

Rental Vacancy Rates Fall back to 1%

Rents rise another 2.4% over past 30 days

14 February 2023

SQM Research today has revealed national vacancy rates decreased in January back to 1.0% after the seasonal rise recorded over December 2022.

The total number of rental vacancies Australia-wide now stands at 31,592 residential properties, which is a decrease from 39,568 residential properties recorded in December. [Sydney](#), [Melbourne](#), [Perth](#), [Brisbane](#), and [Canberra](#) recorded falls in their respective vacancy rate back to previous record lows or just above the record low. Only Hobart recorded a rise in its vacancy rate from 0.6% to 0.7%.

Vacancy rates in the [Sydney CBD](#), [Melbourne CBD](#) and [Brisbane CBD](#) decreased to 3.1%, 2.7% and 1.4% over January, most likely reflecting the increase in demand from international students.

Most regional rental vacancy rates also fell with Sydney's Blue Mountains, Melbourne's [Mornington](#) Peninsula and Queensland's [Toowoomba](#) all recording falls in January after evidence of an easing of conditions in the second half of 2022. However, in bucking the trend, rental vacancy rates on Queensland's [Gold](#) Coast continued to rise.

As previously noted, seasonal factors led to a brief rise in rental vacancies over December. However, the national rental market has returned quickly back to its extremely tight conditions and is likely to continue to record ongoing tight conditions, or worse over February and March. The surge in net overseas longer term and permanent arrivals relative to new residential property supply is ensuring extremely tight rental conditions will continue for the immediate future.

Vacancy Rates - January 2023						
City	Jan 2022 Vacancies	Jan 2022 Vacancy Rate	Dec 2022 Vacancies	Dec 2022 Vacancy Rate	Jan 2023 Vacancies	Jan 2023 Vacancy Rate
Sydney	16,357	2.3%	12,553	1.8%	9,386	1.3%
Melbourne	17,112	3.3%	8,805	1.7%	6,447	1.2%
Brisbane	3,878	1.2%	3,603	1.1%	2,845	0.8%
Perth	1,288	0.7%	989	0.5%	753	0.4%
Adelaide	819	0.5%	924	0.6%	773	0.5%
Canberra	489	0.8%	1,129	1.9%	978	1.6%
Darwin	306	1.1%	396	1.5%	353	1.3%
Hobart	86	0.3%	169	0.6%	195	0.7%
National	47,977	1.6%	39,568	1.3%	31,592	1.0%

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.

Rents

Over the past 30 days to 12 February 2023, [capital city asking rents](#) rose by another 2.4% with the 12-month rise standing at 24.7%. While national rents across all regions, rose by 17.4% for the same 12-month period. Canberra and Hobart managed to buck the trend for the month with both cities recording falls in their respective asking rents of 1.3% and 2.9% respectively. Melbourne recorded the largest monthly rise of 2.7%.

The national median weekly asking rent for a dwelling is recorded at \$562 a week. Sydney recorded the highest weekly rent for a house at \$913 a week. While Adelaide units offer the best rental affordability of all capital cities at \$401 a week.

Week ending 12 Feb 2023	Weekly Combined Dwelling Asking Rent (\$)	Rolling month % chg	12 mth % chg
Sydney	744	2.5% ▲	29.6% ▲
Melbourne	549	2.7% ▲	24.8% ▲
Brisbane	594	1.4% ▲	24.8% ▲
Perth	586	1.3% ▲	18.3% ▲
Adelaide	514	0.2% ▲	17.8% ▲
Canberra	659	-1.3% ▼	5.0% ▲
Darwin	574	2.7% ▲	9.2% ▲
Hobart	519	-2.9% ▼	7.3% ▲
National	562	1.0% ▲	17.4% ▲
Cap City Average	633	2.4% ▲	24.7% ▲

Louis Christopher, Managing Director of SQM Research said:

“We are expecting a further tightening in rental vacancy rates over the month of February based on evidence that weekly listings have fallen again thus far in the current month. We have previously warned that the months of February and March will be the most difficult time for tenants in the national rental market in many years. Thereafter we are hoping for some relief given the expected increases in dwelling completions and an overall reduction in housing formation.

The ongoing surge in rents is pushing up rental yields, especially with falling prices. I believe ‘would-be’ investors will be attracted to higher rental yields in later 2023, provided the cash rate peaks at below 4%. However, if the cash rate rises above 4% it is likely home buyers including investors will largely stay away from the housing market for another year, and so investment dwelling approvals will remain in the doldrums, setting us up for another super tight rental market in later 2024 and 2025.”

Next update: 14 March 2023



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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