



**Adelaide**

Affordable & Liveable

Property Guide

2<sup>nd</sup> Half 2019



## METHODOLOGY

This report analyses all suburbs in the Greater Adelaide area, within a 20km radius of the Adelaide CBD. The following criteria were considered:

- **Property trends criteria** – all suburbs have a minimum of 20 transactions for statistical reliability purposes. Based on market conditions, suburbs have either positive, or as close as possible to neutral price growth, between 2018 to 2019\*.
- **Investment criteria** – as of June 2019, all suburbs considered will have an on-par or higher rental yield than Adelaide Metro, and an on-par or lower vacancy rate.
- **Affordability criteria** – identified suburbs have a median price below a set threshold. This was determined by adding percentage premiums to the South Australian (SA) average home loan, which was \$321,842\*\* as of the June quarter of 2019. Premiums of 60% for houses and 0% for units were added, which for houses is well above the required to reach Adelaide Metro’s median prices (48%), and for units is below (17%). Unit suburbs identified are more affordable, but house buyers need to sacrifice on affordability to ensure liveability and/or investment potential.
- **Development criteria** – all suburbs identified within this report have a high total estimated value of future project developments for the 2<sup>nd</sup> half of 2019, as well as a higher proportion of commercial and infrastructure projects. This ensures suburbs chosen show signs of sustainable economic growth, which in turn has a positive effect on the property market.
- **Liveability criteria** – this included ensuring all suburbs assessed have low crime rates, availability of amenities within a 5km radius (i.e. schools, green spaces, public transport, shopping centres and health care facilities), and an unemployment rate on-par or lower in comparison to the state average (as determined by the Department of Jobs and Small Business, March Quarter 2019 release).

## RECENT TOP PERFORMERS

Area	Suburb	Type	Median Price 2018	Median Price 2019*	Price Growth	Projects 2019***
Inner	Torrensville	House	\$540,000	\$550,000	1.8%	\$11.0M
	Norwood	Unit	\$530,000	\$588,000	11.0%	\$65.0M
North	Modbury	House	\$370,000	\$375,000	1.5%	\$142.1M
	Mawson Lakes	Unit	\$291,000	\$310,000	6.3%	\$103.2M
South	Clovelly Park	House	\$455,000	\$471,000	3.5%	\$363.5M
	Morphettville	Unit	\$341,000	\$350,000	2.6%	\$20.7M
East	Magill	House	\$565,000	\$623,000	10.4%	\$39.2M
	Magill	Unit	\$420,000	\$453,000	8.0%	\$39.2M
West	Findon	House	\$495,000	\$515,000	4.0%	\$17.5M
	West Lakes	Unit	\$462,000	\$471,000	2.1%	\$68.0M

## OVERVIEW

Adelaide Metro median house prices experienced growth of 0.5% to \$475,000 from 2018 to 2019\*. Median unit prices also grew over the same period, by 2.9% to reach \$375,000. Between 2018 to 2019\* the number of sales transactions declined by -22.7% for houses and -15.7% for units. This indicates that there is a potential undersupply in the market, which has led to positive median price growth. In the 12 months to Q2 2019, median rent for both houses and units increased, by 2.9% and 1.7% respectively; indicative of a healthy rental demand in Adelaide. This is supported by a low trending vacancy rate of 1.2% in June 2019. There is \$4.2B worth of development planned and/or under construction in the 2<sup>nd</sup> half of 2019. This will create job opportunities and sustain economic growth, leading to a positive spill-over effect to the property market.

## KEY MARKET INDICATORS ADELAIDE METRO

Indicator	Market Variation <sup>^</sup>
House Sales	↓
House Median Price	↑
House Median Rent	↑
Unit Sales	↓
Unit Median Price	↑
Unit Median Rent	↑

## KEY COMMENTS

Housing affordability in SA has remained fairly stable, with the proportion of family income to meet loan repayments up by just 0.4% in the past 12 months. On another positive note, first home buyer loan activity increased by 10.2% over the same period. SA is the only state to have reported this, making it a conducive environment for first home buyers.

