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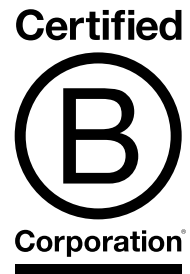
Rental Affordability Index

KEY FINDINGS



Independent
insight.





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Hawthorn, Melbourne



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Manly, Sydney



Introduction

1.1 Background and aim

National Shelter, Community Sector Banking and SGS have released the Rental Affordability Index (RAI) on a biannual basis since 2015. The RAI is a price index for housing rental markets. It is an easy to understand indicator of rental affordability relative to household incomes and is applied to geographic areas across Australia.

This report has been prepared in support of the sixth RAI release. To better illustrate the situation for vulnerable groups, this release continues to assess the rental affordability situation for various Australian household types, with a focus on aged and key worker cohorts. This household profile analysis has been adjusted in this release to introduce **two new household types: a minimum wage and hospitality worker household**.

1.2 Publication information

The RAI covers all states with available data.¹ The RAI tracks rental affordability relative to income for all households, but focuses specifically on very low and low income households. The indices are provided at metropolitan and balance of state levels. More detailed information is available at the postcode or LGA level across Australia in each quarter, where there is reliable data.

An interactive map of the RAI at the small geographical area level can be found at the following website:

<http://www.sgsep.com.au/maps/thirdspace/australia-rental-affordability-index/>

This report presents the preliminary findings of the May 2018 release of the RAI. It provides an update of the November 2017 RAI report by providing analysis of data from the two most recent available quarters, September and December 2017. The report relies on rental bond data up to and including the December quarter of 2017.

¹The Northern Territory does not form part of this release as rental bond data was not available to develop the RAI.

1.3 Acknowledgements

The project partners wish to thank the following government bodies for the provision of data used in this report:

- Access Canberra, ACT Government
- Australian Bureau of Statistics (ABS)
- Department of Family and Community Services, NSW
- Department of Health and Human Services, Victoria
- Department of Justice, Tasmania
- Government of Western Australia Housing Authority
- Residential Tenancies Authority, Queensland.

1.4 Method

It is generally accepted that if housing costs exceed 30 per cent of a low income household's (lowest 40 per cent of households across all income bands) gross income, the household is experiencing housing stress (30/40 rule). 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:

$$\text{RAI} = (\text{Median income} / \text{qualifying income}^2) * 100$$

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.

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 is affecting a household's ability to pay for other primary needs including (but not limited to):

²Qualifying income refers to the income required to pay rent where rent is 30% of income

- Food
- Power and water
- Health services and medication
- Travel and transport
- Education
- Household goods (such as cars, washing machines, fridges, stoves, computers)
- Debt repayments.

The table below (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, rents are of such a level that they negatively impact on 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 50 or less, and households spend 60 per cent of their income or more on housing.

Scores between 100 and 120 represent areas that are close to a situation of unaffordable housing, with households seeking to rent there less likely to easily meet and pay off unexpected costs or bills. Young families with children in care may find it hard 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, facing moderately unaffordable rents. A RAI score between 150 and 200 indicates households seeking to rent in a particular area would experience acceptable rents, while a score greater than 200 indicates relatively affordable rents.

TABLE 1. RENTAL AFFORDABILITY INDEX AND SEVERITY OF RENTAL UNAFFORDABILITY

Index score	Share of income spent on rent	Relative unaffordability
<50	60% or more	Extremely unaffordable rents
50-80	38-60%	Severely unaffordable rents
80-100	30-38%	Unaffordable rents
100-120	25-30%	Moderately unaffordable rents
120-150	20-25%	Acceptable rents
>150	15% or less	Affordable rents

Source: SGS Economics and Planning, 2018

Income

The Index uses the average weekly household earnings of each region (i.e. greater metropolitan and rest of state areas).

The measure of household income used is **total household income of renting households**. This measure is the combined total personal weekly incomes of each resident present in a household on census night.

This May 2018 release has updated household income using 2016 ABS census data for the first time. The ABS time series of Average Weekly Earnings (Cat 6302.0) (a measure of personal weekly income) is used to index weekly household incomes for the quarters between the 2011 and 2016 censuses, and post-2016. ABS average weekly earnings data is available bi-annually.

Intermediate 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.

To understand the impact of the 2016 census update on previous RAI results, see the text box 'Household income data update'.

HOUSEHOLD INCOME DATA UPDATE

Prior to the current May 2018 release, the RAI was calculated using weekly household incomes forecast from the 2011 ABS Census of Population and Housing. Weekly household incomes were forecast for each quarter based on relative increases in the biannually-released ABS Average Weekly Earnings dataset, a measure of personal weekly incomes.

The current release updates historic RAI results using newly available data from the 2016 ABS Census. While some RAI scores now differ from past releases as a result of this update, no changes have been deemed significant.

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 where available, 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 Housing Authority
- 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 number of bedrooms.

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

The interactive online RAI map provides the function to input income and bedroom data to gauge the rental affordability situation for different household types (see link under 'publication information' above) based on these incomes.

To calculate RAIs for each household type in each metropolitan and rest of state area (as reported in Chapter 4 of this document), key worker incomes were scaled to reflect proportional differences in earnings by region.

The reference list for inputs and assumptions used for these household types are provided in Appendix 2 to this report.

State-specific methodological consideration

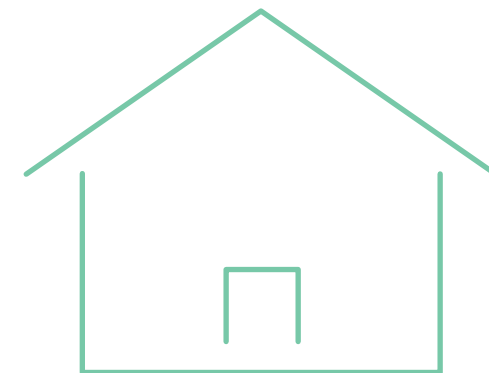
The RAI has been developed as stand-alone evidence for each state and, while inter-state comparisons of indices have been made, these should be interpreted with caution as rental data differs across geographic areas. The above-described method has been adjusted slightly for each state based on the availability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

TABLE 2. EIGHT LOW TO MODERATE INCOME AUSTRALIAN HOUSEHOLD TYPES

Household type	Indicative gross annual income	Indicative dwelling size
Single pensioner	\$27,100	1 bdr
Pensioner couple	\$50,000	2 bdr
Single person on benefits	\$17,700	1 bdr
Single part-time worker parent on benefits	\$38,700	2 bdr
Single full-time working parent	\$87,000	2 bdr
Single income couple with children	\$87,000	3 bdr
Dual income couple with children	\$174,000	3 bdr
Student sharehouse	\$75,900	3 bdr
Minimum wage couple*	\$72,300	2 bdr
Hospitality worker*	\$54,500	1 bdr

* Newly added household types in the May 2018 RAI release

Source: Compiled by SGS Economics and Planning, 2018. See Appendix 2 for full list of sources used.



National trends

2.1 Metropolitan areas

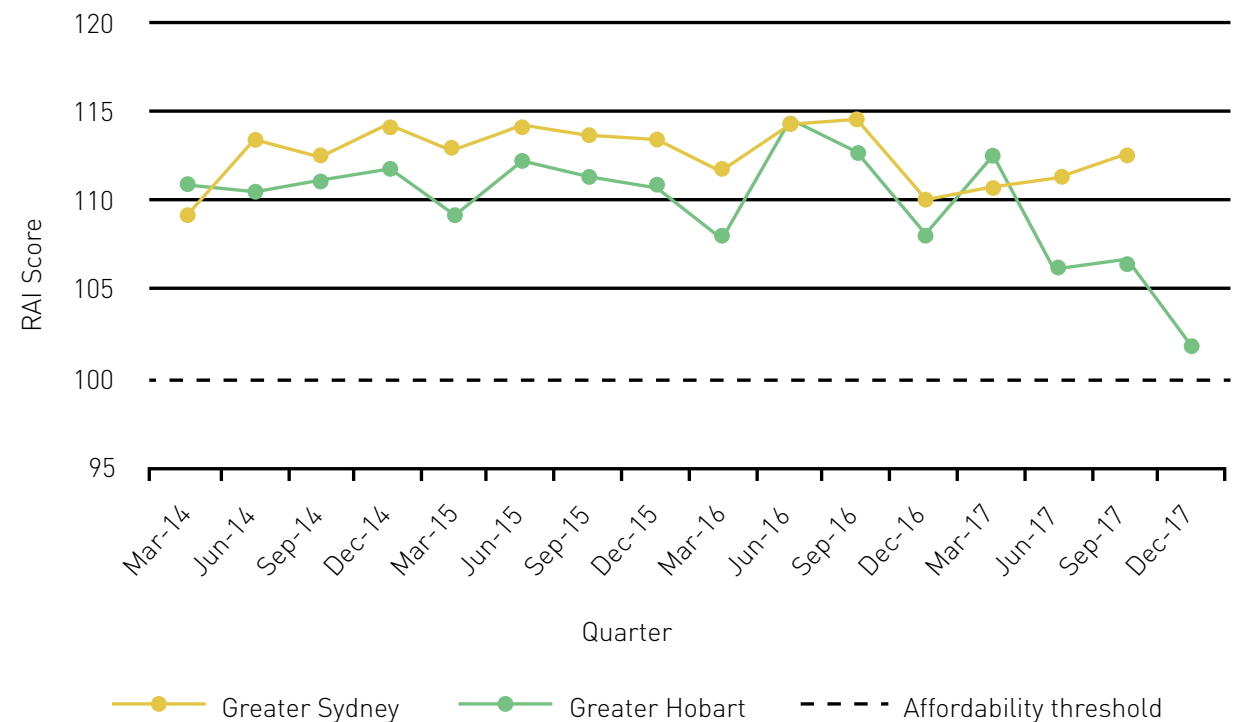
Surprisingly, Greater **Hobart** is now the least affordable capital city in Australia³. Rental affordability has dropped considerably over recent quarters in Hobart, reaching a RAI of 102 in December 2017. On average rents in metropolitan Hobart are now unaffordable even to the median rental household. Household incomes in Tasmania are significantly lower than the national average, while rents are more comparable to mainland averages.

Greater **Sydney** is the second least affordable capital city, though it has seen marginal improvements from the first to the second half of 2017. Unaffordability for very low income households is most severe in Greater Sydney and Canberra, where the median incomes are well above the national average.

A comparison of RAI scores in Hobart and Sydney over recent years (see Figure 1) shows that while the two cities have shared similar levels of rental affordability over recent years, the gap between their RAI scores has widened considerably over 2017.

While Sydney saw minor improvements in affordability as a combined result of growing income and static rents, income growth has failed to meet increasing rent levels in Hobart.

FIGURE 1. RAI COMPARISON – SYDNEY AND HOBART (2014-2017)



³Rankings have changed following an update to household income based on recently available ABS Census 2016 data. This new data shows that average incomes in NSW have grown at a faster rate in recent years than previously anticipated.

Source: SGS Economics and Planning (2018)

Note: Results may differ from previous RAI releases due to Census 2016 update. Rental data for Quarter 4 2017 was not available for NSW at the time of analysis.

Other key metropolitan area trends include:

- Rental affordability gains made in **Brisbane** in early 2017 have been maintained.
- Rental affordability has remained unchanged in Greater **Adelaide** for the past 18 months. It is the third least affordable capital city in Australia.
- A marginal but consistent decline in rental affordability can be seen in the **Australian Capital Territory** from the December quarter of 2016 to the close of 2017.
- Rental affordability in **Perth** continues to improve. It remained the most affordable capital city in Australia.
- The RAI remained relatively unchanged for Greater **Melbourne** across 2017.
- The situation remains untenable for **low income households** in metropolitan areas across Australia.

TABLE 4. NATIONAL RAI SUMMARY – METROPOLITAN AREAS (DEC 2017*)

Region	RAI	Share of hhold income spent on rent	Relative unaffordability
Greater Sydney	113	27%	Moderately unaffordable rents
Greater Brisbane	121	25%	Acceptable rents
Greater Adelaide	117	26%	Moderately unaffordable rents
Greater Hobart	102	29%	Moderately unaffordable rents
Greater Melbourne	126	24%	Acceptable rents
Greater Perth	145	21%	Acceptable rents
ACT	128	23%	Acceptable rents

Source: SGS Economics and Planning (2018)

*September 2017 in the case of Greater Sydney.

TABLE 3. NATIONAL RAI TRENDS – METROPOLITAN AREAS

Region	2012		2013				2014				2015				2016				2017			
	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Greater Sydney	109	109	108	111	109	110	109	113	113	116	113	114	114	114	112	114	115	110	111	111	113	-
Greater Brisbane	113	114	114	118	118	118	116	119	119	118	115	117	116	116	113	117	117	117	115	120	121	121
Greater Adelaide	109	111	111	112	115	115	116	114	117	117	111	113	114	117	114	118	117	117	117	117	117	117
Greater Hobart	111	112	108	115	115	115	111	111	111	112	109	112	112	111	108	114	113	108	112	106	107	102
Greater Melbourne	127	128	129	130	132	129	130	130	128	127	127	128	127	126	126	127	129	127	126	127	127	126
Greater Perth	105	104	102	103	104	106	107	106	110	111	113	115	119	122	124	127	132	135	137	139	142	145
ACT	113	113	114	112	112	115	118	118	118	121	124	125	123	131	133	134	128	133	131	130	129	128

Source: SGS Economics and Planning (2018)

Note: Results may differ from previous RAI releases due to Census 2016 update.

Rental data for Quarter 4 2017 was not available for NSW at the time of analysis.



2.2 Rest of state areas

Key rest of state area trends include:

- Regional NSW remains the least affordable of the rest of state areas studied.
- Both Victoria and NSW have lower RAIs in their rest of state areas than their greater metropolitan areas.
- Rental affordability is much higher in the rest of state areas of Tasmania and South Australia than their metropolitan counterparts.
- RAI in regional WA across 2017 suggests that the steady growth in affordability that has occurred since 2014 may not continue.

TABLE 6. NATIONAL RAI SUMMARY – REST OF STATE AREAS (DECEMBER 2017*)

Region	RAI	Share of hhold income spent on rent	Relative unaffordability
Rest of NSW	112	27%	Moderately unaffordable rents
Rest of QLD	122	25%	Acceptable rents
Rest of SA	137	22%	Acceptable rents
Rest of Tas.	121	25%	Acceptable rents
Rest of Vic.	123	24%	Acceptable rents
Rest of WA	153	20%	Acceptable rents

Source: SGS Economics and Planning (2018)

*September 2017 in the case of NSW.

TABLE 5. NATIONAL RAI TRENDS – REST OF STATE AREAS

Region	2012		2013				2014				2015				2016				2017			
	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Rest of NSW	109	111	111	112	113	113	111	116	118	115	113	114	114	115	115	116	114	113	113	114	112	-
Rest of QLD	110	112	114	116	118	118	119	121	122	122	121	122	120	120	121	123	122	122	122	123	123	122
Rest of SA	127	128	129	129	131	132	129	130	130	134	129	129	132	131	132	134	136	137	137	138	137	137
Rest of Tas.	118	119	118	123	117	120	122	119	122	123	124	126	122	120	119	120	120	121	122	122	123	121
Rest of Vic.	121	122	124	125	126	123	123	123	124	124	124	125	125	122	123	125	126	126	126	125	125	123
Rest of WA	97	87	82	107	104	100	107	99	120	125	132	134	140	145	145	149	152	154	154	153	156	153

Source: SGS Economics and Planning (2018)

Note: Results may differ from previous RAI releases due to Census 2016 update.

