



Market Update

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Property market slow in tough economic times

The property market in South Australia has recorded a small fall in the median house price for the September quarter with the median house price in Adelaide shifting to \$385,000.

Commenting on the release of the official September quarter data, REISA President, Greg Moulton said that the median house price had moved from \$405,000 down to \$385,000 after a tough few months for property sales.

“The past 12 months have been quite slow for buyer activity and the fall in the median was not unexpected,” Mr Moulton said.

“REISA members have been saying that properties are on the market for a longer time than we’ve seen in recent years and prices have come back a little, especially over the winter months.”

“Whilst a backward movement does signal a tough market, other indicators are pointing to a lift in sales activity with some REISA members saying they are starting to see more buyers come back to the market as the weather warms up and banks reconsider their lending criteria.”

The ABS statistics on lending suggest that the market may start to pick up in coming months with lending starting to rise in South Australia. In the month of July, lending approvals rose by 1% which came on the back of a similar rise in June.

Strong performers in the quarter included Tea Tree Gully, Hawthordene and Willunga which all recorded growth above 12% over the previous 12 months.

Studying the number of sales for the quarter also mirrors the flatter market. The sales volume recorded for metropolitan Adelaide was just over 3600 house sales which is around 500 less than the same time last year.

“Whilst volumes have also slowed, it is important to know that the current transactional volume should see South Australia record at least 18,000-19,000 residential sales which is consistent with the volume we saw in the early 1990’s, it is not below these levels,” Mr Moulton said.

“I am hearing a lot of nervous consumers saying that nothing is selling, so these statistics dismiss this, and show that whilst volumes are slower properties are still turning over.”

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 Sep10	Median Sep10	Sales Sep11	Median Sep11	Median % Change
TEA TREE GULLY	11	\$330,000	13	\$444,450	34.68%
HAWTHORNDENE	10	\$402,500	11	\$485,000	20.50%
WILLUNGA	10	\$369,500	10	\$445,750	12.42%
NORTHGATE	17	\$489,000	13	\$543,625	11.17%
GLENELG NORTH	22	\$567,500	10	\$630,000	11.01%
BLACKWOOD	18	\$462,500	16	\$505,000	9.19%
GULFVIEW HEIGHTS	12	\$364,750	11	\$397,500	8.98%
PROSPECT	38	\$531,250	32	\$578,000	8.80%
GOLDEN GROVE	39	\$398,000	39	\$430,000	8.04%
BELAIR	15	\$550,000	10	\$589,000	7.09%
Adelaide Metro	4,100	\$400,000	3608	\$385,500	-4.81%

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

Auction still in the agenda through the colder months

The clearance rate for residential auctions has hovered around the 40% mark over the past three months, over a slower winter period for sales.

Although the number of properties offered for sale fell a little over the winter months, the volume was relatively consistent with previous September quarter figures indicating that auction is still a popular well to sell in the current market.

“Some agents are finding that offering property for sale by private treaty is bringing buyers and sellers together faster which is great outcome for all parties in the transaction,” according to REISA President, Mr Greg Moulton.

“The benefit of auction is that it brings the negotiations into the public so the final selling price is fought out, between interested parties in a very open and transparent way.”

“Although not all properties are sold under the hammer, a decent percentage are still finalized in the weeks following auction day so the actual sale figure

for auctions, in a shorter sale time, is higher than the clearance rate.”

“Auction is suitable for properties where the sales representative and vendor agree that there will be multiple parties interested in bidding for the property.”

“It is also most important that all purchasers intending to bid have their finances approved and arranged prior to auction day as auction sale conditions are generally unconditional.”

“Now that we are rolling through the summer months, it’s expected that we’ll hear more auctions called, particularly on the weekend and this will be followed by the fall of the hammer and signing of contracts.”

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 July	46%
10 July	42%
17 July	36%
24 July	30%
31 July	28%
7 August	35%
14 August	24%
21 August	28%
28 August	42%
4 Sept	32%
11 Sept	45%
18 Sept	41%
25 Sept	36%

Top 10 Residential Auction Sales		
1 Stuart Rd, Dulwich	Peter Veitch, Toop & Toop Real Estate	\$4,406,000
6 College St, College Park	Judy Morris, Klemich Real Estate Kent Town	\$3,300,000
10 Turner St, Somerton Park	Sharon Gillard, Brock Harcourts Glenelg	\$1,750,000
74 Hewitt Ave, Rose Park	Stephanie Williams, Toop & Toop Hyde Park	\$1,550,000
17 Wooldridge Ave, Millswood	Stephanie Williams, Toop & Toop Hyde Park	\$1,510,000
36 Patrick Auld Dr, Auldana	Marina Ormsby, Toop & Toop Norwood	\$1,360,000
6 View Rd, Walkerville	Judy Morris, Klemich Real Estate Kent Town	\$1,305,000
17 Rose Tce, Wayville	Jill Wehrs, Cocks Auld Real Estate	\$1,234,000
21A Stanely St, Woodville	Peter Kiritsis, Ray White Woodville	\$1,225,000
56 Northgate St, Unley Park	Kay Morris & Peter McMillan, Toop & Toop Norwood	\$1,080,000

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

Rental market flattens over winter months

The South Australian rental market has remained sluggish over the winter quarter with the Statewide vacancy rate moving slightly to finish the quarter with at 3.21%.

