



## Lay of the Land Report | The year in review

Summarising the following editions of this report

**Autumn 2021 Edition**

**Winter 2021 Edition**

**Spring 2021 Edition**

**Summer 2021 Edition**

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# I ONWARDS TO 2022

A full year has now passed since the real estate market in Metropolitan Adelaide (and indeed most of Australia) begun to see rapid rises in residential property prices. As state and national border closures insulated the country, sales records continued to be broken. The total value of residential property in Australia passed the milestone of \$9 trillion, an increase of \$1 trillion since May. South Australia residential property alone now carries an estimated \$463 billion valuation. (Australian Bureau of Statistics, 2021) For such a historic sector with so many independent moving parts to gain in excess of 10% to its total valuation in less than six months is remarkable. However, remarkable appears to be the new normal.

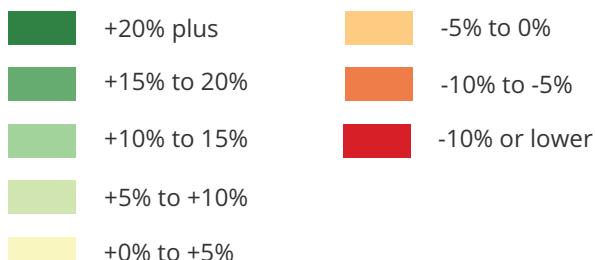
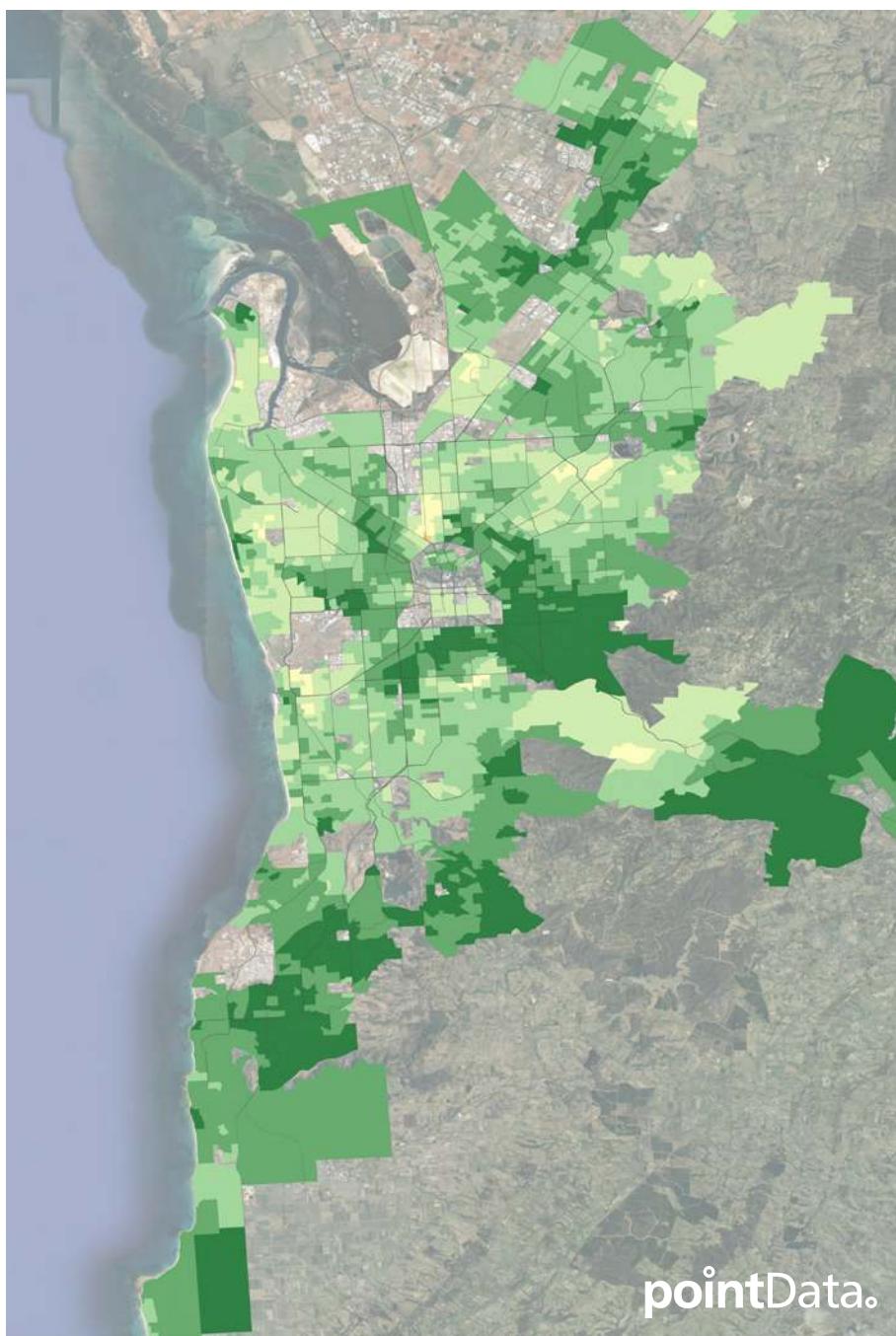
Patterns in behaviour that were a new concept a year and a half ago have since been perpetuated. As most of Australia's states and territories begin the discovery of what living with Covid-19 looks like, it is so far unclear how similar the rules, regulations and behaviours around the residential property industry will look to those that were so ingrained two years ago. Additional complexities continue to rear their head, including new strains of virus and vaccine mandates, which all have the potential to continue to promote the uncertainty of the way forward for buyers and vendors alike.

