Supply of rental properties falls to record low as renters face tough conditions

REA Group today launched the *PropTrack Rental Report September 2023*, a quarterly report combining seven key metrics to provide a comprehensive and up-to-date view of the rental market and emerging trends.

**Key take outs:**
- Renters are facing challenging conditions. A record low supply of rental properties, coupled with strong population growth, is driving significant demand.
- New rental listings recorded a 5.7% annual decline in September 2023, marking the fewest new rental listings in September for more than a decade.
- With a low volume of new listings coming to market, the total number of rental listings was at a record low after falling 7.1% year-on-year.
- The national vacancy rate was also sitting at a record low of 1.1%, down from 1.3% a year earlier.
- Limited supply, combined with strong demand, is pushing rental prices higher. The national median weekly advertised rent on realestate.com.au at the end of the September 2023 quarter was $550 per week, up 3.8% over the quarter and 14.6% over the year.

PropTrack Director of Economic Research and report author, Cameron Kusher, said: “The rental market remains extremely challenged, with renters facing significant competition for the limited stock available for rent. These conditions have pushed the cost of renting much higher over the past year.

“Nationally, investors continue to exit the market, which is keeping the overall stock of rental properties low. For first-home buyers, higher rents make it harder to save for a deposit, while borrowing capacities have reduced and prices continue to rise, making it difficult to enter into homeownership.

“The rapid rate of migration to Australia is also exacerbating competition for rentals, with the majority of people arriving not owning property. The March 2023 quarter was the strongest quarter on record for net overseas migration.

“From here, we expect rents will continue to climb in the major capital cities due to persistent low supply and strong demand. Outside of the major capital cities, we expect rental price growth to continue to slow, the availability of stock for rent to ease further and vacancy rates to start drifting higher.

“These conditions highlight why it is so important to build more housing, particularly in the major capital cities. With dwelling approvals and commencements at decade lows and this trend unlikely to change in the near-term, immediate solutions should focus on encouraging investment and better utilisation of existing housing. Additionally, first-time buyers should be supported into homeownership, freeing up the rental stock they currently occupy.”
Additional report findings:

- Over the 12 months to September 2023, capital city rents increased by 12.2%, while regional rents were 6.7% higher.
- Competition for rentals is strong. The number of enquiries per listing rose from 24.5 a year ago to 24.8.
- Enquiries per listing across the combined capital cities were sitting at 28.1 in September 2023, up from 26 a year prior. Regionally, they fell over the same period.
- Rental properties are being snapped up quickly. The number of days a property was advertised for rent on realestate.com.au was at 20 days.

The report analyses consumer behaviour in real time by extracting property market insights from more than 10 million Australians who visit realestate.com.au each month.

Key metrics include rental prices, rental yields, new rental listings, total rental listings, rental vacancy, rental days on site and enquiry per listing.

For more information and to view the full report please visit realestate.com.au/insights or click here.

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About REA Group (www.rea-group.com): REA Group Ltd ACN 068 349 066 (ASX:REA) (“REA Group”) is a multinational digital advertising business specialising in property. REA Group operates Australia’s leading residential and commercial property websites – realestate.com.au and realcommercial.com.au – as well as the leading website dedicated to share property, Flatmates.com.au and property research website, property.com.au. REA Group owns, Mortgage Choice Pty Ltd, an Australian mortgage broking franchise group, PropTrack Pty Ltd, a leading provider of property data services and Campaign Agent Pty Ltd, Australia’s leading provider in vendor paid advertising and home preparation finance solutions. In Australia, REA Group holds strategic investments in Simology Pty Ltd, a leading provider of mortgage application and e-lodgement solutions for the broking and lending industries; Realtair Pty Ltd, a digital platform providing end-to-end technology solutions for the real estate transaction process and Managed Platforms Pty Ltd, an emerging Property Management software platform. Internationally, REA Group holds a controlling interest in REA India Pte. Ltd. operator of established brands Housing.com, Makaan.com and PropTiger.com. REA Group also holds a significant minority shareholding in Move, Inc., operator of realtor.com in the US, and the PropertyGuru Group, operator of leading property sites in Malaysia, Singapore, Thailand and Vietnam.

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1 Ipsos iris Online Audience Measurement Service, July 2023 to August 2023 (monthly average), P14+, PC/laptop/smartphone/tablets, text only, Brand Group, Homes and Property Category, Audience (000s).