



# Market Update

## CONTENTS

Sales .....	Page 2
Rents.....	Page 3
Yields .....	Page 4
Financial .....	Page 5

Brought to you by...

**REi**  
Real Estate Institute  
of South Australia

Proudly sponsored by...



Adelaide Bank

## ADELAIDE HOUSE PRICES BOOMING

Adelaide's housing market is reminiscent of boom times with an abundance of buyers and shortage of properties pushing prices skywards.

REISA President, Robin Turner, said prices were strong across all corners of the metropolitan area which proved the strength of the market.

"The September quarter is historically the quietest quarter of the year due to winter slowing sales down, but Adelaide surged ahead in price growth and sale numbers," Mr Turner said.

"Even the interest rate rise in August didn't impact on Adelaide's momentum, as buyers know their investment is safe in such a reliable marketplace.

"Many agents have been able to sell properties without even advertising them which is a very strong indication of how well placed vendors are in today's market."

Gulfview Heights recorded the strongest growth of 73.5% over the past 12 months, with its median house price now at \$485,000. Glenelg North also excelled with a 57.8% jump to \$580,000.

Marden and Glengowrie also had their median house prices jump by 37% to \$485,250 and \$509,000 respectively.

"Adelaide's housing diversity is clearly on show here as both inner and outer areas, as well as older and newer suburbs, all performed quite well," Mr Turner said.

"Another factor in the market is the change of housing in some of the older, more traditional suburbs. Many large old properties are being redeveloped to meet modern needs and this is changing the demographic in many areas."

Mr Turner said the latest price rises pushed Adelaide into a league of its own.

"There is such a good range of properties in all price brackets in Adelaide and this simply can't be matched interstate.

"Long-term capital growth is assured as our market is solid and reliable," Mr Turner said.

Suburb	Sales 3Q 2006	Median 3Q 2006	Sales 3Q 2007	Median 3Q 2007	Median Change
Gulfview Heights	16	\$279,500	15	\$485,000	73.52%
Glenelg North	16	\$367,500	22	\$580,000	57.82%
Marden	5	\$352,500	13	\$485,250	37.66%
Glengowrie	11	\$371,000	15	\$509,000	37.20%
Broadview	12	\$303,000	15	\$412,000	35.97%
South Brighton	8	\$315,000	13	\$425,000	34.92%
Pennington	15	\$241,000	15	\$322,500	33.82%
Walkley Heights	19	\$321,000	24	\$427,500	33.18%
Greenacres	16	\$217,500	20	\$287,000	31.95%
Pasadena	6	\$337,500	12	\$445,000	31.85%

Median house prices - September quarter 2007.

\*Top 10 growth suburbs with 10 or more sales for the quarter



## CONFIDENCE IN ADELAIDE INVESTMENT MARKET

Rental prices in Adelaide have surged over the past 12 months as they react to an unprecedented level of tenant demand.

Adelaide experienced one of the tightest rental markets in decades in early 2007 and the price growth during this time was a strong reflection of this.

“The same pressure that affects prices in a tight sales market is experienced by a tight rental market too,” REISA President, Robin Turner, said.

“Rents have increased as a result of high demand for properties. And while this demand has now eased, rents are likely to stay at this level especially if it is a quality property.”

The postcode of 5012, which incorporates the western suburbs of Mansfield Park and Woodville North, experienced the strongest rental growth over the past year with an 82.9% jump to \$236 per week for a three bedroom house.

“Despite this growth, anything between \$150 to \$250 a week is still very affordable so this would still be really attractive to tenants,” Mr Turner said.

“Renters should not be deterred by these rising prices because there are still properties available in the cheaper price ranges.”

On the other side of town, the postcodes 5063 (Fullarton and Parkside) and 5066 (Burnside and Hazelwood Park) both recorded rises of 70.5% and 48.3% respectively. The average weekly rent for a three bedroom house in these postcodes is now between \$470-\$510.

