



Market Update

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Adelaide's housing market moves forward

Adelaide's house prices have returned to positive growth in the September quarter, indicating that the worst of the global financial crisis is behind us.

The median house price in metropolitan Adelaide jumped to \$370,000 which was an increase of 1.9% over the past year.

REISA President Michael Brock said both ends of the market had been strong during the quarter as first homebuyers continued to be active and top end sales returned to the fore.

"A strong presence of first homebuyers helped push along the more affordable suburbs," Mr Brock said.

"And at the other end of the market, the number of sales in the \$1-2 million price bracket was much higher than the same time last year."

"The top end was the area that was most affected by the global downturn so to see that pick up again is excellent. It should give consumers confidence that the property market will remain stable once the First Homebuyers' Boost expires at the end of the year."

Standout performers from the June quarter, Dernancourt, Tea Tree Gully and Modbury North, continued to shine in September recording growth of 28.4%, 26.8% and 17.3% respectively over the past

12 months. However Adelaide Hills suburb Aldgate recorded the highest growth during this time.

"The northeastern suburbs are very popular for first homebuyers and is serviced by a great public transport network in the O-Bahn," Mr Brock said.

"Aldgate is also attractive due to the tree-change appeal and now has a median of \$627,500. Buying property in the Adelaide Hills is very attractive as it offers the benefits of country living within a short commute of the city."

"And a pocket in the south consisting of Noarlunga Downs and Hackham West also performed well over the past 12 months, meaning there is something for everybody in Adelaide's property market."

Mr Brock said although sales volumes declined slightly from last quarter, the number of transactions was still 10% higher than this time last year.

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 Sep08	Median Sep08	Sales Sep09	Median Sep09	Median % Change
Aldgate	11	\$482,000	12	\$627,500	30.2%
Dernancourt	10	\$355,000	11	\$456,000	28.4%
Tea Tree Gully	12	\$325,000	18	\$412,000	26.8%
Noarlunga Downs	12	\$302,500	16	\$367,000	21.3%
Hackham West	20	\$230,000	16	\$273,250	18.8%
Bridgewater	20	\$364,000	10	\$431,250	18.5%
Munno Para West	16	\$245,000	26	\$288,000	17.5%
Modbury North	27	\$285,500	23	\$335,000	17.3%
West Beach	14	\$508,000	13	\$590,000	16.1%
Sellicks Beach	11	\$242,000	15	\$280,000	15.7%
Adelaide Metro	4,198	\$363,000	4,502	\$370,000	1.9%

Median House Prices— September Quarter 2009
Top 10 growth suburbs with 10 or more sales in each quarter

Auctions heating up

Auction activity has picked up considerably in the September quarter with the auction clearance rate frequently exceeding 60%.

REISA President Michael Brock said the number of properties going to auction had also increased which showed a boost of vendor confidence.

“Vendors have every reason to be confident in the auction method of sale and this is reflected by the high clearance rates and respectable prices being achieved,” Mr Brock said.

“The auction clearance rate exceeded 60% seven weeks out of 13 which is an excellent result in the recent financial climate.”

“To purchase a property by auction, purchasers must pay a deposit on the day and have their finance ready to go. It says a lot about South Australia’s recovery from the global financial crisis if lenders are confident in people’s employment stability and the property market to lend money in this fashion.”

Mr Brock said 614 properties went under the hammer throughout the September quarter and 352 were sold – leaving an overall clearance rate of 57%.

“This is by far the highest number we have had go to auction since the financial meltdown hit, providing even further evidence that we are well on the way to recovery.”

“The number of properties going under the hammer each week has been consistent too, highlighting the stability of the market.”

Mr Brock said a couple of sales exceeded the \$2 million mark this quarter and two regional sales also made it into the top 10.

“This demonstrates that a broad cross-section of properties can be considered for auction and can be successful with the right marketing campaign.”

“Auction is the most transparent method of sale where everything is out in the open—it is the ideal way to transact real estate for both the vendor and purchaser.”

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-Jul	40%
12-Jul	54%
19-Jul	49%
26-Jul	63%
2-Aug	66%
9-Aug	46%
16-Aug	68%
23-Aug	78%
30-Aug	61%
6-Sep	65%
13-Sep	59%
20-Sep	63%
27-Sep	58%

Top 10 Residential Auction Sales		
104 George Street, Norwood	Toop & Toop - Norwood	\$2,650,000
109 Kingston Terrace, North Adelaide	Bernard H Booth Pty Ltd	\$2,120,000
Lot 502 Schroeder Road, Hahndorf	Toop & Toop - Stirling	\$1,900,000
21 Hewitt Avenue, Rose Park	Toop & Toop - Norwood	\$1,350,000
8 Fernleigh Avenue, Beaumont	Brock Harcourts - Adelaide	\$1,290,000
53 Walkerville Terrace, Gilberton	Toop & Toop - Norwood	\$1,275,000
6 Scott Street, Dulwich	Smallacombe Sanderson	\$1,191,000
22 Urrbrae Avenue, Myrtle Bank	Toop & Toop - Norwood	\$992,000
1 Zenith Avenue, Burnside	Brock Harcourts Lifestyles	\$980,000
2 Dover Road, Middleton	Elders Real Estate - Victor Harbor	\$970,000

Auction Clearance Rates— September Quarter 2009
Based on residential properties auctioned in South Australia during the specified period

Rental properties hot in beachside suburbs

Beachside suburbs were in high rental demand during the September quarter with prices in these areas rising the most over the past 12 months.

