

REIT June 2023 Quarterly Report – Southern Tasmania

Southern market recovers from slow start - 08/08/23



The Real Estate Institute of Tasmania's June quarterly report shows that real estate activity in Southern Tasmania has rebounded from the record lows of the March quarter. The Southern market was responsible for 49.9% of the States real estate transactions and it recorded a 21% increase over the March results.

Cost of living and interest rate increases have dampened market activity resulting in local sales numbers remaining well below those of previous years (-7.5% on 2022 and 9.9% 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 Southern Tasmania from the June Quarterly Report is detailed below:

- There were 1195 transactions in Southern Tasmania worth \$842 million. Transaction numbers were up 21% on March yet down 7.5% on same time last year.
- 821 house sales were recorded at a median price of \$700,000. Whilst the median price is the same as the previous quarter it is down 6.6% on June 2022.
- 233 unit sales were recorded at a median price of \$525,000. Ten fewer units sold than last year, but median price remained the same. Unit sales were up 28.7% for the quarter.
- Land sales increased 21.1% over the quarter to 132 sales. They were however 41.8% down on the number achieved in the same period last year (227). The median prices decreased over the year by \$10,000 to \$285,000.
- Over the June quarter houses averaged 42 days to sell. This is almost double what it took to sell at the same time last year (22 days) and well above the 17 days it took in 2021.
- Sales over \$1 Million in the June Quarter decreased 13.5% from 200 in 2022 to 173 this year. Local Tasmanians acquired 147 or 85.0% of these properties.
- First home buyer numbers (237) were up 31.6% on March's results and slightly down on last year. 161 acquired houses, 50 units and 26 land.
- Whilst Investor numbers (111) grew 37% over the quarter they remain a whopping 39% down on 2022 and 45.6% down on 2021. Traditionally investor sales equated to between 20 - 25% of all sales. In June 2023 it represented just 9.3%. The median acquisition price of a rental property was \$521,000.
- Rental Vacancy rates have eased from 1.2% in March 2022 to 1.8% currently. This is the highest vacancy rate Hobart has experienced in 7 years. Whilst the region has an unprecedented number of properties available for rent, the rental levels in which they fall 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 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 Greater Hobart is \$525 per week, down \$5 per week from the same time last year.
- Purchases by mainland buyers (133) grew 34% over the quarter. These numbers are well down on the 185 sales that were recorded in 2022.
- Tasmania's top ten most expensive housing locations are all in the south of the state. Sandford (\$1,371,500), Sandy Bay (\$1,325,000) and Kingston Beach (1,175,000) led the way while Clarendon Vale (\$410,000), Bridgewater (\$450,000) and New Norfolk (\$457,000) are the more affordable.
- The highest turnover suburbs are Kingston (33), Sandy Bay (32), New Norfolk (29), Blackmans Bay (29) and Glen Huon (28).
- Clarence had the most Municipal sales with 270 followed by Hobart (207), Glenorchy (184), Kingborough (151), and Huon Valley with 121.

In 2023 we have seen Southern Tasmania's real estate market reset. Adjustments have had to be made to accommodate rising interest rates and increases in the cost of living. The rapid growth that we have 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 settle at a new norm. It is highly likely that this norm will see a pause on rental and sales price increases.

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For interviews relating to Southern Tasmania results, please contact REIT Southern Branch President, John McGregor on 0419 892 104