

Rental report

June Quarter 2014

Prepared by Australian Property Monitors

Rental report

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Key findings

- Sydney and Melbourne rents increasing
- House rents in Sydney on the rise again - unit rents now at \$500 pw
- Perth and Canberra rents continue to fall
- Although results are down, Brisbane remains top capital for yields

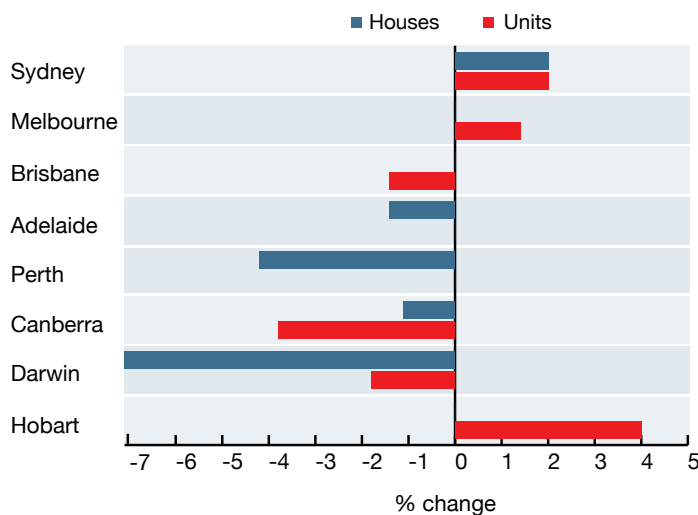
Median weekly asking rents (\$)

Houses					
	Jun-14	Mar-14	Jun-13	QoQ % Δ	YoY % Δ
Sydney	510	500	500	2.0%	2.0%
Melbourne	380	380	360	0.0%	5.6%
Brisbane	400	400	390	0.0%	2.6%
Adelaide	345	350	340	-1.4%	1.5%
Perth	460	480	493	-4.2%	-6.6%
Canberra	450	455	480	-1.1%	-6.3%
Darwin	650	700	690	-7.1%	-5.8%
Hobart	310	310	310	0.0%	0.0%

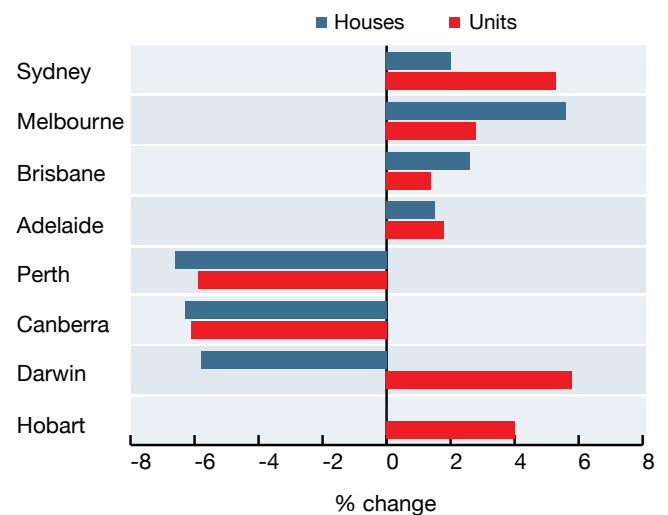
Median weekly asking rents (\$)

Units					
	Jun-14	Mar-14	Jun-13	QoQ % Δ	YoY % Δ
Sydney	500	490	475	2.0%	5.3%
Melbourne	370	365	360	1.4%	2.8%
Brisbane	365	370	360	-1.4%	1.4%
Adelaide	285	285	280	0.0%	1.8%
Perth	400	400	425	0.0%	-5.9%
Canberra	385	400	410	-3.8%	-6.1%
Darwin	550	560	520	-1.8%	5.8%
Hobart	260	250	250	4.0%	4.0%

Asking median rents (quarter on quarter change)



Asking median rents (year on year change)



