

Brisbane vacancy rates easing but landlords biggest rental challenges in Queensland mining regions: REIQ

By Diane Leow

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The latest data from the Real Estate Institute of Queensland (REIQ) has revealed a continued divide in rental market conditions between Queensland's resource and non-resource regions to the end of September 2013.

Demand within South East Queensland has remained strong, with most markets posting a vacancy rate of 2.5% or less. The only exception is Bay Islands in Redland City, which has posted a vacancy rate of 3.9% for September this year.

Brisbane saw a rise in vacancy rates to 2.3% for September, up from 2.1% in June this year and 1.7% in September last year.

Inner-city Brisbane (suburbs 0-5km from the CBD) recorded a vacancy rate of 2.4%, up from 2% in June this year and 1.5% in September last year. The REIQ has attributed this rise to less international student demand, as well as an influx of new rental properties over the quarter.

Rental conditions in Gold Coast has continued to tighten, with a vacancy rate of 2.2%, down from 2.6% in June this year and 3.5% in September last year. 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.

Additionally, the Sunshine Coast region has seen a decline in vacancy rates over the past year. It now sits at 1.3% as of the end of September, which is the lowest rate in the state for September. Vacancy rates are down from 2% in June this year and 2.5% in September last year.

Toowoomba also recorded the state's lowest vacancy rate at 1.3%, down from 1.8% in June this year.

The Cairns rental market has remained at tight levels as well, having recorded a vacancy rate of 1.6% for September. REIQ accredited agents noted that rental demand is mostly for houses, although available properties are mainly units.

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.

A vacancy rate of 3% is generally considered to indicate equilibrium of supply and demand for rental property within a particular area.

Conversely, areas where the resources sector plays an important role in local economies continued to exhibit relatively weak rental market conditions. The Gladstone region recorded a vacancy rate of 5.8%, up from 0.9% at the same time last year. Mackay's vacancy rate stood at 5%, Rockhampton at 4.7%, and Townsville at 3.5%.

Just a year ago, Gladstone saw a vacancy rate of 0.9%. This figure rose to 4.6% in June this year. At the time, valuers Herron Todd White [reported](#) that the Gladstone residential market had "relatively subdued over recent months as major gas projects in the area are nearing peak construction workforces and demand for accommodation has eased significantly".

In May this year, Hotspotting.com.au's Terry Ryder [noted that](#) Gladstone was seeing a decline in vacancy rates, but investors should "avoid any feelings of panic" as the city has a strong future as Australia's top industrial city.

Still, he called for investors to be cautious, as much as anywhere else.

REIQ chief executive Anton Kardash expects the Queensland sales market to see an increase in activity, therefore reducing tenant demand.

"Queensland's property market as a whole is undergoing a more steady sales recovery but we are starting to see some very positive results," Kardash said.

"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," he added.