

PROPERTY MARKET UPDATE

REGIONAL SOUTH AUSTRALIA

MARCH 2024



REGIONAL SOUTH AUSTRALIA SNAPSHOT

Home Value Index March 2024

The change in house and unit values to end of March 2024 is recorded at:



HOUSES



UNITS

Quarter

3.4%

0.6%

Annual

9.8%

7.3%

Annual Dwelling Sales March 2024

8,091

-4.2% lower than one year ago.

-2.5% below the five-year average.



-3.5%

HOUSE SALES



-14.5%

UNIT SALES

Source: CoreLogic

The regional South Australia market continued to see dwelling prices trend higher in the first quarter of 2024, gaining a further +3.3% to reach new highs. The regional South Australian property market is a clear standout (along with regional Western Australia and regional Queensland) amongst all regionals locations and continues to record increases against a backdrop of restricted levels of supply.

The regional South Australian market gained a further +1.1% in March, continuing a run of gains which commenced in September 2022. Regional South Australia currently sits +56.2% higher than at the commencement of COVID-19 and continues to climb to new peaks.

Regional South Australia housing is trending higher, but at a milder rate of growth relative to Adelaide on a quarterly and annual basis, with dwelling values in regional South Australia sitting up +9.7% over the last twelve months versus Adelaide up +13.3%. Nationally, the housing price index (HVI) posted a broad-based rise with a gain of +0.6% for March which was on par with February's result. The

current upswing in housing values signals the fourteenth consecutive month of growth. Capital city housing market conditions remain diverse, however all capital cities and rest-of-state regions recorded gains in dwelling values over the month (with the exception of Darwin where the market eased -0.2%, regional Victoria which eased -0.2% and Melbourne which remained unchanged).

Strong demand-side pressure attributed to surging immigration with 117,300 new arrivals (equating to an annual increase of +1.4%) into regional Australia (according to the ABS figures to September), supporting price growth in regional markets. Despite the headwinds of a higher interest rate environment and worsening affordability in the nearer term, the median term outlook for regional South Australia is anticipated to see continued growth as interest rates come down.

Positive tailwinds including moderating inflation and improving consumer confidence are also contributing to market expectations of a cut in rates later in 2024.



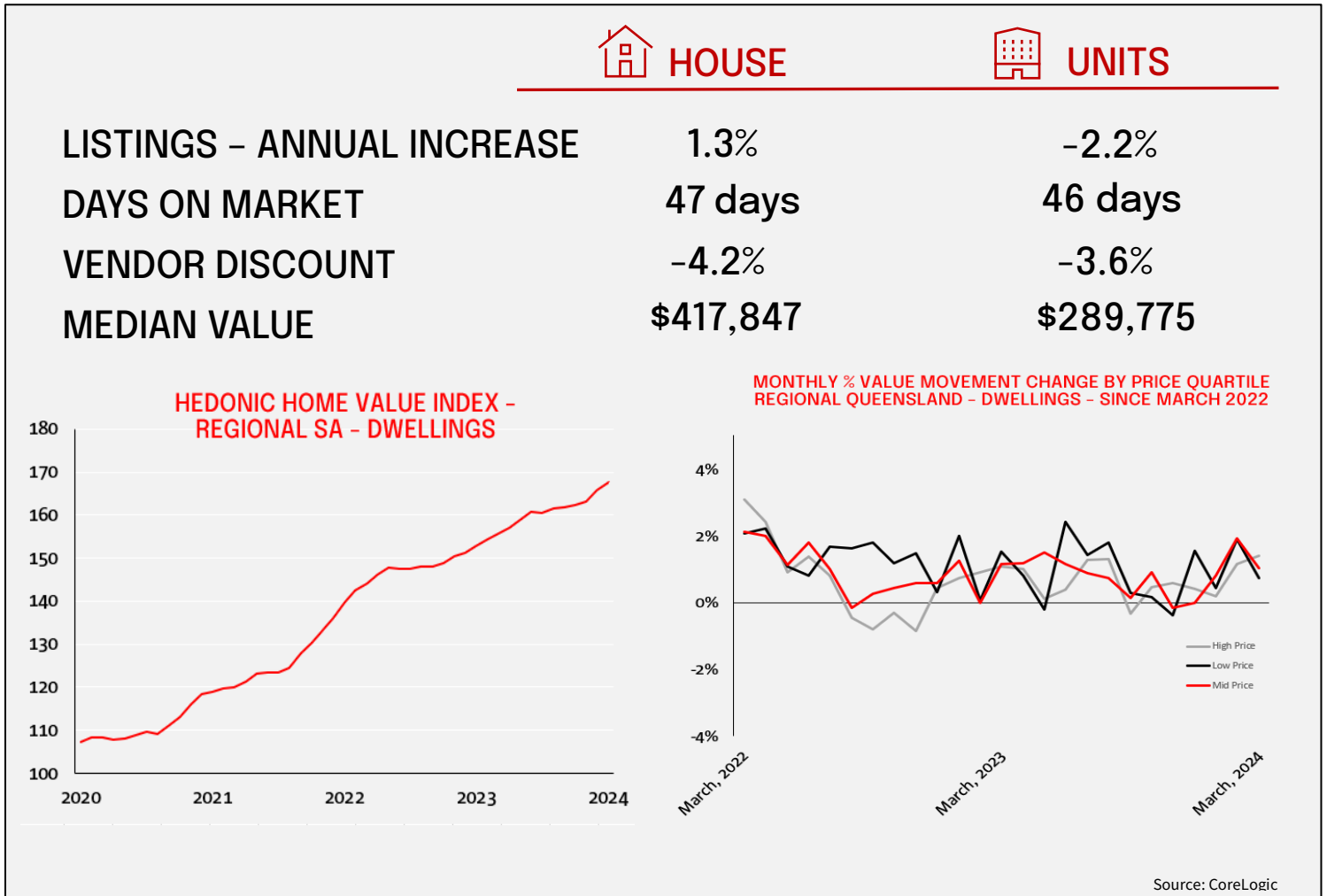
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MARKET CONDITIONS



