

## Tasmania

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The Real Estate Institute of Tasmania's September Quarterly Report has confirmed that Tasmania's residential real estate market has continued to slow. The report identifies that real estate activity across the state has cooled to a level which has been maintained throughout 2023. Transaction numbers and median prices across the March, June and September quarters have been relatively stable and are like those recorded across the latter half of last year. The market is still on target to record 8800 transactions exceeding \$5.4 billion over the calendar year. Low levels of Investor activity remain a concern while mainland buyer participation continues to linger.

Agents are reporting a decrease in purchaser enquiry 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 28.2% 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.

From a rental perspective the September quarter has seen some respite in the rental crisis. Vacancy rates in all regions of the State continue to ease. The supply of rental stock has grown significantly, and rents have started to push lower.

### **A summary of the REIT September 2023 Quarterly Report is as follows:**

- There were 2127 sales recorded over the quarter with a cumulative value of \$1.28 billion. This was slightly down on September last year (2142 sales worth \$1.29 billion) and the June quarter (2395 sales worth \$1.49 billion)
- Across the state there were 1476 house sales at a median price of \$605,000. The median price was down \$5,000 on the same time last year and \$10,000 on the previous quarter.
- 351 unit sales were recorded at a median price of \$492,500. The median price was down \$2,500 on last year and \$950 on the previous quarter.
- 270 land sales were recorded at a median price of \$260,000. This is \$29,000 below the September 2022 median and \$3,750 below the previous quarter. Sales numbers were down more than 10% on last year and the previous quarter.
- House sales in Greater Hobart (452) were higher than last year (404) but less than last quarter (516). Hobart's median house price was \$722,500. This was down 4.8% or \$36,275 on last year and 1.3% or \$950 on the previous quarter.
- The number of house sales in Launceston (197) have dropped away significantly in the September quarter. They were down 16.8% on the same time last year (230) and 23.6% on the previous quarter (258). Likewise, the median price of house sales in the area (\$530,000) fell from \$564,000 in June and \$560,500 in September 2022.
- Whilst house sales numbers in the North-West dropped (by 15 over the same time last year and 18 over the quarter), it was the only region to see an increase in median price. Recording \$480,000 in September 2023, this was up \$21,000 over the previous quarter and \$6,000 over last year.
- 188 properties sold for more than \$1 million. This was down 51 on June's results and 10 more than that at the same time last year. Local Tasmanians accounted for 84.6% of these sales.

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- First home buyer numbers (357) were up 12 sales on last year yet down 62 on June quarter. 235 first home buyers acquired houses, 62 units and 40 land.
- Investors acquired 252 properties over the quarter at a median price of \$450,000. Investor numbers were down 7.7% on the previous quarter and 17.6% on the same time last year.
- In a similar fashion, mainland buyer numbers shrunk to 252 for the quarter. This was down 8.3% on June and 17.4% on last year. The median purchase price paid by this group was \$557,500. Collectively, they accounted for just 15.4% or 29 of the 188-million-dollar sales recorded.
- Over the past 12 months rental vacancy rates have eased significantly going from 1.0% in September 2022 to 2.1% in September 2023. The rate has also increased 0.3% over the past quarter. Over the same period, median rents have decreased in Hobart from \$550 per week to \$520 per week. In Launceston the rent remained stable at \$450 per week, while rents across the North-West increased \$15 per week over the past year. Letting times have increased across most regions.
- Over the September quarter, Seven Mile Beach recorded Tasmania's highest suburban median house price at \$1,595,000 followed by Sandy Bay (\$1,300,000) and Tranmere on \$1,297,000. Rosebery was the most affordable at \$173,000, followed by Waverley (\$293,000) and Mayfield \$317,500.
- Burnie (with 71 Sales) recorded the highest number of sales for a single location followed by Devonport (47) and Kingston (35). Of the municipalities, Launceston recorded 228 sales with Clarence a close second on 226.
- In 2021 the average time to sell a house was 13 days for Hobart, 18 days for Launceston and 20 days for the North-West Coast. Today these numbers have increased to 34, 41 and 42 respectively.

REIT President Michael Walsh said that while the local market has held up well, it has slowed and reset at a level where we are seeing an easing in property prices and rents. Slowing buyer participation is allowing the number of properties for sale to grow to levels not seen for many years. We have seen our market transacting at a near constant level for well over 12 months now. While our state-wide median house price has decreased \$10,000 over the past year, I don't think we will experience the decreases that some commentators were predicting. Interest rate rises and increases in the cost of living have dampened consumer confidence and quashed the momentum that our and many of the mainland markets enjoyed over recent years. History shows that every market goes through various cycles. We have just enjoyed a decade of incredible growth. This growth couldn't go on forever. Today we see it taking a breather. I know that this breather will make way for another surge when confidence returns to the marketplace. For those looking to buy in this current market, it presents a great opportunity with more choice and less competition.

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**REIT State President** Michael Walsh will be available for interviews at 1:00 pm, 8<sup>th</sup> November at Roberts Real Estate, 16 Charles Street, Launceston

Radio interviews – 0417 160 715