

# RENTAL REPORT

March 2012

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## Key findings:

- National median weekly asking rents for houses remained steady over the March quarter with rents for units falling by -1.1%.
- Sydney, Melbourne, Brisbane and Perth reported no growth in house rentals over the quarter with Adelaide house rentals down by -0.6% and Canberra falling by -2.0%.
- Weekly asking rents for units either fell or were steady across all capital cities, with the biggest fall in the quarter recorded in Sydney of -2.2%.

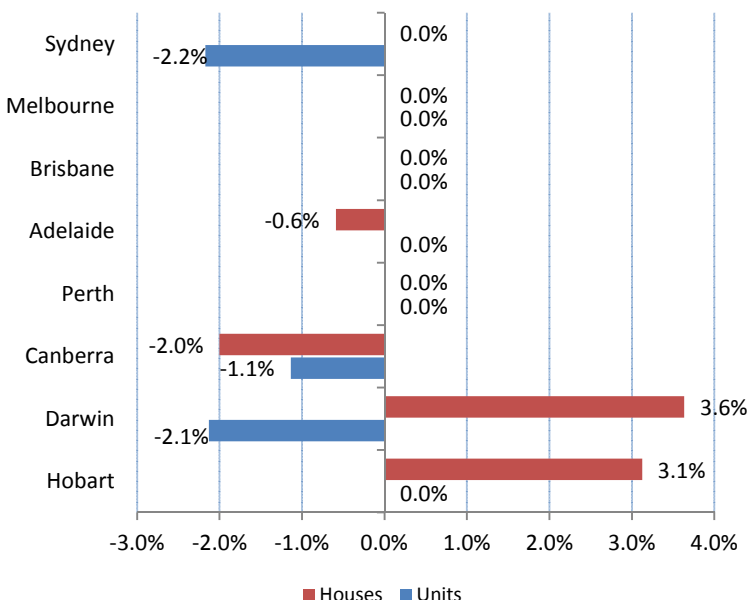
Median Weekly Asking Rents - Houses

	Mar-12	Dec-11	Mar-11	QoQ % Δ	YoY % Δ
Sydney	500	500	490	0.0%	2.0%
Melbourne	360	360	365	0.0%	-1.4%
Brisbane	380	380	370	0.0%	2.7%
Adelaide	338	340	340	-0.6%	-0.6%
Perth	400	400	385	0.0%	3.9%
Canberra	490	500	480	-2.0%	2.1%
Darwin	570	550	510	3.6%	11.8%
Hobart	330	320	325	3.1%	1.5%

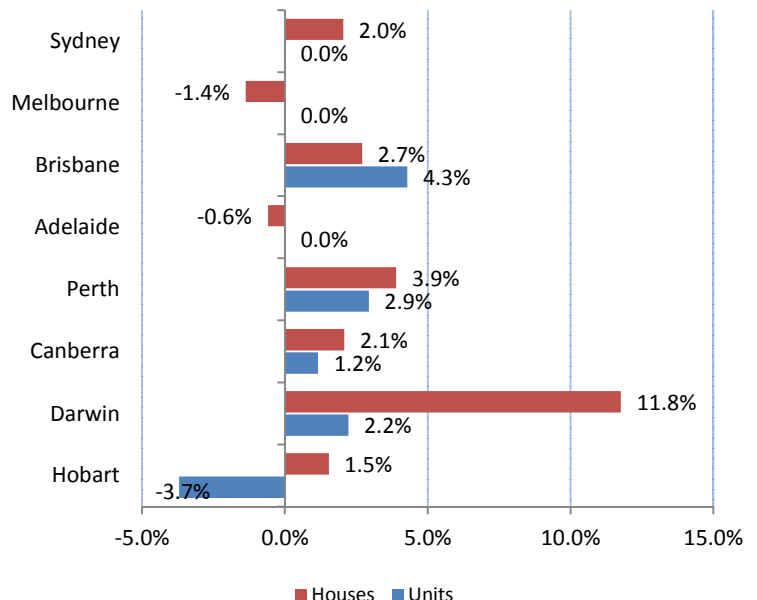
Median Weekly Asking Rents - Units

	Mar-12	Dec-11	Mar-11	QoQ % Δ	YoY % Δ
Sydney	450	460	450	-2.2%	0.0%
Melbourne	350	350	350	0.0%	0.0%
Brisbane	365	365	350	0.0%	4.3%
Adelaide	280	280	280	0.0%	0.0%
Perth	350	350	340	0.0%	2.9%
Canberra	435	440	430	-1.1%	1.2%
Darwin	460	470	450	-2.1%	2.2%
Hobart	260	260	270	0.0%	-3.7%

Asking Median Rents (QoQ % Δ)



