Bankwest Curtin Economics Centre:

Submission to the Senate inquiry into the worsening rental crisis in Australia

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Introduction

We welcome the opportunity to provide a submission on this important topic and commend the Senate for identifying and seeking to address this critical emerging issue. Our contention, based on recently published work (*Housing Affordability in Western Australia,* May 2023[1]) and additional analysis below focused on comparative rental affordability at a national level – is that Australia is indeed facing a worsening rental affordability crisis. This submission highlights two major concerns with rental affordability in Australia and we believe it is crucial that Australian Governments address these concerns in a coordinated and sustained manner.

Firstly, a lack of supply of affordable rental housing and rising rents are driving unsustainable living costs for many Australians, most particularly households on lower incomes. This is creating widespread financial hardship, acting as a brake on our economy and impacting community health and wellbeing at a broad scale. Lack of appropriate and affordable rental supply, with rental vacancy rates sitting below 1% across much of the country for an extended period of time, has driven rising rents. What is most concerning is that our analysis below clearly indicates that rental cost rises have disproportionately impacted lower income households occupying rental properties with rents in the lower quartile of the private rental sector. Mapping affordability in our capital cities and regional centres shows that many of those areas that were previously the most affordable have seen faster and steeper rent increases – despite these areas having both older and poorer quality stock.

Secondly, the nature of housing supply in Australia and the way the housing market is driven and regulated means that this is a complex and wicked problem to solve. Effective policy solutions are likely to be slow, costly and politically difficult. Any effective solution will require a coordinated approach between federal, state and local levels of government to signal a shift over time – away from property as a wealth building strategy to housing and shelter as a human right that underpins participation in our economy and society as well as community wellbeing. Governments have a critical role to play in addressing the gaps in market supply, particularly for low-income affordable rental, while also looking to ensure that working families are not priced out of the housing market into the future.

Housing supply in Australia is predominantly driven by developer profits, with little incentive for investment in low-income affordable rental housing at scale – meaning that it is simply not profitable to deliver housing for our lowest income households without some form of subsidy or investment incentive. Hence any efforts to address the crisis facing low-income renters that relies on current market mechanisms is likely to take many years, possibly decades to translate into affordable outcomes. Australia's current housing policy and market settings are not fit for purpose and are failing to deliver secure and affordable housing for those who need it most. Market and wealth regulation needs to be combined with nationally consistent residential tenancy laws across states and territories that strengthen renter's rights and improve housing standards. In the interim states and territories are likely to face increased demand from households in financial hardship and rising rates of homelessness.

Housing supply in Australia needs to learn the lessons of what works best internationally – and shift over time from 'mum and dad investors' relying on rising property values to build family wealth, to institutional investment creating rental properties at scale. While build to rent investment could

[1] *Note I have included the original table and figure numbers from the original report in this submission along with pages to make cross-referencing the report easier. Where new or updated tables and figures are added I have ensured a unique identifier.*

deliver thousands of new rental dwellings, there will need to be intervention/subsidy to ensure a proportion are at the affordable end of the private rental market. This institutional investment will must be combined with increased and sustained public investment in social and affordable housing. Public investment alone without market reform cannot deliver enough affordable supply to match the scale of need.

Any policy solutions focusing on rental affordability for lower income households who are currently renting also needs to take into account the circumstances of struggling mortgage holders who are at financial risk due to rising interest rates. With over a million households expected to transition from low fixed-term interest rates to higher variable rates over the next six to eighteen months (effectively doubling their interest payments) we expect many of these households will need timely access to financial advice and support to reduce the numbers defaulting, facing long-term financial hardship and also placing further pressure on the private rental sector.

Recommendations

- Create a national housing framework that makes it clear that the priority and intent of housing policy is to ensure safe, secure and affordable shelter for all Australians – putting utility, stability and wellbeing ahead of wealth building.
- Increase the supply of social housing and consider direct government investment in delivering low-income affordable rentals (such as essential worker housing) at scale to support regional development and address skill shortages.
- Introduce nationally consistent legislation to better regulate, oversight and enforce tenant's rights at the National and State levels, including:
    - An end to no cause terminations, including at the end of a fixed term.
    - Reforms to stabilise rent prices including by setting clear limits for rent prices and increases.
    - Minimum energy efficiency standards for rental homes.
    - Enhanced frameworks to support compliance and introduce accountability for non-compliance with existing laws. [2]
- Commit to a target of zero children evicted to homelessness from public and social housing.
- Concerted action to ensure rental properties adhere to minimum condition standards to reduce exposure to damp and mould, including options for health services to report harmful residences.
- Measures to encourage more effective use of existing housing such as a vacant residential property charge, state taxes or increased rates levied on short-term holiday accommodation, particularly in areas where there is a shortage of affordable rental properties.
- Increase Commonwealth Rent Assistance and introduce ongoing indexation pegged to a proportion of median rental costs.
- Implement a nationally consistent approach to inclusionary zoning that requires a proportion of social and affordable housing in new developments.

[2] 'Tenant advocates to National Cabinet: no time for half-measures on renters' rights' National Association of Tenant Organisations, National Shelter, Everybody's Home and Better Renting (May 2023).

- Develop a long-term national Build to Rent scheme to replace NRAS that is designed to deliver a steady supply of subsidised low-income affordable rental properties at scale.
- Negotiate a nationally consistent approach to regulating rent increases including a limitation of one annual rent increase and appropriate indexation.

Addressing the Terms of Reference

Noting that the terms of reference for the Senate inquiry are:

> *Inquiry into the worsening rental crisis in Australia, with particular reference to:*
>
> *a) the experience of renters and people seeking rental housing;*
> *b)* ***rising rents and rental affordability****;*
> *c) actions that can be taken by governments to reduce rents or limit rent rises;*
> *d) improvements to renters' rights, including rent stabilisation, length of leases and no grounds evictions;*
> *e)* ***factors impacting supply and demand of affordable rentals****;*
> *f) international experience of policies that effectively support renters;*
> *g) the impact of government programs on the rental sector; and*
> *h) any other related matters.*

This submission will focus on providing evidence relating to (b) rental affordability and (e) supply of affordable rentals in particular – highlighting patterns of rising rental costs (by location and income, and for vulnerable cohorts) combined with analysis of comparative rental affordability (looking at the proportion of income required in the context of other rising living costs).

Our recent report *Housing Affordability in Western Australia 2023: Building for the Future,* also included national analysis on the experience of renters and those seeking rental housing from *The Australian Housing Conditions Data Infrastructure Survey 2023* (AHCDI) that allows us to directly address (a) the experience of renters and comment on (d) improvements to renter's rights.

In relation to the other terms of reference, we generally support the proposition that under the current circumstances governments need to be looking at (c) measures to reduce or limit rent rises, alongside (g) the impact of government programs on the rental sector, with an eye to learning from best practice examples of (f) international policy measures that support both renters and rental supply.[3] While we will offer some comments on these issues in this submission, we also suggest that these are issues that need to be explored further with key stakeholders during inquiry hearings, and more work may be required on policy development than we can offer at this point.

We further note that there can be some important interactions between rental price controls (c) and other policies and programs that support renters or the supply of affordable rental (e, f & g) that means in practice improvements to (d) renters rights may be needed(such as ending no grounds evictions) to prevent landlords simply evicting tenants as a means of circumventing controls on rental increases or demands to rectify maintenance problems to meet minimum health and quality standards. Similarly, we note that raising the prospect of increasing tenant's rights has in the past led industry bodies to raise concerns about new investors being spooked or existing landlord deciding to withdraw properties from the rental market, further threatening supply. We suggest the committee needs to look critically at such claims, and ultimately consider the extent to which a market-driven

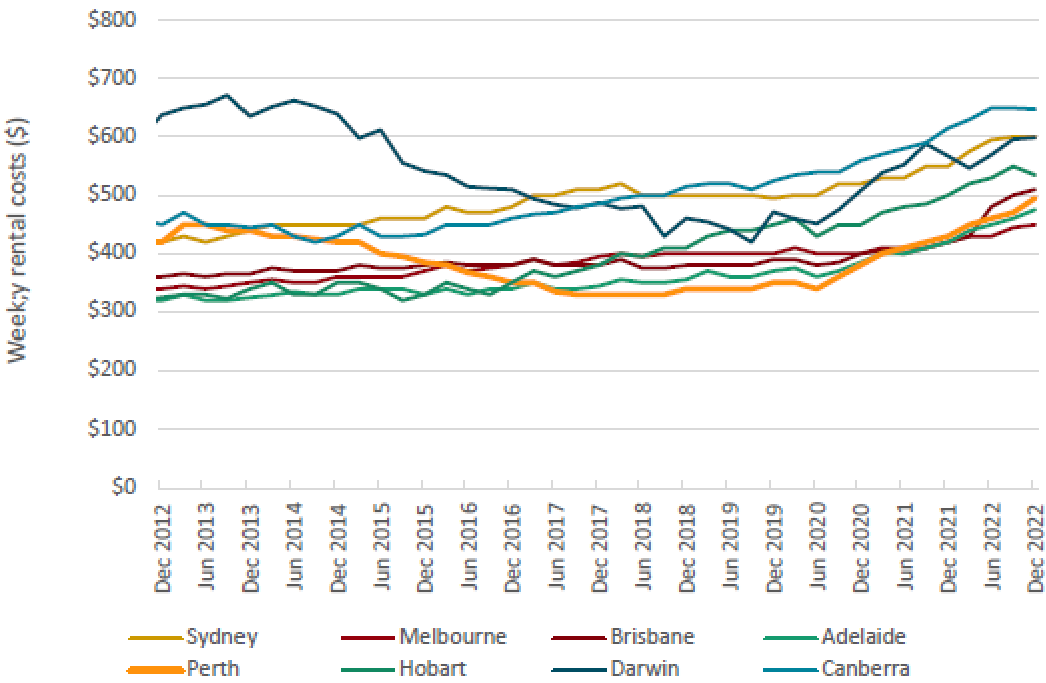
[3] Noting that it would make more sense for the inquiry to look at international best practice policies that support both renters and rental supply.

supply mechanism that cannot deliver affordable rentals that meet basic standards of health and habitation is ultimately fit for purpose. If we are to take such claims seriously, then they are also grounds for reform of market regulation to ensure our system can meet the basic human right to healthy shelter to support community wellbeing and prosperity.

Patterns of rising rental costs in Australia

The recent BCEC report *Housing Affordability in Western Australia in 2023* included analysis of changes in rental affordability for lower income households in established houses and multi-unit residential complexes across regional WA and metropolitan Perth. While the major focus of the report was a comparative analysis of rental affordability in WA, the analysis was based on national market data (from Corelogic and other sources including ABS and HILDA) and included analysis of broader national trends, comparisons between capital cities and across regional areas. This submission pulls out some of the key data and tables from that report, includes some additional new national analysis, and references the more detailed work within the report.

