

EDITION 22.2



# ADELAIDE CAPITAL CITY REVIEW

 **PERFORMANCE**  
PROPERTY RESEARCH

#### DISCLAIMER

The data presented in this report are sourced from 3rd party resources that we have selected due to their reliability and availability over the historical periods that we require for our research to be relevant. Due to the fact that the current year is not yet complete, data presented for the current year are estimated to represent a full year.

# ADELAIDE AT A GLANCE

## Price Parameters - Adjusted for Current Interest Rate

	HOUSE AI	PRICE	UNIT AI	PRICE
AI FLOOR	20%	\$297,506	15%	\$226,719
AI CURRENT	45%	\$691,000	29%	\$446,000
AI CEILING	50%	\$734,263	38%	\$558,381
3 YR PRICE TARGET	\$710,000 - \$750,000 Low Conviction		\$460,000 - \$510,000 Low Conviction	

### In the current stage of cycle

The Adelaide house market has a **Hold Rating** while the unit market has a **Buy Momentum Rating**.

If buying houses, it would be best suited to a **Short to Medium Term Hold Strategy**. If buying units, it would be best suited to a **Short to Medium Term Hold Strategy**.

We classify the Adelaide house market currently as a **Medium to High Risk Investment**, and the Adelaide unit market as **High Risk Investment** based on the underlying economy.

#### Legend

Medium Term Strategy = **4 to 7 years**  
Long Term Strategy = **10+ years**

HOUSE YIELD **3.9%**

UNIT YIELD **5.3%**

UNEMPLOYMENT RATE **4.0%**

### POPULATION



Current: **1,399,088**  
Current Growth Rate: **1.15%**  
Avg 10 Yr Growth Rate: **1.06%**

### CURRENT MEDIAN HOUSE

**\$691,000**

### CURRENT MEDIAN UNIT

**\$446,000**

LONG TERM COMPOUNDED GROWTH PA (1980) IS **7.00%** FOR HOUSES & (1993) **5.48%** FOR UNITS.

Houses the last 3 years have seen 11.91% PA growth, units 5.72%.

**7.00%**

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Average Days on Market






Houses : **33**  
Units : **30**



# EXECUTIVE SUMMARY








## KEY MARKET INDICATORS

Neutral

	Affordability Index HOUSE V. Price Movement.....	<a href="#">08</a>
	SA Monthly Housing Finance.....	<a href="#">09</a>
	Stock on Market V. Avg Days on Market.....	<a href="#">10</a>
	Vacancy Rate V. Median Rent.....	<a href="#">11</a>
	Job Creation Index.....	<a href="#">12</a>






## SUPPLY & DEMAND - Neutral

Does Demand Exceed Supply?

	Change in Population .....	<a href="#">13</a>
	State Population Movement .....	<a href="#">14</a>
	Foreign Investment.....	<a href="#">15</a>
	Airport Arrivals.....	<a href="#">16</a>
	Dwelling Sales.....	<a href="#">17</a>
	Dwelling Approvals V. Population % Change.....	<a href="#">18</a>
	Bedrooms V. Population Change.....	<a href="#">19</a>






## AFFORDABILITY - Negative

Is Property Affordable?

	Affordability Index HOUSE V. Price Movement.....	<a href="#">08</a>
	Affordability Index UNITS V. Price Movement.....	<a href="#">20</a>
	Price to Income Ratio.....	<a href="#">21</a>
	Rent to Income V Affordability.....	<a href="#">22</a>
	FHBs as % of Population.....	<a href="#">23</a>




## CONFIDENCE - Positive

Is There Confidence In The Market?

	Retail Turnover Growth.....	<a href="#">24</a>
	Unemployment Rate .....	<a href="#">25</a>
	Underemployment Rate .....	<a href="#">26</a>
	State Job Vacancies .....	<a href="#">27</a>
	Business Investment .....	<a href="#">28</a>






## MONEY SUPPLY - Slightly Positive

Will There Be More or Less Money Into The Economy?

	State Budget .....	<a href="#">29</a>
	Gross State Product V. Median Price Movement .....	<a href="#">30</a>
	Net Debt as % of GSP .....	<a href="#">31</a>




## INVESTMENT VALUE - Slightly Positive

Is This Market Showing Value?

	Current Investment Value - Per Capital City.....	<a href="#">32</a>
	Yield V. Interest Rates .....	<a href="#">33</a>
	Long Term Trends .....	<a href="#">34</a>
	House V. Unit Price Comparison .....	<a href="#">06</a>
	Adelaide V. Sydney HOUSE Price Movement.....	<a href="#">35</a>

## RISK - Negative

Is There Potentially Downside Volatility?

	Affordability Index HOUSE V. Price Movement.....	<a href="#">08</a>
	Price to Income Ratio .....	<a href="#">21</a>
	Industry Value Added .....	<a href="#">36</a>
	Population Pyramid.....	<a href="#">37</a>

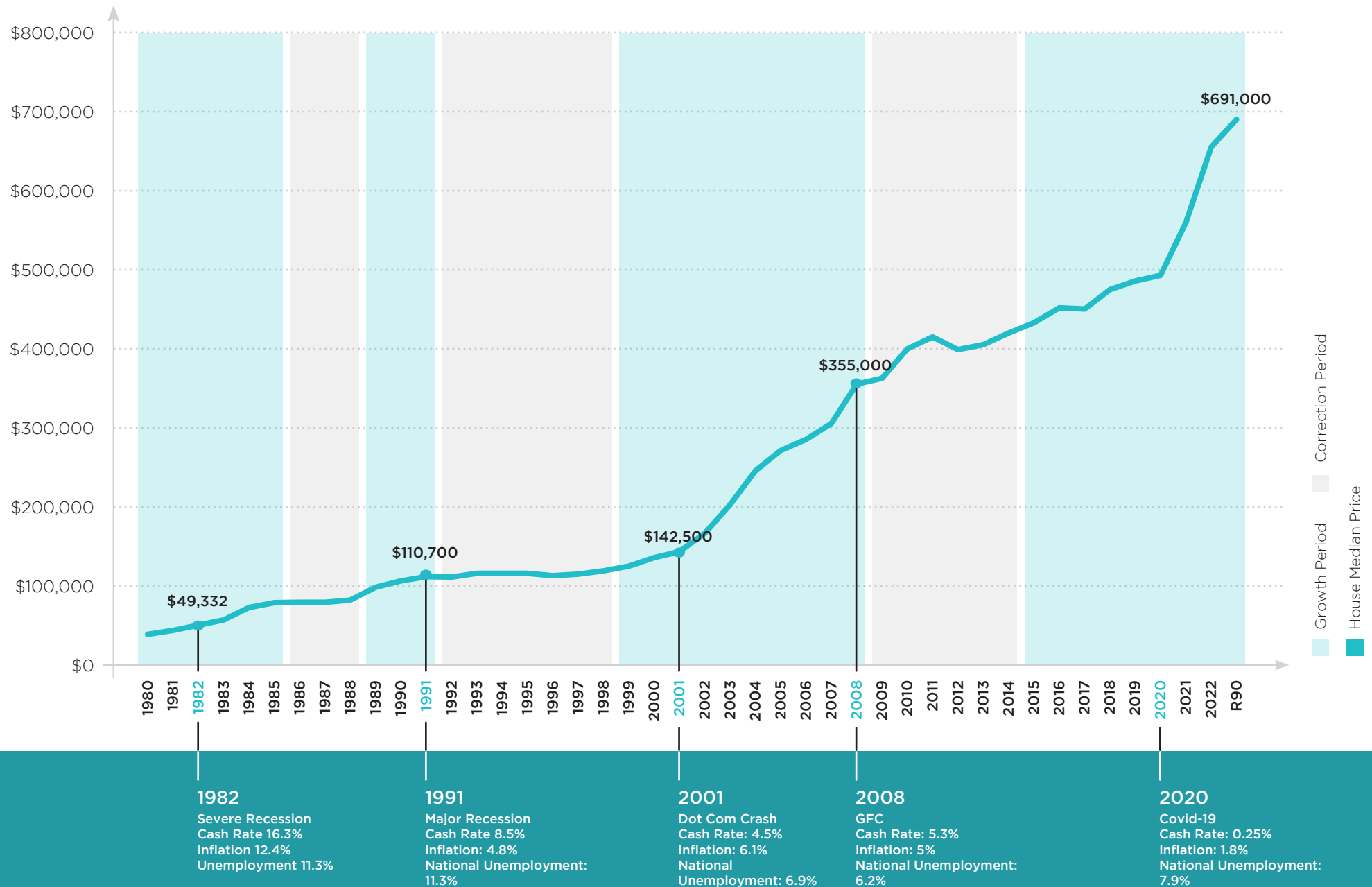
Positive
Slightly Positive
Neutral
Slightly Negative
Negative



# ADELAIDE HOUSE PRICE MOVEMENT

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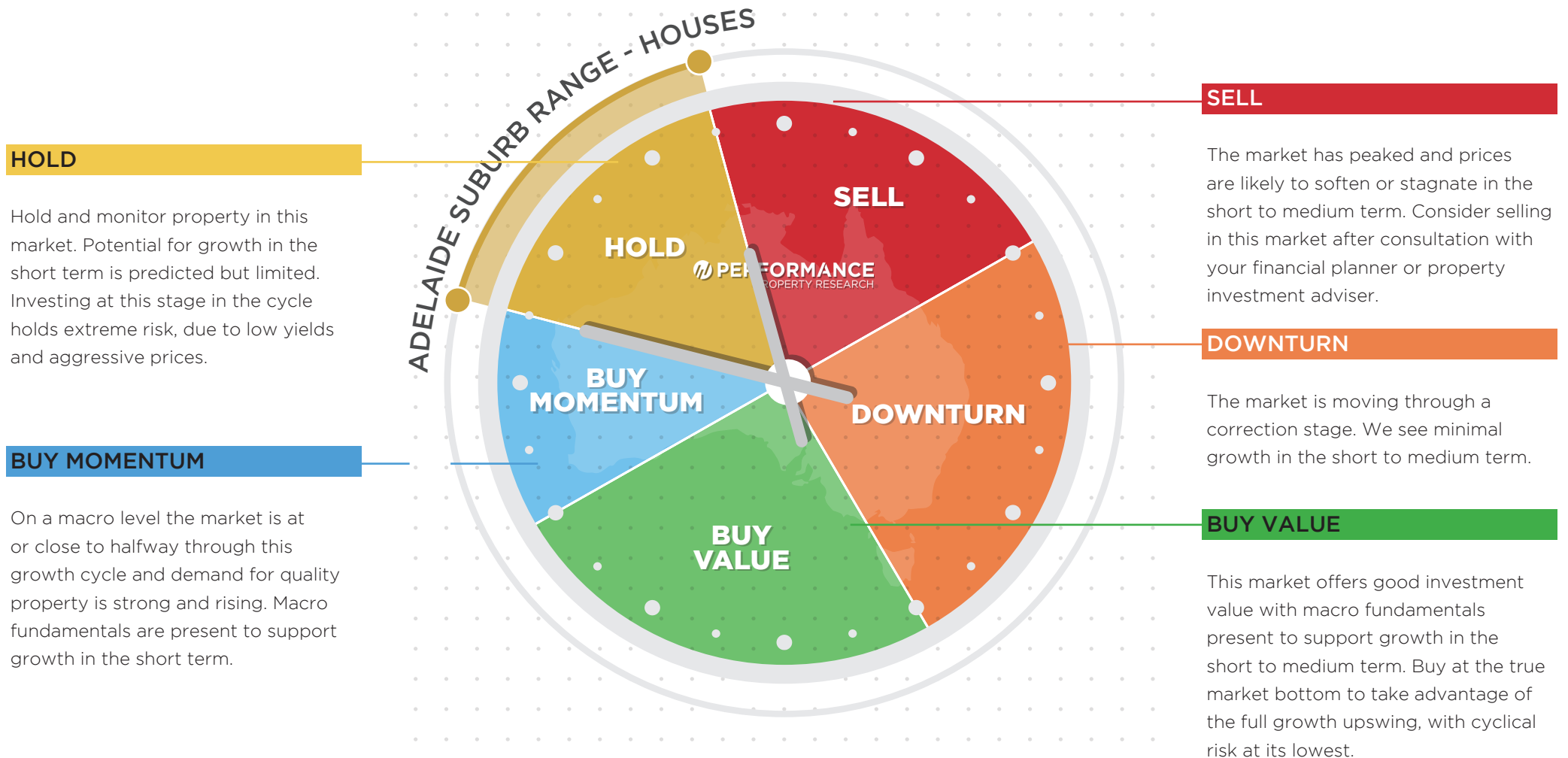




# OUR VIEW OF THE ADELAIDE **HOUSE** MARKET

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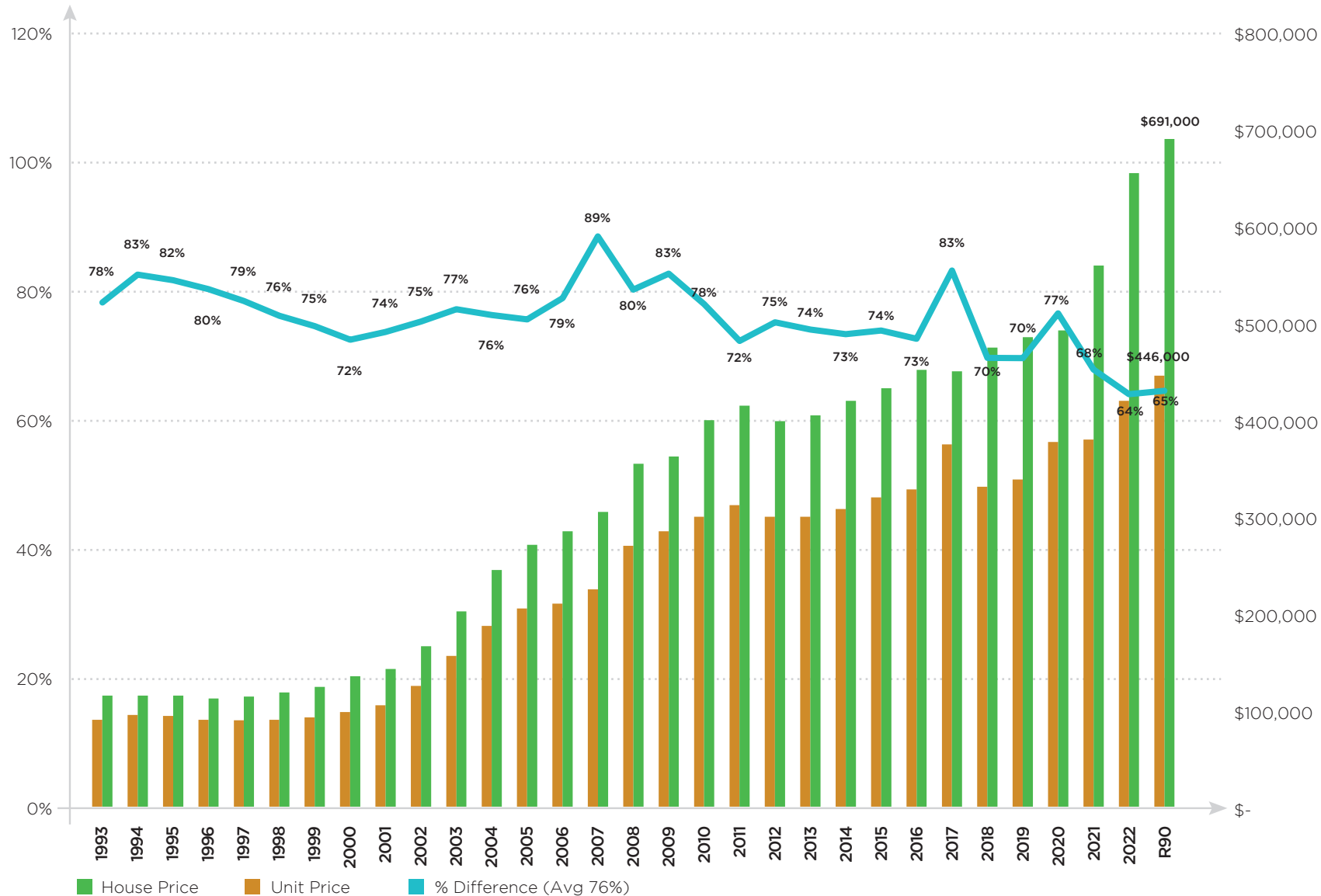
For more information on the Adelaide market, including individual property and suburb information, call to speak to one of our professional property advisors on (03) 8539 0300.

# ADELAIDE HOUSE V. UNIT PRICE COMPARISON

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This graph shows the comparison between house and unit price movements and the percentage difference for each year.



