

Residential Property Market Tasmania

Overall

The residential real estate market of northern, western and eastern Tasmania has remained relatively stable over the previous twelve month period, albeit with a very significant reduction in sales volumes.

Analysis of sales statistics indicates that for the period December 2007, to February 2008, a total of 1,613 residential sales were recorded, with a median sale price of \$230,000. The same three month period from December 2008, to February 2009, recorded only 974 sales with a median sale price of \$227,500. This represents a reduction of only \$2,500 in overall median sale price between the periods; however, of major interest is the reduction in sales volumes. The December 2008, to February 2009, sales period represented only 60% of the sales activity for the same period recorded in late 2007/early 2008.

Closer analysis of the sales statistics indicates a wide variation between market segments.

	Residential Sales Volumes	Median Sale Price	% of Sales less than \$250,000
Dec 2007 – Feb 2008	1613	\$230,000	58.5%
Dec 2008 – Feb 2009	974	\$227,500	63.5%
	40% reduction	1.1% reduction	5% increase

First Home Buyers Market

This segment has become very important to the real estate industry over the previous six to twelve month period, being increasingly represented within those sales transactions which have been completed. The Federal Government's First Home Buyers Grant has been a very significant source of stimulation within the marketplace. It is considered that its absence would have seen a significantly worse result than the otherwise already reduced sales volumes as outlined above. We would therefore encourage Federal Government to extend the enhanced First Home Buyers Grant, in order to ease downward pressure on median prices. Sales volumes within the lower price bracket have had an underpinning effect on the wider residential market, ensuring that losses in median sale prices have been minimised. This has had a beneficial impact on wider confidence in the market.

Of the residential sales recorded between the December 2007, to February 2008, period, those properties with a sale price of less than \$250,000 represented 58.5% of the market transactions. For the same period in December 2008, to February 2009, those properties with a sale price of less than \$250,000 represents a significantly increased 63.5% of sales transactions. This further indicates the beneficial impact of the increased First Home Buyers Grant, in terms of maintaining overall sales volume stability.

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Premium Residential

It is encouraging to note that, although the wider economy has observed a significant deterioration in conditions, high value, quality residential holdings have seen continued sales activity. A number of properties have sold within the previous twelve months at sale prices approaching and exceeding \$1,000,000 in the Greater Launceston area. Appealing coastal properties have similarly continued to sell, albeit with reduced sales volumes. Sales of note include a waterfront allotment at Hawley Beach for \$600,000, and a Low Head property for in excess of \$900,000. We further understand that a unit in the Bay Renaissance development at Burnie has sold in the \$750,000 to \$770,000 price range.

Developments of interest to come "on line" in the short term future include the "Charles" old LGH redevelopment. This redevelopment is to see a number of large, high quality townhouses offered to the marketplace with asking prices between \$600,000 to around \$2,000,000. Features of this development include very large living area footprints which range in area from 179m² to in excess of 550m². A number of proposed developments including Loggia (adjacent to the Cataract 135 development) and the Gasworks townhouse development have been "shelved" in recent times by virtue of reduced demand, to levels now below the required thresholds to commence construction.

Suburban Residential

Residential holdings within the Greater Launceston area in the \$300,000 to \$500,000 price range have recorded a significant reduction in sales volumes and demand. This is considered to be most likely as a result of personal debt gearing of home owners within this market segment. This has been the weakest market segment.

Suburb/Locality Performance

Below is an extract of several Launceston and North West Coast urban areas which indicates specific sales volumes and median sale price performance since 1991. The graphs outline market performance for residential dwellings only, excluding vacant land and unit sales. The graphs provided for Launceston suburbs track the performance of the particular suburb against the median sale price performance of the Greater Launceston combined median price (identified as Total). The graphs for Burnie and Devonport include all suburbs of the respective cities.

