

# the matusik snapshot

A regular focus on the residential property scene

December 2008 No. 390

## Rental update

*A summary of the latest rental statistics.*

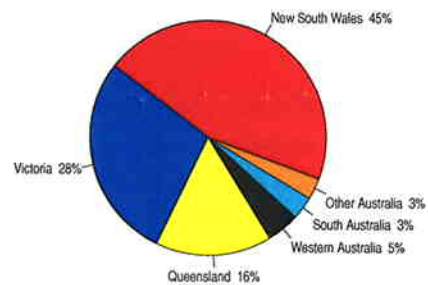
There are currently just under 37,000 private rental properties available for rent across Australia. This represents about 2% of the residential investment market. The number of available rental properties is down by 5,000 on this time last year. New South Wales holds the most stock with 17,000 or 45%, followed by Victoria with 10,500 vacant rental properties and just under 6,000 vacant properties in Queensland.

When it comes to the capitals, Sydney and Melbourne hold the lion's share of vacant rental properties, with Brisbane holding just 10%. Overall there are 12,400 vacant residential properties in Sydney; 8,300 in Melbourne and just under 2,500 in Brisbane. As at September both Sydney and Melbourne's vacancy rate was 2.3%. Brisbane and Darwin's was just 1% and the other capitals enjoyed vacancy rates of around 0.7%. Regional areas are doing it tougher than the capitals with the Gold Coast, for example, having a vacancy rate of 3.3%. Vacancy rates close to 4% are common throughout much of regional Queensland.

Gross rental yields are often higher than reported. Why? Because most data providers compare the median price of all detached houses (or apartments) within a certain postcode against the median weekly rent. A sample of such across Brisbane finds an average gross rental yield of just 3.6%. But a more thorough search, comparing individual investment properties, their selling prices (within the last 12 months) and the actual weekly rents they are achieving finds a much higher average. In this case, just under 5%. In our experience gross rental yields are often 1.5% to 2% higher than the mass produced figures.

### Vacant residential property

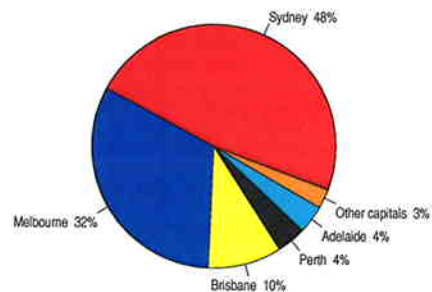
Distribution of private rental dwellings - Australia



Matusik Property Insights, SQM Research, September 2008.

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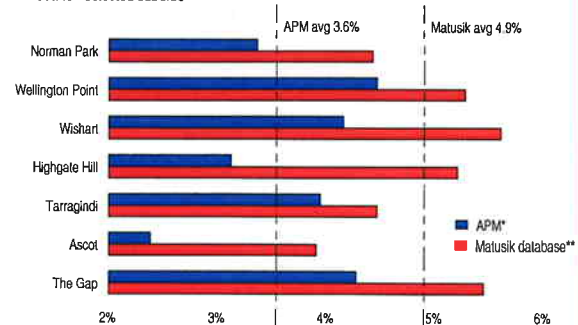
Distribution of private rental dwellings - Capitals



Matusik Property Insights, SQM Research, September 2008.

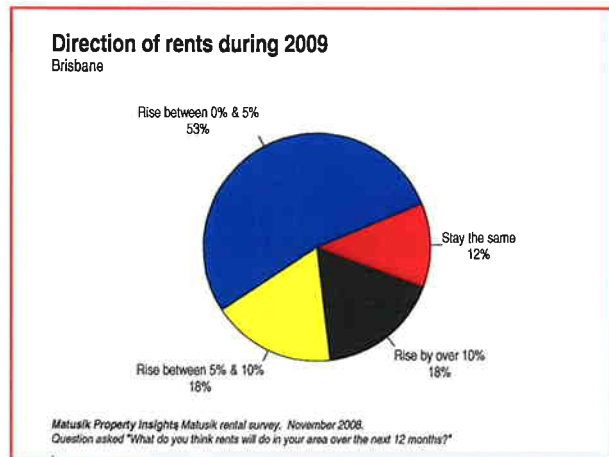
### Gross rental yields

Brisbane - selected suburbs



Matusik Property Insights APM and Matusik database.  
\* APM based on median price and median weekly rent. \*\* Matusik based on actual individual rental properties.

Most tenants in Brisbane, according to our recent rental survey, think that rents will continue to rise during 2009. Half anticipate that the rise will, however, be slight and under 5%. A further 18% think rents could rise by as much as 10% with another 18% thinking the lift could exceed 10%. One in eight hope that rents will remain the same over the next 12 months.



Most tenants surveyed were young couples under 35 years of age (60%), followed by young singles (30%) and couples with young children. Close to 70% rent an apartment. Two-fifths have a six month lease, whilst 60% have 12 month tenure.

When looking for a place to rent, location is the main selection criteria, followed by the quality of the building, development or location. The actual rent ranks fourth on their list of priorities.

### What is important when looking for a place to rent? (In order of important)

1. Location – near work, public transport and facilities such as shopping.
2. Quality of the building, subdivision or area.
3. Design – size, number of bedrooms, yard or balcony area.
4. Rent.
5. Security and quiet immediate neighbourhood.
6. View, and preferably north.

Matusik Property Insights, Matusik Rental Survey, November 2008.

Whilst just over 70% intend to stay put after their current lease expires, there are things that renters say they would pay a premium for. First on their wish list is a separate study, followed by a functional kitchen and a proper ensuite.

Renters, even the younger crowd, can cook and entertain at home. Many are undertaking a tertiary course, so being able to study at home is important. Given the rise in sharing (just under half of our respondents share their rental accommodation with an unrelated person), having a private bathroom is a must.

Six out of ten say they would pay up to 10% more in rent to get these things, with another one-fifth saying they would pay a 20% premium.

### What, if anything, would you pay a premium for when renting. (In order of important)

1. Study – preferably a separate room, but a nook will suffice. Broadband internet access.
2. Well located, equipped and functional kitchen space. More kitchen storage.
3. Proper ensuite, directly adjacent to the bedroom. Better robe space.
4. Middle-distance view.
5. Bedrooms large enough to comfortably fit a queen size bed, bedside tables and a small desk.
6. Secured off street parking. Undercover space preferred.

Matusik Property Insights, Matusik Rental Survey, November 2008.

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