

17 January 2007

## WHERE HAVE ALL THE LANDLORDS GONE?

Australia's private rental crisis looks set to deteriorate further with no sign of a recovery in lending for investment properties in November 2006.

Commenting on figures released today, Australia's peak housing body, HIA, said that despite a slight seasonally adjusted rise in investment lending over the month, up 1.8 per cent to \$5.44 billion, the more reliable trend remains in steep decline.

HIA's Executive Director of Housing and Economics, Mr Simon Tennent said that it's a sobering thought when you think that on average \$5.6 billion worth of rental properties were added to the stock in the 6 months to July 2006 yet vacancy rates fell in Sydney, Melbourne and Brisbane.

"With lending now stuck at around \$5.4 billion per month, there is little doubt that the pool of available properties will continue to shrink throughout 2007," Mr Tennent said.

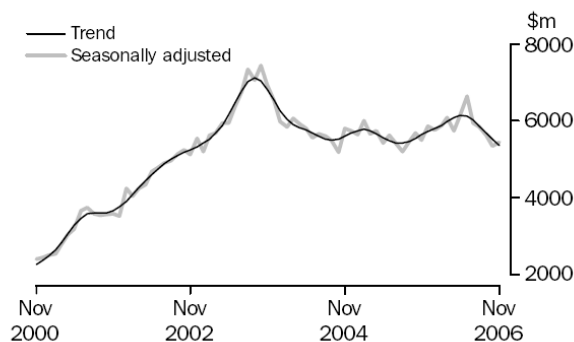
"And it's not just renters who will feel the heat as the reliance on government funded private rental assistance also looks set to skyrocket with the REIA reporting rent increases over the past 12 months as high as 9.8 per cent.

"The value of bond loans and ongoing rental subsidies is likely to become a bigger drain on government finances and sadly these measures hardly bridge the gap between long term renting and making the leap into home ownership," he added.

"Moreover the first home owners grant has been eroded to the point that it doesn't even cover stamp duty in 5 of Australia's 8 states and territories, despite additional concessions for first home buyers."

"With government's retreating from the provision of public housing stock and the increasing reliance on mum and dad investors to house Australia's growing numbers of renters, urgent action needs to be taken to ease the pressure on rents by making property investment more attractive." Mr Tennent said.

INVESTMENT HOUSING - TOTAL



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### Key State Points:

- \* Between June and September, Vacancy rates fell in all capital cities except Perth.
- \* The level of investor lending in November is below the 6 months to July average in all states except QLD, SA, Tasmania and NT
- \* Average fortnightly rental assistance in 2005 was \$80.

	Value of loans for investment properties (\$'000)		Capital City Vacancy Rate (%)
	Monthly average, 6 months to July 06	Nov 06	
NSW	2,079,131	1,863,667	1.7%
VIC	1,030,716	1,000,515	1.7%
QLD	1,086,172	1,323,559	1.6%
SA	286,536	298,224	1.7%
WA	932,823	792,161	1.5%
TAS	44,617	47,807	2.0%
ACT	76,083	68,298	1.1%
NT	36,273	44,566	1.7%
<b>Australia</b>	<b>5,577,399</b>	<b>5,438,797</b>	<b>1.1%</b>

### Average Fortnightly Rent Assistance Received (\$)

	2000	2001	2002	2003	2004	2005
NSW	64	70	74	76	79	81
VIC	61	68	72	74	77	79
QLD	64	71	74	77	79	82
WA	62	68	72	75	77	79
SA	62	67	71	73	76	78
TAS	62	66	69	71	75	78
ACT	60	66	70	72	74	75
NT	64	70	74	76	79	81
<b>TOTAL</b>	<b>62</b>	<b>69</b>	<b>73</b>	<b>75</b>	<b>78</b>	<b>80</b>

Source: ABS

### **Further Information**

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