

Housing rents surge in Sydney

Jonathan Chancellor

July 24, 2008

Advertisement

RENTS for houses across Sydney surged 8 per cent in the three months to June, driven by landlords facing higher mortgage rates.

And while landlords were trying to recoup increased costs, the same high interest rates have been deterring renters from shifting to home ownership.

The 8 per cent rent increase for houses, to a weekly median of \$420, was the highest of any capital city during the June quarter, according to Australian Property Monitors. It ranks as Sydney's highest recorded quarterly growth since records were first kept in 2002, and was well up on the 1 per cent growth in the first quarter of this year.

With intense competition for accommodation, house rents have risen 15 per cent in the past year in Sydney. Melbourne and Perth recorded 17 per cent annual growth, and Darwin's 15 per cent rental growth made its \$450 a week median the priciest in the country.

"The combination of generation Y leaving home, strong migration patterns and a weak building sector is intensifying demand," said Michael McNamara, a spokesman for Australian Property Monitors. "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.

"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. Landlords have been testing the market to the limit, with the report noting Sydney's asking rents for houses and units had soared by 15 per cent and 11 per cent over the past 12 months."