

RENTAL REPORT

June 2011

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Key findings:

- Flat national growth - houses down -0.2%, units up +0.3%
- Canberra only city to record rental growth in both houses and units
- Melbourne rentals continue to decline - houses down -1.4%, units steady
- Steep rise in Brisbane unit rentals as reconstruction commences

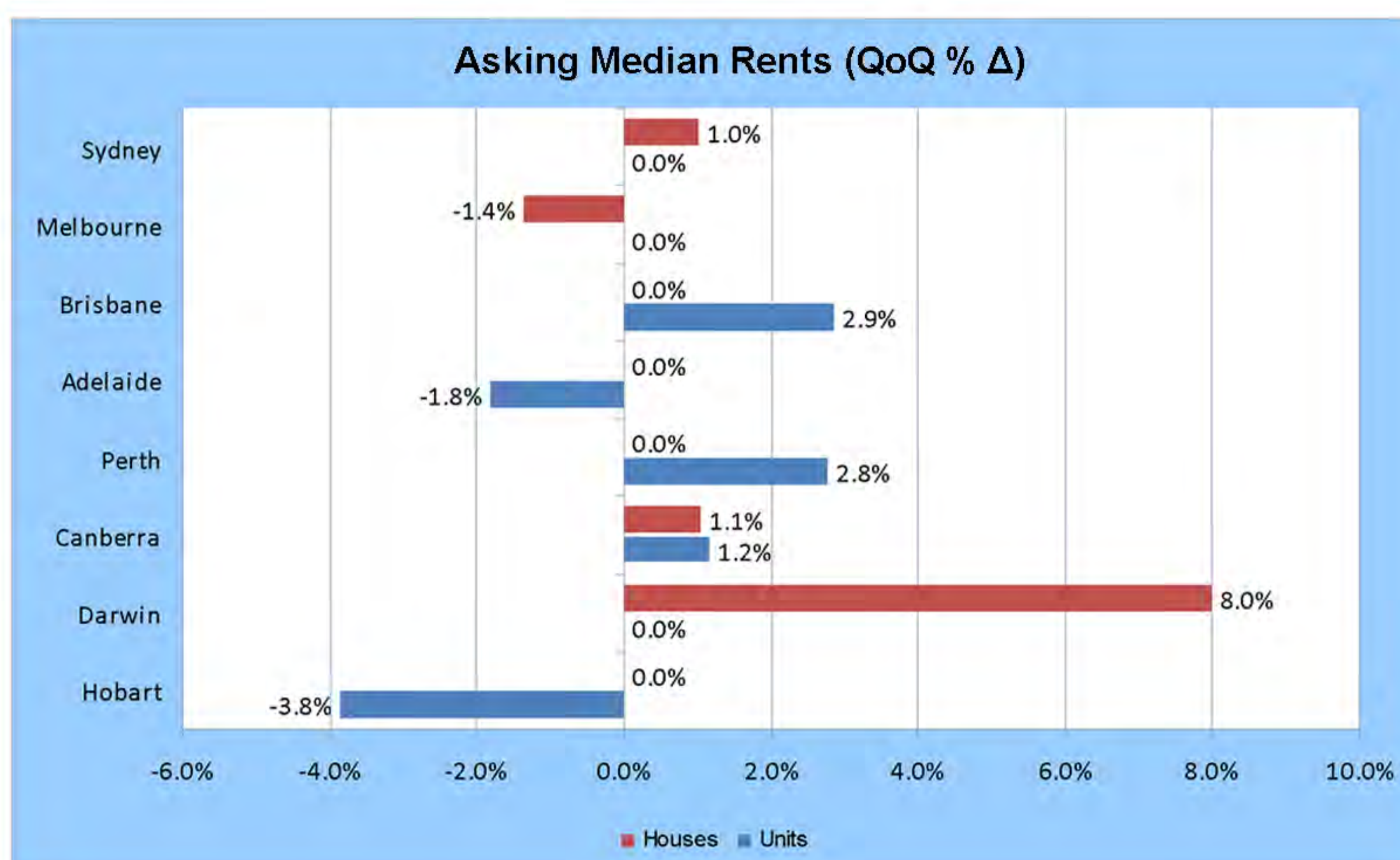
Median Weekly Asking Rents - Houses

	Jun-11	Mar-11	Jun-10	QoQ % Δ	YoY % Δ
Sydney	490	485	480	1.0%	2.1%
Melbourne	360	365	365	-1.4%	-1.4%
Brisbane	370	370	360	0.0%	2.8%
Adelaide	340	340	325	0.0%	4.6%
Perth	380	380	370	0.0%	2.7%
Canberra	475	470	450	1.1%	5.6%
Darwin	540	500	540	8.0%	0.0%
Hobart	320	320	300	0.0%	6.7%