Rental data for Quarter 4 2017 was not available for NSW at the time of analysis.



03

STATE TRENDS



New South Wales

Greater Sydney

An update to household income data reveals that Greater Sydney has been performing marginally better than previously estimated. The newly available results of the 2016 ABS Census of Population and Housing show that household incomes have been growing at a faster rate than anticipated, resulting in slightly higher levels of rental affordability.

The median rental household in Greater Sydney (at September 2017) has a gross income of \$98,500 per annum.

With a RAI of 113 in the September quarter of 2017, Greater Sydney has shown small gains in affordability since its most recent decline in the December quarter of 2016.

Sydney remains critically unaffordable to significant proportions of the renting population, especially very low and low-income households. It is now the second least affordable metropolitan region in Australia. The average rental household in Greater Sydney spends around 27 per cent of its total income on rent; for lower income households this share is much higher.

The average household must travel over 20 kilometres west of the Sydney CBD, to areas such as Blacktown and Liverpool, to find Acceptable rents.

Unaffordable rents reach as far north as Hornsby and Castle Hill, and as far south as Sutherland, while surrounding areas are considered Moderately Unaffordable.

Sydney's top 5 least affordable postcodes are listed below in Table 7.

Rest of NSW

The median rental household in regional NSW has a gross income of \$66,500 per annum.

With a RAI of 112, regional NSW has a similar, but lower, level of rental affordability to its metropolitan counterpart. Since mid-2014, it has consistently been the least affordable of the rest of state areas studied.

The average household seeking to rent in regional NSW would face rent levels at 27 per cent of its total income.

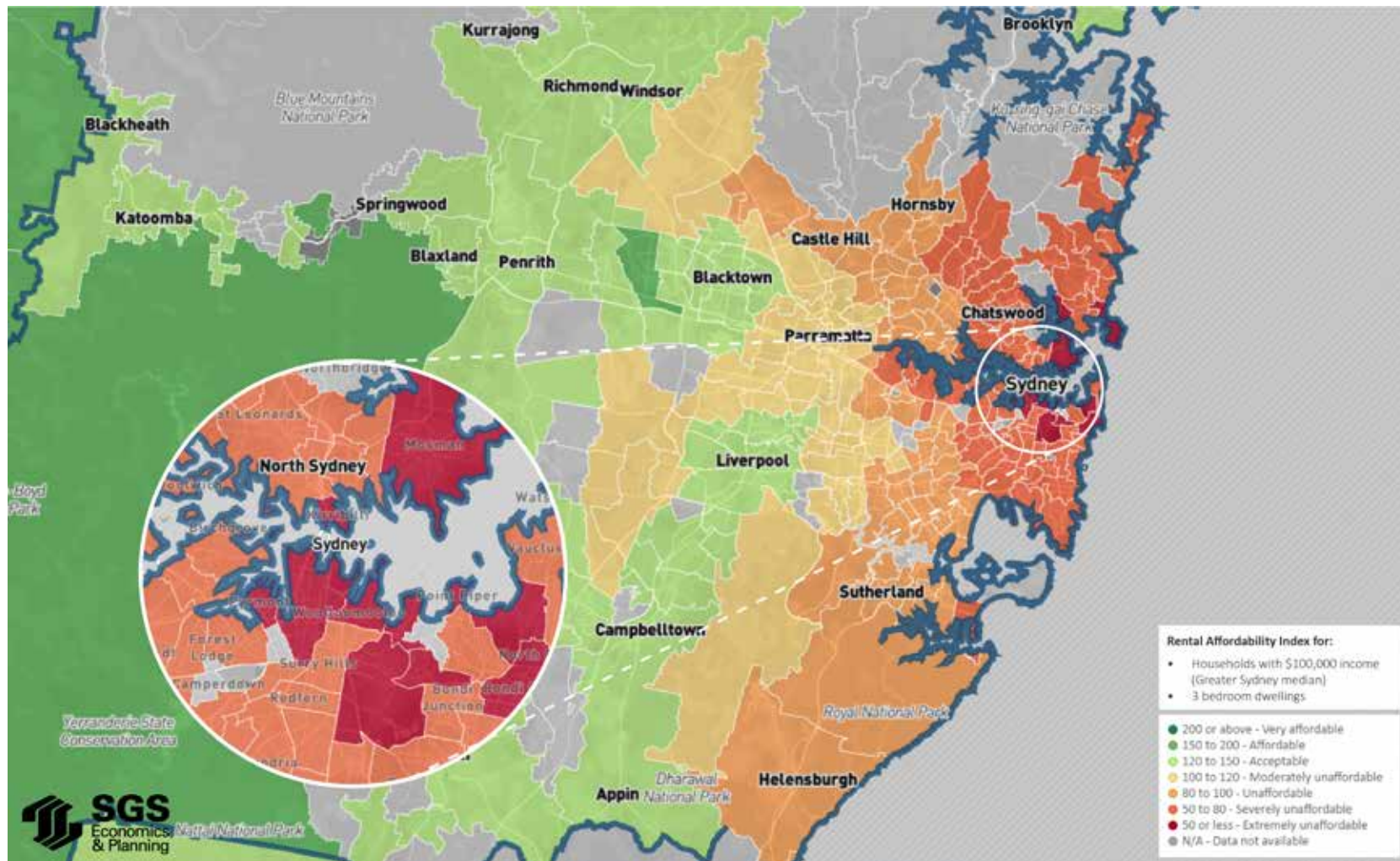
TABLE 7. TOP 5 LEAST AFFORDABLE POSTCODES IN GREATER SYDNEY (SEPTEMBER QUARTER, 2017)

Rank	Postcode	Suburbs	RAI	Rent as share of median household income
1	2000	Sydney, Sydney South Darling Harbour, Dawes Point, Haymarket, Millers Point, The Rocks	40	75%
2	2011	Elizabeth Bay, Rushcutters Bay, Woollahra, Potts Point	42	71%
3	2061	Kirribilli, Milsons Point	43	70%
4	2025	Woollahra	46	65%
5	2021	Centennial Park, Moore Park, Paddington	48	62%
5	2027	Darling Point, Edgecliff, Point Piper	48	62%
5	2029	Rose Bay	48	62%
5	2088	Mosman	48	62%
5	2095	Manly, Manly East	48	62%

Source: SGS Economics and Planning (2018)

Note: RAI has been calculated using a rounded gross income of \$100,000 as well as median rents for 3 bedroom dwellings only due to limited data availability for NSW.

FIGURE 2. INNER AND MIDDLE SYDNEY,
SEPTEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018
Visit <http://www.sgsep.com.au/maps/thirdspace/australia-rental-affordability-index/>
for interactive map

Victoria

Greater Melbourne

The median rental household in Greater Melbourne has a gross income of \$88,400 per annum.

With a RAI of 126 in the December quarter of 2017, Greater Melbourne has seen only minor fluctuations in rental affordability over the past three years. Overall, it has declined in affordability since 2013/14, when its RAI score reached 130 and above.

The median household seeking to rent in Greater Melbourne faces housing costs at around 24 per cent of its total income. This is considered Acceptable.

Spatially, however, it appears that rental unaffordability is spreading outwards from the Melbourne city centre. Areas in the west, north, east and south, such as Altona, Coburg, Heidelberg, and Oakleigh, which in previous years have had rents Acceptable to the average rental household, have become Moderately Unaffordable in the last quarter.

Melbourne's top 5 least affordable postcodes are listed in Table 8.

Rest of Victoria

The median rental household in regional Victoria has a gross income of \$63,000 per annum.

With a RAI of 123, rental affordability in regional Victoria declined slightly over 2017 but rents remain Acceptable overall. The median household seeking to rent in regional Victoria faces rent levels at around 24 per cent of its total income.

With an update to household income data based on 2016 ABS Census results, regional Victoria appears to be performing better than previously estimated.

A spatial influence can be evidenced in affordability, however, with fringe area commuter cities and towns such as Geelong, Ballan, Kyneton and Kilmore considered Moderately Unaffordable.

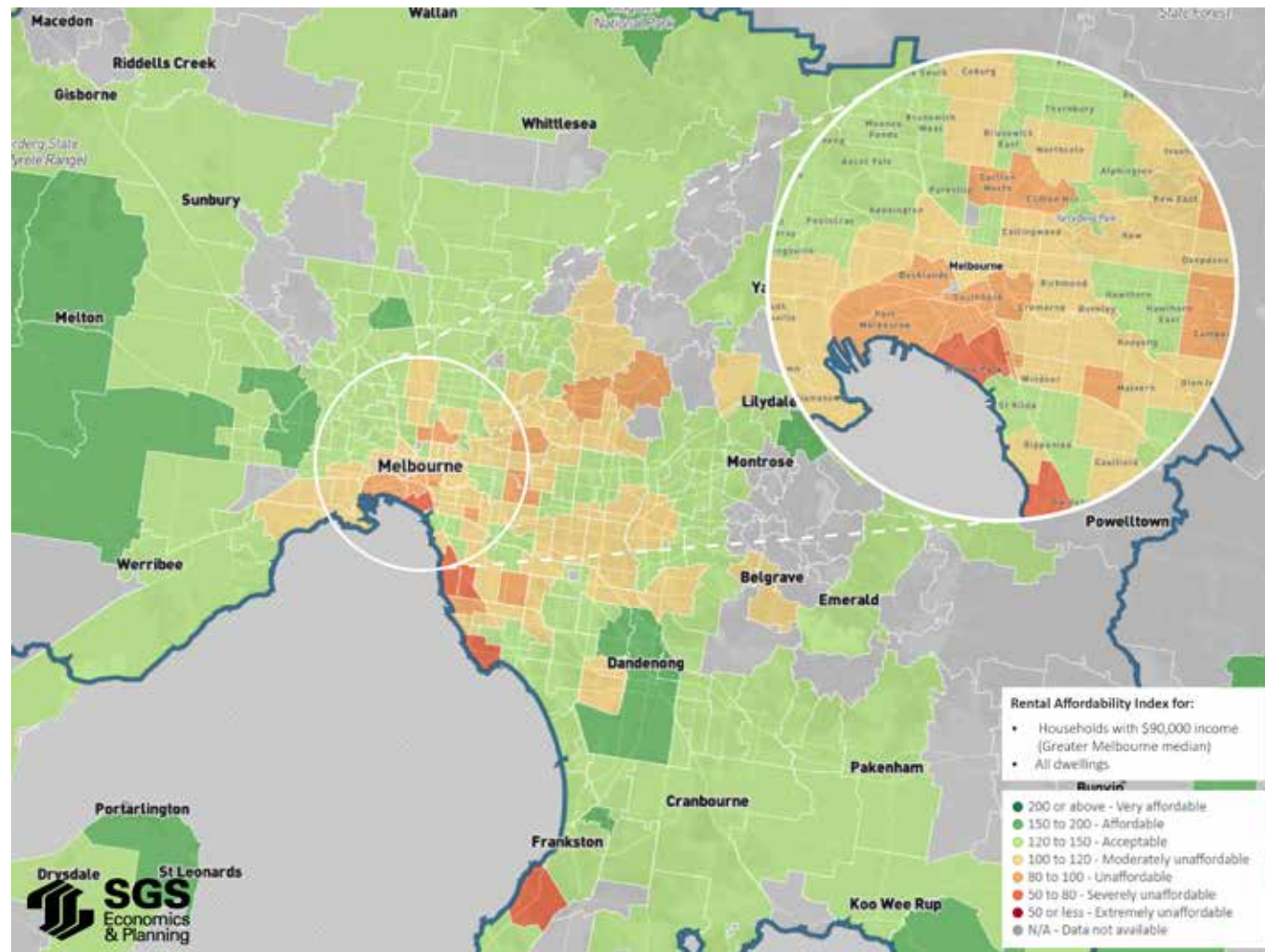
TABLE 8. TOP 5 LEAST AFFORDABLE POSTCODES IN GREATER MELBOURNE (DECEMBER QUARTER, 2017)

Rank	Postcode	Suburbs	RAI	Rent as share of median hhold income
1	3187	Brighton East	72	42%
2	3193	Beaumaris, Black Rock	75	40%
3	3206	Albert Park, Middle Park	77	39%
4	3186	Brighton	80	38%
4	3930	Mount Eliza	80	38%
5	3207	Port Melbourne	84	36%

Source: SGS Economics and Planning (2018)

Note: RAI has been calculated using a rounded gross income of \$90,000

FIGURE 3. INNER AND MIDDLE
MELBOURNE, DECEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018
Visit <http://www.sgsep.com.au/maps/thirdspace/australia-rental-affordability-index/>
for interactive map

Queensland

Greater Brisbane

The median rental household in Greater Brisbane has a gross income of \$84,000 per annum.

Affordability in Greater Brisbane continues to make gains. At 121, the RAI for Brisbane is the highest recorded for the metropolitan area since the inception of the Index. Having increased from 111 in the March quarter of 2011, rents in Brisbane are now considered Acceptable.

The average household seeking to rent in Greater Brisbane would be facing rents at 25 per cent of its total income.

Most postcodes in inner to middle Brisbane remain Moderately Unaffordable to Unaffordable, however.

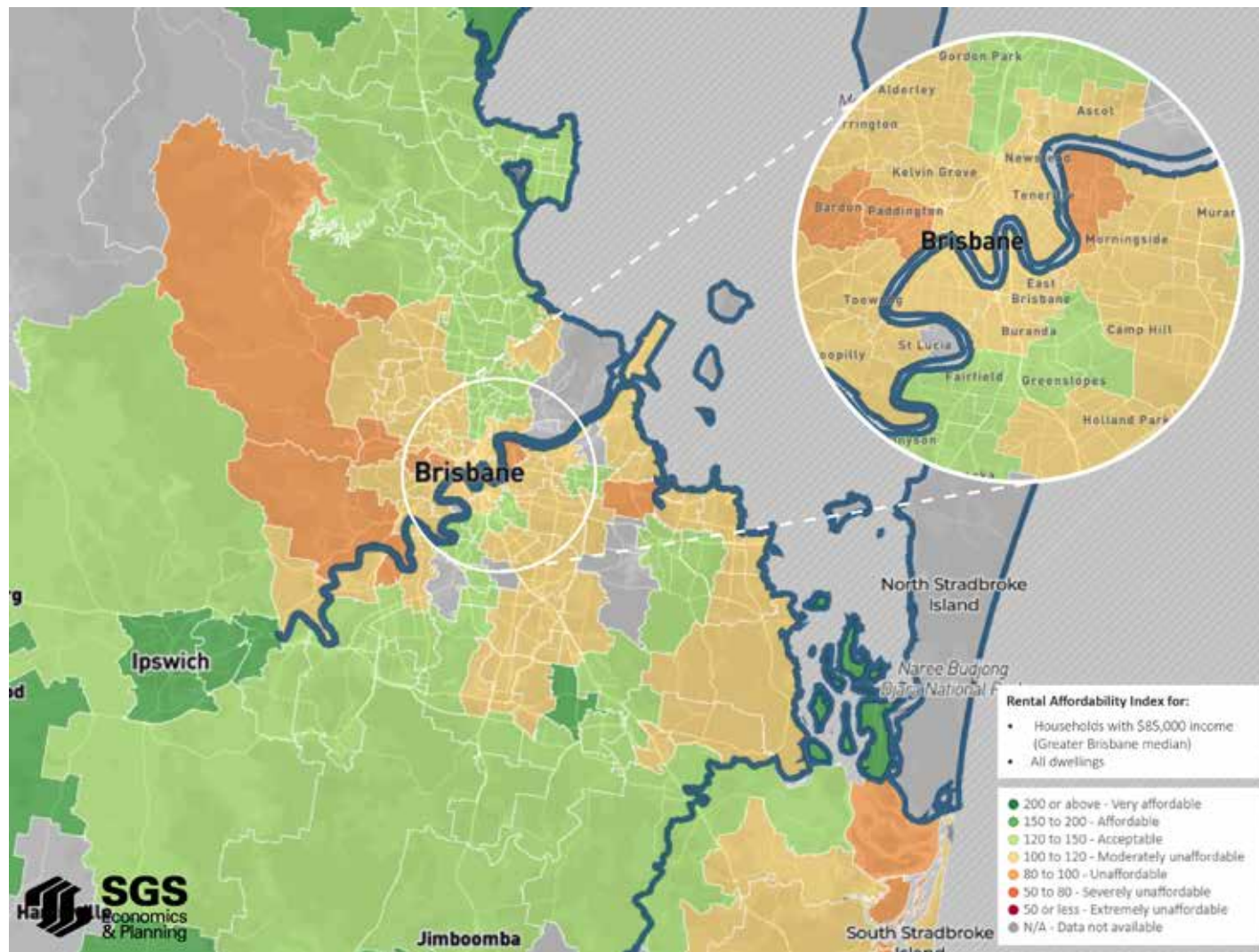
Rest of Queensland

The median rental household in regional Queensland has a gross income of \$74,900 per annum.

