Vacancy Rates Remain Tight

20 December 2022

SQM Research today has revealed national vacancy rates remained steady at 1% in November from 1% recorded in October.

The total number of rental vacancies Australia-wide now stands at 31,924 residential properties, which is an increase from 30,929 in October. Sydney, Canberra and Darwin vacancy rates rose from 1.3%, 1.1% and 1% to 1.4%, 1.4% and 1.2%. Melbourne remained steady at 1.5%, and in the smaller capital cities, Brisbane, Perth, Adelaide and Hobart, vacancy rates sat below 1.0% over November.

Vacancy rates in the Sydney CBD and Melbourne CBD fell to 3.2% and 2.5%. Brisbane CBD rose to 1.4%. Following the tumultuous period during national lockdowns, which saw CBD vacancy rates reach as high as 16%, the CBD rental market has now returned to more normal levels of occupancy or just below long-term average levels.

Outside the capital cities, rental vacancy rates have been easing or at least stop falling in some regions that were previously recording extremely tight rental conditions. Case in point is Sydney's Blue Mountains where the vacancy rate has risen from a record low of 0.5% recorded in March 2022 to now stand at 1.5%. Some other regions recording an easing in conditions include, NSW North Coast, Gold Coast North, Ipswich, North Queensland, Gippsland, and a number of outer ACT localities.

Vacancy Rates - November 2022

City	Nov 2021 Vacancies	Nov 2021 Vacancy Rate	Oct 2022 Vacancies	Oct 2022 Vacancy Rate	Nov 2022 Vacancies	Nov 2022 Vacancy Rate
Sydney	19,686	2.8%	9,449	1.3%	10,048	1.4%
Melbourne	20,359	3.9%	8,058	1.5%	7,721	1.5%
Brisbane	4,670	1.4%	2,568	0.8%	2,745	0.8%
Perth	1,314	0.7%	732	0.4%	752	0.4%
Adelaide	1,013	0.6%	683	0.4%	766	0.5%
Canberra	567	0.9%	684	1.1%	819	1.4%
Darwin	318	1.2%	270	1.0%	305	1.2%
Hobart	97	0.3%	127	0.5%	158	0.6%
National	**55,370**	**1.8%**	**30,929**	**1.0%**	**31,924**	**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 20 December 2022, capital city asking rents rose by another 1.5% with the 12-month rise standing at 25.1%. While broader national rents, taking into accounts all regions, rose by 17.5% for the same 12-month period.

The national median weekly asking rent for a dwelling is recorded at $551.57 a week. Sydney recorded the highest weekly rent for a house at $889.21 a week. While Adelaide units offer the best rental affordability of all capital cities at $502.61 a week.

Louis Christopher, Managing Director of SQM Research said:

As 2022 draws to an end, the rental market across our capital cities remains very much in favour of landlords although there are now some exceptions including Canberra and Darwin which are now recoding rising vacancies. There are also some regional localities outside the capital cities recoding an easing of their respective rental markets, however this is not yet the majority of regions.

The immediate outlook is ongoing extreme tightness in the rental market. February/March tends to be a very seasonally difficult time for tenants looking for rental properties and given the already low rental stock on the market, early 2023 could be a nightmare for would be tenants.

However, there might be some light at the end of a very long tunnel given expected rises in dwelling completions over 2023 and a possible return of short term leased properties back into the long-term market if the economy does cool."

SQM Research Weekly Rents Index					
Week ending 20 Dec 2022		**Rent ($)**	**Chg on prev wk($)**	**Rolling month % chg**	**12 mth % chg**
Sydney	Combined	711.65	2.98 ▲	1.5% ▲	28.9% ▲
Melbourne	Combined	525.11	1.52 ▲	1.8% ▲	24.7% ▲
Brisbane	Combined	576.47	2.45 ▲	0.3% ▲	23.4% ▲
Perth	Combined	573.91	4.36 ▲	3.5% ▲	19.2% ▲
Adelaide	Combined	502.61	3.35 ▲	1.6% ▲	20.3% ▲
Canberra	Combined	650.19	-0.38 ▼	1.1% ▲	5.3% ▲
Darwin	Combined	551.61	3.25 ▲	-0.3% ▼	3.9% ▲
Hobart	Combined	519.54	10.20 ▲	2.2% ▲	9.4% ▲
National	Combined	551.57	2.05 ▲	0.8% ▲	17.5% ▲
Cap City Average	Combined	609.31	5.22 ▲	1.5% ▲	25.1% ▲

Next update: 28 Dec 2022

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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