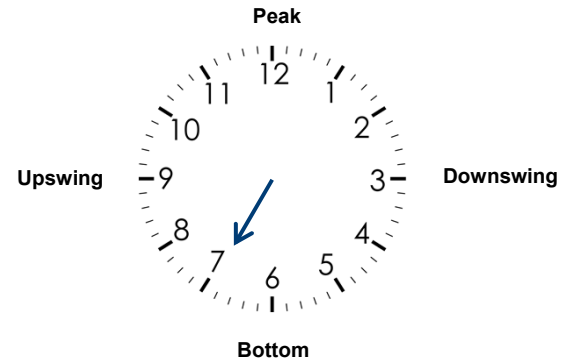
Highly affordable suburbs (those with a maximum property sale price of the average state loan, plus a standard mortgage loan 20% deposit), exist. There were 31 suburbs in this range, which suggests affordable property is available in Adelaide.

Adelaide provides high affordability for buyers, however some suburbs fail to meet either liveability, investment, and/or project development criteria. Premiums of 60% for houses and 0% for units needed to be added to the average SA home loan in order to identify suburbs that satisfy all other methodology criteria set. There are 14 suburbs with unit median prices lower than the SA average home loan, which indicates great opportunities for buyers.

House buyers sacrifice on affordability, as a 60% premium had to be added to SA average loan to ensure suburbs chosen met all of the criteria set. This is higher than the 48% premium added to reach Adelaide Metro median house price. This suggests the need for a more strategic approach to improve liveability conditions in a number of affordable areas.

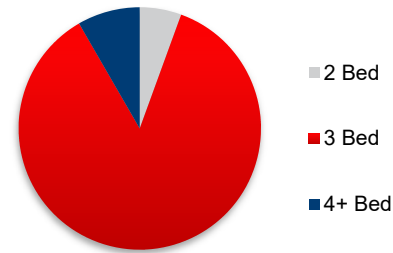


**PROPERTY CLOCK – HOUSES**



**AFFORDABLE & LIVEABLE HOUSE SUBURBS**

**NORTH PLYMPTON 5037**

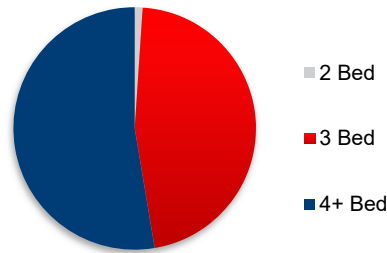


Located in an approximate radius of **7.2km** from the CBD.

- Median House Price **\$515,000**
- 2 Bed Median Price **\$475,000**
  - 3 Bed Median Price **\$517,000**
  - 4+ Bed Median Price **\$603,000**

South-west of Adelaide's CBD, North Plympton is the closest affordable and liveable suburb to the CBD, ticking all boxes for liveability, with various nearby schools and a low unemployment rate of 3.5%. North Plympton recorded an annual house price growth of 8.4% between 2018 and 2019\*\*, making it an attractive suburb to live in. Investors continue to benefit from 4.1% rental yields, which when combined with a low vacancy rate of 1.1%, signifies the suburb's high rental demand. The 2<sup>nd</sup> half of 2019 will see \$2.3M<sup>^</sup> of development commence, which will increase demand in the area.

**WYNN VALE 5127**

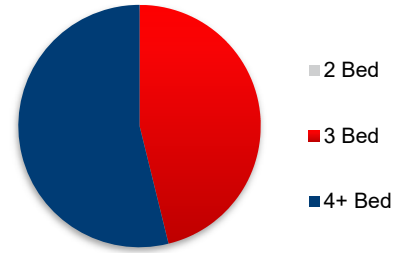


Located in an approximate radius of **18.0km** from the CBD.

- Median House Price **\$450,000**
- 2 Bed Median Price **\$293,000**
  - 3 Bed Median Price **\$375,000**
  - 4+ Bed Median Price **\$534,000**

North-east of the Adelaide CBD, Wynn Vale is well serviced by a high level of liveability factors such as being close to The Grove Shopping Centre and Golden Grove High School. Wynn Vale experienced a price growth of 12.2% between 2018 and 2019\*\*, the most resilient house market among other affordable and liveable suburbs. Rental yields of 4.4% are performing above Adelaide Metro's of 4.0%. This, combined with a low vacancy rate of 0.1% and high liveability factors, has made Wynn Vale an investment hotbed. A key project in 2<sup>nd</sup> half of 2019 is the Kings Baptist Church (\$6.0M), which will improve liveability for residents.

