

EDITION 24.1



ADELAIDE

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

CURRENT MEDIAN HOUSE

\$770,000

CURRENT MEDIAN UNIT

\$506,250

In the current stage of cycle

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

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

We classify the Adelaide house market currently as a **Medium 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**



Average Days
on Market

Houses : **31**
Units : **28**



POPULATION



Current: **1,426,803**
Current Growth Rate: **1.99%**
Avg 10 Yr Growth Rate: **1.16%**

UNEMPLOYMENT
RATE

4.2%

LONG TERM COMPOUNDED
GROWTH PA (1980) IS **7.10%**
FOR HOUSES & (1993) **5.73%** FOR
UNITS.

7.10%

Houses the last 3 years have seen 11.20%
PA growth, units 10.03%.

HOUSE
YIELD

4.4%

UNIT
YIELD

5.0%

EXECUTIVE SUMMARY

KEY MARKET INDICATORS

Positive

■	Affordability Index HOUSE V. Price Movement.....	08
■	SA Monthly Housing Finance.....	09
■	Stock on Market V. Avg Days on Market.....	10
■	Vacancy Rate V. Median Rent.....	11
■	Job Creation Index.....	12

SUPPLY & DEMAND - Positive

Does Demand Exceed Supply?

■	Change in Population	13
■	State Population Movement	14
■	Dwelling Sales.....	15
■	Dwelling Approvals V. Population % Change.....	16

AFFORDABILITY - Negative

Is Property Affordable?

■	Affordability Index HOUSE V. Price Movement.....	08
■	Affordability Index UNITS V. Price Movement.....	17
■	Price to Income Ratio.....	18
■	Rent to Income V Affordability.....	19
■	FHBs as % of Population.....	20

CONFIDENCE - Positive

Is There Confidence In The Market?

■	Retail Turnover Growth.....	21
■	Unemployment Rate	22
■	Business Investment	23

MONEY SUPPLY - Positive

Will There Be More or Less Money Into The Economy?

■	Gross State Product V. Median Price Movement	24
---	--	--------------------

INVESTMENT VALUE - Slightly Positive

Is This Market Showing Value?

■	Current Investment Value - Per Capital City.....	25
■	Yield V. Interest Rates	26
■	Long Term Trends	27
■	House V. Unit Price Comparison	06
■	Adelaide V. Sydney HOUSE Price Movement.....	28

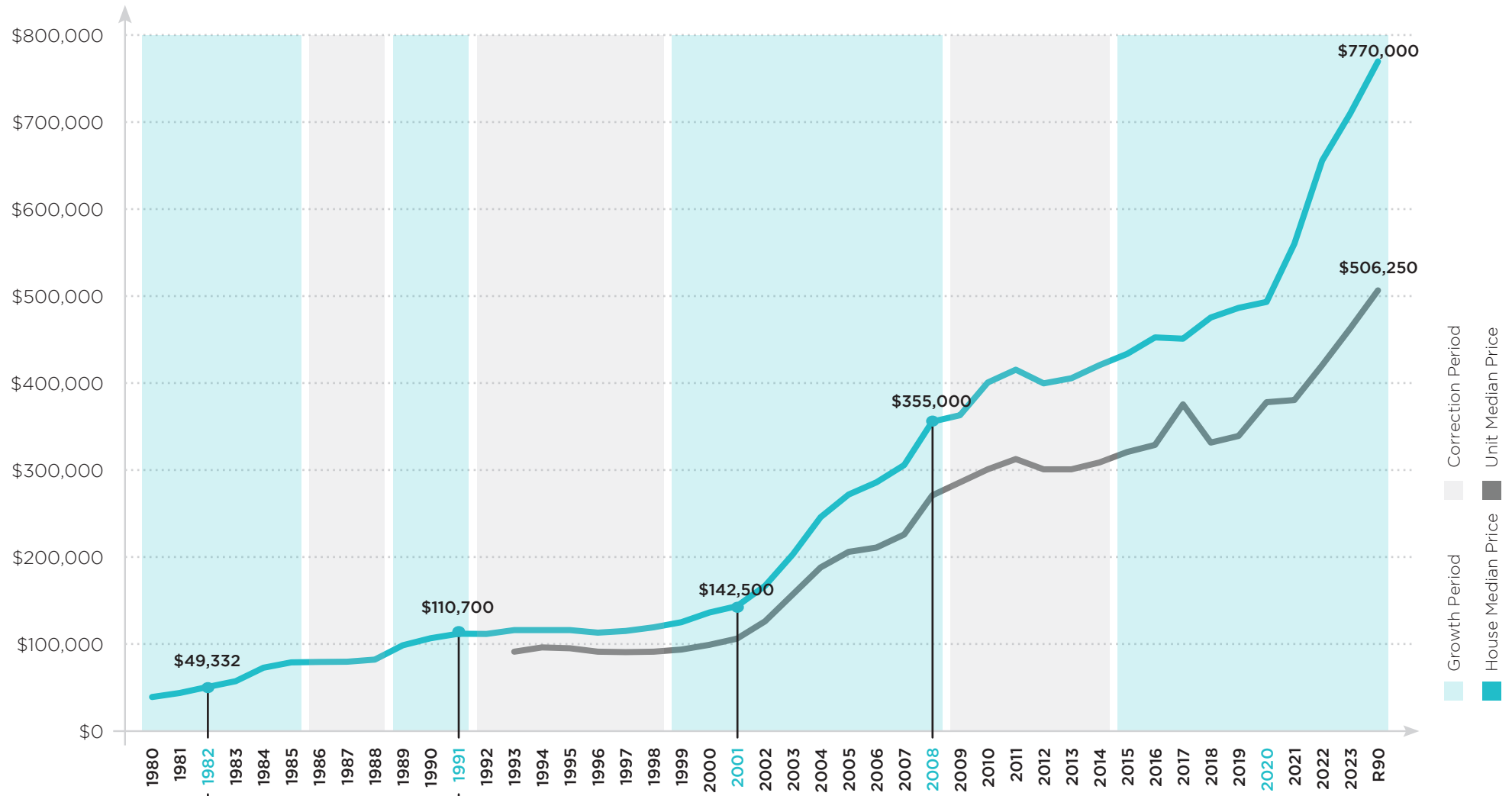
RISK - Slightly Negative

Is There Potentially Downside Volatility?

■	Affordability Index HOUSE V. Price Movement.....	08
■	Price to Income Ratio	18
■	Industry Value Added	29
■	Population Pyramid.....	30

Positive
Slightly Positive
Neutral
Slightly Negative
Negative

ADELAIDE HOUSE PRICE MOVEMENT



1982
Severe Recession
Cash Rate 16.3%
Inflation 12.4%
Unemployment 11.3%

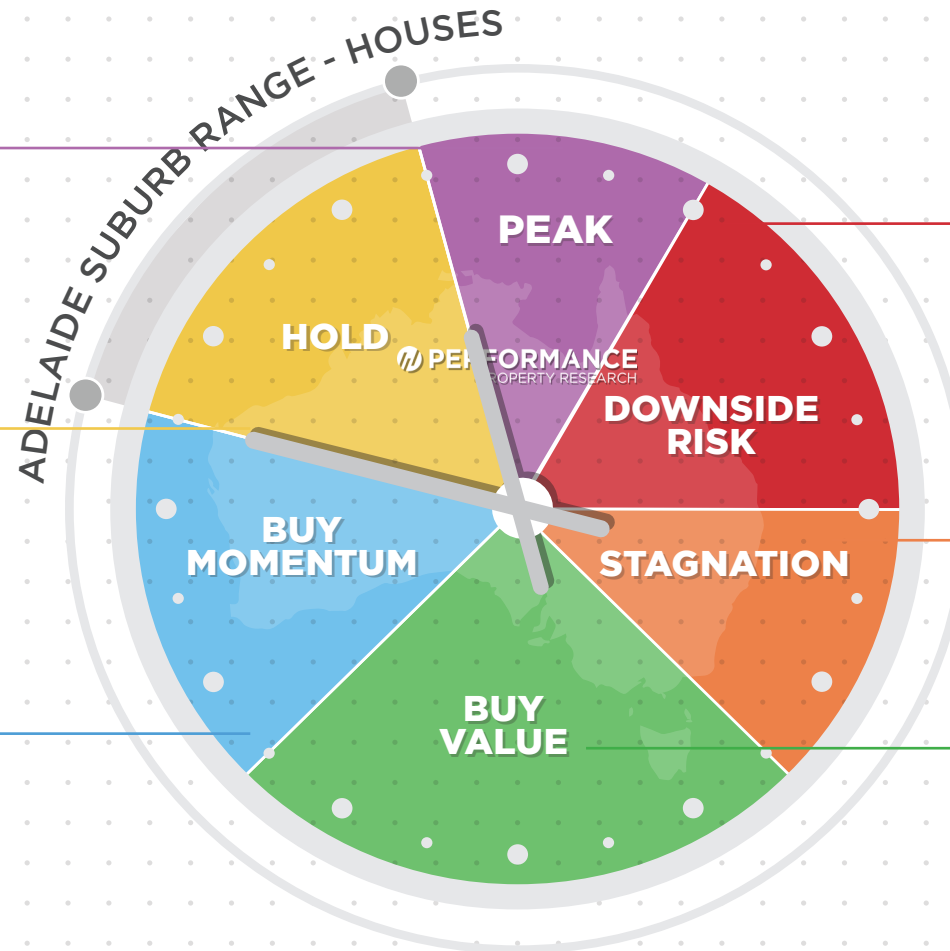
1991
Major Recession
Cash Rate 8.5%
Inflation: 4.8%
National Unemployment:
11.3%

2001
Dot Com Crash
Cash Rate: 4.5%
Inflation: 6.1%
National
Unemployment: 6.9%

2008
GFC
Cash Rate: 5.3%
Inflation: 5%
National Unemployment:
6.2%

2020
Covid-19
Cash Rate: 0.25%
Inflation: 1.8%
National Unemployment:
7.9%

OUR VIEW OF THE ADELAIDE HOUSE MARKET



PEAK

The market has peaked based on its historic performance. Consider selling in this market after consultation with your financial planner or property investment adviser.

HOLD

This market is only appropriate to enter with a long term property strategy. Growth in the short term is expected to be limited, but quality assets held long term will continue to perform.

BUY MOMENTUM

On a macro level the market is at or close to halfway through this growth cycle and demand for quality property is strong and rising. Macro fundamentals are present to support growth in the short term.

DOWNSIDE RISK

The market has moved past its peak historic performance. There is a significant risk for the market to experience a downturn in the near future.

STAGNATION

The market is moving through a correction stage. We see minimal opportunity for growth in the short to medium term.

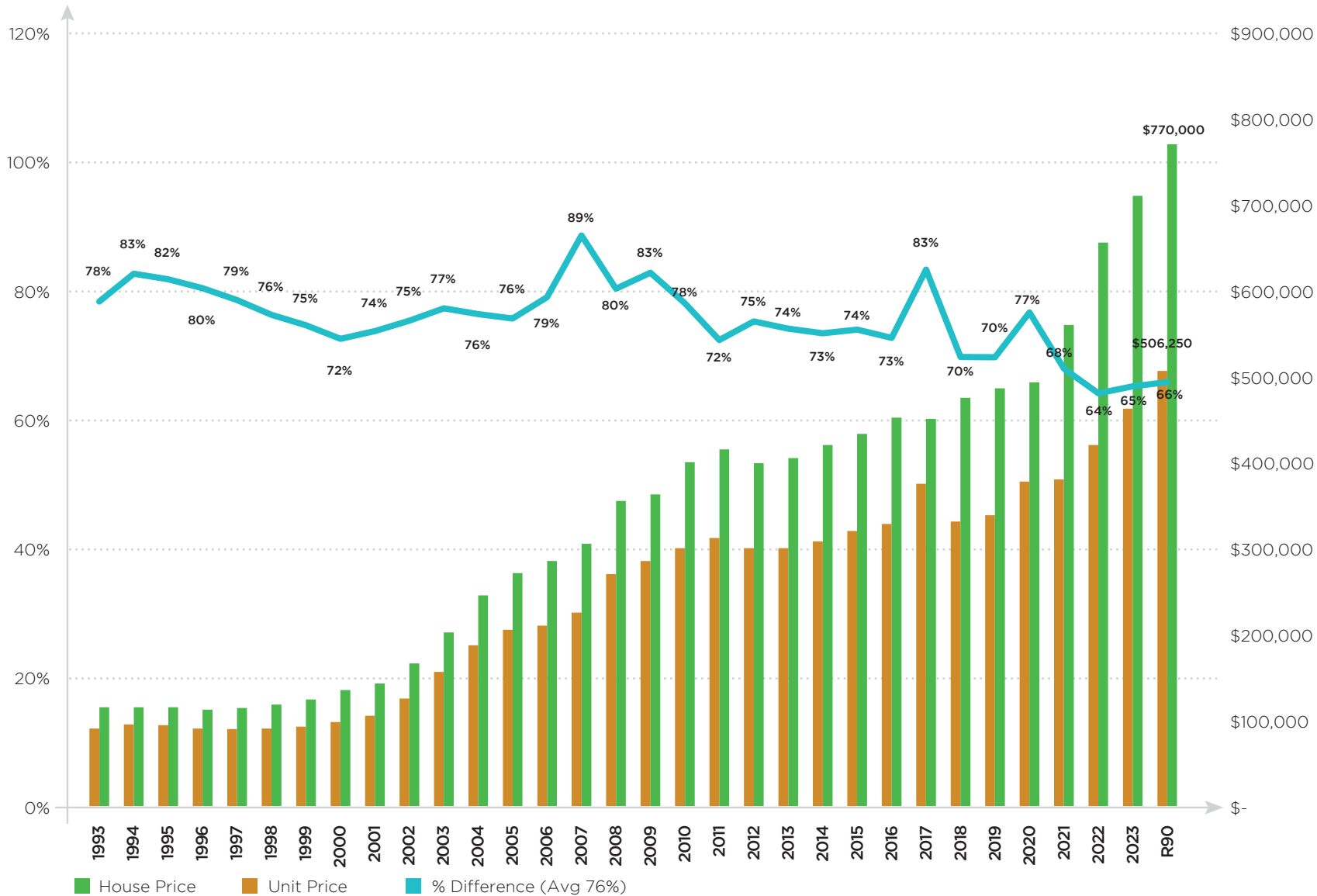
BUY VALUE

This market offers good investment value with macro fundamentals present to support growth in the short to medium term. Buy at the true market bottom to take advantage of the full growth upswing, with cyclical risk at its lowest.

