

Rental report

September Quarter 2013

Key findings

- Sydney unit rents drawing closer to median asking rents for houses
- Perth rents unsurprisingly decline following earlier extraordinary growth
- Melbourne house rents on the rise after lengthy period of decline
- Sydney yields continue to weaken as prices rise strongly

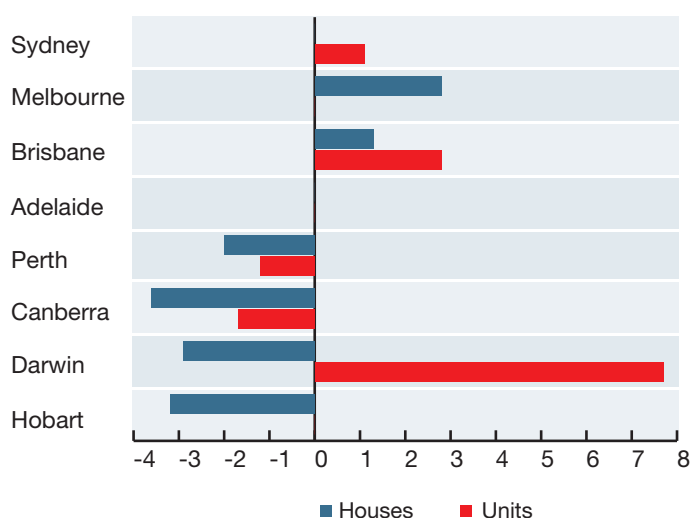
Median weekly asking rents (\$)

Houses					
	Sep 13	Jun 13	Sep 12	QoQ % Δ	YoY % Δ
Sydney	500	500	500	0.0%	0.0%
Melbourne	370	360	360	2.8%	2.8%
Brisbane	395	390	380	1.3%	3.9%
Adelaide	340	340	340	0.0%	0.0%
Perth	480	490	450	-2.0%	6.7%
Canberra	463	480	480	-3.6%	-3.6%
Darwin	680	700	700	-2.9%	-2.9%
Hobart	300	310	310	-3.2%	-3.2%

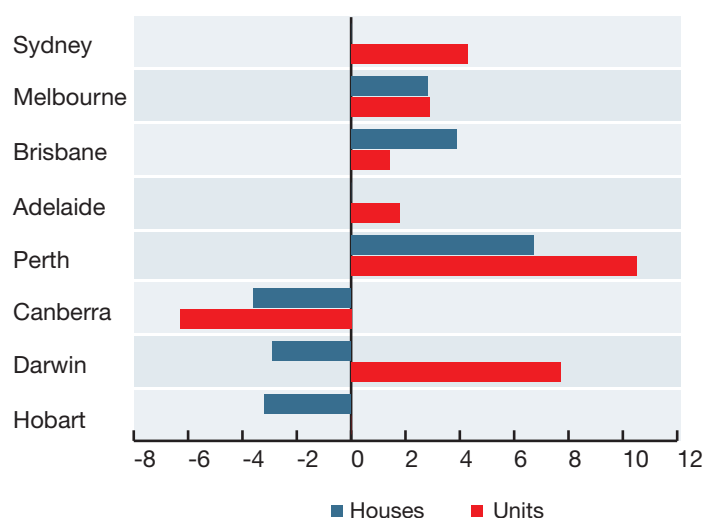
Median weekly asking rents (\$)

Units					
	Sep 13	Jun 13	Sep 12	QoQ % Δ	YoY % Δ
Sydney	480	475	460	1.1%	4.3%
Melbourne	360	360	350	0.0%	2.9%
Brisbane	370	360	365	2.8%	1.4%
Adelaide	280	280	275	0.0%	1.8%
Perth	420	425	380	-1.2%	10.5%
Canberra	403	410	430	-1.7%	-6.3%
Darwin	560	520	520	7.7%	7.7%
Hobart	250	250	250	0.0%	0.0%

Asking median rents (quarter on quarter change)



Asking median rents (year on year change)