All growth metrics curated by PointData continue to indicate growth figures in excess of 2% per quarter for most areas of Metropolitan Adelaide, with some areas registering as high as 10%. With the Reserve Bank indicating no immediate raising of interest rates, those who have the financial means to enter and circulate within the market ensure competition remains healthy. As these patterns penetrate into all areas and indeed all price points, the market continues to become increasingly difficult to those looking to enter for the first time. The time taken to save for a deposit for first-home-buyers is increasing, with Adelaide having the longest average time among all of Australia's capital cities - taking an average of 6.6 years to save for a 20% deposit. (True Savings, 2021) Timing (and perhaps a degree of luck with regards to the pandemic) remains key for accessing ones first or next step in the property ladder.

Early signs of a slowing in the market are beginning to appear, however one can still only speculate at this early stage. A slight uptick in the number of real estate listings in Adelaide has been observed over the last month or two, albeit only a minor rebound (see Real Estate Listings in this report). Clearance rates are beginning to ease, however it is "too soon to tell whether that was simply the result of the number of listings or an indication of a wider weakening in the market." (SQM Research, 2021) One metric that assists in forecasting market behaviour in the short to medium term is the number of appraisals. Compared to the same time last year, appraisals are up 34% in Adelaide (Domain, 2021), indicating a potentially busy period in the start of the new year.

Given the significance of the shift in market behavior over the past two years, it is not certain whether the previous indicators of changing market conditions will continue to ring true (at least to the same magnitude) as they once did. How Australia's markets fare with the transition back to relative normality should begin to become evident by the next edition of this report.

## PROPERTY PRICE TRENDS



### 1 YEAR TO NOVEMBER GROWTH AVERAGED BY SA1

It is well known fact that the last year has seen exceptional levels of growth across metropolitan Adelaide which, while starting in select areas, has spread to almost every corner of the city.

