

National Rental Vacancy Rate Seasonally Increases over December

Sydney apartment rents fell by over 10% for the year.

12 January 2021

SQM Research today has revealed the [national](#) residential rental vacancy rate increased by **0.1%** over the month of **December 2020**. The total number of vacancies Australia-wide is now **76,658** vacant residential properties. This time last year, the national vacancy rate was higher at **2.5%**.

The rise for the month was predominantly driven by Melbourne and to a lesser extent, Sydney. Brisbane, Perth and Hobart remained stable. While Adelaide recorded a minor decrease of **0.1%** in December.

Melbourne's vacancy rate increased to **4.7%** in December and continues to be the highest vacancy rate in the nation. This time last year, Melbourne's vacancy rate was low at **2.5%**. Sydney's vacancy rate increased by 0.1% to **3.6%**.

The surplus of rental property in Melbourne and Sydney's CBDs have declined, [Melbourne CBD](#) vacancy rate now stands at **8.7%**, down from 9.1% in November. [Sydney CBD](#) vacancy rate has declined to **7.8%** in December, down from 9.5% in November.

City	December 2019 Vacancies	December 2019 Vacancy Rate	November 2020 Vacancies	November 2020 Vacancy Rate	December 2020 Vacancies	December 2020 Vacancy Rate
Sydney	26,415	3.6%	26,161	3.5%	27,251	3.6%
Melbourne	14,597	2.5%	26,946	4.4%	28,754	4.7%
Brisbane	9,931	2.9%	6,455	1.8%	6,190	1.8%
Perth	5,228	2.5%	1,835	0.9%	1,899	0.9%
Adelaide	2,203	1.1%	1,543	0.8%	1,458	0.7%
Canberra	1,112	1.7%	601	0.9%	753	1.1%
Darwin	1,117	3.5%	233	0.7%	282	0.9%
Hobart	197	0.6%	192	0.6%	175	0.6%
National	84,591	2.5%	72,879	2.1%	76,658	2.2%

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, Capital City average asking rents decreased **0.2%** for houses and **0.5%** for units for the week ending **4 January 2021** to record asking rents of \$539 per week for houses and \$406 per week for units.

However the majority of capital cities recorded increases in both house and unit asking rents, with [Darwin](#) recording the highest increase of **4.1%** over the month for houses and **4.0%** in unit asking rents. [Hobart](#) recorded a **3.1%** increase in house rents but a **3.6%** decline in unit rents.

[Sydney](#) and [Melbourne](#) recorded declines in both house and unit asking rents over the month, **0.8%** and **0.1%** respectively for houses, and decreases of **0.6%** and **1.9%** respectively, for units rents, which weighed on the weighted results for the capital cities.

[Canberra](#) recorded increases in house rents of **1.4%** but unit rents declined by **0.7%**. [Brisbane](#), [Adelaide](#) and [Perth](#) house and unit rents also increased over the month.

Year on year, Capital City Average asking rents declined for both houses and units – **2.7%** and **7.1%** respectively. Sydney in particular recording a high **10.3%** decline in units and **7.6%** decline in houses in December 2019. Melbourne's asking rents also declined year on year, **4.8%** for houses and **8.7%** for units.

Darwin's year on year house rents saw a significant **27.3%** growth and Perth house rents also increased by **12.0%** and units **9.3%** growth over 12 months.

SQM Research Weekly Rents Index					
Week ending: 4 Jan 2021		Rent	Chg on prev week	Rolling month % chg	12 month % chg
Sydney	All Houses	632.9	-0.9 ▼	-0.8% ▼	-7.6% ▼
	All Units	444.4	-0.4 ▼	-0.6% ▼	-10.3% ▼
Melbourne	All Houses	511.7	0.3 ▲	-0.1% ▼	-4.8% ▼
	All Units	376.9	-0.9 ▼	-1.9% ▼	-8.7% ▼
Brisbane	All Houses	475.1	1.9 ▲	1.6% ▲	0.4% ▲
	All Units	380.1	-0.1 ▼	0.9% ▲	0.6% ▲
Perth	All Houses	493.2	-0.2 ▼	1.6% ▲	12.0% ▲
	All Units	368.7	2.3 ▲	1.0% ▲	9.3% ▲
Adelaide	All Houses	420.5	0.5 ▲	0.0% ▼	4.0% ▲
	All Units	320.5	1.5 ▲	1.9% ▲	1.4% ▲
Canberra	All Houses	656.7	1.3 ▲	1.4% ▲	3.6% ▲
	All Units	473.4	-0.4 ▼	-0.7% ▼	2.1% ▲
Darwin	All Houses	603.4	6.6 ▲	4.1% ▲	27.3% ▲
	All Units	406.1	4.9 ▲	4.0% ▲	5.6% ▲
Hobart	All Houses	470.3	1.7 ▲	3.1% ▲	0.5% ▲
	All Units	388.5	-3.5 ▼	-3.6% ▼	-5.1% ▼
National	All Houses	489.0	1.0 ▲	1.0% ▲	9.2% ▲
	All Units	386.0	2.0 ▲	1.0% ▲	6.3% ▲
Cap City Average	All Houses	539.0	0.0	-0.2% ▼	-2.7% ▼
	All Units	406.0	0.0	-0.5% ▼	-7.1% ▼

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Commentary

Louis Christopher, Managing Director of SQM Research said, "It's clear Sydney and Melbourne apartment investors were the losers of 2020 with rents and prices falling. However, if you owned an investment property in Darwin or Perth, or indeed regional Australia, you have had one of the best years ever.

The move towards regional living was the primary reason why investors outside our two largest capital cities did so well.

Will this trend continue into 2021? The truth is we are starting to see at least a part reversal. CBD and inner suburban vacancy rates have been falling again. And inner urban agents have been telling me demand has clearly picked up for such properties. But I don't think it is going to be a complete reversal. Demand for inner city property will remain affected by the closure of the



international border as well as ongoing caution on future city lockdowns. This will mean 2021 will remain largely a tenant's market in the inner cities but will also very much remain a landlord's market for regional Australia."

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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