

## Tasmania

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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 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. Results highlighted strong first home buyer activity and the return of mainland buyers to our market. Whilst rents rose slightly over the quarter, vacancy rates continued to rise to their highest level in some time. Increased activity from buyers in the mid to lower price ranges attributed to a downward movement in median property price across the state.

### Highlights of the March 2024 Results were:

- 2277 sales were recorded with an accumulated value of \$1.38 Billion. Sales numbers surpassed those recorded over the same period last year (2090) and the 2183 recorded in the previous (December) quarter.
- Statewide house sales (1627) were up 9.9% on March 2023 and 4.1% on December 2023. The statewide median house price was \$600,000, \$1,000 more than the same time last year and \$15,000 below the previous quarter.
- Unit transaction numbers and prices were down compared to March 2023 but up on the previous quarter. There were 320 unit sales over the March 2024 quarter at a median price of \$480,000.
- Land sales (298) numbers were up, but prices (\$247,750) were down.
- Greater Hobart achieved its second highest quarterly sales results (462) over the past two years. Whilst sales numbers were strong, the median price dropped 0.8% over the year to \$713,751.
- Launceston had a very strong house sales quarter recording higher transaction and median price numbers than both March last year and the previous quarter. Its median price (\$578,000) was up 5.3% on last year.
- The Northwest Centres recorded 7 fewer sales than the previous quarter but was up 31 sales on the same time last year. It recorded 203 sales over the March quarter at a median price of \$470,000 (which was up \$10,000 on last year).
- 207 properties sold for more than \$1 million. This was up 12 transactions on the previous quarter and 32 on the same time last year. 80.7% or 167 sales were acquired by local Tasmanians.
- A highlight of the report was a surge in first home buyer activity (460 purchases) recording their highest number of quarterly transactions since Dec 2021. First home buyers acquired 322 houses, 87 units and 51 blocks of land.
- Investor activity (297 purchases) remained stable. It was 2 sales above the previous quarter and 70 sales above the same time last year, but still 90.9% below March 2022. Median purchase price was \$442,500.
- Decreasing property prices in some areas and rising rents saw investment yields improve to their highest level in many years. Hobart and Launceston achieved a 0.2% increase in investment return to 4.4%, and 5.0% respectively. The Northwest centres rose 0.4% to 4.9%.

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- A continued shortage of lower end rental accommodation, rising interest rates and surging mainland rents appear to have impacted our rental market placing an upward pressure on rents, which moved upwards across all regions over the quarter. Rents for a 3 bedroom house in Hobart increased \$20 per week, Launceston \$10 per week and The North West \$15 per week.
- Rental vacancy rates have risen to their highest levels in several years climbing 14.3% in Hobart to 2.4%, 16.7% in Launceston to 2.1% and 5.0% in the Northwest to 2.1%.
- Mainland buyer activity rose 20.7% to 356 transactions for the quarter. This was their highest activity level in 18 months. Median purchase price was \$539,000.
- The average time to sell a home across the state has now reached 51 days, up 9 from both December and March 2023.
- In the March quarter 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 was Queenstown at \$122,000, Zeehan \$262,000 and Shorewell Park \$285,000.
- Burnie (70) maintained its record as the suburb/town with the highest number of sales. It was followed by Devonport (52), Kingston (34) and Howrah (33). Of the municipalities, Launceston (266) recorded the highest number of transactions followed by Clarence (236), Glenorchy (170) Hobart (156).

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. Mainland buyer activity has again ramped up. While it was clear sales activity in the North and Northwest were more robust, Hobart had also shown 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. People forget that for more than a decade now, mum and dad investors have provided rental accommodation at this level when the government was unable to. The latest news that any interest rate relief could be deferred until much later in the year or even until 2025, may dampen the prospects of many of those considering an entry to the market. As the Federal Government continues to ramp up immigration, mainland capitals are recording strong property price and rental growth. In time this could impact us and our market. We have been through a time of correction and all bases point to an imminent recovery being not far away.

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**REIT State President** Michael Walsh will be available for interviews at 1:00 pm, 13<sup>th</sup> May at Roberts Real Estate, 16 Charles Street, Launceston

Radio interviews – 0417 160 715