

Despite a federal election, local political turmoil, economic volatility, and the failure of the Reserve Bank to introduce interest rate relief, Tasmanians felt confident enough to give its thumbs up to the local real estate market over the recent June quarter and post its strongest results for the past 3 years. The region recorded its highest ever cumulative value of sales at \$324,139,806 for the quarter and saw a 29.8% growth in investment acquisitions, and 18.3% increase in mainland buyer activity. Rental availability slowed as more rentals came onto the market.

Whilst surging mainland prices has seen the margin widen between them and local prices, the affordability of Tasmanian real estate has become more appealing. Tasmania has lower rents than most mainland centres while median house prices are well below those on offer in mainland states. Our regional markets are regaining appeal from mainlanders seeking a more affordable option.

### **The REIT June Quarterly Report identifies the highlights for North West Tasmania as:**

- North West Tasmania achieved 604 property transactions over the June quarter which was its strongest result in 3 years. Its sales represented 23.4% of total sales made throughout the State. The cumulative value of these transactions was a regional record of \$324 million.
- There were 450 house sales at a median price of \$540,000. This was 22 or 5.1% more transactions than the previous quarter and 20 more than the same time last year. The median price was \$500 more than last quarter and \$9,000 above the same time last year.
- There were 71 Unit sales at a median price of \$430,000. Transaction numbers were slightly below March quarter (77) and 2 more than the same time last year (69). June's median price was \$15,000 above last quarter and \$30,000 over last year.
- Land sales numbers (75) were 17 more than last quarter and three (3) less than the same time last year. The median land sale price was \$220,000 which was down \$21,500 on the previous quarter and up \$2500 on the same time last year.
- The number of sales recorded in the region above \$1 Million, with 23 recorded in this quarter, 22 in the prior quarter and 24 over the same period last year. Local buyers acquired 73.9% of these properties.
- First Home Buyer activity dropped away 12.3% with 106 purchases over the quarter. Numbers were down 13 over the quarter and 6 on the same time last year. 78 acquired houses at a median price of \$484,500, 15 units at \$410,000 and 13 land at \$200,000.
- Investor activity (135 transactions) rose significantly across the region. Numbers were 29.8% or 31 acquisitions higher than the previous quarter and 51 more than the same time last year. The Median acquisition price increased from \$429,000 in the March quarter to \$450,000 and was \$50,000 more than the same time last year. Mainland investor numbers (82) represented 60.7% of total investment activity in the region and their median purchase price was \$450,500 An alarming observation has been the number of existing investors placing their properties for sale. A reduction in rental stock levels is something we cannot afford given the current rental shortages.

- Mainland purchaser activity increased 15.4% to 142 purchases over the quarter. Numbers were also up 32 transactions on the same time last year. Median purchase price was \$467,250. Just six (4) of these purchasers acquired property in excess of \$1 million. Eighty-two (82) acquired investment properties. As local real estate prices lag further behind mainland prices the prospect of a move to Tasmania becomes a real option.
- Shearwater was North West Tasmania's most expensive suburb recording a median price of \$749,500. It was followed by Turners Beach \$747,500, Sisters Beach \$730,000, and Port Sorell \$692,500. Shorewell Park was its most affordable location with a median price of \$385,000. Acton \$402,500 was next followed by Hillcrest \$420,000 and Montello \$440,000. Burnie with 94 transactions recorded the highest number of sales for a location. It was followed by Devonport on 67, Latrobe (27) and Ulverstone with 26. Of the municipalities Devonport recorded 141 sales followed by Burnie (125), Central Coast (99) and Latrobe on 85.
- Contrary to the other two major regions (Southern and Northern Tas) the rental market softened in the North West with the vacancy rate easing from 2.0% to 2.4%. Rents for a 3 bed home increase \$20pw to \$450pw over the quarter. Rents are up \$50pw over the year. Based on current rents and property prices investment yields of 4.9% are being achieved.

Commenting on the June Quarterly Report, REIT President Russell Yaxley said that as anticipated momentum has continued to build as confidence returns to our market. Sales numbers continue to grow; the pool of property for sale shrink, and prices begin to climb. An easing on the regions vacancy rate may see an easing in rental increases. Buyers and renters have been fortunate to not have seen prices and rents surge like many of the mainland centres. On a mainland scale our property prices and rents remains at the bottom end of the table.

Whilst it is encouraging to see strong growth in investor activity this is counterbalanced by the increasing number of current investors selling their holdings. Higher costs, bias governance combined with proposed rental legislation changes have seen many landlords on the move. This is something we don't want and can't afford in this current market. It will however provide opportunities for First Home Buyers.

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