



Vacancy Rates Drop, Rents Jump in Big Cities in August

SQM Research Vacancy Rates and Asking Rents Media Release

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For Immediate Release

Figures released by SQM Research this week have revealed that the number of national residential vacancies dropped in August, with 73,451 vacancies, giving a vacancy rate of 2.3%, with vacancies dropping in all capital cities, pushing up rents in most locations, especially in Sydney and Melbourne where the vacancy rates are now below 2%.

City	August 2015 Vacancies	Vacancy Rate	July 2016 Vacancies	Vacancy Rate	August 2016 Vacancies	Vacancy Rate
Adelaide	3,226	1.9%	3,565	2.1%	3,183	1.9%
Perth	7,466	3.7%	10,738	5.2%	10,303	5.0%
Melbourne	10,764	2.3%	10,385	2.1%	9,610	1.9%
Brisbane	8,250	2.6%	9,596	2.9%	8,956	2.7%
Canberra	1,143	2.1%	742	1.3%	644	1.1%
Sydney	10,088	1.7%	11,654	1.9%	10,567	1.7%
Darwin	993	3.5%	890	3.1%	879	3.0%
Hobart	301	1.1%	223	0.8%	149	0.5%
National	71,216	2.3%	79,300	2.5%	73,451	2.3%

The biggest capital cities Sydney and Melbourne recorded vacancy rates of 1.7% and 1.9%, respectively, while Hobart had the tightest rate at just 0.5%. In contrast, Perth recorded the highest vacancy rate of 5.0% in August, though it fell by 0.2 percentage points from a record high of 5.2% in July. Year-on-year results demonstrate that the national vacancy rate is steady from this time last year.

Asking rents

Reflecting a high vacancy rate, Perth has recorded big falls in asking rents of 9.6% for houses and 11.4% for units over the past 12 months. Yearly falls have also been recorded in Darwin, with asking rents down 1.5% for houses and 5.5% for units.

In contrast, asking rents jumped in Canberra, up 12.1% for houses and 9.6% for units. Despite a very tight vacancy rate, Hobart continues to record the most affordable rental accommodation with rents for houses at just \$343 a week and units averaging \$279 a week.

Managing Director of SQM Research, Louis Christopher, said: "Vacancy rates have edged down in all capital cities. Reflecting that, asking rents have jumped in some cities, including



Sydney where the asking rent for a three-bedroom house jumped 4.8% to \$713 a week over the year to September 20 and in Melbourne, rents jumped to \$486, up 3.4%.

“Perth continues to be the ongoing exception with asking rents still falling as the mining downturn weighs on prices, despite a slightly lower vacancy rate,” he said.

“Looking forward, fears of an apartment oversupply in Melbourne, if true, cannot come soon enough, as at present, having a vacancy rate trending down below 2% is highly suggestive that landlords are in control of the market. Sydney is likely to remain a landlord's market as the city's growing population creates demand for new stock. The only area right now where we are recording sustained increases in vacancies is the Hills District. “

SQM Research Weekly Rents Index					
Week ending 20 Sep 2016		Rent	Chg on prev wk	Rolling month % chg	12 mth % chg
Canberra	All Houses	529.0	-1.0 ▼	0.3% ▲	12.1% ▲
	All Units	409.5	1.5 ▲	-0.1% ▼	9.6% ▲
Sydney	All Houses	712.9	3.1 ▲	0.5% ▲	4.8% ▲
	All Units	507.5	0.5 ▲	0.4% ▲	4.0% ▲
Darwin	All Houses	563.9	-3.9 ▼	-0.6% ▼	-1.5% ▼
	All Units	436.1	-0.1 ▼	-2.0% ▼	-5.5% ▼
Brisbane	All Houses	442.4	-0.4 ▼	-0.6% ▼	-1.4% ▼
	All Units	370.8	-0.8 ▼	0.0% ▲	0.0% ▲
Adelaide	All Houses	367.4	0.6 ▲	-0.1% ▼	1.3% ▲
	All Units	285.0	1.0 ▲	-0.5% ▼	1.0% ▲
Hobart	All Houses	342.9	7.1 ▲	0.8% ▲	3.4% ▲
	All Units	278.8	-3.8 ▼	-0.6% ▼	-3.1% ▼
Melbourne	All Houses	485.5	0.5 ▲	0.0% ▲	3.4% ▲
	All Units	380.2	0.8 ▲	0.2% ▲	4.5% ▲
Perth	All Houses	434.6	-1.6 ▼	-2.5% ▼	-9.6% ▼
	All Units	346.1	-1.1 ▼	-1.0% ▼	-11.4% ▼
National	All Houses	418.0	-2.0 ▼	0.2% ▲	2.2% ▲
	All Units	340.0	1.0 ▲	-0.6% ▼	1.5% ▲
Cap City Average	All Houses	537.0	1.0 ▲	0.2% ▲	1.9% ▲
	All Units	430.0	0.0	0.2% ▲	2.1% ▲

Source: 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 fell slightly during August 2016, recording a rate of 2.3%, based on 73,451 vacancies.
- Perth recorded the highest vacancy rate in August 2016 of 5.0% based on 10,303 vacancies. Year on year, vacancy rates climbed 1.3 percentage points.
- Year on year, vacancy rates are down for Canberra, Hobart, Darwin and Melbourne.
- Hobart recorded the lowest vacancy rate during August 2016 – 0.5%.
- Over the past 12 months, Perth has recorded ongoing falls in asking rents of 9.6% for houses and 11.4% for units.
- Rents remain under pressure in Darwin too as the mining downturn weighs on demand.

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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