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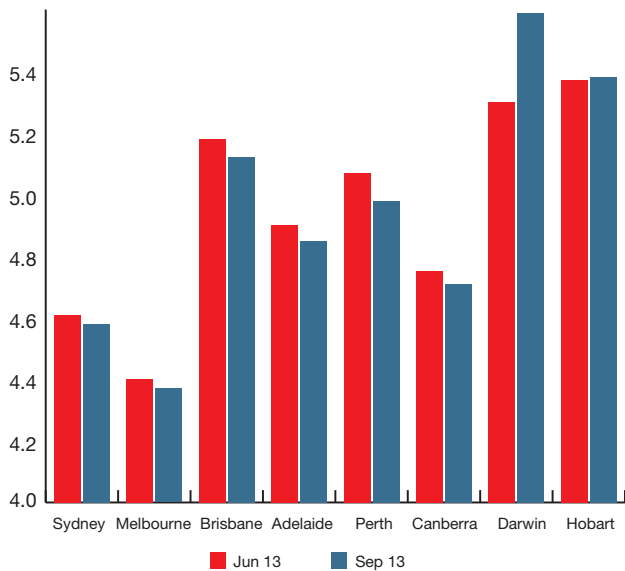
Gross rental yields

Houses					
	Sep 13	Jun 13	Sep 12	QoQ % Δ	YoY % Δ
Sydney	4.58%	4.61%	4.65%	-0.8%	-1.5%
Melbourne	4.37%	4.40%	4.31%	-0.6%	1.3%
Brisbane	5.12%	5.18%	5.20%	-1.1%	-1.5%
Adelaide	4.85%	4.90%	4.85%	-1.0%	0.1%
Perth	4.98%	5.07%	5.11%	-1.7%	-2.5%
Canberra	4.71%	4.75%	5.00%	-0.8%	-5.6%
Darwin	5.59%	5.30%	5.13%	5.5%	9.1%
Hobart	5.38%	5.37%	5.14%	0.3%	4.8%

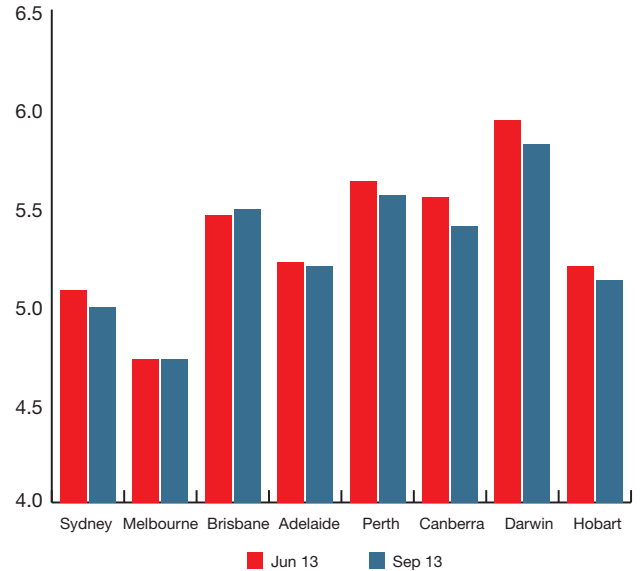
Gross rental yields

Units					
	Sep 13	Jun 13	Sep 12	QoQ % Δ	YoY % Δ
Sydney	4.99%	5.08%	5.08%	-1.7%	-1.8%
Melbourne	4.73%	4.73%	4.59%	0.1%	3.0%
Brisbane	5.49%	5.46%	5.43%	0.7%	1.2%
Adelaide	5.20%	5.22%	5.12%	-0.3%	1.5%
Perth	5.56%	5.63%	5.76%	-1.3%	-3.5%
Canberra	5.48%	5.55%	5.50%	-1.3%	-0.4%
Darwin	5.82%	5.94%	6.01%	-2.0%	-3.2%
Hobart	5.13%	5.20%	5.05%	-1.3%	1.6%

