



Market Update

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Winter cold slows down volume of house sales in metro Adelaide

The winter cold is being felt throughout the Adelaide property market with the volume of sales down by 16% on the same quarter last year.

REISA President, Greg Nybo said that whilst sales volumes were down, the median price largely remained unchanged, only moving backwards 0.4% over the quarter and down 1.2% over the twelve month comparison.

“There is no doubt that the property market is flat at the moment and both REISA members, and consumers are noting this right across the market.”

“Most notably, the number of properties on the market is high and number of sales is low, so this is causing a flat market.”

In the June quarter, 3678 houses settled across the Adelaide metropolitan area, whilst 12 months ago, in the same quarter, 4368 houses settled.

“However, it is a positive sign that we are not seeing large price drops across the metropolitan region and this is important as it shows the long-term stability of our property market.”

“Interstate, there have been considerable reversals in price growth, but again, Adelaide has shown that whilst things are definitely tough, the stability of our market still remains.”

Noting the suburbs which had seen the largest growth over a 12 month period, Mr Nybo said that Henley Beach and Largs Bay topped the list at 30% and 18.5% respectively.

“There are still a range of suburbs which are holding value well which shows that well-priced, quality housing will always be in demand.”

“The housing market, definitely moves through cycles, but what is important to remember is that there are still genuine buyers in the market.”

“Housing is a basic human need, so at any one time, there are always a core group of people who need to move to suit their needs, whether it’s moving interstate, upsizing or downsizing.”

“In this type of market, buyers and sellers need to stay in contact with their local agent to be sure they are aware of what’s happening in their local area.”

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 Jun10 | Median Jun10 | Sales Jun11 | Median Jun11 | Median % Change |
|-----------------------|--------------|------------------|-------------|------------------|-----------------|
| Henley Beach | 14 | \$563,500 | 12 | \$732,500 | 29.99% |
| Largs Bay | 18 | \$485,000 | 17 | \$575,000 | 18.56% |
| Para Hills West | 12 | \$285,000 | 11 | \$337,500 | 18.42% |
| Gulfview Heights | 13 | \$427,500 | 12 | \$495,000 | 15.79% |
| Golden Grove | 36 | \$414,650 | 27 | \$480,000 | 15.76% |
| Ascot Park | 11 | \$385,572 | 11 | \$443,750 | 15.09% |
| North Adelaide | 12 | \$1,040,000 | 10 | \$1,175,000 | 12.98% |
| Blakeview | 26 | \$303,625 | 28 | \$340,500 | 12.14% |
| Blackwood | 18 | \$440,000 | 11 | \$492,500 | 11.93% |
| Seaford Rise | 25 | \$342,500 | 27 | \$382,500 | 11.68% |
| Adelaide Metro | 4,368 | \$410,000 | 3678 | \$405,000 | -1.22% |

Median House Prices— June Quarter 2011
Top 10 growth suburbs with 10 or more sales in each quarter

Auction clearance rates ease in line with slower sales activity

The clearance rate of auctions dropped below 50% for the June quarter, mirroring slower activity right across the housing market.

Noting a lower clearance rate and fewer auctions than the previous quarter and this time last year, REISA President, Mr Greg Nybo, said that this was to be expected in a slower residential market.

“Auctions are driven by strong buyer demand for the same property, so when the balance between the buyer and seller market changes, it is typical to see few properties put to auction and lower clearance rates.”

“That said, there are still a solid amount of sales each week by auction which shows that property which is well located and well priced will always attract buyer interest.”

“The advantages of an auction in a slower market is that you can bring together buyer and seller in a tighter time frame which is one of the reasons people will still consider putting their property under the hammer.”

“Many agents still strongly support the auction method so it is worth discussing with your agent about whether it would be beneficial in your sale.”

Commenting on the outlook for the coming months, Mr Nybo said that REISA expected at least 60-70 properties would still be offered each week over the winter months, picking up to 90-100 moving into spring.

“History shows that winter always slows for sales, so this carries through the number of properties being offered for sale via auction.”

“But heading into spring, we would anticipate a fresh amount of stock with buyers keen to see some quick sales which will see the auction market heat up again.”

