

# CoreLogic Quarterly Rental Review

December Quarter 2017



# CoreLogic December 2017 Quarterly Rental Review

## Rental rates are increasing as yield flatten out

- On a national basis, weekly rents increased by 0.1% in December 2017 to be 0.3% higher over the final quarter of 2017 and 2.7% higher over the 2017 calendar year.
- Capital city rents are -0.1% lower over the quarter and 2.9% higher year-on-year while regional market rents are 1.2% higher over the quarter to be 3.0% higher over the past 12 months.
- Across the capital cities, rents are lower over the past three months in Sydney, Brisbane, Perth and Darwin and higher elsewhere.
- Over the past 12 months, rents have increased in all capital cities except for Perth and Darwin with the rate of annual rental change higher over the past year than it was over the previous 12 months in each capital city except Canberra.
- Median weekly rents nationally are recorded at \$420 for houses and \$425 for units.
- Across the combined capital cities, house rents were recorded at \$457/week and unit rents at \$449/week while across the combined regional markets rents were \$351/week for houses and \$349/week for units.

## Rental growth remains moderate but has lifted over the fourth quarter compared to the third

Rental rates increased by 0.1% nationally in December 2017 with capital city rents unchanged and regional rents up 0.5%. The recent disparity between growth in rents in capital city and regional markets is mirroring what is being seen with dwelling values. At the end of 2017, weekly rents were recorded at \$421 nationally, with figures of \$455 across the combined capital cities and \$350 across the combined regional markets.

Over the month, rental rates increased in Melbourne (+0.1%), Adelaide (+0.5%), Hobart (+0.9%) and Canberra (+0.9%), were unchanged in Brisbane and Perth and they fell in Sydney (-0.3%) and Darwin (-0.3%).

Taking a look at the current median rents, Sydney is substantially more expensive than all other capital cities for houses (\$599/week) and units (\$561/week). Historically Hobart has been the most affordable capital city in which to rent however, with strong rental growth over the past year it is now cheaper to rent in both Adelaide and Perth than it is to rent in Hobart.

Rental rates have been increasing across most capital cities and those in which rents have been falling the rate of decline has slowed. This does seem a little counterintuitive given the large volume of housing supply additions over recent years, heightened level of investor activity in the housing market and consistent trend of low household income growth.

In Sydney and Melbourne in particular, supply additions have been significant over recent years as has demand for housing from investors, but affordability remains stretched and population growth remains substantial which is creating competition for rental stock as new households moving to these cities look for accommodation and lower income households remain locked out of home ownership, instead having to rent. Canberra and Hobart are seeing growing housing demand with relatively low levels of housing stock additions over recent years. In Brisbane and Adelaide rents are increasing albeit at a moderate pace while in Perth and Darwin rents have continued to fall over the past year, albeit at a reduced rate of decline.

Region	Median rent	Change in rents			Yields	
		Month	Quarter	12 months	Current	12 months
Sydney	\$581	-0.3%	-0.3%	3.0%	3.12%	3.11%
Melbourne	\$438	0.1%	0.3%	4.3%	2.89%	3.04%
Brisbane	\$428	0.0%	-0.1%	0.2%	4.34%	4.43%
Adelaide	\$368	0.5%	0.9%	3.1%	4.23%	4.26%
Perth	\$373	0.0%	-0.7%	-2.5%	3.87%	3.99%
Hobart	\$387	0.9%	2.1%	9.4%	4.96%	5.11%
Darwin	\$476	-0.3%	-0.5%	-1.5%	5.86%	5.61%
Canberra	\$512	0.9%	1.6%	4.9%	4.42%	4.45%
Combined capitals	\$455	0.0%	0.0%	2.6%	3.32%	3.40%
Combined regionals	\$350	0.5%	1.2%	3.0%	4.94%	5.07%
<b>National</b>	<b>\$421</b>	<b>0.1%</b>	<b>0.3%</b>	<b>2.7%</b>	<b>3.63%</b>	<b>3.71%</b>





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All capital cities except for Canberra have seen a stronger annual change in rents over the past year compared to the previous year

Over the final quarter of 2017, rents rose by 0.3% nationally which was greater than the 0.1% over the previous quarter but the weakest fourth quarter for rental growth since 2014. Combined capital city rents were unchanged over the quarter while combined regional markets recorded growth of 1.2%. For the capital cities it was a moderate slowdown from the 0.1% growth in the third quarter as well as being slower than the 0.3% increase in the fourth quarter of 2016.

