



BANKWEST CURTIN ECONOMICS CENTRE

THE PRIVATE RENTAL SECTOR IN AUSTRALIA

Public perceptions of quality and affordability

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BCEC Research Report No. 18/18
October 2018

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Executive summary

This report examines the state of the private rental sector (PRS) in Australia through analysis of 2016 census data and a survey of 3,182 Australian private renters. The survey asked renters about issues such as the number of rental properties they have lived in, lease terms, property conditions, their relationship with their landlord/property manager and affordability. It sheds new light on what is often, incorrectly, regarded as a dysfunctional tenure where people only reside because they have no other options.

The PRS covers property rented through a real estate agent, private landlord or employer and excludes public and community housing. It covers 86 per cent of all rented property in Australia and is essential to deliver housing for those households that are ineligible for social housing and cannot afford, or do not want, owner occupation. An effective PRS allows households to transition out of social housing and into the private market while enabling tenants to save for owner occupation, if desired, offering flexibility and mobility allowing tenants to take advantage of employment opportunities, for example.

Previous work has highlighted the disadvantages of renting with security of tenure the biggest issue (Duncan *et al.*, 2016) and a recent report by Choice (2017) described a very negative sector. This survey covers the whole of the PRS and not just low-income renters, which have been the subject of a significant quantity of recent research (see for example Parkinson, James *et al.*, 2018).

The findings of this work paint quite a positive picture of the PRS. Although many households on low incomes are undoubtedly struggling to meet rental costs, those on moderate incomes report generally favourable experiences with renting.

This work discusses the policy implications of the survey results, particularly around tenure security, the growing number of older renters and the importance of the PRS for households falling out of home ownership. For those on low incomes, the PRS is failing and this work calls for a new scheme to deliver subsidised rental properties in the private market.

Key findings

The private rental sector

- Around 30% of Australians rent; 26% of Australian households in the private rental sector (PRS).
- According to OECD data, Australia has the 10th largest PRS and the 14th largest total rental sector.
- Private renters come from all income levels although around 60% have a household income of \$78,000 or less.
- The most common age group for private renters is 25-34 (slightly over 30% of renters) with just under 10% of 55-64 and 65+ age groups renting privately.
- 36% of PRS households contain children, and 27% live in an apartment.
- 71% in the PRS rent through a real estate agent.
- The Northern Territory has the greatest proportion of renters.

BCEC PRS survey

- The BCEC Private Rental Sector survey received 3,182 responses and was representative of the Australian private rental sector.
- Of respondents working part time, 50% wanted to work more hours but those hours were not available.
- 34% of respondents were in receipt of Commonwealth Rent Assistance (CRA). Over 90% of those receiving assistance stated it was very or extremely important.
- Over half of those renting through a real estate sourced their property through an internet portal, while 48% renting through a private arrangement found their property through a friend or relative.

Discrimination

- Almost half of respondents rented the first property they applied for while 18% applied for 4 or more dwellings before securing a property. Those most likely to apply for more than one property were households containing children.
- Discrimination was highlighted as a factor by 1 in 5 respondents, rising to over a third for single parent households with children. The most common themes for discrimination outside children were being on government benefits, ethnicity and pets.

Duration in the PRS

- 29% of respondents have been in the PRS for more than 10 years while a further 31% have rented for between 5 and 10 years. 27% of 65+ respondents have been renting for less than 5 years; so have come from other tenures such as home ownership.
- Two thirds of renters have been in their current dwelling for no longer than 3 years and, despite the high proportion of long-term renters in the survey, only 7% of renters, had been in their dwelling for 10 years or more.
- 31% were forced to leave their last property while 56% made a choice. The primary reason for a forced leave was the owner selling the property.

Key findings (continued)

Dwelling quality, landlord relationships and lease terms

- Over 70% of respondents stated their dwelling was suitable for their needs with only 7% stating it was not, with the balance rating their property as partly suitable.
- Almost 69% of respondents rated the quality of their dwelling as good or excellent, with a further 25% stating it was average. Only 6% of respondents complained their dwelling was in poor or terrible condition.
- 69% of respondents said the relationship with their property manager was good or excellent and only 5% rated it as poor or terrible. For direct relationships with landlords, 81% stated they had a good or excellent relationship with just 3% describing the relationship as poor or terrible.
- 45% of those renting from a private landlord and 40% renting from a real estate agent had to wait less than a week for a response after making a maintenance request while 18% of those renting through a real estate agent had to issue constant reminders in order to get the work done.
- 90% of those renting through a real estate agent reported signing a formal lease on their property but this dropped to 58% when renting via a private arrangement.
- 55% of those with a lease had a 12 month term, with just under 11% reporting a lease term of 2 years or longer. 12% had a lease duration monthly or shorter.
- When asked if they would choose to sign a lease longer than one year, if available, 46% stated they would while 39% replied maybe. Only 14% stated no.
- 48% of respondents claimed a good understanding of their rights as tenants while 12% stated they do not understand their rights very well.

Affordability

- Almost half of all renters are paying over 30% of their income on rent. This figure rises to 63% for older respondents (55+).
- For those paying over 30% of their income in rent, 57% stated they were forced into this position with the remainder making a choice. As households get older they are more likely to be forced into spending a high proportion of their income in rent.
- Less than half in the PRS have seen rent increases in the last 1-3 years, even in Sydney where the rental market has been particularly constrained. In Perth, a quarter of tenants have seen a decrease in their rent in the last 1-3 years.
- Respondents were asked whether they planned to buy their own house at some point in the future. Two thirds said they were planning to while 29% said they did not intend to do so.
- A quarter of respondents (808) in the survey previously owned a residential property and a further 8% currently own an investment property but rent their dwelling. Of the 808, only 27% chose to sell with the remainder being forced.
- Around 19% of renters are in the PRS because they have been forced out of owner occupation.
- Asked about their overall experiences of renting, 14% were unsatisfied while 40% were very satisfied with the remainder somewhere in between.

Policy implications

- Affordability is a major concern in the PRS with a very high proportion of lower income renters forced into paying well over 30% of their income in rent. It is imperative to increase the supply of affordable rental housing. A replacement for the scrapped National Rental Affordability Scheme (NRAS), which delivers a supply of discounted rental accommodation, is essential.
- The findings highlight the importance of Commonwealth Rent Assistance. Without the subsidy affordability pressures would be even greater.
- Aside from affordability, the lack of security in the sector remains an issue with almost a third of tenants forced to leave their last rental property.
- The survey showed support for the availability of longer-term leases.
- Policy reform around incentives for landlords such as capital gains tax and negative gearing could be tied to landlords offering long-term leases at below market rents for those in the PRS that are the most vulnerable.
- In the absence of stamp duty replacement, landlords could be offered discounts or deferred payment of the tax if they were to offer the private rental property at an affordable rent to eligible households for a defined period.
- Perceptions of the PRS from those residing within it were actually quite positive. The landlord and tenant relationship was much better than expected and the quality of rental dwellings high.
- Most tenants had some understanding of tenancy legislation but there is a need for better education to ensure those tenants that had little to no understanding of their rights are protected. There are a worryingly large number of tenants renting through an informal arrangement that do not have a lease. Such tenants are very vulnerable. Again, education about the importance of signing a formal lease would help.

Introduction

An increasing proportion of the Australian population rent, up to 30.9 per cent in 2016 from 27.2 per cent 10 years earlier (ABS, 2016b, 2006). The vast majority of renters (86% in 2016) reside within the private rental sector (PRS). The private rental sector refers to dwellings leased through a real estate agent or through a private arrangement with the landlord. It can also include employer subsidised, student accommodation, mobile homes, lifestyle villages, or boarding and lodging houses.

This report examines the national state of the PRS. Previous work by the Bankwest Curtin Economics Centre (BCEC) highlighted two major issues within the PRS - affordability and security of tenure (Duncan *et al.*, 2016). This report builds on this work as the third in the series of BCEC housing affordability reports (see Duncan *et al.*, 2016 and Cassells *et al.*, 2014) exploring conditions in the PRS through a survey of over 3,000 Australian renters and making recommendations on how reform in the sector could deliver positive outcomes.

The rental sector is changing, and has been for a number of years. Traditionally the PRS has been viewed as a transitional tenure; a stepping-stone from the parental home-to-home ownership. While many households still rent their dwelling as a transitional tenure, for others it has become a long-term option, either by choice or through a lack of alternatives (Parkinson *et al.*, 2018). There is a substantial body of research which shows how the PRS has changed since the 1980s (Stone *et al.*, 2013, Hulse *et al.*, 2015). While growing in size, it has also changed in terms of composition. Once dominated by young people who were saving to buy their own home, it now houses a larger number of families and a growing cohort of older people (Stone *et al.*, 2013). An increase in the proportion of long-term renters – those who have been in the PRS for 10 years or more – is also emerging. This is significant because poorer social and economic outcomes and increased rates of forced mobility are associated with this tenure (Stone *et al.*, 2013). Despite the substantial growth, affordable rental options within the PRS have declined over the same time frame with reports of shortages accelerating since 1996 (Wulff *et al.*, 2011, Hulse *et al.*, 2015). Changes to affordability have been attributed to the growing proportion of households residing in the sector following a decline in the proportion of public housing (Stone *et al.*, 2013) with affordability particularly an issue for those on low and fixed incomes (Jones *et al.*, 2007, Duncan *et al.*, 2016).