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 |
|-------------|-----------------|
| 3 April | 46% |
| 10 April | 42% |
| 17 Apr | 42% |
| 24 Apr | 43% |
| 1 May | 32% |
| 8 May | 31% |
| 15 May | 37% |
| 22 May | 31% |
| 29 May | 42% |
| 5 June | 40% |
| 12 June | 46% |
| 19 June | 42% |
| 26 June | 27% |

| Top 10 Residential Auction Sales | | |
|----------------------------------|--|-------------|
| 37 Fuller St, Walkerville | John Williams, Toop & Toop Hyde Park | \$1,600,000 |
| 12 Lansdowne Tce, Walkerville | Lew Toop, Toop & Toop Hyde Park | \$1,360,000 |
| 47 Edmund Av, Unley | John Williams, Toop & Toop Hyde Park | \$1,270,000 |
| 10/12 Adelphi Tce, Glenelg North | Karen Lombe, Brock Harcourts Adelaide | \$1,240,000 |
| 66 Stanley St, Erindale | Richard Thwaites, LJ Hooker Kensington | \$1,150,000 |
| 22 Thornton St, Kensington | Lachlan Turner, Turner Partners Adelaide | \$1,110,000 |
| 7 Barker Gr, Toorak Gardens | Debi Zecevich, Toop & Toop Norwood | \$950,000 |
| 6 Fiji Pl, West Lakes | Damian Popowycz, L J Hooker West Lakes | \$900,000 |
| 5 Austral Tce, Malvern | Tim Thredgold, Toop & Toop Norwood | \$880,000 |
| 55 McDonald Gr, West Lakes | Sarah Williams, Brock Harcourts Mile End | \$780,000 |

Auction Clearance Rates— June Quarter 2011
Based on residential properties auctioned in South Australia during the specified period

Rental market eases with slower economy and housing market

The Adelaide rental market has slowed over the past quarter with the vacancy rate across the metropolitan area rising to 3.15%.

Notably, the northern suburbs seem to be slowing in demand as rental prices continue to push up and tenants feel the squeeze of rising inflation and a nervous economy,

REISA President, Mr Greg Nybo, said that property managers across the State are noting that the rental market has really slowed over the past few months, with some saying it's been the quietest they have seen it for many years.

"Whilst our overall vacancy is still quite low in the metropolitan area, we are hearing that rising rents are starting to bite."

"Additionally, as the economy seems to have slowed, people are staying put and delaying a move, either to another rental property or from the family home."

Analysing the vacancies, it appears that one third of stock on the market is units whilst the majority are houses.

Anecdotal comments from REISA property managers suggests that price is the one factor which extends a property's time on market.

"Many property managers commented that price was very sensitive in the current rental market and many tenants will consider price over location," Mr Nybo said.

"Another comment which came up many times in this study was that landlords are having to consider their pricing to secure a quality tenant in a timely manner."

"When the market is changing, as it is now, it highlights the importance of using a REISA member to ensure your agent is aware of current data and trends."

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 quarterly vacancy rate survey conducted with the REISA membership. Over 23,000 properties under management were used in the June 2011 survey.

| Metro Region | Vacancy Rate |
|------------------|--------------|
| City/ N Adelaide | 1.8% |
| North | 10.2% |
| East | 3.6% |
| South | 4.4% |
| West | 1.8% |
| Hills | 3.1% |
| Adelaide Metro | 3.15% |

Metro Vacancy Rates June Quarter 2011

| Main Suburbs | Volume Jun10 | Rent Jun10 | Volume Jun11 | Rent Jun 11 | Rent % Change |
|-----------------------|--------------|--------------|--------------|--------------|---------------|
| Aldgate | 10 | \$320 | 10 | \$488 | 52.5% |
| Westborne Park | 15 | \$350 | 15 | \$475 | 35.7% |
| Beaumont | 10 | \$380 | 10 | \$500 | 31.5% |
| McLaren Flat | 10 | \$278 | 10 | \$365 | 31.3% |
| Kensington Gardens | 10 | \$343 | 15 | \$445 | 29.7% |
| Elizabeth | 40 | \$185 | 35 | \$238 | 28.7% |
| Black Forest | 10 | \$315 | 10 | \$395 | 25.4% |
| Queenstown | 15 | \$250 | 10 | \$310 | 23.3% |
| Allenby Gardens | 10 | \$300 | 10 | \$370 | 22.7% |
| Athelstone | 25 | \$300 | 30 | \$368 | 22.2% |
| Adelaide Metro | 5934 | \$300 | 6524 | \$320 | 6.66% |

Median Weekly Rent for Houses— June Quarter 2011
Top 10 growth suburbs with 10 or more rents in each quarter

Yields remain stable and show solid return

The June quarter of 2011 has seen yields remain reasonably stable with little changing in the market place.

