

Rental Report

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In this edition a number of changes have been made to the content of the Rental Report. These include:

- the introduction of new rent indices to improve measurement of changes in rents over time (Table 1; Figs 1 and 2)
- new charts of total active rental bonds (Fig 3) and lending to investors (Fig 4)
- inclusion of additional regional towns (Table 8)

Further enhancements will be made to the Rental Report in the next edition.

New rent indices

- In this edition of the Rental Report new Rent Indices are introduced to provide an improved measure of cost trends.

Rents continue to rise in Melbourne

- Rents continued to increase significantly in Metropolitan Melbourne in the September quarter of 2007. The Metropolitan Rent Index (MRI) increased by 12.7 per cent over the year to September quarter. This is well up on the rate of increase in the MRI recorded a year earlier (5.6 per cent) and well above the average annual increase over the past eight years (4.9 per cent).
- While the rate of increase in rents was generally higher in inner and middle suburbs, an upward trend in the rate of increase in rents is evident across Metropolitan Melbourne.
- In regional Victoria rents were rising at a much lower rate. The Regional Rent Index (RRI) increased by 6.0 per cent in the year to September. While this is higher than the annual rate of increase in the RRI recorded a year ago (4.8 per cent) it is only slightly above the average annual increase over the past eight years (5.2 per cent).

Availability still tight

- The number of new rental lettings fell slightly (-4.0 per cent) in the September quarter compared to the same quarter of last year.

- The number of active rental bonds increased by 3.8 per cent over the year to September quarter. An upward trend in total active bonds has been apparent over the past three quarters and is a positive sign for supply.
- The trend rental vacancy rate remained steady at 1.4 per cent during the September quarter. In historical terms this remains a very low vacancy rate.
- There has been an increase in borrowing for investment in residential housing in Victoria in 2007, with the September quarter figure being 23 per cent higher than the same quarter of 2006.

Rental affordability

- The affordability of rental accommodation is deteriorating as rental costs continue to rise in Melbourne.
- The proportion of all lettings in Victoria that were affordable to lower income households in the September quarter was 25.2 per cent, the lowest recorded over the past eight years.
- The availability of affordable accommodation is especially limited for low income households seeking smaller one and two bedroom accommodation in Melbourne.

The Rental Report provides key statistics on the private rental market in Victoria. The major source for the statistics presented in the Rental Report is the Residential Tenancies Bond Authority which collects data on all rental bonds lodged under the Residential Tenancies Act in Victoria.

Rent Indices at a glance:

	Median Rent	Quarterly Change	Annual Change
Melbourne	\$270	2.6%	12.7%
Regional Victoria	\$190	1.4%	6.0%
Victoria	\$250	2.4%	11.8%

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A Victorian
Government
initiative



Current rents

New Rent Indices

This edition of the Rental Report introduces new Rent Indices for metropolitan Melbourne (MRI), regional Victoria (RRI) and statewide (SRI). These indices have been produced to provide an improved indicator of movements in rents for Victoria.

From this edition of the Rental Report metropolitan, regional and statewide percentage change figures will be based on Rent Indices rather than median rents and will be in nominal (ie not adjusted for inflation) terms. Aggregate median rent figures are still published but are not used to calculate percentage change over time. Historical data for all rental indices are available back to 1999.

The new Rent Indices have been developed because of strong seasonality in the rental data, especially in metropolitan areas. The share of new rental lettings accounted for by different suburbs and/or property types shows strong seasonal shifts over the course of a typical year. A simple median price measure will tend to reflect those compositional shifts and be pushed higher or lower as a result. The MRI, RRI and SRI control for changes from quarter to quarter in the share of new lettings between both geographic areas and major property types. As such they provide an improved measure of movements in rents over time.

Figure 1: Metropolitan Rent Index and metropolitan median rent – comparison of annual percent change

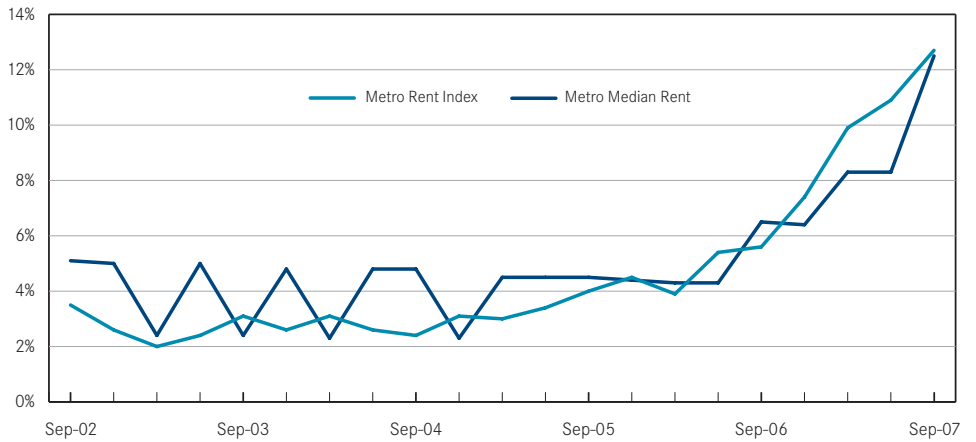
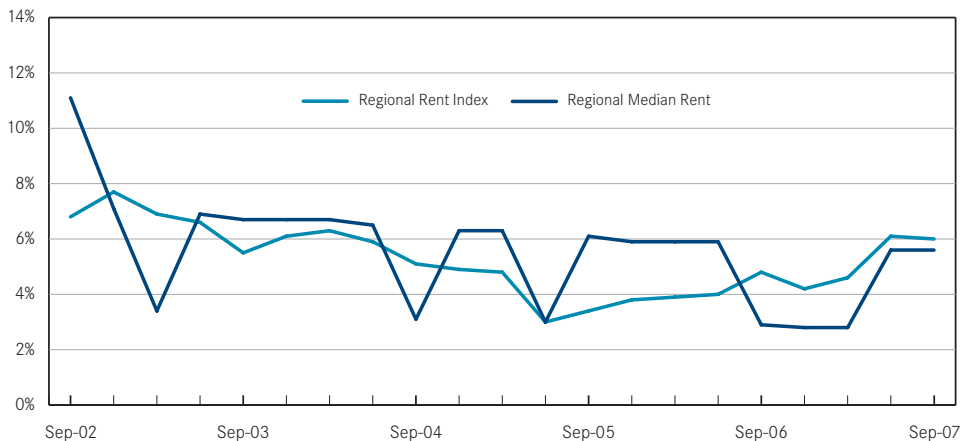


Figure 2: Regional Rent Index and regional median rent – comparison of annual percent change



Figures 1 and 2 compare annual percentage change trends in the new Rent Indices with the median rents for both Melbourne and regional Victoria. It is evident that the Rent Indices are less volatile as a result of the removal of the impact of seasonal compositional changes.

See Page 14 for a brief outline of the methodology used in calculating the Rent Indices.

Table 1: Median rents and rent indices, September quarter 2007

	Median Rent	Rent Index	Quarterly Change*	Annual Change*
Melbourne	\$270	152.9	2.6%	12.7%
Regional Victoria	\$190	151.3	1.4%	6.0%
Victoria	\$250	153.1	2.4%	11.8%

*percentage change figures are calculated from relevant Rent Index

Current rents

Metropolitan

The Metropolitan Rent Index (MRI) increased by 2.6 per cent in the September quarter 2007. Over the year the MRI increased by 12.7 per cent which is the largest annual increase since at least 1999 (the period for which the MRI is available). The average annual increase in the MRI over the past eight years is 4.9 per cent.

