



LINDEMAN'S BEST BUY AND HOLD SUBURBS

ADELAIDE

SUMMER 2018 - 2019

Reveals suburbs where market conditions favour buyers which are predicted to be the best long-term growth performers for houses and units with the best medium-term price growth outlook and/or the best cash flow potential.

Property Power Partners Pty Ltd ABN 90 146 786 889

7 South Ave Leichhardt NSW 2040

Lindeman’s Best Buy and Hold Suburbs - Adelaide

Summer 2019

Contents

1) About the author and this report	3
2) John Lindeman’s predictions - an unequalled record of accuracy	4
3) How we estimate current and future long-term performance	5
4) Suburbs with the best cash flow potential for houses.....	8
5) Suburbs with the best cash flow potential for units.....	9
6) Suburbs with the best medium-term price growth outlook for houses.....	10
7) Suburbs with the best medium-term price growth outlook for units.....	11
8) Best cash flow potential AND medium-term price growth outlook.....	12
9) What the information in the tables means	14
10) How to maximise your success.....	17
11) How we source our data	18
12) Unauthorised disclosure and disclaimers.....	19
13) Feedback and more information	19

1) About the author and this report

JOHN LINDEMAN



CEO of innovative property research firm *Property Power Partners*, John is widely respected as one of Australia's leading property market analysts. With well over a decade of experience researching the nature and dynamics of the housing market at major data analysts, John is renowned as the property market researcher that property experts go to for all their Australian housing market insights.

John regularly provides presentations, commissioned reports and other research services on the nature and direction of the residential property market for property industry leaders. His extensive property knowledge is complemented by around forty years' experience as a successful property investor.

John's monthly column on housing market research featured in *Australian Property Investor Magazine* for over five years. He is the In-Depth columnist for *Your Investment Property Magazine* and a popular contributor to property related media, such as *Michael Yardney's Property Update*, *Kevin Turner's Real Estate Talk* and *Alan Kohler's Eureka Report*. John has also authored the landmark best-selling books for property investors, *Mastering the Australian Housing Market* and *Unlocking the Property Market*, both published by *Wileys*.

ABOUT THIS REPORT

This report reveals suburbs with the best long-term growth predictions for houses and units in the area covered by the report. Each suburb has current market conditions that favour potential buyers and the selected suburbs also have potential to provide either or both of the following outcomes.

Best medium-term price growth outlook

For options investors, developers or other investors desiring a quick uplift in equity from their property investment, we have included suburbs which have the best medium-term price growth outlook. For each of these suburbs, we also provide the current market conditions for buyers and sellers and the optimum buy price range for your preferred type of property investment.

Best cash flow potential

For investors seeking strong cash flow, we have included suburbs which have the best cash flow potential. For each of these suburbs, the report also provides the current market conditions for buyers and sellers and the optimum buy price range for your preferred type of property investment.

Best cash flow potential and best medium-term price growth outlook

In addition to being the predicted best long-term growth performers, some suburbs may offer investors the potential to achieve the best cash flow potential as well as having the best medium-term price growth outlook. If any suburbs meet both of these criteria as well as all the other criteria for selection, they are revealed in this report.

2) John Lindeman's predictions - an unequalled record of accuracy



In the *Australian Property Investor* magazine's *Hot One Hundred* Issue of *April 2012*, John Lindeman was the only expert whose predictions *all* rose in price over the next two years.

John also picked the *hottest performer* of all the experts - Highgate units, where prices rose by nearly 50% in a no-growth market.

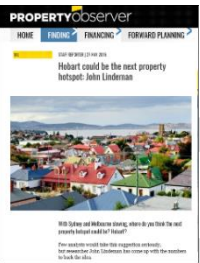


In the *Australian Property Investor* magazine's *Hot One Hundred* Issue of *May 2013*, John Lindeman was the first expert to publicly predict *Sydney's* imminent housing market boom.

John's predictions in that issue also revealed *which of Sydney's suburbs* would be the first to rise in price, heralding the boom to come.