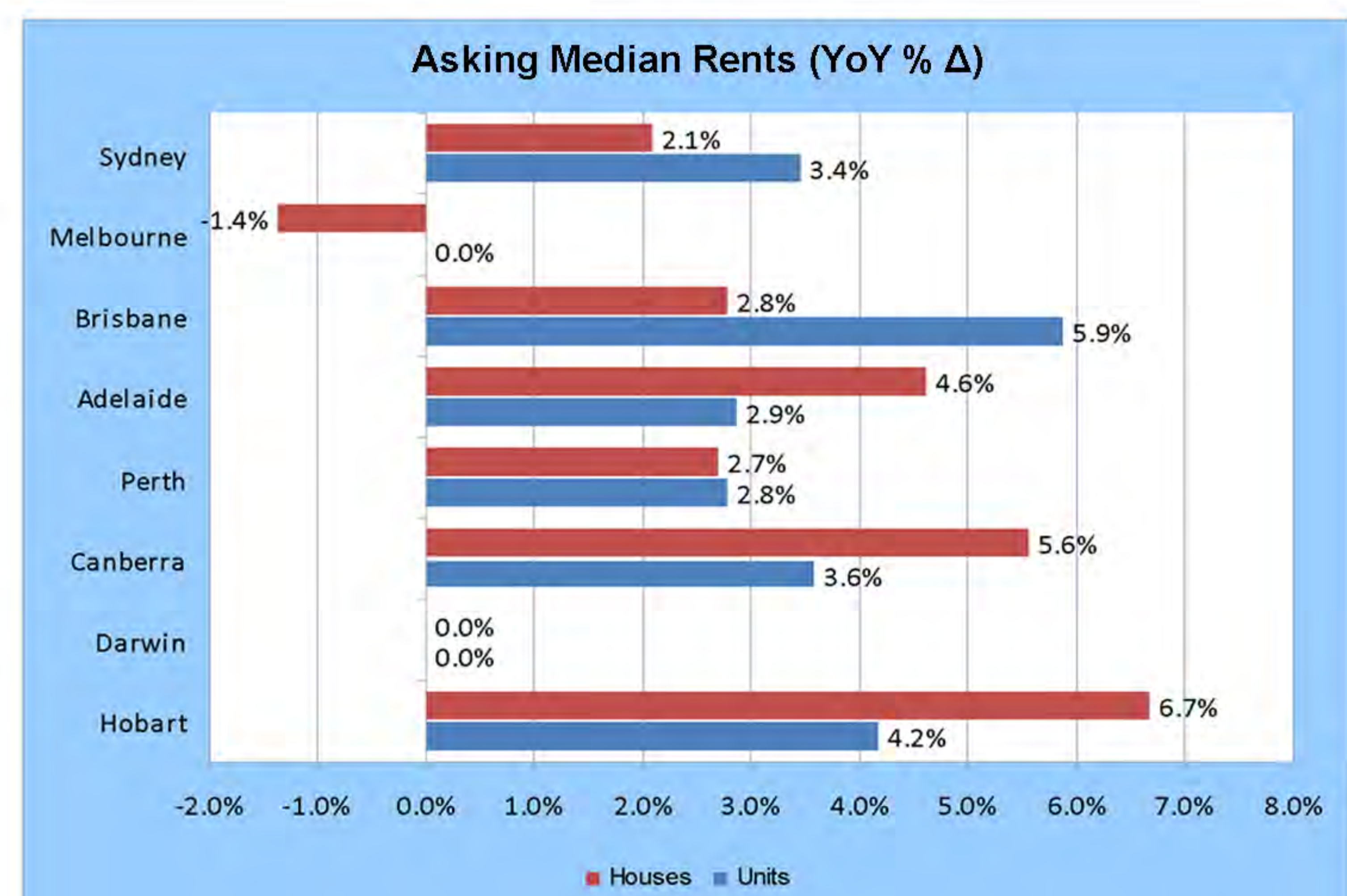
Median Weekly Asking Rents - Units

	Jun-11	Mar-11	Jun-10	QoQ % Δ	YoY % Δ
Sydney	450	450	435	0.0%	3.4%
Melbourne	350	350	350	0.0%	0.0%
Brisbane	360	350	340	2.9%	5.9%
Adelaide	270	275	263	-1.8%	2.9%
Perth	370	360	360	2.8%	2.8%
Canberra	435	430	420	1.2%	3.6%
Darwin	450	450	450	0.0%	0.0%
Hobart	250	260	240	-3.8%	4.2%

Asking Median Rents (QoQ % Δ)