As measured by the MRI, metropolitan rents have been increasing significantly since the December quarter of 2006. The metropolitan median rent in the September quarter was \$270.

Regional Victoria

The increase in the Regional Rent Index (RRI) was 1.4 per cent in the September quarter 2007 and 6.0 per cent over the 12 months to September. This rate of increase is only slightly above the long term (1999 to 2007) average annual rate increase in the RRI (5.2 per cent).

In general rents in regional areas have not been showing the same strong upward trend as the metropolitan area.

Trends by region

Table 2 shows the median rents for new lettings in the September quarter by the 14 statistical regions used in this report. The annual percentage increase in median rents was above 11 per cent in all

metropolitan regions with the exception of the three outer regions (Outer Eastern, South Eastern and Mornington Peninsula). For regional areas the highest annual increase in rents was recorded in the Barwon Southwest region (7.7 per cent).

Major property types

Table 3 provides the median rents for the six major property types for metropolitan and regional Victoria. For metropolitan Melbourne rents for new lettings increased by between 10 and 15 per cent in the year to September quarter across the major property types. In regional Victoria the annual increase in rents ranged from 4 to 8 per cent.

Table 2: Median rents by statistical region, September quarter 2007

Region	Median Rent	Quarterly Change	Annual Change
Inner Melbourne	\$340	0.0%	13.3%
Inner Eastern Melbourne	\$300	1.7%	11.1%
Southern Melbourne	\$300	0.0%	13.2%
Western Melbourne	\$235	2.2%	11.9%
North Western Melbourne	\$250	0.0%	11.1%
North Eastern Melbourne	\$260	4.0%	13.0%
Outer Eastern Melbourne	\$250	2.0%	8.7%
South Eastern Melbourne	\$230	4.5%	9.5%
Mornington Peninsula	\$230	4.5%	9.5%
Barwon-South West	\$210	0.0%	7.7%
Gippsland	\$175	2.9%	6.1%
Goulbourn-Ovens-Murray	\$190	0.0%	5.6%
Loddon-Mallee	\$200	5.3%	5.3%
Central Highlands-Wimmera	\$180	0.0%	5.9%

Table 3: Major property types median rents, September quarter 2007

	Median Rent	Quarterly Change*	Annual Change*
Melbourne			
1 Bed Flat	\$220	0.6%	10.2%
2 Bed Flat	\$270	2.8%	12.5%
3 Bed Flat	\$300	2.5%	12.8%
2 Bed House	\$290	0.6%	13.1%
3 Bed House	\$260	3.9%	14.9%
4 Bed House	\$320	2.9%	10.1%
Regional Victoria			
1 Bed Flat	\$115	1.1%	5.7%
2 Bed Flat	\$165	1.5%	3.9%
3 Bed Flat	\$230	3.7%	7.7%
2 Bed House	\$175	0.0%	4.6%
3 Bed House	\$210	1.8%	7.0%
4 Bed House	\$260	0.0%	6.3%

*percentage change figures are calculated from relevant Rent Index

Rental availability

New Lettings

The number of new lettings provides an indicator of the overall availability of rental accommodation for a specific period. A new letting can result from two main sources: turnover in existing rental accommodation or new additions to the stock of rental accommodation.

Table 4 shows the total number of new rental lettings for the September quarter 2007. Metropolitan Melbourne accounts for 77 per cent of all new lettings in Victoria. Across the state the total number of new lettings were 38,876 which represents a decline of 4 per cent compared to the same quarter of 2006.

The more positive trends in overall active bond numbers and investor activity (see below) would suggest that the decline in new lettings may be a result of lower turnover as existing tenants are less prone to move in the current market environment.

Figure 3: Total Active Residential Rental Bonds, Victoria – annual percent change

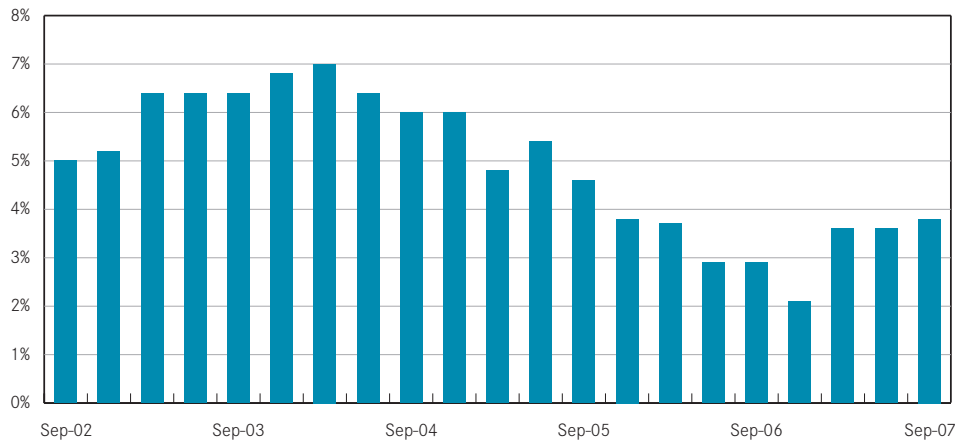


Table 5 lists the total number of new lettings across each of the 14 statistical regions. The most significant falls in letting numbers were recorded in the Inner Metropolitan, North West Metropolitan and Barwon South West regions.

Active Bonds

The number of active (ie still current) bonds provides an indicator of the total stock of rental accommodation based on the total number of bonds held by the RTBA at a given point in time.

At September quarter 2007 the total number of active bonds held was 370,704 which represents an increase of 3.8 per cent over the same quarter of 2006.

Figure 3 shows trends in active bonds over the past five years. An increase in the annual rate of growth in active bond numbers in Victoria is evident in 2007 after a trend decline between 2004 and 2006.

Table 4: Overall new lettings for Melbourne, Regional Victoria, and Victoria (Sep q 2007)

	Sep-07	Sep-06	Change
Melbourne	29,696	31,036	-4.3%
Regional Victoria	9,122	9,420	-3.2%
Victoria	38,876	40,486	-4.0%

Table 5: New lettings for statistical regions Victoria (Sep q 2007)

	Sep-07	Sep-06	Change
Inner Melbourne	7,775	8,498	-8.51%
Inner Eastern Melbourne	3,871	3,890	-0.49%
Southern Melbourne	2,871	3,029	-5.22%
Western Melbourne	3,779	3,859	-2.07%
North Western Melbourne	2,566	2,835	-9.49%
North Eastern Melbourne	2,658	2,687	-1.08%
Outer Eastern Melbourne	1,731	1,871	-7.48%
South Eastern Melbourne	2,388	2,404	-0.67%
Mornington Peninsula	2,057	1,963	4.79%
Barwon-South West	2,486	2,691	-7.62%
Gippsland	1,696	1,685	0.65%
Goulbourn-Ovens-Murray	1,937	1,992	-2.76%
Loddon-Mallee	1,767	1,790	-1.28%
Central Highlands-Wimmera	1,236	1,262	-2.06%

Investor finance

Loan approvals for the purchase or construction of dwellings for purposes of investment (not owner-occupation) provide a measure of investor activity levels in the Victorian housing market. Figure 4 presents a summary of loan approvals for housing investment in Victoria over the past five years.

