



# Market Update

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## Adelaide house prices grow despite interest rate rises

Metropolitan Adelaide's median house price rose to \$410,000 during the June quarter showing resilience in the face of three interest rate rises.

REISA President Michael Brock said the \$410,000 figure was a 1.2% increase from last quarter and 13.9% from the same time last year.

"This steady growth shows what a durable market we have here in Adelaide and the confidence people have in investing in property," Mr Brock said.

"Many middle-ground suburbs in the \$500-650,000 bracket performed well this quarter and the top end has also been strong."

"We had a record number of sales above \$1 million and also set a record residential price of \$6.5 million for a mansion at Glenelg."

Mr Brock said the Top 10 suburbs featured a strong showing from the south-west, as well as other middle-ground suburbs from all around Adelaide .

"The median house price for beachside or near-beachside suburbs such as Morphettville, Hove and West Beach all had growth of more than 30% over the past 12 months," he said.

"Salisbury Heights and Littlehampton were also strong performers, while North Adelaide had remarkable

growth to reach a median of \$1,040,000 with 10 house sales which is uncommon in such a tightly-held suburb."

"Sales volume was down on this time last year, but we performed better than the March quarter which means we have compensated for the drop in first homebuyer numbers at the beginning of the year."

Mr Brock said the overall result was exceptionally good considering there was uncertainty about the State's mining future throughout much of the quarter.

"Since the beginning of May when the proposed Mining Super Tax was announced, much of South Australia had held fears for the future of its mining operations which could have had adverse effects on the economy. Couple that with three interest rate rises in March, April and May, and things could have been forgiven if they were looking a bit shaky."

"But to the State's credit, the strength of the property market and wider economy has broken through these barriers and managed to stay afloat."

**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 Jun09	Median Jun09	Sales Jun10	Median Jun10	Median % Change
Salisbury Heights	23	\$355,000	15	\$520,000	46.5%
Morphettville	10	\$360,000	10	\$505,250	40.4%
Hove	13	\$454,600	12	\$635,000	39.7%
Littlehampton	12	\$358,500	13	\$480,000	33.9%
West Beach	12	\$501,250	24	\$655,000	30.7%
North Adelaide	14	\$796,000	10	\$1,040,000	30.6%
Mansfield Park	10	\$292,500	12	\$378,000	29.2%
Seacliff	10	\$535,825	11	\$690,000	28.8%
Sellicks Beach	13	\$284,344	10	\$363,000	27.7%
Gulfview Heights	11	\$336,250	13	\$427,500	27.1%
Adelaide Metro	4,894	\$360,000	4,258	\$410,000	13.9%

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

## Auctions soar in popularity as high end sales increase

The number of auctions held in South Australia cracked more than 1000 during the June quarter—nearly double last quarter and the same time last year.

REISA President Michael Brock said there were 1018 properties auctioned with 598 sold as a result, providing a healthy clearance rate of 58.7%.

“This means 8.8% of all sales during the June quarter were sold by auction, which is much higher than the average 5%,” Mr Brock said.

“With the top end of the market in such high demand at the moment, it is no wonder auction is becoming the preferred method of sale.”

“Even amongst the middle ground suburbs, anything with a lot of interest will perform well at auction.”

Mr Brock said there was a record week in May when 118 properties went under the hammer.

“This was the week ending 2 May which also resulted in the highest clearance rate with 64%.”

“The success rate that comes with a dedicated auction marketing campaign, bringing urgency to potential

buyers and laying out all the conditions of sale prior to the day, really does work.”

Mr Brock said buyers were also becoming more confident at bidding and purchasing at auction.

“Buyers know that only legitimate parties interested in the property will register to bid and that vendor bids are clearly disclosed.”

“It really is the most reputable, no-nonsense and transparent way to buy and sell real estate.”

A \$2 million house at North Adelaide topped the list of auction prices this quarter, which was followed by three more properties above the \$1.8 million mark.

