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Rents tumble in inner Sydney

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RENTS on apartments across the lower North

Shore and eastern suburbs are tumbling as the finance sector sheds jobs, existing renters reach breaking point and lower interest rates make buying a property more attractive.

The median rent on a one-bedroom apartment in Kirribilli and Milsons Point fell 15.9 per cent in the three months to the end of September, official figures from NSW Housing show.

Double-digit quarterly rental price falls were also recorded for two-bedroom units in Lavender Bay, McMahons Point and North Sydney and, to the east, in Bondi Junction, Bronte and Waverley.

Kirribilli and Milsons Point was the only Sydney postcode to record an annual decline in apartment rents over the year to September. "We believe this is due to the large number of expatriates who have been relocated back to their original countries, as well as a surge of corporate redundancies," said Keris Hodge, the director of the Cremorne-based rental agency, The Apartment Service.

An economist at Commonwealth Bank, Michael Workman, said job losses in Sydney's finance, property, legal and accounting industries had reduced demand for rental properties in the inner suburbs, while supply had remained constant. "Now that demand conditions are weak, renters are in a much stronger position to argue for no rent increases," he said.

The managing director of SQM Research, Louis Christopher, said landlords had stretched renters to breaking point, despite rising vacancy rates in inner Sydney.

Renters were also taking a more cautious approach to budgeting. "In the middle and upper end of the rental market it is very discretionary, and in these uncertain economic times, if they can, they choose a \$500-a-week rental property as opposed to an \$800 to \$1000 one."

As interest rates fell, and more young people took advantage of a temporary doubling in the first home buyers grant, the number of potential renters would fall, Mr Christopher said, tipping that rents would continue to drop in affluent areas of the inner city next year.

But renters in outer suburban areas are feeling the pinch. The figures show double-digit rent rises on houses continued in the September quarter in Fairfield, Concord and Rhodes.

An agent at Deborah Richardson Real Estate, Stacey Rohan, said properties on the lower North Shore which used to be rented in one weekend, were now staying on the market for an average of three weeks, with landlords forced to drop rents by at least \$20 a week to attract tenants. "It's probably a lot cheaper than it has been."

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