



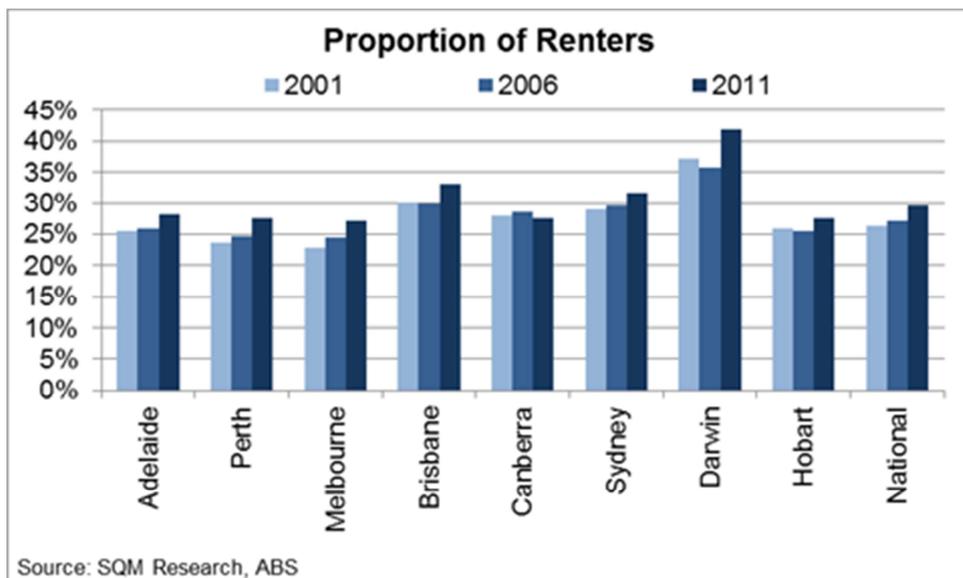
SQM Research Media Release Vacancy Rates June 2012 And Half Time Report

ABS Data Reveals Boom in Tenants

20th July 2012

The 2011 Census data continues to provide revealing insights into our changing housing market.

It is quite clear now that at some point over the past five years, there has been a shift towards renting rather than owner occupation. The Australian Bureau of Statistics 2011 Census revealed 29.6% of residential dwelling occupiers were tenants. That was higher than the 27.2% in 2006 and also higher in 2001 where 26.3% was recorded.

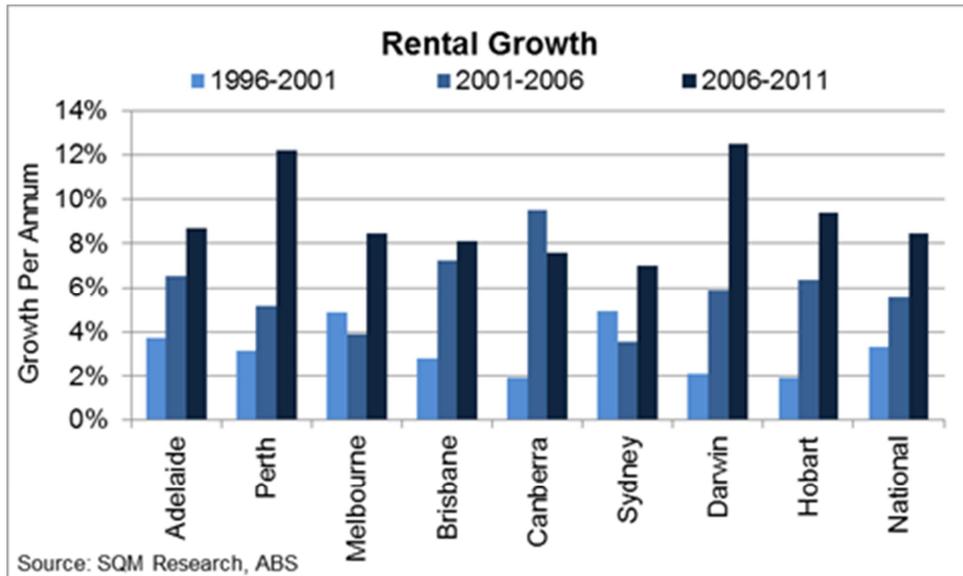


This shift, combined with the natural increase in population has meant that demand for rental accommodation has accelerated over the past five years. Supply of rental dwellings has also increased at an accelerated rate; however, the evidence suggests demand has gradually been outstripping the increase in supply.