Eight of the top 10 postcodes for median weekly rental growth for houses were near the beach, topped by the Glenelg-based postcode 5045 which grew 23.8% to \$390 per week.

“Coastal suburbs are always in high demand, whether it be for purchasing or renting,” REISA President Michael Brock said.

“People always want to live near the water so it is no surprise that these suburbs have performed well this quarter.”

Mr Brock said the beauty about Adelaide was that there was such a large spectrum of properties to chose from that didn't discriminate against people with smaller budgets.

“There are affordable properties below \$300 per week near the beach around O'Sullivan Beach and Sellicks Beach, or there are your more upmarket options in Glenelg, Grange or Henley Beach.”

“The golden rule of ‘location location location’ is just as applicable to investment properties because not only do the rents have more capacity to increase in a popular area, but so too does the long-term capital growth of the property.”

The median weekly rent for houses in metropolitan Adelaide increased by 5.5% over the past 12 months to \$290 per week. The vacancy rate stayed tight at 1.33%.

Mr Brock said there was a steady number of lease breaks in the September quarter due to the popularity of the First Homebuyers' Boost assisting tenants to purchase their own home.

“However landlords should not be worried that their investment will remain vacant for too long as there are still plenty of tenants searching for rental accommodation.”

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	0.44%
North	1.28%
East	1.60%
South	1.58%
West	1.21%
Hills	1.58%
Adelaide Metro	1.33%

Metro Vacancy Rates September Quarter 2009

Postcode	Main Suburbs	Volume Sep08	Rent Sep08	Volume Sep09	Rent Sep09	Rent % Change
5045	Glenelg, Glenelg North	45	\$315	80	\$390	23.8%
5015	Port Adelaide, Birkenhead	45	\$268	55	\$320	19.6%
5166	O'Sullivan Beach	10	\$225	15	\$268	19.1%
5081	Collinswood, Medindie	25	\$340	30	\$400	17.6%
5019	Semaphore, Semaphore Park	40	\$283	55	\$330	16.8%
5022	Grange, Henley Beach	60	\$330	85	\$385	16.7%
5174	Sellicks Beach	15	\$233	20	\$270	16.1%
5049	Seacliff, Seaview Downs	35	\$315	45	\$360	14.3%
5110	Burton	25	\$245	40	\$280	14.3%
5167	Port Noarlunga	35	\$250	45	\$285	14.0%
	Adelaide Metro	6,020	\$275	5,884	\$290	5.5%

Median Weekly Rent for Houses— September Quarter 2009
Top 10 growth postcodes (metro) with 10 or more rents in each quarter

Solid investment options all over South Australia

Yields have softened throughout metropolitan Adelaide in recent months but are still reaping solid results with an average of 3.26%.

Affordable suburbs north and south of the city returned the best rental yields in the September quarter, with many new suburbs entering the top 10 for the first time.

Salisbury North's rental yield of 4.26% topped the list this quarter, supported by a healthy rent of \$250 per week coupled with a median house price of \$244,000.

Christie Downs was the standout in the southern suburbs with an average yield of 4.09%.

"Rental accommodation is in high demand in these areas and investors starting from a lower purchase price can be confident of healthy long-term gain as well," REISA President Michael Brock said.

"However investors do not have to restrict themselves to these northern and southern belts. All areas of South Australia can be considered for an investment property."

"Rental demand has been high along the coast this quarter so that is another option for investors. The city and eastern suburbs are popular rental havens for university students, while country areas with solid employment industries are also reliable."

"The trick is to do your research and use a professional property manager to help you find a tenant and look after your investment."

"A REISA member property manager will also have sound knowledge of the local area and accurately assist you to achieve a realistic price for your property."

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 Sep09
Salisbury North	\$244,000	\$250	4.26%
Elizabeth North	\$199,500	\$200	4.17%
Pooraka	\$325,000	\$320	4.10%
Christie Downs	\$252,500	\$248	4.09%
Brahma Lodge	\$255,000	\$250	4.08%
Hackham	\$257,500	\$250	4.04%
Sellicks Beach	\$280,000	\$270	4.01%
Parafield Gardens	\$283,000	\$270	3.97%
Morphett Vale	\$278,750	\$265	3.95%
Para Hills West	\$284,100	\$270	3.95%
Adelaide Metro	\$370,000	\$290	3.26%

Rental Yields for Houses— September Quarter 2009
Top 10 suburbs with more than 10 sales

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Outlook positive for country property market

The outlook is positive for regional SA's property market following steady results in the September quarter.

