

RENTAL REPORT

June 2010

www.apm.com.au
www.homepriceguide.com.au



Key findings:

- Rental growth flat in most capitals in June quarter
- Sydney the only major capital to record rental growth for both houses and units
- Median house rent flat or falling for all other state capitals
- Annual rental growth remains under 5% nationally for both houses and units
- Rental yields well down year-on-year as price growth outstrips rental growth

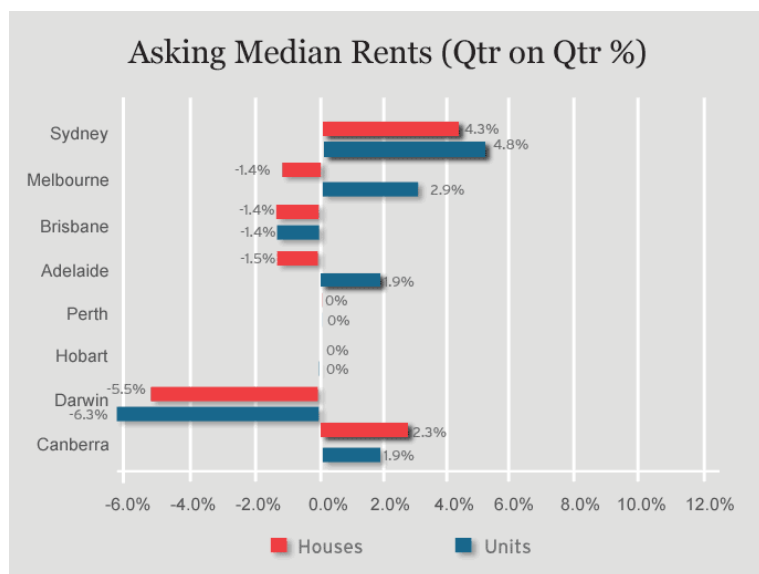
Median Weekly Asking Rents - Houses

	Jun-10	Mar-10	Jun-09	QoQ % Δ	YoY % Δ
Sydney	480	460	460	4.3%	4.3%
Melbourne	365	370	360	-1.4%	1.4%
Brisbane	360	365	350	-1.4%	2.9%
Adelaide	325	330	310	-1.5%	4.8%
Perth	370	370	360	0.0%	2.8%
Hobart	300	300	295	0.0%	1.7%
Darwin	520	550	480	-5.5%	8.3%
Canberra	450	440	415	2.3%	8.4%

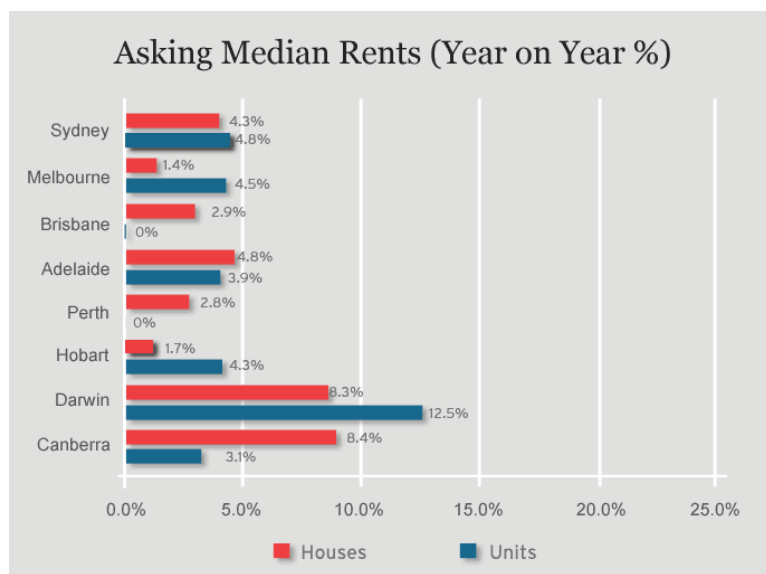
Median Weekly Asking Rents - Units

	Jun-10	Mar-10	Jun-09	QoQ % Δ	YoY % Δ
Sydney	440	420	420	4.8%	4.8%
Melbourne	350	340	335	2.9%	4.5%
Brisbane	340	345	340	-1.4%	0.0%
Adelaide	265	260	255	1.9%	3.9%
Perth	360	360	360	0.0%	0.0%
Hobart	240	240	230	0.0%	4.3%
Darwin	450	480	400	-6.3%	12.5%
Canberra	413	405	400	1.9%	3.1%

