

## Southern Tasmania

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The Real Estate Institute of Tasmania's September Quarterly Report has confirmed that Southern 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 wain to levels not seen in more than a decade. 1016 sales in Southern Tasmania represented 47.8% of total state-wide transactions, there was a significant decrease in results from last quarter. On the flip side, its results were like the March quarter, and stronger than at the same time last year. Median price changes haven't been as significant. Rents are softening as more properties become available and vacancy rates have 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 25.7% 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 Southern Tasmania from the September Quarterly Report is detailed below:**

- There were 1016 transactions in Southern Tasmania worth \$711 million. Transaction numbers were down 13.5% on June, yet up 1.5% on same time last year.
- 710 house sales were recorded at a median price of \$695,000. The median price decreased \$5,000 over the quarter and was down \$25,000 on the same time last year.
- 196 unit sales were recorded at a median price of \$546,000. Whilst there was a decrease of 37 sales from last quarter, the median price increased \$21,000 over that time. 17 more sales were recorded than the same period 12 months ago, but the median price then was \$550,000.
- Land sales plummeted 19.7% to just 106 sales. This was well under the 132 recorded in June and 152 in the same quarter last year. September's median land sale price was \$277,500 which was well below last year (\$326,750) and June (\$285,000)
- Over the September quarter, houses averaged 34 days to sell. In June it averaged 38 days while in September last year it was 26 days. In September 2021 it took just 13 days.
- There were 142 sales over \$1 Million recorded in Southern Tasmania in the September Quarter. This was well below the 173 recorded in June but above the 132 recorded in September last year. Southern Tasmania is responsible for 75.5% of all sales over \$1 million.
- First home buyer numbers (176) were down 17.9% on June's results, but was 10 sales over the same time last year. 119 acquired houses, 41 units and 21 land.
- Investor numbers (113) where just 2 more than last quarter and 5 more than at the same time last year. They are still significantly (-46.9%) down on September 2021. Traditionally investor sales equated to between 20 - 25% of all sales. In September 2023, it represented just 11.1%. The median acquisition price of a rental property was \$520,000.

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- Rental vacancy rates have eased from 1.8% in June 2023 to 2.1% 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. An increase in rental supply 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 enquiries 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 Greater Hobart is \$520 per week, down \$5 per week from last Quarter and \$30 per week from the same time last year.
- Purchases by mainland buyers (116) decreased by 12.8% over the quarter. These numbers were up by 8 sales for the same time last year, but down 32.1% on 2021 results. Southern Tasmania accounted for 46% of the total mainland buyer acquisitions.
- Tasmania's top ten most expensive housing locations are all in the south of the state. Seven Mile Beach (\$1,596,000), Sandy Bay (\$1,300,000) and Tranmere (1,297,000) led the way while Herdsmans Cove (\$400,000), Clarendon Vale (\$410,000), and Risdon Vale (\$450,000) are the more affordable.
- The highest turnover suburbs are Kingston (35), Claremont (25), Sandy Bay (22), and Glenorchy, Blackmans Bay, and Lenah Valley all with 21 sales.
- Clarence had the most Municipal sales with 226 followed by Glenorchy 172, Hobart 166, Kingborough 143, and Huon Valley with 92.

Real Estate markets are dictated to by the political and economic environments that encase them. The Southern 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 Southern Tasmania results, please contact REIT Southern Branch President, John McGregor on 0419 892 104