

Adelaide Residential Insight

Q4 2023

Knight Frank's quarterly analysis of mainstream residential sales and rental markets across Greater Adelaide

knightfrank.com.au/research

Strong growth trending for Adelaide houses and apartments

▲ Although the established apartment market is smaller than the larger capital cities, Greater Adelaide experienced the strongest price growth over the past twelve months, being attractive on price point for first time buyers and investors.

SALES PERFORMANCE

Across Greater Adelaide, mainstream sales volume trended down 0.8% in the September 2023 quarter with 24,147 residential homes (houses and apartments) sold, after annual sales volume recorded -15.7%.

On average, the days on market for a home was 67 days in September 2023. This was 73 days three months earlier, and 69 days one year ago.

The auction clearance rate at the end of the September 2023 quarter was 73.3% from 176 scheduled actions. This was lower than the prior quarter at 78.2% (from 101 auctions held). By comparison, the same quarter last year was 69.6% (out of 115 auctions) sold (CoreLogic).

PRICE PERFORMANCE

Residential property prices increased 9.3% in the year to September 2023, while rising 4.4% in the last quarter to stand at a median value of \$751,500.

Looking forward, average prices are forecast to rise 11% at the end of 2023, with 6% in 2024 and 5% in 2025, according to Knight Frank Research.

RENTAL PERFORMANCE

The total residential rental vacancy was recorded at 0.6% in September 2023, rising 20 bps over the past year across Greater Adelaide (REIA). Generally, 3% vacancy is considered a balanced rental market between supply and demand.

Gross rental yields compressed 9 bps in the year ending September 2023, as residential property averaged 4.33%.

Residential rents increased 1.9% in the September 2023 quarter, while increasing by 11.7% annually, to stand at \$525 per week.

Knight Frank Research forecast rents to rise 12% at the end of 2023, with 8% likely in 2024, and 6% in 2025.

NEW BUILDS

Annual building approvals in September 2023 fell by 4.0% to total 9,976 additional dwellings in Greater Adelaide, compared to a fall of 14.5% a year ago. In this time, 7,405 houses and 2,571 apartments were approved. This was trending 2.4% lower for house approvals, and 8.3% lower for apartment approvals, compared to the year earlier.

4.2%

South Australia annual economic growth in 2022 with forecast of 2.0% in 2025

3.5%

Greater Adelaide unemployment rate in September 2023

4.35%

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

-15.7%

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

-10.9%

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

1.2%

Greater Adelaide annual population change in 2022 to an estimated 1.4 million persons, with 1.2% forecast in 2025

\$751,500

Greater Adelaide residential median value at the end of September 2023

9.3%

The change in Greater Adelaide's median residential values recorded between September 2022 and September 2023

0.6%

Total residential rental vacancy in September 2023 across Greater Adelaide

Greater Adelaide Established Houses

- House sales volume was higher over the past quarter in Greater Adelaide encouraging stronger prices to be recorded and the average days on market to revert to a similar time taken a year ago.

\$844,500

Greater Adelaide median house value at end of September 2023

8.3%

The change in Greater Adelaide's median house values in the year to September 2023

12.2%

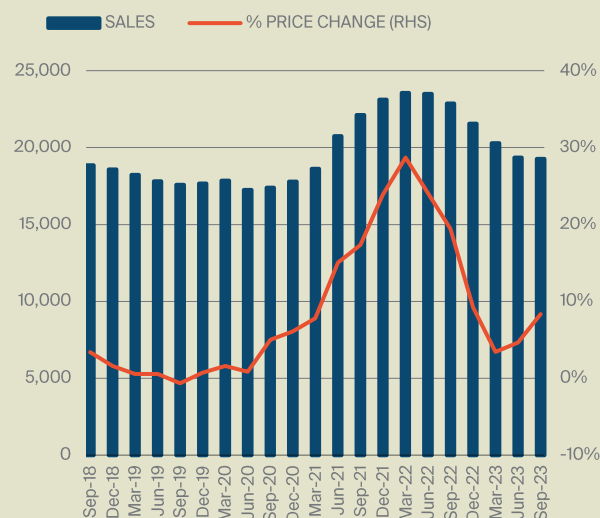
Annual median weekly rental growth in September 2023 across Greater Adelaide houses

SALES & PRICE PERFORMANCE

- Greater Adelaide sales volume rose by 1.5% in the September 2023 quarter to total 19,271 houses, whilst annual sales volume was 15.7% lower than a year ago.
- The average days on market for a house was 66 days in September 2023. This was 70 days three months earlier, and 66 days one year ago.
- Median house values rose 8.3% in the year to September 2023, while rising by 4.4% over the last quarter to \$844,500 (APM).