**SHEIDOW PARK 5158**



Located in an approximate radius of **20.0km** from the CBD.

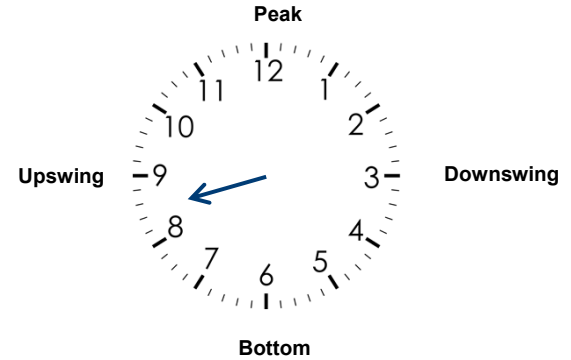
- Median House Price **\$425,000**
- 2 Bed Median Price **N/A**
  - 3 Bed Median Price **\$387,000**
  - 4+ Bed Median Price **\$512,000**

Sheidow Park is south of the Adelaide CBD and is close to amenities including shops, parks and schools. The suburb recorded a median price growth of 4.0% between 2018 and 2019\*\*, which is higher than the Adelaide Metro growth of 0.5%. Astute investors are currently benefiting from solid house rental yields of 4.2%, which is above Adelaide Metro's 4.0%. Sheidow Park will see \$1.0M<sup>^</sup> worth of projects set to begin construction in the 2<sup>nd</sup> half of 2019, in the form of Woodend Road Residential Subdivision. This will create 27 new lots for first home buyers to build their dream home.

\*Quoted estimated values of projects are based on reported land/construction values as stated by the relevant data authority and do not signify their commercial/resale value. \*\*Median price is quoted as an indication only due to having less than 20 sales transactions. \*\*Median price growth quoted captures sale transactions from 1<sup>st</sup> January 2019 to 30<sup>th</sup> September 2019, or Q1 2019 – Q3 2019. Source: APM Pricerfinder, SQM Research, Cordell Connect, Department of Small Jobs and Business, Google Maps. © PRDnationwide 2019.

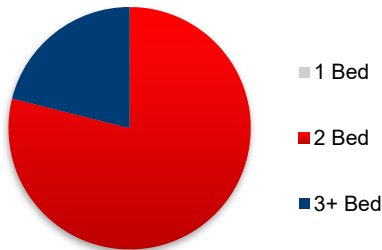


## PROPERTY CLOCK – UNITS



## AFFORDABLE & LIVEABLE UNIT SUBURBS

### DAW PARK 5041



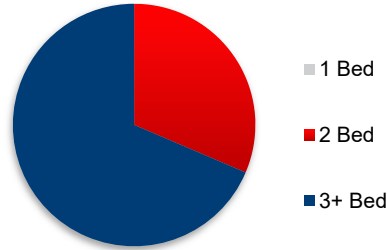
Located in an approximate radius of **7.5km** from the CBD.

Median Unit Price **\$311,000**

- 1 Bed Median Price **N/A**
- 2 Bed Median Price **\$300,000**
- 3+ Bed Median Price **\$388,000**

Daw Park is south of the Adelaide CBD, and the closest unit suburb to the CBD. It offers an attractive entry unit price point with an annual price growth of 0.5% between 2018 and 2019\*\*, and high liveability aspects. Unit buyers can capitalise on affordability, while investors are currently enjoying solid rental yields of 5.3% and low vacancies of 0.9%. The 2<sup>nd</sup> half of 2019 will see a total of \$900K<sup>^</sup> in future projects, mainly focused on infrastructure. This will meet future housing demand as well as enhancing liveability for current residents, through closer proximity to employment opportunities in other commercial/business hubs.