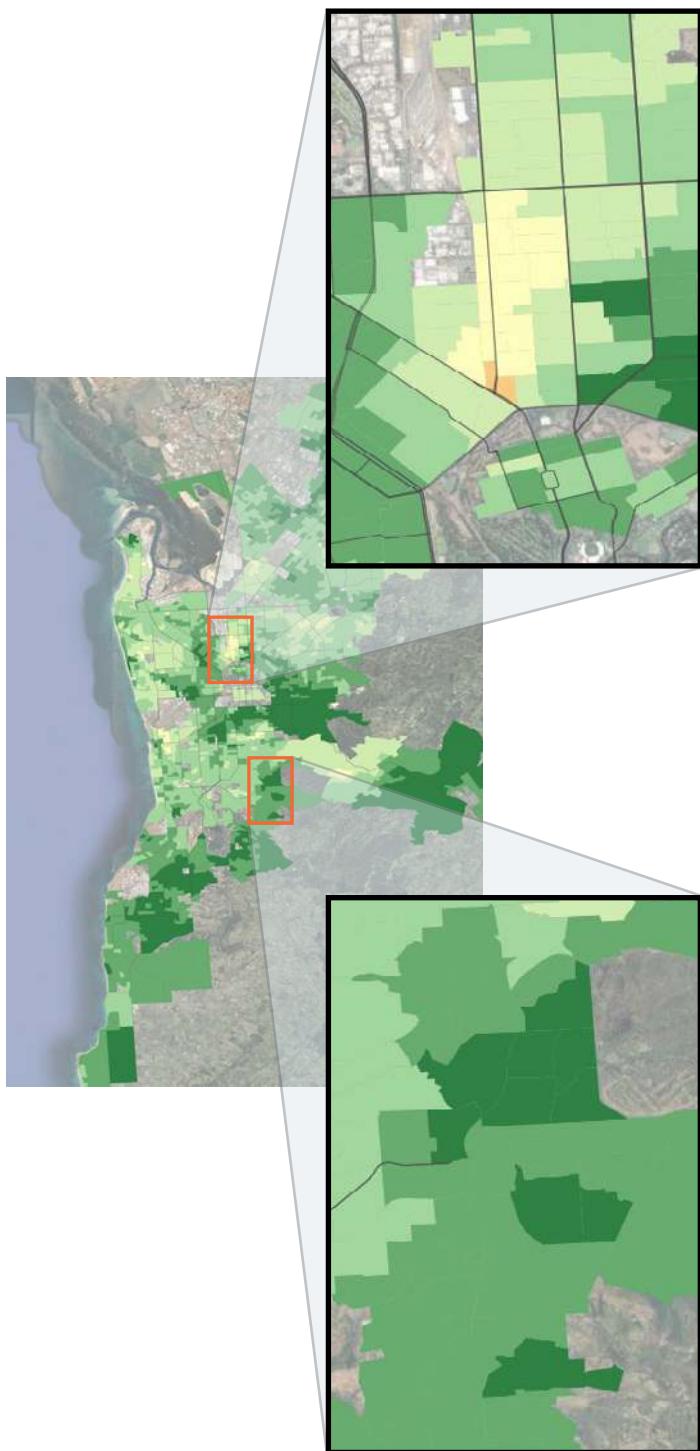
The affluent areas of the east and inner-south have seen the highest levels of growth with most suburbs within these regions achieving growth in excess of 20%, and real dollar values that reaches into the hundreds of thousands. Southern areas in particular have seen growth that exceeds other areas with equivalent price points. In particular, the areas that interface with the Adelaide hills have seen an acceleration in greenfield development and therefore upwards pressure on property prices. The outer north has a similar pattern where greenfields developments have accelerated prices extending as far north as Gawler. The perpetuation of greenfield development has seen new housing volumes in the state reach 13,655 in SA in the year to June, up 27% from last year. (HIA-Colorbond, 2021)

Well established influences like the proximity to the CBD and accessibility of goods and services remain present in most areas, with further influences unforeseen prior to the pandemic adding additional complexities to the market.

The growth observed perpetuates the good news for property owners, but provides additional barriers to buyers particularly first-home-buyers.

## PROPERTY PRICE TRENDS

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### OVINGHAM & PROSPECT

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- The inner-north continues has seen strong growth over the past year, except some areas along Churchill Road.
- Recent medium to high density developments along Churchill Road are in direct contrast to the established housing stock, particularly in the western portion of Prospect.
- The relative affordability with regards to the proximity to the CBD makes these new developments highly attractive to buyers, ensuring they sell well above their price to construct.
- Dwellings being built are typically much smaller than their neighbours however, and are therefore selling for a much lower price.
- This price discrepancy is illustrated in what looks like negative growth, but is actually simply a different sort of dwelling stock being sold.

### GLENALTA & SURROUNDS

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- The interface with the Adelaide Hills to the south of the CBD have in the last year experienced growth beyond the usual slow but steady normal.
- A greater weighting on lifestyles that the pandemic is bringing is lifting prices in the Adelaide Hills.
- Those looking for a “tree-change” in particular are finding the composition of Belair to the north down to Hawthorndene in the south to be a good balance of familiar suburban living and secluded hills living.
- Working-from-home arrangements is reducing the importance of being close to the CBD in the eyes of buyers, adding value to outer areas.
- The gradual gentrification beyond just those properties with city and coastal views is ensuring a baseline of positive growth circa 5%.

## PROPERTY PRICE TRENDS

### SUBURB INDICES - PERCENTAGE INCREASE

The suburb indices seen below outline the top 10 suburbs for highest growth in real dollar value over the previous year. The single year period appropriately highlights the effects of the pandemic without previous market influences that may no longer be applicable. Properties and sales that do not fit in with what is typical for an area are observed across all areas of Metropolitan Adelaide, where their sales price may be deemed an outlier. As such, a median estimate is calculated which tends to deal with outliers better than a mean would.

