

Northern Tasmania

Higher interest rates, rising cost of living, decreasing population growth, and lower consumer confidence has seen real estate activity in Northern Tasmania slow throughout 2023. Sales transactions across the region were down 288 sales or 11.5% on last year and accounted for 25.2% of all statewide sales. Whilst the cumulative value of all 2023's sales just exceeded \$1.2 billion 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 and begun to move downward. In particular, the current economic environment has impacted land sales (down 27.6%), investment acquisitions (down 37.1%) and mainland buyers seeking to relocate here were down 30.9%. There has only been a 1.8% decrease in median house prices in Northern Tasmania in 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 saw an improvement in activity levels over the previous September quarter. The Northern market hasn't lost as much ground as the South and has held up well given the circumstances. A significant increase in First home Buyer activity (up 39.2%) was a highlight, providing a strong finish for the year.

A summary of the information pertaining to Northern Tasmania from the December Quarterly Report is detailed below:

- Northern Tasmania achieved 536 property transactions over the December quarter with an accumulated value of \$309 million. This is an increase of 19 sales over the September Quarter and was 21 sales less than the same time last year.
- There were 402 house sales at a median price of \$562,000. This was 42 more transactions than September quarter and 3 more than the same time in 2022. The median price rose \$20,000 over the quarter and was \$3000 less than same period 2022.
- Unit sales and prices were down on previous quarter. 74 unit sales were recorded at a median price of \$442,500. This is \$10,500 below September quarter but \$27,500 more than 2022. There were 6 more unit sales in 2022 and 12 more in the September quarter.
- Land sales numbers (53) were down on September and December 2022 results while median prices (\$230,000) were down by \$29,000 on the previous year and \$30,000 on the September quarter.
- 37 sales exceeded \$1 million in the December quarter. This was the highest number recorded for the 4 quarters of 2023 and 2 above the same time last year. 89.2% were acquired by locals.
- 120 First home buyers acquired property in the quarter. This was up 26 sales on last year, and by far the best result for the year. 92 acquired houses, 19 units and 9 land.
- Investor numbers decreased to 64 sales over the quarter. This was down 10 on Sept but up 6 on the same time last year. Median purchase price was \$482,500.
- Mainland purchasers increased from 40 in September to 51 in December. This was below the 58 achieved for the same period last year. Median purchase price was \$645,000
- Launceston was Northern Tasmania's most expensive suburb with a median price of \$1,017,500, closely followed by Blackstone Heights on \$1,005,000 and Grindelwald \$936,700. The region's most affordable suburbs were Ravenswood \$325,000, Mayfield \$330,000, George Town \$370,000 and Beaconsfield \$387,500.

Northern Tasmania

- Our highest selling suburbs were West Launceston 21, Newnham 20, Riverside 19, Georgetown 15, and South Launceston 16. On a municipal basis, Launceston achieved 251 sales followed by West Tamar on 92, Meander Valley on 71 and Northern midlands on 61.
- The rental market in Northern Tasmania is currently operating with a vacancy rate of 1.8%. Rents are currently at the same level as last year and properties are offering the State's highest investment yield of 4.8%. Historically, the Northern region was the investment capital of Tasmania. It was not uncommon for between 20-30% of all the regions sales to be to investors. In December 2023 this had dropped away to just 10.4%.

Northern Tasmania Year on Year

- Northern Tasmania achieved 2213 sales worth \$1.24 billion in 2023. Sales were 11.5% below 2022's total and 10.4% below 2022's cumulative total.
- The region recorded 191 fewer sales house sales over the year (1622) but saw its median price move back just 1.8% to \$550,000.
- Unit sales (334) were down by 15 sales or 4.3% over the year but saw an increase of 6.7% in median price to \$445,000.
- Land sales decreased from 322 in 2022 to 233 in 2023. The median land price also rose 8.0% to \$270,000.
- Sales over \$1 million decreased 5.5% from 128 in 2022 to 121 in 2023. Local Tasmanians accounted for 83.5% of these transactions.
- The region had 374 First Home Buyer transactions, which was the same as last year.
- Investor activity (279 sales) dropped away a further 37.2% in 2023. This is a far cry from the 444 sales achieved in 2022 and the 691 sales in 2021.
- 197 mainland buyers acquired property at a median price of \$555,000 to live here in 2023. This was down 88 sales or 30.9% on 2022.
- Over the year the rental vacancy rate eased as more property became available. Vacancy rates have moved from 1.0% in 2022 to 1.8% in December 2023. There has been little movement in rents remaining stable at \$450 per week. There is still a shortage of rentals at the lower affordable levels.
- In the December quarter 2021, it took just 21 days to sell a home. By 2022 this had blown out to 31, and in December 2023 it was taking 40 days.

The Northern Tasmania real estate market accounts for a little over 25% of all transactions made in the State and 23% of its cumulative value. Whilst interest rate increases, rising living costs and declining consumer sentiment have combined to slow activity in the real estate sector it appears to have now reset benchmark levels to a steadier norm. Having weathered the storm, Northern Tasmanian's real estate activity in the December quarter could suggest that there is a level of optimism which is gaining momentum. The possibility of interest rate cuts later in 2024 can only strengthen that confidence. Under the circumstances the results for the December quarter were pleasing and in line with industry expectations.

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For interviews relating to Northern Tasmania results, please contact REIT Northern Branch President, Jeremy Wilkinson on 0400 895 022.