

# Brisbane faces worst rental crisis in country

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By **JAMES KIRBY**, WEALTH EDITOR

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A sell-off by Sydney and Melbourne property investors has left Brisbane with the worst rental crisis in the nation – the amount of rental stock in the city has now shrunk to half of its usual level.

With a vacancy rate of 1 per cent the city is under exceptional strain – and rents are soaring. Rentals rose by 13 per cent over the year to July, the biggest lift in any metropolitan centre.

The Queensland capital's residential market had lagged behind its bigger rivals until mid-2020 when prices took off. House prices rose by a stunning 38 per cent to reach a peak in June this year.

Unfortunately for renters the surge was not accompanied by any significant uptick in building activity. This means the city looks like it will be stuck with its “nothing to rent” market for some time.

“It's a unique set of circumstances in Brisbane, but it reflects issues we are seeing everywhere just now,” says Eliza Owen, head of research at CoreLogic, who has produced a new report on the city's crisis. “Rental costs are under pressure in many cities but Brisbane also had 50,000 people arrive in the city since the pandemic period.”

What's more, a report last week from the Property Council of Australia forecasts Queensland will get an extra 220,000 interstate migrants over the next five years.

As rents soar, reports of rent-crisis behaviour are rife in the city. Real estate agents are reporting potential tenants calling the new owners of just-sold houses to see if they are coming up for rent. Meanwhile, social service providers – such as the St Vincent de Paul Society – have been handing out tents for desperate residents to set up in the city's parks.

Brisbane's unwanted title as the tightest market in Australia reflects a similar pattern in the US where the so called "sun belt" cities have boomed on the back of a new era of remote working. The most recent US rental figures show southern cities have the highest rental growth. Miami in Florida has reported an average rental increase of 45 per cent in a little over 12 months.

"Private investors have every right to sell when they think the timing is right," says Owen. "This clearly happened in Brisbane in recent months – but the data does not suggest housing stock came back on to the rental market.

"There are a range of explanations for this. People needing more space to work from home and share houses becoming less popular with younger workers explain some of the changing patterns," she explains.

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"The figures also tell us that the private investor market is not enough to keep the city going. Brisbane clearly needs build-to-rent schemes and social housing in the mix."

Interstate investors sold off Brisbane property in big volumes in late 2021 and early 2022 after the city's record-breaking price jump, following a decade in which prices drifted with setbacks after the major floods in 2011 and 2022.

As the rent crisis grips the city, the Palaszczuk government has exacerbated the situation with a plan to raise more from tax on land inside the state borders from investors outside Queensland.

The new land tax is based on land holdings held by investors both inside Queensland and elsewhere in the nation. "The new land tax will do nothing to help the rent crisis, it is not what is needed in this situation at all," says Owen.

#### **JAMES KIRBY, WEALTH EDITOR**

James Kirby, The Australian's Wealth Editor, is one of Australia's most experienced financial journalists. He is a former managing editor and co-founder of Business Spectator and Eureka Report and has previousl... [Read more](#)