“But even properties at the lower end of the scale can be auctioned—it’s just all about demand.”

**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
4 April	59%
11 April	51%
18 April	62%
25 April	50%
2 May	64%
9 May	60%
16 May	47%
23 May	54%
30 May	49%
6 June	53%
13 June	53%
20 June	49%
27 June	53%

Auction Clearance Rates— June Quarter 2010

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

Top 10 Residential Auction Sales		
29 Palmer Place, North Adelaide	Klemich Real Estate	\$2,000,000
85 Church Tce, Walkerville	Klemich Real Estate	\$1,860,000
14 Ridge Ave, Myrtle Bank	Toop&Toop Norwood	\$1,850,000
68 LeFevre Tce, North Adelaide	Klemich Real Estate	\$1,830,000
3 Rothbury Ave, Heathpool	Klemich Real Estate	\$1,718,000
3 Surrey Crt, Lower Mitcham	Harris Real Estate	\$1,700,000
79 Seagull Ave, Hayborough	Dodd & Page	\$1,680,000
143A The Esplanade, Brighton	Toop&Toop Norwood	\$1,670,000
21 Patawalonga Front, Glenelg Nth	Toop&Toop Norwood	\$1,550,000
14 Albert St, Dulwich	Bernard H Booth	\$1,530,000

## High demand for rentals in inner and middle Adelaide

Rental properties in the west and east of Adelaide have been in high demand over the past three months, experiencing strong rental growth.

Rental prices for houses along the western belt from Somerton Park in the south to Taperoo in the north increased by more than 15% over the past 12 months, along with pockets in the east around Payneham, Firl and Magill.

“The western suburbs have a strong appeal for renters because they are in close proximity to both the city and the beach with relatively large blocks,” REISA President Michael Brock said.

“Suburbs in the east have a similar attraction in that they are close to the city and cosmopolitan districts and are very appealing to students who may study in the city or Magill.”

“This is also demonstrated by the fact that the suburb of Adelaide is in the Top 10 for the first time. People are very keen to snap up a rental which is close to work, study, shops and services.”

Metropolitan Adelaide’s median weekly price for houses rose by 5.4% over the past 12 months to \$300 per week. The vacancy rate remained tight at 1.06%.

Mr Brock said the metropolitan vacancy rate was at its lowest level in three years and more properties were desperately needed.

“While we haven’t seen the excessive demand that was experienced in 2007 when the vacancy rate was previously this low, there aren’t many properties around,” he said.

“Now is the perfect time to invest in the property market with interest rates on hold, less competition from first home buyers and prices relatively affordable.”

“There are also plenty of tenants on the lookout for appropriately-priced properties.”

**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	1.46%
North	1.13%
East	0.84%
South	0.82%
West	1.31%
Hills	2.44%
Adelaide Metro	1.06%

Metro Vacancy Rates June Quarter 2010

Postcode	Main Suburbs	Volume Jun09	Rent Jun09	Volume Jun10	Rent Jun10	Rent % Change
5044	Somerton Park, Glengowrie	45	\$320	55	\$380	18.8%
5021	West Lakes	25	\$310	25	\$363	17.1%
5032	Lockleys, Underdale	60	\$300	55	\$350	16.7%
5070	Payneham, Firl	55	\$300	55	\$350	16.7%
5072	Magill, Rosslyn Park	55	\$300	55	\$350	16.7%
5049	Seaview Downs, Marino	55	\$323	45	\$375	16.3%
5017	Taperoo, Osborne	20	\$260	25	\$300	15.4%
5073	Hectorville, Rostrevor	80	\$300	80	\$345	15.0%
5000	Adelaide	115	\$340	105	\$390	14.7%
5038	Plympton, Camden Park	65	\$290	80	\$330	13.8%
	Adelaide Metro	6,011	\$285	5,934	\$300	5.3%

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

## Affordable purchase price assists higher yields

The State's best rental yields have again focused on affordable areas in the north and south of Adelaide plus Renmark in the Riverland.

