

Rental Affordability Index

June 2016 release



SGS Economics and Planning has taken all due care in the preparation of this report. However, SGS and its associated consultants are not liable to any person or entity for any damage or loss that has occurred, or may occur, in relation to that person or entity taking or not taking action in respect of any representation, statement, opinion or advice referred to herein.

SGS Economics and Planning Pty Ltd
ACN 007 437 729
www.sgsep.com.au
Offices in Canberra, Hobart, Melbourne, Sydney



Table of Contents

INTRODUCTION	4
Background and aim	4
Publication information	4
Method	4
Income	5
Median Rents	6
State specific methodological considerations	6
NATIONAL TRENDS	8
National Summary	8
Metropolitan areas	8
Rest of state areas	9
STATE TRENDS	10
New South Wales	10
Greater Sydney	10
Rest of NSW	11
Queensland	12
Greater Brisbane	12
Rest of Queensland	13
South Australia	14
Greater Adelaide	14
Rest of SA	15
Tasmania	16
Greater Hobart	16
Rest of Tasmania	17
Western Australia	18
Greater Perth	18
Rest of WA	19
HISTORICAL TRENDS	20
NSW	20
Greater Sydney	20
Rest of NSW	22
Queensland	23
Greater Brisbane	23
Rest of Queensland	25
APPENDIX	26
Australian Capital Territory	26
New South Wales	26
Northern Territory	26
Queensland	26
South Australia	27
Tasmania	27
Western Australia	27

Introduction

Background and aim

Shelter Australia, Community Sector Banking and SGS have formed a partnership to develop and release the Rental Affordability Index (RAI) on a quarterly basis. The RAI is intended to complement the Housing Affordability Index (HAI) developed by the Commonwealth Bank of Australia and Housing Industry Association (HIA). It is an easy to understand indicator of rental affordability applied to geographic areas across Australia. This report has been prepared in support of the second RAI release.

Publication information

The RAI is released each quarter and covers all states with available data. Victoria, the Northern Territory and Australian Capital Territory do not form part of this release as rental bond data were not available to develop the RAI in these states. The RAI tracks rental affordability for all households, but focuses specifically on very low and low income family and non-family households. The indices are provided at state and metropolitan/balance of state levels. More detailed information is available at the postcode level across Australia 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/RAI.html>

This report presents the preliminary findings of the June 2016 release of the RAI. It provides an update of the November 2015 RAI report by providing analysis of data from the two most recent available quarters, September and December 2015. It also includes findings from analysis of historical data from Queensland and New South Wales.

Method

It is generally accepted that if housing costs exceed 30% of a low income household's (lowest 40% of households) gross income, the household is experiencing housing stress (30/40 rule). That is, housing is

significantly unaffordable and housing costs consume a disproportionately high amount of household income. The method of the RAI uses the 30% of income rule and broadly aligns with the HAI approach. Rental affordability is calculated using the following equation:

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

Households paying 30% of income on rent have a RAI score of 100, indicating these households are at the critical threshold level of 30% for housing stress. Households paying close to 30% 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 (not limited to):

- 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 the RAI relates to the severity of housing unaffordability. Scores of 100 and less indicate that households spend 30% 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% or more of their income on rent. Extremely unaffordable rents occur when the index score is 50 or less, and households spend 60% of their income or more on housing.

¹ Qualifying income refers to the income required to pay rent where rent is 30% of income

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% 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%	Severely unaffordable rents
80-100	30%	Unaffordable rents
100-120	25%	Moderately unaffordable rents
120-150	20%	Acceptable rents
150+	15% or less	Affordable rents

SGS Economics and Planning, 2016

Income

The Index uses the average weekly household earnings of each region. Household income is sourced from 2011 census data. The measure of household income used is Total Household Income of households that rent. This measure is the sum of the total personal weekly incomes of each resident present in a household on census night.

To demonstrate rental affordability for the lower 40% and different household types, indices are generated for the following household types who occupy rented dwellings:

Family households:

- The 20% of households within the lowest household income quintile (Q1)
- The 20% of households within the second lowest household income quintile (Q2)

Non-family households (primarily lone person households):

- The 20% of households within the lowest household income quintile (Q1)
- The 20% of households within the second lowest household income quintile (Q2)

The household income quintiles are determined at an aggregated geographic level: Metropolitan and Balance of State. This way inherent income differences between States and urban versus regional areas are taken into account.

Within each state and regional areas (greater metropolitan region and rest of state), and for each household type (Family, Non-Family and all households), income quintiles are defined and the mean income of each quintile calculated.