Lending to investors in Victoria experienced a decline from mid 2004 to mid 2006. As this downturn occurred after an extended period of increasing lending over the preceding six years, in real terms lending levels remained relatively high. For example, at the lowest point in investor lending, during March quarter 2006, amounts borrowed were in real terms 64 per cent higher than the same period of 2001.

In the September quarter 2007 lending to investors reached \$4.62b. Both June and September quarters have recorded significant annual increases in investor borrowing, with the September quarter 2007 figure being 23 per cent higher than the same quarter of 2006. The upturn in borrowing by investors during 2007 is a potentially positive sign in terms of the supply of private rental accommodation.

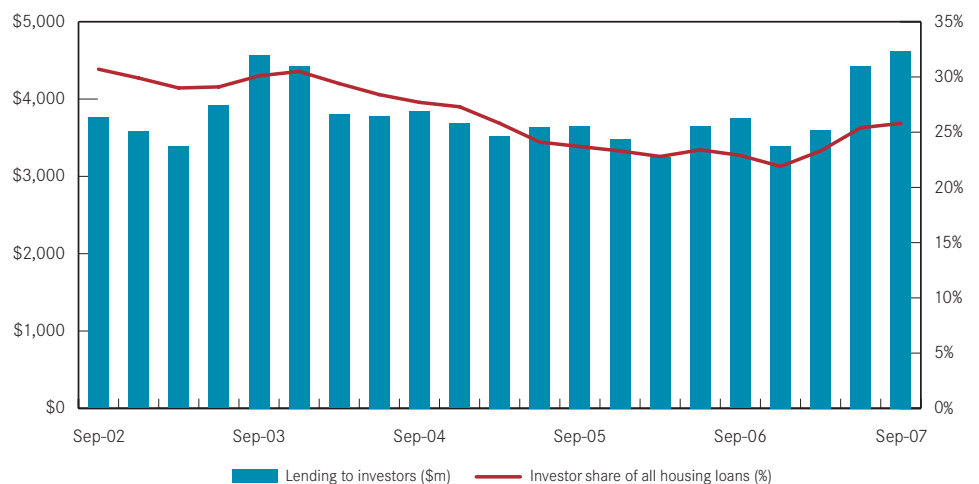
Vacancy Rate

The rental vacancy rate is calculated by the Real Estate Institute of Australia, based on a survey of Real Estate Agents and measures the proportion of all rental properties managed by agents which are unlet at any point in time.

The trend metropolitan vacancy rate for the September quarter 2007 was 1.4 per cent, which was the same as the previous quarter.

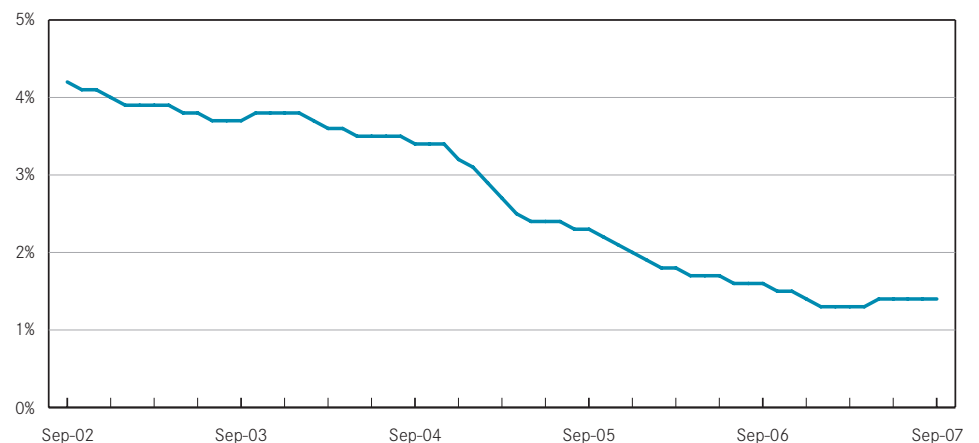
The current vacancy rate is very low in historical terms and is indicative of a very tight supply situation. The average vacancy rate for the period from 2000 to 2005 was 3.6 per cent. Figure 5 shows the trend metropolitan vacancy rate over the past five years.

Figure 4: Lending to investors in residential housing, Victoria



Source: Australian Bureau of Statistics Lending Finance (5671.0) & Housing Finance (5609.0)

Figure 5: Melbourne Rental Vacancy Rate – trend



Source: Real Estate Institute of Australia, Market Facts.

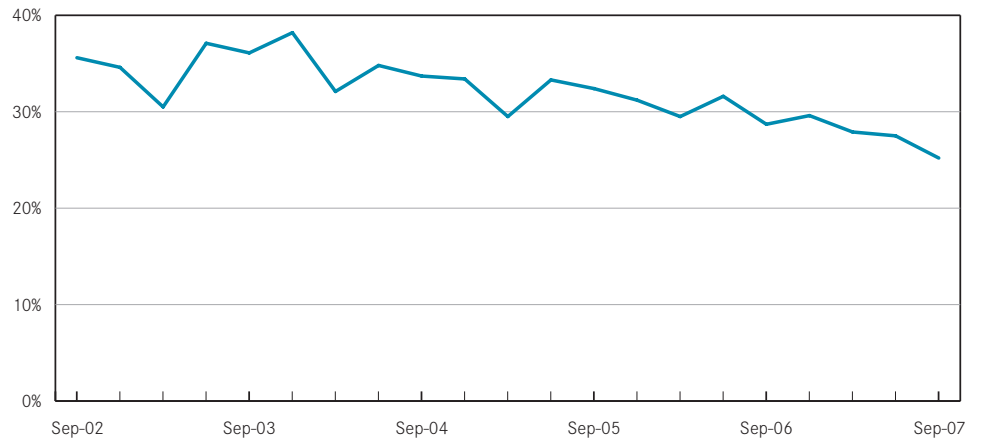
Rental market affordability

This section of the Rental Report provides a summary of the affordability of rental accommodation for lower income households in Victoria. The method used in this section measures the supply of affordable new lettings based on the RTBA data used in this Report. The affordability benchmark used is that no more than 30 per cent of income is spent on rent. Lower income households are defined as those receiving Centrelink incomes.

Overall trends

The significant increases in rents in metropolitan Melbourne over the past year have had an impact on affordability for low income households. Throughout 2004, 2005 and 2006 a gradual reduction in the availability of affordable rental accommodation was evident. This has accelerated in 2007.

Figure 6: Affordable rentals as percent of all rentals, Victoria



At September quarter 2007 only 25.2 per cent of all new lettings across the state were affordable to lower income households. This is the lowest proportion of affordable new lettings for the period over which this data is available (since 1999). The percentage of affordable new lettings in the September quarter 2006 was 28.7 per cent and 35.6 per cent in September 2002. Figure 6 shows the trend in these figures over the past five years.

In metropolitan Melbourne the availability of affordable rental lettings varies between different types of households. Due to a limited supply of affordable one bedroom dwellings, low income single person households face the most difficulties in accessing affordable rental accommodation. Across Melbourne just 4.2 per cent of one bedroom dwellings let in the September quarter were affordable to low income singles.

