

RENTAL REPORT

March 2013

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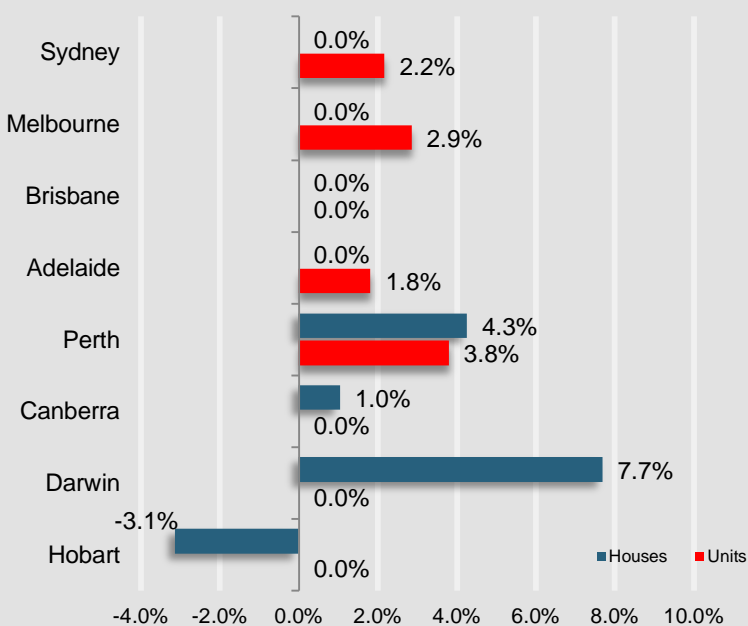
Key findings:

- Sidelined first home buyers lift Sydney unit rents
- Perth rents continue to skyrocket
- Melbourne still best value for tenants
- Brisbane and Perth standouts for investors with top yields

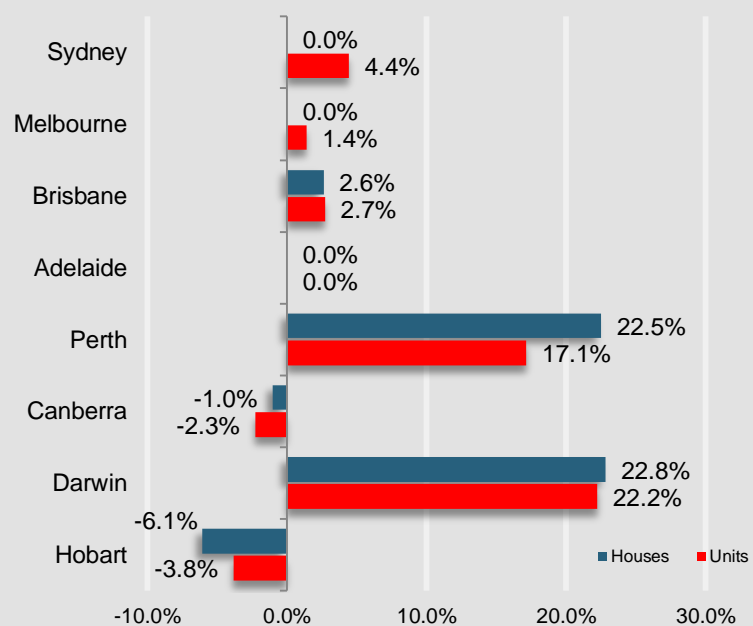
	Median Weekly Asking Rents (\$) - Houses				
	Mar-13	Dec-12	Mar-12	QoQ % Δ	YoY % Δ
Sydney	500	500	500	0.0%	0.0%
Melbourne	360	360	360	0.0%	0.0%
Brisbane	390	390	380	0.0%	2.6%
Adelaide	340	340	340	0.0%	0.0%
Perth	490	470	400	4.3%	22.5%
Canberra	485	480	490	1.0%	-1.0%
Darwin	700	650	570	7.7%	22.8%
Hobart	310	320	330	-3.1%	-6.1%

