

Tasmania

With a federal election looming, an increasing case for interest rate decreases and continued pressure on living costs, Tasmania's real estate market activity remained in a "holding Pattern" over the March 2025 quarter. The Real Estate Institute of Tasmania's March quarterly report shows minimal increases in transactions and residential property prices. Transactions across the State increased 2.3% from December 2024, while house prices rose 1.6%, unit prices up 2.4% and land up 0.9%. Numbers were well above those achieved in the March quarter 2024.

Election promises for increased support for first home buyers by both the Labor and Liberal parties and the strengthening potential of interest rate decreases saw first home buyer numbers decrease 11.5%. Whilst most of our measured sectors recorded minimal (less than 5%) fluctuations over the previous quarter, one did show a significant variation. Mainland investors appear optimistic about the growing affordability of Tasmanian real estate prices (while mainland prices were surging) and took advantage of the situation with investment acquisitions surging 30.6% over the quarter. Even with this strong performance, local investors were less optimistic with overall investor activity below the previous quarter.

Highlights of the REIT March 2025 quarterly report were:

- 2399 sales were recorded over the quarter at a cumulative value of \$1.48 billion. This was 55 sales more than the previous December quarter, and 122 more than the same time last year.
- The 2399 sales consisted of 1713 house sales (at a median price of \$620,000), 401 unit sales (median \$505,000) and 248 land sales (median \$267,000). Over the quarter, prices increased \$10,000 for houses, \$15,000 for units and \$2,000 for land. Whilst transaction numbers were stronger over the quarter for houses (61 sales) and units (31 sales), forty (40) less land transactions occurred over the period.
- 469 houses sold across Greater Hobart at a median price of \$735,000 over the quarter, while 229 sold in Launceston (median \$575,000), and 197 across the North West Centres (at a median of \$490,000). Only Launceston exceeded last quarters transaction results (up by 4 sales) with Greater Hobart (down 41 sales) and the North West Centres (down 14 sales). Transaction numbers were very similar to the March 2024 quarter, but prices varied over the year with Greater Hobart up \$20,000, Launceston down \$3,000 and the North West Centres up \$20,000.
- Sales on property exceeding \$1 million dropped from 216 in December 2024 Quarter to 211 in the March 2025 quarter. March's results were up 4 transactions on the March 2024 results. Local buyers were responsible for 79.6% of these sales.
- A highlight of the quarter was the drop (13%) in first home buyer numbers. 447 first home buyer's acquired property over the quarter, with 323 buying a house, 81 a unit, and 43 land. These numbers were down from 505 in the previous quarter and 460 at the same time last year.
- During the quarter, 303 investors acquired property across the State at a median price of \$455,000 - six more transactions than the same period last year, but 15 fewer than in the previous quarter. Despite the increase, this remains well below the March 2022 benchmark of 567 investor acquisitions. Of particular note was a sharp rise in interest from mainland investors. With Tasmanian residential price growth trailing that of other states, the relative affordability of local housing - combined with strong rental demand - has made the market increasingly attractive. Mainland buyers accounted for 46.5% of all investor purchases during the quarter, significantly above the two-year average participation rate of 31.8%. Their median purchase price was \$454,000.

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- 387 mainland buyers acquired property in the State in the March quarter. Of these, 246 bought properties to move here to live in. Whilst 43 of these paid more than \$1 million for a home, the median price paid by mainland immigrants was \$600,000
- The demand for rental accommodation continued to increase over the quarter. Vacancy rates remain stable across Hobart remaining at 1.9%. Launceston softened slightly from 2.1% to 2.3% while the North West market continues to tighten moving from 2.0% to 1.8%. Statewide, the market remained steady at 2.0%. The median rent for a 3-bedroom home in Hobart increased by \$10 over the 12 months to reach \$560 per week. Launceston rents decreased \$30 to \$450 per week, while the North West centres added \$15 to \$430 per week.
- Richmond became Tasmania's most expensive suburb recording a median price of \$1,660,000. It was followed by Sandy Bay on \$1,240,000, Kingston Beach on \$1,225,000, and East Launceston on \$981,000. Queenstown retained the title of Tasmania's most affordable location with a median price of \$165,000. Rosebery was next on \$200,000, followed by Acton on \$365,000 and Shorewell Park on \$365,000. Kingston with 41 transactions recorded the highest number of sales for a location. It was followed by Devonport with 40 sales, Glenorchy 29 and Sandy Bay on 29. Of the municipalities, Launceston recorded 274 sales, followed by Clarence with 214, Hobart 177 and Glenorchy 164.

REIT President Russell Yaxley said that the March quarterly results met expectations given that an election and interest rate decreases were on the horizon. Tasmania doesn't experience the volatile ebbs and flow activity that the larger parts of the country incur. It's more a slow and steady approach down here. Our market has clearly recovered from its slowdown (in late 2023/early 2024) and signs look positive for a rebound into 2025. Increasing demand with diminishing stock levels over 2025 will see increased pressure placed on property for sale and rentals over this coming year.

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