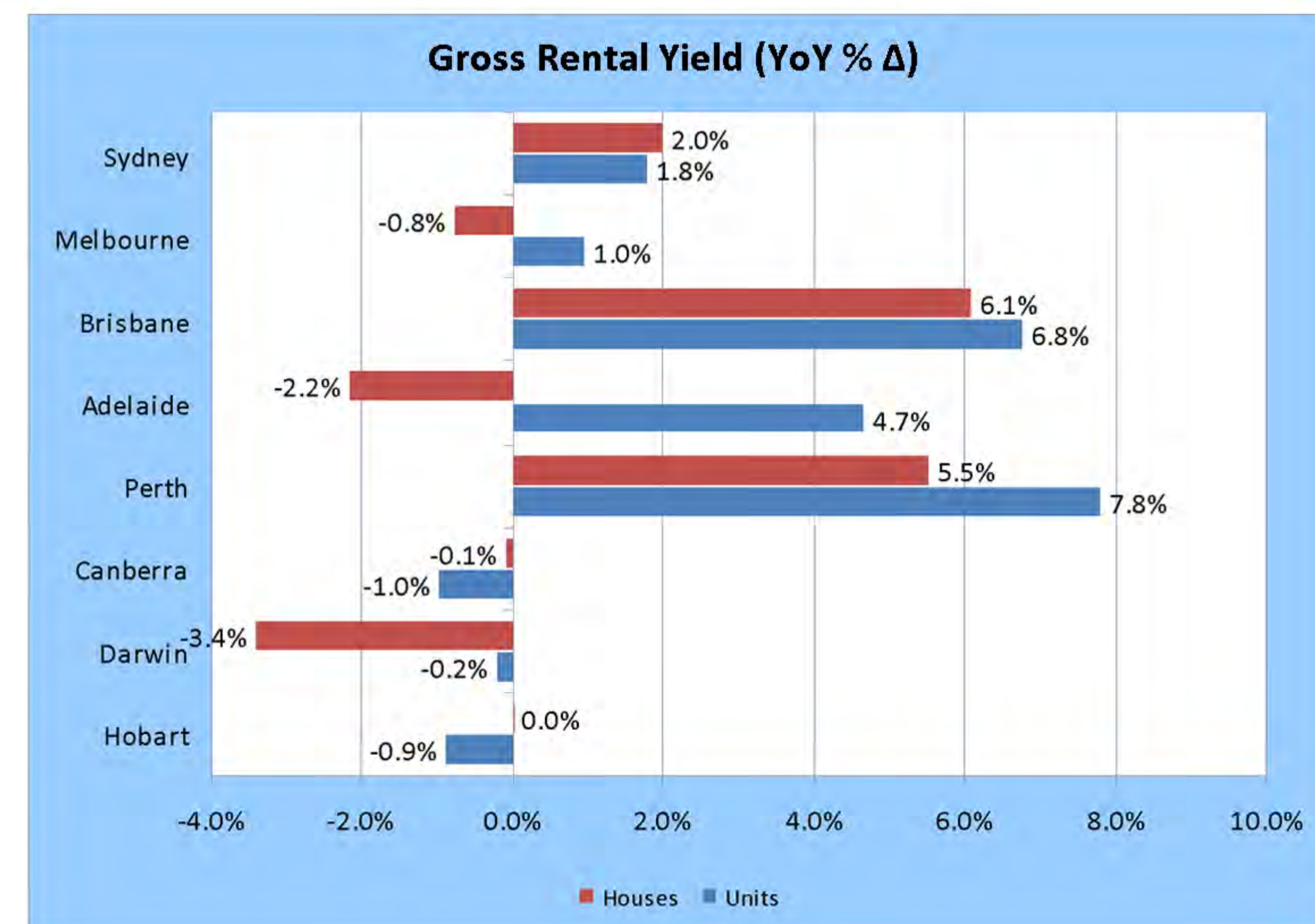