REISA President Michael Brock said the affordable median house price in these regions helped increase the yield but long term capital growth was still the most important factor to consider when investing in property.

"Investors need to do their own calculations to consider whether a property is going to be viable or not—whether they want to be positively or negatively geared, whether they're going to be paying principal or interest only, etc."

"Any well researched property will bring about strong capital growth as well as attract reasonable rent to help meet the regular repayment costs."

"However these statistics are still helpful in seeing where your property sits in the overall market."

**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
Hackham	\$267,500	\$285	4.44%
Munno Para West	\$258,000	\$275	4.43%
Pooraka	\$325,000	\$345	4.42%
Smithfield	\$255,000	\$260	4.24%
Parafield Gardens	\$285,000	\$290	4.23%
Christie Downs	\$262,000	\$265	4.21%
Morphett Vale	\$285,000	\$285	4.16%
Ingle Farm	\$295,000	\$290	4.09%
Salisbury North	\$265,100	\$260	4.08%
Huntfield Heights	\$275,000	\$268	4.05%
Adelaide Metro	\$410,000	\$300	3.04%

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

Location	Median House Price	Median Weekly Rent	Yield Mar10
Renmark	\$154,500	\$175	4.71%
Whyalla	\$276,500	\$270	4.06%
Mount Gambier	\$232,000	\$220	3.94%
Port Pirie	\$191,000	\$180	3.92%
Roxby Downs	\$372,500	\$350	3.91%
Murray Bridge	\$252,500	\$220	3.62%
Walleroo	\$283,500	\$223	3.27%
Port Augusta	\$242,500	\$190	3.26%
Victor Harbor	\$365,000	\$245	3.79%
Port Lincoln	\$340,000	\$210	2.57%
South Australia	\$380,000	\$280	3.07%

Rental Yields for Houses— June Quarter 2010  
SA's main regional centres

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## Property in regional South Australia survives uncertainty

South Australia's median house price rose to \$380,000 during the June quarter—a positive result given the uncertainty created by the proposed Mining Super Tax and three interest rate rises.

The \$380,000 median was a 15.2% increase on 12 months ago but only 2.7% from last quarter, which was driven mainly by metropolitan Adelaide.

“Some pockets performed exceptionally well such as Port Lincoln and Victor Harbor, which increased by more than 25% and 15% respectively,” REISA President Michael Brock said.

“While some other regions struggled, now that the State’s mining projects are secure and economy is back on track, confidence will quickly be restored to regional SA.”

Mr Brock said Port Pirie and Mount Gambier were standouts in the house rental market, demonstrating confidence in these regions.

“And while Port Lincoln’s median rental price has dropped over the past 12 months in direct contrast to its house prices, potential investors should still be reassured by the volume of rents which indicates there is still plenty of demand.”

Regional Town	Sales Jun09	Median Jun09	Sales Jun10	Median Jun10	Median % Change
Port Lincoln	58	\$270,500	35	\$340,000	25.7%
Victor Harbor	134	\$315,000	103	\$365,000	15.9%
Port Augusta	39	\$220,000	36	\$242,500	10.2%
Port Pirie	56	\$173,500	44	\$191,000	10.1%
Whyalla	56	\$257,500	38	\$276,500	7.4%
Walleroo	20	\$267,500	14	\$283,500	6.0%
Mount Gambier	123	\$225,000	71	\$232,000	3.1%
Renmark	24	\$156,750	22	\$154,500	-1.4%
Roxby Downs	2	\$398,750	10	\$372,500	-6.6%
Murray Bridge	99	\$275,000	58	\$252,500	-8.2%
South Australia	6,815	\$330,000	5,642	\$380,000	15.2%

