MEDIA RELEASE
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Adelaide second least affordable City in Australia: renters not benefitting from reduced rents as much as in other cities

Adelaide remains the second least affordable capital city, as incomes in Greater Adelaide have failed to keep pace with rising rents, the latest release of the 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.

A score of 100 and below in the RAI shows that low-income households are suffering rental stress, spending at least 30 per cent of their income on housing. They may experience difficulty paying for primary needs such as food, medicine and transport. A score of 100-150 shows that low-income households are facing unaffordable rents.

With a score of 113, the average income household in Greater Adelaide faces rents at around 26 per cent of their income, but it is much worse for low income households. Over the past 12 months, there has been slight improvement for average income households in Adelaide, which saw a notable decline in affordability throughout 2018 and 2019. Of all the capital cities, the Adelaide rents dropped the least.

Ellen Witte, Partner at SGS Economics and Planning said: “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%). In Adelaide the rents dropped by only 1 per cent.”

“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 in social housing of $7.8 billion would create 15,500 to 18,000 jobs over four years and add 30,000 dwellings and refurbish aged stock,” Ms Witte said.

The geographic spread of affordability in Greater Adelaide has increased. Some north eastern suburbs such as Salisbury Heights and Brahma Lode have shifted from moderately unaffordable to acceptable for average income households. However, almost all of the inner, middle and coastal suburbs are now moderately unaffordable to unaffordable.

Rents in Adelaide remain particularly unaffordable to lower income households:
- Single person on JobSeeker: 42 per cent of income (severely unaffordable)
- Single pensioner: 49 per cent of income (severely unaffordable)
- Pensioner couple: 34 per cent of income (unaffordable)
- Single part-time worker parent on benefits: 30 per cent of income (moderately unaffordable to unaffordable)
- Full-time hospitality worker: 25 per cent of income (moderately unaffordable)

In country South Australia, rents have marginally improved. With a RAI of 135, the average household needing to rent faces rents of about 22 per cent of their income. For low-income households or below $40,000 there is only one town that has acceptable affordability in regional SA – Peterborough.

Fast-growing outer areas such as Mt Barker and Lobethal continue to have moderately unaffordable rents. Strathalbyn however, has shifted from unaffordable to acceptable.

Adrian Pisarski, Executive Officer, National Shelter, said: “Despite JobSeeker being a welcome boost to many low-income renters, the reality is that 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.

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.”

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Interview opportunities are available with:

- Adrian Pisarski, Executive Officer of National Shelter – Noosa, QLD
- Ellen Witte, Partner at SGS Economics and Planning – Hobart, 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.