



# Market Update

## CONTENTS

Sales .....	Page 2
Auction.....	Page 3
Rents.....	Page 4
Yields.....	Page 5
Regional .....	Page 6
Financial.....	Page 7

Brought to you by...



Proudly sponsored by...



## METROPOLITAN HOUSE PRICES SHOW ENDURANCE IN TOUGH TIMES

House prices in metropolitan Adelaide have weathered the storm of the global financial crisis showing resilience in the December quarter.

The median house price in Adelaide remained stable at \$360,000, which was a 0.7% drop for the quarter but a 1.4% jump over the past 12 months.

“These latest figures show the proven strength and stability of the South Australian property market. Where other financial markets have crumbled, our local property market has remained relatively resilient,” said REISA President Robin Turner.

Mr Turner said that although the market had remained stable, consumers were still hesitant about committing to a purchase.

“A significant reduction in sales volumes shows that buyers are still cautious when entering the property market. However, the combination of low interest rates and prices should rejuvenate consumer confidence in 2009.”

Mr Turner said that suburbs located close to the coast had the highest price growth over the past 12 months.

“Brighton, West Lakes, Somerton Park and Grange all experienced considerable rises to their median house prices of more than 25%,” he said.

Mr Turner suggested that stabilised house prices would appeal to many buyers who had been waiting for affordability to improve.

“The softening of price is encouraging for those who were deterred by the unprecedented price rises of 2007 that hampered affordability.”

“The recent cuts to interest rates coupled with the increase to the first homeowners grant will also act as a catalyst to stimulate market activity.”

Mr Turner said that South Australia was in a strong position to deal with difficult times.

“In South Australia we have burgeoning mining, defence and educational industries buoying the economy,” he said.

“It is important to remember that the lulls we have experienced in 2008 are cyclic and history shows that the market always bounces back.”

**Note:** The median house price is a figure derived only from houses which have sold and settled within the time period. The median is the middle number from a list of figures arranged from lowest to highest and is the most common term used when referring to property prices.

Suburb	Sales Dec07	Median Dec07	Sales Dec08	Median Dec08	Median % Change
Brighton	16	\$540,000	10	\$747,500	38.43%
West Lakes	14	\$512,500	13	\$700,000	36.59%
Gulfview Heights	18	\$329,000	15	\$426,000	29.48%
Somerton Park	28	\$525,000	20	\$665,000	26.67%
Grange	14	\$458,500	15	\$575,000	25.41%
Tea Tree Gully	14	\$295,000	10	\$368,500	24.92%
Pennington	12	\$300,000	14	\$360,000	20.00%
Royal Park	16	\$287,500	11	\$340,000	18.26%
Port Willunga	20	\$282,000	12	\$327,500	16.13%
Salisbury East	50	\$248,000	29	\$287,750	16.03%
Adelaide Metro	5,571	\$355,000	3,390	\$360,000	1.41%

Median House Prices— December Quarter 2008  
Top 10 growth suburbs with 10 or more sales in each quarter

## AUCTION CLEARANCE RATES STABILISE

Auction clearance rates stabilised in the December quarter, hovering in the 40% range for most of the period.

Just over 500 properties went under the hammer during the quarter with 232 properties being sold before, at or after auction.

REISA President Robin Turner said that while the number of properties auctioned had dropped, the prices being achieved were still very favourable.

A Stirling property attracted the highest price for the quarter selling for \$3.1 million, with eastern suburbs close to the CBD continuing to dominate the top auction sales.

Mr Turner said that while properties in the east were performing the best at auction, there were also solid results for properties in lower price brackets.

“Auction sales should not be restricted to properties in the high end of the market. There were many properties in the more affordable price range that attracted prices well over the reserve when they went under the hammer,” Mr Turner said.

“The auction method of sale should not be underestimated. A good auction campaign can reduce the amount of time that a property spends on the market and in some cases provide vendors with a purchase price well over the reserve.”

Mr Turner predicted that the number of properties going to auction will increase throughout 2009.

