



# Domain Rental Report

## September Quarter 2016

Dr Andrew Wilson  
Chief Economist for Domain.com.au

## Key findings

- House rents in Sydney, Melbourne, Brisbane, Adelaide and Darwin all remain steady
- Canberra is the only capital city with an increase in house rents
- House rents in both Perth and Hobart decreased over the quarter
- Adelaide was the only capital city to experience an increase in unit rents
- Unit rents in Sydney, Melbourne, Brisbane and Canberra have steadied
- Unit rents fell in Perth, Hobart and Darwin
- Vacancy rates across all capital cities remain tight despite increased supply
- Hobart continues to return the highest gross yields for investors and Sydney has again returned the lowest yields

# Domain Rental Report - September 2016



## Domain Chief Economist, Dr Andrew Wilson, said:

“Overall, it’s been a steady quarter with most capital cities recording stable rental outcomes.

"Melbourne and Canberra each recorded an increase in house rents over the past year in positive news for local investors.

“Vacancy rates have remained tight generally despite the number of new developments, indicating continuing solid demand for rental accommodation in most capitals.”

Tenants interested in checking how their weekly rent compares with others in their neighbourhood (including those not currently vacant) can on Domain’s Home Price Guide:

[domain.com.au/homepriceguide](http://domain.com.au/homepriceguide)

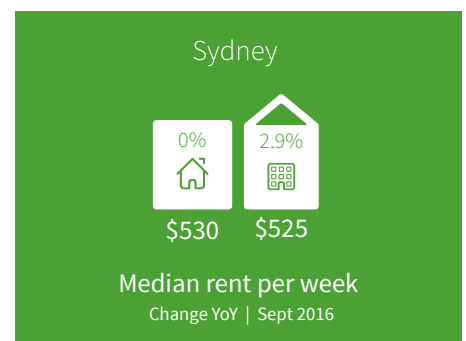
## Sydney

Sydney rents held steady over the September quarter, with house and unit prices remaining flat.

Median house rents were recorded at \$530 per week, recording no change over the past year. Unit rents also remained flat for the quarter at \$525 per week, however, have increased by 2.9 per cent annually.

“Sydney remains one of the most expensive capitals for house and unit rents. Vacancy rates for houses eased slightly although unit vacancy rates tightened.

“Gross rental yields for both houses and units remained steady although both can be expected to fall if price growth revives,” commented Domain Chief Economist Dr Andrew Wilson.



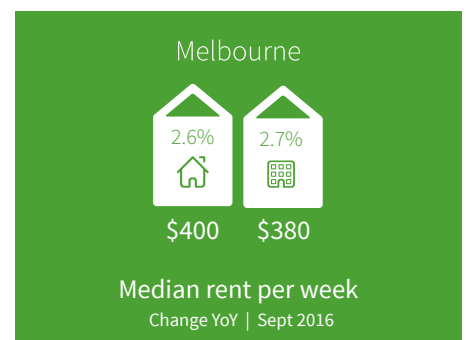
## Melbourne

Melbourne house and unit rental prices remained steady over the September quarter.

Median Melbourne asking rents for houses and units remained at record highs at \$400 and \$380 per week respectively over the September quarter. This marks annual rent increases of 2.6 per cent for houses and 2.7 per cent for units.

House and unit vacancy rates also remained tight, showing little to no change.

“Although median house rents remain at a record high in Melbourne, the good news for tenants is that quarterly prices remain steady. With new developments entering the market, this may continue over the coming months, particularly for units,” said Domain Chief Economist Dr Andrew Wilson.

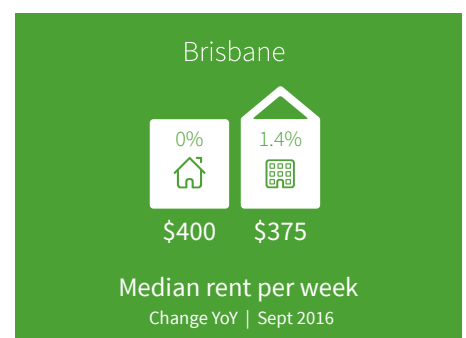


## Brisbane

Similar to Melbourne, Brisbane rents have held steady over the September quarter. Moderate vacancy rates indicate a healthy market for tenants with unit vacancy rates on the rise as significant levels of new apartments become available.

Median house rents remained at \$400 per week for the quarter while unit rents held at \$375 per week. Overall, Brisbane house rents have recorded no change annually with unit prices increasing by 1.4 per cent.