Affordability has also increased in regional Queensland over recent years, though has remained relatively steady since the first quarter of 2016. Regional Queensland has a RAI of 122, with the average rental household seeking a dwelling facing rents at 25 per cent of its total income.

The regions of Maroochydore, Caloundra and the Gold Coast, which are considered a part of regional Queensland in RAI analysis, are generally Moderately to Severely Unaffordable, even when applying Greater Brisbane incomes.

FIGURE 4. GREATER BRISBANE,
DECEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018
Visit <http://www.sgsep.com.au/maps/thirdspace/australia-rental-affordability-index/>
for interactive map

South Australia

Greater Adelaide

The median rental household in Greater Adelaide has a gross income of \$65,000 per annum.

With a RAI of 117, the average household in Greater Adelaide seeking to rent faces rents at around 26 per cent of household income. The RAI for Adelaide has remained at this score over the past six quarters, indicating very little fluctuation in affordability.

The geographic spread of affordability in Greater Adelaide also remained relatively unchanged over 2017. Rents are Moderately Unaffordable across the CBD and Unaffordable in the inner and middle city suburbs.

Since the June 2017 quarter, suburbs to the north of the city, such as Wingfield, Parafield Gardens and Para Hills have moved from Acceptable to Moderately Unaffordable.

Across the Adelaide foothills, rents continue to range between Moderately Unaffordable to Unaffordable for renters.

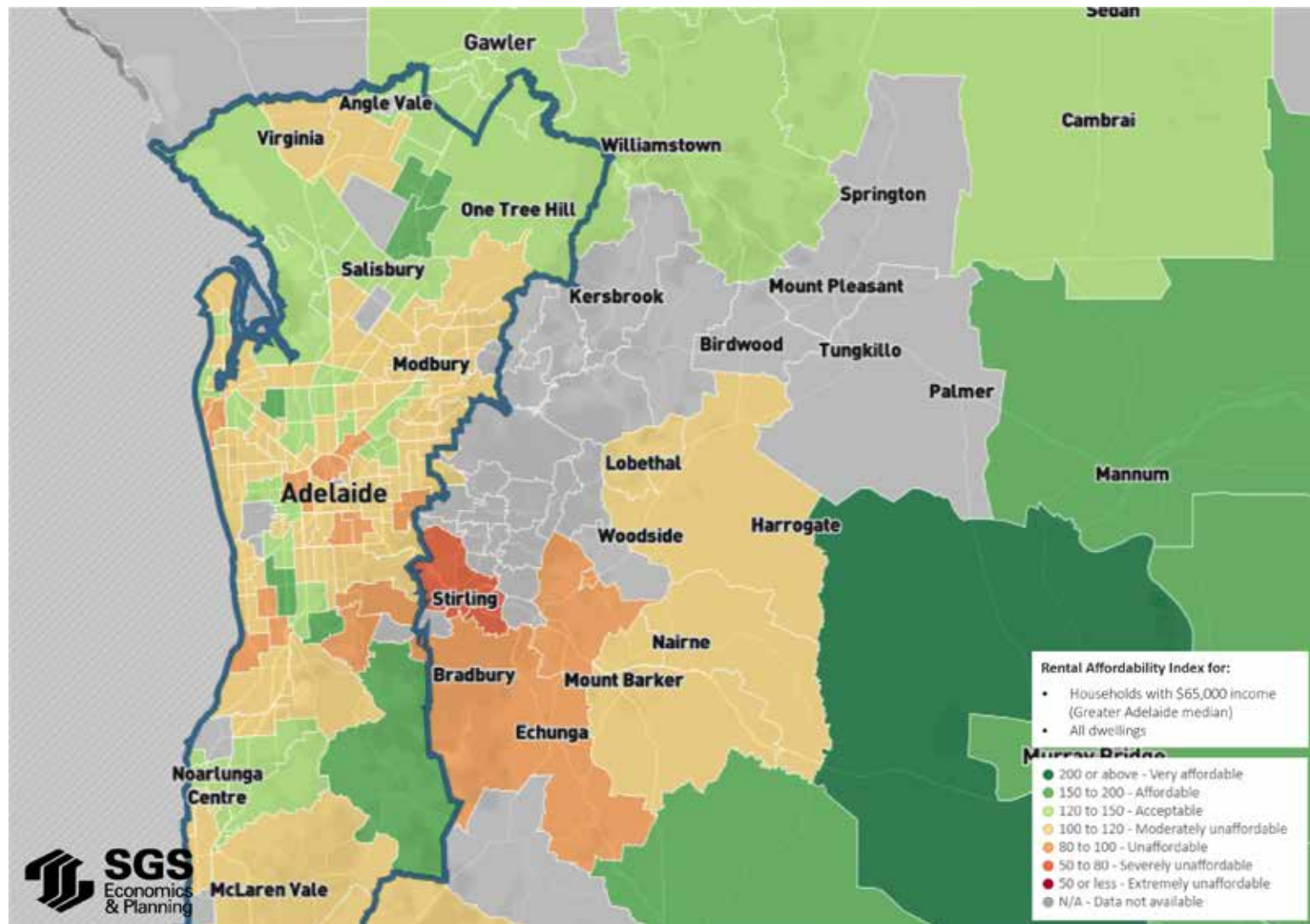
Rest of SA

The median rental household in regional South Australia has a gross income of \$59,600 per annum.

Regional SA continues to see an upward trend in rental affordability. With a RAI of 137, regional SA is at its most affordable since at least mid-2012 (the RAI extends back to Quarter 3 2012).

Fast growing outer towns such as Mt Barker and Nairne continue to have Moderately Unaffordable rents, verging on the threshold of Unaffordable.

FIGURE 5. GREATER ADELAIDE,
DECEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018
Visit <http://www.sgsep.com.au/maps/thirdspace/australia-rental-affordability-index/>
for interactive map

Tasmania

Greater Hobart

The median rental household in Greater Hobart has a gross income of \$61,300 per annum.

Surprisingly, Greater Hobart is the least affordable metropolitan area in Australia. At 102, its RAI is almost at 100, which would indicate that on average rents in Hobart are unaffordable even to the median rental household. It means that the average income household is on the verge of housing stress.

The average rental household in Greater Hobart now faces rents at around 29 per cent of its total income. Areas such as Hobart, Sandy Bay, West, South and North Hobart, Kingston, Margate and Sorell are Unaffordable to the median household.

Low incomes and an inadequate supply of rental housing continue to drive this decline in rental affordability in Hobart. As evidenced in the consistent unavailability of bond lodgement data in many areas of Hobart (shown as grey in the RAI map), such as the City of Clarence, there have been few new rentals in these areas over recent quarters.

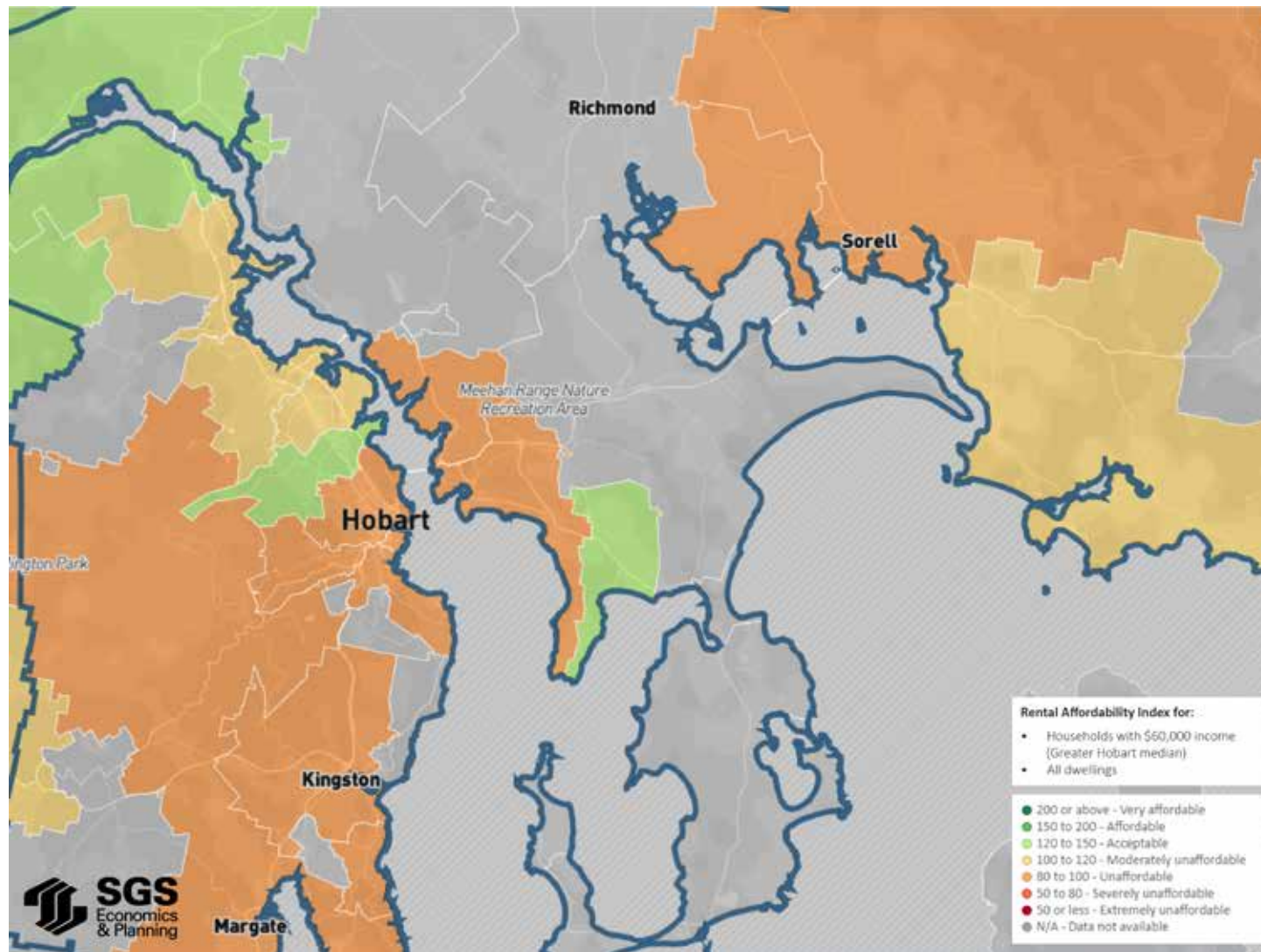
Rest of Tasmania

The median rental household in regional Tasmania has a gross income of \$53,400 per annum.

Regional Tasmania has a RAI of 121. The average household seeking to rent would be facing rent levels at around 25 per cent of its income.

Towns in northern and eastern Tasmania, including Devonport, have relatively Acceptable rents compared to regional incomes. Launceston has become Moderately Unaffordable in recent years, however.

FIGURE 6. GREATER HOBART,
DECEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018
Visit <http://www.sgsep.com.au/maps/thirdspace/australia-rental-affordability-index/>
for interactive map

Western Australia

Greater Perth

The median rental household in Greater Perth has a gross income of \$84,200 per annum.

With a RAI of 145, rental affordability in Greater Perth continues to improve. The average rental household in Greater Perth face rents at around 21 per cent of its total income. Despite this, the situation is much less affordable for lower income households.

The geographic spread of affordability across greater Perth is uneven, with some inner city areas Moderately Unaffordable to Unaffordable. Areas along the coast, including North Fremantle and Claremont remain Unaffordable.

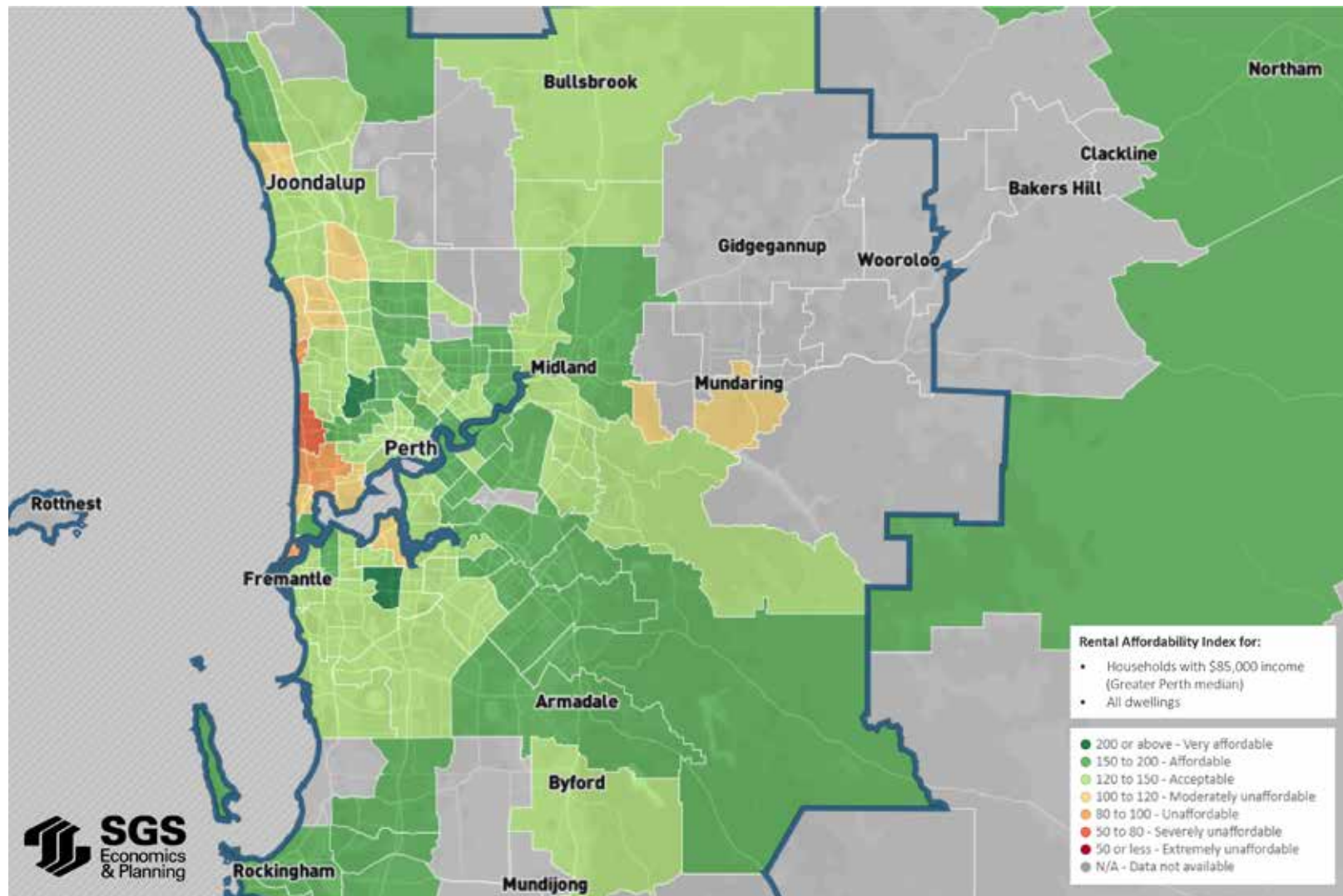
Rest of WA

The median rental household in regional Western Australia has a gross income of \$90,000 per annum.