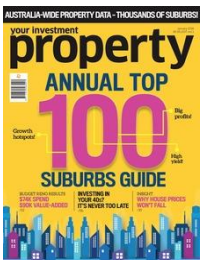


John's published columns and articles have correctly predicted booms for *Hay* and *Berri* where prices doubled in a year or less. He also accurately forecast housing market booms for *Byron Bay*, *Weipa* and *Highgate*, where prices doubled in just a few years.



In *Property Observer* Issue of *27 May 2016*, John correctly predicted that *Hobart* was the next property hotspot and would boom in 2017, *just before* the growth kicked in.

Hobart was the best performer of all capital city housing markets in both 2017 and 2018.



In *Your Investment Property's Annual Top 100 suburbs guide* Issue of *January 2018*, John picked the top performer, which is *Karuah*.

Karuah is not only the top performer of the Top 100, but has been one the *best performers in the whole of Australia*, with the median house price increasing by nearly 50% in less than one year.

All of the above predictions were authored by John Lindeman and published in the sources quoted, with the results independently verified by CoreLogic published data.

3) How we estimate current and future long-term performance

How we determine the current market for buyers and sellers

Potential property buyers and intending sellers need to be aware of whether the current market conditions for their type of property in the suburb where they intend to make a purchase or sale are in their favour, or whether the odds are stacked against them.

For example, potential buyers in areas which meet all their desired outcomes from property investment still need to know whether current market conditions favour an immediate purchase, whether it might be better to wait for a few months until buyer conditions improve, or whether it is simply better not to buy in the suburb at all due to the current unfavourable state of the market and choose another location.

Current owners, however are faced with different decisions to make if they are considering a sale. They need to know whether it is better to sell now, or to wait until the current market picks up in a few months to secure a better price.

Market conditions tend to favour buyers in suburbs where seller sentiment is negative, usually due to recent price falls, buyer demand is low, potential sellers are competing to attract a buyer and there are many properties listed for sale. Market conditions favour sellers when there are few properties for sale and potential buyers are competing against each other, with rising prices resulting in positive seller sentiment.

Some areas have stressed housing markets where there are very few buyers and many potential sellers. Even though buying conditions appear to be good in such markets and they may have favourable long-term predictions, potential buyers should look elsewhere, because prices could keep falling for years to come before the market improves.

The issue is complex because potential buyers and sellers often rely on biased or anecdotal information which is provided by those who may derive some form of commission, knock-on, finder's fee, kick-back or other reward for their efforts. The purchase or sale could be in their best interests, rather than yours.

While it is possible for you to form an independent and accurate opinion about the current type of housing market prevailing in an area, this is often beyond the desire or inclination of most of us to do. For this reason, our reports describe the current type of market for houses or units in any suburb.

We reveal whether the prevailing market conditions favour potential buyers, intending sellers or neither. The algorithms employed in the solution compare the number of potential buyers for houses or units in a suburb to the number of intending sellers and factor in the total stock of houses or units on the market.

We then take into account current market conditions and determine the level of vendor confidence, which is a measure of what intending sellers expect to receive for their properties in the next few months compared to what equivalent or similar types of properties are actually selling for right now.

We present this information in one easy to follow table indicating whether market conditions are unfavourable, neutral or favourable for potential buyers, and another table indicating whether market conditions are unfavourable, neutral or favourable for potential sellers.

How we determine the cash flow potential

Rent provides a regular return from your property investment which offsets your expenses and interest payments and can even provide you with income if the rent payments are greater than your outgoings, such as property management, maintenance and repairs, insurance, rates and interest on the loan (if any). When this occurs, your property is said to be positively geared and is generating positive cash flow.

Suburbs which offer strong cash flow are those where the rental demand is greater than the supply of properties available for rent, while suburbs with high capital growth potential are those where the buyer demand is greater than the number of properties available for purchase. To obtain strong cash flow your first priority must be to buy properties in where the rental demand is strong, which is a different dynamic to the buyer demand. Rent demand can also be seasonal, regular, permanent, semi-permanent or temporary, depending on the main types of renting households in any area.

Rent demand is *seasonal* in holiday destinations such as coastal holiday destinations, but could peak during winter in tropical locations or alpine resort towns.

Rent demand is *regular* in tourist areas and tertiary education precincts and towns, because while the workers or students in these areas may move fairly frequently, rental demand is constantly created by their need to live in the area for employment or education.

