

Market Update: Sales & Rental Results

June Quarter 2012 Edition



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Sales Results - Adelaide Metro

Mid-year figures suggests property may be heating up

Transactions levels in metropolitan Adelaide have shown some signs of recovery signaling that the property market may be starting to bounce back, particularly on the back of interest rates cuts.

Commenting on the release of the official State Government June quarter statistics, the Real Estate Institute of South Australia (REISA) said that the important indicator from this data release is that the sales volume is edging up, showing stronger activity in the market.

"The preliminary data has recorded nearly 3800 sales in the June quarter, and this figure will continue to edge up as data is finalised," REISA President, Mr Greg Moulton said.

"This is up on the March quarter's volume and will end up stronger than the same quarter last year."

"Activity is the really important driver in the property market, so this is a positive change, especially after two recent interest rate cuts."

The median house price for Adelaide metropolitan areas also rose over the past quarter, further signaling good signs for a stronger property market in the last half of 2012.

"Over the past quarter, the median house price in Adelaide has risen by 3.1%, and we are only looking at a 1.4% decrease on the same time last year, so I think we're starting to see the end of some really tough times in real estate," Mr Moulton said.

"It will be a slow recovery as the general economy is weak, but people are starting to think property again, for both investment and a different lifestyle."

Suburbs which performed particularly strongly, over a 12 month period include Semaphore (40%), Parkside (16%) and Highbury (16%).

Suburb	Sales June11	Median June11	Sales June12	Median June12	Median Change %
SEMAPHORE	13	\$460,000	11	\$645,000	40.22%
PARKSIDE	16	\$595,000	17	\$690,000	15.97%
HIGHBURY	27	\$380,000	19	\$440,000	15.79%
FULHAM GARDENS	18	\$495,000	20	\$561,250	13.38%
SELLICKS BEACH	18	\$305,500	14	\$342,500	12.11%
NOARLUNGA DOWNS	15	\$292,000	11	\$320,000	9.59%
HACKHAM	10	\$258,000	20	\$282,500	9.50%
NORWOOD	20	\$640,000	25	\$700,000	9.38%
ALDINGA BEACH	62	\$306,500	51	\$330,000	7.67%
MOUNT BARKER	51	\$351,500	49	\$376,250	7.04%
Adelaide Metro	3,843	\$400,625	3,788	\$395,000	-1.40%

Median House Prices – June Quarter 2012

Top 10 growth Suburbs with 10 or more sales in each quarter

Sales Results - Regional

Regional house prices feel the winter cold

The regional housing market is feeling the pressure of a slow economy and the winter cold with the median house price falling by 5.6% over the past 12 months.

Commenting on the release of the Valuer General's median house price data for the June quarter, the Real Estate Institute of South Australia said that most areas had experienced a tough start to 2012 with house prices soft and the number of sales still low.

"The regional housing market is doing it tough at the moment, there's no bones about it and this is reflective of a slow economy and job uncertainty in the regions," REISA President, Mr Greg Moulton said.

"Just over 350 sales have taken place in regional towns over the past quarter which is similar to the volume of the same time last year and also last quarter."

"Overall, the decrease in median house price for regional areas, over the quarter is only 1.5% which shows that although the market is flat, prices are not plummeting."

"The main towns which are holding their own a little stronger than other towns are dependent on mining, such as Whyalla and Port Pirie."

"The amount of stock on the market is still very high, which equals longer time on market. But the flip side for buyers is there are more choices and softer purchase prices."

Regional Town	Sales June11	Median June11	Sales June12	Median June12	Median change %
WHYALLA	43	\$245,000	52	\$280,000	14.29%
BARMERA	4	\$165,000	3	\$174,000	5.45%
MILLICENT	6	\$176,500	9	\$175,000	-0.85%
BERRI	14	\$148,875	9	\$146,000	-1.93%
NARACOORTE	18	\$202,500	20	\$197,500	-2.47%
PORT LINCOLN	39	\$289,000	52	\$276,000	-4.50%
VICTOR HARBOR	87	\$347,500	63	\$331,250	-4.68%
PORT PIRIE	28	\$210,000	32	\$200,000	-4.76%
PORT AUGUSTA	38	\$230,000	23	\$215,000	-6.52%
REGIONAL SA	365	\$269,750	353	\$254,500	-5.65%
SOUTH AUSTRALIA	5,101	\$375,000	5,042	\$365,000	-2.67%

Median House Prices – June Quarter 2012

SA's main regional centres

*Please note that low turnover towns are more vulnerable to statistical variation

Auction Results

Auction market still popular with hotly sought-after suburbs

Auction continues to be well utilised in high demand suburbs, including the East and Beachside areas.