Regional WA has a RAI of 153. While the region has seen steady growth in affordability over recent years, fluctuations across 2017 suggest that this growth may be plateauing. While relatively minor, the June quarter of 2017 saw the first decline in rental affordability in regional WA since the same quarter three years prior.

The average household seeking to rent in regional WA would be facing rent levels at around 20 per cent of its income.

FIGURE 7. GREATER PERTH,
DECEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018
Visit <http://www.sgsep.com.au/maps/thirdspace/australia-rental-affordability-index/>
for interactive map

ACT

The median rental household in the Australian Capital Territory has a gross income of \$100,800 per annum.

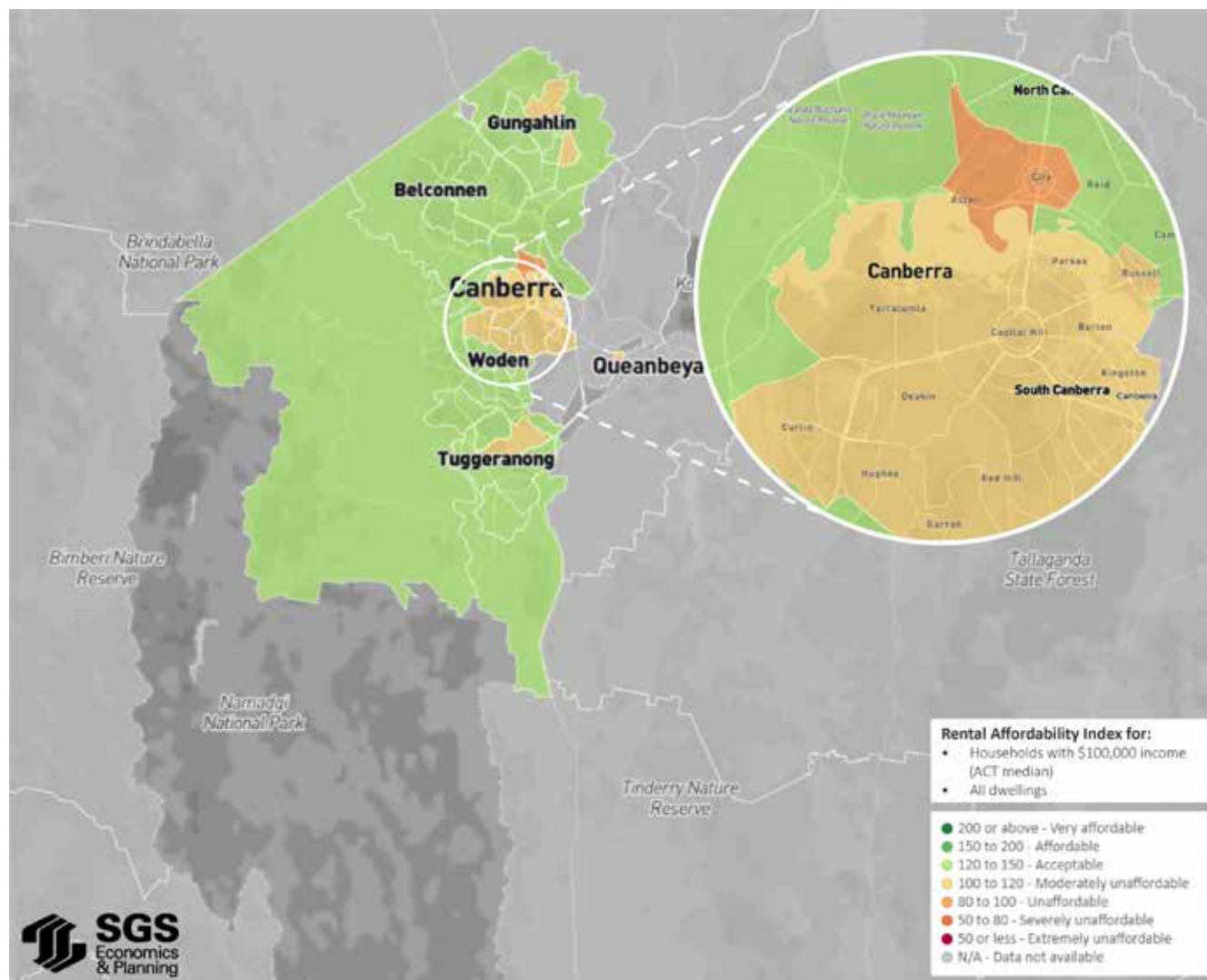
An update to household income data reveals that the ACT has not been performing as well as previously estimated, though the difference in affordability is relatively minor. With a RAI of 128, the ACT remains Acceptable in rental affordability.

The inner city and suburbs remain Moderately Unaffordable, however, with the suburbs of City and Acton considered Unaffordable.

The high overall RAI in the ACT is driven by the relatively high income of the ACT's average rental household. Low income households in the ACT face particularly unaffordable rents, however, as rents are pushed up by the overall high income earning workforce.

3.7

FIGURE 8. ACT, DECEMBER
QUARTER, 2017



Source: SGS Economics and Planning, 2018
Visit <http://www.sgsep.com.au/maps/thirdspace/australia-rental-affordability-index/>
for interactive map

Snapshot of lower income households

4.1 Introduction

This release of the RAI has profiled ten different low to moderate income household types to demonstrate the rental situation for different income groups, age demographics and household composition in Australia.

The selected households range from those dependent on some form of income support, through to dual income key worker couples. The chosen ten households are:

- Single pensioner
- Pensioner couple
- Single person on benefits
- 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, median 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 moreover 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 rents against income. Many of these households have, or may have, considerable additional financial pressures placed upon them, including 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.

Income support levels are based on the federal Department of Human Services payment rates as at April 2018. Total household income estimates are based on gross income, including Commonwealth Rent Assistance. 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 (2016a) Average Australian Employee Earnings and Hours data, scaled to its location (i.e. metropolitan or rest of state area).⁴ Average Australian full-time secondary teacher income was used as the typical key worker income, full-time hospitality worker income was used for the hospitality worker profile.

Note: analysis by household type has not been undertaken for WA as rental data is not available by bedroom type.

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

⁴Note: The household profiles found on the RAI interactive map found at <http://www.sgsep.com.au/maps/thirdspace/australia-rental-affordability-index/> use Australia-wide average incomes for each lower income household type.

4.2 Single pensioner

\$27,100 P.A., 1 BEDROOM EXTREMELY UNAFFORDABLE RENTS IN METROPOLITAN AREAS ACROSS ALL STATES

The single pensioner household is 65 years or older and is assumed to rent alone in a 1 bedroom dwelling. Retired and/or no longer active in the workforce, this person lives on the age pension for older Australians with income or assets below certain limits, with consideration for super, investments and earnings. Assumed to have no additional income from paid work, the single pensioner receives an estimated gross annual income of \$27,100.

Across the nation, the single pensioner household is facing Severely Unaffordable and Extremely Unaffordable rents. For the most part, locating in metropolitan areas (which is where one bedroom dwellings are generally available) would require 60 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 a range of other pressures, including healthcare costs associated with ageing.

Across all regional areas, rents for the single pensioner are Unaffordable, with each state's RAI scores sitting well under 100 (which is considered to be the affordability threshold).

For the single pensioner, Greater Sydney is the least affordable location to rent of all Australian capital cities. This household faces a RAI of 32, indicating rents are Extremely Affordable, accounting for 94 per cent of total income.

This is followed by the ACT as the second least affordable metropolitan region for a single pensioner household, with a RAI of 42, and then Greater Melbourne with a RAI of 45.

While still Severely Unaffordable, Greater Adelaide is marginally more affordable for this household compared with all other Australian cities, with a RAI of 66.



TABLE 9. RAI FOR SINGLE PENSIONER HOUSEHOLD

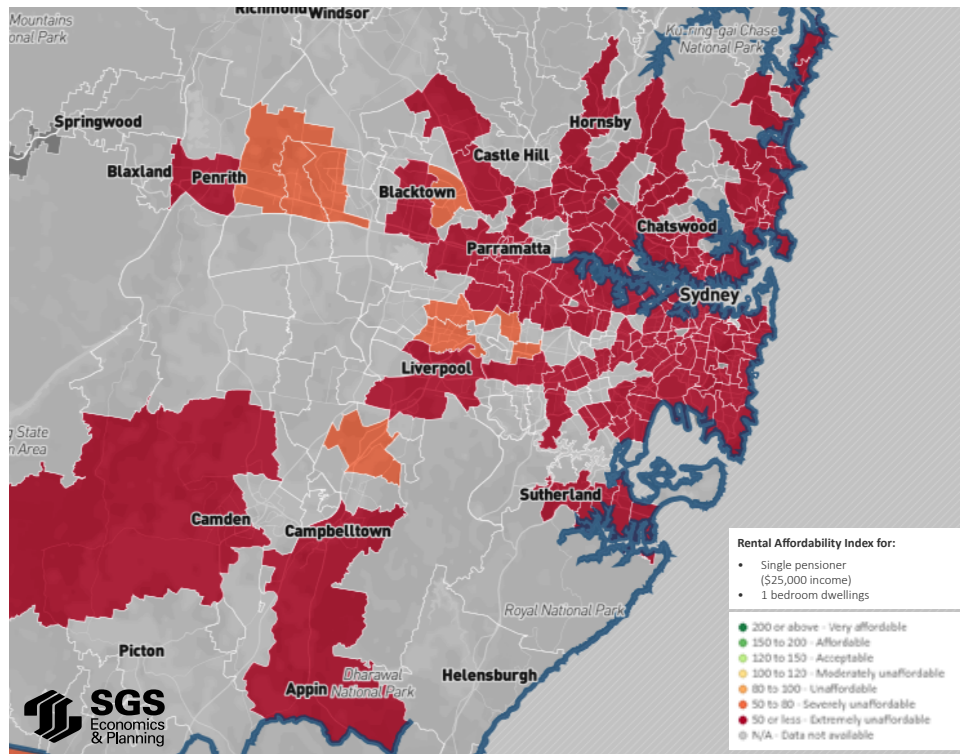
	RAI score	Rent as a share of income
Greater Sydney	32	94%
Rest of NSW	78	38%
Greater Melbourne	45	67%
Rest of VIC	87	35%
Greater Brisbane	46	65%
Rest of QLD	56	54%
Greater Adelaide	66	46%
Rest of SA	99	30%
Greater Perth*	45	66%
Rest of WA*	47	64%
Greater Hobart	68	44%
Rest of TAS	92	33%
ACT	42	71%

Source: SGS Economics and Planning (2018)

Note: RAI scores for Quarter 4 2017 have been presented, with the exception of NSW, which shows Quarter 3 2017 scores due to data unavailability.

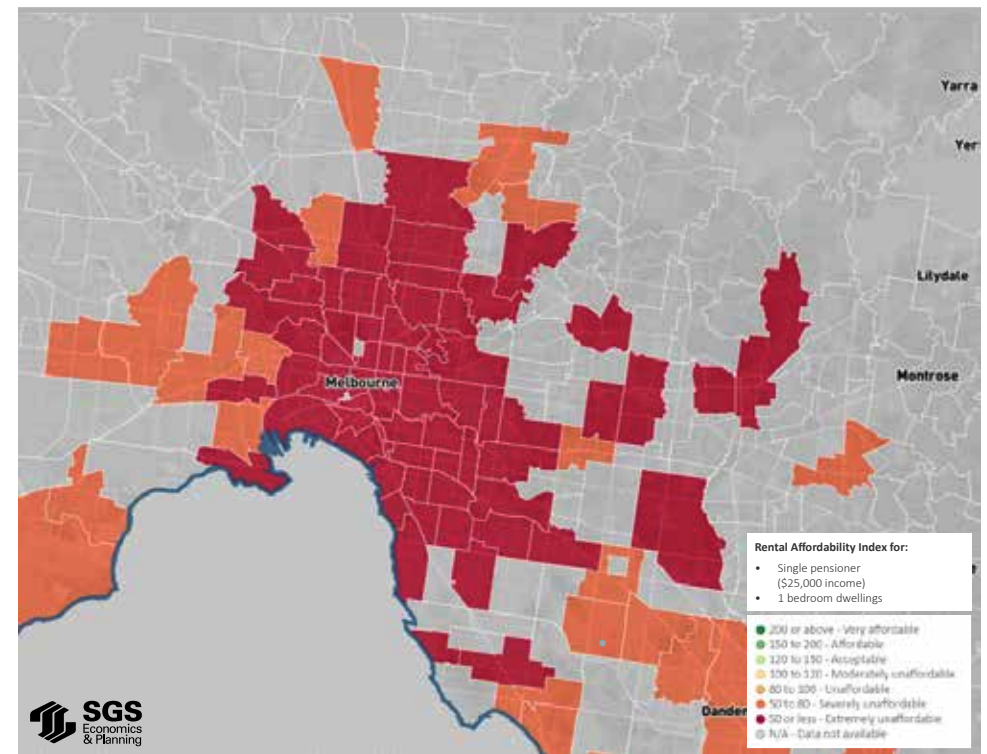
*RAI has been calculated using median rents for all dwellings rather than 1 bdr due to data unavailability

FIGURE 9. GREATER SYDNEY,
SEPTEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

FIGURE 10. GREATER MELBOURNE,
DECEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

4.3 Pensioner couple

\$50,000 P.A., 2 BEDROOM UNAFFORDABLE TO SEVERELY UNAFFORDABLE RENTS IN METROPOLITAN AREAS ACROSS ALL STATES

The pensioner couple household is comprised of a couple that is 65 years or older seeking to rent a 2 bedroom dwelling. One member of the household is assumed to still be active in casual or part-time employment, earning \$300 per fortnight. This additional income combined with the household's pensioner payment totals an estimated gross annual income of \$50,000.

While it performs better than the lone pensioner household, the couple pensioner household generally faces Unaffordable to Severely Unaffordable rents in metropolitan areas. Regional areas remain Moderately Unaffordable for this household, with only the Rest of SA and Rest of Tasmania offering some areas with Acceptable rents.

Most areas within a 10 kilometre radius of the Sydney CBD and some of the inner areas of Melbourne continue to be Extremely Unaffordable to the pensioner couple, meaning that they would have to pay more than 60 per cent of their total income on rent. Adding to the financial pressure on this household are a number of other costs, which may include health care costs associated with ageing.

