

Quarterly Domain Rental Series - June

- Australia's major capitals experience double digit increase in rental values over the last 12 months
- Rents increase the most in capitals where affordability is worst – Sydney and Perth
- Rapidly rising rents over the year have put more tenants in rental distress
- Rising gross rental yields offer cold comfort to investors seeking to offset high mortgage costs
- Generation Y and increasing numbers of migrants continue to put intense pressure on rents in areas of tight supply

Median Weekly Asking Rents: Houses						
	Jun-08	Mar-08	Jun-07	3 month % Change	12 Month % Change	Gross Rent Yield June 2008
Sydney	\$420	\$390	\$365	8%	15%	4.3%
Melbourne	\$350	\$350	\$300	0%	17%	3.9%
Brisbane	\$350	\$330	\$310	6%	13%	4.4%
Adelaide	\$290	\$285	\$275	2%	5%	4.3%
Canberra	\$410	\$410	\$390	0%	5%	4.7%
Perth	\$350	\$330	\$300	6%	17%	3.9%
Darwin	\$450	\$420	\$390	7%	15%	5.3%
Hobart	\$285	\$280	\$270	2%	6%	4.9%

Median Weekly Asking Rents: Units						
	Jun-08	Mar-08	Jun-07	3 month % Change	12 Month % Change	Gross Rent Yield June 2008
Sydney	\$400	\$385	\$360	4%	11%	5.1%
Melbourne	\$310	\$300	\$275	3%	13%	4.6%
Brisbane	\$300	\$300	\$290	0%	3%	4.7%
Adelaide	\$240	\$240	\$220	0%	9%	4.7%
Canberra	\$385	\$390	\$350	-1%	10%	5.7%
Perth	\$350	\$320	\$280	9%	25%	4.5%
Darwin	\$350	\$350	\$320	0%	9%	6.1%
Hobart	\$235	\$243	\$220	-3%	7%	4.7%

Source: www.Domainhomepriceguide.com.au
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The data for this report is provided by Domainhomepriceguide.com.au, powered by Australian Property Monitors (APM). This index uses adjusted medians and was created in conjunction with the Reserve Bank of Australia (RBA) using data supplied by Domainhomepriceguide.com.au.

Comments and Forecasts

The following comments and forecasts are provided by Domain's Property Market Analyst, Michael McNamara.

"It is obvious rising rents are being driven by high mortgage rates. On one hand landlords are trying to offset increased costs and on the other hand high interest rates deter renters from making the shift into home ownership.

The combination of Generation Y leaving home, strong migration patterns and a weak building sector is intensifying demand. The shortage of affordable accommodation will no doubt add to the growing number of displaced renters who cannot afford to live in well located areas.

This latest rental report provides clear evidence that disaffected would-be home owners are driving up rental values in the most unaffordable capitals.

Unsurprisingly, those capitals worst affected by deteriorating housing affordability are also the capitals where tenants are experiencing rapidly rising rent. Perth and Sydney are the most expensive capitals for home buyers and they are also the capitals where tenants are under the most pressure from rising rents.

Sydney asking rents for houses and units have soared by 15% and 11% over the last 12 months. Perth, our second most unaffordable capital, is even worse for tenants. House and unit rental values have increased there by 17% and 25% respectively.

This is brought into stark relief when compared to affordable capitals such as Hobart and Adelaide. First home buyers still have realistic and affordable options there and as a result, rental growth has been much more subdued."

NB: Domain Home Price Guide, powered by APM, has used exclusive, 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 Automated Valuation Model (AVM).

For more information please call:

Domain Home Price Guide
APM Toll free - 1800 817 616

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