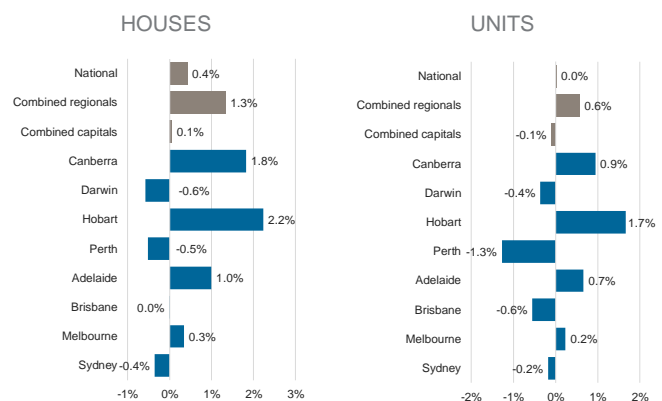
Across the individual capital cities, rents fell over the quarter in Sydney (-0.3%), Brisbane (-0.1%), Perth (-0.7%) and Darwin (-0.5%). Rental rates were higher over the quarter in Melbourne (+0.3%), Adelaide (+0.9%), Hobart (+2.1%) and Canberra (+1.6%). The quarterly change in rents was lower than the previous quarter in Sydney, Melbourne and Darwin, unchanged in Brisbane and higher elsewhere. Compared to the fourth quarter of 2016, the change in rents over the December 2017 quarter was greater in all capital cities other than Sydney, Melbourne and Canberra.

Throughout the 2017 calendar year rental rates have increased by 2.7% across the nation with combined capital city rents climbing 2.6% and combined regional market rents rising by 3.0%. The annual rate of rental growth had slowed from 2.9% the previous quarter but was higher than the 1.1% over the 2016 calendar year. Across the combined capital cities, annual rental growth was lower compared with the previous quarter (2.8%) but higher than the previous year (0.9%). In the combined regional markets, rental growth is steady from the previous quarter (3.0%) but much higher than over the previous year (1.6%).

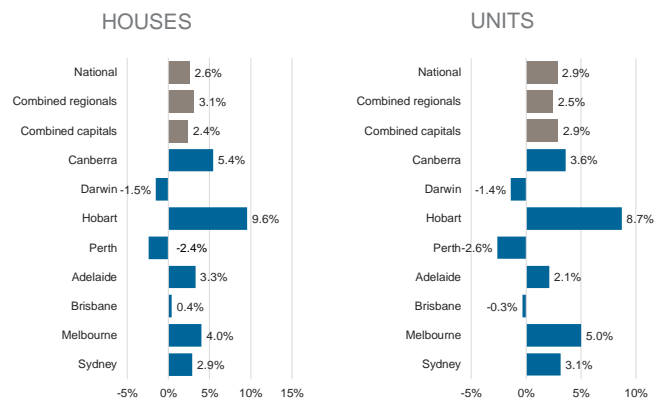
Rental rates were lower in 2017 in Perth (-2.5%) and Darwin (-1.5%) while they rose in Sydney (3.0%), Melbourne (4.3%), Brisbane (0.2%), Adelaide (3.1%), Hobart (9.4%) and Canberra (4.9%). The annual change in rents was lower over the quarter in Sydney, Melbourne and Canberra but higher elsewhere. When compared to the same quarter last year, the annual change in rents was higher across each capital city except Canberra.

Overall the data indicates that although rental growth has accelerated over the past 12 months, the quarterly data is pointing to softer growth. The first quarter of each year typically shows strong positive seasonality, so it will be interesting to see how growth over the first quarter of 2018 compares to the first quarter of 2017. As this data has shown, the first quarter of 2017 was relatively weaker for rental growth compared to the previous year.

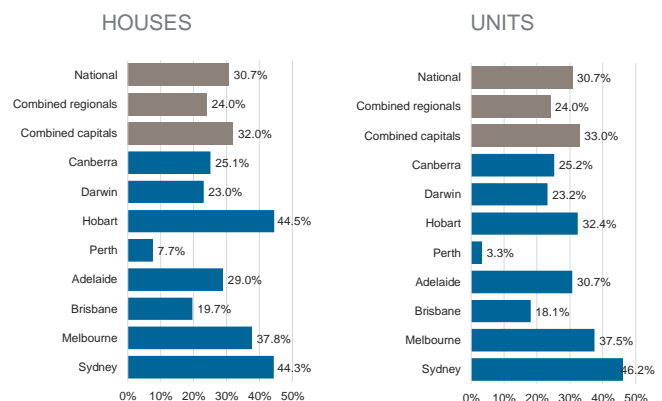
## Quarterly change in rental rates



## 12 month change in rental rates



## 10 year change in rental rates



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## After trending much lower over recent years, rental yields have begun to steady

Dwelling values fell over the final quarter of 2017 and while rental growth also slowed it remained positive which resulted in steady gross rental yields.

