

**MEDIA RELEASE****EMBARGOED UNTIL 00:01 Tuesday 1 December 2020****Hobart remains least affordable city for renters; JobSeeker and pensioners pushed into severe rental stress**

Hobart continues to be the least affordable capital city in Australia for average income households, although affordability has improved, the latest Rental Affordability Index (RAI) has found.

The RAI is an indicator of the price of rents relative to household incomes based on new rental agreements. It is released annually by National Shelter, Bendigo and Adelaide Bank, SGS Economics & Planning and the Brotherhood of St Laurence. The report provides an indication on the impact of early COVID-19 responses and supplement payments, measuring rental affordability for households until the June quarter 2020.

Hobart's rental affordability has improved over the past year, but remains the only capital city in Australia where rental affordability for the average income household is below the critical threshold of 100, with an RAI score of 96. The average rental household in Greater Hobart is paying around 31 per cent of its total income on rent.

However, lower-income households living in Hobart have to fork out a much higher proportion of their income to afford a roof over their heads:

- Single person on JobSeeker: 43 per cent of income (severely unaffordable)
- Single pensioner: 50 per cent of income (severely unaffordable)
- Pensioner couple: 40 per cent of income (severely unaffordable)
- Single part-time worker parent on benefits: 35 per cent of income (severely unaffordable)

Tasmania-based Ellen Witte Partner at SGS Economics & Planning said: "Hobart was confronted by an increase of people on JobSeeker after losing their jobs and a complete stop on short-term rental demand."

"As a result, the onset of the COVID-19 pandemic has significantly improved affordability in several parts of the city including central Taroona, Mount Nelson, Battery Point, Dynnyrne and Cornelian Bay – which notably tend to be in demand by international students and tourists."

However, this short-term improvement is overshadowed by a persistent trend of declining affordability, with the three-year trend for Greater Hobart showing a decrease in affordability of 9.4 per cent. 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 three years.

The only suburbs of Hobart with acceptable or better affordability are the fringe urban areas of Granton, Gagebrook, Bridgewater, and Brighton.

Adrian Pisarski, Executive Officer, National Shelter, said: "Despite JobSeeker being a welcome boost to many low-income renters it was not enough to lift them out of rental stress. This shows the depth of our rental affordability problem, where even with additional support, there is not one place in Australia where a JobSeeker recipient can rent affordably."

"As we've seen in Victoria, there is a massive need for government investment in social and affordable housing – and now is the time for it since borrowing costs are so low in Australia."

Without investment in this space, we are ignoring our responsibility to help people be decently housed.

Now is not the time to pass the buck of responsibility for building social housing between the Commonwealth and States; a truly national effort is required. If there is no action, the net result of our housing system failures will be a dramatic increase in homelessness,” Mr Pisarski said.

Ms Witte continued to say: “The market is responding to the inability of JobSeeker recipients to pay high market rents by lowering rents. From March to June 2020, rents fell between two and seven per cent nation-wide. The greatest falls in rental prices were in Greater Melbourne (-7%), Greater Hobart (-6%) and Greater Brisbane (-6%).”

“There is a real opportunity to use the current recession to build a stronger future. With low interest rates, high unemployment and an increase of demand for affordable housing, this is the time to invest in social housing. And at the same time, people can be brought back into jobs. An investment of about \$7.8 billion would create 15,500 to 18,000 jobs over four years and add 30,000 dwellings to our social housing stock and refurbish aged stock,” Ms Witte said.

David Robertson, Head of Economic and Market Research at Bendigo and Adelaide Bank, said: “We’re seeing more people working from home – even as we emerge out of the COVID-19 crisis – and greater movements from capital cities to regional centres. As more people move into regional areas and the outer fringes of our cities, we need to consider infrastructure and opportunities for employment and training.”

“Looking beneath the headline figures, rental stress is affecting the majority of very low-income households in Australia. This trend is creating pressure on regional rental markets and their associated infrastructure. Even in cities with higher than average incomes and better than average rental affordability, the plight of low-income renters continues to remain dire.”

Professor Shelley Mallett, Director of Research and Policy at Brotherhood of St Laurence, said that despite the additional support from the JobSeeker Supplement, many Australians receiving this support continue to face severe rental affordability.

“Rental stress has become so entrenched and severe for low-income households that the JobSeeker supplement has brought little relief – with the situation for most low-income households in these metropolitan areas remaining untenable,” Professor Mallett said.

“We can expect that the September reduction to JobSeeker will further increase rental stress and disparities of this cohort. Coupled with the economy not re-creating jobs and a relatively high unemployment rate, many households are being trapped in a poverty cycle.”

### **Affordability declines in regional Tasmania**

Regional Tasmania has further declined in affordability over the past year and remains the least affordable of the rest of state areas studied. This year, regional Tasmania has an RAI score of 114 – down from 116 in June 2019.

The average rental household faces paying around 26 per cent of their income if renting a dwelling at the median rate. Towns in northern and eastern Tasmania, including Devonport, remain at acceptable rents. Launceston has shifted to mostly acceptable, with exceptions

from the suburbs of Legana, Kings Meadows and Youngtown which are moderately unaffordable.

#### **MEDIA CONTACTS:**

- **Julia Macerola** on 0422 337 332 or [julia@fiftyacres.com](mailto:julia@fiftyacres.com)
- **Lex La Sala** on 0466 258 343 or [lex@fiftyacres.com](mailto:lex@fiftyacres.com)

#### **Interview opportunities are available with:**

- Adrian Pisarski, Executive Officer of National Shelter – Noosa, QLD
- Ellen Witte, Partner at SGS Economics and Planning – Hobart, Tasmania
- Pattie Chugg, CEO Shelter Tasmania
- David Robertson, Head of Economic and Market Research at Bendigo and Adelaide Bank – Melbourne, Victoria
- Professor Shelley Mallett, Director of Research and Policy at Brotherhood of St Laurence – Melbourne, Victoria

#### **Link to interactive map:**

<https://www.sgsep.com.au/projects/rental-affordability-index>

#### **About the Rental Affordability Index**

National Shelter, Bendigo and Adelaide Bank, SGS Economics & Planning and the Brotherhood of St Laurence have released the Rental Affordability Index (RAI) biannually since 2015. Since 2019, the RAI has been released annually. The RAI is a price index for housing rental markets. It is a clear and concise indicator of rental affordability relative to household incomes.

#### **About National Shelter**

[National Shelter](#) is a peak advocacy group whose mission is to create a more just housing system, particularly for low-income Australian households.

#### **About SGS Economics & Planning**

[SGS Economics & Planning](#) is a leading planning and economics firm whose purpose is to shape policy and investment decisions to achieve sustainable places, communities and economies.

#### **About Bendigo and Adelaide Bank**

[Bendigo and Adelaide Bank](#) is Australia's 5th biggest retail bank, with more than 7,400 staff helping our more than 1.9 million customers to achieve their financial goals.

#### **About Brotherhood of St Laurence**

The [Brotherhood of St Laurence](#) is a community organisation that works to prevent and alleviate poverty across Australia.