

# Regional SA Residential Insight

Q4 2023

Knight Frank's quarterly analysis of mainstream sales and rental housing markets in Regional South Australia (SA)

[knightfrank.com.au/research](https://knightfrank.com.au/research)

## House price and rental growth sustained in past quarter

▲ When compared to other regional areas of Australia, Regional SA saw the best improvement in house sale transactions annual growth and the strongest price change over the past twelve months.

### THE ECONOMY

The South Australia (SA) economy grew by an estimated 4.2% in 2022, with a forecast of 2.0% in 2025 (Oxford Economics). While unemployment in September 2023 was 3.1% across Regional SA (ABS).

### LENDING ENVIRONMENT

New household loan commitments across SA were down by 15.7% in the year to September 2023, lower than the 10.0% change recorded the previous year.

The number of lending commitments to owner occupier first home buyers in SA fell by 10.9% in September 2023, compared to 10.0% a year earlier. This first home buyer group represented 21.2% of all SA owner occupier loans in September 2023 (ABS).

The official cash rate was last set by the Reserve Bank of Australia at 4.35% on 5 December 2023.

Oxford Economics forecast the official cash rate towards an average rate of 3.85% by the end of 2025.

### NEW BUILDS

Annual building approvals in September 2023 fell by 4.5% to total 12,107 additional dwellings in SA, compared to a fall of 14.6% a year ago (ABS).

### POPULATION

Regional South Australia total population saw 0.6% growth to 403,000 persons in the year to June 2022. The projected population growth to 2032, is lower, at 0.1% per annum. The inner regional areas of SA saw annual population change of 1.4% in 2022, while outer regional SA recorded 0.2% (ABS).

### TOTAL RESIDENTIAL VACANCY

The total residential rental vacancy was recorded at 1.7% in September 2023, rising 23 bps over the past year across Regional Australia (Knight Frank Research).

Generally, 3% vacancy is considered a balanced rental market between supply and demand.

**4.2%**

SA annual economic growth in 2022 with forecast of 2.0% in 2025

**3.1%**

Regional SA unemployment rate in September 2023

**4.35%**

Official cash rate target in December 2023 with forecast of 3.9% in 2025

**-4.5%**

The annual change in SA new household loan commitments in September 2023

**-15.7%**

Yearly change in number of lending commitments to owner occupier first home buyers in Q3 2023

**0.6%**

Regional SA annual population change in 2022 to an estimated 403,000 persons, with 0.1% annual forecast in 2025

# Regional SA Established Houses

- ▲ Strong quarterly house price growth across Regional SA and falling average time on market before sale transaction takes place, indicates sustained solid price growth for remainder of year.

**\$511,000**

Regional SA average house value at the end of September 2023

**6.9%**

The change in Regional SA's average house values in the year to September 2023

**4.4%**

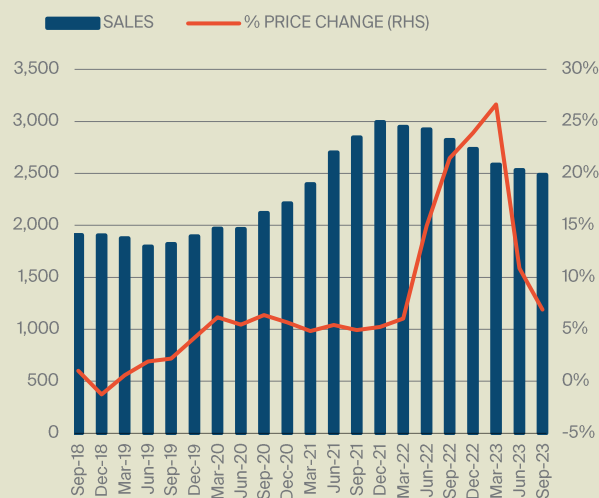
Annual average weekly rental growth in September 2023 across Regional SA houses

## SALES & PRICE PERFORMANCE

- ▲ Sales volume trended down 11.9% in the year ending September 2023, with 2,486 houses across Regional SA.
- ▲ The average days on market for a house was 103 days in September 2023. This was 106 days three months earlier, and 115 days one year ago.
- ▲ House values rose 6.9% in the year to September 2023, while rising by 3.2% over the last quarter to \$511,000.
- ▲ Looking forward, average prices are forecast to rise 8% at the end of 2023, with 4% in 2024 and 3% in 2025, according to Knight Frank Research.

### Regional SA Houses Sales Market

No. annual sales & % annual price growth



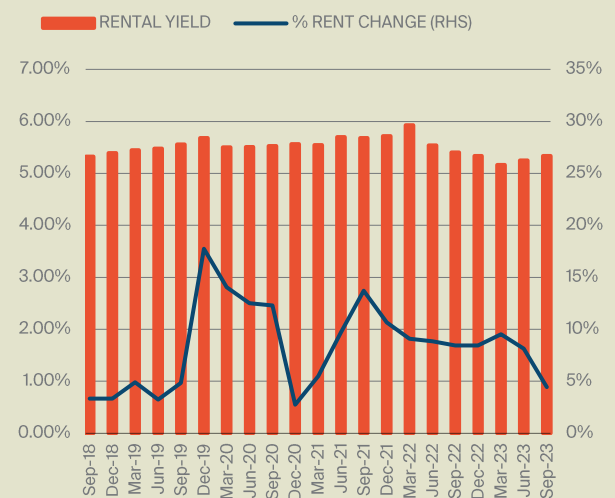
Source: Knight Frank Research

## RENTAL MARKET

- ▲ Gross rental yields compressed 7 bps in the past year, with Regional SA houses averaging 5.33% in September 2023.
- ▲ House rents rose 1.1% in the September 2023 quarter, while being up 4.4% annually, to stand at \$470 per week.
- ▲ Knight Frank Research forecast rents to rise 6% at the end of 2023, with 2% likely in 2024, and 2% in 2025.

### Regional SA Houses Rental Market

Gross rental yield & % annual rental change



Source: Knight Frank Research

# Regional SA Residential Forecast

## Key Drivers Forecast

	2021	2022	2023f	2024f	2025f	Average 2023f-2025f
SA Economic Growth	7.6%	4.2%	1.4%	0.9%	2.0%	0.4%
Unemployment Rate	5.1%	3.7%	3.7%	4.3%	4.3%	4.1%
Cash Rate Target	0.1%	1.2%	3.9%	4.6%	3.9%	4.1%

Source: Oxford Economics

## Regional SA Residential Forecast

	2021	2022	2023f	2024f	2025f	Average 2023f-2025f
Price Performance	5%	24%	8%	4%	3%	5%
Rental Market	11%	8%	6%	2%	2%	3%

Source: Knight Frank Research

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

## Recent Research



Australian Residential Review



Global House Price Index



Adelaide Residential Insight



The Wealth Report



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