“Now that agents and consumers alike have adjusted to the new auction legislation that was introduced last year and the property market has shown its resilience during these tough economic times, there are many reasons for consumers to return to auction as the best method of sale.”

**Note:** The auction clearance rate is calculated from the number of residential properties auctioned during the period and the number that were sold before, at or immediately after the auction.

Week ending	Clearance rates
5-Oct	41.9%
12-Oct	40.6%
19-Oct	48.8%
26-Oct	55.1%
2-Nov	43.6%
9-Nov	37.5%
16-Nov	45.2%
23-Nov	44.0%
30-Nov	30.0%
7-Dec	45.9%
14-Dec	26.5%
21-Dec	48.5%

Top 10 Residential Auction Sales		
Yultewirra, Stirling	Toop&Toop Stirling	\$3,100,000
157 East Tce, Adelaide	Ray White Adelaide	\$2,850,000
25 West Tce, Kensington Gardens	Toop&Toop Norwood	\$1,945,000
32 Avenel Gardens Rd, Medindie	Toop&Toop Norwood	\$1,390,000
1 Austral Tce, Malvern	Smallacombe Mitcham	\$1,275,000
176 The Esplanade, South Brighton	Century 21 - The Bay	\$1,260,000
306 Halifax St, Adelaide	Bernard H Booth	\$1,300,000
7 Andrew Ave, Millswood	Jackman & Treloar Pty Ltd	\$1,112,500
135 Sixth Ave, Joslin	LJ Hooker Kensington	\$1,060,000
43 Hackney Rd, Hackney	Klemich Real Estate	\$1,000,000

Auction Clearance Rates— December Quarter 2008  
Based on residential properties auctioned in South Australia during the specified period

## RENTAL MARKET HEATS UP WITH THE ARRIVAL OF SUMMER

The vacancy rate for metropolitan Adelaide has tightened to 1.19% in the December quarter as the rental market heats up during summer.

REISA President Robin Turner said that enquiries from tenants picked up significantly in the lead up to Christmas.

“Many property managers reported that tenant demand increased considerably in the lead up to the new year as many people wanted to be settled for the arrival of 2009,” said Mr Turner.

Mr Turner said the median rent for houses in Adelaide continued its steady rise over the past 12 months and was now at \$275 per week.

He said many areas across the metropolitan area experienced rental growth, but most notably in the exclusive inner suburbs.

“Tenants are placing higher value on suburbs close to the city in established areas such as Myrtle Bank, Toorak Gardens and Kensington,” he said.

“These suburbs are close to a range of sought-after services and high-quality facilities, such as popular schools, health services and shops.”

Mr Turner said that the number of properties coming onto the rental market increased during the quarter

with investors returning to the property market as other financial markets remained unstable.

“As investors return to bricks and mortar, we hope that an increase in new rental properties will provide some relief to the current supply and demand imbalance that is characterising the market.”

**Note:** The weekly rental figure is derived from new rentals taken up within each postcode in the time period. The vacancy rate is based on a monthly residential vacancy rate survey conducted by REISA of about 5000 rental properties.

Metro Region	Vacancy Rate
City/ N Adelaide	1.86%
North	0.91%
East	1.37%
South	1.13%
West	1.36%
Hills	0.97%
Adelaide Metro	1.19%

Metro Vacancy Rates December Quarter 2008

Postcode	Main Suburbs	Volume Dec07	Rent Dec07	Volume Dec08	Rent Dec08	Rent % Change
5152	Crafers, Stirling	10	\$283	15	\$390	38.1%
5021	West Lakes	25	\$270	20	\$360	33.3%
5010	Angle Park, Ferryden Park	20	\$220	20	\$290	31.8%
5064	Glen Osmond, Myrtle Bank	25	\$330	30	\$420	27.3%
5065	Dulwich, Toorak Gardens	25	\$340	30	\$410	25.0%
5068	Heathpool, Kensington	55	\$300	45	\$360	20.0%
5066	Beaumont, Hazelwood Park	55	\$350	30	\$420	20.0%
5061	Hyde Park, Unley	55	\$360	40	\$430	19.4%
5035	Ashford, Black Forest	25	\$270	20	\$320	18.5%
	Adelaide Metro	5,550	\$260	3,816	\$275	5.8%

Median Weekly Rent for Houses— December Quarter 2008  
Top 10 growth postcodes (metro) with 10 or more rents in each quarter

## STRONG YIELDS IN NORTH AND SOUTH

The northern and southern suburbs have continued to return the best rental yields in the December quarter.