Figure 1: Median house rents: states and territories, 2012 to 2022

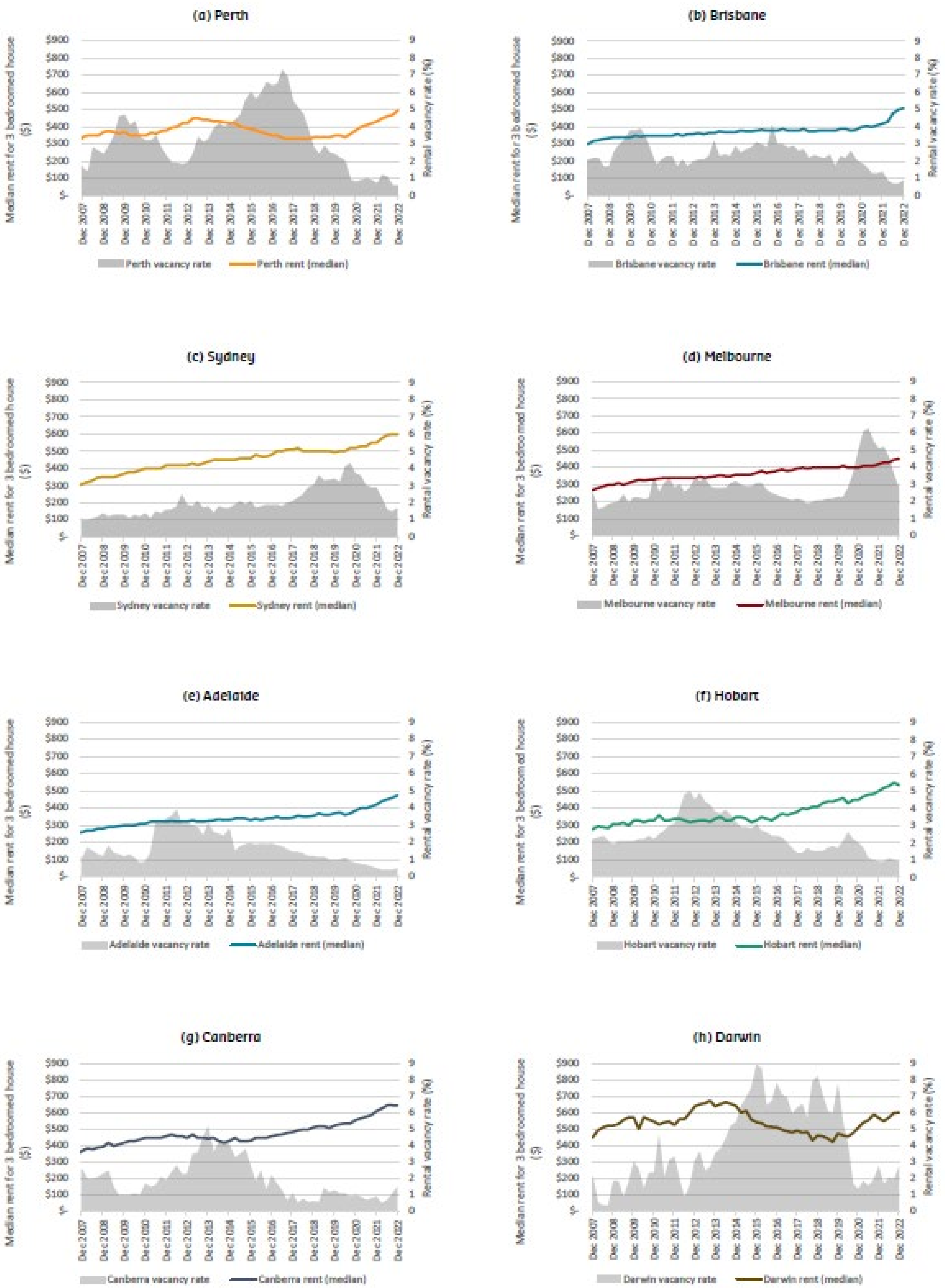


Notes: Median rental costs are sourced from data produced by the Real Estate Institute of Australia (REIA). Data are for median rental costs of three-bedroomed houses.

Source: Bankwest Curtin Economics Centre | Authors' calculations from REIA REMF-5 and REMF-11 (2021) Figure 28 p70.

Comparison of median weekly house rental costs in Australian capital cities covering the last decade from December 2012 to 2022 is in Figure 1. Most Australian capital cities show a clear and consistent trend of rising rental costs over the decade, with comparatively little volatility. Perth and Darwin stand out, sketching more of a sine wave curve, that drop from highs in mid-2013 down to a low in around 2017 before climbing again to 2022. Both cities show the impacts of the boom-bust cycle of a resource-driven economy, with Darwin being smaller and hence more volatile.

Figure 2: Median rents and vacancy rates: capital cities, 2007 to 2023 (page 71)



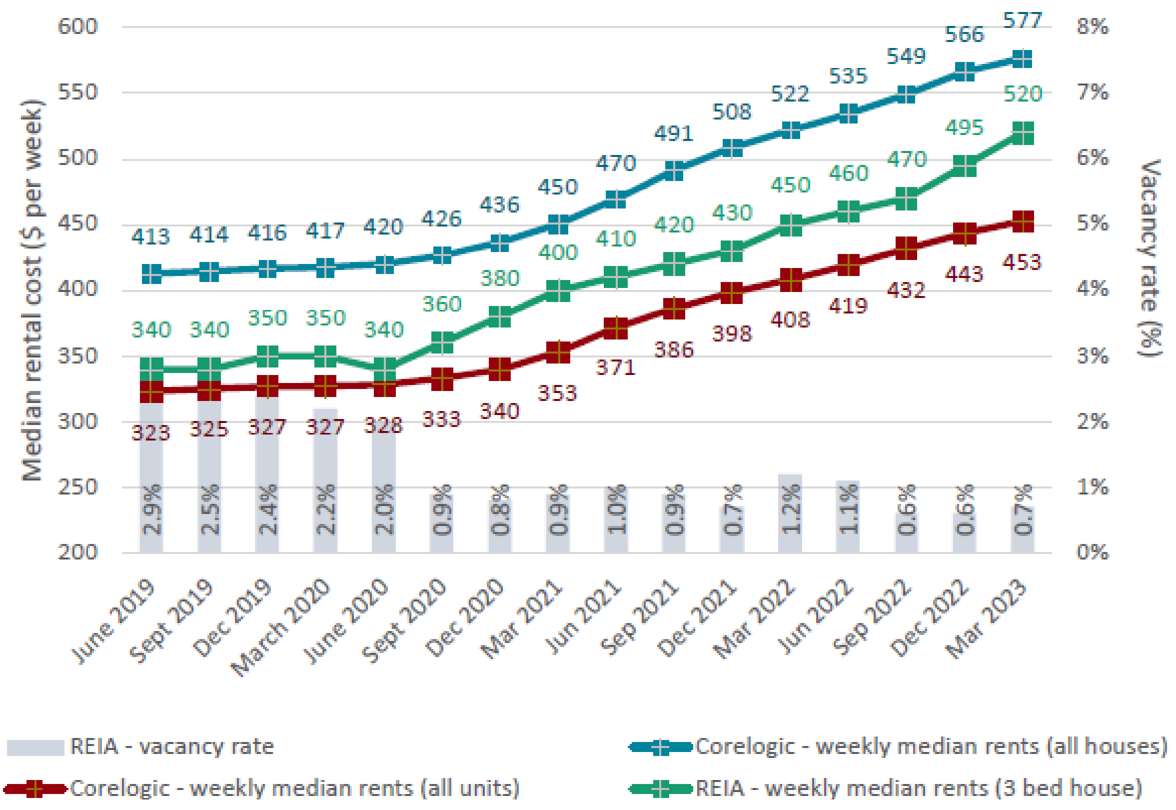
Notes: Median rental costs and vacancy rates sourced from Real Estate Institute of Australia. Data are for metro areas.

Source: Bankwest Curtin Economics Centre | Authors' calculations from REIA REMF-5 and -11 (2023). Figure 29 p71.

Typical costs in Perth for a three-bedroom property peaked at $450 per week in June 2013 – the highest across state capitals at that time, level with Canberra and behind only Darwin. Rental costs in Perth then gradually fell from the 2013 peak to a typical $330 per week by the end of 2018 – the lowest of all state and territory capitals across the series. Over nine quarters from September 2020 to December 2022, the weekly cost of a three-bedroomed rental property in Perth has risen by $60, from $340 to $495. This indicates that rental costs for a three-bedroomed property increased by 45 per cent over the last two years, the highest percentage increase of all capital cities.

Figure 2 shows the relationship between median rents and vacancy rates in our capital cities. One of the key market drivers for rental costs is the number of properties available to prospective renters – the vacancy rate. A comparison of median rental costs to vacancy rates for each Australian capital city gives an indication of the strength of this interaction in different capitals. We can see that the general underlying trend of slowly rising rental costs (the coloured lines) is moderated to some extent by higher vacancy rates (in grey), with a dip in prices as vacancies climb over around 3%. This trend is generally softer in larger cities (e.g. Sydney and Melbourne) and stronger in smaller ones (e.g. Canberra and Hobart). Both Perth and Darwin show more of a cyclic boom and bust pattern, with Darwin being smaller and more volatile.

Figure 3: Greater Perth rental costs and vacancy rates: June 2019 to March 2023

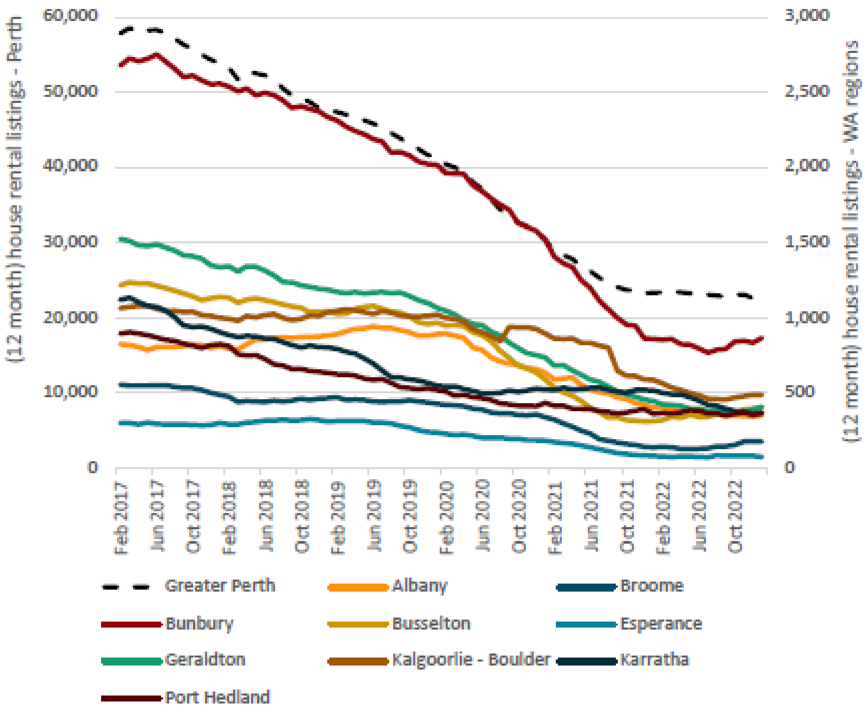


Notes: Rental costs for established houses and multi-residential units are reproduced from REIWA's Perth Market Snapshot (https://reiwa.com.au/the-wa-market/perth-metro).

Source: Bankwest Curtin Economics Centre | Authors' calculations from REIWA (2021). Figure 30 p72.