Rental demand is *permanent* in the low socio-economic suburbs of our major cities and rural towns, and many of the households in these locations may rent all their lives.

Semi-permanent rent demand is common in older well-established suburbs where overseas arrivals tend to rent for several years before they can buy a home of their own. While this rent demand appears to be permanent, it is ultimately dependent on where migrants come from, as this determines where they are likely to rent, preferring areas where people of similar ethnic backgrounds already live.

Finally, there are locations where rent demand grows quickly, but is *temporary*, such as when mines are constructed or further developed and during transport infrastructure projects including the building or expansion of railway lines, ports or highways. These rental booms are most common in remote and regional areas where the workers must rent in nearby towns until the project is complete.

If the rental yields rise enough, investors start competing to buy properties and an investor led price boom may result, which collapses when the number of investor owned properties is greater than the demand for them, or when the project is completed and the workers depart.

Our analysis of the cash flow potential of any suburb starts with an assessment of whether there is a shortage or surplus of available rental stock of the type being sought by renters in the area. This indicates whether asking rents are rising or falling in the suburb. We then estimate the rental demand and rental stock supply trend to predict the likely direction of rents over the forecast period.

Lastly, we determine the main types of renters in each suburb to estimate whether the rental demand is more likely to be seasonal, regular, permanent, semi-permanent or temporary. It is this wholistic combination of rent demand and supply indicators, trends and dynamics that enables us to generate the cash flow potential for houses or units in any suburb.

How we estimate the medium-term growth outlook and long-term growth prediction

In order to generate the medium and long-term outlooks and predictions provided in this report, we utilise the Housing Market Prediction Solution (HOMPS) which was invented by leading property market analyst and researcher, John Lindeman. HOMPS was awarded an Innovation Patent in 2016 and is owned by Property Power Partners.

HOMPS employs predictive data driven algorithms which reveal the medium and long-term growth dynamics of all types of housing at suburb level over typical buy and hold periods of up to ten years. It measures the long-term changes of all significant “top down” macro indicators as well as trends in “bottom up” micro indicators which operate in the housing market to predict where changes in the dynamics are likely to cause future housing price movements.

At a macro level, HOMPS measures changes in the nature and volume of housing demand experienced during economic, financial and demographically defined events such as economic booms, busts, recessions, depressions and periods of high and low inflation, high and low population growth and during periods of easy and cheap housing finance compared to times when interest rates are high and when finance is difficult to obtain.

On a micro level, HOMPS measures changes in housing demand caused over long periods of time by owner/occupiers, renters and investors in different locations and types of markets such as high density inner urban areas, medium density inner suburbs, well-established low-density suburbs, emerging outer suburban areas, regional cities, tourism precincts, retiree destinations, mining and construction zones and remote rural locations.

In addition to such man-made changes in the dynamics, HOMPS also evaluates the likely impact of current, emerging and recently concluded environmental events such as droughts, bushfires, floods and cyclones, each of which has a different long-term effect on housing markets and on the time taken for them to bounce back from such disasters.

To test and ensure the accuracy of the methodologies, we studied how housing markets in all types of locations for every different type of property have reacted over various time intervals to changes in the demand dynamics at both macro and micro levels from 1901 to the present. We then applied various iterations to determine which predictive algorithms produced the most accurate results.

From this analysis we utilised the predictive algorithms in HOMPS to locate suburbs where house or unit prices are likely to underperform when compared to others in a city or region, (likely growth laggards), which suburbs are likely to be average performers, and to reveal which suburbs have the greatest potential to outperform others in a city or region (likely growth leaders) over long-term buy and hold periods of up to ten years.

This form of research is of necessity comparative and not absolute as the overall growth or decline in housing markets over long periods of time is subject to dynamics such as population changes, the cost and availability of finance, economic performance and the impact of inflation that cannot be reliably timed.

While this means that we cannot predict when changes in property market directions are likely to begin at suburb level over the long-term, we can reliably forecast which suburbs are likely to be the leaders or the laggards when these changes occur and therefore have potential to outperform or underperform the others.

