



Anglicare Australia Rental Affordability Snapshot

Anglicare Southern Queensland Brisbane Metro Report

April 2017



Introduction

The Rental Affordability Snapshot assesses the private rental market to determine rental affordability for low income households. Anglicare Southern Queensland (Anglicare SQ) has contributed to the annual national Snapshot since 2010. This year, Anglicare SQ evaluated 8,423 online rental advertisements for 202 suburbs in metropolitan Brisbane. The rental advertisements were sourced from the property website realestate.com.au, and relate to house, townhouse and unit vacancies as well as a small number of embedded share accommodation advertisements. The advertisements were listed on the Snapshot weekend (1 April 2017).

About Anglicare Southern Queensland

With a workforce of more than 2,000 people across residential aged care, community care and social services programs, Anglicare SQ serves disadvantaged members of the community through a range of social and community welfare activities. These include nursing care and domestic assistance in the home, physiotherapy, emergency accommodation for victims of domestic violence, working with foster carers in the care of vulnerable children, providing a safe caring environment for frail elderly people, services for the homeless, parental education and counselling, and pastoral care. We also offer a range of specialist services within Aboriginal and Torres Strait Islander, homeless, multicultural and rural and remote communities.

Findings

- The Brisbane private rental market continued to expand (by nearly 1,000 listings) between 2016 and 2017. Advertised rents fell in Brisbane over the past 12 months by \$15 per week on average. Yet despite these two findings, rental affordability remained largely unchanged for low income households in Brisbane.
- 99 individual properties were suitable for at least one household type living on income support payments without placing them in housing stress (see Table 1).
- 1,157 individual properties were suitable for at least one household type living on minimum wage without placing them in housing stress (see Table 1).
- Only households with at least two minimum wages can afford to rent from the Brisbane private rental market without placing themselves into undue financial stress. Table 2 shows 1,032 rental properties were affordable and appropriate for a family of four earning two minimum incomes. This number represents 12% of the total (8,423) rental property listings in 2017.
- With minor exceptions, all other low income households (families, couples and singles) need to spend considerably more than 30% of their weekly household income to rent from the Brisbane private rental market.

Table 1: Affordable and appropriate properties, Brisbane

On the Snapshot day, these are the number of unique properties affordable and appropriate for:	
Households on income support payments (#1-10)	Households on minimum wage (#11-14)
99	1,157



Table 2: Rental Affordability, metropolitan Brisbane, by household type and percentage

#	Household Type	Payment Type	Number Affordable & Appropriate ¹	Percentage Affordable & Appropriate	Property Size/Type	Percentage Median Rent of Household Income
1	Couple, two children (one aged less than 5, one aged less than 10)	Newstart Allowance (both adults)	6	0%	3 bedroom	55%
2	Single, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single	1	0%	3 bedroom	62%
3	Couple, no children	Age Pension	34	0%	1 bedroom	49%
4	Single, one child (aged less than 5)	Parenting Payment Single	1	0%	2 bedroom	64%
5	Single, one child (aged over 8)	Newstart Allowance	0	0%	2 bedroom	76%
6	Single	Age Pension	61	1%	1 bedroom	70%
7	Single aged over 21	Disability Support Pension	0	0%	1 bedroom	70%
8	Single	Newstart Allowance	0	0%	Shared rental	58%
9	Single aged over 18	Youth Allowance	0	0%	1 bedroom	>100%
10	Single in share house	Youth Allowance	0	0%	Shared rental	70%
11	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A (both adults)	1,032	12%	3 bedroom	32%
12	Single, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A&B	27	0%	3 bedroom	46%
13	Single	Minimum Wage	126	1%	1 bedroom	59%
14	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + Parenting payment (partnered) + FTB A & B	52	1%	3 bedroom	41%
Total No of Properties		8,423				

¹ A rental property may be affordable and appropriate for more than one household type. Therefore, summing the counts in Table 2 will not equal the total number of (unique) counts presented in Table 1.

Low income earners continue to face significant rental stress if they have to rely on the private rental market in Brisbane. This is especially true for low income earners reliant on government allowances.