Breaking down the metropolitan and regional areas shows that Adelaide suburbs are recording a total vacancy rate of 3.08% whilst regional areas have a current vacancy of 3.91%.

Releasing the latest data, collected exclusively from REISA members across the State, REISA President, Mr Greg Moulton said that anecdotal evidence from the membership indicates that the market is patchy.

“Some regional areas are finding it particularly tough which is often found when the State hits harder economic times.”

“We are also finding that the rental market climate is more closely aligned with the sales market than normal.”

“Typically, when sales are down, rentals are up and vice-versa, but at the moment, we are seeing a slow economy and so people are holding tight to wait and see what happens over the coming months.”

Feedback from the membership suggests that properties priced over the \$350 per week mark in the metropolitan area are the properties that are hardest to move.

“REISA members are saying houses and units which are priced between \$250-\$300 are snapped up quickly and \$350 is generally the line which really makes tenants think twice,” Mr Moulton said.

“We are also finding that landlords are often having to drop their asking rate a little to meet the market and tenant the property, so we are not seeing substantial movement in rental rates at the moment.”

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 26,000 properties under management were used in the September 2011 survey.

REISA Vacancy Rates Sept Quarter 2011

City/ North Adelaide	3.2%
West	3.5 %
South	2.5 %
East	3.1 %
North	3.4%
Hills	1.7%
Eyre Peninsula	5.1%
Upper Spencer Gulf	4.1%
Mid North	3.2 %
Fleurieu/Kangaroo Island	5.2 %
South East	2.8 %
Riverland	7.0 %

Top 10 performing suburbs for rental increases

Suburb	Weekly advertised rental median	12 month rental growth
GLANDORE	\$398	32.50%
TORRENS PARK	\$490	29.80%
FELIXSTOW	\$400	25.00%
NORTH BRIGHTON	\$450	21.60%
WEST BEACH	\$485	21.30%
KENSINGTON GARDENS	\$450	20.80%
GLEN OSMOND	\$560	19.80%
ALLENBY GARDENS	\$400	19.40%
HYDE PARK	\$533	18.30%
WALKLEY HEIGHTS	\$365	16.80%

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

Yields remain stable and show solid return

Yields have largely remained unchanged over the past quarter as the rental and sales market work through periods of time with little growth.

“The lower purchase price suburbs and regional areas are continuing to hit the top of the charts for yields, but it also must be remembered that long-term growth is a major consideration for property,” REISA President, Greg Moulton said.

“There are some good buys out there for smart investors at the moment, and the yield will be one consideration, whilst capital growth will be the another.”

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.

Top metro suburbs by yield


SUBURB	Median price	Median rental	Yield
HACKHAM WEST	\$236,500	\$278	4.89%
ELIZABETH EAST	\$205,000	\$240	4.87%
DAVOREN PARK	\$190,000	\$220	4.82%
HACKHAM	\$243,750	\$280	4.78%
ELIZABETH DOWNS	\$189,000	\$210	4.62%
OSBORNE	\$297,500	\$325	4.54%
CHRISTIE DOWNS	\$250,000	\$273	4.54%
SALISBURY DOWNS	\$272,000	\$295	4.51%
FAIRVIEW PARK	\$313,500	\$340	4.51%
HUNTFIELD HEIGHTS	\$260,000	\$280	4.48%

Top regional towns by yield

SUBURB	Median price	Median rental	Yield
WHYALLA	\$287,500	\$335	4.85%
NARACOORTE	\$200,000	\$220	4.58%
ROXBY DOWNS	\$460,000	\$480	4.34%
MURRAY BRIDGE	\$232,000	\$240	4.30%
MILLICENT	\$187,500	\$180	3.99%
WILLASTON	\$310,000	\$283	3.80%
PORT AUGUSTA	\$224,000	\$200	3.71%
PORT PIRIE	\$205,000	\$180	3.65%
MOUNT GAMBIER	\$240,000	\$210	3.64%
VICTOR HARBOR	\$340,000	\$270	3.30%

Rental Yields for Houses— September Quarter 2011
Top 10 suburbs and towns with more than 10 sales





REI House
249 Greenhill Road
Dulwich, South Australia 5065

“There was never any doubt as to who I was going to study with and gain real estate knowledge through - REISA were amazing.”

