

21 October 2020

Perth Market Update

Perth's vacancy rate has fallen to 0.96 per cent, being the lowest in 13 years and only the third time in 40 years it has dropped below 1 per cent. Rental listings have fallen by 8% over the past month and with the market tracking to outdo the all-time low of 0.8% that was recorded in March 2007, Perth has hit a rental crisis.

REIWA president Damian Collins has said "Western Australia has approximately 17 per cent of properties purchased by investors, whereas we would normally expect to see investors buying 30 per cent or more of the available properties. At the same time, we still have investors exiting the market, meaning the supply of rental properties is not sufficient to keep up with demand,". It is suspected that this is partly due to the extension of the COVID-19 emergency period.

That being said, Property Council WA Executive Director, Sandra Brewer has said "WA has cemented itself as a safe and attractive place to invest in because of its natural advantages and management of the pandemic,".

Referring to the graph below dated 18 October 2020, it is clear to see that the vacancy rate has gradually been declining over the past 12 months as the Perth market has been improving; the most significant change was recorded in the July – September quarter of 2020, being hugely different to the 2.5% vacancy rate in September 2019.

It is expected that the vacancy rate will continue to decline as rental stock diminishes and is projected that over the next 6-12 months we will see a significant change in rental prices, as most are likely to increase as the COVID-19 emergency bill is lifted in March 2021.