| Suburb         | November 2020<br>median sale price | Current median<br>sale price | Value increase | Percentage<br>increase |
|----------------|------------------------------------|------------------------------|----------------|------------------------|
| Tonsley        | \$245,625                          | \$567,008                    | \$321,383      | 130.8%                 |
| Beaumont       | \$933,165                          | \$1,303,185                  | \$370,020      | 39.7%                  |
| Goodwood       | \$913,500                          | \$1,249,619                  | \$336,119      | 36.8%                  |
| Hazelwood Park | \$952,144                          | \$1,299,900                  | \$347,756      | 36.5%                  |
| Glen Osmond    | \$938,844                          | \$1,279,857                  | \$341,013      | 36.3%                  |
| Unley          | \$936,292                          | \$1,265,900                  | \$329,608      | 35.2%                  |
| Burnside       | \$929,050                          | \$1,250,000                  | \$320,950      | 34.5%                  |
| Urrbrae        | \$925,458                          | \$1,238,407                  | \$312,949      | 33.8%                  |
| St Georges     | \$949,267                          | \$1,259,152                  | \$309,885      | 32.6%                  |
| Glenunga       | \$937,792                          | \$1,238,393                  | \$300,601      | 32.1%                  |

 To find out how property values in your suburb have changed recently, check the full suburb list available on [Our Insights](#) at [pointdata.com.au](https://pointdata.com.au).

Those areas that have seen the largest real dollar value increase over the past year are unsurprisingly suburbs that already had a high median sale price. While their percentage increases are only slightly higher than less-expensive areas, these increases carry a much larger dollar value.

The high value increases observed in these affluent suburbs have had a astounding effect on the number of million dollar suburbs in Metropolitan Adelaide. In November 2020 it was estimated there were 13, which has shot up by 44 to a new total of 57. Although many of these suburbs were on the brink of joining this now not-so-exclusive club anyway and would have achieved this feat under normal market conditions, it is easy to see just how significant this period of growth has been in South Australia.

The relatively small suburb of Tonsley stands as a jarring contrast to the other suburbs in the list. The ongoing developments at the former-Mitsubishi plant are providing a large number of new dwellings into the market, all well connected with the infrastructure improvements in the area. Compared to only a handful of years ago where the housing stock was far older and less serviced by infrastructure, it is easy to see why there has been such a large increase in the estimated median sale price.

## PROPERTY PRICE TRENDS

### SUBURB INDICES - SUBURBS OF NOTE

The suburb indices seen below outline a selection of some of the high performing suburbs in different areas of Metropolitan Adelaide. It does not necessarily show the top performer, but instead each suburb selected presents a different perspective to the previous pages. The metrics used are the same seen on previous pages of this report. The suburbs listed are in keeping with patterns observed across the majority of Metropolitan Adelaide, and are a reasonable guide to each region's growth.

| Region      | Suburb            | November 2020 median sale price | Current median sale price | 12-month value increase | 12-month percentage increase |
|-------------|-------------------|---------------------------------|---------------------------|-------------------------|------------------------------|
| Outer-north | Elizabeth         | \$97,906                        | \$120,000                 | \$22,094                | 22.6%                        |
| Inner-north | Walkley Heights   | \$395,571                       | \$457,778                 | \$62,207                | 15.7%                        |
| North-east  | Vista             | \$435,196                       | \$530,700                 | \$95,504                | 21.9%                        |
| East        | Stepney           | \$878,877                       | \$1,111,701               | \$232,824               | 26.5%                        |
| West        | West Croydon      | \$541,583                       | \$642,736                 | \$101,154               | 18.7%                        |
| Inner-south | Clarence Gardens  | \$651,427                       | \$794,324                 | \$142,852               | 21.9%                        |
| Outer-south | Huntfield Heights | \$300,458                       | \$370,563                 | \$70,105                | 23.3%                        |

 To find out how property values in your suburb have changed recently, check the full suburb list available on [Our Insights](#) at pointdata.com.au.

As previously discussed, the east and inner-south lead the way in several metrics related to growth. The examples of Stepney and Clarence Gardens however demonstrate that it is not only the suburbs carrying a prestigious name that are experiencing high growth. Both suburbs have a considerably lower median sale price than their neighbours, but still offer the desirable qualities associated with their regions. The growth observed however demonstrate the continuing trend of certain areas of being almost completely inaccessible to first-home-buyers.