Analysing auction conditions over the past quarter, it's clear that vendors and agents are choosing properties to sell by auction very carefully, and enjoying moderate success on the day of auction.

'Whilst a clearance rate under the hammer of less than 50% sounds low, the reality is, many of these properties sell quite quickly after the day of auction as it brings the serious buyers to the fore,' REISA President Mr Greg Moulton said.

"Some agents are using auction as a positive feature in this marketplace and showing that this transparent system of negotiation is a serious tool for sale."

Auction Results

Week Ending	Clearance Rates
1 April	44%
8 April	43%
15 April	32%
22 April	39%
29 April	45%
6 May	42%
13 May	47%
20 May	50%
27 May	37%
3 June	48%
10 June	29%
17 June	43%
24 June	46%

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.

Top 10 Residential Auction Sales

4 Goldsack St, Glen Osmond	Mary Mittiga (Smallacombe Real Estate Burnside)	\$2,400,000
3 Mitchell St, Hyde Park	Kay Morris (Toop & Toop Real Estate)	\$1,850,000
94 Frederick St, Maylands	Sasha Baranikow (Brock Harcourts – Platinum)	\$1,535,000
24a Esplanade, Somerton Park	Brett McCammon (Phil McMahon Real Estate - Morphett Vale)	\$1,425,000
13 Leonard Tce, Torrens Park	Phil Harris (Harris Real Estate - Rose Park)	\$1,300,000
12 Koolaman St, Joslin	Judy Morris (Klemich Real Estate)	\$1,240,000
22 Lochness Ave, Torrens Park	Michael Spurling (Brock Harcourts - Colonel Light Gardens)	\$1,210,000
81A Lochside Dr, West Lakes	Laz Ouslinis (Harris Real Estate)	\$1,170,000
14 Gold Coast Dr, Carrickalinga	Kym Mitchell (Southern Fleurieu Realty)	\$1,025,000
8 Orange Gr, Kensington Park	Hamish Mill (Brock Harcourts Adelaide)	\$1,010,000

Auction Clearance Rates – June Quarter 2012

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

Rentals – Adelaide Metro & Regional

Rental market feeling the pressure of tough economic times

The South Australian rental market has continued to report higher than average vacancy rates over the June quarter indicating that the property market is still feeling the pressure of a tough economy.

Metropolitan Adelaide recorded a vacancy rate of 3.91% for the quarter, up from 3.55% in March this year, whilst the regional vacancy rate had dropped to 3.74% from 4.43%.

Releasing the June quarter data, the Real Estate Institute of South Australia (REISA) said that in general, three percent is regarded as healthy balance between supply and demand, but we had been above that rate for around 12 months now.

“In tougher economic times, both in sales and rentals, we see a pattern of people staying still a little more and not moving unless they need to,” REISA President, Mr Greg Moulton said.

“Our members have definitely found this in the rental market in recent times and it would seem there still may be a little longer to wait until the market starts to heat up.”

“The main pattern to vacancies definitely relates to price and REISA members are commenting that this is the critical factor in leasing property quickly.”

REISA Vacancy Rates June Quarter 2012

City/ North Adelaide – 2.4%
West – 6.1%
South – 3.7%
East – 4.1%
North – 3.0%
Hills – 4.1%
Eyre Peninsula – 2.7%
Upper Spencer Gulf – 2.9%
Mid North – 2.9%
Fleurieu/Kangaroo Island – 6.7%
South East – 3.8%
Riverland – 2.6%
Yorke Peninsula – 10.5%

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 2012 survey.

