

Vacancy rates tight but sales increasing

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At the end of September this year, the divide in rental market conditions between the resource and non-resource regions of Queensland continued, according to the latest Real Estate Institute of Queensland (REIQ) data.

The latest REIQ residential rental vacancy rate survey results showed demand within South East Queensland remaining strong, with most markets posting a 2.5 per cent or less rate of vacancy. A vacancy rate of 3 per cent is generally considered to indicate equilibrium of supply and demand for rental property within a particular area.

Meanwhile the areas of Gladstone, Mackay, Rockhampton and Townsville, where the resources sector plays an important role in local economies, continued to exhibit relatively weak rental market conditions with vacancy rates of 3.5 per cent and above recorded.

Toowoomba again recorded the tightest major rental market in the State with a vacancy rate of 1.3 per cent.

REIQ CEO Anton Kardash said while the rental market remained strong for investors it may experience some reduction in demand from tenants in the months ahead as the Queensland sales market begins to hit its long-awaited stride.

“Over recent months there have been more and more reports in the media about the Australian property market being back in full swing. Indeed, some pundits have used the ‘b-word’ to describe the current sales market, especially in Sydney and Melbourne,” REIQ CEO Anton Kardash said.

“While I can’t speak with any level of authority on the markets of our southern capitals, I do know that Queensland’s property market as a whole is undergoing a more steady sales recovery but we are starting to see some very positive results.

“What is interesting to note is the flow-on effect this is appearing to have on our rental market with responses to our September survey clearly showing an increase in investor activity here, especially in the southeast.

“Additional comments indicate the departure of some tenants and investors from the rental market into the sales market however it is too early to tell if this is a trend which will increase significantly as the months roll on.”

In Brisbane, the vacancy rate lifted to 2.3 per cent as at the end of September. The inner city area recorded a vacancy rate of 2.4 per cent, representing a notable change from levels recorded over the past nine months. This was due to a number of influences including less international student demand and an influx of new properties into the rental market over the quarter.

Rental conditions in the Gold Coast continue to tighten over 2013, now recorded at 2.2 per cent as at the end of September. One REIQ accredited agent noted that due to the improvement in the sales market, they had seen an increase in the occurrence of investors selling their rental properties.

The vacancy rate for the Sunshine Coast region has been declining over the past year and now sits at 1.3 cent as at the end of September.

Unlike the other major regions in central and northern Queensland, the rental market in Cairns remains at tight levels, having recorded a vacancy rate of 1.6 per cent at the end of September. REIQ accredited agents noted that rental demand is mostly for houses, although there are mostly units available. The Cairns rental pool is said to be shrinking not only due to the ongoing lack of new residential construction in the region, but because of many properties being sold to owner occupiers.



RESIDENTIAL VACANCY RATES

| AS AT END OF: | Sep-12 | Jun-13 | Sep-13 |
|-------------------------------|--------|--------|--------|
| SOUTHEAST QUEENSLAND | | | |
| Brisbane SD | 1.9% | 2.0% | 2.0% |
| Brisbane City | 1.7% | 2.1% | 2.3% |
| Brisbane Inner (0-5km) | 1.5% | 2.0% | 2.4% |
| Brisbane Remainder | 1.9% | 2.2% | 2.2% |
| Brisbane Surrounds | 2.1% | 1.9% | 1.7% |
| Ipswich City | 2.4% | 2.6% | 1.7% |
| Logan City | 1.8% | 1.5% | 1.5% |
| Moreton Bay Regional | 2.2% | 1.9% | 1.9% |
| Caboolture | 3.5% | 1.6% | 1.4% |
| Pine Rivers | 0.9% | 2.0% | 1.9% |
| Redcliffe | 2.6% | 2.5% | 2.4% |
| Redland City | 1.4% | 1.5% | 1.4% |
| Mainland | 1.0% | 1.1% | 1.0% |
| Bay Islands | 3.1% | 4.5% | 3.9% |
| Gold Coast City | 3.5% | 2.6% | 2.2% |
| Sunshine Coast Regional | 2.5% | 2.0% | 1.3% |
| Caloundra Coast | 2.8% | 1.4% | 1.0% |
| Maroochy Coast | 2.2% | 1.8% | 0.6% |
| Noosa Coast | 1.8% | 1.7% | 2.0% |
| Hinterland | 3.2% | 3.2% | 2.4% |
| MAJOR REGIONAL CENTRES | | | |
| Bundaberg Regional | 3.3% | 2.3% | 1.8% |
| Cairns Regional | 1.7% | 1.8% | 1.6% |
| Fraser Coast Regional | 3.0% | 2.8% | 3.0% |
| Hervey Bay | 1.3% | 3.0% | 3.3% |
| Maryborough | 4.2% | 2.7% | 2.7% |
| Gladstone Regional | 0.9% | 4.6% | 5.8% |
| Mackay Regional | 4.0% | 6.6% | 5.0% |
| Rockhampton Regional | 1.4% | 3.4% | 4.7% |
| Toowoomba Regional | 1.0% | 1.8% | 1.3% |
| Townsville/Thuringowa | 1.8% | 4.5% | 3.5% |

Market condition

tight <2.5%

healthy 2.5-3.5%

weak >3.5%

NB The above figures are as at the end of the reporting month. Where no region or vacancy rate is listed, insufficient surveys were received in order to calculate a reliable statistic

SD - statistical division

* High rental stock due to new residential unit releases

n/a not previously collated

N/A Insufficient sample size reported in order to calculate a reliable statistic

Source: REIQ Residential Rental Survey

<http://www.reiq.com/newsmedia/media-releases/vacancy-rates-tight-but-sales-increasing/>