

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 12 months. Northern Tasmania recorded its best results for the year mainly the result of stronger house sales (up 9.5% on the March quarter), 56.5% growth in investment activity, and 40.0% increase in mainland buyer activity. Rental availability continues to decline whilst rents remain stable.

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 Northern Tasmania as:**

- Northern Tasmania achieved 607 property transactions over the June quarter which was its strongest result this year. Its sales represented 23.5% of total sales made throughout the State. The cumulative value of these transactions was \$335 million.
- There were 450 house sales at a median price of \$550,000. This was 39 or 9.5% more transactions than the previous quarter but 39 sales less than the same time last year. The median price was \$10,000 less than last quarter and \$5,000 less than the same time last year.
- There were 86 Unit sales at a median price of \$470,250. Transaction numbers were well below March quarter (105) and the same time last year (114) while the median price was above both (+\$15,250 over March and +\$35,750 last year).
- Land sales numbers (65) were 10 less than the same time last year but 3 more than the last quarter. The median land sale price was \$245,000 which was down \$15,000 on the previous quarter and up \$10,000 on the same time last year.
- The number of sales recorded in the region above \$1 Million, (27) was down 63% 16.9% over the previous quarter (44) and 16 sales down on the same time last year. Local buyers acquired 85.2% of these properties.
- First Home Buyer activity remained stable with 120 purchases over the quarter. 86 acquired houses at a median price of \$535,500, 22 units at \$464,750 and 12 land at \$220,000.
- Investor activity (133 transactions) surged significantly across Northern Tasmania. Numbers were 56.55% or 48 acquisitions higher than the previous quarter and 23 more than the same time last year. The Median acquisition price increased from \$455,000 in the March Quarter to \$480,000 and was \$25,000 more than the same time last year. Mainland investor numbers (77) represented 57.9% of total investment activity in the region and their median purchase price was \$490,000 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 soared 40.0% to 154 purchases over the quarter. Numbers were also up 22 transactions on the same time last year. Median purchase price was \$522,500. Just four (4) of these

purchasers acquired property in excess of \$1 million. Seventy-seven (77) acquired investment properties. As local real estate prices lag further behind mainland prices the prospect of relocating to Tasmania becomes a real option.

- East Launceston was Northern Tasmania's most expensive suburb recording a median price of \$870,000. It was followed by Westbury \$820,000, West Launceston \$764,500, and Launceston \$757,500. Mayfield was its most affordable location with a median price of \$343,000. Ravenswood \$390,000 was next followed by Mowbray \$468,500 and Scottsdale \$479,500. Riverside and Kings Meadows both with 25 transactions recorded the highest number of sales for a location. It was followed by George Town on 23 and Legana and Invermay on 17. Of the municipalities Launceston recorded 276 sales followed by West Tamar (113), Meander Valley (85) and Northern Midlands (60).
- The rental market tightened significantly in Northern Tasmania with the vacancy rate reducing from 2.3% to 2.0%. Increased demand for rentals saw rents for a 3 bed home increase \$40 per week to \$490 per week over the quarter. Rents are up \$25 per week 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. A shrinking rental pool and increasing demand will unfortunately see continued pressure on rents. 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 number of current investors selling their investment. Higher costs, bias governance combined with proposed rental legislation changes have seen many landlords on the move. Rental sales are outpacing rental supply. This is something we don't want and can't afford in this current market. It will however provide opportunities for First Home Buyers at the expense of renters.

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