Market movements remain relatively buoyant across all quartiles in the regional South Australia market, with all market segments continuing to post gains. The trend on a quarterly basis is a positive one, led by the middle-price segment which recorded a gain over the March quarter of +3.7% followed by slightly less pronounced gains within the lower and high-price quadrants of +3.1% and +2.8% respectively over the same time period.

The main drivers for dwelling values in the regional South Australia property market remain primarily due to the shortage of available stock, future direction of interest rates, sale of properties (investment and secondary) and concerns

surrounding affordability of property which is seeing more purchaser activity in the lower price points and lower-priced properties such as units and townhouses.

Positive tailwinds for the regional South Australia market however include continued rising rental yields, increasing rental market strength and strong migration. Australia's population increased by 2.5% for the year ending September 2023, the fastest rate of growth since the ABS commenced the national population series in 1981. Given the fundamentals of housing demand and supply remain out of balance, upward pressure on the cost of housing is set to continue to influence housing markets in regional South Australia and nationally.

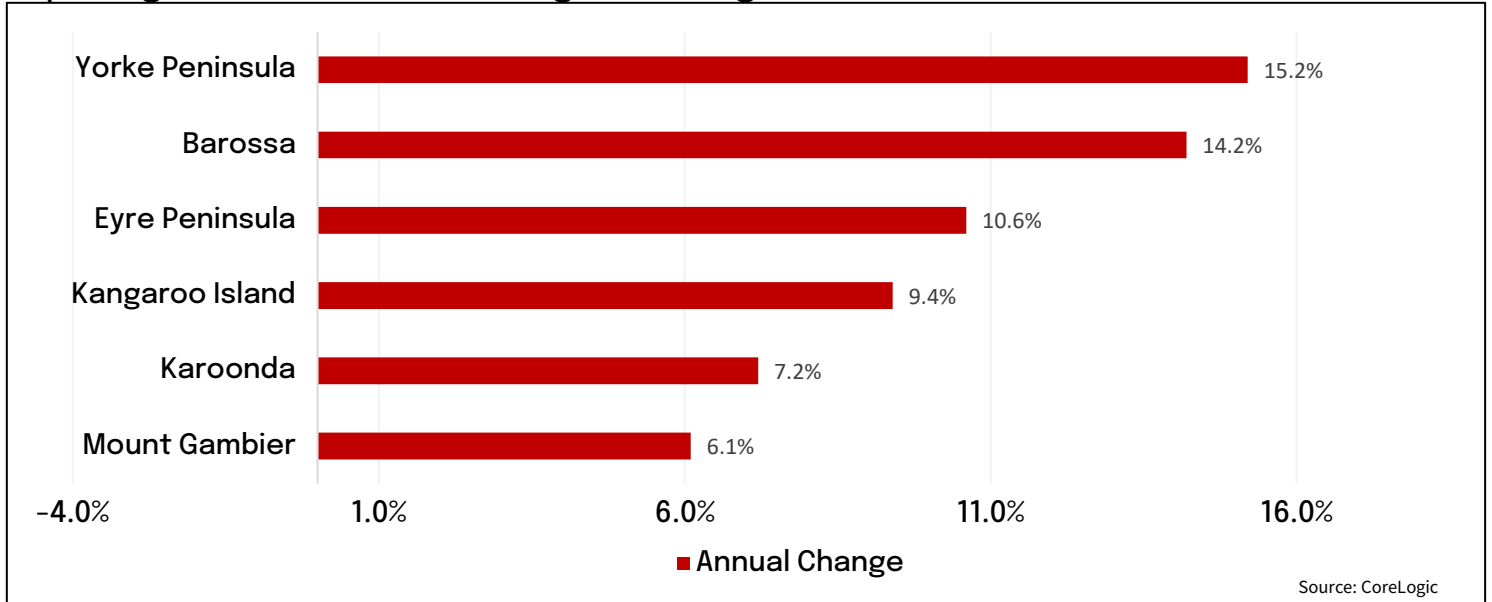


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Top 6 Regional Towns Annual Change - Dwellings



Key highlights and trends surrounding each of the Housing, Unit and Rental Markets being seen include:

- The strong improvement seen in March saw regional South Australia house values increase by +1.1% across the month and up +3.4% for the quarter. On an annual basis, house values ticked up +9.8% higher, one of five regions together with regional Queensland, regional New South Wales, Regional Tasmania and regional Western Australia, to record gains. The median house value remains above the \$400,000 benchmark at \$417,847.
- In comparison, the unit market has reflected a similar trend, albeit at a milder pace recording a gain of +0.6% in the March quarter compared to the housing market. The unit market benefits from greater affordability, incentives for first home buyers, as well the normalisation of local and international migration. Despite making up a smaller portion of sales activity overall, the median unit value in regional South Australia remains just below the \$300,000 benchmark at \$289,775 and sits +7.3% up on an annual basis.