Given 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.

For the pensioner couple household looking to locate in the inner suburbs of Sydney, rents are Severely Unaffordable with an average RAI of 55. The ACT has an RAI of 67 for the pensioner couple, making it the second least affordable area for this household type. This is followed closely by Greater Melbourne with an RAI score of 69.



TABLE 10. RAI FOR PENSIONER COUPLE HOUSEHOLD

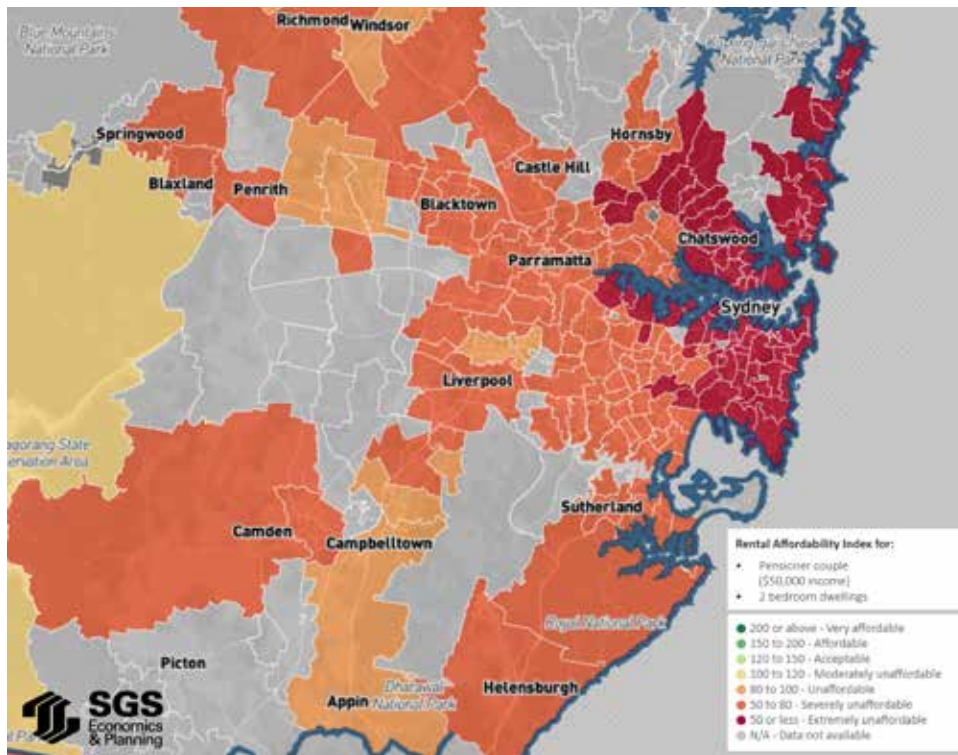
	RAI score	Rent as a share of income
Greater Sydney	55	54%
Rest of NSW	109	28%
Greater Melbourne	69	44%
Rest of VIC	115	26%
Greater Brisbane	74	41%
Rest of QLD	92	32%
Greater Adelaide	97	31%
Rest of SA	145	21%
Greater Perth*	84	36%
Rest of WA*	86	35%
Greater Hobart	93	32%
Rest of TAS	128	23%
ACT	67	45%

Source: SGS Economics and Planning (2018)

Note: RAI scores for Quarter 4 2017 have been presented, with the exception of NSW, which shows Quarter 3 2017 scores due to data unavailability.

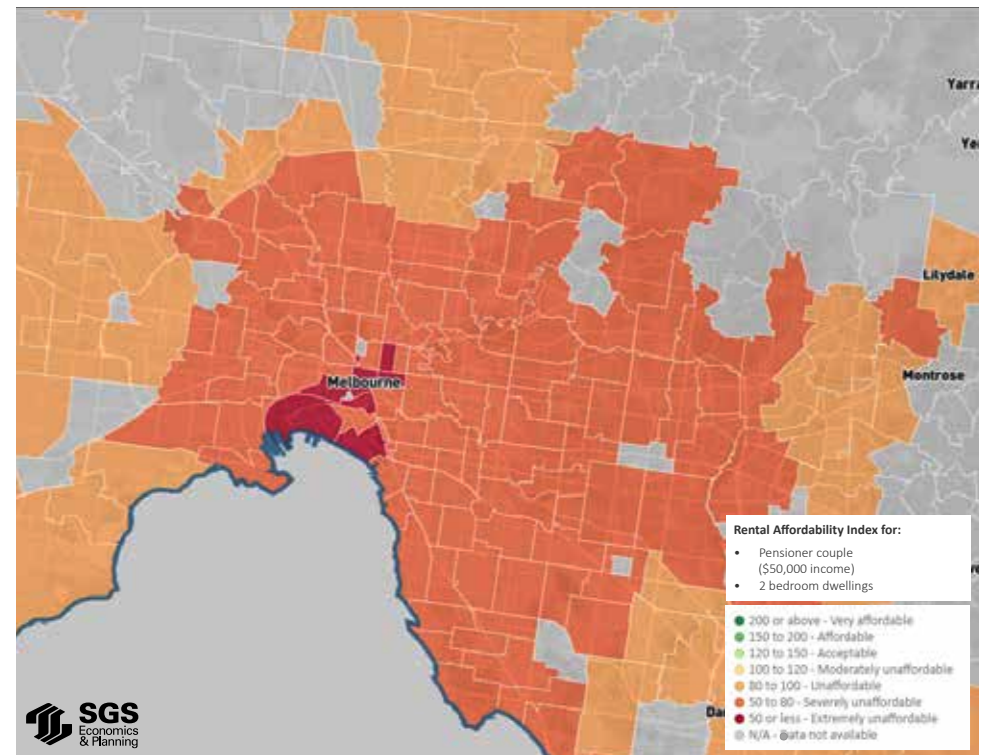
*RAI has been calculated using median rents for all dwellings rather than 2 bdr due to data unavailability

FIGURE 11. GREATER SYDNEY
SEPTEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

FIGURE 12. GREATER MELBOURNE
DECEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

4.4 Single person on benefits

\$17,700 P.A., 1 BEDROOM SEVERELY TO EXTREMELY UNAFFORDABLE RENTS ACROSS ALL STATES IN BOTH METROPOLITAN AND REGIONAL AREAS

The single person on benefits is 22 years old or older with no children, and seeks to rent a 1 bedroom dwelling. This person receives income support in the form of Newstart allowance and no additional income. The estimated gross annual income for this household is \$17,700.

The situation for the single person on benefits household continues to be untenable, with a person of this household type needing to pay well over 60 per cent of his/her income on rent to live in any metropolitan area. In many metropolitan postcodes, the single person on benefits would be facing rents amounting to over 100 per cent of his/her total income. The single household on benefits moreover has tightly stretched resources and must balance all living expenses while searching for work.

The single person on benefits faces the greatest financial challenge of all household types examined by this study when looking to rent in metropolitan and regional areas. All states examined have a RAI below 45 in metropolitan areas, making rents well above the threshold for Extremely Unaffordable.

The regional areas offer scarce alternatives for the single person on benefits. Rents for this household are generally Severely Unaffordable in regional areas.

For the single person on benefits, the RAI is 21 in metropolitan Sydney, making it the least affordable capital city nationwide. This household, solely reliant on Newstart allowance and rental assistance, requires, on average, an income more than 4.5 times higher than it currently receives in order to find affordable rents in metropolitan Sydney. An income over 3 times the current payment level is required for this household in metropolitan Melbourne.



TABLE 11. RAI FOR SINGLE PERSON ON BENEFITS

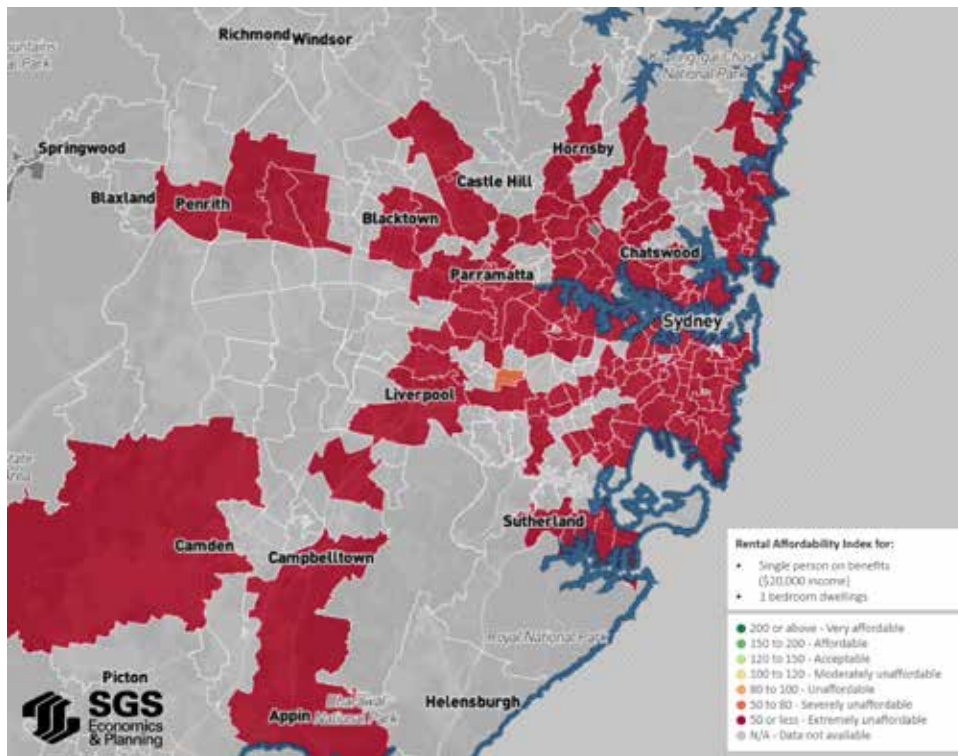
	RAI score	Rent as a share of income
Greater Sydney	21	144%
Rest of NSW	51	59%
Greater Melbourne	29	103%
Rest of VIC	57	53%
Greater Brisbane	30	100%
Rest of QLD	37	82%
Greater Adelaide	43	70%
Rest of SA	64	47%
Greater Perth*	30	101%
Rest of WA*	30	98%
Greater Hobart	44	68%
Rest of TAS	60	50%
ACT	28	109%

Source: SGS Economics and Planning (2018)

Note: RAI scores for Quarter 4 2017 have been presented, with the exception of NSW, which shows Quarter 3 2017 scores due to data unavailability.

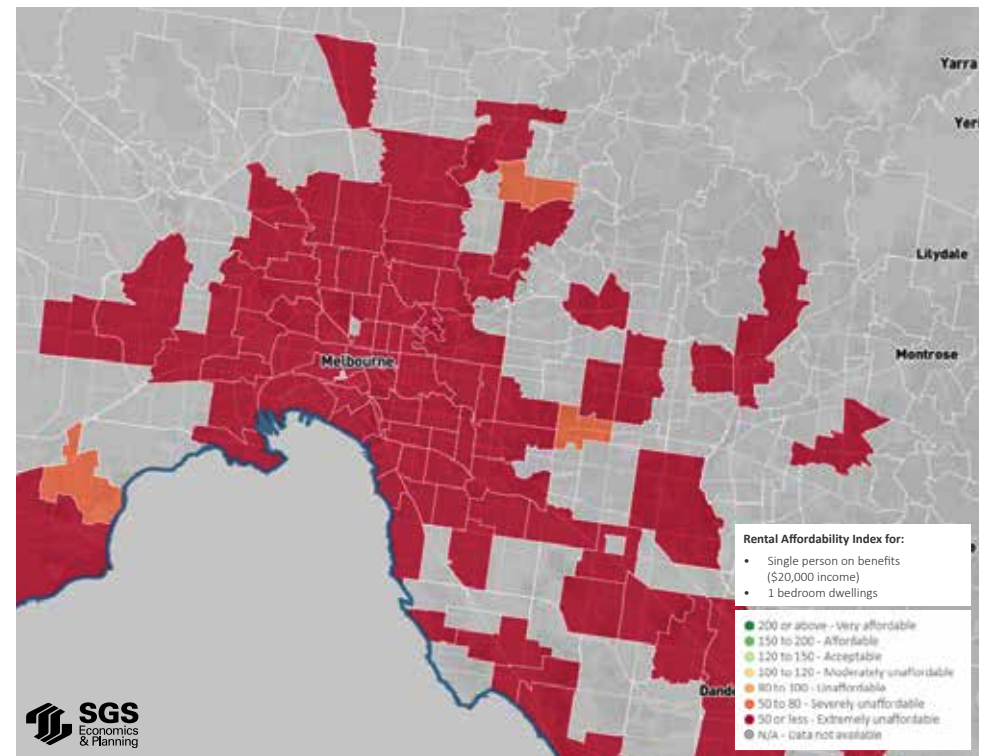
*RAI has been calculated using median rents for all dwellings rather than 1 bdr due to data unavailability

FIGURE 13. GREATER SYDNEY,
SEPTEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

FIGURE 14. GREATER MELBOURNE,
DECEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

4.5 Single part-time worker parent on benefits

\$38,700 P.A., 2 BEDROOM SEVERELY UNAFFORDABLE TO EXTREMELY UNAFFORDABLE ACROSS MOST METROPOLITAN AREAS

The single parent household is comprised of a parent and one child under 5, and is seeking to live in a 2 bedroom rental dwelling. This household receives income support in the form of a parenting payment, supplemented by casual or part time paid employment. It has an estimated gross annual income of \$38,700.

Rents are almost entirely Severely Unaffordable to Extremely Unaffordable across all metropolitan areas where data is available for the single part-time worker parent on benefits household. Childcare and healthcare costs may potentially compound the financial stress on this rental household.

With a RAI of 43, the single part-time worker parent on benefits faces Extremely Unaffordable rents in metropolitan Sydney. This is followed closely by the ACT as the second least affordable location for this household, with a RAI of 52.

In metropolitan Melbourne, the RAI for this household is 53, indicating that this household would be required to pay 56 per cent of their income on rent. In regional Victoria the RAI is 89 and rents are Unaffordable.

The single part-time worker parent household also faces Severely Unaffordable rents in the metropolitan areas of Adelaide, Brisbane, Perth and Hobart.



