

North-West Tasmania

The Real Estate Institute of Tasmania's December Quarterly Report which was released today shows solid results for the final quarter. Higher interest rates, rising cost of living, decreasing population growth, and lower consumer confidence has seen real estate activity on Tasmania's North West and West Coasts slow throughout 2023. Sales transactions across both regions were down 300 sales or 12.8% on last year and accounted for 23.1% of all statewide sales. Whilst the cumulative value of all 2023's sales just exceeded \$994 million it ranked as the third highest year on record. Typical of a slowing market listing numbers continue to grow and in 2023 were taking almost twice as long to sell. Property prices have cooled. The current economic environment has impacted land sales across both regions (down 28.3% on the North West and 44% on the West Coast), investment acquisitions (down 32.9% in the NW and 62% in the West) and mainland buyers seeking to relocate here were down 28% on the NW and 60% in the West. House prices increased marginally in both areas over 2023. Rental market demand eased over 2023 with increasing numbers of property becoming available to rent and rents stabilising. There remains a shortage of rental accommodation in the lower tiers of the market.

The December quarter results produced a "mixed bag" of results across the two regions. Transaction numbers were close to the September quarter results, but median prices have fallen. A significant surge in investor transaction on the North West was a highlight. First home buyer numbers remain stable. Results throughout 2023 have been consistent across all four quarters. There is no pattern of any significant downturn occurring with the market appearing to have flattened at this current level.

A summary of the information pertaining to the North-West and West Coast regions from the December Quarterly Report is detailed below:

- The North West achieved 489 property transactions over the December quarter with an accumulated value of \$259 million. This was a decrease of 9 sales on the September quarter but was 22 sales more than the same time last year. The West Coast recorded 36 sales worth \$8.9 million over the same period, this was up 3 sales on September and 7 fewer than December 2022
- In the North West, there were 365 house sales at a median price of \$495,000. This was 16 more transactions than September quarter and 42 more than the same time in 2022. The median price decreased \$6,280 over the quarter and was \$5000 more than same period 2022. On the West coast there were 26 house sales at a median price of \$223,500. This was 7 sales higher than September quarter and 4 less than same quarter last year. Prices were up \$43,500 on September and down \$29,500 on same time last year.
- Unit sales and prices were down on previous quarter and same period last year. 60 unit sales were recorded at a median price of \$371,000. This is \$33,500 below the September quarter and \$29,000 below 2022. There were 7 more unit sales in 2022 and 6 more in the September quarter. There was only 1 unit sale for \$125,000 recorded on the West Coast. This was 3 less than previous year. There were no unit sales in September.
- Land sales numbers on the North West (48) were down significantly (29.4%) on September and December 2022 results while median prices (\$187,500) were down by \$29,500 on the previous year and \$12,500 on the September quarter. On the West Coast, 9 land sales occurred in the December quarter at a median price of \$35,000. There were 4 less sales than September quarter, and a price difference (lower) of \$15,000.
- Combined, the regions had 18 sales exceeding \$1 million in the December quarter. This was 3 less than the same time last year. 84.2% were acquired by locals.

North-West Tasmania

- 103 First home buyers acquired property in the quarter. This was identical to the September Quarter results and 60.9% up on the same time in 2022.
- Investor numbers increased to 91 sales over the quarter. This was up 75% on September's quarter (52 sales) and 26.4% up on December 2022. The North West median purchase price was \$397,000 while on the West Coast it was \$180,000.
- Mainland purchasers increased from 51 in Sept to 54 in Dec. This was just below the 55 achieved for the same period last year. Median purchase price was \$552,000 in the NW \$444,000.
- Sisters Beach was the North West's most expensive suburb with a median price of \$1,075,000, followed by Turners Beach on \$727,500, Port Sorell \$723,750, and Latrobe \$686,500. The region's most affordable suburbs were Hillcrest \$332,000, Acton \$336,000, and Smithton \$380,000. Our highest selling suburbs were Burnie with 68 sales, Devonport 56, Wynyard 25, and West Ulverstone on 22. On the west Coast, Strahan was the most expensive at \$380,000, followed by Queenstown on \$220,000, Zeehan on \$217,500 and Roseberry on \$200,000. The top municipalities were Devonport on 115 sales, Burnie on 102, Central Coast on 85, and Waratah/ Wynyard on 66. West coast recorded 36 sales.
- The rental market in the North West is currently operating with a vacancy rate of 2.0%. Rents are slightly higher (\$10pw) than last year, and properties are offering an investment yield of 4.5%.

North West and West Coast results Year on Year

- The North West Coast achieved 1898 sales worth \$965 million in 2023. Sales were 9.7% below 2022's total and 6.5% below 2022's cumulative total. The West Coast recorded 138 sales worth \$28.8 million. Sales numbers were down 40.8% on 2022.
- The North West recorded 1379 sales house sales over the year, 120 less than 2022. However, its median price of \$490,000 increased \$5000 over the year. The West Coast recorded 88 house sales which was well below the 142 recorded last year. As with the North West, house prices in the West Coast increased \$11,500 to \$210,000.
- Unit sales numbers in both regions (239 North West and 5 West Coast) were down by 8 on North West and 9 on West Coast. Median prices increased 3% to \$390,500 on North West and 2.7% to \$125,000 on the West Coast.
- Land sales on the North West decreased from 321 in 2022 to 230 in 2023. While on the West Coast, sales plummeted from 75 to 42. The median price for land rose 15.8% to \$220,000 on the North West, while prices remained stable at \$45,000 on the West Coast.
- Sales over \$1 million decreased from 77 to 67 on the North West. The West Coast recorded 2 sales which was the same as 2022. Local Tasmanians accounted for 84.1% of these transactions.
- The regions had 374 First home buyer transactions which was up on last year's 341 sales. 300 purchased houses, 28 Units and 46 land.
- Investor activity (150 sales) dropped away across the regions a further 37.2% in 2023. This is a far cry from the 239 sales achieved in 2022 and the 673 sales in 2021.
- 192 mainland buyers acquired property at a median price of \$524,000 to live here in 2023. This was down 88 sales or 31.4% on 2022.
- Over the year the rental vacancy rate eased as more property became available. Vacancy rates have moved from 1.2% in 2022 to 2.0% in December 2023. Rents have increased slightly (\$10 per week)

North-West Tasmania

to \$400 per week on the North West and \$300 on the West Coast. There is still a shortage of rentals at the lower affordable levels.

- In the December quarter 2021 it took just 25 days to sell a home in the North West. By 2022, this had blown out to 35, and in December 2023 it was taking 47 days. Over the same period the West Coast has blown out from 40 days to 116 days.

After performing strongly for the past 18 months, the North West real estate market has been Tasmania's last region to slow. Interest rate increases, rising living costs and declining consumer sentiment have combined to cool activity in the local real estate sector and now appears to be establishing a new threshold. With confidence waning, the possibility of interest rate cuts later in 2024 can only strengthen activity and confidence levels. Under the circumstances the results for the December quarter were in line with industry expectations.

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For interviews relating to North-West Tasmania results, please contact REIT North-West Branch President, Alan Halliwell on 0408 250 111.