Rental Affordability Index.

Key findings
November 2022
SGS Economics and Planning, National Shelter, Beyond Bank and Brotherhood of St. Laurence acknowledge the First Nations Peoples of Australia and on whose Country we live and work.

We acknowledge that the Aboriginal and Torres Strait Islander peoples of Australia are one of the oldest continuing living cultures on Earth, have one of the oldest continuing land tenure systems in the World, and have one of the oldest continuing land use planning and management systems in the World.

We pay our respects to the First Nations Peoples, past and present, and acknowledge their stewardship of Country over thousands of years.
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Introduction

Background and aim

National Shelter, the Brotherhood of St. Laurence, and SGS Economics and Planning have released the Rental Affordability Index (RAI) on a biannual basis since 2015. Since 2019, the RAI has been released annually. In 2021, Beyond Bank joined as a supporter of the RAI. The RAI is a price index for housing rental markets. It is a clear and concise indicator of rental affordability relative to household incomes, applied to geographic areas across Australia.

This report has been prepared as part of the eleventh RAI release. It highlights changes to affordability in the wake of the COVID-19 pandemic, including both the period during which city-dwellers relocated to the regions in a short space of time (while the normal relocation of people from regions to cities ceased) and the period of eased public health and border restrictions in 2022. Regional areas, particularly those affected by severe flooding during the first quarter of 2022, are also discussed.

To illustrate the vulnerability to rental stress faced by many groups in the community, the report presents the rental affordability outcomes for ten Australian household types. This release also includes 2021 ABS Census data related to the income of rental households.

Publication information

The RAI covers all states with available data, tracking rental affordability relative to income for all households with a focus on very low and low-income households. This report provides indices for capital city and rest of state geographies; more detailed information is available at the postcode level where there is reliable data.

Interactive map

An interactive map of the RAI at the postcode level can be viewed at:


This report presents the findings of the November 2022 release of the RAI. It provides an update of the November 2021 RAI report by analysing data from the four most recent available quarters (September and December 2021, March and June 2022).

Acknowledgements

The project partners wish to thank the following government bodies for providing the data used in this report:
- Access Canberra, ACT Government
- Australian Bureau of Statistics (ABS
- Department of Family and Community Services, NSW
- Department of Families, Fairness, and Housing, Victoria
- Department of Justice, Tasmania
- Government of Western Australia, Department of Communities, Western Australia
- Residential Tenancies Authority, Queensland.

1 The Northern Territory does not form part of this release as rental bond data was not available.
Method

It is generally accepted that if housing costs exceed 30 per cent of a low-income 2 household’s gross income, the household is experiencing housing stress (30/40 rule) 3. That is, housing is unaffordable and housing costs consume a disproportionately high amount of household income.

The RAI uses the 30 per cent of income rule. Rental affordability is calculated using the following equation:

$$\text{RAI} = \left( \frac{\text{Income}}{\text{qualifying income}} \right) \times 100$$

Households paying 30 per cent of income on rent have a RAI score of 100, indicating these households are at the critical threshold level for housing stress.

Low income households paying close to 30 per cent or more of their income on rent are generally seen to be in housing stress. Under those circumstances, the cost of housing affects a household’s ability to pay for other primary needs, including (but not limited to):
- Food
- Power and water
- Health services and medication
- Travel and transport
- Education
- Household goods (such as cars, washing machines, fridges, stoves, computers)
- Debt repayments.

Table 1 shows how RAI scores relate to the severity of housing unaffordability. Scores of 100 and less indicate that households spend 30 per cent or more of their income on rent. At this level, the cost of rent negatively impacts a household’s ability to pay for other primary needs such as food, medical requirements, and education.

An index score of 80 or less indicates severely unaffordable rents, with households paying 38 per cent or more of their income on rent. Extremely unaffordable rents occur when the index score is below 60, indicating that households spend 60 per cent of their income or more on rent payments alone.

Table 1: Rental affordability index and severity of rental affordability

<table>
<thead>
<tr>
<th>Index score</th>
<th>Share of income spent on rent</th>
<th>Relative unaffordability</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;50</td>
<td>60% or more</td>
<td>Extremely unaffordable rents</td>
</tr>
<tr>
<td>51-80</td>
<td>38-60%</td>
<td>Severely unaffordable rents</td>
</tr>
<tr>
<td>81-100</td>
<td>30-38%</td>
<td>Unaffordable rents</td>
</tr>
<tr>
<td>101-120</td>
<td>25-30%</td>
<td>Moderately unaffordable rents</td>
</tr>
<tr>
<td>121-150</td>
<td>20-25%</td>
<td>Acceptable rents</td>
</tr>
<tr>
<td>&gt;150</td>
<td>15% or less</td>
<td>Affordable rents</td>
</tr>
</tbody>
</table>

Source: SGS Economics and Planning, 2022

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2 Lowest 40th percentile per cent of household income (typically within each household types)
4 Qualifying income refers to the income required to pay rent where rent is 30 per cent of income
Scores between 80 and 100 reflect unaffordable rents, while scores between 100–120 indicate a situation of moderate unaffordability, with rental households less likely to easily meet and pay off unexpected costs or bills. Young families with children in childcare may find it particularly difficult to make ends meet.

RAI scores of 120 to 150 indicate that households would pay 20 to 25 per cent of their income on rent, which is considered acceptable. In areas with a score above 150, households seeking to rent would pay less than 15 per cent of their income, which is considered affordable.

Note that small discrepancies exist relative to previous RAI releases due to the inclusion of 2021 ABS Census data in this release.

**Income**

The measure of income used by the RAI is the total household income of renting households, varied by region (capital cities and rest of state). This combines the total personal weekly incomes of each resident present in a household.

Household incomes are estimated using ABS census data (2011, 2016, and 2021) combined with the average weekly earnings\(^5\) (a measure of personal weekly income), which is used to index weekly household incomes for intercensal quarters, and post-2021.

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**Table 2: Low to moderate income Australian household types 2022**

<table>
<thead>
<tr>
<th>Household type</th>
<th>Indicative gross annual income</th>
<th>Indicative dwelling size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single pensioner</td>
<td>$35,600</td>
<td>1 bdr</td>
</tr>
<tr>
<td>Pensioner couple</td>
<td>$56,400</td>
<td>2 bdr</td>
</tr>
<tr>
<td>Single person on Jobseeker</td>
<td>$21,300</td>
<td>1 bdr</td>
</tr>
<tr>
<td>Single part-time worker parent on benefits</td>
<td>$43,000</td>
<td>2 bdr</td>
</tr>
<tr>
<td>Single full-time working parent</td>
<td>$101,700</td>
<td>2 bdr</td>
</tr>
<tr>
<td>Single income couple with children</td>
<td>$101,700</td>
<td>3 bdr</td>
</tr>
<tr>
<td>Dual income couple with children</td>
<td>$203,400</td>
<td>3 bdr</td>
</tr>
<tr>
<td>Student sharehouse</td>
<td>$84,600</td>
<td>3 bdr</td>
</tr>
<tr>
<td>Minimum wage couple</td>
<td>$84,500</td>
<td>2 bdr</td>
</tr>
<tr>
<td>Hospitality worker</td>
<td>$60,800</td>
<td>1 bdr</td>
</tr>
</tbody>
</table>


Note: See Appendix 2 for a full list of sources used.

Note: The analysis in Section 2 and the interactive map both include spatial variation in incomes

\(^5\) ABS Average Weekly Earnings, Australia, 2022
Intercensal quarters are interpolated using a geometric average. If data for the most recent quarter is unavailable, income is assumed to grow at the average quarterly growth rate of preceding quarters.

Median rents
The RAI is calculated using the median rental price of dwellings for which bonds were lodged in a region for a given quarter.

Rental data is obtained at the postcode level using bond lodgement data from the following bodies:
- Department of Family and Community Services, NSW
- Department of Health and Human Services, Victoria
- Department of Justice, Tasmania
- Government of Western Australia, Department of Communities
- Residential Tenancies Authority, Queensland
- Rental Bonds, Access Canberra, ACT Government.

Small area analysis
To demonstrate rental affordability for different income groups and household types, small area level analysis is undertaken for different household income ranges and dwelling sizes. Incomes range from $5,000 to $200,000 (in $5,000 increments), and dwelling sizes range from 1 to 5 bedrooms as well as all dwellings regardless of the number of bedrooms.

Indicative household incomes and dwelling sizes for ten typical household types have been developed to illustrate the rental situation for vulnerable cohorts. These are summarised in the table below.

During the 2019–20 year, Coronavirus supplement payments were established for the Single person on Newstart, Students on Austudy, and Single part-time worker parent on benefits households. As supplement payments were established in March and April of 2020, the Q2 2020 RAI scores are calculated based on an annualised transformation of this income (i.e. the annualised income is greater than that household would have earned over a year in reality, but it is their effective income for that quarter).

Other households to receive support during COVID-19 have been in one-off payments rather than an ongoing amount, and one-off payments are excluded from calculations.

The interactive online RAI map provides the function to select income and bedroom combinations to examine rental affordability for different household types (see link under ‘publication information’ above) based on these profiles.

To calculate RAI scores for each household type at a regional level (i.e., each capital city and rest of state area), incomes are adjusted to reflect variation in earnings by location using ABS Census data (2011, 2016, and 2021). The reference list for inputs and assumptions used for these household types is in Appendix 2 of this report.

State-specific methodological considerations
The RAI has been developed as stand-alone evidence for each state, and while inter-state comparisons of indices have been made, these should be interpreted with caution as rental data differs across geographic areas. The above-described method has been adjusted slightly for each state based on available data. The appendix includes an overview of state-specific considerations.
Household snapshots
Introduction

The RAI profiles ten different low to moderate income household types to demonstrate the rental situation for different income groups, age demographics and household compositions in Australia.

The report also continues to highlight the poor rental affordability for single people on JobSeeker payments, even during the period during which payments were increased by the COVID-19 supplement. This issue has generally not improved over time, with some capital cities becoming significantly less affordable as rising rents continually outpaced the Jobseeker allowance.

Low-income households are particularly at risk. In 2019-20, 42 per cent of all low-income households were in rental stress (paying more than 30 per cent of income on housing costs), compared to 35 per cent in 2008. This rises to 58 per cent when considering only the private rental market.6

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6 Australian Bureau of Statistics. Housing Occupancy and Costs 2019-20. [Table 1; Table 5; Table 13].
The selected households range from those dependent on some form of income support through to dual-income key worker couples.

The ten households are:
- Single person on JobSeeker
- Single pensioner
- Pensioner couple
- Single part-time worker parent on benefits
- Single working parent
- Single income couple with children
- Dual income couple with children
- Student sharehouse
- Minimum wage couple
- Hospitality worker.