Table 6: Rental affordability by indicative households on Centrelink incomes (Sep q 2007)

Household type	Singles on Newstart	Single Parent with 1 child	Couple on Newstart with 2 children	Couple on Newstart with 4 children	Total
Assumed property size	1 bedroom	2 bedroom	3 bedroom	4 bedroom	–
Weekly income (net of RA)	\$212	\$379	\$528	\$693	-
Affordable weekly rent	\$120	\$175	\$220	\$280	-
Affordable rentals (number)					
Metropolitan	177	624	1,581	648	3,030
Regional	331	1,381	2,322	521	4,555
State total	508	2,005	3,903	1,169	7,585
Affordable rentals (% of total)					
Metropolitan	4.2%	7.8%	18.8%	30.7%	13.3%
Regional	65.0%	61.0%	61.7%	66.5%	62.2%
State total	10.7%	19.6%	32.0%	40.4%	25.2%

Table 7: Affordable lettings for indicative households (see table 6) on Centrelink incomes (Sep q 2007)

Region	1 Bedroom		2 Bedroom		3 Bedroom		4 Bedroom		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Inner Urban Melbourne	25	1%	14	1%	9	2%	31	27%	79	1%
Inner Eastern Melbourne	40	9%	9	1%	18	2%	69	18%	136	5%
Southern Melbourne	19	5%	20	2%	10	1%	12	6%	61	3%
Western Melbourne	33	12%	160	22%	628	38%	173	47%	994	33%
North Western Melbourne	11	4%	48	7%	146	19%	46	32%	251	13%
North Eastern Melbourne	15	5%	30	4%	87	9%	34	20%	166	8%
Outer Eastern Melbourne	16	20%	35	8%	106	14%	33	19%	190	13%
South Eastern Melbourne	11	12%	167	35%	269	27%	174	48%	621	32%
Mornington Peninsula	7	10%	141	34%	308	37%	76	38%	532	35%
Metropolitan Melbourne	177	4%	624	8%	1,581	19%	648	31%	3,030	13%
Barwon-Western District	93	54%	254	41%	463	45%	90	47%	900	45%
All Gippsland	93	75%	320	77%	551	79%	133	79%	1,097	78%
Goulburn-Ovens-Murray	51	65%	338	67%	510	62%	116	68%	1,015	64%
Loddon-Mallee	37	58%	237	59%	412	59%	120	71%	806	60%
Central Highlands-Wimmera	57	81%	232	70%	386	75%	62	74%	737	74%
Regional Victoria	331	65%	1,381	61%	2,322	62%	521	67%	4,555	62%
Victoria	508	11%	2,005	20%	3,903	32%	1,169	40%	7,585	25%

For a single parent with one child on Centrelink income the proportion of 2 bedroom dwellings across Melbourne which were affordable was 7.8 per cent. For larger families the supply affordable three and four bedroom dwellings is slightly better. A couple with two children dependant on Newstart would be able to afford 18.8 per cent of new 3 bedroom lettings in the September quarter.

Trends by region

Table 7 shows the availability of affordable lettings for each of the statistical regions of Victoria. The higher cost of housing in Melbourne shows clearly in these affordability figures. In metropolitan Melbourne just 13 per cent of new lettings were affordable compared to 62 per cent for regional Victoria.

In regional terms the Western, South Eastern and Mornington Peninsula regions consistently have the highest proportion of new lettings which are affordable to lower income households. In regional Victoria the Barwon South West region has the lowest availability of affordable rentals.

Local Government Area trends

Table 10 provides data on the number of new lettings affordable to households on Centrelink incomes for all Victorian Local Government Areas.

Methods used

Fitting statutory income households to dwellings by bedroom number

These calculations show the distribution of private rental properties in Victoria affordable to households on statutory incomes by bedroom number for newly leased properties during the current quarter. It shows the number of properties by region that were affordable for different bedroom numbers, and the proportion of that municipality's stock of those properties. For example, if there are 100 x one bedroom properties deemed to be affordable in Port Phillip, and there are 1000 x one bedroom properties leased during that quarter, then the percentage of affordable one bedroom properties in Port Phillip during the quarter will be 10.0 per cent.

Calculating affordability – net rent method

The assessment of affordable supply is based on the number of suitably-sized properties that are within 30 per cent of income for low income households. The rental thresholds are taken from the household incomes for whom that number of bedrooms is a minimum and may have been rounded up to the nearest \$5 increment.

For one bedroom properties, we have taken the income of singles on Newstart allowance; for two bedroom properties, we have taken a single parent pensioner with one child aged under 5; for three bedroom properties we have taken a couple on Newstart with two children; and for four bedroom properties, we have taken a couple on Newstart with four children.

The method used in these calculations assumes rent assistance is fully offset against the weekly rent by subtracting rent assistance from the rent and then calculating the resulting rent as a proportion of the Centrelink income. This is the net-rent method which treats rent assistance as a housing payment, not an income supplement. Other methods are available, such as used by the Australian Institute of Health and Welfare¹.

¹ Australian Institute of Health and Welfare (2004), *Commonwealth rent assistance, June 2002: A profile of recipients*. Bulletin 14, Australian Institute of Health and Welfare, Canberra, ACT

Suburb/town trends

The overall metropolitan and regional trends in rents outlined in the previous sections can tend to obscure more local patterns. The overall increases in rental costs apparent during 2007 have in general been most strongly expressed in inner and middle suburbs of Melbourne, where the demand for rental accommodation is strongest. However rents in all regions of metropolitan Melbourne have been increasing at a higher rate over the past year than had been the case over the preceding five or more years.

Median rents for individual suburbs tend to show more volatility than regional figures. Care should be taken in interpreting some annual percentage change figures if the count of properties is not high (say below 30-40). In addition because weekly rents are usually set at \$5 or \$10 intervals, the median suburb rents also tend to jump up or down in \$5 or \$10 amounts which can add to volatility in annual percentage change figures.

In this edition of the Rental Report, data for several additional regional towns has been included into Table 8 to provide more detail on rents in regional Victoria.

The following describes some of the main features of Table 8, which lists median rents for major property types by suburbs/towns in Victoria. The following includes the top and bottom suburbs/towns by median rent for 3 bedroom houses and 2 bedroom flats. Two bedroom flats and 3 bedroom houses together constitute half of all rental properties. They are also the most evenly distributed rental property types across Victoria. Therefore, they are good indicators of rental differences between suburbs and towns across Victoria.

2 bedroom flats

Where are median rents highest?

The ten suburbs with the highest median rent for 2 bedroom flats are:

- Toorak \$475
- North Melbourne–
West Melbourne \$450
- South Yarra \$448
- CBD–St Kilda Rd \$440
- Richmond–Burnley \$420
- Docklands \$390
- Flemington–Kensington \$370
- Prahran–Windsor \$368
- Elwood \$366
- Collingwood–Abbotsford \$365

Where are median rents lowest?

The suburbs/towns with the lowest median rents for 2 bedroom flats are in regional centres, and outer metropolitan suburbs:

- Moe–Newborough \$100
- Morwell \$120
- Sale–Maffra \$145
- Warragul \$145
- Horsham \$150
- Mildura \$150
- Traralgon \$150
- Wangaratta \$150
- Wendouree–Alfredton \$155
- Portland \$155

3 bedroom houses

Where are median rents highest?

- Brighton \$700
- South Melbourne \$658
- Albert Park–Middle Park–
West St Kilda \$575
- Brighton East \$540
- North Melbourne–
West Melbourne \$520
- Canterbury–Surrey Hills–
Mont Albert \$495
- Prahran–Windsor \$495
- Hawthorn \$485
- Kew \$469
- Port Melbourne \$460

Where are median rents lowest?

