

**MEDIA RELEASE****EMBARGOED UNTIL 00:01 Tuesday 1 December 2020****Melbourne rental affordability improves; JobSeeker and pensioners are struggling**

Renters on low-incomes, such as pensioners and people on JobSeeker, are facing severe-extreme rental stress despite Melbourne's growing affordability, the latest release of the Rental Affordability Index (RAI) has found.

Over the past year, affordability has improved across Greater Melbourne by 8.9 per cent – which has almost entirely been driven by the decline in rents caused by the onset of the COVID-19 pandemic.

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.

Households are considered to be in housing stress when they face a score of 100 or less on the RAI and pay more than 30 per cent of their income on rent. At that level, they may experience difficulty paying for primary needs such as food, heating, medicine and transport due to unaffordable rent.

With a score of 140 in the June quarter of 2020, the average income household in Greater Melbourne faces rental costs at around 22 per cent of their total income. While this is considered acceptable, the change has not been even across Greater Melbourne with some areas remaining or becoming unaffordable while others have become acceptable or affordable.

Inner city, inner north east, and tertiary education precincts have improved, with areas which were previously unaffordable or moderately unaffordable now acceptable – including the Melbourne CBD, West Melbourne, Southbank, South Yarra, and Carlton. The average income household is now paying 24 per cent on rent in these areas. Three months earlier, at the start of the COVID-19 pandemic, this would have been 31 per cent – making Melbourne unaffordable.

The middle ring suburbs in the north-east corridor such as Kew East, Balwyn North and Eltham South have shifted from moderately unaffordable to unaffordable. Other areas of worsening affordability include Airport West, Keilor Park, Ringwood, Springvale, and Elsternwick Areas.

Rents remain unaffordable for lower income households in Melbourne, for example:

- Single person on JobSeeker: 56 per cent of income (severely unaffordable)
- Single pensioner: 65 per cent of income (extremely unaffordable)
- Pensioner couple: 45 per cent of income (severely unaffordable)
- Single part-time worker parent on benefits: 40 per cent of income (severely unaffordable)
- Full-time hospitality worker: 31 per cent of income (unaffordable)

Affordability in country Victoria has marginally increased during the last 12 months, with rents remaining just within acceptable levels. The median household seeking to rent in regional Victoria faces spending about 24 per cent of their total income on rented

property. Fringe area commuter cities and towns such as Woodend, Torquay and Ocean Grove are moderately unaffordable to unaffordable. Regional centres such as Geelong, Bendigo, Ballarat and Shepparton have experienced a gradual decrease in affordability.

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 the Victorian Government has done, 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.

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%).”

“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.”

**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
- 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.