As at the end of 2017, gross rental yields are recorded at 3.63% nationally compared to yields of 3.61% at the end of the third quarter of the year and 3.71% at the end of 2016. Across the combined capital cities gross rental yields are currently recorded at 3.32% and they sit at 4.94% across the combined regional markets. At the end of the previous quarter capital city yields were 3.30% and regional market yields were 4.94% while a year earlier yields were recorded at 3.40% and 5.07% respectively. Yields have firmed slightly as values have started to decline however, gross rental yields remain at near record low levels.

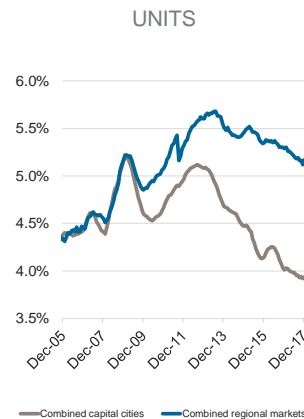
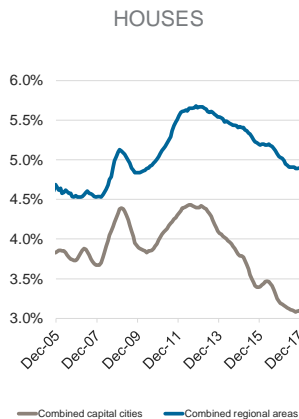
Across the capital cities, gross rental yields at the end of 2017 were recorded at: 3.12% in Sydney, 2.89% in Melbourne, 4.34% in Brisbane, 4.23% for Adelaide, 3.87% in Perth, 4.96% in Hobart, 5.86% in Darwin and

4.42% in Canberra. Compared to yields at the end of the previous quarter, yields were firmer in Sydney, Adelaide, Darwin and Canberra but softer elsewhere. In comparison to 12 months earlier only Sydney and Darwin currently have higher yields.

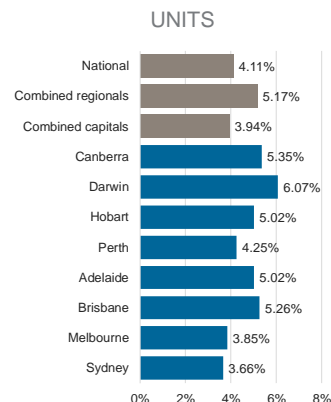
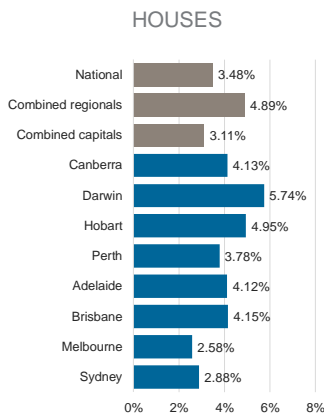
The low yield profile across Australia's two largest cities, which are also the cities that attract the largest investment demand, suggests that most recent investors, despite the low mortgage rate settings, are likely to be utilising a negative gearing strategy to offset their cash flow losses against their taxable income. With gross yields so low now in these two cities we may start to see investors turn their attention to other cities where housing is more affordable and rental returns are superior.

If rental growth continues to outpace dwelling value growth we may see some further repairing of gross rental yields which currently sit at or close to historic lows.

## Gross rental yields over time



## Gross rental yields, houses and units



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## Key rental and yield statistics

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra	Combined capitals	Combined regionals	National
<b>All Dwellings</b>											
Median rent	\$581	\$438	\$428	\$368	\$373	\$387	\$476	\$512	\$455	\$350	\$421
Monthly change	-0.3%	0.1%	0.0%	0.5%	0.0%	0.9%	-0.3%	0.9%	0.0%	0.5%	0.1%
Quarterly change	-0.3%	0.3%	-0.1%	0.9%	-0.7%	2.1%	-0.5%	1.6%	0.0%	1.2%	0.3%
Year-to-Date change	3.0%	4.3%	0.2%	3.1%	-2.5%	9.4%	-1.5%	4.9%	2.6%	3.0%	2.7%
Year-on-Year change	3.0%	4.3%	0.2%	3.1%	-2.5%	9.4%	-1.5%	4.9%	2.6%	3.0%	2.7%
Current yield	3.1%	2.9%	4.3%	4.2%	3.9%	5.0%	5.9%	4.4%	3.3%	4.9%	3.6%
Yield 12 mths ago	3.1%	3.0%	4.4%	4.3%	4.0%	5.1%	5.6%	4.5%	3.4%	5.1%	3.7%