The most affordable suburbs/towns for 3 bedroom houses are:

- Morwell \$150
- Moe–Newborough \$160
- Corio \$175
- Seymour \$175
- Horsham \$180
- Portland \$190
- Sale–Maffra \$190
- Hamilton \$195
- Melton \$200
- Ballarat \$200
- Sebastopol–Delacombe \$200
- Wendouree–Alfredton \$200
- Benalla \$200
- Wangaratta \$200

Table 8: Median rents for suburbs/towns by major property type

	1 Bed Flat			2 Bed Flat			2 Bed House			3 Bed House		
	Count	Median	Ann % Ch	Count	Median	Ann % Ch	Count	Median	Ann % Ch	Count	Median	Ann % Ch
Albert Park-Middle Park-West St Kilda	41	\$270	22.7%	32	\$358	10.9%	17	\$385	-3.8%	14	\$575	-
Armadale	26	\$220	4.8%	61	\$315	12.5%	-	-	-	-	-	-
Carlton North	-	-	-	15	\$340	18.3%	13	\$390	-	-	-	-
Carlton-Parkville	301	\$230	2.2%	68	\$335	8.1%	-	-	-	-	-	-
CBD-St Kilda Rd	366	\$320	10.3%	285	\$440	15.3%	-	-	-	-	-	-
Collingwood-Abbotsford	30	\$225	5.9%	26	\$365	10.6%	17	\$340	-	-	-	-
Docklands	86	\$350	11.1%	98	\$475	11.8%	-	-	-	-	-	-
East Melbourne	38	\$293	18.2%	39	\$390	11.4%	-	-	-	-	-	-
East St Kilda	96	\$210	13.5%	124	\$300	15.4%	-	-	-	-	-	-
Elwood	121	\$250	22.0%	165	\$320	10.3%	-	-	-	-	-	-
Fitzroy	38	\$263	31.3%	24	\$366	4.4%	13	\$395	19.7%	-	-	-
Fitzroy North-Clifton Hill	38	\$208	15.3%	31	\$320	14.3%	21	\$395	23.4%	14	\$445	17.1%
Flemington-Kensington	47	\$195	-1.3%	42	\$283	6.6%	29	\$325	12.1%	12	\$383	19.5%
North Melbourne - West Melbourne	83	\$210	-10.6%	88	\$370	12.1%	-	-	-	-	-	-
Port Melbourne	56	\$350	12.9%	79	\$450	20.0%	28	\$405	17.4%	15	\$520	16.9%
Prahran-Windsor	68	\$250	25.0%	83	\$325	14.0%	13	\$395	9.7%	18	\$460	15.0%
Richmond-Burnley	86	\$220	10.0%	80	\$368	9.7%	35	\$370	8.8%	21	\$495	28.6%
South Melbourne	41	\$300	7.1%	30	\$420	13.5%	12	\$463	32.1%	-	-	-
South Yarra	168	\$250	8.7%	148	\$350	16.7%	18	\$445	11.3%	12	\$658	6.0%
Southbank	81	\$360	11.6%	142	\$448	14.7%	-	-	-	-	-	-
St Kilda	227	\$260	6.1%	173	\$340	9.7%	-	-	-	-	-	-
Toorak	39	\$250	19.0%	50	\$350	25.0%	-	-	-	-	-	-
Inner Melbourne	2,086	\$260	8.3%	1,883	\$370	12.1%	248	\$385	13.2%	168	\$493	23.1%
Balwyn	-	-	-	22	\$278	8.8%	-	-	-	35	\$400	17.6%
Blackburn	-	-	-	26	\$240	9.1%	-	-	-	42	\$300	11.1%
Box Hill	35	\$200	-	81	\$260	13.0%	12	\$290	20.8%	45	\$340	17.2%
Bulleen-Templestowe-Doncaster	-	-	-	30	\$290	16.0%	-	-	-	52	\$315	12.5%
Burwood-Ashburton	11	\$198	-	33	\$280	16.7%	19	\$290	14.9%	65	\$325	16.1%
Camberwell-Glen Iris	25	\$210	13.5%	76	\$300	17.6%	-	-	-	27	\$420	5.0%
Canterbury-Surrey Hills-Mont Albert	-	-	-	39	\$300	20.0%	-	-	-	24	\$495	23.8%
Chadstone-Oakleigh	-	-	-	35	\$260	9.5%	11	\$270	14.9%	41	\$295	7.3%
Clayton	17	\$145	-27.5%	85	\$260	18.2%	-	-	-	41	\$300	20.0%
Doncaster East-Donvale	-	-	-	18	\$255	6.3%	-	-	-	59	\$310	12.7%
East Hawthorn	17	\$210	10.5%	40	\$308	14.7%	-	-	-	-	-	-
Glen Waverley-Mulgrave	-	-	-	20	\$260	8.3%	-	-	-	120	\$300	11.1%
Hawthorn	150	\$200	0.0%	114	\$303	9.8%	12	\$443	26.4%	16	\$485	-
Kew	-	-	-	84	\$300	20.0%	-	-	-	36	\$469	33.9%
Mount Waverley	-	-	-	21	\$260	13.0%	-	-	-	56	\$320	14.3%