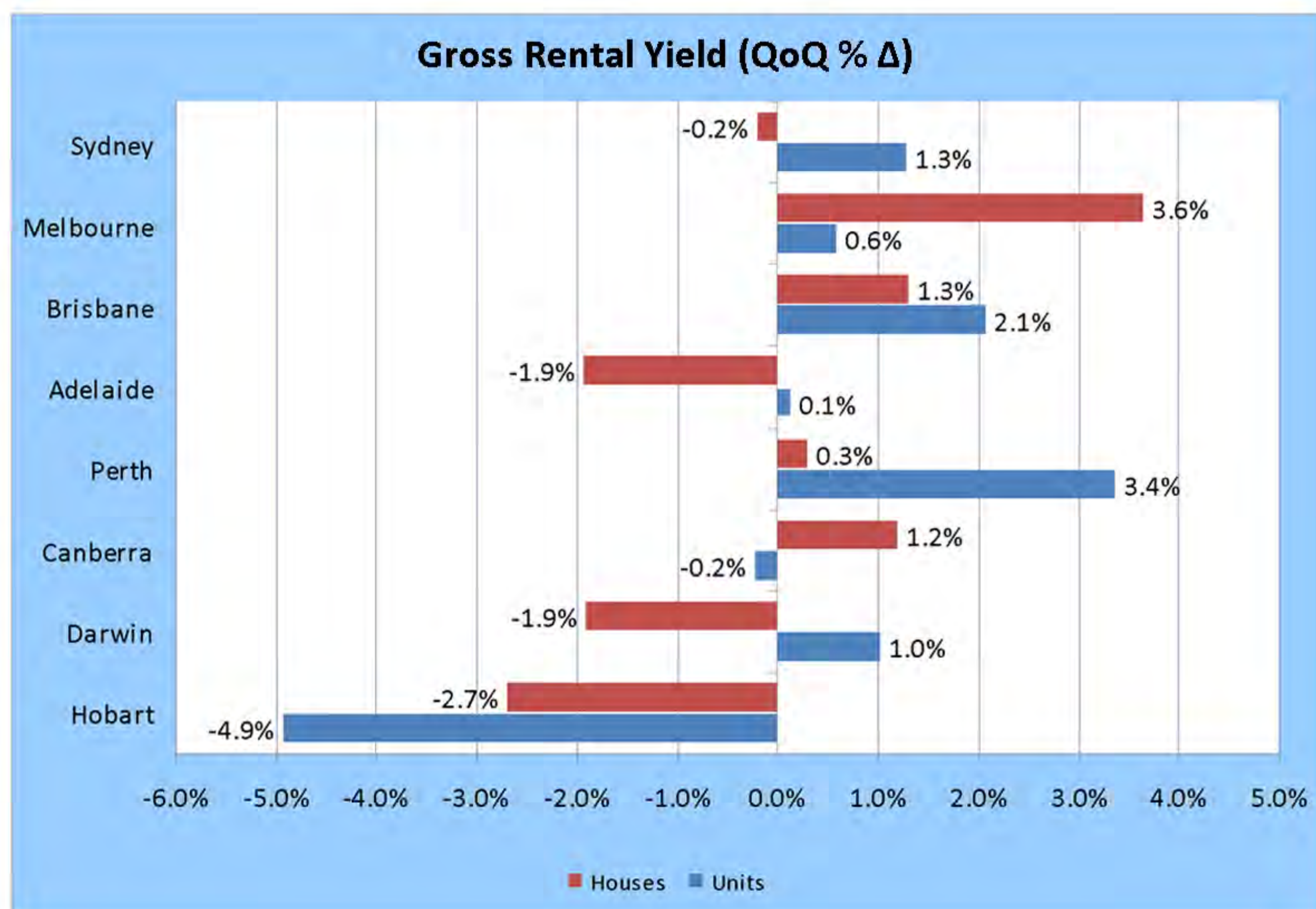
