

REIT MEDIA RELEASE

Bracing for impact

24-4-2020



With the first case of COVID-19 being confirmed in Tasmania on the 2 March it comes as no surprise that the figures around our State reflect a relatively stable marketplace. I can say with some certainty this will not be the case next quarter.

Over the March 2020 quarter Tasmania experienced a total of 1870 house sales. This was a 1.2% decrease State-wide on the previous quarter and 4.9% increase over the previous year.

Sandy Bay in the south achieved the highest median sale price at \$948,888. The median sale price in Sandy Bay was down 9.6% on the previous quarter. Devonport ran out winners with the highest number of sales, with 63 for the quarter.

Taking a look at house sales per Municipality: Launceston achieved 284 sales for the quarter followed by Clarence with 177. The West Coast experienced a 31% decrease over the quarter but a wonderful 107.1% increase for the year.

The rental market across the State for the March quarter was also reflective of a relatively stable environment. An inner city 3 bedroom house in Hobart has a median rent of \$550 a week which was up 1.9% for the quarter and 6.7% for the year. In Launceston a 3 bedroom home has a median rent of \$350 which was up 6.7% over the previous quarter and 10.3% over the previous year. In the North West centres, a 3 bedroom homes median rent was \$300 which remained steady on the previous quarter but a comfortable 7.1% increase over the previous year.

Vacancy rates for Hobart were low at 2.1% across all types of properties, 2.2% for Launceston and 3.1% for the North West Coast.

Across the State the two most expensive postcodes for the quarter were 7005 and 7004 and the postcodes with the highest turn over of property were 7250 and 7310. In addition to this, Sandy Bay was crowned the most expensive suburb with 29 sales, a median sale price of \$948,888 and an increase in sale price of 21.7% over the previous year.

Among the most affordable suburbs/towns in Tasmania were Queenstown and Roseberry however Smithton ranked third on the list with a decrease in median sale price of 24.5% over the previous year.

The three suburbs/towns rated as those who achieved the highest median sale price growth over the previous quarter were South Hobart (39.9%), West Ulverstone (36.8%) and Berriedale (36.1%).

West Ulverstone also rated a mention in the highest median sale price growth over the previous year with a 60.9% increase, followed by Beauty Point (60.2%) and Westbury (52.2%).

Across Hobart there had been 35 sales in excess of \$1M and 4 sales in excess of \$1M in the Launceston area.

The majority of buyers in Tasmania were second home buyers who made up 47% of consumers. This was followed by investors at 20%. The bulk of the investors were purchasing in the Launceston and North West regions.

The days on market in all areas across the State remained steady also with Hobart's average being 20 days, Launceston 14 days and the North West at 41 days. The State average was a tidy 35 days on market.

On a National level housing affordability declined in all states and territories with the exception for the Northern Territory where there was an improvement. The average loan for a Tasmanian purchaser was \$334,941 in the December quarter (Housing Affordability Report) and this would consume 29.2% of the family income to service/maintain.

The number of FHOG and FHOB for the financial year 2019-2020 (to date) is 497 which is tracking behind the previous financial year of 631.

In conclusion I think it is fair to say we have experienced a stable March 2020 quarter with very slight signs of negative activity. I have no doubt the next quarter will tell an entirely different story with longer days on market, higher vacancy rates, lower approvals, a shift in the buyer demographics with the possibility of decreasing sales prices.

An ever-evolving industry with many strong leaders and innovators. It is already becoming apparent the way we do business may never be the same again and technology has come to the forefront with a vengeance.

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REIT President Mandy Welling is available for comment/Interview 24/4/2020

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