These findings have been reinforced through recent national surveys of private renters. For example, a Choice/Shelter survey (Choice *et al.*, 2017), painted a bleak picture of the reality of renting in Australia while the annual rental affordability snapshot undertaken by Anglicare Australia (2017) also found that the Australian private rental market was not delivering affordable and appropriate options for those on low and fixed government incomes. A series of projects funded by AHURI (see Hulse *et al.*, 2018) discussed the changing nature of the sector, provided some international comparisons and highlighted the difficulties faced by low income Australians.

This report adds to the body of knowledge on the PRS through the largest national scale survey of private renters undertaken in recent years, exploring some of the key aspects of the sector such as the landlord/tenant relationship, tenure security, discrimination, affordability and many more. The survey covers all income groups and household types, delivering a representative picture of the PRS in Australia. The finding challenges some of the common perceptions of the PRS such as the landlord tenant relationship and dwelling quality while confirming others such as the affordability struggle for low-income renters and the presence of discrimination. The report concludes with a discussion of how the findings can feed into overdue reform of the private rental sector.



The private

rental sector

The private rental sector

This section uses Australian Bureau of Statistics and other data to describe the Australian private rental sector. It sets the scene for the survey discussed in subsequent sections.

Of the 9.5m families counted at the 2016 Census around 31 per cent were renting from a landlord – private or public (ABS, 2016b). The vast majority of these, just over 25 per cent of Australian families, are classified as being in the private rental sector, that is, they are renting a dwelling from a real estate agent or via a private arrangement leaving around 4 per cent of households renting from a State or Territory housing authority (ABS, 2016a). Since 2011 the number of households renting has increased by around 250,000, with the majority of that increase in NSW, Victoria and Queensland (ABS, 2016a).

OECD data shows Australia sitting tenth in terms of the size of its private rental sector (Table 1) with a PRS much smaller than many European countries, although larger, proportionally, than the UK. The second column of Table 1 adds subsidised housing to generate the total rental market. Countries such as the UK, France and Belgium have much large subsidised rental markets meaning their total rental markets are bigger than Australia, even though their PRS is smaller. Recent research funded by the Australian Housing and Urban Research Institute compared the rental markets of 10 countries finding that the Australian PRS is better integrated with the rest of the housing market than most of the other countries (Martin *et al.*, 2018).

Table 1 The private rental sector by country

Rank	OECD country	Private rental sector (%)	Total rental market (%)
1	Switzerland	55.1	58.5
2	Germany	50.3	54.7
3	Denmark	46.0	46.0
4	Netherlands	42.9	42.9
5	Korea	38.4	43.5
6	Sweden	36.9	37.4
7	United States	34.9	34.9
8	Canada	30.7	30.7
9	Austria	30.4	42.9
10	Australia	25.8	29.8
11	Luxembourg	24.5	28.7
12	Belgium	23.8	32.2
13	France	21.4	35.5
14	Greece	21.2	21.6
15	Chile	18.6	18.6
16	Czech Republic	17.8	19.2
17	United Kingdom	17.3	35.6
18	Ireland	15.2	27.7
19	Iceland	14.8	24.6
20	Italy	14.5	18.5
21	Cyprus	14.5	15.7
22	Finland	14.0	32.5
23	Norway	13.3	14.0
24	Mexico	13.1	13.1
25	Portugal	13.0	17.4
26	Spain	12.4	14.9
27	Latvia	8.7	13.1
28	Slovak Republic	7.8	8.0
29	Slovenia	6.4	10.3
30	Poland	5.1	6.6
31	Estonia	4.2	8.1
32	Hungary	3.9	7.3
33	Bulgaria	2.8	4.4
34	Malta	2.6	18.4
35	Croatia	2.1	3.3
36	Lithuania	1.6	3.4
37	Romania	1.0	1.8

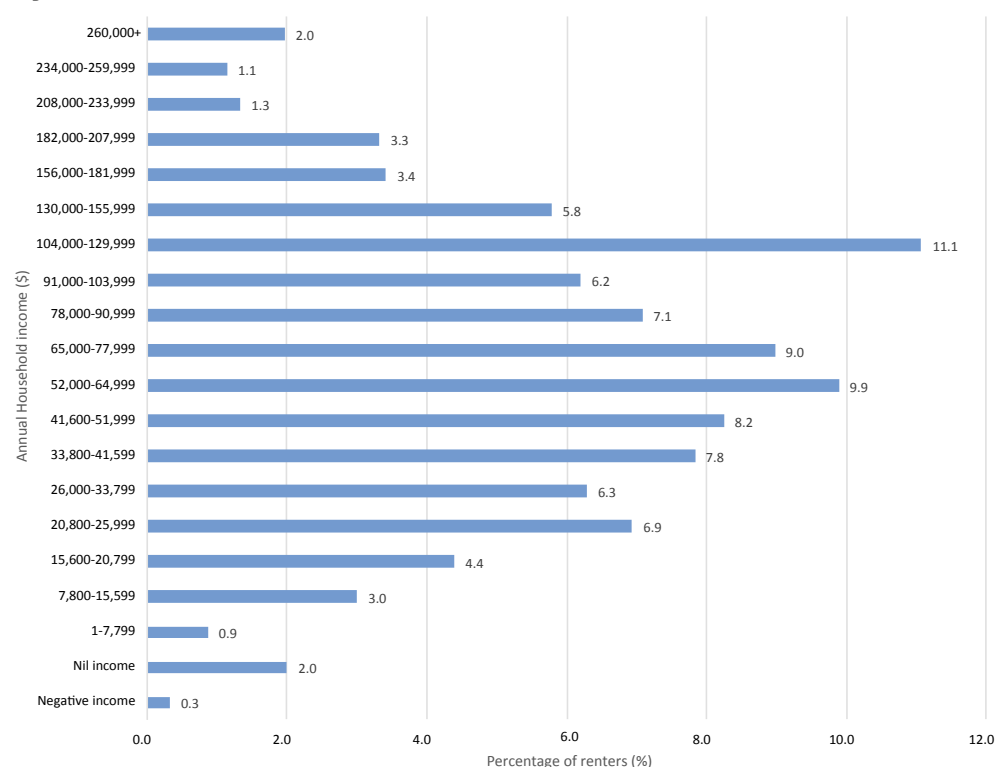
Source: OECD Housing tenure distribution 2014 or later) | ABS Census data 2016.

Private rental sector demographics

The 2016 census provided a wealth of data on the PRS, although does not provide data at the household level, which necessitates the need for a comprehensive survey to understand how well the sector is really working.

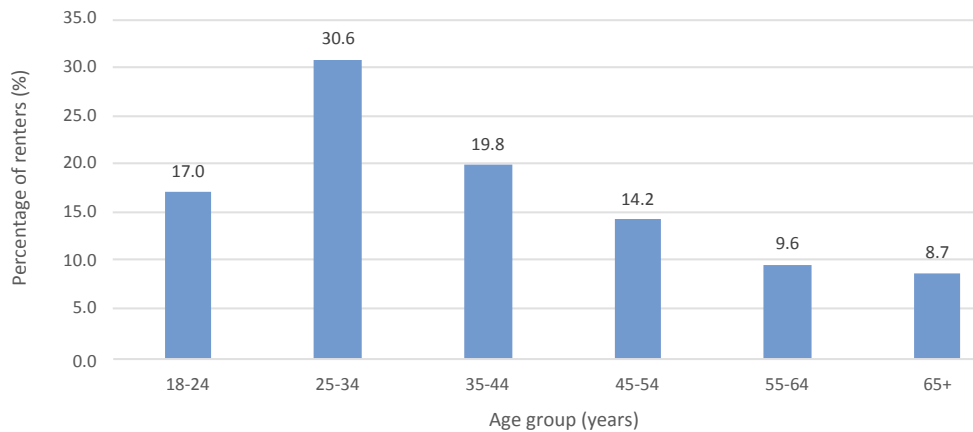
Figure 1 presents the income distribution of renters. At first glance, there is quite an even distribution of renters across the income spectrum and there are a large number of private renters on incomes over \$100k, peaking with the largest distribution in the \$104-\$130,000 category. These are households that could access home ownership in a broad range of locations but are priced out of many of Australia's inner-city suburbs. According to the 2016 ABS census the median household income is just under \$75k (ABS, 2016b). Around 60 per cent of private renters have a household income of \$78k or less.

Figure 1 The income distribution of renters



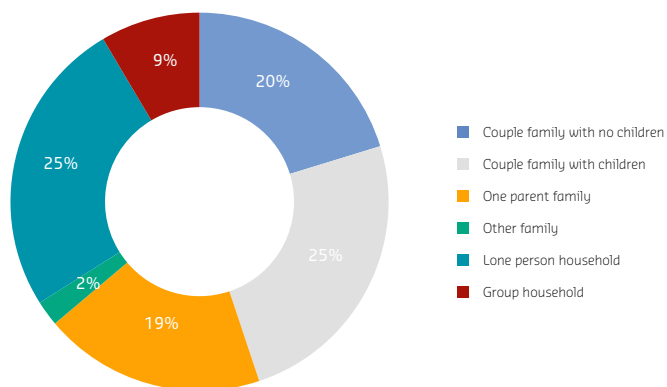
Source: ABS Census data 2016.

Private renters tend to be younger (Figure 2) with 25-34 by far the most common age category. The proportion of renters in each age category declines after that point with less than 10 per cent of those in the 65+ age group in the PRS. However, that is 10 per cent that need to sustain rental costs into retirement.

Figure 2 Private renters by age group

Source: ABS Census data 2016.