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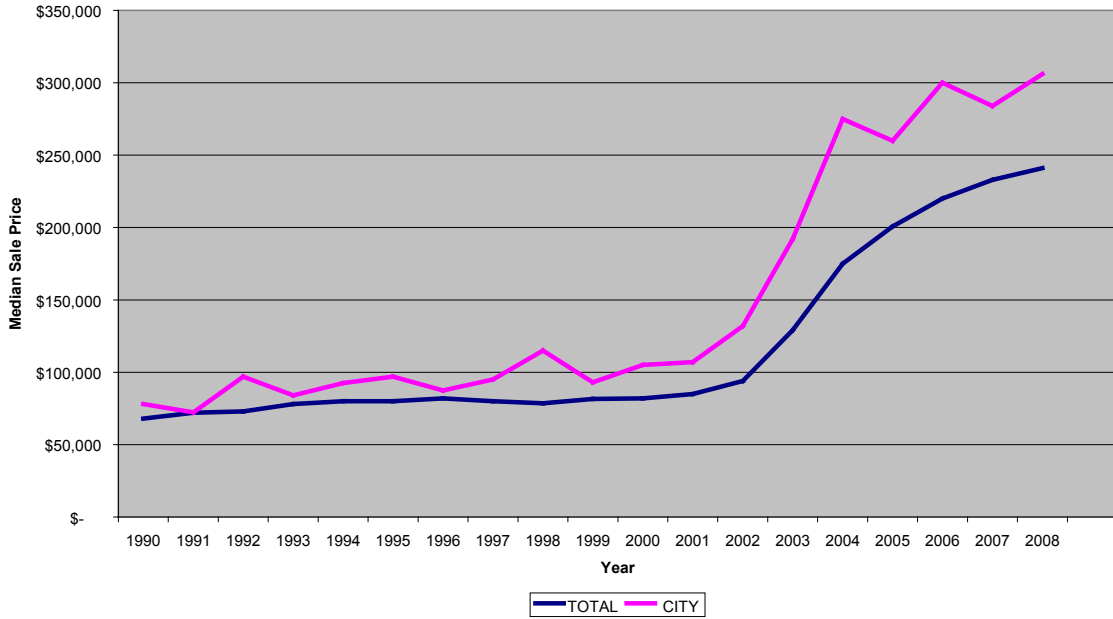
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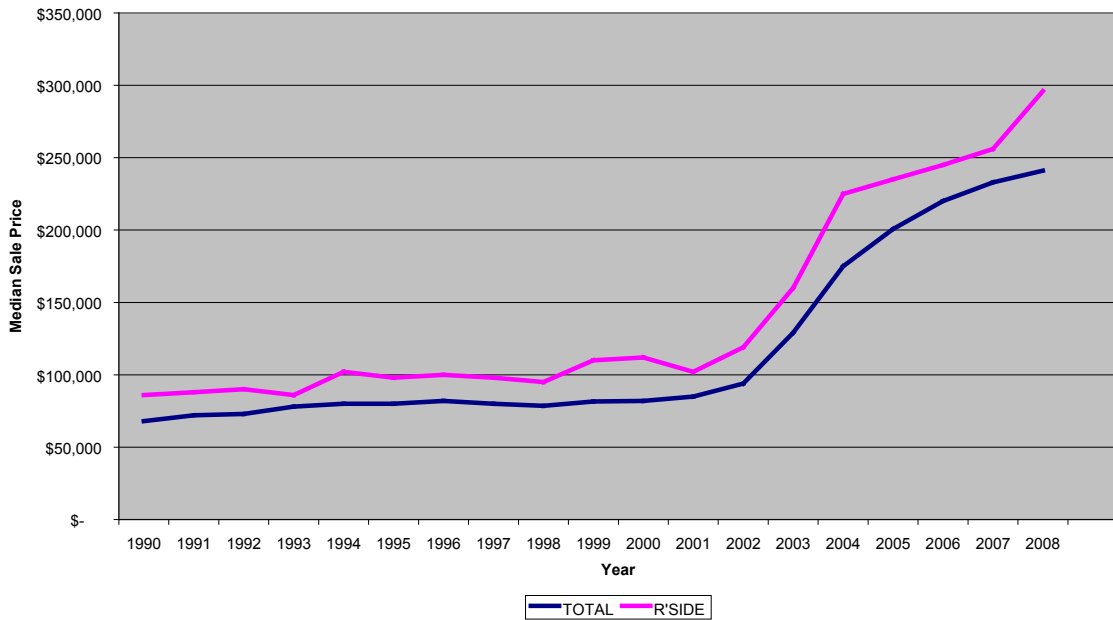
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Launceston Central Median Sale Price