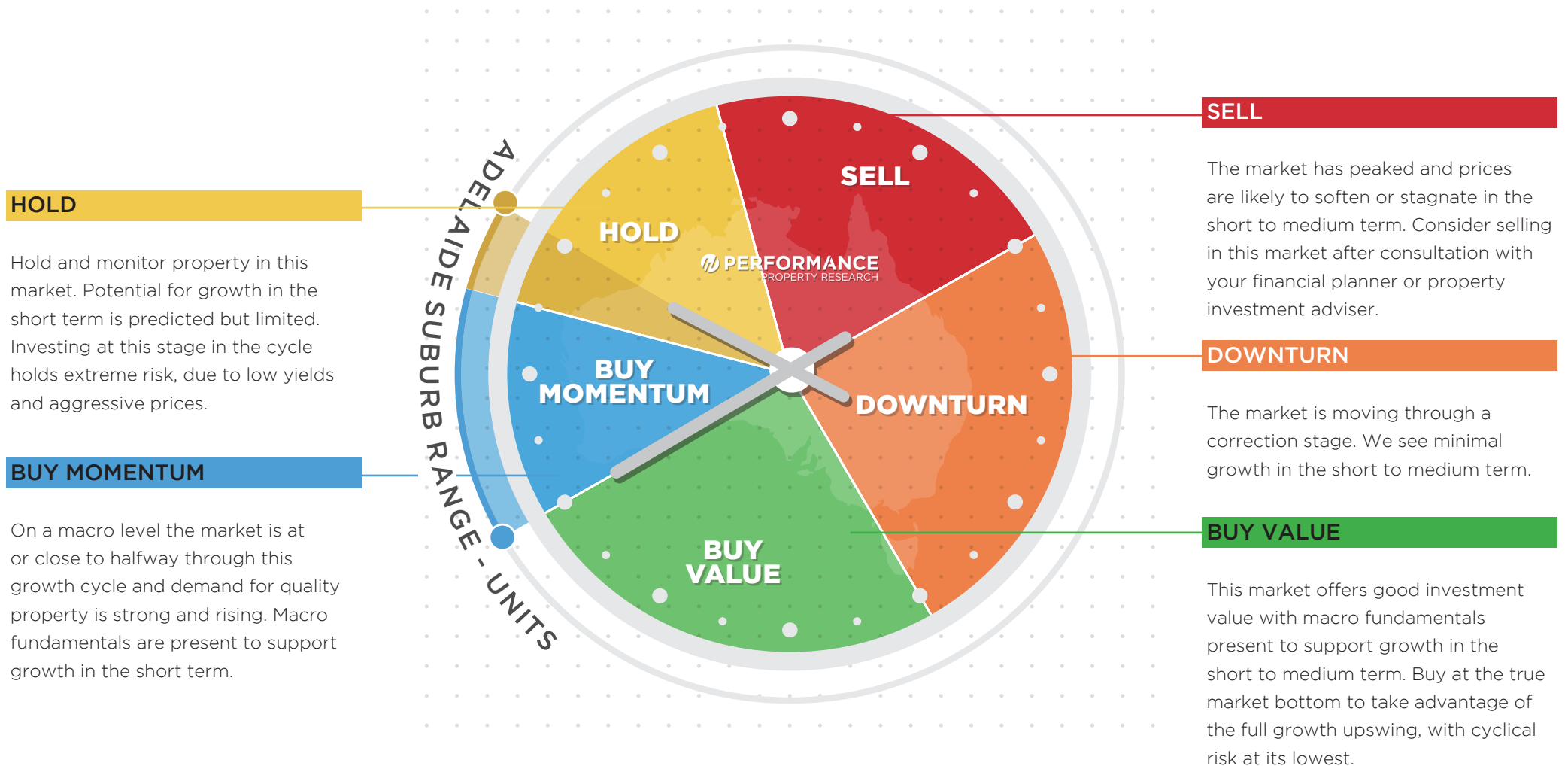
SLIGHTLY  
POSITIVE

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# OUR VIEW OF THE ADELAIDE **UNIT** MARKET

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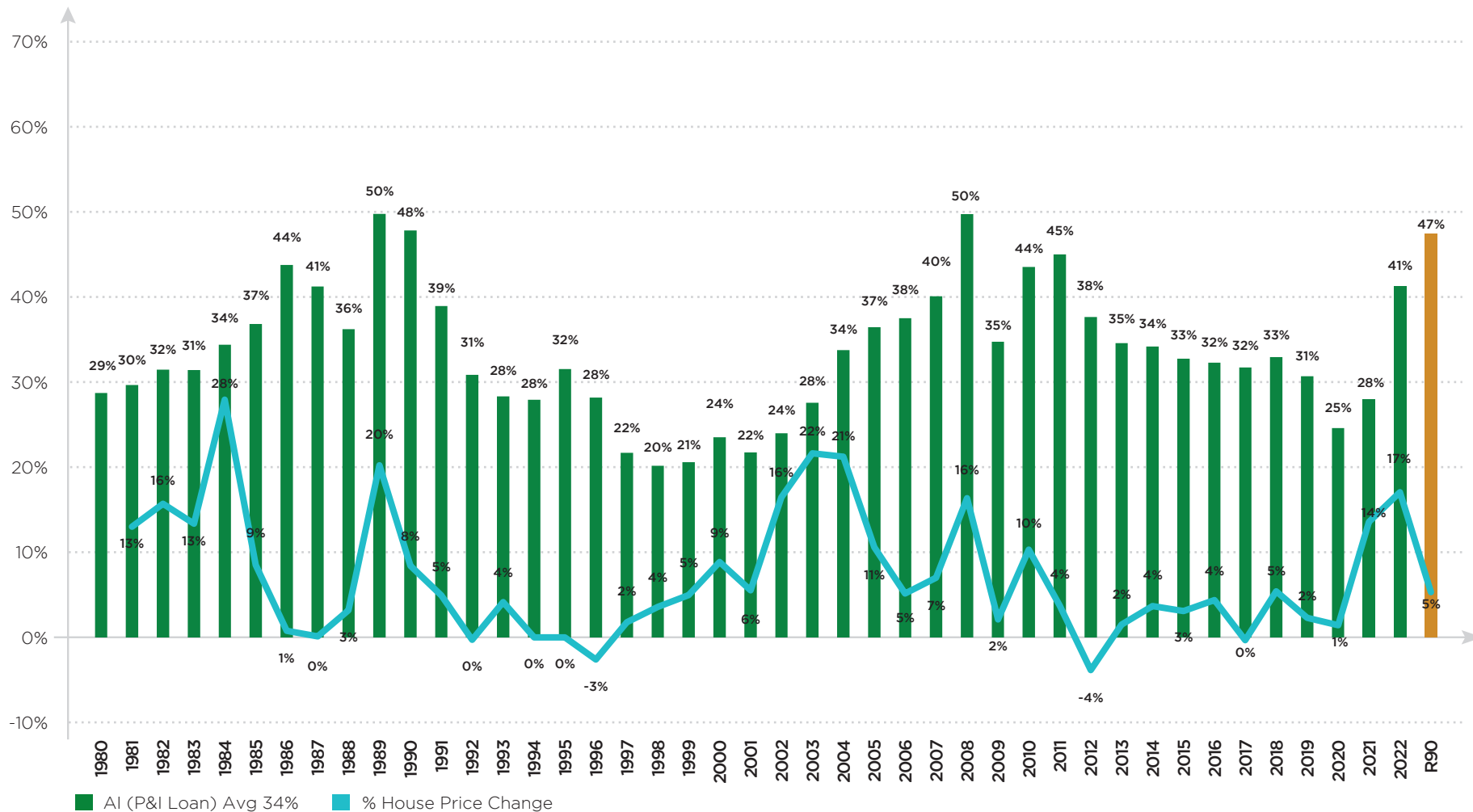


# AFFORDABILITY INDEX V. PRICE MOVEMENT - HOUSE

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This graph displays the impact interest rates have on house price movements. Performance Property's Gross Affordability Index (AI) is a measure of the average mortgage repayments versus the average income. The AI is calculated using the median price, average wage (before tax), assumes a 20% deposit, the current variable interest rate and Principle & Interest repayments over a 30 year loan term. For the current year, the rolling 90 days (R90) is shown to convey latest market status.

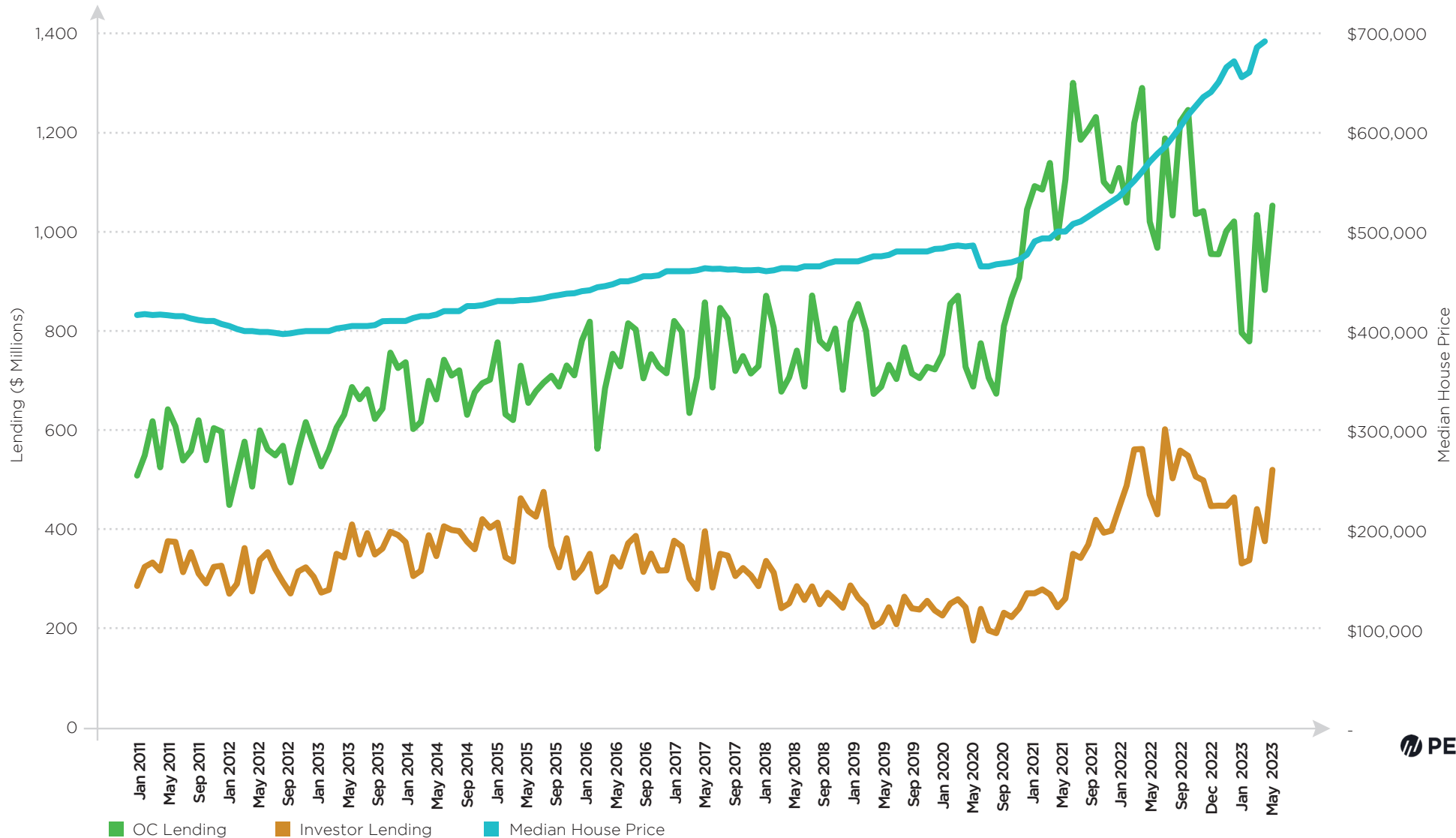


# SA MONTHLY HH LENDING TO OC V. MEDIAN HOUSE PRICE

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This graph displays the value of housing finance for the state each month for owner occupiers and investors versus the median house price.

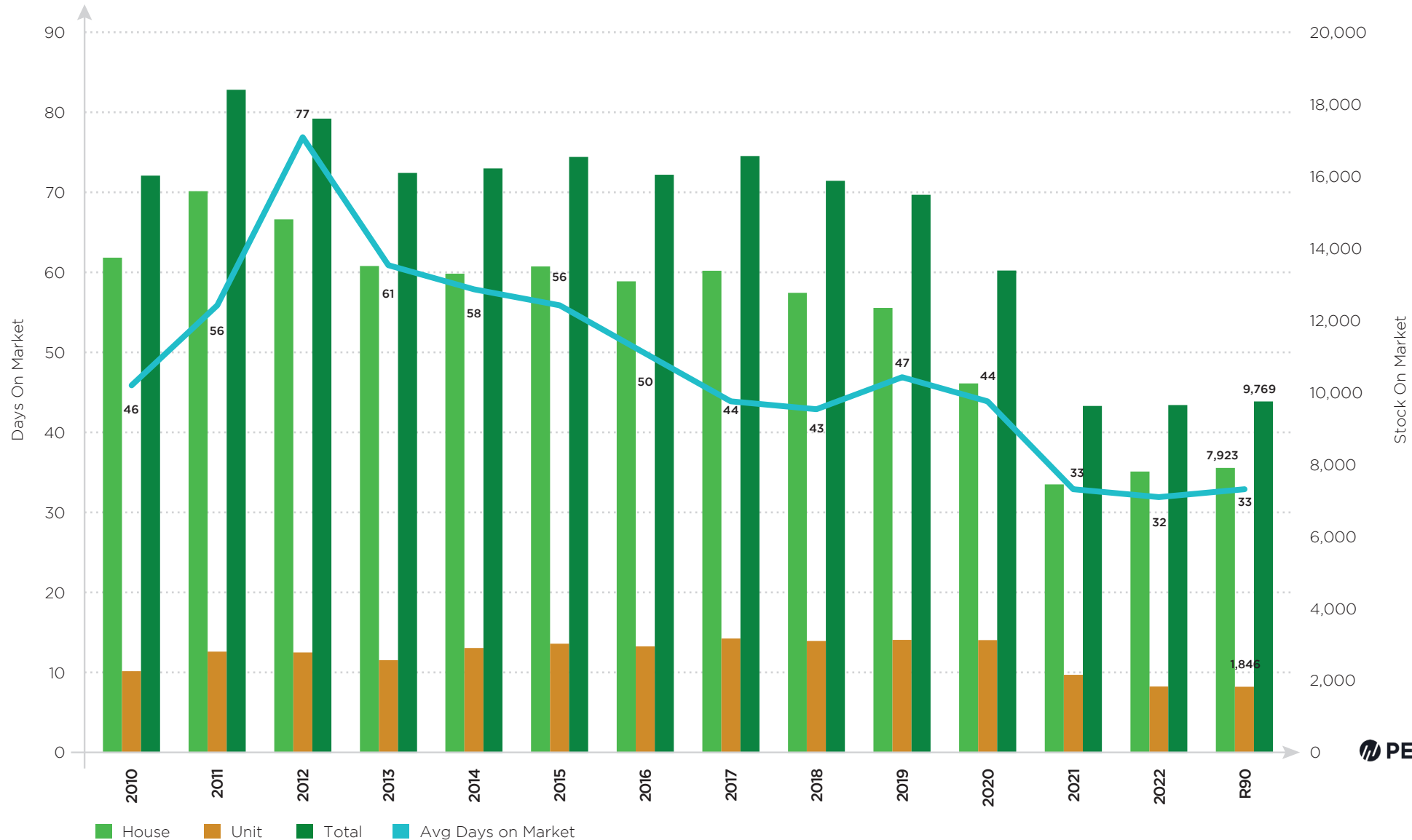


# STOCK ON MARKET V. AVG DAYS ON MARKET

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This graph displays the stock on market.



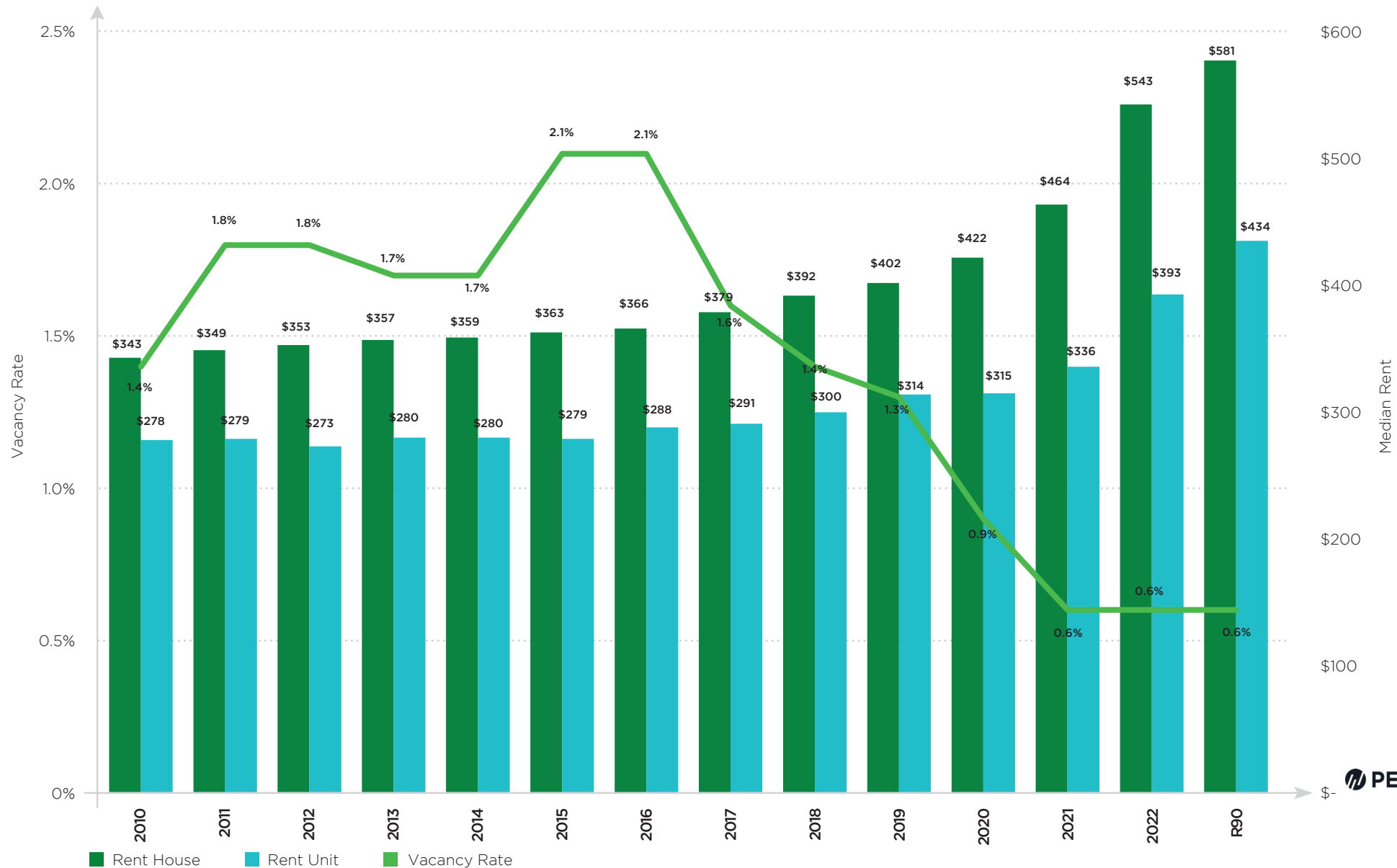


# VACANCY RATE V. RENT

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This graph displays the relationship between rental growth for both houses and units and the vacancy rate.

