



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 COOL IN WINTER

House prices in metropolitan Adelaide cooled in the September quarter caused by high interest rates and a sluggish winter.

Adelaide's median house price recorded a modest decline of 2% to \$361,000 but still had a healthy 11.1% jump over the past year.

"The September quarter is traditionally quieter, as it incorporates the winter months where the property market tends to ease," REISA President Robin Turner said.

"This quarter, we saw transaction numbers slow by about 25% on the same time last year."

"This reduction in volume was to be expected after consecutive interest rate rises earlier in the year. However, the recent cut of 1% combined with the Government's decision to raise the first homebuyers' grant should reinvigorate the market in the coming months."

Mr Turner said that buyers were attracted to affordable areas such as Holden Hill, Port Willunga and Salisbury Heights—all of which had a median house price under \$370,000.

"House price statistics for most of 2008 have shown that buyers tend to seek out suburbs according to their affordability, which draws people to these outer suburbs."

"However at the same time, there is also a strong level of interest in suburbs close to the CBD which can be contributed to rising petrol costs and change in people's lifestyles. The inner ring around the city always tends to be very popular with buyers, even in tougher market conditions."

Mr Turner said that it was important for homeowners to have confidence in the Adelaide property market and see the long-term prospects that the quarterly figures project.

"It is important that we don't allow the current stock market uncertainties to deter investors from the safest, longer term, investment of all – housing," Mr Turner said.

"The strength of defence, mining, education and agriculture in our state will add to the value of the property market as our state's economy continues to prosper."

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 3Q 2007	Median 3Q 2007	Sales 3Q 2008	Median 3Q 2008	Median % Change
Holden Hill	18	\$202,875	11	\$300,000	47.9%
Royal Park	13	\$288,000	13	\$400,000	38.9%
Port Willunga	22	\$268,000	13	\$350,000	30.6%
Salisbury Heights	32	\$280,000	17	\$365,000	30.4%
Angle Vale	15	\$377,000	13	\$490,000	30.0%
Fulham Gardens	17	\$436,000	10	\$560,000	28.4%
Mile End	13	\$415,500	15	\$532,500	28.2%
Torrens Park	10	\$555,055	10	\$707,600	27.5%
Hillbank	44	\$270,000	10	\$342,500	26.9%
Lockleys	15	\$465,000	15	\$581,250	25.0%
Adelaide Metro	5670	\$325,000	4190	\$361,000	11.1%

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

AUCTION SALES SLOW IN SA

SA auction clearance rates dropped slightly in the September quarter as a result of easing market conditions on all fronts during winter.

Clearance rates mostly hovered about the 30-50% mark each week during this quarter with more than 500 properties going to auction over the three months.

"Numbers for all sale types declined in the September quarter so it is only natural that the numbers for auction sales slowed too," REISA President Robin Turner said.

"New auction legislation was also introduced in July so it would have taken a while for buyers, vendors and auctioneers alike to get used to these new laws and the strict requirements they entail."

The Esplanade at Grange attracted the highest priced property of \$1.77 million while the eastern suburbs also lived up to its reputation with a number of properties above the \$1 million mark.

"While these areas will undoubtedly attract the highest prices, any property in any region can be suitable for auction," Mr Turner said.

"Auctions are well-known for being the most transparent method of sale and buyers should have great confidence in purchasing via this method."

"Similarly, vendors should consider selling by auction because the amount of time on the market can be severely reduced with a strong auction campaign, not to mention the price can be over-achieved if there is enough interest."

Mr Turner said the auction clearance rate had already started picking up for the December quarter as spring settled in and the market became rejuvenated by lower interest rates.

"The recent cut to interest rates has really reinvigorated the market on all levels and people are also returning to real estate as a safe alternative to the financial markets which are struggling at the moment."

"South Australia's property market has always been steady and reliable and has strong long term prospects for investors or homebuyers alike."