TABLE 12. RAI FOR SINGLE PART-TIME WORKER PARENT ON BENEFITS

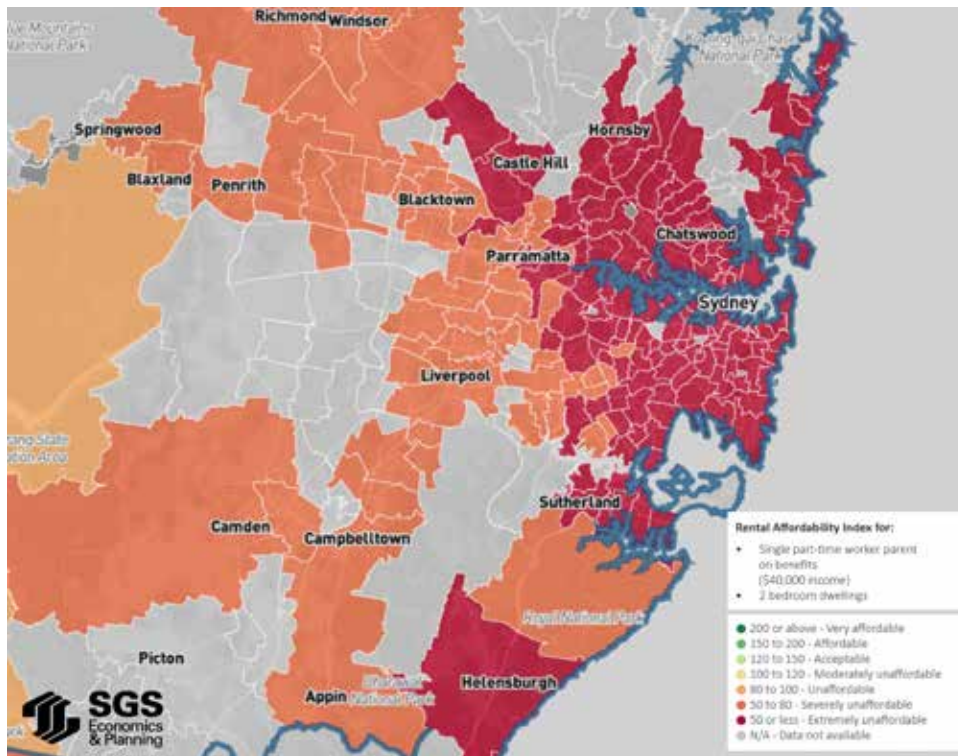
	RAI score	Rent as a share of income
Greater Sydney	43	70%
Rest of NSW	84	36%
Greater Melbourne	53	56%
Rest of VIC	89	34%
Greater Brisbane	57	52%
Rest of QLD	72	42%
Greater Adelaide	75	40%
Rest of SA	113	27%
Greater Perth*	65	46%
Rest of WA*	67	45%
Greater Hobart	72	42%
Rest of TAS	99	30%
ACT	52	58%

Source: SGS Economics and Planning (2018)

Note: RAI scores for Quarter 4 2017 have been presented, with the exception of NSW, which shows Quarter 3 2017 scores due to data unavailability.

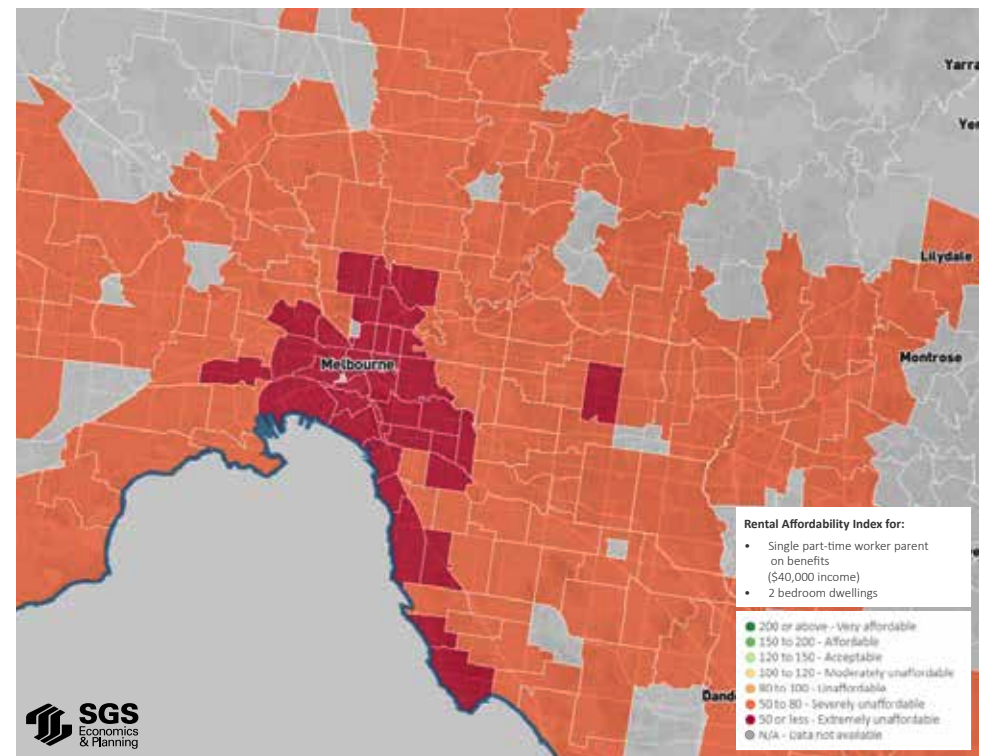
*RAI has been calculated using median rents for all dwellings rather than 2 bdr due to data unavailability

FIGURE 15. GREATER SYDNEY,
SEPTEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

FIGURE 16. GREATER MELBOURNE,
DECEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

4.6 Single full-time working parent

\$87,000 P.A., 2 BEDROOM MODERATELY UNAFFORDABLE TO SEVERELY UNAFFORDABLE RENTS IN METROPOLITAN AREAS

The key worker single parent household is comprised of a single parent and child under 5, and is seeking to rent a 2 bedroom dwelling. As a full-time teacher, the key worker parent earns an estimated \$87,000 per annum⁵ (ABS, 2016a).

Given the full-time worker status of the single full-time working parent, a considerable proportion of earnings is likely to go towards childcare and after school care costs for this household. While RAI scores are generally above the rental unaffordability threshold for this household, other financial pressures are likely to be very high.

Metropolitan Sydney is the least affordable of all areas covered by this study. The RAI for a single working parent is 99, indicating Unaffordable rents. On average, this household would spend an average of 30 per cent of income on rent.

Greater Melbourne is the second least affordable location for single full-time worker parents. With a RAI of 113, this household would see around 27 per cent of its income spent on rent.

In regional areas rents generally range from Acceptable to Affordable.

⁵This has been adjusted for different metropolitan/rest of state areas to reflect differences in earning across geographic locations in Australia.



TABLE 13. RAI FOR SINGLE FULL-TIME WORKING PARENT

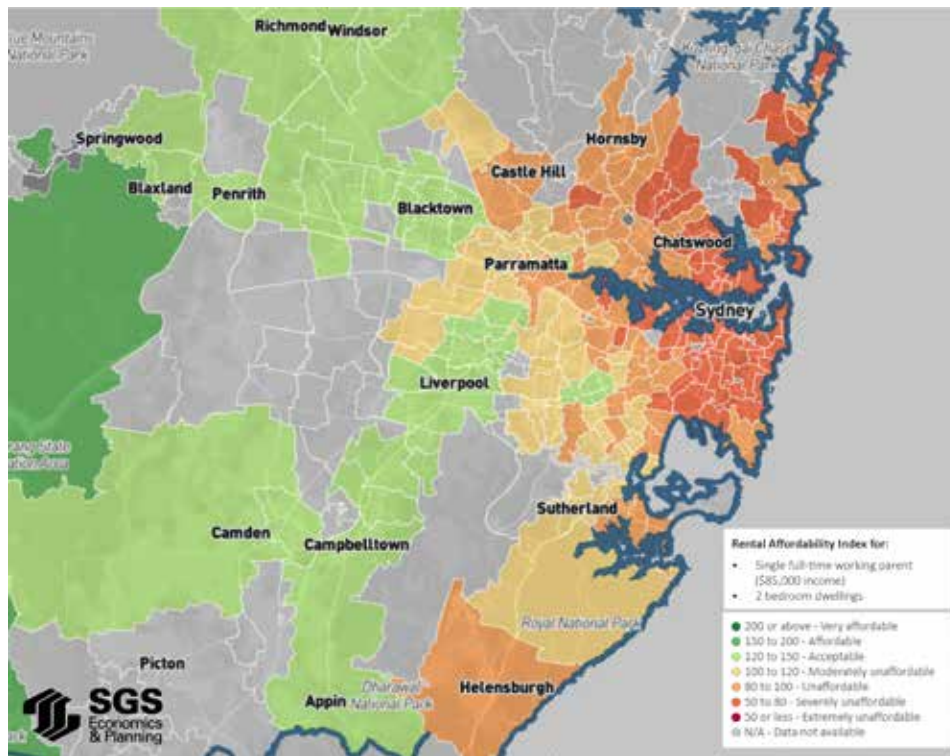
	RAI score	Rent as a share of income
Greater Sydney	99	30%
Rest of NSW	194	15%
Greater Melbourne	113	27%
Rest of VIC	189	16%
Greater Brisbane	126	24%
Rest of QLD	158	19%
Greater Adelaide	171	18%
Rest of SA	256	12%
Greater Perth*	158	19%
Rest of WA*	164	18%
Greater Hobart	162	19%
Rest of TAS	216	14%
ACT	129	23%

Source: SGS Economics and Planning (2018)

Note: RAI scores for Quarter 4 2017 have been presented, with the exception of NSW, which shows Quarter 3 2017 scores due to data unavailability.

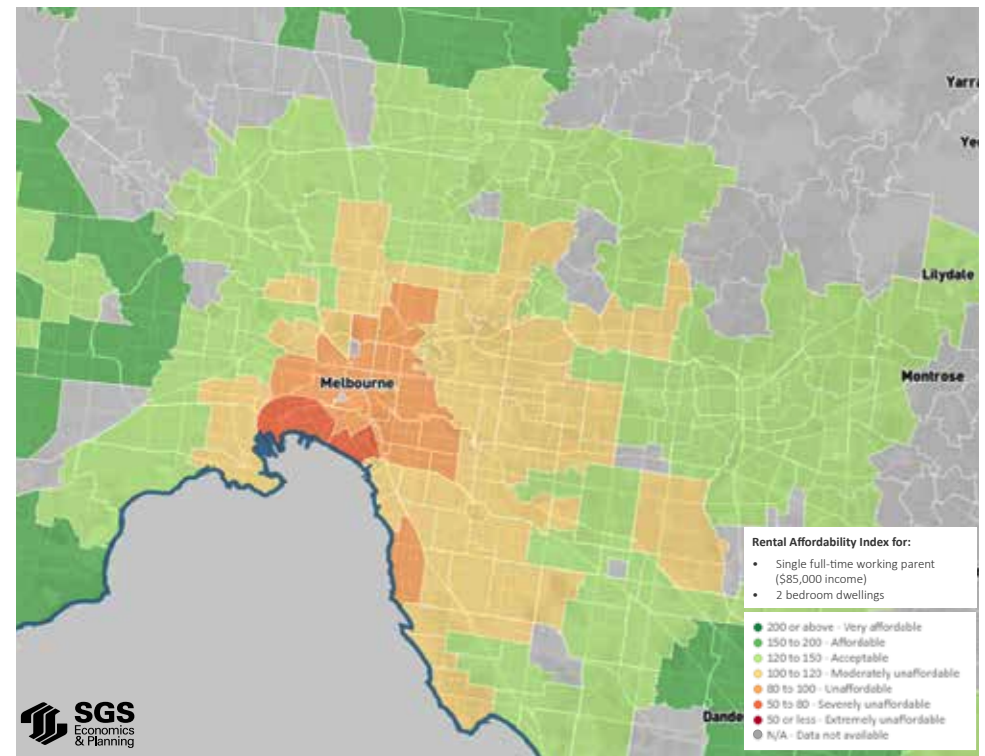
*RAI has been calculated using median rents for all dwellings rather than 2 bdr due to data unavailability

FIGURE 17. GREATER SYDNEY,
SEPTEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

FIGURE 18. GREATER MELBOURNE,
DECEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

4.7 Single income couple with children

\$87,000 P.A., 3 BEDROOM ACCEPTABLE TO UNAFFORDABLE RENTS ACROSS MOST METROPOLITAN AREAS

The single income couple with children consists of one key worker, one stay at home parent, and two children, one of whom is under 5. This household seeks to live in a 3 bedroom rental dwelling. This household lives on a single key worker income of \$87,000 per annum⁶.

The single income couple with children household is able to access Acceptable rents in metropolitan regions, though with restricted capacity to live in inner city areas.

With a RAI of 102, the single income couple with children would pay around 29 per cent of income on rent in Greater Sydney. Greater Melbourne and the ACT follow Greater Sydney as least affordable with RAI scores of 118 and 116.

This household faces Severely to Extremely Unaffordable rents across most inner and middle metropolitan areas. In most metropolitan areas, Acceptable rents can only be found in outer suburbs, causing implications for access to work and other opportunities. Given the size of this family, there is considerable additional financial pressure from day-to-day living costs.

⁶This has been adjusted for different metropolitan/rest of state areas to reflect differences in earning across geographic locations in Australia.



TABLE 14. RAI FOR SINGLE INCOME COUPLE WITH CHILDREN

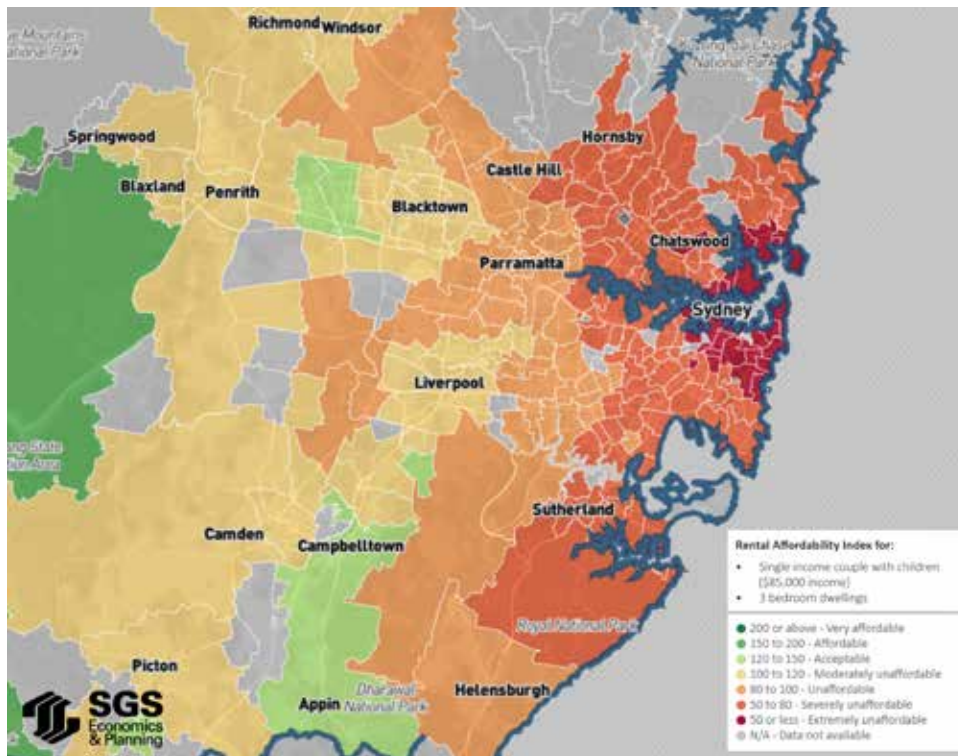
	RAI score	Rent as a share of income
Greater Sydney	102	29%
Rest of NSW	156	19%
Greater Melbourne	118	25%
Rest of VIC	158	19%
Greater Brisbane	123	24%
Rest of QLD	138	22%
Greater Adelaide	149	20%
Rest of SA	201	15%
Greater Perth*	158	19%
Rest of WA*	164	18%
Greater Hobart	139	22%
Rest of TAS	180	17%
ACT	116	26%

Source: SGS Economics and Planning (2018)

Note: RAI scores for Quarter 4 2017 have been presented, with the exception of NSW, which shows Quarter 3 2017 scores due to data unavailability.