The dramatic decline in rental listings over the last six years in WA can be seen clearly in Figure 3. Greater Perth has dropped from a high of 4,878 monthly listings in March 2017 down to only 1,884 in December 2022. We see a similar trend in Bunbury within much smaller numbers available overall – dropping from 6227 listings in March 2017 down to only 70 in December 2022. Other regional centres also show a decline in rental availability, with a less steep trend probably reflecting the limited numbers of rental properties overall in smaller regional centres.

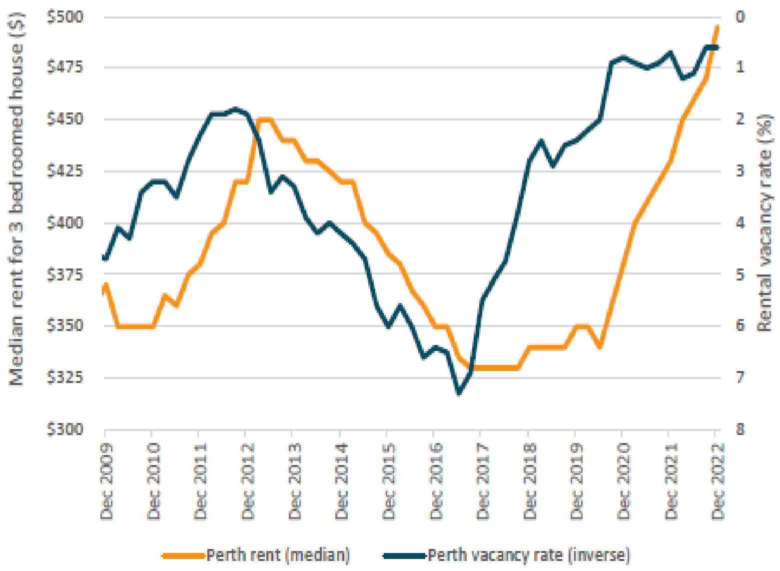
Figure 4. Volume of rental listings: Perth and WA regions, 2017 to 2023.



Source: CoreLogic RP data volume of rental listing (12-month) data. Figure 27 p 69.

The relationship between falling vacancy rates and rising rental costs can be clearly seen in Figure 5 when we invert the vacancy rate. The graph shows a lag time of a year or so between a tightening of rental availability and average rental prices going up – reflecting the delay between market pressures and when existing rental contracts come up for renewal. Note that the period between December 2012 and 2016 which represents the downward part of cycle, where the vacancy rate is relatively high and growing and hence median rental costs are falling shows a more direct relationship and less of a time delay. This can suggest that, beyond a threshold the market may be quicker to respond to falling vacancy rates, as tenants with other more affordable properties to choose from are in a position to negotiate lower rents. However, this period also represented a local economic downturn and a significant decline in the local population, as interstate and overseas migrants relocated out of the state, so it may not be wise to be hopeful of a similar rental market correction under current circumstances without form of crisis.

Figure 5. Median rental cost and vacancy rate (inverse): Perth, 2009 to 2022



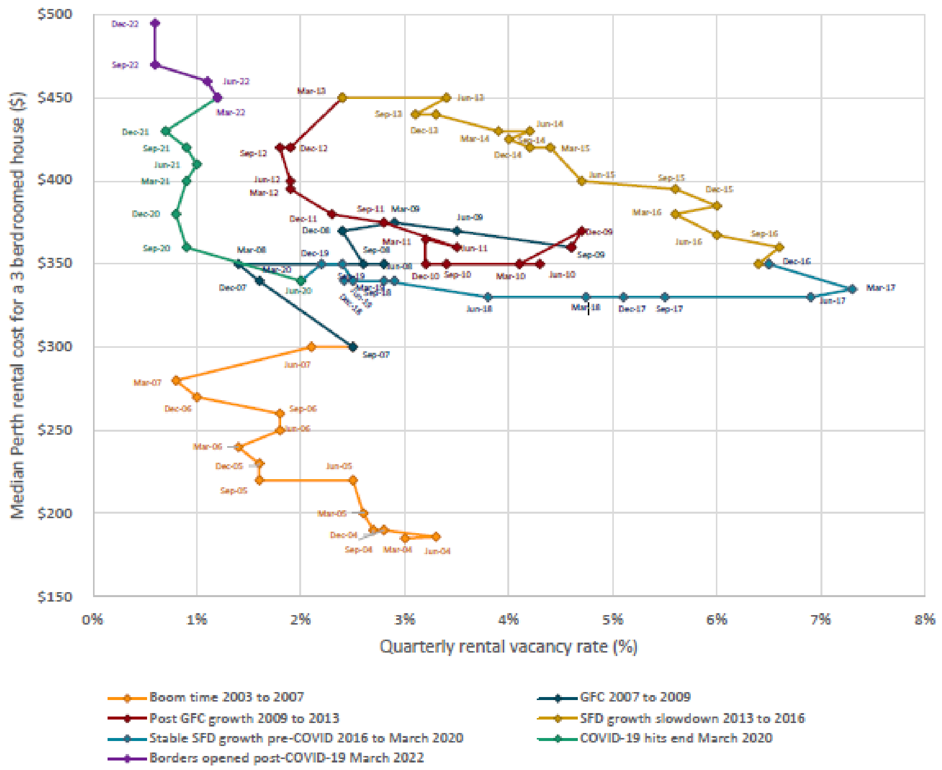
Notes: Median rental costs and vacancy rates are sourced from data produced by the Real Estate Institute of Australia (REIA). Median rents are presented for a standard three-bedroomed house. Data are for Perth metro area.
Source: Bankwest Curtin Economics Centre | Authors' calculations from REIA REMF-5 and REMF-11 (2023). Figure 31 p73.

Figure 6 maps the changing relationship between median rental costs and vacancy rates in Perth over the last two decades. This mapping allows us to track this relationship over successive economic cycles. It shows rents rising rapidly through the 2003-2007 mining boom as vacancies tighten (orange). Rents continued to rise then stabilised during the Global Financial Crisis (2007 to 2009) as the vacancy rate rose rapidly from 1.4 per cent to 4.6 per cent (blue). The post GFC recovery phase between 2010 and 2013 then saw the vacancy rate contract back to below 2 per cent, with some lag before rents then rose rapidly from $350 in 2010 to a peak of $450 in 2013 (red).

State Final Demand[4] grew through the period from 2013 to 2016 (gold) seeing the vacancy rate rise from 2.3 per cent up to over 6.5 per cent, while rental prices fell in parallel from the peak of $450 down to $350. State Final Demand then stabilised in March 2017, with rents bottoming out at around $325 per week and the vacancy rate hits a peak of over 7.2 per cent before rising to under 2 per cent in March 2020. We then see the vacancy rate fall below 1 per cent during the COVID-19 period in September 2020, leading median rental cost to rise rapidly from $350 up to $450 per week ... then continuing to rise even further in the post COVID period towards a current peak just under $500 per week. There was a minor and short-lived recovery in the vacancy rate at the end of the COVID period, bouncing up to over 1.2 per cent before contracting down to a historic low of 0.6 per cent in late 2022.

[4] State Final Demand measures the total value of goods and services sold within the state, providing a measure of growth within the state economy that excludes interstate and international trade.

Figure 6. Relationship between median rent and vacancy rates: Perth 2004 to 2021



Notes: Median rental costs and vacancy rates are sourced from data produced by the Real Estate Institute of Australia (REIA). Median rents are presented for a standard three-bedroomed house. Data are for Perth metro area.
Source: Bankwest Curtin Economics Centre | Authors' calculations from REIA REMF-5 and REMF-11 (2023). Figure 32 p74.

This series of cycles evidences a strong relationship between rental availability (stock) and affordability (weekly rental) and a strong cyclic pattern of boom and bust within the WA economy, with some lag in rental increases on the up-cycle, and more responsive rental pricing when the market opens up. This has to be an issue of concern for policy makers and the business sector, due to the sustainability, predictability and marginal cost of these ongoing dramatic economic swings. The boom-bust cycle creates an environment of investment uncertainty, where the incentive to invest in housing stock development strongest in the boom part of the cycle, where skilled labour is constrained within the construction industry and materials are more difficult to source in a timely fashion, increasing the risk of rising construction costs and budget over-runs.

Historically the short-term nature of the political cycle has tended to mean that incumbent governments are highly responsive to this cycle, with more incentive and capacity to invest in housing stock and infrastructure in the boom periods, and little political will to do so when the economy tightens. This means infrastructure investment costs are higher and there is a greater risk of budget blow-outs.

Arguably, a more strategic, sustainable and cost-effective approach is to develop longer term policies that invest counter cyclically in social and affordable housing and other infrastructure to smooth out the economic impacts during the downturns – when construction is more cost effective, and construction companies may be inclined to drop their margins to maintain a skilled workforce through a slump. We recommend creation of a housing future fund as a mechanism to support construction of additional social housing during economic downturns, giving developers and community housing providers the opportunity to pitch projects to deliver stock at a desirable price point.

The same longer term investment model favouring counter-cyclic investment would make sense for a targeted new Build to Rent (B2R) scheme designed to encourage institutional investment at scale in affordable rental stock designed to replace the National Rental Affordability Scheme (NRAS) to address the critical gap in the supply of affordable rental properties for those on lower incomes. Alternative models might set targets for developments with a proportion of rental units considered affordable (e.g. based on 25% of income for those in the lower quartile) as a means to access development subsidies, tax breaks, or government co-investment. Ideally, the model would also encourage partnerships between developers, community housing providers and other frontline services to support colocation and/or the provision of home care services in place.

Rental affordability and the cost of living

It is important that we consider housing affordability more generally and rental affordability in particular, within the context of the broader cost of living. Reports on the cost of living seek to give us a clear picture of day to day living costs by putting together a representative 'basket' of the essential goods and services required to maintain a standard of living that is in line with community expectations.[5] A critical measure of the relative affordability of housing is the percentage of income required to cover housing costs for those on lower incomes – with a standard measure being the 30/40 rule (that is, spending less than 30% of your income on housing costs if you are in the bottom 40% of incomes). Under normal circumstances this threshold should leave the household with enough money left over to meet their other essential cost of living needs – including energy and water, food, transportation and health costs. Households on higher incomes can generally afford to spend a bit more on housing costs, as their basic needs can be met, and a higher standard of living maintained using a comparatively smaller proportion of their overall income. To this end the report uses rent to income ratios as a comparative measure of affordability.

Table 1 looks at comparative weekly rental costs for established houses by capital city, also including comparative analysis of rental costs for the rest of each state or territory. The table includes median income and rental costs and compares the median rent to income ratio to the lower quartile rent to income ratio (that is, rental costs for households in the bottom 25% of incomes in the bottom 25% of cheaper properties).

[5] For example The Price is Right? BCEC 2017, WACOSS 2022 Cost of Living Report.