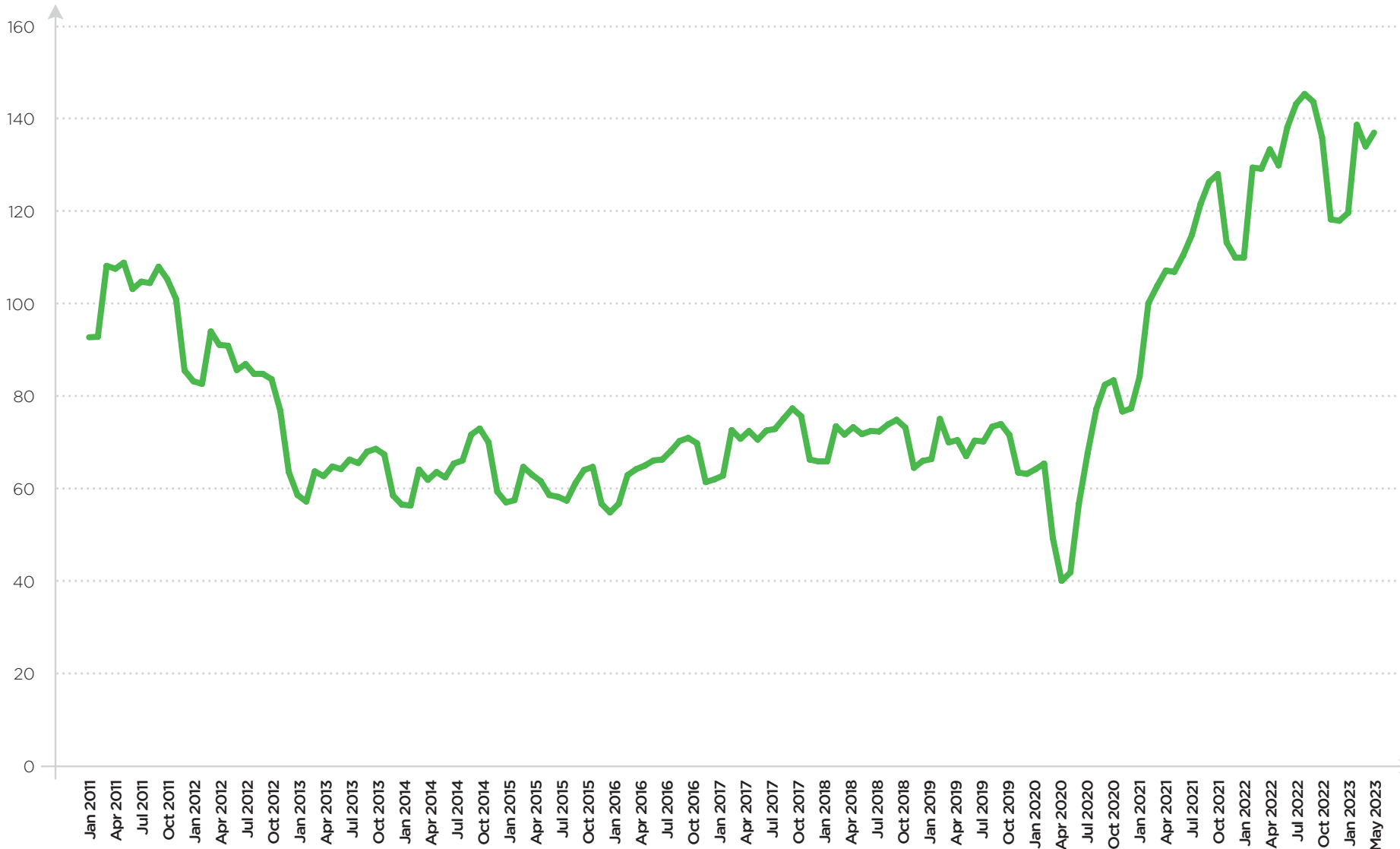


# JOB CREATION INDEX - ADELAIDE

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This graph shows the internet vacancy index for online job advertisements on the three major job boards.

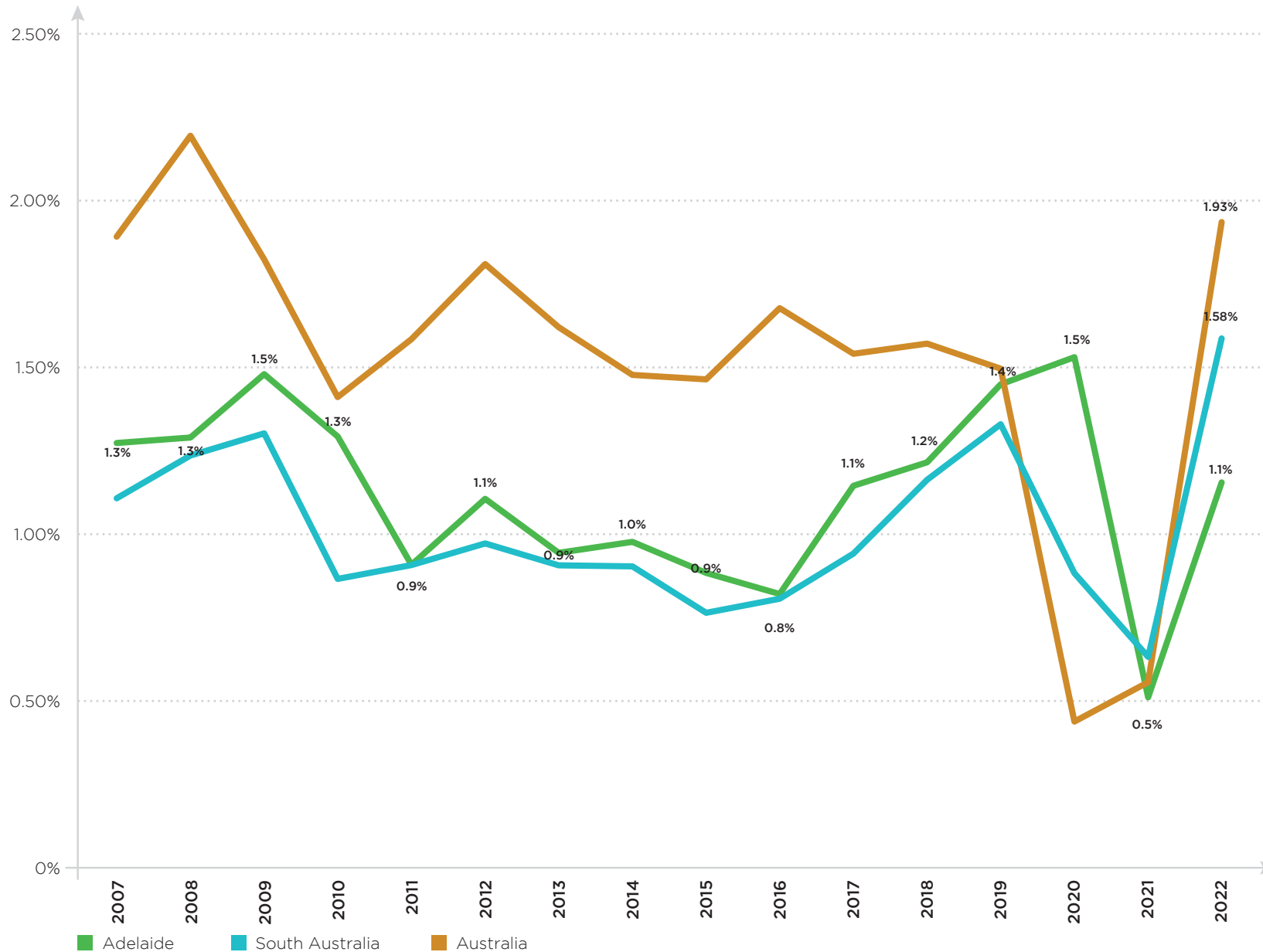


# CHANGE IN POPULATION

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This graph shows the percentage change in the population growth rate for the city, state and Australia.



SLIGHTLY  
POSITIVE

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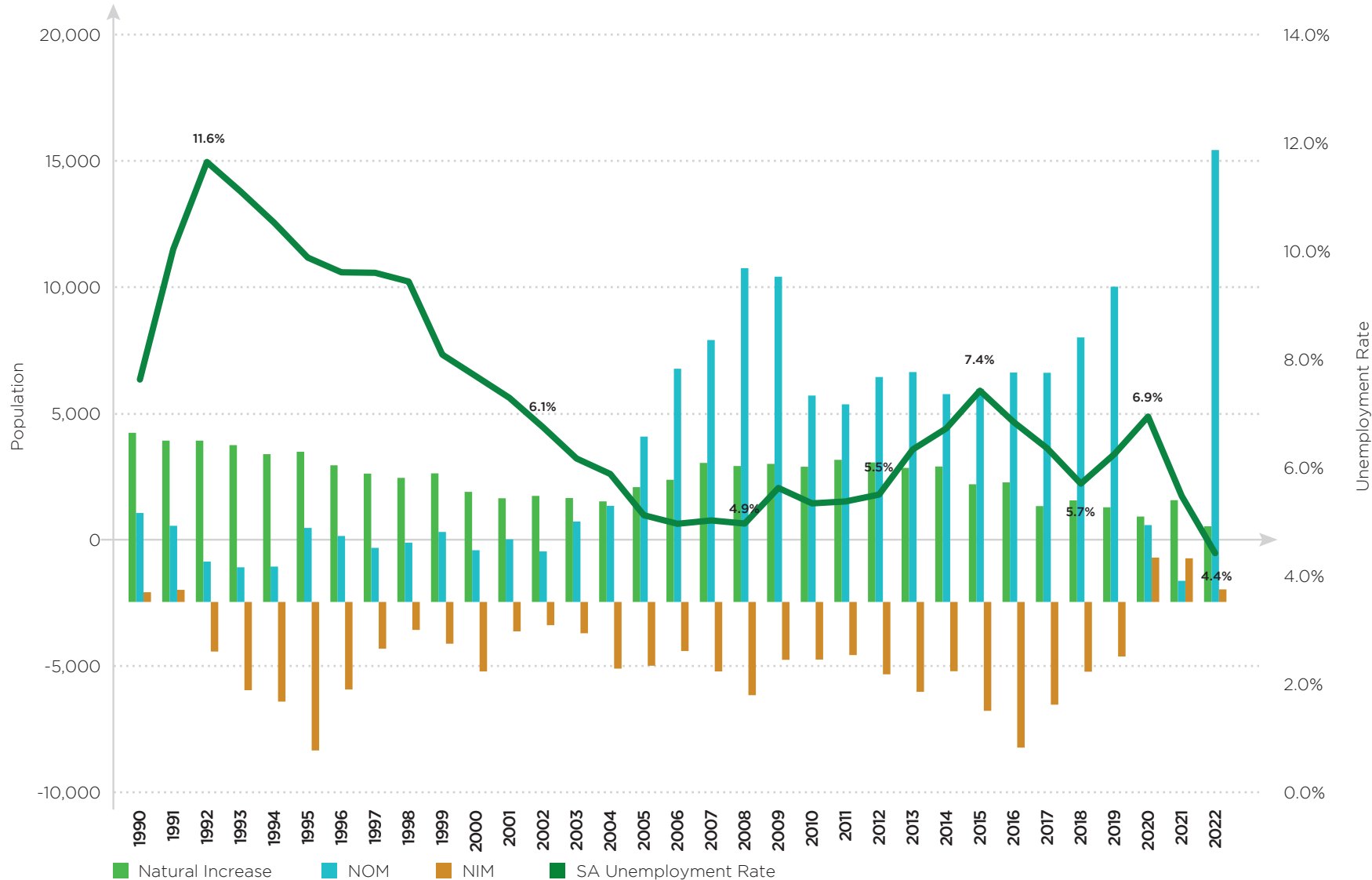


# SOUTH AUSTRALIAN POPULATION MOVEMENT TYPE

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This graph demonstrates the breakdown of Natural Increase, Net Overseas Migration (NOM) and Net Interstate Migration (NIM) for the state.