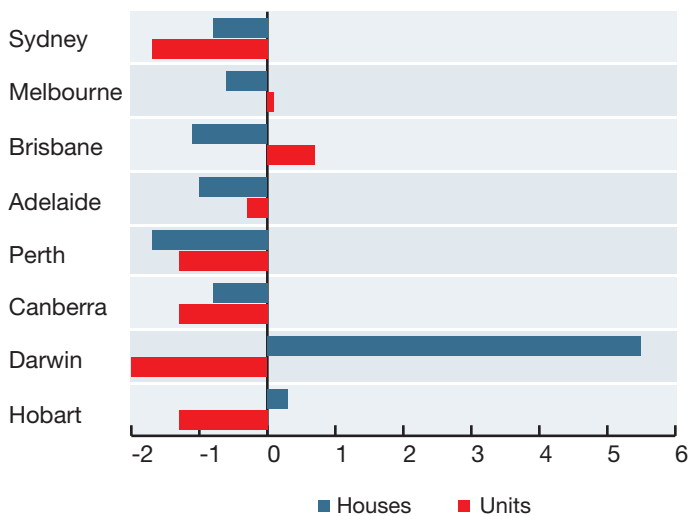
Gross rental yields - houses



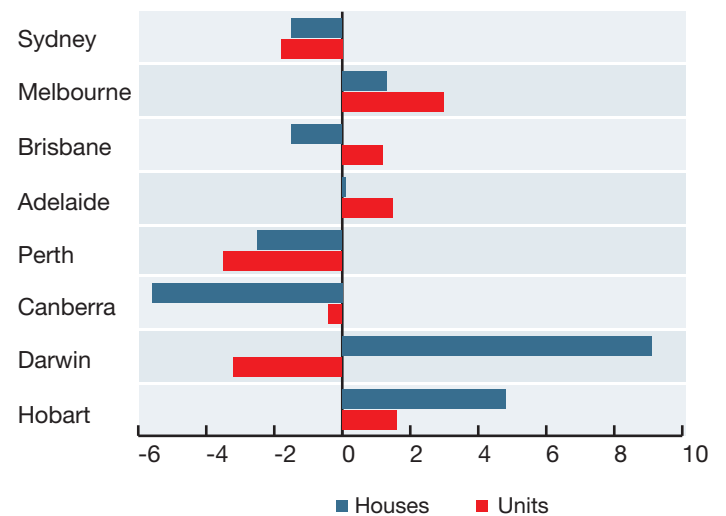
Gross rental yields - units



Gross rental yield (quarter on quarter change)



Gross rental yield (year on year change)



Rental report

Commentary

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

Australia's capital city housing markets reported mixed rental results over the September quarter - overall national median weekly asking rents for houses increased by +1.0% with unit rents up by +0.7%.

Melbourne and Brisbane were the only capital cities to record house rental growth over the quarter with increases of +2.8% and +1.3% respectively.

The increase in Melbourne's house rents was the first recorded for over a year. Despite the rise in house rents, Melbourne retains significant affordability advantages over all other mainland capitals with the exception of Adelaide.

Sydney maintains the mantle as the most expensive major capital to rent either a house or unit. Though house rents remained flat at \$500 per week over the past year, affordability barriers continue to impact the market with unit rents rising by +1.1% to \$480 per week and edging closer to the median weekly asking rent for houses.

Perth recorded falls in both house and unit rents over the September quarter with houses down by -2.0% and units falling by -1.2%. These falls are unsurprising given the extraordinary and unsustainable increases in Perth rents over the past year. Despite these latest falls Perth houses rents have increased by +6.7% over the past year with unit rents up +10.5%.

The Brisbane rental market continues to tighten with house rents up by +1.3% for an annual increase of +3.9%. Brisbane unit rents have recovered some of recent decreases to be up by +2.8% over the quarter for a +1.4% rise over the year.

Canberra, Adelaide, Hobart and Darwin continued to record flat or declining rental growth for both houses and units over the September quarter with the exception of Darwin units where rents rose by +7.7% but nonetheless recorded no growth over the year.

Sydney has now joined Melbourne as the only capitals with rental yields for units below 5.0%. Melbourne remains the capital with the lowest yields at 4.37% for houses and 4.73% for units.

Brisbane continues to provide investors with the highest gross yields for houses of all the major capitals at 5.12%. Perth also continues to record the highest gross yields for units of all the major capitals at 5.56% however yields are declining.

No surprise that rising house prices and flat rents continue to impact downwards on gross rental yields particularly in Sydney where investor activity nonetheless remains at high levels.

Rental growth can be expected to remain subdued in most capitals over the remainder of 2013 as low interest rates drive increased activity from first home buyers, investors and home builders reducing demand and increasing supply in most rental markets.

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