"The fact that median sale prices have moved very little and interest rates have remained stable has produced little change in the market place in recent times," Mr Greg Nybo said.

The lower purchase price suburbs and regional areas are continuing to hit the top of the charts and prove to be a prudent choice for the investor.

| Location | Median House Price | Median Weekly Rent | Yield Jun11 |
|-----------------------|--------------------|--------------------|--------------|
| ELIZABETH PARK | \$200,500 | \$243 | 5.04% |
| ELIZABETH NORTH | \$186,000 | \$225 | 5.03% |
| NOARLUNGA DOWNS | \$292,000 | \$330 | 4.70% |
| ELIZABETH VALE | \$205,000 | \$230 | 4.67% |
| HACKHAM WEST | \$243,000 | \$265 | 4.54% |
| DAVOREN PARK | \$202,000 | \$220 | 4.53% |
| HUNTFIELD HEIGHTS | \$260,000 | \$280 | 4.48% |
| SMITHFIELD PLAINS | \$224,750 | \$240 | 4.44% |
| SALISBURY EAST | \$266,000 | \$280 | 4.38% |
| REYNELLA | \$297,500 | \$310 | 4.33% |
| Adelaide Metro | \$410,000 | \$350 | 3.55% |

Rental Yields for Houses— June Quarter 2011
Top 10 suburbs with more than 10 sales


"For any investor, you need to consider the long and short –term benefits, so this yield indicator is simply one measure to consider when taking the step of property investment."

"This chart doesn't factor in capital growth, which in Adelaide, over many years, has averaged out in the double digits," Mr Nybo added.

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 Jun11 |
|---------------|--------------------|--------------------|-------------|
| WHYALLA | \$245,000 | \$300 | 5.09% |
| BERRI | \$148,875 | \$180 | 5.03% |
| ROXBY DOWNS | \$404,000 | \$460 | 4.74% |
| WALLAROO | \$230,000 | \$240 | 4.34% |
| MURRAY BRIDGE | \$250,000 | \$240 | 3.99% |
| PORT LINCOLN | \$288,500 | \$270 | 3.89% |
| PORT PIRIE | \$200,000 | \$185 | 3.85% |
| MOUNT GAMBIER | \$243,000 | \$220 | 3.77% |
| PORT AUGUSTA | \$222,500 | \$200 | 3.74% |
| RENMARK | \$260,000 | \$180 | 2.88% |

Rental Yields for Houses— June Quarter 2011
SA's main regional centres



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Regional SA mirrors metro market in slower times

The winter cold is being felt throughout the South Australian regional property market with the volume of sales down by 22% on the same quarter last year.

REISA President, Greg Nybo said that whilst sales volumes were down, the median price had not been affected as much, only moving backwards 4% over the quarter and 0.5% over the twelve month comparison.

"There is no doubt that the property market is flat at the moment and both REISA members, and consumers are noting this right across the market," he said.

"Most notably, the number of properties on the market is high and number of sales is low, so this is causing a tough market."

In the June quarter, 355 houses settled across the regional areas, whilst 12 months ago, in the same quarter, 455 houses settled.

"Although it's tough right across the State, it is a positive sign that we are not seeing large price drops. This is important as it shows the long-term stability of our property market," Mr Nybo said.

