



Vacancy Rates Record Sharp Rise, Asking Rents Subdued

SQM Research Vacancy Rates Media Release

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For Immediate Release

Figures released by SQM Research this week have revealed that the number of residential vacancies nationally increased during April, jumping 0.3 percentage points to record a 2.3% vacancy rate nationally, and 66,120 vacancies. This is the highest vacancy rate result for April that SQM Research has ever recorded since the index commenced in 2005.

City	Vacancies April '13	Vacancy Rate April '13	Vacancies March '14	Vacancy Rate March '14	Vacancies April '14	Vacancy Rate April '14
Adelaide	2,534	1.6%	2,217	1.4%	2,451	1.5%
Perth	2,268	1.2%	3,654	1.9%	4,340	2.3%
Melbourne	11,609	2.7%	9,603	2.1%	11,100	2.5%
Brisbane	5,142	1.8%	6,103	2.0%	6,916	2.3%
Canberra	753	1.5%	1,115	2.1%	1,308	2.5%
Sydney	9,631	1.7%	8,473	1.5%	9,963	1.7%
Darwin	272	1.0%	328	1.2%	415	1.6%
Hobart	697	2.6%	455	1.7%	478	1.8%
National	56,973	2.0%	57,964	2.0%	66,120	2.3%

With all capital cities recording monthly increases and all capital cities recording vacancy rates of 1.5% and above . the rental market appears to be swinging in favour of tenants.

Year on year, vacancies are also up 0.3%, or 9147 residential dwellings - a trend which has been ongoing in recent periods.

Correspondingly, SQM Research also revealed that the nation's asking rents have remained relatively flat, with the capital city average recording a mere 1.7% increase in asking rents for units and a 1.5% decrease in asking rents for houses over the past 12 months to May.

As can be seen from the table below, Asking Rents increases have been minimal on all counts, with some decreases also recorded for houses on a monthly, quarterly and yearly basis.



SQM Research Weekly Rents Index							
Week ending 12 May 2014		Change on prev week	Rolling month % change	Rolling quarter % change	12 month % change	3 year % change	
Capital city average	All Houses	528.0	0.0	-0.4% ▼	-0.6% ▼	-1.5% ▼	4.1% ▲
	3 br Houses	522.0	2.0 ▲	0.2% ▲	-0.2% ▼	0.4% ▲	6.5% ▲
	All Units	416.0	0.0	0.2% ▲	0.7% ▲	1.7% ▲	7.2% ▲
	2 br Units	424.0	0.0	0.5% ▲	0.5% ▲	2.9% ▲	8.7% ▲

Source: sqmresearch.com.au

With vacancies rising due to increased supply and lower tenant demand, landlords would be finding it difficult to raise rents, explaining the lack of significant rental price increases.

For a capital city break down of asking rents, click here .

http://sqmresearch.com.au/graph_median_rent_weeks.php?region=nsw%3A%3ASydney&type=c&t=1

SQM Research's Gross Implied Rental yield has also posted decreases, with the capital city average rental yield falling from 4.0% in May 2013 to 3.7% in May 2014; a 0.3% decrease. This can be attributed to the rise in property prices yet stagnant asking rents, as stated above.

For a capital city break down of Gross Implied Rental Yields click here .

http://sqmresearch.com.au/graph_yield.php?region=nsw%3A%3ASydney&type=c&t=1

Managing Director of SQM Research, Louis Christopher says, *"As we predicted this time last year, rental growth is slowing to the point where we are recording a flat rental market and in some instances significant rental falls as is the case with Perth and Canberra. With the national recovery in building approvals and completions, I can only surmise that the rental market is increasingly going to favour tenants over the next 12 months. And so rental yields for potential property investors will look even less attractive from their current low levels."*

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 increased during April, recording a vacancy rate of 2.3% and coming to a total of 66,120 nationally.
- Both Melbourne and Canberra have recorded the highest vacancy rate of the capital cities, revealing vacancy rates of 2.5% and a total of 11,100 and 1,308 vacancies respectively.
- Adelaide has recorded the tightest vacancy rate of the capital cities, revealing a vacancy rate of 1.5% and a total of 2,451 vacancies.
- Perth has recorded the highest yearly increase in vacancies, climbing 1.1 percentage points to 2.3% since the corresponding period of the previous year (April 2013) and coming to a total of 4,340 vacancies.
- Hobart recorded the largest yearly decrease in vacancies, falling by 0.8 percentage points to 1.8% since the corresponding period of the previous year (April 2013) and coming to a total of 478 vacancies.
- Perth, Melbourne, Canberra and Darwin all recorded a 0.4 monthly increase in vacancies.
- No capital cities recorded monthly declines in vacancies, however Adelaide and Hobart both only increased by 0.1 percentage points during April 2014.

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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