“Moderate vacancy rates and an increase in supply means there’s reasonable choice for tenants. However, the prospect for downward pressure on rents for both units and houses remains as vacancy rates continue to rise,” said Domain Chief Economist Dr Andrew Wilson.





## Adelaide

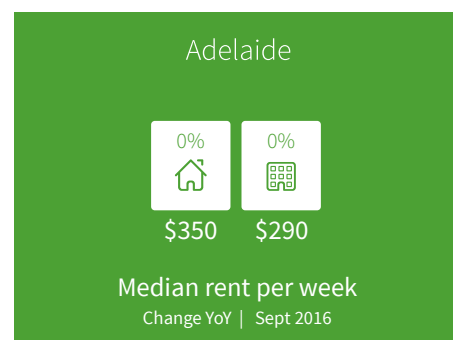
House rents in Adelaide recorded no change, remaining flat over the quarter at \$350 per week, the second lowest result across all capital cities.

Unit rents, however, increased by 1.8 per cent over the quarter, with a median rental of \$290 per week. This also remained the second lowest across all cities.

Over the year to date, both house and unit rents in Adelaide have recorded no growth. Vacancy rates for houses, however, remain tight at 1.8 per cent, while vacancy rates for units were slightly higher at 2.2 per cent.

“While median rent for units did increase this quarter, it’s still a relatively positive market for tenants, remaining one of the most affordable capital cities.

“Investors continue to experience a steady market as vacancy rates hold tight, showing little change year-on-year,” said Domain Chief Economist Dr Andrew Wilson.



## Perth

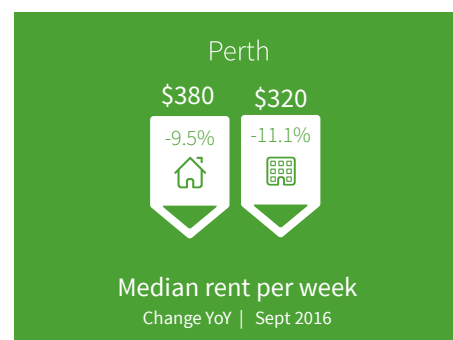
Perth house and unit rents continue to record a downward trajectory. While there are early signs of steadying vacancy rates, they still remain the highest of all the capitals.

Perth rents have eased significantly for tenants, with median house rates now down to \$380 per week and units to \$320 per week over the quarter. Annually, house rents have fallen by 9.5 per cent, while unit rents have recorded a significant decrease of 11.1 per cent. Perth rents are now the lowest since the 2011 March quarter – more than five years ago.

Although topping the vacancy rates for all cities, house vacancy rates have held steady at 4.2 per cent, while unit rates have decreased marginally to 4.7 per cent.

“House and unit rental prices have eased sharply over the past 12 months providing substantial relief for tenants.

“Vacancy rates in Perth remain the highest of all the capital cities, providing higher levels of choice in the market for tenants,” said Domain Chief Economist Dr Andrew Wilson.

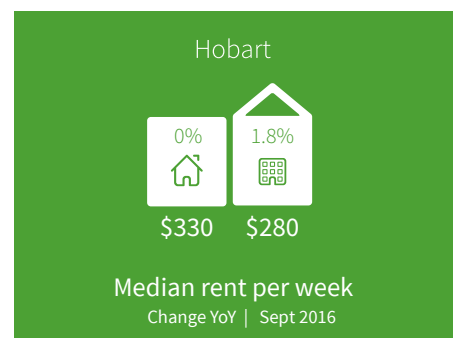


## Hobart

After a prolonged period of increases, median rents in Hobart have dropped this quarter, providing some welcome relief for tenants.

Both house and unit rents fell over the September quarter to \$330 and \$280 respectively. House rents were down by 5.7 per cent, the most significant decrease across all capital cities, while unit rents dropped by 0.9 per cent.

Although median rental prices have fallen, vacancy rates remain tight at 0.6 per cent for houses and 1.1 per cent for units – the lowest of all capitals.







“Hobart has recorded a significant decrease in median house rents, with unit median prices remaining the lowest of all the capitals.

“Despite tight vacancy rates, recently declining rents will ease pressure for Hobart tenants,” said Domain Chief Economist Dr Andrew Wilson.

