



SQM Research Warns: CBD Vacancies on the Rise

SQM Research Vacancy Rates Media Release January 2014

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For Immediate Release

Figures released by SQM Research this week have revealed that the number of residential vacancies nationally have stabilised again, coming back down to pre-Christmas figures, after a seasonal spike during December.

However, when comparing the national vacancy rate for January 2014 (2.2%) to the corresponding period of the previous year (January 2013) it can be seen that vacancies have lifted by 0.3% year-on-year, with SQM Research's vacancy rate data also revealing a strong increase in CBD localities.

City	Vacancies Jan '13	Vacancy Rate Jan '13	Vacancies Dec '13	Vacancy Rate Dec '13	Vacancies Jan '14	Vacancy Rate Jan '14
Adelaide	2,407	1.5%	2819	1.7%	2,451	1.5%
Perth	1,507	0.8%	4037	2.1%	3,666	1.9%
Melbourne	12,867	3.0%	15037	3.4%	13,007	2.9%
Brisbane	5,229	1.8%	7993	2.7%	7,088	2.4%
Canberra	623	1.4%	1061	2.2%	916	1.9%
Sydney	8,877	1.6%	12071	2.1%	9,879	1.7%
Darwin	332	1.3%	468	1.8%	391	1.5%
Hobart	526	2.0%	438	1.6%	426	1.6%
National	54,253	1.9%	73,082	2.6%	64,834	2.2%

*Please note: there has been a minor revision in our vacancy rates, as can be seen in our historical data. This is a part of SQM Research's regular annual data revisions.

For a year which has already begun to show significant signs of promise in the sales market, this result is to be expected on the rental front, with prospective buyers leaving the rental market to purchase their own properties, resulting in an elevation of vacancies.

That being said, as has been mentioned by SQM Research in recent months, each capital city is telling its own story where rental vacancies are concerned. On one hand Perth increased by 1.1 percentage points, Brisbane increased by 0.6 percentage points Canberra increased by 0.5 percentage points (all on a yearly basis); and on the other hand, Hobart decreased by 0.4 percentage points during the



same period and other capital cities such as Melbourne, Sydney, Darwin and Adelaide remained within close range of their 2013 figure.

Asking Rents Index

SQM Research's Asking Rents Index revealed that asking prices for rental properties recorded a mixed story when compared to this time last year, with the capital city average recording a -0.7% decrease in asking rents for houses and a 1.7% increase in asking rents for units.

Sydney was the outperformer of the capital cities over the year with a 2.1% increase in asking rents for houses and a 3.9% increase in asking rents for units. Canberra however, recorded the steepest declines with an -10.3% decrease in asking rents for houses and a -6.5% 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

Managing Director of SQM Research, Louis Christopher says, *"On a month to month basis, vacancy rates can be quite volatile and are often moved around by seasonal patterns. That is why consideration of the annual change is critical in the overall market assessment. And on that note vacancy rates continue their slow rise. Nevertheless the rise is enough to now see a flattening of weekly rents for many locations as illustrated in our Asking Rents series.*

I would also like to make a note of warning for the CBD locations of Brisbane, Perth and Melbourne where for each CBD, vacancy rates are rising at a very rapid rate. Those who are considering investing in the CBD's of these three cities should be strongly aware of this fact."

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

- Nationally, vacancies decreased during January, recording a vacancy rate of 2.2% and coming to a total of 64,834 nationally.
- Melbourne has recorded the highest vacancy rate of the capital cities, revealing a vacancy rate of 2.9% and a total of 13,007.
- Darwin and Adelaide have recorded the tightest vacancy rate of the capital cities, both revealing a vacancy rate of 1.5% and a total of 391 and 2,451 vacancies respectively.
- Perth has recorded the highest yearly increase in vacancies, climbing 1.1 percentage points to 1.9% since the corresponding period of the previous year (January 2013) and coming to a total of 3,666 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 (January 2013).
- No capital cities recorded monthly vacancy rate increases, however Hobart remained the same during January 2014 at a vacancy rate of 1.6%.
- Melbourne recorded the largest monthly decline in vacancy rates, falling by 0.5 percentage points during January 2014 and coming to a vacancy rate of 2.9%
- Note the CBD location of Perth, Brisbane and Melbourne are each recording elevated vacancy rates of 5.8%, 5.0% and 4.8% respectively.

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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