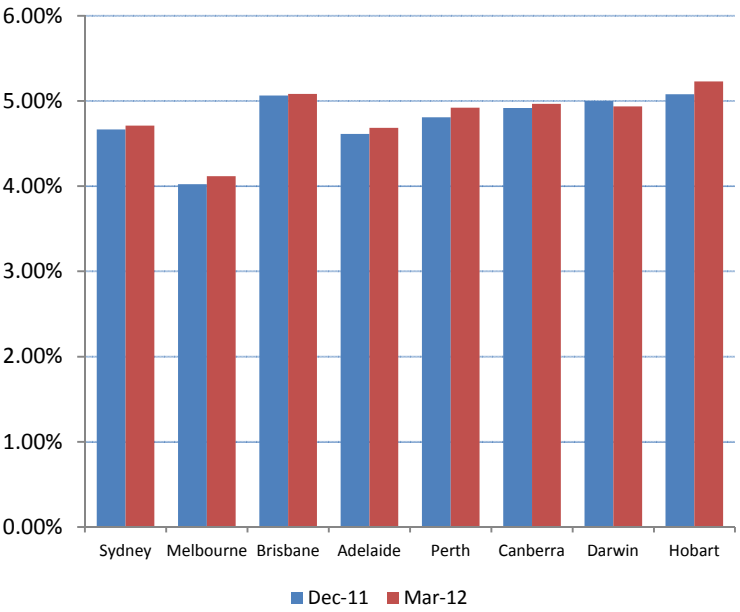
Asking Median Rents (YoY % Δ)



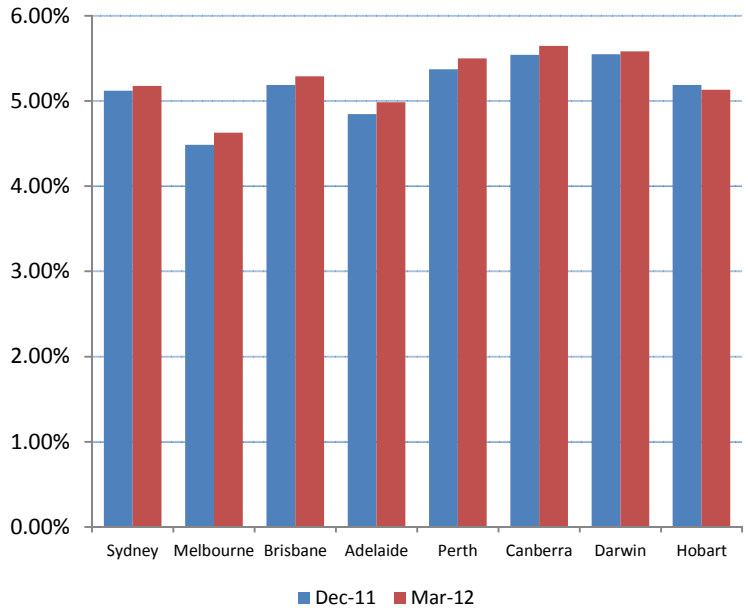
	Gross Rental Yields - Houses				
	Mar-12	Dec-11	Mar-11	QoQ % Δ	YoY % Δ
Sydney	4.71%	4.67%	4.45%	1.0%	5.8%
Melbourne	4.12%	4.02%	3.71%	2.4%	11.0%
Brisbane	5.08%	5.06%	4.72%	0.4%	7.7%
Adelaide	4.69%	4.61%	4.42%	1.6%	6.0%
Perth	4.92%	4.81%	4.44%	2.4%	10.8%
Canberra	4.97%	4.92%	4.78%	0.9%	3.9%
Darwin	4.94%	5.00%	4.50%	-1.3%	9.6%
Hobart	5.23%	5.08%	5.31%	3.0%	-1.4%

	Gross Rental Yields - Units				
	Mar-12	Dec-11	Mar-11	QoQ % Δ	YoY % Δ
Sydney	5.18%	5.12%	4.99%	1.1%	3.7%
Melbourne	4.63%	4.49%	4.42%	3.2%	4.6%
Brisbane	5.29%	5.19%	4.96%	1.9%	6.6%
Adelaide	4.98%	4.85%	4.78%	2.8%	4.2%
Perth	5.50%	5.37%	4.72%	2.4%	16.6%
Canberra	5.65%	5.54%	5.44%	1.9%	3.7%
Darwin	5.58%	5.55%	5.02%	0.6%	11.2%
Hobart	5.13%	5.19%	5.20%	-1.1%	-1.3%