<b>Houses</b>											
Median rent	\$599	\$445	\$440	\$376	\$385	\$399	\$511	\$558	\$457	\$351	\$420
Monthly change	-0.3%	0.1%	0.0%	0.5%	0.1%	0.8%	-0.3%	1.0%	0.0%	0.5%	0.1%
Quarterly change	-0.4%	0.3%	0.0%	1.0%	-0.5%	2.2%	-0.6%	1.8%	0.1%	1.3%	0.4%
Year-to-Date change	2.9%	4.0%	0.4%	3.3%	-2.4%	9.6%	-1.5%	5.4%	2.4%	3.1%	2.6%
Year-on-Year change	2.9%	4.0%	0.4%	3.3%	-2.4%	9.6%	-1.5%	5.4%	2.4%	3.1%	2.6%
Current yield	2.9%	2.6%	4.1%	4.1%	3.8%	4.9%	5.7%	4.1%	3.1%	4.9%	3.5%
Yield 12 mths ago	2.9%	2.7%	4.3%	4.2%	3.9%	5.1%	5.5%	4.2%	3.2%	5.0%	3.6%

<b>Units</b>											
Median rent	\$561	\$427	\$393	\$313	\$336	\$330	\$403	\$447	\$449	\$349	\$425
Monthly change	-0.3%	-0.1%	0.1%	0.2%	-0.3%	1.1%	-0.3%	0.6%	-0.2%	0.2%	-0.1%
Quarterly change	-0.2%	0.2%	-0.6%	0.7%	-1.3%	1.7%	-0.4%	0.9%	-0.1%	0.6%	0.0%
Year-to-Date change	3.1%	5.0%	-0.3%	2.1%	-2.6%	8.7%	-1.4%	3.6%	2.9%	2.5%	2.9%
Year-on-Year change	3.1%	5.0%	-0.3%	2.1%	-2.6%	8.7%	-1.4%	3.6%	2.9%	2.5%	2.9%
Current yield	3.7%	3.8%	5.3%	5.0%	4.3%	5.0%	6.1%	5.4%	3.9%	5.2%	4.1%
Yield 12 mths ago	3.7%	4.0%	5.2%	5.0%	4.4%	5.3%	5.8%	5.3%	4.0%	5.3%	4.2%

## About Us

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## New South Wales

	Median Rent	Monthly Change	Quarterly Change	Year-to-date Change	Annual Change	Current Yield	Yield 12 mths Ago
<b>SA4 Region</b>							
<b>Capital Region</b>	\$369	-0.1%	-3.1%	-4.9%	-0.6%	5.0%	5.5%
<b>Central Coast</b>	\$459	0.5%	1.0%	2.5%	2.6%	3.9%	4.3%
<b>Central West</b>	\$307	0.2%	0.0%	-0.8%	1.3%	5.3%	5.5%
<b>Coffs Harbour - Grafton</b>	\$396	0.4%	0.5%	3.6%	4.6%	5.2%	5.4%
<b>Far West and Orana</b>	\$276	0.6%	-0.3%	1.8%	2.7%	7.6%	7.6%
<b>Hunter Valley exc Newcastle</b>	\$368	0.6%	1.5%	4.4%	5.4%	4.9%	5.0%
<b>Illawarra</b>	\$505	0.0%	-0.3%	3.2%	3.9%	3.8%	4.1%
<b>Mid North Coast</b>	\$369	0.4%	0.3%	2.1%	3.8%	4.8%	5.0%
<b>Murray</b>	\$273	0.6%	0.7%	1.0%	1.1%	5.7%	5.8%
<b>New England and North West</b>	\$310	-0.2%	0.2%	0.5%	0.2%	6.2%	6.3%
<b>Newcastle and Lake Macquarie</b>	\$422	-0.1%	0.8%	3.5%	3.9%	3.8%	4.2%
<b>Richmond - Tweed</b>	\$458	0.7%	-0.3%	4.7%	6.6%	4.6%	4.8%
<b>Riverina</b>	\$297	0.1%	-1.0%	0.5%	1.3%	5.8%	6.2%
<b>Southern Highlands and Shoalhaven</b>	\$438	-0.1%	-1.1%	2.3%	5.0%	3.9%	4.4%
<b>Sydney - Baulkham Hills and Hawkesbury</b>	\$663	-0.4%	0.0%	2.4%	2.7%	2.6%	2.9%
<b>Sydney - Blacktown</b>	\$460	0.1%	0.6%	2.9%	2.5%	3.4%	3.6%
<b>Sydney - City and Inner South</b>	\$754	0.1%	0.4%	5.9%	6.1%	3.6%	3.7%
<b>Sydney - Eastern Suburbs</b>	\$833	0.0%	-0.7%	2.8%	3.9%	2.9%	2.9%
<b>Sydney - Inner South West</b>	\$560	-0.1%	0.5%	3.6%	3.9%	3.1%	3.2%
<b>Sydney - North Sydney and Hornsby</b>	\$697	0.1%	0.4%	5.2%	5.3%	2.8%	2.7%
<b>Sydney - Northern Beaches</b>	\$767	-0.3%	-0.8%	3.6%	4.4%	2.7%	2.8%
<b>Sydney - Outer South West</b>	\$844	-0.1%	0.2%	1.1%	3.1%	3.1%	3.3%
<b>Sydney - Outer West and Blue Mountains</b>	\$436	-0.1%	-0.3%	1.1%	1.5%	3.7%	3.8%
<b>Sydney - Parramatta</b>	\$440	0.6%	0.4%	2.1%	1.9%	3.6%	3.9%
<b>Sydney - Ryde</b>	\$507	0.1%	0.6%	2.7%	2.3%	3.2%	3.4%
<b>Sydney - South West</b>	\$647	0.3%	1.4%	4.7%	3.3%	2.4%	2.6%
<b>Sydney - Sutherland</b>	\$494	0.0%	-0.2%	2.3%	3.1%	3.5%	3.5%

