



Herron
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Independent Property Advisors

Westpac

PROPERTY REPORT

South Australia



Hotspots!

In this edition of the Westpac/Herron Todd White Property Report we focus on 'hotspots' – locations around the nation that offer strong potential for capital growth amid cooler market conditions.

Purchasing a property that delivers strong capital growth is the holy grail for both owner occupiers and investors. But it's a feat that's not easily achieved. History tells us that a well chosen, well priced property in a desirable location will grow in value over time. This is part of the appeal of bricks and mortar as an investment.

But 'hotspots' are quite different. They offer a chance to outperform the market, delivering turbo-charged returns and superior gains – often at a more rapid pace than the rest of the market. As this report reveals, even in today's quieter market, there are plenty of locations across the nation that can rightly be described as hotspots.

The Surat Basin and coastal Gladstone are two Queensland hotspots where extensive mining activity is expected to underpin significant population growth. We caution, however, that speculation about growth in these areas hinges on the completion of key mining projects, and as we've seen in the past these can be quickly shelved for a variety of reasons.

In New South Wales, Sydney's Norwest corridor is expected to enjoy significant price growth as families head for the amenities and lifestyle of the area. Further afield, several suburbs within Newcastle and the Illawarra are undergoing rapid gentrification, and together with strong transport links, these areas should perform well.

The Darwin market, which has experienced astonishing price growth in recent years, offers a different type of hotspot. Today's buyers are urged to look for areas delivering long term growth rather than the overnight gains of the past. We identify several Darwin hotspots including Bees Creek and Rapid Creek that meet this criteria.

And in Victoria and Tasmania, a number of inner city suburbs offer strong potential for capital gains supported by proximity to transport links and facilities, and in some cases strong demand from recent immigrants. In Melbourne, the suburbs of Noble Park and Broadmeadows are worth a look.

Heading south, inner city Hobart and Launceston provide strong opportunities for capital growth in Tasmania as the state's residents embrace cosmopolitan living assisted by developments of CBD apartments – a feature once lacking from these markets.

In Perth, key indicators suggest the market is poised for an upswing, making now a good time to buy. Suburbs like Cottesloe and Shelley satisfy the great Australian love of the water, and along with trendy Mount Lawley offer strong potential for future gains.

I hope this edition of the Westpac/Herron Todd White Property Report helps you identify a suitable hotspot.

Brendon Hulcombe

Chief Executive Officer, Herron Todd White

South Australia

It's not easy to be too specific in nominating Adelaide's 'hotspots' in terms of residential property. Over the last ten years the entire market has been strong and has not exhibited the significant highs and lows that have been reported in other Australian States.

Adelaide has shown very consistent capital growth over the medium to long term. This makes metropolitan Adelaide a fairly safe bet as an investment proposition. This is underpinned by traditionally low rental vacancy rates and little fluctuation away from generally one or two percent vacancy factors that have been evident over the last decade.

Wattle Park/Stonyfell

The Wattle Park/Stonyfell area is located just eight kilometres from the Adelaide CBD. It offers a pleasant foothills environment with the appeal of city views. Many properties offer larger allotments, and the area's predominantly older dwellings provide opportunities for renovation/upgrading to enhance capital value.

The area is close to established, popular retail areas including Burnside Village and Norwood Parade, and features a selection of nearby quality primary and secondary schools that will appeal to families. Further amenity is provided by well-maintained parks and public playgrounds.

The Wattle Park/Stonyfell area currently commands average home prices in the vicinity of \$760,000, which could rise to \$990,000 or top the 1 million dollar barrier over the next five years.

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Mount Barker

Mount Barker provides a pleasant 'hills' environment with a country feel despite relatively easy access to the Adelaide CBD via the South Eastern freeway.

The suburb features a number of new housing developments comprising high quality dwellings. Additional land is available for development though this remains a contentious issue for current residents of the area. Mount Barker has good local services, which are increasing to meet growing demand.

Established houses in the area should increase in value, and the current median home price of around \$370,000 is likely to rise to about \$480,000 or more by 2015.

Henley Beach

Located just 12 kilometres from the Adelaide CBD, Henley Beach is popular for its safe suburban beaches and laid back lifestyle. The suburb has seen plenty of development in recent years including the Henley Square entertainment and lifestyle precinct. Median home values in Henley Beach are presently around \$540,000 and this could rise to about \$680,000 by 2015.

Mount Barker provides a pleasant 'hills' environment with a country feel despite relatively easy access to the Adelaide CBD via the South Eastern Freeway.



Bowden

Transport friendly Bowden has been designated by the South Australian government as a Transit Oriented Development. Bowden's city fringe location is further enhanced with a renewed focus on public transport including a new tramline extension to the suburb, which was completed in mid-2010. There has also been a proposal for the upgrading of existing train line facilities. Together this should encourage a further upgrade of surrounding infrastructure and increase the popularity of the area.

An interesting feature of Bowden is 'Bowden Village', a 10 hectare site formerly owned by Clipsal. The site is earmarked for redevelopment as a residential village incorporating medium to high density residences.

Median values in Bowden are currently around \$496,000, a figure that could rise to as much as \$645,000 by 2015. That increase could be significantly better depending on the success of the planned residential redevelopment that is imminent.

Source: Herron Todd White

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HERRON TODD WHITE
WESTPAC PROPERTY REPORT
SOUTH AUSTRALIA
OCTOBER 2010