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.

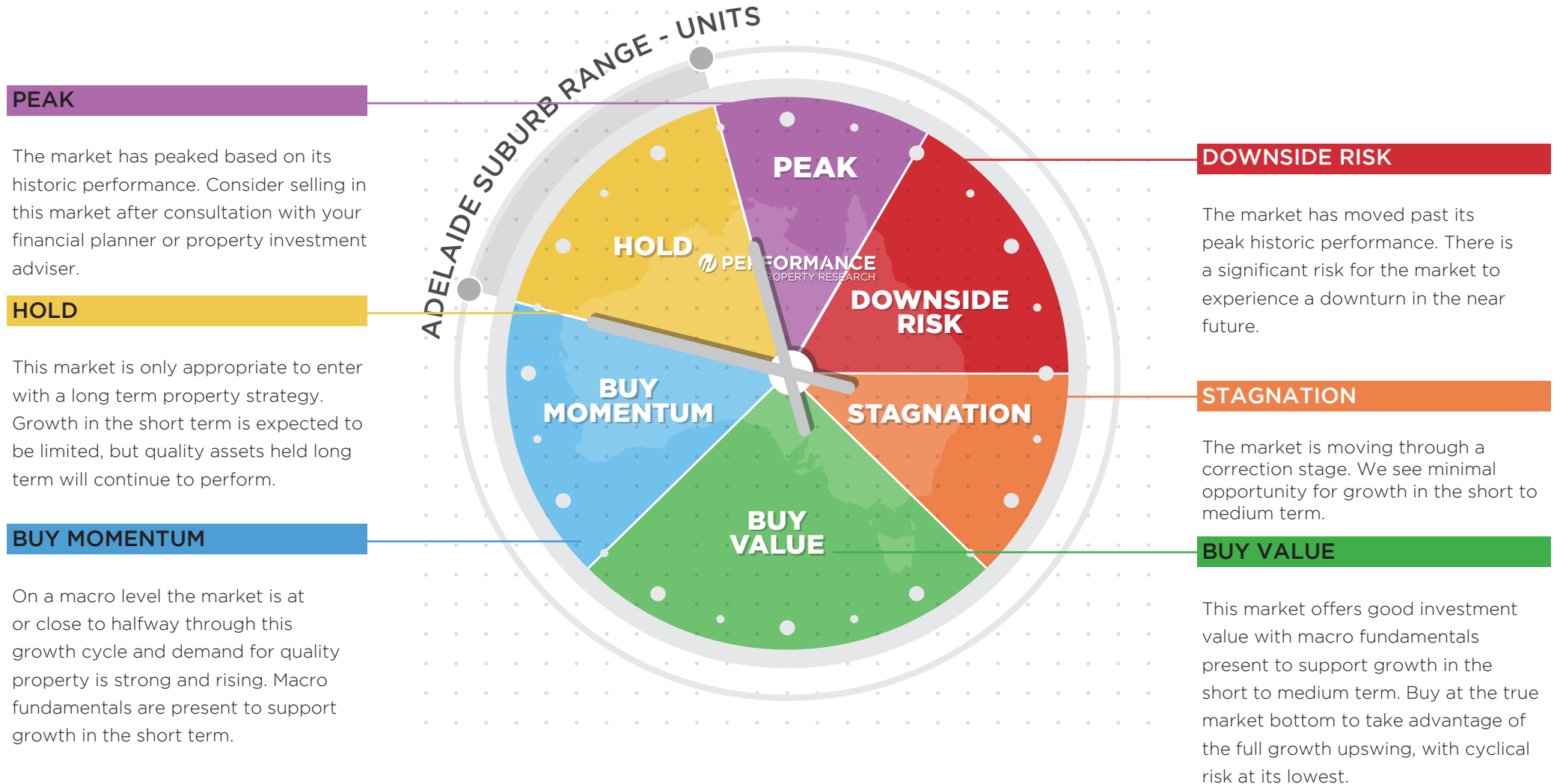
ADELAIDE HOUSE V. UNIT PRICE COMPARISON

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



POSITIVE

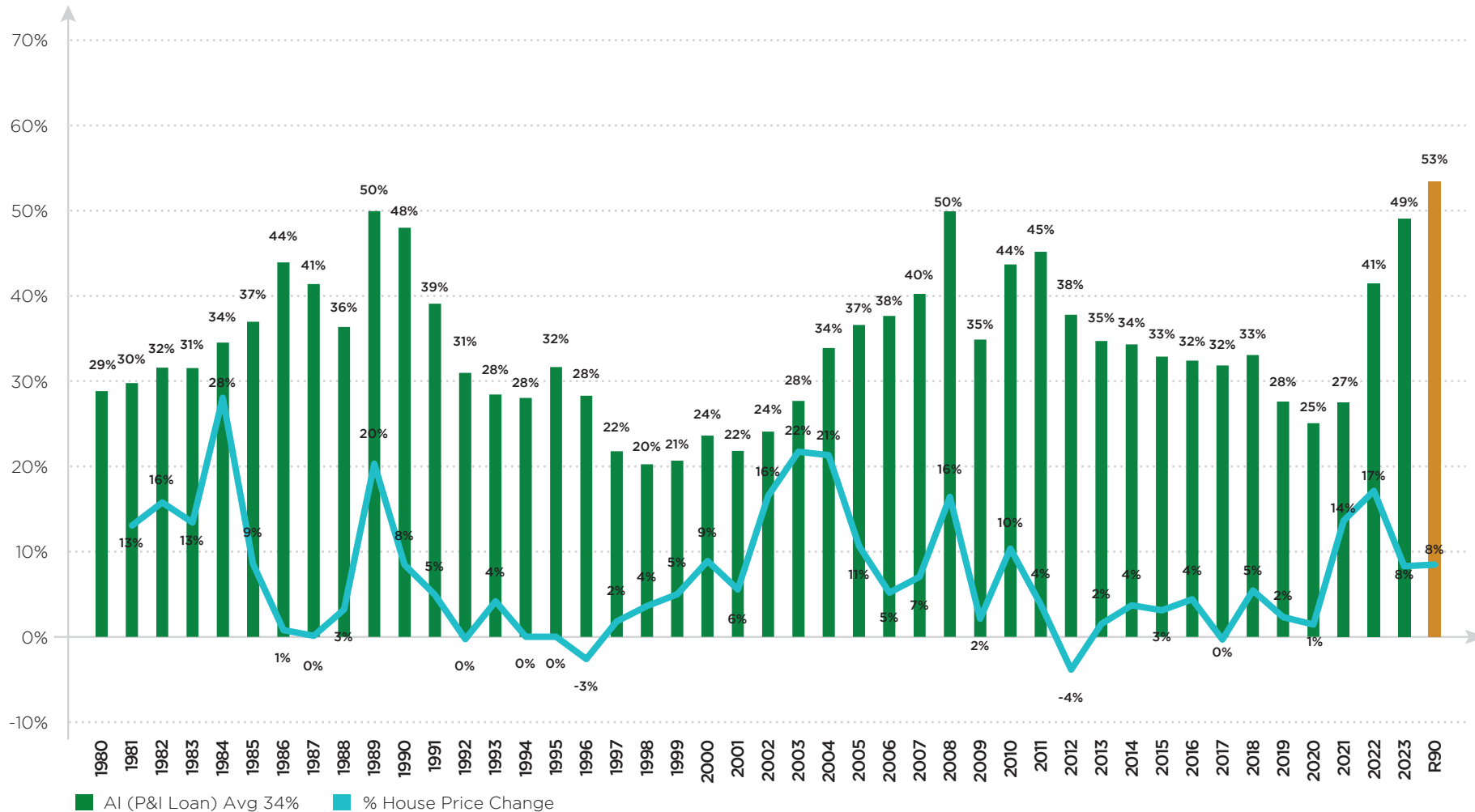
OUR VIEW OF THE ADELAIDE **UNIT** MARKET



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.

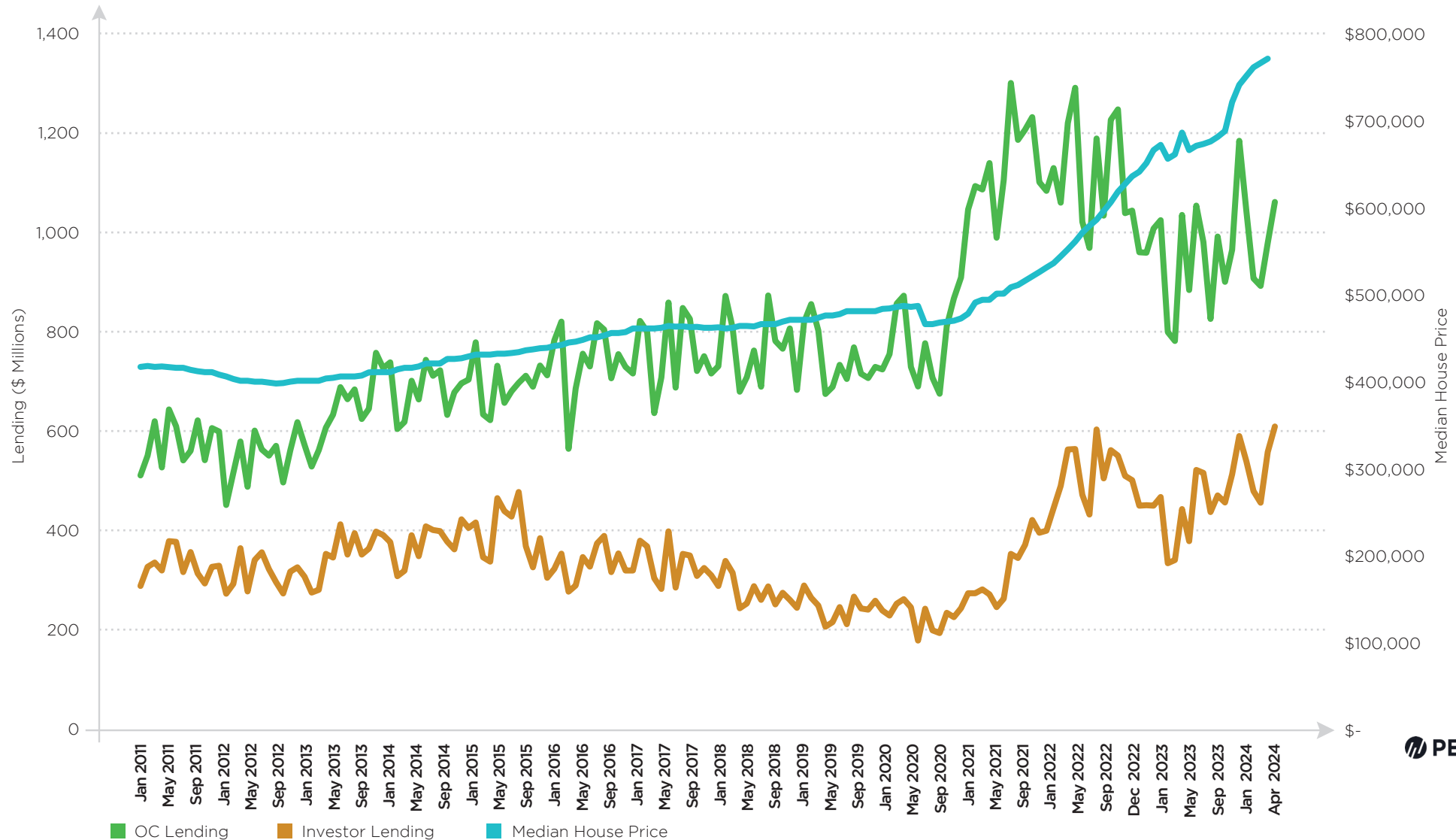
AFFORDABILITY INDEX V. PRICE MOVEMENT - HOUSE

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.