- Three bedroom properties are generally considered appropriate for a family of two adults and two children. The median advertised rent for a three bedroom property in Brisbane in 2017 was \$440 per week (see Table 4). A couple with two children on Newstart Allowance would need to spend 55% of their household income for a rent of \$440 per week (see Table 2 above).
- For a two bedroom property in Brisbane in 2017, the median advertised rent was \$400 per week. A rent of \$400 per week would absorb 64% of household income for a single parent with one child receiving the Parenting Payment. If the child is 8 years or older and the single parent is on Newstart Allowance (rather than the Parenting Payment), a weekly rent of \$400 would consume more than three quarters (76%) of their household income.
- In 2017 the median advertised rent for a one bedroom property in Brisbane was \$350 per week. A single person earning the minimum wage would have to spend 59% of their weekly income to rent a one bedroom property at \$350 per week. A weekly rent of \$350 would cost a single person on the aged or disability pension 70% of their household income.
- The median advertised rent for a room in a share rental (embedded in the general realestate.com.au rental listings) was \$165 per week in Brisbane in 2017. A single person on Newstart would need to spend more than half (58%) of their weekly income to pay a \$165 weekly rent. Students are more disadvantaged still, as a shared rental rate of \$165 per week represents 70% of the Youth Allowance.

Consequently, low income earners who must rely on the Brisbane private rental market will have little disposable income left after paying rent.

Discussion

More rentals

Metropolitan Brisbane has experienced substantial property development over the past five years. Urban dwelling infill has proceeded apace and in accordance with the Brisbane City Plan 2014 and the South-East Queensland Regional Plan 2009-2031.² Table 3 reveals 8,423 residential properties were advertised for rent on realestate.com.au in 2017. This was almost 4,000 more rental advertisements than in 2012 (4,527) (see Table 3). It reflects a near doubling of the number of rentals advertised on realestate.com over the past five years.

Rental properties in Brisbane Inner City (comprising the suburbs of Brisbane City, Fortitude Valley, New Farm, Kangaroo Point and South Brisbane) continued to dominate the private rental market in metropolitan Brisbane (3,485 advertisements) in 2017 (see Table 3). They represented 41% of total advertisements on the Snapshot weekend.

Table 3: Comparison of number of rental advertisements by region, 2017 to 2012

Region	Number of Rental advertisements			
	2017	2016	2015	2012
Brisbane - East	712	732	647	494
Brisbane - North	1,308	997	922	677
Brisbane - South	1,918	1,610	1,356	989
Brisbane - West	1,000	796	806	898
Brisbane Inner City	3,485	3,345	2,631	1,469
Brisbane Metro	8,423	7,480	6,362	4,527

2 Brisbane City Council (2015) “Our well-designed subtropical city”, BCC website, 4 April 2017. At: www.brisbane.qld.gov.au/about-council/governance-strategy/vision-strategy/brisbane-vision/our-well-designed-subtropical-city



However, recent development activities have extended beyond the inner city to a 5–10 kilometre radius around the CBD. Between 2017 and 2016, rental advertisements grew more (in absolute and proportional terms) in Brisbane’s northern, southern and western suburbs. There were many more advertised rental properties in the dormitory suburbs of Chermside and Nundah (Brisbane North); Coorparoo, Greenslopes and Woolloongabba (Brisbane South); St Lucia, Sherwood and Taringa (Brisbane West); and Kelvin Grove, Lutwyche and Toowong (Brisbane Inner City). For example, the number of rental advertisements in Brisbane North in 2017 (1,308) exceeded those in 2016 (997) by 311 advertisements (see Table 3 above). The growth in rental stock encompassed houses, townhouses, apartments and one-bedroom studios.

Conversely, in 2017 there was a modest decline in rental advertisements in Brisbane’s Eastern suburbs (712 advertisements in 2017, compared to 732 in 2016). The 2017 Snapshot suggests this may be due to a growing number of residential properties being converted to short-term holiday rentals, especially in the bayside suburbs and on the bay islands. This finding directly impacts low income renters. Traditionally the Moreton Bay Islands were a reliable source of low cost rental accommodation. It is a further illustration of the progressive gentrification of the Brisbane property market.