4) Suburbs with the best cash flow potential for houses

This table ranks the suburbs which meet all the selection criteria in order of their cash flow potential for houses. If several suburbs have the same potential, they are then ranked in alphabetical order.

Suburb	Post Code	Type of property	Cash flow potential	Medium term growth outlook	Long term growth prediction

This table provides the optimum low and high buy price range for houses in each of the suburbs in the above table, and also shows you the current market conditions for potential buyers and intending sellers.

Suburb	Post Code	Type of property	Low buy price	High buy price	Market for potential buyers	Market for intending sellers

5) Suburbs with the best cash flow potential for units

This table ranks the suburbs which meet all the selection criteria in order of their cash flow potential for units. If several suburbs have the same potential, they are then ranked in alphabetical order.

Suburb	Post Code	Type of property	Cash flow potential	Medium term growth outlook	Long term growth prediction

This table provides the optimum low and high buy price range for units in each of the suburbs in the above table, and also shows you the current market conditions for potential buyers and intending sellers.

Suburb	Post Code	Type of property	Low buy price	High buy price	Market for potential buyers	Market for intending sellers

6) Suburbs with the best medium-term price growth outlook for houses

This table ranks the suburbs which meet all the selection criteria in order of their medium-term price growth outlook for houses. If several suburbs have the same outlook, they are then ranked in alphabetical order.

Suburb	Post Code	Type of property	Cash flow potential	Medium term growth outlook	Long term growth prediction

This table provides the optimum low and high buy price range for houses in each of the suburbs in the above table, and also shows you the current market conditions for potential buyers and intending sellers.

Suburb	Post Code	Type of property	Low buy price	High buy price	Market for potential buyers	Market for intending sellers

7) Suburbs with the best medium-term price growth outlook for units

This table ranks the suburbs which meet all the selection criteria in order of their medium-term price growth outlook for units. If several suburbs have the same outlook, they are then ranked in alphabetical order.

Suburb	Post Code	Type of property	Cash flow potential	Medium term growth outlook	Long term growth prediction

This table provides the optimum low and high buy price range for units in each of the suburbs in the above table, and also shows you the current market conditions for potential buyers and intending sellers.

Suburb	Post Code	Type of property	Low buy price	High buy price	Market for potential buyers	Market for intending sellers

8) Best cash flow potential AND medium-term price growth outlook

Best suburbs for houses

This table shows you which (if any) of suburbs have featured in both of the *Suburbs with the best cash flow potential* AND the *Suburbs with the best medium-term price growth potential* table for houses.

The table ranks the suburbs in order of their cash flow potential and then their medium-term price growth outlook. Where several suburbs have the same potential, they are then ranked in alphabetical order.

Suburb	Post Code	Type of property	Cash flow potential	Medium term growth outlook	Long term growth prediction

This table provides the optimum low and high buy price range for houses in each of the suburbs in the above table, and also shows you the current market conditions for potential buyers and intending sellers.

Suburb	Post Code	Type of property	Low buy price	High buy price	Market for potential buyers	Market for intending sellers

Best suburbs for units

This table shows you which (if any) of suburbs have featured in both of the ***Suburbs with the best cash flow potential*** AND the ***Suburbs with the best medium-term price growth potential*** table for units.

The table ranks the suburbs in order of their cash flow potential and then their medium-term price growth outlook. Where several suburbs have the same potential, they are then ranked in alphabetical order.

Suburb	Post Code	Type of property	Cash flow potential	Medium term growth outlook	Long term growth prediction

This table provides the optimum low and high buy price range for units in each of the suburbs in the above table, and also shows you the current market conditions for potential buyers and intending sellers.

Suburb	Post Code	Type of property	Low buy price	High buy price	Market for potential buyers	Market for intending sellers

9) What the information in the tables means

Suburb and Postcode

There are many different ways to describe locations in Australia such as localities, hubs, villages, precincts, regions, towns and districts. The ones used officially in our reports are suburbs. The purpose of the Postcode is to ensure that you have selected the right suburb, as many suburbs share the same name.

Type of property

All property data gathered by housing market analysts and published by major data providers is for houses or units. This means that you need to consider townhouses, duplexes and villas as either houses or units, according to which of these two types of housing they most closely resemble in the suburb.

