



## **Melbourne Vacancy Rate Drops to Near 10-Year Low**

Tuesday 21<sup>st</sup> March 2017

For Immediate Release

Housing data released by SQM Research this week has revealed the vacancy rate tumbled to just 1.7% in Melbourne in February this year, a near 10-year low, while falling in other eastern capitals against a steady national vacancy rate.

In Canberra, the vacancy rate fell to just 0.9%, the lowest since May 2012, while in Sydney, it has fallen to just 1.9%, down from 2.5% in December. Nationwide, the number of national residential vacancies in February with 78,029 rental homes available, giving a steady national vacancy rate of 2.4%.

City	Feb 2016 Vacancies	Vacancy Rate	Jan 2017 Vacancies	Vacancy Rate	Feb 2017 Vacancies	Vacancy Rate
Adelaide	3168	1.9%	3375	2.0%	3403	2.0%
Perth	7819	3.8%	9953	4.7%	10009	4.8%
Melbourne	9683	2.0%	10170	2.0%	8693	1.7%
Brisbane	8137	2.5%	11314	3.3%	11397	3.3%
Canberra	715	1.3%	621	1.1%	512	0.9%
Sydney	9594	1.6%	12182	2.0%	12115	1.9%
Darwin	1011	3.5%	1086	3.7%	1135	3.8%
Hobart	239	0.9%	186	0.7%	203	0.7%
National	70161	2.2%	78364	2.4%	78029	2.4%

Managing Director of SQM Research, Louis Christopher said: “The last time the vacancy rate was 1.7% in Melbourne was in June 2007, almost 10 years ago, so this is quite remarkable. Despite predictions of looming apartment oversupply in inner-city Melbourne, we are seeing vacancies fall, rather than rise.

“Even in in the Docklands, the vacancy rate tumbled to just 2.4 per cent last month, down from a high of 6% in December. The rental market could tighten further in Melbourne as some apartment developments are scaled back, which would cut supply and could pressure rental growth higher in that city.”

Perth recorded the highest vacancy rate at 4.8%, up marginally from 4.7% in January, followed by Darwin at 3.8%, up from 3.7% in January. In Brisbane, the vacancy rate was steady at 3.3%, and in Adelaide also at 2.0%. Hobart’s vacancy rate is the lowest of all capital cities at just 0.7%.

### **Asking rents**

Reflecting its lower vacancy rate, rents rose strongly in Melbourne over the month to March 20, up by 1.6% for houses to \$512.30 a week, giving an annual change of 7.2%. Only Canberra reported a higher annual asking rent growth for houses at 7.6%, with weekly asking rents up to \$578.80.



Darwin continues to record falls in asking rents for houses, down 1.5% over the month, while unit rents were down 1.3%. Perth has again posted the largest yearly declines, with unit asking rents down 10.1% and house asking rents down 7.1%, though monthly declines were modest at 0.1% and 0.7% respectively.

Brisbane unit asking rents were down by 0.5% over the month to March 20, and house asking rents were down by 0.4%.

“Unlike Melbourne or Sydney, Brisbane’s unit rental market is slightly oversupplied, which has kept down rental growth. But in the other big cities, rental growth is strong, and well above the inflation rate and wages growth, suggesting rentals are getting more and more unaffordable for the average person,” Christopher said.

SQM Research Weekly Rents Index					
Week ending 20 Mar 2017		Rent	Chg on prev wk	Rolling month % chg	12 mth % chg
Canberra	All Houses	578.8	-2.8 ▼	0.8% ▲	7.6% ▲
	All Units	422.8	3.2 ▲	1.6% ▲	7.1% ▲
Sydney	All Houses	747.5	-1.5 ▼	0.5% ▲	4.1% ▲
	All Units	514.1	2.9 ▲	0.9% ▲	2.7% ▲
Darwin	All Houses	558.8	-1.8 ▼	-1.5% ▼	-0.6% ▼
	All Units	420.6	1.4 ▲	-1.3% ▼	-7.3% ▼
Brisbane	All Houses	448.9	-0.9 ▼	-0.4% ▼	0.6% ▲
	All Units	369.5	-0.5 ▼	-0.5% ▼	-0.5% ▼
Adelaide	All Houses	370.0	-1.0 ▼	-0.1% ▼	-0.1% ▼
	All Units	289.4	-0.4 ▼	-0.1% ▼	1.4% ▲
Hobart	All Houses	352.0	4.0 ▲	-0.1% ▼	3.4% ▲
	All Units	302.5	-6.5 ▼	-1.2% ▼	5.3% ▲
Melbourne	All Houses	512.3	2.7 ▲	1.6% ▲	7.2% ▲
	All Units	389.6	1.4 ▲	1.5% ▲	4.3% ▲
Perth	All Houses	432.3	-1.3 ▼	-0.7% ▼	-7.1% ▼
	All Units	337.0	-0.0 ▼	-0.1% ▼	-10.1% ▼
National	All Houses	434.0	-1.0 ▼	0.0%	2.6% ▲
	All Units	344.0	-1.0 ▼	0.0%	1.2% ▲
Cap City Average	All Houses	557.0	-1.0 ▼	0.4% ▲	2.8% ▲
	All Units	436.0	2.0 ▲	1.2% ▲	2.1% ▲

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



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.

### **Key Points**

- Nationally, vacancies rose were steady during February, recording a rate of 2.4%.
- Perth recorded the highest vacancy rate of the capital cities at a rate of 4.8%
- Year-on-year vacancy rates were down for Melbourne, Canberra, Adelaide and Hobart.
- Hobart recorded the lowest vacancy rate of 0.7%, steady from January.

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

### **About SQM Research**

SQM Research Pty Ltd is a respected Australian investment research house, specialising in providing ratings and data across all major asset classes.

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