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
6-Jul	38.9%
13-Jul	52.6%
20-Jul	23.3%
27-Jul	61.4%
3-Aug	42.9%
10-Aug	60.0%
17-Aug	33.3%
24-Aug	37.1%
31-Aug	50.0%
7-Sep	59.4%
14-Sep	37.5%
21-Sep	36.6%
28-Sep	33.3%

Top 10 Residential Auction Sales		
541 Esplanade, Grange	Brock Harcourts Henley Beach	\$1,770,000
99 Ferguson Ave, Myrtle Bank	Klemich Real Estate	\$1,760,000
4 Easlea Rd, Littlehampton	McGees Real Estate	\$1,580,000
46 Fairford St, Unley	Bernard H Booth	\$1,296,000
29 Sheffield St, Malvern	Smallacombe Mitcham	\$1,225,000
39 Sixth Ave, St Peters	Toop&Toop Norwood	\$1,125,000
43 Gilbert St, Ovingham	Klemich Real Estate	\$1,112,500
68 First Ave, St Peters	LJ Hooker Kensington	\$1,110,000
18 Naomi Way, Athelstone	Toop&Toop Norwood	\$1,100,000
2 Garnet St, Gilberton	Toop&Toop Norwood	\$1,050,000
5 Hughes St, Linden Park	Toop&Toop Norwood	\$1,050,000

Auction Clearance Rates—September Quarter 2008

Based on residential properties auctioned in South Australia during the specified period

RENTAL MARKET TIGHTENS WITH NO SIGNS OF RELIEF

Rental demand in Adelaide increased in the September quarter and shows no signs of easing heading into the peak summer months.

The vacancy rate tightened to 1.28% for the quarter and anecdotal evidence from property managers showed that demand increased as more tenants entered the market.

“Spring fever has hit the rental market, with property managers having more applicants per property,” REISA President Robin Turner said.

“During times of such tight vacancy rates it is important for potential tenants to act quickly when they find a property that suits their needs to avoid disappointment.”

Mr Turner said properties in the lower price ranges were in high demand at the moment.

“Apart from the postcode 5064, which incorporates high-end suburbs such as Glen Osmond and Myrtle Bank, most of the other areas which experienced high rental growth this quarter had more affordable prices.”

“Places such as Christie Downs, Athol Park, Eden Hills and Parafield Gardens have had strong growth over the past 12 months but are still really affordable as houses can be leased for under \$280 a week.”

“Properties in the higher rent range seem to be sitting on the market for longer, which is to be expected with current financial pressures on households,” he said.

Note: The median weekly rental figure is derived from new rentals taken up within each post code 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	1.40%
North	0.99%
East	1.90%
South	1.48%
West	0.77%
Hills	0.92%
Adelaide Metro	1.28%

Metro Vacancy Rates September Quarter 2008

Postcode	Main Suburbs	Volume	Rent Sep07	Volume	Rent Sep08	% Change
5064	Glen Osmond, Myrtle Bank	30	\$320	15	\$495	54.7%
5164	Christie Downs	20	\$183	25	\$230	26.0%
5012	Athol Park, Woodville North	35	\$200	25	\$250	25.0%
5050	Eden Hills	25	\$250	15	\$200	24.0%
5107	Parafield Gardens	55	\$230	45	\$280	21.7%
5063	Fullarton, Parkside	75	\$320	40	\$388	21.1%
5152	Crafers, Stirling	20	\$324	10	\$390	20.4%
5033	Cowandilla	35	\$250	30	\$298	19.0%
5021	West Lakes	25	\$278	20	\$330	18.9%
	Adelaide Metro	6025	\$250	4075	\$275	10.0%

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

RENTAL YIELDS IMPROVE IN SEPTEMBER QUARTER

Yields in Adelaide improved slightly this quarter as the purchase price of properties stabilised and rents increased.

This quarter's top 10 suburbs all had yields in the 4-5% range as opposed to previous quarters where the top 10 started in the 3% margin. The Adelaide metropolitan figure also rose slightly to 3.17%.

"Softer markets really are the best time to purchase property so for investors, the September quarter was a great time to expand your portfolio," REISA President Robin Turner said.

"The best yields have again come from the northern suburbs which boast both affordable prices and higher rents, but the southern suburbs have also done well this quarter.