## Canberra

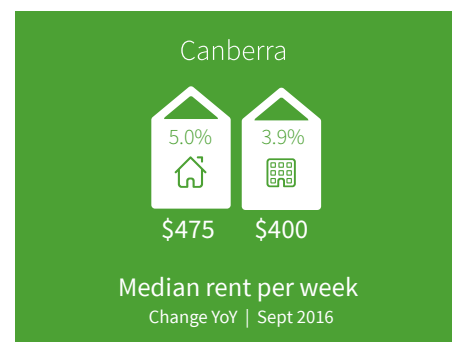
Canberra house rents increased marginally over the quarter by 0.5 per cent to \$475 per week, the only city to do so in the September quarter, while units remained steady at \$400.

Over the past 12 months, Canberra recorded the strongest growth rates across all capital cities for both house and unit rents with an increase of 5.0 per cent and 3.9 per cent respectively.

Canberra vacancy rates remain low for both houses and units at 0.8 per cent and 1.7 per cent respectively, indicating the potential for further rent increases over the near-term.

“It’s been a positive market for Canberra investors with an increase in house rental prices over the September quarter, bucking the national trend.

“The year ending September has also been positive for investors, with the city recording the strongest capital growth for both house and unit rents,” said Domain Chief Economist Dr Andrew Wilson.



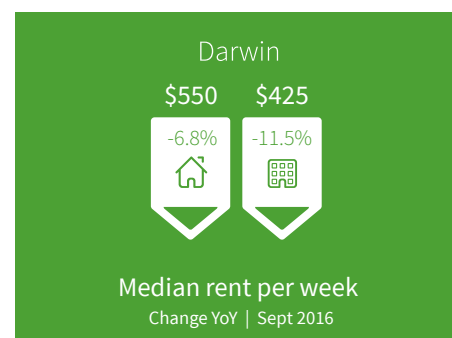
## Darwin

Despite recent sharp declines, the Darwin rental market is showing early signs of steadying with house rents remaining flat over the last quarter at \$550 per week. Median unit rental prices, however have fallen by 3.4 per cent, now down to \$425 per week in the September quarter.

Over the last year, Darwin house rents have declined by 6.8 per cent, while the decrease in unit rents was the highest of all the capital cities at 11.5 per cent.

Vacancy rates for Darwin houses remain just above Sydney at 2.1 per cent, while unit vacancy rates remain at a high of 4.4 per cent.

“Local tenants have gained an advantage with unit rents decreasing over the past year, reflecting recent high levels of new apartment construction,” said Domain Chief Economist, Dr Andrew Wilson.







## Rental Yields

### Houses

Nationally, gross rental yield remains relatively steady over the September quarter. Hobart continues to report the highest gross yield at 5.65 per cent while Sydney recorded the lowest of all the capital cities at 3.41 per cent.

### Units

Unit gross yields also remained fairly steady over the quarter with Hobart again recording the highest yield at 5.86 per cent and Sydney the lowest at 4.07 per cent.

## Vacancy Rates

Nationally, vacancy rates remain relatively low at 2.3 per cent and 2.5 per cent for houses and units respectively, although shortages of house rentals continue to push tenants into unit accommodation in some capitals.

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## Median weekly asking rents (\$)

<b>m</b> Houses	Sep-16	Jun-16	Sep-15	QoQ % Δ	YoY % Δ
Adelaide	\$350	\$350	\$350	0.0%	0.0%
Brisbane	\$400	\$400	\$400	0.0%	0.0%
Canberra	\$475	\$470	\$450	0.5%	5.0%
Darwin	\$550	\$550	\$590	0.0%	-6.8%
Hobart	\$330	\$350	\$330	-5.7%	0.0%
Melbourne	\$400	\$400	\$390	0.0%	2.6%
Perth	\$380	\$390	\$420	-2.6%	-9.5%
Sydney	\$530	\$530	\$530	0.0%	0.0%

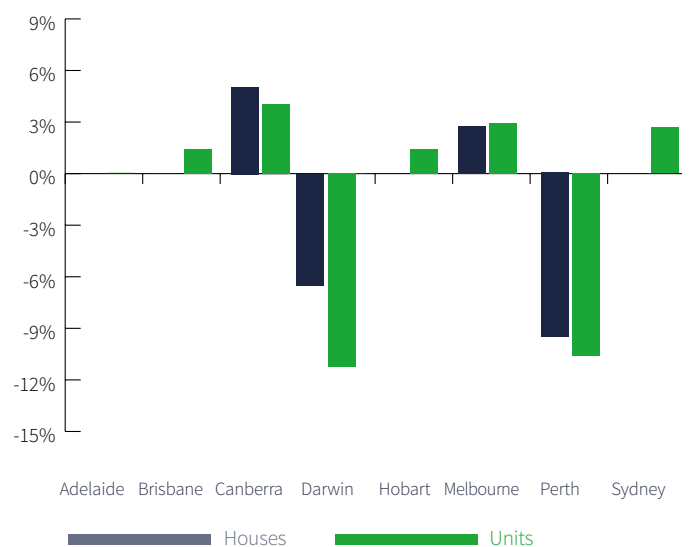
## Median weekly asking rents (\$)