Affordability has been reported for each household type based on gross household incomes estimated for a particular household based on location.

It must be noted that the household types and their typical income level and dwelling size are indicative. They are not representative of all vulnerable and/or lower-income household types.

It is also important to note that the RAI only considers the cost of rent against income. Many of these households have additional (and considerable) financial pressures placed upon them, including the costs of utilities (e.g., energy and water), locational and travel costs, childcare costs (this is especially true for single working parents and dual income couple parents), and other day-to-day living costs.

Household costs during COVID-19 were impacted by the level of restrictions. For some households, travel restrictions may have reduced travel costs. However, households staying home for longer periods of time would have increased energy costs. Childcare and school accessibility have varied across the country during COVID-19, with remote learning taking time away from potential paid work and limited access to family care, such as grandparents and extended family. This release of the Rental Affordability Index includes the last two quarters of 2021, which were subject to severe COVID restrictions, and the first two quarters of 2022, which saw a return towards pre-pandemic norms in terms of health and travel restrictions.

Income support levels are based on the Australian Government Department of Human Services payment rates as of October 2022. Total household income estimates are based on gross income, including Commonwealth Rent Assistance. As the RAI considers the private rental market, the eligibility of very low-income households to access discounted rents has not been factored into this analysis.

Full-time worker incomes were based on ABS Employee Earnings and Hours data\(^7\), adjusted by 2021 ABS Census data to reflect variation in earnings by region (i.e., metropolitan or rest of state area). An average Australian full-time secondary teacher income was used as the typical key worker income, and a full-time hospitality worker income was used for the hospitality worker profile.

Note: Analysis by household type for Western Australia (WA) should be interpreted with care, as rental data is not available by dwelling type (by number of bedrooms).

A reference list for the assumptions used for these household profiles can be found in Appendix 2.

\(^7\) ABS Employee Earnings and Hours, Australia, Table 13
Single person on JobSeeker payment

**Household profile**
22 years old or older with no children and seeks to rent a one bedroom dwelling.

**Affordability**
Severely Unaffordable to Extremely Unaffordable rents across all metropolitan and regional areas.

**Economic profile**
This person is unemployed, with assets below the threshold required to receive income support in the form of a Jobseeker payment and rent assistance. They receive no additional income.

**Annual income**
The estimated gross annual income for this household is $21,320.
Table 3: RAI for a single person on JobSeeker

<table>
<thead>
<tr>
<th>Area</th>
<th>RAI score</th>
<th>Rent as a share of income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Sydney</td>
<td>26</td>
<td>116%</td>
</tr>
<tr>
<td>Rest of NSW</td>
<td>42</td>
<td>72%</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>36</td>
<td>84%</td>
</tr>
<tr>
<td>Rest of VIC</td>
<td>49</td>
<td>61%</td>
</tr>
<tr>
<td>Greater Brisbane</td>
<td>34</td>
<td>89%</td>
</tr>
<tr>
<td>Rest of QLD</td>
<td>32</td>
<td>94%</td>
</tr>
<tr>
<td>Greater Adelaide</td>
<td>42</td>
<td>71%</td>
</tr>
<tr>
<td>Rest of SA</td>
<td>63</td>
<td>48%</td>
</tr>
<tr>
<td>Greater Perth*</td>
<td>27</td>
<td>111%</td>
</tr>
<tr>
<td>Rest of WA*</td>
<td>27</td>
<td>110%</td>
</tr>
<tr>
<td>Greater Hobart</td>
<td>37</td>
<td>80%</td>
</tr>
<tr>
<td>Rest of TAS</td>
<td>51</td>
<td>59%</td>
</tr>
<tr>
<td>ACT</td>
<td>26</td>
<td>117%</td>
</tr>
</tbody>
</table>

Source: SGS Economics and Planning, 2022
*RAI has been calculated using median rents for all dwelling types rather than one bedroom due to data unavailability.

**Single person on JobSeeker payment**

In 2022, there has been an increase in JobSeeker payments following a decrease in the previous year, which included the discontinuation of the temporary Coronavirus Supplement. Nevertheless, the annual income of recipients has fallen from $32,638 in 2020 to $21,320 (up from $19,802 in 2021), which is an affordability constraint for this cohort. Indeed, every region except Greater Brisbane suffered a deterioration in affordability over the past year, with many - such as Hobart, Perth, Adelaide, the ACT - being less affordable than in 2019.

Table 3 highlights this point, with affordability being Extremely to Severely Unaffordable in all metropolitan and regional areas. These RAI scores indicate that median rents represent between 48 and 115 per cent of the total income available to this cohort. While, by definition, 50 per cent of rentals are available at a lower rate than the median, there is no matching mechanism to ensure that they are made available to lower income households (beyond self-selection through characteristics such as poor dwelling quality).

The ACT and Greater Sydney are the most unaffordable of all capital cities, with RAI scores of 26 (Extremely Unaffordable).
This household, solely reliant on JobSeeker payments and rental assistance, would require an income more than triple the current level to move into the Acceptable affordability band.

Rental stress pushes single persons on Jobseeker to the outer fringes of cities, well away from opportunities to get them back into employment. The regional areas offer scarce alternatives for the single person on benefits, where rents for this household remain Extremely to Severely Unaffordable.

Figure 2 presents a time series of affordability for a person on JobSeeker in capital cities over the past nine years. The temporarily increased JobSeeker payments in 2020 alleviated rental stress dramatically for this group. However, once the Coronavirus Supplement ceased, almost all capital cities reverted to their prior level of (un)affordability. The exception is Melbourne, where rents remain lower than historical levels, likely due to the extended lockdowns and lack of international students in the city during 2020 and 2021. However, declining affordability in 2022 indicates that rental rates are reverting to pre-COVID levels.

Over the longer term, all cities have been Extremely Unaffordable, with Sydney being the worst and changing little between 2011-2019.
Figure 3: Greater Sydney, June Quarter, 2020 and 2022

Rental Affordability Index for
Income: $35,000
Bedrooms: 1

- Very affordable: 200 or above
- Affordable: 150 to 200
- Acceptable: 120 to 150
- Moderately unaffordable: 100 to 120
- Unaffordable: 80 to 120
- Severely unaffordable: 50 to 80
- Extremely unaffordable: 50 or less
- Data not available: N/A

Figure 4: Greater Melbourne, June Quarter, 2020 and 2022

Rental Affordability Index for
Income: $35,000
Bedrooms: 1

- Very affordable: 200 or above
- Affordable: 150 to 200
- Acceptable: 120 to 150
- Moderately unaffordable: 100 to 120
- Unaffordable: 80 to 120
- Severely unaffordable: 50 to 80
- Extremely unaffordable: 50 or less
- Data not available: N/A

Source: SGS Economics and Planning, 2022
Single pensioner

Household profile
The single pensioner household is 65 years or older and seeks to rent a one-bedroom dwelling.

Affordability
Extremely Unaffordable to Severely Unaffordable in metropolitan areas and Severely Unaffordable to Moderately Unaffordable in regional areas.

Economic profile
Retired and/or no longer active in the workforce, this person lives on the age pension for older Australians with income or assets below the threshold required to receive the pension (with consideration for super, investments and earnings).

Annual income
Assumed to have no additional income from paid work, the single pensioner receives an estimated gross annual income of $35,571.
Table 4: RAI for single pensioner household

<table>
<thead>
<tr>
<th>Region</th>
<th>RAI Score</th>
<th>Rent as a share of income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Sydney</td>
<td>43</td>
<td>69%</td>
</tr>
<tr>
<td>Rest of NSW</td>
<td>70</td>
<td>43%</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>59</td>
<td>50%</td>
</tr>
<tr>
<td>Rest of VIC</td>
<td>82</td>
<td>37%</td>
</tr>
<tr>
<td>Greater Brisbane</td>
<td>56</td>
<td>53%</td>
</tr>
<tr>
<td>Rest of QLD</td>
<td>53</td>
<td>56%</td>
</tr>
<tr>
<td>Greater Adelaide</td>
<td>71</td>
<td>42%</td>
</tr>
<tr>
<td>Rest of SA</td>
<td>104</td>
<td>29%</td>
</tr>
<tr>
<td>Greater Perth*</td>
<td>45</td>
<td>67%</td>
</tr>
<tr>
<td>Rest of WA*</td>
<td>45</td>
<td>66%</td>
</tr>
<tr>
<td>Greater Hobart</td>
<td>62</td>
<td>48%</td>
</tr>
<tr>
<td>Rest of TAS</td>
<td>86</td>
<td>35%</td>
</tr>
<tr>
<td>ACT</td>
<td>43</td>
<td>70%</td>
</tr>
</tbody>
</table>

Source: SGS Economics and Planning, 2022
*RAI has been calculated using median rents for all dwellings rather than one bedroom due to data unavailability

Single pensioner

Annual income for pensioners has increased by $2,460 since the last release. However, this has not prevented a decline in affordability, as rental rates outpaced this rising income in all capital cities except Brisbane and Adelaide.

Across the nation, the single pensioner household faces Unaffordable to Extremely Unaffordable rents. For the most part, living in metropolitan areas (which is where one-bedroom dwellings are most numerous) would require 50 per cent or more of the pensioner’s income to be spent on rent.

Housing pressures on this household type are likely to be compounded by healthcare costs associated with ageing. The need for walkable access to transport, local shops, and services may also place limitations on this household in terms of choosing an appropriate location to live.

Across all regional areas, rents for the single pensioner are Unaffordable to Severely Unaffordable except for regional South Australia (being Moderately Unaffordable with a RAI score of 104).
For the single pensioner, Greater Sydney and ACT remain the least affordable locations to rent of all Australian capital cities which, with RAI scores of 43, are Extremely Unaffordable.

Renting at the median rate in these cities would require 70 per cent of total income, the amount that ideally should be left for living expenses and discretionary spending once rent has been paid.

While still Severely Unaffordable, Greater Adelaide is marginally more affordable for single pensioners compared with all other Australian cities.

Figure 5: Greater Sydney, June Quarter, 2022

Figure 6: Greater Melbourne, June Quarter, 2022
Pensioner couple

Household profile
The pensioner couple household is comprised of a couple that is 65 years or older seeking to rent a two bedroom dwelling.

Affordability
Unaffordable to Severely Unaffordable in metropolitan areas and Unaffordable to Acceptable in regional areas.

Economic profile
One member of the household is assumed to still be active in casual or part-time employment, earning $300 per fortnight.