Nunawading-Mitcham	-	-	-	47	\$250	8.7%	12	\$265	-	44	\$290	11.5%
Vermont-Forest Hill-Burwood East	-	-	-	24	\$230	13.3%	-	-	-	59	\$300	13.2%
Inner Eastern Melbourne	294	\$200	5.3%	795	\$280	14.3%	140	\$285	11.8%	766	\$320	13.1%
Aspendale-Chelsea-Carrum	13	\$155	14.8%	113	\$230	21.1%	13	\$240	9.1%	59	\$290	11.5%
Bentleigh	39	\$205	17.1%	102	\$285	22.6%	21	\$300	9.1%	64	\$360	18.0%
Brighton	11	\$260	3.6%	35	\$345	16.0%	-	-	-	18	\$700	42.9%
Brighton East	-	-	-	11	\$290	-	-	-	-	17	\$540	-
Carnegie	48	\$185	8.8%	41	\$290	28.9%	-	-	-	11	\$380	-
Caulfield	65	\$195	3.2%	121	\$300	20.0%	19	\$350	21.7%	30	\$450	11.1%
Cheltenham	-	-	-	75	\$240	6.7%	18	\$295	15.7%	59	\$330	11.9%
Elsternwick	41	\$210	0.0%	51	\$300	20.0%	-	-	-	-	-	-
Hampton-Beaumaris	-	-	-	41	\$310	12.7%	-	-	-	50	\$443	10.6%
Malvern	19	\$220	-	24	\$280	0.9%	-	-	-	-	-	-
Malvern East	31	\$210	7.7%	41	\$285	16.1%	-	-	-	16	\$365	1.4%
Mentone-Parkdale-Mordialloc	38	\$168	1.5%	103	\$250	13.6%	-	-	-	38	\$360	20.0%
Murrumbeena-Hughesdale	37	\$190	11.8%	35	\$280	21.7%	-	-	-	12	\$358	11.7%
Southern Melbourne	355	\$195	11.4%	793	\$275	14.6%	124	\$320	16.4%	387	\$370	15.6%
Altona	12	\$163	18.2%	80	\$220	15.8%	18	\$240	21.5%	170	\$260	8.3%
Footscray	63	\$160	14.3%	44	\$210	20.0%	23	\$270	14.9%	15	\$250	0.0%
Keilor East-Avonvale Heights	-	-	-	37	\$235	2.2%	-	-	-	52	\$255	6.3%
Melton	-	-	-	26	\$170	-2.9%	-	-	-	147	\$200	8.1%
Newport-Spotswood	19	\$150	2.0%	35	\$240	28.0%	14	\$300	7.1%	17	\$320	10.3%
St Albans-Deer Park	-	-	-	46	\$160	6.7%	-	-	-	136	\$215	10.3%
Sunshine	34	\$140	14.3%	35	\$160	6.7%	13	\$185	8.8%	98	\$220	15.8%
Sydenham	19	\$195	-	24	\$205	5.1%	-	-	-	173	\$260	13.0%
Werribee-Hoppers Crossing	-	-	-	64	\$183	7.4%	11	\$200	-	336	\$220	10.0%
West Footscray	26	\$140	12.0%	27	\$180	5.9%	25	\$210	13.5%	43	\$250	14.9%
Williamstown	-	-	-	25	\$240	29.7%	-	-	-	22	\$415	33.9%
Yarraville-Seddon	20	\$208	56.6%	38	\$245	32.4%	38	\$290	11.5%	56	\$305	8.9%
Western Melbourne	217	\$160	18.5%	481	\$200	11.1%	174	\$240	14.3%	1,265	\$240	14.3%
Broadmeadows-Roxburgh Park	-	-	-	19	\$205	10.8%	-	-	-	83	\$235	11.9%
Brunswick	73	\$180	12.5%	75	\$260	22.4%	25	\$290	9.4%	40	\$365	14.1%
Coburg-Pascoe Vale South	29	\$160	-	34	\$230	9.5%	22	\$273	13.5%	42	\$300	20.0%
Craigieburn	-	-	-	-	-	-	-	-	-	73	\$245	11.4%
East Brunswick	13	\$190	-	22	\$290	3.6%	-	-	-	-	-	-
Essendon	33	\$185	12.1%	57	\$250	25.0%	18	\$250	11.1%	47	\$300	20.0%
Gladstone Park-Tullamarine	-	-	-	24	\$215	13.2%	-	-	-	47	\$235	6.8%
Keilor	-	-	-	-	-	-	-	-	-	-	-	-
Moonee Ponds-Ascot Vale	35	\$185	13.8%	57	\$250	4.2%	16	\$305	10.9%	26	\$365	21.7%
Oak Park-Glenroy-Fawkner	-	-	-	50	\$228	23.0%	12	\$220	10.0%	65	\$250	13.6%
Pascoe Vale-Coburg North	-	-	-	32	\$250	22.0%	13	\$270	25.6%	22	\$265	5.6%
Sunbury	-	-	-	24	\$200	11.1%	-	-	-	73	\$220	10.0%
West Brunswick	40	\$175	9.4%	34	\$241	9.3%	-	-	-	-	-	-
North Western Melbourne	238	\$180	12.5%	430	\$240	20.0%	129	\$260	6.1%	544	\$255	10.9%