REISA President Robin Turner said while some median rental prices had dropped in these outer areas, the affordability of the initial purchase price still pushed these suburbs ahead of the pack.

“Smithfield Plains recorded the best rental yields in metropolitan Adelaide every quarter for 2008 with suburbs such as Davoren Park and Hackham West also performing solidly,” he said.

“The average rental yield for the Adelaide metropolitan area also steadily increased throughout 2008 to attract a very reasonable return of 3.24%.”

Mr Turner said that although outer suburbs returned the best average yields, investors should not be restricted to these regions.

“December quarter figures showed that inner suburbs had the highest rental growth and beachside suburbs had the most sale growth, so there are a number of areas in Adelaide that provide solid investment options,” he said.

“Any property can return good rental yields as long as the purchase price is balanced against the weekly rental return. Investors should also take into account long-term capital growth.”

Mr Turner said that many investors had returned to the property market in the December quarter and expected this to carry forward into the new year and beyond.

“Many consumers are still coming to terms with the stock market crash and are seeing property as a strong investment option.”

“Investors should take comfort in the fact that in the midst of the global financial crisis, our property market has still experienced steady annual growth for rents and sales alike.”

**Note:** The rental yield is calculated by dividing the median annual rental income from the median house price of the suburb. A 20% leeway is given to account for expenses such as maintenance, bills, property management fees, etc.

Location	Median House Price	Median Weekly Rent	Yield Dec08
Smithfield Plains	\$186,000	\$200	4.47%
Davoren Park	\$192,300	\$200	4.33%
Elizabeth East	\$215,000	\$220	4.26%
Hackham	\$251,500	\$255	4.22%
Elizabeth Park	\$210,000	\$210	4.16%
O'Sullivan Beach	\$250,000	\$250	4.16%
Burton	\$277,500	\$275	4.12%
Hackham West	\$225,000	\$220	4.07%
Old Reynella	\$326,000	\$318	4.05%
Elizabeth Vale	\$226,250	\$220	4.05%
Adelaide Metro	\$360,000	\$280	3.24%

Rental Yields for Houses— December Quarter 2008  
Top 10 suburbs with more than 10 sales

buying or selling?

Get informed.

latestsales.com.au

The simplest way to research property values  
by street, suburb and postcode.

REI  
Real Estate Institute  
of South Australia

brought to you by the

## COUNTRY MARKETS STEADY

House prices across the State have steadied in the wake of current economic challenges, with the State-wide median stabilising at \$332,800.

REISA President Robin Turner said that the Riverland was the surprise standout in country SA over the past 12 months, with sale prices in Renmark growing by 23.8% during this time.

However he said that the Upper Spencer Gulf region had experienced a market correction this quarter, with house prices in Port Augusta and Whyalla slowing over the past year.

"Consumers should not be alarmed by this moderate decline as it is only natural that the market corrects itself after a period of such frenetic growth, as experienced by these regions," Mr Turner said.

He said the rental market also had pockets of growth and falls, but most areas were still in high demand.

"House rents in Port Augusta, Victor Harbor, Wallaroo and Roxby Downs all increased by more than 15%, while SA's total median even rose by 8% to \$260 per week," Mr Turner said.

