

RENTAL REPORT

September 2010

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



Key findings:

- Rents remain stable in most capital cities in the September quarter
- Adelaide, Hobart and Darwin were the only capitals to experience house rental growth
- Hobart was the only capital city to experience unit rental growth
- Nationally, rents declined by 0.3% in the September quarter for houses and 0.5% for units
- The decline in national rents for houses was driven by falls in Melbourne and South East Queensland, which was offset by increases in Adelaide, Hobart and Darwin
- Rental yields remained consistent for the quarter as houses and units prices remained stable

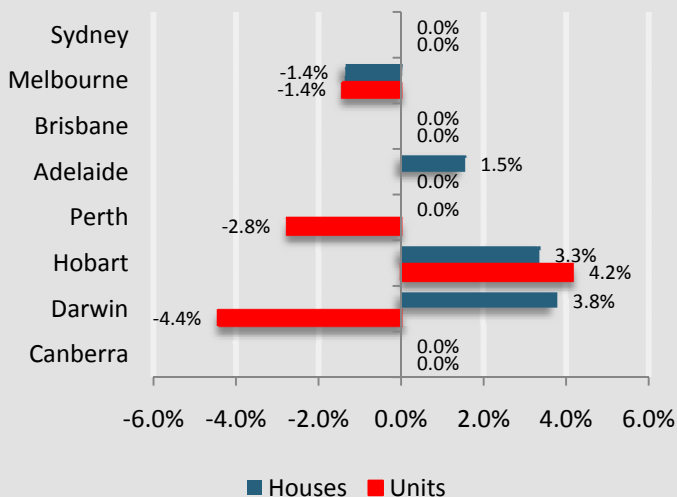
Median Weekly Asking Rents - Houses

| | Sep-10 | Jun-10 | Sep-09 | QoQ % Δ | YoY % Δ |
|-----------|--------|--------|--------|---------|---------|
| Sydney | 480 | 480 | 455 | 0.0% | 5.5% |
| Melbourne | 360 | 365 | 360 | -1.4% | 0.0% |
| Brisbane | 360 | 360 | 360 | 0.0% | 0.0% |
| Adelaide | 330 | 325 | 310 | 1.5% | 6.5% |
| Perth | 370 | 370 | 350 | 0.0% | 5.7% |
| Hobart | 310 | 300 | 300 | 3.3% | 3.3% |
| Darwin | 550 | 530 | 500 | 3.8% | 10.0% |
| Canberra | 450 | 450 | 420 | 0.0% | 7.1% |

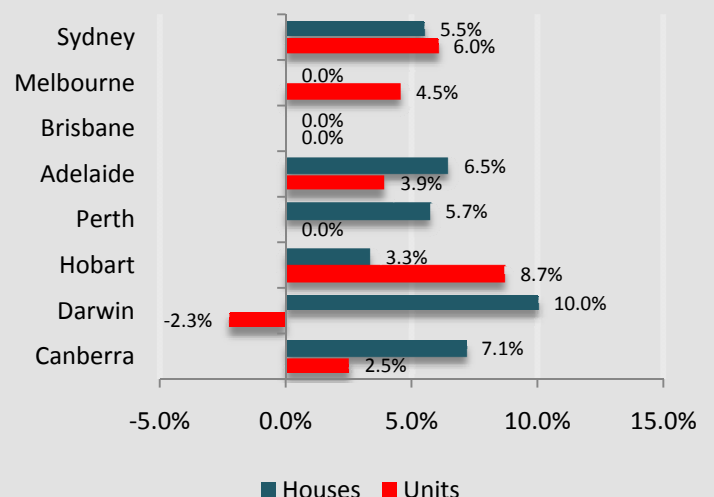
Median Weekly Asking Rents - Units

| | Sep-10 | Jun-10 | Sep-09 | QoQ % Δ | YoY % Δ |
|-----------|--------|--------|--------|---------|---------|
| Sydney | 440 | 440 | 415 | 0.0% | 6.0% |
| Melbourne | 345 | 350 | 330 | -1.4% | 4.5% |
| Brisbane | 340 | 340 | 340 | 0.0% | 0.0% |
| Adelaide | 265 | 265 | 255 | 0.0% | 3.9% |
| Perth | 350 | 360 | 350 | -2.8% | 0.0% |
| Hobart | 250 | 240 | 230 | 4.2% | 8.7% |
| Darwin | 430 | 450 | 440 | -4.4% | -2.3% |
| Canberra | 410 | 410 | 400 | 0.0% | 2.5% |

