



Market Update

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Top end of town tips Adelaide's house prices over \$400,000

Adelaide's housing market has well and truly recovered from the depths of the global financial crisis recording an impressive 14% increase over the past 12 months.

The median house price for metropolitan Adelaide has also passed the \$400,000 mark for the first time, recording a median of \$405,000 in the March 2010 quarter.

REISA President Michael Brock said the top end of the market had helped push the overall median to new heights.

"It is no surprise that suburbs such as Parkside, Clarence Park and Glenelg North are at the top of the list for price growth over the past 12 months," he said.

"Top end suburbs were the areas that were most affected by the global financial downturn so to see them bouncing back is great news for the overall economic recovery."

"There were 171 residential sales over the \$1million mark in the first quarter of 2010, compared to just 111 in the same period last year."

"This demonstrates that there has well and truly been a shift in mindset and confidence from buyers and sellers in these markets."

Mr Brock said the growth figures were also helped by the fact that the corresponding quarter 12 months ago was the real low point of the GFC.

"This highlights the turnaround SA has experienced in just 12 months," he said.

"The gap between then and now has been shown quite clearly by these statistics. Who would have thought that at our lowest point last year we would be sitting on a \$400,000 median just 12 months later?"

"It just goes to show the strength and reliability of the SA property market and why it makes a fantastic investment."

"However people should not be too disheartened on the affordability side of things, as prices at the lower end of the market and in the outer suburbs are still reasonable. It is simply the top end sales that have driven up the median."

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 Mar09	Median Mar09	Sales Mar10	Median Mar10	Median % Change
Parkside	10	\$471,000	16	\$670,000	42.3%
Clarence Park	10	\$459,000	10	\$630,000	37.3%
Glenelg North	17	\$460,000	17	\$600,000	30.4%
Semaphore	13	\$477,500	10	\$622,500	30.4%
Prospect	45	\$430,000	46	\$560,000	30.2%
Beaumont	10	\$580,000	10	\$747,500	28.9%
Tea Tree Gully	17	\$327,500	13	\$420,000	28.2%
Kensington Park	12	\$690,000	12	\$875,000	26.8%
Henley Beach	13	\$527,535	10	\$655,000	24.2%
Glenelg East	11	\$540,000	11	\$670,000	24.1%
Adelaide Metro	4,317	\$355,000	3,974	\$405,000	14.1%

Median House Prices— March Quarter 2010
Top 10 growth suburbs with 10 or more sales in each quarter

Auction prices boom as demand increases

Adelaide's "Mad March" events program could be expanded to highlight our fever-pitched property auctions after strong results were recorded across the metropolitan and country areas.

"With so much happening in Adelaide during February and March, it was fantastic to see people also making time to attend and purchase at auction," REISA President Michael Brock said.

"573 properties went under the hammer in the first quarter of 2010 and 368 of these were sold either before, during or immediately after the auction."

"This resulted in an overall clearance rate of 64.2%, which is great compared to the 45.5% that was recorded during the same time last year."

"This is also a fantastic result considering very few auctions are held over January while people are off enjoying their summer holidays."

Mr Brock said there was a record weekend in March where 76 properties were auctioned in the one weekend.

"In the western suburbs alone we had 15 properties going to auction within two hours of each other—too

bad if you were interested in more than one of those properties!"

"This just shows the high pulling power of auction and the demand people place on quality real estate in highly sought-after locations."

A \$3.375 million sale at College Park topped the list of auction prices this quarter, which was followed by three more properties above the \$2 million mark.

"This says a lot about the strength of the top end of the market and Adelaide's increasing ability to pull strong figures. Demand for these properties is very high and the perfect example of how auction can be used."

