Rental Market Squeeze
October Vacancy Rates Back to 1.0%

14 November 2023

SQM Research today recorded that the national residential property rental vacancy rate has continued to fall, reaching 1.0% in October.

The nationwide rental crisis is deepening, with a notable reduction of 2,353 dwellings in available rentals, bringing the total vacancies to 30,307. This underscores the growing crisis in the housing rental market.

Most of capital cities recorded a decrease in vacancies, with Sydney, Brisbane and Hobart reporting decreases in rental vacancy rates during the month, standing at 1.2%, 0.9% and 1.3% respectively.

Following the decline observed last month, the rental vacancy rate in Sydney CBD decreased to 3.8% in October. Similarly, Melbourne CBD and Perth CBD witnessed reductions in their rental vacancy rates, now standing at 4.8% and 0.9%, respectively.

Most regional areas experienced decreases in rental vacancy rates. The North Coast NSW dropped to 1.2%, while the Sunshine Coast also recorded a decline to 0.9%. In contrast, Northern SA recorded an increase to 0.6%.

Asking Rents

In the 30 days leading up to November 12, 2023, asking rents in the capital city increased by 0.7%, contributing to a notable 15.5% rise over the past year. Specifically, house rents in the capital cities rose by 0.5%, with a 12-month increase of 15.0%, while unit rents showed a more rapid 1.0% increase over the last 30 days and a 15.9% rise over the past 12 months.
The national median weekly asking rent for combined dwelling is $598.22 a week. The capital city asking rent for combined dwelling is $690.47 a week. The median rent for a capital city house is $797 a week while the rent for a capital city unit is $597 a week.

The most expensive rent is Sydney houses at $1,012.57 a week. At the same time the most affordable rent is Adelaide units at $437.90 a week.

In the present month, Melbourne has seen a slight dip in rents, with a decrease of 0.2% for combined dwellings. Moreover, the asking rent for combined dwellings in Darwin has dropped by 3.6%, mainly influenced by a notable decline of 6.0% in the rent for all units.
Louis Christopher, Managing Director of SQM Research said:

“After a minor reprieve earlier this year, we are back to the record low in rental vacancies of 1.0%. Vacancies have been tightening again across the nation. They are tightening in our regions as well as our cities.

In such an environment, the prospect of an easing in rents over the next six months is very unlikely to occur. And most likely, market rental increases will continue to rise between 10 to 15%. Such rises will continue to work against the RBA’s objective of bringing back inflation to 2% to 3%.

Given 2024 is very likely to see a fall in dwelling completion to about 153,000 dwellings, the only real prospect of having some relief in the rental market next year is a cap on migration rates. I have no doubt the runaway population growth Australia has had, since the start of 2022 is directly contributing to our rental crisis and towards other price rises in the greater economy.”

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

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