

News Release

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Rents plummet in inner Melbourne and Sydney amid record oversupply of properties

An oversupply of properties is making it cheaper to rent in inner Melbourne and Sydney where advertised stock increased nearly 60 per cent between March and June, the latest ANZ CoreLogic Housing Affordability report shows.

Loss of income and travel restrictions contributed to excess stock levels which saw inner Melbourne record a 57 per cent increase in advertised rental properties while Sydney's city and inner south both recorded a 53 per cent jump. All other capital cities saw a drop in total rental listings.

ANZ Economist Felicity Emmett said the fall in demand for rental properties in inner Melbourne and Sydney was due to their 'service economies', as people working in industries hardest hit by COVID-19 were also most likely to rent.

"Nearly 40 per cent of people who work in the accommodation and food services sectors rent," Ms Emmett said. "Between the weeks ending 14 March and 27 June, 21% of hospitality workers lost their jobs, compared to an average of 6% across all industries."

"The lack of overseas migration has also contributed to falling demand as about 80% of newly arrived migrants rent. This drop-off in demand will impact regions popular with migrants, including inner city and south-eastern Melbourne, and inner south west Sydney."

The oversupply of inner city stock has pushed rental values down as much as 7 per cent in suburbs such as Haymarket and Barangaroo in Sydney and Southbank in Melbourne.

CoreLogic's Head of Research, Eliza Owen, says while reduced competition for rental properties is good news for tenants looking to negotiate rent reductions, landlords shouldn't panic.

"The oversupply of rental stock since March has been largely confined to inner city areas in Melbourne and Sydney, while all other capital cities have experienced a decline," Ms Owen said.

"There are still opportunities for investors where rental markets have continued to tighten and rental values have increased, including select suburbs across Perth and Hobart where Airbnb stock may be reverted back to the short term rental market as inter-state travel resumes."

Total rent listings between four weeks ending 15 March and 28 June:

Melbourne	16.3 %
Sydney	3.4%
ACT	-0.8
Brisbane	-11.5
Hobart	-11.8
Adelaide	-15.9
Perth	-22.4
Darwin	-28.7

Further information:

- [Link to full report](#)
- [List of change in total rent listings by area](#)
- [List of suburbs with biggest drop in rental values](#)

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