45 per cent of renters are couples, while 36 per cent of private rental households contain children (Figure 3). Given the variety in the composition of households in the PRS it is vital the rental stock delivers the diversity necessary to houses all different household types.

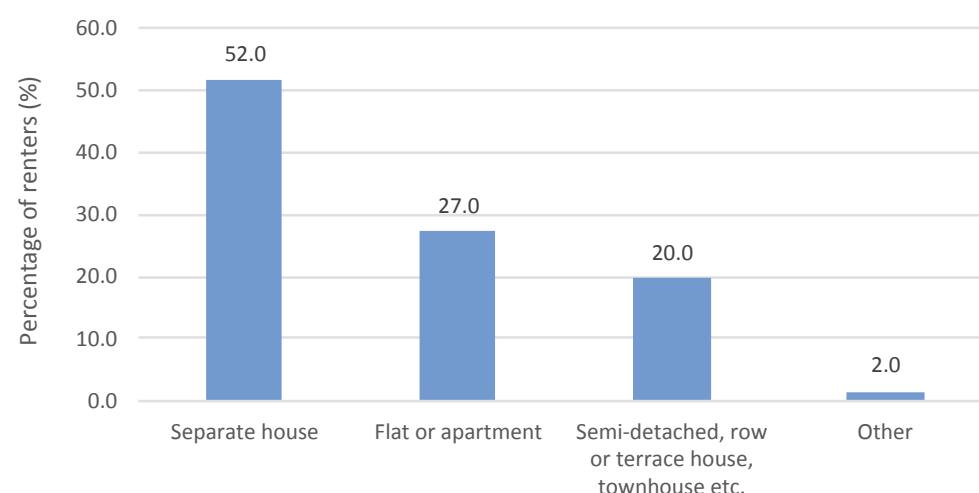
Figure 3 Family composition of renters

Source: ABS Census data 2016.

Private rental sector dwelling characteristics

Over half of private renters live in a separate house, reflecting the large number of families with children, with 27 per cent in an apartment while 57 per cent have three bedrooms or more (Table 2). In WA, the proportion of private renters with three or more bedrooms rises to 75 per cent with 63 per cent living in a separate house and just 12.6 per cent in an apartment. These figures reflect the lack of diversity in the WA housing stock.

Figure 4 Dwelling type of private renters



Source: ABS Census data 2016.

Table 2 Number of bedrooms

Number of bedrooms	Proportion of renters (%)
1 bedroom	11.0
2 bedrooms	31.0
3 bedrooms	38.0
4+ bedrooms	19.0
Other	1.0

Source: ABS Census data 2016.

The ABS classifies landlord types as shown in Table 3. Three out of five renters rent through a real estate agent with 1 in 5 renting through a private arrangement with a person not in the same household. In WA proportions are slightly different with 50 per cent renting through a real estate agent with 27 per cent rented through a private arrangement and 8 per cent through an “other” rental, which will include a large proportion of employee rentals. Breaking down those households classified as just being in the PRS, 71 per cent rent through a real estate agent (58% in WA).

Table 3 Renters by landlord type

All renters	Proportion of renters (%)
Rented: Real estate agent	60.0
Rented: Person not in same household	20.0
Rented: State or territory housing authority	11.0
Rented: Other landlord type	4.0
Rented: Housing co-operative, community or church group	2.0
Rented: Landlord type not stated	2.0
Private rental sector	
Rented from a private landlord (private arrangement)	24.0
Rented from a private landlord (via real estate agent)	71.0
Other rental (e.g. student accommodation, employer subsidised, mobile home, lifestyle village, boarder or lodger)	5.0

Source: ABS Census data 2016.

Private rental sector locations and affordability

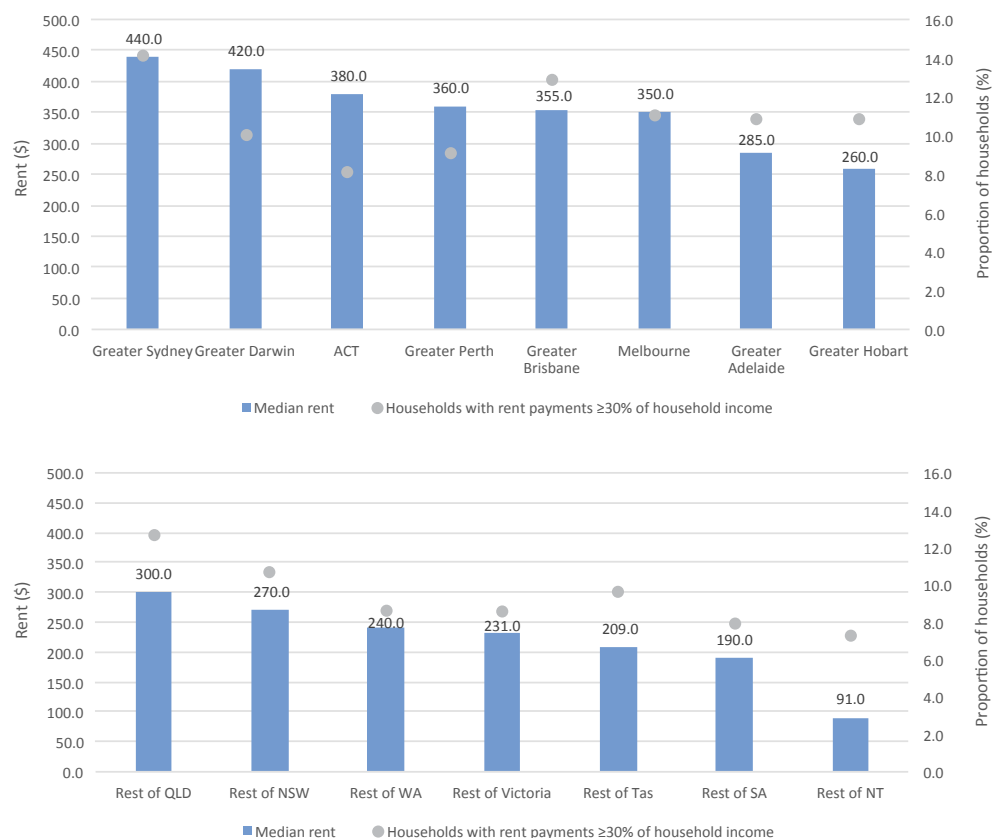
The highest geographic concentrations of renters are in the Northern Territory, with the cities of Brisbane and Sydney quite a way behind (Table 4). Greater Sydney contains almost 22 per cent of all Australians in the PRS. The proportion of private renters in Greater Perth is lower than the national average but higher than the national average in the rest of WA.

Table 4 Private renters by location

Location	Proportion of private renters	Proportion of Australia's private renters
	(%)	(%)
Rest of NT	53.0	0.6
Greater Darwin	44.0	0.8
Greater Brisbane	35.0	10.9
Greater Sydney	35.0	21.9
Rest of Qld	33.0	11.5
Rest of WA	32.0	2.3
ACT	32.0	1.8
Greater Melbourne	30.0	18.5
Greater Adelaide	29.0	5.5
Greater Hobart	29.0	0.9
Rest of NSW	28.0	10.5
Greater Perth	27.0	7.2
Rest of SA	26.0	1.5
Rest of Tas.	26.0	1.1
Rest of Vic.	25.0	5.1

Source: ABS Census data 2016.

The ABS used the 2016 census data to provide a snapshot of rental affordability across the country. Using household income and rent payments, they calculated the proportion of rental household paying 30 per cent or more of their income in rent. Figure 5 displays the results by capital city and rest of state. Greater Sydney is the least affordable capital with a median income of \$440 and around 14 per cent of households paying 30 per cent or more of their income in rent. In Greater Perth less than 10 per cent pay 30 per cent or more, second only to the ACT in terms of affordability. Regional Australia is more affordable with the highest proportions of income spent in Queensland and the lowest in the Northern Territories.

Figure 5 Rental affordability: Capital cities and rest of state/territory

Source: ABS Census data 2016 e.



BCEC

survey of private renters

BCEC survey of private renters

This is the third survey in the BCEC Housing Affordability series following Duncan *et al.*, (2016) and Cassells *et al.*, (2014). The survey population was all private renters in Australia. Responses were collected through a panel data company with a total of 3,182 responses received. Checks such as survey completion time and IP address duplication were put in place to ensure responses were of acceptable quality. With a PRS population of around 2.85m, the number of responses delivers a sample with a confidence level of 99 per cent and a margin of error around 2.5 per cent. The survey is therefore a very accurate representation of the Australian PRS, meaning robust statements can be made about private renters nationally. The level of confidence drops when discussing specific locations or groups as the number of respondents much lower however the survey still delivers very useful information from comparisons across age, income and States/Territories, for example.

Survey demographics

The demographic details of respondents were checked against ABS data to ensure the sample was representative of the private rental sector. There was a slight under-representation by younger age groups (18-24 and 25-34) so the survey was weighted by age and also by gender given the higher proportion of female respondents when compared to the national gender distribution of renters. These weightings (where greater importance is placed on each response in the under-represented group) ensured the sample accurately represented the national demographics of the PRS.

From the survey, the average individual income (for those living in a group household, with parents or in a one person dwelling) was \$45,000 and household income (for those couple and multi-generational households) was \$75,300, closely reflecting the national median household income. 41 per cent of respondents worked full time and 24.5 per cent part-time. Of those working part time, 27 per cent were happy with the number of hours they worked, while 23 per cent would prefer more hours but are unable to take them due to competing priorities such as child care or studying, for example. This leaves 50 per cent of part time workers reporting they would prefer to work more hours per week but those hours were not available. This suggests considerable underemployment contributes to affordability pressures, in terms of meeting rental payments and an ability to save, for many households.

