Media Release

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RENTAL STOCKS SHOW SOLID START FOR 2020

Queensland's residential rental vacancy rates for the first three-monthly quarter (1 January 2020 - 31 March 2020) show a relatively stable start for the year across major metropolitan and regional cities regardless of the perceived effects of the coronavirus COVID-19 pandemic.

The latest rental vacancy rate data issued by the Real Estate institute of Queensland (REIQ) shows the State's overall quarterly vacancy rate is 2.44%. This is a marginal increase of 0.1% from the last quarter's 2.34%. This also represents a slight increase of 0.18% for a YoY comparison of 2.26% in January-March 2019.

"There's no uncertainty that 2020 will be a difficult year for the economy," says Antonia Mercorella, CEO of the REIQ. "However, what is certain is if you to listen to what market naysayers are currently saying, you'd believe the property market is on the verge of complete collapse and rental vacancies are beyond ruin. What they fail to tell you is that they're pitching dire worst-case scenarios where coronavirus restrictions are prolonged and a second wave of the disease occurs. When stacked up against credible sources and empirical evidence, it's clear these kinds of predictions don't reflect what's really happening in Queensland real estate."

Queensland's latest quarterly rental vacancy rates show 44% of the State's regions have experienced a decrease in vacancies, with 77% falling within a tight rental inventory range (0-2.5%) and 13% within a healthy rental inventory range (2.5-3.5%).

Brisbane

Over the first quarter, Brisbane's rental vacancies dropped by almost 1% on the back of a better-than-expected 0.5% bump in economic growth in the December quarter and 2.2% over the past year. Drill down into the numbers and you discover Brisbane's inner city districts experienced the largest fall in vacancies by 1.2%, with the full effects of extra stock, particularly furnished apartments and short-term holiday lets, yet to be seen in the following quarter's statistics. Moving into Brisbane's surrounding suburban belt and rental stock remained extremely tight, with only the smallest of increases recorded (+0.1% to 1.8%).

"The current vacancy rates for the March 2020 quarter and indicative of a fairly stable market," further explains Ms. Mercorella. "Across Brisbane, vacancy rates have remained tight which is a great reflection of a healthy market albeit some more pronounced fluctuations within the apartment sector will inevitably be expected in future data. Ultimately, Brisbane continues to prove that it's remained fairly buoyant throughout the current pandemic and continues to be the most affordable capital city in Australia."

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Greater Brisbane
Brisbane's outer localities also saw a token fall in rental vacancies overall (-0.1% to 1.8%). Ipswich showed the biggest reduction in rental stock with a 0.8% dip to 2% inventory. That's offset by subtle rises recorded in Logan (+0.4% to 2%) and Moreton Bay (+0.2% to 1.7%). West of Brisbane, vacancy rates further fell across the Lockyer Valley (-1.8% over two quarters to 3.2%), with a similar tune in Toowoomba, recording a 1.2% decrease to a 1.2% average vacancy rate.

Beyond Brisbane & Regional Areas
"Beyond Brisbane, there has been movement within those regions more dependent on tourism letting such as the Gold Coast, Noosa and Cairns where vacancy rates have seen more definitive increases," explains Ms. Mercorella. "This comes as no surprise with short-term and holiday rentals making a sudden shift onto the long-term rental market."

With the Palaszczuk Government's mandatory COVID-19 restrictions introduced from 20 March 2020, this quarter's rental vacancy data provides a peek at the initial impacts of the coronavirus pandemic across popular tourism hot spots in particular. The Gold Coast saw an end-of-summer sharp spike result in a 1.2% rise to 3% (with only a 0.4% increase in the Scenic Rim region). Up the coastline and it's not so different around the Bay Islands district where the archipelago average soared by 2.7% to a vacancy rate of 4.3% (making up part of the State's 10% weakest regions).

North of Brisbane, most areas have remained stable with little movement either way. For example, Caboolture saw a drop in vacancies (-0.6% to 0.8%) while Redcliffe saw a marginal rise of 0.1% to level out still within tight vacancy range at 2%. Further north and the Sunshine Coast hasn't offered up any side effects from COVID-19 as of yet, with a 0.2% drop in vacancy rates across the region to 1.4%. Even inland across the majestic hinterland region the average vacancy rate reflected a 0.8% decrease to 1.5%.

Back along the coastline and there's some unmistakeable movement upward with early tremors of COVID-19 attributable to those results recorded in Noosa (+1.3% to 3.6%) and Fraser Coast (+1.4% to 3.1%) which includes Hervey Bay (+2.4% to 4.3%). Drive a few hours north and more stable yet tight vacancy rates become the norm once more from Bundaberg (+0.9% to 2.4%) through to Rockhampton (-0.3% to 1.3%). However, the outlier here is Gladstone. With mining and infrastructure projects on the go, demand for trades has boomed – with vacancy results reflecting rental demand by a staggering 2.5% to a record low of 1.6% for the region.

Mackay represents the only area across Queensland that's remained unchanged over the quarter (2.5%). North to the Whitsundays and it was served last-minute pandemic punch (+3.3% to 3.7%). It's an identical pattern around the Cassowary Coast (+1.4% to 4.9%) and Charters Towers (+2.7% to 5%). However, Townsville remained relatively unscathed with vacancy rates fairly stable (+0.8% to 2.9%) while deep inland west, Mount Isa saw a 1.1% drop to 2.5%, proving the State's largest township maintained a healthy rental market in the first quarter of 2020.

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Unfortunately the same couldn't be said for Cairns. As the gateway to the Great Barrier Reef, Port Douglas and the Daintree Rainforest, the tourism-driven region closed out the quarter with a 1.8% increase to 3.5% rental vacancies – teetering on the edge of weak market conditions after experiencing record-low vacancies over the last 12 months.

"Any further surges in vacant properties across Queensland's tourism regions are likely to be addressed by future tourism-focused initiatives to boost domestic holidaymakers." says Ms. Mercorella. "It's an optimistic start to the year. The next quarter will reveal more about the true impact of COVID-19 on the Queensland rental market."

About The REIQ: The Real Estate Institute of Queensland (REIQ) is the state's peak professional association for real estate practitioners across the state. The Association's purpose is to make important contributions to government policy direction, industry research and development, tailored educational programs and training, and the promotion of industry standards.

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***The REIQ calculates the vacancy rates for the largest governmental areas and regions in Queensland. The calculation is based upon all residential rentals as at the end of each quarter period, as submitted by real estate agents. The REIQ classes rental markets into three categories: weak, healthy, and tight. These rental markets are classified according to their vacancy rates:**

- **0-2.5% = tight**
- **2.5-3.5% = healthy**
- **3.5% and above = weak**

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