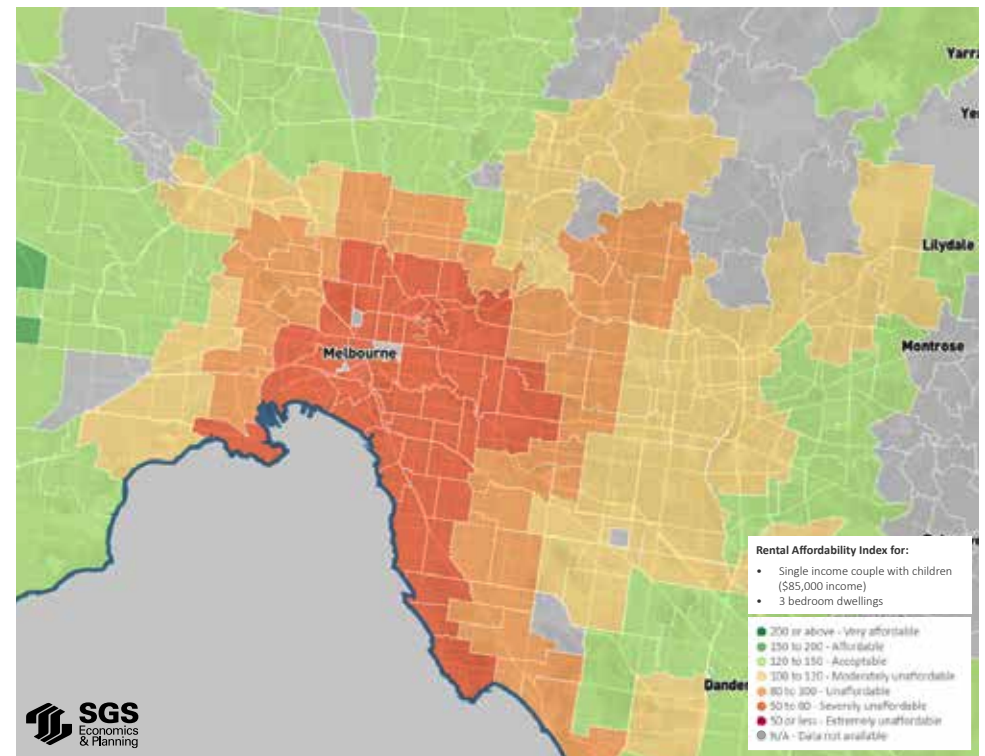
*RAI has been calculated using median rents for all dwellings rather than 3 bdr due to data unavailability

FIGURE 19. GREATER SYDNEY,
SEPTEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

FIGURE 20. GREATER MELBOURNE,
DECEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

4.8 Dual income couple with children

\$174,000 P.A., 3 BEDROOM AFFORDABLE RENTS ACROSS STATES, WITH INNER METROPOLITAN AREAS MODERATELY UNAFFORDABLE

The full time key worker couple has 2 children under 10 and seeks to rent a 3 bedroom dwelling. This household lives on two full time teachers' wages, with a combined annual income of \$174,000 per annum⁷.

The dual income couple with children household can generally access Affordable rents across most metropolitan and regional areas, with the exception of the inner suburbs of metropolitan Sydney and Melbourne. The inner and coastal areas of Sydney range between Moderately to Severely Unaffordable.

Regional areas offer Affordable rents for this household.

⁷This has been adjusted for different metropolitan/rest of state areas to reflect differences in earning across geographic locations in Australia.



TABLE 15. RAI FOR DUAL INCOME COUPLE WITH CHILDREN

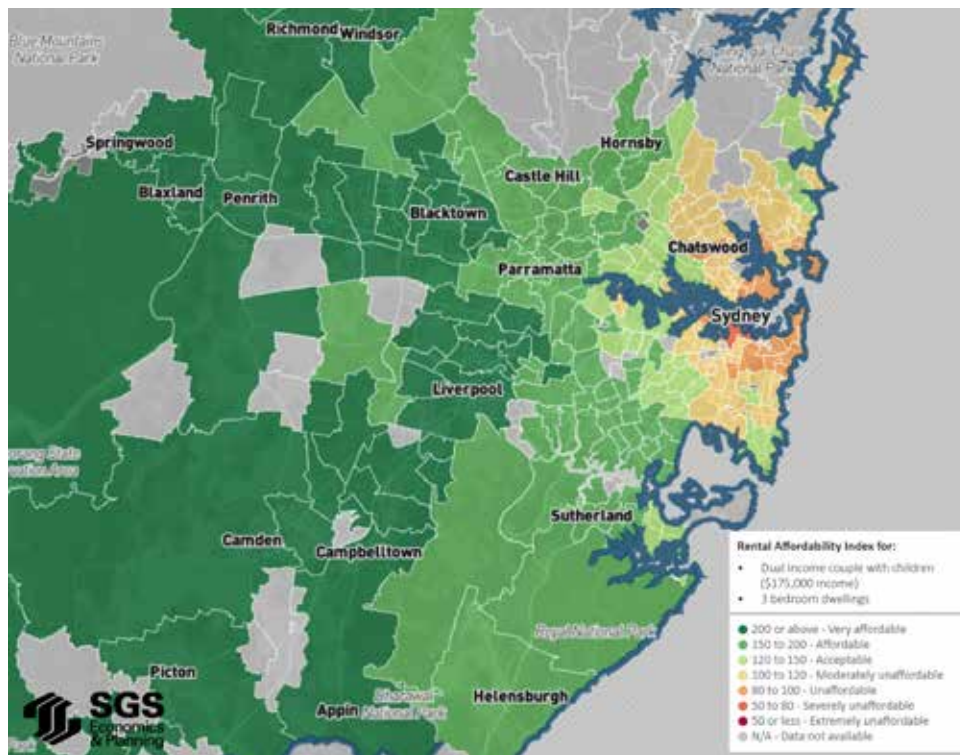
	RAI score	Rent as a share of income
Greater Sydney	205	15%
Rest of NSW	311	10%
Greater Melbourne	237	13%
Rest of VIC	315	10%
Greater Brisbane	247	12%
Rest of QLD	277	11%
Greater Adelaide	298	10%
Rest of SA	403	7%
Greater Perth*	316	10%
Rest of WA*	328	9%
Greater Hobart	277	11%
Rest of TAS	361	8%
ACT	233	13%

Source: SGS Economics and Planning (2018)

Note: RAI scores for Quarter 4 2017 have been presented, with the exception of NSW, which shows Quarter 3 2017 scores due to data unavailability.

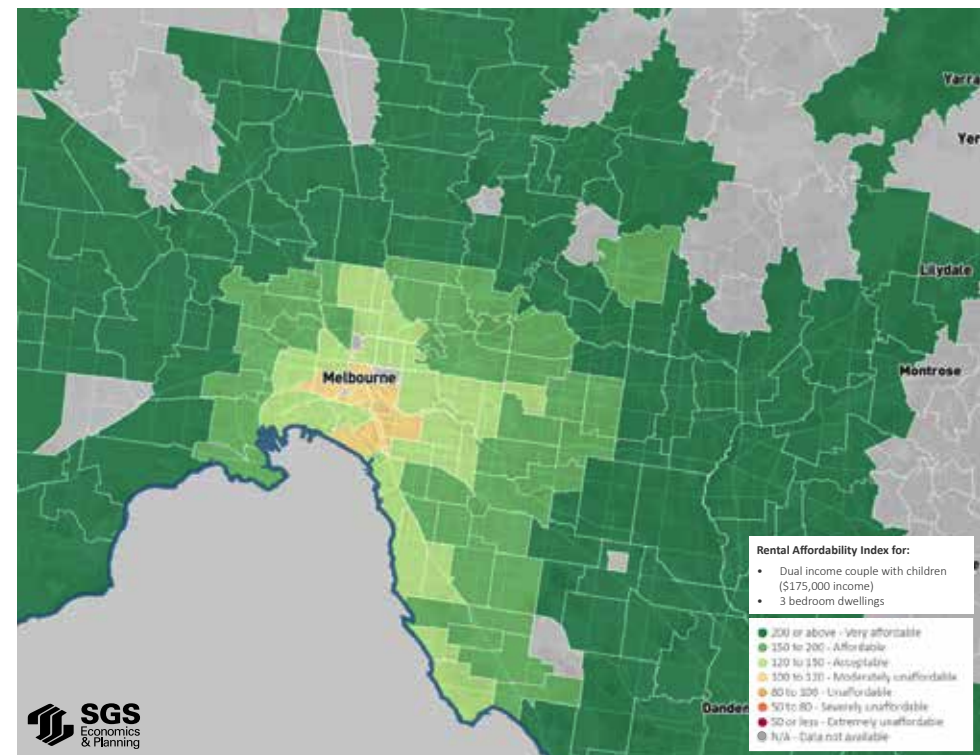
*RAI has been calculated using median rents for all dwellings rather than 3 bdr due to data unavailability

FIGURE 21. GREATER SYDNEY,
SEPTEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

FIGURE 22. GREATER MELBOURNE,
DECEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

4.9 Student sharehouse

\$75,900 OR \$25,300 PER STUDENT

P.A., 3 BEDROOM

UNAFFORDABLE ACROSS METROPOLITAN AREAS AND SEVERELY

UNAFFORDABLE IN THE INNER AND MIDDLE RING SUBURBS

The student sharehouse household is comprised of three students between the ages of 18 and 35, seeking to rent a shared 3 bedroom dwelling. 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. The estimated gross annual income for this household is \$75,900 or \$25,300 per student.

The student sharehouse faces Unaffordable to Extremely Unaffordable rents when seeking to locate in the inner and middle suburbs of metropolitan areas across Australia. This has implications for access to inner-city tertiary institutions and part-time work for the members of this household.

Greater Sydney is the least affordable location for this household with a RAI of 88, requiring 34 per cent of income to be spent on rent. This is followed by the ACT as the second least affordable place with a RAI of 92, offering rents at 33 per cent of this household's income.

The student sharehouse is moreover 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.



TABLE 16. RAI FOR STUDENT SHAREHOUSE

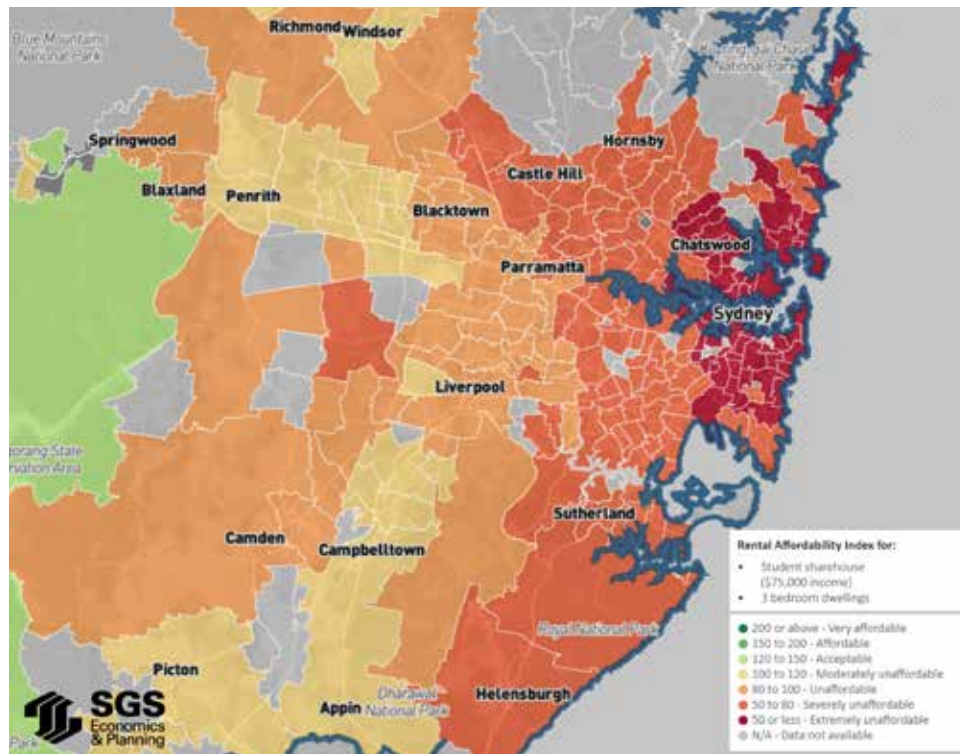
	RAI score	Rent as a share of income
Greater Sydney	88	34%
Rest of NSW	133	23%
Greater Melbourne	109	27%
Rest of VIC	146	21%
Greater Brisbane	110	27%
Rest of QLD	123	24%
Greater Adelaide	128	23%
Rest of SA	173	17%
Greater Perth*	127	24%
Rest of WA*	131	23%
Greater Hobart	121	25%
Rest of TAS	162	19%
ACT	92	33%

Source: SGS Economics and Planning (2018)

Note: RAI scores for Quarter 4 2017 have been presented, with the exception of NSW, which shows Quarter 3 2017 scores due to data unavailability.

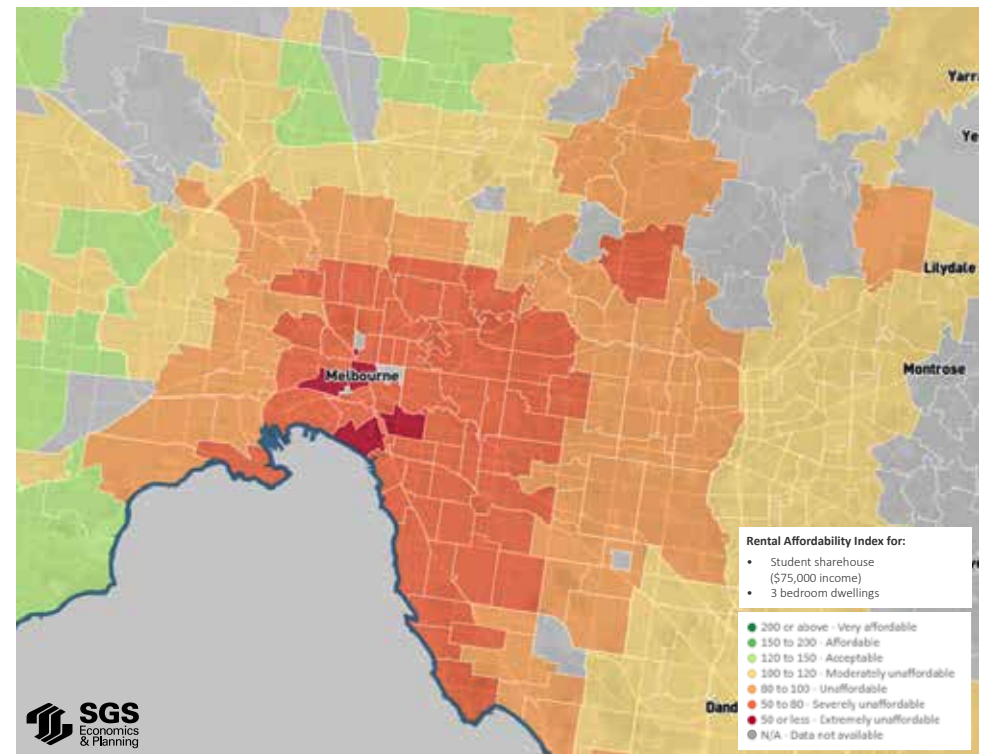
*RAI has been calculated using median rents for all dwellings rather than 3 bdr due to data unavailability

FIGURE 23. GREATER SYDNEY,
SEPTEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

FIGURE 24. GREATER MELBOURNE,
DECEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

4.10 Minimum wage couple

\$72,300 P.A., 2 BEDROOM UNAFFORDABLE TO MODERATELY UNAFFORDABLE ACROSS METROPOLITAN REGIONS

The minimum wage couple household is comprised of a full-time working couple, both earning the national minimum wage (Fair Work, 2018). The household seeks to rent a 2 bedroom dwelling. It does not receive any income or rental support. The estimated gross annual income for this household is \$72,300.