64 per cent of respondents stated their main source of income was from employment, with 22 per cent relying on benefits such as the new start allowance, disability pension or parenting payments, while 5 per cent relied on the state pension, and 34 per cent of respondents received Commonwealth Rent Assistance (CRA). Table 5 highlights the importance of CRA for those claiming the benefit with very few seemingly unable to cope without it. Again, this reflects affordability pressures in the sector.

Table 5 The importance of Commonwealth Rent Assistance

How important is Commonwealth Rent Assistance to you?	Percentage (%)
Extremely important	69.6
Very important	21.9
Moderately important	6.3
Slightly important	2.0
Not at all important	0.3

Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

Finding a dwelling in the private rental sector

Motivations around renting are not well understood. Some households will rent through choice because of the mobility aspects while others have no other options. Table 6 reports the main reasons for renting, which are based largely around affordability and a lack of other options. The PRS is more likely to be a choice for younger age groups, with older groups forced into renting and forced to remain due to a lack of alternatives. The lack of alternatives is something that needs to be addressed, particularly for older Australians, whilst the lack of a deposit is the major barrier for younger cohorts, many of whom would rather be owner-occupiers. While many younger people choose to rent, as reflected in the final three options in table 6, others are in the PRS saving for a deposit in order to enter their preferred tenure, a process that takes many years in the absence of cheap rental accommodation.

Table 6 Reasons for renting

Reason for renting	All	18-24	25-34	35-44	45-54	55-64	65+
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
I can't afford to buy anything appropriate	19.0	20.0	19.0	22.0	23.0	26.0	29.0
I have no other option	18.0	16.0	14.0	19.0	26.0	34.0	43.0
I prefer renting at the moment	17.0	24.0	21.0	19.0	18.0	15.0	14.0
I can afford to buy but I am not ready to do so yet	8.0	12.0	10.0	9.0	7.0	4.0	3.0
I want to retain the flexibility to move quickly	7.0	9.0	11.0	8.0	7.0	4.0	3.0
I want to own but do not have enough for a deposit	19.0	19.0	25.0	24.0	20.0	17.0	8.0

Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

Finding a rental property can be a time consuming and stressful task. In order to source a rental property, respondents generally relied on the internet through a specific portal containing rental listings, while those renting from a private landlord under a private arrangement were more likely to source the opportunity from a friend or relative (Table 7). The days of newspaper or shop window adverts seem to be numbered.

Table 7 How did you find your current dwelling?

	Rented from a private landlord (private arrangement)	Rented from a private landlord (via real estate agent)
	(%)	(%)
An internet portal (eg Domain/realestate.com.au/rent.com.au)	22.0	53.0
Word of mouth	12.0	5.0
Friend or relative	48.0	10.0
A service provider	3.0	3.0
A newspaper	6.0	3.0
A real estate agent advertisement	3.0	23.0
A community board	1.0	1.0
Other	5.0	3.0

Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

When asked about the number of properties they applied for before securing their current property almost 47 per cent of respondents secured the first property they applied for, with just under 21 per cent applying for just one other property. This does not mean it was the first property they viewed, just the first they wanted to rent. A tenant may have viewed 20 dwellings before finding an appropriate one.

18 per cent of respondents applied for four or more properties before securing their current dwelling, a process that can take some time and cause no shortage of stress. Households containing children were the most likely to apply for four or more dwellings. There were surprisingly no spatial or age relationships, suggesting it is no more difficult securing a property in different parts of the country, despite large variations in property market cycles, and age does not seem to be a factor when landlords select a tenant. The figure does suggest a reasonable supply of rental accommodation nationally, of course varying depending upon the specific market, otherwise there would be a far greater proportion of tenants having to apply for multiple properties before they were successful.

Discrimination in the PRS is an issue highlighted in previous research (Macdonald, Nelson *et al.*, 2016). When asked directly whether they had experienced any form of discrimination when applying for rental properties almost 20 per cent of respondents stated they had. This figure is far lower than the 50 per cent stated in the smaller Choice survey (2017). The households most likely to experience discrimination were those with children, in particular single parent with children households, where 36 per cent reported some form of discrimination. A quarter of multi-generational households also reported discrimination. The age groups most likely to have children (35-44, and 45-54) were the most common victims of discrimination (24%). When asked to describe discrimination experiences, the most common themes were single parents with children, being on government benefits, race and pets.

Of those respondents with a pet around half (43%) said having a pet had no impact on finding a rental property while 42 per cent said it had limited the availability of properties. 7.5 per cent were forced out of their preferred location as a result of having a pet and 9 per cent had to compromise on the type of dwelling they rented. 6 per cent admitted to lying about having a pet in order to access a dwelling. Pets are therefore clearly an issue within the sector, making it more difficult for tenants to find dwellings in many cases.

Many rental properties are shared households comprising of unrelated persons. Again, many individuals will make a choice to share because of the social and affordability benefits while others will have little choice. Respondents were asked about their willingness to share a rental property. Almost 39 per cent stated outright they would not be willing to share with anyone. A quarter said they would be prepared to share if it allowed them access to a better quality location or dwelling. 12 per cent would be prepared to share if it increased affordability, and a further 17 per cent said they would be willing to share if it was with someone in similar circumstances.

The main barriers to sharing were the desire to live alone (28%) and a lack of security (21%). There were also concerns it would affect Centrelink payments (12%). Remaining concerns were around the suitability of the property for sharing (16%) and whether sharing would be permitted by their landlord (18%).

A tenant matching service to facilitate sharing was regarded as potentially useful by 32% of respondents and probably or definitely not useful by a slightly larger proportion (36%). Overall the results suggest there is potential to increase sharing within the PRS, particularly where tenants share particular characteristics, and it enables tenants to improve affordability and the quality of their dwelling. A service offered by State government might be able to match households on the public housing waiting list to deliver better outcomes for tenants in the PRS. Additionally, it could help with housing tenants looking to transition out of the social housing sector.

Duration in the private rental sector

Duration in the PRS is increasing with the sector becoming less of a transitional tenure and more permanent (Parkinson, James *et al.*, 2018). The survey supports this contention. 29 per cent of all respondents can be classified as long-term renters, having been in the PRS for more than 10 years, while a further 31 per cent have rented for between 5 and 10 years. Table 8 shows the breakdown of rent duration by age. Over half of those in the 45-64 age range are long terms renters. This suggests it is difficult to break out of the PRS as a household gets older. It is notable there are many in the older age groups (27% in the 65+ group) that have rented in the PRS for less than 5 years, so have come from either home ownership or transitioned from other tenures such as social rent. This is very important in policy terms. Although some households may have made this tenure switch by choice, many will have been forced out of ownership and if older Australian's are falling out of home ownership it is likely to be a struggle to maintain rental costs into retirement. This could place additional pressure on the public and social housing sector.

Table 8 Duration in the private rental sector

	<1 year	1-2 years	3-5 years	6-10 years	11-15 years	>15 years
	(%)	(%)	(%)	(%)	(%)	(%)
All	9.0	17.0	24.0	22.0	10.0	18.0
18-24	21.0	37.0	29.0	9.0	2.0	2.0
25-34	7.0	18.0	31.0	31.0	11.0	2.0
35-44	8.0	10.0	22.0	21.0	14.0	25.0
45-54	3.0	9.0	13.0	23.0	8.0	45.0
55-64	4.0	5.0	12.0	20.0	13.0	45.0
65+	3.0	8.0	16.0	26.0	12.0	36.0

Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

38 per cent of respondents had rented 4 or more dwellings during their time in the PRS. The survey illustrates the short-term nature of renting, with two thirds of renters having been in their current dwelling for no longer than 3 years and, despite the high proportion of long-term renters in the survey, only 7 per cent of renters had been in their dwelling for 10 years or more. Security of tenure is therefore a major issue in the sector. With such a high number of long-term renters and the short duration of tenancies there is little permanency in residence, if not tenure. The costs of moving frequently also adds financial pressures on households. The disruption to older tenants cannot be underestimated.

Table 9 explores the reasons why respondents left their previous dwelling. 31 per cent were forced to leave while 56 per cent made a choice. The primary reason for a forced leave was the owner selling the property. Those that made the choice wanted to access a more appropriate and/or affordable dwelling. Older renters were most likely to have a move forced upon them with those in the 45-54 age bracket more likely to be forced to move than to move by choice (58% to 42%). Those in the 55-64 age bracket were also more likely to be forced to move, while those 65+ were forced to move 47 per cent of the time. Moving causes stress and its costly, the last thing an older household wants if struggling to meet rental payments so tenure security is extremely important. A related BCEC project explores tenure security for older Australians in more detail (Webb, James *et al.*, 2018).

Younger groups were much more likely to move by choice with the figure over 70 per cent for 18-24 and 25-34 groups reflecting their greater mobility, and indeed desire for mobility.