The ABS time series of average weekly earnings (Cat 6302.0) is used to extrapolate the 2011 weekly household incomes for all except the lowest quintile. 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. The lowest income quintile is extrapolated using the annual growth rates of Centrelink payments, specifically, the Newstart allowance payment.

Median Rents

Analysis of census data indicates that across almost all income ranges, family households tend to rent 3

bedroom dwellings, while non-family households tend to rent 2 bedroom dwellings. For this reason, median rental prices have been calculated based on 3 and 2 bedroom dwellings respectively for family and non-family households.

For each geographic region (State, Metropolitan and Balance of State), 5 indices of rental affordability are calculated:

Overall RAI

- Uses median rental price of all dwellings and the average weekly household earnings of the region (across all household types)

Family households - first quintile

- Uses 75%² of the median rental price of three bedroom dwellings and the average weekly household earnings of the lowest income quintile (within family households only)

Family households – second quintile

- Uses the median rental price of three bedroom dwellings and the average weekly household earnings of the second lowest income quintile (within family households only)

Non-family households – first quintile

- Uses 75% of the median price of two bedroom dwellings and the average weekly household earnings of the lowest income quintile (within non-family households only).

Non-family households – second quintile

- Uses the media price of two bedroom dwellings and the average weekly household earnings of the second lowest income quintile (within non-family households only).

State specific methodological considerations

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.

² 75% of market rent is often used to calculate 'affordable housing' for low income households (for example by community housing organisations or through programs like NRAS). However, analysis shows that even 75% of market rent is often unaffordable for the lowest quintile.

Results

FOR RENT

2

National trends

National summary

The table below provides a summary of metropolitan and balance of state RAI scores for each state at the December 2015 Quarter.

	Metropolitan area		Rest of state area	
	RAI score	Relative unaffordability	RAI score	Relative unaffordability
NSW	109	Moderately unaffordable rents	111	Moderately unaffordable rents
QLD	116	Moderately unaffordable rents	120	Acceptable rents
SA	117	Moderately unaffordable rents	131	Acceptable rents
Tas.	111	Moderately unaffordable	117	Moderately unaffordable
WA	126	Acceptable	149	Acceptable

Metropolitan areas

Sydney continues to be the least affordable of the metro areas studied.

- In Adelaide, pockets of the north are becoming more affordable while affordability in areas of the south is declining.
- Perth is the most affordable of the metro areas studied. It has experienced the most significant

upward trend over the last two years and the last release.

- Greater Brisbane is the only metro area to have declined in affordability, both over the past two years and since the last release
- Pockets at the fringes of Greater Hobart have become more affordable.

Region	2012	2012	2013	2013	2013	2013	2014	2014	2014	2014	2015	2015	2015	2015		
	3	4	1	2	3	4	1	2	3	4	1	2	3	4	2 yr trend	Trend since last release
Greater Sydney	107	107	105	108	106	106	105	109	107	109	107	108	109	109	2.70%	1.20%
Greater Brisbane	114	115	115	120	119	120	118	121	120	119	116	118	119	116	-2.60%	-1.70%
Greater Adelaide	110	111	112	113	116	116	117	115	118	118	112	114	115	117	1.50%	2.90%
Greater Hobart							111	110	111	110	109	110	112	111	Not available	0.50%
Greater Perth	107	107	105	106	107	108	109	109	114	115	117	119	123	126	16.60%	5.60%

Rest of state areas

- Regional NSW is still the least affordable of the rest of state areas studied, though has improved slightly since earlier in 2015.
- Regional WA is the most affordable of the rest

of state areas studied and is becoming more affordable.

Region	2012	2012	2013	2013	2013	2013	2014	2014	2014	2014	2015	2015	2015	2015		
	3	4	1	2	3	4	1	2	3	4	1	2	3	4	2 yr trend	Trend since last release
Rest of NSW	107	109	109	109	110	111	108	113	114	112	109	110	111	111	0.60%	1.20%
Rest of QLD	109	112	114	117	118	119	120	122	123	122	122	123	122	120	1.50%	-1.90%
Rest of SA	125	127	128	129	130	132	130	130	131	134	129	129	132	131	-0.90%	1.30%
Rest of Tas.							117	116	121	117	123	120	118	117	Not available	-1.90%
Rest of WA	97	88	83	108	106	102	108	101	122	128	135	137	144	149	46.10%	8.40%



State trends

New South Wales

Greater Sydney

Greater Sydney has been the least affordable metropolitan area in Australia in recent years, with a RAI of 109 in the last two quarters of 2015.

Affordability is increasing, however, at a relatively slow rate. This is a result of steadily increasing income (with quarterly growth rates between 0.6 to 1.2 per cent) in recent years. While rents have also increased over the last three years, they have risen at a lower rate, as median household rents have fluctuated between quarters.

