



FALLING RENTS IN PERTH LEAD TO FEWER VACANCIES

The tide could be turning slightly for West Australian landlords, with the latest figures from the Real Estate Institute of WA showing a minor increase in rental market activity.

In the four months to October, rental listings fell by more than 800 properties, while rental activity increased to nearly its highest level in the past year.

REIWA president Hayden Groves said a number of factors contributed to the sharp upturn with falling prices the main catalyst.

"The rents have fallen significantly over the past 12-24 months, the rents have come down significantly," he said.

"Because tenants understand there is downward pressure on rental prices, they're not taking long term tenancies, they tend to opt in to taking six-month tenancies and therefore there's a lot more leasing activity recorded by the institute."

Mr Groves said the incentive was there for people in share-houses or living at home to find affordable rentals, which drew more people into the market.

While the decrease in listed rental properties signalled a return from the drastic oversupply of earlier this year, the amount of properties listed was still much higher than the peak in 2013.

"It touched on 11,000 available for rent earlier this year and it's levelled back down to about 10,500 or thereabouts," Mr Groves said.

"Three years ago there was only less than 5,000 rentals."

The median weekly rent price slumped more than 10 per cent in the past year, but Mr Groves did not expect the price to fall much further.

"Stock levels should also stabilise because there hasn't been a lot of new investment in property in Perth over the last 18 months and therefore there isn't a lot of new stock coming into the market."

But Mr Groves warned the increase in rental activity did not necessarily mean an increase in demand for properties, but was more indicative of a highly mobile tenants.



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