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Adelaide

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Slower growth in owner-occupier market - investors up

Report source: Real Estate Institute of South Australia media release: 12 February 2014 www.reisa.com.au

The Real Estate Institute of Australia (REIA) says the latest housing finance figures released by the Australian Bureau of Statistics (ABS) show, in trend terms, the slowest growth of the owner-occupied market for the last twelve months to December 2013.

Housing finance figures for December 2013 show, in trend terms, that the number of owner-occupied finance commitments rose by 0.3%, following increases of 0.5% in October and November.

This is the lowest monthly increase, in trend terms, since December 2012.

If refinancing is excluded, in trend terms for December, the number of owner-occupied finance commitments increased by 0.6%.

REIA President, Peter Bushby says, "Increases were recorded in New South Wales, Queensland, Western Australia and Tasmania, with New South Wales having the biggest rise, up 1.0%. The Northern Territory's fall of 2.0% was the country's largest."

"In trend terms, the number of commitments for the construction of new dwellings climbed 1.1% and the purchase of established dwellings went up 0.3%," Mr Bushby continued.

"However the purchase of new dwellings fell by 1.1%."

Investors continue their strong presence on the market with the value of investment housing commitments increasing 3.0%, in trend terms in December, resulting in almost three years of consecutive monthly increases.

"The proportion of first home buyers in the number of owner/occupied housing finance commitments rose from its historically lowest point of 12.3% in November 2013 to 12.7% in December 2013.

The figure is alarmingly lower than the long-run average proportion of 19.9%, despite eight interest rate cuts since November 2011."

"December 2013 results highlight the need for Government to act on housing affordability and to stem the rapid decline in the number of first home buyers," concluded Bushby.

HIA: Govt must release CBD/Greenfield development costs

Report source: Housing Industry Association media release: 10 February 2014 www.hia.com.au

The Housing Industry Association (HIA) calls for the State Government to urgently release a study that compares the cost of CBD and greenfield development.

HIA Regional Executive Director for South Australia Robert Harding said "HIA is disappointed that the research has not been provided to the industry, including HIA, which represents both infill and greenfield development".

"A briefing including the terms of reference for this study, who undertook the work and how it was conducted, at the very least, would have been appropriate" he said.

Mr Harding said it was important that the industry and community be given the opportunity to view the whole report – not just the limited information that has been provided to the media.

"If the findings of this research are significant and will inform future government policy, then it must be accessible to all and provided in an open and transparent way for external evaluation," he said.

"Central to our concerns are that the research appears to conflict with what we know.

"Apartments, for example - as the Productivity Commission Report into the cost of housing found - can cost double per square metre than a detached house.

"Likewise, retrofitting infrastructure to accommodate city growth can be costly.

"That's why the HIA needs to review this research, understand how it has been conducted and how its conclusions were drawn."

Mr Harding said development "should not, and cannot, be either all infill or all greenfield.

There must be balance," he said.

"With less than 15% of people working in the city, South Australia cannot afford to solely focus on infill.

"The Government's own 30-Year Plan has a mixture of both infill and greenfield to ensure all South Australians have choice."

Mr Harding said the price of a home in Adelaide, is on average, made up of 39% tax, charges and levies – around $160,709 of a house and land package.

"These taxes already fund infrastructure and services in growing communities," he said.

Residential developer selected for Tonsley

Report source: Government of South Australia media release: 13 February 2014 www.premier.sa.gov.au

The State Government has chosen CIC Australia Limited (CIC) as preferred developer for a new residential and mixed-use precinct at Tonsley.

The announcement comes after an Expressions of Interest process which sought applications for the development of the 11-hectare site, which is part of the current transformation of Tonsley into a world-class, collaborative and high-value industry, education and residential precinct.

Housing and Urban Development Minister Tom Koutsantonis said CIC had an outstanding track record in delivering innovative design, housing diversity and affordable housing, as demonstrated at the award-winning Lightsview joint venture in Adelaide's North East.

"The new Tonsley residential precinct will be home to about 1200 people with supporting retail and services which provide a unique opportunity to connect with established business, industry and education institutions," Mr Koutsantonis said.

CIC Chief Executive Officer Col Alexander said the opportunity to again partner with Renewal SA and the Department of Manufacturing, Innovation, Trade, Resources and Energy was a fantastic prospect.

"CIC has been developing in South Australia for the past 10 years and being chosen to partner with Renewal SA is another major achievement which reflects our ongoing commitment to the SA economy," Mr Alexander said.

"We will be working very closely with South Australia's building industry to deliver innovative design and housing products across the project."