The cash flow potential

This shows you the cash flow potential for the type of property in the suburb.

STRONG Cash flow potential is indicated when current rental demand is greater than the supply of rental properties and is likely to rise further, resulting in high rental yields and low vacancy rates.

BALANCED Cash flow potential is indicated when current rental demand is balanced by the supply of rental properties and is not likely to change in the immediate future.

WEAK Cash flow potential is indicated when current rental supply is greater than the demand for rental properties, resulting in low rental yields and high vacancy rates.

RISKY Cash flow potential is indicated when current rental supply is far greater than the demand for rental properties and high rental yields are caused by falling prices, not by rental demand.

The medium-term growth outlook

This shows you the medium-term price growth outlook for the type of property in the suburb.

HEAVY FALLS tells you that there is potential for median prices to drop by an average of 10% per annum or more over the next three years.

MODERATE FALLS indicates that there is potential for median prices to drop by an average of less than 10% per annum over the next three years.

BALANCED markets mean that little overall change in median prices is likely over the next three years.

MODERATE GROWTH indicates that there is potential for median prices to rise by an average of less than 10% per annum over the next three years.

STRONG GROWTH indicates that there is potential for median prices to rise by an average of 10% per annum or more over the next three years.

The long-term growth prediction

This is a prediction of the long-term growth potential of the suburb when compared to the forecast long-term performance potential of other suburbs in the same area covered by this report and for the type of dwelling specified.

The prediction identifies whether the suburb has the potential to become a growth leader, an average performer or a growth lagger during a typical buy and hold time window of ten years into the future when compared to the average forecast long-term performance potential of all suburbs in the area covered by the report.

Low buy price and high buy price

Buying a property that is typical for the area is a form of demand insurance. For this reason, we provide a low and high buy price range for either houses or units in the selected suburb, within which typical properties will generally be priced.

Buying a property within this price range means that your property should be fairly typical and easier to rent now and then sell later. This is because renters and buyers will have certain expectations for property attributes when they look in the area, such as number of bedrooms, bathrooms, floor area or land size, and will prefer properties which meet their expectations.

For example, potential buyers or renters looking for properties in a suburb which typically has three-bedroom houses with one bathroom, will not be attracted to a dwelling which has four or more bedrooms, two bathrooms and maybe even a pool or other improvement. Not only will this property be valued and rented at a much higher price, it is not what buyers and tenants expect to find in such a suburb.

Housing finance providers will usually also set upper loan limits which are based around the median price, so buyers will find it difficult to obtain sufficient finance for properties whose asking prices are well above those for typical properties.

It is also important for you to know that our predictions are based on typical properties which means that they may not be accurate for atypical properties such as those priced outside the buy price range provided.



Where will you find the best retirement locations?
In our Best Retirement Locations Reports!

Visit: <https://lindemanreports.com.au>

Market conditions for potential buyers

To assess the current market conditions for buyers, the HOMPS system collects information for houses or units in a suburb which compares the number of potential buyers to the number of intending sellers and then factors in the total stock of houses or units currently for sale on the market.

We then take into account current market conditions and determine the level of vendor confidence, which is a measure of what intending sellers expect to receive for their properties in the next few months compared to what equivalent or similar properties are actually selling for right now.

If all these conditions favour buyers, the market is said to be favourable for them to buy a property at a good price.

If, some but not all of the current conditions favour buyers, the market is said to be neutral – which means that the buyer's prospects of obtaining a good price depend on whether there are other properties on the market which are similar in price, condition and appearance to the subject property, as these make conditions less competitive for potential buyers

The buyer's prospects in neutral market conditions are also more reliant on their negotiation skills or whether they use the services of an accomplished buyer's agent.

If none of the conditions favour buyers, the market is said to be unfavourable for them to buy a property at a good price.

Market conditions for intending sellers

To assess the current market conditions for current owners and intending sellers, the HOMPS system collects information for houses or units in a suburb which compares the number of potential buyers to the number of intending sellers and then factors in the total stock of houses or units currently for sale on the market.