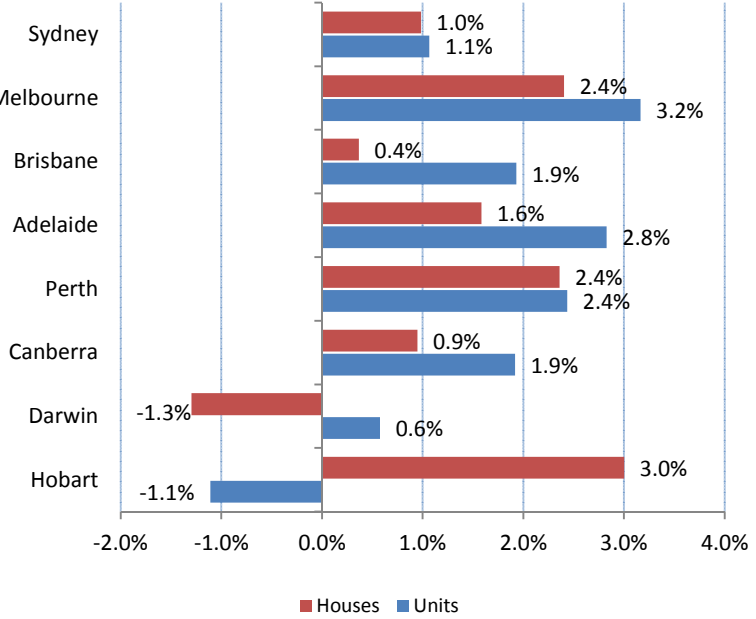
**Gross Rental Yields - Houses**



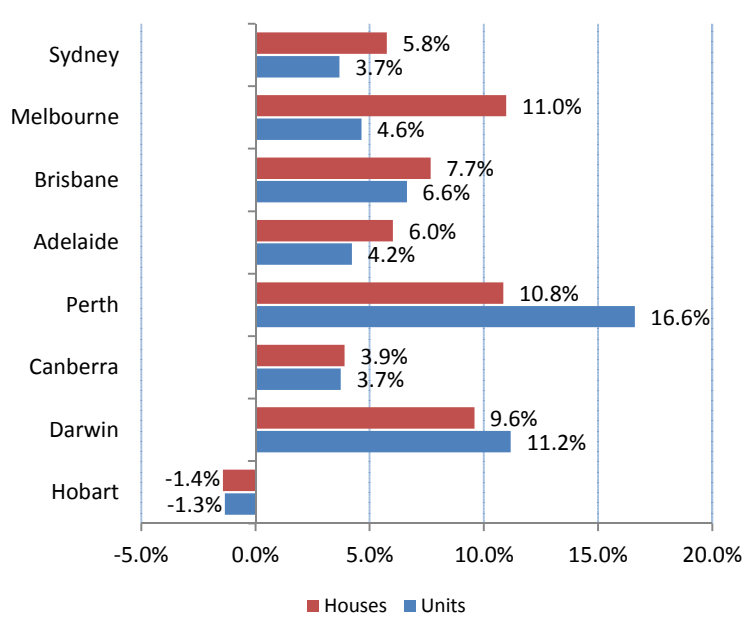
**Gross Rental Yields - Units**



**Gross Rental Yield (QoQ % Δ)**



**Gross Rental Yield (YoY % Δ)**



NB: APM has calculated Gross Rental Yields based on advertised asking rent data and our proprietary Automated Valuations Models (AVM).

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

"National median weekly asking rents for houses remained steady over the three months ending March 2012 with rents for units falling by -1.1%.

Increased buyer activity over the March quarter has taken some pressure off rental markets with most capitals reporting no increases in rentals for both houses and units.

Sydney, Melbourne, Brisbane and Perth reported no growth in house rentals over the quarter with Adelaide house rentals down by -0.6% and Canberra falling by -2.0%.

Darwin and Hobart however bucked the trend with median asking weekly rentals for houses rising by +3.6% and +3.1% respectively.

The results for units was even more pronounced than those for houses with Melbourne, Brisbane, Adelaide, Perth and Hobart recording no growth in median weekly asking rentals over the March quarter.

Sydney, Darwin and Canberra all recorded falls in unit rentals over the quarter down by -2.2%, -2.1% and -1.1% respectively.

Flat or declining rental growth over the March quarter for both houses and units indicates decreased competition for rental accommodation particularly from first homebuyers that have become reactivated in most marketplaces as housing affordability has improved.

This is particularly evident in Sydney where a 60% state-wide surge in first homebuyer loans (according to ABS figures) over the last quarter of 2011 has reduced demand for rental properties, particularly units.

The annual rental growth data reports Brisbane as the leading capital for both houses and units with increases of +2.7% for houses and +4.3% for units.

Perth recorded similar annual results to Brisbane with house rentals up by +3.9% and unit rentals up by +2.9%.

Melbourne continues as the most tenant-friendly capital with annual house rentals falling by -1.4% and unit rentals recording no growth over the year.

Flat or falling rental growth for both units and houses in most centres has however not resulted in falling gross rental yields. Rental yields have increased marginally as prices growth remains subdued despite increased buyer activity in most markets. Units continue to provide higher gross rental returns compared to houses in all the mainland capitals.

Improved housing affordability with the bottoming of the price cycle, falling interest rates and an improved economic outlook has facilitated increased buyer activity in most capital cities particularly from first homeowners. This has taken some demand pressure off rental markets with flat rental growth recorded over the March quarter as a consequence.

However with ongoing shortages of accommodation, low levels of new supply and continued inactivity by investors, upward pressure on rentals can be expected to resume in most centres over 2012.

Gross investment yield growth should track sideways from mid-2012 as prices and rental increases emerge concurrently."

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