Over the final quarter of 2017, Sydney rental rates fell by -0.3% while outside of Sydney rental rates increased by 1.2%. Over the 2017 calendar year, Sydney rents rose by 3.0% while in regional New South Wales they increased by a slightly higher 3.1%. At the end of 2017, gross rental yields were recorded at 3.12% in Sydney and 4.56% outside of Sydney compared to 3.11% and 4.80% respectively a year earlier.

The cost of renting in Sydney is greatest in the Northern Beaches, Eastern Suburbs and North Sydney and rental costs are lowest in the Outer South West, Outer West and Blue Mountains and Blacktown. In fact, the cheapest regions for rents are about half the cost of renting in the most expensive. In regional New South Wales rental costs are highest in Illawarra, Richmond-Tweed and Southern Highlands and Shoalhaven and they are lowest in Far West and Orana, Murray and Riverina.

Across the SA4 regions of Sydney, of the 15 regions only the Eastern Suburbs, Northern Beaches, Outer West and Blue Mountains and Sutherland recorded

rental falls over the quarter. Over the past year, rents increased across all 15 regions. In regional New South Wales only two of the 13 regions recorded rental falls over the quarter and rents were higher over the year in each region.

Gross rental yields in Sydney are highest in Central Coast, Outer South West, City and Inner South and Outer West and Blue Mountains and they are lowest in Ryde, Baulkham Hills and Hawkesbury, Inner West and North Sydney and Hornsby. In regional New South Wales, yields are highest in Far West and Orana, New England and North West and Riverina and they are lowest in Illawarra, Newcastle and Lake Macquarie, Mid North Coast and Richmond-Tweed.

Of the 15 regions in Sydney, 8 regions had lower yields over the year, 2 regions had unchanged yields and the remaining 5 regions recorded higher yields over the year. In regional New South Wales yields were lower over the year in each region except for Far West and Orana where they were higher.

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## Victoria

	Median Rent	Monthly Change	Quarterly Change	Year-to-date Change	Annual Change	Current Yield	Yield 12 mths Ago
<b>SA4 Region</b>							
<b>Ballarat</b>	\$296	0.3%	1.2%	2.4%	4.2%	4.7%	4.8%
<b>Bendigo</b>	\$310	0.1%	-0.4%	1.7%	3.0%	4.8%	4.8%
<b>Geelong</b>	\$371	0.1%	0.0%	2.5%	4.1%	3.7%	4.0%
<b>Hume</b>	\$300	0.4%	1.1%	2.3%	3.0%	5.1%	5.4%
<b>Latrobe - Gippsland</b>	\$302	-0.3%	-0.3%	-2.9%	-0.7%	5.2%	5.4%
<b>Melbourne - Inner</b>	\$535	0.2%	0.6%	5.2%	5.2%	3.3%	3.3%
<b>Melbourne - Inner East</b>	\$530	-0.1%	0.4%	4.0%	4.7%	2.1%	2.2%
<b>Melbourne - Inner South</b>	\$544	0.0%	-0.3%	4.0%	4.7%	2.5%	2.6%
<b>Melbourne - North East</b>	\$412	0.5%	1.5%	5.8%	6.7%	3.0%	3.2%
<b>Melbourne - North West</b>	\$397	0.4%	0.8%	4.9%	5.9%	3.3%	3.6%
<b>Melbourne - Outer East</b>	\$425	0.3%	1.0%	3.2%	3.8%	2.9%	3.2%
<b>Melbourne - South East</b>	\$399	0.2%	0.4%	3.1%	3.5%	2.9%	3.3%
<b>Melbourne - West</b>	\$383	0.1%	0.5%	3.8%	4.6%	3.3%	3.7%
<b>Mornington Peninsula</b>	\$409	0.3%	0.4%	3.3%	4.3%	3.2%	3.6%
<b>North West</b>	\$253	0.1%	0.1%	0.3%	0.0%	6.9%	6.7%
<b>Shepparton</b>	\$287	0.7%	1.0%	3.9%	3.5%	5.7%	5.9%
<b>Warrnambool and South West</b>	\$283	-0.5%	0.0%	2.3%	3.5%	5.3%	5.0%

Rents in Melbourne have increased by 0.3% over the final quarter of 2017 while rents in regional Victoria were up a higher 1.6%. Over the 2017 calendar year, Melbourne rents increased by 4.3% compared to a 2.7% rise outside of the capital. At the end of 2016, gross rental yields in Melbourne were recorded at 3.04% and in regional Victoria they were 4.88%, by the end of 2017, rental yields were 2.89% and 4.64% respectively.