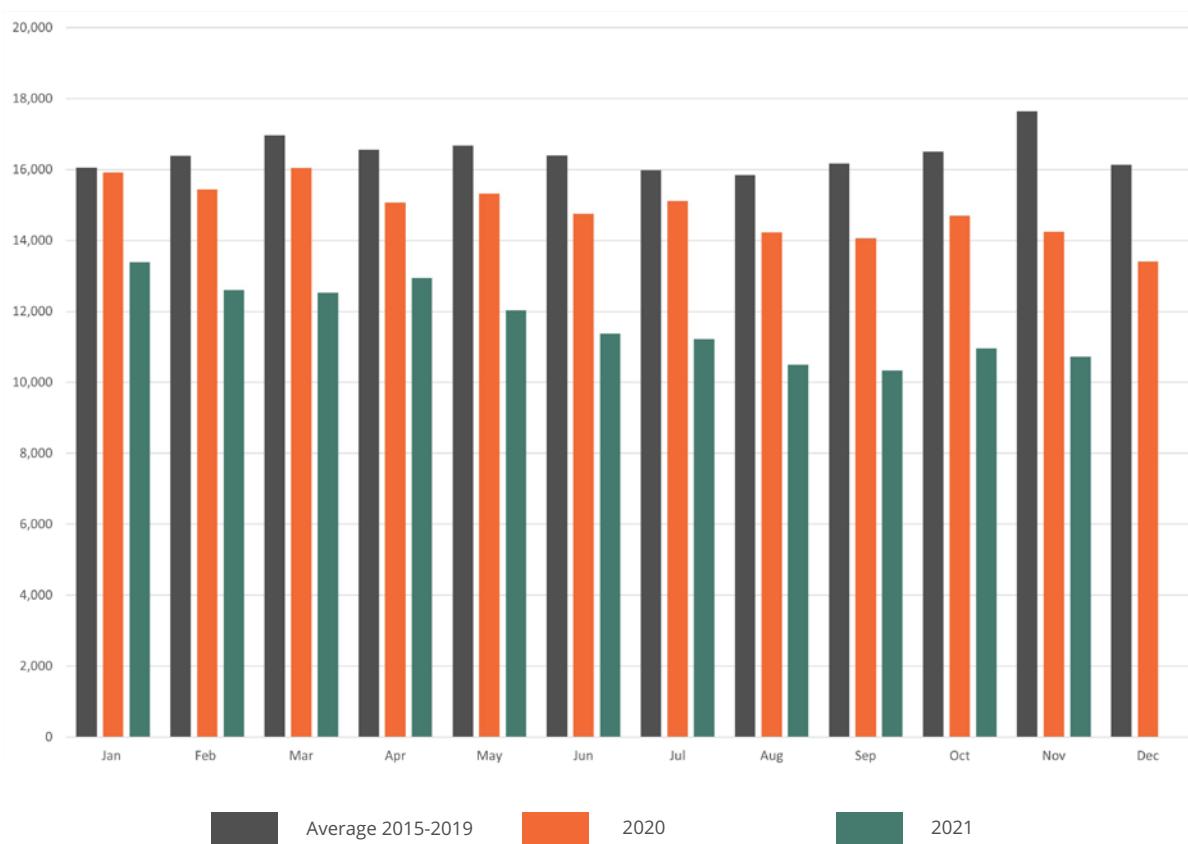
The city's outer-north sufficiently caters for investors, perpetuating the notion that there are investment opportunities available at most price points across the city. It is a similar story for the inner-north, north-east and outer-south, all showing value increases that match or surpass the approximate fees that would be associated with purchasing the properties.

The western suburb of West Croydon positions itself as an affordable price point given its proximity to the CBD. An increase of 18.7% however has seen its median sale price increase circa \$100,000, which if it were to continue would align it closer to the more-expensive suburbs which are a similar distance to the CBD. While Glenelg North is itself at a higher price point, it is indicative of many coastal suburbs that have grown in price considerably over the previous 12 months.

All suburbs listed highlight the widespread nature of the current growth patterns observed in Metropolitan Adelaide, all seeing percentage increases exceeding 15%.

