

RENTAL REPORT

March 2011

www.apm.com.au
www.homepriceguide.com.au



Key findings:

- Rental growth and yields to continue through 2011
- National unit rentals rose sharply by +2.3 percent over the quarter
- Adelaide led the capitals in house rental growth, but Darwin rentals fell dramatically
- Melbourne house rentals have declined in three of the past four quarters
- No change in Brisbane rentals despite January floods

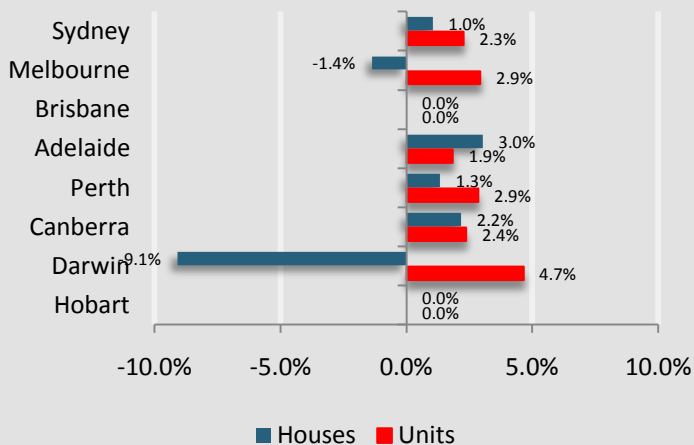
Median Weekly Asking Rents - Houses

	Mar-11	Dec-10	Mar-10	QoQ % Δ	YoY % Δ
Sydney	485	480	460	1.0%	5.4%
Melbourne	360	365	370	-1.4%	-2.7%
Brisbane	370	370	365	0.0%	1.4%
Adelaide	340	330	330	3.0%	3.0%
Perth	380	375	370	1.3%	2.7%
Canberra	470	460	440	2.2%	6.8%
Darwin	500	550	540	-9.1%	-7.4%
Hobart	320	320	300	0.0%	6.7%

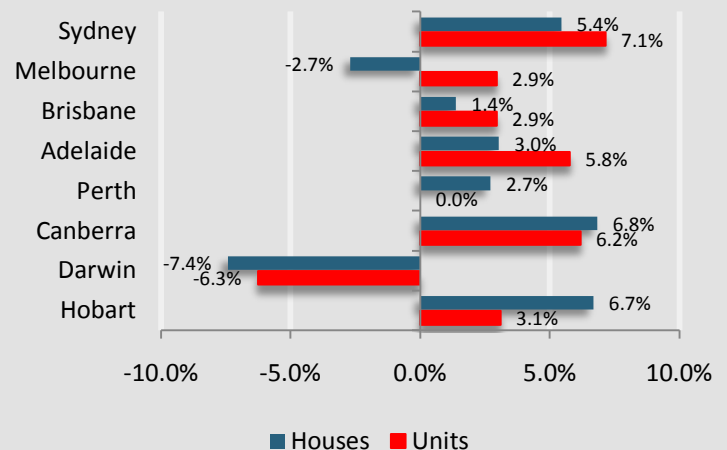
Median Weekly Asking Rents - Units

	Mar-11	Dec-10	Mar-10	QoQ % Δ	YoY % Δ
Sydney	450	440	420	2.3%	7.1%
Melbourne	350	340	340	2.9%	2.9%
Brisbane	350	350	340	0.0%	2.9%
Adelaide	275	270	260	1.9%	5.8%
Perth	360	350	360	2.9%	0.0%
Canberra	430	420	405	2.4%	6.2%
Darwin	450	430	480	4.7%	-6.3%
Hobart	250	250	243	0.0%	3.1%

Asking Median Rents (Qtr on Qtr % Δ)



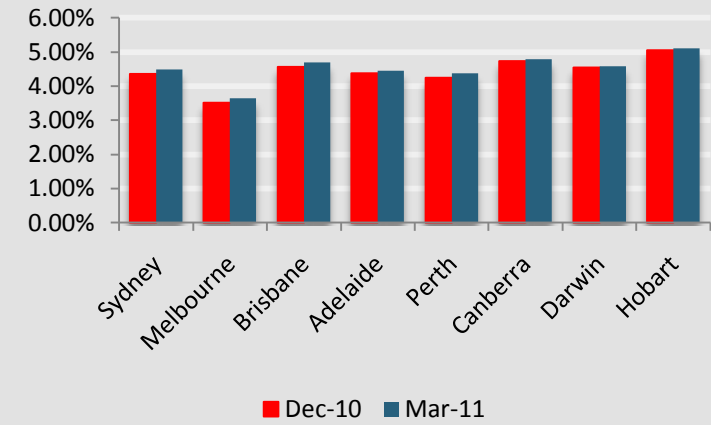
Asking Median Rents (Yr on Yr % Δ)