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

Postcode	Regional Town	Volume Jun09	Rent Jun09	Volume Jun10	Rent Jun10	Rent % Change
5540	Port Pirie	145	\$160	150	\$180	12.5%
5290	Mount Gambier	175	\$200	160	\$220	10.0%
5211	Victor Harbor	105	\$225	100	\$245	8.9%
5253	Murray Bridge	150	\$210	170	\$220	4.8%
5600	Whyalla	40	\$263	40	\$270	2.9%
5556	Walleroo	45	\$220	45	\$223	1.4%
5341	Renmark	50	\$175	45	\$175	0.0%
5700	Port Augusta	105	\$200	105	\$190	-5.0%
5725	Roxby Downs	55	\$380	65	\$350	-7.9%
5606	Port Lincoln	95	\$240	100	\$210	-12.5%
	South Australia	8,639	\$270	8,593	\$280	3.7%

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

## High end sales lead strong unit growth

Unit prices in the west and inner areas of Adelaide—along with some key regional centres—outperformed the rest of South Australia in price growth over the past 12 months.

REISA President Michael Brock said some new, high end apartments and maisonettes in Glenelg North had helped push its median skywards.

“While 109.9% growth over 12 months seems like a lot, a number of \$1 million-plus sales were achieved for newly built properties in beach or waterfront locations.”

“These developments have obviously been very popular and will ultimately help build the wealth of the more

established areas around them and will be positive for the long term growth of the west.”

“In a snapshot of the whole State, it is also great to see Port Lincoln and Mount Gambier perform well for unit sale growth over the past 12 months.”

South Australia’s overall unit price growth increased by 12.7% to \$310,000 over the past 12 months, while rental prices rose by 8.7% to \$250 per week.

“Some outer northern suburbs were standouts for rental price growth this quarter while the west again is heavily featured in the Top 10,” Mr Brock said.

Suburb/Town	Sales Jun09	Median Jun09	Sales Jun10	Median Jun10	Median % Change
Glenelg North	26	\$315,625	16	\$662,500	109.9%
Oaklands Park	11	\$271,000	10	\$383,000	41.3%
Port Lincoln	14	\$230,500	11	\$310,000	34.5%
Somerton Park	11	\$300,000	10	\$380,000	26.7%
Warradale	11	\$301,500	12	\$381,250	26.5%
Magill	17	\$320,000	14	\$395,000	23.4%
North Adelaide	27	\$480,000	36	\$571,250	19.0%
Unley	15	\$330,000	10	\$392,500	18.9%
Glenside	16	\$266,250	13	\$316,500	18.9%
Mount Gambier	38	\$146,000	21	\$168,000	15.1%
South Australia	1,757	\$275,000	1,486	\$310,000	12.7%

Median Unit Prices - June Quarter 2010

Top 10 growth suburbs/towns with 10 or more sales in each quarter

Postcode	Main Suburbs/Towns	Volume Jun09	Rent Jun09	Volume Jun10	Rent Jun10	Rent % Change
5012	Woodville North, Mans Park	25	\$195	10	\$250	25.7%
5013	Rosewater, Ottoway	20	\$180	25	\$220	22.2%
5112	Elizabeth, Hillbank	30	\$132	25	\$160	21.5%
5046	Oaklands Park, Warradale	45	\$223	30	\$265	19.1%
5023	Findon, Seaton	55	\$220	55	\$260	18.2%
5021	West Lakes	25	\$330	15	\$385	16.7%
5109	Brahma Lodge, Salisbry East	35	\$203	35	\$235	16.0%
5127	Wynn Vale	15	\$250	15	\$290	16.0%
5085	Clearview, Northfield	35	\$183	30	\$210	15.1%
5066	Burnside, Hazelwood Park	15	\$245	15	\$280	14.3%
	South Australia	4,598	\$230	4,499	\$250	8.7%

Median Weekly Rent for Units - June Quarter 2010

Top 10 growth suburbs/towns with 10 or more rents in each quarter