

Rentals set to increase

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Brisbane's median

rental prices are likely to rise by up to 30 per cent over the next three years, but tenants should not panic about the increases, according to a new report by property industry commentator Michael Matusik.

Citing figures from the Real Estate Institute of Australia, Mr Matusik said Brisbane's average rental prices for three-bedroom houses had risen by 35 per cent over the past three years, and were expected to increase from the current median of \$290 to \$375 by 2010.

While this might sound daunting to renters, especially those saving for their first home, Mr Matusik said judging by past trends renters would be able to absorb the price rises.

Matusik Forecast figures show that in 2004 the average Brisbane household living in rental accommodation spent 26 per cent of their income on rent.

Although rents have

risen by 35 per cent over the past three years, Brisbane tenants still only spend, on average, 27 per cent of their income on rental costs.

Mr Matusik said this small rise in income expenditure was strong evidence renters would be able to sustain any future rental hikes.

"While it is true that some cities have become more expensive in recent years — in particular Perth and Darwin — and some renters are doing it tough, most urban rental households, according to our new research, are not as 'stressed' as some recent reports suggest."

Mr Matusik said it was almost certain that predicted rental rises would eventuate, judging by the current low vacancy rates and an undersupply of new residential development across the nation.

"We envisage that rental growth, however, will be a bit sluggish during (financial year) 2008 as renters absorb spare bedrooms and take longer leases," he said.