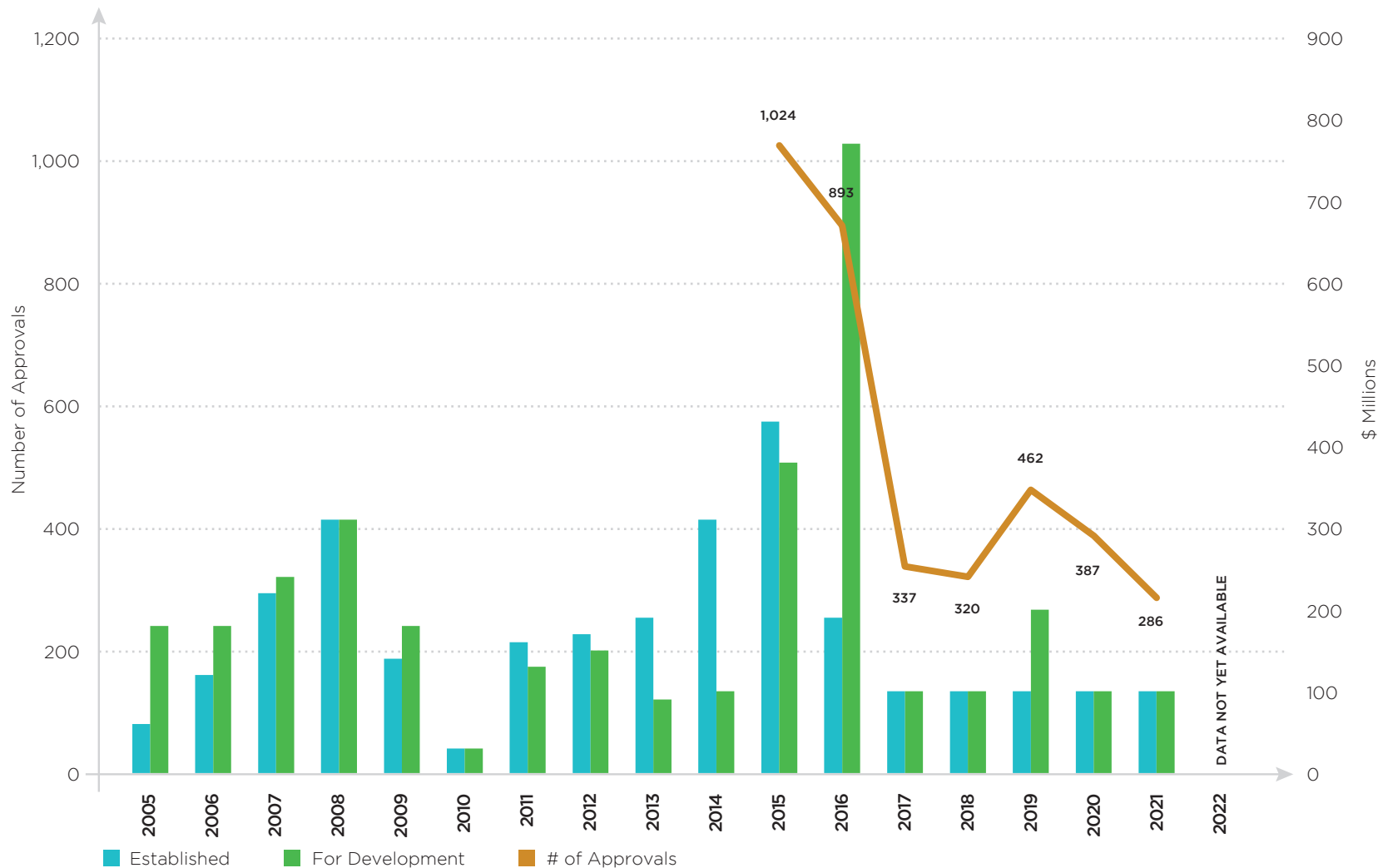
POSITIVE

# FOREIGN INVESTMENT APPROVALS - NEW V. ESTABLISHED PROPERTY

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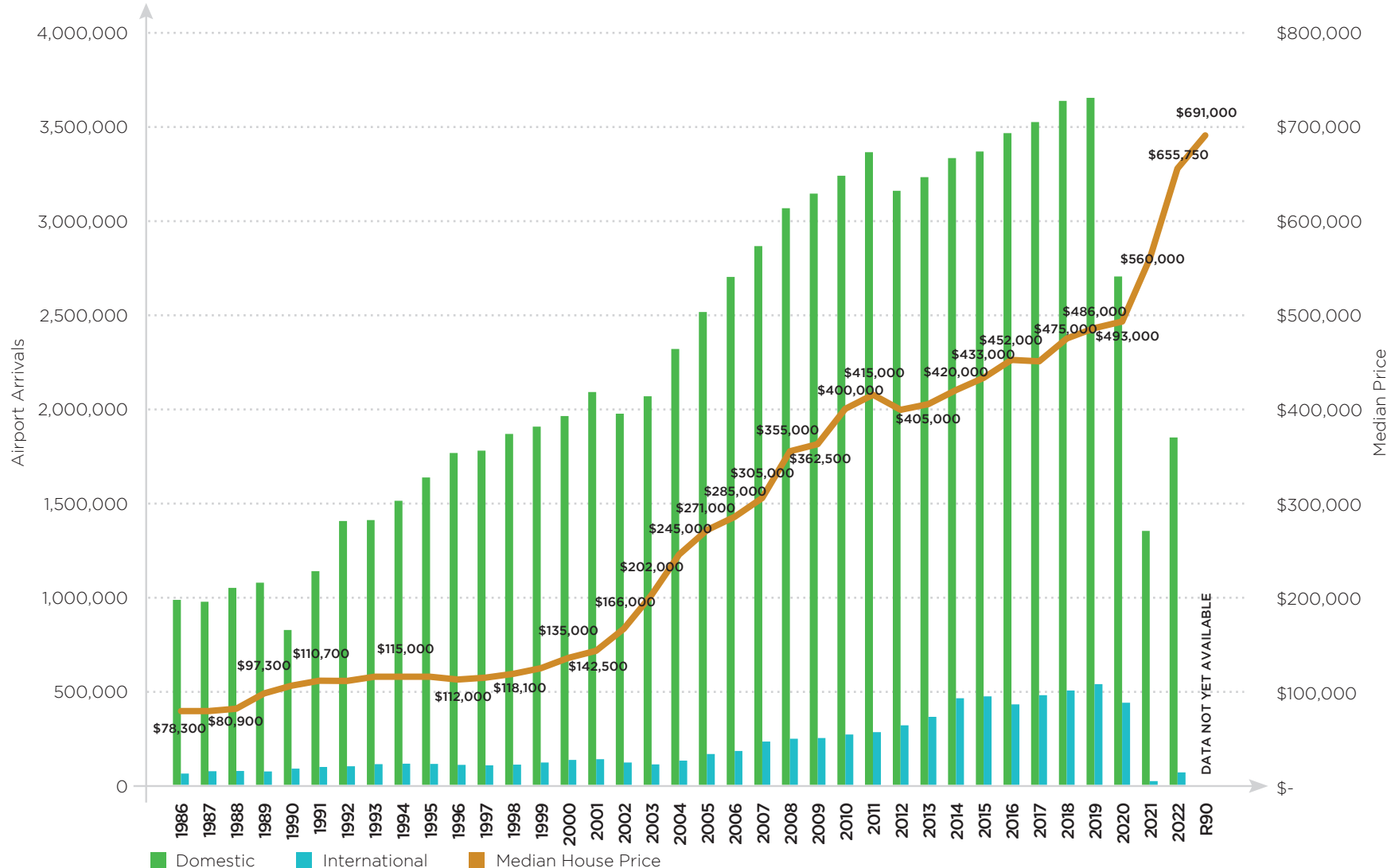
This graph shows the amount of foreign investment approvals for the state's residential market since 2005. Approvals are broken down into established property and developed/for development.



POSITIVE

# AIRPORT ARRIVALS V. MEDIAN HOUSE PRICE

This graph shows the numbers for International and Domestic arrivals into the city's airport from 1986 plotted against the median house price. For the current year, the rolling 90 days (R90) is specifically shown to give emphasis on current house median movement.

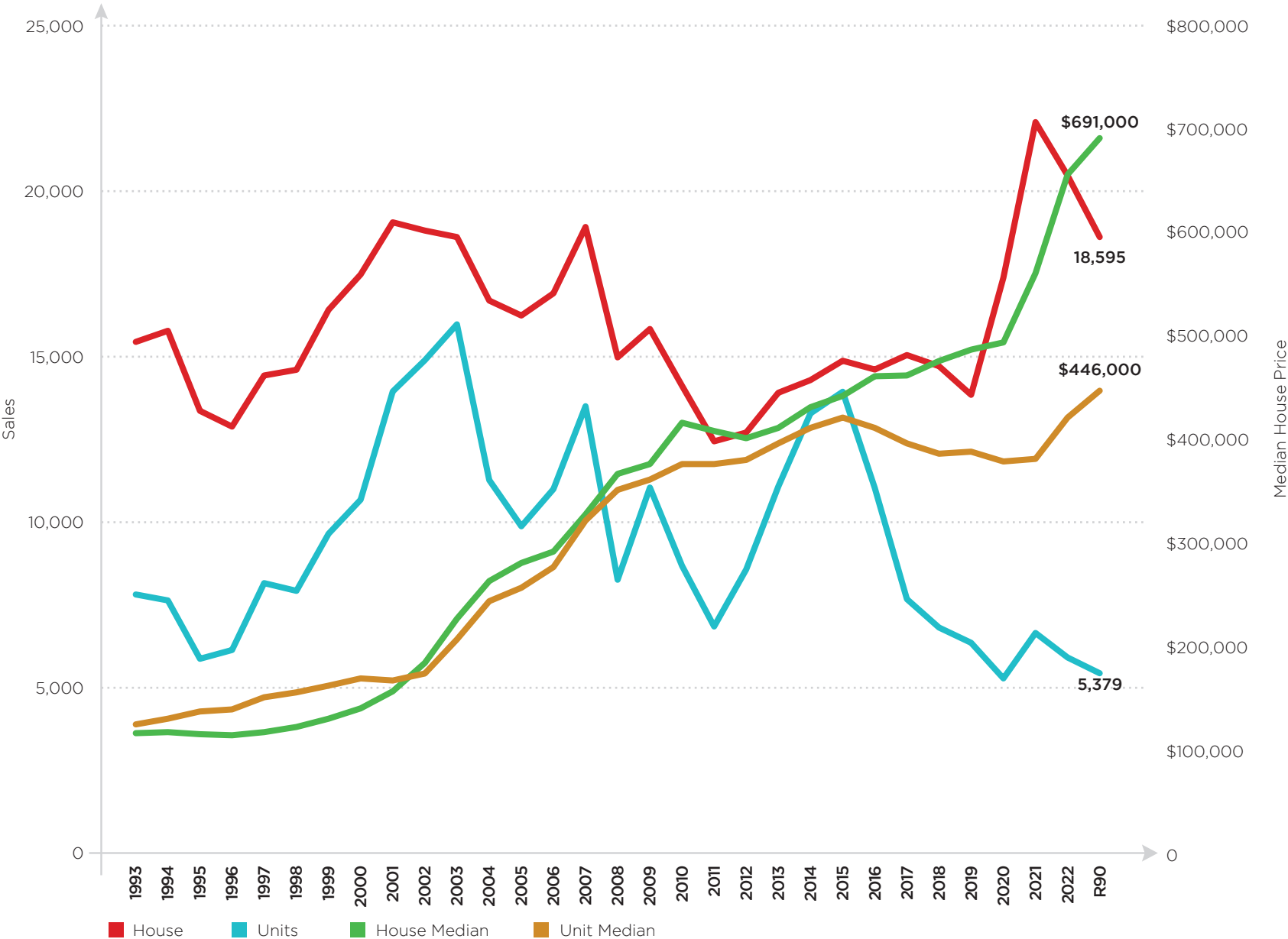


SLIGHTLY  
NEGATIVE



# DWELLING SALES

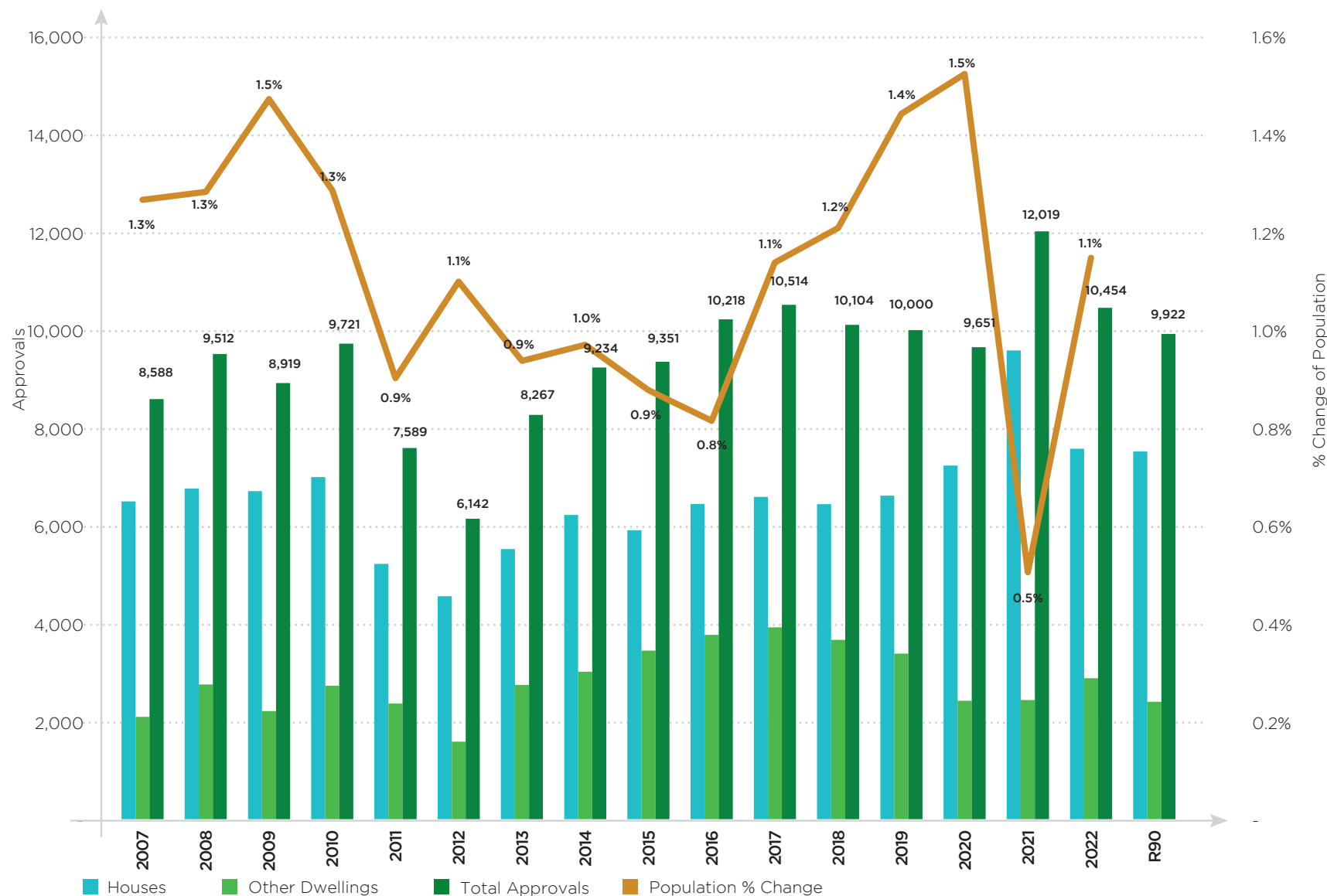
This graph displays the number of unit and house sales.



SLIGHTLY  
NEGATIVE

# DWELLING APPROVALS V. POPULATION % CHANGE

This graph shows the relationship between population growth and dwelling approvals in the Greater City region.



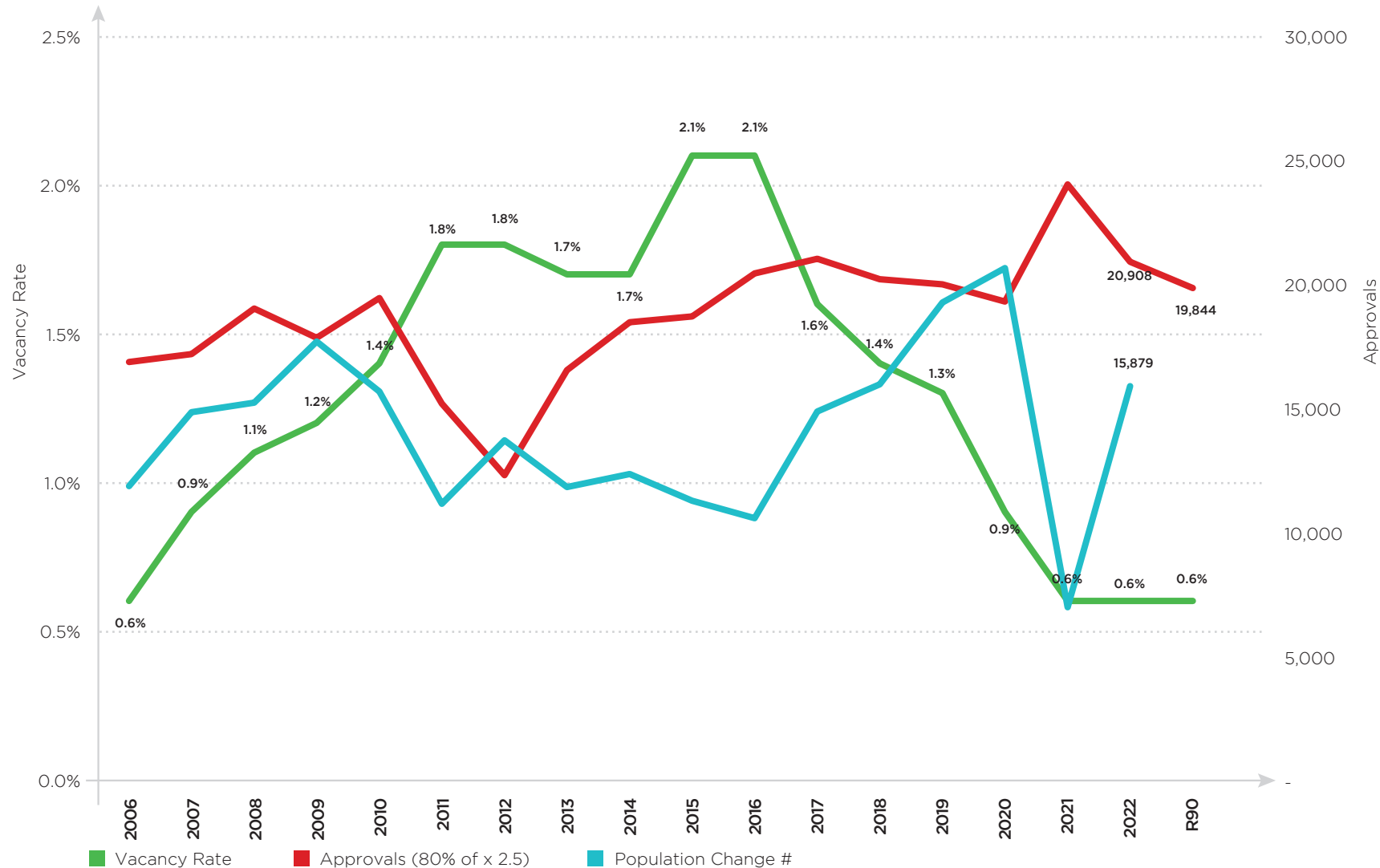
NEUTRAL

# BEDROOM APPROVALS V. POPULATION CHANGE

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This graph shows the relationship between the assumed number of bedrooms being commenced, the change in population numbers and the vacancy rate. Performance Property calculates this assuming 80% of approvals commence, and multiplying by the average household size of the city.



NEGATIVE

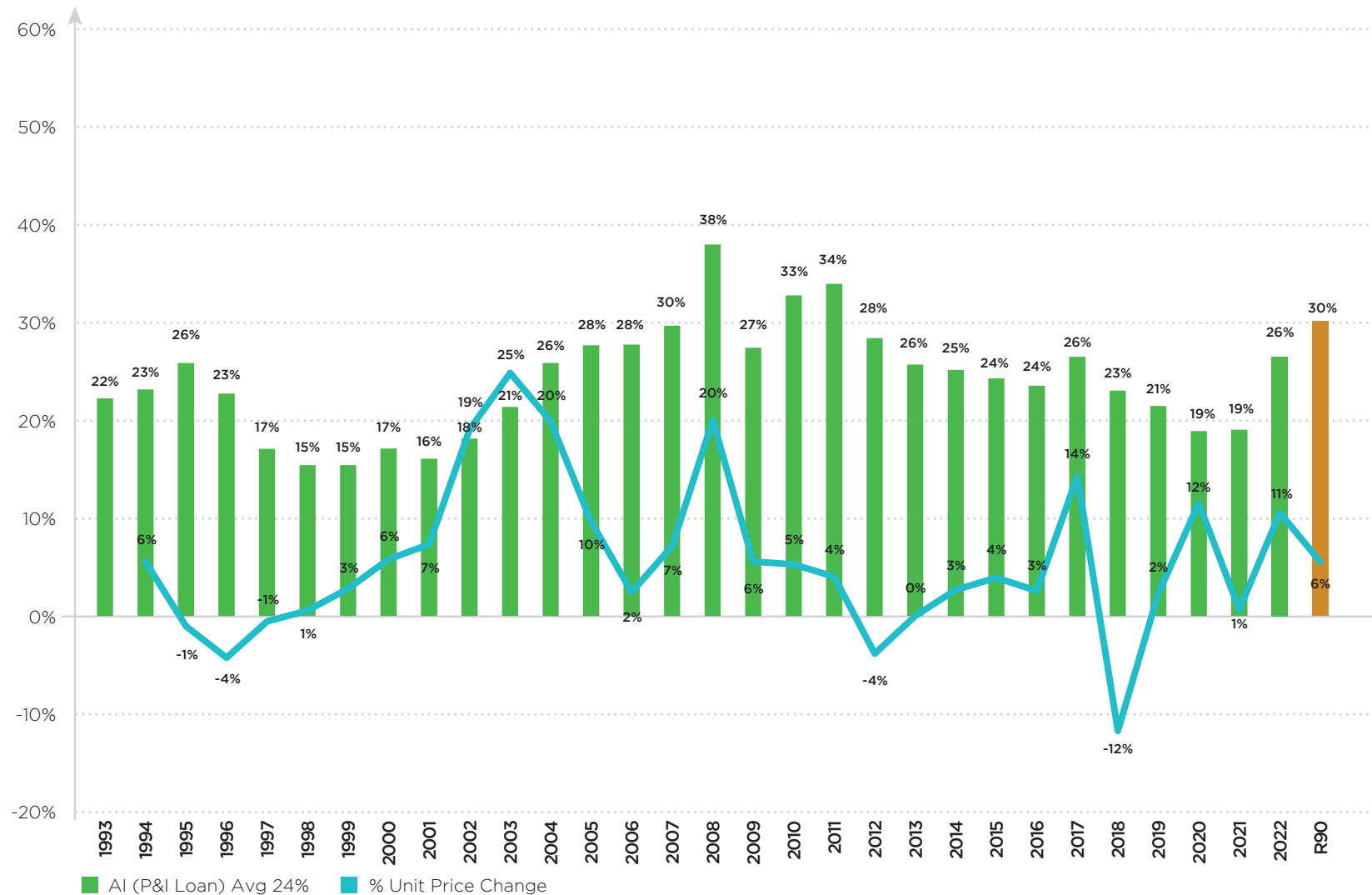
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# AFFORDABILITY INDEX V. PRICE MOVEMENT - UNIT

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This graph displays the impact interest rates have on unit price movements. Performance Property's Gross Affordability Index (AI) is a measure of the average mortgage repayments versus the average income. The AI is calculated using the median price, average wage (before tax), assumes a 20% deposit, the current variable interest rate and Principle & Interest repayments over a 30 year loan term.

