

Can submarines turn Port Adelaide into a property hotspot?

Simon Evans *Senior reporter*



Mar 15, 2023 – 4.49pm

Rich Lister shopping centre owner [Shaun Bonett](https://www.afr.com/work-and-careers/leaders/rich-lister-shaun-bonett-reveals-his-secrets-to-staying-effective-20220922-p5bk95) [https://www.afr.com/work-and-careers/leaders/rich-lister-shaun-bonett-reveals-his-secrets-to-staying-effective-20220922-p5bk95] says the Port Adelaide precinct is already undergoing the biggest transformation of any local government area in Australia and the vast job creation and funding injection from the [AUKUS submarines](https://www.afr.com/world/north-america/everything-we-know-about-the-aukus-subs-20230309-p5cqq3) [https://www.afr.com/world/north-america/everything-we-know-about-the-aukus-subs-20230309-p5cqq3] project will accelerate it.

Prime Minister Anthony Albanese and [South Australian Premier Peter Malinauskas](https://www.afr.com/companies/manufacturing/take-it-to-the-bank-sa-premier-says-eight-local-subs-locked-in-20230313-p5crpu) [https://www.afr.com/companies/manufacturing/take-it-to-the-bank-sa-premier-says-eight-local-subs-locked-in-20230313-p5crpu] have outlined that the construction of the specialist submarine yard at Osborne in Adelaide's north-west will need 4000 workers, while employment numbers for the actual building of the submarines at the site, about 5km from Port Adelaide, will be up to 5,500.

The federal government has earmarked \$2 billion in early works spending on readying the shipyards for nuclear-powered submarine construction.



Precision Group spent \$75 million upgrading and expanding the Port Adelaide Plaza shopping centre, with the last stage opening in mid-2022.

Residential property buyers will need to factor in the multi-stage, long-term nature of the plans and the political uncertainty [<https://www.afr.com/policy/foreign-affairs/aukus-is-a-giant-commitment-that-s-never-been-explained-20230314-p5crzf>] which may arise. The cutting of steel for the first of eight submarines is only earmarked to happen at the end of this decade, with the first of the AUKUS submarines due to be completed in 2042.

The Port Adelaide precinct, with historic maritime buildings and wharves, has had several false starts as developers attempt to transform it into something similar to Fremantle in Western Australia, a buzzing precinct with dozens of cafes and pubs. Fremantle is also a hub for tourists and locals taking the ferry to Rottnest Island. [<https://www.afr.com/companies/tourism/rotnest-resort-developer-upbeat-amid-paradigm-shift-in-spending-20220531-p5apyt>]

Mr Bonett's company Precision Group spent \$75 million on a revamp and upgrade of the Port Adelaide Plaza shopping centre which was completed in mid-2022, which increased its size by about 50 per cent.

“There is no other local government area in Australia going through a transformation like the City of Port Adelaide Enfield,” Mr Bonett said.

“Port Adelaide is the engine room of the South Australian economy.”

Louis Christopher, the managing director of consultancy SQM Research, said it was probably too early for investors to buy up immediately in Port Adelaide or the surrounding suburbs. More certainty was needed that the full \$368 billion program [<https://www.afr.com/politics/federal/politically-and-financially-aukus-will-get-tougher-over-time-20230314-p5crtv>] would proceed and eight submarines would be built at nearby Osborne.

“I think it’s just too early to move on this information,” he said. “We need to see shovels in the ground. Investors would want to see more surety.”

But longer term the project would underpin an expansion of the local economy. “It is going to be a good job creator. It will help. It may have a bit of a multiplier effect.”

Mr Christopher said Fremantle had more tourism and leisure infrastructure which had enabled the Western Australian precinct to prosper. The 1987 America’s Cup yachting race held off Fremantle had been a catalyst.

Mr Malinauskas and Deputy Prime Minister Richard Marles on Wednesday announced a property swap, in which the SA government will hand over extra land to extend the Osborne shipyard site, while becoming owner of a Defence department site at Keswick, in inner Adelaide.

CoreLogic figures show the median house price for Port Adelaide in February was \$625,866, compared with \$436,650 five years ago.

Waiting for the AUKUS effect

Location	Property type	Median value Feb, 2023 (\$)	Median value Feb, 2018 (\$)
Henley Beach	Houses	1,234,534	815,074
	Units	495,126	355,539
Largs Bay	Houses	836,899	565,005
North Haven	Houses	724,237	477,739
Peterhead	Houses	654,519	415,428
Port Adelaide	Houses	625,866	436,650
Taperoo	Houses	529,814	344,617

Source: CoreLogic

Linda Van Hooff, a sales consultant from Ouwens Casserly Real Estate who specialises in the beachside suburbs of Henley Beach and Grange, about 15 minutes from the Osborne shipyards, said prices had doubled for residential property in those two suburbs in the past 10 years.

The Henley Square precinct, buzzing with cafes and restaurants, but without the high-rise apartments like those in Sydney's Bondi and Coogee, was now a "destination" for interstate visitors.

"It has that village-type feel. It is very sophisticated," she said.

Ms Van Hooff said Henley Beach and Grange were extremely popular, with family homes fetching \$2.5 million to \$3 million. They would be sought after by professionals such as engineers and executives involved with the AUKUS submarines project. Beachside suburbs closer to the Osborne site including Semaphore and Largs Bay were less expensive, but also in demand.

She said the historic Port Adelaide precinct would slowly transform. But it would take time to catch up to Fremantle. "It's a different beast really," Ms Van Hooff said.

Claire Boan, the mayor of the Port Adelaide Enfield Council, said there had been substantial growth due to previous defence contracts and the potential upside was robust.

"This AUKUS deal has the potential to continue the transformation and growth of our local economy," she said.

Simon Evans writes on business specialising in retail, manufacturing, beverages, mining and M&A. He is based in Adelaide. *Connect with Simon on [Twitter](#). Email Simon at simon.evans@ afr.com*