

## Tasmania

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The Real Estate Institute of Tasmania's June Quarterly Report revealed that Tasmania's real estate market has rebounded over the quarter to record its highest number of transactions for the past two years. Stymied economic conditions; even the prospect of further interest rate increases, and a continued rising cost of living failed to deter 2644 purchases from acquiring property across the State during the June 2024 quarter.

Whilst the Mainland Australia post Covid-19 real estate markets have seen property prices and activity surge by almost 8.5% over the past 12 months, Tasmanian prices conversely contracted 2.4%. June's Statewide median house price of \$600,000 is just \$26,000 or 4.2% lower than our highest ever median price of \$626,000 recorded in the June 2022 quarter. With the recent mainland surge in prices, Tasmania now finds itself in the enviable position of once again offering some of the best value for money property across the nation. This has resulted with a resurgence in mainland buyers, the return of investors to our market, and a continuation of strong First Home Buyer participation.

The June quarters strong buyer participation rate suggests that buyer confidence is returning to our local market. It may also spell an end to an ongoing downward movement in property values across the state.

### Highlights of the June 2024 Results were:

- There were 2644 property sales at a cumulative value of \$1.62 billion for the quarter. Transaction numbers were 367 or 16.1% up on March Quarter and up 10.4% on the same time last year. Cumulative value was up 19.4% on June quarter 2023.
- House (1837), Unit (440), and Land (345) sales were all up on both the previous quarter and the same time last year levels. House sales numbers were up 12.9% on March Quarter, while Units were up 37.5% and land sales up 15.8%.
- Greater Hobart recorded 538 house sales over the quarter which was up 16.4% on March and 4.3% on last year. Hobart's median house price increased from \$713,751 in March to \$735,000 in June. This was \$3000 more than the same time last year.
- Similarly, Launceston (271) recorded its highest number of house sales since March quarter 2022. However, its median house price fell 3.1% from last quarters record of \$578,000 to \$560,000.
- The North West Centres saw house median prices rise to a record high of \$498,000 over the quarter. This was an increase of \$28,000 over the quarter and \$38,500 on June last year. It recorded 225 house sales which was up 10.3% on the previous March quarter and 5.1% on the same time last year.
- The number of sales in excess of \$1 million increased from 207 to 221 over the quarter but was down 18 transactions on June 2023. Local buyers were responsible for 80.5% of these transactions.
- First home Buyer numbers (479) continue to rise recording their highest number of acquisitions since March 2021. 233 purchased in Southern Tas, 121 in the North, 112 in the North West, 9 on the East Coast and 4 on the West Coast. 314 acquired Houses, 106 units, and 59 land. Their median purchase prices were \$515,000 for houses, \$479,000 for units and \$245,000 for land.
- Investor numbers have seen a small resurgence over the quarter, buying property at a median price of \$460,500. 123 investors acquired property in Southern Tas, 110 in the North, 84 on the North West, 15 on the East Coast and 10 on the West Coast.

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- Mainland buyer activity grew 23.3% to 439 participants. Of these, 296 acquired property to relocate here (median \$550,000) while the remaining 143 were investors (included in the figures above). 43 of these buyers paid more than \$1 Million for a property.
- Weakening demand across the rental sector saw rents decrease across all regions. Rents in the South were down \$25 per week to a median of \$525. Launceston moved down \$5 per week to \$475 and the North west down \$15 per week to \$400. As rental availability continues to grow vacancy rates have climbed to 2.5% in the South, 2.3% in the North and 2.2% in the North West.
- Tasmania, most expensive suburbs were Hobart (city) \$1,500,000, Battery Point \$1,412,500, Sandy Bay 1,292,500, Binalong Bay \$1,225,000, and Coles Bay \$1,087,000. The more affordable were Queenstown \$175,000, Rosebery \$180,000, Fingal \$273,000, Strahan \$290,000 and Scottsdale \$345,000.
- In terms of turnover, Burnie recorded the highest number of transactions with 65 transactions. Devonport was a close second with 62 sales, Howrah third with 42. Followed by Kingston 39, Ulverstone 32, and New Norfolk with 26. Launceston continues to dominate the municipal sales with 340, followed by Clarence 275, Hobart 212, Glenorchy 170 and Kingborough 167.

REIT President Michael Walsh said it was pleasing to see an improvement in confidence and sentiment across the real estate market in Tasmania. It was pleasing to see growth in our First Home Buyers numbers and the re-emergence of investors to our market. Surging mainland markets have provided opportunities for mainland buyers to see Tasmania as an appealing affordable alternative. An easing in rents and increased availability of properties for lease will help ease the pressure on our rental sector. Unfortunately, things will remain tight at the lower more affordable end of that market.

The June quarter results give me confidence that the market has bottomed out and the correction that we have endured over the past 3 years may be at an end and that we can look forward to an upswing in line with those of the mainland states.

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**REIT Past State President** and REIT Research Analyst, Tony Collidge will be available for interviews on 0409 726 680