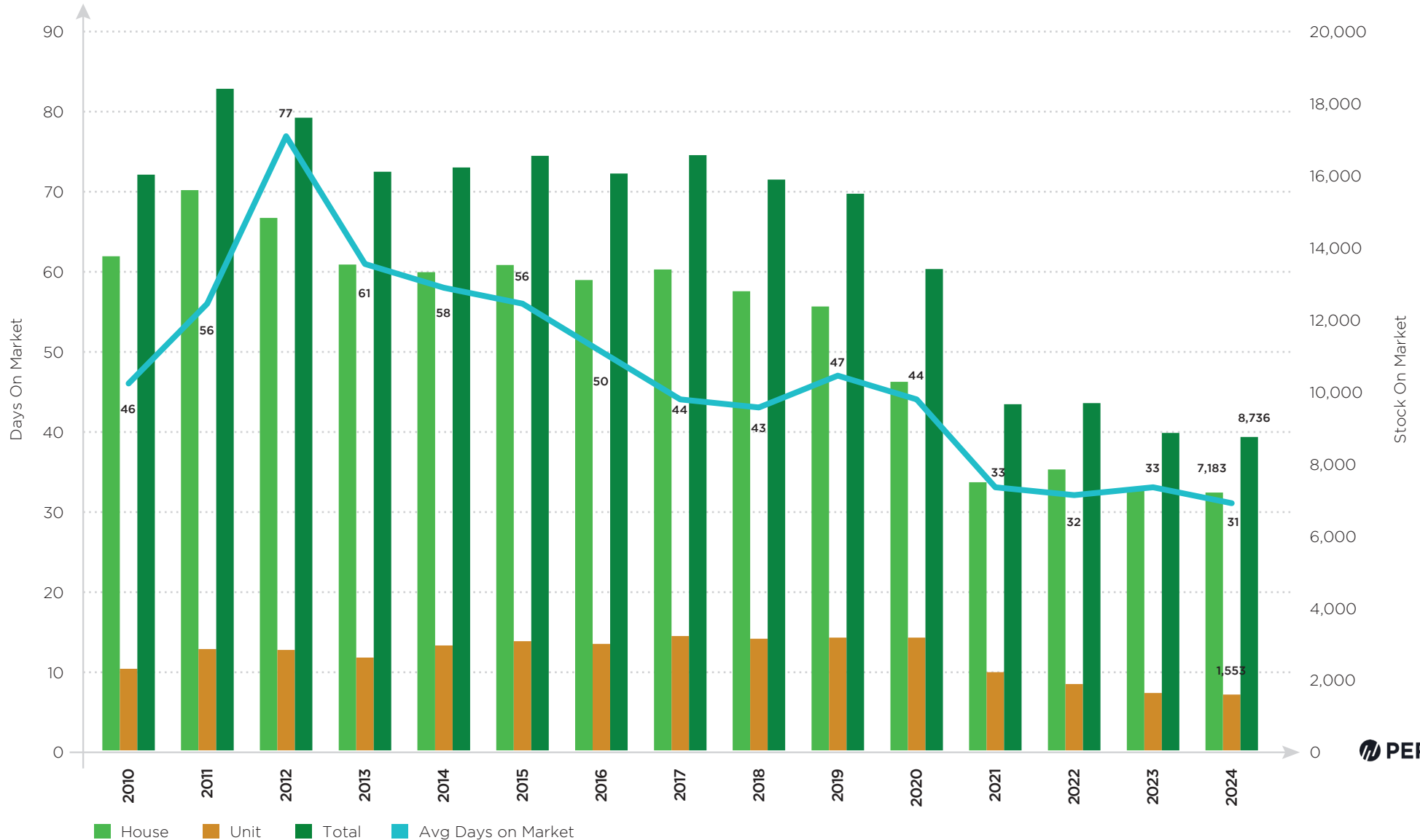
SA MONTHLY HH LENDING TO OC V. MEDIAN HOUSE PRICE

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



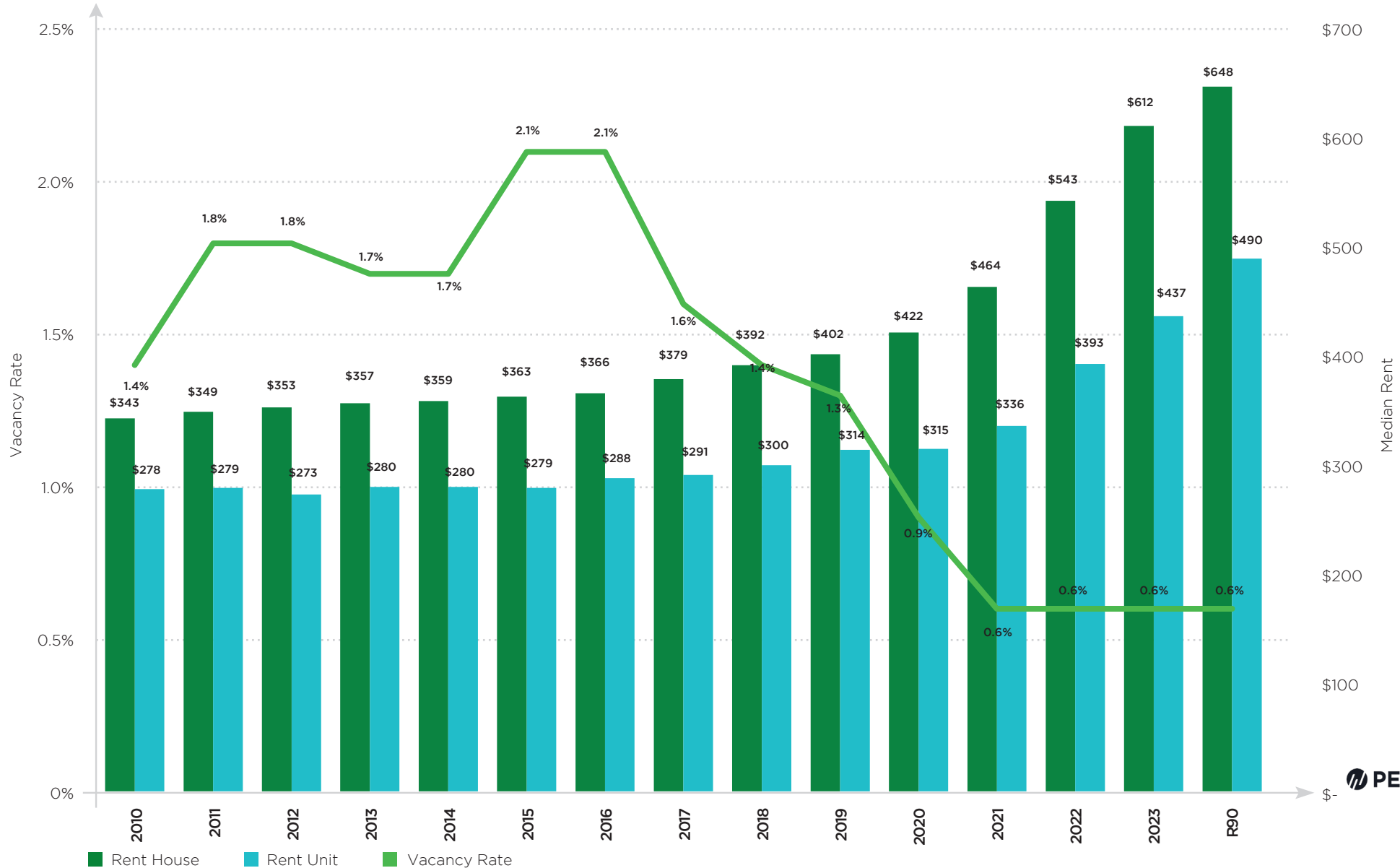
STOCK ON MARKET V. AVG DAYS ON MARKET

This graph displays the stock on market.