Top 10 performing suburbs for rental increases

Suburb	June 2012 rental median	June 2011 rental median	12 month % rental change
WARRADALE	\$393	\$328	19.85%
KENSINGTON PARK	\$430	\$360	19.44%
EDEN HILLS	\$340	\$290	17.24%
GLENELG EAST	\$460	\$395	16.46%
LITTLEHAMPTON	\$395	\$340	16.18%
OTTOWAY	\$290	\$250	16.00%
CHRISTIE DOWNS	\$273	\$235	15.96%
WOODVILLE	\$380	\$330	15.15%
NOARLUNGA DOWNS	\$330	\$290	13.79%
WEST BEACH	\$500	\$440	13.64%

Median Weekly Rent for Houses – June Quarter 2012 / Top 10 growth suburbs with 10 or more rents in each quarter

Sales/Rental Results - Units

Units keep pace with house sales

There are no surprises in the rental market with sale and rental prices remaining steady over the past quarter.

The traditional suburbs continue to attract strong sale interest in the unit market, mirroring patterns seen in the larger property market.

REISA President, Mr Greg Moulton, said that units were a solid investment and location was always an important factor to consider.

“Units close to the city and solid infrastructure are always relatively easy to sell and rent due to demand and they can offer a great start into the property market for an astute buyer.”

Top 10 suburbs/town for median house price increases

Suburb	June 2012 Quarterly sales volume	June 2012 Quarterly median price	12 month median price change
BRIGHTON	11	\$410,000	22.7%
GLENELG	43	\$550,000	15.3%
MANSFIELD PARK	22	\$323,750	14.6%
PORT LINCOLN	18	\$161,500	11.4%
HOPE VALLEY	12	\$280,250	10.9%
CAMDEN PARK	10	\$243,750	6.8%
PARK HOLME	11	\$382,200	4.7%
OAKLANDS PARK	12	\$301,250	3.0%
MURRAY BRIDGE	15	\$230,000	2.6%
FULLARTON	12	\$339,000	0.8%

Top 10 performing suburbs/towns for rental increases

Suburb	Weekly advertised rental median (June 2012)	12 month rental change
NORTH HAVEN	\$335	11.7%
CAMDEN PARK	\$280	7.7%
WHYALLA STUART	\$190	5.6%
WHYALLA NORRIE	\$195	5.4%
MURRAY BRIDGE	\$200	5.3%
ELIZABETH SOUTH	\$200	5.3%
PLYMPTON	\$278	4.7%
ASCOT PARK	\$285	4.6%
SALISBURY NORTH	\$230	4.5%
NORTH ADELAIDE	\$365	4.3%

Median Weekly Rent for Units – June
Quarter 2012
Top 10 growth suburbs/towns with 10 or
more rents in each quarter

Yields

Mining still gold for investors

The trend in mining towns producing high yields has continued as demand for housing in these areas remains extremely tight.

Coupled with high wages, data is clearly showing that rental and purchase prices for housing in mining areas is very strong.

Commenting on the latest yield data, REISA President, Mr Greg Moulton, said that there were no surprises in the latest data and it confirms that SA is benefiting from the expansion and exploration of mine sites around the State.

“On top of creating jobs in the mines, there is also a direct follow on for products and services that support mining which is good for the entire economy,” Mr Moulton said.

Top Metro Suburbs by yield

Suburb	June 2012 sales median	June 2012 rental median	Yield
HUNTFIELD HEIGHTS	\$236,500	\$280	4.93%
LITTLEHAMPTON	\$340,000	\$395	4.83%
ELIZABETH DOWNS	\$193,750	\$220	4.72%
ELIZABETH EAST	\$213,975	\$241	4.69%
HILLBANK	\$289,000	\$320	4.61%
GILLES PLAINS	\$301,500	\$330	4.55%
PARALOWIE	\$275,500	\$300	4.53%
CRAIGBURN FARM	\$581,500	\$630	4.51%

Top regional towns by yield

Suburb	June 2012 sales median	June 2012 rental median	Yield
ROXBY DOWNS	\$440,000	\$610	6.1%
WHYALLA	\$280,000	\$320	4.75%
WALLAROO	\$230,000	\$250	4.52%
MOUNT GAMBIER	\$210,000	\$220	4.36%
MURRAY BRIDGE	\$230,000	\$240	4.34%
NARACOORTE	\$197,500	\$200	4.21%
PORT LINCOLN	\$276,000	\$265	3.99%
PORT AUGUSTA	\$215,000	\$195	3.77%
PORT PIRIE	\$200,000	\$175	3.64%
MCLAREN VALE	\$390,250	\$330	3.52%

Rental Yields for Houses – June Quarter 2012
Top 10 Suburbs and towns with more than 10 sales