The State Government will now commence work on developing a detailed master-plan for the residential precinct at Tonsley with the intention of entering into a development deed later in the year.

The 61-hectare Tonsley site is located 10 kilometres south of Adelaide's central business district.

Employment projections are expected to total 6300 during the life of the project and the site will accommodate 8500 students each year.

Today's announcement comes as the Premier Jay Weatherill yesterday announced that Basetec Services, Signostics Limited, Zen Industries and MAN Diesel and Turbo Australia have also committed to establishing themselves at the $253 million advanced manufacturing hub.

They will join TAFE, Flinders University, Tier 5 and Siemens.

HIA: Building approvals provide promise for 2014

Report source: Housing Industry Association media release: 03 February 2014 www.hia.com.au

Residential building approvals for South Australia softened during December but still rounded off a strong year said the HIA, the voice of Australia's residential building industry.

"During December, residential building approvals fell by 13.7% across all segments of the residential building industry", said "Robert Harding, SA Regional Director.

However, the fall in December must be seen in the light of the fact that the figures for November were up by 24.4% on the previous month's figures.

On a more promising note, the figures for detached housing were up by 2.9% in December and the decline in numbers was mainly contributed to by the fall in multi-unit developments.

As the effect of the State Governments residential construction grant flows through the construction process, much more emphasis is placed on the planning process to improve the rate of land release development and infrastructure funding to maintain the impetus which low interest rates incentive payments and the like provided for 2013.

An increase in housing activity has much to recommend itself to the Government particularly in South Australia where we are facing a prolonged period of transition as a result of the decline of the manufacturing sector and the failure of the mining sector to produce the increases in employment and productivity which was once expected.

REISA : Sales results for Adelaide metro

Report source: Real Estate Institute of South Australia media release: 13 February 2014 www.reisa.com.au

The South Australian property market ended 2013 on a positive note with good indications that the upswing will continue into 2014, according to the Real Estate Institute of South Australia.

Commenting on the release of the Valuer General's median house price data for the December quarter, REISA President, Mr Ted Piteo, said that the median house price for Adelaide had shown an encouraging rise of 3.29% from $395,500 to $408,000 over the 12 month comparison.

"This is the first time in almost three years that the median price has crossed the $400,000 threshold.

"This is a great result, particularly when coupled with the increase in volume of sales over the last three months"

In the December quarter, 4, 314 house settled across the Adelaide metropolitan area, while 12 months ago, the same quarter saw 3,786 houses settled.

Across the entire State, 714 more properties were sold compared to the same period last year.

Over the entire year, there were almost 2,000 more settled sales in South Australia than in 2012.

"These figures clearly show that more buyers are entering the market and that vendors are being more realistic in their pricing.

"This is a good sign because pricing needs to be more accurate and transparent than ever given that prospective purchasers now have more access to sales data and internet research tools".

"What is particularly pleasing about the sales figures for 2013 is the fact that these sales volume figures are complemented by a 15 day decrease in time spent on the market along with almost a 1% less vendor discount on the advertised price".

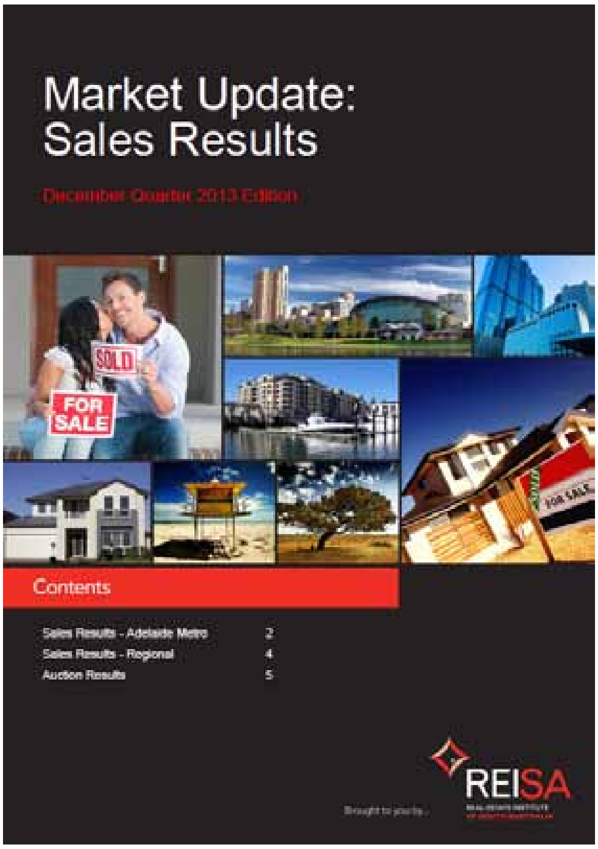
"After a few years of declining sales volumes and ebbing consumer confidence, the market has really bounced back this year" Mr Piteo said.