Annual income
This additional income combined with the household’s pensioner payment totals an estimated gross annual income of $56,399.
### Table 5: RAI for pensioner couple

<table>
<thead>
<tr>
<th>Location</th>
<th>RAI score</th>
<th>Rent as a share of income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Sydney</td>
<td>61</td>
<td>49%</td>
</tr>
<tr>
<td>Rest of NSW</td>
<td>81</td>
<td>37%</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>74</td>
<td>41%</td>
</tr>
<tr>
<td>Rest of VIC</td>
<td>99</td>
<td>30%</td>
</tr>
<tr>
<td>Greater Brisbane</td>
<td>70</td>
<td>43%</td>
</tr>
<tr>
<td>Rest of QLD</td>
<td>74</td>
<td>40%</td>
</tr>
<tr>
<td>Greater Adelaide</td>
<td>86</td>
<td>35%</td>
</tr>
<tr>
<td>Rest of SA</td>
<td>133</td>
<td>23%</td>
</tr>
<tr>
<td>Greater Perth*</td>
<td>71</td>
<td>42%</td>
</tr>
<tr>
<td>Rest of WA*</td>
<td>72</td>
<td>42%</td>
</tr>
<tr>
<td>Greater Hobart</td>
<td>72</td>
<td>41%</td>
</tr>
<tr>
<td>Rest of TAS</td>
<td>96</td>
<td>31%</td>
</tr>
<tr>
<td>ACT</td>
<td>57</td>
<td>53%</td>
</tr>
</tbody>
</table>

Source: SGS Economics and Planning, 2022

*RAI has been calculated using median rents for all dwellings rather than one bedroom due to data unavailability

### Pensioner couple

The pensioner couple’s annual income has increased by $3,832 since the last release. While faring better than the single pensioner household, the couple pensioner household generally faces Severely Unaffordable rents in metropolitan areas. Regional South Australia is the only location with Acceptable rents and improved in affordability over the past year. The remaining regional areas across Australia have Moderately to Severely Unaffordable rents.

Most areas within a 10-kilometre radius of the Sydney CBD and some of the inner areas of Melbourne are Severely Unaffordable to the pensioner couple, who would need to pay 39 to 48 per cent of their total income if renting at the median rate. Adding to their financial pressure are several other costs, which may include health care costs associated with ageing. The need for walkable access to transport, local shops and services may also place limitations on this household in terms of choosing an appropriate location to live.
Given that one member of this household has been assumed to retain part-time or casual employment, a pensioner couple solely dependent on a pensioner payment would face a much higher level of rental unaffordability, where there are very limited areas in Australia that would be affordable for the pensioner couple and as all Acceptable or Affordable areas are located outside metropolitan areas.

For the pensioner couple household looking to locate in the ACT and Greater Sydney, rents are the least affordable, with an average RAI score of 57 to 61.

Greater Brisbane and Greater Perth have RAI scores of 70-71, making them the second least affordable cities.

Figure 7: Greater Sydney, June Quarter, 2022

Figure 8: Greater Melbourne, June Quarter, 2022
Single part-time worker parent on benefits

Household profile
The single parent household is comprised of a parent and one child under five and is seeking to rent a two-bedroom rental dwelling.

Affordability
Extremely Unaffordable to Severely Unaffordable in metropolitan areas and Severely Unaffordable to Moderately Unaffordable in regional areas.

Economic profile
This household receives income support in the form of a parenting payment, supplemented by casual or part time paid employment.

Annual income
This household has an estimated gross annual income of $43,020.
Table 6: RAI for single part-time worker parent on benefits

<table>
<thead>
<tr>
<th></th>
<th>RAI score</th>
<th>Rent as a share of income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Sydney</td>
<td>47</td>
<td>64%</td>
</tr>
<tr>
<td>Rest of NSW</td>
<td>62</td>
<td>48%</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>56</td>
<td>53%</td>
</tr>
<tr>
<td>Rest of VIC</td>
<td>75</td>
<td>40%</td>
</tr>
<tr>
<td>Greater Brisbane</td>
<td>53</td>
<td>56%</td>
</tr>
<tr>
<td>Rest of QLD</td>
<td>57</td>
<td>53%</td>
</tr>
<tr>
<td>Greater Adelaide</td>
<td>65</td>
<td>46%</td>
</tr>
<tr>
<td>Rest of SA</td>
<td>101</td>
<td>30%</td>
</tr>
<tr>
<td>Greater Perth*</td>
<td>54</td>
<td>55%</td>
</tr>
<tr>
<td>Rest of WA*</td>
<td>55</td>
<td>55%</td>
</tr>
<tr>
<td>Greater Hobart</td>
<td>55</td>
<td>54%</td>
</tr>
<tr>
<td>Rest of TAS</td>
<td>73</td>
<td>41%</td>
</tr>
<tr>
<td>ACT</td>
<td>44</td>
<td>69%</td>
</tr>
</tbody>
</table>

Source: SGS Economics and Planning, 2022

*RAI has been calculated using median rents for all dwellings rather than one bedroom due to data unavailability

Single part-time worker parent on benefits

Income for this cohort has increased slightly ($876 per annum), following a sharp decrease the previous year which saw the fortnightly $550 Coronavirus supplement provided in 2020 withdrawn. After that temporary uplift, affordability for this household type has deteriorated considerably across Australia and is now worse than in 2019 (pre-COVID) in all metropolitan areas except Greater Melbourne and Greater Sydney.

Rents are Unaffordable to Severely Unaffordable across all metropolitan and regional areas where data is available for the single part-time worker parent on benefits household.

This group often experiences additional cost pressures. Childcare and healthcare costs may compound the financial stress on this rental household.

While the most severe restrictions from the pandemic have subsided, over the last quarters, this household type likely still experienced increased financial stress due to ongoing burdens from the COVID-19 pandemic like difficulty accessing childcare, particularly in regional areas which have experienced an influx of migration from capital cities.
Childminding commitments may have limited single parents’ ability to work, potentially resulting in lost income. Especially in areas with extended lockdowns, most notably Greater Melbourne, the supplementary incomes from part-time jobs may have fallen away as cafes, restaurants, tourism and arts and culture came to a grinding halt in 2021 before beginning to recover in 2022.

The single part-time worker parent on benefits faces Severely Unaffordable rents in ACT, paying 69 per cent of their income on rent if they entered an agreement at the median rental rate. This is followed closely by metropolitan Sydney as the second least affordable location for this household, where the median rental rate would require paying 64 per cent of income. These are clearly untenable levels of housing stress.

In Greater Melbourne these households face Extremely Unaffordable rents, paying 54 per cent of their income if renting at the median rate. This represents a grim situation which continues to deteriorate (in 2021, they would have paid 48 per cent of their income). The single part-time worker parent household also faces Severely Unaffordable rents in the metropolitan areas of Brisbane, Perth, and Hobart.
Single full-time working parent

Household profile
The key worker single parent household is comprised of a single parent and child under five and is seeking to rent a two-bedroom dwelling.

Affordability
Moderately Unaffordable to Affordable in metropolitan and regional areas.

Economic profile
A full-time teacher and key worker parent.

Annual income
The key worker parent earns an estimated $101,703 per annum. For city-specific RAI scores, this has been adjusted to reflect differences in earning across geographic locations in Australia.
### Table 7: RAI for single full-time working parent

<table>
<thead>
<tr>
<th>Region</th>
<th>RAI Score</th>
<th>Rent as a Share of Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Sydney</td>
<td>113</td>
<td>27%</td>
</tr>
<tr>
<td>Rest of NSW</td>
<td>150</td>
<td>20%</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>127</td>
<td>24%</td>
</tr>
<tr>
<td>Rest of VIC</td>
<td>170</td>
<td>18%</td>
</tr>
<tr>
<td>Greater Brisbane</td>
<td>128</td>
<td>24%</td>
</tr>
<tr>
<td>Rest of QLD</td>
<td>135</td>
<td>22%</td>
</tr>
<tr>
<td>Greater Adelaide</td>
<td>154</td>
<td>20%</td>
</tr>
<tr>
<td>Rest of SA</td>
<td>240</td>
<td>13%</td>
</tr>
<tr>
<td>Greater Perth*</td>
<td>131</td>
<td>23%</td>
</tr>
<tr>
<td>Rest of WA*</td>
<td>133</td>
<td>23%</td>
</tr>
<tr>
<td>Greater Hobart</td>
<td>127</td>
<td>24%</td>
</tr>
<tr>
<td>Rest of TAS</td>
<td>167</td>
<td>18%</td>
</tr>
<tr>
<td>ACT</td>
<td>113</td>
<td>26%</td>
</tr>
</tbody>
</table>

Source: SGS Economics and Planning, 2022

*RAI has been calculated using median rents for all dwellings rather than one bedroom due to data unavailability

---

**Single full-time working parent**

The income and dwelling requirements of the single full-time working parent household fall in the Acceptable range for most regions, including all capital cities except Sydney and Canberra. Regional areas are generally more affordable, particularly regional South Australia where these households will only spend 13 per cent of their income on rent if they would enter a new rental agreement at the median rate.

The nature of being a sole carer makes it likely that a considerable proportion of earnings go towards childcare and after-school care costs for this household, placing additional demands on the income of this household. This will compound the financial pressures of primary needs such as power, transport, and education for children.

Like the single part-time worker parent on benefits, this household type may have experienced increased financial stress due to the ongoing economic pressures imposed by the pandemic, even with most restrictions lifted, such as difficulty accessing childcare services. Childminding commitments may have limited the single parent’s ability to work, resulting in lost income.
Rents, increasing nationwide, have outpaced income growth in all metropolitan areas except Greater Sydney and Greater Melbourne, leading to affordability for this household type decreasing steadily for several years.

Hobart, which has experienced a prolonged period of rapidly rising rents, and Perth, where rents have risen significantly since 2020, have become considerably less affordable in 2022. While most regions currently have an Acceptable level of affordability, they risk becoming Moderately Unaffordable soon if trends persist.

Excluding the past year, when rental rates reverted towards pre-pandemic levels, affordability for this household type in Greater Sydney and Greater Melbourne has improved over time. Many inner suburban locations are still considered Acceptable rather than Moderately Unaffordable. However, Greater Sydney remains the least affordable location for single full-time worker parents (RAI score of 113), who would spend around 27 per cent of their income if renting at the median rate.

Although affordability has declined across all regional areas except South Australia, it remains Affordable to Very Affordable for this type of household.
Figure 12: Greater Sydney, June Quarter, 2019 and 2022

Figure 13: Greater Melbourne, June Quarter, 2019 and 2022
Single income couple with children

Household profile
The single income couple with children consists of one key worker, one stay-at-home parent, and two children, one of whom is under five. This household seeks to live in a three-bedroom rental dwelling.

Affordability
Moderately Unaffordable to Acceptable rents in most metropolitan and most regional areas.

Economic profile
This household lives on a single key worker income.

