



# **Melbourne's Rental Market** **Strengthens As Vacancies Tighten and** **Asking Rents Rise**

## **SQM Research Vacancy Rates Media Release** **March 2014**

**Wednesday 16th April 2014**

**For Immediate Release**

Figures released by SQM Research this week have revealed that the number of residential vacancies nationally have decreased further during March, dipping 0.1 percentage points to record a 2.0% vacancy rate nationally, and 57,964 vacancies.

City	Vacancies March 2013	Vacancy Rate %	Vacancies Feb 2014	Vacancy Rate %	Vacancies March 2014	Vacancy Rate %
Adelaide	2,205	1.4%	2,285	1.4%	2,217	1.4%
Perth	1,813	1.0%	3,639	1.9%	3,654	1.9%
Melbourne	11,108	2.6%	10,834	2.4%	9,603	2.1%
Brisbane	4,749	1.6%	6,424	2.1%	6,103	2.0%
Canberra	721	1.4%	1,101	2.1%	1,115	2.1%
Sydney	8,652	1.5%	8,954	1.6%	8,473	1.5%
Darwin	294	1.1%	354	1.3%	328	1.2%
Hobart	538	2.0%	433	1.6%	455	1.7%
National	59,670	2.1%	60,330	2.1%	57,964	2.0%

Year on year, vacancies are also down 0.1%, bucking the trend for the first time in several months where we have seen considerably looser vacancies when compared to the corresponding period of the previous year.

Of considerable interest is that Melbourne's vacancy rate continues to tumble, now currently recorded at 2.1% - a figure it has not reached since September 2010. The capital city recorded both the largest monthly decline (0.3 percentage points) and the largest yearly decline (0.5 percentage points).

In addition to this, as you can see from the table below, Melbourne's asking rents have been up on a monthly, quarterly, yearly and 3 year basis, signalling that landlords have been comfortably able to lift their rental asking prices in this capital city.



SQM Research Weekly Rents Index							
Week ending 12 Apr 2014			Change on prev week	Rolling month % change	Rolling quarter % change	12 month % change	3 year % change
Melbourne	All Houses	465.7	1.3 ▲	0.8% ▲	2.1% ▲	1.6% ▲	4.3% ▲
	3 br Houses	468.5	0.5 ▲	0.4% ▲	1.1% ▲	1.9% ▲	3.6% ▲
	All Units	355.3	0.7 ▲	1.2% ▲	4.9% ▲	3.1% ▲	4.4% ▲
	2 br Units	367.2	-1.2 ▼	0.1% ▲	2.8% ▲	3.3% ▲	4.6% ▲

We can see from this that the city of Melbourne's rental market is starting to reveal signs of strengthening, after a long period of elevated vacancy rates in comparison to other capital cities. However, we do note that Melbourne CBD continues to record high vacancy rates (postcodes 3000= 4.7%, 3006= 4.9% and 3008= 4.5%).

Managing Director of SQM Research, Louis Christopher says, *'The national rental market remains largely stable, even while we have recorded falls in vacancy rates for March, which is normal for this time of year. The results out of Melbourne are the exception however, with a tightening rental market becoming apparent. Our warning on certain capital city CBDs remains and indeed with the large surge in dwelling approvals, we strongly believe CBD vacancy rates are set to climb from already elevated levels as we head in 2015 and 2016.'*

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-

[http://www.sqmresearch.com.au/graph\\_vacancy.php?region=nsw::Sydney&type=c&t=1#terms](http://www.sqmresearch.com.au/graph_vacancy.php?region=nsw::Sydney&type=c&t=1#terms)

### Key Points

- Nationally, vacancies decreased during March, recording a vacancy rate of 2.0% and coming to a total of 57, 964 nationally.
- Both Melbourne and Canberra have recorded the highest vacancy rate of the capital cities, revealing vacancy rates of 2.1% and a total of 9,603 and 1,115 vacancies respectively.



- Darwin has recorded the tightest vacancy rate of the capital cities, revealing a vacancy rate of 1.2% and a total of 328 vacancies.
- Perth has recorded the highest yearly increase in vacancies, climbing 0.9 percentage points to 1.9% since the corresponding period of the previous year (March 2013) and coming to a total of 3,654 vacancies.
- Melbourne recorded the largest yearly decrease in vacancies, falling by 0.5 percentage points to 2.1% since the corresponding period of the previous year (March 2013).
- Hobart was the only capital city to record a monthly increase in vacancies, jumping 0.1 percentage points to 1.7% during March . a total of 455 vacancies.
- Melbourne recorded the largest monthly decline in vacancy rates, falling by 0.3 percentage points during March 2014.

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### **About SQM Research**

SQM Research is an independent property research house which specialises in providing accurate property related research and data to financial institutions, property professional, real estate investors and the media.

It is owned and operated by one of the country's leading property analysts, Louis Christopher.

For six years Louis was Head of Research and then General Manager of Australian Property Monitors before leaving the firm to launch SQM Research.

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