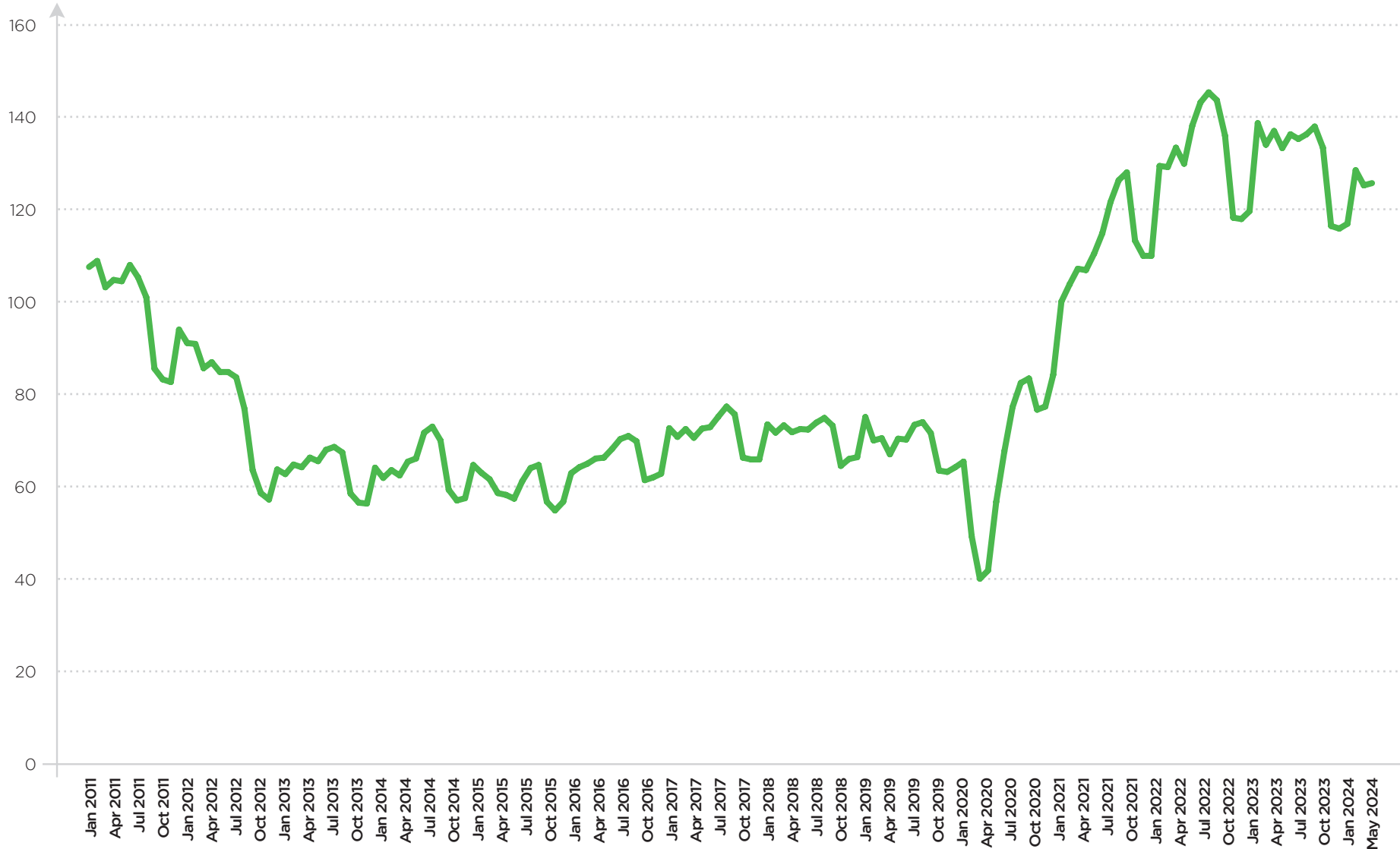
VACANCY RATE V. RENT

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



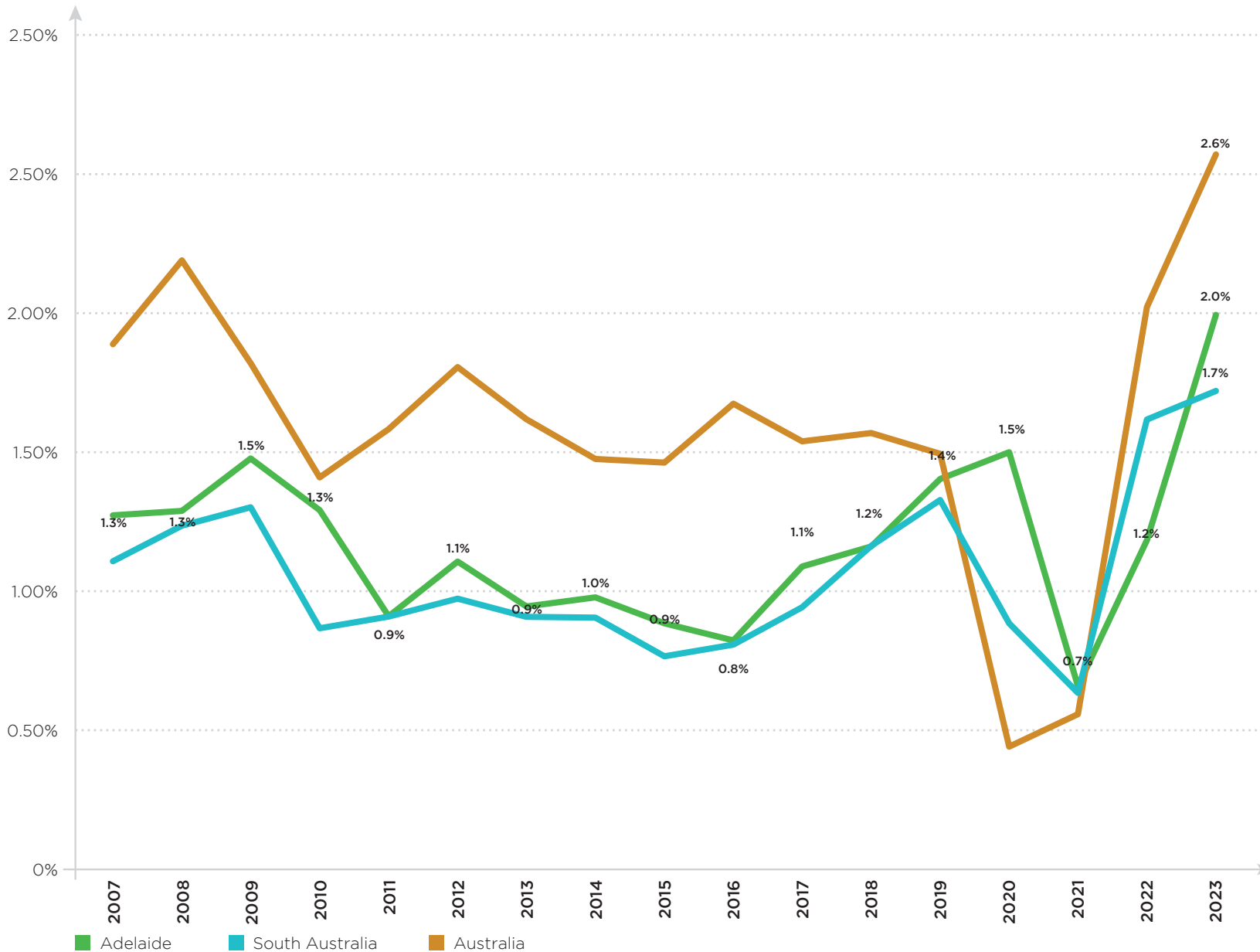
JOB CREATION INDEX - ADELAIDE

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



CHANGE IN POPULATION

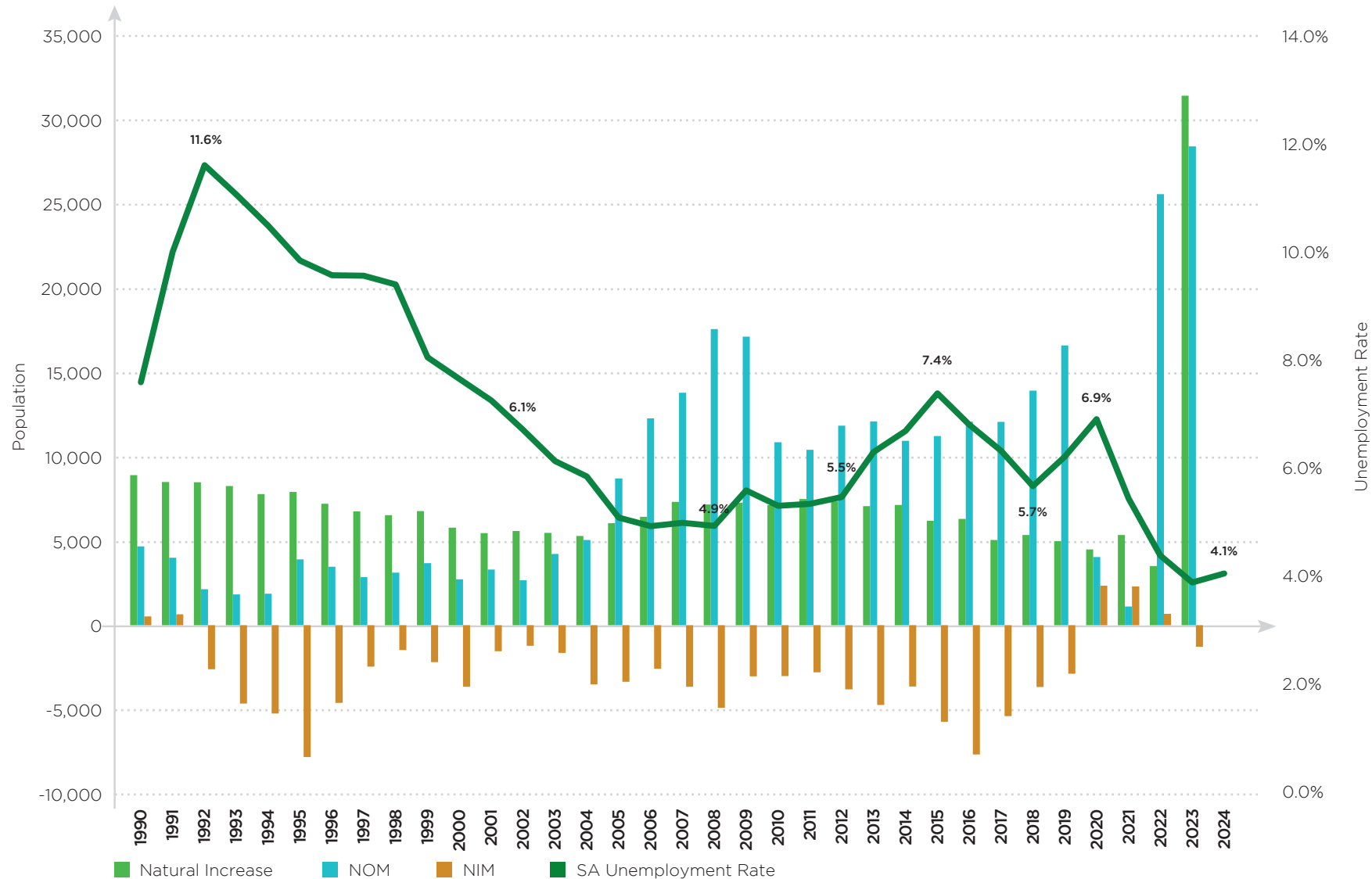
This graph shows the percentage change in the population growth rate for the city, state and Australia.



POSITIVE

SOUTH AUSTRALIAN POPULATION MOVEMENT TYPE

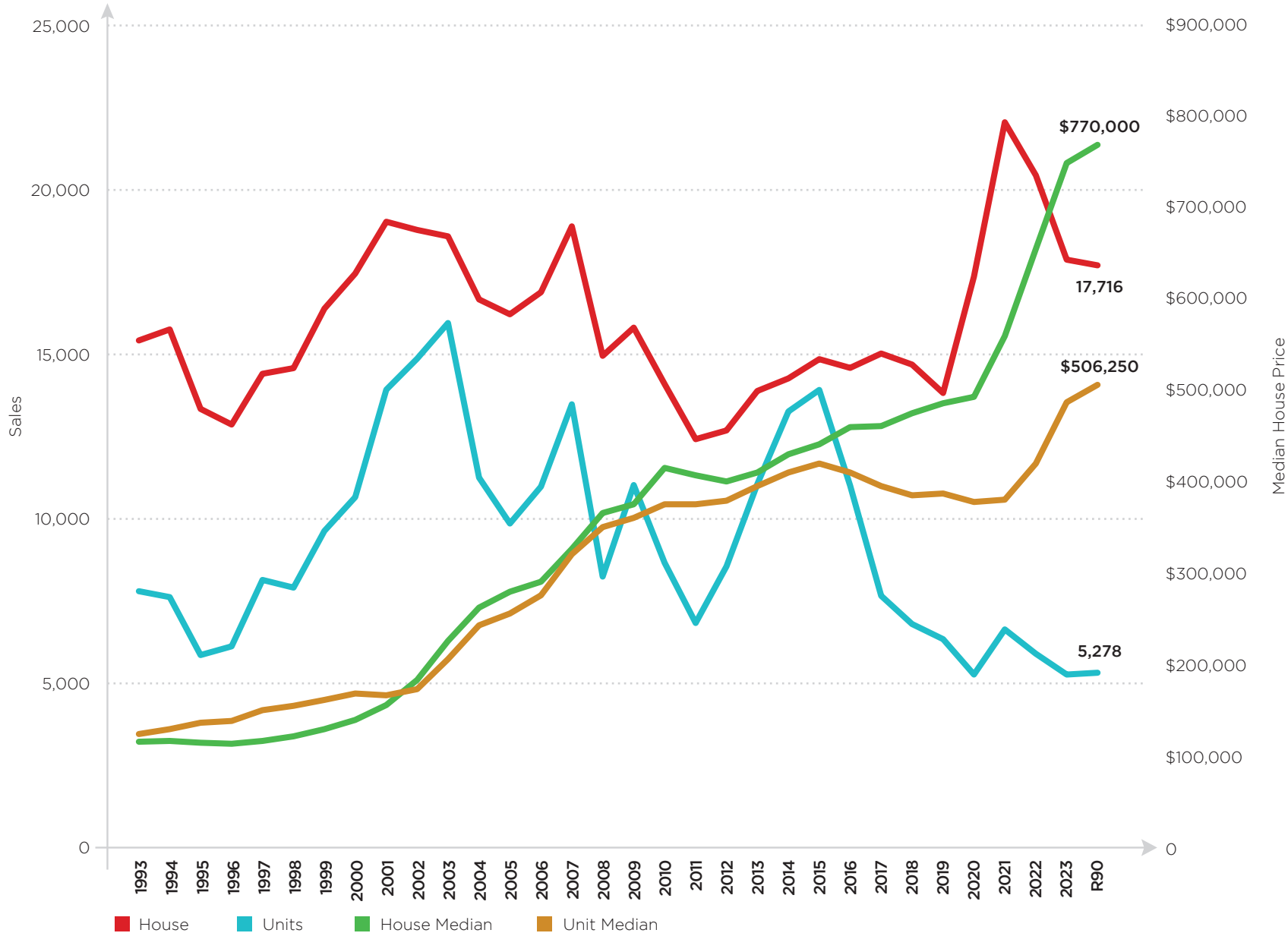
This graph demonstrates the breakdown of Natural Increase, Net Overseas Migration (NOM) and Net Interstate Migration (NIM) for the state.



POSITIVE

DWELLING SALES

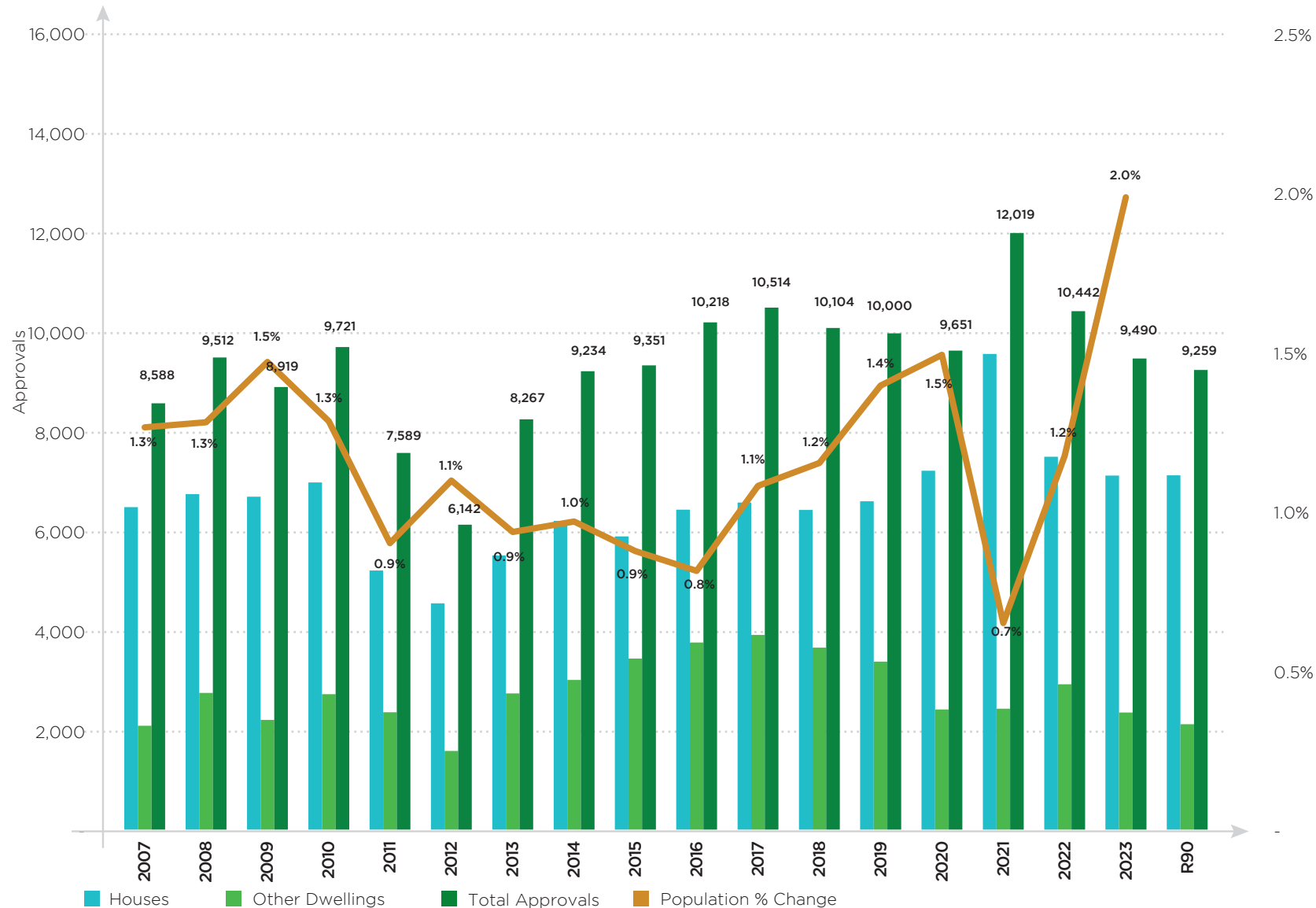
This graph displays the number of unit and house sales.



SLIGHTLY
POSITIVE

DWELLING APPROVALS V. POPULATION % CHANGE

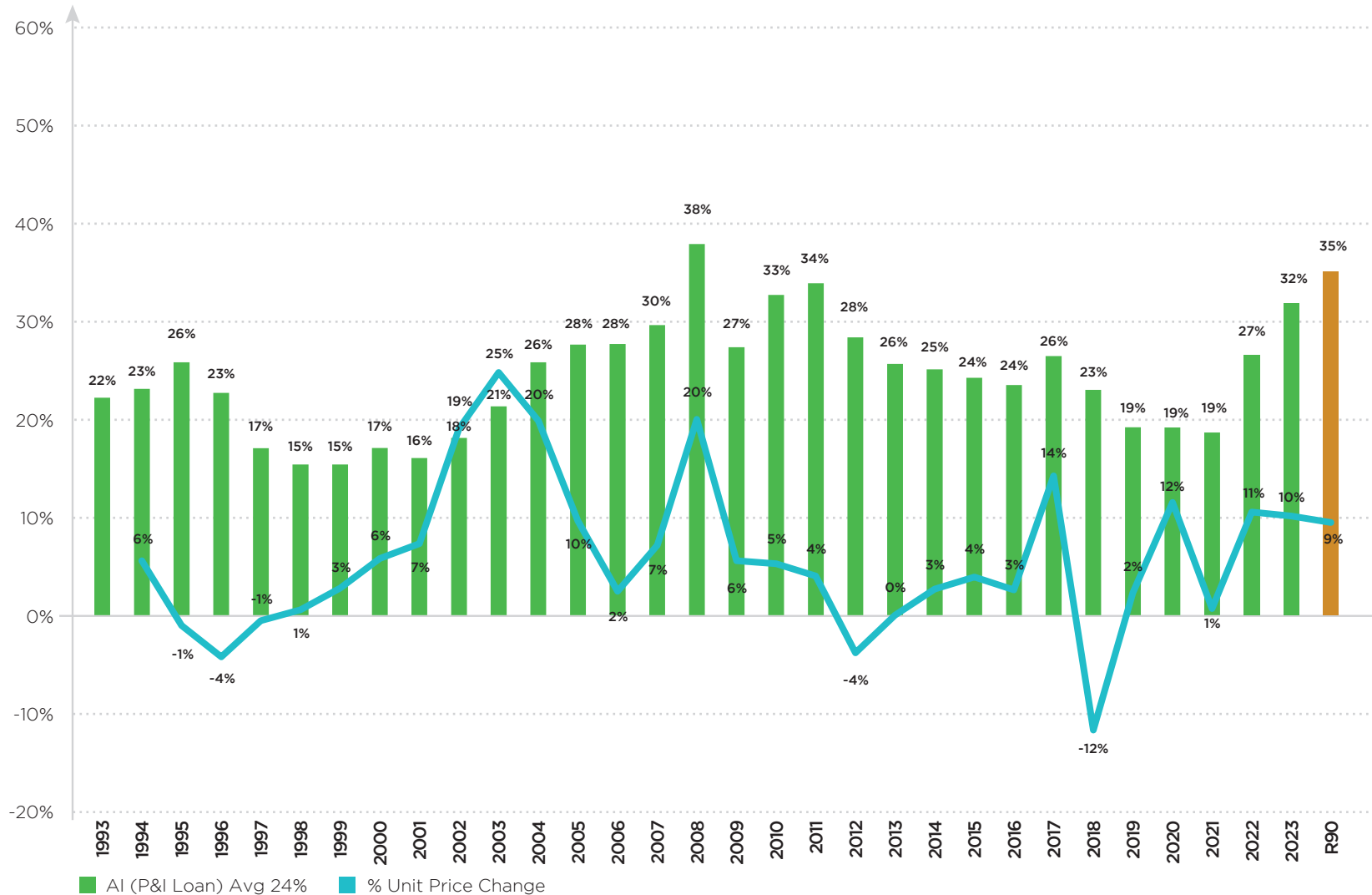
This graph shows the relationship between population growth and dwelling approvals in the Greater City region.