### MAWSON LAKES 5095



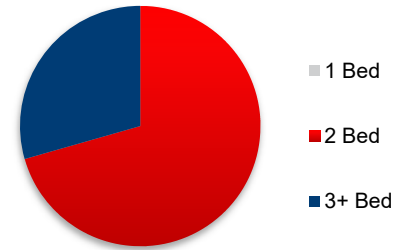
Located in an approximate radius of **14.8km** from the CBD.

Median Unit Price **\$310,000**

- 1 Bed Median Price **N/A**
- 2 Bed Median Price **\$260,000**
- 3+ Bed Median Price **\$361,000**

North-east of Adelaide's CBD, Mawson Lakes offers great opportunities for affordability, whilst recording an annual price growth of 6.3% between 2018 and 2019. A low vacancy rate of 0.7% is well below that of Adelaide's 1.2%, and is the tightest among top unit suburbs. This, combined with solid rental yield of 6.3%, provides astute investors with great confidence. Mawson Lakes will see \$103.9M<sup>^</sup> worth of new projects start in the 2<sup>nd</sup> half 2019. Examples include the Technology Park Residential Development (\$90.0M, 20 dwellings) and The Promenade Shopping Centre/Residential complex (\$6.5M, 8 dwellings).

### HOPE VALLEY 5090



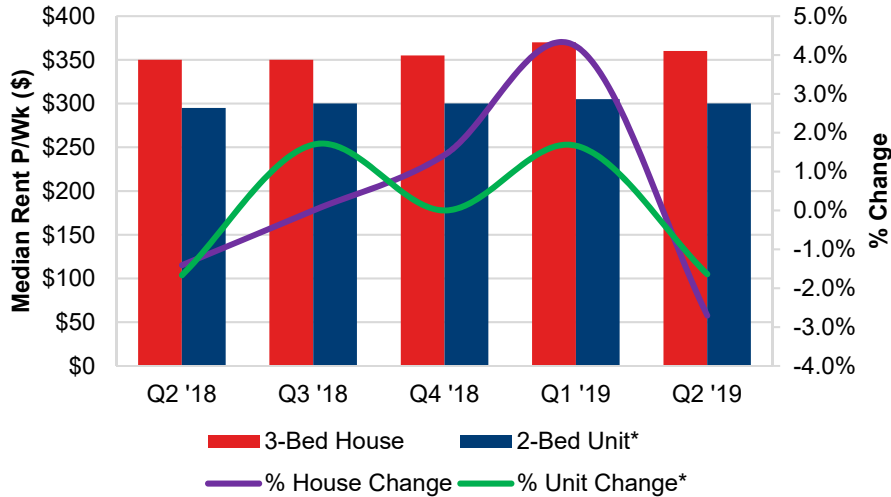
Located in an approximate radius of **16.0km** from the CBD.

Median Unit Price **\$295,000**

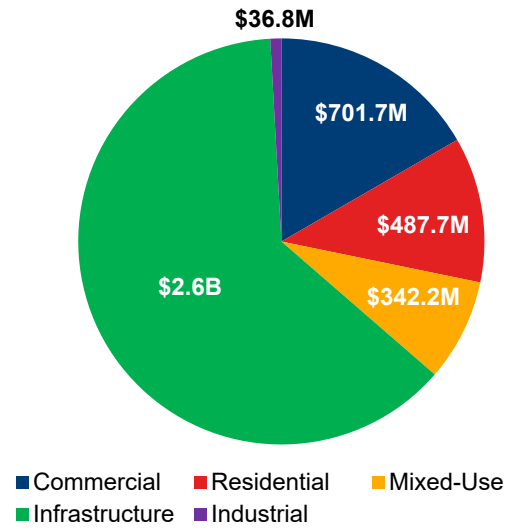
- 1 Bed Median Price **N/A**
- 2 Bed Median Price **\$268,000**
- 3+ Bed Median Price **\$305,000**

Hope Valley offers both affordable and liveable opportunities in the north east of Adelaide's CBD, and had solid annual price growth of 11.3% between 2018 and 2019\*\*. It has the lowest median unit price and highest capital growth among all unit suburbs identified. Hope Valley is well-served by many forms of public transport, as well as being close to shopping centres. Investors are currently benefiting from attractive rental yields of 6.0% and low vacancy rates of 1.1%. These are superior investment indicators when compared with Adelaide Metro. A lower median price makes it an investment hotbed.