"Southern suburbs such as Hackham West, Trott Park and Hackham each attracted an average yield in the 4% range which is really positive for that area's investment prospects."

"Of course, any property in any area can attract a solid yield depending on the price paid and the weekly rent you achieve."

Mr Turner said with the current global financial crisis, property was a solid and reliable option for many people looking for alternative investments.

"Historically South Australia's prices have remained extremely resilient through thick and thin with no significant or sustained falls over the past 40 years or so."

"With interest rates declining and plenty of stock coming onto the market during spring, it really is a great time to invest in real estate in SA."

"As with any investment, it is always important to do your research to ensure you are making a solid decision. And once the investment has been made, it is also essential to nurture that investment by engaging the services of a qualified property manager to look after your property for you."

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 incurred such as maintenance, bills, property management fees, etc.

Location	Median House Price	Median Weekly Rent	Yield
Smithfield Plains	\$180,000	\$230	5.32%
Munno Para	\$205,000	\$250	5.07%
Salisbury North	\$231,000	\$245	4.41%
Hackham West	\$229,750	\$240	4.35%
Trott Park	\$282,500	\$290	4.27%
Parafield Gardens	\$274,000	\$280	4.25%
Munno Para West	\$245,000	\$250	4.24%
Brahma Lodge	\$250,000	\$250	4.16%
Davoren Park	\$190,000	\$190	4.16%
Hackham	\$242,500	\$240	4.12%
Adelaide Metro	\$361,000	\$275	3.17%

Rental Yields for Houses—June 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

STEADY GROWTH FOR COUNTRY HOUSE PRICES

House prices in regional South Australia showed reasonable growth in the September quarter, with the State-wide median now \$334,950 while regional SA's is \$247,500.

"The regional property market has shown resilience through the usually quieter winter months," said REISA President Robin Turner.

"Although the volume of sales is down on this time last year, the strength of country prices project a positive forecast for the future."

Mr Turner said Port Augusta and Renmark were key

areas that experienced significant rises over the past year of 27.8% and 19% respectively.

Meanwhile, Port Lincoln and Roxby Downs recorded the biggest growth to rents, but volumes were significantly down on 12 months ago.

"Roxby Downs will always continue to have strong rental and house price growth as the shortage of accommodation there undersupplies the demand."

"State-wide, the median rental price for houses is \$260 per week which is reasonable after a 10.6% jump on last year."

Regional Town	Sales 3Q 2007	Median 3Q 2007	Sales 3Q 2008	Median 3Q 2008	Median % Change
Port Augusta	60	\$180,000	34	\$230,000	27.8%
Renmark	29	\$159,000	17	\$190,000	19.5%
Roxby Downs	42	\$362,500	37	\$427,635	18.0%
Victor Harbor	106	\$300,000	91	\$344,500	14.8%
Murray Bridge	109	\$203,500	76	\$229,000	12.5%
Whyalla	50	\$237,000	38	\$262,500	10.6%
Port Pirie	103	\$146,000	42	\$160,000	9.6%
Walleroo	13	\$177,500	14	\$191,500	8.0%
Port Lincoln	65	\$255,000	45	\$272,000	6.7%
Mount Gambier	118	\$212,500	78	\$216,000	1.7%
South Australia	7760	\$294,500	5541	\$334,950	13.7%

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

Postcode	Regional Town	Volume	Rent Sep07	Volume	Rent Sep08	Rent % Change
5606	Port Lincoln	115	\$200	25	\$270	25.0%
5725	Roxby Downs	45	\$400	30	\$460	15.0%
5556	Walleroo	30	\$180	25	\$210	16.7%
5540	Port Pirie	135	\$145	80	\$165	13.8%
5700	Port Augusta	105	\$158	70	\$173	9.5%
5253	Murray Bridge	160	\$190	100	\$200	5.3%
5211	Victor Harbor	100	\$215	55	\$225	4.7%
5600	Whyalla	35	\$260	25	\$270	3.8%
5290	Mount Gambier	165	\$180	120	\$185	2.8%
5341	Renmark	55	\$170	25	\$170	0.0%
	South Australia	8425	\$235	5588	\$260	10.6%

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

MARKETS STILL VOLATILE AS CREDIT REMAINS STAUNCHED

The instability in world markets continues apace, with the month of October a particularly brutal rollercoaster ride that saw the Australian stock market continue to suffer, along with all major exchanges across the globe.