Of the 10 regions in Melbourne yields were lower over the year in all regions except for Inner where they were unchanged. Outside of Melbourne, yields were lower in 5 regions, were unchanged in one and higher in the remaining two regions.

Melbourne rental costs are greatest in the Inner South, Inner and Inner East regions and are lowest in the West, South East and North West. Outside of Melbourne, rents are lowest in North West, Warrnambool and South West and Shepparton and are greatest in Geelong, Latrobe-Gippsland and Bendigo.

Throughout the 10 regions of Melbourne rents increased in most regions over the fourth quarter with only the South East recording no change. Over the year, rents were higher throughout the city with the South East recording much lower rates of rental growth than the rest of the city. In regional Victoria, the North West was the only region in which rents fell over the quarter and rents were higher across the board in 2017.

Gross rental yields are low throughout Melbourne however, yields are highest in the Inner, North West, West and Mornington Peninsula and they are lowest in the Inner East, Inner South and Outer East. In regional Victoria yields are highest in the North West, Shepparton and Warrnambool and they are lowest in Geelong, Ballarat and Bendigo.



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## Queensland

SA4 Region	Median Rent	Monthly Change	Quarterly Change	Year-to-date Change	Annual Change	Current Yield	Yield 12 mths Ago
<b>Brisbane - East</b>	\$479	-0.1%	-0.3%	1.0%	1.1%	4.6%	4.7%
<b>Brisbane - North</b>	\$437	0.2%	0.1%	0.7%	-0.1%	4.4%	4.5%
<b>Brisbane - South</b>	\$452	0.2%	0.3%	-0.1%	-0.4%	3.8%	3.9%
<b>Brisbane - West</b>	\$511	0.0%	-0.8%	-1.4%	-0.5%	4.1%	4.2%
<b>Brisbane Inner City</b>	\$497	-0.1%	-0.6%	1.3%	1.3%	3.9%	4.0%
<b>Cairns</b>	\$366	0.7%	0.7%	1.5%	1.2%	5.9%	5.8%
<b>Darling Downs - Maranoa</b>	\$266	0.4%	0.6%	1.2%	0.9%	6.1%	6.1%
<b>Central Queensland</b>	\$288	0.0%	-0.3%	1.1%	0.9%	5.8%	5.6%
<b>Gold Coast</b>	\$485	0.0%	0.3%	3.5%	4.2%	4.9%	4.9%
<b>Ipswich</b>	\$353	0.3%	0.3%	0.5%	0.2%	5.1%	5.3%
<b>Logan - Beaudesert</b>	\$391	0.1%	0.0%	0.6%	0.4%	5.1%	5.3%
<b>Mackay - Isaac - Whitsunday</b>	\$344	1.1%	3.1%	7.8%	8.0%	6.4%	5.8%
<b>Moreton Bay - North</b>	\$380	-0.4%	0.6%	0.1%	-1.3%	4.9%	5.1%
<b>Moreton Bay - South</b>	\$436	0.2%	0.4%	0.6%	0.6%	4.9%	4.9%
<b>Queensland - Outback</b>	\$333	-4.4%	2.5%	13.0%	11.4%	11.3%	9.5%
<b>Sunshine Coast</b>	\$480	0.0%	0.1%	1.2%	2.0%	4.6%	4.9%
<b>Toowoomba</b>	\$333	-0.1%	-0.4%	0.3%	1.0%	5.0%	5.0%
<b>Townsville</b>	\$324	0.4%	0.6%	-0.5%	0.9%	5.7%	5.7%
<b>Wide Bay</b>	\$299	-0.1%	-0.1%	0.5%	0.9%	5.9%	5.9%

Brisbane rents fell by -0.1% over the final quarter of 2017 while they were 0.2% higher throughout the year. Regional Queensland rents increased by 0.9% over the quarter to be 3.1% higher over the past 12 months. Gross rental yields in Brisbane have shifted lower over the year from 4.43% at the end of 2016 to 4.34% at the end of 2017. In regional Queensland yields are unchanged over the year remaining at 5.26%.

