



Vacancy Rates Fall in May In Most Cities

Tuesday 20th June 2017

For Immediate Release

Data released by SQM Research this week has revealed the number of national residential vacancies was 73,229 rental homes, giving a national vacancy rate of 2.2%, down from 2.4% in April 2017.

Vacancies fell again in Melbourne to around a 7-year low level of just 1.5%, down from 1.6% in April and from 1.9% a year earlier. The vacancy rate remained very tight in Hobart at 0.6%. The vacancy rate was steady in Sydney at 1.8%.

City	May 2016 Vacancies	Vacancy Rate	April 2017 Vacancies	Vacancy Rate	May 2017 Vacancies	Vacancy Rate
Adelaide	3306	2.0%	3229	1.9%	3100	1.8%
Perth	9563	4.7%	10316	4.9%	10210	4.8%
Melbourne	9358	1.9%	8112	1.6%	7578	1.5%
Brisbane	8858	2.7%	11539	3.3%	10914	3.1%
Canberra	605	1.1%	601	1.0%	608	1.0%
Sydney	10063	1.6%	11385	1.8%	11099	1.8%
Darwin	846	2.9%	1006	3.4%	961	3.2%
Hobart	231	0.8%	166	0.6%	159	0.6%
National	74024	2.4%	76959	2.4%	73229	2.2%

Managing Director of SQM Research, Louis Christopher, said the numbers reflected still tight rental markets in the nation's biggest cities Melbourne and Sydney, where renters are battling fierce competition to find a home, as well as facing higher rents.

"As the table below of asking rents indicates, the trend is still up for unit asking rents in Sydney and Melbourne over the year, which are rising well above the inflation rate, given a shortage of rental properties. That's also the case in Canberra and Hobart where a more acute shortfall of rental properties has pushed the vacancy rate down to 1% and 0.6%, respectively," said Christopher.

"Significantly, the vacancy rate remains at a very low level in Melbourne despite new apartment supply coming on to the market. In Sydney too, the vacancy rate is hovering at low levels, despite high levels of inner-city apartment construction. This reflects the fact that population growth rates have been running in excess of expectations, absorbing extra stocks levels."

"Only in Brisbane do we see new unit supply pressuring vacancy rates higher at 3.1%, up from 2.7% a year earlier. That has pushed down growth in asking rents to modest levels, barely over 1% over the year," said Christopher.



Asking Rents

Annually, asking rents for houses moderated slightly in Sydney to 2.9% and were down by 1.4% over the month to June 20. The asking rent for a three-bedroom house in Sydney still sits at a lofty \$730 while for units it sits at \$525. Asking rents for units were up 0.6% over the month to June 20 and 3.5% over the year.

Annually, asking rents for houses in Melbourne rose 5.9% but were down by 0.6% over the month to June 20. Unit asking rents rose 0.6% over the month to June 20 and 5.7% over the year. The asking rent for a three-bedroom house in Melbourne now sits at \$510 and for units it sits at \$399. In Perth and Darwin, asking rents are still falling as activity in those cities remains subdued due to the mining downturn.

SQM Research Weekly Rents Index					
Week ending 20 Jun 2017		Rent	Chg on prev wk	Rolling month % chg	12 mth % chg
Canberra	All Houses	577.0	-6.0 ▼	-0.1% ▼	9.2% ▲
	All Units	422.6	-1.6 ▼	-0.1% ▼	2.5% ▲
Sydney	All Houses	730.0	-4.0 ▼	-1.4% ▼	2.9% ▲
	All Units	524.5	1.5 ▲	0.6% ▲	3.5% ▲
Darwin	All Houses	521.0	-8.0 ▼	-1.2% ▼	-7.1% ▼
	All Units	397.2	-0.2 ▼	-2.8% ▼	-9.8% ▼
Brisbane	All Houses	443.0	-1.0 ▼	-1.0% ▼	-1.4% ▼
	All Units	368.4	-0.4 ▼	0.2% ▲	-1.0% ▼
Adelaide	All Houses	372.9	0.1 ▲	-0.0% ▼	0.6% ▲
	All Units	287.9	-0.9 ▼	-0.7% ▼	1.6% ▲
Hobart	All Houses	370.3	3.7 ▲	1.6% ▲	6.4% ▲
	All Units	321.0	6.0 ▲	-0.2% ▼	14.7% ▲
Melbourne	All Houses	510.2	-0.2 ▼	-0.6% ▼	5.9% ▲
	All Units	398.7	1.3 ▲	0.6% ▲	5.7% ▲
Perth	All Houses	424.9	0.1 ▲	-0.4% ▼	-6.3% ▼
	All Units	329.1	-1.1 ▼	-1.8% ▼	-9.5% ▼
National	All Houses	423.0	-1.0 ▼	-0.5% ▼	1.9% ▲
	All Units	349.0	1.0 ▲	0.3% ▲	2.3% ▲
Cap City Average	All Houses	547.0	-2.0 ▼	-1.1% ▼	2.1% ▲
	All Units	442.0	2.0 ▲	0.5% ▲	2.8% ▲

Source: www.sqmresearch.com.au



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.

Key Points

- Nationally, vacancies were steady in May, recording a rate of 2.4%.
- Perth recorded the highest vacancy rate of the capital cities at 4.8%, though down from 4.9% in April.
- Hobart recorded the lowest vacancy rate of 0.6%, steady from the previous month.
- Canberra's vacancy rate has edged off a five-year low of 0.8% in March to 1.0% in May.

www.sgmresearch.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.

For further information please contact Louis Christopher:

Louis@sgmresearch.com.au

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