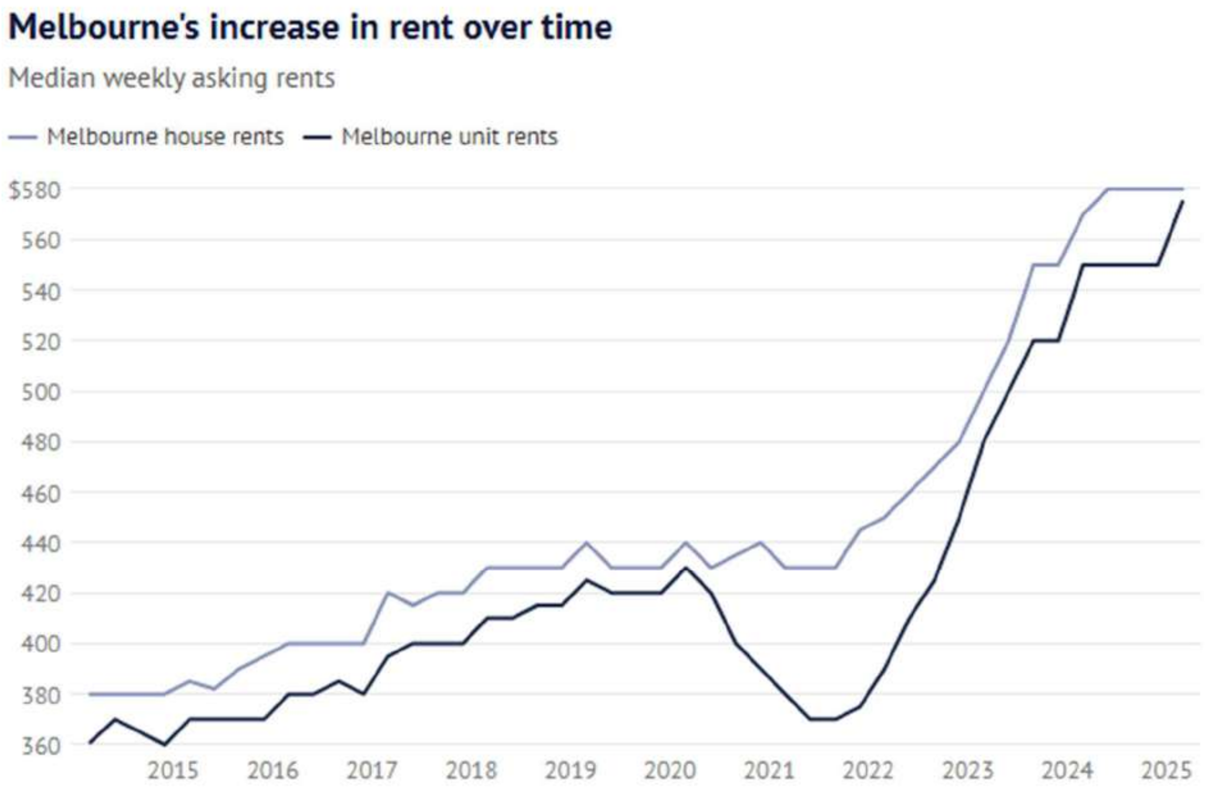
‘Breaking point’: Melbourne rents hit record highs – again

April 3, 2025

Melbourne’s median asking rent for a unit has risen by $25 a week over the past year, putting more pressure on tenants already reeling from almost four years of rent hikes.

The asking rent for a typical unit is now $575 per week, 4.5 per cent more than it was a year ago, Domain’s latest Rent Report for the March quarter shows.



Domain Rent Report, March quarter 2025

The median house rent is $10 a week higher than a year ago at $580 per week, although in a glimmer of hope for tenants, house rents stabilised over the past three months.

Melbourne rents reached their trough in winter 2021 when COVID lockdown delayed young adults from moving out of home, blocked international students and made it harder for landlords to ask for more money, given some tenants’ reduced incomes.

Back then, the typical unit could be rented for $370 a week, and the median house for $430, enabling some households to turn spare bedrooms into home offices.

Since the city reopened, rents have soared, first at a double-digit annual pace and then more slowly as renters adjusted by taking on more housemates or moving back home.