Asking Median Rents (Qtr on Qtr %)



Asking Median Rents (Year on Year %)

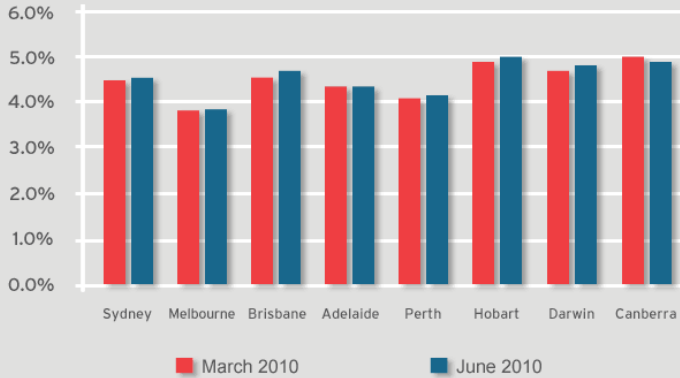


NB: APM has used only rental properties to determine the values needed to calculate the Gross Rental yield. Asking rent versus total capital value is calculated for each rental property on the market for the recorded period. We use a combination of asking rents collected from advertisements and APM's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

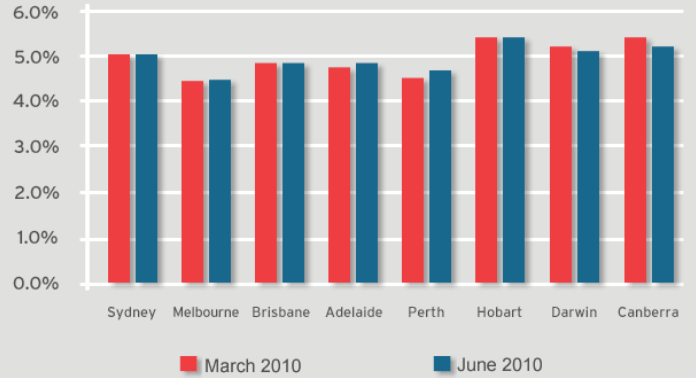
	Gross Rental Yields - Houses				
	Jun-10	Mar-10	Jun-09	QoQ % Δ	YoY % Δ
Sydney	4.42%	4.38%	4.55%	1.0%	-2.9%
Melbourne	3.87%	3.76%	4.16%	3.1%	-7.0%
Brisbane	4.46%	4.44%	4.71%	0.6%	-5.3%
Adelaide	4.31%	4.30%	4.42%	0.3%	-2.4%
Perth	4.05%	3.96%	4.27%	2.3%	-5.1%
Hobart	4.91%	4.78%	5.07%	2.6%	-3.1%
Darwin	4.67%	4.49%	4.92%	3.9%	-5.0%
Canberra	4.75%	4.83%	4.99%	-1.6%	-4.6%

	Gross Rental Yields - Units				
	Jun-10	Mar-10	Jun-09	QoQ % Δ	YoY % Δ
Sydney	5.02%	5.00%	5.19%	0.4%	-3.3%
Melbourne	4.45%	4.42%	4.77%	0.7%	-6.7%
Brisbane	4.77%	4.78%	4.95%	-0.3%	-3.7%
Adelaide	4.76%	4.64%	4.70%	2.5%	1.2%
Perth	4.56%	4.48%	4.86%	1.8%	-6.2%
Hobart	5.23%	5.23%	5.11%	0.0%	2.3%
Darwin	5.10%	5.14%	5.63%	-0.8%	-9.4%
Canberra	5.40%	5.46%	5.61%	-1.1%	-3.8%

