

Rising rental listings – is this a sign of softer market conditions?

According to CoreLogic research out today, with recent record-high new housing construction levels coupled with investor mortgage activity, the supply of housing stock available for rent is climbing higher.

As Australia's population continues to grow, CoreLogic research analyst Cameron Kusher takes a look at how rental listings are tracking.

Over recent years, Mr Kusher noted that the uplift in population growth has not been met with a commensurate rise in property sales.

He said, "Rental advertisement counts suggest that the population growth is increasingly being housed via rental housing which aligns with the lift in investor housing finance commitments over recent years."

Over the 12 months to January 2017, there were 362,708 houses advertised for rent and 287,233 units at a national level. The number of rental advertisements over the past year grew 8.7% higher for houses and 9.3% higher for units.

Mr Kusher said, "The rental market is currently seeing historic low rates of rental growth. With the amount of rental accommodation ramping up, it's easy to see why.

"Keep in mind this data is only those properties advertised for rent and not every rental property will be advertised for rent each year."

(Note: The adjacent tables show those council areas that have seen the greatest increases and decreases in rental advertisements over the past year. CoreLogic has only included council areas that have had at least 1,000 rental advertisements over the 12 months to January 2017.)

Council areas within Western Australia feature heavily on the list of regions to see the greatest increase in rental advertisements over the year, many of which are located in Perth.

Mr Kusher said, "Investor activity has been sluggish in WA so this may indicate that as the economy has weakened and people have migrated away from WA, perhaps home owners are looking to rent out their home rather than selling into weak market conditions. A number of NSW regions are also featured on the list and this is probably more reflective of the ramping-up of housing supply purchased by investors."

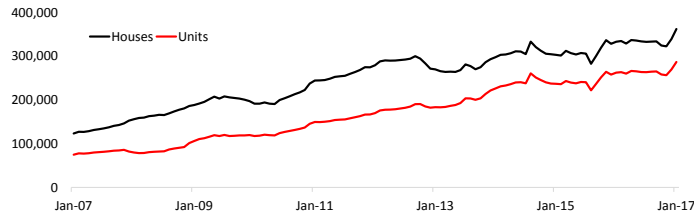
Of those regions with at least 1,000 rental advertisements over the past year, only 17 council areas have actually seen a decline in rental advertisements over the year. Two of the improving housing markets for value growth, Canberra and Hobart, are amongst these 17 council areas. The areas with less rental stock advertised than a year ago also tend to be more slanted towards regional areas rather than capital cities. Mr Kusher said, "This is not surprising given that housing supply has largely been increasing in capital cities rather than regional markets."

"Despite the housing construction boom in Sydney at the moment, Kogarah, Warringah and Manly have recorded fewer properties advertised this year compared to last year, signaling tighter rental conditions."

With a record high number of new dwellings still under construction, most of which are units and many of which have been purchased by investors, CoreLogic anticipates that the number of properties advertised for rent will continue to rise.

According to Mr Kusher the impact of this is that rental growth is likely to remain dampened and those in the rental market in most regions will have an increasing number of properties to choose from. He said, "For owners of investment properties and property managers, they should be mindful of their local rental conditions, and set their weekly rents accordingly to maximize their occupancy as well as income. Landlords in areas where the supply of rental properties has shown a rise may find they need to hold their rents steady or in fact, provide a discount on their rental expectations in order to keep or attract tenants."

Annual number of residential properties listed for rent, National



Council areas with the largest rise in rental advertisements, 12 months to Jan-17

Council Area	State	Jan-16	Jan-17	% change
Kwinana	WA	706	1,033	46.3%
Armadale	WA	1,182	1,605	35.8%
Townsville	Qld	5,860	7,785	32.8%
Belmont	WA	1,447	1,910	32.0%
Mandurah	WA	2,015	2,654	31.7%
Gosnells	WA	1,729	2,264	30.9%
Cockburn	WA	2,146	2,763	28.8%
Canning	WA	2,337	3,007	28.7%
Hawkesbury	NSW	937	1,186	26.6%
Bunbury	WA	1,022	1,291	26.3%
Wellington	Vic	804	1,010	25.6%
Bayswater	WA	2,044	2,565	25.5%
Stirling	WA	6,821	8,529	25.0%
Gladstone	Qld	2,874	3,574	24.4%
Rockingham	WA	2,719	3,359	23.5%
Fairfield	NSW	2,543	3,135	23.3%
Hornsby	NSW	2,152	2,641	22.7%
The Hills Shire	NSW	3,440	4,216	22.6%
Ku-ring-gai	NSW	2,254	2,757	22.3%
Greater Taree	NSW	910	1,113	22.3%

Council areas with the largest decline in rental advertisements, 12 months to Jan-17

Council Area	State	Jan-16	Jan-17	% change
Canberra	ACT	11,373	9,137	-19.7%
Mildura	Vic	1,416	1,182	-16.5%
Queanbeyan	NSW	1,432	1,210	-15.5%
Cessnock	NSW	1,172	1,014	-13.5%
Newcastle	NSW	6,394	5,942	-7.1%
Hobart	Tas	1,502	1,413	-5.9%
Kogarah	NSW	1,354	1,276	-5.8%
Launceston	Tas	1,794	1,719	-4.2%
Warringah	NSW	3,751	3,605	-3.9%
Wodonga	Vic	1,178	1,142	-3.1%
Mornington Peninsula	Vic	3,480	3,375	-3.0%
Ballarat	Vic	3,609	3,503	-2.9%
Manly	NSW	1,648	1,606	-2.5%
Wollongong	NSW	4,854	4,770	-1.7%
Port Stephens	NSW	1,851	1,833	-1.0%
Lake Macquarie	NSW	3,878	3,853	-0.6%
Greater Geelong	Vic	6,391	6,351	-0.6%
Glen Eira	Vic	5,783	5,787	0.1%
Cardinia	Vic	1,477	1,480	0.2%
Port Phillip	Vic	6,569	6,598	0.4%