

## Real Estate Ends 2016 on a High

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The Real Estate Institute of Tasmania December Quarterly Report confirmed that Tasmanian real estate ended 2016 on a high with 9793 residential sales at a record accumulated gross value exceeding \$3.1 Billion dollars. The number of sales was the highest recorded in the past 7 years while the accumulated value exceeded the previous high set in 2009. Tasmanian real estate continues to reap the benefits of buoyant local economic conditions, a positive political environment, strong consumer sentiment, growing business confidence, and low interest rates. Our affordable housing and relaxed lifestyle is contributing to make Tasmania an appealing alternative to the larger crowded mainland cities.

### **December Quarter**

2016 results show that a strong December Quarter result enabled the year to finish off strong. Hobart with 592 house sales for the quarter accounted for 33.6% of all house sales and 54.2% of unit sales. Its median price increased 9.7% for the year to \$430,000. Launceston recorded a slight fall in sales to 243 at a median of \$280,000, while the Northwest centres recorded their highest number of sales for the year (161) at a median price of \$259,000.

Inner Hobart (Hobart Municipality) remains the catalyst for market growth recording its highest number of transactions (214) for 2016 with house median prices for the area reaching \$600,000 (houses) and \$370,000 (units). This was a 14.3% and 12.1% increase over the year. Whilst Battery Point recorded our highest Median price of \$916,000 for the quarter, South, West and Central Hobart together with Sandy Bay, Battery Point, Glebe and Mount Nelson all recorded median prices in excess of \$600,000.

Of the municipalities, Clarence recorded the highest number of house sales of 224 (median \$423,000), closely followed by Launceston with 221 sales (median \$272,000), Hobart 152 sales (median \$600,000), Glenorchy 144 Sales (median \$311,000) and Kingborough 121 sales (median \$455,000). Analysis of house price distribution across the 3 major regions clearly show a price disparity with Hobart recording just 9% of its sales below \$250,000 compared to Launceston 34% and North West 48%. Between \$250,000 and \$499,999 Hobart recorded 55% of its sales, Launceston 54% and the North West 48%. Above \$500,000 Hobart made 36% of its sales while Launceston recorded 12% and the North West 4%.

Whilst Hobart recorded an increase in investor activity over the quarter (up 3%) the overall number of investor sales decreased 1% to represent 16% of sales. First Home Buyers (FHB) remained stable (at 13% of all house sales), North West (4%) and Launceston (6%) recorded increases in the level of FHB activity.

Interstate buyers increased significantly in the quarter from 288 in September quarter to 332 in December acquiring property at a median price of \$324,800. Again, Launceston and the North West

saw increased activity levels. Whilst Interstate buyers represent 19% of all house sale transactions the state only recorded 8 overseas buyer transactions in the period.

## **2016 – The Year**

In 2016 we recorded 9793 residential sales worth \$3.106 billion dollars. There were 6880 house, 1303 unit, and 1465 land sales. Hobart recorded 2295 sales, Launceston 1045, and the North West 608. 100 property sales were recorded over \$1million dollars. 1644 interstate buyers acquired property in Tasmania in 2016. 630 were investors who purchased at a median price of \$240,000. 1014 purchased with the intention to reside here. 23 purchased property in excess of \$1,000,000 while their median purchase price was \$317,000

First home Buyers acquired 1225 properties with 876 purchasing established homes, 134 units and the remaining 215 purchased land.

Investors purchased 1870 properties at a median price of \$235,000. Two thirds of our investors are locals. Our rental returns are attracting a lot of attention being some of the best and most consistent attained across the nation (with 4-6% yield). A shortage of long to medium term rental accommodation is potentially being impacted with some investors transitioning their rental properties to air B & B.

The numbers of properties for sale in many areas are down more than 30% on previous years. This is placing unprecedented pressure on the market and more particularly on prices.

REIT President Tony Collidge said;

”The past two years have seen a significant increase in confidence and sales (up 15%) across all areas and regions in our market. We continue to rebound with strong demand for both residential and rental property. Significant decreases in the availability of homes for sale and homes for rent will continue to place upward pressure on house prices and rents. I have no reason to see a change in our market conditions. Whilst there remains a shortage of properties for sale and to rent, prices will continue to increase as demand dictates. Much of the State still provides some of the best and most affordable housing in the country. Interstate purchasers are now seriously looking at Tasmania as a place where they would like to invest and to live.

Unlike Melbourne and Sydney our market is still controlled by locals who are making more that 80% of our transactions. It is a local market, contributing to a local economy, meeting local needs.”

**END**

**REIT President Tony Collidge will be available for interview at 2.30 p.m. Thursday 16<sup>th</sup> of February 2017 at the Real Estate Institute of Tasmania, 33 Melville Street Hobart.**

**0409726680**