SLIGHTLY
POSITIVE

AFFORDABILITY INDEX V. PRICE MOVEMENT - UNIT

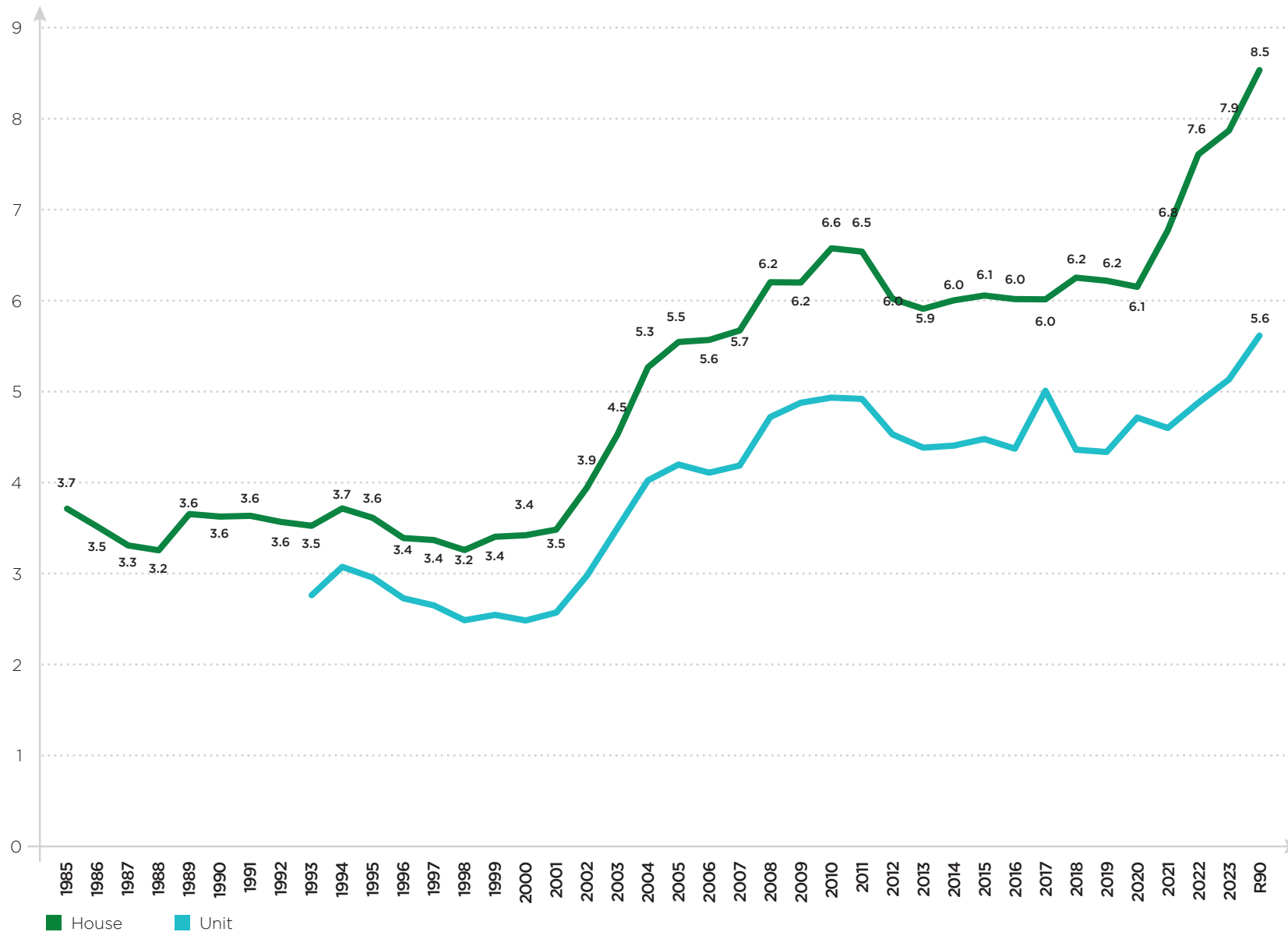
This graph displays the impact interest rates have on unit price movements. Performance Property's Gross Affordability Index (AI) is a measure of the average mortgage repayments versus the average income. The AI is calculated using the median price, average wage (before tax), assumes a 20% deposit, the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



SLIGHTLY
NEGATIVE

PRICE TO INCOME RATIO

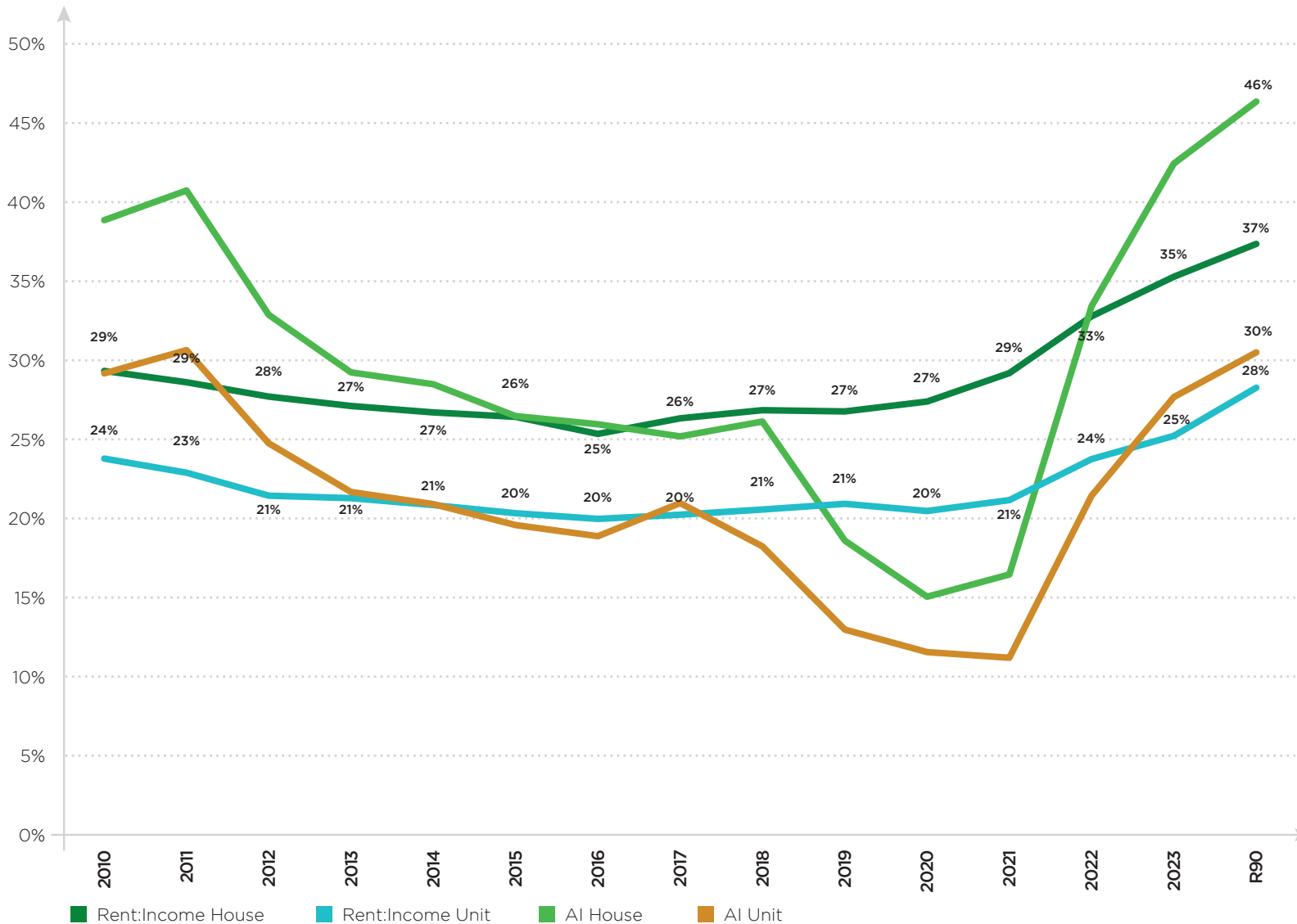
This graph displays the price to income ratio which is the relationship between the median house price and the average annual income. This also represents the average time taken to save a 20% deposit when assuming 20% of the average wage is saved.



NEGATIVE

INCOME TO RENT V. AFFORDABILITY INDEX

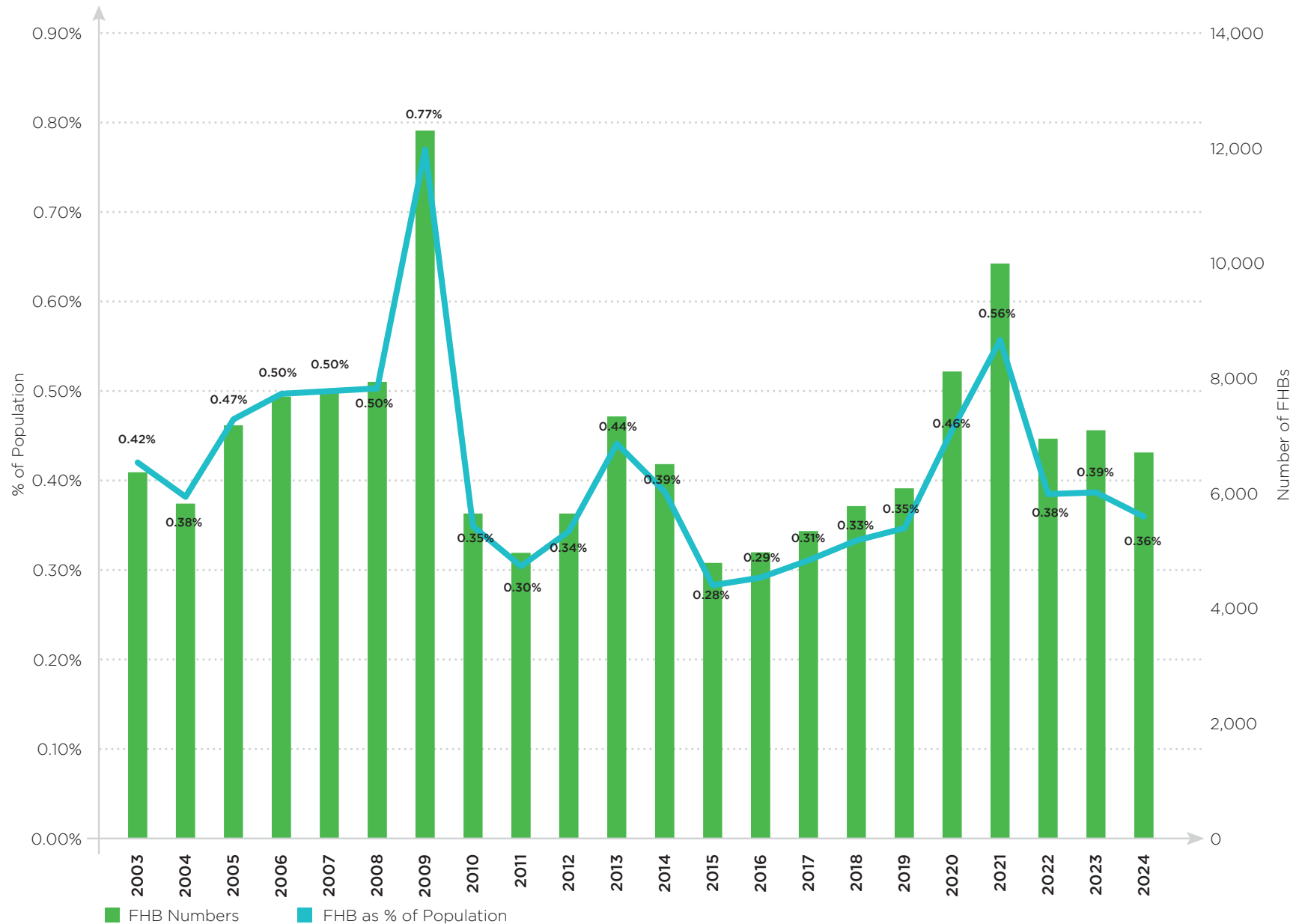
This graph displays the percentage of the average wage that pays the median rent versus the Performance Property Affordability Index using an Interest Only Loan.