Table 8: Median rents for suburbs/towns by major property type (cont.)

	1 Bed Flat			2 Bed Flat			2 Bed House			3 Bed House		
	Count	Median	Ann % Ch	Count	Median	Ann % Ch	Count	Median	Ann % Ch	Count	Median	Ann % Ch
Bundoora-Greensborough-Hurstbridge	70	\$175	-2.8%	70	\$245	14.0%	22	\$260	13.0%	106	\$283	13.0%
Eltham-Research-Montmorency	-	-	-	24	\$250	16.3%	-	-	-	47	\$320	7.6%
Fairfield-Alphington	57	\$185	12.1%	29	\$260	15.6%	-	-	-	14	\$380	7.0%
Heidelberg-Heidelberg West	-	-	-	48	\$258	17.0%	22	\$250	8.7%	40	\$300	16.5%
Ivanhoe-Ivanhoe East	-	-	-	34	\$250	8.7%	-	-	-	12	\$410	17.1%
Mill Park-Epping	-	-	-	46	\$223	11.3%	-	-	-	117	\$260	8.3%
Northcote	37	\$190	8.6%	42	\$290	5.5%	16	\$350	16.7%	23	\$425	18.1%
Preston	25	\$175	24.6%	38	\$248	26.9%	21	\$260	18.2%	52	\$300	20.0%
Reservoir	28	\$195	32.2%	97	\$230	24.3%	34	\$230	15.0%	84	\$250	8.7%
Thomastown-Lalor	-	-	-	26	\$185	2.8%	-	-	-	89	\$230	9.5%
Thornbury	44	\$180	12.5%	44	\$260	30.0%	15	\$300	14.3%	23	\$350	20.7%
Whittlesea	-	-	-	-	-	-	-	-	-	13	\$285	14.0%
North Eastern Melbourne	272	\$180	9.1%	501	\$240	14.3%	169	\$250	8.7%	620	\$270	10.2%
Bayswater	-	-	-	33	\$205	10.8%	-	-	-	24	\$260	8.3%
Boronia	-	-	-	44	\$203	-1.2%	-	-	-	45	\$260	10.6%
Croydon-Lilydale	15	\$150	7.1%	88	\$213	6.3%	22	\$230	9.5%	115	\$260	13.0%
Ferntree Gully	-	-	-	15	\$220	4.8%	-	-	-	49	\$265	10.4%
Ringwood	-	-	-	86	\$225	12.5%	13	\$220	-4.3%	80	\$265	6.0%
Rowville	-	-	-	-	-	-	-	-	-	40	\$293	12.5%
Wantirna-Scoresby	-	-	-	11	\$250	16.3%	-	-	-	63	\$275	10.0%
Yarra Ranges	27	\$170	13.3%	27	\$200	21.2%	45	\$220	15.8%	156	\$240	4.3%
Outer Eastern Melbourne	55	\$170	21.4%	306	\$219	12.1%	94	\$228	13.8%	572	\$260	8.3%
Berwick	-	-	-	12	\$213	13.3%	-	-	-	94	\$250	11.1%
Cranbourne	-	-	-	28	\$198	16.2%	-	-	-	171	\$240	11.6%
Dandenong	-	-	-	131	\$170	11.5%	-	-	-	87	\$240	14.3%
Dandenong North-Endeavour Hills	-	-	-	20	\$190	2.7%	-	-	-	87	\$230	15.0%
Narre Warren-Hampton Park	-	-	-	28	\$198	11.3%	-	-	-	171	\$240	9.1%
Noble Park	30	\$148	13.5%	72	\$180	9.1%	-	-	-	57	\$240	14.3%
Pakenham	-	-	-	22	\$183	7.4%	14	\$190	-	111	\$230	10.8%
Springvale	-	-	-	67	\$200	15.9%	11	\$205	-	81	\$250	19.0%
South Eastern Melbourne	53	\$145	11.5%	382	\$185	8.8%	61	\$195	5.4%	819	\$240	11.6%
Dromana-Portsea	-	-	-	29	\$170	3.0%	67	\$180	9.1%	180	\$220	15.8%
Frankston	25	\$145	20.8%	112	\$190	8.6%	17	\$210	18.3%	224	\$235	9.3%
Hastings-Flinders	-	-	-	47	\$195	14.7%	-	-	-	76	\$220	4.8%
Mt Eliza-Mornington-Mt Martha	-	-	-	43	\$220	10.0%	16	\$260	15.6%	90	\$260	2.0%
Seaford-Carrum Downs	-	-	-	47	\$195	14.7%	-	-	-	116	\$233	5.7%
Mornington Peninsula	40	\$145	20.8%	278	\$190	8.6%	116	\$193	10.0%	686	\$230	7.0%
Belmont-Grovedale	22	\$125	11.1%	61	\$185	0.0%	18	\$220	6.0%	110	\$250	8.7%
Corio	-	-	-	11	\$170	0.0%	13	\$160	10.3%	73	\$175	2.9%
Geelong-Newcomb	21	\$120	6.7%	49	\$200	17.6%	17	\$215	7.5%	71	\$230	15.0%
Herne Hill-Geelong West	29	\$125	13.6%	22	\$178	4.4%	21	\$215	2.4%	46	\$240	9.1%
Lara	-	-	-	-	-	-	-	-	-	37	\$250	13.6%
Newtown	12	\$118	-6.0%	21	\$185	4.2%	11	\$195	-	22	\$285	12.9%
North Geelong	11	\$110	-	22	\$173	-6.8%	-	-	-	40	\$230	17.9%
Geelong	104	\$120	9.1%	196	\$185	2.8%	92	\$205	10.8%	399	\$230	7.0%
Ballarat	-	-	-	-	-	-	-	-	-	31	\$200	3.9%
Mount Clear-Buninyong	16	\$118	6.8%	44	\$168	0.0%	46	\$170	1.8%	122	\$210	5.0%
Sebastopol-Delacombe	-	-	-	26	\$160	0.0%	-	-	-	41	\$200	5.3%
Wendouree-Alfredton	21	\$115	7.0%	31	\$155	1.6%	-	-	-	63	\$200	0.0%
Ballarat	42	\$115	4.5%	111	\$160	0.0%	67	\$170	0.0%	257	\$200	0.0%
Bendigo	-	-	-	39	\$170	3.0%	24	\$210	21.7%	75	\$220	0.0%
Flora Hill-Bendigo East	-	-	-	26	\$175	6.1%	-	-	-	48	\$230	4.5%
Golden Square-Kangaroo Flat	-	-	-	13	\$180	2.9%	-	-	-	57	\$220	0.0%
North Bendigo	-	-	-	19	\$170	-8.1%	12	\$200	27.0%	48	\$238	13.1%
Bendigo	16	\$128	6.3%	97	\$170	0.0%	50	\$200	14.3%	228	\$230	4.5%
Bairnsdale	-	-	-	16	\$163	-5.8%	-	-	-	28	\$218	6.1%
Benalla	-	-	-	13	\$180	16.1%	-	-	-	27	\$200	11.1%
Castlemaine	-	-	-	-	-	-	-	-	-	31	\$210	0.0%
Echuca	-	-	-	28	\$180	-2.7%	-	-	-	42	\$220	7.3%
Hamilton	-	-	-	-	-	-	-	-	-	26	\$195	-11.4%
Horsham	-	-	-	38	\$150	0.0%	12	\$158	-	71	\$180	5.9%
Mildura	-	-	-	60	\$150	0.0%	31	\$180	7.5%	122	\$220	10.0%
Moe-Newborough	12	\$75	7.1%	23	\$100	2.6%	14	\$125	-	32	\$160	0.0%
Morwell	19	\$85	-	31	\$120	6.7%	14	\$123	-5.8%	68	\$150	3.4%
Ocean Grove-Barwon Heads	-	-	-	-	-	-	13	\$195	-	44	\$250	8.7%
Portland	-	-	-	14	\$155	14.8%	-	-	-	32	\$190	0.0%
Sale-Maffra	26	\$108	13.2%	20	\$145	-3.3%	-	-	-	46	\$190	5.6%
Seymour	-	-	-	-	-	-	-	-	-	27	\$175	9.4%
Shepparton	18	\$123	16.7%	107	\$165	6.5%	18	\$165	-1.5%	160	\$218	3.6%
Swan Hill	13	\$110	15.8%	15	\$160	-1.5%	12	\$165	-	27	\$210	10.5%
Torquay	-	-	-	13	\$200	-	-	-	-	28	\$315	16.7%
Traralgon	25	\$100	5.3%	33	\$150	-1.6%	17	\$180	-	90	\$210	10.5%
Wangaratta	-	-	-	37	\$150	7.1%	-	-	-	63	\$200	8.1%
Warragul	-	-	-	13	\$145	3.6%	-	-	-	35	\$210	10.5%
Warrnambool	-	-	-	85	\$180	0.0%	15	\$200	-4.8%	77	\$240	0.0%
Wodonga	-	-	-	61	\$175	0.0%	-	-	-	108	\$245	8.9%
Other Regional Centres	172	\$100	0.0%	637	\$160	3.2%	219	\$175	6.1%	1,184	\$210	5.0%

Table 10: Affordable lettings for Local Government areas (see method note on page 8)

