


Thursday 3 April 2008

Quarterly APM-Domain Rental Series - March

- Median asking rents for the nation's major capitals have all risen by double digits over the last 12 months.
- Expect conditions for renters to worsen, as APM forecasts a 50% rise in rents in most capital cities over the next four years.

Key Reasons for bullish predictions

- Critical supply shortages of *affordable well located* property will ensure the demand for rental properties will continue to rise.
- Strong migration patterns outstrip construction.
- Generation Y is less preoccupied with the Australian dream of home ownership which continues to push rents up.
- Rising mortgage rates create disincentives for renters to move into home ownership.

Median Weekly Asking Rents: Houses					
	Mar-08	Dec-07	Mar-07	3 month % Change	12 Month % Change
Sydney	\$390	\$385	\$350	1%	11%
Melbourne	\$350	\$330	\$300	6%	17%
Brisbane	\$330	\$330	\$300	0%	10%
Adelaide	\$285	\$280	\$275	2%	4%
Canberra	\$410	\$400	\$380	3%	8%
Perth	\$330	\$320	\$290	3%	14%
Darwin	\$420	\$400	\$380	5%	11%
Hobart	\$280	\$273	\$280	3%	0%
Newcastle	\$290	\$280	\$260	4%	12%
Gold Coast	\$400	\$400	\$370	0%	8%
Sunshine Coast	\$380	\$370	\$350	3%	9%

Gross Rental Yield: Houses					
	Mar-08	Dec-07	Mar-07	3 month % Change	12 Month % Change
Sydney	4.14%	4.08%	4.01%	1%	3%
Melbourne	3.92%	4.05%	4.22%	-3%	-7%
Brisbane	4.54%	4.58%	4.77%	-1%	-5%
Adelaide	4.36%	4.47%	4.72%	-2%	-7%
Canberra	4.74%	4.69%	4.85%	1%	-2%
Perth	3.73%	3.60%	3.21%	4%	16%
Darwin	4.86%	4.70%	5.05%	3%	-4%
Hobart	4.93%	4.92%	5.08%	0%	-3%
Newcastle	4.78%	4.65%	4.46%	3%	7%
Gold Coast	4.33%	4.47%	4.45%	-3%	-3%
Sunshine Coast	4.13%	4.08%	4.07%	1%	2%

Median Weekly Asking Rents: Units					
	Mar-08	Dec-07	Mar-07	3 month % Change	12 Month % Change
Sydney	\$385	\$370	\$350	4%	10%
Melbourne	\$300	\$290	\$260	3%	15%
Brisbane	\$300	\$300	\$270	0%	11%
Adelaide	\$240	\$230	\$220	4%	9%
Canberra	\$390	\$395	\$360	-1%	8%
Perth	\$320	\$330	\$280	-3%	14%
Darwin	\$350	\$350	\$320	0%	9%
Hobart	\$243	\$220	\$220	10%	10%
Newcastle	\$230	\$230	\$220	0%	5%
Gold Coast	\$345	\$340	\$330	1%	5%
Sunshine Coast	\$303	\$295	\$280	3%	8%

Gross Rental Yield: Unit					
	Mar-08	Dec-07	Mar-07	3 month % Change	12 Month % Change
Sydney	5.0%	5.1%	4.9%	-1%	4%
Melbourne	4.7%	4.7%	4.8%	1%	-1%
Brisbane	4.7%	4.7%	4.8%	1%	-1%
Adelaide	5.0%	5.0%	4.9%	2%	2%
Canberra	6.0%	5.8%	6.4%	3%	-6%
Perth	4.5%	4.5%	4.1%	1%	10%
Darwin	5.9%	5.6%	5.1%	5%	14%
Hobart	4.6%	4.9%	5.1%	-6%	-9%
Newcastle	4.5%	4.3%	3.9%	3%	14%
Gold Coast	5.0%	5.0%	4.9%	0%	0%
Sunshine Coast	4.4%	4.4%	4.5%	0%	-2%

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Comments and Forecasts

Commenting on the APM-Domain Rental Series March results is Michael McNamara, General Manager, Australian Property Monitors.

"Many would be home owners continue to be deterred from purchasing through a combination of high mortgage rates and deteriorating affordability. Besides, whilst savings are earning such good returns in cash there is a disincentive to move into home ownership.

"Supply is tight as drum; the REINSW has, for instance, recorded a rental vacancy rate under 1% (.09%) for the first time in recorded history for the month of February. The available amount of rental stock is very low. Our count of advertised rental listings is the lowest seen in five years.

"As Gen Y leaves home and strong migration patterns take effect, our construction sector struggles to keep up the supply of well located, affordable property to accommodate a growing population of renters.

"Given the lag from approval to completion in building construction, the flow-on effects are likely to continue throughout the rest of this decade and beyond. This is not good news for renters.

"Throw into the mix tight supply constraints and growing demand, and we advise renters to lock in their current arrangements for as long as they can."

NB: APM has used exclusively, rental properties only, in determining the values needed to calculate the Gross Rental yield. For the first time specific rental value versus total capital value is calculated for each rental property on the market for the recorded period. We use a combination of asking rents collected from advertisements and APM's own Automated Valuation Models (AVM).

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About Australian Property Monitors (APM)

APM, publishers of www.homepriceguide.com.au, is the leading national supplier of online property price information to buyers and sellers, professional real estate agents, valuers and financial markets. APM has been helping our customers make informed decisions through our services 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 through its own call centre and APM's own researchers. This vast pool of information ensures APM's databases contain the latest and most detailed house price information available.