<b>m</b> Units	Sep-16	Jun-16	Sep-15	QoQ % Δ	YoY % Δ
Adelaide	\$290	\$285	\$290	1.8%	0.0%
Brisbane	\$375	\$375	\$370	0.0%	1.4%
Canberra	\$400	\$400	\$385	0.0%	3.9%
Darwin	\$425	\$440	\$480	-3.4%	-11.5%
Hobart	\$280	\$283	\$275	-0.9%	1.8%
Melbourne	\$380	\$380	\$370	0.0%	2.7%
Perth	\$320	\$335	\$360	-4.5%	-11.1%
Sydney	\$525	\$525	\$510	0.0%	2.9%

## Median weekly asking rents (Qtr on Qtr % Δ)



## Median weekly asking rents (Yr on YR % Δ)





# Rental Report

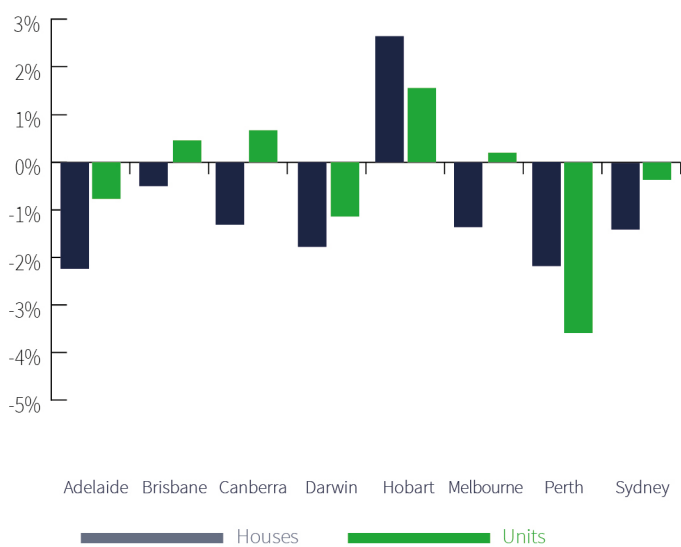
## Gross Rental Yields (%)

 Houses	Sep-16	Jun-16*	Sep-15	QoQ % Δ	YoY % Δ
Adelaide	4.59%	4.69%	4.72%	-2.2%	-2.7%
Brisbane	4.88%	4.90%	4.94%	-0.5%	-1.2%
Canberra	4.48%	4.55%	4.51%	-1.4%	-0.6%
Darwin	4.70%	4.80%	4.86%	-1.9%	-3.2%
Hobart	5.65%	5.50%	5.51%	2.7%	2.5%
Melbourne	3.68%	3.73%	3.80%	-1.4%	-3.3%
Perth	4.12%	4.22%	4.39%	-2.3%	-6.2%
Sydney	3.41%	3.46%	3.39%	-1.4%	0.6%

## Gross Rental Yields (%)

 Units	Sep-16	Jun-16	Sep-15	QoQ % Δ	YoY % Δ
Adelaide	5.08%	5.11%	5.24%	-0.8%	-3.1%
Brisbane	4.94%	4.93%	5.03%	0.3%	-1.7%
Canberra	5.57%	5.53%	5.30%	0.7%	5.1%
Darwin	5.26%	5.33%	5.40%	-1.3%	-2.6%
Hobart	5.86%	5.78%	5.49%	1.4%	6.7%
Melbourne	4.51%	4.50%	4.42%	0.1%	1.9%
Perth	4.48%	4.65%	4.79%	-3.6%	-6.6%
Sydney	4.07%	4.08%	4.05%	-0.4%	0.4%

## Gross rental yield (Qtr on Qtr % Δ)



## Gross rental yield - (Yr on Yr % Δ)



\* Jun-16 yields have been revised since last published quarter results reflecting updated sales data.

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