We then take into account current market conditions and determine the level of vendor confidence, which is a measure of what intending sellers expect to receive for their properties in the next few months compared to what equivalent or similar properties are actually selling for right now.

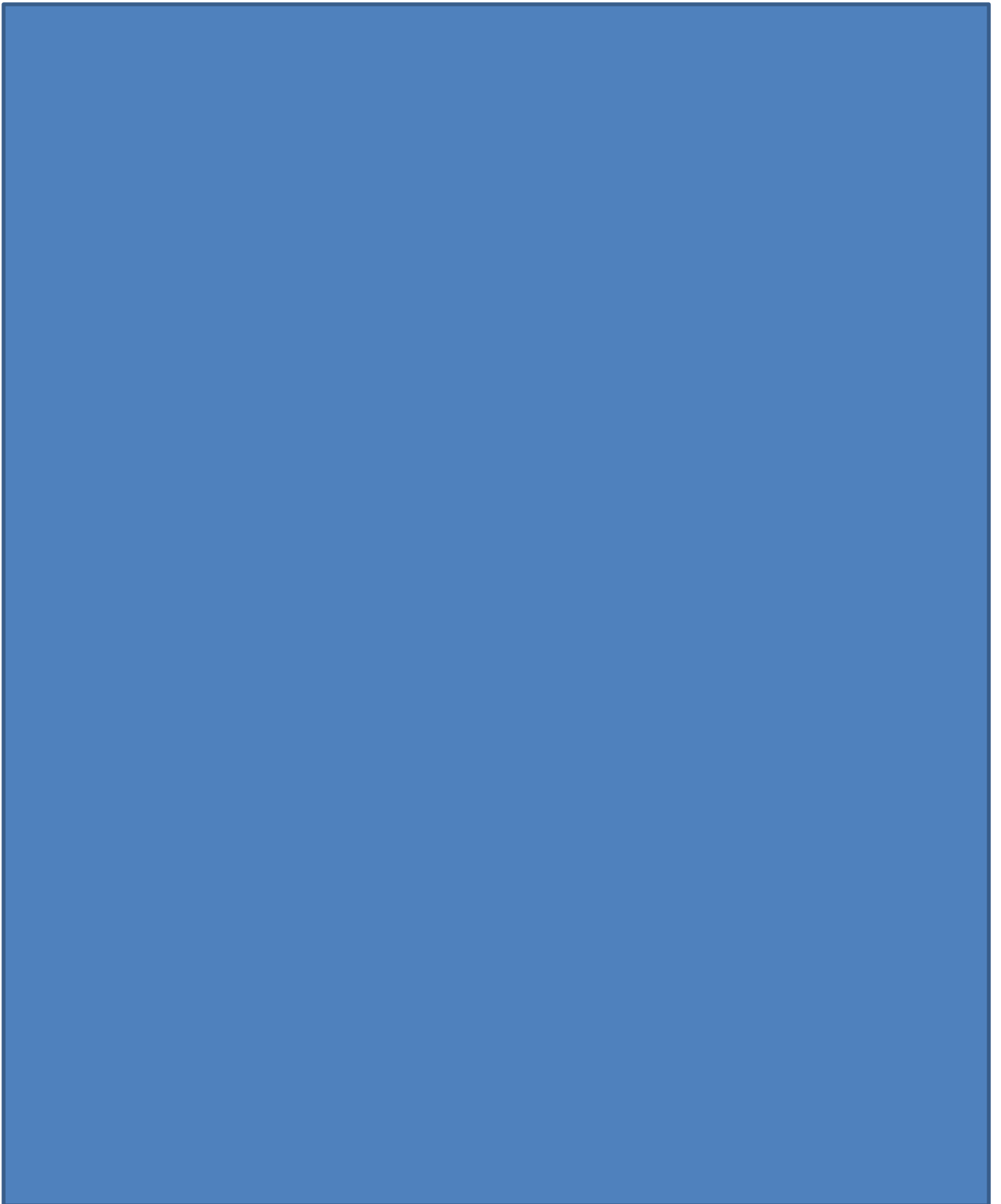
If all these conditions favour owners, the market is said to be favourable for them to sell a property quickly and at a good price.