The minimum wage couple faces Moderately Unaffordable to Unaffordable rents across metropolitan regions in Australia.

In Greater Sydney, rents are Severely to Extremely Unaffordable for this household in inner and middle suburbs. Across the metropolitan area, the RAI for the minimum wage couple is 80 in Sydney.

Rents are Unaffordable for this couple in both Greater Melbourne and the ACT, with RAI scores of 99 and 97 respectively. In Greater Brisbane, rents are Moderately Unaffordable, with a RAI of 107 for this household.

Rents are generally Acceptable to Affordable across regional areas of Australia for this household.



TABLE 17. RAI FOR MINIMUM WAGE COUPLE HOUSEHOLD

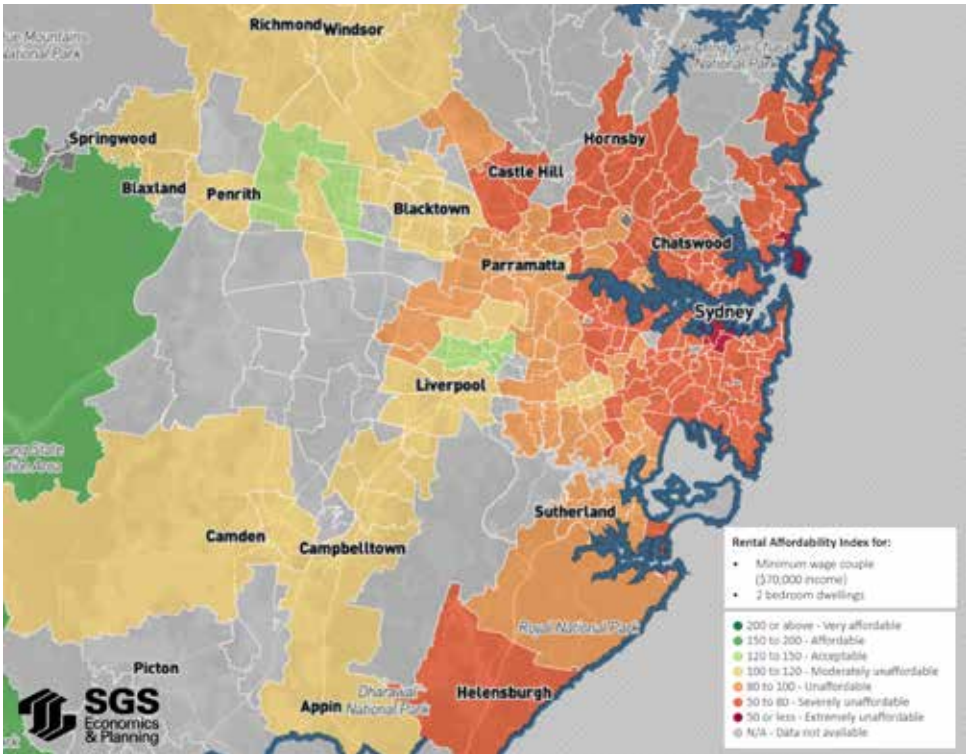
	RAI score	Rent as a share of income
Greater Sydney	80	37%
Rest of NSW	157	19%
Greater Melbourne	99	30%
Rest of VIC	167	18%
Greater Brisbane	107	28%
Rest of QLD	134	22%
Greater Adelaide	140	21%
Rest of SA	210	14%
Greater Perth*	121	25%
Rest of WA*	124	24%
Greater Hobart	134	22%
Rest of TAS	185	16%
ACT	97	31%

Source: SGS Economics and Planning (2018)

Note: RAI scores for Quarter 4 2017 have been presented, with the exception of NSW, which shows Quarter 3 2017 scores due to data unavailability.

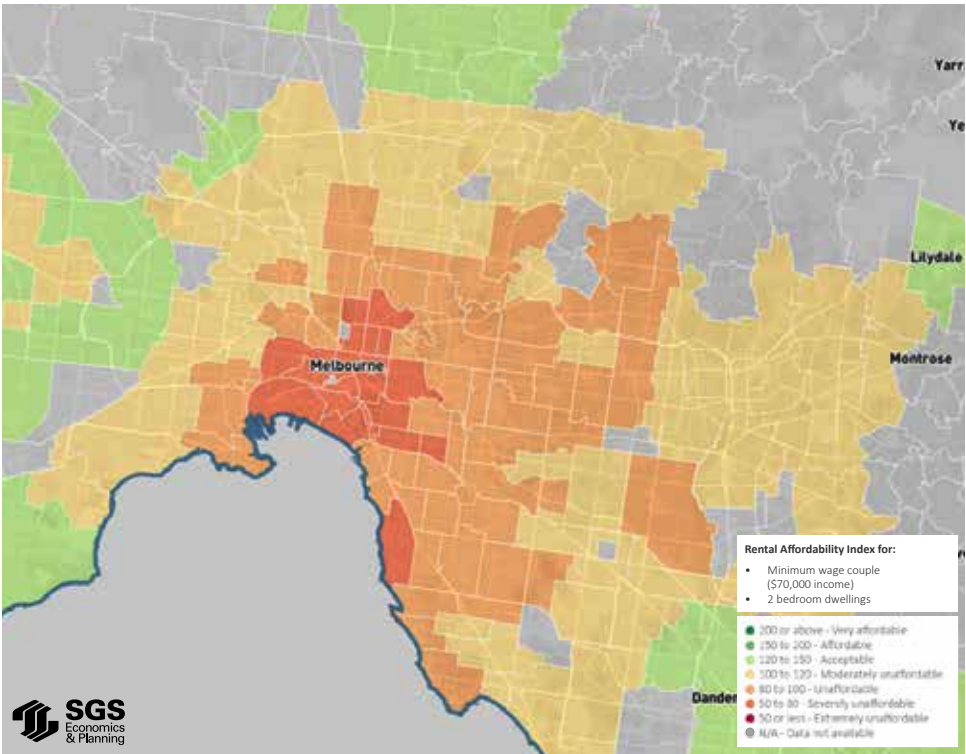
*RAI has been calculated using median rents for all dwellings rather than 2 bdr due to data unavailability

FIGURE 25. GREATER SYDNEY,
SEPTEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

FIGURE 26. GREATER MELBOURNE,
DECEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

4.11 Hospitality worker

\$54,500 P.A., 1 BEDROOM SEVERELY UNAFFORDABLE ACROSS ALL METROPOLITAN AREAS

The hospitality worker household is a lone person household seeking to rent a 1 bedroom dwelling. This worker lives on a single hospitality worker income of \$54,500 per annum⁸.

Across the nation's metropolitan areas, rents for the hospitality worker household are Severely Unaffordable. With a RAI of 69, Greater Sydney is the least affordable city for the hospitality worker, requiring households to pay around 44 per cent of their income on rent.

The ACT is the second least affordable city for hospitality workers with a RAI score of 80, requiring 38 per cent of income to be spent on rent.

In Greater Melbourne and Greater Brisbane, hospitality workers also face Unaffordable rents with RAI scores of 87 and 89 respectively, requiring households to pay up to 34 percent of income on rent.

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 in close proximity to their place of work. Given the often unpredictable, early and/or late hours of work for this household type, the inadequacy of Acceptable rents constrains opportunities and liveability outcomes.

⁸This has been adjusted for different metropolitan/rest of state areas to reflect differences in earning across geographic locations in Australia.



TABLE 18. RAI FOR HOSPITALITY WORKER

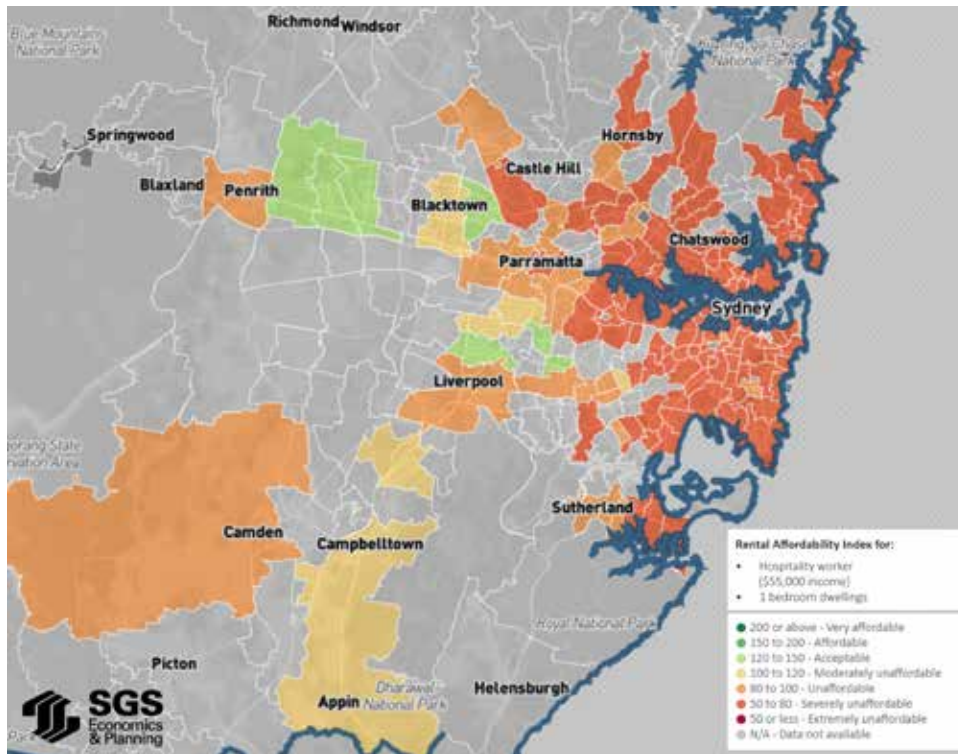
	RAI score	Rent as a share of income
Greater Sydney	69	44%
Rest of NSW	152	20%
Greater Melbourne	89	34%
Rest of VIC	156	19%
Greater Brisbane	87	34%
Rest of QLD	116	26%
Greater Adelaide	123	24%
Rest of SA	191	16%
Greater Perth*	93	32%
Rest of WA*	106	28%
Greater Hobart	136	22%
Rest of TAS	182	16%
ACT	80	38%

Source: SGS Economics and Planning (2018)

Note: RAI scores for Quarter 4 2017 have been presented, with the exception of NSW, which shows Quarter 3 2017 scores due to data unavailability.

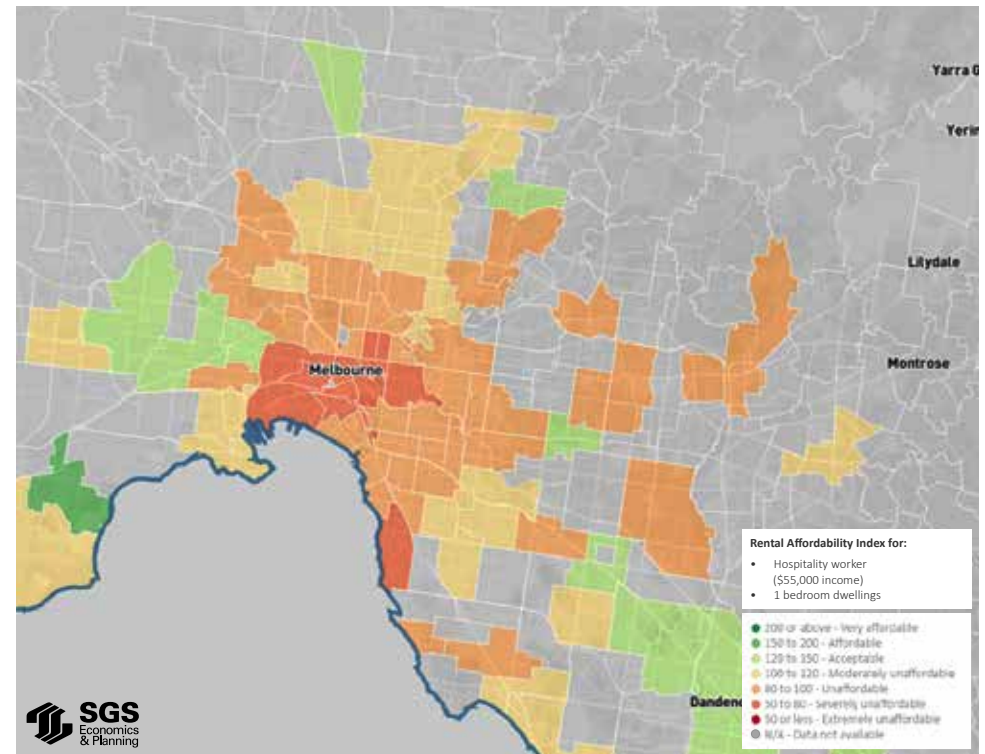
*RAI has been calculated using median rents for all dwellings rather than 1 bdr due to data unavailability

FIGURE 27. GREATER SYDNEY,
SEPTEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

FIGURE 28. GREATER MELBOURNE,
DECEMBER QUARTER, 2017



Source: SGS Economics and Planning, 2018

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 was not calculated.⁹

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 10 listings were excluded from the analysis.

New South Wales

- Regional level analysis uses the median rent of the Greater Metropolitan Region (GMR), as defined by Housing NSW. That is, the combined areas of:
- Greater Sydney, and
- The LGAs of Cessnock, Kiama, Lake Macquarie, Maitland, Newcastle, Port Stephens, Shellharbour and Wollongong.
- The average household incomes of the GMR is assumed to be equal to those in 'Greater Sydney', as defined by the Australia Bureau of Statistics (GCCSA).
- Data availability requires the overall RAI of Sydney and Rest of NSW to use the median rental price of 3 bedroom dwellings rather than the median of 'all dwellings.'
- Data for Metropolitan Sydney is available by postcode; for the Balance of NSW, data is only available at LGA level.
- Data was not available for areas with fewer than 10 listings; as such, this data was not included in the analysis.

⁹Where a RAI could not be calculated, an 'n/a' is shown on the online map.

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. E.g. the median rent of a 3 bedroom dwelling is estimated as the weighted average of the rents of 3 bedroom flats, 3 bedroom townhouses and 3 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 10 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 2 and 3 bedroom dwellings.
- In the calculation of the RAI for average households across the state (i.e.. all dwellings), observations with fewer than 10 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 10 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 10 listings were excluded from the analysis.

Western Australia

- Data was not reported if the median was based on fewer than 10 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

Australian Bureau of Statistics (ABS) (2016a). 6306.0 Employee Earnings and Hours, Australia, May 2016.

Available online: <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/6306.0Main+Features1May%202016?OpenDocument>

Australian Bureau of Statistics (ABS) (2016b), Census of Population and Housing. INCP Total Personal Income (weekly), Counting Persons, Place of Usual Residence.

Australian Government Department of Social Services, Age Pension (2018). Available online: <https://www.dss.gov.au/seniors/benefits-payments/age-pension>

Centrelink, Australian Government Department of Human Services (2018). Available online: <https://www.humanservices.gov.au/customer/dhs/centrelink>

Fair Work (2018). Available online: <https://www.fairwork.gov.au/how-we-will-help/templates-and-guides/fact-sheets/minimum-workplace-entitlements/minimum-wages>



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