RAI scores for households in the lower income quintiles are as follows, with a comparison with June 2015 results:

- Q1 families: 47 (up from 46 at last release)
- Q1 non-families: 25 (same as last release)
- Q2 families: 75 (same)
- Q2 non-families: 44 (up from 43)

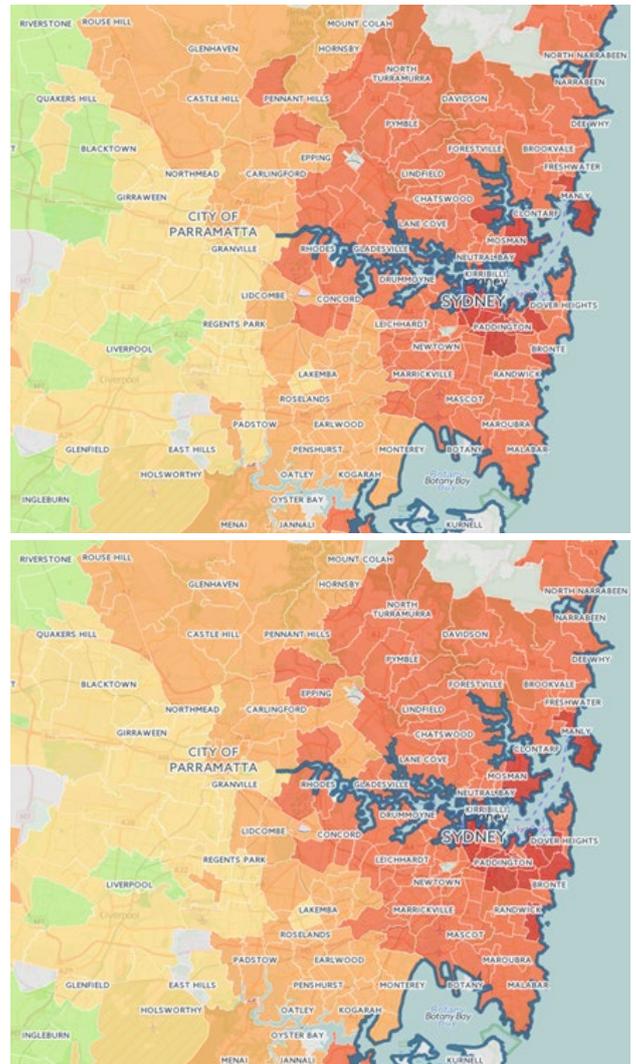
There are pockets of improving affordability in outer Sydney.

FIGURE 1. CHANGE IN AVERAGE WEEKLY HOUSEHOLD INCOME IN GREATER SYDNEY (SEP '12 – DEC '15)



Source: SGS Economics and Planning, 2016

FIGURE 2. INNER SYDNEY, JUNE 2015 (TOP) VS. DECEMBER 2015 (BOTTOM)



RENTAL AFFORDABILITY INDEX

- 200 OR ABOVE - VERY AFFORDABLE
- 150 TO 200 - AFFORDABLE
- 120 TO 150 - ACCEPTABLE
- 100 TO 120 - MODERATELY UNAFFORDABLE
- 80 TO 100 - UNAFFORDABLE
- 50 TO 80 - SEVERELY UNAFFORDABLE
- 50 OR LESS - EXTREMELY UNAFFORDABLE
- N/A

□ METROPOLITAN AREAS

Rest of NSW

- With a RAI of 111, regional NSW has also been the least affordable relative to other balance of state areas in recent years. While the RAI has increased slightly in recent quarters, they remain lower than they were a year ago, and the same as two years ago.
 - Like metropolitan Sydney, the overall moderate increase in affordability in regional NSW in recent years is due to a higher rate of household income growth relative to increase in rents.
- RAI scores for households in the lower income quintiles are as follows, with a comparison with June 2015 results:
 - Q1 families: 57 (same as last release)
 - Q1 non-families: 37 (up from 36 at last release)
 - Q2 families: 76 (up from 75)
 - Q2 non-families: 49 (up from 48).