## SALES ACTIVITY COMPARISON

### REAL ESTATE LISTINGS



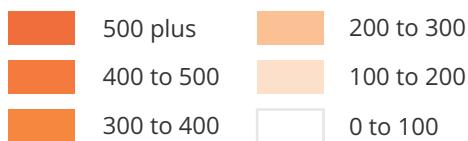
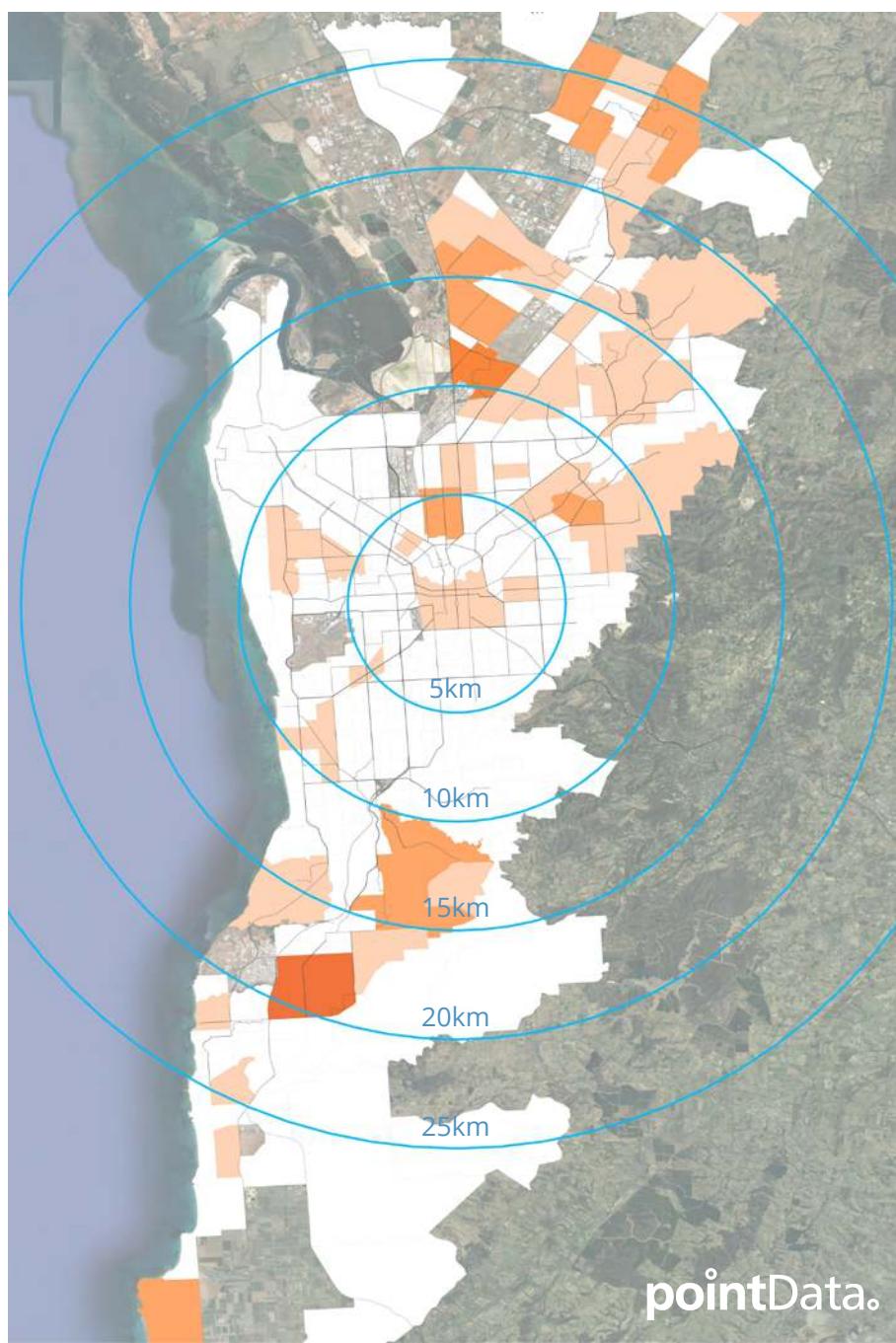
The graph above shows total property listings in Adelaide per month (SQM Research Pty Ltd, 2021) with comparisons of per month performance in 2021, 2020 and the monthly average for the five-year period 2015 to 2019.

Real estate listings have plateaued somewhat since the previous edition of this report. While it is a good sign that supply has begun to stabilise it still well below levels observed earlier in the year and in the previous two years. The traditionally busy spring period has not proven to be so in 2021 as people continue to deal with the ramifications of the pandemic both within the real estate industry and in other sectors. The easing of restrictions including the reintroduction of the full international market has the potential to incentivise current owners to begin selling and increase supply to the market.

If the 2015 to 2019 average in November is considered as a start point, there has been a continuous but somewhat gradual trend downwards in real estate listing since this date. The concerning element of this is that in January and February prior to the pandemic in 2020 there was already a decline observed particularly when comparing February to the years previous, alluding to the possibility that it is not just the pandemic that has deflated the amount of supply into the market.

