

Northern Tasmania

As we entered 2024, most Australians were hoping that the woes of 2023 were behind us, and the New Year would be more favourable. The pressure of high interest rates, housing and rental affordability, and the high cost of living would start to ease as the year went on. Media commentary dared to suggest that we had weathered the storm and there was a glimmer of light at the end of the tunnel. This light kindled a growing confidence that saw real estate activity rebound over the March quarter to record stronger results than the previous December quarter and the results for the same time last year.

Northern Tasmania accounted for 24.3% of the States residential real estate activities and 24.0% of its value. It established a new record median price for house and unit sales in the region and strong first home buyer activity, investor participation, and mainland buyer migration.

Within its own market, 7.6% of its transactions exceed \$1 million, 21.9% are first home buyers, 12.5% investors and 18.1% mainland buyers.

A summary of the information pertaining to Northern Tasmania from the March Quarterly Report is detailed below:

- Northern Tasmania achieved 554 property transactions over the March quarter with an accumulated value of \$331 million. This is an increase of 18 sales over the December quarter and 5 less than the same time last year.
- There were 414 house sales setting a record residential median house price record of \$570,000 for the region. There were 12 more transactions than December quarter and 1 more than the same time in 2023. The median price increased (\$8,000) over the quarter and \$21,000 over the year.
- Unit sales (69) were well down on last year (90) and slightly on the previous quarter (74). On the flip side the region achieved a new record median sale price of \$475,000 over the quarter. This was up \$32,500 on December and March 2023.
- Land sales numbers (59) were 6 up on the same time last year and on December quarter. The median land sale price was \$260,000 which was up \$30,000 on the previous quarter and down \$15,300 on the same time last year. Land sales numbers have near halved since 2022. The increased cost of construction, availability of builders and the availability of land have all impacted this sector.
- 43 sales exceeded \$1 million in the March quarter. This was 6 more than the previous quarter and 23 more than the same time last year. Locals acquired 65.2% of these properties. This was well below the 80% average of the past 3 years. Mainland buyers migrating to the region acquired 15 properties over \$1 million. There was 1 foreign buyer in this range as well.
- 117 First home buyers acquired property in the quarter. This was just 3 down on the previous quarter and 29 more than the same time last year. 89 acquired houses, 19 units and 9 land.
- Investor numbers increased from 64 in December to 69 in the March quarter. This was down 12 sales on the same time last year. Median purchase price was \$465,000.

- Mainland purchasers surged from 58 in December to 75 this quarter. Median purchase price was \$542,500. 15 mainland buyers paid more than \$1 million for a home. This was the highest number to ever acquire property above this range in any preceding quarter.
- Bridport was Northern Tasmania's most expensive suburb/ Town with a median price of \$862,500, closely followed by Launceston \$842,000 and Greens Beach \$780,000. Our most affordable Northern suburbs were Mayfield \$295,000, Beaconsfield \$350,000 and Georgetown \$365,000.
- Our highest selling suburbs were Newstead with 23 sales, South Launceston 20, Youngtown 19, and Prospect vale and Newnham on 17. Of the municipalities, Launceston had 266 sales, Meander Valley 90, West Tamar 72 and Northern midlands 62.
- The rental market in Northern Tasmania has the State's lowest vacancy rate of 2.1%. This is up from 1.8% the previous quarter and is the highest it has been since 2020. Rents rose approximately \$10 per week over the quarter to \$480 per week for a 3 bedroom house. Based on current rents and property prices properties are offering investors a return of 5.09%.

REIT President Michael Walsh said that he was pleased to see some confidence returning to the market. The downturn in 2023 had enabled many young first home buyers to take advantage of the market conditions and buy their first home. All sectors of the southern residential real estate market saw transaction numbers grow over the quarter offering positive signs of an uptake in activity. Traditionally real estate markets slow in election times, but this had not proven to be the case on this occasion. Whilst there was a small increase in rents over the quarter, we have seen an increase in the number of properties available for rent. Demand continues to be strong at the lower affordable end of the market but hopefully this should ease as more public housing becomes available. The latest news that any interest rate relief could be deferred until much later in the year or even until 2025, may dampen outcomes in the immediate future. We have been through a time of correction and all aspects point to an imminent recovery emerging.

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For interviews relating to Northern Tasmania results, please contact REIT Northern Branch President, Jeremy Wilkinson on 0400 895 022.