

 **THE AUSTRALIAN**

January 23, 2009 01:09am AEDT

Budget renters ease inner-city squeeze

Anthony Klan and Angus Hohenboken | January 23, 2009

Article from: [The Australian](#)

THE inner suburbs of Sydney and Melbourne have experienced a surge in rental vacancy rates as tenants seek cheaper accommodation further from the city, heralding the end of the blue-chip rental crisis.

According to analyst SQM Research, the number of vacant properties in Sydney's affluent eastern suburbs more than doubled to 4300 in the year to December.

In inner Melbourne, there were 2243 properties available for rent, up from 1400 a year earlier.

"The upper end of the rental market, getting towards the luxury end, it's a highly discretionary, sensitive end of the marketplace," said SQM Research managing director Louis Christopher.

"If you know times are hard and you're worried about your job, chances are you will opt for cheaper rent. People are opting for a \$600-a-week rent now, rather than, say, \$1000 a week -- it's as simple as that."

Because of that shift, the more affordable outer suburbs of the southern capitals, while recording a slight increase in rental vacancies, remained extremely tight.

In Melbourne's most affluent suburb, Toorak, vacancies rose from 5 per cent to 7 per cent in the year to December, while in inner-city Caulfield East, the vacancy rate ballooned from 5.5 per cent to 9.9 per cent.

The vacancy rates of outer suburbs Springvale and Kilsyth were 0.6 per cent and 0.4 per cent respectively.

In Bankstown and Liverpool in Sydney's west, vacancy rates were 2per cent and 1.4 per cent respectively.

By contrast, the vacancy rate in Sydney's prestige Vaucluse was 11.4per cent.

In Sydney's CBD, the vacancy rate was 6.6 per cent -- up from 2per cent in December 2007.

Mr Christopher said the vacancies had increased in all capital cities in the year to December, but the rises outside the southern capitals were limited.

The number of vacant homes in Perth rose from 0.8 per cent to 1.4per cent, while Brisbane's vacancy rate rose from 1.4 per cent to 1.8 per cent.

Mr Christopher said the net increase in national vacancy rates had been driven by developers who had released swaths of apartments on to the rental market, which they had been unable to sell.

To a lesser extent, unsuccessful home sellers were forced to rent out properties, he said.

Australian Navy sailor Jonathan Connell, 26, and his partner, Kasia Skorza, a 27-year-old nurse, are moving from a \$480 studio loft apartment at Crows Nest on Sydney's north shore to a \$420 two-bedroom unit in Marrickville, in the inner west, next Tuesday.

While the couple will miss the short walk to Crows Nest's restaurant strip, their new home will be closer to Ms Skorza's workplace, the Royal Prince Alfred Hospital, and will allow them to put savings in the bank.

After 18 months on the north shore, Ms Skorza said she was looking forward to leaving.

"It's not suitable for our lifestyle," she said. "I can't sleep during the day (when working night shift) because being a studio loft, there is nothing to block the noise and it is too bright."

The couple had not been directly affected by the global financial crisis, but the savings would help their prospects of buying a home in the years ahead.

Copyright 2009 News Limited. All times AEDT (GMT + 11).