Riverside Median Sale Price



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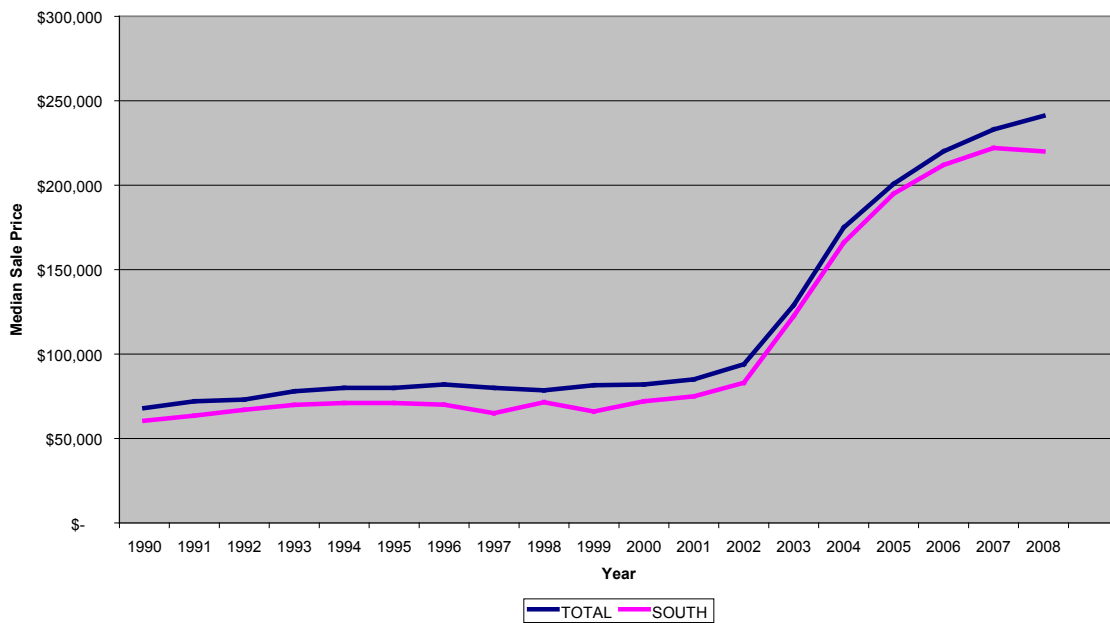
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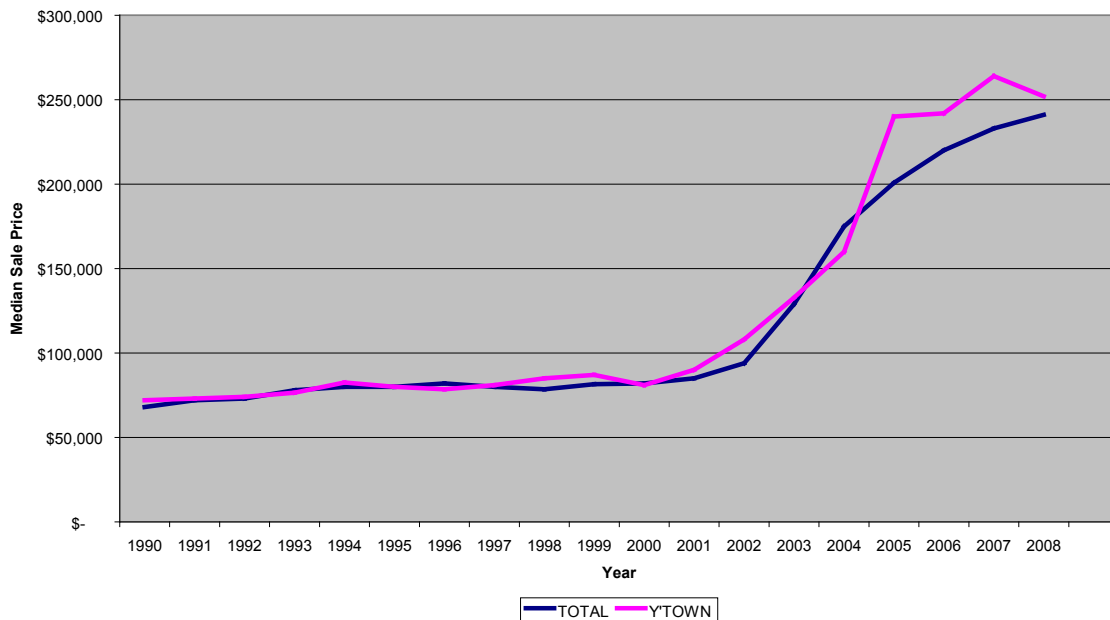
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South Launceston Median Sale Price