The lowest rental yields in Brisbane are in the South, Inner City and West while much higher yields are found in Logan-Beaudesert, Ipswich, Moreton Bay-North and Moreton Bay-South. In regional Queensland, rental yields are currently highest in the Outback, Mackay-Isaac-Whitsunday and Darling Downs-Maranoa regions while they are lowest on Sunshine and Gold Coasts and Toowoomba.

The cost of renting in Brisbane is greatest in the West, Inner City and East and it is lowest in Ipswich, Moreton Bay-North and Logan-Beaudesert. In regional Queensland, rents are highest in the Gold and Sunshine Coasts and Mackay-Isaac-Whitsunday and is lowest in Darling Downs-Maranoa, Central Queensland and Wide Bay.

Over the past year, gross rental yields have shifted lower across 8 of the 9 regions of Brisbane with yields in the Inner City unchanged. Outside of Brisbane, yields were lower over the year in 2 regions, unchanged in 2 regions and higher across the remaining 5 regions of the state.

Throughout the 9 Brisbane regions, rents fell over the final quarter of 2017 in the East, Inner City, Logan-Beaudesert and Moreton Bay-North but was higher elsewhere. Over the past year, rents in Brisbane fell in the South, West and Moreton Bay-North. Outside of Brisbane all regions of the state recorded increases in rents over the quarter and year with the Outback region recording a substantial rise in rents.

# CoreLogic December 2017 Quarterly Rental Review

## South Australia

	Median Rent	Monthly Change	Quarterly Change	Year-to-date Change	Annual Change	Current Yield	Yield 12 mths Ago
<b>SA4 Region</b>							
<b>Adelaide - Central and Hills</b>	\$418	0.3%	0.4%	3.3%	4.0%	3.5%	3.6%
<b>Adelaide - North</b>	\$319	0.0%	0.1%	1.1%	0.9%	5.0%	5.2%
<b>Adelaide - South</b>	\$366	0.0%	0.1%	3.3%	3.7%	4.4%	4.5%
<b>Adelaide - West</b>	\$375	0.2%	-0.2%	1.1%	1.0%	4.2%	4.3%
<b>Barossa - Yorke - Mid North</b>	\$269	-0.2%	-1.5%	1.3%	2.2%	6.2%	6.1%
<b>South Australia - Outback</b>	\$235	1.5%	2.3%	9.7%	9.4%	7.1%	6.2%
<b>South Australia - South East</b>	\$271	1.8%	2.7%	1.6%	0.3%	5.9%	5.9%

Rental rates in Adelaide increased by 0.9% over the fourth quarter of 2017 to be 3.1% higher throughout the year. In regional South Australia, rental rates increased by 2.4% over the final quarter of the year and were 4.4% higher year-on-year. Adelaide's gross rental yield was recorded at 4.23% at the end of 2017 down slightly from 4.26% the previous year while in regional South Australia yields firmed from 6.05% a year ago to 6.19% currently.

Adelaide rental costs are higher in the Central and Hills region than anywhere else in the city with the South and West recording equivalent rents while rents are much lower in the North. Outside of Adelaide, rents are lowest in the Outback region while South East rents are slightly higher than those in the Barossa-Yorke-Mid North region.

Each region of Adelaide has recorded rental increases over both the quarter and year however, rental growth

has been much stronger in the Central and Hills and South regions. In regional South Australia, rents fell over the quarter in Barossa-Yorke-Mid North but were higher elsewhere and increased across the board over the year.

Adelaide's highest gross rental yields are found in the North with South and West seeing similar yields while they are much lower in the Central and Hills region. Yields in regional South Australia are much higher than those in Adelaide with the highest in the Outback and the lowest in the South East.

Gross rental yields have improved over the year in the South of Adelaide and are unchanged in the West while they have softened in the remaining 2 regions. Outside of Adelaide, yields have firmed over the year in the Outback, are unchanged in the South East and have softened in Barossa-Yorke-Mid North.

# CoreLogic December 2017 Quarterly Rental Review

## Western Australia

	Median Rent	Monthly Change	Quarterly Change	Year-to-date Change	Annual Change	Current Yield	Yield 12 mths Ago
<b>SA4 Region</b>							
Bunbury	\$345	0.4%	0.0%	-1.0%	-1.3%	4.3%	4.5%
Mandurah	\$325	-0.6%	-1.4%	-1.7%	-2.8%	4.7%	4.8%
Perth - Inner	\$467	-0.5%	-1.2%	-0.5%	-1.5%	3.2%	3.3%
Perth - North East	\$366	-0.3%	-1.1%	-3.0%	-4.3%	4.2%	4.4%
Perth - North West	\$391	-0.3%	-1.2%	-2.1%	-3.0%	4.1%	4.2%
Perth - South East	\$362	-0.4%	-1.0%	-2.6%	-4.1%	4.1%	4.1%
Perth - South West	\$371	-0.6%	-1.9%	-2.8%	-3.6%	3.9%	4.0%
Western Australia - Wheat Belt	\$316	-0.5%	-0.8%	-0.9%	0.1%	5.7%	5.4%
Western Australia - Outback (North)	\$444	1.1%	2.0%	2.4%	-0.7%	8.9%	8.7%
Western Australia - Outback (South)	\$308	0.0%	1.2%	1.2%	1.6%	6.7%	6.1%

