

National Rental Vacancy Rates Decrease in May

Vacancy Rates continue to Rise in Melbourne and Sydney

16 June 2020

SQM Research today has revealed the [national](#) residential rental vacancy rate has recorded a minor decrease over the month from **2.6%** in April to **2.5%** in **May 2020**, with the total number of vacancies Australia-wide now at **86,398** vacant residential properties.

However, the largest rental markets of [Sydney](#) and [Melbourne](#) recorded rises in rental vacancies. Sydney rose to **4.0%**, making it the highest vacancy rate in the country. Melbourne's vacancy rate had the highest percentage increase of 0.3% to record a **3.1%** vacancy rate. Adelaide and Hobart both have the lowest vacancy rate in May at **1.2%** each.

The year on year comparison reveals unseasonal rises when the national rental vacancy rate in May 2019 was **2.2%** compared to **2.5%** recorded for May 2020. Only Perth and Darwin recorded lower vacancy rates compared to this time last year.

City	May 2019 Vacancies	May 2019 Vacancy Rate	April 2020 Vacancies	April 2020 Vacancy Rate	May 2020 Vacancies	May 2020 Vacancy Rate
Sydney	23,796	3.3%	28,734	3.9%	29,416	4.0%
Melbourne	10,349	1.8%	16,575	2.8%	18,499	3.1%
Brisbane	8,133	2.4%	9,555	2.8%	8,780	2.5%
Perth	6,457	3.1%	4,807	2.3%	4,167	2.0%
Adelaide	2,126	1.1%	2,398	1.2%	2,293	1.2%
Canberra	785	1.2%	824	1.2%	880	1.3%
Darwin	1,038	3.3%	837	2.6%	727	2.3%
Hobart	143	0.5%	442	1.4%	386	1.2%
National	75,083	2.2%	88,668	2.6%	86,398	2.5%

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.

Among the capital city CBD locations, [Sydney CBD](#) continues to blow out, now **16.2%** in May, up from **13.8%** in April. [Melbourne](#) and [Brisbane CBD](#) are also up, now recording **9.3%** and **13.3%** vacancy rates in May respectively. [Melbourne Southbank](#) has risen to **16.8%** and Sydney's [Palm Beach](#) is now **16.7%**.

Capital City CBD Vacancy Rates:

Postcode	Suburb	May 2020 Vacancy Rate	May 2019 Vacancy Rate
2000	Sydney CBD	16.2%	8.1%
4000	Brisbane CBD	13.3%	4.5%
3000	Melbourne CBD	9.3%	2.2%
5000	Adelaide CBD	7.8%	2.6%
2601	Canberra CBD	7.7%	3.5%
6000	Perth CBD	6.0%	6.0%
0800	Darwin CBD	5.0%	6.3%
7000	Hobart CBD	2.7%	0.9%

Rental listings fell in first week of June

Total rental listings appear to have peaked for now with **98,061** listings recorded on the 9th of June versus 105,277 listings recorded on the 9th of May. There were 95,085 rental listings recorded on the 9th of June 2019. The data would suggest that vacancy rates may drop for June 2020.

Asking Rents

Over the month, Capital city asking rents increased **0.2%** for houses but declined **0.7%** for units for the week ending **12 June 2020** to record asking rents of \$538 per week for houses and \$425 per week for units.

[Sydney](#) and [Melbourne](#) continue to record declines in asking rents for both houses and units over the month. Whilst [Brisbane](#), [Perth](#) and [Darwin](#) bucked the trend to record increases in house and unit asking rents.

[Canberra](#) recorded a **1.0%** decline in house asking rents but remained stable for units. [Adelaide](#) and [Hobart](#) both recorded decreases in unit asking rents of **0.2%** and **4.6%** respectively but house rents increased **0.9%** and **0.6%** respectively.

SQM Research Weekly Rents Index					
Week ending: 12 Jun 2020		Rent	Change on previous week	Rolling month % change	12 month % change
Sydney	All Houses	641.5	-1.5 ▼	-1.0% ▼	-6.9% ▼
	All Units	476.5	-1.5 ▼	-0.8% ▼	-5.2% ▼
Melbourne	All Houses	532.7	0.3 ▲	-0.4% ▼	-1.4% ▼
	All Units	404.9	-0.9 ▼	-0.5% ▼	-4.5% ▼
Brisbane	All Houses	462.3	1.7 ▲	1.1% ▲	0.6% ▲
	All Units	377.9	0.1 ▲	0.2% ▲	1.6% ▲
Perth	All Houses	450.1	-0.1 ▼	0.6% ▲	0.3% ▲
	All Units	349.5	1.5 ▲	1.5% ▲	3.9% ▲
Adelaide	All Houses	411.5	2.5 ▲	0.9% ▲	4.0% ▲
	All Units	316.9	1.1 ▲	-0.2% ▼	2.7% ▲
Canberra	All Houses	621.8	-2.8 ▼	-1.0% ▼	0.6% ▲
	All Units	466.9	1.1 ▲	0.0% ▲	0.9% ▲
Darwin	All Houses	485.7	-6.7 ▼	1.2% ▲	-5.3% ▼
	All Units	354.5	0.5 ▲	0.1% ▲	-4.4% ▼
Hobart	All Houses	433.5	2.5 ▲	0.6% ▲	-0.4% ▼
	All Units	378.1	-18.1 ▼	-4.6% ▼	-2.7% ▼
National	All Houses	443.0	-2.0 ▼	0.7% ▲	0.5% ▲
	All Units	373.0	5.0 ▲	1.9% ▲	0.8% ▲
Cap City Average	All Houses	538.0	1.0 ▲	0.2% ▲	-2.7% ▼
	All Units	425.0	-1.0 ▼	-0.7% ▼	-3.6% ▼

Source: www.sqmresearch.com.au

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Commentary

Louis Christopher, Managing Director of SQM Research said, “After the results for May, we may now be hitting a short-term peak in vacancies. Weekly rental listings suggest a slight decline in supply for the first half of June. I think what is happening here is Airbnb property owners have now pulled back from listing long term and are now waiting this time out in the hope that the borders will be open shortly.

However, with an expected 170,000 dwelling completions for this year and still no imminent opening of the international border, I still think rental vacancy rates are going to remain elevated for 2020. While First Home buyer grants may assist in soaking up some of the new supply, lets just remember the bulk of underlying demand growth in recent years has come from net migration. Also note that many First Home Buyers are tenants.”

Key Points

- The National residential rental vacancy rate recorded a decrease over the month from **2.6%** in April to **2.5%** in **May 2020**, with total number of vacancies Australia-wide now at **86,398** vacant properties.
- [Sydney](#) and [Melbourne](#) continue to record declines in asking rents for both houses and units over the month. Whilst [Brisbane](#), [Perth](#) and [Darwin](#) bucked the trend to record increases in both house and unit asking rents.
- Over the month, Capital city asking rents increased **0.2%** for houses but declined **0.7%** for units for the week ending **12 June 2020** to record asking rents of \$538 per week for houses and \$425 per week for units.
- CBD and holiday locations continued to be the hardest hit areas.

[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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