Table 9 Reasons for leaving previous dwelling

Reason for leaving previous dwelling	Proportion (%)
Forced - Owner was selling	15.5
Forced - Owner did not renew lease as they wanted to move back in	4.5
Forced - Violence/other incident	4.4
Forced - I was given no reason why the lease was not renewed	1.7
Forced - Rental increase was unaffordable	4.9
By Choice - To access a more affordable dwelling	19.3
By Choice - To access a more appropriate dwelling for my household	24.1
By Choice - To access better services (Schools, employment etc.)	12.6
Other	13.0
Forced	31.0
Choice	56.1

Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

There were some variations by location with those in the “Rest of NSW” the most likely to be forced to move and those in the “Rest of SA” least likely. There were also some differences in capital cities, with those forced to move ranging from 30 per cent in Adelaide up to 38 per cent in Sydney. In Perth, 66 per cent of tenants chose to move with the equivalent figure for rest of WA being 71 per cent. Tenancy reform is necessary to reduce incidences of forced move, which, as noted before, are very disruptive and costly. Other countries have stronger protection for tenants (Martin *et al.*, 2018) ensuring stability and this is something that needs to be adopted in Australia. A professionally managed build-to-rent sector could offer a stable alternative for some tenants; the proportion depends upon the diversity of stock offered.

Dwelling suitability and quality

Survey data on the number of bedrooms matches closely the ABS distribution (shown in Table 2) with the majority in 3 or more bedroom dwellings. When asked if their current dwelling was suitable for their needs only 7 per cent stated it wasn't, with a further 21 per cent stating 'partly'. For those answering 'no' or 'partly' the main reasons given were too small, too expensive, not enough outdoor space and poor quality. The quality of dwellings in the PRS was generally considered good. Almost 69 per cent of respondents rated the quality of their dwelling as good or excellent, with a further 25 per cent stating it was average. Only 6 per cent of respondents complained their dwelling was in poor or terrible condition. Although security of tenure has been highlighted as a problem, the actual condition and suitability of the stock seems to be much less of an issue.

Table 10 shows the proportion of the 3,182 respondents reporting issues around security and quality. A fifth of respondents reported mould or damp issues, which doesn't seem to equate to a rating of poor/terrible condition, and 14 per cent reported problems with pests. Internal and external maintenance issues are quite common which, again, do not seem to feed through into negative perceptions of overall quality.

Table 10 Quality and security issues

Issue	Proportion of respondents (%)
Fitted with smoke detectors?	88.0
Fitted with security features?	46.0
Adequately secure (good locks on doors and windows)?	70.0
Affected by mould or damp?	21.0
In need of internal maintenance?	35.0
In need of external maintenance?	27.0
Infested with pests - e.g. cockroaches, ants etc	14.0

Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

Landlords and property managers

A common perception about the PRS is the poor relationship tenants have with their landlord or property manager. The survey asked respondents to rate the quality of this relationship. 69 per cent of respondents said the relationship with their property manager was good or excellent and only 5 per cent rated it as poor or terrible. For direct relationships with landlords, 81 per cent stated they had a good or excellent relationship with just 3 per cent describing the relationship as poor or terrible. So far from being problematic, tenants seem happy with their property managers and landlords, yet it is the small minority that do have a problem that tend to grab the headlines.

Table 11 Relationship with property manager or landlord

Property manager	All	18-24	25-34	35-44	45-54	55-64	65+
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Excellent	21.0	17.0	19.0	18.0	26.0	26.0	34.0
Good	48.0	42.0	51.0	52.0	43.0	45.0	44.0
Average	26.0	33.0	25.0	25.0	24.0	26.0	21.0
Poor	4.0	7.0	4.0	4.0	3.0	2.0	2.0
Terrible	1.0	1.0	1.0	1.0	3.0	1.0	0.0
Total Excellent or Good	69.0	59.0	70.0	70.0	70.0	71.0	78.0

Landlord	All	18-24	25-34	35-44	45-54	55-64	65+
Excellent	39.0	38.0	36.0	36.0	42.0	43.0	55.0
Good	42.0	41.0	47.0	42.0	36.0	39.0	33.0
Average	16.0	20.0	14.0	18.0	19.0	15.0	6.0
Poor	2.0	1.0	2.0	2.0	2.0	2.0	4.0
Terrible	1.0	0.0	1.0	1.0	2.0	2.0	1.0
Total Excellent or Good	81.0	79.0	83.0	78.0	78.0	82.0	88.0

Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

There were no significant variations in the relationships by location but there were some minor trends by age, as described in Table 11. The worst relationships were found between the youngest age cohort and property managers, almost 20 per cent below the rating of the oldest cohort. Differences are much smaller when it comes to landlords, potentially because many of these landlords might be parents or family friends. There is certainly scope for improving the performance of property managers but overall the landlord-tenant relationship seems strong.

Those respondents with a poor or terrible relationship with their property manager and landlord were asked why the relationship was so poor. Over a third said it was because maintenance requests were consistently ignored while 18 per cent stated property managers/landlords did not seem to understand it was the tenant's home. Just under 15 per cent of respondents thought the relationship was poor because property managers/landlords either expected everything to be perfect, were unreasonable when it came to property inspections or increased the rent beyond what the tenant thought was reasonable.

In regard to maintenance, 45 per cent of those renting from a private landlord and 40 per cent renting from a real estate agent had to wait less than a week for a response after making a maintenance request. 16 per cent of private landlords and 10 per cent of real estate agents had never made such a request, while the remainder were not so lucky (Table 12).

Table 12 Maintenance requests

	Rented from a private landlord	Rented via a real estate agent
	(%)	(%)
Less than a week	45.0	40.0
More than a week	22.0	24.0
Only after constant reminders	11.0	18.0
They don't respond so I don't contact them anymore and just live with the issue	3.0	5.0
They don't respond so I fix it myself	4.0	3.0
I have never made a maintenance request	16.0	10.0

Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

There was a link between the quality of the dwelling and the time it took to respond to maintenance requests. Those respondents rating the quality of their dwelling as average or worse were far more likely to have to issue constant reminders for repairs, simply live with the issue or fix it themselves. It seems dwellings are of poor quality for a reason and are likely to remain so.

Lease terms

Security of tenure is often highlighted as the biggest issue within the PRS (Duncan *et al.*, 2016). Short-term leases and uncertainty around how long a tenant can stay have a negative impact on feeling of home. Other countries do not seem to have these issues (Martin *et al.*, 2018). The survey asked respondents questions about their leases. Three quarters had signed a formal lease on their dwelling. This varied depending on their rental arrangement: 90 per cent of those renting through a real estate agent reported signing a lease (4 per cent didn't know), but this dropped to 58 per cent when renting via a private arrangement. 63 per cent of those without a lease stated they didn't have a lease because they were renting from a friend or relative. 22 per cent said they had never been offered a formal lease. Given the protection a lease offers a tenant the lack of formal leases in the private landlord market is a concern.

55 per cent of those with a lease had a 12-month term with 12 per cent's lease duration being monthly or shorter. Only 11 per cent reported a lease term of 2 years or longer. There were no variations by age and only minor variations by location. This highlights the short-term nature of the PRS and why so many tenants are forced to move.

When asked if they would choose to sign a lease longer than one year if available, 46 per cent stated they would while 39 per cent replied maybe. The benefits of a longer lease are reported in table 13, with greater security being the main outcome. Only 14 per cent stated they wouldn't want a longer lease, mainly because they would feel trapped (34%), there would be too much pressure to stay in one place (24%) or they would be too worried about the cost of breaking the lease (25%). With issues of security and the very small proportion on longer-term leases there is significant scope for reform in this area offering tenants a greater choice of lease lengths.

Table 13 The perceived benefits of a lease longer than 12 months

Benefits of a longer lease	Percentage (%)
It would offer more security	42.3
It would offer a greater feeling of home	28.6
It would allow the establishment of a better relationship with my landlord	11.7
It might allow me to negotiate making changes to the property	14.5
Other	2.9

Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

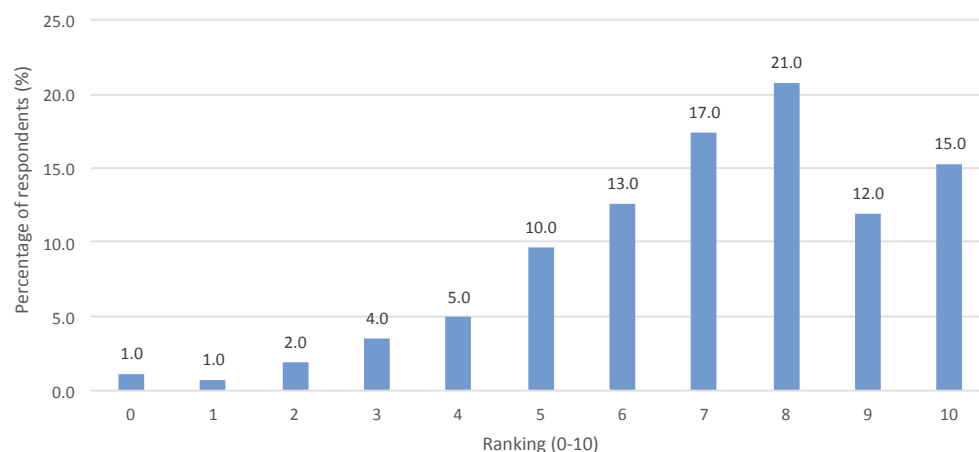
Respondents were asked whether they intended to extend their current lease. 60 per cent said definitely or probably yes, indicating a good level of satisfaction with current circumstances. Only 11 per cent stated probably or definitely not. The remainder were unsure. When asked why they were not going to renew their lease almost 45 per cent said they wanted to move to a better location or somewhere better value. Table 14 lists all the reasons given. For the respondents seeking to renew their lease, slightly over 88 per cent were confident they would be able to do so while under 5 per cent were not confident at all. This is a positive finding and somewhat contradicts some of the other findings relating to a lack of security.