Rental report

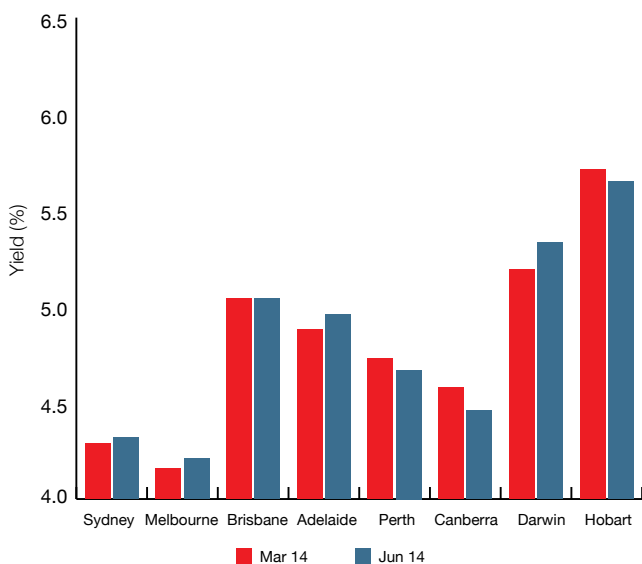
Gross rental yields

Houses					
	Jun-14	Mar-14	Jun-13	QoQ % Δ	YoY % Δ
Sydney	4.32%	4.29%	4.53%	0.8%	-4.6%
Melbourne	4.21%	4.16%	4.33%	1.3%	-2.8%
Brisbane	5.04%	5.04%	5.13%	0.0%	-1.8%
Adelaide	4.96%	4.88%	4.86%	1.5%	2.0%
Perth	4.67%	4.73%	4.96%	-1.3%	-5.8%
Canberra	4.46%	4.58%	4.73%	-2.5%	-5.6%
Darwin	5.33%	5.19%	5.28%	2.6%	1.0%
Hobart	5.65%	5.71%	5.39%	-1.1%	4.8%

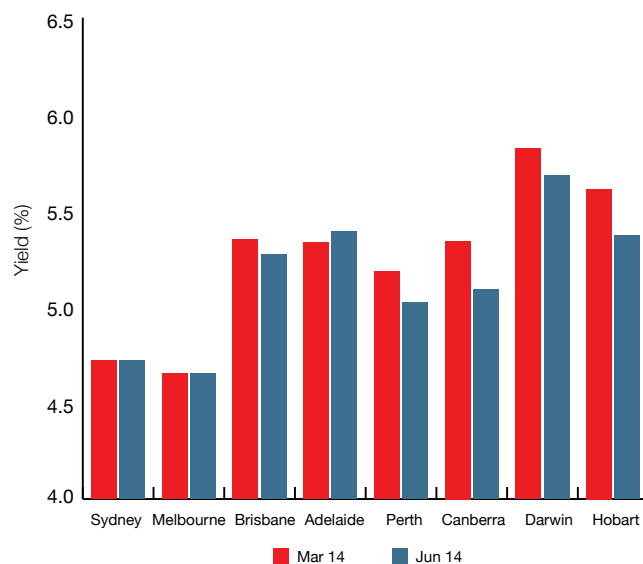
Gross rental yields

Units					
	Jun-14	Mar-14	Jun-13	QoQ % Δ	YoY % Δ
Sydney	4.72%	4.72%	4.99%	0.0%	-5.6%
Melbourne	4.65%	4.65%	4.65%	0.0%	0.0%
Brisbane	5.27%	5.35%	5.42%	-1.6%	-2.8%
Adelaide	5.39%	5.33%	5.18%	1.2%	4.1%
Perth	5.02%	5.18%	5.51%	-3.0%	-8.9%
Canberra	5.09%	5.34%	5.56%	-4.7%	-8.4%
Darwin	5.68%	5.82%	5.96%	-2.4%	-4.6%
Hobart	5.37%	5.61%	5.17%	-4.3%	3.9%