“These suburbs’ close proximity to the city and high quality housing would have contributed to their significant price rises,” said Mr Turner.

Adelaide recorded a low 1.47% vacancy rate for the September quarter, which was an improvement on earlier in the year when vacancy rates dropped below 1%.

“However anything below 2% is still extremely tight so we still encourage investors to get into the market to help ease this demand.

“We are coming up to the really busy period of January to March, when many renters are searching for properties to set themselves up for the calendar year.

“Investors can be assured that with the right price and location, properties will attract a strong interest,” Mr Turner said.

Metro Region	Vacancy Rate
City/N Adelaide	1.08%
North	1.81%
East	1.93%
South	0.60%
West	1.18%
Hills	0.99%
Adelaide Total	1.47%

Residential vacancy rates - September quarter 2007.

Postcode	Main Suburbs	Volume	Rent Sept06	Volume	Rent Sept07	% change
5012	Mansfield Park, Woodville North	12	\$129	16	\$236	82.9%
5063	Fullarton, Parkside	30	\$298	30	\$508	70.5%
5066	Burnside, Hazelwood Park	22	\$321	25	\$476	48.3%
5155	Bridgewater	14	\$255	11	\$336	31.8%
5034	Goodwood, Wayville	21	\$287	27	\$374	30.3%
5049	Seacliff, Seaview Downs	24	\$286	34	\$372	30.1%
5163	Hackham, Hackham West	27	\$199	29	\$247	24.1%
5083	Broadview, Sefton Park	14	\$263	21	\$320	21.7%
5081	Collinswood, Medindie	22	\$315	19	\$383	21.6%
5014	Alberton, Cheltenham	27	\$225	26	\$269	19.6%

Average weekly rents for three bedroom houses - September quarter 2007.

\*Top 10 growth postcodes with 10 or more rents for the quarter



## NORTH AND SOUTH STRONG FOR INVESTORS

The northern and southern suburbs have returned the best rental yields for investors in the September quarter and topped the metropolitan area.

High demand for rental properties coupled by affordable sale prices have contributed to these strong yields and mean investors are getting their money's worth in the short term.

REISA President, Robin Turner, said investors could be confident of owning a rental property in these regions.

"A shortage of rental properties in these regions has pushed rents up," he said.

In the north, Smithfield Plains, Munno Para, Pooraka and Gawler South recorded yields between 4-5% in the September 2007 quarter.

In the south, Hackham West, Hackham, Trott Park, Huntfield Heights and O'Halloran Hill were in the same range.

Holden Hill, in the Adelaide's north eastern suburbs, was the only exception to round up the Top 10.

Mr Turner said there were huge employment opportunities in these areas and so renters were in abundance.

"In the north you have a range of options in the defence, car manufacturing and IT industries, while in the south you have car and oil manufacturing," he said.

"They also have busy retail precincts and public transport options to service their booming populations."

He said that despite no inner suburbs appearing in the Top 10, the inner areas provided very viable investment options.

"The closer that your property is to the CBD, the bigger tenant pool you can draw from. The city has lots of employment opportunities and universities which provide a high tenant demand."

This is the first time REISA has been able to release rental yields for Adelaide suburbs to help potential investors gauge the viability of their rental property.

A rental yield is calculated by dividing the annual rental income from the sale price of a property. Expenses incurred from maintenance, bills and property management fees are also taken into account.

"Smart investors will do their research and take into account all sorts of factors before buying an investment property. The rental yield is one important aspect of that," Mr Turner said.