Table 14 Reasons for not extending a lease

Reason for wanting to move	Percentage (%)
I want to move to a better location	27.2
I can find somewhere better value	17.4
It is too expensive	16.5
I want somewhere more suited to my physical needs	15.3
I am worried that the rent will become too expensive and I want to move before it does	6.2
I do not get on with my property manager/landlord	5.5
I want to find somewhere smaller	4.7
I want to get a pet and can't do so here	3.7
I don't get on with my neighbours	3.5

Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

Lease terms are supposed to make the responsibilities of the tenant and landlord clear so both parties operate within the law. Respondents were asked to what extent they understood their rights as a tenant and rate their level of understanding on a scale of 0-10, 0 being no understanding and 10 being a full understanding. Figure 6 displays the results. 48 per cent claim a good understanding of their rights (8-10) while just 12 per cent do not understand their rights very well (0-4). There were some patterns by age, with 17 per cent of the 18-24 group not understanding their rights with 42 per cent in the 8-10 band. In contrast, 70 per cent of those aged 65+ claimed a good understanding of their rights. Duration in the PRS had little impact on a tenant's understanding of their rights other than at the extremes where tenants of more than 15 years were much more likely to understand their rights than new tenants. There is a question of responsibility when it comes to understanding rights. Should the onus be on the tenant to make sure they understand their responsibilities or should the landlord make sure the tenant understands the legislation in order to avoid potential conflict? Certainly property managers have a responsibility to educate their tenants.

Figure 6 Understanding tenant rights

Note: A ranking of 0 equates to no understanding, and 10 equates to full understanding.

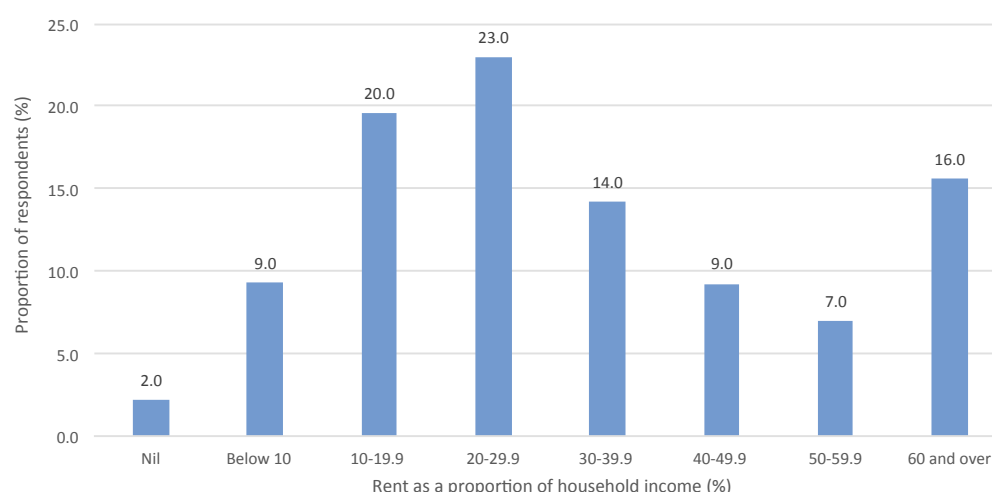
Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

Affordability

Affordability is a major issue within the PRS with many households struggling to meet rental payments (Duncan *et al.*, 2016). Within the survey respondents provided their gross household income and their weekly rent, which allowed the calculation of rent payments as a proportion of income delivering a standard measure of affordability. The results are shown in Figure 7, with the median proportion of income spent on rent at 28 per cent. Almost half of all renters are paying over 30 per cent of their income on rent. This figure rises to 63 per cent for older respondents (55+), who will be under considerable financial pressure once they have no source of income unless they have considerable savings and/or a substantial superannuation fund. Over 15 per cent of respondents are paying more than 60 per cent of their income in rent; this is not a sustainable position for any but the wealthiest households.

In terms of age, the median proportion of income spent on rent was 34 per cent for the youngest age group, rising to 39 per cent in the 55-64 category and 42 per cent for over 65s. The remaining groups were under 30 per cent. Long-term renters in the older households are under considerable financial pressure.

Figure 7 Rent as a proportion of gross household income



Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

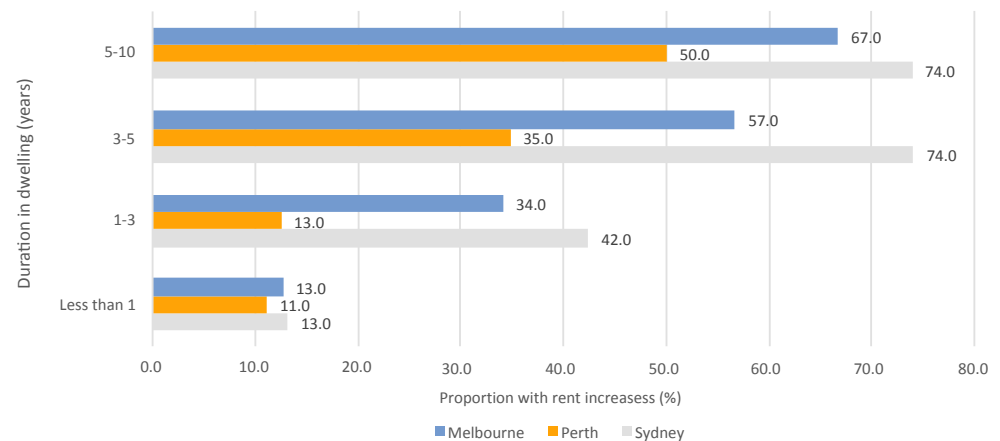
Those households paying more than 30 per cent were asked why they were paying such a high proportion of their income in rent. 57 per cent stated they were forced into this position through a lack of choice or in order to move into a dwelling and/or location suitable for their household. Those 57 per cent are likely to be experiencing financial stress and making sacrifices to their essential and non-essential expenditure. The remaining 43 per cent made a choice to spend over 30 per cent. Table 15 breaks down the responses by age. Generally, as households get older they are more likely to be forced into spending a high proportion of their income in rent. There is a fall at 65+ where there is an increase in the proportion of households choosing to move in order to access a preferred location or house type. Younger age groups are choosing to spend a large proportion of what is usually a fairly low income to access areas where they want to live, usually areas with quality amenities. Table 15 highlights how a large proportion of renters are being forced into a precarious financial position, primarily due to a lack of affordable rental options.

Table 15 Reasons for paying a high proportion of income in rent

	18-24	25-34	35-44	45-54	55-64	65+
	(%)	(%)	(%)	(%)	(%)	(%)
By choice - to access a preferred location	35.2	28.1	21.6	9.4	16.1	22.1
By choice - to access a preferred house type/size	18.1	19.2	17.3	20.5	9.5	16.9
Forced - to access a suitable location	15.0	13.2	8.6	10.3	8.3	11.0
Forced - to access a suitable house type	7.3	7.9	10.8	12.8	15.5	9.6
Forced - no other options available	24.4	31.5	41.7	47.0	50.6	40.4
Choice	53.3	47.3	38.8	29.9	25.6	39.0
Forced	46.7	52.7	61.2	70.1	74.4	61.0

Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

Rent increases are a common subject of dispute. Respondents were asked in their time renting their current dwelling whether the rent had increased, decreased or stayed the same. Rent had increased for 37 per cent and decreased for less than 5 per cent of tenants. However, almost half reported their rent staying the same during their time living in the dwelling. Of course, duration in the current property effects results, as does location. Figure 8 provides a summary for Sydney, Melbourne and Perth broken down by duration within dwelling. It is rare to see rent increases in the first year and less than half have seen rent increases in the last 1-3 years, even in Sydney where the rental market has been particularly constrained. In Perth, a quarter of tenants have seen a decrease in their rent in the last 1-3 years. So rent increases are perhaps more restrained than commonly perceived.

Figure 8 Rent increases by duration in current dwelling

Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

Tenants renting via real estate agents were more likely to see their rents increase; 42 per cent reported increases compared to 32 per cent when renting via a private arrangement. For 1-3 year duration tenants, 39 per cent had seen their rent rise under a real estate agent compared to 26 per cent in a private arrangement.

Those households under the greatest financial stress were asked about public housing. A quarter believed they were eligible for public housing but only 13 per cent were on the waiting list. Of those on the waiting list, 60 per cent had been on it for longer than 3 years and 14 per cent more than 8 years. Reasons why eligible households were not on the public housing waiting list were quite evenly split between “I haven’t got around to it,” “there is no point,” “I did not know there was a waiting list” and “I would not get a dwelling suitable for my needs”.