Table 1. Median price-income ratios for established houses: states and territories: 2022 (page 60)

States and territories	Median household gross annual income		Median rental cost for residential houses		Median rent-to-income ratio	LQ rent-to-LQ income ratio		Change in median rents	
By capital city and rest of state	by sub-region, 2022$		by sub-region, 2022$						
Sub-region	Median income		Median rental cost		r/i ratio (Dec 2022)	r/i ratio (Dec 2022)		Change over 12m (%)	Change over 5yrs (%)
Sydney	2,529	2	707	1	28.0	32.4	2	+10.3	+12.5
Hobart	1,994	8	546	4	27.4	31.6	3	+9.6	+41.1
Perth	2,230	6	541	6	24.3	35.7	1	+12.3	+37.4
Darwin	2,400	3	618	3	25.7	17.1	8	+7.4	+17.6
Brisbane	2,236	5	546	5	24.4	26.9	6	+14.2	+26.3
Canberra	2,935	1	706	2	24.0	29.0	4	+9.4	+35.0
Adelaide	2,112	7	489	8	23.2	24.9	7	+13.2	+30.8
Melbourne	2,336	4	498	7	21.3	28.8	5	+5.1	+11.9
All capital cities	2,353		579		24.6	28.0		+9.7	+19.3
Rest of QLD	1,723	6	553	2	32.1	35.1	2	+14.3	+43.1
Rest of TAS	1,515	8	445	6	29.4	33.0	3	+17.7	+55.6
Rest of NSW	1,837	3	532	3	29.0	31.4	5	+12.4	+34.8
Rest of WA	1,851	2	511	4	27.6	38.1	1	+14.3	+44.1
Rest of NT	2,038	1	559	1	27.4	18.2	8	+5.6	+13.3
Rest of VIC	1,817	4	429	7	23.6	29.0	7	+9.0	+32.9
Rest of SA	1,644	7	379	8	23.1	30.0	6	+12.3	+44.4
All regions	1,774		510		28.8	32.3	4	+12.6	+38.5

Notes: Suburbs and regions ordered by local area rent-to-income (r/i) ratio. Rental value is the 2022 median rent for all types of established housing for each REIWA sub-regional housing market area. Income is median household gross weekly income by sub-regional market, imputed from Census 2021 and uprated to 2022 dollars.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on Corelogic (2023) and ABS Census 2021. Table 14 p60.

Looking at the change in median rental costs in capital cities we can see that Brisbane (14%) Adelaide (13%) and Perth (12%) have risen sharply in the last 12 months, while Hobart (41%), Canberra (35%) and Adelaide (31%) have risen steadily over the last five years.

Similarly, the change in regional median rental costs has been sharpest in the last 12 months in regional Tasmania (18%), Queensland and Western Australia (both 14%), while median regional rentals have risen steadily over the last five years in South Australia and Western Australia (both 44%) and Queensland (43%).

Despite facing similar pressures and issues of scale, the contrast in rental affordability between our two largest cities Sydney and Melbourne is quite apparent – with Sydney ranking first on median rental costs ($707 pw) and Melbourne ranking seventh ($498 pw) equating to an average weekly difference in spending of $209 (swallowing up the difference in median income of $193 pw).

Looking at median rent-to-income ratios we see that in 2022 all our major cities were considered 'affordable' for households on median incomes (green), with median rents representing on average 24.6% of their incomes. Median rent to income ratios ranged from 21% in Melbourne (the most affordable city for median income households) to 28% in Sydney (the least affordable and getting close to the 30% affordability threshold).

However, the picture is quite different when we look at the lower quartile rent to income ratios (that is, rental costs for households in the bottom 25% of incomes in the bottom 25% of cheaper properties) – where we see on average our capital cities have ratios of around 28% for lower income households, while Perth, Sydney, and Hobart (yellow) are considered ‘less affordable’, with LQ ratios between 32 and 36%. Darwin and Adelaide are the most affordable cities for those on low incomes (17% and 25%), while Melbourne does not do quite as well (29%) and Perth is by far the least affordable city (36%).

Counter-intuitively, when we look at comparative affordability for low-income households in regional areas outside of the major cities, there are very few regional areas that are considered affordable to LQ households – namely the Northern Territory (18%) and regional Victoria (marginal at 29%). Regional WA is considered the least affordable location for low-income households (at 38%) followed by regional Queensland (at 35% - noting this includes the Gold Coast). In comparison, households on median incomes are likely to find renting in regional areas in most states and territories comparatively affordable, with ratios between 23 and 29% - excluding regional Queensland at 32%.

Overall rent in regional areas is less affordable for all households than in the capital cities (on average 29% vs 25%) and more so for low-income households (on average 32% vs 28%) – noting that this is also before we factor in the higher cost of living in regional areas, particularly food, transport and access to medical services.

Mapping rising rental costs in WA

The more detailed mapping and analysis of rising rental costs in market sub-regions in WA I the report exposes a concerning picture. Comparisons of median rent-to-income ratios for those suburbs and sub-regions that have historically been considered more affordable showed that housing costs had grown much faster in the cheaper areas and for those at the bottom of the market and represent a much greater share of their weekly expenses (Table 2).

Looking at Table 20, we see that rental cost burdens for average (median) households have risen around 9 to 14 percent in the last year, and around 30 to 43 percent over the five years. The majority of median rent to income ratios remain ‘affordable’ in the range of 21 to 27 percent (green) except for Broome which is ‘less affordable‘ (yellow) and has risen to 34.1 percent.

However, when we look at the increase in the rental cost burden for lower quartile households in lower quartile rental properties we see that rent to income ratios have risen more rapidly. This is reflected in ‘moderately unaffordable’ lower quartile rent to income ratios of between 33 to 42 percent in greater Perth (ie. yellow or orange), with only 3 of the 10 regions remaining ‘affordable’ for low-income households.

Table 2 Rental costs for established houses by Perth suburb and WA region: 2022

Sub-regional housing market area / Perth planning region	Median household gross annual income by sub-region, 2022$		Median rental cost for residential houses by sub-region, 2022$		Median rent-to-income	LQ rent-to-income ratio		Change in median rents	
Sub-region	Median income		Median rental cost		r/i ratio (Dec 2022)	r/i ratio (Dec 2022)		Change over 12m (%)	Change over 5yrs (%)
Fremantle	2,489	5	674	3	27.1	38.7	1	+10.3	+36.4
Cottesloe - Claremont	3,825	1	1,020	1	26.7	41.9	2	+9.7	+39.8
Rockingham	1,806	19	458	18	25.4	38.6	3	+13.9	+40.4
Melville	2,590	4	651	4	25.1	41.0	4	+12.9	+43.2
Canning	2,046	14	512	9	25.1	40.2	5	+10.8	+36.9
Gosnells	1,779	20	442	19	24.9	38.8	6	+13.7	+36.8
Wanneroo	2,011	15	495	11	24.6	38.7	7	+13.6	+43.0
Stirling	2,416	7	595	7	24.6	39.0	8	+14.5	+40.2
Joondalup	2,450	6	600	6	24.5	38.7	9	+11.2	+39.5
South Perth	2,670	3	646	5	24.2	39.4	10	+9.4	+41.1
Perth City	2,868	2	688	2	24.0	34.3	11	+10.6	+33.0
Kwinana	1,844	18	441	20	23.9	36.4	12	+14.5	+43.2
Swan	2,004	16	475	14	23.7	36.9	13	+11.4	+37.8
Cockburn	2,272	9	536	8	23.6	38.0	14	+11.8	+35.2
Bayswater - Bassendean	2,185	12	505	10	23.1	36.3	15	+12.1	+39.0
Armadale	1,998	17	460	17	23.0	35.3	16	+15.3	+40.1
Belmont - Victoria Park	2,189	11	491	12	22.4	33.0	17	+10.3	+33.1
Mundaring	2,126	13	461	16	21.7	35.4	18	+8.9	+28.1
Kalamunda	2,286	8	485	13	21.2	38.3	19	+11.3	+29.5
Serpentine - Jarrahdale	2,228	10	463	15	20.8	33.5	20	+8.8	+32.9
Greater Perth	2,132		534		25.1	37.1		+12.7	+39.0
Broome	2,273	4	775	3	34.1	45.5	1	+22.9	+50.5
Augusta - Margaret River - Busseltoı	2,092	5	585	4	28.0	44.9	2	+17.8	+44.9
Karratha	3,078	2	817	2	26.5	31.4	3	+9.6	+82.7
Mandurah	1,727	10	454	7	26.3	44.0	4	+14.7	+41.1
Port Hedland	3,335	1	821	1	24.6	29.0	5	+18.0	+92.7
Bunbury	1,956	7	465	6	23.8	37.9	6	+15.0	+39.1
Albany	1,788	9	424	8	23.7	36.1	7	+8.1	+19.1
Geraldton	1,897	8	382	10	20.2	31.4	8	+13.0	+36.9
Esperance	1,963	6	391	9	19.9	29.3	9	+7.9	+16.3
Kalgoorlie - Boulder	2,680	3	504	5	18.8	26.2	10	+19.0	+43.1
WA excluding Perth	1,923		535		27.8	39.4		+14.4	+39.8

Notes: Suburbs and regions ordered by local area rent-to-income (r/i) ratio. Rental value is the 2022 median rent for all types of established housing for each REIWA sub-regional housing market area. Income is median household gross weekly income by sub-regional market, imputed from Census 2021 and uprated to 2022 dollars.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on Corelogic (2023) and ABS Census 2021. Table 20. P78.

Overall, the median rent to income ratio for Greater Perth is 25.1% while the median rent to income ratio for regional centres (excluding Perth) is 27.8 percent – both considered 'affordable' (green). However, the lower quartile rent to income ratio for Greater Perth is 37.1 percent (12 points higher) while the lower quartile rent to income ratio for regional centres excluding Perth is 39.4 percent (11.6 points higher) – both considered 'less affordable' (yellow).

Costs at the lower end of the market have gone up much more rapidly as the rental availability rate has remained below 1 percent in WA for a sustained period (since September 2021 see Figure 2). What this means in practice is that lower income households, who have much less disposable income and spend a much greater proportion of their weekly income on essential living costs are now also having to spend a much greater amount simply to cover the rent.

A more detailed breakdown of the changes in median rental costs by sub-region (Table 3) shows that many of the suburbs and regional centres that have previously been considered more affordable places to rent (where there is generally older housing stock, much of which is of cheaper construction and in poorer condition) have seen some of the steepest increases in median rental costs. Table 3 shows that rents rose comparatively rapidly in Greater Perth and its sub-regions in 2021 and 2022 by around $40 to $65 per week, following modest annual rises of around $5-$15 per week in previous years. Median weekly rents in greater Perth rose by an average $117 per week over the period between 2019 and 2022 up to a median weekly cost of $534, equating to a 31% increase. During this same period, it can be clearly seen that median rents in the more affordable fringe suburbs rose more rapidly. For example, Kwinana, the most affordable region, rose 43%, Gosnells, the next most affordable rose 39%, followed by Rockingham 40% and Armadale 40%.