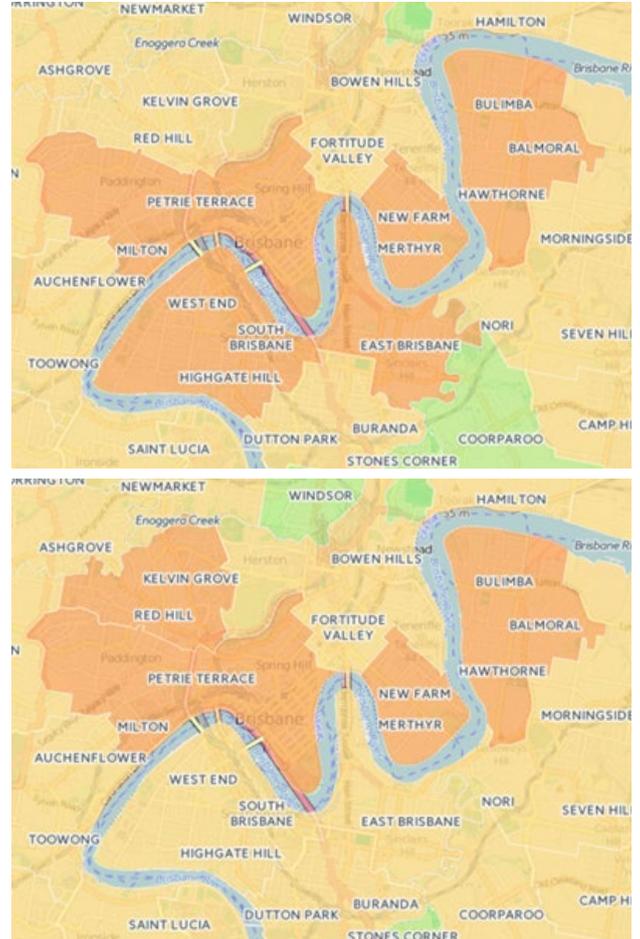


Queensland

Greater Brisbane

- With a RAI of 116, affordability in Greater Brisbane has decreased both since the last release and over the past two years; it is the only one to have recorded such a trend of the metro areas studied.
- This is due to a declining income growth rate in Brisbane. Over the past two years, household income has declined by 0.2 per cent, while rents have increased overall by 2.5 per cent. Median household rents have fluctuated between \$390 and \$406 per week in this period, however.
- RAI scores for households in the lower income quintiles are as follows, with a comparison with June 2015 results:
 - Q1 families: 58 (same as last release)
 - Q1 non-families: 31 (down from 32)
 - Q2 families: 88 (down from 89)
 - Q2 non-families: 52 (down from 54).
- Some areas in outer Brisbane have become less affordable, while parts of inner Brisbane, particularly south of the river (eg. West End, South Brisbane and East Brisbane) have become more affordable over the past two quarters. However, these areas remain moderately unaffordable to the average renting household.

FIGURE 3. INNER BRISBANE, JUNE 2015 (TOP) VS. DECEMBER 2015 (BOTTOM)