Adelaide Houses Sales Market

No. annual sales & % annual price growth



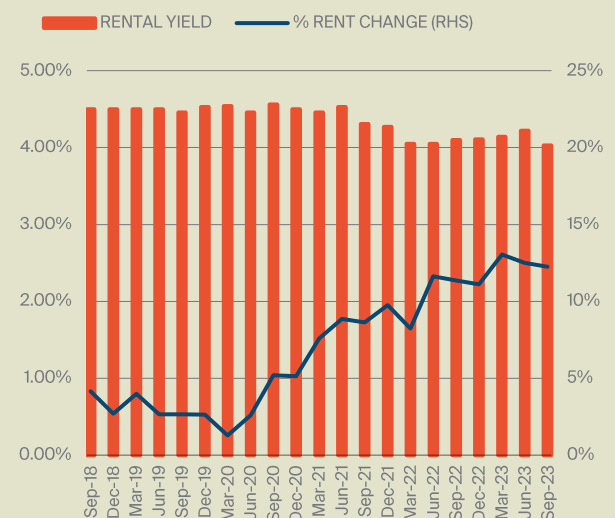
Source: Knight Frank Research, APM

RENTAL MARKET

- Gross rental yields decreased 7 bps in the past year, with Greater Adelaide houses averaging 4.03% in September 2023.
- House rents rose 1.9% in the September 2023 quarter, while being up 12.2% annually, to stand at \$550 per week (APM).

Adelaide Houses Rental Market

Gross rental yield & % annual rental change



Source: Knight Frank Research, APM

Greater Adelaide Established Apartments

- Both price and rental growth remain strong in the past quarter for Greater Adelaide's established apartments, with the average timeframe for apartments on market for sale shortening by nine days.

\$466,500

Greater Adelaide median apartment value at the end of September 2023

15.0%

The change in Greater Adelaide median apartment values in the year to September 2023

12.5%

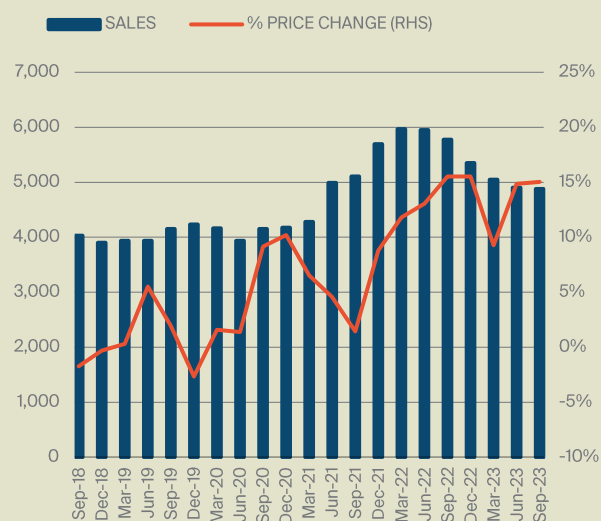
Annual median weekly rental growth in September 2023 across Greater Adelaide apartments

SALES & PRICE PERFORMANCE

- Greater Adelaide apartment sales volume decreased by 9.3% in the September 2023 quarter to count 4,876 apartments in the past year, as annual sales volume was 15.6% lower than a year ago.
- The average time on market for an apartment was 72 days in September 2023. This was 81 days one quarter earlier, and 80 days one year ago.
- Median apartment values grew by 15.0% in the year to September 2023, while rising 4.1% in the last quarter to stand at \$466,500 (APM).

Adelaide Apartments Sales Market

No. annual sales & % annual price change



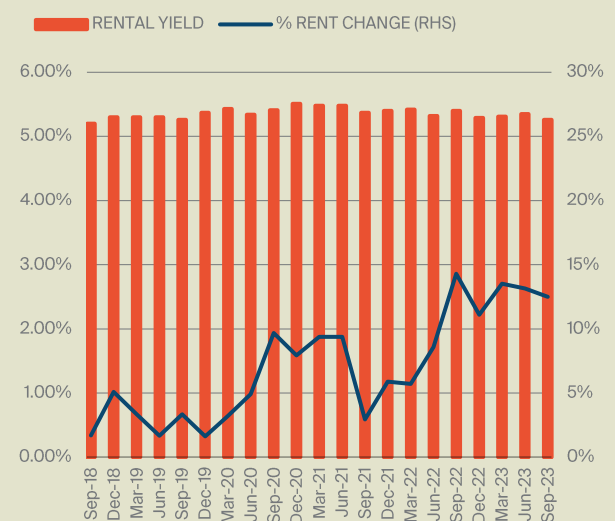
Source: Knight Frank Research, APM

RENTAL MARKET

- In the year to September 2023, Greater Adelaide apartment gross rental yields decreased 14 bps to 5.26%.
- Apartment rents rose 4.7% in the September 2023 quarter, while rising 12.5% annually to \$450 per week (APM).

Adelaide Apartments Rental Market

Gross rental yield & % annual rental change



Source: Knight Frank Research, APM

Greater Adelaide 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

Adelaide Residential Forecast

	2021	2022	2023f	2024f	2025f	Average 2023f-2025f
Price Performance	22%	10%	11%	6%	5%	7%
Rental Market	9%	10%	12%	8%	6%	9%

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.

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Residential Research

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