Table 3 Median house rental costs by Perth suburb and WA region: 2018 to 2022

Sub-regional housing market area Perth planning region	House Median - rental costs by sub-region, 2017-2023$						Quarterly change in House Median - rental costs by sub-region, 2020$					
Sub-region	2018 $pw	2019 $pw	2020 $pw	2021 $pw	2022 $pw	Jan 2023 $pw	year to Dec 2019 change ($pw)	year to Dec 2020 change ($pw)	year to Dec 2021 change ($pw)	year to Dec 2022 change ($pw)	2019-2022 change ($pw)	change (%)
Cottesloe - Claremont	602	630	647	710	793	834	+28	+17	+63	+83	+163	+26%
South Perth	408	411	425	492	560	605	+3	+14	+67	+68	+149	+36%
Perth City	422	435	436	486	524	564	+12	+2	+50	+38	+90	+21%
Melville	409	419	439	492	555	592	+9	+21	+52	+64	+137	+33%
Fremantle	439	449	457	501	567	613	+10	+9	+44	+65	+118	+26%
Joondalup	405	413	438	486	545	576	+8	+25	+48	+59	+131	+32%
Stirling	400	397	411	467	526	558	-2	+13	+56	+60	+129	+32%
Cockburn	374	380	384	430	494	518	+6	+4	+46	+64	+114	+30%
Canning	341	344	355	402	458	490	+3	+11	+48	+56	+114	+33%
Bayswater - Bassendean	327	335	345	397	453	478	+8	+10	+52	+55	+118	+35%
Belmont - Victoria Park	351	355	368	413	463	487	+4	+13	+44	+50	+108	+30%
Wanneroo	342	345	356	406	467	507	+3	+11	+50	+61	+122	+35%
Serpentine - Jarrahdale	384	392	400	430	486	480	+8	+9	+30	+56	+94	+24%
Kalamunda	378	380	381	427	473	505	+2	+1	+46	+47	+94	+25%
Mundaring	376	375	378	407	428	435	-1	+3	+28	+21	+53	+14%
Swan	334	334	342	385	430	459	-0	+8	+43	+45	+96	+29%
Armadale	321	322	323	372	427	457	+1	+2	+49	+55	+105	+33%
Rockingham	295	299	307	350	402	429	+5	+8	+42	+53	+103	+34%
Gosnells	305	298	307	347	407	436	-7	+9	+40	+60	+109	+37%
Kwinana	265	263	271	313	371	397	-2	+8	+42	+59	+108	+41%
Greater Perth	373	378	389	438	495	541	+5	+11	+50	+57	+117	+31%
Karratha	399	416	526	614	673	703	+17	+110	+88	+59	+257	+62%
Broome	444	453	471	490	580	654	+9	+18	+20	+89	+127	+28%
Port Hedland	454	433	2,050	1,259	712	788	-20	+1,61			+279	+64%
Busselton	390	391	397	448	539	578	+1	+6	+51	+90	+147	+38%
Kalgoorlie - Boulder	357	353	355	377	453	509	-4	+2	+22	+75	+100	+28%
Bunbury	326	324	332	368	425	444	-2	+8	+36	+57	+100	+31%
Albany	339	337	337	361	392	419	-2	+0	+23	+32	+55	+16%
Mandurah	308	313	317	368	420	456	+5	+4	+51	+52	+107	+34%
Esperance	300	296	303	319	357	369	-4	+7	+15	+39	+61	+21%
Geraldton	262	259	262	296	340	363	-3	+3	+34	+43	+81	+31%
WA excluding Perth	331	331	380	400	449	511	-0	+49	+20	+49	+118	+36%

Notes: Suburbs and regions ordered by local area rent-to-income (r/i) ratio. Rental value is the 2022 median rent for all types of established housing for each REIWA sub-regional housing market area. Income is median household gross weekly income by sub-regional market, imputed from Census 2021 and uprated to 2022 dollars.

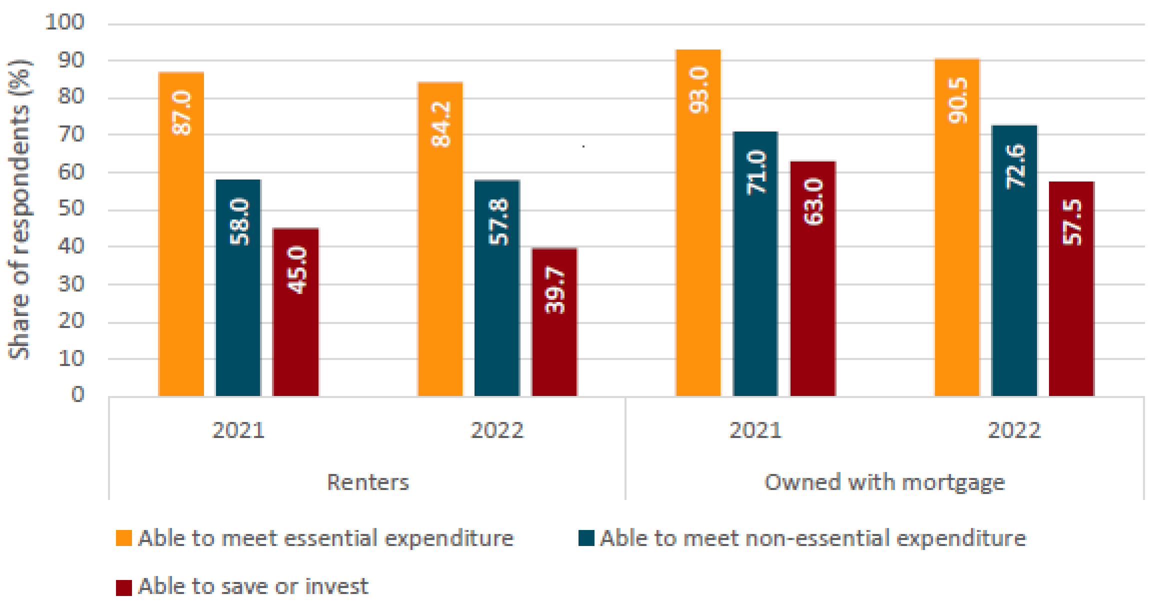
Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on Corelogic (2023) and ABS Census 2021. Table 21 p85.

Regional centres show greater variability in changes in median rental costs from year to year, reflecting the effects of smaller markets as well as the impacts of larger resource project on populations in our northwest towns. The trend across regional centres is consistent however, with an average increase in median rents of 36% between 2019 and 2022. While some northwest centres have seen increases in the vicinity of 63% in Karratha and 64% percent in Port Hedland, regional centres in the southwest have seen increases in rental costs in the range of 16% to 38%. As a consequence, the median rental for regional areas outside Greater Perth rose from $331 to $511 per week, between 2018 and 2023, while Perth rentals rose from $373 to 541 per week, with the comparative affordability gap for the regions closed from $42 to $30 per week over the same period. While this means the cost of renting in most regional centres may still be a little cheaper than living in the city, this does not take into account higher living costs in the regions – including food, transport, and utilities as well as access to essential services.

Renter's experiences

The Australian Housing Conditions Data Infrastructure Survey 2023 (AHCDI) was funded by the Australian Research Council under their Linkage Infrastructure Equipment and Facilities (LIEF) program and was led by the University of Adelaide and included Curtin University as a partner. The AHCDI is the third in a series of surveys (see Baker et al., 2022) with a further survey to be conducted in 2024. The AHCDI surveyed 22,500 Australian households in June 2022, oversampling rental households due to a focus on housing conditions and aspirations. For the purposes of this analysis the survey has been weighted by age group to ensure a representative sample. The survey is also representative by state/territory population. The analysis is split by tenure, location, age group and household structure to identify patterns in survey outcomes. Previous BCEC housing affordability reports since 2017 have included a series of common questions also taken up in the AHCDI survey, allowing us to do some broader time series analysis.

Figure 7. Housing costs and essential/non-essential expenditure.



Source: Australian Housing Conditions Data Infrastructure survey. ARC, University of Adelaide. Figure 37 p 89.

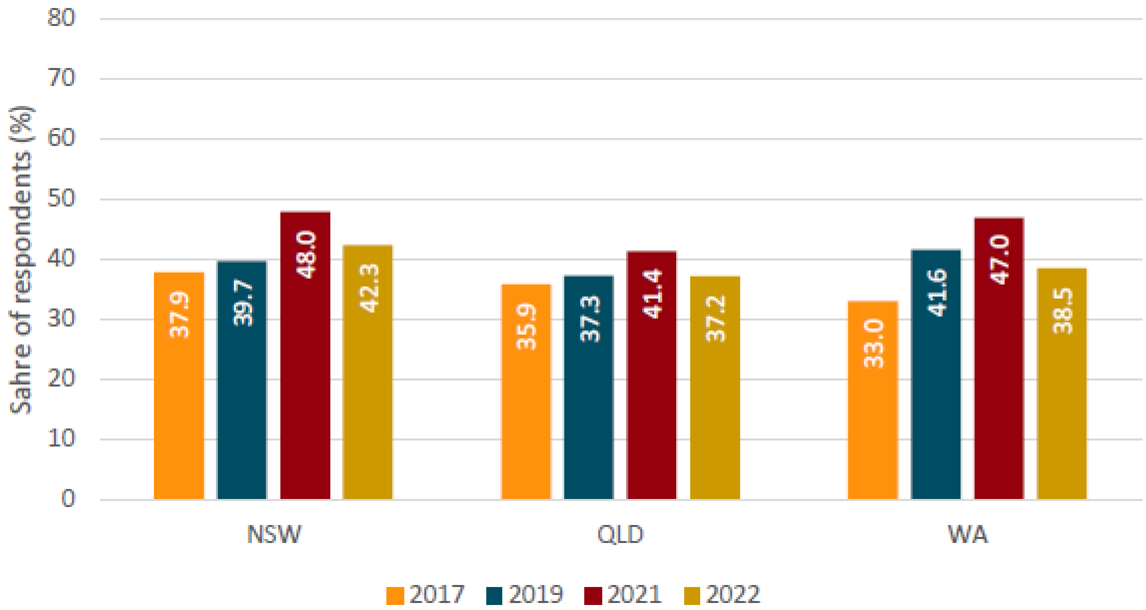
The AHCDI survey and previous BCEC surveys asked households whether they had enough money left over after rent or mortgage payments for essential[6] and non-essential expenditure[7] and for savings. Figure 7 shows a big fall in the proportion of both renters and mortgagees having money left

[6] Essential expenditure is defined as expenditure necessary for day-to-day living including bills, basic food and drink, clothes, transport etc.

[7] Non-essential expenditure is defined as expenditure on items such as social activities, holidays, TV, non-essential food and drink such as alcohol, etc.

over to save/invest between the 2021 and 2022 surveys. As both rents and mortgage payments having increased significantly since June 2022, we expect the proportion of households now able to meet all three items of expenditure will have declined even further in 2023. Figure 8 then compares the outcomes of the question across three BCEC surveys (2017, 2018 & 2021) and the 2022 AHCDI survey for renters. The proportion of renters now able to save/invest after paying their rent has fallen to the lowest level since 2017. The biggest barrier to future home ownership for renters is their ability to save a deposit, hence increasing rents negatively impact on a household or individual's ability to save, hence their longer-term financial security and security of tenure.

Figure 1: Ability to save/invest after paying rent.



Source: Bankwest Curtin Economics Centre Housing Affordability survey 2021 (Crowe et al 2021); Australian Housing Conditions Data Infrastructure survey. ARC, University of Adelaide. Figure 38 p89.

Table 4 then breaks down the proportion of respondents able to meet the three items of expenditure by renter type, age group and household structure. Only around a quarter of tenants in public or community housing are able to save, and less than a half can meet non-essential expenditure. Just under a third of older households, 65+, are able to save compared to 54 per cent of those in the 18-29 age group. Finally, it is one parent families that have the greatest difficulty meeting expenditure with a quarter unable to afford essential items. This is an issue of critical concern due to the impacts that poor health and nutrition can have on early child development and the sustained impacts of health and wellbeing outcomes through the life-course.[8]

Analysis of the data by state and territory shows that ACT rental households have the greatest ability to save (56 per cent) and Tasmanian renters the least (38 per cent). WA households are more likely to be able to meet non-essential expenditure that their NSW and Victorian counterparts but are less likely to be able to save (Table 5).

