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Rents rise across cities

Lisa Carapiet

Looking to rent a house in Sydney's Rose Bay, or in Melbourne's Toorak? Or trying to find an apartment in Brisbane's West End or Adelaide's Glenelg? Asking rents have soared.

Weekly asking rents for houses nationally have increased 3.4 per cent, and 4.1 per cent for units, over the 12 months to September 2009.

But in some locations, the rise in asking rents has been much more substantial.

Rose Bay in Sydney's eastern suburbs recorded the biggest annual growth in advertised asking rents, with a jump of 58 per cent during the past 12 months.

Median weekly advertised rents in the area increased from \$600 per week to \$950 a week.

Meanwhile, the second-biggest mover in NSW was beachside suburb Bronte, which had a 42 per cent rise in rents over the 12 months, coupled with a 19 per cent fall in house prices.

RP Data research analyst Cameron Kusher said the rise might be attributed to Bronte residents shifting into the rental market, with some owners forced to sell due to the economic downturn.

Many NSW, Victorian and West Australian suburbs had higher price tags while other states recorded a mixture of higher and

KEY POINTS

- Rental asking rates in Sydney's Rose Bay gained 58 per cent in a year and Bronte rose 42 per cent.
- Owners becoming renters and changes in stock may explain the substantial changes in rents.

lower priced stock. Individual suburbs might have seen a large increase in median weekly advertised rents over a 12-month period due to a dramatic change in housing stock and quality, housing undersupply coupled with increasing demand or a shift from ownership to rentals, RP Data said.

For the unit market, West End in Brisbane achieved the greatest jump in median weekly advertised rents, increasing by 39.4 per cent from \$330 a week to \$460 a week.

An example of improving housing quality was likely to have occurred in West End with new stock injected into the market, Mr Kusher said.

Toorak had the biggest rise in house rents over the year, jumping 43.8 per cent to \$1280 a week, while the Brisbane suburb of Bulimba rose 44.4 per cent to \$650 a week.

Trigg in Western Australia was that state's biggest mover, up 26.3 per cent to \$505 a week,

South Australia's Magill jumped 16.7 per cent to \$350 a week, and Griffith in the ACT rose 41 per cent to \$1100 a week.

However, compared with previous years, Australian rents are growing at a slower rate.

"In most areas, rents have actually shown modest falls in recent months as value growth has returned to the market and rental growth has failed to keep pace," Mr Kusher said.

"With the first-home buyers' boost being wound back and mortgage rates rising, we anticipate that more people will be forced to remain in the rental market. Ultimately, the impact is likely to be that rental rates will once again start to climb, especially given that nationwide our annual new dwelling requirement continues to go unfulfilled."

The Housing Industry Association yesterday forecast the number of housing starts to increase by 9 per cent over 2009-10 following a drop of 18 per cent last financial year.

Housing Industry Association chief economist Harley Dale said: "The issue confronting the housing industry is not a shortage of demand but rather supply-side constraints caused by bottlenecks in the availability of serviced urban land and a shortage of suitably skilled tradespeople."