

Southern Tasmania

Higher interest rates, rising cost of living, decreasing population growth, and lower consumer confidence has seen real estate activity in Southern Tasmania slow throughout 2023. Sales transactions across the region were down 385 sales or 8.3% on last year and accounted for 51.9% of all statewide sales. Whilst the cumulative value of all 2023's sales reached \$2.97 Billion it ranked as the third highest year on record. Typical of a slowing market listing numbers continue to grow and in 2023 were taking almost twice as long to sell. Property prices have cooled and begun to move downward. In particular, the current economic environment has impacted land sales (down 36.6%), investment acquisitions (down 31.9%) and top end sales (over \$1million) down 16.6%. There has only been a 5.5% decrease in median house prices in Southern Tasmania in 2023. Rental market demand eased over 2023 with increasing numbers of property becoming available to rent and rents stabilising. There remains a shortage of rental accommodation in the lower tiers of the market.

The December quarter results saw an improvement in activity levels over the previous September quarter and outcomes on par with the December quarter in 2022. Median prices for houses, units and land were below results achieved in the same quarter in 2022 and 2021. A pleasing observation was an increase in Investor, and mainland purchaser numbers.

The following is a summary of the December quarter results:

- Southern Tasmania achieved 1033 property transactions over the December quarter with an accumulated value of \$721 million. This is an increase of 17 sales over the September quarter and was 25 sales less than the same time last year.
- There were 721 house sales at a median price of \$700,000. This was 11 more transactions than September quarter and 15 more than the same time in 2022. The median price rose slightly (\$5,000) over the quarter to \$700,000. This is 4.1% lower than last year.
- Unit sales and prices were well down on last year and the previous quarter. 171 unit sales were recorded at a median price of \$510,000. This is \$77,500 below December 2022 median and \$36,000 below September quarter. There were 49 more unit sales in 2022 and 25 in the September quarter.
- Land sales numbers (135) were up on September and December 2022 results while median prices (\$270,000) were down by \$30,000 on the previous year and \$7,500 on the September quarter.
- 132 sales exceeded \$1 million in the December quarter. This was the lowest number recorded for the 4 quarters of 2023 and 35 below the same time last year. 89.4% were acquired by locals.
- 197 First home buyers acquired property in the quarter. This was 16 down on last year, but 21 up on September. 136 acquired houses, 43 units and 18 land.
- Investor numbers increased to 119 sales over the quarter. This was up 6 on September and 22 on the same time last year. Median purchase price was \$460,000.
- Mainland purchasers surged from 86 in September to 101 in December. This was well up on the 77 achieved for the same period last year. Median purchase price was \$702,000.
- Acton Park was Tasmania's most expensive suburb with a median price of \$1,261,000, closely followed by Sandy Bay \$1,255,000 and Mount Stuart \$1,215,000. Our most affordable Southern suburbs were Gagebrook \$351,000, Nubeena \$385,000 and Risdon Vale and New Norfolk on \$445,000.
- Our highest selling suburbs were Howrah with 33 sales, Kingston 31, Sandy Bay 27, and Glenorchy with 33. Of the municipalities, Clarence had 238 sales, Hobart 166, Glenorchy 155 and Kingborough 127.

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- The rental market in Southern Tasmania is currently operating with a vacancy rate of 2.1%. Rents have dropped slightly \$5 per week since last year and properties are offering investors a return of 4.2%. Even with the pool of rentals growing, there is still a shortage of rentals at the bottom end of the market.

Southern Tasmania Year on Year

- Southern Tasmania achieved 4232 sales worth \$2.97 billion in 2023. This was 8.3% below 2022's transaction total and 8.9% below 2022's cumulative value amount.
- The region recorded 26 fewer house sales over the year (2947) but saw its median price move back 5.5% to \$699,000.
- Unit sales decreased 8.4% over the year to 781, as did the median price (\$535,000) which also decreased 2.7%.
- Land sales decreased from 760 in 2022 to 482 in 2023. The median price also fell 3.6% to \$280,000.
- Sales over \$1 million decreased 16.5% from 700 in 2022 to 584 in 2023. Local Tasmanians accounted for 86% of these transactions.
- The region had 19 fewer First Home Buyer transactions (790) in 2023.
- Investor activity (417 sales) dropped away a further 31.9% in 2023. This is a far cry from the 612 sales achieved in 2022 and the 878 sales in 2021.
- 54 fewer mainland buyers (357) acquired property at a median price of \$705,000 to live here in 2023.
- Over the year the rental vacancy rate eased as more property became available to rent. This saw rents decrease \$5 per week from \$525 to \$520. There is still a shortage of rentals at lower affordable levels.
- In the December quarter 2021 it took just 14 days to sell a home. By 2022 this had blown out to 30, and in December 2023 it was taking 40 days to sell.

The Southern Tasmania real estate market accounts for almost 52% of all transactions made in the State and 55% of its cumulative value. Whilst interest rate increases, rising living costs and declining consumer sentiment have combined to slow activity in the real estate sector it appears to have now reset benchmark levels to a steadier norm. With increases in Investor and mainland buyer activity in the December quarter one could suggest that the level of optimism within the market is gaining momentum. The possibility of interest rate cuts later in 2024 can only strengthen that confidence. Under the circumstances the results for the December Quarter were pleasing and in line with industry expectations.

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For interviews relating to Southern Tasmania results, please contact REIT Southern Branch President, John McGregor on 0419 892 104