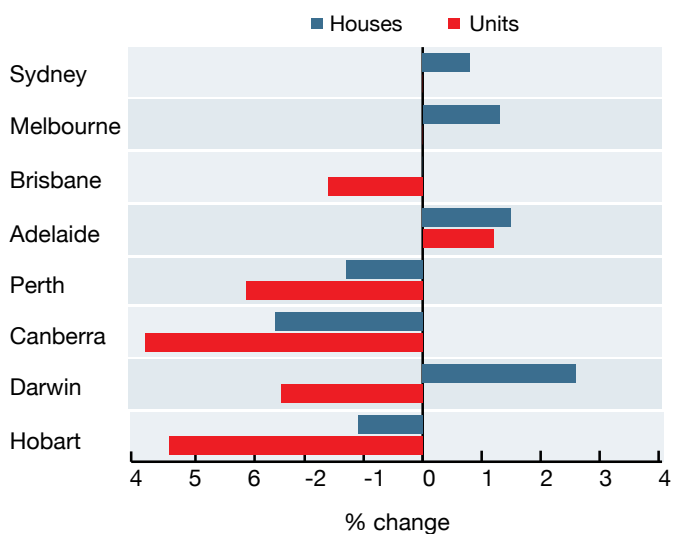
Gross rental yields - houses



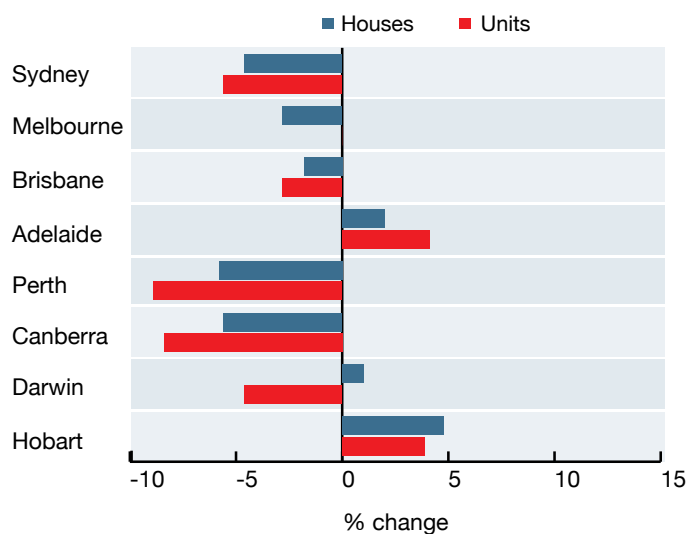
Gross rental yields - units



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 APM and The Domain Group

Multi-speed rental markets have delivered increasingly disparate results between the capital cities during the June quarter.

Australia's two largest capital cities recorded rental increases over the quarter in a sobering result for tenants. Other capitals, however, generally reported more tenant-friendly outcomes.

Following a prolonged period of flat rental growth, the median asking rent for a house in Sydney increased by +2% to a new record high of \$510 per week.

Sydney unit rents have continued to rise, now reaching a peak level of \$500 per week just below the asking rent for houses. Well ahead of the inflation rate, Sydney unit rents have now increased by +5.3% over the past year and are clearly the most expensive of all the major capitals.

Although Melbourne house rents were flat at \$380 per week over the June quarter, they nonetheless increased by +5.6% over the year. This is the highest rate of growth recorded of any capital city rentals during the twelve months to the end of June.

Melbourne unit rents increased by +1.4% over the quarter to be up by +2.8% over the year. Median asking rents for units in Melbourne are just \$10 per week behind house rents in the city.

In Hobart, house rents were flat while unit rents increased by +4% to \$260 per week.

Rental growth in the other capital cities remained subdued or receded over the June quarter.

Despite Brisbane's median asking rent for houses remaining fixed at \$400 per week during the quarter, the city has seen a +2.6% increase in house rents over the year. Meanwhile, Brisbane unit rents fell by -1.4% over the June quarter.

The Perth rental market is still adjusting after a period of unsustainable growth last year and house rents continue to fall.

Adelaide house rents also weakened over the quarter and remained the most affordable of all the mainland capitals for tenants. The median asking rent is \$345 for houses and \$285 for units.

Canberra rentals also continued their recent downward trajectory. House rents fell by -1.1% over the quarter and units rents were down by -3.8%. Subdued housing market conditions in Canberra have seen house and unit rents fall by -6.3% and -6.1% respectively over the year.

Darwin reported falling rents for both houses and units over the June quarter.

Overall, around the country, rental growth for units continues to outperform houses in most capitals reflecting affordability barriers and lifestyle choices.

Capital city rental yield results varied over the June quarter.

Despite some rental growth, rental yields for houses and units have fallen in most capital cities, reflecting the impact of prices growth.

Brisbane remains the mainland capital with highest yields for houses.

Adelaide is providing highest yields for units of the major mainland capitals.

Rental yields in Melbourne and Sydney remain clearly the lowest of all the capitals for both units and houses.

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