

‘An abominable situation’: The Melbourne suburb where rents have soared 47 per cent

Renters face “an abominable situation” in Melbourne’s city centre, as the median asking rent for a unit in the CBD jumped 46.7 per cent in a year to \$550 a week.

Some tenants have been asked for as much as \$200 a week more as local and international competition for available rental properties heats up.

Melbourne suburbs with the largest rent increases

Units

Houses

Suburb	Median Weekly Asking Rent	Annual change
Melbourne	\$550	46.7%
West Melbourne	\$510	34.2%
Carlton	\$432	30.8%
Southbank	\$550	29.4%
Docklands	\$550	25%
Travancore	\$410	22.4%
South Melbourne	\$525	22.1%
Aberfeldie	\$400	21.2%
Melbourne (3004)	\$540	20%
North Melbourne	\$420	20%
Parkville	\$420	20%
Burnley	\$400	19.4%
Gardenvale	\$340	19.3%
St Kilda East	\$425	18.1%
Heidelberg West	\$440	18.1%
South Yarra	\$470	17.5%
Burwood East	\$470	17.5%
Caulfield	\$468	16.9%
Oakleigh South	\$433	16.9%
Caulfield North	\$460	16.5%

Source: Domain Rent Report, March quarter 2023

It comes as Melbourne asking rents overall reached a record high for both units and houses, the Domain Rent Report for the December quarter showed.

Rents were generally climbing fastest in inner-city, new migrant-heavy suburbs. There were steep jumps in unit rents in West Melbourne (up 34.2 per cent), Carlton (30.8

per cent) and Southbank (29.4 per cent). Their median asking rents ranged from \$550 to \$432 a week.

Domain chief of research and economics Dr Nicola Powell said the five-year growth figures for unit rents in Melbourne (5.8 per cent), West Melbourne (10.9 per cent) and Carlton (5.2 per cent) showed that prices had passed pre-COVID-19 levels.

“It is pretty stark. We’ve gone past the recovery and then some,” Dr Powell said. “That shows the overall outlook that we’ve got for the rental market in Melbourne.

“Competition is at its highest ever to secure a lease.”

Powell said high migration and a smaller average household size meant Melbourne’s housing supply was stretched thin. The Reserve Bank also warned this week the demand for floorspace had increased as people worked from home.

“The current population stats show net overseas migration is at a record high,” she said. “When you’ve got the largest proportion being on temporary visas, they’re going to want to rent.

“The suburbs in Melbourne that are seeing the greatest increase are all in central Melbourne. They’re in those suburbs that are likely to have a high level of demand that’s coming from overseas.”

Median asking rent, by capital city

Units

Houses

Capital City	Mar-23	Dec-22	Mar-22	Quarterly change	Annual change
Sydney	\$620	\$580	\$500	6.9%	24%
Melbourne	\$480	\$450	\$390	6.7%	23.1%
Brisbane	\$500	\$480	\$430	4.2%	16.3%
Adelaide	\$420	\$400	\$370	5%	13.5%
Perth	\$450	\$430	\$400	4.7%	12.5%
Canberra	\$550	\$560	\$540	-1.8%	1.9%
Darwin	\$520	\$520	\$490	0%	6.1%
Hobart	\$480	\$470	\$450	2.1%	6.7%
Combined Capitals	\$550	\$500	\$450	10%	22.2%

Source: Domain Rent Report, March quarter 2023

Only two suburbs had rents below what they were five years ago, indicating COVID-19 price falls had been reversed. And 89 suburbs recorded double-digit apartment rent rises over the past year.

CBD renter and Renters and Housing Union delegate William Arnott had been given a \$70-a-week rent increase.

Arnott and his partner decided to fight the increase.

“It’s ... the principle of the thing,” he said. “They’ve not done much to make the apartment better. Sure, they can gesture to the cost-of-living crisis and rates, but everyone’s feeling that.”



CBD renter Will Arnott will fight his proposed rent increase. JUSTIN MCMANUS

Arnott said he was in a better position than most. He said some CBD tenants were being asked to pay as much as \$200 a week more, and landlords were using the tight rental market to jack up rents.

“Investment carries risk. They decided to invest in real estate,” he said. “They know that interest rates can go up and it’s not just free money.

“It’s kind of just greedy to be pushing prices up because they know they can get away with it.”

Arnott wants to see a rent cap introduced to prevent rapid increases displacing existing tenants.



The one-bedroom apartment at 502/106 A'Beckett Street, Melbourne, is for rent, with an asking price of \$525 a week. *CREDIT: HARCOURTS MELBOURNE CITY*

Real Estate Institute of Victoria vice president Jacob Caine said snapping rents back to pre-pandemic levels was unnecessary, and that landlords should instead raise them gradually to maintain a good relationship with their tenants.

“The REIV hasn’t got a firm policy of what rent increases should look like. But they should be in line with market conditions,” he said. “It needs to be fair and it needs to be considered.

“[I ask:] what’s fair in the current climate, what are the costs of changeover for a renter and for an owner? There is a cost benefit to keeping a great renter in place.

“[I tell landlords]: ‘Why don’t we go somewhere where we can retain that renter? Why don’t we make the process gradual?’”

Caine said rent caps would exacerbate supply issues by discouraging new investors to enter the market and increase the supply of rentals.

Chief economist at investment bank Jarden, Carlos Cacho, said something needed to be done to resolve the housing crisis, but he [did not support rent caps](#).

“It’s an abominable situation and there are just no easy solutions,” he said. “In terms of supporting households through a period of rental stress, income support is a better solution than policies that could constrain supply in the medium to long term.”

Cacho said constrained supply and high demand were the biggest drivers of the crisis.

“It’s a perfect storm of factors that have led to it,” he said. “One of the factors that has been under-appreciated is that during COVID, we saw a shrinking in household size which increased housing demand by 120,000.”



The one-bedroom apartment at 402/118 Russell Street, Melbourne, is for rent for \$750 a week. CREDIT: *DINGLE PARTNERS*

International migration had also been higher than expected, which had worsened the situation, Cacho said.

“Combine those two things together, you have an increase in underlying housing demand around 300,000,” he said. “Construction has faced material delays, and although we’ve seen a boom in housing activity, we haven’t seen a rise in completions.

“It looks like we’ve had over the last two years basically no additional rental stock coming onto the market based on that data.”

Source : <https://www.smh.com.au/>