

Northern Tasmania

The Real Estate Institute of Tasmania's September Quarterly Report has confirmed that Northern Tasmania's residential real estate market has continued to slow. Rising interest rates, and a higher cost of living, combined with Middle East unrest, local economic and political uncertainty has seen buyer confidence wane to levels not seen in more than a decade. The Northern Tasmania real estate market was the most volatile over the September quarter. It not only recorded significantly lower sales numbers it had the largest median price decline of all regions across the State. 517 sales in Northern Tasmania represented 24.3% of total state-wide transactions, there was a significant decrease (-14.0%) in results from last quarter and a 5.7% decrease on the number of transactions at the same time last year. The region's median house price fell \$18,000 over the September Quarter and \$12,500 on September last year. On the other hand, it recorded a higher number of unit sales and a \$20,500 increase in their median price. Rents appear to have peaked with the market softening as more properties become available. Vacancy rates have near doubled over the past 12 months.

Agents are reporting a decrease in purchaser enquiry and inspection levels. Rising interest rates have seen the purchasing capacity of many buyers reduced significantly, putting the properties they desire out of their reach. While some have been forced out of the market, others have decided to wait. With the buying activity decreasing, it is now at a level where the number of properties for sale have been able to recover to a level that is 30.7% above what was available 12 months ago. Today we are seeing property selling times increase significantly. In the current market, there is less competition and more choice for buyers than there has been for many years.

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

- There were 517 transactions in Northern Tasmania worth \$281 million. Transaction numbers were down 14.0% on June and down 5.7% on same time last year.
- 360 house sales were recorded at a median price of \$542,500. The median price decreased \$18,000 over the quarter and was down \$12,500 on the same time last year. Sales transaction numbers were down 19.5% over the quarter and 10.4% on the same time last year.
- 86 unit sales were recorded at a median price of \$453,000. Sales numbers increased by 2 over the quarter but decreased by 4 over the same time last year. The median price increased \$20,500 over the quarter and \$51,500 over the year.
- Land sales remained stable at 63 sales (1 less than the previous quarter) and 11 more than the same time last year. September's median land sale price was \$260,000 which was 6.3% below June and 2.1% below the same period last year.
- Over the September quarter houses averaged 41 days to sell. Last quarter it averaged 49 days while in September last year it was 26 days. In September 2021 it took just 18 days.
- There were 29 Sales over \$1 million recorded in Northern Tasmania in the September quarter. This was 6 less than recorded in the previous quarter but 7 more than recorded in September last year. Northern Tasmania is responsible for 15.4% of all sales over \$1 million.
- First home buyer numbers (73) were down 21.5% on June's results but was just 1 sale short of what was achieved at the same time last year. 54 acquired houses, 10 units and 9 land.
- Investor numbers (74) were 14 transactions higher than last quarter but 21 sales less than the same time last year. They are still significantly (-48.0%) down on September 2021. Traditionally investor sales in this

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region equated to between 25 - 35% of all sales. In September 2023 it represented just 14.3%. The median acquisition price of a rental property was \$300,000.

- Rental vacancy rates have eased from 1.4% in June 2023 to 1.8% currently. This is a dramatic improvement over the same time last year when the vacancy rate sat at 1.0%. An easing in the vacancy rate has seen the number of rental properties available for rent increase significantly. This surplus availability of rentals has placed downward pressure on rents, and we are now starting to see rents beginning to reduce in many sectors of the rental market. Property managers are reporting that they are receiving fewer rental inquiries as properties become available and that it is taking a lot longer (up to 4 weeks) to lease a vacant property. The median rent payable on a 3 bedroom home in Northern Tasmania is \$445 per week, down \$5 per week from last quarter.
- Purchases by mainland buyers (58) decreased by 10 sales over the quarter and -37.0% (or 34 sales) on last year. In September 2021, 171 mainland buyers acquired property in the North of the State. Northern Tasmania accounted for 23% of the total mainland buyer acquisitions.
- East Launceston (\$1,000,000), Grindelwald (\$867,500) and Blackstone Heights (\$810,000) were Northern Tasmania's most expensive suburbs with Waverley (\$293,000), Mayfield (\$317,500) and Ravenswood (\$330,000) the most affordable.
- The highest turnover suburbs are Riverside (18), George Town (16), and Hadspen, Legana, Newstead, and Youngtown all with 15 sales.
- Launceston had the most Municipal sales with 241 followed by West Tamar 87, Meander Valley 85, and Northern Midlands with 44.

Real estate markets are dictated to by the political and economic environments that encase them. The Northern Tasmanian real estate market is no different. Rising interest rates and the increasing cost of living have impacted our market just as it did in every other state. After a decade of strong gains our market is cooling, seeing property prices and rents ease on the back of waning consumer confidence. Property prices and rents will continue to adjust to meet market conditions. Our local market has stood up well and has not fallen away to the levels that some commentators had predicted. Unprecedented growth in the number of properties for sale and rental properties available for lease will provide purchasers and tenants with an opportunity to participate in a market with more choice and less competition.

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