

# Rate cuts make it cheaper to buy than rent

CUTS to interest rates by the banks is making home ownership more achievable with 494 suburbs across Australia now locations where it is cheaper to buy a home than rent one, according to RP Data.

The RP Data Buy Versus Rent report uses the most popular borrowing scenario of a combined principal and interest loan on a variable mortgage rate of 5.65 per cent and compares it to average weekly rents across the country.

Using this criteria, the report shows that in Sydney paying the mortgage on a unit in St Leonards bought for the median price of \$703,923 is \$351 a month cheaper than paying \$4008 average monthly rent

In Melbourne, buying a Carlton unit for the suburb median price of \$249,866 is \$305 more affordable every month than the \$370 a week (\$1603 a month) it costs to rent.

In Queensland, you can pick up a Brisbane city unit more cheaply than rent one, and there are multiple locations on the Gold Coast, Cairns, Ipswich and Townsville where units and houses can be paid off more cheaply than a landlord.

While many of the locations are country towns where you'd expect homes to be cheap, such as Dimboola in Victoria, Miles in Dalby in Queensland or Roxby Downs in South Australia, there are some inner city and lifestyle gems.

These include units in Enmore in Sydney and Abbotsford in Melbourne, Perth city units, Brisbane city units and units in Logan Central.

The report was last produced in October this year, when there

were 388 suburbs cheaper to buy than rent. Since then, the number has grown more than 27 per cent to 494.

The national research director at RP Data, Tim Lawless, said falling housing prices over 2012 and tighter rental markets were changing the equation for many renters.

“Capital city dwelling values are now 5.5 per cent lower than when they peaked, and discounted variable mortgage rates are 150 basis points below their 2011 peak,” Mr Lawless said.

“This means for many consumers, residential property may not cost them that much more to own than rent and for many buyers now may be a good time to either re-enter the market or buy their first home.

The report shows that there are 122 suburbs where it is cheaper to rent than buy in NSW, 28 suburbs in Victoria, 185 suburbs in Queensland and 58 suburbs in South Australia. In Western Australia there are 48, Tasmania has 34 and there are 18 in the Northern Territory.