Youngtown Median Sale Price



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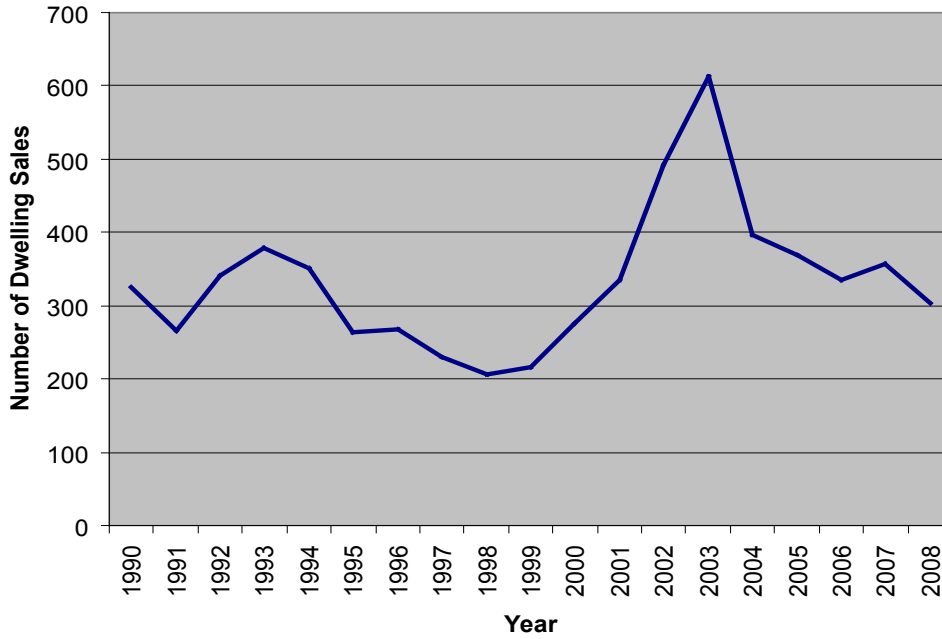
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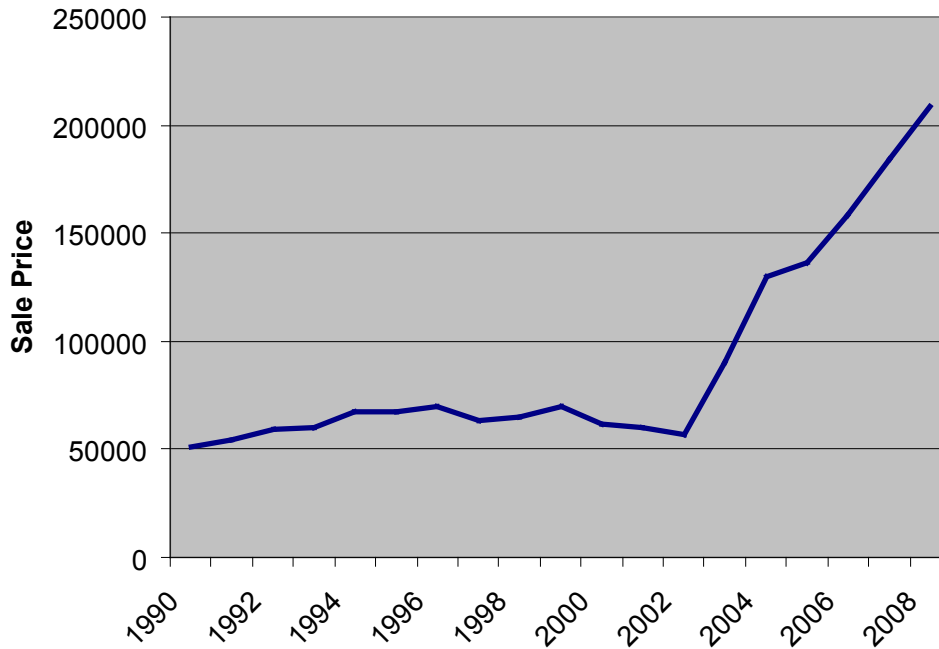
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Sales Volumes - Burnie



