

National Rental Crisis Emerges as Vacancy Rate Drops to Fresh 16 Year Low

Capital city asking rents jump 9.4% over year to March

15 March 2022

SQM Research today has revealed national residential property rental vacancy rates fell to 1.2% in February 2022, a fresh 16-year low and down from 1.3% in January 2022. Available rental properties plunged in the Melbourne and Sydney CBDs while capital city asking rents have soared 9.4% over the year to March 12, which is likely to add fuel to inflation.

The total number of vacancies Australia-wide now stands at 43,844 residential properties, down from 47,977 in January. [Sydney](#), [Melbourne](#) and [Brisbane](#) vacancy rates fell to 2.0%, 2.3% and 0.9%, respectively, down from 2.1%, 2.7% and 1.1% in January. In the smaller capital cities, [Perth](#), [Adelaide](#), [Canberra](#), [Darwin](#) and [Hobart](#), vacancy rates sat well below 1.0%.

Vacancy rates plunged in the [Melbourne CBD](#) to 2.8% from 4.0% and fell in the [Sydney CBD](#) to 4.3% from 4.5%. SQM Research forecasts further falls in CBD rental vacancy rates as international borders reopen and a part return to 'working from the office'.

Vacancy Rates - February 2022						
City	Feb 2021 Vacancies	Feb 2021 Vacancy Rate	Jan 2022 Vacancies	Jan 2022 Vacancy Rate	Feb 2022 Vacancies	Feb 2022 Vacancy Rate
Sydney	24,820	3.3%	16,357	2.1%	15,145	2.0%
Melbourne	27,804	4.5%	17,112	2.7%	14,777	2.3%
Brisbane	5,310	1.5%	3,878	1.1%	3,328	0.9%
Perth	1,858	0.9%	1,285	0.6%	1,390	0.6%
Adelaide	1,466	0.7%	819	0.4%	776	0.4%
Canberra	535	0.8%	489	0.7%	378	0.5%
Darwin	230	0.7%	306	0.9%	234	0.7%
Hobart	194	0.6%	86	0.3%	99	0.3%
National	71,551	2.0%	47,977	1.3%	43,844	1.2%

SQM's calculations of vacancies are based on online rental listings that have been advertised for three weeks or more compared to the total number of established rental properties. SQM considers this to be a superior methodology compared to using a potentially incomplete sample of agency surveys or merely relying on raw online listings advertised. Please go to our [Methodology](#) page for more information on how SQM's vacancies are compiled.

Asking Rents

Over the month to 12 March 2022, capital city average asking rents rose 0.5% for houses and 0.4% for units, with asking rents for houses at \$627 per week and \$447 for units, respectively. Perth, Brisbane and Canberra recorded the biggest increase in house asking rents over the month, while Melbourne and Sydney house rents were steady. Over the year, capital city asking rents surged by 9.4% on a combined dwelling basis. Rents rose by 14.0% for houses and 8.5% for units.

Louis Christopher, Managing Director of SQM Research said: "Given a dramatic tightening in vacancy rates, we are seeing an ongoing acceleration in weekly market rents across the capital cities. This situation now represents **a significant rental crisis across the country**. The flooding may exacerbate the shortage of rental accommodation in NSW and Queensland in coming weeks. And the new surge in international students and other overseas arrivals will continue to create shortages in our inner-city regions.

“Overall, it is likely vacancy rates will fall again over March as the first week recorded yet another decline in rental accommodation listings. Some slight relief may be at hand as the current seasonal tightening we have seen at this time of year generally comes to an end over April.

“All the same, we can expect capital city rents to rise by over 10% in 2022. As it stands, the current rent rises represent the largest increase since the 1970s and so there are major near terms ramifications for inflation. **Housing is the highest weighted group in the CPI, accounting for around 23% of the basket,**” said Christopher.

SQM Research Weekly Rents Index					
Week ending		Rent	Chg on	Rolling month	12 mth
12 Mar 2022			prev wk	% chg	% chg
Sydney	All Houses	766.7	2.3 ▲	0.1% ▲	17.1% ▲
	All Units	493.0	0.0 ▼	0.2% ▲	8.3% ▲
Melbourne	All Houses	547.1	-0.1 ▼	0.0% ▲	6.5% ▲
	All Units	398.8	3.2 ▲	2.1% ▲	7.5% ▲
Brisbane	All Houses	570.8	2.2 ▲	2.1% ▲	19.5% ▲
	All Units	406.3	1.7 ▲	0.8% ▲	6.2% ▲
Perth	All Houses	575.7	1.3 ▲	2.2% ▲	13.7% ▲
	All Units	421.1	3.9 ▲	0.5% ▲	10.9% ▲
Adelaide	All Houses	494.4	2.6 ▲	0.9% ▲	15.6% ▲
	All Units	348.7	1.3 ▲	0.4% ▲	7.6% ▲
Canberra	All Houses	768.3	9.7 ▲	2.4% ▲	16.4% ▲
	All Units	553.2	2.8 ▲	1.8% ▲	11.9% ▲
Darwin	All Houses	611.1	-4.1 ▼	-2.7% ▼	4.7% ▲
	All Units	456.9	-0.9 ▼	-0.1% ▼	17.3% ▲
Hobart	All Houses	511.0	2.0 ▲	-0.7% ▼	4.5% ▲
	All Units	433.4	-12.4 ▼	0.3% ▲	8.5% ▲
National	All Houses	571.0	5.0 ▲	2.0% ▲	14.2% ▲
	All Units	425.0	-2.0 ▼	0.2% ▲	8.4% ▲
Cap City Average	All Houses	627.0	2.0 ▲	0.5% ▲	14.0% ▲
	All Units	447.0	3.0 ▲	0.4% ▲	8.5% ▲

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About SQM Research

SQM Research Pty Ltd is a respected Australian investment research house, specialising in providing research and data across all major asset classes. For further information contact **02-9220 4603**.

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