

Originally published on [brisbanetimes.com.au](https://www.brisbanetimes.com.au)

# ‘Won’t be solved overnight’: Perth rental warning as vacancy rate drops further

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October 12, 2023

3–4 minutes

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Property experts warn Western Australia is facing a problem that has been “years in the making” as strong population growth and ongoing building delays pushed Perth’s rental vacancy rate down to 0.7 per cent in September, a decline of 0.1 percentage points from August.

REIWA chief executive Cath Hart said data suggested the rate could drop even further as demand continued to exceed supply.



Perth is facing a diabolically tight rental market. *Credit: Lauren Pilat*

“Long-term trends show rental listings tend to decline in the lead up to the end of the year, so the vacancy rate is likely to remain low in the coming month,” she said.

“WA’s strong population growth is maintaining demand for rental properties and the ongoing delays in the building industry are keeping people in their rental properties longer, impacting the usual turnover of the market.

“It’s a problem that’s been years in the making and won’t be solved overnight.”

Data from the National Housing Finance Investment Commission shows WA faced a 20,000-dwelling shortfall over the next three years if immediate action was not taken.

UDIA WA’s executive director of policy and strategy, Sarah Macaulay, welcomed the state government’s decision on Tuesday to allow buyers to claim a stamp duty reduction on apartments that were under construction.

“The evidence is clear, WA has the fastest growing population of any state, we have a record low rental vacancy rate and very little stock on the market,” she said.

“We desperately need more homes and we need greater housing choice, particularly for those looking for smaller options that are more compact and easy care.

“With an ageing population and shrinking household sizes, the medium and high density apartment sector must be supported so we can meet the housing needs of all West Australians.”

New data has also revealed investors are buying up WA property in droves.

According to property surveyors MCG, in the first quarter of 2022 just over 9 per cent of investor activity was in WA. A year later, that rose to 32 per cent.

MCG managing director Mike Mortlock said WA was considered a far more “investor-friendly” state than either Queensland or Victoria.

“Queensland and Victoria have been implementing rigorous tenancy legislation. In addition, talk around limiting or freezing rents has put investors on edge – particularly in Victoria,” he said.

“The PIPA survey asked investors to rank each state and territory government from best to worst in terms of positively supporting property investment, and WA came in second behind South Australia for desirability based on government policy.”

But Hart said investors faced a number of challenges, including the rising costs of mortgages, insurance and council rates.

She said legislation was another factor, with a mass exodus from the market by investors after the end of the COVID moratorium.

“Our rental market relies heavily on private investors and decision-makers need to keep this in mind. We can’t afford to lose more rental properties,” Hart said.