

media release

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AN OPPORTUNE TIME FOR RENTERS TO BUY

The Consumer Price Index (CPI) figures released today by the Australian Bureau of Statistics (ABS) show that the housing component of the CPI increased 0.9% for the quarter, bringing the annual increase to 5.5%, over double that of the overall index.

“The majority of this increase in the housing component was driven by rents, which increased nationally by 1.7% over the quarter and 8.4% over the year. The cities where rents increased the most were Perth and Darwin with annual increases of 10.9% and 13.5% respectively”, said REIA CEO, Mr. Neil Fisher.

The increase in rents reflects record low vacancy rates and the unavailability of rental properties in all capital cities throughout Australia. Building approvals and housing finance for investment purposes continued to decrease during the March quarter 2009, which is likely to put further upward pressure on rents. The National Rental Affordability Scheme (NRAS) will increase the number of rental dwellings available, however with the bulk of these dwellings planned for 2011/12 it will be some time before their impact is felt in the market.

“With underlying demand for additional housing at around 200,000 dwellings per year and commencement of new dwellings of 147,000 in 2008, Australia will need to build significantly more houses than has occurred recently to meet rental demand”, continued Mr. Fisher.

Housing affordability has improved significantly since the Reserve Bank began cutting interest rates in September 2008, with households now saving over \$550 a month on mortgage repayments for an average size loan of \$250,000. However, there has been very little flow-on benefit to those in the rental market as interest in investment properties during the financial crisis remains weak, and vacancy rates in all capital cities remain at record lows.

“With the availability of the First Home Owners Boost (FHOB), lower interest rates and greater affordability, now would be an opportune time for those in the rental market to consider the purchase of their own home”, concluded Mr. Fisher.

For further information or interview opportunities, call:

Neil Fisher	REIA CEO	0412 637 550
Rhiannon McClelland	Manager Comms.	0421 422 919