Annual income
This household has an estimated annual income of $101,703.
<table>
<thead>
<tr>
<th>Metropolitan Area</th>
<th>RAI Score</th>
<th>Rent as a Share of Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Sydney</td>
<td>98</td>
<td>31%</td>
</tr>
<tr>
<td>Rest of NSW</td>
<td>122</td>
<td>24%</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>125</td>
<td>24%</td>
</tr>
<tr>
<td>Rest of VIC</td>
<td>141</td>
<td>21%</td>
</tr>
<tr>
<td>Greater Brisbane</td>
<td>119</td>
<td>25%</td>
</tr>
<tr>
<td>Rest of QLD</td>
<td>116</td>
<td>26%</td>
</tr>
<tr>
<td>Greater Adelaide</td>
<td>128</td>
<td>23%</td>
</tr>
<tr>
<td>Rest of SA</td>
<td>182</td>
<td>16%</td>
</tr>
<tr>
<td>Greater Perth*</td>
<td>131</td>
<td>23%</td>
</tr>
<tr>
<td>Rest of WA*</td>
<td>133</td>
<td>23%</td>
</tr>
<tr>
<td>Greater Hobart</td>
<td>106</td>
<td>28%</td>
</tr>
<tr>
<td>Rest of TAS</td>
<td>142</td>
<td>21%</td>
</tr>
<tr>
<td>ACT</td>
<td>99</td>
<td>30%</td>
</tr>
</tbody>
</table>

Source: SGS Economics and Planning, 2022

*RAI has been calculated using median rents for all dwellings rather than one bedroom due to data unavailability.

### Single income couple with children

This household faces Moderately Unaffordable to Acceptable rents across metropolitan areas, although inner parts of cities are Unaffordable to Severely Unaffordable (with parts of Sydney being Extremely Unaffordable).

Affordability has been declining drastically and consistently for these households in Greater Hobart, resulting in a RAI score of 106 in 2022 compared to a RAI score of 141 five years prior. While less extreme, rental rates for three-bedroom dwellings, which have reached historic peaks, have increased faster than incomes and resulted in declining affordability for this household across all other metropolitan areas.

In most metropolitan areas, Acceptable rents can only be found in outer suburbs (illustrated in Figure 15 and Figure 16), which are typically disadvantaged in terms of access to work and other opportunities. Given the size of this family, there is considerable additional financial pressure from day-to-day living costs.

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9 Note that RAI scores appear more affordable than for single full-time working parents, despite single income couples with children requiring larger dwellings (3 bedrooms). This is due to the spatial distribution of dwelling forms, as 2 bedroom dwellings are more heavily represented (compared to 3 bedroom dwellings) in the inner regions of cities, and therefore have a higher median rent.

10 For city-specific RAI scores, this has been adjusted to reflect differences in earning across geographic locations in Australia.
The most unaffordable regions include Greater Sydney and ACT, with RAI scores of 98 and 99 (Moderately Unaffordable), and over 30 per cent of income spent towards rent. Regional areas, excluding Queensland, are Acceptable or Affordable, with the highest score of 182 recorded for the Rest of SA.

Like other household types with children, this household type may have experienced continued financial stress due to the ongoing impacts of COVID-19, although the return to face-to-face school may have eased the pressure.

In many regional areas, childcare access is extremely limited and expensive -- meaning it may be more affordable for some households to care for their children at home. Childminding commitments may have limited household members’ ability to work, resulting in lost income.
Figure 15: Greater Sydney, June Quarter, 2022

Figure 16: Greater Melbourne, June Quarter, 2022

Rental Affordability Index for:
Income: $105,000
Bedrooms: 3
- Very affordable: 200 or above
- Affordable: 150 to 200
- Acceptable: 120 to 150
- Modestly unaffordable: 100 to 120
- Unaffordable: 80 to 100
- Severely unaffordable: 50 to 80
- Extremely unaffordable: 50 or less
- Data not available: N/A

Rental Affordability Index for:
Income: $95,000
Bedrooms: 3
- Very affordable: 200 or above
- Affordable: 150 to 200
- Acceptable: 120 to 150
- Modestly unaffordable: 100 to 120
- Unaffordable: 80 to 100
- Severely unaffordable: 50 to 80
- Extremely unaffordable: 50 or less
- Data not available: N/A

Source: SGS Economics and Planning, 2022
Dual income couple with children

Household profile
The full-time key worker couple has two children under ten and seeks to rent a three bedroom dwelling.

Affordability
Affordable to Very Affordable across all metropolitan and regional areas.

Economic profile
This household lives on two full time teachers’ wages.

Annual income
This household has a combined annual income of $203,407 per annum.
### Table 9: RAI for dual income couple with children

<table>
<thead>
<tr>
<th>Area</th>
<th>RAI score</th>
<th>Rent as a share of income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Sydney</td>
<td>196</td>
<td>15%</td>
</tr>
<tr>
<td>Rest of NSW</td>
<td>245</td>
<td>12%</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>249</td>
<td>12%</td>
</tr>
<tr>
<td>Rest of VIC</td>
<td>281</td>
<td>11%</td>
</tr>
<tr>
<td>Greater Brisbane</td>
<td>238</td>
<td>13%</td>
</tr>
<tr>
<td>Rest of QLD</td>
<td>232</td>
<td>13%</td>
</tr>
<tr>
<td>Greater Adelaide</td>
<td>256</td>
<td>12%</td>
</tr>
<tr>
<td>Rest of SA</td>
<td>364</td>
<td>8%</td>
</tr>
<tr>
<td>Greater Perth*</td>
<td>261</td>
<td>11%</td>
</tr>
<tr>
<td>Rest of WA*</td>
<td>266</td>
<td>11%</td>
</tr>
<tr>
<td>Greater Hobart</td>
<td>211</td>
<td>14%</td>
</tr>
<tr>
<td>Rest of TAS</td>
<td>284</td>
<td>11%</td>
</tr>
<tr>
<td>ACT</td>
<td>199</td>
<td>15%</td>
</tr>
</tbody>
</table>

Source: SGS Economics and Planning, 2022

*RAI has been calculated using median rents for all dwellings rather than one bedroom due to data unavailability

---

#### Dual income couple with children

The dual income couple with children household can generally access Affordable to Very Affordable rents across most metropolitan and regional areas. Annual income for this household type has increased by nearly $4,500 since 2021 which, although lower than the escalation of rents (for 3-bedroom dwellings), means that all regions remain Affordable or better.

Regional areas in particular offer Very Affordable rents for this household.

With the return of face-to-face school, childminding commitments of previous years, which could have resulted in lost income, no longer burden this household type. Despite a minor reduction in rental affordability, the least affordable region, Greater Sydney, still requires this household to spend just 15 per cent of their income on rent, leaving a reasonable amount for other living and parenting expenses.

---

11 For city-specific RAI scores, this has been adjusted to reflect differences in earning across geographic locations in Australia.
Figure 17: Greater Sydney, June Quarter, 2022

Figure 18: Greater Melbourne, June Quarter, 2022

Rental Affordability Index for:
Income: $210,000
Bedrooms: 3

- Vary affordable: 200 or above
- Affordable: 150 to 200
- Acceptable: 120 to 150
- Moderately unaffordable: 100 to 120
- Unaffordable: 80 to 100
- Severely unaffordable: 50 to 80
- Extremely unaffordable: 50 or less
- Data not available: N/A

Rental Affordability Index for:
Income: $195,000
Bedrooms: 3

- Vary affordable: 200 or above
- Affordable: 150 to 200
- Acceptable: 120 to 150
- Moderately unaffordable: 100 to 120
- Unaffordable: 80 to 100
- Severely unaffordable: 50 to 80
- Extremely unaffordable: 50 or less
- Data not available: N/A

Source: SGS Economics and Planning, 2022
Household profile
The student sharehouse household comprises three students between the ages of 18 and 35 seeking to rent a shared three-bedroom dwelling.

Economic profile
Each member of this household receives an income support payment in the form of Youth Allowance or Austudy. In addition, each student earns the maximum additional income allowable before income support payments are affected.

Affordability
Unaffordable to Moderately Unaffordable across most metropolitan areas.

Annual income
The estimated gross annual income for this household is $84,560 or $28,186 per student.
Table 10: RAI for student sharehouse

<table>
<thead>
<tr>
<th>Location</th>
<th>RAI score</th>
<th>Rent as a share of income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Sydney</td>
<td>80</td>
<td>38%</td>
</tr>
<tr>
<td>Rest of NSW</td>
<td>100</td>
<td>30%</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>108</td>
<td>28%</td>
</tr>
<tr>
<td>Rest of VIC</td>
<td>122</td>
<td>25%</td>
</tr>
<tr>
<td>Greater Brisbane</td>
<td>98</td>
<td>31%</td>
</tr>
<tr>
<td>Rest of QLD</td>
<td>96</td>
<td>31%</td>
</tr>
<tr>
<td>Greater Adelaide</td>
<td>107</td>
<td>28%</td>
</tr>
<tr>
<td>Rest of SA</td>
<td>151</td>
<td>20%</td>
</tr>
<tr>
<td>Greater Perth*</td>
<td>107</td>
<td>28%</td>
</tr>
<tr>
<td>Rest of WA*</td>
<td>108</td>
<td>28%</td>
</tr>
<tr>
<td>Greater Hobart</td>
<td>90</td>
<td>33%</td>
</tr>
<tr>
<td>Rest of TAS</td>
<td>122</td>
<td>25%</td>
</tr>
<tr>
<td>ACT</td>
<td>75</td>
<td>40%</td>
</tr>
</tbody>
</table>

Source: SGS Economics and Planning, 2022

*RAI has been calculated using median rents for all dwellings rather than one bedroom due to data unavailability

Student sharehouse

The annual income of the student sharehouse household has increased slightly over the past year. Despite this, rental affordability declined in all regions, in many cases to a historic low.

Rental affordability ranges from Severely Unaffordable to Acceptable across Australia and is most unaffordable in Greater Sydney and ACT. These have RAI scores of 80 and 75, respectively, requiring up to 40 per cent of income to be spent on rent.

Across most inner and middle suburbs of metropolitan cities, rents are Unaffordable to Moderately Unaffordable for the student sharehouse household. Members of this household type are therefore forced to choose between rental stress or having to locate in areas with poorer access to inner-city tertiary institutions and part-time work.

Regional areas fare better, with Moderately Unaffordable to Acceptable rents, but have a lower concentration of higher education institutions.
The student sharehouse is required to balance work and study, and the number of hours manageable varies on course demands.

On top of this, students have additional study costs and administration fees and renting students may have limited capacity to save or make voluntary payments to accumulating HECS or FEE HELP debts.