During October, the All Ordinaries fell below 4000 for the first time since early 2005, and in one week the value of the Aussie dollar ranged 14 cents, greater than the entire year's range for each of the last four years. That this extraordinary volatility has occurred in line with coordinated moves by central banks and governments around the world to avoid a potential meltdown in the financial system, underlines just how serious the current situation has become.

Meanwhile, the US seems to be heading quickly into recession, and the UK and EU look likely to follow. Australia is better equipped to avoid recession, with the lower Aussie dollar an excellent 'safety valve' for any impending drop in global demand. However, a significant slowdown in our economy is now highly probable. The Government's \$10.4 billion stimulus package recognises the risk to our economy of a global slowdown, but may not be enough to prevent us feeling its effects.

Amidst the gloom, the good news for homebuyers is that interest rates appear to have peaked and the RBA is expected to continue cutting rates, with many experts predicting the official cash rate to reach 4.5%

next year. From a first homebuyers' perspective, saving a good deposit for a house is even more important in these uncertain times, and the recently announced increase to the First Home Owner Grant is a key initiative in maintaining momentum within the housing industry. In addition, the recently announced Government guarantee on bank deposits provides another level of comfort for bank customers. Equity in a home purchase is still a key ingredient in the borrowing mix and borrowers should not simply rely on Government grants to contribute that equity.

While the median house price in South Australia dropped slightly over the last quarter, there are still key factors that should see SA house prices resume their gains in the medium to long term. With large scale mining expansion on the horizon, limited land release, the increase to the First Home Owners Grant, steady immigration, and a high demand for rental property, the market should withstand a slowdown. However, employment remains key to confidence and much will depend on how the global crisis plays out overseas.

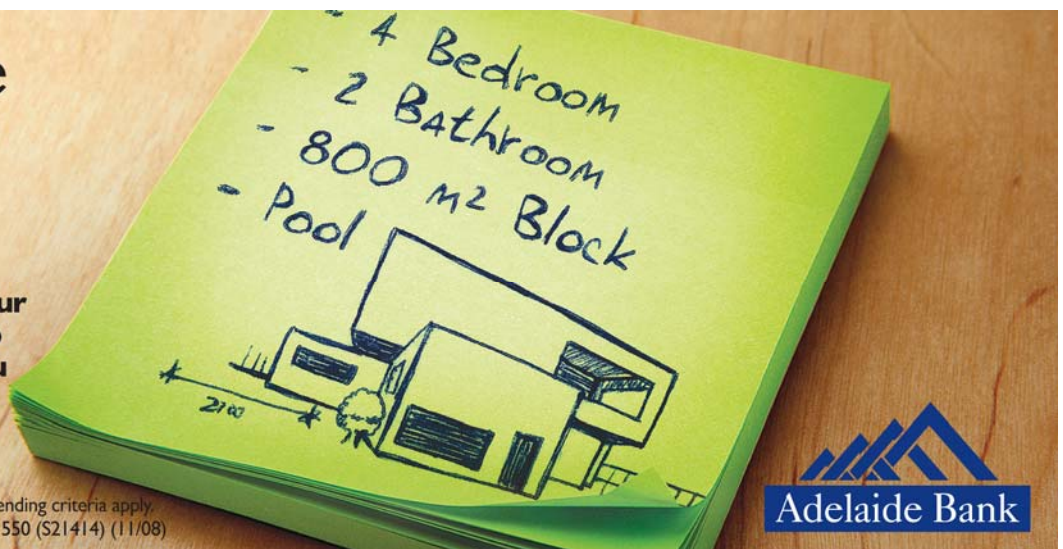
**John Oliver, State Manager SA/NT
Bendigo and Adelaide Bank**

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

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



4 Bedroom
- 2 Bathroom
- 800 M2 Block
- Pool

Adelaide Bank