If some but not all of the current conditions favour sellers, the market is said to be neutral – which means that the owner's prospects of selling quickly and at a good price depend on whether there are other properties on the market which are similar in price, condition and appearance to the subject property, as these make conditions more competitive for potential sellers.

The owner's prospects in neutral market conditions are also more reliant on the marketing and sales skills of the real estate agent they engage to sell the property for them.

If none of the conditions favour current owners or intending sellers, the market is said to be unfavourable for them to sell a property quickly or at a good price.

10) How to maximise your success



11) How we source our data

Researching the housing market

We continuously analyse potential changes in the nature and dynamics of the housing market which may be caused or influenced by both government and private sector policies, strategies, plans and initiatives and gratefully acknowledge the following sources:

Urban Development Institute of Australia

State of the Land Report, Urban Development Institute of Australia

Housing Industry Association of Australia

Housing Forecasts, HIA Economics Group

Australian Government

Sustainable Australia, Sustainable Communities, Department of SEWP&C
Our Cities our Future, Department of Infrastructure and Transport
State of Supply Report, National Housing Supply Council
Rainfall and Temperature Deficiencies and Anomalies, Bureau of Meteorology

Measuring housing market dynamics

We analyse population, demographic, household, housing, finance, economic and resource related data from information provided to the general public by the Housing Industry Association, Australian Bureau of Statistics, Bureau of Meteorology, Australian Bureau of Agricultural and Resource Economics. This data is then adapted and aggregated at suburb level to determine how changes in demand and supply are trending for both rentals and owner-occupied housing. In particular, we acknowledge the following source:

Australian Bureau of Statistics

House Price Index – Eight Capital Cities 6416.0 Released quarterly
Housing Finance Australia 5609.0 Released monthly
Australian Demographic Statistics 3101.0 Released quarterly
Dwelling Unit Commencements Australia 8750.0 Released monthly
ABS QuickStats – 2011 and 2016 Census data

Analysing housing market indicators

Many housing market indicators such as sale prices, weekly rents, price and rent movements are lagging indicators. That is, they provide information about past buyer, seller and renter activities and while there may be useful lessons or patterns in such behaviour that we can learn from, they do not point the way to the future because they represent the results, not the causes which brought about those results.

Even if this data were predictively useful, these results are published months after the events have occurred due to the time it takes to settle contracts and the need for the data to be collected and collated before it is published. Although this data can be used for private purposes, there is also the matter of copyright, which further restricts the manner in which such data can be used by third parties. We urge you to ensure that any use you intend to make of data supplied or published by data providers is done in accordance with Australian copyright laws and the providers' own conditions of use.

12) Unauthorised disclosure and disclaimers

You are entitled to one copy of this report for your personal use. Any unauthorised disclosure, use, reproduction, or distribution of the descriptive, analytical or predictive information provided to you by Property Power Partners in its reports or services is not permitted and Property Power Partners asserts its copyright.

Our reports and any consultative information provided to you by Property Power Partners in association with, as part of, or as a result of your purchase of our reports or services are in the nature of general information on the residential property market. We do not claim or intend to provide financial or personal investment advice.

Property Power Partners recommends that you obtain financial advice specific to your situation before making any financial investment or decision based on the information we provide. It always remains the responsibility and choice of our clients using our services to make their own individual decisions with regard to their property investments.

In providing our reports and consultation services, Property Power Partners relies on information from a number of external sources. While Property Power Partners takes every care in the collection of the information it provides and believes it to be correct at the time of publication, it does not warrant the accuracy or completeness of its analysis and information services. The performance of the housing market is subject to factors which are in some situations beyond our knowledge and the figures and forecasts provided in this report may not, as a result, be reliable indicators of future performance.

Property Power Partners takes no responsibility or accepts any liability for any loss or damage arising from decisions made as a result of information contained in our reports or services and urges its clients to make independent inquiries to satisfy themselves as to the accuracy or completeness of the information we provide.

13) Feedback and more information

We value your feedback on this report, and you are welcome to discuss any aspect of it with us. Please email info@propertypowerpartners.com.au to provide any comments or suggestions for improvement.

Wishing you successful investing,

John Lindeman
Property Power Partners Pty Ltd