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
10-Jan	NA
17-Jan	NA
24-Jan	NA
31-Jan	75%
7-Feb	62%
14-Feb	65%
21-Feb	58%
28-Feb	56%
7-Mar	75%
14-Mar	63%
21-Mar	63%
28-Mar	60%

Top 10 Residential Auction Sales		
29 Marlborough St, College Park	Klemich Real Estate	\$3,375,000
5 Sturt Valley Rd, Stirling	Toop&Toop—Stirling	\$2,100,000
9 Prescott Tce, Rose Park	Klemich Real Estate	\$2,095,000
19 Esplanade, West Beach	Weeks & Macklin—Western	\$2,000,000
83 Education Rd, Chandlers Hill	Toop&Toop—Port Adelaide	\$1,810,000
4 Malcolm St, Glenelg East	Bernard H Booth	\$1,800,000
381 Glynburn Rd, Kensington Park	Klemich Real Estate	\$1,706,000
43 Hewitt Ave, Rose Park	Klemich Real Estate	\$1,659,000
15 Fourth Ave, St Peters	Klemich Real Estate	\$1,605,000
11 Eli St, Torrens Park	Smallacombe—Mitcham	\$1,478,000

Auction Clearance Rates— March Quarter 2010
Based on residential properties auctioned in South Australia during the specified period

Rental market stabilises as more properties become available

Demand for the rental market has stabilised in the March quarter with the median weekly rents for houses increasing by 3.4% over the past 12 months to \$300 per week.

REISA President Michael Brock said the return of investors to the market had helped boost the supply during the first few months of 2010.

“The supply and demand balance has been out of kilter in recent years but more investors are returning to the market now that competition from first homebuyers has died down,” Mr Brock said.

“Property managers have indicated that they have seen a higher level of landlord enquiry this year and new rentals have come onto their books as sales to investors increases.”

“This is shown very clearly by the 600 extra properties that were rented in the March quarter across the metropolitan area.”

Mr Brock said there were still some pockets of Adelaide which had significant price rises over the past 12 months.

“From Noarlunga in the south, Holden Hill in the northeast, West Lakes in the west and Glen Osmond in the east, there has been some strong price growth of more than 20% in some areas,” he said.

“These areas are likely to have been undervalued 12 months ago and people are now realising their high appeal.”

REISA statistics showed the vacancy rate had increased slightly but was still at a tight 1.3%.

“Generally the vacancies that do exist are a result of overpricing or short-term leases, so with professional management there should be no reason why a property should not be leased quickly,” Mr Brock said.

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	1.11%
North	1.44%
East	1.46%
South	1.03%
West	1.60%
Hills	0.96%
Adelaide Metro	1.34%

Metro Vacancy Rates March Quarter 2010

Postcode	Main Suburbs	Volume Mar09	Rent Mar09	Volume Mar10	Rent Mar10	Rent % Change
5068	Noarlunga Downs, Old N'lunga	20	\$230	35	\$300	30.4%
5088	Holden Hill	15	\$228	30	\$278	22.2%
5021	West Lakes	25	\$288	25	\$350	21.7%
5064	Glen Osmond, Glenunga	30	\$400	40	\$485	21.3%
5050	Bellevue Heights, Eden Hills	10	\$275	25	\$330	20.0%
5049	Seaview Downs, Marino	50	\$300	60	\$355	18.3%
5015	Birkenhead, Ethelton	65	\$300	65	\$350	16.7%
5035	Forestville, Ashford	45	\$300	20	\$350	16.7%
5069	St Peters, Maylands	55	\$330	55	\$380	15.2%
5174	Sellicks Beach	30	\$238	30	\$273	14.9%
	Adelaide Metro	6,108	\$290	6,705	\$300	3.4%

Median Weekly Rent for Houses— March Quarter 2010
Top 10 growth postcodes (metro) with 10 or more rents in each quarter

Rental yields soften but long term capital growth still most important

Rental yields have softened across Adelaide in the March quarter as house prices skyrocket and rents stabilise.

REISA President Michael Brock said the average yield for metropolitan Adelaide dropped slightly to 3.08%.

“The median house price across Adelaide increased substantially in recent months but rents have steadied due to the extra stock,” Mr Brock said.

“This has resulted in a lower yield but there are still great investment options in the affordable suburbs, and it is these suburbs which are targeted more by investors.”

“The northern and southern suburbs have again filled up most spots in the Top 10 and this is because of the lower purchase prices and the higher rents.”

