



Vacancy Rates Dip, Sydney Asking Rents Drop

Tuesday 14th August 2018

For Immediate Release

Data released by SQM Research this week has revealed the national residential vacancy rate dipped to 2.2% in July 2018, though the vacancy rate in Sydney remains at its highest level in 13 years, which has pushed down asking rents in the nation's biggest city.

The number of vacancies Australia-wide sat at 72,458 properties. Sydney's vacancy rate was unchanged at 2.8% from June, the highest level since SQM started recording the data in 2005, and well up from 1.9% a year ago with 19,114 properties available for rent.

In contrast, to Sydney, Melbourne's vacancy rate is much lower, just 1.6% in July, though unchanged from June and a year ago.

City	July 2017 Vacancies	Vacancy Rate	June 2018 Vacancies	Vacancy Rate	July 2018 Vacancies	Vacancy Rate
Adelaide	3,183	1.8%	2,726	1.5%	2,475	1.3%
Perth	10,419	5.2%	8,426	4.1%	8,146	4.0%
Melbourne	8,714	1.6%	9,035	1.6%	9,043	1.6%
Brisbane	11,401	3.6%	9,886	3.0%	9,503	2.9%
Canberra	699	1.1%	565	0.9%	505	0.8%
Sydney	12,967	1.9%	19,572	2.8%	19,114	2.8%
Darwin	886	3.0%	1,062	3.5%	1,030	3.4%
Hobart	147	0.5%	221	0.7%	200	0.7%
National	75,733	2.4%	75,757	2.3%	72,458	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 below for more information on how SQM's vacancies are compiled.

Brisbane is enjoying a sustained reduction in its vacancy rate, falling to 2.9% in July, down from 3.0% in June and 3.6% in July 2017. The decline in Brisbane follows five straight monthly declines in rental vacancies in the first half of 2018.

Canberra's vacancy rate slipped to 0.8%, down from 0.9% in June and 1.1% a year ago. Hobart's vacancy rate was steady at 0.7% in July, but up from 0.5% a year ago. Adelaide's vacancy rate fell to 1.3% from 1.5%, and down from 1.8% a year ago.

Darwin's vacancy rate fell to 3.4% from 3.5% in June. Perth's vacancy rate slipped to 4.0%, and is well down from 5.2% a year earlier as the oversupply of rental properties eases in that city.

Louis Christopher, Managing Director of SQM Research, said asking rents had eased in Sydney given the greater supply of rental accommodation – and he expects rents to keep falling.

“The supply of rental accommodation, especially of new units, has jumped following the building boom in the city. Sydney has also experienced slowing population growth, which has helped to push asking rents lower, as landlords increasingly struggle to fill



properties. In contrast, the tight rental market in Hobart is continuing to push rents higher,” he said.

Asking Rents

Capital city asking rents for houses fell over the month to 12 August 2018 by 0.2% to \$548 a week. Unit asking rents dropped 0.9% to \$440 a week. Over the year, asking house rents rose just 0.2% and unit rents rose a modest 0.5%.

The asking rent for a three-bedroom house in Sydney is the highest nationwide at \$707 a week, but fell 0.3% over the month to 12 August. Asking unit rents now stand at \$515, down 1.2%. Canberra asking house rents stand at \$626 a week and \$437 for units. Hobart’s unit asking rents jumped 3.7% over the month to 12 August to \$360 a week while house rents rose 0.4% to \$400.

SQM Research Weekly Rents Index					
Week ending 12 Aug 2018		Rent	Chg on prev wk	Rolling month % chg	12 mth % chg
Canberra	All Houses	625.6	-9.6 ▼	-0.8% ▼	11.7% ▲
	All Units	437.2	2.8 ▲	-0.6% ▼	4.3% ▲
Sydney	All Houses	706.8	-1.8 ▼	-0.3% ▼	-3.1% ▼
	All Units	515.2	-2.2 ▼	-1.2% ▼	-0.8% ▼
Darwin	All Houses	518.2	-2.2 ▼	-4.2% ▼	-2.0% ▼
	All Units	405.1	-0.1 ▼	0.0% ▲	-0.9% ▼
Brisbane	All Houses	452.4	-1.4 ▼	0.1% ▲	1.8% ▲
	All Units	370.3	0.7 ▲	-0.0% ▼	0.5% ▲
Adelaide	All Houses	383.1	-1.1 ▼	-0.0% ▼	2.2% ▲
	All Units	299.3	-0.3 ▼	-0.1% ▼	2.6% ▲
Hobart	All Houses	400.2	2.8 ▲	0.4% ▲	8.4% ▲
	All Units	360.3	1.7 ▲	3.7% ▲	10.2% ▲
Melbourne	All Houses	522.8	0.2 ▲	0.0% ▲	3.0% ▲
	All Units	411.4	0.6 ▲	-0.1% ▼	3.1% ▲
Perth	All Houses	423.6	0.4 ▲	-0.2% ▼	0.2% ▲
	All Units	323.9	-0.9 ▼	-0.7% ▼	-1.2% ▼
National	All Houses	433.0	1.0 ▲	0.2% ▲	1.9% ▲
	All Units	355.0	1.0 ▲	0.0%	1.7% ▲
Cap City Average	All Houses	548.0	-1.0 ▼	-0.2% ▼	0.2% ▲
	All Units	440.0	-1.0 ▼	-0.9% ▼	0.5% ▲

Source: www.sqmresearch.com.au

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Key Points

- Nationally, the vacancy rate slipped to 2.2% in July from 2.3% June.
- Hobart recorded the lowest vacancy rate of 0.7%.
- Perth recorded the highest vacancy rate of the capital cities at 4.0% in July, but that was down from 5.2% a year ago.
- Melbourne's vacancy rate was steady at 1.6% in July from June and a year ago.
- Sydney's vacancy rate remained at a 13-year high of 2.8%.
- Capital city asking rents for houses fell over the month to 12 August 2018 by 0.2% to \$548 a week
- Capital city asking rents for units fell over the month to 12 August 2018 by 0.9% to \$440 a week

www.sqmresearch.com.au

About SQM Research

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

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