## RENTAL MARKET ANALYSIS



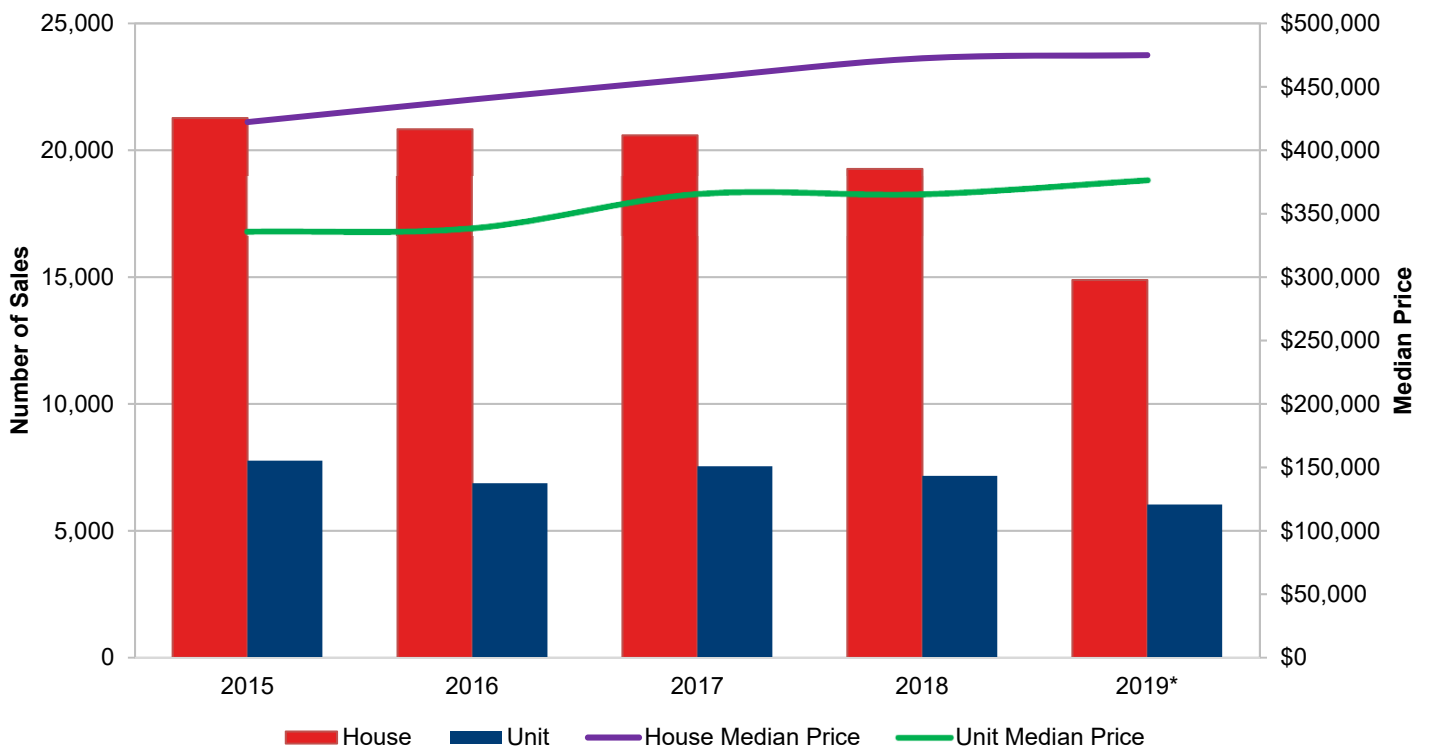
## 2<sup>nd</sup> HALF 2019 PROJECTS\*\*