Mr Brock said new developments in affordable areas had also emerged as solid investment options this quarter.

“Newer suburbs such as Andrews Farm and Huntfield Heights have appeared in the Top 10 for the first time and are providing solid yields. These suburbs are quite popular with renters keen to live in a more modern area, perhaps even while they’re building themselves.”

Mr Brock said it was important to remember that long term capital growth was even more important than short term yields when looking for an investment property.

“This really opens up all areas in both metropolitan and country SA, as demonstrated by the remarkable growth we’ve experienced across the State recently.”

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 Mar10
Brahma Lodge	\$256,500	\$270	4.38%
Pooraka	\$325,000	\$340	4.35%
Hackham West	\$255,000	\$263	4.29%
Elizabeth North	\$195,000	\$200	4.27%
Hackham	\$258,000	\$263	4.24%
Willaston	\$275,500	\$280	4.23%
Gilles Plains	\$311,000	\$313	4.19%
Gawler South	\$280,000	\$280	4.16%
Huntfield Heights	\$264,000	\$263	4.14%
Andrews Farm	\$262,000	\$260	4.13%
Adelaide Metro	\$405,000	\$300	3.08%

Rental Yields for Houses— March Quarter 2010
Top 10 suburbs with more than 10 sales

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Regional South Australia surges ahead

Sales in regional South Australia have exceeded expectations in the March quarter by recording solid price increases across the board.

The State-wide median house price rose by 14.9% over the past year to \$370,000, propelled mainly from robust activity within the past three months.

REISA President Michael Brock said the recovery from the global financial crisis was expected to take longer in regional areas, but this had been rejected by the latest figures.

"These results show the confidence that buyers have in country communities. Even when there is a downturn,

history shows that the market will balance out in the long term," Mr Brock said.

"Port Lincoln in particular performed well with a 16.7% increase over the past 12 months, bringing its median house price to \$300,000."

Rental prices did not experience the same surge, with the median weekly rent rising by 3.7% over the past 12 months to \$280 per week.

"Demand for rentals in Port Augusta helped push its median to \$200 per week, while other areas stabilised. Roxby Downs is still recovering from the financial slowdown but should plateau out soon."

Regional Town	Sales Mar09	Median Mar09	Sales Mar10	Median Mar10	Median % Change
Port Lincoln	47	\$257,000	34	\$300,000	16.7%
Mount Gambier	133	\$220,000	95	\$245,000	11.4%
Victor Harbor	78	\$332,000	101	\$368,000	10.8%
Whyalla	38	\$267,500	34	\$289,000	8.0%
Murray Bridge	62	\$249,000	58	\$263,750	5.9%
Port Pirie	62	\$176,250	36	\$186,500	5.8%
Port Augusta	42	\$208,500	35	\$210,000	0.7%
Roxby Downs	5	\$380,000	7	\$380,000	0.0%
Walleroo	28	\$226,000	23	\$226,000	0.0%
Renmark	11	\$178,000	20	\$165,250	-7.2%
South Australia	6,031	\$322,000	5,366	\$370,000	14.9%

Median House Prices - March Quarter 2010
SA's main regional centres

Postcode	Regional Town	Volume Mar09	Rent Mar09	Volume Mar10	Rent Mar10	Rent % Change
5700	Port Augusta	105	\$180	115	\$200	11.1%
5211	Victor Harbor	85	\$230	110	\$240	4.3%
5600	Whyalla	35	\$250	40	\$260	4.0%
5290	Mount Gambier	195	\$195	195	\$200	2.6%
5556	Walleroo	30	\$215	45	\$220	2.3%
5253	Murray Bridge	170	\$220	190	\$220	0.0%
5540	Port Pirie	165	\$170	155	\$170	0.0%
5606	Port Lincoln	125	\$243	125	\$240	-1.0%
5341	Renmark	55	\$170	55	\$168	-1.2%
5725	Roxby Downs	45	\$440	45	\$340	-22.7%
	South Australia	8,492	\$270	9,508	\$280	3.7%

Median Weekly Rent for Houses - March Quarter 2010
SA's main regional centres