NEGATIVE

FHBS AS A % OF POPULATION

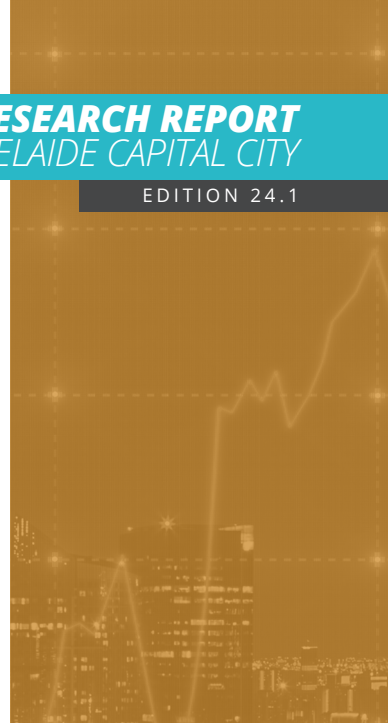
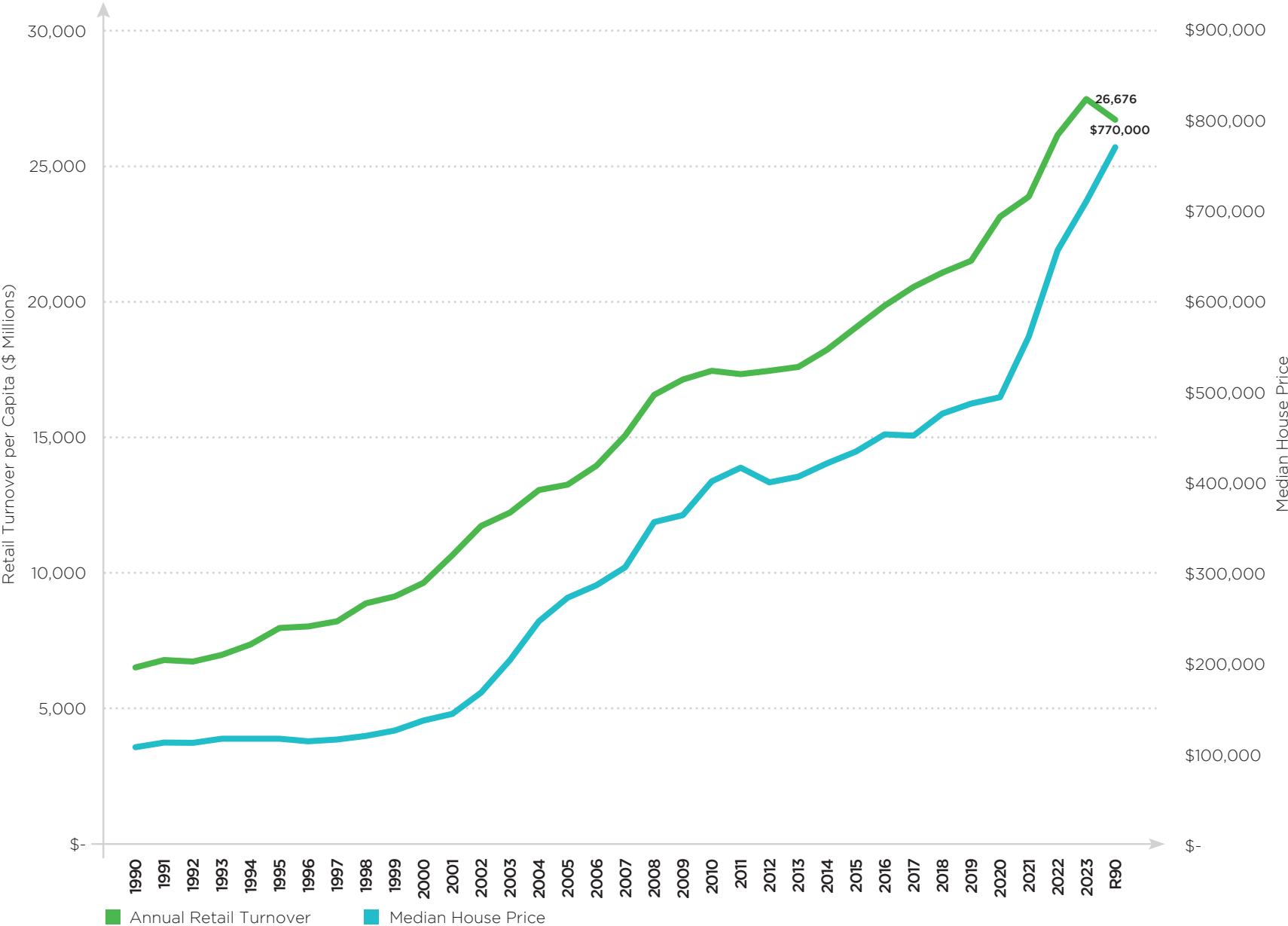
This graph shows the percentage of first home buyers (FHB) relative to the state population.



**SLIGHTLY
NEGATIVE**

RETAIL TURNOVER GROWTH

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

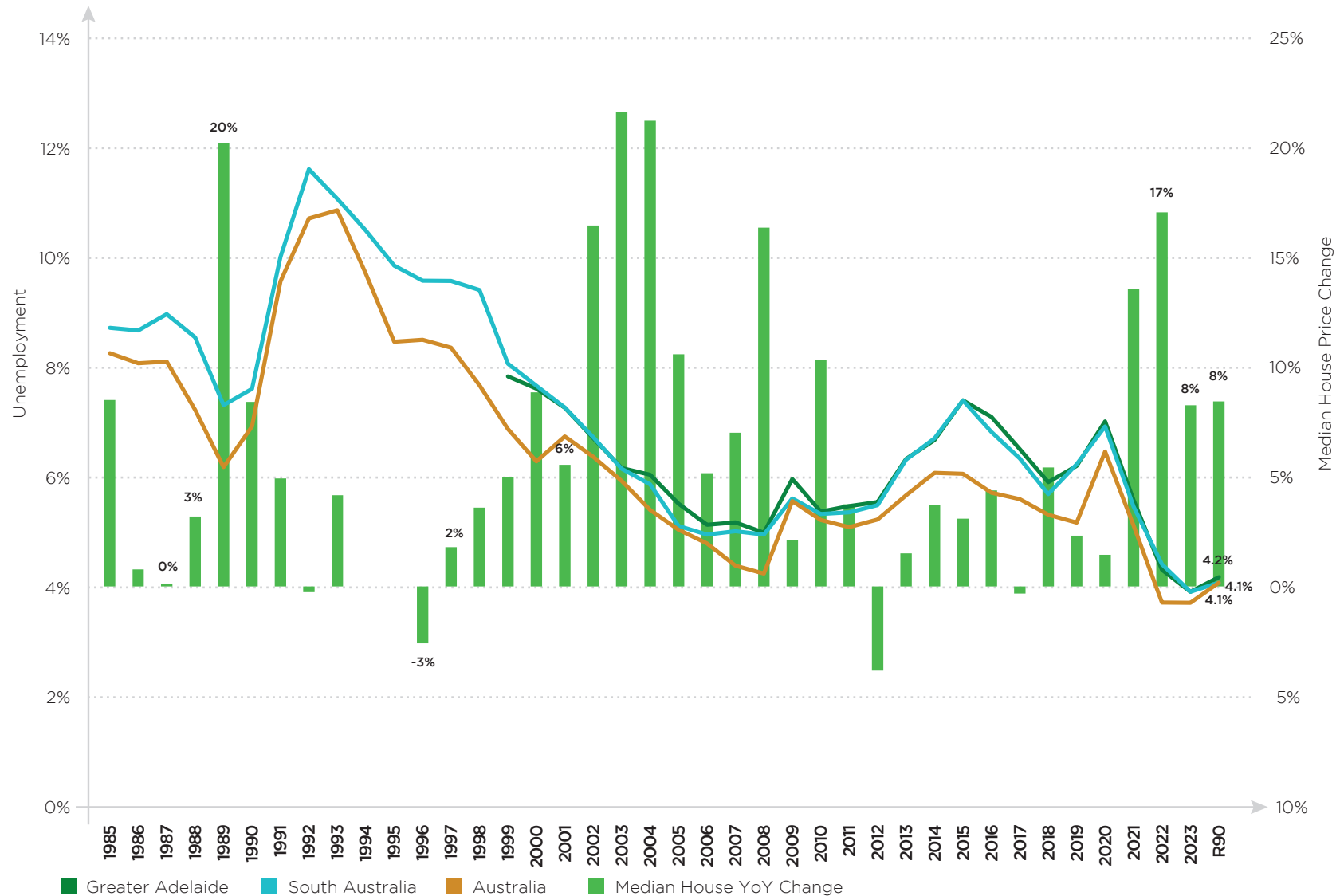


**SLIGHTLY
NEGATIVE**



UNEMPLOYMENT V. MEDIAN HOUSE PRICE CHANGE

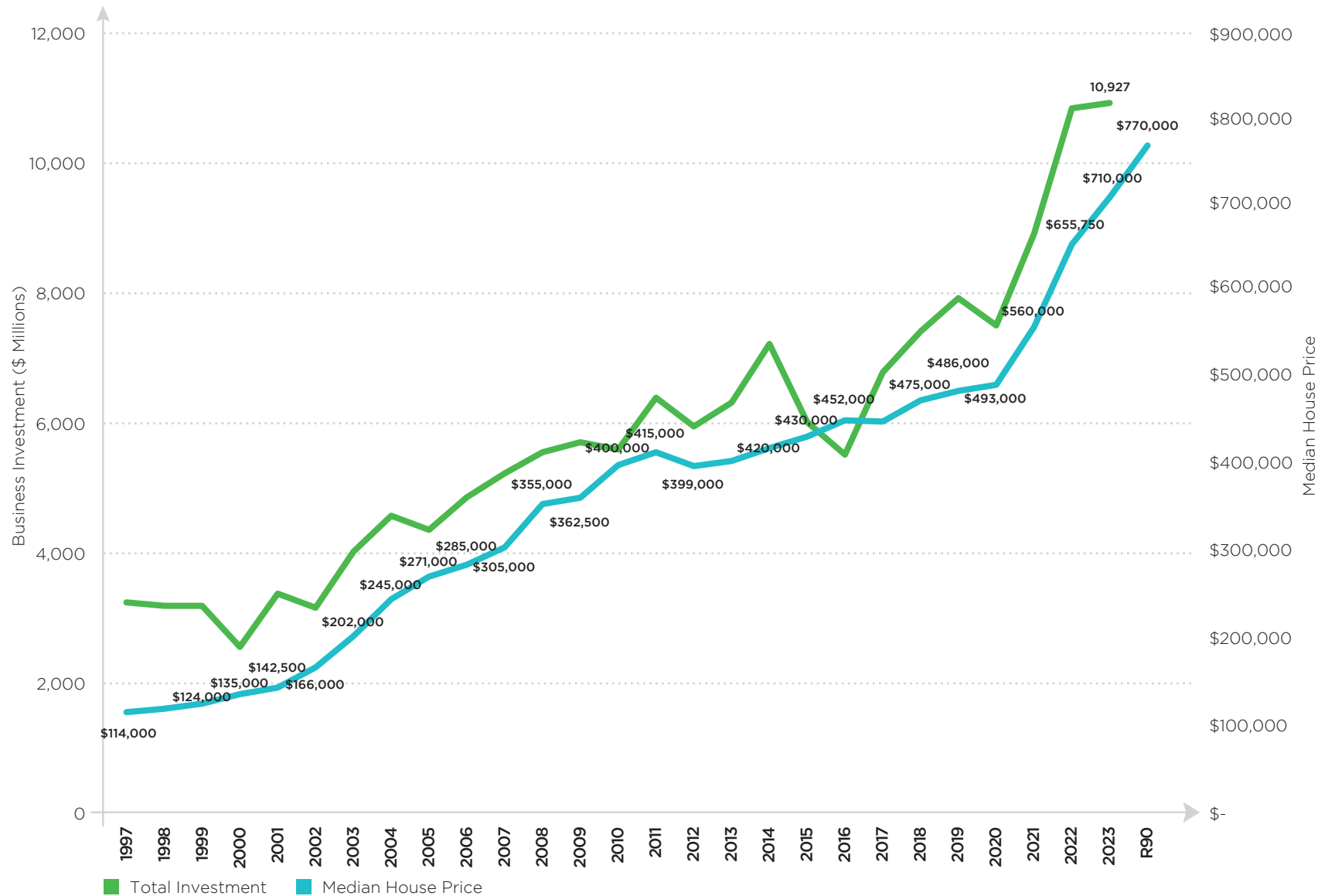
This graph shows the relationship between the state and national unemployment rate as a yearly average from 1980 and the current, most recent rate.



POSITIVE

SOUTH AUSTRALIAN PRIVATE BUSINESS INVESTMENT

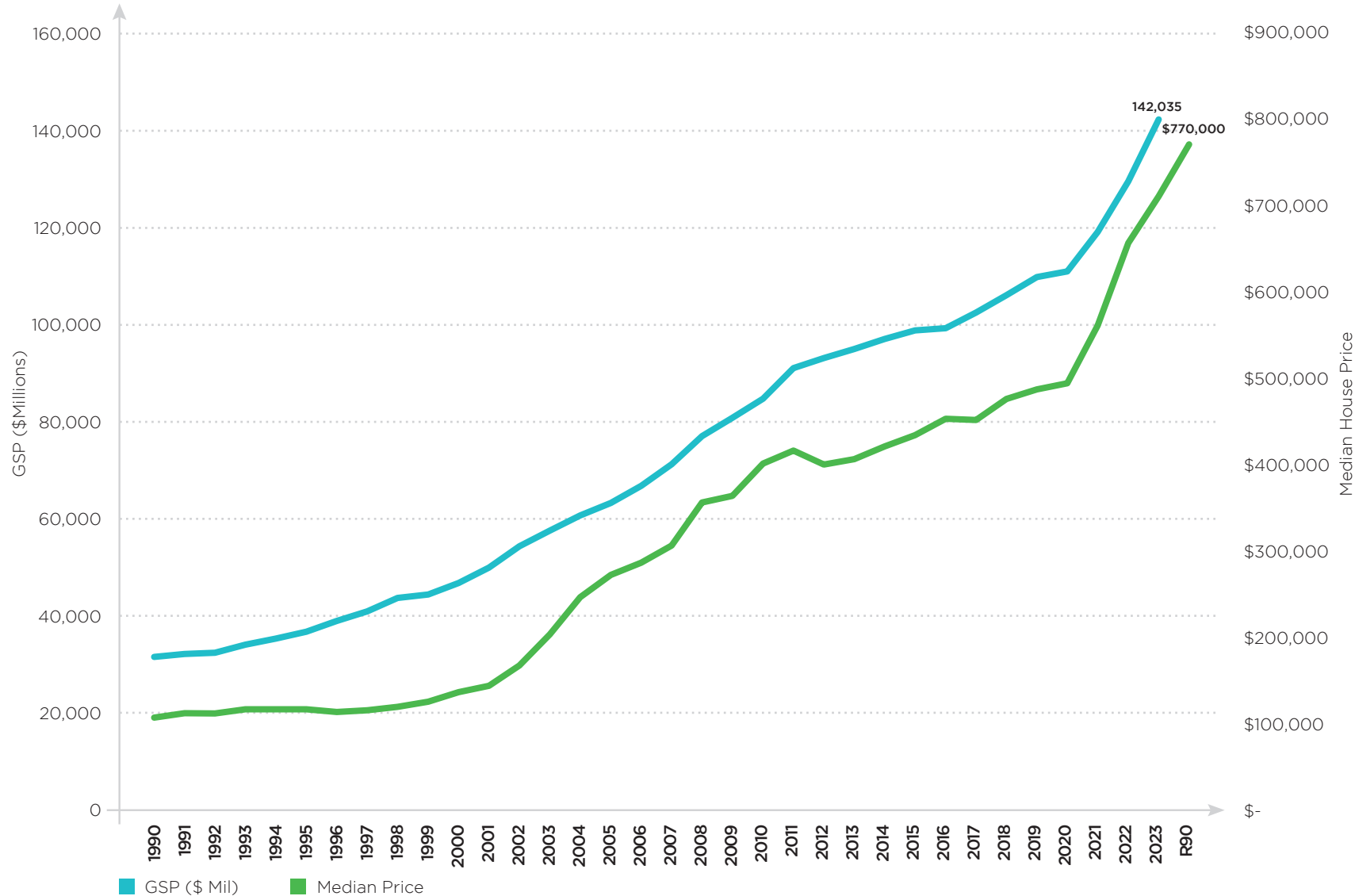
This graph displays private business investment into the state charted against the median house price.



