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Rent rise deters tenants by Ian Comnys

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Weekly rent rises are driving tenants away from Sydney rental properties according to Exchange property management expert, Ian Comyns.

Comyns has found that landlords who continue to raise weekly rents for their property are discouraging tenants who are concerned about the price they are spending on rental accommodation each week.

â€œAn interesting phenomenon is that weâ€™re getting fewer applications per property than we did three four years ago,â€• Comyns said.

â€œYou would expect that weâ€™d be getting the same percentage of applications but weâ€™re not, eve though weâ€™ve seen just as many people come to the inspections over the past few weeks as we did three or four years ago.â€•

Recent figures from the Australian Property Monitors reveal that Sydney tenants are now paying an average rent of $505 a week to rent a house, compared to the national average of $411 per week.

â€œIf the properties where lots of people come through â€“ but donâ€™t apply â€“ were priced $20, $30 o less, would we have more applications?

Of course we would. So yes, itâ€™s absolutely about price,â€• Comyns said.

The latest property results released by the NAB this week show that Sydneyâ€™s housing shortage, falling interest rates and a lower unemployment rate are the main factors driving average rents higher nationwide.

â€œRental growth is accelerating and forward expectations have been revised up,â€• the NAB reports.

Demand for rental properties is also predicted to strengthen over the next two years, with rents tipped to rise by a further 4.6% according to the NAB survey.

Comyns reminds property investors that rental price increases are also linked to the health of the building industry and real estate sales performance, among many other factors.

â€œThe danger when you hear stories like this is to make sweeping assumptions and generalisations,â€• Comyns said.

â€œWhen the sales market shrinks and there are fewer properties on the market for sale, it obviously has a flow on effect onto the rental market,â€• Comyns said.

Data from the Australian Bureau of Statistics shows that average housing prices have fallen by 4.8% in all eight capital cities since December 2010.

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Ian Comnys is the owner and Director of Exchange property, Exchange property sales & management is a Sydney based a property management company helping you in selling your home or renting out a property in Sydney's inner west.

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