	Median Weekly Asking Rents (\$) – Units				
	Mar-13	Dec-12	Mar-11	QoQ % Δ	YoY % Δ
Sydney	470	460	450	2.2%	4.4%
Melbourne	360	350	355	2.9%	1.4%
Brisbane	375	375	365	0.0%	2.7%
Adelaide	280	275	280	1.8%	0.0%
Perth	410	395	350	3.8%	17.1%
Canberra	430	430	440	0.0%	-2.3%
Darwin	550	550	450	0.0%	22.2%
Hobart	250	250	260	0.0%	-3.8%

Asking Median Rents (Qtr on Qtr % Δ)

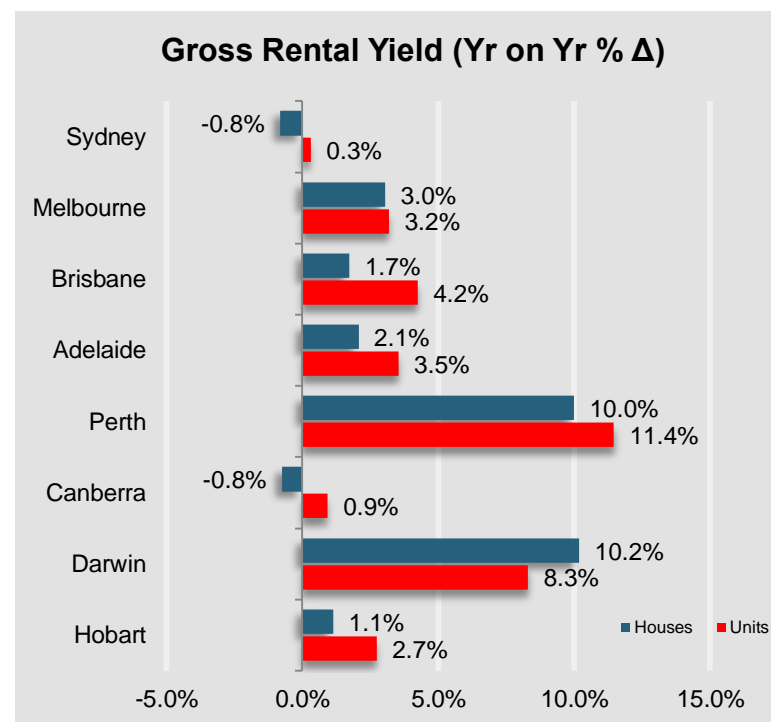
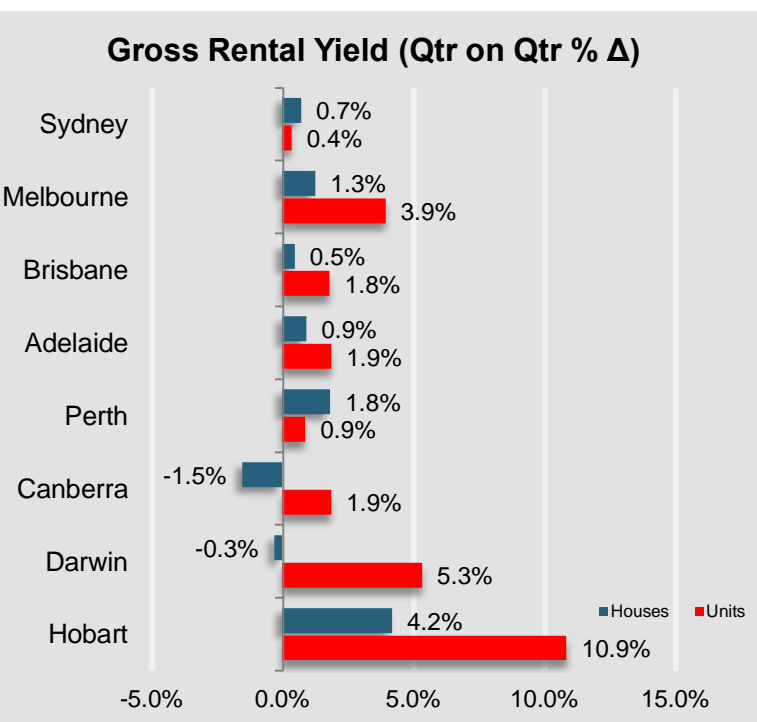
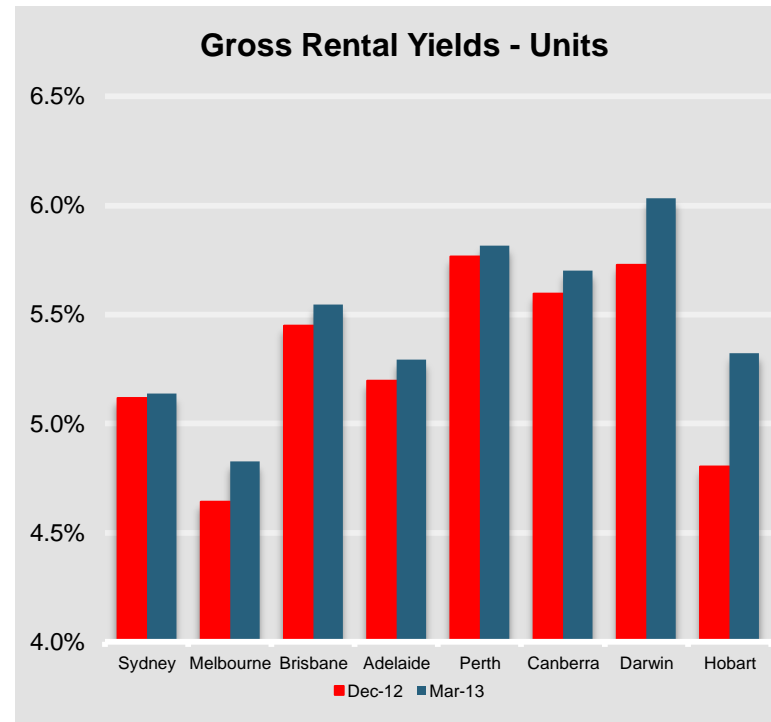
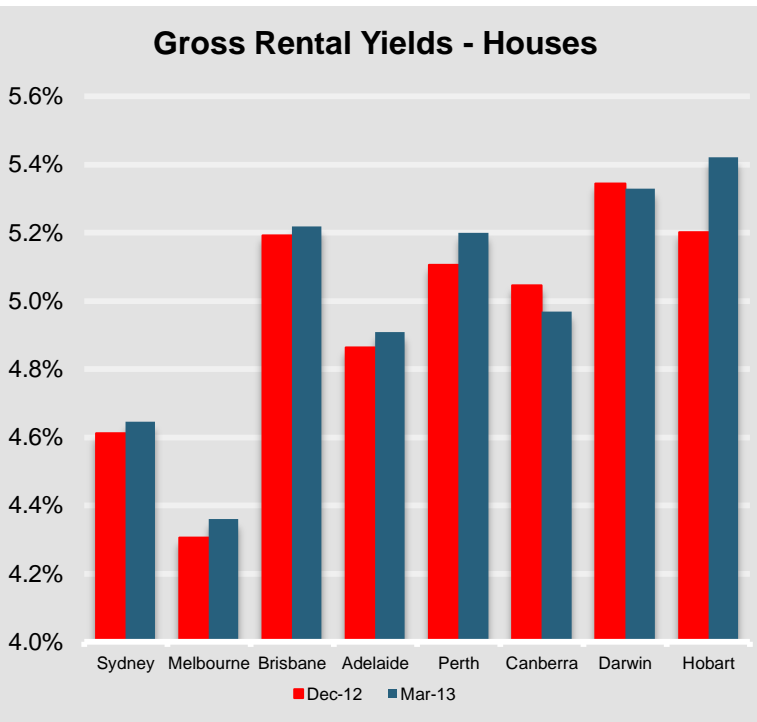


Asking Median Rents (Yr on Yr % Δ)