POSITIVE

GROSS STATE PRODUCT V. MEDIAN PRICE

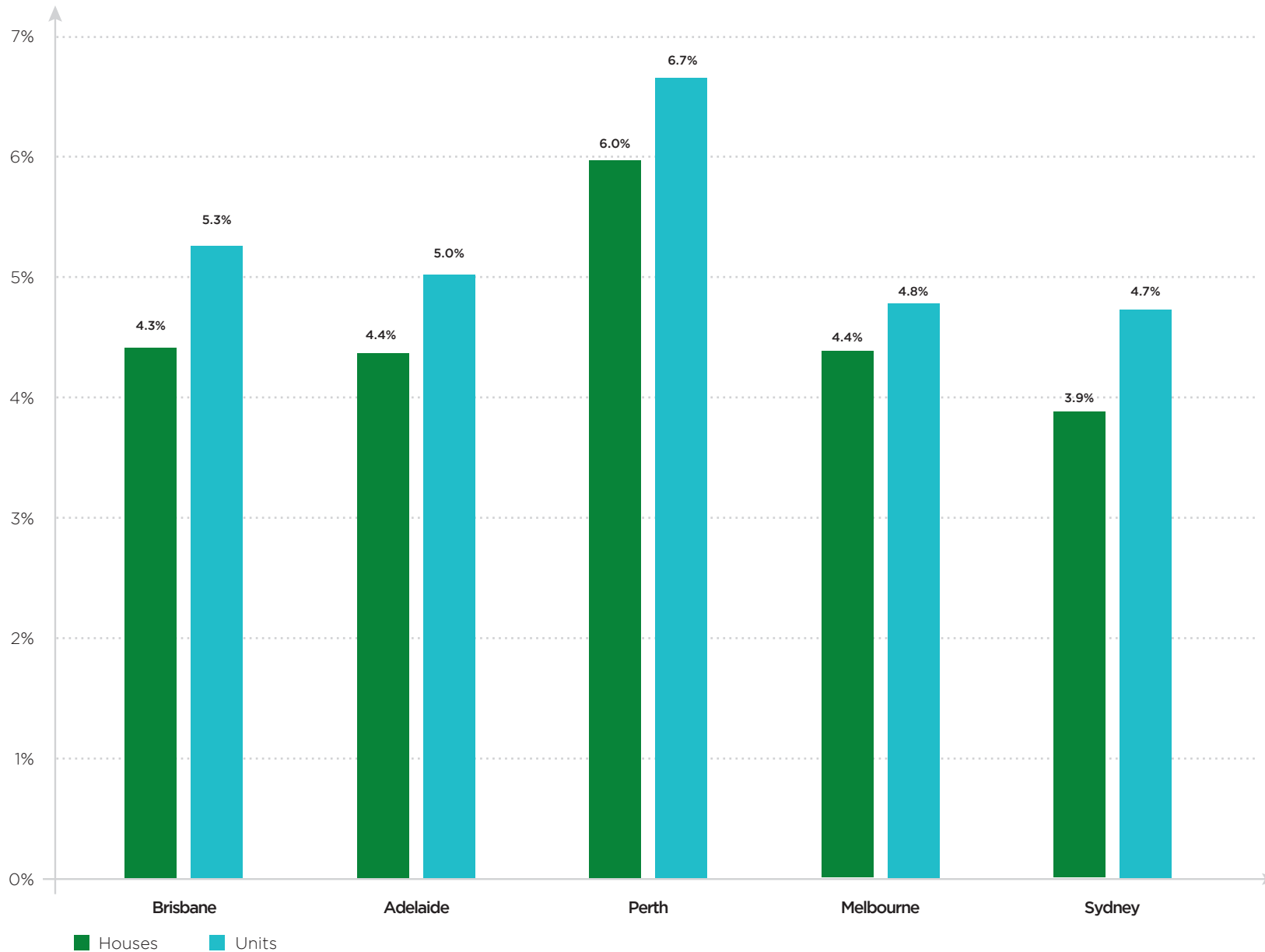
This graph displays Gross State Product charted against the median house price. Gross State Product is the measure of final goods and services produced in the state in a period of time.



POSITIVE

CURRENT INVESTMENT VALUE

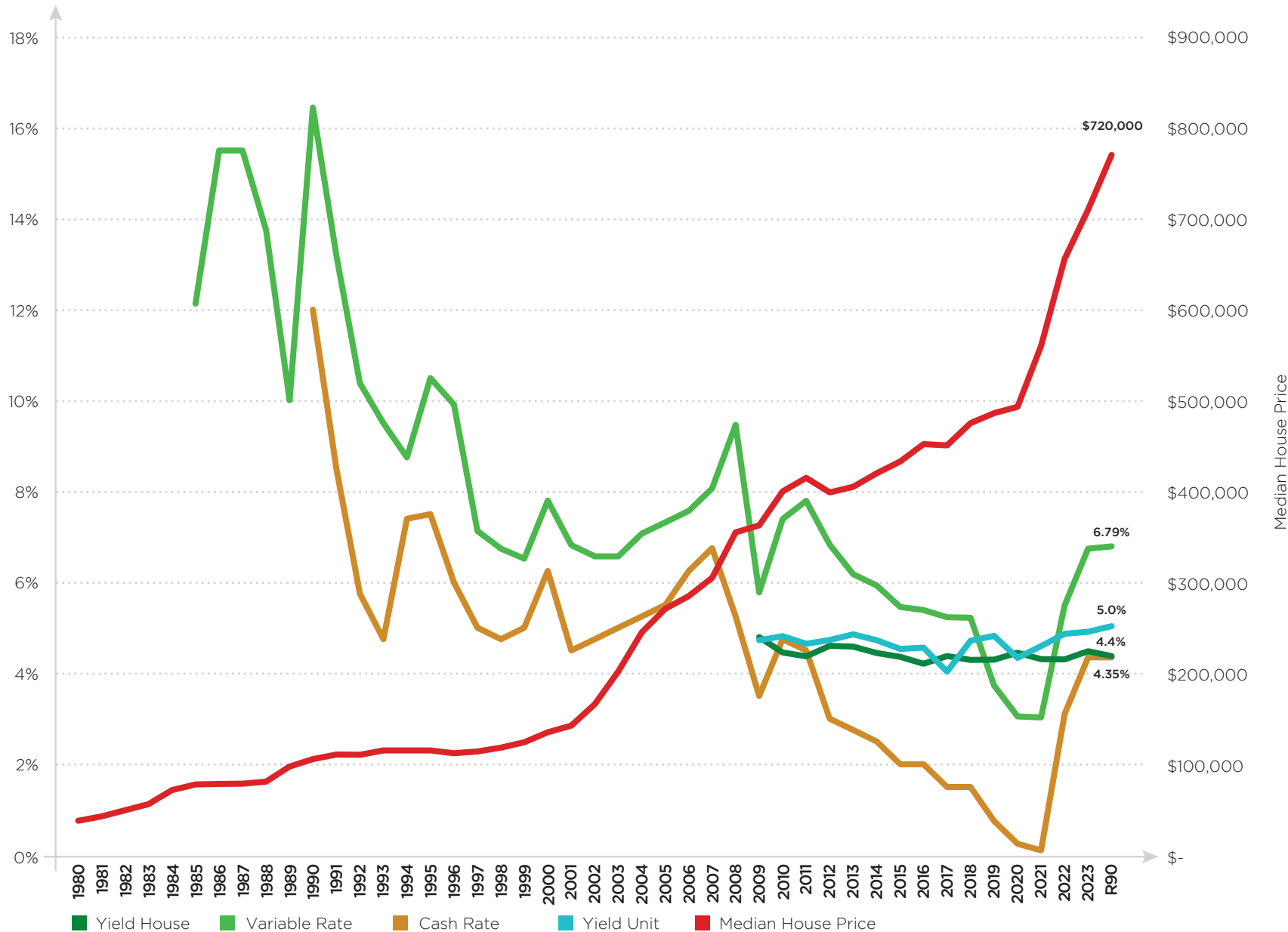
This graph compares the gross yield for houses and units in each of the five major capital cities.



SLIGHTLY
POSITIVE

YIELD V. INTEREST RATES

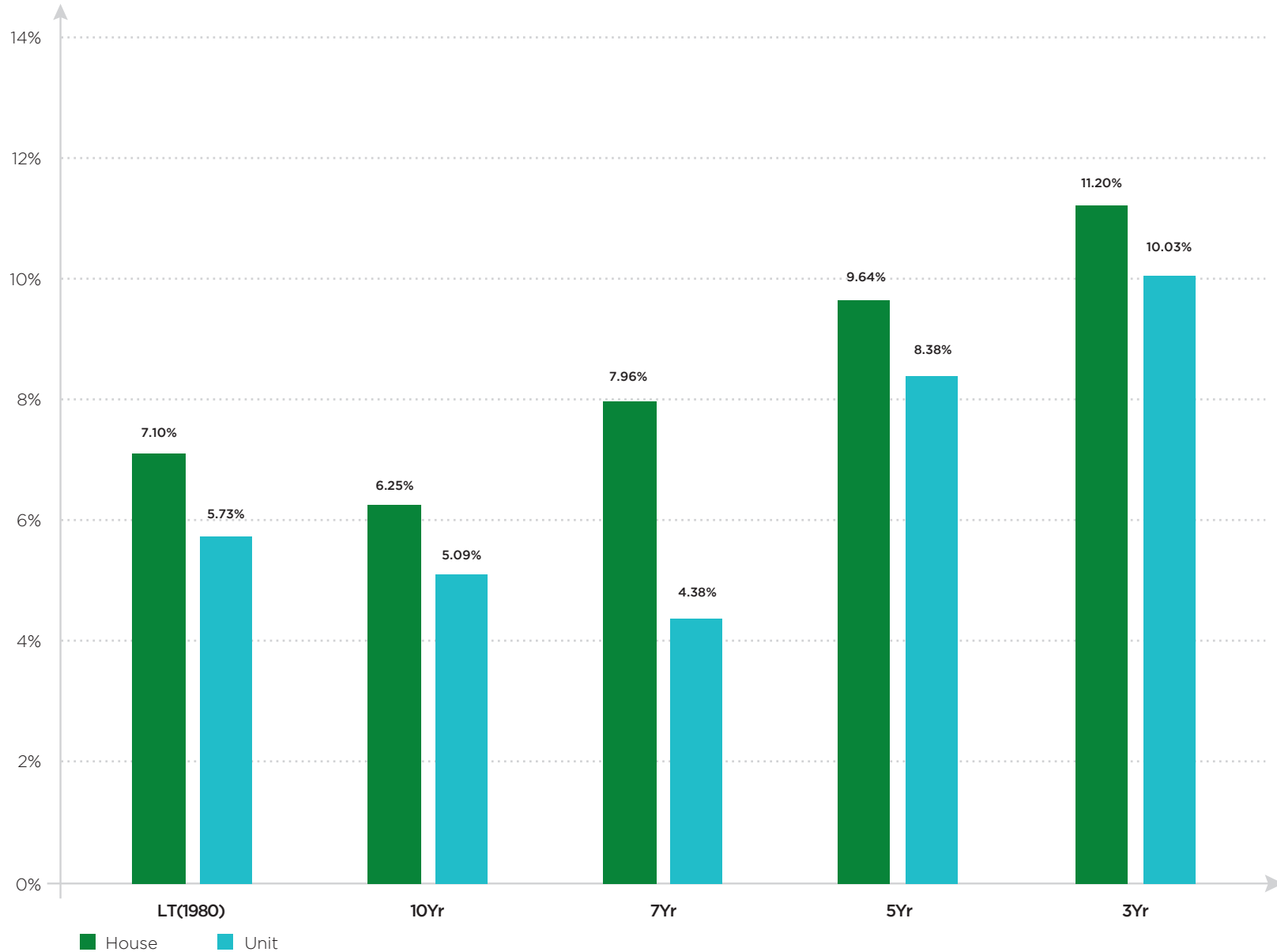
This graph displays house and unit yields against the variable and cash rates.



