

MEDIA RELEASE – 8 AUGUST 2022

June Quarter 2022



Market transitioning to meet interest rate increases

The Real Estate Institute of Tasmania (REIT) released its June Quarterly Report today. The report shows that the market has contracted. There were fewer sales but also fewer buyers competing in the marketplace. Interest rate increases have impacted buyer confidence and is also changing the dynamic of the market. It appears that those seeking to enter the market at the lower end have been adversely impacted by the rate rises opposed to those at the top end. Whilst the market moves through a transition phase, there are no evident signs of prices collapsing (as suggested by some commentators). Properties are continuing to sell and supply of both properties to buy and rent continues to remain our biggest challenge.

The Federal election, interest rate increases and the rises in the cost of living have seen activity in the local real estate market start to slow. The REIT June Quarterly Report shows that sales numbers for the first six months of this year are down 10.5% on the same period last year, and 6.3% on the previous quarter. Even with 10.5% fewer sales, Tasmania is on target to exceed last year's record cumulative value of sales total of \$6.2 Billion. The June quarter saw median house prices grow 2.6% to \$626,000; Unit prices remain stable at \$485,000 and land prices increase 10.6% to \$267,500. Sales at the top end of the market remain buoyant with the number of transactions over \$1 million increasing 81.7% year on year. Counter wise, First Home Buyer numbers decreased 12% (to 821) and investors were down 10% (to 1016).

Highlights of the June Quarter were:

- 2667 sales with a cumulative value of \$1,627,186,357
- Year on year Tasmanian median house price has grown 22.7% to \$626,000, unit price by 14.1% to \$485,000 and land prices rose steeply, up 43.6% to \$267,500.
- The number of house sales across Greater Hobart increased 11.8% over the quarter while the median price decreased 3.7% to \$790,000. In Launceston, sales numbers decreased 15.1% while its median price increased 1.3% to \$585,000. Across the North West Centres sales numbers decreased 3.1% while the median price jumped 3.6% to \$470,000.
- In 2020, 256 sales were recorded for residential properties with a value over \$1 million. This rose to 788 in 2021. The first 6 months of 2022 have seen 536 residential properties sell for in excess of \$1 million. 79.3% of these properties were sold locally to Tasmanians.
- First Home Buyer numbers (426) were up 7.8% over the quarter but down 0.9% on last year. 64% of first home buyers acquired houses at a median price of \$545,000. 13.5% were units and the remaining 22.5% were land.
- Investor numbers quarter on quarter dropped an alarming 20.8%. Launceston continues to remain a leading area for investor focus with 25% of its house sales being for investment purposes. The North West followed with 19% of its sales and Hobart last with just 12%. Rising

prices, diminishing yields and legislative uncertainty are probable reasons for decreasing interest in this sector. Resale of existing rental stocks account for a large proportion of the sales in this category. Any reduction of activity in this sector will only add more stress to an already overwhelmed rental sector.

- Rental property vacancy rates remain at critically low levels being 1.1% in Hobart, 0.9% in Launceston and 1.2% in the North West. Median rents have increased \$25 per week in Hobart, remained stable in Launceston and increased \$10 per week across the North West.
- Mainland buyer numbers were down 9.8% to 462 for the quarter and represented just 17.3% of total transactions. Whilst 53 acquired property in excess of \$1 million, the median purchase price for this group was \$550,000. 288 were buying property to move into, the remaining 174 were investors.
- From a Municipal perspective, Clarence lead the way with 284 sales followed by Launceston 281, Glenorchy 232, Hobart 192, Kingborough 162, and Devonport with 136.
- Battery Point continues to be our most expensive suburb recording a median sales price of \$1,620,000. It was closely followed by Sandy Bay \$1,440,000, Tolmans Hill \$1,375,000 and Tranmere \$1,300,000. From an affordability perspective, Rosebery lead the way at \$140,000, followed by Queenstown \$185,000, Acton \$325,000 and Smithton \$350,000.
- Burnie recorded the most sales for a town/suburb with 72, followed by Devonport 57, Howrah 41, and Kingston 35.

REIT President Michael Walsh said that it was becoming evident that multiple interest rate increases have started to slow activity in all markets across the state. Over the past three month there has been a notable decline in buyer confidence, and this is having an impact on the market. Agents are seeing bullish buyer activity levels subside with enquiry levels and open home attendance numbers falling. Properties are taking longer to sell, and multiple offers and off market sales are occurring less frequently. Of real concern is a retracting rental market which is already under extreme pressure. The lack of investment in this sector is of real concern. I cannot see any short-term solutions to resolve this issue.

Whilst we have noted that there is a softening across the market, there remains a solid demand from purchasers and renters for stock.

END

MEDIA RELEASE EMBARGOED UNTIL MIDNIGHT 8 AUGUST 2022

REIT President Michael Walsh will be available AT 1.00 pm 9th of AUGUST 2022 at Roberts Real Estate, 16 Charles Street Launceston

Radio interviews 0417160715