Table 4: Comparison of median advertised rents by accommodation type and property size, 2017 to 2012

Accommodation type /property size	Median weekly rent			
	2017	2016	2015	2012
House/Townhouse	\$450	\$460	\$460	\$435
Unit/Flat/Apartment	\$400	\$420	\$400	\$380
Shared Rental (embedded)	\$165	\$180	\$160	\$175
One bedroom ¹	\$350	\$370	\$355	\$300
Two bedroom	\$400	\$410	\$400	\$375
Three bedroom	\$440	\$450	\$445	\$420
Four bedroom	\$530	\$540	\$548	\$530
Five bedrooms or more	\$695	\$730	\$695	\$700
Brisbane Metro	\$425	\$440	\$430	\$400

¹ excludes embedded share rentals, medians calculated separately

Lower rents

Overall, advertised rents in metropolitan Brisbane fell by \$15 per week on average between 2017 and 2016. This is the first time Anglicare SQ has observed a decline in median rents in the 8 years we have been evaluating the Brisbane rental market.

Median advertised rents fell across all accommodation types and property sizes (see Table 4 above). For example, the median rent for a one bedroom property declined (by \$20 per week) to \$350 per week in 2017 (from \$370 per week in 2016). For two bedroom properties, the median advertised rent dropped (by \$10 per week) to \$400 per week in 2017.

Despite the marginally lower rental prices, rental affordability remained largely unchanged for low income households in Brisbane in 2017. With the exception of two minimum-income households, low income households need to spend considerably more than 30% of their weekly household income to rent from the Brisbane private rental market (refer Table 2 above).

Policy Implications



The Queensland Government has recently completed state-wide consultations on a discussion paper, *Working together for better housing and sustainable communities*,³ intended to inform a 10-year Housing Strategy which will aim to “provide safe, secure and affordable housing options for all Queenslanders”, and include “well-lit pathways between their housing options”.

It is clear from the submissions to the Queensland Government consultation, and from our own findings, that those pathways are currently far from well-lit, with barriers at every phase of the journey for those on low incomes. Queenslanders overwhelmingly (75%) identified the state’s stock of social housing as too low (3.6% in comparison to a national average of 4.5%);⁴ and the Anglicare SQ findings above demonstrate that almost all low income households need to spend far in excess of 30% of their weekly household income to rent from the Brisbane private rental market. The bridge into home ownership is clearly also a shaky one, with low income renters having limited capacity to save for a home deposit. People are thus locked out of the choice of home ownership and potentially into a long term rental poverty trap.

The growth in the rental market evident in this year’s Snapshot, even with a modest decrease in median rent, is unlikely to alleviate the housing challenges faced by low income Queenslanders. Nor is it likely that they will be able to take advantage of the increased “bargaining power with landlords” mooted by ‘industry experts’ in recent media: “Renters may be able to name their price, get rent-free weeks when signing a new lease, and change the terms of their lease” as vacancy rates rise.⁵ In fact, a recent national report, *Unsettled: Life in Australia’s Private Rental Market*, details the fears many tenants face when seeking rights as simple as requesting repairs or maintenance, including concerns that the rent would be increased (42%), and fear of eviction (23%) or blacklisting (14%).⁶

Such fears are related to competition for affordable rental housing and low supply. In Queensland, 35.6% of households are renters compared to the national average of 31% (ABS, 2015); and we have the highest percentage of renting households of any state or territory in the country except for the Northern Territory. Tenants Queensland Inc notes this figure is set to increase, with population growth of 10.7% predicted to 2021 (ABS, 2011) and declining home ownership affordability.⁷ The difficulties are compounded in circumstances of particular need, such as where low income is accompanied by additional challenges. The vulnerable include seniors, Aboriginal and Torres Strait Islander peoples, people with a disability, people experiencing a mental health issue, families escaping domestic and family violence, people impacted by drug and alcohol use, young people transitioning from care, people

3 Queensland Government (2016). *Working Together for Better Housing and Sustainable Communities Discussion Paper*. Department of Housing and Public Works, March. At: www.hpw.qld.gov.au/SiteCollectionDocuments/HousingDiscussionPaper.pdf