Many tertiary institutions are in high rent and central locations; a shortage of affordable homes often means students need to find accommodation further away in lower rent areas. This places additional pressure on students in terms of both travel times and costs. Additionally, the risk of turnover and vacancies are ‘owned’ by the sharehouse, so the share of rent increases if someone leaves and there are vacant days. These factors exacerbate the experience of rental stress.
Figure 19: Greater Sydney, June Quarter, 2020 and 2022

Rental Affordability Index for:
Income: $120,000
Bedrooms: 3
- 200 or above
- 150 to 200
- 120 to 150
- 100 to 120
- 80 to 100
- 50 to 80
- 50 or less
- Data not available

Figure 20: Greater Melbourne, June Quarter, 2020 and 2022

Rental Affordability Index for:
Income: $120,000
Bedrooms: 3
- 200 or above
- 150 to 200
- 120 to 150
- 100 to 120
- 80 to 100
- 50 to 80
- 50 or less
- Data not available

Source: SGS Economics and Planning, 2022
Minimum wage couple

Household profile
The minimum wage couple household comprises a full-time working couple seeking to rent a two-bedroom dwelling.

Economic profile
This household comprises two full-time workers earning the national minimum wage.

Affordability
Unaffordable to Acceptable across metropolitan and regional areas.

Annual income
The estimated gross annual income for this household is $84,510.
## Table 11: RAI for minimum wage couple

<table>
<thead>
<tr>
<th>Region</th>
<th>RAI score</th>
<th>Rent as a share of income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Sydney</td>
<td>92</td>
<td>33%</td>
</tr>
<tr>
<td>Rest of NSW</td>
<td>122</td>
<td>25%</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>111</td>
<td>27%</td>
</tr>
<tr>
<td>Rest of VIC</td>
<td>148</td>
<td>20%</td>
</tr>
<tr>
<td>Greater Brisbane</td>
<td>105</td>
<td>29%</td>
</tr>
<tr>
<td>Rest of QLD</td>
<td>111</td>
<td>27%</td>
</tr>
<tr>
<td>Greater Adelaide</td>
<td>129</td>
<td>23%</td>
</tr>
<tr>
<td>Rest of SA</td>
<td>199</td>
<td>15%</td>
</tr>
<tr>
<td>Greater Perth*</td>
<td>107</td>
<td>28%</td>
</tr>
<tr>
<td>Rest of WA*</td>
<td>108</td>
<td>28%</td>
</tr>
<tr>
<td>Greater Hobart</td>
<td>108</td>
<td>28%</td>
</tr>
<tr>
<td>Rest of TAS</td>
<td>143</td>
<td>21%</td>
</tr>
<tr>
<td>ACT</td>
<td>86</td>
<td>35%</td>
</tr>
</tbody>
</table>

Source: SGS Economics and Planning, 2022

*RAI has been calculated using median rents for all dwellings rather than one bedroom due to data unavailability.

### Minimum wage couple

The minimum wage increased by 5.2 per cent as of July 1, 2022, which will assist with rental affordability for this household type. However, this couple faces Unaffordable to Moderately Unaffordable rents across most metropolitan areas (excluding Greater Adelaide). Greater Sydney and ACT are the least affordable, with RAI scores of 92 and 86, respectively, indicating that over a third of household income would be required to rent at the median rate.

Affordability in Greater Melbourne had improved over the previous two years, driven by decreasing rents for 2-bedroom dwellings during the worst of the COVID-19 pandemic restrictions, but the trend has begun to revert as rents began to rise in 2022.
In Greater Sydney, rents are Unaffordable to Severely Unaffordable for this household in inner and middle suburbs. Severely Unaffordable areas are much wider spread in Sydney compared to Melbourne.

Regional areas offer greater affordability, particularly in Victoria and South Australia, where rents are Affordable.

It should be noted that minimum wage workers are often employed on a casual basis. This is associated with lower income certainty, which can place these households under additional stress (as rent paid will not change in periods of lower income). This analysis assumes the couple work 38 hours a week each, which may be unrealistic and therefore understate affordability concerns for this household type.

Source: SGS Economics and Planning, 2022
Figure 22: Greater Sydney, June Quarter, 2022

Figure 23: Greater Melbourne, June Quarter, 2022

Source: SGS Economics and Planning, 2022

Rental Affordability Index for:
Income: $85,000
Bedrooms:
- 200 or above
- 150 to 200
- 120 to 150
- 100 to 120
- 80 to 100
- 60 to 80
- 50 to 60
- 50 or less
- Data not available

Source: SGS Economics and Planning, 2022
Hospitality worker

**Household profile**

The hospitality worker household is a lone-person household seeking to rent a one-bedroom dwelling.

**Affordability**

Severely Unaffordable to Moderately Unaffordable across both metropolitan and regional areas.

**Economic profile**

This household lives on a single hospitality worker income.

**Annual income**

The single hospitality worker income is $63,422 per annum.¹²
Table 12: RAI for hospitality worker

<table>
<thead>
<tr>
<th>Area</th>
<th>RAI score</th>
<th>Rent as a share of income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Sydney</td>
<td>83</td>
<td>36%</td>
</tr>
<tr>
<td>Rest of NSW</td>
<td>117</td>
<td>26%</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>101</td>
<td>30%</td>
</tr>
<tr>
<td>Rest of VIC</td>
<td>127</td>
<td>24%</td>
</tr>
<tr>
<td>Greater Brisbane</td>
<td>92</td>
<td>33%</td>
</tr>
<tr>
<td>Rest of QLD</td>
<td>91</td>
<td>33%</td>
</tr>
<tr>
<td>Greater Adelaide</td>
<td>111</td>
<td>27%</td>
</tr>
<tr>
<td>Rest of SA</td>
<td>166</td>
<td>18%</td>
</tr>
<tr>
<td>Greater Perth*</td>
<td>75</td>
<td>40%</td>
</tr>
<tr>
<td>Rest of WA*</td>
<td>81</td>
<td>37%</td>
</tr>
<tr>
<td>Greater Hobart</td>
<td>112</td>
<td>27%</td>
</tr>
<tr>
<td>Rest of TAS</td>
<td>149</td>
<td>20%</td>
</tr>
<tr>
<td>ACT</td>
<td>70</td>
<td>43%</td>
</tr>
</tbody>
</table>

Source: SGS Economics and Planning, 2022
*RAI has been calculated using median rents for all dwellings rather than one bedroom due to data unavailability

Hospitality worker

Rents for the hospitality worker household are Severely Unaffordable to Moderately Unaffordable across Australia’s metropolitan areas.

With a RAI score of 70, the ACT is the least affordable city for the hospitality worker, requiring households to pay over 40 per cent of their income if renting at the median rate. There has also been a trend of worsening affordability since 2015, as the income of hospitality workers has failed to keep pace with rising rents. Inner areas of Canberra are Severely unaffordable, with outer areas Unaffordable to Moderately Unaffordable.

Greater Perth has become the second least affordable city for hospitality workers, with a RAI score of 79 requiring 38 per cent of income to be spent on rent.

Sydney remains Unaffordable with a RAI score of 83. Areas of hospitality employment, such as inner and middle areas of Sydney, are Severely Unaffordable; however, the long-term trend shows affordability has improved since 2017.

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For city-specific RAI scores, this has been adjusted to reflect differences in earning across geographic locations in Australia.
Affordability in Greater Melbourne has improved considerably since 2019, despite declining over the most recent year. However, with a RAI score of 101, it remains Moderately Unaffordable, particularly in the inner suburbs.

All other metropolitan areas have seen decreases in RAI scores over the past year but relatively stable long-term trends. Regional areas have better affordability, with regional South Australia being the most affordable.

Given the greater concentration of restaurants, bars and eateries in metropolitan areas, unaffordability in Australia’s cities has implications for the capacity of hospitality workers to live near their place of work. Given the often unpredictable, early or late hours of work for this household type, the inadequacy of Acceptable rents constrains opportunities and liveability outcomes.

Source: SGS Economics and Planning, 2022
Background

Nationwide, the proportion of households renting is on the rise, having increased from 26 per cent to 31 per cent between 1995 and 2020. Over the same period, the proportion of public housing tenants almost halved, from 5.5 per cent to 2.9 per cent. Housing costs for renting households have also increased over the same period, relative to owners. Renters currently spend an average of 20 per cent of their income on housing costs, while owners with a mortgage pay 15.5 per cent. AHURI estimates that 1.3 million households need additional housing assistance.

In Australia, this shift towards renting, and increased rental costs, is driven by a range of factors. The introduction of the capital gains discount in 1999, combined with negative gearing has dramatically increased the number of investors who compete with homeowners for available property, and kept more households out of home ownership and trapping them in the rental market. Recent interest rate conditions and widening income inequality reinforce this effect.

Investors have pushed out would-be homeowners, so more households with middle to higher incomes are renting for longer. This impacts lower income renters by driving up rents. Additionally, higher income households seek more affordable rents to increase their ability to save a deposit to move into ownership, which further displaces lower income households from lower cost rentals and increases their level of housing stress.

There is less social and affordable housing stock available than there was a decade ago. As a result, more (very) low-income Australians rely on the private rental market and are forced to pay unaffordable rents.

As it stands, 42 per cent of all low-income renter households are in rental stress, compared to 35 per cent in 2008. This rises to 47 per cent for households in NSW.

While not a main driver of rental affordability, in some inner-city areas, there are many apartments sitting vacant as an investment. For investors, vacant properties are often held on to for long term capital gains. This reduces the availability of rental properties to households.

In recent years, regional areas have been subject to several natural disasters from widespread bushfires in 2020 to flooding in 2022. These have affected both existing rental stock and new development, limiting supply and increasing rental rates. This has been compounded by an influx of regional migration driven by COVID-19 restrictions in capital cities.

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The combined impact of these factors on renters includes homelessness, having to move away from family and support for more affordable housing, moving into poor quality or insecure housing, or having to forgo other essentials.

**Metropolitan areas**

Greater Hobart continues to be the least affordable capital city in Australia for the average rental households of each city.

Over the past four years, the RAI score of Greater Hobart has decreased by over 4 per cent per annum, and if the trend continues, it will soon be the only capital city in Australia where rental affordability for the average rental household is below the critical threshold of 100. With a RAI score of 102 in June 2022, the average rental household would pay 29 per cent of their income if renting at the median rate.

Although household incomes in Tasmania are significantly lower than the national average, rents are only marginally lower than mainland averages. The gap between income and rent has been widening over the past five years, with little sign of abating. A comparison of RAI scores in Greater Hobart and Greater Sydney over recent years (see Figure 27) shows that while Hobart has historically been more affordable, this changed in 2018 and the gap has been widening.
Rental affordability in Greater Brisbane, Greater Adelaide, and Greater Perth did not improve as much 2021, as these cities were not as severely impacted by pandemic restrictions. Following temporary improvements in affordability during 2020 for those cities, at the height of COVID-19 restrictions, affordability declined significantly even relative to pre-pandemic levels. Greater Brisbane experienced the sharpest decline in rental affordability of all capital cities, with its RAI score falling by 11 per cent in 2022. Greater Adelaide and Greater Perth both fell by 6 per cent. With a RAI score of 119, Greater Adelaide is now more affordable than Greater Brisbane, which became the second least affordable capital city. Rents in the latter rose over 17 per cent in the 12 months to June 2022, meaning that an average income rental household would now pay 27 per cent of their income if renting at the median rate.