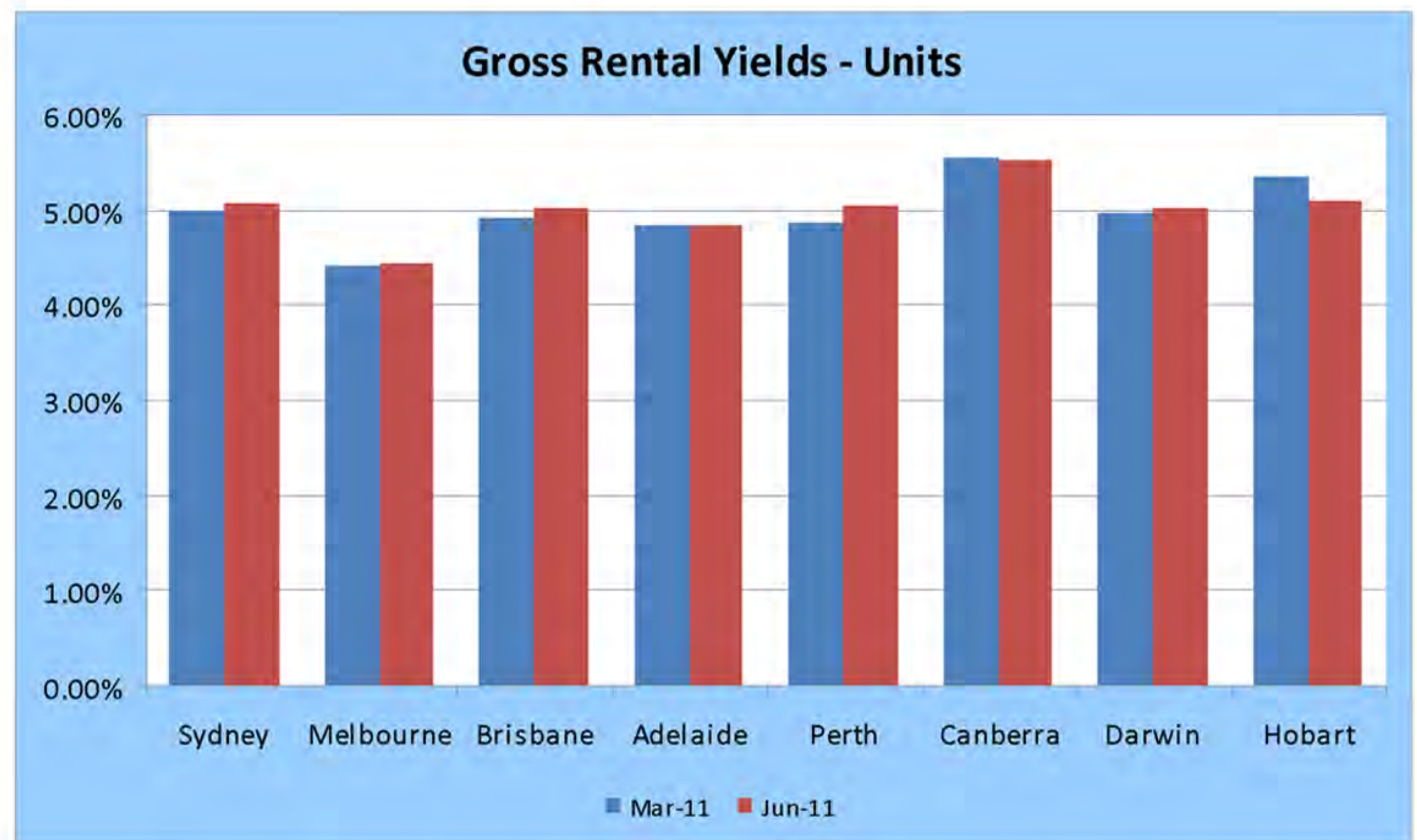