Asking Median Rents (Qtr on Qtr % Δ)



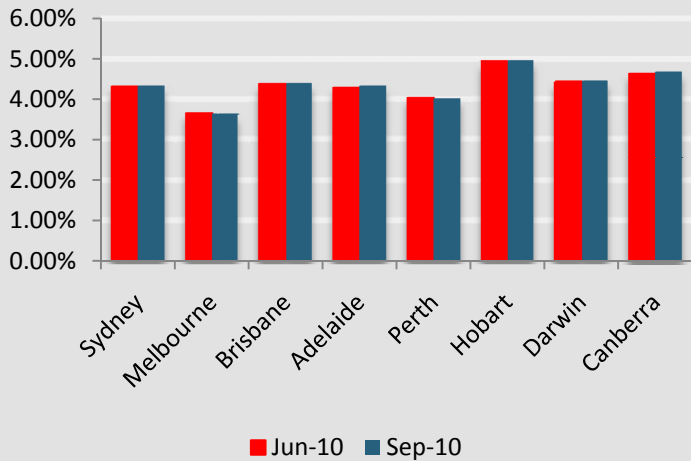
Asking Median Rents (Year on Year % Δ)



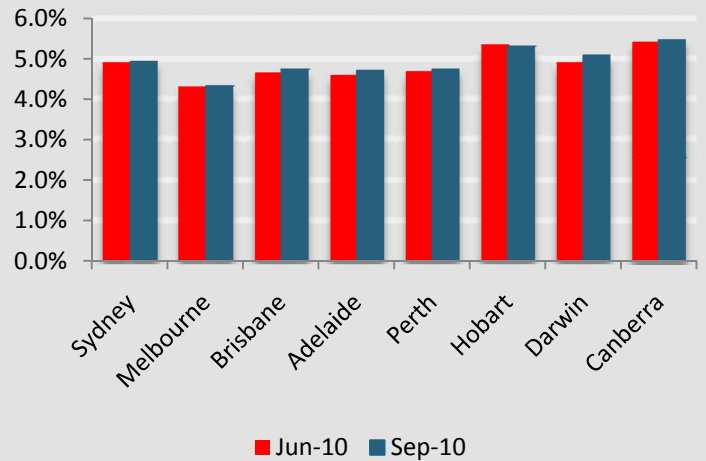
| | Gross Rental Yields - Houses | | | | |
|-----------|------------------------------|--------|--------|---------|---------|
| | Sep-10 | Jun-10 | Sep-09 | QoQ % Δ | YoY % Δ |
| Sydney | 4.36% | 4.34% | 4.44% | 0.4% | -1.9% |
| Melbourne | 3.64% | 3.67% | 3.99% | -0.9% | -8.9% |
| Brisbane | 4.41% | 4.39% | 4.62% | 0.5% | -4.4% |
| Adelaide | 4.35% | 4.30% | 4.32% | 1.0% | 0.7% |
| Perth | 4.03% | 4.05% | 4.16% | -0.6% | -3.2% |
| Hobart | 4.99% | 4.95% | 5.06% | 0.8% | -1.5% |
| Darwin | 4.47% | 4.44% | 4.95% | 0.7% | -9.8% |
| Canberra | 4.69% | 4.64% | 4.89% | 1.1% | -4.0% |

| | Gross Rental Yields - Units | | | | |
|-----------|-----------------------------|--------|--------|---------|---------|
| | Sep-10 | Jun-10 | Sep-09 | QoQ % Δ | YoY % Δ |
| Sydney | 4.92% | 4.91% | 5.09% | 0.2% | -3.3% |
| Melbourne | 4.31% | 4.31% | 4.68% | 0.1% | -7.9% |
| Brisbane | 4.73% | 4.68% | 4.91% | 1.1% | -3.7% |
| Adelaide | 4.70% | 4.61% | 4.66% | 1.9% | 0.9% |
| Perth | 4.74% | 4.69% | 4.62% | 1.1% | 2.6% |
| Hobart | 5.29% | 5.35% | 5.26% | -1.1% | 0.7% |
| Darwin | 5.08% | 4.91% | 5.56% | 3.5% | -8.6% |
| Canberra | 5.47% | 5.44% | 5.52% | 0.6% | -0.9% |