The length of time property listings are on the market continues to be notably short, with over half lasting less than a month in November. Auction campaigns continue to follow a similar pattern, where auction campaigns have typically fallen from 21 days to just 14 days over the past year and a half. (Klemich Real Estate, 2021)

## SALES ACTIVITY COMPARISON



### SALES SINCE NOVEMBER 2020 BY SUBURB

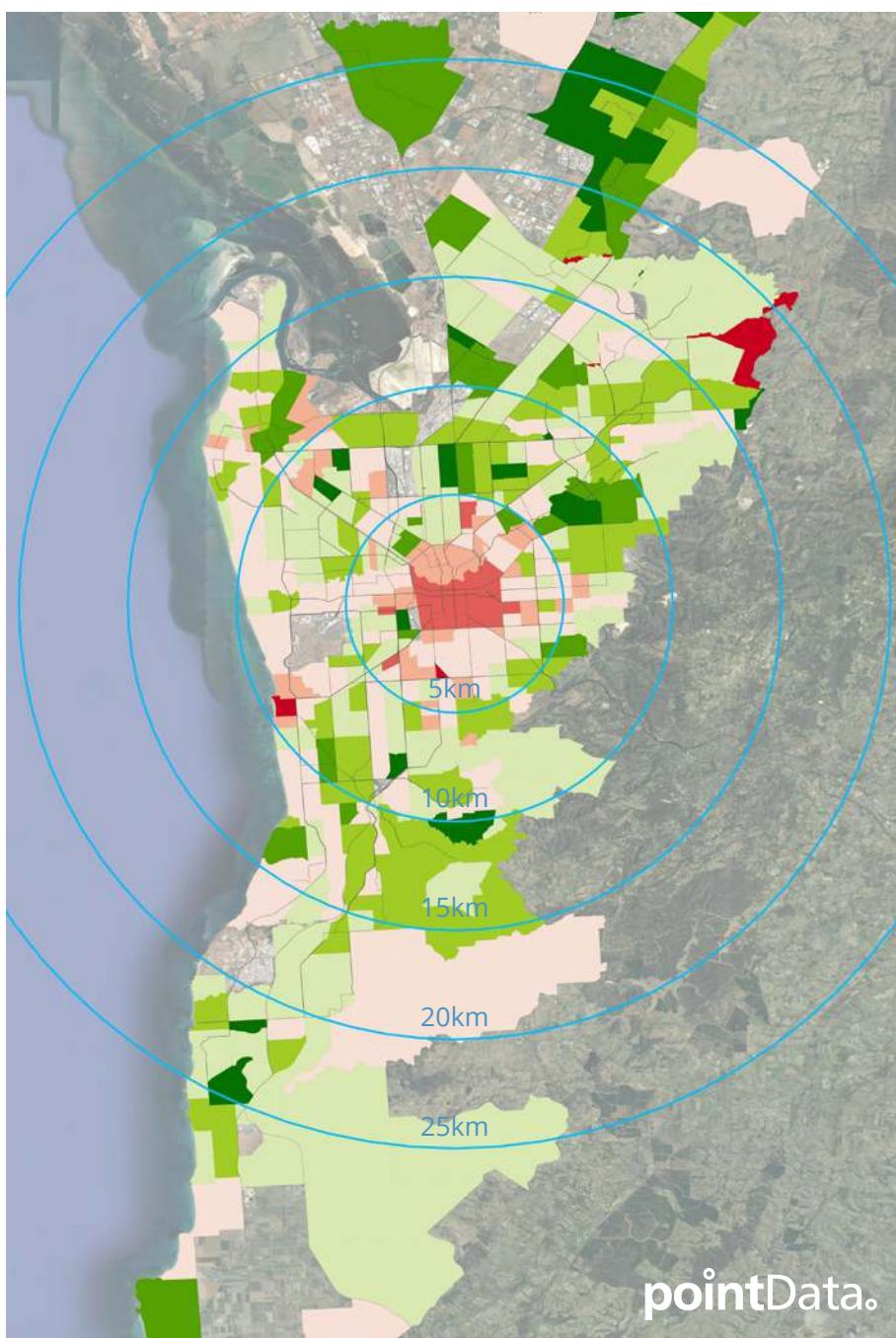
The associated map shows the number of residential sales across each suburb in the past year. It is important to note that suburbs vary in size and therefore vary in the number of dwellings within each. As such, there is the potential for large variations in the number of sales.

As discussed previously, sales activity across metropolitan Adelaide has reduced over this period. There is not one particular region that was responsible for the reduction in sales, with the distribution of high and low sale areas being relatively random.

The area generally considered to be the middle ring which constitutes 10-20 kilometres from the CBD has seen the highest number of sales. The balance between affordability and proximity to the CBD is once again proving to be a key driver in the minds of buyers. Areas from 20 kilometres onwards are also showing high numbers of sales with the relatively low price points ensuring they are always accessible to the full breadth of the market.