Dwelling Median Sale Price - Burnie



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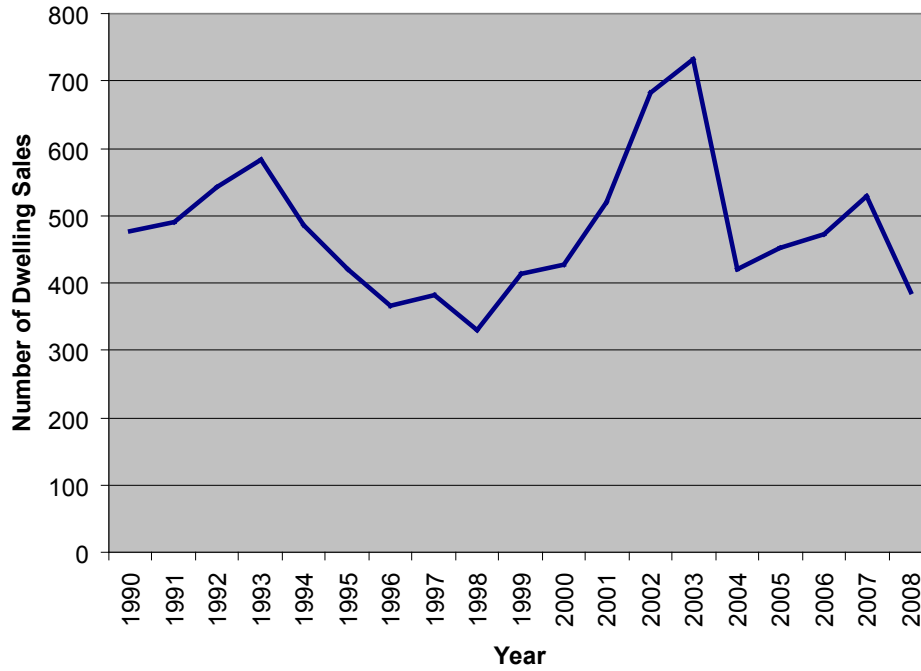
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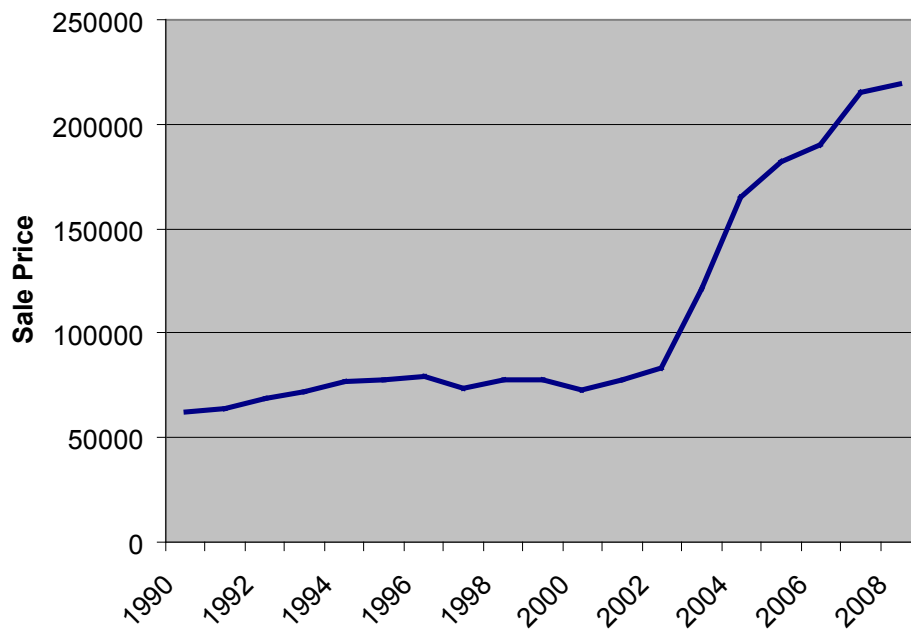
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Sales Volumes - Devonport



Dwelling Median Sale Price - Devonport



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