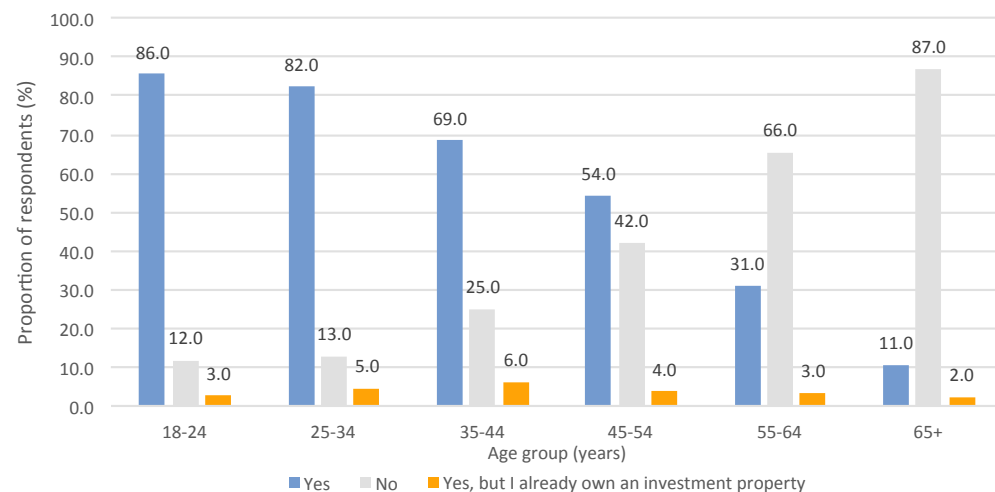
Housing aspirations

The PRS is traditionally seen as a transitional tenure with households residing in the sector while saving to enter owner occupation. However, owner occupation is out of the reach of many households on low incomes, and even moderate incomes in some locations, and, as shown in this report, renting is a long-term tenure for a significant proportion of households. So, do renters still aspire to home ownership or are they comfortable in the private rental sector?

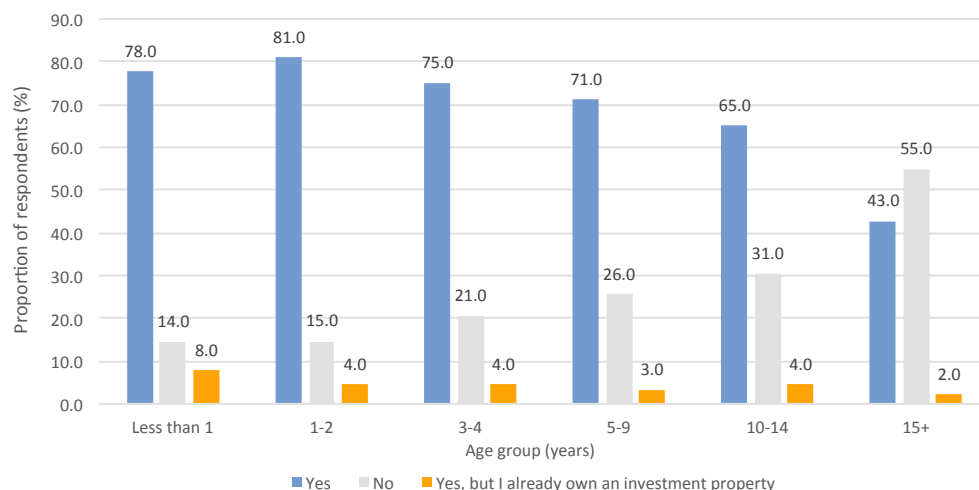
Firstly, respondents were asked to select the expected housing tenure of their next dwelling. Almost 30 per cent had no plans to move, with a further 35 per cent planning to stay in the PRS while only 20 per cent planned to move into owner occupation. Only 4 per cent expected to move into social housing, with the highest proportion (9%) living in Western Australia and the lowest (3%) living in NSW. Tenants aged 35-44 were the most likely to expect their next dwelling to be owner occupation (27%).

Respondents were then asked whether they planned to buy their own house at some point in the future. Two thirds said they were, with 29 per cent saying no owner occupation is a long-term aspiration for the majority in the PRS. 4 per cent already owned an investment property but were renting. Figure 9 shows how home owning aspirations fall dramatically with age, and Figure 10 displays how home owning aspirations fall with increased duration in the PRS. Clearly owner occupation is still very much an aspiration for younger cohorts. Expectations become more realistic with age, which is linked to duration in the PRS.

Figure 9 Owner occupation aspirations by age group



Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

Figure 10 Owner occupation aspirations by duration in the private rental sector

Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

Those respondents that aspired to owner occupation were asked how long it would be before they would be able to purchase a dwelling. Table 16 displays the results by age category. Overall 30 per cent of respondents thought it would take between 2 and 5 years to purchase and 20 per cent between 5 and 10 years. Only 26 per cent thought they would be able to buy within 2 years. The small proportion of renters aged 65+ who wanted to buy were the most optimistic, with over 80 per cent believing they would be able to buy within 5 years.

Table 16 Length of time to home ownership

	Less than 1 year	1-2 years	2-5 years	5-10 years	Over 10 years	Whenever I find a suitable partner to settle down with	I don't think I will ever be able to purchase a dwelling
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
All	7.7	18.7	30.4	20.6	8.0	7.0	5.3
18-24	5.3	12.2	26.5	26.7	11.6	13.3	1.7
25-34	7.3	20.1	34.5	19.5	5.7	6.3	5.0
35-44	10.1	24.4	28.5	19.5	6.7	3.7	5.7
45-54	6.8	18.0	29.7	18.0	12.6	4.1	8.1
55-64	14.9	14.0	22.8	13.2	7.9	2.6	17.5
65+	10.7	32.1	39.3	7.1	0.0	0.0	10.7

Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

A quarter of respondents (808 renters) in the survey previously owned a residential property and a further 8 per cent currently own an investment property but rent a different dwelling to live within. Of the 808 previous owners, only 27 per cent chose to sell with 73 per cent being forced to sell, illustrating how common it is for households to be forced out of home ownership. Of the 3,182 survey respondents, just under 19 per cent were in the PRS because they were forced out of home ownership. Table 17 describes the reasons why the respondents no longer own a property. Relationship breakdown was by far the most common reason followed by the choice to move to another location and then affordability. Only 2.5 per cent wanted to move into PRS, suggesting it is not an aspirational tenure but a safety net, making it even more important that there is a sufficient supply of affordable rental dwellings.

Table 17 Reasons for no longer being in home ownership

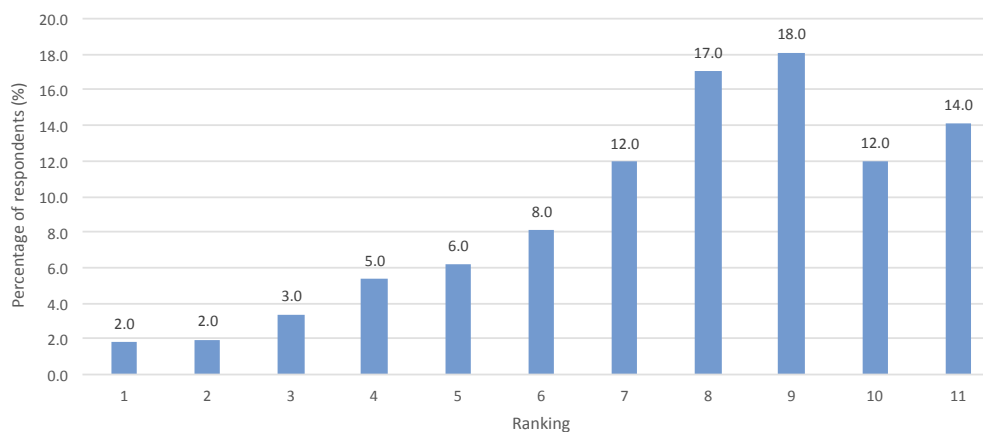
Reason for sale	Percentage (%)
It was sold as part of a relationship breakdown	41.3
I was forced to sell because I could no longer afford the mortgage	17.6
I was forced to sell because I needed the capital	5.9
I was forced to sell due to illness	5.0
I was forced to sell due to family pressure	3.1
I chose to sell to release capital	6.1
I chose to sell because I was moving to another location	18.6
I chose to sell because I wanted to rent instead	2.5
Forced	72.9
Choice	27.1

Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

The experience of renting

One of the major criticisms of the PRS is that the dwelling does not feel like home because of the lack of security, regular inspections and the inability to make even minor dwelling modifications. Respondents were asked to rate, on a scale of 0 to 10, how much their rental dwelling felt like home with 0 meaning the dwelling did not feel like home at all and 10 being the dwelling feels completely like home. Figure 11 and table 18 present the results. Almost 19 per cent did not feel at home in their rental property (0-4) with 44 per cent stating it did feel like home (8-10), 61 per cent if a rating as 7 is taken to be positive. There are no particularly strong relationships in any of the four categories shown in Table 18. Those in a dwelling for 15+ years are more likely to feel at home in comparison to new renters and those who have rented multiple dwellings are less likely to feel at home than those on their first or second dwelling. A single person living with children is the least likely group to feel at home in their rental dwelling. Overall the findings are quite positive with less than a fifth feeling negative about their dwelling.

Figure 11 How much does your rental property feel like home?



Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

Table 18 Rental dwelling as a home

Age Group	0-4	5-7	8-10
	(%)	(%)	(%)
18-24	17.0	38.0	46.0
25-34	19.0	38.0	43.0
35-44	19.0	42.0	39.0
45-54	25.0	35.0	41.0
55-64	22.0	35.0	44.0
65+	10.0	25.0	64.0
Living arrangements			
One person	18.0	34.0	49.0
Living with a friend or relative in a group/shared house	19.0	44.0	37.0
Living with Parents/family (in the family home)	15.0	34.0	50.0
Couple, no children living at home	17.0	35.0	48.0
Couple with children living at home	18.0	40.0	42.0
Single person with children living at home	28.0	32.0	40.0
Multi-generational household (for example a couple with children living with their parents)	17.0	37.0	46.0
How many dwellings have you rented?			
1	13.0	39.0	47.0
2	17.0	36.0	46.0
3-5	20.0	37.0	44.0
6-10	23.0	35.0	42.0
10 or more	25.0	38.0	37.0
How long have you lived in your current dwelling?			
Less than one year	22.0	41.0	37.0
1-3 years	21.0	37.0	43.0
3-5 years	15.0	35.0	50.0
5-10 years	13.0	33.0	53.0
10-15 years	9.0	43.0	49.0
More than 15 years	9.0	28.0	63.0

Note: Columns represent ranking from 0 to 10 of how much their rental dwelling felt like home. 0 meant the dwelling did not feel like home at all with 10 meaning the dwelling feels completely like home.

Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.

Finally respondents were asked about their experience of renting, again on a 0-10 rating scale with 10 being very satisfied and 0 completely unsatisfied. 14 per cent were unsatisfied (0-4) and 40 per cent very satisfied (8-10). Respondents in the Northern Territories were the least likely to be satisfied with their experience and those in Queensland the most satisfied. The 65+ age group was the most likely to be satisfied (59%) with all the other age groups hovering around 40 Per cent. A single person with children was the least likely to be satisfied at just 33 per cent, with one person and couple (no children) households the most satisfied (44% and 47%). Table 19 shows the full results. The results paint a fairly positive experience of renting with far more respondents positive about their experience than negative. The PRS seems to be doing a decent job for all groups of society, although some more than others.

Table 19 The experience of renting

Age Group	0-4	5-7	8-10
	(%)	(%)	(%)
18-24	13.0	48.0	39.0
25-34	14.0	46.0	40.0
35-44	13.0	51.0	36.0
45-54	19.0	42.0	39.0
55-64	18.0	42.0	40.0
65+	10.0	31.0	59.0
Living arrangements			
One person	15.0	41.0	44.0
Living with a friend or relative in a group/shared house	13.0	48.0	39.0
Living with Parents/family (in the family home)	15.0	48.0	36.0
Couple, no children living at home	12.0	41.0	47.0
Couple with children living at home	15.0	47.0	38.0
Single person with children living at home	19.0	48.0	33.0
Multi-generational household (for example a couple with children living with their parents)	13.0	48.0	38.0
Other	20.0	48.0	33.0
How many dwellings have you rented?			
1	12.0	42.0	46.0
2	13.0	45.0	43.0
3-5	12.0	48.0	39.0
6-10	19.0	43.0	37.0
10 or more	25.0	42.0	33.0
State			
New South Wales	16.0	48.0	36.0
Queensland	15.0	40.0	44.0
Western Australia	12.0	50.0	38.0
Victoria	13.0	45.0	42.0
South Australia	13.0	45.0	43.0
Northern Territory	18.0	53.0	29.0
Tasmania	20.0	36.0	43.0
ACT	18.0	44.0	38.0

Note: Columns represent ranking from 0 to 10 of how satisfied renters are with their experience of renting with 10 being very satisfied and 0 completely unsatisfied.

Source: Bankwest Curtin Economics Centre | Private Rental Sector Survey.



Discussion

and conclusion

Discussion and conclusion

This report shows that while there are some serious issues within the private rental sector, particularly around security and affordability, there are also some positives, such as the good relationships between tenants and their property managers/landlords. The findings in this report are relatively positive, highlighting the PRS does work for many but there remains a shortage of quality, affordable rental accommodation for those households most in need.

Action over tenancy reform is long overdue. The Victorian state government recently reviewed the rental tenancies act and announced a number of changes¹ for introduction in 2019 including longer leases, fewer restrictions on pets, smaller bonds and an end to the “no specified reason” to vacate notice. The reforms should provide additional security for tenants and generally improve tenants’ rights. A commissioner for residential tenancies will be appointed. The reforms address some of the issues raised in this report, such as the appetite for longer leases and general concerns about security, particularly from older renters. Similar reform is necessary in other jurisdictions.

As more and more households become long-term renters it is essential that the PRS offers households security of tenure. The survey found 29 per cent of all respondents had been in the PRS for more than 10 years, rising to over half of those in the 45-64 age range, while a significant proportion of these tenants had lived in four or more dwellings. Continued disruption to housing circumstances has both financial and broader wellbeing implications. While the younger age groups chose to move more often than not, older groups were more likely to be forced. Current lease terms do not support a stable and secure housing tenure with only 11 per cent of respondents having a lease longer than a year. Respondents were in favour of longer lease terms, which would provide more stability. This seems an obvious starting point for reform, one the Victorian government has embraced. Longer lease terms would provide certainty for both landlord and tenant. A service that matched tenants looking for long-term leases with landlords looking for long term tenants could be effective.

Affordability remains a major concern, particularly for older renters. With almost half of renters paying over 30 per cent of their income in rent, the majority being forced into this position, the costs are not sustainable, particularly for those households looking to save a deposit to purchase. The importance of CRA shows how many in the sector are struggling financially. This work highlights the need to increase the quantity of affordable housing delivered by the community housing sector (in the absence of new public housing developments) to help those that may fall out of the PRS. It is up to government to create the funding conditions to allow an increase in activity.

For those on lower incomes there is a strong argument to introduce a replacement for the National Rental Affordability Scheme (NRAS) which delivered subsidised rents in return for tax incentives for the landlord (see Rowley *et al.*, 2016). This would deliver a supply of low cost rental housing for those that struggle to meet the full cost of market housing. Tying tax incentives to long-term leases with discounted rents would benefit both landlords and tenants. For example, stamp duty exemptions could be offered for investors prepared to offer a long-term lease at below market rents for a tenant on an eligible income. Alternatively, reform of negative gearing or capital gains

¹ <https://www.vic.gov.au/rentfair.html>

tax policies could include eligibility for such incentives only if the landlord delivered long, below market rent tenancies.

The WA state government is undertaking a trial scheme where landlords offer long-term leases at discounted rents in return for guaranteed rent. The Assisted Rental Pathways Pilot is designed to help tenants transition out of social rental housing and into the PRS through discounts on rents for up to four years. In the absence of Federal funding it is up to State governments to deliver innovative affordable housing options (see Rowley *et al.*, 2017).

The PRS is a very important safety net for those forced out of home ownership for a variety of reasons, the most common reason being marriage break-up. Almost 19 per cent of those in the PRS have come from home ownership. While some have a safety net from sale proceeds, others do not. More could be done to help vulnerable households sustain home ownership through difficult periods such as a temporary loss of employment.

As this work has shown, older renters are extremely vulnerable to forced moves in the PRS and are most exposed to affordability pressures as many have very low incomes. The vast majority are forced into paying a high proportion of their income in rent because there are no other alternatives. Security of tenure for this group is essential. Once again, landlords could be incentivised to deliver secure rental tenancies for older Australians. This would mean properties that are adaptable for their changing physical needs.

The survey found 1 in 5 tenants faced some form of discrimination. The survey did not identify the source of this discrimination but whatever the source, any discrimination is unacceptable. Property managers have a critical role to play here but there is little control over the way landlords rent their property informally, outside regulated real estate agents. Action is required.

The survey found quite a high level of satisfaction among PRS tenants. Few reported their dwellings to be in poor or terrible condition and the majority described a positive relationship with their property manager. These findings are in contrast to the recent Choice (2017) survey of the private rental market, the findings of which painted a bleak picture of the reality of renting in Australia. While there is no doubt those on low incomes forced into spending a high proportion of their income are struggling, tenants on moderate incomes seem broadly satisfied with their experiences of renting.

However, there remains an overwhelming aspiration for home ownership, even among long term renters. Although there are large numbers of long-term renters, the PRS remains a transitional tenure. The main barrier to home ownership is the lack of a deposit. While low deposit home loans in WA and SA help thousands into home ownership, these are not available nationally and have limited application in high value markets where low to moderate income households could not sustain the mortgage payments. Shared ownership products, again available in WA and SA reduce deposit requirements and mortgage payments. Increasing the quantity of such products would help renters into home ownership. Hopefully we will see an increase in alternative models of development which allow groups of individuals to

get together and act as property developers, delivering a product suitable for them along the lines of the Nightingale model delivered in Melbourne. A build to rent model offering purpose built and managed accommodation could deliver longer term, stable accommodation to many household types. The government needs to work with the private and not for profit sector to overcome the barriers, mainly financial, to enable large-scale delivery of this product.

So, is the PRS as bad as it is often portrayed in the media? The answer is no, unless you are on a low income with the pressure of meeting the weekly rent, are a long term tenant who is suddenly forced out of their rental property or you face discrimination trying to access a suitable property in the first place. Unfortunately, too many households fall into one of these groups, which is why the government needs to do all it can to increase the supply of subsidised, affordable housing for those households most in need.

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It can be cited as: It can be cited as: Rowley S, James A. (2018), *The Private Rental Sector in Australia: Public perceptions of quality and affordability*. Research Report No. 18/18. Bankwest Curtin Economics Centre.

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ISBN: 978-1-925083-88-0

Acknowledgement and Disclaimer

The research reported in this publication is funded by the Bankwest Curtin Economics Centre under a projected entitled '*Housing Affordability in Western Australia*'. While every effort has been made to ensure the accuracy of this document, the uncertain nature of economic data, forecasting and analysis means that the centre, Curtin University and/or Bankwest are unable to make any warranties in relation to the information contained herein. Any person who relies on the information contained in this document does so at their own risk. The centre, Curtin University, Bankwest, and/ or their employees and agents disclaim liability for any loss or damage, which may arise as a consequence of any person relying on the information contained in this document. Except where liability under any statute cannot be excluded, the centre, Curtin University, Bankwest and/or their advisors, employees and officers do not accept any liability (whether under contract, tort or otherwise) for any resulting loss or damage suffered by the reader or by any other person.

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