Regional Town	Sales Dec07	Median Dec07	Sales Dec08	Median Dec08	Median % Change
Renmark	16	\$150,500	11	\$186,250	23.8%
Victor Harbor	128	\$306,500	74	\$329,500	7.5%
Murray Bridge	64	\$210,000	45	\$225,000	7.1%
Mount Gambier	176	\$220,000	123	\$235,000	6.8%
Port Pirie	97	\$168,500	39	\$175,000	3.9%
Wallaroo	32	\$207,500	15	\$212,000	2.2%
Roxby Downs	27	\$397,000	14	\$405,000	2.0%
Port Lincoln	65	\$267,500	50	\$255,000	-4.8%
Port Augusta	54	\$227,000	29	\$210,000	-7.5%
Whyalla	74	\$286,750	30	\$247,000	-13.8%
South Australia	7,806	\$320,000	5,279	\$332,800	4.0%

Median House Prices - December Quarter 2008  
SA's main regional centres

Postcode	Regional Town	Volume Dec07	Rent Dec07	Volume Dec08	Rent Dec08	Rent % Change
5700	Port Augusta	85	\$150	85	\$180	20.0%
5211	Victor Harbor	105	\$200	95	\$235	17.5%
5556	Wallaroo	35	\$180	45	\$210	16.7%
5725	Roxby Downs	40	\$400	50	\$460	15.0%
5253	Murray Bridge	160	\$185	180	\$205	10.8%
5606	Port Lincoln	90	\$210	85	\$230	9.5%
5540	Port Pirie	115	\$155	130	\$160	3.2%
5290	Mount Gambier	180	\$180	205	\$185	2.8%
5341	Renmark	45	\$165	45	\$160	-3.0%
5600	Whyalla	30	\$290	35	\$280	-3.4%
	South Australia	7,715	\$240	5,167	\$260	8.3%

Median Weekly Rent for Houses - December Quarter 2008  
SA's main regional centres

## RATE CUTS EASE AFFORDABILITY

As we begin 2009, the global economic uncertainty we have experienced in the past 18 months shows little sign of easing. Around the world, many economies now face the prospect of a deep recession. Thus far, Australia has avoided the worst excesses of the global downturn, but some key indicators, such as retail sales and job advertisements are beginning to show a downward trend.

However, there are still sound fundamentals underpinning the Australian economy. Enhanced by the Government's guarantee on savings, our banks are among the most solid in the world and they continue to lend money. We still have low unemployment and the agricultural sector is well overdue a good season after the diminishing returns of recent years.

As well as these factors, the Reserve Bank of Australia still has room to further lower interest rates to help stimulate the economy. It is only a matter of time before rates fall below the 2001 low of 4.25%, with many commentators predicting they may be as low as 3.5% before the first half of 2009 is over.

Notwithstanding some of the less than favourable economic indicators, with interest rates continuing to move south and house prices stabilising, it is still a very good time for buyers to make a move into the market in a prudent manner.

Buyers, particularly those buying their first home, should ensure they do not get over excited by the current low rates and borrow beyond their means. With that in mind, it is wise to budget for loan repayments using a higher rate than present (at least 2 to 3% higher than current rates). Rates don't just go down, they go up too and whilst they may be lower in the foreseeable future, the cycle will eventually turn.

Even with rates dropping, it is still appropriate to think about fixing at least part of a loan, if not right now then at some stage in the future. This not only offers peace of mind, but also makes it easier to budget, as there is some certainty of repayment amounts each month.

It is also a good time for those with existing home loans to get ahead of their loan. By maintaining their old repayment level, borrowers will pay off more of the principal and reduce the length of their loan and the total amount of interest paid. Most home loans have a redraw facility these days so access to those additional funds can still be available in an emergency.

**John Oliver, State Manager SA/NT  
Bendigo and Adelaide Bank**

## Seize the moment

Adelaide Bank has a home loan to suit you. Just ask.

**Call 13 22 20, visit your local branch or go to [adelaidebank.com.au](http://adelaidebank.com.au)**

Terms, conditions, fees, charges and lending criteria apply.  
Adelaide Bank Ltd ABN 54 061 461 550 (S21414) (11/08)

