

REIT June 2023 Quarterly Report – North West Tasmania

Coastal markets move on from slow start - 08/08/23



The Real Estate Institute of Tasmania's June Quarterly report shows that real estate activity in the West and North-West Coastal Districts have rebounded from the lows of the March quarter. These two regions are responsible for 22.1% of the States real estate transactions. They recorded a 17.8% increase over their March results.

Cost of living and interest rate increases have dampened market activity resulting in local sales numbers remaining below those of previous years (-16.0% on 2022 and 29.5% below 2021). A flow on from rising interest rates is that buyers currently can't access the level of funding they could several years ago, and they are being forced to enter the market at lower levels than they previously would have. In some instances, it has forced some buyers out of the market. This is largely responsible for the current reductions we are seeing in buyer numbers and for the decrease in Median prices. A further and real concern is the retraction of investors from our markets.

With sales numbers down, we are starting to see a rise in the number of properties for sale. Properties are taking longer to sell. Most real estate offices are recording strong listing growth. With stock levels increasing we are seeing the market transition from a seller's market to a buyer's market

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

- There were 489 transactions in the North-West worth \$254 million and 41 on the West Coast worth \$8.7Million. NW transaction numbers were 15.9% up on March quarter and 12.4% down on June 2022. West coast numbers increased an amazing 46.4% for the quarter but were down 43.8% on last year.
- 361 house sales were recorded on the North-West at a median price of \$484,000. 25 sales were recorded on the West Coast at a median price of \$226,000. These numbers were down 10.2% and 25.0% respectively on the June 2022 quarter.
- On the North-West, 54 unit sales were recorded at a median price of \$388,750 and 2 on the West Coast at \$551,500.
- Land sales in the North-West increased 17.0% over the quarter 64.9% below the results achieved last year. Land prices continue to rise achieving a new median of \$246,000. Thirteen blocks of land sold on the West Coast at a median price of \$50,000. This was just a third of the number sold at the same time last year.
- Over the June quarter houses on the NW averaged 49 days to sell and 46 on the West Coast. This is double what it took to sell at the same time last year (23 and 18 days respectively).
- The NW achieved its highest ever number of million-dollar sales in the June Quarter. Local buyers snapped up 19 of the 22 sales achieved at this level. There was also a million-dollar sale on the West Coast, and it too was acquired by a local.
- First home buyer numbers (79) in the NW were down seven sales on last year. There were 5 sales to FHB on the West Coast. This was down from 12 last year. Across both regions, 69 acquired houses, 6 units and 9 land.

REIT June 2023 Quarterly Report – North West Tasmania

Coastal markets move on from slow start - 08/08/23

- North-West Investor numbers increased by 10 to 68 over the quarter but remain well below the levels of 2022 (100) and 2021 (149). Traditionally investor sales equated to between 20 – 25% of all sales and in the North-West have often exceeded 30%. In March 2023 it represented just 13.9%. The median acquisition price of a rental property was \$392,500. On the West Coast investor numbers dropped from 13 last year to 6 this year. Median purchase price was \$306,000.
- Mainland migration to the region has slowed significantly with the North-West recording 61 sales to this group of buyers. Whilst there was a modest increase of 9 buyers over the quarter it is still well down on the 100 sales achieved last year and the 149 achieved in 2021. Five properties were acquired by mainland buyers on the West Coast well down on the 15 and 17 sales for the June quarters of the previous two years.
- Port Sorell established itself as the most expensive suburbs in the North-West region with a median price of \$725,000. Spreyton followed on \$720,000. Other prominent areas were Penguin (\$680,000), Shearwater (\$635,000), Latrobe (\$605,000) and Park Grove with \$600,000.
- The affordability race was won by, Rosebery (\$195,000), Queenstown (\$218,000), Zeehan (\$220,000) and Railton with \$316,500.
- The highest turnover suburbs are, Burnie (76), Devonport (58), Somerset (21), Ulverstone (21), Wynyard (17) and Smithton (16).
- Devonport had the most Municipal sales with 96 followed by Burnie (83), Central Coast (60) and Waratah/Wynyard (43).
- In relation to the rental market, vacancy rates have eased from 1.4% in March 2022 to 1.9% currently. Rental demand has seen no movement in rents over the past quarter with an annual rental increase of \$25 per week over the year to \$400 per week.

Typical of Tasmania there is a complete contrast between North and South and North-West. Real estate in the South has endured a major correction with prices and transaction numbers decreasing while the North has remained steady with prices continuing to move upwards but investor and interstate buyers dropping right away. The North-West and West Coasts appear to be trading a middle ground with less dramatic levels of change. Like all the other regions around the state investor and mainland buyer participation has dramatically fallen away. On the upside, the region recorded its highest number of million-dollar sales with purchasers seeing real value in property in this part of the state.

The rapid growth that we experienced through, and post COVID-19, placed unavoidable and unsustainable pressure on both prices, and rents. We are now experiencing a correction where we will arrive at a new norm. It is highly likely that this norm will see a pause on rental and sales price increases.

END

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