Median weekly asking rents, by capital city

Houses | **Units**

Capital city	Mar-25	Dec-24	Mar-24	Quarterly change	Annual change
Sydney	$725	$710	$700	2.1%	3.6%
Melbourne	$575	$550	$550	4.5%	4.5%
Brisbane	$615	$600	$590	2.5%	4.2%
Adelaide	$500	$500	$465	0.0%	7.5%
Perth	$600	$600	$550	0.0%	9.1%
Canberra	$575	$565	$570	1.8%	0.9%
Darwin	$560	$550	$550	1.8%	1.8%
Hobart	$480	$460	$460	4.3%	4.3%
Combined capitals	$650	$630	$620	3.2%	4.8%

Source: Domain Rent Report, March quarter 2025

Domain chief of research and economics Dr Nicola Powell noted that Melbourne's rental vacancy rate was just 1.2 per cent in March. A balanced rental market would have a vacancy rate of about 3 per cent.

"It's still very much a landlord's market," Powell said.

She said rental growth was slowing compared with recent years as population growth eased and tenants moved to meet their budget.

"Rents went down and rents boomeranged back … that would have made people go into house shares, get a housemate or move back in with family," she said. "Tenants are still finding it very tough."

Powell said home lending data showed some renters had been able to buy, but not everyone.

"A growing portion of tenants are transitioning to being a first home buyer, but those left in the rental market are still facing record rents," she said.

The largest jump over the past year for house rents was in Melbourne's outer east, up 6.8 per cent to a median asking rent of $630 a week. The inner south rose 6.3 per cent to a median $850, although both regions held steady over the past quarter.

Melbourne regions where rents rose most over the past year

Units Houses

Median weekly asking rents, March quarter

SA4 Region	Mar-25	Dec-24	Mar-24	Quarterly change	Annual change
Mornington Peninsula	$490	$480	$450	2.1%	8.9%
Melbourne - Outer East	$520	$530	$480	-1.9%	8.3%
Melbourne - North East	$495	$490	$460	1.0%	7.6%
Melbourne - South East	$530	$520	$500	1.9%	6.0%
Melbourne - North West	$480	$480	$460	0.0%	4.3%
Melbourne - Inner South	$560	$550	$540	1.8%	3.7%
Melbourne - Inner East	$570	$550	$550	3.6%	3.6%
Melbourne - Inner	$620	$580	$600	6.9%	3.3%
Melbourne - West	$460	$470	$450	-2.1%	2.2%

Domain Rent Report, March quarter 2025

For unit rents, annual increases north of 7 per cent were recorded on the Mornington Peninsula ($490 a week), the outer east ($520 a week) and the north-east ($495 a week).

Amelia Geiss, 22, has been renting a room in a three-bedroom share house in Carnegie since August, paying $1010 a month.

The full-time bachelor of communication (media) student at RMIT University receives Youth Allowance plus rent assistance, but little is left over after paying rent.

Geiss was told last week that the landlords are going to put the home on the market, necessitating a move.

Amelia Geiss is renting on a budget. PAUL JEFFERS

"I can barely afford rent let alone food and healthcare needs, so it's tough knowing that I have to be looking for places to live again on a fairly tight budget and also with specific criteria," they said.

Geiss, a member of the Victorian Socialists political party, is disabled and has specific needs in a home. For example, they experience heat intolerance, so properties without air conditioning are challenging.

Impact Economics and Policy lead economist Dr Angela Jackson said that as tenants were priced out of houses, they were turning to units.

"Particularly for those on lower incomes, we're seeing more and more people entering rental stress, so spending more than 30 per cent of their income on rent," Jackson said.

She said household sizes dropped as people left Australia at the start of the pandemic, share houses dissolved and young people moved home.

“We’re now seeing that trend is reversing: household size is increasing again … more share houses and kids staying at home longer.”

Some investors reported deciding to sell their investment properties after the Victorian government increased land tax on second homes, but Jackson noted land tax was an efficient form of taxation.

She acknowledged taxation is unpopular, but thought it should encourage owners to rent out vacant properties or sell holiday homes that could instead be used as residential homes.

Tenants Victoria acting chief executive Cameron Bloye said the organisation was fielding a high level of inquiries about rent hikes, and heavy demand for its financial counselling service.

“Too many renters are paying more than they can afford,” he said. “People regularly tell us that they feel like they’re at breaking point and really struggling.

“The idea of moving suburb to find cheap rent is increasingly unrealistic. Some suburbs are cheaper, but large rent increases have hit most of Victoria now. To find a cheaper rental you often also have to accept a lower-quality home.”

Source: https://www.theage.com.au/