LGA	1 Bedroom		2 Bedroom		3 Bedroom		4+ Bedroom		Total	
	Affordable	Percent	Affordable	Percent	Affordable	Percent	Affordable	Percent	Affordable	Percent
Alpine	1	50%	20	80%	20	67%	8	73%	49	72%
Ararat	1	100%	16	84%	19	95%	3	100%	39	91%
Ballarat	40	85%	126	63%	199	68%	36	65%	401	67%
Banyule	3	5%	4	2%	8	3%	11	23%	26	5%
Bass Coast	1	14%	48	69%	105	86%	29	88%	183	79%
Baw Baw	2	40%	23	70%	75	86%	27	87%	127	81%
Bayside	2	7%	0	0%	2	1%	0	0%	4	1%
Benalla	1	50%	10	59%	21	75%	8	100%	40	73%
Boroondara	5	2%	1	0%	2	1%	0	0%	8	1%
Brimbank	7	11%	62	45%	196	46%	43	64%	308	44%
Buloke	0	0%	5	100%	5	100%	1	100%	11	100%
Campaspe	5	71%	37	60%	76	74%	20	83%	138	70%
Cardinia	0	0%	19	37%	55	35%	37	54%	111	39%
Casey	1	3%	23	21%	135	27%	109	44%	268	30%
Central Goldfields	1	100%	18	90%	17	89%	3	100%	39	91%
Colac-Otway	1	25%	17	61%	30	65%	8	100%	56	65%
Corangamite	1	100%	10	83%	40	93%	3	75%	54	90%
Darebin	12	6%	10	3%	19	6%	4	15%	45	5%
East Gippsland	6	55%	48	70%	62	67%	12	86%	128	69%
Frankston	5	9%	61	31%	142	32%	38	45%	246	32%
Gannawarra	0	0%	11	92%	16	100%	8	100%	35	97%
Glen Eira	14	4%	2	0%	2	1%	7	14%	25	2%
Glenelg	6	55%	24	71%	40	89%	10	77%	80	78%
Golden Plains	0	0%	1	50%	9	60%	3	43%	13	54%
Greater Bendigo	8	32%	77	46%	151	50%	48	70%	284	50%
Greater Dandenong	10	17%	123	44%	78	25%	25	60%	236	34%
Greater Geelong	74	56%	128	36%	226	40%	41	43%	469	41%
Greater Shepparton	13	57%	99	66%	121	59%	17	57%	250	61%
Hepburn	3	38%	9	39%	22	79%	5	83%	39	60%
Hindmarsh	3	100%	1	100%	21	100%	3	100%	28	100%
Hobsons Bay	4	10%	22	12%	38	18%	12	28%	76	16%
Horsham	5	100%	44	88%	63	78%	6	75%	118	82%
Hume	1	4%	15	16%	119	34%	37	45%	172	31%
Indigo	3	100%	5	45%	17	59%	4	100%	29	62%
Kingston	0	0%	22	6%	11	4%	9	15%	42	6%
Knox	5	28%	10	8%	32	10%	11	13%	58	11%
Latrobe	61	98%	121	85%	180	78%	39	68%	401	81%
Loddon	1	100%	2	100%	5	100%	0	0%	8	100%
Macedon Ranges	4	100%	15	39%	44	51%	13	48%	76	49%
Manningham	1	7%	1	1%	3	2%	2	3%	7	2%
Mansfield	0	0%	6	60%	9	82%	1	100%	16	70%
Maribymong	16	12%	21	9%	18	10%	4	17%	59	10%
Maroondah	1	11%	9	5%	11	6%	4	10%	25	6%
Melbourne	10	1%	7	1%	6	4%	26	46%	49	2%
Melton	4	80%	24	51%	142	45%	40	56%	210	48%
Mildura	10	77%	75	71%	109	61%	35	83%	229	68%
Mitchell	5	83%	16	76%	46	59%	11	65%	78	64%
Moira	11	100%	39	81%	59	65%	13	87%	122	74%
Monash	11	22%	5	2%	6	1%	37	25%	59	7%
Moonee Valley	3	3%	6	3%	15	8%	6	21%	30	5%
Moorabool	2	17%	14	88%	18	56%	8	73%	42	59%
Moreland	7	4%	27	7%	22	8%	2	5%	58	6%
Mornington Penin'a	2	11%	81	36%	173	41%	40	33%	296	38%
Mount Alexander	0	0%	7	41%	35	76%	5	50%	47	60%
Moyne	0	0%	4	36%	26	65%	4	57%	34	57%
Murrindindi	1	50%	17	77%	18	69%	3	100%	39	74%
Nillumbik	0	0%	1	4%	0	0%	2	8%	3	3%
Northern Grampians	1	100%	19	95%	42	98%	4	100%	66	97%
Port Phillip	3	0%	3	0%	1	1%	1	7%	8	1%
Pyrenees	2	67%	7	100%	2	50%	1	100%	12	80%
Queenscliffe	0	0%	2	33%	4	31%	0	0%	6	32%
South Gippsland	3	38%	26	79%	45	82%	10	100%	84	79%
Southern Grampians	6	86%	11	61%	28	82%	3	100%	48	77%
Stonnington	4	1%	1	0%	0	0%	0	0%	5	1%
Strathbogie	2	100%	11	92%	25	93%	6	86%	44	92%
Surf Coast	1	33%	11	31%	16	15%	5	25%	33	20%
Swan Hill	14	88%	28	74%	35	74%	8	73%	85	76%
Towong	0	0%	5	100%	6	86%	1	100%	12	86%
Wangaratta	1	13%	38	78%	51	75%	10	67%	100	71%
Warrambool	4	36%	45	44%	37	37%	11	41%	97	40%
Wellington	20	67%	53	80%	84	76%	17	71%	174	76%
West Wimmera	0	0%	0	0%	5	100%	0	0%	5	100%
Whitehorse	23	19%	2	1%	7	2%	31	30%	63	8%
Whittlesea	0	0%	15	14%	60	19%	17	25%	92	19%
Wodonga	8	73%	35	49%	41	32%	14	41%	98	40%
Wyndham	1	17%	24	29%	213	45%	69	45%	307	43%
Yarra	11	4%	2	1%	1	1%	4	13%	18	2%
Yarra Ranges	10	21%	16	13%	59	25%	17	38%	102	23%
Yarriambiack	1	100%	3	100%	7	100%	2	100%	13	100%
	509	11%	2,006	20%	3,908	32%	1,172	40%	7,595	25%

Notes

1. Major data source

The Rental Report provides the most accurate information on the private rental market in Victoria. The data come from records kept by the Residential Tenancies Bond Authority (RTBA). The RTBA is responsible for receiving, registering and refunding all bonds associated with private residential leases in Victoria.

2. Rent indices methodology

The method used to calculate the Rent Indices used in this report is based on the methodology proposed by Nalini Prasad and Anthony Richards in their paper “Measuring housing price growth – using stratification to improve median based measures”, Research Discussion Paper 2006-4, Reserve Bank of Australia.

The method uses stratification to control for compositional change. Two variables have been used to stratify the RTBA data; geography (suburbs for Metropolitan Melbourne and LGAs for regional Victoria) and dwelling type/size (the six major property types as used in Table 3).

For each of the major property types, metropolitan suburbs were ranked by median weekly rent for the five year period 2002/03 to 2006/07. From this ranking 6 median rent based strata were derived for each property type, from least expensive to most expensive. The size of each strata was made, as far as possible, equal on the basis of the number of new lettings. This method yielded 36 strata for the metropolitan market. For regional Victoria the number of strata derived for each property type was 4, yielding a total of 24 strata.

Median rents for each of the 60 strata were produced and the arithmetic mean of the strata medians for each property type calculated. To produce aggregate metropolitan and regional figures the six dwelling type means were then weighted together (based on average number of new lettings for each property type over the past five years) and this aggregated mean converted to an index with June quarter 1999 = 100.

A detailed methodology paper is available on request.

3. Median rents

The rent figures included in the Rental Report are weekly median rents. Median rents represent the mid point in the distribution of all rents. Fifty per cent of rents are higher than the median and fifty per cent are below the median.

4. Rental report geography

The Rental Report presents statistics at three main geographic levels:

- Metropolitan Melbourne and the rest of Victoria
- Regions
- Suburbs and towns

The Regions used for the Rental Report are derived from the Australian Bureau of Statistics Australian Standard Geographical Classification (ASGC) Statistical Regions (ABS Ref 1216.0). There are fourteen statistical regions in Victoria (9 metropolitan, and 5 regional). The Mornington Peninsula is a metropolitan region.

The suburbs and towns are derived from the Victorian Gazetted localities. Suburbs have been combined into synthetic suburbs where the distribution of rental properties is insufficient for regular statistical reporting of median rents for

at least 2 bedroom flats or 3 bedroom houses. In combining suburbs, consideration was given to joining with adjacent suburbs of similar housing market characteristics (for example, Albert Park, Middle Park and West St Kilda have been combined into one). For towns, only those large enough to sustain regular statistical reporting have been included.

Local government areas

There are many administrative uses for housing market statistics based on local government areas, particularly local government housing strategies (tables 9 & 10).

5. Vacancy rate

The Vacancy Rate chart (source: REIV/REIA) shows a smoothed vacancy rate using the Henderson 7 term moving average. The Henderson averages are calculated by the Australian Bureau of Statistics as a form of weighted moving mean to dampen random fluctuations in the data and highlight the trend.

6. Cells with no data

Where tables have cells with no data (particularly table 8), this is because we have limited the reporting of median rents to cells with at least 10 cases to report. A blank cell, therefore, means there may have been no lettings, or fewer than 10 for that quarter.

7. Spreadsheets

Tables 1–10 are available for download in Excel format from the Office of Housing website www.housing.vic.gov.au