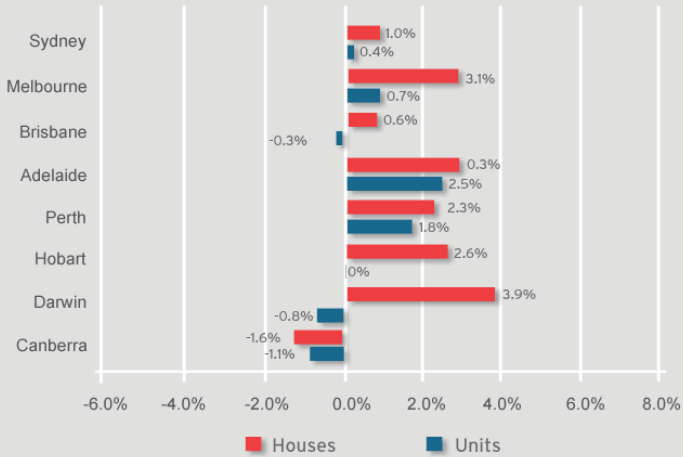
Gross Rental Yields - Houses



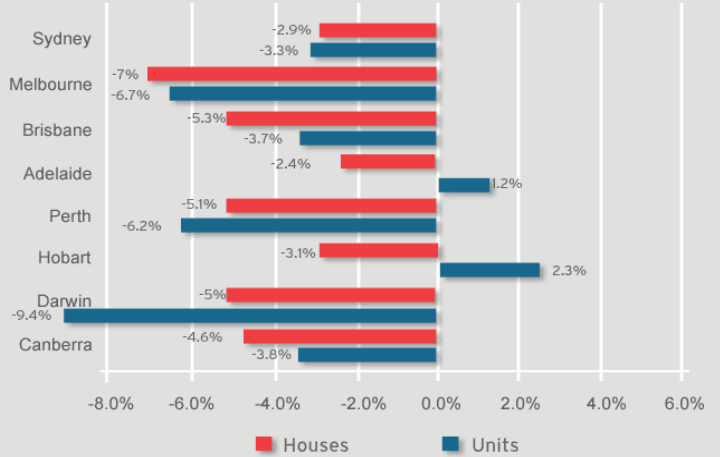
Gross Rental Yields - Units



Gross Rental Yield (Qtr on Qtr %)



Gross Rental Yield (Year on Year %)



Commentary

Commenting on the APM Rental Report: Matthew Bell, Economist - Australian Property Monitors

“After showing signs of a return to growth in the March quarter, national rental growth for houses remained largely flat in the June quarter with rents rising nationally by just 0.7%, bringing annual growth to a relatively weak 3.1%. The unit market, dominated by Sydney and Melbourne, had a relatively strong quarter with national growth coming in at 3.5% for the June quarter, making up for a previously slow year and bringing annual growth for units in slightly above that for houses, at 4.2%.”

“Even though vacancy rates remain low in most capitals and unemployment continues to fall, it’s possible that landlords have recognised that renters may not have been as willing to agree to rental increases in the June quarter as consumer spending remained weak and worries over the world’s major economies spilled over into the local share market which fell nearly 10% as a result.”

“In the housing market, strong rental growth in Sydney and Canberra was enough to offset flat markets in Perth and Hobart and slight falls in median rents in Melbourne, Brisbane, Adelaide and Darwin. The story was different for unit rents, with Brisbane and Darwin being the only cities experiencing a fall in median asking rents. Of the remainder, Perth and Hobart remained flat, while the median asking rent for units in Sydney rose by \$20 per week, the same amount as that seen for houses to make it the best city for rental growth in both markets.”

“Of the major capitals, higher vacancy rates in Brisbane and Perth have translated into lower annual rental growth compared to Sydney and Melbourne, where vacancy rates remain relatively low.”

“Gross rental yields have fallen in all capitals in the 12-months to June as property price growth outstripped rental growth for the majority of the period. In the June quarter, rental yields increased in most capitals, with the largest increases coming in Melbourne and Darwin, where price growth has slowed most noticeably. With the outlook for price growth softening for the remainder of 2010 and with rents expected to return to growth, yields are expected to start rising slightly for the remainder of 2010.”

“The exodus from the rental market to the ownership market that occurred in 2009 is still having an effect on asking rents in most capitals. However, the alternative option for renters of moving into ownership has become less attractive as property prices have risen significantly in most cities in the last year and interest rates have risen a long way off their lows, with more increases on the way. As leases expire and are renewed however, it is expected that a robust employment market, rising incomes and low vacancy rates in most capitals will start seeing asking rents increasing again, as we’re already seeing in Sydney, the country’s largest rental market.”

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.

For more information or to arrange an interview, please contact:

■ **Emma Casey, Reservoir Network**

02 9955 8000 / 0401 494 436

email: emma@reservoirnetwork.com.au

■ **Steve Riethoff, Reservoir Network**

02 9955 8000 / 0417 047 837

email: steve@reservoirnetwork.com.au