- The rental market continues to see vacancy rates remain tight at near record lows, now a combined 1.2% across regional Australia. The low vacancy rates place upward pressure on rental values and as such it is likely rental demand will remain buoyant. With regional South Australia recording a gross annual rental yield of 4.9% and rents in regional South Australia having increased by 9.6% over the last twelve months, the outlook for investors is a positive one.



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RECENT SALES ACTIVITY

Mount Gambier Region

39 Coolabah Street, Mount Gambier



The sale property comprises a fully renovated, neat and tidy, 1961-built, four-bedroom, one-bathroom low-set rendered brick dwelling of 129 square metres on a standard 734 square metre lot. Ancillary improvements include concrete driveway, alfresco area, landscaped yard and undercover parking for three vehicles. The property was recently offered for private sale through a local agency in mid-January with a list price guide of between \$450,000 and \$469,000 provided. After 40 days on the market, the property was sold for \$462,000 on 1st March.

Whyalla Region

19 Billing Street, Playford



The sale property comprises a fully renovated, good quality, well-presented 1971-built, four-bedroom, two-bathroom, single-level dwelling of 205 square metres on a standard 786 square metre lot. Ancillary improvements include alfresco areas, landscaped yard, shed and undercover parking for three vehicles. The property was recently offered for private sale via through a local agency in late-December with no list price guide provided. After 78 days on the market, the property was sold for \$490,000, on 28th March.

Victor Harbour Region

39 Islander Drive, Encounter Bay



The sale property comprises a well-presented fully renovated, 2004-built, three-bedroom, two-bathroom low-set single level dwelling of 157 square metres on a 423 square metre canal front lot. Ancillary improvements include paved driveway, alfresco area, deck, landscaped yard, pontoon and undercover parking available for two vehicles on site. The property was recently offered for private sale through a local agency in mid-September with no listed price guide provided. After 129 days on the market, the property was sold for \$926,000, on 18th March.

Disclaimer – The information contained in this publication is gathered from multiple sources believed to be reliable as at the end of March 2024 and is intended to be of general nature only.

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