

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.

Southern Tasmania accounted for 47.5% of the States residential real estate sales and 52.9% of its value. It's market accounts for 74.9% of million-dollar sales, 61.6% of First Home Buyer purchases, 55.9% of investor acquisitions and 59.5% of mainland buyer transactions.

Within its own market, 12.5% of its transactions exceed \$1 million, 20.4% are first home buyers, 11.7% investors and 13.3% mainland buyers.

### **The following is a summary of the March quarter results:**

- Southern Tasmania achieved 1081 property transactions over the March Quarter with an accumulated value of \$730 million. This is an increase of 48 sales over the December quarter and 93 over the same time last year.
- There were 756 house sales at a median price of \$680,000. This was 35 more transactions than December quarter and 61 more than the same time in 2023. The median price decreased (\$20,000) over the quarter and the decrease can mainly be attributed to a larger volume of property selling in the lower price ranges and not necessarily falling prices. This is 2.9% lower than the same time last year.
- Unit sales (186) were up on last year (181) and the previous quarter (171). Median Prices however were identical to last quarter (\$510,000) but down on last year (\$570,000).
- Land sales numbers (133) were 24 up on the same time last year and two down on the last quarter. The median land sale price was \$255,000 which was down \$15,000 on the previous quarter and \$55,000 on the same time last year. Land sales numbers have halved since 2022. The increased cost of construction, availability of builders and the availability of land have all impacted this sector.
- 131 sales exceeded \$1 million in the March quarter. This was one less than the previous quarter and 6 less than the same time last year. 87.8% were acquired by locals.
- 220 First home buyers acquired property in the quarter. This was 23 more than the previous quarter and 40 more than the same time last year. 143 acquired houses, 56 units and 21 land.
- Investor numbers increased from 119 in December to 127 in the March quarter. This was up 53 on the same time last year. Median purchase price was \$495,000.
- Mainland purchasers surged from 99 in March 2023 to 144 this year. Median purchase price was \$600,000.

## Southern Tasmania

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- Battery Point was Tasmania’s most expensive suburb with a median price of \$1,400,000, closely followed by Sandy Bay \$1,200,000 and Tranmere \$1,190,000. Our most affordable Southern suburbs were Clarendon Vale \$385,000, Herdsmans Cove \$391,000 and Gagebrook \$400,000.
- Our highest selling suburbs were Kingston with 34 sales, Howrah 33, Claremont 29, and Glenorchy with 23. Of the municipalities, Clarence had 236 sales, Glenorchy 170, Hobart 156, and Kingborough 154.
- The rental market in Southern Tasmania is currently operating with a vacancy rate of 2.4%. This is up from 2.1% the previous quarter and is the highest it has been since 2016. Rents rose approximately \$20 pw over the quarter. Based on current rents and property prices properties are offering investors a return of 4.4%.

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 Southern Tasmania results, please contact REIT Southern Branch President, John McGregor on 0419 892 104