The State-wide median house price increased by 3.7% over the past 12 months to \$345,000. The median weekly rent rose to \$270 per week.

REISA President Michael Brock said that although there wasn't a particular area that stood out, there were many pockets that performed well this quarter.

"Walleroo's median house price in particular experienced solid growth of 29.8% over the past year. House rents were steady across the board, with Port Augusta and Mount Gambier topping the list with rises above 7%."

He said the number of sales and rents was up from the same time 12 months ago.

"Plus decent rains this year will give country areas an increase in confidence as they reap a strong and quality harvest in the coming months," he said.

"The market in Roxby Downs has slowed recently but this is simply a correction from the large rises it experienced over the past few years and a reaction to more housing that has been built to meet the demand."

"Investors in Roxby Downs should not be too worried as the area will still reap the benefits from the area's increased mining activity in coming years."

Regional Town	Sales Sep08	Median Sep08	Sales Sep09	Median Sep09	Median % Change
Walleroo	15	\$208,000	17	\$270,000	29.8%
Whyalla	39	\$262,000	52	\$282,500	7.8%
Port Lincoln	46	\$272,000	51	\$292,500	7.5%
Mount Gambier	85	\$217,000	109	\$230,000	6.0%
Port Pirie	44	\$160,000	59	\$169,450	5.9%
Murray Bridge	76	\$229,000	70	\$235,000	2.6%
Victor Harbor	95	\$338,750	90	\$302,500	-10.7%
Roxby Downs	36	\$428,464	18	\$374,560	-12.6%
Renmark	17	\$194,500	15	\$170,000	-12.6%
Port Augusta	34	\$230,000	48	\$199,000	-13.5%
South Australia	5,607	\$332,538	6,122	\$345,000	3.7%

Median House Prices - September Quarter 2009
SA's main regional centres

Postcode	Regional Town	Volume Sep08	Rent Sep08	Volume Sep09	Rent Sep09	Rent % Change
5700	Port Augusta	70	\$173	85	\$185	7.2%
5290	Mount Gambier	120	\$185	140	\$198	7.0%
5341	Renmark	25	\$170	45	\$180	5.9%
5253	Murray Bridge	100	\$200	180	\$210	5.0%
5556	Walleroo	25	\$210	40	\$220	4.8%
5540	Port Pirie	80	\$165	140	\$170	3.0%
5211	Victor Harbor	55	\$225	90	\$230	2.2%
5606	Port Lincoln	60	\$250	100	\$250	0.0%
5600	Whyalla	25	\$270	20	\$248	-8.1%
5725	Roxby Downs	30	\$460	60	\$350	-23.9%
	South Australia	8,316	\$260	8,435	\$270	3.8%

Median Weekly Rent for Houses - September Quarter 2009
SA's main regional centres

Confidence remains in SA property market

South Australian home owners and investors are beginning to look to the future with renewed optimism. While it is still too early to suggest the Global Financial Crisis (GFC) has ended, there are many signs pointing towards a sustained recovery and that the worst, at least, may be over.

South Australia has always tended to avoid the large boom and bust cycles of some of our eastern and western neighbours, and it would appear the GFC and its effect on the real estate sector is no different. Recent auction clearance rates have improved, and there is a level of confidence across the real estate sector.

The Australian economy has been particularly strong through the financial crisis – particularly when compared with the relative performance of some other high-profile economies. Our banking system is recognised as one of the best performing in the world, and is in stark contrast to places like the United States, where more than 120 banks have failed since the start of the GFC.

Australia's interest rates remain at historically low levels – despite the most recent rises in the official cash rate by the Reserve Bank. Our unemployment rate, which sat at just 5.6% in the third quarter of 2009, is substantially lower than New Zealand, Canada, the United Kingdom, European Union and United States (which has unemployment of 9.5%). These figures continue to bode well for strong owner-occupier and investment demand for residential property.

Our Gross Domestic Product grew by 0.6% in the second quarter of 2009. This is in stark contrast to the economies of New Zealand, Canada, the United Kingdom, European Union, United States and Japan who all experienced negative growth over the same period. Japan recorded a massive 7.2% in negative growth for the period.

Together these factors continue to provide strong support for a strong and sustainable real estate sector for Australia. And, within Australia, South Australia in particular has strong reasons for optimism.

Our major industries of mining and agriculture are looking forward to a strong year. Consumer and small business confidence levels are being maintained, and the effects of Federal Government stimulus packages are still being felt.

Now is the time for current and prospective home owners to speak with their bank about the best way to take advantage of the favourable market conditions in Australia. Ensure you research the options available, consider locking-in interest rates, and investigate the options for insuring both your asset and your ability to earn a wage to maintain repayments.

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



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