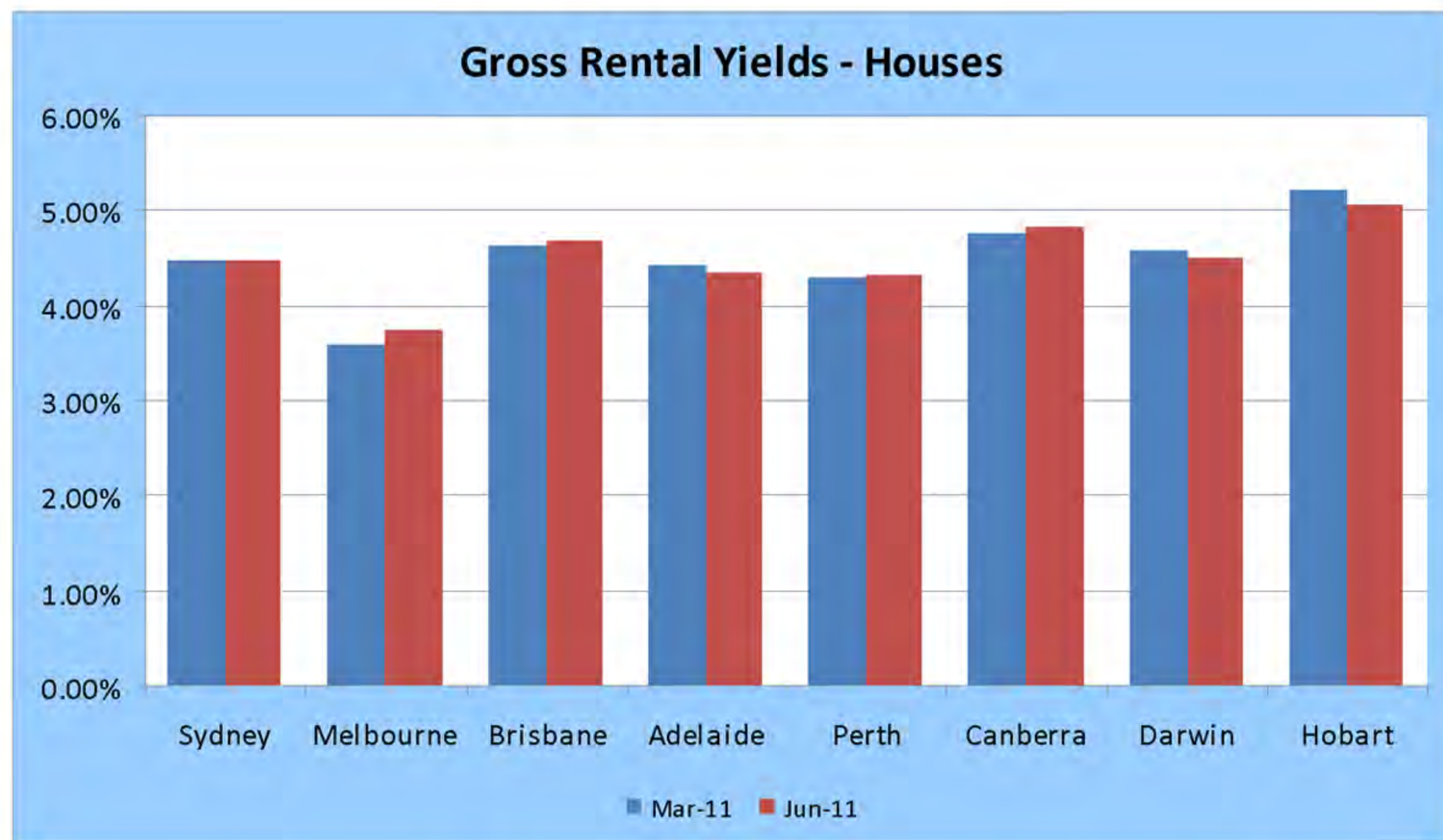


