

## National Rental Vacancy Rates Fall in January to Pre-Covid Levels

**Elevated rates in Melbourne and Sydney more than offset by very tight rental markets elsewhere**

**16 February 2021**

SQM Research today has revealed the [national](#) residential rental vacancy rate decreased by **0.2%** over the month of **January 2021** to stand at **2.0%**. The total number of vacancies Australia-wide is now **71,297** vacant residential properties. This time last year, the national vacancy rate was higher at **2.1%**.

With the exception of Hobart, all cities recorded falls in vacancies for the first month of 2021. This is a normal occurrence due to the seasonal high rates recorded in each December. However, SQM Research notes that there are now less vacancies at the national level compared to January 2020 – just prior to the first outbreak of Covid-19 in Australia.

Melbourne's vacancy rate decreased in the month (4.7% Dec 2020) to stand at **4.4%** and continues to record the highest vacancy rate for any of the capital cities. This time last year, Melbourne's vacancy rate was low at **2.1%**.

Sydney also recorded a fall in vacancies over January with the rental vacancy rate sitting at **3.2%**. Again, sharp falls in rental were recorded in the CBD rental market whereby vacancy rates fell to **6.2%** after being as high as 16% in May 2020.

City	January 2020 Vacancies	January 2020 Vacancy Rate	December 2020 Vacancies	December 2020 Vacancy Rate	January 2021 Vacancies	January 2021 Vacancy Rate
<a href="#">Sydney</a>	22,707	3.1%	27,251	3.6%	24,309	<b>3.2%</b>
<a href="#">Melbourne</a>	12,229	2.1%	28,754	4.7%	27,432	<b>4.4%</b>
<a href="#">Brisbane</a>	8,334	2.4%	6,190	1.8%	5,886	<b>1.7%</b>
<a href="#">Perth</a>	4,337	2.1%	1,899	0.9%	1,808	<b>0.8%</b>
<a href="#">Adelaide</a>	1,929	1.0%	1,458	0.7%	1,405	<b>0.7%</b>
<a href="#">Canberra</a>	947	1.4%	753	1.1%	579	<b>0.8%</b>
<a href="#">Darwin</a>	1,028	3.2%	282	0.9%	262	<b>0.8%</b>
<a href="#">Hobart</a>	182	0.6%	175	0.6%	192	<b>0.6%</b>
<a href="#">National</a>	<b>72,422</b>	<b>2.1%</b>	<b>76,658</b>	<b>2.2%</b>	<b>71,297</b>	<b>2.0%</b>

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 past 30 days to 12 February, Capital City average asking rents increased **0.7%** for both houses and units to record asking rents of \$552 per week for houses and \$413 per week for units.

The majority of capital cities recorded increases in both house and unit asking rents, with [Sydney](#) recording the highest increase of **3.2%** over the period for houses and **2.2%** in unit asking rents. This is the first significant rise for Sydney February 2020. 12-month rents are still in the negative by **6.3%** (houses) and **8.9%** (units) respectively.

**Melbourne** continued to record declines in both house and unit asking rents over the month, falling by **0.1%** and **0.4%** respectively. Interestingly, rents slightly rose in the CBD for units, a sign that the worse could be over for CBD landlords.

**Canberra** recorded increases in house rents of **2.8%** and unit rents increased by **2.7%**. **Perth** house and unit rents also increased over the month.

SQM Research Weekly Rents Index					
Week ending: 12 Feb 2021		Rent	Chg on prev week \$	Rolling month % chg	12 month % chg
<b>Sydney</b>	All Houses	\$663	6.1	3.2%	-6.3%
	All Units	\$457	0.8	2.2%	-8.9%
<b>Melbourne</b>	All Houses	\$513	-1.2	-0.1%	-7.3%
	All Units	\$376	-1.1	-0.4%	-11.2%
<b>Brisbane</b>	All Houses	\$478	-0.6	-0.1%	1.3%
	All Units	\$381	0.3	-0.1%	0.6%
<b>Perth</b>	All Houses	\$499	0.2	0.9%	11.5%
	All Units	\$378	2.4	2.0%	12.3%
<b>Adelaide</b>	All Houses	\$425	0.0	0.7%	4.4%
	All Units	\$317	0.1	-1.4%	2.3%
<b>Canberra</b>	All Houses	\$672	1.8	2.8%	6.0%
	All Units	\$489	7.3	2.7%	5.2%
<b>Darwin</b>	All Houses	\$580	-1.9	-2.8%	27.5%
	All Units	\$393	-3.0	-3.1%	5.8%
<b>Hobart</b>	All Houses	\$467	-7.4	-2.3%	3.5%
	All Units	\$406	8.2	5.1%	-2.2%
<b>National</b>	All Houses	\$497	4.0	1.4%	10.2%
	All Units	\$386	-3.0	0.5%	4.0%
<b>Cap City Average</b>	All Houses	\$552	2.0	0.7%	-3.0%
	All Units	\$413	-1.0	0.7%	-6.6%

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## Commentary

Louis Christopher, Managing Director of SQM Research said, "There is more evidence the worse is over for landlords in the Sydney and Melbourne rental markets. The falls in vacancy rates for the month in those two cities, combined with the increased tightness in other cities and regions, has now brought rental vacancy rates down to below where they were prior to the outbreak of Covid19."



“Now to be clear, CBD rental vacancy rates in both Sydney and Melbourne remain elevated, despite recent falls. And we remain of the view that there will not be a complete reversal of the sharp rise in rental vacancy rates experienced in these locations in earlier 2020. 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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