| Regional Town | Sales Jun 10 | Median Jun 10 | Sales Jun 11 | Median Jun 11 | Median % Change |
|------------------------|--------------|------------------|--------------|------------------|-----------------|
| Renmark | 21 | \$153,000 | 13 | \$260,000 | 69.93% |
| Port Augusta | 40 | \$205,000 | 37 | \$222,500 | 8.54% |
| Mount Gambier | 84 | \$230,000 | 66 | \$243,000 | 5.65% |
| Port Pirie | 51 | \$191,000 | 27 | \$200,000 | 4.71% |
| Murray Bridge | 67 | \$240,000 | 54 | \$250,000 | 4.17% |
| Berri | 6 | \$145,000 | 14 | \$148,875 | 2.67% |
| Millicent | 8 | \$172,000 | 6 | \$176,500 | 2.62% |
| Victor Harbor | 119 | \$350,250 | 85 | \$345,000 | -1.50% |
| Naracoorte | 24 | \$206,500 | 18 | \$202,500 | -1.94% |
| Baramba | 7 | \$170,000 | 3 | \$165,000 | -2.94% |
| Regional SA | 455 | \$270,000 | 355 | \$268,500 | -0.56% |
| South Australia | 5834 | \$380,000 | 4,881 | \$375,000 | -1.32% |

Median House Prices - June Quarter 2011
SA's main regional centres

| Regional Town | Volume Jun 10 | Volume Jun 11 | Rent Jun 11 | Rent % Change |
|------------------------|---------------|---------------|--------------|---------------|
| LYNDOCH | 295 | 10 | \$200 | 48% |
| ROXBY DOWNS | 460 | 45 | \$350 | 31% |
| PORT LINCOLN | 270 | 85 | \$210 | 29% |
| COOBER PEDY | 170 | 20 | \$133 | 28% |
| COWELL | 240 | 10 | \$190 | 26% |
| LOXTON | 188 | 20 | \$163 | 15% |
| ENCOUNTER BAY | 280 | 35 | \$245 | 14% |
| TUMBY BAY | 238 | 10 | \$210 | 13% |
| PORT AUGUSTA | 200 | 75 | \$180 | 11% |
| BARMERA | 175 | 15 | \$158 | 11% |
| South Australia | 8595 | 9,159 | \$300 | 7.1% |

Median Weekly Rent for Houses
June Quarter 2011
SA's main regional centres

Units a stable investment across the metropolitan area

Unit prices across the metropolitan area have held reasonably stable over the past 12 months and moved little over the quarter.

Experiencing a decrease in volumes by around 20%, similar to house sale volume, the market has been slow, but with still a steady inquiry rate.

REISA President, Mr Greg Nybo, said that just over 1000 units/apartments changed hands in the June quarter.

“Home units and apartments can be a great entry point for homebuyers in the market, so with housing affordability tight, this can be an option to consider.”

“Most suburbs have some home units in them, and they can provide an entry into the dream suburb for some buyers.”

“Units are also a great choice for the investor wanting a quality long-term investment which will return a solid yield.”

| Suburb/Town | Sales Jun 11 | Median Jun 11 | Median % Change |
|-----------------------|--------------|------------------|-----------------|
| PROSPECT | 21 | \$385,000 | 24.1% |
| EDWARDSTOWN | 10 | \$303,750 | 24.1% |
| SEATON | 24 | \$321,000 | 23.2% |
| NORWOOD | 37 | \$512,800 | 14.6% |
| GLENELG SOUTH | 12 | \$465,000 | 13.0% |
| UNLEY | 19 | \$470,000 | 12.8% |
| GLENELG NORTH | 18 | \$469,000 | 12.4% |
| BROMPTON | 10 | \$447,500 | 12.1% |
| FULLARTON | 15 | \$420,000 | 11.8% |
| GLENELG | 32 | \$437,607 | 10.0% |
| Adelaide metro | 1047 | \$315,000 | -1.56% |

Median Unit Prices - June Quarter 2011

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

| Main Suburbs/Towns | \$ weekly rental | % 12 months |
|--------------------|------------------|-------------|
| PARK HOLME | \$335 | 19.6% |
| BROMPTON | \$343 | 16.1% |
| GLENELG NORTH | \$300 | 15.4% |
| OAKLANDS PARK | \$290 | 13.7% |
| SALISBURY | \$210 | 13.5% |
| WARRADALE | \$300 | 13.2% |
| KENSINGTON GARDENS | \$320 | 10.3% |
| FULLARTON | \$320 | 10.3% |
| EDWARDSTOWN | \$275 | 10.0% |
| WOODVILLE | \$275 | 10.0% |
| Adelaide | \$275 | 10% |
| Regional SA | \$185 | 0% |

Median Weekly Rent for Units -
June Quarter 2011
Top 10 growth suburbs/towns with 10 or more
rents in each quarter