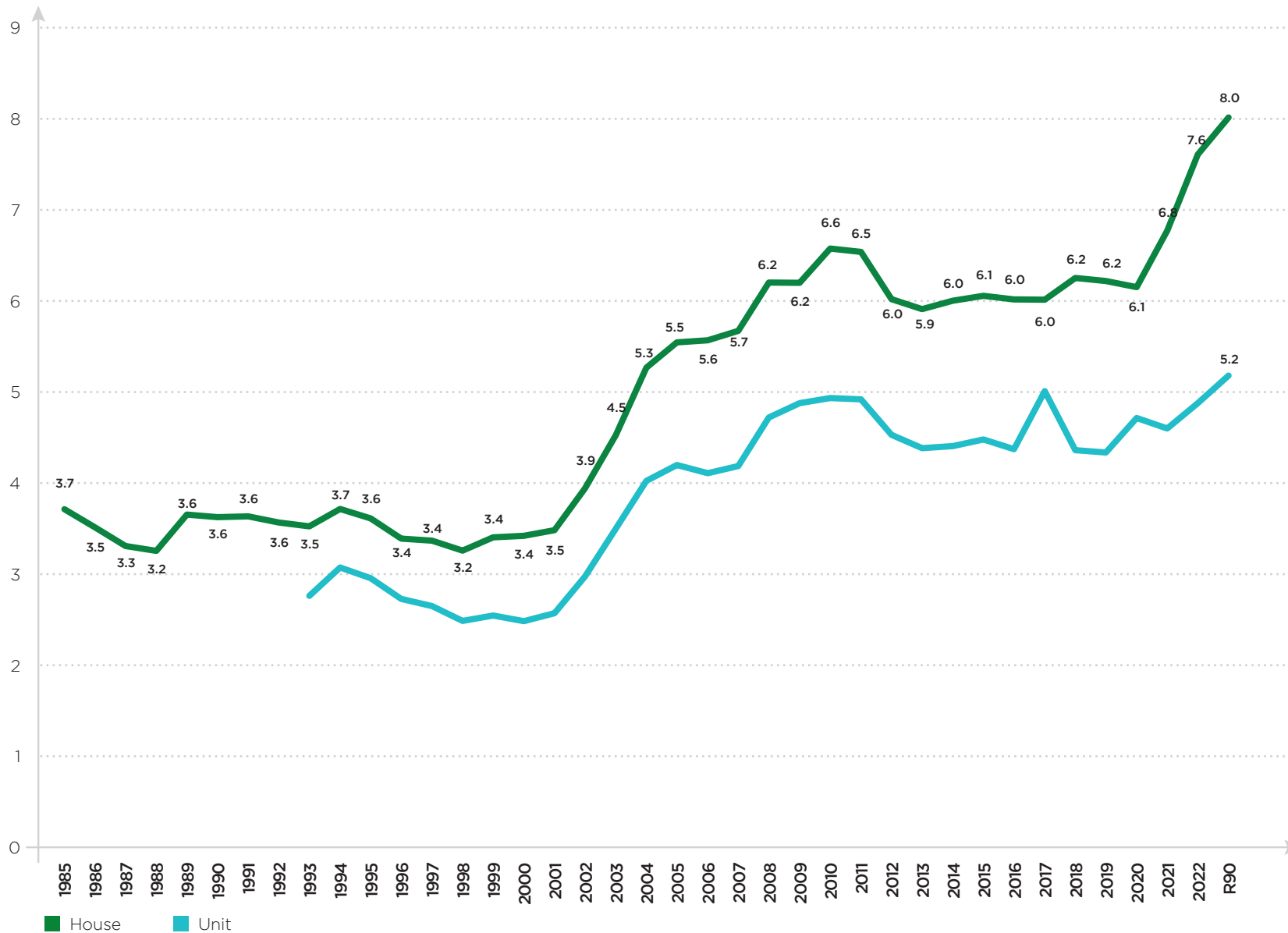


SLIGHTLY  
NEGATIVE

PERFORMANCE  
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# PRICE TO INCOME RATIO

This graph displays the price to income ratio which is the relationship between the median house price and the average annual income. This also represents the average time taken to save a 20% deposit when assuming 20% of the average wage is saved.



NEGATIVE

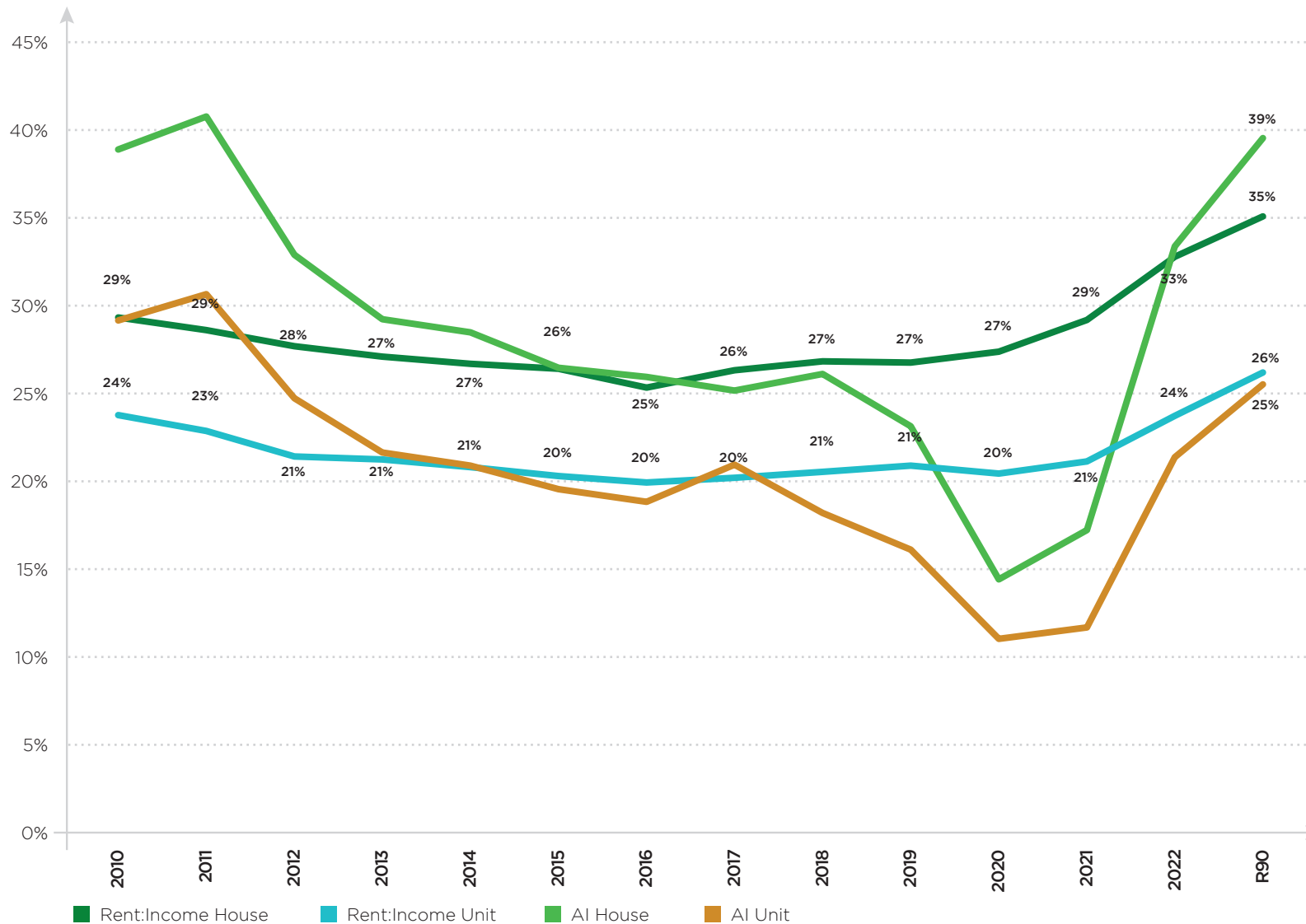


# INCOME TO RENT V. AFFORDABILITY INDEX

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This graph displays the percentage of the average wage that pays the median rent versus the Performance Property Affordability Index using an Interest Only Loan.



NEGATIVE

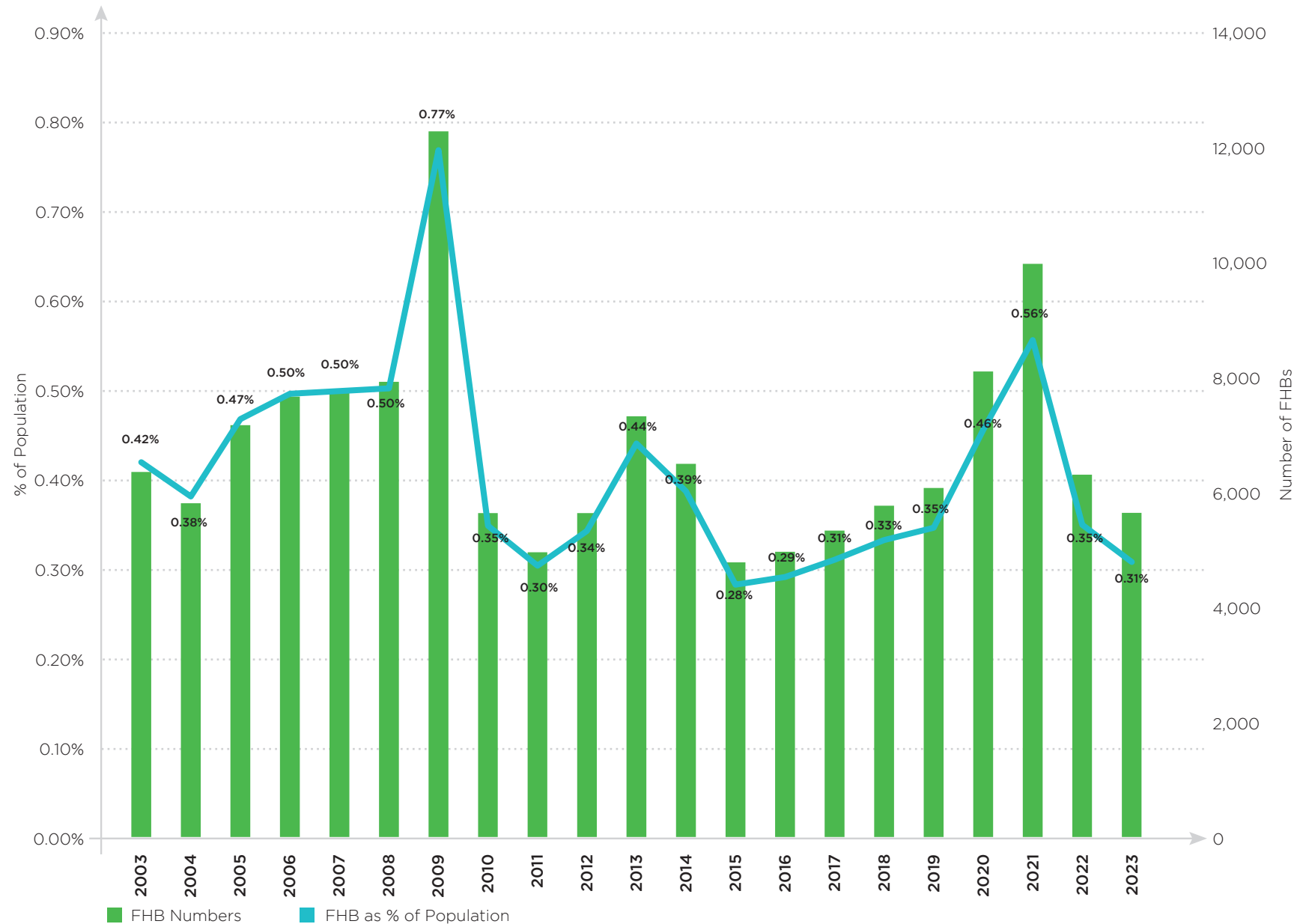


# FHBS AS A % OF POPULATION

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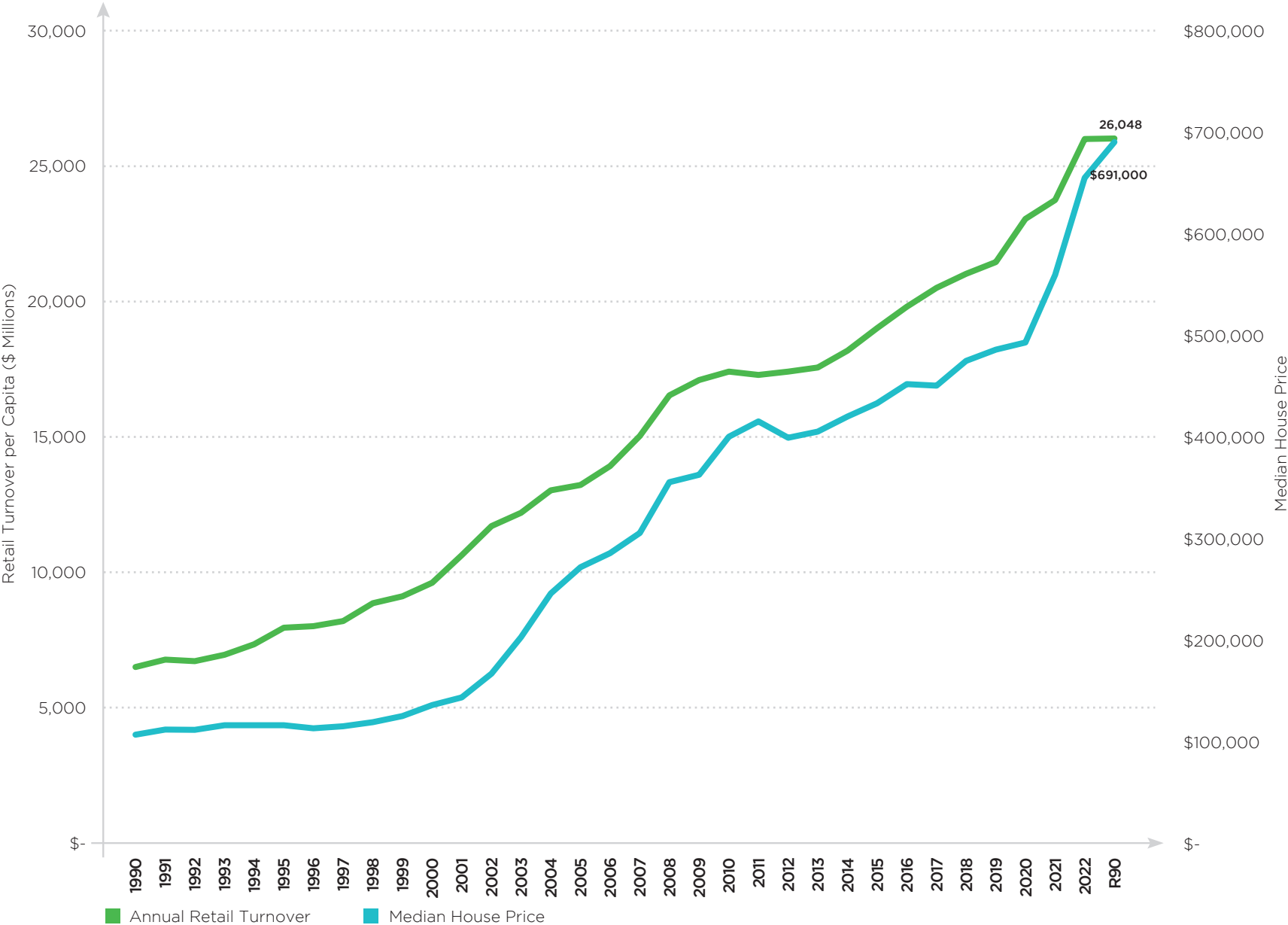
This graph shows the percentage of first home buyers (FHB) relative to the state population.



