



# Sydney Rental Vacancy Rates Hit 13 Year High Rents Down for the Year

Tuesday 17<sup>th</sup> July 2018

For Immediate Release

The Sydney rental market has recorded the highest vacancy rate in at least 13 years according to SQM Research. Sydney's rental vacancy rate rose to 2.8% in June with an estimated 19,572 residential rental dwellings sitting vacant and available for rent. The vacancy rate rose from 2.5% recorded in May and 2.0% recorded in June 2017. 2.8% is the highest rental vacancy rate since at least 2005 when SQM Research commenced record keeping of rental listings.

Nationally, the residential rental vacancy rate rose to 2.3% in June (from 2.1% recorded in May) with the number of vacancies Australia-wide now sitting at 75,757 properties.

Most cities recorded a rise with Melbourne rising to 1.6%, Brisbane to 3.0%, Canberra to 0.9% and Adelaide rising to 1.5%. Rental vacancies remained steady in Perth (4.1%), Darwin (3.5%) and Hobart (0.7%)

It should be noted that there tends to be a seasonal rise in rental vacancies for the major capital cities during the month of June. However it is SQM's view that the rise recorded in Sydney goes beyond seasonal factors.

City	June 2017 Vacancies	Vacancy Rate	May 2018 Vacancies	Vacancy Rate	June 2018 Vacancies	Vacancy Rate
Adelaide	3,251	1.8%	2,468	1.3%	2,726	1.5%
Perth	10,638	5.4%	8,235	4.1%	8,426	4.1%
Melbourne	8,754	1.6%	7,676	1.4%	9,035	1.6%
Brisbane	11,497	3.6%	9,331	2.9%	9,886	3.0%
Canberra	731	1.2%	498	0.8%	565	0.9%
Sydney	13,215	2.0%	17,164	2.5%	19,572	2.8%
Darwin	961	3.3%	1,051	3.5%	1,062	3.5%
Hobart	190	0.7%	211	0.7%	221	0.7%
<b>National</b>	<b>78,314</b>	<b>2.5%</b>	<b>69,152</b>	<b>2.1%</b>	<b>75,757</b>	<b>2.3%</b>

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](#) below for more information on how SQM's vacancies are compiled.

## Asking Rents

Capital city asking rents for houses fell over the month to 12 July 2018 by 0.4% to \$549 a week. Unit asking rents remain steady at \$444 a week. Over the year, asking house rents rose just 0.5%, while unit asking rents rose modestly by 0.9%.

While the asking rent for a three-bedroom house in Sydney remains the highest in the nation at \$709 a week, rents fell 0.8% over the month to 12 July, with the upward trend in the vacancy



rate easing pricing pressures. Asking unit rents in Sydney now stand at \$522 a week, down by 0.2% over the month. Sydney was the only city to record falls in rents for the year with rents for houses down by 2.2% and units down by 0.1%

Canberra also recorded monthly falls in rents for both houses (0.1%) and units (2.5%) however rents are well up by 13% over the past 12 months for houses. Melbourne's house rents fell by 1.3% for the month but unit rents rose marginally by 0.1%.

Brisbane, Darwin, Adelaide and Perth house rents continue to register small increases in the past 30 days. However, rents for units in Adelaide fell by 0.2%, making it the cheapest capital city to rent a unit at \$299.60 a week. Adelaide is also the cheapest capital city to rent a house, with the asking rent sitting at \$383.10 a week, although there is an increase of 0.9% for June.

SQM Research Weekly Rents Index					
Week ending - 12 Jul 2018		Rent	Change on previous week	Rolling month % change	12 month % change
<b>Canberra</b>	All Houses	630.7	-2.7 ▼	-0.1% ▼	13.0% ▲
	All Units	439.6	-1.6 ▼	-2.5% ▼	6.6% ▲
<b>Sydney</b>	All Houses	709.2	-0.2 ▼	-0.8% ▼	-2.2% ▼
	All Units	521.7	-0.7 ▼	-0.2% ▼	-0.1% ▼
<b>Darwin</b>	All Houses	540.9	0.1 ▲	0.4% ▲	5.8% ▲
	All Units	405.0	0.0 ▲	0.5% ▲	1.9% ▲
<b>Brisbane</b>	All Houses	451.9	0.1 ▲	0.5% ▲	2.0% ▲
	All Units	370.4	0.6 ▲	0.3% ▲	0.8% ▲
<b>Adelaide</b>	All Houses	383.1	0.9 ▲	0.9% ▲	2.1% ▲
	All Units	299.6	-0.6 ▼	-0.2% ▼	3.5% ▲
<b>Hobart</b>	All Houses	398.6	-0.6 ▼	-0.3% ▼	8.5% ▲
	All Units	347.3	-0.3 ▼	-0.9% ▼	10.4% ▲
<b>Melbourne</b>	All Houses	522.6	-0.6 ▼	-1.3% ▼	2.2% ▲
	All Units	411.8	0.2 ▲	0.1% ▲	2.6% ▲
<b>Perth</b>	All Houses	424.5	0.5 ▲	0.8% ▲	0.2% ▲
	All Units	326.1	0.9 ▲	0.5% ▲	-0.4% ▼
<b>National</b>	All Houses	432.0	-1.0 ▼	-0.5% ▼	1.2% ▲
	All Units	355.0	1.0 ▲	-1.1% ▼	1.7% ▲
<b>Cap City Average</b>	All Houses	549.0	1.0 ▲	-0.4% ▼	0.5% ▲
	All Units	444.0	0.0	0.0%	0.9% ▲

Source: [www.sqmresearch.com.au](http://www.sqmresearch.com.au)



## Comment

Louis Christopher, Managing Director of SQM Research, said rental vacancies are rising and rents are easing in Sydney due to a surge in building completions and potentially a mild slowdown in the population growth rate. “There is now a greater supply of rental accommodation at a time when the growth in rental demand is probably falling a little.

“Sydney rents are now down for the year and it is likely rents will continue to slip as there is still a lot of supply coming in the pipeline. I believe Sydney will shortly record a fall in its population growth rate due to a relatively recent steep rise in interstate migration towards Queensland.

“I think this is the only time in my career that I can say with certainty that Sydney is now a buyer’s and a renter’s market, simultaneously.”

## Key Points

- Nationally, the vacancy rate was marginally up at 2.3% in June 2018, with the number of vacancies Australia-wide now sitting at 75,757 properties.
- Hobart continues to record the lowest vacancy rate, unchanged from May at 0.7%, followed closely by Canberra at 0.9%
- Perth recorded the highest vacancy rate of the capital cities, unchanged from May at 4.1% in June, but down from 5.4% a year ago.
- Melbourne’s vacancy rate continues to inch up to 1.6% from 1.4%.
- Sydney’s vacancy rate also rose to 2.8% from 2.5% and up from 2.0% a year earlier.
- Capital city asking rents for houses continue to fall over the month to 12 July 2018 by 0.4% to \$549 per week, whilst units remain steady at \$444 per week.

## About SQM Research

SQM Research Pty Ltd is a respected Australian investment research house, specialising in providing ratings and market data across all major asset classes.

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