

Inner Sydney vacancies hit historic 18-year high, as uncertainty continues to impact the residential rental market

For immediate release

09 June 2020

The REINSW Vacancy Rate Survey results for May 2020 reveal that vacancies continue to rise across much of New South Wales as COVID-19 disruption continues to impact the residential rental market.

Vacancies in Sydney increased for the third consecutive month and now sit at 4.1%, up 0.3% from April and 1.1% from March.

“Sydney’s Inner Ring experienced the most significant change, rising 0.7% to 5.0%,” REINSW CEO Tim McKibbin said. “This is a historic high. The last time vacancies in the Inner Ring broke through the 5% barrier was in June 2002, almost 18 years ago, when vacancies hit 5.1%.

“The Middle Ring also increased, with a 0.2% rise to 4.6%. Sydney’s Outer Ring was alone in recording a decrease in rental vacancies, falling 0.4% to 2.7%.

“These results are evidence of the extent of COVID-19’s impact on the market. With so many people experiencing job losses or reduced pay, it’s not surprising to see inner-city properties with higher weekly rents being relinquished by tenants, either for more affordable options in suburbs more distant from the CBD or to move in with family members.

“We’re also seeing a continuation of the trend for short-term accommodation properties being listed for long-term rentals. With tourism plummeting, short-term rental cancellations have sky-rocketed, meaning landlords have had to rethink their investment strategy and list their holiday rental properties on the long-term market.

“Together, these factors have resulted in an increase in rental vacancies in the Inner and Middle Rings, which is a trend that’s likely to continue in the coming months.” Vacancies in the Hunter region increased by 0.4% to sit at 2.4%, and the Illawarra region remained stable at 3.6%.

Likewise, many regional areas reported marked increases in vacancies during May. The Mid-North Coast rose to 3.2% (up 0.6%), Murrumbidgee jumped to 2.0% (up 0.9%) and New England climbed to 3.9% (up 0.5%).

Bucking the upward trend, the Central Coast, Coffs Harbour, Northern Rivers and Orana regions all recorded drops, while Albury and the Central West remained stable.

“These are uncertain times and the Vacancy Rate Survey results reflect this,” Mr McKibbin said. “Higher vacancy rates are likely to remain the norm in the coming months in many areas, particularly for metropolitan hubs and holiday areas, and this will have the knock-on effect of decreasing rents as landlords are faced with more competition to secure tenants.

“How long this trend will continue is anyone’s guess. It’s really a case of ‘watch this space’, as the impact of easing restrictions and people returning to work starts to filter through to the housing market.”

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About REINSW

The Real Estate Institute of New South Wales (REINSW) is the peak industry body for real estate and property professionals in NSW. It represents more than 2000 agencies across residential sales, property management, commercial, strata management, buyers’ agency, agency services and auctioneering. Established in 1910, REINSW works to improve the standards, professionalism and expertise of its members to continually evolve and innovate the industry. It lobbies the government and industry on behalf of members, develops new products and services to benefit agencies and professionals, and offer training and ongoing professional development. For more information, visit reinsw.com.au.

Residential vacancy rate percentage

The REINSW Residential Vacancy Rate Report is based on the proportion of unlet residential dwellings to the total rent roll of REINSW member agents on the 15th of each month. Carried out monthly, the research – a survey of REINSW member agents conducted by Survey Matters – collects the total properties on agency rent rolls, the number of properties that were vacant on the 15th of the month, and the postcode in which a majority of agents’ rental properties are located. The suburb-level rates reported by agents are weighted based on ABS Census 2016 Dwelling Characteristics. The May 2020 report is based on survey responses covering 106,617 residential rental properties.

	May-20	Apr-19	Mar-19	Feb-19	Jan-20	Dec-19	Nov-19	Oct-19	Sep-19	Aug-19	Jul-19	Jul-19
SYDNEY												
Inner	5.0%	4.3%	2.5%	2.8%	3.1%	3.4%	2.4%	2.7%	3.1%	3.4%	3.0%	3.0%
Middle	4.6%	4.4%	3.6%	3.9%	3.6%	3.4%	3.7%	4.2%	3.0%	3.9%	4.1%	4.1%
Outer	2.7%	3.1%	3.0%	3.5%	3.3%	3.4%	3.6%	3.9%	2.7%	3.5%	3.4%	3.4%
Total	4.1%	3.8%	3.0%	3.4%	3.3%	3.4%	3.2%	3.6%	2.9%	3.6%	3.5%	3.5%
HUNTER												
Newcastle	2.4%	2.1%	1.6%	2.5%	2.0%	2.5%	2.6%	2.5%	1.2%	1.5%	1.6%	1.6%
Other	2.4%	1.8%	1.2%	2.0%	0.9%	1.7%	1.1%	1.4%	1.0%	1.4%	1.8%	1.8%
Total	2.4%	1.9%	1.3%	2.1%	1.2%	1.9%	1.6%	1.8%	1.0%	1.4%	1.7%	1.7%
ILLAWARRA												
Wollongong	3.9%	3.2%	3.5%	2.0%	2.9%	2.6%	4.3%	2.5%	2.8%	2.4%	1.6%	1.6%
Other	2.9%	4.3%	4.3%	2.3%	2.3%	2.9%	1.5%	2.1%	1.5%	2.3%	3.3%	3.3%
Total	3.6%	3.6%	3.8%	2.1%	2.7%	2.7%	2.9%	2.4%	2.2%	2.3%	2.2%	2.2%