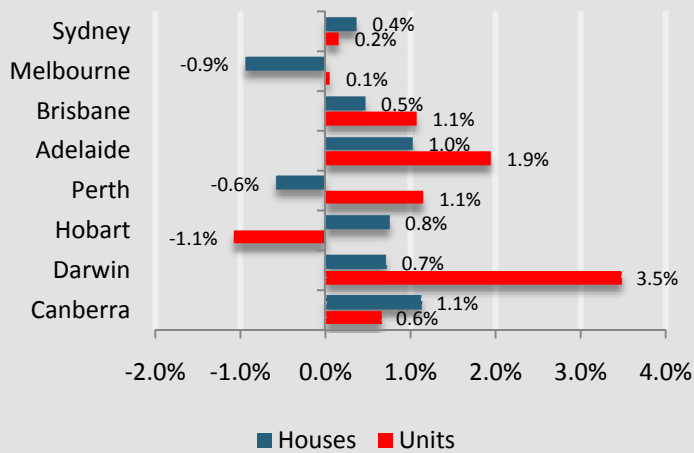
Gross Rental Yields - Houses



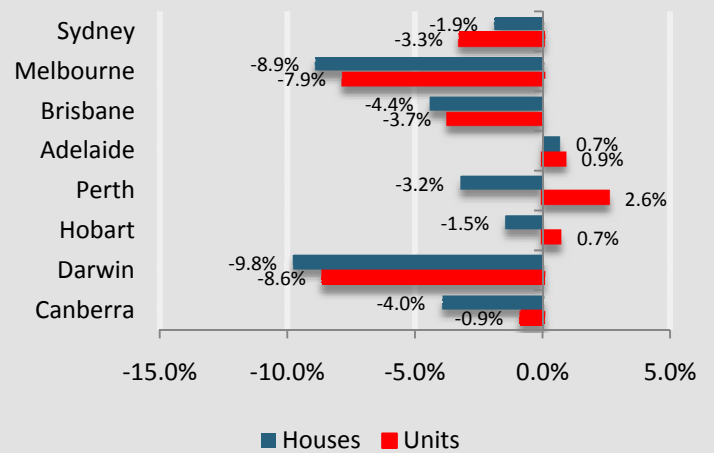
Gross Rental Yields - Units



Gross Rental Yield (Qtr on Qtr % Δ)



Gross Rental Yield (Year on Year % Δ)



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 ask rents collected from advertisements and APM's own Automated Valuation Models (AVM).

Commentary

Commenting on the APM Rental Report: Yvonne Chan, Head of Research - Australian Property Monitors

“Rents held steady nationally for the second consecutive quarter, with the last period of positive growth in the March quarter of this year. Nationally, rents fell by 0.3% for houses and 0.5% for units for the quarter. Annual rental growth for houses stood at 2.8%, which is well below the long-term average growth rate of 6.8%. Rents for units grew by a stronger 4.8% over the year, but still performed well below their long-term average of 7.3%.

The softening of the rental market can be attributed to the large number of first home buyers, who were drawn from the rental market by historically low interest rates and the First Home Owners Boost. Although first homebuyer numbers have returned to normal, we are still seeing a delayed flow on effect on rental demand.

Despite low vacancy rates in most cities and strong employment figures, a fall in consumer sentiment in September and continued concerns over the global economy mean landlords have continued to be conservative in raising rents.

The declines in rents for houses in Melbourne and South East Queensland were offset by solid increases in Adelaide, Hobart and Darwin, with rents in other cities holding steady. The slight decline in rents for units nationally was due to falls in Melbourne, Perth and Darwin. However, Sydney rents remained unchanged for both houses and units after experiencing strong growth in the previous quarter.

The star performer was Darwin, which recorded the strongest rental growth for houses at 3.8% pushing the median weekly rent to \$550, the highest in the nation and \$70 more than the next most expensive city of Sydney. The most expensive place to rent a unit was Sydney, with median rent holding steady from last quarter at \$440/week. Rental growth in Darwin and Perth have been by far the strongest performing cities over the past 5 years, each growing at 10% or more each year, for both houses and units.

With national rental yields falling in the last 12 months by 4.7% for houses and 4.4% for units, softening property prices are seeing rental yields begin to stabilise with quarterly yields falling by 0.1% for houses and growing by 0.3% for units. As property price growth continues to slow, and with rents tipped to increase, yields are expected to improve for investors.

Despite a flat rental market, the outlook for rents is still one of growth. Demand and supply pressures remain as population growth continues. Tight vacancy rates, together with a strong economic outlook will lead more of the population into the rental market and inevitably higher rents.”

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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