	Gross Rental Yields – Houses				
	Mar-13	Dec-12	Mar-12	QoQ % Δ	YoY % Δ
Sydney	4.64%	4.61%	4.68%	0.7%	-0.8%
Melbourne	4.36%	4.31%	4.23%	1.3%	3.0%
Brisbane	5.22%	5.19%	5.13%	0.5%	1.7%
Adelaide	4.91%	4.86%	4.81%	0.9%	2.1%
Perth	5.20%	5.11%	4.73%	1.8%	10.0%
Canberra	4.97%	5.05%	5.01%	-1.5%	-0.8%
Darwin	5.33%	5.34%	4.84%	-0.3%	10.2%
Hobart	5.42%	5.20%	5.36%	4.2%	1.1%

	Gross Rental Yields - Units				
	Mar-13	Dec-12	Mar-12	QoQ % Δ	YoY % Δ
Sydney	5.14%	5.12%	5.12%	0.4%	0.3%
Melbourne	4.83%	4.64%	4.68%	3.9%	3.2%
Brisbane	5.55%	5.45%	5.32%	1.8%	4.2%
Adelaide	5.29%	5.20%	5.11%	1.9%	3.5%
Perth	5.82%	5.76%	5.22%	0.9%	11.4%
Canberra	5.70%	5.60%	5.65%	1.9%	0.9%
Darwin	6.03%	5.73%	5.57%	5.3%	8.3%
Hobart	5.32%	4.80%	5.18%	-10.9%	2.7%



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

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

Although rents for houses remained flat in most capital cities, unit rentals have surged over the March quarter. Nationally, median weekly asking rents for houses rose by just +0.4% however unit rents rose by +2.2% over the quarter.

Sydney, Melbourne and Perth were the big movers in unit rents over the March quarter with only Perth of all the major capitals recording a rise in house rents.

Sydney median asking house rents were again steady over the March quarter at \$500 but remained the highest rents of all capitals except Darwin. Sydney house rents have now recorded no growth over the past year.

Facing high house rents, Sydney tenants appear to be switching their preferences to units with rents rising by +2.2% over the quarter and up by +4.4% over the year. With first home buyers numbers currently at record lows, demand is increasing for already scarce rental accommodation, particularly at the more affordable end of the price spectrum.

The differential between house rents and unit rents however is quickly closing with the real prospect looming of rental parity between these accommodation types.

The Melbourne market recorded a surprising lift in unit rents over the March quarter despite the recent significant increase in new apartment supply, particularly in the CBD. Melbourne unit rents rose by +2.9% over the quarter and by +1.4% over the year. This was the first rise in rents recorded for either houses or units in Melbourne for some time. Despite the latest increase, Melbourne remains highly affordable for tenants compared to the other mainland capitals with only Adelaide more affordable. Melbourne house rents are 28% lower than Sydney's.

The Brisbane rental market paused over the March quarter with no rises recorded in the median weekly asking rentals for both houses and units. Given the recent growth in rents in Brisbane and the tightening rental market potential homebuyers are perhaps being activated by low interest rates and low entry-level home prices taking some demand away from a highly competitive rental market.

The extraordinary rise of Perth house and unit rents continued over the March quarter driven by record levels of new arrivals seeking accommodation.

Perth median asking weekly house rents rose by +4.3% over the March quarter with unit rents up by +3.8%. Perth house median house rent is currently at \$490 a week and looks set to overtake Sydney as the most expensive of all the major capitals.

Similarly to Perth, the Darwin rental market continues to record surging house rentals up +7.7% over the March quarter. Darwin remains the most expensive capital city rental market over the March quarter with houses at \$700 a week and units at \$550 a week.

Upward pressure on rents is set to continue in Perth, Darwin and Sydney as a chronic shortage of housing continues to put the rental bite on tenants in those cities. Increased demand for unit accommodation will continue in Sydney and Melbourne driven by affordability constraints and lifestyle preferences however in Melbourne, new apartment growth will act to offset rental increases. Rental growth in Adelaide, Hobart and Canberra will remain subdued over the remainder of 2013 reflecting the under-performance of those local economies.

For investors, Perth and Brisbane are both performing well. Perth gross yields for units at 5.82% are the highest of all the major capitals with house yields at 5.20% just behind the leader Brisbane at 5.22%. Brisbane unit yields are just behind Perth at 5.55% with plenty of potential upside for capital gains in a recovering market environment.

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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