[8] BCEC (2021) The Early Years: Investing in Our Future.

Table 4: Renters ability to meet expenditure

	Essential expenditure	Non-essential expenditure	Savings/ investment
Tenure type			
Rented - Real Estate Agent	85.7	59.7	42.1
State or Territory housing authority	77.2	47.7	26.4
Someone not in the same household	85.5	61.0	41.9
Community housing provider	75.4	44.2	25.0
Age			
18 to 29 years	88.9	67.7	54.0
30 to 49 years	86.0	63.2	46.6
50 to 64 years	81.1	54.6	36.5
65 years or over	86.0	56.6	32.0
Family type			
Couple with no children	90.4	70.9	55.3
Couple with children	87.6	64.5	46.3
One parent family with children	75.2	41.7	25.5
Single person, living alone	83.8	57.7	39.6
Shared living arrangement	86.7	62.7	44.2
Other	76.6	49.4	32.0

Source: Australian Housing Conditions Data Infrastructure survey. ARC, University of Adelaide. Table 22 p91.

Table 5: Renters ability to meet expenditure by state/territory

	Essential expenditure	Non-essential expenditure	Savings/ investment
New South Wales	84.6	61.9	45.9
Victoria	85.6	62.5	44.6
Queensland	86.1	58.6	41.8
South Australia	86.7	60.4	43.1
Western Australia	86.2	63.3	43.0
Tasmania[6]	82.0	58.2	37.6
Australian Capital Territory[6]	90.8	71.7	56.0
Northern Territory[6]	92.4	66.1	49.9

Source: Australian Housing Conditions Data Infrastructure survey. ARC, University of Adelaide. Table 23 p91.

Table 6: Renters ability to meet expenditure and duration in current dwelling

Renters	Less than a year	1 to less than 2 years	2 to less than 5 years	5 or more years
Essential expenditure	88.3	85.4	85.0	81.6
Non-essential expenditure	65.1	61.9	58.1	54.6
Savings/investment	47.5	46.2	42.6	35.3

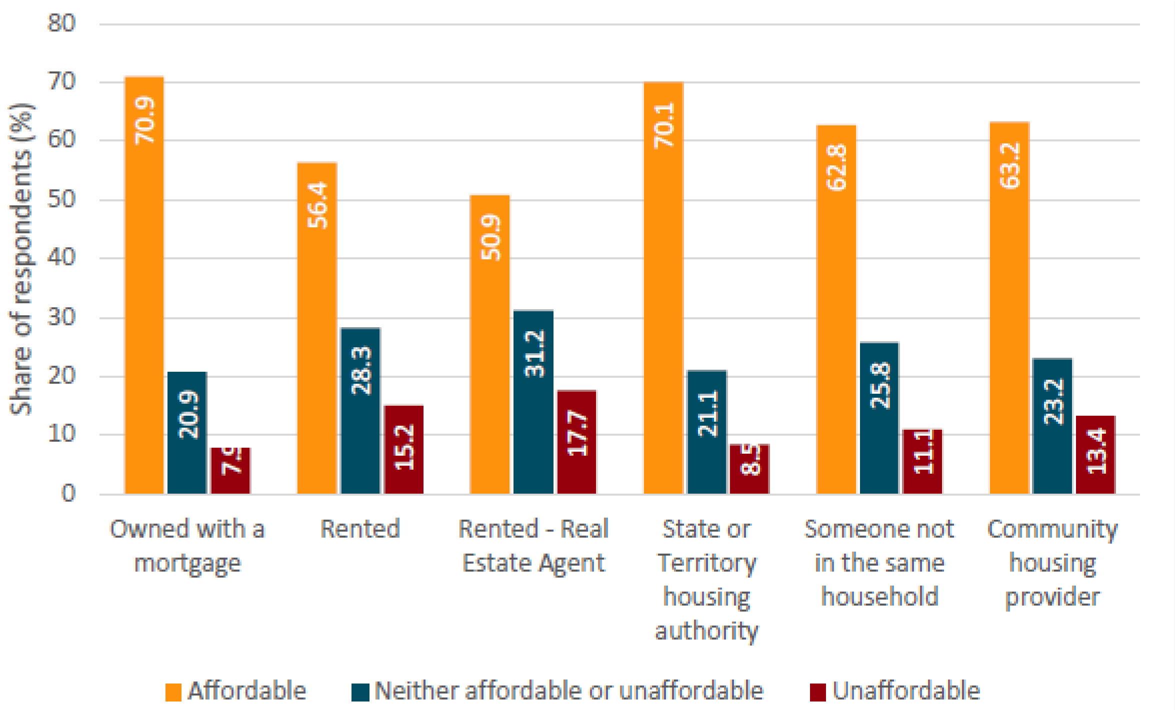
Source: Australian Housing Conditions Data Infrastructure survey. ARC, University of Adelaide. Table 24 p92.

Perceptions of Affordability

The 22,500 respondents to the AHCID survey were asked to what extent they thought their rent or mortgage payments were affordable for them. Figure 9 presents perceived affordability by tenure in 2022. The figure highlights a marked difference in perceived affordability between mortgage holders (with less than 10 per cent seeing their housing as 'unaffordable') and renters (with close to one in five of all renters concerned their housing is 'unaffordable'). That equates to around 500,000 renters nationally living in housing they regard as unaffordable in 2022 (noting also that median rents have risen appreciably since then).

Single parent families were the most likely to rate their housing as unaffordable (22 per cent) and couples with no children the least likely (10 per cent). There were strong links between the ability to meet expenditure and affordability ratings with just 11.5 per cent of those rating their housing as unaffordable able to save/invest and just 62 per cent able to meet essential expenditure.

Figure 2: Affordability by tenure



Source: Australian Housing Conditions Data Infrastructure survey. ARC, University of Adelaide. Figure 39 p93.

Table 7 displays affordability by state and territory with the traditionally more expensive states, NSW and Victoria, perceived to be slightly less affordable than SA and WA. Overall, 12 per cent of WA households rated their housing as unaffordable, compared to almost 18 per cent in the Northern Territory. SA and the ACT were generally considered the most affordable locations.

Households identifying as Aboriginal and/or Torres Strait Islander (750 in the survey) were far more likely to be in unaffordable housing at 20 per cent compared to 13.4 per cent of other households. Households in lower income brackets were also more likely to concerned with affordability, with 18 per cent of those on a household income below $59,000 rating their housing as unaffordable, compared to just 4.4 per cent of those over $200,000 (Table 8).

Table 7: Ratings of affordability by state/territory

	Affordable	Neither affordable or unaffordable	Unaffordable
New South Wales	57.9	27.7	14.2
Victoria	59.9	26.6	13.2
Queensland	59.7	25.9	14.0
South Australia	64.3	23.8	11.8
Western Australia	60.8	26.8	12.1
Tasmania	60.2	26.3	13.2
Australian Capital Territory	62.7	26.1	11.1
Northern Territory	55.3	26.9	17.8

Source: Australian Housing Conditions Data Infrastructure survey. ARC, University of Adelaide. Table 25 p 94.

Table 8: Income and affordability rating

	Affordable	Neither affordable or unaffordable	Unaffordable
Income band			
Under $31,000	54.3	27.8	17.8
$31,000 to $59,000	53.4	28.4	18.0
$59,001 to $90,000	54.2	29.4	14.4
$90,001 to $125,000	61.6	25.9	12.5
$125,001 to $150,000	64.9	25.2	9.7
$150,001 to $200,000	69.4	22.5	8.1
Over $200,000	77.4	18.2	4.4
Indigenous status			
Identify as Aboriginal and/or Torres Strait islander	55.7	24.3	20.0
Do not Identify as Aboriginal and/or Torres Strait islander	60.0	26.7	13.4

Source: Australian Housing Conditions Data Infrastructure survey. ARC, University of Adelaide. Table 26 p94.

Table 9 shows clearly how physical and mental health ratings decline quickly as housing becomes less affordable. Almost 30 per cent of households who described their housing as unaffordable rated their physical and mental health as poor compared to just 8 per cent of those in excellent health. For those rating their health as excellent, over 70 per cent lived in housing they regarded as affordable compared to just 40 per cent who rated their health as poor.[9] The role of housing in contributing to poor health outcomes for at-risk cohorts and those on lower incomes highlights the importance of minimum standards and household energy efficiency in reducing the costs of poor health to our community and the burden of disease on our health system. Unaffordable housing can limit the capacity of those on low incomes or living with chronic disease from being able to afford medicines and timely health services. With over three times as many people with poor health living in unaffordable housing, we should be concerned about the impact that housing affordability is having on our public health system.

[9] There is an abundant literature concerning the link between housing, health and mental health - see for example Bentley et al 2019.

Table 9: Affordability and health ratings

	Affordable	Neither affordable or unaffordable	Unaffordable
Physical health			
Excellent	70.7	21.0	8.4
Very good	67.5	22.9	9.6
Good	59.4	27.6	12.9
Fair	49.0	32.7	18.3
Poor	42.0	29.1	28.9
Mental Health			
Excellent	74.5	18.4	7.1
Very good	69.6	22.3	8.1
Good	59.9	28.3	11.8
Fair	51.4	31.0	17.6
Poor	42.1	29.7	28.2

Source: Australian Housing Conditions Data Infrastructure survey. ARC, University of Adelaide. Table 27 p95.

Housing Condition

As the title of the Australian Housing Conditions Data Infrastructure (AHCDI) survey suggests, the condition of housing was a key focus for this research. Of the 22,500 respondents, 8.9 per cent rated the condition of their dwelling as poor or worse. Table 10 show that public and community housing tenants were most likely to rate their housing as poor or very poor, while those owning outright were most likely to rate the condition of their housing as good or excellent. Over 11 per cent of private sector renters rated the condition of their housing as poor or worse. The figures suggest that across Australia there are over 300,000 rental households living in poor quality housing.

Table 10: Housing conditions by tenure (page 99)

	Good or better	Average	Poor or worse
Owned with a mortgage	70.1	25.9	3.7
Owned outright	78.1	19.2	2.6
Rented	54.5	34.2	11.2
A real estate agent	54.9	34.5	10.4
A State or Territory housing authority	50.2	35.0	14.4
A community housing provider	49.7	34.6	15.4
Someone not in the same household	53.8	34.6	11.6
Your employer	60.0	32.4	7.6
Other	64.1	26.8	9.0

Source: Australian Housing Conditions Data Infrastructure survey. ARC, University of Adelaide. Table 30 p99.

There is a strong relationship between housing conditions and dwelling satisfaction, with almost 100 per cent of households in housing they regard as being in excellent condition satisfied with the dwelling (Figure 10). Conversely, 84 per cent of those living in housing they considered to be in very poor condition were dissatisfied with their dwelling. From this we can conclude the condition of housing is a far greater factor in housing satisfaction than affordability. Households can adjust their budgets to a certain extent to cope with unaffordable housing but cannot easily adjust to poor quality housing.

Figure 10: Housing conditions and dwelling satisfaction (Page 99)

Source: Australian Housing Conditions Data Infrastructure survey. ARC, University of Adelaide. Figure 42 p100.