Suburbs which have seen the largest growth over a 12 month period were Glenelg North, Fullarton and Noarlunga Downs.

These topped the list at 48.63%, 27.27% and 27.14% respectively.

Other big movers included Port Noarlunga and Brighton.

Top selling suburbs in terms of recorded sales over the December quarter were Morphett Vale, Mawson Lakes and Aldinga Beach.



"It is not surprising that increased growth and sales are being seen in beachside suburbs.

"South Australia is renowned for its beautiful beaches and homes that allow easy access to the waves will always be in demand" Mr Piteo said.

More broadly, the quarterly statistics showed that South Australia recorded growth of 2.74%, compared to the same quarter last year.

The unit and apartment market remained relatively stable with a modest increase in the median price moving up from $305,000, to $309,000 representing an increase of 1.31%.

"2013 has provided the real estate industry with a good dose of optimism moving forward.

"All the key indicators are pointing to the upswing continuing into 2014.

"The new sales legislation will make the real estate process even more transparent than ever and this is great for consumers who are looking to invest in the biggest asset they will ever own" Mr Piteo said.

Medium density property approvals increase in SA

Report source: Real Estate Institute of South Australia media release: 19 February 2014 www.reisa.com.au

Medium density properties, notably apartments, townhouses and semi-detached homes, saw an increase in approvals during 2013 in South Australia, which could be great news for those interested in purchasing investment properties in the state.

The latest Housing Density Report from Bankwest found there were 24.5% of housing approvals across the region during the last 12 months - an increase from 19.7% duirng 2012.

This could be due to the increasing population being seen across the nation, with many people turning towards smaller apartments for accommodation in the future.

Some great real estate advice could be to purchase these properties at the moment, ahead of the incoming population boom expected to grip the nation over the coming years, allowing investors to bolster their property portfolios and cement a place in the growing market.

"Australians' appetite for medium density housing is steadily outstripping stand-alone homes.

"Smaller housing options continue to increase in popularity as the population grows and consolidates around Australia's capital cities," said Bankwest Executive General Manager Mark Reid in a February 18 statement.

Nationally, the trend has been similar. Since 1985, the proportion of medium density dwelling approvals have annually averaged 30.6% of the total new housing approvals.

However, this figure jumped to 40.1% over the last two years, signalling a returning strength to the unit market in Australia.

Over the last year, capital cities accounted for 87.1% of the total medium density approvals seen across the country, with regional areas making up the last 12.9%.

Adelaide alone was responsible for 97.5% of the medium density approvals in South Australia, reinforcing the idea of an increasing population in metropolitan centres throughout Australia.

This could be great news for potential investors looking into South Australia as a potential investment opportunity, especially in the capital city area.

Increasing capital city values good for real estate industry

Report source: Real Estate Institute of South Australia media release: 05 February 2014 www.reisa.com.au

The latest RP Data-Rismark Home Value Index report found an overall increase in the value of capital city properties over the last 12 months, which could be great news for those with real estate careers or anyone undertaking real estate training.

According to the report, there has been an overall value increase of 2.7% over the last three months ending in January and overall growth of 13.2% since the beginning of the current growth cycle, which started in June 2012.

Furthermore, capital city prices are now 4.8% higher than their previous peak in October 2010, indicating a return to a strong real estate market across the nation.

With regards to South Australia, Adelaide experienced a 1.6% increase in property values during the last three months, with 2.5% growth over the last year.

RP Data Research Director Tim Lawless said this growth is likely to dampen any thoughts towards the Reserve Bank of Australia's (RBA) decision to raise the official cash rate.

"Together with the higher than expected inflation reading and a lower Aussie dollar, the sustained growth in dwelling values is another factor the RBA is likely to consider when deliberating on any movement in the cash rate," said Mr Lawless in a February 3 statement.

Furthermore, Rismark's Chief Executive Officer Ben Skilbeck said that an increase in positive consumer sentiment was leading to this growth across the nation.

"Growth in outstanding housing borrowings has increased meaningfully from its lows.

Most noticeable is investor borrowing which for the calendar year 2013 grew by 7% compared to 3% in 2011," said Mr Skilbeck in a February 3 statement.

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