Even in cities with improved affordability, the tangible improvement for very low-income households is negligible, as they still face severely unaffordable rents in most metropolitan areas.
Figure 27: RAI comparison - Sydney and Hobart (2012-2022)

Source: SGS Economics and Planning, 2022
Note: Red dashed line represents the onset of COVID-19 and restrictions, and the green dashed line represents the easing of most movement and border restrictions.

Figure 28: Median rental rates - Sydney, Melbourne and Greater Hobart (2012-2022)

Source: SGS Economics and Planning, 2022
Note: Red dashed line represents the onset of COVID-19 and restrictions, and green dashed line represents the easing of most movement and border restrictions.
Table 13: National RAI trends - metropolitan areas (June 2022)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Sydney</td>
<td>103</td>
<td>104</td>
<td>105</td>
<td>107</td>
<td>106</td>
<td>104</td>
<td>108</td>
<td>115</td>
<td>126</td>
<td>130</td>
<td>120</td>
<td>-8%</td>
<td>-3%</td>
<td>1%</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>127</td>
<td>130</td>
<td>130</td>
<td>127</td>
<td>129</td>
<td>128</td>
<td>131</td>
<td>145</td>
<td>152</td>
<td>140</td>
<td></td>
<td>-8%</td>
<td>-2%</td>
<td>2%</td>
</tr>
<tr>
<td>Greater Brisbane</td>
<td>113</td>
<td>118</td>
<td>119</td>
<td>117</td>
<td>118</td>
<td>120</td>
<td>123</td>
<td>128</td>
<td>127</td>
<td>113</td>
<td></td>
<td>-11%</td>
<td>-6%</td>
<td>-4%</td>
</tr>
<tr>
<td>Greater Adelaide</td>
<td>109</td>
<td>112</td>
<td>113</td>
<td>112</td>
<td>117</td>
<td>120</td>
<td>117</td>
<td>118</td>
<td>120</td>
<td>126</td>
<td>119</td>
<td>-6%</td>
<td>-1%</td>
<td>0%</td>
</tr>
<tr>
<td>Greater Perth</td>
<td>105</td>
<td>103</td>
<td>106</td>
<td>115</td>
<td>127</td>
<td>140</td>
<td>145</td>
<td>144</td>
<td>146</td>
<td>132</td>
<td>124</td>
<td>-6%</td>
<td>-8%</td>
<td>-5%</td>
</tr>
<tr>
<td>Greater Hobart</td>
<td>111</td>
<td>115</td>
<td>111</td>
<td>112</td>
<td>115</td>
<td>113</td>
<td>116</td>
<td>102</td>
<td>111</td>
<td>105</td>
<td>102</td>
<td>-3%</td>
<td>-4%</td>
<td>0%</td>
</tr>
<tr>
<td>ACT</td>
<td>118</td>
<td>121</td>
<td>131</td>
<td>133</td>
<td>130</td>
<td>131</td>
<td>124</td>
<td>121</td>
<td>125</td>
<td>132</td>
<td>121</td>
<td>-9%</td>
<td>-2%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: SGS Economics and Planning, 2022

Table 14: National RAI summary - metropolitan areas (June 2022)

<table>
<thead>
<tr>
<th>Region</th>
<th>RAI</th>
<th>Share of income spent on rent</th>
<th>Relative unaffordability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Sydney</td>
<td>120</td>
<td>25%</td>
<td>Moderately unaffordable rents</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>140</td>
<td>21%</td>
<td>Acceptable rents</td>
</tr>
<tr>
<td>Greater Brisbane</td>
<td>113</td>
<td>27%</td>
<td>Moderately unaffordable rents</td>
</tr>
<tr>
<td>Greater Adelaide</td>
<td>119</td>
<td>25%</td>
<td>Moderately unaffordable rents</td>
</tr>
<tr>
<td>Greater Perth</td>
<td>124</td>
<td>24%</td>
<td>Acceptable rents</td>
</tr>
<tr>
<td>Greater Hobart</td>
<td>102</td>
<td>29%</td>
<td>Unaffordable rents</td>
</tr>
<tr>
<td>ACT</td>
<td>121</td>
<td>25%</td>
<td>Acceptable rents</td>
</tr>
</tbody>
</table>

Source: SGS Economics and Planning, 2022
Rest of state areas

Regional rental markets were not exposed to COVID-19 restrictions that capital cities were; therefore, the rebound from the pandemic played out differently. While Australia’s regions were spared the worst of pandemic response measures, there has been concern regarding the impacts of outward-migrating city residents on housing, and rental, affordability.

This phenomenon is observed in the most recent data, which shows that affordability has worsened in the regional areas of every state, even more so than in the capital cities. The worst affected states have been Queensland, Tasmania, and WA. The regional areas of Queensland and Tasmania are now at their most unaffordable in the period measured by the RAI.

Flood-affected regions such as Lismore and Gympie had large adverse shocks to rental affordability in 2022. While areas most severely affected by COVID-19 trends tend to be coastal, such as Byron Bay, the Gold Coast, Sunshine Coast, and Geelong. However, inland towns such as Orange and Mudgee in NSW also became far less affordable to the average rental household over the last year.

Other key rest of state area trends include:
- Regional VIC declined further in rental affordability over the past year. This occurred at the same rate as Greater Melbourne despite the easing of most pandemic restrictions in 2022, which were a major difference between regional areas and capital cities.
- Regional NSW RAI score has decreased by 14 per cent over the past two years, falling from 122 to 106 (Acceptable to Moderately Unaffordable).
- Regional SA rental affordability worsened marginally but remains comparable to pre-COVID years.

Figure 29 shows that net internal migration to the regions was, in March 2021, approximately 50 per cent higher than the historical peak. While this is small relative to the size of capital city populations, it is significant relative to the size of regional towns. The impact on affordability is amplified as the movement occurred in a very short space of time and was coupled with pandemic-induced inefficiencies in residential development.

The persistence of these trends remains to be seen as Australia transitions to a living-with-COVID state.
Table 15: National RAI trends - rest of state areas (June 2022)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rest of NSW</td>
<td>109</td>
<td>112</td>
<td>116</td>
<td>114</td>
<td>116</td>
<td>112</td>
<td>116</td>
<td>118</td>
<td>122</td>
<td>114</td>
<td>106</td>
<td>-7%</td>
<td>-7%</td>
<td>-4%</td>
</tr>
<tr>
<td>Rest of VIC.</td>
<td>121</td>
<td>125</td>
<td>123</td>
<td>124</td>
<td>127</td>
<td>128</td>
<td>127</td>
<td>131</td>
<td>125</td>
<td>115</td>
<td></td>
<td>-8%</td>
<td>-6%</td>
<td>-3%</td>
</tr>
<tr>
<td>Rest of QLD</td>
<td>110</td>
<td>116</td>
<td>121</td>
<td>122</td>
<td>124</td>
<td>125</td>
<td>125</td>
<td>122</td>
<td>124</td>
<td>118</td>
<td>104</td>
<td>-12%</td>
<td>-8%</td>
<td>-5%</td>
</tr>
<tr>
<td>Rest of SA</td>
<td>127</td>
<td>129</td>
<td>130</td>
<td>129</td>
<td>137</td>
<td>139</td>
<td>135</td>
<td>138</td>
<td>140</td>
<td>146</td>
<td>137</td>
<td>-6%</td>
<td>-1%</td>
<td>0%</td>
</tr>
<tr>
<td>Rest of WA</td>
<td>97</td>
<td>107</td>
<td>99</td>
<td>134</td>
<td>149</td>
<td>154</td>
<td>159</td>
<td>158</td>
<td>156</td>
<td>145</td>
<td>134</td>
<td>-8%</td>
<td>-7%</td>
<td>-5%</td>
</tr>
<tr>
<td>Rest of TAS</td>
<td>118</td>
<td>123</td>
<td>119</td>
<td>126</td>
<td>120</td>
<td>128</td>
<td>136</td>
<td>124</td>
<td>128</td>
<td>120</td>
<td>108</td>
<td>-10%</td>
<td>-8%</td>
<td>-5%</td>
</tr>
</tbody>
</table>

Source: SGS Economics and Planning, 2022

Table 16: National RAI summary - rest of state areas (June 2022)

<table>
<thead>
<tr>
<th>Region</th>
<th>RAI</th>
<th>Share of income spent on rent</th>
<th>Relative unaffordability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rest of NSW</td>
<td>106</td>
<td>28%</td>
<td>Moderately unaffordable rents</td>
</tr>
<tr>
<td>Rest of VIC</td>
<td>115</td>
<td>26%</td>
<td>Moderately unaffordable rents</td>
</tr>
<tr>
<td>Rest of QLD</td>
<td>104</td>
<td>29%</td>
<td>Moderately unaffordable rents</td>
</tr>
<tr>
<td>Rest of SA</td>
<td>137</td>
<td>22%</td>
<td>Acceptable rents</td>
</tr>
<tr>
<td>Rest of WA</td>
<td>134</td>
<td>22%</td>
<td>Acceptable rents</td>
</tr>
<tr>
<td>Rest of TAS</td>
<td>108</td>
<td>28%</td>
<td>Moderately unaffordable rents</td>
</tr>
</tbody>
</table>

Source: SGS Economics and Planning, 2022
State trends
New South Wales

Greater Sydney

The average rental household in Greater Sydney, in June 2022, has a gross income of $114,231 per annum.

With a RAI score of 120, rental affordability across Greater Sydney has steadily declined in the last year following a period of improvement since 2017 - particularly during 2020, after the onset of the COVID-19 pandemic. Affordability is now on the threshold between Moderately Unaffordable and Acceptable.

For very low-income households, this has exacerbated affordability concerns and Sydney remains critically unaffordable to significant proportions of the renting population. While the average rental household in Greater Sydney spends around 25 per cent of its total income on rent at the median rental rate, this share is much higher for lower-income households.
Sydney’s harbour, northern, and coastal suburbs represent the least affordable locations. The average rental household generally must travel 20-25km from the CBD to areas such as Fairfield Heights, Punchbowl and Lakemba to find Affordable rents, primarily in smaller dwellings (2 bedrooms).