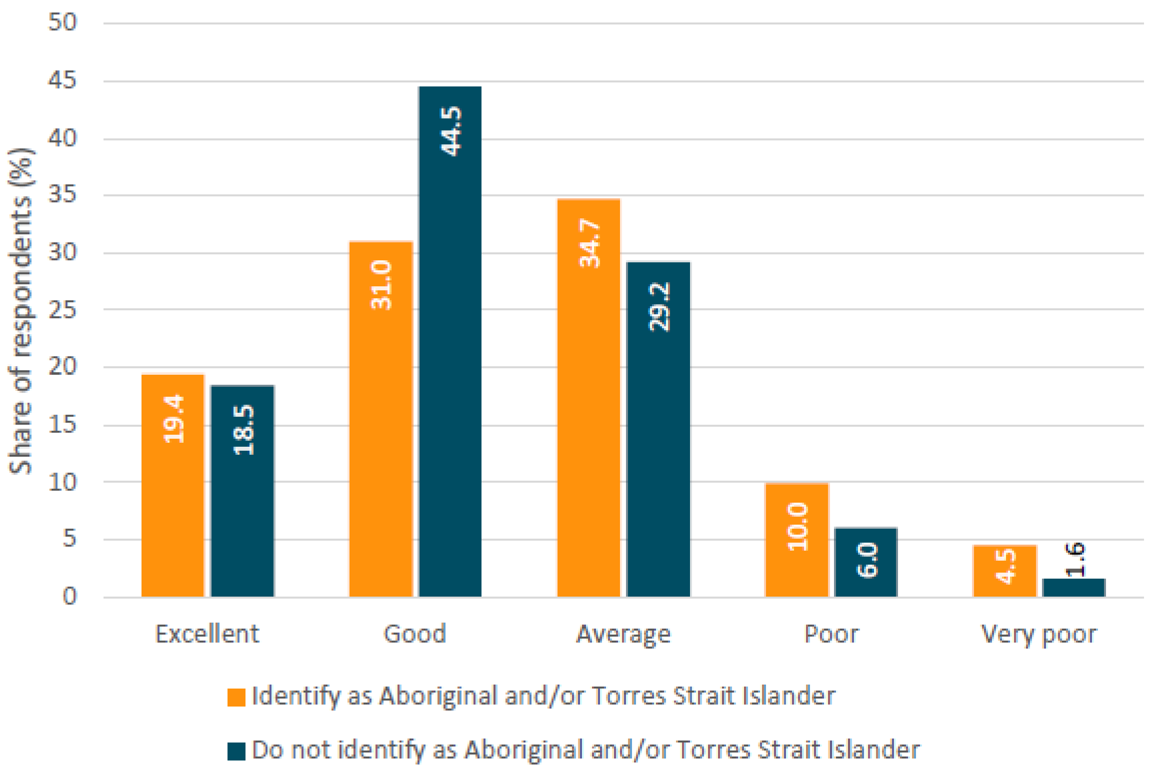
Housing conditions were worst in NSW (9.5 per cent poor or worse) and best in the ACT (65.5 per cent good or better). WA had the second lowest proportion of poor or worse quality housing. There is little difference in ratings of housing conditions between age groups until the 65+ group where housing conditions improve. However, over 9 per cent of renters over the age of 65 live in poor quality housing. Almost 15 per cent of one parent families live in poor quality housing compared to just 5.7 per cent of couples with no children. Aboriginal/Torres Strait Islander households are twice as likely to live in poor quality housing (Figure 11).

Table 11: Housing conditions, location and age. (page 101)

	Good or better	Average	Poor or worse
State or territory			
New South Wales	59.6	30.7	9.5
Victoria	63.5	28.6	7.8
Queensland	64.8	27.7	7.1
South Australia	63.0	29.8	7.1
Western Australia	62.1	30.8	7.0
Tasmania	61.9	30.5	7.6
Australian Capital Territory	65.5	28.9	5.6
Northern Territory	64.9	31.4	3.1
Age			
18 to 29 years	59.5	32.0	8.2
30 to 49 years	58.1	32.5	9.3
50 to 64 years	60.5	30.6	8.6
65 years or over	73.9	21.1	4.9
65+ renters	62.3	28.3	9.2

Source: Australian Housing Conditions Data Infrastructure survey. ARC, University of Adelaide. Table 31 p101.

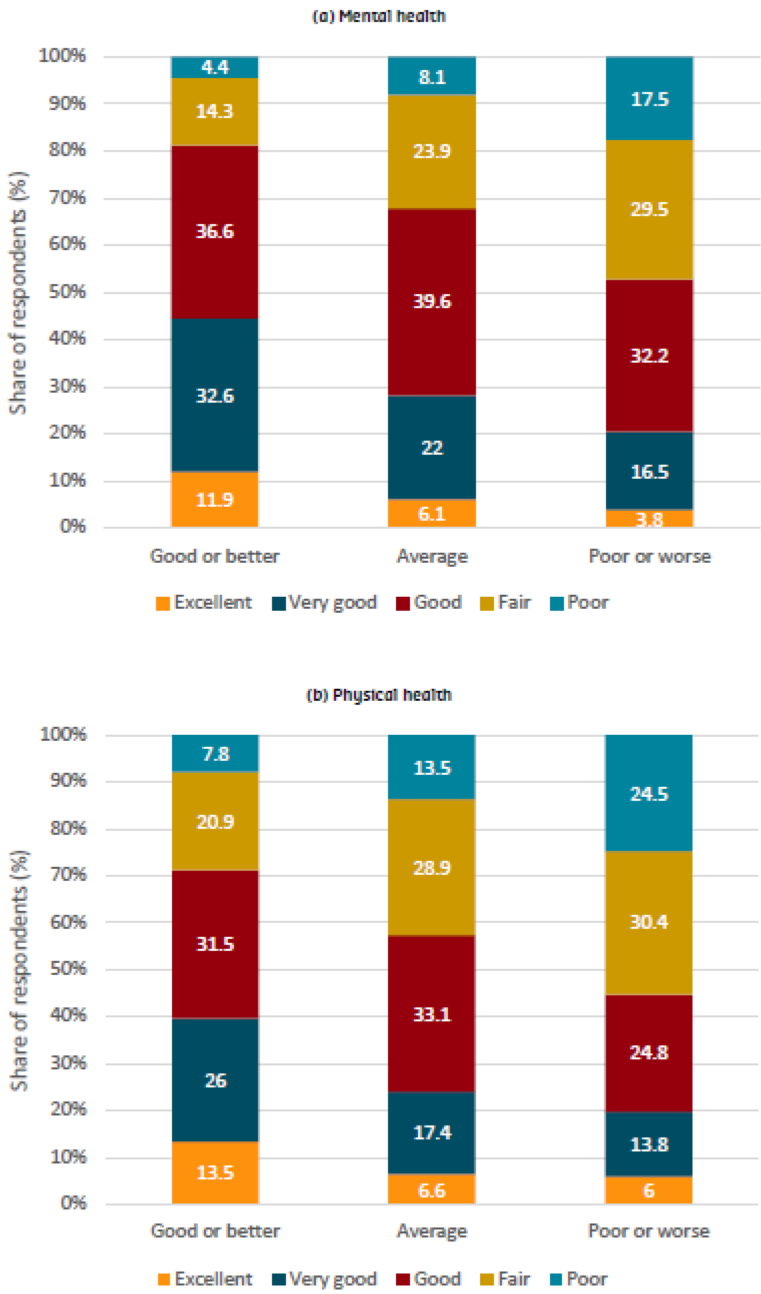
Figure 11: Housing condition by Aboriginal /Torres Strait Islander status



Source: Australian Housing Conditions Data Infrastructure survey. ARC, University of Adelaide. Figure 43 p101.

For renters, there are very strong links between dwelling conditions and health outcomes (Figure 12). Just 4.4 per cent of renters that rated their housing condition as good or better reported poor physical health outcomes, compared to 17.5 per cent of respondents rating their housing condition as poor or worse. We see a similar pattern for mental health outcomes, with almost one quarter of renters living in dwellings with conditions they rated as poor or worse going on to rate their mental health as poor. By comparison only 7.8 per cent of renters living in dwellings in good or better condition rated their mental health has poor.

Figure12: Dwelling condition and health ratings: Renters



Source: Australian Housing Conditions Data Infrastructure survey. ARC, University of Adelaide. Figure 44 p 102.

Problems with Housing Condition

Renters were also asked to identify issues of concern they were currently experiencing in their dwelling, such as dampness, mould, plumbing and electrical issues etc. (Table 12). Almost 50 per cent of renters in NSW currently experience issues with mould compared to only 28 per cent in WA. However, in WA half of renters have cracks in walls or floors, compared to just 36 er cent in Tasmania. The table highlights the widespread extent of dwelling condition concerns being face by renters in Australia. More than one in four are experiencing plumbing issues and almost one in five electrical issues.

Table 12: Current issues with the dwelling: Renters

	Dampness	Mould	Cracks in walls/floors	Walls/ windows/ floors that are not levelled	Wood rot/ termite damage	Electrical problems	Roof defects	Plumbing issues
NSW	36.7	47.9	43.4	22.6	11.1	17.6	17.1	29.6
Vic	22.4	28.4	42.1	21.3	11.5	16.5	13.1	28.1
Qld	22.6	36.6	39.0	19.5	11.1	14.5	12.4	26.2
SA	19.2	25.2	42.7	20.4	11.4	15.6	13.5	32.0
WA	22.5	28.1	50.1	18.0	8.4	16.4	16.6	31.4
Tas	34.1	36.3	36.3	28.4	12.3	17.9	11.6	26.3
ACT	29.0	32.2	40.9	19.2	9.5	19.4	18.8	28.1
NT	16.6	25.9	40.3	11.1	8.7	16.6	5.9	26.6

Source: Australian Housing Conditions Data Infrastructure survey. ARC, University of Adelaide. Table 32 p103.

Table 13 compares the proportion of renters experiencing an issue with the proportion of owners experiencing the same issue. For example, while dampness is an issue for 22.5 per cent of renters in WA it is only an issue for 14 per cent of owners, with the difference of 8.5 shown in the table. In almost every case, renters are much more likely to experience issues with housing condition that impact their health and safety than owners.

Table 13: Current issues with dwelling: difference between owners and renters

	Dampness	Mould	Cracks in walls/floors	Walls/windows/ floors that are not levelled	Wood rot/ termite damage	Electrical problems	Roof defects	Plumbing issues
NSW	+10.8	+11.9	+4.5	+3.6	+1.3	+7.2	+0.3	+8.5
Vic	+10.3	+12.5	+3.1	+2.3	+2.3	+6.2	-1.2	+6.7
Qld	+10.3	+11.1	+9.5	+8.6	+2.3	+7.3	+2.7	+8.5
SA	+6.6	+12.5	+4.2	+7.6	+3.1	+8.4	+1.5	+13.5
WA	+8.5	+9.4	+1.5	+4.9	+2.5	+7.7	+3.6	+11.6
Tas	+19.2	+18.9	+17.1	+15.3	+8.9	+14.2	+5.2	+14.9
ACT	+16.2	+19.5	+2.6	+3.4	+3.1	+6.0	+4.4	+8.4
NT	+3.2	+3.7	+8.5	-15.6	-11.1	+4.7	+0.1	+5.4

Source: Australian Housing Conditions Data Infrastructure survey. ARC, University of Adelaide. Table 33 p 103.