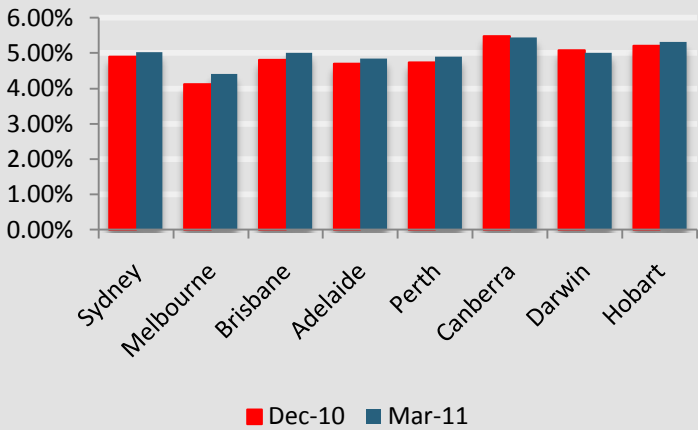
	Gross Rental Yields - Houses				
	Mar-11	Dec-10	Mar-10	QoQ % Δ	YoY % Δ
Sydney	4.48%	4.36%	4.38%	2.7%	2.2%
Melbourne	3.65%	3.51%	3.71%	3.9%	-1.7%
Brisbane	4.69%	4.55%	4.43%	3.0%	5.8%
Adelaide	4.45%	4.38%	4.33%	1.7%	2.8%
Perth	4.38%	4.24%	4.00%	3.2%	9.5%
Canberra	4.79%	4.72%	4.76%	1.4%	0.5%
Darwin	4.58%	4.54%	4.60%	0.9%	-0.5%
Hobart	5.10%	5.05%	4.89%	0.9%	4.2%

	Gross Rental Yields - Units				
	Mar-11	Dec-10	Mar-10	QoQ % Δ	YoY % Δ
Sydney	5.02%	4.91%	5.01%	2.3%	0.3%
Melbourne	4.42%	4.11%	4.40%	7.4%	0.4%
Brisbane	5.01%	4.81%	4.84%	4.2%	3.5%
Adelaide	4.85%	4.70%	4.66%	3.2%	4.1%
Perth	4.90%	4.74%	4.67%	3.3%	5.0%
Canberra	5.45%	5.49%	5.49%	-0.7%	-0.8%
Darwin	5.02%	5.08%	5.18%	-1.3%	-3.1%
Hobart	5.32%	5.20%	5.21%	2.4%	2.3%

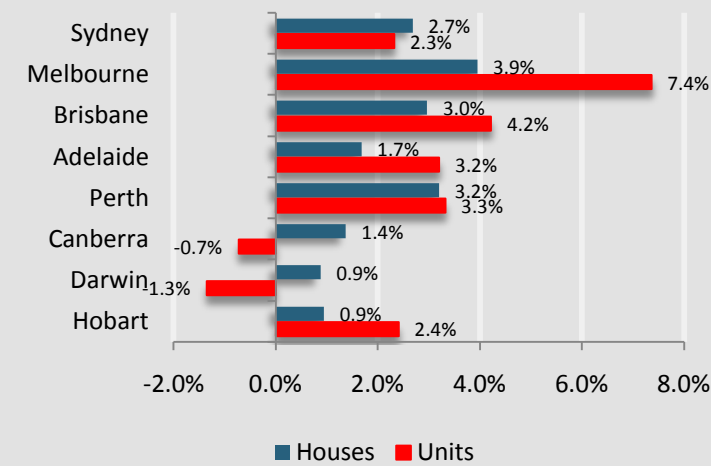
Gross Rental Yields - Houses



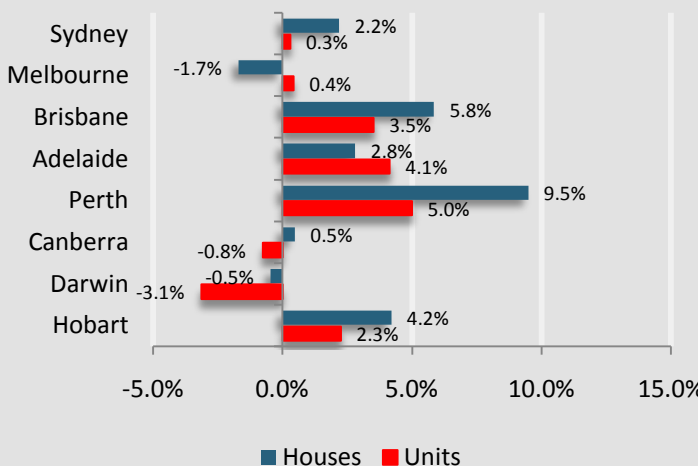
Gross Rental Yields - Units



Gross Rental Yield (Qtr on Qtr % Δ)