In the 12 months to Q2 2019, median rental prices have increased by +2.9% (houses) and +1.7% (units). Vacancy rates in Adelaide continue to decrease, inline with the increase in demand due to affordability. Vacancy rates were recorded at 1.2% in June 2019, well below the Real Estate Institute of Australia's healthy benchmark of 3.0%. This further indicates Adelaide has a healthy rental market, with investors benefiting from high occupancy rates. Adelaide Metro's rental yields were 4.0% (houses) and 5.3% (units) in June 2019, well above Sydney Metro (houses 2.9% and units 3.8%) and Melbourne Metro (houses 3.0% and units 3.8%). With a lower median entry price compared with Sydney and Melbourne Metro, this makes Adelaide more affordable and attractive for investment.

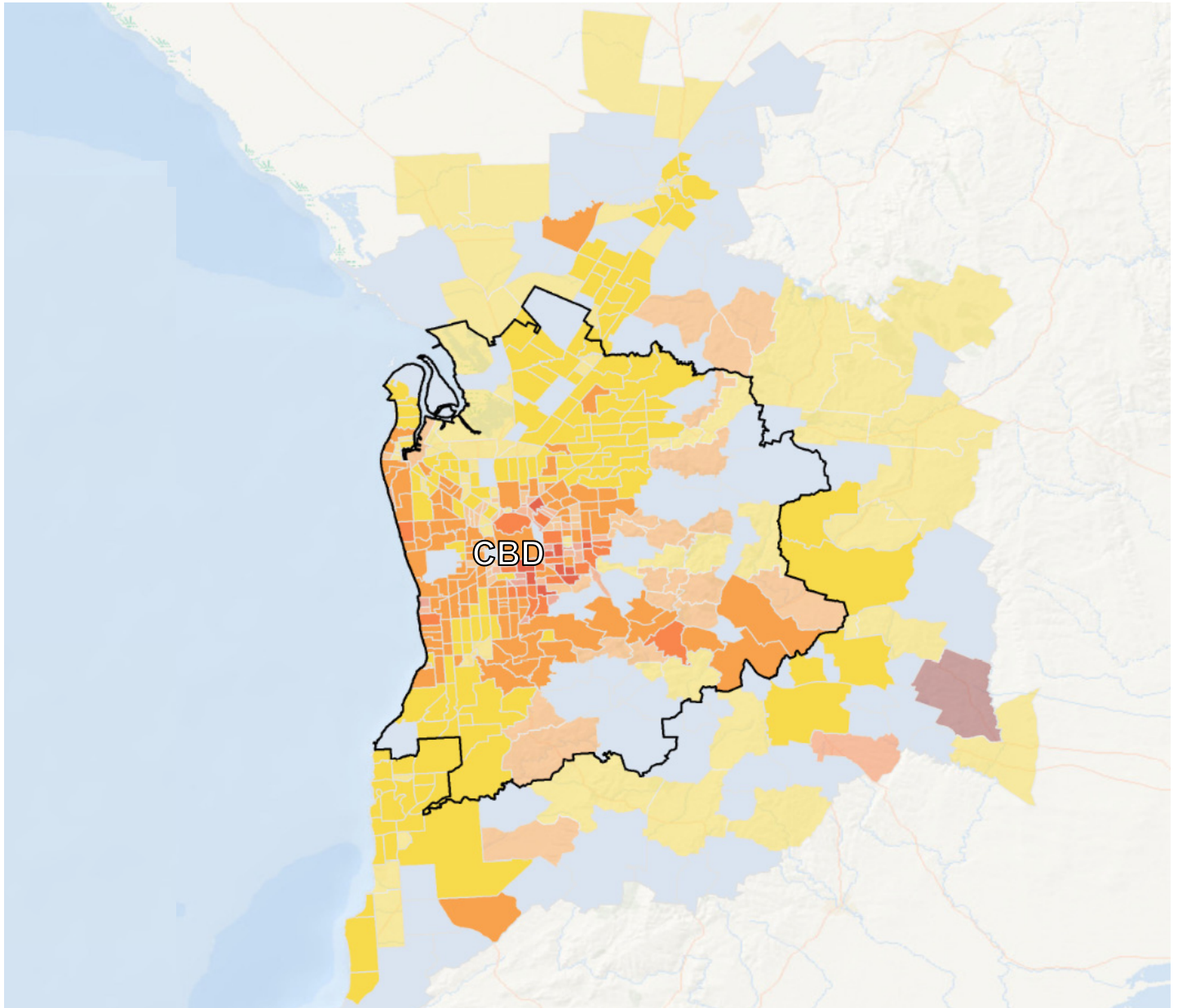
Over the 2<sup>nd</sup> half of 2019, Adelaide is set for around \$4.2B worth of development, with infrastructure accounting for the majority of the overall value of \$2.6B (62.8%). This is followed by commercial projects (\$701.7M, 16.7%) and then residential projects (\$487.7M, 11.6%). A key infrastructure project being constructed in the 2<sup>nd</sup> half of 2019 is the AIR555-1 & AIR7000 PH1B (\$500.0M). This is a military project that will construct Piloted Aircraft System Sustainment Facilities. Such a project will boost job opportunities in Adelaide through government investment and increase economic activity in the area.

