

National Rental Vacancy Rate Steady in February

Melbourne apartment asking rents fell 12% over the year

16 March 2021

SQM Research today has revealed the [national](#) residential rental vacancy rate was steady at 2.0% over the month of February 2021 and from a year ago, though vacancies edged higher in Melbourne which remains weighed down by underwhelming demand for rental accommodation. The total number of vacancies Australia-wide is now 71,544 vacant residential properties.

In more bad news for Melbourne landlords, the city's [vacancy rate](#) rose to 4.5%, though that is down from a high of 4.7% in December 2020, which was the highest level since SQM Research started measuring data in 2005. Melbourne's vacancy rate is the highest for a capital city in the nation, with the withdrawal of international student tenants hitting the city hard. The [Melbourne CBD](#) vacancy rate now stands at 7.5%, though that is down from 9.4% in October.

Sydney's vacancy rate rose 0.1% to 3.3%. The [Sydney CBD](#) vacancy rate dropped to 6.3% in February 2021, down from a high of 14.8% in May 2020, indicating a return to life for Sydney city. Elsewhere, in [Perth](#), [Adelaide](#), [Canberra](#), [Darwin](#) and [Hobart](#), the vacancy rate was below 1.0%. [Brisbane's vacancy rate](#) also remained tight, down to 1.5% in February from January 2021.

Vacancy Rates - February 2021						
City	Feb 2020 Vacancies	Feb 2020 Vacancy Rate	Jan 2021 Vacancies	Jan 2021 Vacancy Rate	Feb 2021 Vacancies	Feb 2021 Vacancy Rate
Sydney	20,815	2.9%	24,309	3.2%	24,820	3.3%
Melbourne	11,085	1.9%	27,432	4.4%	27,804	4.5%
Brisbane	7,530	2.2%	5,886	1.7%	5,310	1.5%
Perth	4,323	2.0%	1,808	0.8%	1,858	0.9%
Adelaide	1,953	1.0%	1,405	0.7%	1,466	0.7%
Canberra	651	1.0%	579	0.8%	535	0.8%
Darwin	879	2.7%	262	0.8%	230	0.7%
Hobart	267	0.9%	192	0.6%	194	0.6%
National	68,079	2.0%	71,297	2.0%	71,544	2.0%

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 for more information on how SQM's vacancies are compiled.

Louis Christopher, Managing Director of SQM Research said: "The figures for Melbourne and Sydney would be disappointing for existing property investors. Normally, vacancy rates in these two cities fall over February, in part due to international students starting their semesters. But given the ongoing closure of the international border, the seasonal increase in rental demand has not occurred this year. This year will favour tenants in the inner cities but will also very much remain a landlord's market in regional Australia.

"Elsewhere, we are still recording strong interest from tenants in larger properties in outer suburban locations as well as wider regional Australia. Investment property owners in Darwin or Perth have also enjoyed a strong year of rental returns."

Asking Rents

Over the month to 12 March 2021, capital city average asking rents fell 0.4% for houses to \$550 per week and 0.2% for units to \$412. Reflecting accommodation oversupply, [Melbourne](#) and

[Sydney](#) unit asking rents fell by 1.4% and 0.4%, respectively. House rents also fell in Sydney by 1.2% while Melbourne house asking rents were flat. House and unit asking rents rose in both [Adelaide](#) and [Perth](#) while [Canberra](#) recorded an increase in unit rents of 1.2% but house rents declined by 1.8%.

SQM Research Weekly Rents Index					
Week ending 12 Mar 2021		Rent	Chg on prev wk	Rolling month % chg	12 mth % chg
Sydney	All Houses	654.9	0.1 ▲	-1.2% ▼	-6.7% ▼
	All Units	455.3	-0.3 ▼	-0.4% ▼	-9.0% ▼
Melbourne	All Houses	513.6	-0.6 ▼	0.1% ▲	-6.7% ▼
	All Units	371.0	0.0 ▼	-1.4% ▼	-12.2% ▼
Brisbane	All Houses	477.9	-0.9 ▼	0.0% ▲	1.6% ▲
	All Units	382.4	-0.4 ▼	0.5% ▲	1.0% ▲
Perth	All Houses	506.4	3.6 ▲	1.5% ▲	12.8% ▲
	All Units	379.7	-0.7 ▼	0.5% ▲	10.2% ▲
Adelaide	All Houses	427.9	2.1 ▲	0.7% ▲	5.2% ▲
	All Units	324.1	2.9 ▲	2.3% ▲	4.9% ▲
Canberra	All Houses	659.8	0.2 ▲	-1.8% ▼	4.6% ▲
	All Units	494.3	2.7 ▲	1.2% ▲	6.5% ▲
Darwin	All Houses	583.4	-2.4 ▼	0.6% ▲	25.0% ▲
	All Units	389.5	6.5 ▲	-0.9% ▼	7.1% ▲
Hobart	All Houses	489.0	15.0 ▲	4.6% ▲	7.8% ▲
	All Units	399.6	0.4 ▲	-1.5% ▼	-2.3% ▼
National	All Houses	500.0	2.0 ▲	0.6% ▲	11.1% ▲
	All Units	392.0	5.0 ▲	1.6% ▲	7.4% ▲
Cap City Average	All Houses	550.0	1.0 ▲	-0.4% ▼	-2.1% ▼
	All Units	412.0	1.0 ▲	-0.2% ▼	-6.6% ▼

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Compared to a year ago, capital city average asking rents declined for both houses and units, by 2.1% and 6.6% respectively. Melbourne, in particular, posted a 12.2% drop in asking unit asking rents over the year to 12 March 2021, and a 6.7% decline in houses asking rents, reflecting the oversupply of rental accommodation. Sydney's asking rents also fell year-on-year, by 6.7% for houses and 9.0% for units.

In contrast, house asking rents in Darwin in jumped 25% and 7.1% for units while Perth house and unit rents also jumped by 12.8% and 10.2%. respectively, over 12 months. **When including regional Australia, national rents rose 11.1% for houses and 7.4% for units over the same period.**

About SQM Research

SQM Research Pty Ltd is a respected Australian investment research house, specialising in providing research and data across all major asset classes. For further information contact **02-9220 4603**.

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