

Key mining workers priced out as rents soar

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Rents in some of Queensland's regional centres are overtaking rents in Brisbane and other metropolitan areas amid strong demand from mining sector employees.

Queensland had double-digit rent growth for the November quarter, as an influx of coal-related mining jobs put pressure on regional centres such as Gladstone, Emerald and Mt Isa.

While a strong result for investors, the rental growth of up to 30 per cent in some areas has started to price key workers out of the market, according to

Queensland analyst Bill Morris. His November quarter *Midwood Report* highlights the "unbelievable" improvement in rental values.

Weekly rents in Gladstone rose 25 to 30 per cent in the three months to November, with a three-bedroom house tenanted for \$450 a week compared to Brisbane, where inner city properties rose 5 per cent to \$495 a week.

Gladstone's four-bedroom houses increased to \$570 a week compared to \$380 at the same time in 2010.

House rents across the state rose marginally during the quarter while unit values fell in coastal areas such as Noosa and Hervey Bay and in

some of Brisbane's outer suburbs such as Ipswich.

"Growth in average weekly rents still trails inflation in Queensland. However, in some areas such as Gladstone there has been phenomenal growth (28 to 37 per cent)," Mr Morris said.

Gladstone weekly rents rose 25 to 30 per cent in the three months to November.

New unit sales for the quarter were down compared to the same period last year, most notably in Brisbane where transactions fell

well short of the long-term average of 150 sales.

Mr Morris said the "abysmal" result for a capital city the size of Brisbane was not a good sign for landlords, who would face an increase in competition as there were about 1500 new units either on the market or scheduled to be released in high growth inner city areas in 2012.

Chief executive officer for Run Property Rob Farmer, who oversees the country's biggest rent roll, said Queensland's rental market was "patchy" and varied, depending on supply and demand, despite falling vacancies in late 2011.

Older-style units and houses in the suburbs close to transport and amenities were highly sought after compared to new high-rise apartments where tenants had a lot of choice.

"One suburb might have high vacancy levels and no rent movements while another, right next door, might be the complete opposite," he said.

"There's no doubt in the past six months Queensland's rental market as a whole has improved. However, anything close to the median rent is being snapped up and those properties at the top end are seeing much lower demand."