SLIGHTLY  
NEGATIVE

# RETAIL TURNOVER GROWTH

This graph displays levels of retail turnover for the state charted against the median house price.



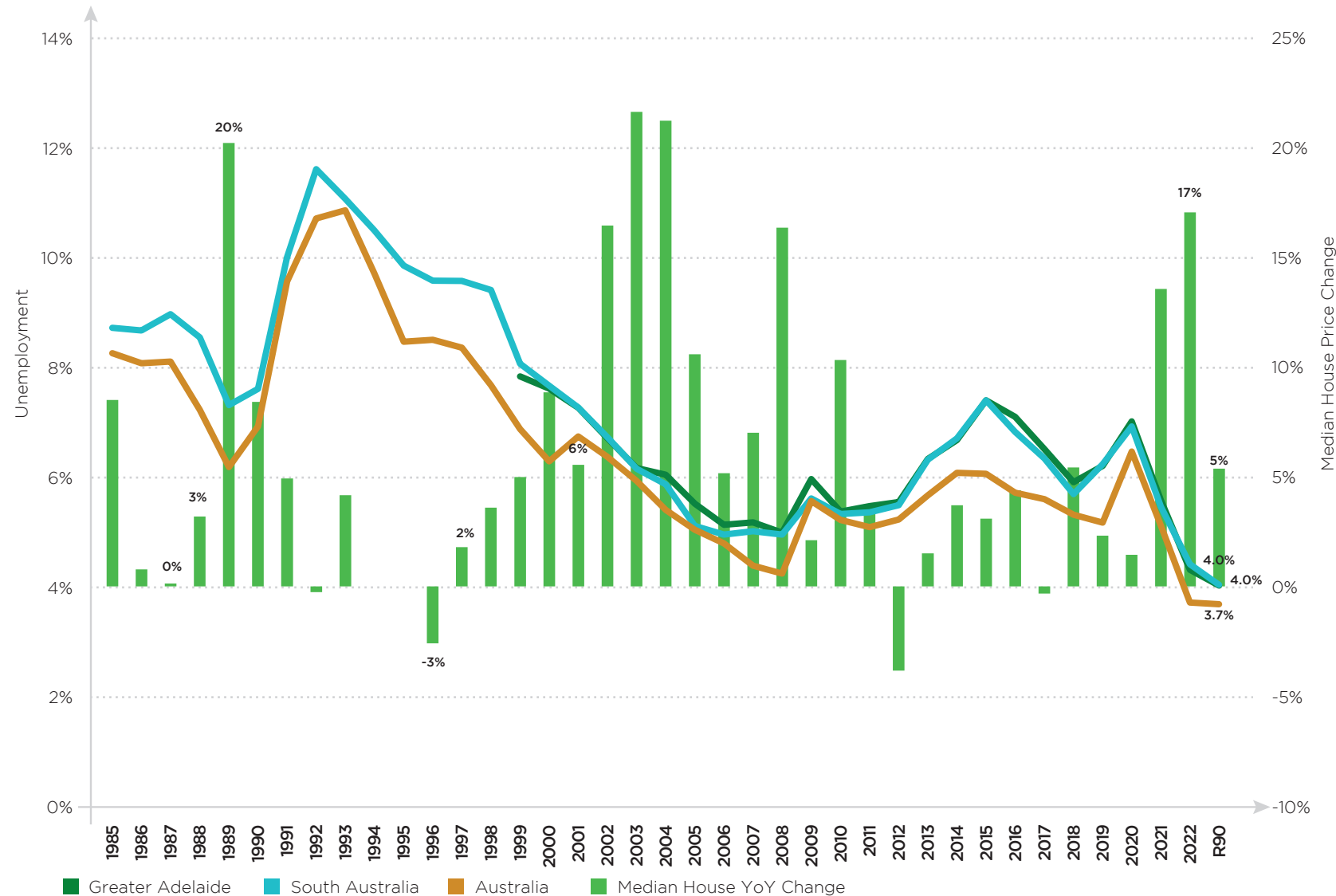
SLIGHTLY  
NEGATIVE

# UNEMPLOYMENT V. MEDIAN HOUSE PRICE CHANGE

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This graph shows the relationship between the state and national unemployment rate as a yearly average from 1980 and the current, most recent rate.

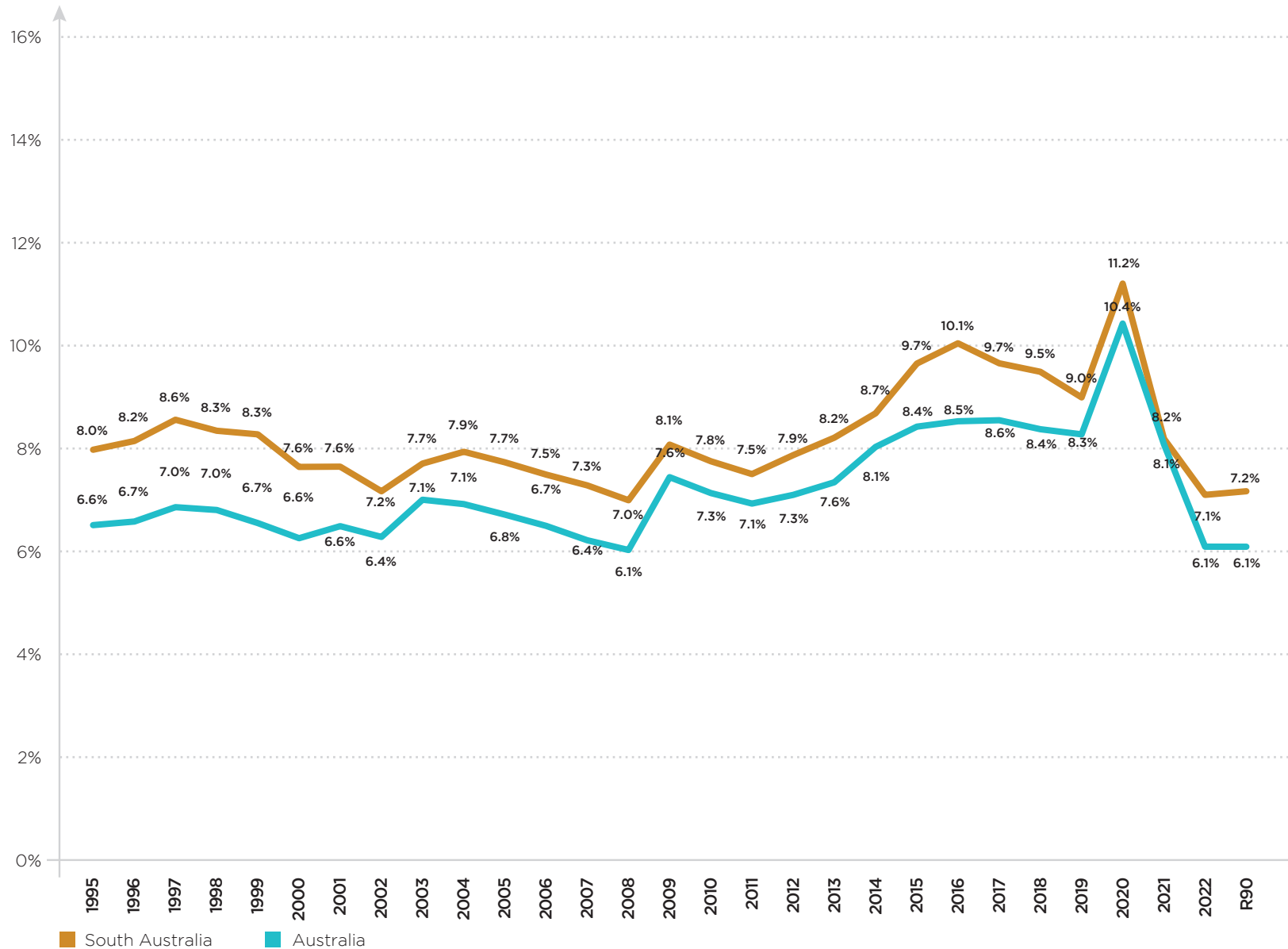


POSITIVE

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# UNDEREMPLOYMENT

This graph shows the relationship between the state and national underemployment rate as a yearly average from 1995 and the current, most recent rate.



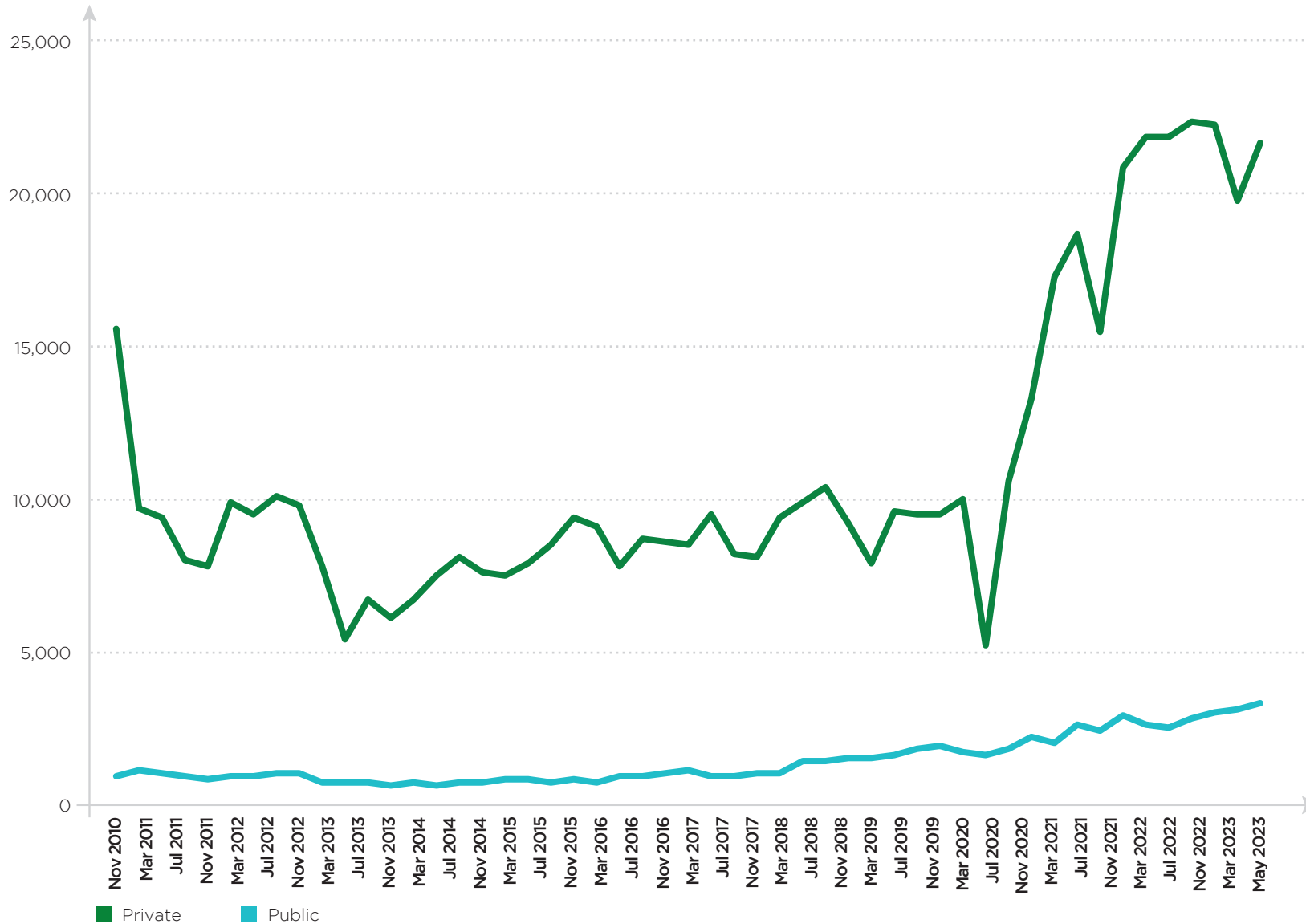
POSITIVE

# JOB VACANCIES PRIVATE & PUBLIC - SOUTH AUSTRALIA

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This graph displays the ABS figure for the number of jobs created in the private and public sectors state wide.



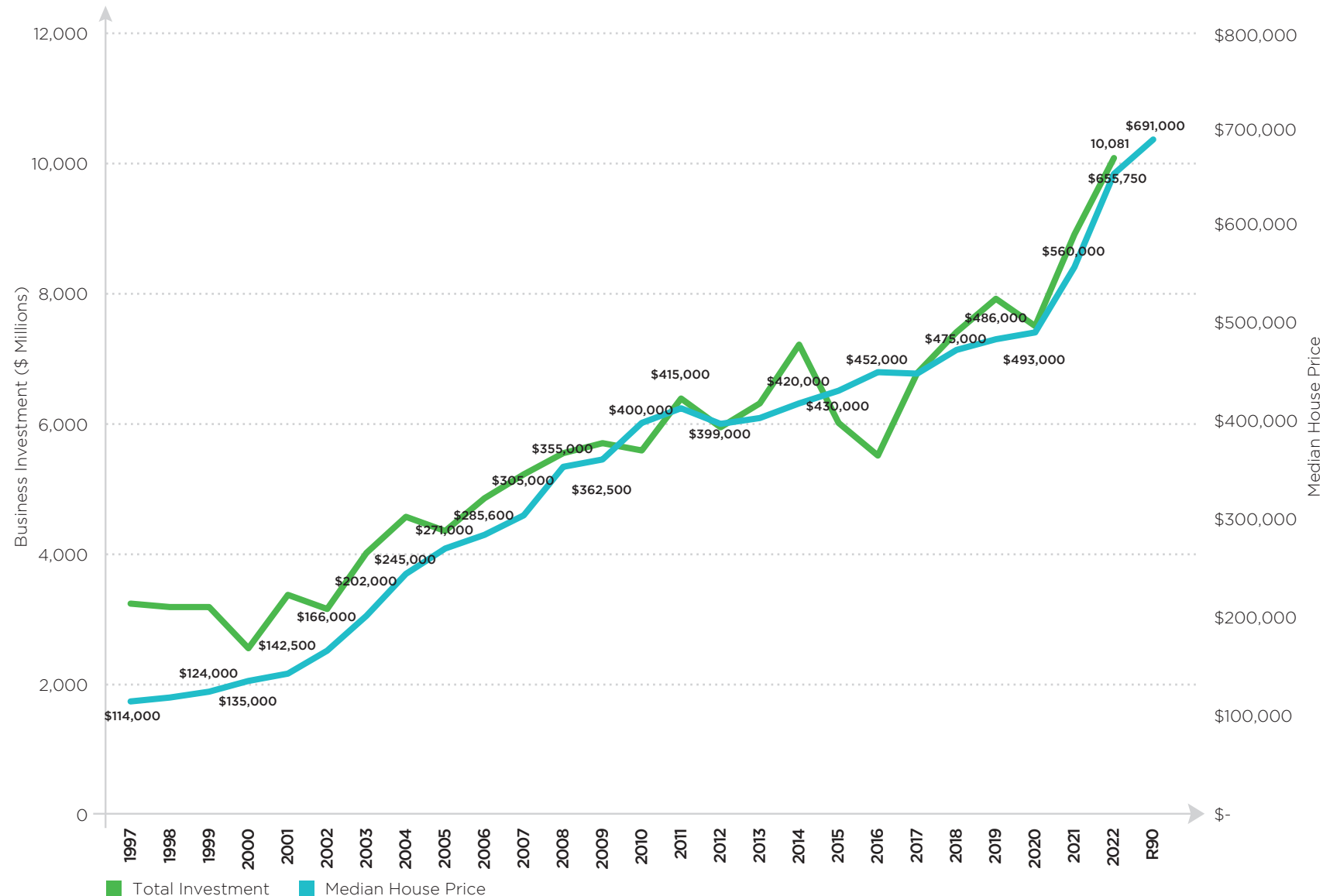
POSITIVE

# SOUTH AUSTRALIAN PRIVATE BUSINESS INVESTMENT

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This graph displays private business investment into the state charted against the median house price.