For slightly larger dwellings (3 bedrooms), this distance rises to 30km in areas such as Blacktown, Liverpool, and Toongabbie. Paramatta, which offered acceptable rents in 2021 no longer does in 2022.

The 12 months from June 2020 to June 2021 reflect many of the impacts of the COVID-19 pandemic.

Following an improvement in affordability in late 2020 stemming from falling rents, the Sydney CBD (RAI score of 109) reverted to

Figure 30: Rental Affordability Index, Greater Sydney

Source: SGS Economics and Planning, 2022
its Unaffordable pre-pandemic level (RAI score of 95) in 2021 and continued to fall in 2022 (RAI score of 92).

Affordability in western Sydney (from Camden, through Liverpool, to Parramatta) which was Acceptable to Affordable in 2021, has deteriorated to being Moderately Unaffordable to Acceptable.

Many other inner suburban locations such as Redfern, Paddington, and Darlington declined even more sharply in affordability, all falling into a lower affordability bracket (127 to 118, 114 to 98 and 124 to 118 respectively). This pattern extends to the urban fringes of Greater Sydney, more than 70km from the CBD, such as Camden and Wyong.

Sydney’s five least affordable postcodes (with at least 80 new rentals in the most recent quarter) are listed in the table below.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Postcode</th>
<th>Suburbs</th>
<th>RAI score</th>
<th>Rent as share of avg household income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2026</td>
<td>Bondi, Bondi Beach, North Bondi, Tamarama</td>
<td>83</td>
<td>36%</td>
</tr>
<tr>
<td>2</td>
<td>2027</td>
<td>Darling Point, Edgecliff, Point Piper</td>
<td>83</td>
<td>36%</td>
</tr>
<tr>
<td>3</td>
<td>2030</td>
<td>Vaucluse, Dover Heights, Watson Bay</td>
<td>83</td>
<td>36%</td>
</tr>
<tr>
<td>4</td>
<td>2076</td>
<td>Wahroonga, Normanhurst, North Wahroonga</td>
<td>83</td>
<td>36%</td>
</tr>
<tr>
<td>5</td>
<td>2107</td>
<td>Avalon Beach, Bilgola Plateau, Bilgola Beach, Clareville, Whale Beach</td>
<td>83</td>
<td>36%</td>
</tr>
</tbody>
</table>

Source: SGS Economics and Planning (2022)
Note: RAI has been calculated using a rounded gross income of $115,000
Only postcodes with greater than 80 records are considered for the top 5 list.
**Rest of NSW**

The average rental household in regional NSW has a gross income of $82,634 per annum.

With a RAI score of 106, reflecting Moderately Unaffordable rents, the average rental household in regional NSW would face paying 28 per cent of its total income if renting at the median rate. This represents a significant worsening in affordability over the past year, which was preceded by a decline of equal magnitude in the previous year. This is consistent across all regional NSW postcodes.

The greatest decline over the past two years is evident in the coastal areas of regional NSW (e.g., Tweed Heads, Woolgoolga, Port Macquarie) and inland areas such as Orange, Aleena and...
Mudgee. These changes from Affordable to Unaffordable reflect shifting housing preferences during the COVID-19 pandemic; whether this change will persist remains to be seen.

Regional NSW was severely affected by the 2022 eastern Australian floods, one of the worst recorded flood disasters. Towns in the Northern Rivers region suffered damage to thousands of properties and affected homeowners and renters alike.

The impact on the rental market and affordability is evident in Lismore, one of the worst affected towns, where rental affordability was reduced by 10 per cent between 2021 and 2022 (RAI scores of 115 to 104). Bellingen was similarly affected, with affordability declining by 14 per cent.

Figure 32: Rental Affordability Index, selected postcodes in Regional NSW

Source: SGS Economics and Planning, 2022
Note: Regional NSW rental household incomes increase from $55,000 in 2011 to $85,000 in 2022
Figure 33: Inner and Middle Sydney, June Quarter, 2022

Source: SGS Economics and Planning, 2022
**Victoria**

**Greater Melbourne**

The average rental household in Greater Melbourne has a gross income of $105,000 per annum.

With a RAI score of 140 in the June quarter of 2022, affordability in Greater Melbourne has begun to decline from the decade-heights that were reached in 2021. The 8 per cent decrease in RAI score over the past 12 months marks a reversal in the falling rental rates caused by the onset of the COVID-19 pandemic.

Across all dwelling types, rents have risen, particularly in the first two quarters of 2022.

Despite returning to pre-pandemic levels of affordability, Greater Melbourne is the most affordable capital city in Australia. The average rental household seeking to rent in Greater Melbourne faces paying around 21 per cent of its total income if renting at the
median rate. This is considered Acceptable (relative to being considered Affordable in 2021).

The COVID-19 pandemic, and associated public health responses, have resulted in significant changes to the spatial pattern of rental affordability across Melbourne. During 2020 and 2021, affordability improved considerably in the inner city, inner north west, and in the north eastern suburbs. Since then, the easing of both local movement and international travel restrictions has begun to lower affordability in inner suburbs (within 5km of the CBD).

The Melbourne CBD (Postcode 3000) became more affordable during 2020 and 2021, with a RAI score of 110 (Moderately Unaffordable) in 2019 progressively increasing to 173 (Affordable) in 2021. In 2022, as students, workers, and tourists increased demand for rental accommodation, the RAI score fell back to 135. Notably, this is still a marked improvement relative to the pre-pandemic state.

Figure 34: Rental Affordability Index, Greater Melbourne

Source: SGS Economics and Planning, 2022
Inner city suburbs (e.g., South Melbourne, Docklands, West Melbourne, North Melbourne, Brunswick West, and Abbotsford) have experienced similar trends. This pattern extends further east to Hawthorn, Malvern, and Glen Iris, as well as in Melbourne’s northeast in the suburbs from Clifton Hill to Warrandyte.

Tertiary education precincts, such as Carlton, Parkville, and Hawthorn, became significantly more affordable last year. The return of students and face-to-face learning has resulted in declining affordability during 2022, but these areas remain Affordable to the average rental household. However, students on lower incomes (even a student sharehouse with three members) still find them Severely Unaffordable.

While inner city suburbs remain relatively affordable compared to pre-pandemic, affordability continues to decline in coastal suburbs. Dromana and Mornington did not improve during the pandemic as most inner suburbs did, moving from being Acceptable to Moderately Unaffordable. They continued to fall in 2022, as renting becomes more competitive.

Coastal suburbs in Brighton, Brighton East, Hampton, and Beaumaris have remained Unaffordable to Severely Unaffordable and are among the least affordable areas of Melbourne (more so than the inner city). Melbourne’s five least affordable postcodes are listed in the table below. Notable changes since the previous release of RAI are the inclusion of postcodes 3207 (Garden City, Port Melbourne) and the removal of Balwyn North and Hampton.

### Table 18: Top 5 least affordable suburbs in Greater Melbourne, June Quarter, 2022

<table>
<thead>
<tr>
<th>Rank</th>
<th>Postcode</th>
<th>Suburbs</th>
<th>RAI score</th>
<th>Rent as share of avg household income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3187</td>
<td>Brighton East, North Road</td>
<td>79</td>
<td>38%</td>
</tr>
<tr>
<td>2</td>
<td>3186</td>
<td>Brighton, Brighton North, Dendy, Were Street</td>
<td>87</td>
<td>34%</td>
</tr>
<tr>
<td>3</td>
<td>3193</td>
<td>Beaumaris, Black Rock, Black Rock North, Cromer</td>
<td>89</td>
<td>34%</td>
</tr>
<tr>
<td>4</td>
<td>3934</td>
<td>Mount Martha</td>
<td>92</td>
<td>33%</td>
</tr>
<tr>
<td>5</td>
<td>3206</td>
<td>Albert Park, Middle Park</td>
<td>93</td>
<td>32%</td>
</tr>
</tbody>
</table>

Source: SGS Economics and Planning, 2022
Note: RAI has been calculated using a rounded gross income of $100,000.
Only postcodes with greater than 80 records are considered for the top 5 list.
Rest of Victoria

The average rental household in regional Victoria has a gross income of $77,938 per annum.

With a RAI score of 115, rental affordability in regional Victoria has decreased significantly since the onset of the COVID-19 pandemic in 2020, a stark contrast to Greater Melbourne. Rental affordability in regional Victoria has reached a historic low, being considered Acceptable (rather than Affordable) for the first time.

The average rental household seeking to rent in regional Victoria now faces paying 26 per cent of its total income if renting at the median rental rate.

The trend of declining affordability is consistent across all parts of regional Victoria, albeit at different scales.

Figure 35: Rental Affordability Index, Rest of Victoria

Source: SGS Economics and Planning, 2022
The Surf Coast and Geelong regions experienced some of the largest decreases in affordability between 2020 and 2021, with Ocean Grove and Torquay considered Severely Unaffordable to the average regional Victorian rental household. This trend has continued in 2022. Affordability in regional cities such as Bendigo and Warrnambool declined steadily, although less dramatically, moving from Acceptable to Moderately Unaffordable over the past two years. Fringe commuter areas such as Woodend and Kyneton have also become Unaffordable.

Figure 36: Rental Affordability Index, selected postcodes, Regional Victoria
Figure 37: Inner and Middle Melbourne, June Quarter, 2022

Source: SGS Economics and Planning, 2022
Figure 38: Geelong, June 2020 and June 2022

<table>
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<th>120 to 150</th>
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</tr>
</thead>
</table>

Q2 2020

Q2 2022

Source: SGS Economics and Planning, 2022
Queensland

**Greater Brisbane**

The average rental household in Greater Brisbane has a gross income of $99,428 per annum.

After four years of improvement between 2015 and 2019, rental affordability in Greater Brisbane has declined over the past two years, reaching a RAI score of 113. This represents a historic low point for affordability, with the city being considered Moderately Unaffordable for the first time. An 11% decrease in RAI score over the past year is also the largest decline of any capital city.

The average rental household seeking to rent in Greater Brisbane now faces paying 27 per cent of its total income if renting at the median rate.

Many postcodes in inner to middle Brisbane remain Moderately Unaffordable.
Suburbs that have experienced a notable decline in affordability include the eastern suburbs from Yeerongpilly to Birkdale. Affordability in southern suburbs also declined, such as in Logan (which remains very affordable) and Underwood (which became Moderately Unaffordable). The outskirts of Greater Brisbane (Woodford, Rosewood, Sandstone Point and Caboolture) all declined in affordability by at least 10-20 per cent over the past year.

Figure 39: Rental Affordability Index, Greater Brisbane

Source: SGS Economics and Planning, 2022
**Rest of Queensland**

The average rental household in regional Queensland has a gross income of $91,868 per annum. Rental affordability in regional QLD has followed a similar pattern to that of Greater Brisbane, decreasing rapidly following a peak in June 2020 and reaching a historic low point that makes it the least affordable regional area in the country.

