



GPO Box 868  
HOBART TAS 7001

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**Tasmanian Housing Strategy**  
**GPO Box 65**  
**HOBART TAS 7001**

**REAL ESTATE INSTITUTE OF TASMANIA SUBMISSION**

**REDUCING RENTAL VULNERABILITY &**  
**AFFORDABILITY IN THE PRIVATE MARKET – RENTALS**

## **Introduction**

The Real Estate Institute of the Tasmania (REIT) is the state body and voice for the real estate profession in Tasmania. The REIT was formed in 1947, primarily in response to the need for an industry body that represented the profession when legislation was being formulated that impacted on how real estate transactions were conducted in Tasmania.

REIT membership is very strong representing 97% of real estate businesses in Tasmania.

In this submission the Institute (REIT) will address the two principal strategies drafted by the Tasmania Government, being reducing rental vulnerability and affordability in the private rental market. The Institute has seen considerable change in the rental market since the drafting and release of the Tasmanian Housing Strategy.

Data released by the REIT on 9<sup>th</sup> May 2023 for the quarter ended 31 March 2023, shows the current market changes:

## **RENTALS**

***Of real concern is the continued drop in Investor numbers, down 59.9% from 567 last year to just 227 this year.*** If this trend continues, Tasmania stands to lose 650 investor funded rental properties over the year.

Across the rental sector there was an easing in vacancy rates resulting in an increase in the number of properties available for rent. Unfortunately, very few of these properties fall within the lower affordable rental range being unable to assist those seeking accommodation at that level.

By coincidence, there appears to be an easing in the rental market with an increase in the number of properties available for rent reducing vacancy rates across all regions. These vacancies appear largely in the ***mid to upper ranges and unfortunately cannot help alleviating the stress at the more affordable bottom tier***. Until recently, strong demand for rental accommodation has pushed rents higher. Current market activity suggests rents in many areas has peaked.

## **SALES**

The report confirms that the market has slowed. Interest rate increases have impacted housing affordability to such a level that sales numbers and median prices have declined. Properties for sale have increased significantly offering buyers more choice and more say over price. Sellers no longer have control of the market. The Report details that 2090 real estate transactions occurred in the March Quarter, which is down 26.6% on the same period last year and 4.7% on the December 2022 quarter. Whilst the state-wide median house price fell 1.8% (from \$610,000 in 2022 to \$599,000 in 2023), both unit and land prices increased 3.1% and 11.7% respectively. First Home Buyer numbers were down 9.6%. Investor numbers were down a staggering 349 properties (or 59.9%) over the quarter. Mainland purchaser acquisitions are down 52.7%. Million Dollar sales were down 34.9%.

Highlights of our March 2023 Quarterly Report are detailed below:

- 2090 sales worth an accumulated value of \$1.26 billion. The cumulative value is down 24.7% on the same time last year.
- House sales numbers (1480) across Tasmania were down 20.8% (on March 2022) and the median price has fallen 2.5%.
- Unit sales fell from 387 in 2022 to 338, while the median price increased \$15,000 to \$500,000.
- Land sale numbers more than halved, decreasing 54.9% from 563 in 2022 to 254 in 2023. The median price also grew 11.7% to \$270,000.
- It is taking almost twice as long to sell a house today as it did last year. Average selling time in March 2022 was 23, while in 2023 it has increased to 42 days. Unit sales are very similar (from 19 to 41 days).
- The mainland invasion has shifted from a flood to a trickle, down 52.7% to just 242 purchases for the quarter.

## **REDUCING RENTAL VULNERABILITY & AFFORDABILITY IN THE PRIVATE MARKET – RENTALS**

The REIT applauds Homes Tasmania and the continued delivery of their housing release targets. As magnified by the REIT Quarterly Market Report – March 2023, the vacancy rate across Tasmania has eased slightly, but not for those on low incomes who are finding it


increasingly difficult to remain in the private rental sector. March data shows increased stock levels exist in the \$500 - \$700 per week affordability band, however this does little to address the housing crisis being faced by those tenants unable to meet 30% affordability ceiling.

Whilst the Housing Affordability Future Fund (HAFF) will be an important lever to address the current housing crisis for those low-income tenants, what can be done in the short term to address the 4468 applicants currently on the public housing waiting list? Is there merit in creating a new rental assistance program which will encourage private investment property owners to lease their properties to the Tasmania Government under the auspices of a Defence Housing Authority model = 5-year lease, guarantee yield and property returned to owner flooring replaced and property repainted. This could realise significant benefits for those applicants seeking essential housing, as well as assisting in the placement of those effected by domestic violence or long-term housing displacement, as an immediate lever.

The private sector rental market cannot be seen as a “stop gap” measure for public and social housing. With the right incentives in place, and guaranteed rent payments and damage remediation, this may be a valuable avenue to allow Government to reduce current waiting times whilst new stock is brought to market over the coming years. With the Greens now effectively blocking the HAFF from passing in the lower house, perhaps all states and territories now need to pivot their thinking and not rely on new housing stock to address the current supply deficit for public housing.

Any review of the Residential Tenancies Act (RTA) will need to be cautious and fair. As the REIT data shows, we have seen a considerable and concerning reduction of investors in the private rental market across Tasmania. Many rental providers are becoming disillusioned with continuing contraction of their rights as the property owner. This concern not only comes from media coverage here in Tasmania, but more importantly from the constant coverage of changes to the mainland states and territories Residential Tenancies Acts. This combined with the federal “Better Renters Rights” plan and the national Greens party push for rent caps and rent controls have many Tasmanian investors in the precipice of leaving the property investment market altogether. The Institute believes that it is imperative that any review of the RTA in Tasmania must be done with extensive consultation of all stakeholders and recommendations fully reviewed and investigated to ensure the best outcomes are achieved as a result of any changes to the Act.

Kind regards



**Michelle Tynan**  
**Chief Executive Officer**