



# **Obvious Rental Market Slowdown as Vacancies Continue to Surge**

## **SQM Research Vacancy Rates Media Release**

**Wednesday 16th July 2014**

**For Immediate Release**

Figures released by SQM Research this week have revealed that the number of residential vacancies increased during June, recording a 2.3% vacancy rate nationally and 69,258 vacancies. This result reflects a genuine upward trend in vacancies around the country, with the highest result in since the December 2013 seasonal spike.

City	June '13 Vacancies	June '13 Vacancy Rate	May '14 Vacancies	May '14 Vacancy Rate	June '14 Vacancies	June '14 Vacancy Rate
Adelaide	2,785	1.7%	2,546	1.6%	2,645	1.6%
Perth	2,912	1.6%	4,476	2.3%	4,716	2.5%
Melbourne	12,459	2.9%	10,997	2.4%	12,073	2.7%
Brisbane	5,797	2.0%	6,833	2.3%	7,159	2.4%
Canberra	864	1.7%	1,224	2.3%	1,216	2.3%
Sydney	11,058	2.0%	9,781	1.7%	11,022	1.9%
Darwin	196	0.8%	382	1.4%	424	1.6%
Hobart	683	2.6%	484	1.8%	472	1.6%
National	63,310	2.2%	65,075	2.2%	69,258	2.3%

With Hobart being the only capital city to record a monthly vacancy rate decrease, the remainder recorded either steady figures or rises during the month of June.

Melbourne has edged it way back up toward the 3% mark, revealing a vacancy rate of 2.7%, with Perth not far behind at 2.5%.

Interestingly, Perth's vacancy rate has loosened considerably since the corresponding period of the previous year (June 2013) where vacancies were recorded at 1.6%. Darwin has similarly climbed in rental vacancies, surging from 0.8% in June 2013 to 1.6% in June 2014.

Hobart has headed in the polar opposite direction, falling from a vacancy rate of 2.6% in June 2013 to 1.6 percent in June 2014.

With gradual increases continuing to be witnessed in recent months, SQM Research is strongly of the opinion that a definite slowdown in the nation's rental market is occurring.



Further to this, SQM Research's Asking Rents Index has revealed a monthly stagnation in the capital city average asking rent with no change recorded month-on-month for houses, and a 0.7% decrease in asking rents for units. For each capital cities Asking Rents breakdown, click here .

[http://sqmresearch.com.au/graph\\_median\\_rent\\_weeks.php?avg=1&t=1](http://sqmresearch.com.au/graph_median_rent_weeks.php?avg=1&t=1)

Managing Director of SQM Research, Louis Christopher says, *“At this stage the market is increasingly favouring tenants across the country. While this is not yet a rout for landlords, it certainly is at a stage where rents will unlikely rise above inflation for the next 12 months. This means that rental yields will continue to fall, thereby reducing the net cash flows for new property investors in the market place.”*

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](http://www.sqmresearch.com.au/graph_vacancy.php?region=nsw::Sydney&type=c&t=1#terms)

### Key Points

- Nationally, vacancies increased during May, recording a vacancy rate of 2.3% and coming to a total of 69,258 nationally.
- Melbourne recorded the highest vacancy rate of the capital cities, revealing a vacancy rate of 2.7% and a total of 12,073 vacancies.
- Darwin, Hobart and Adelaide have all recorded the tightest vacancy rate of the capital cities, all revealing a vacancy rate of 1.6% and a total of 424, 472 and 2,645 vacancies respectively.
- Perth has recorded the highest yearly increase in vacancies, climbing by 0.9 of a percentage point to 2.5% since the corresponding period of the previous year (June 2013) and coming to a total of 4,716 vacancies.
- Hobart recorded the largest yearly decrease in vacancies, falling by 1.0 percentage points to 1.6% since the corresponding period of the previous year (June 2013).
- Melbourne recorded the highest monthly increase in vacancies, rising 0.3 of a percentage point to 2.7%.



- Hobart was the only capital city to record a monthly decline in vacancies, dropping by 0.2 of a percentage point to 1.6% during June 2014.

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