With a RAI score of 104, regional QLD has fallen further into the Moderately Unaffordable category (moving from Acceptable two years ago). The average rental household faces rent at 29 per cent of its total income, nearing the threshold of rental stress.

Affordability decreased in the Gold Coast during 2021, a trend that continued in 2022. Areas such as Helensvale, Broadbeach, and Robina are now Severely Unaffordable. A similar trend is evident from Maroochydore to Noosa which have shifted from Acceptable and Moderately Unaffordable to Unaffordable and Severely Unaffordable.

The 2022 eastern Australian floods also had devastating effects on parts of regional Queensland, including the Gold Coast and Sunshine Coast, with consequences for housing and rental markets. Gympie and Maryborough were two of the worst affected regions, with RAI scores falling by 17 per cent and 16 per cent, respectively.

![Figure 40: Rental Affordability Index, Rest of QLD](image-url)
Figure 41: Greater Brisbane, June Quarter, 2022

Source: SGS Economics and Planning, 2022
Greater Adelaide

The average rental household in Greater Adelaide has a gross income of $84,047 per annum. With a RAI score of 119, Greater Adelaide is marginally below the threshold of having Acceptable rents. This means that the average rental household in Greater Adelaide faces paying 25 per cent of their total income if renting at the median rate.

While the Adelaide CBD improved in affordability, the opposite was true of most suburban locations across the city. Most notable, shifting from Moderately Unaffordable to Unaffordable, were the areas of Norwood, Myrtle Bank, Belair, Somerton Park, and West Lakes. Eastern suburbs of Beaumont and Burnside are now Severely Unaffordable, as is Hahndorf, in the city’s east.

Gawler and its surrounds have experienced a declining trend in affordability in recent years but remain Acceptable at present.
Rest of SA

The average rental household in regional South Australia has a gross income of $73,501 per annum.

With a RAI score of 137, affordability in regional SA has remained Acceptable for average income households since early 2016, and it remains the most affordable non-capital city area.

The average income household seeking to rent faces paying around 22 per cent of household income if renting at the median rate. While this is a decline in affordability over the past year, it is less severe than in regional areas of NSW, TAS, and QLD.

Most areas outside Greater Adelaide offer better rents. However, for household incomes at or below $50,000, there are no locations that have Acceptable affordability in regional SA.
Western Australia

**Greater Perth**

The average rental household in Greater Perth has a gross income of $98,470 per annum. With a RAI score of 124, rental affordability in Greater Perth has declined considerably over the past two years (15 per cent), bringing affordability to its lowest point since 2016. This reflects a sharp increase in rents since the onset of the COVID-19 pandemic, which incomes, while high, have not offset.

Despite this, Perth remains the second most affordable capital city, with the average rental household paying 24 per cent of its income if renting at the median rate. However, it should be noted that renting is much less affordable for lower income households such as pensioners, those receiving JobSeeker payments, and hospitality workers.

Low vacancy rates compound the pressure they face, increasing the difficulty and time needed to secure accommodation.
Rental affordability deteriorated in Greater Perth, particularly in the northern suburban corridor. Parts of the greater Fremantle area have become Severely Unaffordable while south-eastern suburbs, such as Canning Vale, Willetton, Bull Creek and Leeming, have fallen from Moderately Unaffordable to Unaffordable.

**Rest of WA**

The average rental household in regional Western Australia has a gross income of $104,765 per annum. This is the only case in which regional incomes are greater than those in the capital city. High average incomes reflect, and are skewed, by wages in the resources industry, with those in other sectors often earning far less.

Regional WA has a RAI score of 134 and the average rental household faces rent of around 22 per cent of its total income. Following rapidly improving affordability between 2014 and 2017, the trend of the past four years suggest that affordability had stabilise, before declining during the COVID-19 pandemic period.

It has continued to decline in 2022, falling 8 per cent in the last 12 months. Areas affected worst over the past year have been Busselton, Broome, Karratha, Kalgoorlie-Boulder, and Collie.
Figure 47: Greater Perth, June Quarter, 2022
Greater Hobart

The average rental household in Greater Hobart has a gross income of $84,613 per annum.

High rents, relative to household incomes, mean that Greater Hobart is the least affordable metropolitan area in Australia and has been since 2019. Despite a brief improvement during 2020, upon the onset of the COVID-19 pandemic, Hobart is now nearly at its least affordable level across the period measured by the RAI (reached in 2019). With a score of 102, the average rental household in Hobart is close to being in rental stress (below a RAI score of 100), paying 29 per cent of their total income if renting at the median rate.

Since 2016, the median rental rate in Hobart has grown by 60 per cent (consistent across dwelling sizes). It is now 11 per cent higher than the Melbourne median, despite
the average rental household income being 18 per cent lower. These rapidly growing rents are likely driven by an inadequate supply of rental housing, as evidenced by the consistent unavailability of bond lodgement data in many areas of Hobart (shown as grey in the RAI map, particularly for smaller dwellings).

The onset of the COVID-19 pandemic resulted in significantly improved affordability in several parts of the city, from Central Hobart to Lindisfarne. However, these gains were short lived. By June 2022, the RAI score returned to pre-pandemic lows.

Almost all parts of Greater Hobart are considered Moderately Unaffordable or Unaffordable, with affordability decreasing significantly from Mount Nelson to Glenorchy over the past year. Broadly, there appears to be a fluctuating affordability trend across Hobart since 2017.

Figure 48: Rental Affordability Index, Greater Hobart

Source: SGS Economics and Planning, 2022
Rest of Tasmania

The average rental household in regional Tasmania has a gross income of $70,855 per annum. Regional Tasmania has a RAI score of 108, which represents a large decline in affordability, to a historic low, over the last year (from a score of 120, a 9 per cent decrease). The average rental household faces paying around 28 per cent of their income if renting a dwelling at the median rate, which is nearing the definition of rental stress.

Despite rising incomes, affordability has worsened in most parts of regional Tasmania. Suburbs of Launceston such as Kings Meadows and the town of Perth have declined significantly, now being considered Unaffordable with a RAI score below 100.

Regional towns such as Burnie and Tomahawk have shifted from Acceptable to Moderately Unaffordable over the past year, while east coast from Triabunna to Swansea have seen a similar trend.

Figure 49: Rental Affordability Index, Rest of TAS

Source: SGS Economics and Planning, 2022
Figure 50: Greater Hobart, June Quarter, 2022

Source: SGS Economics and Planning, 2022
Australian Capital Territory (ACT)

The average rental household in the Australian Capital Territory has a gross income of $123,566 per annum, the highest in the country.

With a RAI score of 121, the ACT has rents that are Acceptable to the average ACT rental household. Following a steep decline in affordability during 2018, from a RAI score of 131 to 124, the ACT recovered to that level in 2021.

Contrary to other capital cities, affordability remained largely unchanged during the COVID-19 pandemic period, except for an improvement during 2021. However, like in other cities, rents have increased rapidly over the past year, eroding affordability.
At a more detailed spatial level, changes include the suburban areas of Hackett, Farrer, Page, and Curtin declining in affordability over the past 12 months to become Moderately Unaffordable.

While the ACT remains on the border of Acceptable affordability, low-income households face particularly unaffordable rents (such as the student sharehouse and hospitality worker household profiles), which are pushed up by the overall high-income earning workforce.
Figure 52: ACT, June Quarter, 2022

Source: SGS Economics and Planning, 2022
Appendices
Appendix 1

The following provides information on state and territory specific methodological considerations, including exclusion parameters used to exclude outliers and erroneous data. Across all states, where no valid data was available, a RAI score was not calculated. Metropolitan and Rest of State analysis.

**Australian Capital Territory**
- Metro and regional rents are calculated as true medians as unit records are available.
- The overall RAI uses the median of all 1-10 bedroom dwellings.
- All observations with fewer than ten listings were excluded from the analysis.

**New South Wales**
- Metro and regional rents are calculated as true medians as unit records are available.
- The overall RAI uses the median of all 1-10 bedroom dwellings.
- All observations with fewer than ten listings were excluded from the analysis.

**Northern Territory**
- At this stage, adequate rental data has not been sourced to develop indices for the Northern Territory.

**Queensland**
At this stage, rental data has been unavailable for all of Queensland. As a result, indices for Queensland incorporate the following regions only:
- Greater Brisbane (Brisbane City, Moreton Bay Regional, Logan City, Redland City and Ipswich City Councils)
- Sunshine Coast (Sunshine Coast Regional Council)
- Gold Coast (Gold Coast City and Scenic Rim Regional Councils)
- Darling Downs (Toowoomba Regional, Goondiwindi Regional, Western Downs Regional and Southern Downs Regional Councils)
- Central Queensland (Gympie Regional, Fraser Coast Regional, Bundaberg Regional, Gladstone Regional, Rockhampton Regional, Livingstone Shire and Central Highlands Regional Councils), and
- North Queensland (Cairns Regional, Douglas Shire, Townsville City, Mackay Regional, Isaac regional, Whitsunday Regional, Mareeba Shire, Tablelands Regional, Burdekin Shire Councils).
- Medians for bedroom categories are computed as the weighted average of the medians from the constituent categories. For example, the median rent of a three bedroom dwelling is estimated as the weighted average of the rents of three bedroom flats, three bedroom townhouses and three bedroom houses.
- The median rental price of ‘all dwellings’ is calculated as the weighted average of all 1-3 bedroom categories (this applies for overall RAI).
- Metro and regional median rents are not included in available data. They are calculated as the weighted average of postcode medians.
- Observations were excluded if there were fewer than ten listings for that postcode.

South Australia
- Medians for bedroom categories are computed as the weighted average of the medians from the constituent categories.
- Metro and regional median rents reflect true medians as they were supplied in the available data.
- As available data was separated into dwelling types, these medians were aggregated (using weighted averages) to estimate median rents for two and three bedroom dwellings.
- In the calculation of the RAI for average households across the state (i.e. all dwellings), observations with fewer than ten listings were excluded from the analysis.

Tasmania
- Metro and regional rents are calculated as true medians as unit records are available.
- The overall RAI uses the median of all 1-10 bedroom dwellings.
- All observations with fewer than ten listings were excluded from the analysis.

Victoria
- Metro and regional rents are calculated as true medians as unit records are available.
- The overall RAI uses the median of all dwellings.
- All observations with fewer than ten listings were excluded from the analysis.

Western Australia
- Data was not reported if the median was based on fewer than ten listings.
- Metro and regional median rents are not included in available data. They are calculated as the weighted average of postcode medians.
- Data only includes median prices of ‘all dwellings’ by postcode (i.e. bedroom breakdown isn’t available).
Appendix 2

Reference list for household profiles