## ADELAIDE METRO SALES AND MEDIAN PRICE GROWTH



\*Data is based on '2 Bedroom Other Dwellings' figures as per REIA's Real Estate Market Facts June quarter 2019 report and are assumed to be predominantly units. \*\*Quoted project development spending reflects aggregate of estimated values for projects commencing in the 2<sup>nd</sup> half of 2019. Quoted estimated value of projects are based on reported land/construction value as stated by the relevant data authority and do not signify commercial/resale value. \*\*\*Median price for 2019 captures sale transactions from 1<sup>st</sup> January 2019 to 30<sup>th</sup> September 2019. Source: APM Pricerfinder, Real Estate Institute of Australia, SQM Research, Cordell Connect. © PRDnationwide 2019.

## GREATER ADELAIDE HOUSE MEDIAN PRICE 2019\*



### LEGEND

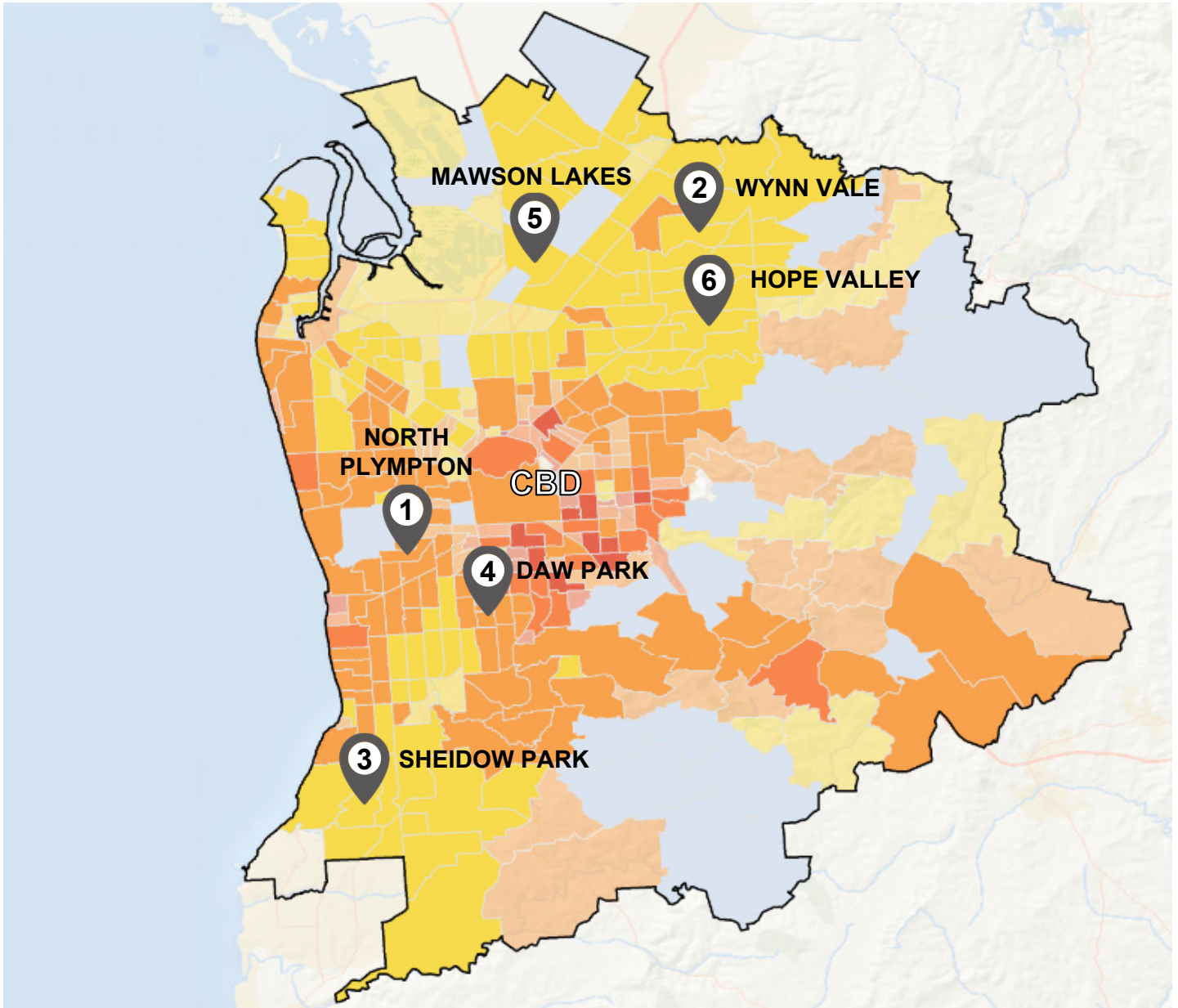
- Data not available
- \$0 - \$500,000
- \$500,000 - \$800,000
- \$800,000 - \$1,000,000
- \$1,000,000 - \$2,000,000
- \$2,000,000+
- 20km from CBD

