

Westpac

South Australia

Property Report – July 2016



**HERRON
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RESIDENTIAL**

National Overview

The lowest home loan interest rates seen in generations, restrictions on investment lending and softer market conditions across some state capitals are creating the ideal opportunity for first home buyers to get that all-important foot on the real estate ladder. There is a range of approaches first home buyers can take to get there.

Inner-city apartments – affordable and convenient

Opting for a unit rather than a house is often a more affordable option, and inner-city apartment developments offer a combination of convenience and low-maintenance living, with a wealth of amenities.

In Perth, a number of apartment complexes are being developed in and around the city centre as part of the state government's Directions 2031 and Beyond initiative designed to address urban sprawl. One-bedroom apartments in The Springs at Rivervale, for instance, start in price at around \$350,000.

In Melbourne, 2-bedroom apartments in inner-city Docklands and Southbank are selling for around \$600,000, though an increasing supply means buyers should be wary of limited capital growth prospects in the near term.

The concept of a 'first home' is changing

First home buyers have traditionally opted for houses in new estates in the outer suburbs. This is still a budget-friendly strategy, and there is a wealth of new estates especially targeted at first home buyers on the fringes of most state capitals.

However, in some areas – notably Sydney, the nation's most expensive property market – new estates are offering dwellings that are more compact than traditional homes, often on smaller lots to enhance affordability.

The growth zones around Leppington in the south-west and Marsden Park to the north-west of the Sydney CBD often feature semidetached duplexes or townhouses on parcels of land comprising 300 square metres. Here vacant land can start in price at \$350,000, with completed homes priced from around \$650,000.

Similarly, in Darwin's satellite city of Palmerston, newly developed suburbs such as Zuccoli offer vacant land priced from just under \$200,000.



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Growth potential matters

First home buyers need to be mindful not just of affordability but also of a property's capital growth prospects, and this largely hinges on location. The strategy of buying in a suburb where prices are more affordable than neighbouring areas can give first home buyers value today plus a head start on future price appreciation.

In Adelaide, for example, the outer suburb of Morphett Vale is considerably more affordable than the neighbouring towns of Flagstaff Hill and Hallett Cove. Yet it offers similar access to shops and community facilities, and local values are likely to benefit from the duplication of the Southern Expressway.

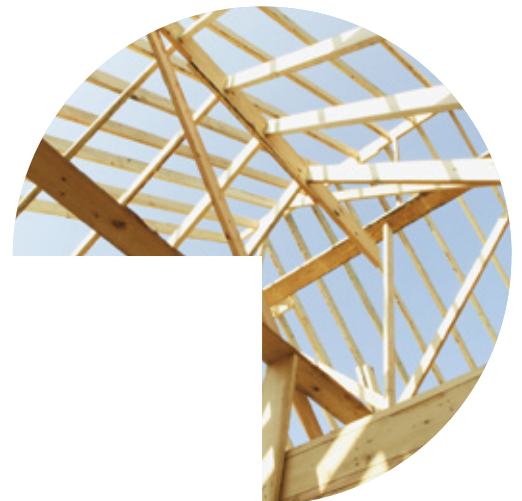
In Brisbane, the southern suburb of Algester offers a price point below \$500,000 while providing the same amenities as neighbouring Sunnybank Hills, where prices are much higher.

First home buyers in Tasmania enjoy a unique position. Not only is the state's property market considerably more affordable than markets in much of mainland Australia, the state government is offering a \$20,000 First Home Builders Boost to first timers who buy or build a new home.

The conundrum facing first home buyers in Tassie is whether to select a new home or purchase an established dwelling – often for a similar price – which could potentially deliver superior long-term gains. Undoubtedly first home buyers in other parts of the country would agree it's not a bad 'problem' to have.

Brendon Hulcombe

CEO - HERRON TODD WHITE



South Australia

Adelaide

Adelaide has defied the trend in some other mainland markets to deliver capital gains of 3.9% over the year to May 2016. However, as it is one of Australia's more affordable markets, first home buyers in Adelaide still enjoy plenty of value for their home-buying budget.

Southern suburbs offer value buying

Morphett Vale, in the southern suburbs of Adelaide, provides an affordable entry point for first-time buyers. It is situated approximately 25 kilometres south of the Adelaide CBD and is well served by extensive shopping and community facilities.

Homes in Morphett Vale are reasonably priced, with a median value of \$299,000. The suburb comprises a mix of dwellings from the 1960s to the 1990s, with a number of recently constructed infill developments.

Like Morphett Vale, the adjacent suburb of Woodcroft, with a median price of \$365,000, has benefited from the duplication of the Southern Expressway, which has cut commute times to the city centre. Newer homes on larger allotments are selling in the \$450,000 to \$600,000 price range; however, first home buyers can pick up courtyard-style dwellings and older homes priced in the low \$300,000s.

Both Morphett Vale and Woodcroft may be more suited to buyers working in the southern suburbs. And as Woodcroft provides newer housing, it may appeal to first home buyers who aren't aiming to add value through a refurbishment. Nonetheless, both locations are affordable alternatives to nearby suburbs with higher price tags, such as Flagstaff Hill (median house price of \$413,000) and Hallett Cove (median house price of \$405,000).

Access to Morphett Vale and Woodcroft has been improved since the duplication of the Southern Expressway, and work has recently commenced on the Darlington Road upgrade, which will improve access for vehicles exiting the Southern Expressway. The impact this upgrade will have on property values in the southern suburbs is unknown but it is likely to be positive.



Northern suburbs: Hope Valley and Birkenhead are worth a look

In Adelaide's northern suburbs, Hope Valley, 14 kilometres north-east of the CBD, comprises homes from the 1960s and 1970s, and some more modern infill developments. The area has numerous shops, including Westfield Tea Tree Plaza in neighbouring Modbury, and an abundance of public transport routes.

With a median house price of \$382,000, Hope Valley provides a more affordable alternative to nearby suburbs such as Athelstone and Dernancourt, which both have fewer properties available in the under-\$500,000 price range.

Hope Valley is appealing to first home buyers as it provides quality housing stock in a well-serviced area offering proximity to local parks. And it's equally well suited to families, single first home buyers or couples.

Fourteen kilometres to the north-west of Adelaide, Birkenhead offers proximity to Port Adelaide and the beach. The area was developed from the late 1880s through to the early 1900s and features many workers' cottages, which have been refurbished and modernised. Recent years have seen increasing construction of newer homes. The suburb's current median price is \$365,000.

Birkenhead is adjacent to a local passenger railway line and is close to Largs Bay and the popular Semaphore Road precinct, which provides retail facilities including specialty shops, and cafes. The suburb's affordable prices are seeing Birkenhead grow in popularity, and it is an appealing area for first home buyers seeking a renovation project or a newer, low-maintenance dwelling that offers better value than surrounding suburbs.

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