POSITIVE

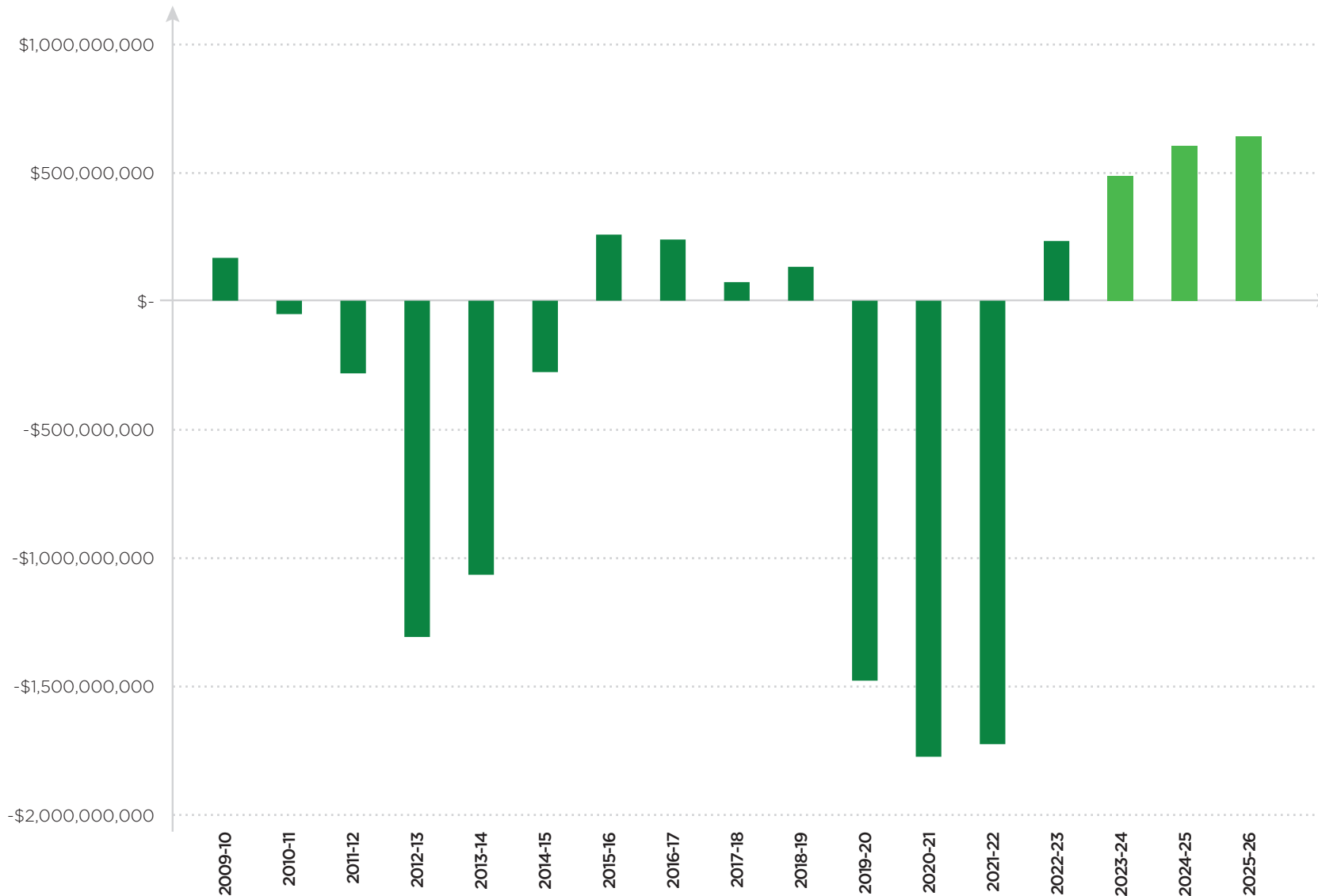


# SOUTH AUSTRALIA STATE BUDGET

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This graph displays the State Government position of either a surplus or deficit.



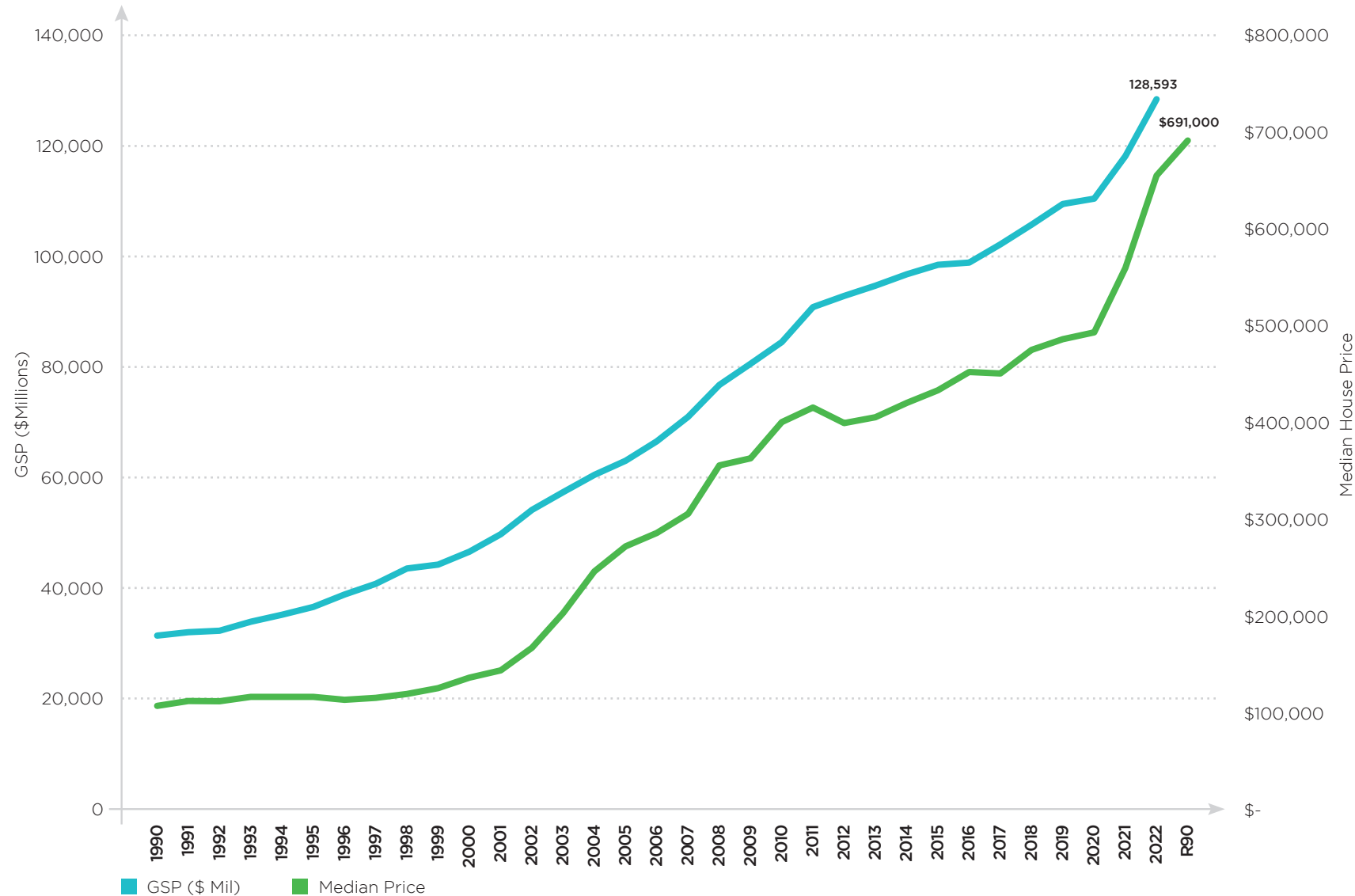
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# GROSS STATE PRODUCT V. MEDIAN PRICE

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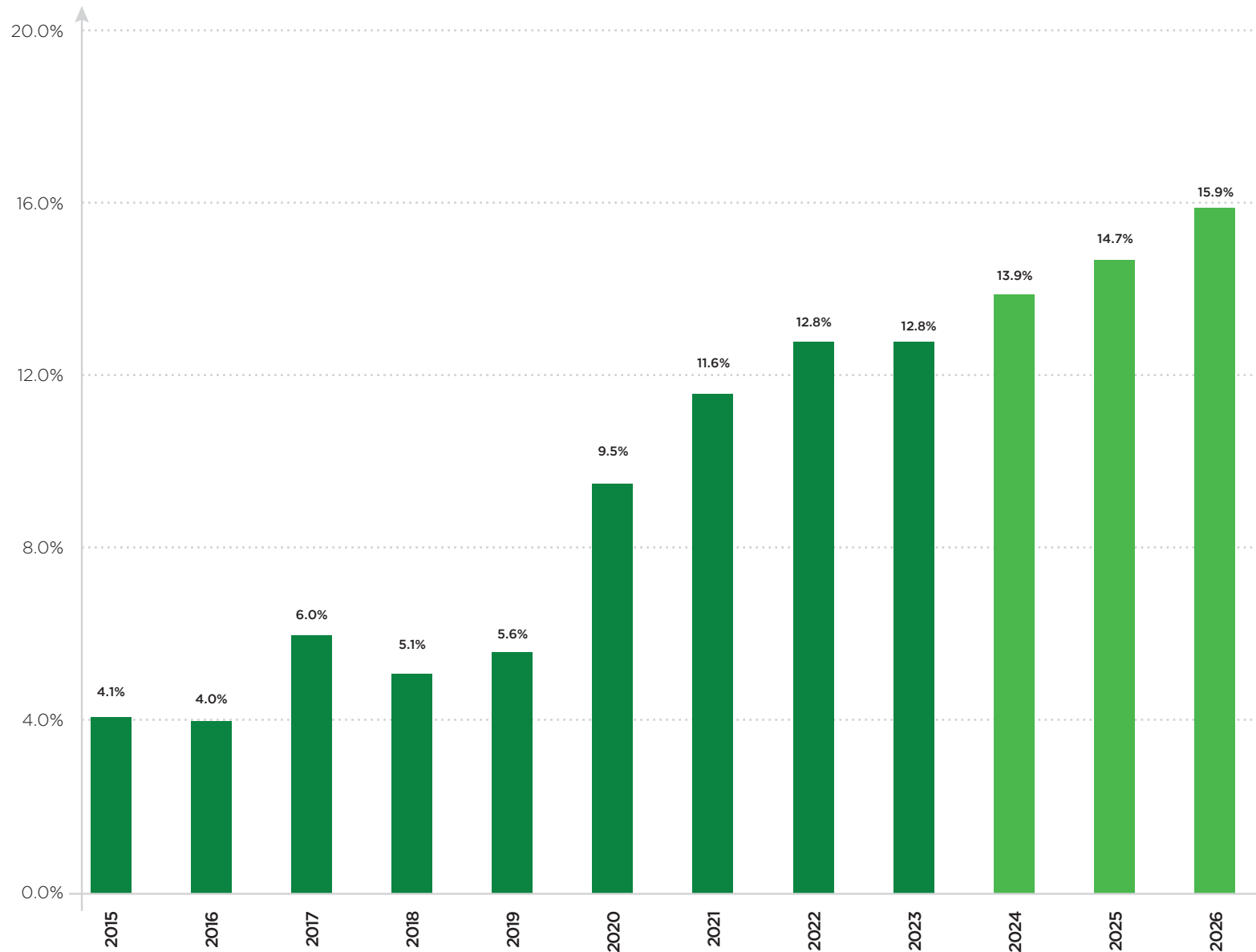
This graph displays Gross State Product charted against the median house price. Gross State Product is the measure of final goods and services produced in the state in a period of time.



SLIGHTLY  
POSITIVE

# NET DEBT AS % OF GSP

This graph displays the state's net debt as a proportion of Gross State Product.



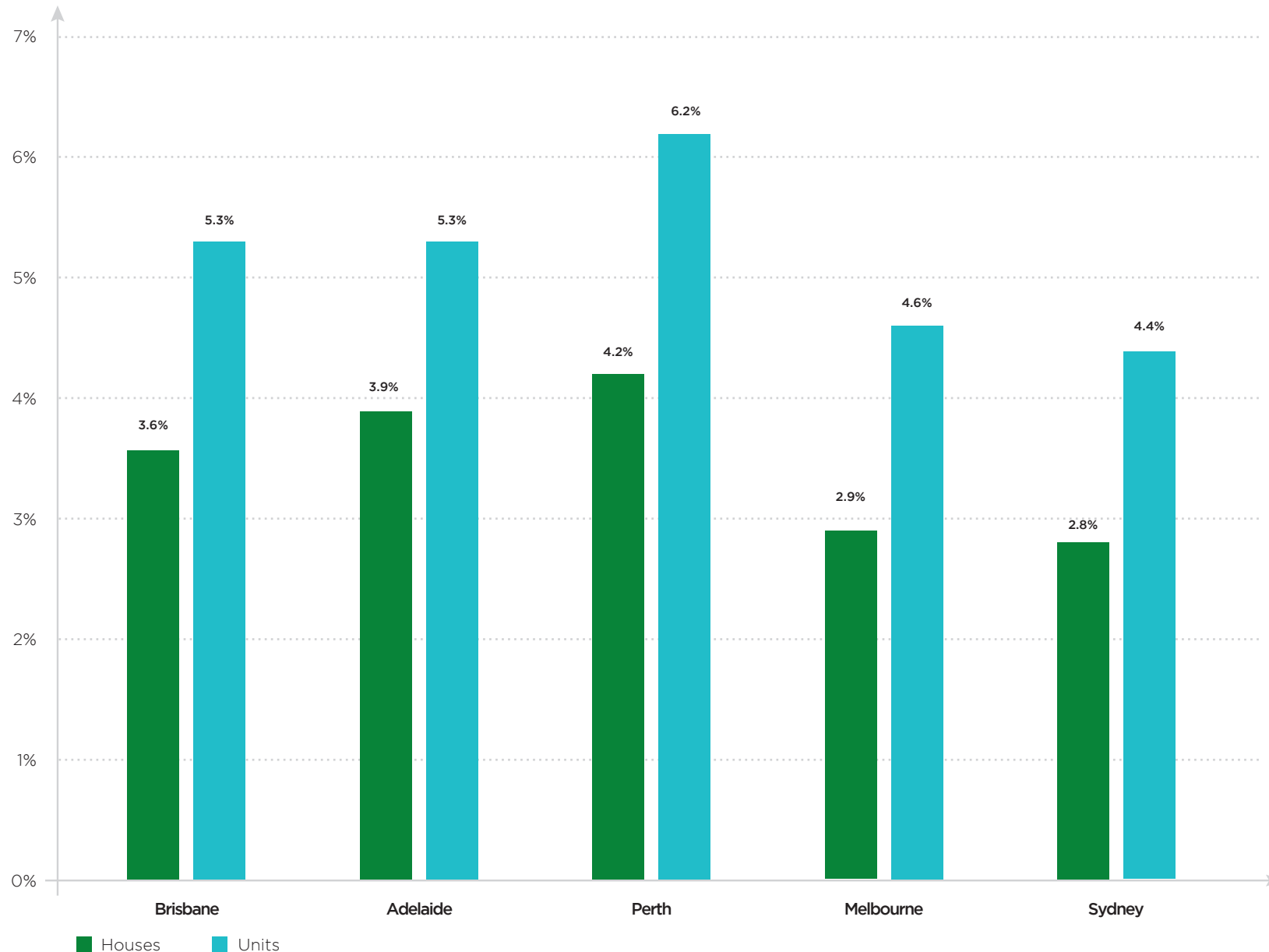
NEGATIVE

# CURRENT INVESTMENT VALUE

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This graph compares the gross yield for houses and units in each of the five major capital cities.



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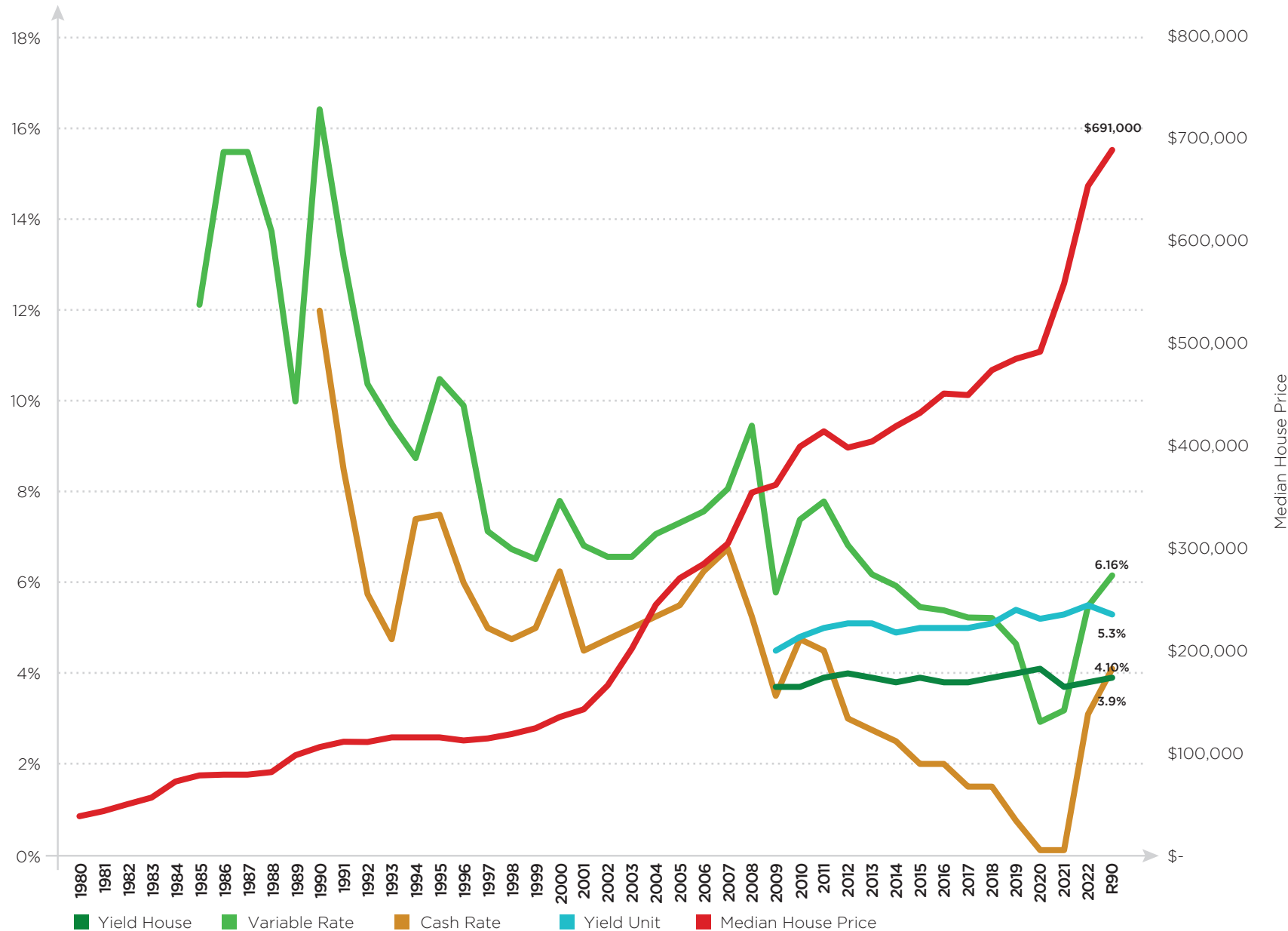
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# YIELD V. INTEREST RATES

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This graph displays house and unit yields against the variable and cash rates.