The survey also allowed us to examine broader issues faced by renters relating to landlords, conditions and neighbourhoods. Over a third or those renting through a real estate agent had experienced delays with landlords or property managers addressing issues raised, and around 30 per cent suffered from issues due to noise and pests. Almost 40 per cent of renters of each type have difficulty keeping the dwelling warm or cool. Unjustified rent increases were also worryingly common for private renters.

Table 14: Broader dwelling issues: Renters

	Rented	A real estate agent	State or Territory housing authority	A community housing provider	Someone not in the same household
Restrictions on how you want to use your premise (such as hanging pictures, not allowing pets)	24.7	30.5	10.5	21.3	14.2
Leaks, flooding or plumbing problems	34.5	35.3	34.6	31.4	33.7
Electrical problems (such as fuse blown, faulty wiring)	19.3	19.4	20.6	18.9	19.7
Difficulties keeping the house cool or warm	37.0	37.0	41.4	39.7	35.5
Delays from the landlord or property manager taking actions on issues raised	32.5	37.4	31.6	29.7	19.1
Unjustified rent increases	13.8	16.9	8.7	12.5	7.6
Noise from adjoining flats/neighbours	28.0	27.8	36.0	32.2	23.3
Noise from outside (such as traffic or construction)	27.9	28.9	27.8	28.3	24.7
Issues with pests (such as termites, rodents, cockroaches, ants)	28.7	26.7	39.0	32.5	29.2
No/limited visitor car parking space	22.4	34.6	19.0	22.8	17.1

Source: Australian Housing Conditions Data Infrastructure survey. ARC, University of Adelaide. Table 34 p 104.

The issue of keeping a dwelling warm or cool is critical to household health and wellbeing in the extreme Australian climate. Table 36 on page 106 shows that social housing tenants were the least likely to be able to keep their dwelling warm and cool, which could be a function of income or housing condition, or both. Older Australians also seemed more successful in temperature control, while WA was one of the worst performing states for both warm and cool temperatures.

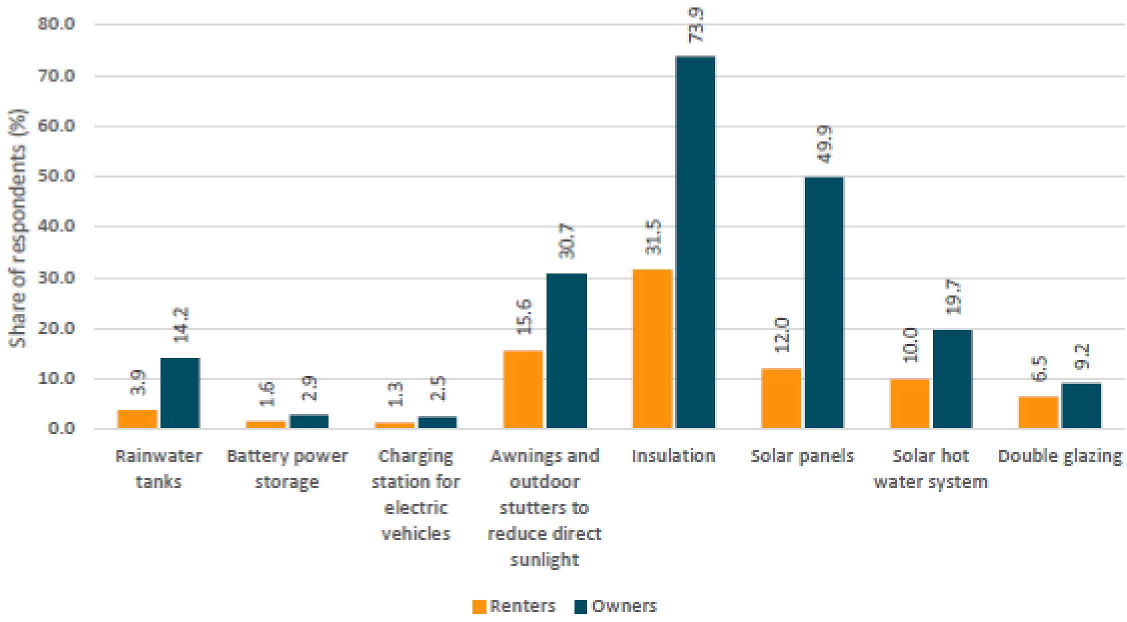
Overall, around 1 in 4 renters struggle to keep their house warm and a third struggle to keep it cool. Australia has a long way to go to sustainably keep its dwellings comfortable in both the summer and winter. At the end of Table 15 we examine the link between dwelling temperature control, dwelling satisfaction and dwelling affordability. Those unsatisfied with their housing were far more likely to be unable to maintain a comfortable temperature (under 50 per cent for warm and cool) while poor condition housing also had very low proportions of respondents that could keep their house warm or cool. Temperature control is clearly an important element of dwelling quality and satisfaction.

Table 15: Able to keep the dwelling warm or cool?

	Warm	Cool
Tenure type		
Owned with mortgage	84.7	82.2
Outright Owners	90.2	90.3
Rented	75.4	67.7
A real estate agent	75.6	67.7
A State or Territory housing authority	69.3	60.1
Someone not in the same household	77.9	71.8
Your employer	78.5	79.0
A community housing provider	72.8	64.1
House type		
Separate house	81.0	77.0
Semi-detached, row or terrace house, or townhouse	78.0	72.9
Flat or apartment with 4 or fewer floors	78.3	70.3
Flat or apartment with more than 4 floors	84.4	76.6
Other	76.1	69.2
State or territory		
New South Wales	78.4	74.8
Victoria	81.5	71.6
Queensland	83.8	78.9
South Australia	79.0	76.6
Western Australia	77.9	73.7
Tasmania	78.3	82.2
Australian Capital Territory	79.1	75.4
Northern Territory	71.6	78.3
Age		
18 to 29 years	77.0	68.5
30 to 49 years	77.3	70.3
50 to 64 years	80.7	76.4
65 years or over	87.5	87.3
Gender		
Male	84.2	80.6
Female	78.6	72.9
Satisfaction with dwelling		
Satisfied	88.1	83.4
Unsatisfied	47.1	39.8
Housing condition		
Excellent condition	94.2	90.8
Good condition	87.6	82.6
Average condition	70.4	64.0
Poor condition	48.3	43.7
Very poor condition	31.9	27.7
Affordability rating		
Affordable	83.2	76.5
Neither affordable or unaffordable	73.9	68.1
Unaffordable	60.8	52.6

Source: Australian Housing Conditions Data Infrastructure survey. ARC, University of Adelaide. Table 36 p 106.

Figure 3: Presence of sustainability features



Source: Australian Housing Conditions Data Infrastructure survey. ARC, University of Adelaide. Figure 45 p107.

Dwelling features relating to environmental control and sustainability can make a big difference in a household's ability to affordably maintain a comfortable temperature. The AHCDI asked respondents about the presence of sustainability related features within the dwelling. Figure 13 compares the presence of a variety of features across owners and renters. As is clear from the figures, features such as rainwater tanks, double glazing and solar panels are more common for owners but very rare for renters, and Australia clearly has a long way to go to deliver more sustainable and healthy housing.

Recommendations

- Create a national housing framework that makes it clear that the priority and intent of housing policy is to ensure safe, secure and affordable shelter for all Australians – putting utility, stability and wellbeing ahead of wealth building.
- Increase the supply of social housing and consider direct government investment in delivering low-income affordable rentals (such as essential worker housing) at scale to support regional development and address skill shortages.
- Nationally consistent legislation to better regulate, oversight and enforce tenant's rights at the National and State levels, including:
    - An end to no cause terminations, including at the end of a fixed term.
    - Reforms to stabilise rent prices including by setting clear limits for rent prices and increases.
    - Minimum energy efficiency standards for rental homes.

    - Enhanced frameworks to support compliance and introduce accountability for non-compliance with existing laws. [10]

- Commit to a target of zero children evicted to homelessness from public and social housing.
- Concerted action to ensure rental properties adhere to minimum condition standards to reduce exposure to damp and mould, including options for health services to report harmful residences.
- Measures to encourage more effective use of existing housing such as a vacant residential property charge, state taxes or increased rates levied on short-term holiday accommodation, particularly in areas where there is a shortage of affordable rental properties.
- Increase **Commonwealth Rent Assistance** and introduce ongoing indexation pegged to a proportion of median rental costs.
- Implement a nationally consistent approach to **inclusionary zoning** that requires a proportion of social and affordable housing in new developments.
- Develop a long-term national **Build to Rent** scheme to replace NRAS that is designed to deliver a steady supply of subsidised low-income affordable rental properties at scale.
- Negotiate a nationally consistent approach to regulating rent increases including a limitation of one annual rent increase and appropriate indexation.

Conclusion

The evidence presented in this submission shows how rising rents, driven by a lack of private rental housing, have disproportionately affected lower income households. Such households typically have no savings buffer to fall back on and if they cannot afford to maintain their tenancy the lack of affordable private rental stock and long waitlists for social housing means the next step is homelessness. Government needs to protect households from homelessness, it's devastating effects and associated costs with the most effective way to do this is to increase the supply of affordable private rental housing and expand the social housing safety net.

The critical problem is clearly a lack of supply, particularly supply of affordable rental for low income working households at scale. This is a problem that requires a coordinated and sustainable approach across Australian governments at the national, state and territory and local levels. It is a problem that requires both public investment and market-based solutions, and a problem that will take time and sustained effort to resolve. In the meantime, we also need to increase the support and advice provided to those who are struggling financially and those who cannot find a safe, affordable and appropriate place to shelter. In the short term we also face a wave of mortgage defaults and financial hardship – putting greater pressure on our emergency relief, financial counselling and homeless services. A coordinated and effective strategy needs to include short-term and transitional support as well as long-term commitment to structural solutions.

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[10] 'Tenant advocates to National Cabinet: no time for half-measures on renters' rights' National Association of Tenant Organisations, National Shelter, Everybody's Home and Better Renting (May 2023).

About BCEC

The Bankwest Curtin Economics Centre is an independent economic and social research organisation located within the Curtin Business School at Curtin University. The centre was established in 2012 through the generous support from Bankwest (a division of the Commonwealth Bank of Australia), with a core mission to examine the key economic and social policy issues that contribute to the sustainability of Western Australia and the wellbeing of WA households.

The Bankwest Curtin Economics Centre is the first research organisation of its kind in Western Australia and draws great strength and credibility from its partnership with Bankwest, Curtin University and the Western Australian government.

The centre brings a unique philosophy to research on the major economic issues facing the state. By bringing together experts from the research, policy and business communities at all stages of the process – from framing and conceptualising research questions, through the conduct of research, to the communication and implementation of research findings – we ensure that our research is relevant, fit for purpose, and makes a genuine difference to the lives of Australians, both in WA and nationally.

The centre is able to capitalise on Curtin University's reputation for excellence in economic modelling, forecasting, public policy research, trade and industrial economics and spatial sciences. Centre researchers have specific expertise in economic forecasting, quantitative modelling, micro-data analysis and economic and social policy evaluation. The centre also derives great value from its close association with experts from the corporate, business, public and not-for-profit sectors.