



## **Rental Vacancies climb with CBDs and Mining towns worst hit.**

### **SQM Research Media Release: Vacancy Rates DECEMBER 2013**

**Thursday 16<sup>th</sup> January 2014  
For Immediate Release**

Figures released by SQM Research reveal that the level of residential property rental vacancies rose during the month of December, recording at a vacancy rate of 2.6% and coming to a total of 73,082 vacancies nationwide. This represents a 0.4 percentage point increase month on month and a 0.3 percentage point increase year on year.

City	Vacancies Dec '12	Vacancy Rate Dec '12	Vacancies Nov '13	Vacancy Rate Nov '13	Vacancies December '13	Vacancy Rate Dec '13
Adelaide	2,779	1.7%	2,460	1.4%	2,819	1.6%
Perth	1,710	0.9%	3,171	1.7%	4,038	2.1%
Melbourne	15,484	3.6%	13,132	3.0%	15,037	3.4%
Brisbane	6,156	2.2%	6,753	2.4%	7,993	2.8%
Canberra	858	1.7%	1,068	2.0%	1,220	2.3%
Sydney	11,604	2.1%	9,741	1.7%	12,071	2.1%
Darwin	406	1.7%	356	1.5%	468	1.9%
Hobart	549	2.0%	385	1.4%	439	1.6%
National	63,186	2.3%	62,885	2.2%	73,082	2.6%

It should be noted that seasonality has had a significant part to play in December's result with vacancy rates tending to rise at the very end of each calendar year.

However ,as can be observed from the table above, there has still be considerable increases on a yearly bases with Perth rising by 1.2 percentage points and both Brisbane and Canberra increasing by 0.6 percentage points since the same month in 2012.

Notably, Melbourne's 3.4% vacancy rate for December marks the fifth consecutive increase in vacancies for this capital city and is now sitting above what SQM Research considers to be market equilibrium which is 3.0%.

Of particular significance are now ongoing uptrends in a number of the capital cities' CBD location. Vacancy rates for example in Brisbane's CBD are currently sitting at 5.4%, Melbourne's CBD at 5.8% and Perth's CBD at 5.9%. In all three CBD locations, vacancy rates have surged from mid-2013 onwards.



The elevated vacancy rates are predominantly due to new supply on the market in these inner city localities and can explain some of the surges in vacancies for these cities.

As also previously reported, SQM Research has recorded some extremely high vacancy rates for a number of resources based townships. In particular:

- Karratha – 8.0%
- Port Hedland – 6.3%
- Gladstone – 11.1%
- Mackay – 6.8%
- Townsville – 8.0%

### **Asking Rents Index**

SQM Research's Asking Rents Index revealed that asking prices for rental properties remained flat during 2013, with the capital city average recording a mere 0.8% increase in asking rents for houses and a 1% increase in asking rents for units.

The clear outperformer of the capital cities over the year was Darwin with a 5.9% increase in asking rents for houses and a 7.7% increase in asking rents for units. Canberra however, recorded the steepest declines with an -8.4% decrease in asking rents for houses and a -5.3% decrease in asking rents for units.

To see each capital city break down, click here -

[http://sqmresearch.com.au/graph\\_median\\_rent\\_weeks.php?avg=1&t=1](http://sqmresearch.com.au/graph_median_rent_weeks.php?avg=1&t=1)

Managing director of SQM Research, Louis Christopher says "*The rental market slowly turned in favour of tenants throughout the course of 2013 and I think this will likely be the case again in 2014. Our overall forecast is for a slow rise in rents with some rather large falls in market rents for the mining towns in particular. CBD vacancy rates appear to be quite elevated as well, and so tenants who are attracted to a CBD apartment lifestyle are currently in a good position to negotiate with their landlord.*"

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

## Key Points

- Nationally, vacancies increased during December, recording a vacancy rate of 2.6% and coming to a total of 73,082 nationally.
- Melbourne has recorded the highest vacancy rate of the capital cities, revealing a vacancy rate of 3.4% and a total of 15,037.
- Hobart and Adelaide have recorded the tightest vacancy rate of the capital cities, both revealing a vacancy rate of 1.6% and a total of 439 and 2,819 vacancies respectively.
- Perth has recorded the highest yearly increase in vacancies, climbing 1.2 percentage points to 2.1% since the corresponding period of the previous year (December 2012) and coming to a total of 4,038 vacancies.
- Hobart was the capital city to record the largest yearly decrease in vacancies, falling by 0.4 percentage points to 1.6% since the corresponding period of the previous year (December 2012).
- Perth, Melbourne, Sydney, Brisbane and Darwin all recorded the highest monthly vacancy rate increase, rising a 0.4 percentage points during December 2013.
- None of the capital cities recorded a monthly vacancy rate decline, however Adelaide and Hobart recorded the most modest vacancy rate increase, rising 0.2 percentage points during December 2013 and both recording a vacancy rate of 1.6%.

[www.sqmresearch.com.au](http://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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