This in turn gives explanation as to why rents have been rising considerably above inflation over the same period and why SQM Research vacancy rates



have been trending down over that period of time. The same census data reveals the following annual increase for each of the capital cities.



On the release of each Census, SQM Research normally revises its counts and projection of the number of established rental properties, and the 2011 Census release has proved to be no exception. However, we note the revision this time around has been marginal for most cities.

Revised Vacancy Rates

City	Vacancies Jun '11	Vacancy Rate Jun '11	Vacancies May '12	Vacancy Rate May '12	Vacancies Jun '12	Vacancy Rate Jun '12
Adelaide	2,354	1.5%	2,680	1.6%	2,866	1.7%
Perth	2,005	1.1%	1,157	0.6%	1,340	0.7%
Melbourne	10,108	2.5%	11,427	2.7%	12,361	3.0%
Brisbane	5,272	2.0%	4,120	1.5%	4,456	1.6%
Canberra	332	0.6%	434	0.7%	471	0.8%
Sydney	7,890	1.5%	9,140	1.7%	10,537	1.9%
Darwin	282	1.2%	100	0.4%	105	0.4%
Hobart	479	1.8%	753	2.8%	720	2.7%
National	48,861	1.8%	50,408	1.8%	54,613	2.0%

The results have revealed a slight downward revision in vacancy rates for certain capital cities – in particular Melbourne; however the overall national figure has remained relatively similar to that of our previous results.

Louis Christopher, managing director of SQM Research says *“In my opinion, the shift towards rental living is a prime result of an overall unaffordable housing market, a reluctance to take on excessive mortgage debt and an awareness about falling house prices.*



The flip side to this is that rents have been rising much faster than inflation. Now the concern in this is that, excluding Melbourne, there does not seem to be any sign of relief in the rental market in the short to medium term”.

“So I can only conclude that rents, particularly at the affordable end of the market, will continue to rise at these accelerated levels unless there is a strong move by tenants back into home ownership. Even so, there was such a brief shift in 2009 and yet back then, there was no major impact upon the rental market.”

SQM Research also notes a rather sharp rise in the number of vacancies for the month of June 2012; however this is potentially just a seasonal increase.

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. The ABS counts of unoccupied dwellings are taken into account. SQM considers this 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

- Nationally, vacancy rates rose during the month of June 2012, predominantly driven by Melbourne, to a total of 54,613 vacancies and recording a national vacancy rate of 2.0%.
- Darwin has recorded the lowest vacancy rates of the capital cities at 0.4% for the month of June 2012, a total of 105 vacancies.
- Melbourne has recorded the highest vacancy rates for the capital cities at 3.0% for the month of June 2012, a total of 12,361 vacancies.
- Hobart has recorded the largest yearly increase, rising by 0.9% to 2.7% since the corresponding period of the previous year (June 2011) and coming to a total of 720.
- Darwin has recorded the most substantial yearly fall in vacancy rates dropping by 0.8% to 0.4% since the corresponding period of the previous year (June 2011) and coming to a total of 105 vacancies.
- Melbourne experienced the largest monthly increase, rising by 0.3% during the month of June 2012.
- Hobart experienced the only monthly decrease in vacancies, falling by 0.1% during the month of June 2012.



For more information and a breakdown on the regions or capital cities, contact:

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About SQM Research

SQM Research is an independent property research house and fund manager ratings company which specialises in providing accurate property, infrastructure and structured product related research and data to financial institutions, professionals, investors and the media.

It is owned and operated by one of the country's leading investment 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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