

BUSINESS REVIEW

First-home buyers dogged by rent surge

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As most property market eyes remain locked on to the booming residential selling market, low supply and high demand have quietly caused rents to climb at a faster rate over the past year.

Decade-low rental availability and huge demand for housing from tenants in the regions has caused the cost of weekly asking rents to climb 13.7 per cent nationally in the past 12 months, on figures from SQM Research.

The growth eclipses the nationally broadbased nature of house prices, which are up 13.5 per cent in the same period.

National median rents have climbed to \$508 a week as vacancy rates tighten to just 1.7 per cent of total rental stock available. Unlike the selling market, gains have not been seen across the board, with regional and coastal lifestyle markets outperforming inner-city units.

SQM managing director Louis Christopher said it was likely the fastest rate of rental growth since the 1970s.

"It's a bizarre marketplace," Mr Christopher said, referring to the strong yields still being garnered by landlords at the same time property prices are rising.

"It is fantastic for new investors. They're entering into a mar-

ket where rents have been rising and are still rising, and they can buy in on a yield well above the average lending rate," he said.

"That means there are hardly any negatively geared property opportunities out there."

Emily Sim, head of property management at national real estate agency Ray White, said prolonged low vacancy rates let landlords lift prices in high demand places, such as Byron Bay.

"In regional areas, vacancy is practically zero and this has been the case for more than 12 months," she said.

"And working from home has allowed people to bring city rents to regional areas.

"Locals are becoming displaced because demand is pushing up rents. These locations have seen no major rent increases in five years so you can completely understand why landlords would take the opportunity."

The pinch is largely being felt by first-home buyers, who are now feeling the pressure of high rents while trying to save for a deposit and buy into a rising market. Kathleen Dunker, 28, and Michael Auld, 30, who have been saving to buy for the past 12 months.

"I think it's a lot more difficult than we initially anticipated it was going to be," Ms Dunker said.

"We could have stayed in my

old apartment where it would have been less than 15 per cent of our income, it was so cheap. But at the end of the day, we chose to live where we are because we wanted to improve our lifestyle and still have a quality of life, even though we're working towards the goal."

Lending data from the ABS has shown first-home buyer lending fell 7.8 per cent over the month of June, representing just shy of a third of total market share. While investor lending is still low, loan numbers are on the rise.

New analysis from real-estate.com.au found almost all of the investment properties purchased in the six months to March were in regional cities.