Suburb	Median House Price	Average Weekly Rent	Yield
Smithfield Plains	\$162,250	\$223	5.72%
Munno Para	\$181,750	\$232	5.31%
Holden Hill	\$200,000	\$233	4.85%
Hackham West	\$215,000	\$247	4.78%
Pooraka	\$266,000	\$299	4.68%
Hackham	\$220,000	\$247	4.67%
Gawler South	\$225,000	\$248	4.59%
Trott Park	\$275,000	\$303	4.58%
Huntfield Heights	\$225,000	\$247	4.57%
O'Halloran Hill	\$281,000	\$303	4.49%

Rental Yields for Houses - September quarter 2007.  
\*Top 10 suburbs with 10 or more sales for the quarter

The Greatsaver Loan from Adelaide Bank is an ideal loan for an investment property. It has no monthly or annual fees, a low ongoing variable interest rate and lets you redraw available ahead amounts. The Greatsaver also offers you the flexibility to pay additional funds into your mortgage at any time.

## INTERESTING TIMES AHEAD

The final quarter of this calendar year promises to be an interesting time for South Australian home owners and home buyers.

Stephen Small, Chief General Manager Retail Banking at Adelaide Bank, says Australia's economic outlook is looking good, but the performance of global financial markets will eventually have a knock-on effect.

"The difficulties experienced in a section of the US mortgage market are having an effect on financing costs around the world, and if this situation continues through 2008, the impact will be felt across the globe," Mr Small said.

"However, the resources boom and increasing trade with China has seen the Australian economy continue to perform very well, and locally, South Australia is looking good with growth expected to be driven by housing construction and business investment.

"Over the longer term, SA can also expect to see significant investment and growth in the resources and mining sector."

Mr Small said home owners and home buyers shouldn't be expecting a Christmas present from the Reserve Bank of Australia.

"To take a little heat out of the economy and to guard against inflation, it's quite possible the Reserve Bank will consider raising interest rates before the end of 2007.

"Another rate increase early next year will depend on many things, particularly the release of the next round of inflation figures in January," Mr Small said.

The possibility of an interest rate rise and squeezing housing affordability can be testing times for first time buyers and existing home owners alike, but Mr Small said there are ways to get into the housing market and/or take the sting out of a rate hike.

"A brand new product is the Equity Finance Mortgage™ (EFM®). An EFM can be used in conjunction with a traditional home loan to lower your regular home loan repayments or help you purchase a more expensive home.

"It lets you borrow 20 per cent of the property's purchase price interest free, instead you pay a share of any increase in the value of the property when the EFM is repaid. If the property decreases in value, the provider of the EFM loan will share in a portion of the reduced value.

"You could also consider a split loan that lets you divide your loan into separate parts that are each at fixed or variable rates. It gives you the security of a fixed rate with the flexibility of a variable rate. Remember, interest rates do go down, as well as up.

"Also, something as simple as saving more of a deposit can save you a significant amount over the term of your loan. Putting your savings in a term deposit keeps it safely out of reach while also earning a higher rate of interest than a savings account," Mr Small said.

©Equity Financial Mortgage (EFM) and EFM are registered trade marks of ARES Capital Management Pty Ltd ABN 93 113 861 046

## Cut your monthly home loan repayments by up to 25%\*.

An Equity Finance Mortgage (EFM)® is a no monthly interest loan which, combined with a traditional home loan, can be used to reduce your ongoing monthly repayments. So if making monthly mortgage repayments has meant you've had to cut back in other areas that matter, why not consider an EFM®.

Call 1300 301 818, SMS your name and postcode to 19 91 2007 or visit [www.efm.info](http://www.efm.info) to find out more.



Backed by Adelaide Bank Limited ABN 54 061 461 550 and Rismark International. SMS charged at \$0.55 (plus GST). \*Calculations based on a total loan value of \$380,000. Assuming a 25 year term, a traditional home loan variable interest rate of 8.32% p.a. and a 20% EFM excluding fees, charges, lenders mortgage insurance and refinancing costs. These assumptions may not apply in your circumstances. Terms, conditions, fees, charges and lending criteria apply. We recommend that you read the EFM Disclosure Document available from one of our accredited lenders and obtain independent legal and financial advice prior to entering into the EFM contract. Full details are available on application.  
©Equity Finance Mortgage (EFM) and EFM are registered trade marks of ARES Capital Management Pty Limited ABN 93 113 861 046. A0614\_3Nov07