4 Queensland Government (2016). *Housing Strategy Consultation Summary*. Department of Housing and Public Works, Dec. p. 11. At: www.hpw.qld.gov.au/SiteCollectionDocuments/HousingStrategyConsultationReport.pdf

5 Malo, Jim (2016). ‘Brisbane’s rental market tipped to favour tenants as vacancy rate rises’. 11 Dec. Domain website. At: www.domain.com.au/news/brisbanes-rental-market-tipped-to-favour-tenants-as-vacancy-rate-rises-20161209-gt7qj1

6 CHOICE, National Shelter and National Association of Tenant Organisations (NATO) (2017). *Unsettled: Life in Australia’s Private Rental Market*. Feb., p. 16. At: www.shelter.org.au/sites/natshelter/files/public/documents/The%20Australian%20Rental%20Market%20Report%20Final%20Web.pdf

7 Tenants Queensland Inc. 2016. *Response to the Housing Strategy Discussion Paper*, p. 3. At: tenantsqld.org.au/wp-content/uploads/2017/02/TQ-Response-to-the-Housing-Discussion-PaperFINAL.pdf



from culturally and linguistically diverse backgrounds, people exiting custody, returned services people and people with pets.⁸

The policy implications at both federal and state level are multi-pronged, and require a holistic view across the whole housing spectrum, from homelessness and social housing through to affordable rental and home ownership.

- There is a continuing and pressing need to address income inadequacy (particularly the rates of Newstart and Youth Allowance) as a barrier to secure housing and meaningful social participation.
- Policy solutions that reduce overall budgetary pressures in low income rental households need to be urgently addressed — for example, helping to reduce spiralling energy costs for tenants by the development of minimum energy efficiency standards for rental housing.⁹
- Barriers to affordable home ownership need to be tackled as a matter of priority. The 2016 Queensland Government Housing Strategy consultation identified a range of potential policy approaches to improve housing affordability (such as shared equity, rent-to-buy, incentives based programs, and inclusionary zoning). A detailed evaluation of these proposals is needed expeditiously, in close consultation with local government, stakeholder organisations and tenants. ‘A well-lit pathway’ to home ownership requires an achievable end point.

Conclusion

Many real estate industry commentators are expressing concern about the oversupply of inner city Brisbane apartments, and the resulting impact on purchase prices and rental returns for investors.¹⁰

At the same time, eight years of monitoring the Brisbane market via the Snapshot has demonstrated that even a ‘glut’ of rental accommodation¹¹ has little real effect on the availability of properties that are both affordable and appropriate for families and individuals on low incomes. This group is increasingly struggling to find entry points to the market either as buyers or renters.

With projections for the Brisbane local government area to reach nearly 1.5 million people over the next 20 years, from a current population of 1.2 million,¹² the issue of affordability will become ever more pressing. It requires urgent action at both state and federal level to ensure that the pathway to safe, secure and affordable housing is indeed ‘well lit’.

8 Queensland Government (2016). *Housing Strategy Consultation Summary*. Op. cit., p. 13.

9 See for example, Tenants Queensland Inc. 2016. *Response to the Housing Strategy Discussion Paper*. Op. cit., p. 22.

10 eg Malo, J. (2017). “Brisbane apartment oversupply: rents predicted to fall 10% this year”. Domain website, 5 April. At: www.domain.com.au/news/brisbane-apartment-oversupply-rents-predicted-to-fall-10-this-year-20170405-gvdxoh; also Blucher, A. (2016). “Slowdown in Brisbane apartment building ‘too late’ to stop price falls from oversupply, expert says”, ABC News (online), 28 Aug. At: www.abc.net.au/news/2016-08-28/brisbane-apartment-slowdown-will-be-too-late-to-stop-price-fall/7792206

11 Blucher, A. (2016), *ibid*.

12 Australian Bureau of Statistics (2016). ‘Projected population, by local government area, Queensland, 2011 to 2036’ (medium series). At: www.qgso.qld.gov.au/subjects/demography/population-projections/tables/proj-pop-lga-qld/index.php.