Asking Median Rents (YoY % Δ)



Gross Rental Yields - Houses					
	Jun-11	Mar-11	Jun-10	QoQ % Δ	YoY % Δ
Sydney	4.46%	4.47%	4.38%	-0.2%	2.0%
Melbourne	3.73%	3.60%	3.76%	3.6%	-0.8%
Brisbane	4.69%	4.63%	4.42%	1.3%	6.1%
Adelaide	4.34%	4.42%	4.43%	-1.9%	-2.2%
Perth	4.32%	4.30%	4.09%	0.3%	5.5%
Canberra	4.82%	4.77%	4.83%	1.2%	-0.1%
Darwin	4.49%	4.58%	4.65%	-1.9%	-3.4%
Hobart	5.07%	5.21%	5.07%	-2.7%	0.0%

Gross Rental Yields - Units					
	Jun-11	Mar-11	Jun-10	QoQ % Δ	YoY % Δ
Sydney	5.06%	4.99%	4.97%	1.3%	1.8%
Melbourne	4.44%	4.41%	4.40%	0.6%	1.0%
Brisbane	5.02%	4.92%	4.70%	2.1%	6.8%
Adelaide	4.84%	4.83%	4.62%	0.1%	4.7%
Perth	5.04%	4.88%	4.67%	3.4%	7.8%
Canberra	5.53%	5.54%	5.59%	-0.2%	-1.0%
Darwin	5.01%	4.96%	5.02%	1.0%	-0.2%
Hobart	5.09%	5.35%	5.13%	-4.9%	-0.9%



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).

Commentary

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

“Median asking rents remained mostly steady through the June quarter with most capital cities recording static or declining growth.

National median asking rentals for houses fell by -0.2 per cent while unit rentals rose marginally by +0.3 per cent in the quarter. Annually, national median asking rentals for houses increased by +1.2 per cent, with units also rising by +2.4 per cent over the year to June.

For the June quarter only Sydney, Canberra and Darwin recorded increases in median asking rents for houses of +1.0 per cent, +1.1 per cent and +8.0 per cent respectively.

House rentals declined in Melbourne by -1.4 per cent over the quarter, while Brisbane, Adelaide and Perth recorded no growth. Quarterly median asking rents for units rose in Brisbane (+2.9 per cent), Perth (+2.8 per cent) and Canberra (+1.2 per cent) over the June quarter, while both Melbourne and Sydney recorded no growth in unit rentals.

Darwin remains Australia's most expensive capital to rent either a house or a unit with a median asking weekly rental of \$540 for houses and \$450 for units.

Sydney and Canberra are the next most expensive with house rentals of \$490 and \$475 respectively and unit rentals at \$450 and \$435 respectively.

Although house rentals in Brisbane remained steady at over the June quarter, unit rentals recorded the strongest rise of any capitals over the period, which may have reflected increased competition for lower-end properties as a consequence of the Brisbane reconstruction initiative.

Melbourne's rental market appears to becoming more accessible for tenants with annual rents for houses decreasing by -1.4 per cent and rents for units stable over the last year. This may reflect an increase in new stock in the marketplace, and less competition from prospective tenants, particularly from a reduction in international student numbers.

Despite signs earlier this year pointing to a tough time ahead for renters, the reduction in buyer activity – particularly from first home buyers - has not resulted in a significant increase in rental prices.

Landlords may have also taken a conservative attitude to rental increases in the second quarter of the year as concerns over household cost of living, notably utility costs, continue to linger.

Despite the moderation in rental growth, rental yields have stabilised and in some capitals increased, reflecting the recent decline in house and unit price growth.

The prospect of steady to rising yields and a subdued market in the shorter-term, solid capital growth opportunities appear to continue to exist for investors in most markets.

With interest rates on hold and house prices stable in a generally strong economy, buyer activity appears set to increase in most capitals through the second half of 2011 and into early 2012, which will have positive implications for an increasingly accessible rental market in most cities.”

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.

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