It comes as little surprise that the areas within 5 kilometres of the CBD (and to a lesser extent within 10 kilometres) remained tightly held. These are the areas with the highest price points and therefore have a much smaller pool of people that can afford the properties.

## SALES ACTIVITY COMPARISON



|          |          |
|----------|----------|
| 7% plus  | 3% to 4% |
| 6% to 7% | 2% to 3% |
| 5% to 6% | 1% to 2% |
| 4% to 5% | 0% to 1% |

### TURNOVER SINCE NOVEMBER 2020 BY SUBURB

The associated map shows the sales turnover in the past year. It provides a different outlook on the rate of sales as it is calculated on a per-dwelling basis, ensuring small suburbs aren't out-weighed by larger suburbs.

It is immediately clear that the majority of metropolitan Adelaide has a turnover rate less than 7%, where the average sits at 4.6%. Once again the CBD proves to be an area that is not seeing many changes of ownership. There are multiple reasons for this chief of which being the reduction in the demand typically associated with international students.

Areas with a continual stream of new properties coming to the market such as Lightsview show a high turnover rate. Simply put, this is because property is being built to be listed immediately, rather than retained. In comparison, suburbs with established properties such as the inner-south and east have properties at high price-points that are rarely subdivided or redeveloped, ensuring a low turnover rate.

It is noteworthy that the pattern observed previously of there being larger amounts of sales in the middle and outer-rings than in the inner-ring also proves true when it comes to turnover. While not as stark is still evident that the suburbs closer to the CBD remain more tightly held than their further-afield counterparts.

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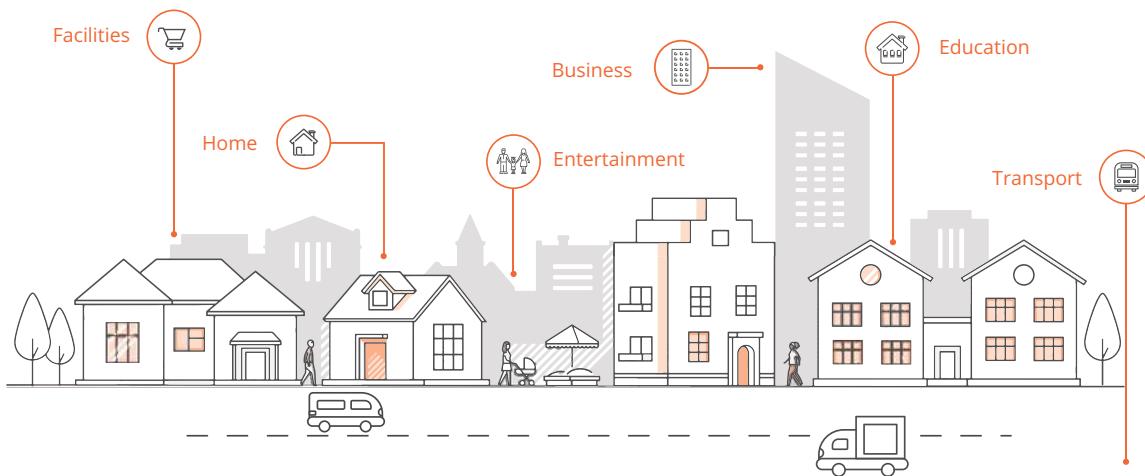
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## POINTDATA AND LAND ECONOMICS

### VALERI

Valeri is our revolutionary property value and development potential intelligence platform. Valeri uses AI machine learning to constantly analyse city-specific data sets, including sales data and unique proprietary layers, to learn patterns and predict land and property values. What sets Valeri apart is her ability to convert difficult to value qualitative factors such as planning, property and market attributes into an equivalent dollar value. Valeri, combined with PointData's analytical expertise and local knowledge can help you identify opportunities in the Adelaide Real Estate market.



### HOW DO WE CALCULATE PROPERTY PRICE TRENDS?

Property price trends are calculated by applying rolling medians for a given period and region to smooth out short-term fluctuations and highlight longer-term trends or cycles. Rolling medians and averages are commonly used to predict trends in property and share markets.

The data presented in this report focuses only on house prices, excluding units and apartments. However, houses come in a range of shapes and styles and on land parcels large and small. We present the average pricing and trends for small areas as indicators of the local market activity in the region.

For a 3-month rolling median to December 2020, PointData calculate the average of the three, 12-month periods to October, November and December 2020, for the subject SA1 region. PointData also applies our unique Dynamic Neighbourhood Scaling process to grow the area of influence surrounding each property irrespective of arbitrary boundary or suburb constraints. This ensures the model draws on a statistically significant sample of comparable sales while keeping the subject SA1 at the centre of the sample area.