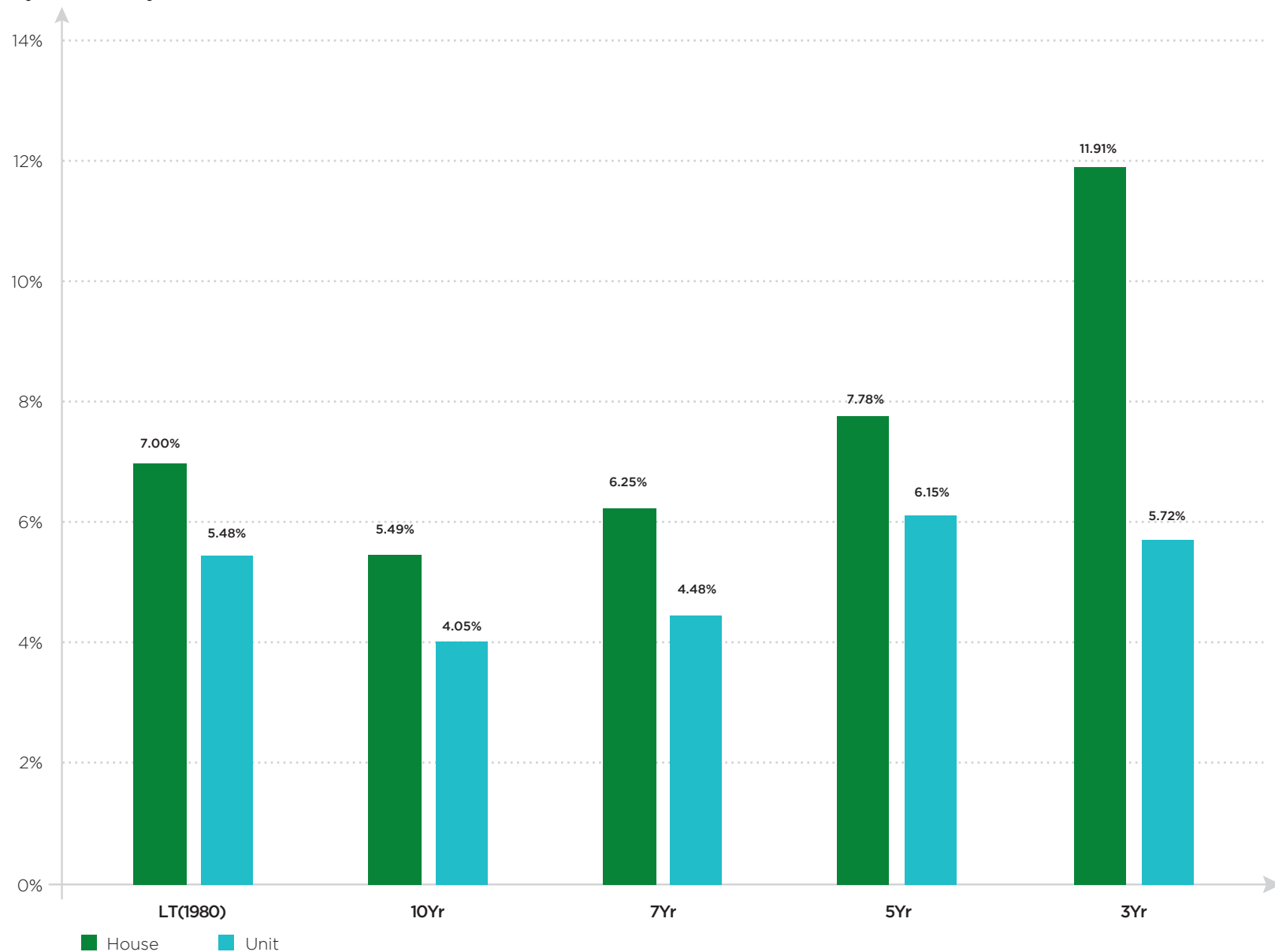


SLIGHTLY  
NEGATIVE

PERFORMANCE  
PROPERTY RESEARCH

# LONG TERM TRENDS

This graph displays the annual compounded growth rates for houses and units over the long term, and the last 10 years, 7 years, 5 years and 3 years.



NEGATIVE

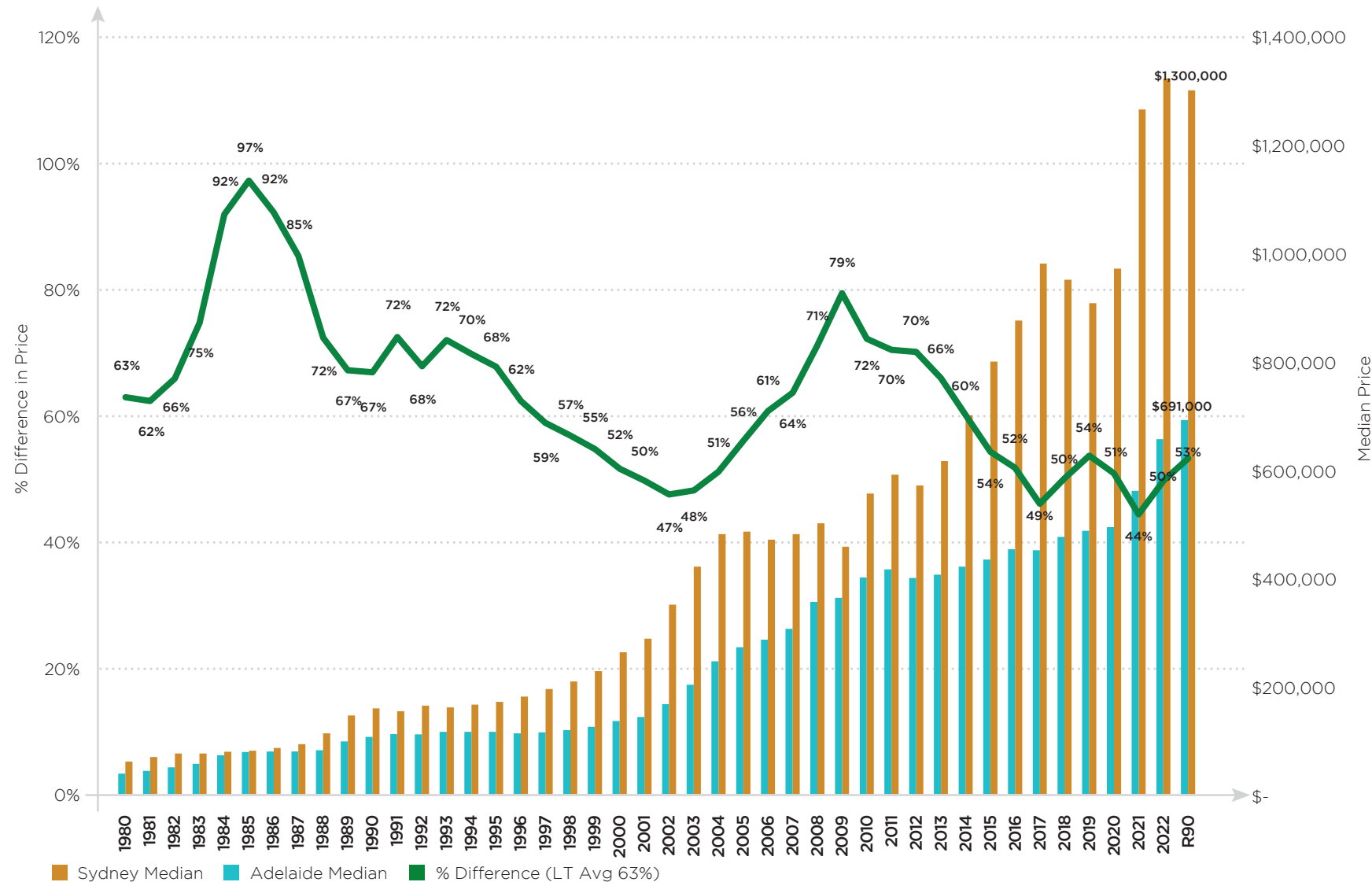


# ADELAIDE V. SYDNEY PRICE MOVEMENT

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This graph shows a relationship between the Adelaide median and the Sydney median and the percentage difference between them for each year.

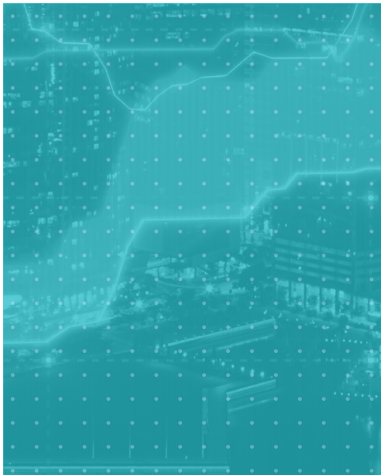
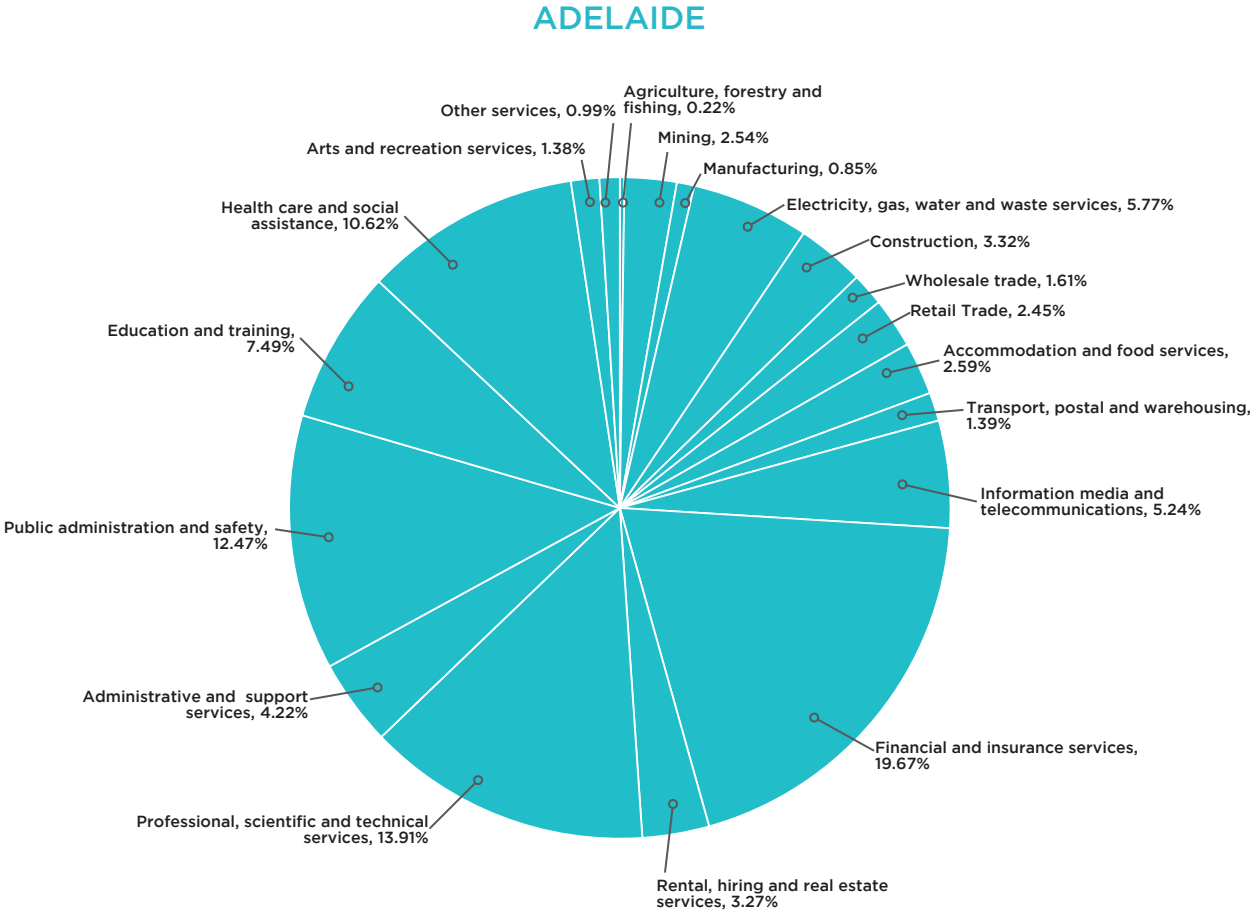


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# INDUSTRY VALUE ADDED

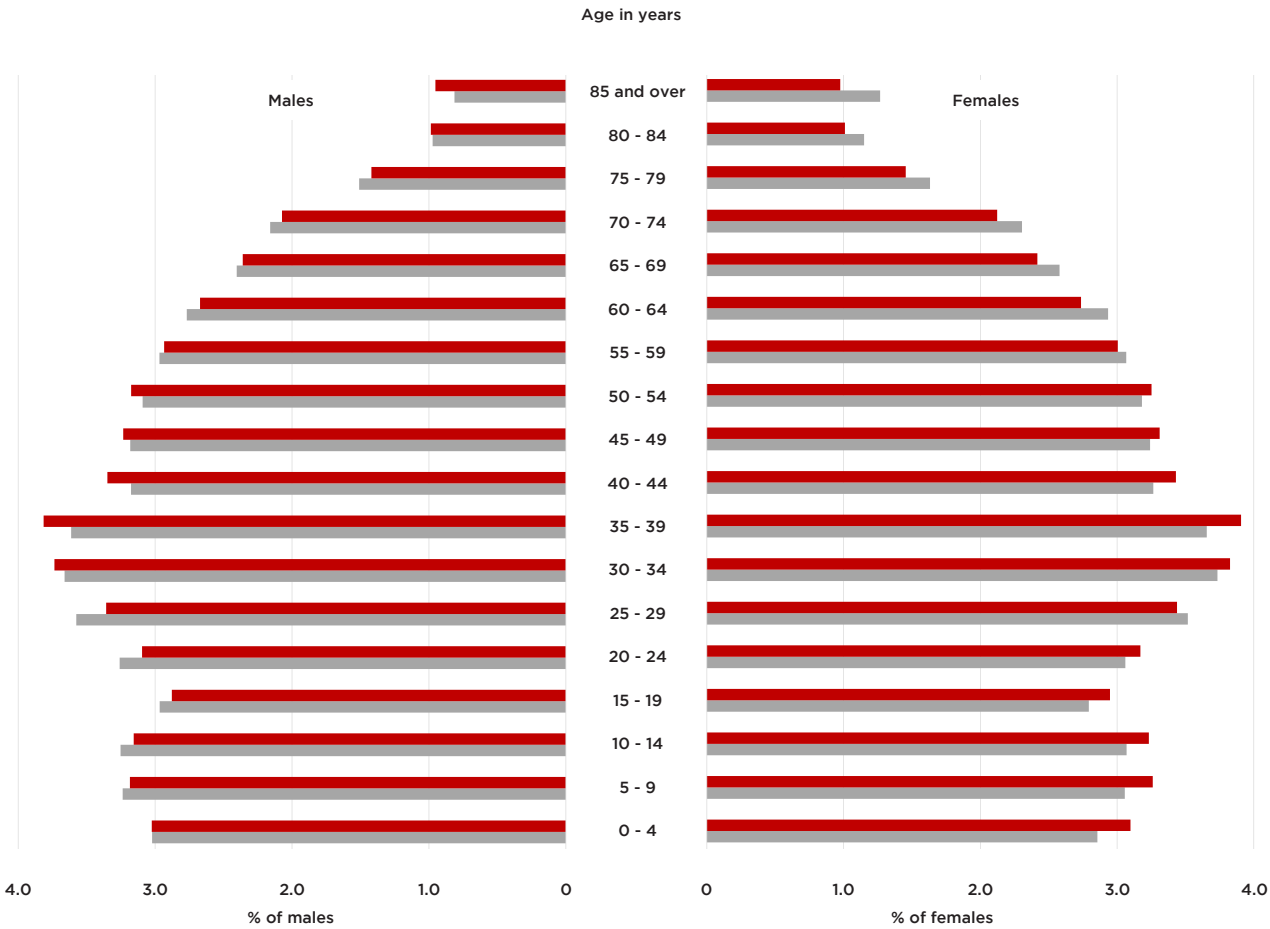
Industry Value Added is the total value of goods and services produced by an industry after deducting production costs.



NEUTRAL

# POPULATION PYRAMID

The population pyramid demonstrates the breakdown of the different ages and sex percentages of the population. The dominant consumer base of a population is the 35 to 49 age brackets and ideally we like to see the preceding age brackets larger as they age to replace the existing group.



Source: Australian Bureau of Statistics, Census of Population and Housing, 2021 (Usual residence data).

■ Greater Adelaide ■ Australia

POSITIVE

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## INVESTMENT PHILOSOPHY

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FIRM PROVIDING  
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SERVICES ACROSS  
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WE APPLY A SOUND  
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## OUR PROCESS

### RESEARCH

Macro Micro Property

### ACQUIRE

Find Assess Negotiate

### MANAGE

Property Management

### REVIEW

Annual Portfolio Review

### ADVISE

Hold Improve Dispose

### PERFORMANCE PROPERTY ADVISORY SERVICES

- Property Acquisition
- Property Management
- Portfolio Review
- Sales Advisory / Vendor Advocacy

### DATA SOURCES:

- Australian Bureau of Statistics
- BIS Shrapnel
- Residex
- SQM Research
- CoreLogic RP Data
- Foreign Investment Review Board
- Australian Trade & Investment Commission



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# Capital Cities and Regions Median House Price

