**SQM Research**

**MEDIA RELEASE**

**Vacancy Rates for the Month of December 2010**

**Embargoed until 12.01am 22nd January 2011**

Figures released this week by property research house SQM Research record that National vacancy rates were up for the month of December when compared to both the same month of the previous year (December 2009) and also the previous month of the same year (November 2010).

Reporting a national percentage figure of 2.2%, vacancies increased by 0.2% from December 2009 and 0.5% from November 2010.

It is the opinion of SQM Research that this is a fairly expected outcome, taking into account a seasonal decline in tenant interest before Christmas. A 2.2% vacancy rate still suggests Australia is still experiencing a considerably tight rental market with some exceptions such as Melbourne, where the vacancies now stand at an ample 3.6%.

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 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>

Managing Director of SQM Research Louis Christopher said, “A national vacancy rate of 2.2% is still relatively tight. Generally speaking it is an undersupplied rental market when vacancies are below three percent. Between three to four percent, it is a market in equilibrium. And at over four percent it starts to become an oversupplied market.

“So based on our measurements, we believe the cities of Sydney, Canberra, Hobart, Perth and Darwin are bordering on being in equilibrium.

“Melbourne is also largely in equilibrium, however the supply of new apartments hitting the market in 2010 have contributed to an increase in supply and we think that may continue into 2011.”

Based on these results, SQM Research predicts that residential rents will rise nationally between 3-5% for 2011, with Sydney recording more robust rental growth of 5-7% and Melbourne recording benign growth of 0-2%.



Key Points

* Total online vacancies rose by 11807 to 56091 vacancies, a 27% month-on-month increase.
* Total online vacancies were up by 4322 when compared to the same month of the preceding year (December 2009) an 8% year-on-year increase.
* Melbourne displayed the highest month-on-month growth as well as the highest vacancy rate, increasing from 2.8% (10270 vacancies) in November 2010 to 3.6% (12937 vacancies) in December 2010.
* Hobart and Adelaide showed the least month-on-month growth, both increasing by 0.3% - Hobart to 1.3% and Adelaide to 1.4%.
* Hobart displayed the tightest vacancy rate in percentage terms at 1.3%.
* All capital cities excepting Sydney and Perth experienced a year-on-year increase, Darwin experiencing the most growth with a percentage increase of 0.6%, whilst Sydney dropped from 0.1% and Perth experiencing the greatest decrease, falling by 0.6%.
* The region that experienced the tightest vacancy rate for the month of December 2010 was Mackay with only 50 properties vacant out of a possible 10512, and a vacancy rate of 0.5%.
* The region that experienced the highest vacancy rate was Southwest Melbourne- Wyndham with 97 properties vacant out of a possible of 840 and an 11.5% vacancy rate.

For more information and a breakdown on the regions for capital cities, contact:

Louis Christopher

Managing Director

SQM Research Pty Ltd

Direct - [612] 9225 6045

Mobile - 0410667651

Naomi Christopher

Communications Manager

SQM Research Pty Ltd

Direct – [612] 9225 6038

Mobile – 02421856260

Please note- If contacting Naomi Christopher on Friday please use mobile number only.

[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 and Adviser Edge Property, A leading fund manager ratings house specialising in ratings for agribusiness, structured products and property.

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