

REIT June 2023 Quarterly Report – Northern Tasmania

Northern market moves on from slow start - 08/08/23



The Real Estate Institute of Tasmania's June Quarterly report shows that real estate activity in Northern Tasmania has rebounded from the record lows of the March quarter. The Northern market was responsible for 25.1% of the States real estate transactions and it recorded a 7.5% increase over the March results.

Cost of living and interest rate increases have dampened market activity resulting in local sales numbers remaining below those of previous years (-5.4% on 2022 and 17.8% below 2021). A flow on from rising interest rates is that buyers cannot 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 Northern Tasmania from the June Quarterly Report is detailed below:

- There were 601 transactions in Northern Tasmania worth \$346 million. Transaction numbers were up 7.5% on March yet down 5.4% on same time last year.
- 447 house sales were recorded at a median price of \$560,500. The median price is 2.1% above s the previous quarter and is 0.5% above June 2022.
- 84 unit sales were recorded at a median price of \$432,500. Unit sales (-6.7%) and median price (-2.3%) were down for the quarter.
- Land sales increased 20.8% over the quarter to 64 sales. They were however 26.4% down on the number achieved in the same period last year (87). The median prices rose over the year by \$27,500 to \$277,500.
- Over the June quarter houses averaged 51 days to sell. This is double what it took to sell at the same time last year (21 days) and above the 22 days it took in 2021.
- Sales over \$1 Million in the June Quarter increased 75% from 20 in 2022 to 35 this year. Locals acquired 29 or 82.9% of these properties.
- First home buyer numbers (93) were up 5.76% on March's results and slightly down on last year. 76 acquired houses, 13 units and 4 land.
- Investor numbers (60) plummeted 25.9% over the quarter. They remain a whopping 56.2% down on 2022 and 64.1% down on 2021. Traditionally investor sales equated to between 20 - 25% of all sales and in the North have often exceeded 30%. In June 2023 it represented just 9.9%. The median acquisition price of a rental property was \$465,500.
- Rental Vacancy rates have eased from 1.0% in March 2022 to 1.4% currently. Vacancy rates haven't been at this level since 2020. As a consequence, we are seeing an unprecedented number of properties available for rent. The rental levels in which they fall however take them out of reach of those struggling to find accommodation at the lower end of the market.

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- Rents appear to have stabilised in 2023 with minimal if any growth being recorded. Property managers are reporting that there are reductions in some rents occurring to get new tenants on board. The median rent payable on a 3 bedroom home in North of the state is \$450 per week, up \$20 per week from the same time last year.
- Purchases by mainland buyers (68) has decreased 13.9% over the quarter. These numbers are well down (-50.7%) on the 138 sales that were recorded at the same time in 2022.
- East Launceston continues to be a consistent top end performer recording 7 sales at a median price of \$895,000. It was followed by Newstead (\$749,000), Low Head (\$747,000), and Launceston (\$735,000). George Town \$358,000 and Ravenswood \$349,000 were the most affordable.
- The highest turnover suburbs are Riverside with 24 sales, Newham (22), Youngtown (19), and Longford on 18.
- Launceston had the most Municipal sales with 276 followed by West Tamar 92, Meander Valley 89, and Northern Midlands 78.

Typical of Tasmania there is a complete contrast between North and South. Real estate in the South has endured a major correction with prices and transaction numbers decreasing while the North and North-West appear less affected. Whilst sales numbers have dropped off, they have not been impacted to the degree that they have in the south. Prices in the North have remained relatively stable with strong sales continuing at the top end of the market (Million Dollar sales). What has been concerning is the steep drop from investors and mainland buyers. Launceston has for the past decade been the residential investment capital of Tasmania with such sales exceeding 30% of all local purchases. A 9.9% result for the June quarter places even more pressure on the local rental sector.

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 both markets will arrive at a new norm. It is highly likely that this norm will see a pause on rental and sales price increases.

Whilst we remain concerned at the continued withdrawal of investor and investment activity from our markets, we remain positive about the future and believe that our markets transformation will find a new norm that will meet market expectations.

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For interviews relating to Northern Tasmania results, please contact REIT Northern Branch President, Ananda Cairns on 0488 448 071