Translucent colours for <20 sales

Top 3 Lowest Priced Suburbs**	Median Price 2019*	Project Development***	Median Rent 2019*	Rental Yield
Elizabeth Vale	\$235,000	\$58.3M	\$270	5.6%
Salisbury North	\$255,000	\$4.1M	\$280	5.6%
Ottoway	\$280,000	\$5.4M	\$255	4.8%
Top 3 Highest Priced Suburbs**	Median Price 2019*	Project Development***	Median Rent 2019*	Rental Yield
Springfield	\$1,720,000	N/A	\$638	2.8%
Leabrook	\$1,440,000	\$1.5M	\$495	3.0%
Unley Park	\$1,350,000	\$150K	\$335	2.5%

\*Median house price reflected in the heat-map captures sale transactions from 1st January 2019 to 30<sup>th</sup> September 2019. Grey areas represent areas where no recorded sales data could be accessed or due to having no sales transactions. \*\*Top 3 suburbs identified are located within 20 km from CBD; suburb median price and median rent figures capture data from 1<sup>st</sup> January 2019 to 30<sup>th</sup> September 2019. \*\*\*Project development value is an aggregate of estimated construction value for residential, commercial, industrial, mixed use, and infrastructure projects commencing in the 2<sup>nd</sup> half of 2019; it does not reflect commercial/re-sale value. Source: APM Pricerfinder, Cordell Connect. ESRI ArcGIS, SQM Research. © PRDnationwide 2019.

## ADELAIDE MEDIAN HOUSE PRICES 2019\* 20KM FROM CBD



### LEGEND

	Data not available
	\$0 - \$500,000
	\$500,000 - \$800,000
	\$800,000 - \$1,000,000
	\$1,000,000 - \$2,000,000
	\$2,000,000+
	20km from CBD

Translucent colours for <20 sales

### ADELAIDE AFFORDABLE & LIVEABLE SUBURBS RENTAL YIELD

House		Unit	
Suburb	House	Suburb	Unit
1 North Plympton	4.1%	4 Daw Park	5.3%
2 Wynn Vale	4.4%	5 Mawson Lakes	6.3%
3 Sheidow Park	4.2%	6 Hope Valley	6.0%

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