded the highest number of sales for a city/suburb with 76 sales. Launceston had the most and also topped the highest value for municipal sales (371 sales worth \$125,338,559).

Strong demand for rental accommodation over the past two years has seen vacancy rates at record lows placing an upward pressure on rent. The quarterly Report identifies a softening in vacancy rates across all parts of the State but not at a sufficiently high enough level to alleviate the continued strong demand for rental accommodation across all parts of the state. Higher acquisition costs and consumer demand have pushed rents higher.

REIT President Tony Collidge said

It appears that finally the Bang has gone from the Boom. We are transitioning to a more normal market with much of the heat gone out of it. Whilst stock levels are starting to slowly increase there still remains a shortage of properties in most areas. Of particular concern is the retreat of investors from our market at a time where we need more rental accommodation. This has however provided a great opportunity for first home buyers to engage. Whilst prices may continue to move downwards, I do not expect a slide of the magnitude that either Melbourne or Sydney have experienced. Sellers may need to readjust their expectations while there is good incentive for buyers to engage. Our market still represents outstanding value when you live in the best place in the world.

END

MEDIA RELEASE EMBARGOED UNTIL MIDNIGHT 30th OF APRIL 2019

REIT President Tony Collidge will be available for comment or interview between 8.30 am and 11.00 am Wednesday the 1st of May 2019

REIT President Tony Collidge – 0409 726 680