

Regional Tasmania Residential Insight

Q4 2023

Knight Frank's quarterly analysis of mainstream sales and rental housing markets in Regional Tasmania

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House price growth stabilises across regional towns

▲ The average number of days taken to sell a home across Regional Tasmania has increased by almost a week in the third quarter but claims the lowest average time taken across Regional Australia.

THE ECONOMY

The Tasmanian economy grew by an estimated 3.3% in 2022, with a forecast of 1.9% in 2025 (Oxford Economics). While unemployment in September 2023 was 4.5% across Regional Tasmania (ABS).

LENDING ENVIRONMENT

New household loan commitments across Tasmania were down by 20.2% in the year to September 2023, lower than the 0.9% change recorded the previous year.

The number of lending commitments to owner occupier first home buyers in Tasmania fell by 13.5% in September 2023, compared to 0.9% a year earlier. This first home buyer group represented 19.5% of all Tasmanian owner occupier loans in September 2023 (ABS).

The official cash rate was last set by the Reserve Bank of Australia at 4.35% on 5 December 2023.

Oxford Economics forecast the official cash rate towards an average rate of 3.85% by the end of 2025.

NEW BUILDS

Annual building approvals in September 2023 fell by 10.5% to total 2,943 additional dwellings in Tasmania, compared to a fall of 21.3% a year ago (ABS).

POPULATION

Regional Tasmania total population saw 0.6% growth to 318,750 persons in the year to June 2022. The projected population growth to 2032, is lower, at 0.38% per annum. The inner regional areas of Tasmania saw annual population change of 0.5% in 2022, while outer regional Tasmania recorded 0.8% (ABS).

TOTAL RESIDENTIAL VACANCY

The total residential rental vacancy was recorded at 1.7% in September 2023, rising 23 bps over the past year across Regional Australia (Knight Frank Research).

Generally, 3% vacancy is considered a balanced rental market between supply and demand.

3.3%

Tasmania annual economic growth in 2022 with forecast of 1.9% in 2025

4.5%

Regional Tasmania unemployment rate in September 2023

4.35%

Official cash rate target in December 2023 with forecast of 3.9% in 2025

-20.2%

The annual change in Tasmania new household loan commitments in September 2023

-13.5%

Yearly change in number of lending commitments to owner occupier first home buyers in Q3 2023

0.6%

Regional Tasmania annual population change in 2022 to an estimated 318,750 persons, with 0.4% annual forecast in 2025

Regional Tasmania Established Houses

▲ Stability in Regional Tasmania house prices were recorded in the third quarter as the momentum of diminishing annual sales activity slowed, pointing to higher annual growth by the end of 2023.

\$518,000

Regional Tasmania average house value at the end of September 2023

-2.8%

The change in Regional Tasmania's average house values in the year to September 2023

6.1%

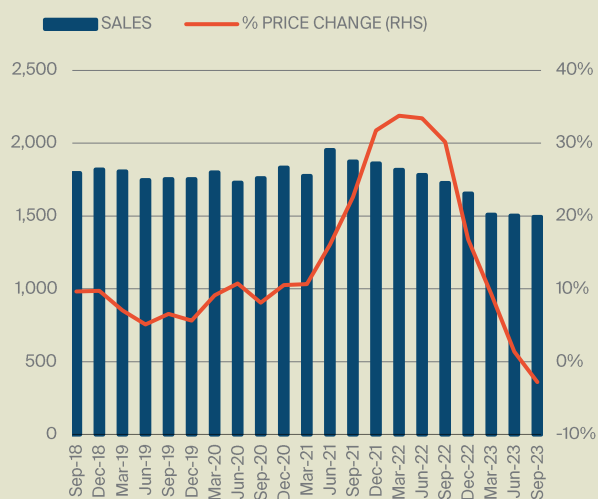
Annual average weekly rental growth in September 2023 across Regional Tasmania houses

SALES & PRICE PERFORMANCE

- ▲ Sales volume trended down 13.5% in the year ending September 2023, with 1,493 houses across Regional Tasmania.
- ▲ The average days on market for a house was 66 days in September 2023. This was 60 days three months earlier, and 36 days one year ago.
- ▲ House values fell 2.8% in the year to September 2023, while remaining stable over the last quarter to \$518,000.
- ▲ Looking forward, average prices are forecast to rise 1% at the end of 2023, with 2% in 2024 and 3% in 2025, according to Knight Frank Research.

Regional Tasmania Houses Sales Market

No. annual sales & % annual price growth



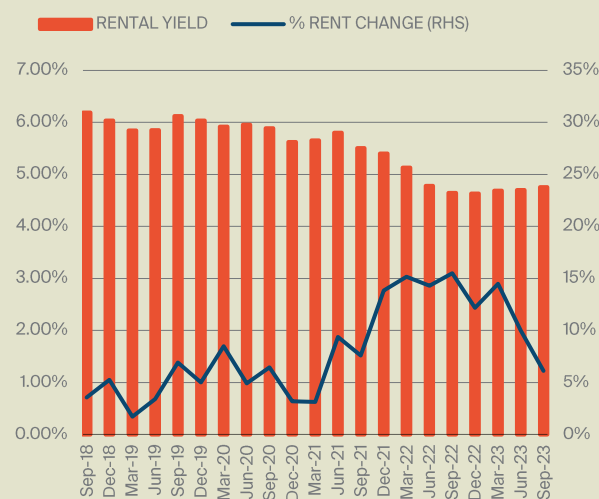
Source: Knight Frank Research

RENTAL MARKET

- ▲ Gross rental yields rose 11 bps in the past year, with Regional Tasmanian houses averaging 4.75% in September 2023.
- ▲ House rents fell 1.1% in the September 2023 quarter, while being up 6.1% annually, to stand at \$435 per week.
- ▲ Knight Frank Research forecast rents to rise 5% at the end of 2023, with 3% likely in 2024, and 2% in 2025.

Regional Tasmania Houses Rental Market

Gross rental yield & % annual rental change



Source: Knight Frank Research

Regional Tasmania Residential Forecast

Key Drivers Forecast

	2021	2022	2023f	2024f	2025f	Average 2023f-2025f
TAS Economic Growth	7.2%	3.3%	-1.2%	0.4%	1.9%	0.4%
Unemployment Rate	5.1%	3.7%	3.7%	4.3%	4.3%	4.1%
Cash Rate Target	0.1%	1.2%	3.9%	4.6%	3.9%	4.1%

Source: Oxford Economics

Regional Tasmania Residential Forecast

	2021	2022	2023f	2024f	2025f	Average 2023f-2025f
Price Performance	32%	17%	1%	2%	3%	2%
Rental Market	14%	12%	5%	3%	2%	3%

Source: Knight Frank Research

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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