

# MEDIA RELEASE



## REAL ESTATE INSTITUTE OF TASMANIA

### September 2017 Quarterly Report

#### **From strength to strength**

The Tasmanian real estate market continues to flag itself as Australia's premier property market in 2017. This year's sales are on target to exceed 11,000 (up 11.6% on last year) for the calendar year grossing \$3.8 billion (up 22.7%). If the market continues to perform at its current level over the final quarter of 2017, these results will be the highest number of sales in the past decade and the highest ever accumulated market value of sales.

Only twelve months ago, the Real Estate Institute of Tasmania's September 2016 Quarterly Report showed 2414 sales for the quarter worth \$756.6 million. Hobart's median sale price was \$385,000, Launceston \$265,000 and the NW Centres \$230,000. In 2017 these figures have increased to 2700 sales worth \$914.2 million. The major population centres have grown to \$436,250 (Hobart), \$300,000 (Launceston) and \$250,000 (NW Centres). Most Hobart suburbs are now at their highest median price levels ever.

REIT data suggests that several of the major real estate market analysts who were suggesting Tasmania's market was being driven by mainland investment appear to have it wrong. Tasmanians continue to control the local market accounting for 76% of transactions. Foreign investors (13 sales in the quarter) accounted for 1% of sales while mainlanders (412 sales) picked up the remaining 23%. In 2017, interstate purchasers have acquired 1813 properties at a median price of \$290,000. Of these 812 were investors and 1001 were moving to reside here. Only 23 of our (120) million dollar sales were recorded by mainland buyers.

With regard to house sales, Launceston has been "the shining light" achieving 319 sales up 21.3% on last year. The NW Centres also experienced an increase up 14.3% to record 176 sales. Shortages in the availability of properties for sale in Hobart saw its number of sales decrease 6.7% to 526. Overall house sales across the state were up 7.4%.

Unit sales are up a whopping 24.9% over last year. Hobart (238 sales) was up 34.5%, Launceston (68) 25.9%, and the NW Centres (26) down 10.3% but up 13% for the quarter. The median unit price has increased from \$250,000 in 2016 to \$277,750 in 2017.

143 blocks of land sold over the quarter bringing the year to date number to 1314 at a median sale price of \$128,000. Hobart recorded 93 sales for the quarter with more than half its blocks selling for in excess of \$200,000. Launceston recorded 21 sales (mainly between \$100,000 - \$200,000) while the NW Centres recorded 29 (again mainly between \$100,000- \$200,000).

Surprisingly during the September quarter, investors (362 sales) were only responsible for 20% of sales. First home buyers who accounted for 220 sales at a median price of \$275,000 remained steady at 13%, retirees 3%, developers 1% and second + home buyers 53%.

Over the Quarter, 31 sales exceeded \$1 million. Twenty-nine were in Hobart and two in Launceston. Sandy Bay was our most expensive suburb recording 18 sales with a median price of \$842,500. North, South and West Hobart, Sandford, Mount Stuart, Tranmere, New Town and Seven Mile Beach all followed having median prices in the \$600,000's. Devonport with 60 sales, recorded the most number of sales for a Town or suburb and was closely followed by Kingston (45 Sales), Riverside (32) and New Norfolk (31). Launceston was the highest selling Municipality (350 sales), followed by Clarence (286), Glenorchy (225) and Hobart (198). Queenstown, Roseberry and Zeehan remained our most affordable destinations with median prices below \$88,000.

The rental market continues to tighten. Vacancy rates are falling. In Hobart, vacancy rates are at historical lows (below 2%), while rents have increased by approximately 12% over the past year up from an average of \$330 for a 3-bedroom house in 2016 to \$370 in 2017. Launceston has experienced similar changes with vacancy rates now below 3% and 3-bedroom house rents increasing from \$290 to \$300. Vacancy rates on the NW Centres are now below 4% with only modest rent increases to remain stable at \$260 per week. Tasmanian rental properties continue to offer and provide some of the strongest investment returns available across the nation.

REIT President, Tony Collidge concluded:

Tasmania's real estate and rental markets continue to be driven by strong local demand. Favourable economic conditions, a robust tourism market, and consumer optimism are encouraging positive growth within the state. It is encouraging to see strong improvement in sales activity in the North and North-West markets. Of concern is our ability, particularly in Hobart to continue to meet the demands of such growth. I envisage the shortage of rental properties and properties for sale will see demand continue to push rents and prices higher. Still, it is relevant to remember that our property prices are the least of all capital cities and well below most parts of Australia. Hobart's median price over the past 17 years has risen in similar proportion to all other mainland capital cities and is still \$53,000 below Adelaide, and \$753,000 behind Sydney. Unless we can find a way to fill the gap between demand and supply, prices will continue their upward movement for some time to come.

END

### **MEDIA RELEASE EMBARGOED UNTIL MIDNIGHT 2nd OF NOVEMBER 2017**

REIT President Tony Collidge will be available for comment or interview at 11.00 am the 3<sup>rd</sup> of November 2017 at the Real Estate Institute of Tasmania, 33 Melville Street, Hobart.

Tony Collidge – 0409 726 680