SLIGHTLY
POSITIVE

LONG TERM TRENDS

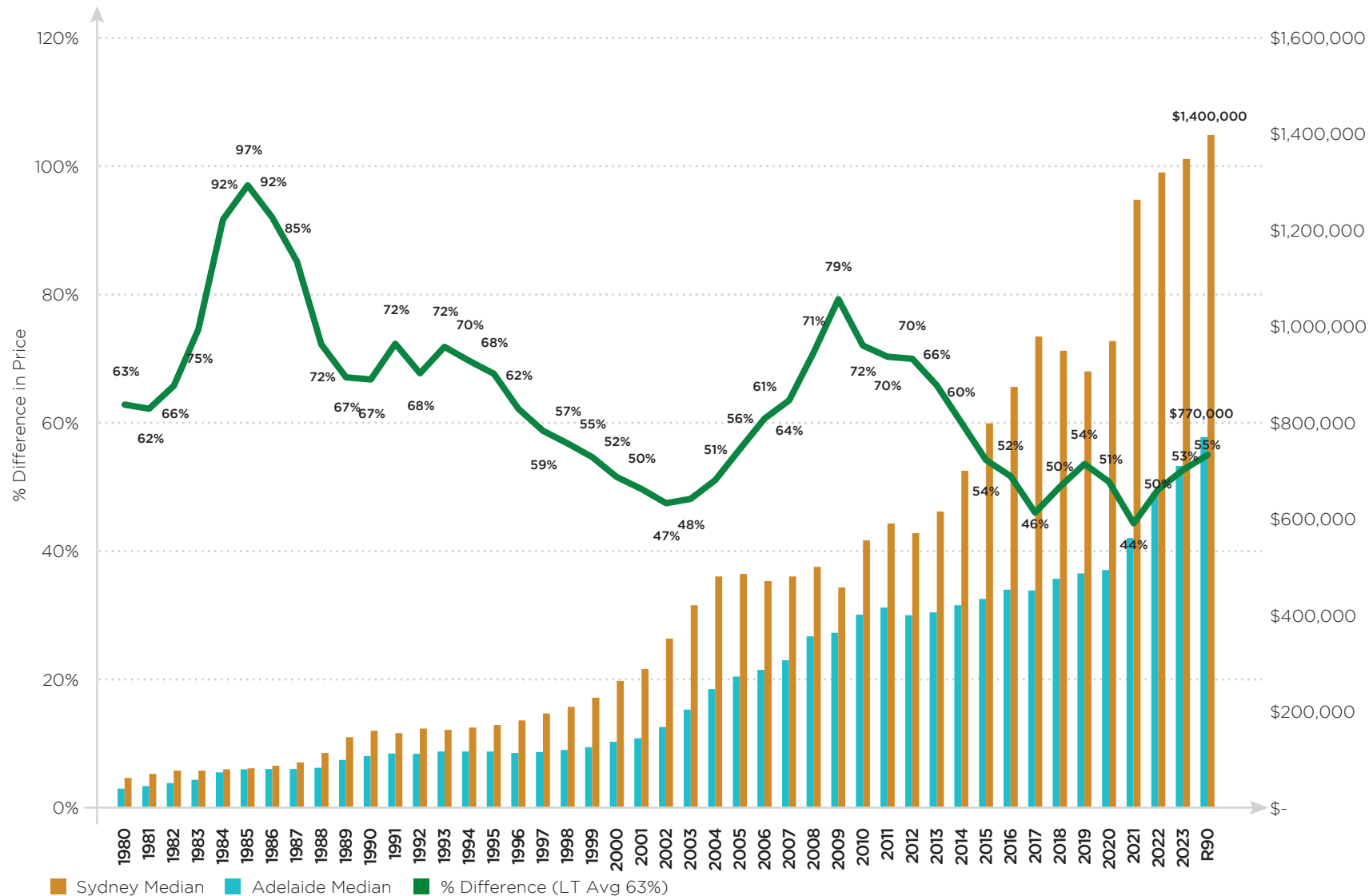
This graph displays the annual compounded growth rates for houses and units over the long term, and the last 10 years, 7 years, 5 years and 3 years.



NEGATIVE

ADELAIDE V. SYDNEY PRICE MOVEMENT

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

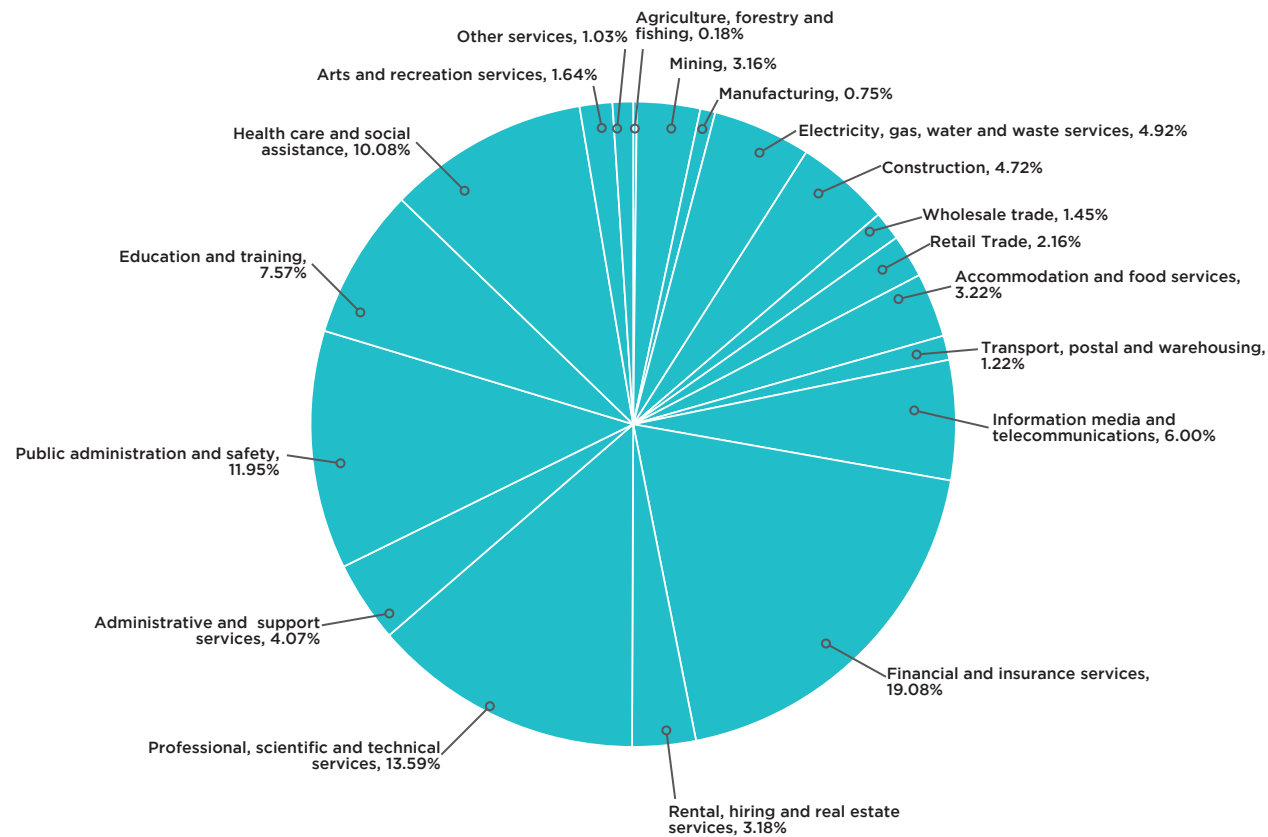


SLIGHTLY POSITIVE

INDUSTRY VALUE ADDED

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

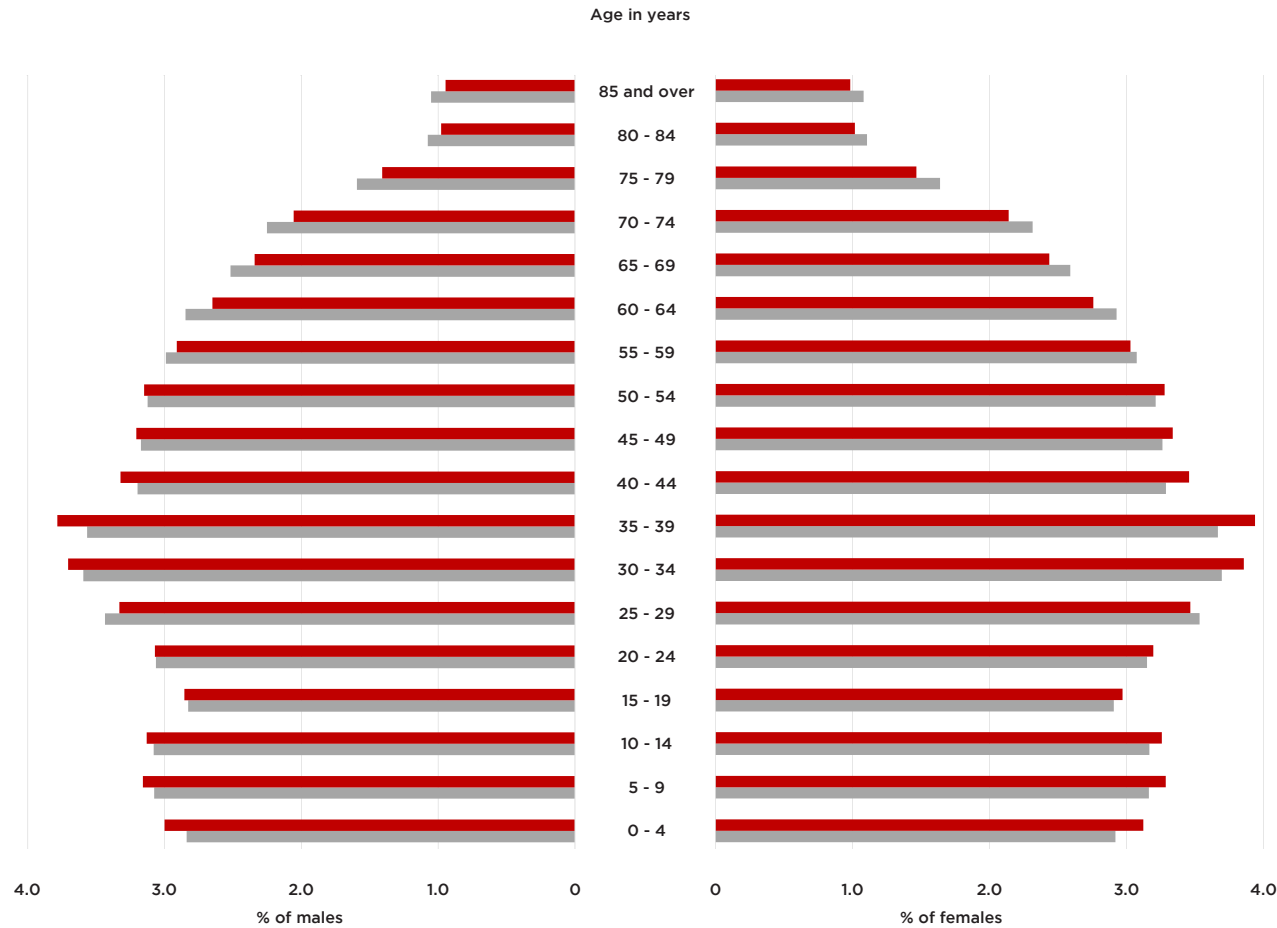
INDUSTRY BREAKDOWN



SLIGHTLY
POSITIVE

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

INVESTMENT PHILOSOPHY

PERFORMANCE PROPERTY ADVISORY IS A DYNAMIC PROPERTY FIRM PROVIDING PROPERTY ACQUISITION SERVICES ACROSS AUSTRALIA. OUR FIRM IS COMPLETELY RESEARCH DRIVEN AND WE APPLY A SOUND COUNTERCYCLICAL INVESTMENT APPROACH.

www.performanceproperty.com.au

Each property must pass our stringent investment criteria and is subject to a thorough due diligence and price analysis process. This low risk approach excludes 99% of all properties currently on the market or for sale off market. We provide quality ethical and personalised advice, exceptional customer service, and pride ourselves on delivering successful outcomes.

Our objective is not to buy you a property. Purchasing a property is the last step in our considered and thorough process.

Our mission is to understand and satisfy your needs – financial or emotional, in a low risk and efficient manner. Our objective is to build your wealth through sophisticated property investment. We believe in everything we do because we treat your investment portfolio like it was our own.

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

IMPORTANT INFORMATION



This Report contains information that has been supplied by third parties. While such information is published with the necessary permission, to the extent permitted by law we do not accept any responsibility or provide any warranty in relation to the accuracy, reliability, completeness or suitability of the information contained in this Report. You acknowledge that the information, figures and projections have been provided by various sources and have not been verified by us and as such and may not be relied on in any way. We have no belief one way or the other in relation to the accuracy of such information, figures and projections. You should therefore conduct your own enquiries about these matters.

This information is therefore provided as general information only, current as at the time of publication and does not constitute financial advice, whether in relation to valuation or otherwise, and may not be relied on in any way.

To the full extent allowed by law we exclude, and you release us from, liability in contract, tort or otherwise, for any loss, costs or damage sustained by you, or by any other person, howsoever caused, arising from or in connection with the supply or use of the whole or any part of the information in this report.

INTELLECTUAL PROPERTY RIGHTS

- This Report is comprised of matter (including copyright works and other subject matter) in which various intellectual property rights exist, including without limitation copyright, patents, designs, trade marks, goodwill, rights in computer programs and databases and any other similar rights of a proprietary nature (“Intellectual Property”).
- All Intellectual Property in this Report or any Content (including if it is licensed to us) is the exclusive property of PPA IT Pty Ltd or our licensors (as the case may be).
- Subject to our right to terminate permission for you to use any Intellectual Property in the Report or any Content, you may use the Intellectual Property only to the extent necessary to enable you to browse this Report (in the form it is available to the public) for your own personal use and to provide registrations of interest and Feedback. We reserve all other rights with respect to the Intellectual Property. For the avoidance of doubt, you may not use this Report or any Content for any commercial purpose and you may not reproduce, publish, communicate, transmit or incorporate into any other document or thing the whole or any part of this Report or the Content without the prior written permission of the Intellectual Property owner.
- We reserve the right to revoke at any time, with or without cause, your permission to use any copyright, trade mark or any other Intellectual Property in this Report or any Content.
- Access to this Report does not, unless and only to the extent expressly stated otherwise, confer on you any license or other rights in respect of the Intellectual Property in this Report or any Content.

HEAD OFFICE

Level 10, 30 Collins St

Melbourne VIC 3000

Phone: (03) 8539 0300

Email: info@performanceproperty.com.au