Perth rents have been falling since mid-2013 and fell by a further -0.7% over the final quarter of 2017 to be -2.5% lower over the year. In regional Western Australia rents actually increased 0.2% over the quarter and were 0.1% higher over the past year. Rental yields have continued to soften over the year in Perth, falling to 3.87% from 3.99% a year earlier while in regional Western Australia yields firmed from 5.45% to 5.58%.

Perth's most expensive rents are found in the Inner region of the city and they are much more expensive than the second most expensive rents in the North West while the cheapest rents are in Mandurah and the South East. In regional Western Australia, rents are most expensive in resource intensive area of Outback (North) and they are much more expensive than those in Bunbury while rents are fairly similar in the Wheat belt and Outback (South).

Perth's only region to see a rental increase over the quarter was the Inner region, while Inner was also the only region to see an annual increase in rental rates. Each of Bunbury, Wheat Belt and Outback (North) saw rents rise over the quarter while the Wheat Belt and Bunbury were the only regional markets in which rents didn't rise over the past year.

The highest gross rental yields in Perth are found in Mandurah and the North East while the lowest are in Inner and South West. In regional Western Australia, yields are above 5% in each of the markets except for Bunbury.

Gross rental yields have fallen over the past 12 months in each region of Perth. Outside of Perth, rental yields have fallen over the past year in Bunbury while they have firmed across the other regions.

# CoreLogic December 2017 Quarterly Rental Review

## Tasmania

	Median Rent	Monthly Change	Quarterly Change	Year-to-date Change	Annual Change	Current Yield	Yield 12 mths Ago
<b>SA4 Region</b>							
<b>Hobart</b>	\$379	0.5%	1.6%	7.6%	9.1%	5.0%	5.2%
<b>Launceston and North East</b>	\$297	0.4%	1.0%	3.5%	4.6%	5.7%	5.9%
<b>South East</b>	\$316	1.4%	13.3%	12.0%	14.1%	5.6%	5.5%
<b>West and North West</b>	\$271	-0.3%	-0.5%	2.0%	2.6%	6.2%	6.2%

Rents in Hobart increased by 2.1% over the final quarter of 2017 while they increased by 2.9% over the same period outside of Hobart. Throughout the past 12 months, Hobart rents are 9.4% higher and regional Tasmania rents are 6.9% higher. As growth in dwelling values has outpaced rents, Hobart rental yields have fallen from 5.11% a year ago to 4.96% currently, while in regional Tasmania yields have softened slightly from 5.89% to 5.85%.

Rents in Hobart are much more expensive than those across the other regions of the state at \$387/week. Elsewhere the South East and Launceston and North East have rents which are in excess of \$300/week while the cheapest rents are found in West and North West.

Rental rates were higher over the December 2017

quarter across each of the regions of the state. Over the 2017 calendar year all regions of the state recorded rental increase with the South East recording a substantially higher rate of rental growth.

The West and North West has the highest yields in the state while yields are lowest in Hobart. Generally speaking, Tasmania has much higher yields than most other state and territories.

Gross rental yields have fallen over the past year in Hobart and Launceston and the North East while they have firmed in the South East and are unchanged in the West and North West.

The South East is the only region of the state in which rental yields haven't softened over the past 12 months.





# CoreLogic December 2017 Quarterly Rental Review

## Northern Territory

	Median Rent	Monthly Change	Quarterly Change	Year-to-date Change	Annual Change	Current Yield	Yield 12 mths Ago
<b>SA4 Region</b>							
<b>Darwin</b>	\$484	0.1%	0.4%	-0.9%	-1.5%	5.8%	5.7%
<b>Northern Territory - Outback</b>	\$472	0.9%	2.0%	5.2%	6.3%	7.4%	6.7%

Rental rates in Darwin fell over the December 2017 quarter and they were also lower over the past year. In regional Northern Territory, rental rates were higher over both the quarter and the year highlighting the disparity in performance between the two regions.

Regional Northern Territory currently has rental yields which are much higher than those in Darwin. Both regions of the state have experienced a softening of yields over the past 12 months.

Rental rates are quite similar across Darwin and those regions outside of Darwin with the recent falls in Darwin rents bringing them closer to the rest of the state.



# CoreLogic December 2017 Rental Index Results

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