



## Property price growth in Adelaide will continue to be strong.

— Robin Turner, President of the Real Estate Institute of South Australia

Adelaide is a well-designed city with attractions such as beaches and foothills in close proximity to the city. Many factors suggest that the Adelaide residential real estate market will remain vibrant well into the future, including significant infrastructure development, strategic policies to grow the state's population, changing demographics and low vacancy rates.

### **"Adelaide residential real estate market will remain vibrant"**

South Australia (SA) has emerged as one of Australia's leading states in infrastructure development. The Government's 10-year Strategic Infrastructure Plan is already realising significant benefits.

#### **Major projects include:**

- > Outer harbour
- > Port river expressway
- > Le-Fevre peninsula transport corridor
- > Tramline extension into city west
- > South road upgrade/Anzac highway underpass
- > Northern expressway
- > Sturt highway upgrade
- > Eyre peninsula grain logistics upgrade, and
- > Bakewell underpass.

The SA Government is investing nearly \$400 million in Defence infrastructure in Port Adelaide. Property experts consider that this substantial investment will contribute to the demand for Adelaide property for years to come.

In addition, the Federal Government's Nation Building - Economic Stimulus Plan will provide funding for 90 new houses for Defence families based at the Edinburgh base in Adelaide's northern suburbs. An additional 10 homes are being built in the town of Nairne, in the Adelaide Hills. Home to the energy resource of the future SA's mines hold the largest known uranium deposits in the world, the fourth largest copper deposits, and substantial deposits of gold and silver. There are currently plans underway to expand these mines to increase resource exports. This expansion is expected to have a dramatic impact on Adelaide property prices.

### **"Changing demographics will fuel housing demand"**

The global demand for uranium is increasing as more pressure is placed on international governments to find alternative sources of power that are environmentally sustainable. Although much debate exists regarding nuclear power, SA is in an enviable position as it holds the largest deposit of what may be the world's next alternative power source.

The SA Government's Prosperity through people—a population policy for South Australia estimates that the SA population will grow from 1.2 million today to 2 million by 2050.

Along with a growing population, SA has a large ageing population which is expected to result in a growth in households, further fuelling the demand for housing for years to come. Households will comprise of older singles and couples with no children living with them. The Metropolitan Adelaide Planning Strategy says, 'A continuation of the decline in average household size will be a substantial contributor to future housing demand'.

### **Adelaide's property market—strong fundamentals**

Adelaide is the most affordable mainland capital city in terms of median house and unit prices. For the quarter ending December 2008, Residex recorded the median house price at \$370,000 and the median unit price at \$287,500.

Property experts agree that SA's strong economic fundamentals will underpin continued long-term property price growth. Author of The Property Investor's Top Australian Suburbs, Peter Koulizos, says Defence and mining projects in the state will continue to have a positive effect on property prices in the future.

'The Defence industry has \$10 billion worth of submarines and air warships that we'll be constructing over the next few years. We've got the world's richest mine just six hours north of Adelaide. These two things will be the big drivers of the SA property market,' he said.

Managing Director of Braxton Chase, Paul Smith agrees that investment fundamentals remain positive in Adelaide because of major mining projects such as Olympic Dam and Prominent Hill.

### **"Smart investors will be out there now, looking to buy more"**

Mr Koulizos says 'rental returns in Adelaide have been consistently rising, and the most recent interest rate decrease, '...will only put investors in a better position'.

Residex recorded the median house rent per week at \$320 and the median unit rent at \$255 per week (as at December 2008).

'Interest rates have come down and investors now have less expense. This makes it easier for investors to hold their properties, the smart investors will be out there now, looking to buy more because the market is soft,' Mr Koulizos said.

Hines Property director, James Hines said he was confident unit demand would remain high because of Adelaide's low residential vacancy rates and strong Defence, mining and educational sectors.

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