



Landlords' Expectations Remain Sluggish

SQM Research Vacancy Rates Media Release July 2014

Tuesday 19th August 2014

For Immediate Release

Figures released by SQM Research this week have revealed that the number of residential vacancies nationally decreased very slightly during July, recording a stable vacancy rate of 2.3% nationally, and 67,190 vacancies. This result is indicative of the longer term trend of higher vacancy levels around the country, despite a minor dip in listings in absolute terms. Higher vacancies of course, allude to an increase of supply in the rental market, shifting the balance of power from landlords to tenants.

City	July 2013 Vacancies	Vacancy Rate	June 2014 Vacancies	Vacancy Rate	July 2014 Vacancies	Vacancy Rate
Adelaide	2,696	1.7%	2,645	1.6%	2,496	1.5%
Perth	3,032	1.6%	4,716	2.5%	4,818	2.5%
Melbourne	11,537	2.6%	12,073	2.7%	11,695	2.6%
Brisbane	5,786	2.0%	7,159	2.4%	7,139	2.3%
Canberra	964	1.9%	1,216	2.3%	1,138	2.1%
Sydney	10,292	1.8%	11,022	1.9%	10,629	1.8%
Darwin	197	0.8%	424	1.6%	377	1.4%
Hobart	608	2.3%	472	1.8%	447	1.7%
Natioinal	61,117	2.1%	69,258	2.3%	67,190	2.3%

Each capital city continues to tell its own unique story, with Perth and Darwin's vacancies soaring since this month in 2013, and Hobart's dropping substantially over the same period. Sydney has remained steady, revealing no yearly change and similarly, Melbourne has recorded a vacancy rate of 2.6% - identical to its July 2013 vacancy rate.

These steady figures are in line with the sentiment of landlords over the past year, with SQM Research's Asking Rents Index revealing that rental asking prices have only lifted by 0.7% for houses on a national level and 0.6% for units on a national level since the same week in 2013. This reveals that the expectation of landlords has stagnated on a national level, with Darwin and Sydney being the only two capital cities to record substantial increases in asking rents since this time last year, and Perth and Canberra both recording considerable decreases during the same period.

Please see the chart below for a capital city breakdown .



SQM Research Weekly Rents Index					
Week ending 12 Aug 2014		Rent	Chg on prev wk	Rolling month % chg	12 mth % chg
Canberra	All Houses	474.7	0.3 ▲	-1.0% ▼	-7.9% ▼
	All Units	372.8	-0.8 ▼	-0.1% ▼	-6.5% ▼
Sydney	All Houses	671.3	0.7 ▲	0.1% ▲	6.0% ▲
	All Units	473.5	-0.5 ▼	-0.3% ▼	3.7% ▲
Darwin	All Houses	732.9	29.1 ▲	3.6% ▲	2.2% ▲
	All Units	556.6	8.4 ▲	5.3% ▲	10.5% ▲
Brisbane	All Houses	445.5	0.5 ▲	0.7% ▲	1.4% ▲
	All Units	367.0	0.0 ▲	0.2% ▲	-0.1% ▼
Adelaide	All Houses	355.5	0.5 ▲	-0.2% ▼	-1.1% ▼
	All Units	279.5	0.5 ▲	0.4% ▲	-0.0% ▼
Hobart	All Houses	307.8	-1.8 ▼	-1.2% ▼	0.5% ▲
	All Units	262.6	-0.6 ▼	-0.6% ▼	2.7% ▲
Melbourne	All Houses	458.6	-1.6 ▼	-0.6% ▼	1.4% ▲
	All Units	357.1	-0.1 ▼	0.3% ▲	3.7% ▲
Perth	All Houses	526.4	-1.4 ▼	-0.9% ▼	-9.4% ▼
	All Units	418.6	-0.6 ▼	-0.6% ▼	-9.9% ▼
National	All Houses	408.0	0.0	-0.7% ▼	0.7% ▲
	All Units	336.0	-1.0 ▼	-0.6% ▼	0.6% ▲
Cap City Average	All Houses	527.0	0.0	-0.2% ▼	1.2% ▲
	All Units	414.0	0.0	0.2% ▲	1.7% ▲

Source: www.sqmresearch.com.au

Louis Christopher, Managing Director of SQM Research says *“the rental market overall remains sluggish with asking rents showing rises of just 1.2% to 1.7% at the average capital city level. Perth rents have dragged down the overall result. It’s quite clear rents in Western Australia are falling quickly.*

“Given our view that vacancy rates are likely to rise from these levels we are expecting a soft rental market for quite some time and certainly, well into 2015.”

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-

http://www.sqmresearch.com.au/graph_vacancy.php?region=nsw::Sydney&type=c&t=1#terms

Key Points

- The expectations of landlords remain sluggish on a national level, with Asking Rents failing to reveal a substantial increase when compared to the same period in 2013.
- Nationally, vacancies remained reasonably steady during July, recording a vacancy rate of 2.3% and coming to a total of 67,190 nationally.
- Melbourne recorded the highest vacancy rate of the capital cities, revealing a vacancy rate of 2.6% and a total of 11,695 vacancies.
- Darwin has recorded the tightest vacancy rate of the capital cities, revealing a vacancy rate of 1.4% and a total of 377 vacancies.
- Perth has recorded the highest yearly increase in vacancies, climbing by 0.9 of a percentage point to 2.5% since the corresponding period of the previous year (July 2013) and coming to a total of 4,818 vacancies.
- Hobart recorded the largest yearly decrease in vacancies, falling by 0.6 percentage points to 1.7% since the corresponding period of the previous year (July 2013).
- No capital cities' vacancy rates increased on a monthly basis but Perth remained unchanged at 2.6%.
- Canberra and Darwin both recorded the largest monthly decline in vacancy rates, dropping by 0.2 of a percentage point to 2.1% and 1.4% respectively during July 2014.

www.sqmresearch.com.au

About SQM Research

SQM Research is an independent property research house which specialises in providing accurate property related research and data to financial institutions, property professional, real estate investors and the media.

It is owned and operated by one of the country's leading property analysts, Louis Christopher.

For six years Louis was Head of Research and then General Manager of Australian Property Monitors before leaving the firm to launch SQM Research.



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