

## Tasmania

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Higher interest rates, rising cost of living, decreasing population growth, and lower consumer confidence has seen real estate activity slow throughout 2023. Sales transactions across the State were down 1053 sales or 10.7% on last year and a whopping 27.4% on 2021. Whilst the cumulative value of all 2023's sales reached \$5.38 Billion; it ranked as the third highest year on record. Typical of a slowing market, listing numbers continue to grow and take longer to sell whilst property prices have stagnated and begun to move downward. REIT data shows there has only been a 1.8% decrease in median house prices across the State in 2023. The current economic environment has impacted land sales (down 32.1%), investment purchases (down 34.3%), mainland acquisitions (down 25.4%) and top end sales (over \$1million) down 15.5%.

On the flipside, a slowing market generally sees an improvement in the rental market. Rental availability grows as some sellers opt to rent their property out instead of selling them. Increasing rental numbers push rents lower and rental vacancy rates rise. Whilst this will help alleviate the strong demand for rental accommodation, there remains few availabilities at the highly sought after lower end of the rental market.

The Real Estate Institute of Tasmania's December Quarterly Report which was released today shows solid results for the final quarter which were the second strongest for the year and on par with December 2022. The quarter saw house prices rebound, the strongest First Home Buyer figures for the year and improving investor and mainland buyer participation. There was improvement in the rental market with supply increases and rental price stability. There is still a shortage of bottom end accommodation.

### Highlights of the December 2023 quarter

- 2183 transactions worth \$1.347 billion. This was consistent with December 2022 which recorded 2193 transactions and September 2023 which recorded 2127.
- There were 1563 house sales, which was up 4.1% on last year and 5.9% on the previous quarter. The median house price (\$615,000) was up \$10,000 on September and down \$9,000 on last year.
- Unit sales (313) were the lowest for the year, 38 sales below September and 61 below the same time last year. Median price (\$458,500) was well down on last quarter (\$492,500) and last year (\$505,375).
- 276 land sales were recorded at a median price of \$255,000. Sales numbers were 6 more than September, and 24 less than last year. Price wise, the median was \$5,000 less than last quarter and \$500 less than last year.
- Greater Hobart recorded 456 house sales at a median price of \$740,000. This was 4 more sales than September quarter and 5 more than last year. The median price had increased by \$17,500 over the quarter and \$50,000 less than last year.
- Launceston (223) also achieved more house sales than last quarter (197) and the same period last year (205). Launceston's median price (\$545,000) was up \$15,000 on the previous quarter and down \$35,000 on the same time last year.
- The North West followed suit with 210 sales, 15 more than the September quarter and 27 more than the same time last year. Its median (\$470,000) was below both September (\$480,000) and December last year (\$477,000).
- December quarter 2023 recorded 195 sales more than \$1 million. This was 7 more than previous quarter and 34 less than same time last year.
- The quarter recorded its highest First Home Buyer participation (427 sales) for the year, exceeding September results by 19.6% and December last year by 13.9%.

## Tasmania

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- Like First Home Buyer's, investors (295 acquisitions) surged to their highest level for the year. Transactions were up 17.1% on September and 25% on previous year. The median purchase price was \$430,000.
- Mainland buyers (204) also recorded their highest number of transactions for the year up 10.9% on last quarter and 2.0% more than last year. Their median purchase price was \$620,000 with 24 acquiring properties more than \$1 million.
- In the December quarter, Acton Park was Tasmania's most expensive suburb with a median price of \$1,261,000, closely followed by Sandy Bay \$1,255,000 and Mount Stuart \$1,215,000. Our most affordable was Queenstown at \$220,000, Ravenswood \$325,000 and Mayfield \$330,000.
- Burnie (68) maintained its record as the suburb/town with the highest number of sales. It was followed by Devonport (56), Howrah (33) and Kingston (31). Of the municipalities, Launceston (251) recorded the highest number of transactions followed by Clarence (238), Hobart (166) and Glenorchy (155).
- In December 2021 it took just 13 days to sell a home Hobart. In December 2023 this had almost trebled to 38 days. At the same time in Launceston, it took 17 days in 2021 pushing out to 37 in 2023. On the North West Coast it was 22 days in 2021 growing out to 41 in 2023.
- Hobart's median 3 bed house rent was \$530 per week, Launceston \$470 per week, and North West Centres \$400 per week. Whilst vacancy rates have almost halved across every region from December 2022 levels, there was little movement over the quarter. Investment yields have improved slightly (between 4.2% in Hobart, 4.8% in Launceston and 4.5% on the North West), although they are still lagging other areas on the mainland.

### Set out below is a summary of year on year results:

- 2023 recorded 8795 real estate transactions. This was down 10.7% on 2022. The cumulative value of these sales was \$5,381 billion, which was down 9.6% on last year.
- 6208 house sales were recorded across the state at a median price of \$605,000. Sales volume was down 6.8% on last year, as was the median price with a small 1.8% differential.
- Unit sales (1378) were recorded in 2023 compared to 1480 in 2022 (down 7.0%) and there was just a -0.3% differential in median prices at \$488,525.
- Land sale transactions were down 32.1% from 1620 in 2022 to 1100 in 2023. However, median land prices rose 4.9% to \$262,500.
- House sale numbers in Greater Hobart were up 2.1% on 2022, while median prices dropped 8.1% to \$726,000. Even with an 8.1% drop, the median price remains well above that recorded two years ago (\$699,500). Launceston house sales dropped 6.1% to 893 sales while its median also decreased 5.0% to \$550,000. The North West Centres suffered a 6.2% decrease in the number of sales but bucked the trend by recording a 0.9% increase in median price to \$470,000.
- The number of sales exceeding \$1 million (797) was down 15.5% on last year. Locals were responsible for 85.1% of these acquisitions.
- First Home Buyers recorded 1560 purchases which was up 1.2% on last year. 1141 purchased a house, 262 a unit and 157 purchased land.
- Investor acquisitions (1023) dropped 34.3% on last year and 56.1% on 2021. Historically investor activity represented around 20% of total sales. Today this has almost halved to 11.6%. Tasmania's

## Tasmania

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wavering ability to attract investors is a real concern if we are to address the current rental demand issues.

- Mainland buyer numbers (768) continue to drop away, down 25.4% on last year and 43.1% on 2021.
- Foreign buyers (38) acquired just 0.4% of the total sales.

Commenting on the market results for 2023 REIT President Mike Walsh said that whilst the December quarterly results are consistent with the rest of 2023, the increase in First Home Buyer's, investors and mainland buyer activity is encouraging. It suggests that our market conditions have stabilised and is providing opportunities for those who want to participate. Every market is cyclical, and we have endured a year where some normality has returned. It is pleasing to see the supply of rental accommodation growing. This will help alleviate some of the stress within this market and help stabilise rents. Unfortunately, it may not provide the quantity of housing we require to reduce the level of stress at the lower end. I feel confident that things are looking up for 2024 and the prospect of interest rate decreases later in the year will only give more confidence to those seeking to participate.

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**REIT State President** Michael Walsh will be available for interviews at 11:30 am, 9<sup>th</sup> February at Roberts Real Estate, 16 Charles Street, Launceston

Radio interviews – 0417 160 715