Jaynie Morris
Harris Real Estate

“REISA continually keep me up to date with industry developments and legislative changes.”

Andrea Cottier
Turner Partners

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Regional SA mirrors metro market in slower times

The regional property market in South Australia has recorded a fall in the median house price for the September quarter with the median house price in regional SA moving to \$240,000.

Commenting on the release of the official September quarter data, REISA President, Greg Moulton said that the median house price had moved from \$270,000 down to \$240,000 after a tough few months for property sales.

Studying the number of sales for the quarter also mirrors the flatter market.

The sales volume recorded for regional areas was just over 400 house sales which is around 60 less than the same time last year.

"It is typical that the winter quarter records the lowest volumes for the year, so this is not unusual and we are hopeful that the next quarter will record stronger activity."

The average number of days on market for regional properties is 92 days.

Regional Town	Sales Sept 10	Median Sept 10	Sales Sept 11	Median Sept 11	Median % Change
WHYALLA	25	\$287,500	41	\$288,750	0.43%
MURRAY BRIDGE	62	\$232,000	49	\$225,000	-3.02%
PORT AUGUSTA	28	\$224,000	37	\$212,000	-5.36%
VICTOR HARBOR	94	\$340,000	53	\$320,000	-5.88%
PORT PIRIE	36	\$205,000	33	\$187,500	-8.54%
MOUNT GAMBIER	83	\$240,000	68	\$218,000	-9.17%
NARACOORTE	20	\$200,000	21	\$176,500	-11.75%
PORT LINCOLN	61	\$320,000	52	\$265,000	-17.19%
MILLICENT	13	\$187,500	11	\$146,000	-22.13%
BERRI	8	\$280,000	6	\$200,000	-28.57%
REGIONAL SA	402	\$272,250	344	\$240,000	-11.85%
SOUTH AUSTRALIA	5424	\$370,000	4,773	\$360,000	-2.70%

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

SUBURB	Sept 2011 Rent (\$)	Sept 2010 Rent (\$)	12 month % change
ROXBY DOWNS	\$480	\$380	26.32%
WHYALLA	\$335	\$270	24.07%
MILLICENT	\$180	\$150	20.00%
NARACOORTE	\$220	\$190	15.79%
VICTOR HARBOR	\$270	\$250	8.00%
PORT PIRIE	\$180	\$170	5.88%
BARMERA	\$173	\$165	4.85%
PORT LINCOLN	\$250	\$245	2.04%
BERRI	\$180	\$180	0.00%
PORT AUGUSTA	\$200	\$225	-11.11%

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

Units a stable investment across the metropolitan area

The units and apartment market has mirrored the patterns in traditional homes, with little movement in both sales and rentals.

REISA President, Mr Greg Moulton, said that units are holding their popularity, but are performing 'on par' with other sectors in the residential market.

"Traditionally buyers of units are one or two person householders, whilst sellers are either couples ready to

take on a larger property or single people seeking more space."

"The apartment lifestyle is also starting to appeal to the empty-nesters and we haven't seen a lot of change to this market over the past 12 months."

"Units are a great 'first buy' for homeowners and they are always in strong demand in the rental pool, so strongly appeal to investors."

Suburb	Sales vol	Median price	12 month % growth
PROSPECT	13	\$400,000	22.60%
KENT TOWN	10	\$470,750	19.90%
SEATON	28	\$267,500	19.00%
KINGSWOOD	10	\$340,000	16.00%
SEMAPHORE PARK	10	\$475,000	15.20%
GLENELG SOUTH	12	\$415,500	13.00%
GOODWOOD	13	\$320,000	12.20%
UNLEY	21	\$409,000	10.30%
NORWOOD	29	\$512,000	9.10%
GLENELG EAST	15	\$310,000	8.30%

Median Unit Prices - September Quarter 2011
Top 10 growth suburbs/towns with 10 or more sales in each quarter

Suburb	Weekly rental (\$)	12 month % growth
GLENELG NORTH	\$300	15.40%
SALISBURY	\$210	13.50%
WARRADALE	\$300	12.10%
TAPEROO	\$255	10.90%
BROADVIEW	\$285	9.60%
KLEMZIG	\$265	9.30%
WOODVILLE	\$275	7.80%
ELIZABETH NORTH	\$210	7.70%
MITCHELL PARK	\$280	7.70%
OAKLANDS PARK	\$290	7.40%

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