Gross Rental Yield (Yr on Yr % Δ)



NB: APM has used only rental properties to determine the values needed to calculate the Gross Rental yield. Asking rent versus total capital value is calculated for each rental property on the market for the recorded period. We use a combination of ask rents collected from advertisements and APM's own Automated Valuation Models (AVM).

Commenting on the APM Rental Report: Dr Andrew Wilson, Senior Economist- Australian Property Monitors

"In line with APM expectations, rental growth resumed for most capital cities in the March quarter 2011 following a subdued end to 2010.

National unit rentals rose sharply by +2.3 percent over the quarter though national house rentals rose by just +0.1 percent. Annualised rental growth comparisons indicate a growing demand for units over houses. National unit rentals grew by +4.9 percent in the year to March 2011 compared to only +1.3 percent for houses over the same period.

Rental growth, particularly in the unit market, reflects the continuing shortage of available accommodation facing Australian households. Chronically low vacancy rates in most capitals, notably for inner-city or close CBD proximity residences, together with the near record collapse in first home buyer activity in the marketplace, particularly in Sydney and Melbourne, has intensified competition amongst prospective tenants for available properties.

Supply is not keeping up with demand as housing construction levels remain recessed. Only Melbourne provides some hope that more properties will become available to prospective tenants as a result of its recent boom in inner-city apartment construction, although this is not likely to impact the marketplace until 2012.

Investor activity has also been subdued, exacerbating rental market stock shortages. Rising yields however will renew investor interest in the market and may provide some marginal short-term relief for renters. Expect however significant growth in rentals overall, particularly units, to continue through 2011, driven by accelerating economic activity, household growth, housing shortages and affordability issues associated with entry-level home buyers continuing to strangle the market.

Sydney, Adelaide, Perth and Canberra recorded growth in house rentals in the December quarter, with Adelaide and Canberra leading the pack with rental increases of +3.0 percent and +2.2 percent respectively. Hobart house rentals were flat over the quarter, however Melbourne declined by -1.4 percent and Darwin was down by a substantial -9.1 percent.

Unit rentals grew strongly in each capital city except Brisbane and Hobart which were flat. Most rises were over +2.0 percent and were led by Darwin +4.7 percent, and Melbourne and Perth which each recorded +2.9 percent growth over the quarter.

Sydney and Canberra have produced the strongest rental growth for dwellings over the past year reflecting ongoing high demand and a significant shortage of available properties in those markets. The January floods in Brisbane have not impacted on rental growth with no change in median rentals for both houses and units over the quarter.

Sydney, Darwin and Canberra are the most expensive capitals for renting in the nation with Hobart and Adelaide the least expensive.

Increased rental growth combined with continued subdued prices growth in most capitals has reinvigorated gross investment yields over the quarter. Canberra and Hobart continue to provide investors with the nations highest gross yields for both houses and units.

Rental growth should continue to rise ahead of capital growth over the next quarter with yields rising as a consequence, particularly in the unit market. A general re-emergence of price growth from mid-year in most capital city markets combined with ongoing solid rental growth will produce a stabilising of yield outcomes for investors. With the prospect of rising yields in the shorter-term and a subdued buyers market, solid capital growth opportunities appear to currently exist for investors in most markets."

About Australian Property Monitors (APM)

APM is a leading national supplier of property price information to home buyers and sellers, professional real estate agents, mortgage brokers, valuers, banks and financial markets. APM has been helping our customers make informed decisions about property since 1989.

APM monitors residential property activity from a variety of sources including auctions, government and semi-government agencies, real estate advertising, real estate agents and APM's own researchers. This vast pool of information ensures APM's databases contain the latest and most detailed house price information available.

For more information or to arrange an interview, please contact:

- Emma Casey, Reservoir Network 02 9955 8000 / 0401 494 436
email: emma@reservoirnetwork.com.au
- Steve Riethoff, Reservoir Network 02 9955 8000 / 0417 047 837
email: steve@reservoirnetwork.com.au