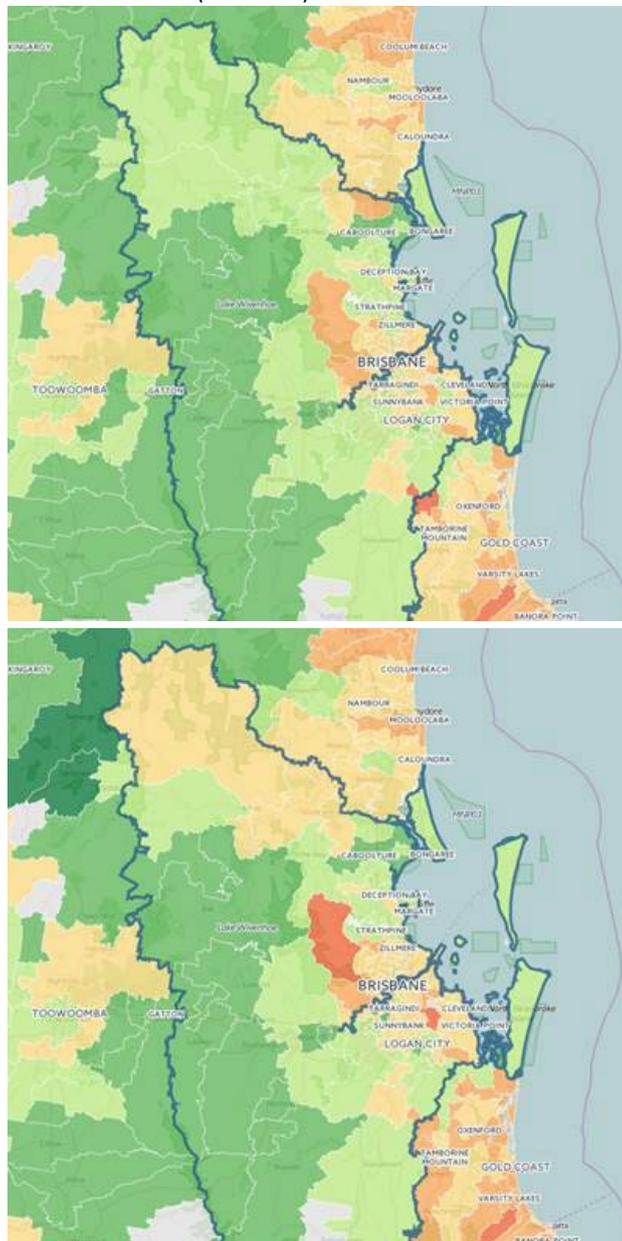


RENTAL AFFORDABILITY INDEX

- 200 OR ABOVE - VERY AFFORDABLE
- 150 TO 200 - AFFORDABLE
- 120 TO 150 - ACCEPTABLE
- 100 TO 120 - MODERATELY UNAFFORDABLE
- 80 TO 100 - UNAFFORDABLE
- 50 TO 80 - SEVERELY UNAFFORDABLE
- 50 OR LESS - EXTREMELY UNAFFORDABLE
- N/A

□ METROPOLITAN AREAS

FIGURE 4. GREATER BRISBANE, JUNE 2015 (TOP) VS. DECEMBER 2015 (BOTTOM)



RENTAL AFFORDABILITY INDEX

- 200 OR ABOVE - VERY AFFORDABLE
- 150 TO 200 - AFFORDABLE
- 120 TO 150 - ACCEPTABLE
- 100 TO 120 - MODERATELY UNAFFORDABLE
- 80 TO 100 - UNAFFORDABLE
- 50 TO 80 - SEVERELY UNAFFORDABLE
- 50 OR LESS - EXTREMELY UNAFFORDABLE
- N/A

□ METROPOLITAN AREAS

Rest of Queensland

- Regional Queensland has a RAI of 120
- While the overall 2 year trend has been one of increasg affordability, since the last release, the RAI score has dropped by 3.
- While over the past few years regional Queensland has experienced relatively high overall growth in household income and, though to a lesser degree, declining rents, this trend has reversed in recent quarters. Since the last release, household income has declined by 0.6 per cent, while rents increased by 1.4 per cent.
- RAI scores for households in the lower income quintiles are as follows, with a comparison with June 2015 results:
 - Q1 families: 51 (same as last release)
 - Q1 non-families: 41 (same)
 - Q2 families: 76 (down from 77)
 - Q2 non-families: 55 (down from 56).

South Australia

Greater Adelaide

- Greater Adelaide has a RAI of 117
- There has been a positive trend in rental affordability over the last two years, and since the last release the RAI score has increased by 3.
- This is a result of household incomes rising at a greater rate than rents in recent years. Over the past three years, household income rose by 7.5 per cent, while rents rose only by 1.7 per cent.
- Some areas in the south of Adelaide have become less affordable, while some areas in the north have become more affordable since the last release.
- Postcode 5043 (includes Morphettville, Marion and Mitchell Park), which has generally been unaffordable in the past few years, has become very affordable in the last quarter, with a steep decline in median rents.
- RAI scores for households in the lower income quintiles are as follows, with a comparison with June 2015 results:
 - Q1 families: 53 (up from 51 at last release)
 - Q1 non-families: 30 (up from 29)
 - Q2 families: 82 (up from 79)
 - Q2 non-families: 42 (up from 41).

FIGURE 5. GREATER ADELAIDE, JUNE 2015 (TOP) VS. DECEMBER 2015 (BOTTOM)



RENTAL AFFORDABILITY INDEX

- 200 OR ABOVE - VERY AFFORDABLE
- 150 TO 200 - AFFORDABLE
- 120 TO 150 - ACCEPTABLE
- 100 TO 120 - MODERATELY UNAFFORDABLE
- 80 TO 100 - UNAFFORDABLE
- 50 TO 80 - SEVERELY UNAFFORDABLE
- 50 OR LESS - EXTREMELY UNAFFORDABLE
- N/A

□ METROPOLITAN AREAS

Rest of South Australia

- Regional SA has a RAI of 131
 - While there has been an overall negative trend over the past two years (largely due to a decline from 134 to 129 from the last quarter of 2014 to the second quarter of 2015), affordability has increased since the last release.
 - In the past two years households seeking to rent in regional SA have seen a higher rate of growth in rents (4.2 per cent) than in household income (3.2 per cent).
- RAI scores for households in the lower income quintiles are as follows, with a comparison with June 2015 results:
 - Q1 families: 72 (same as last release)
 - Q1 non-families: 47 (same, though a fluctuation of 47-49-47 over the past two quarters)
 - Q2 families: 96 (up from 95)
 - Q2 non-families: 60 (same)

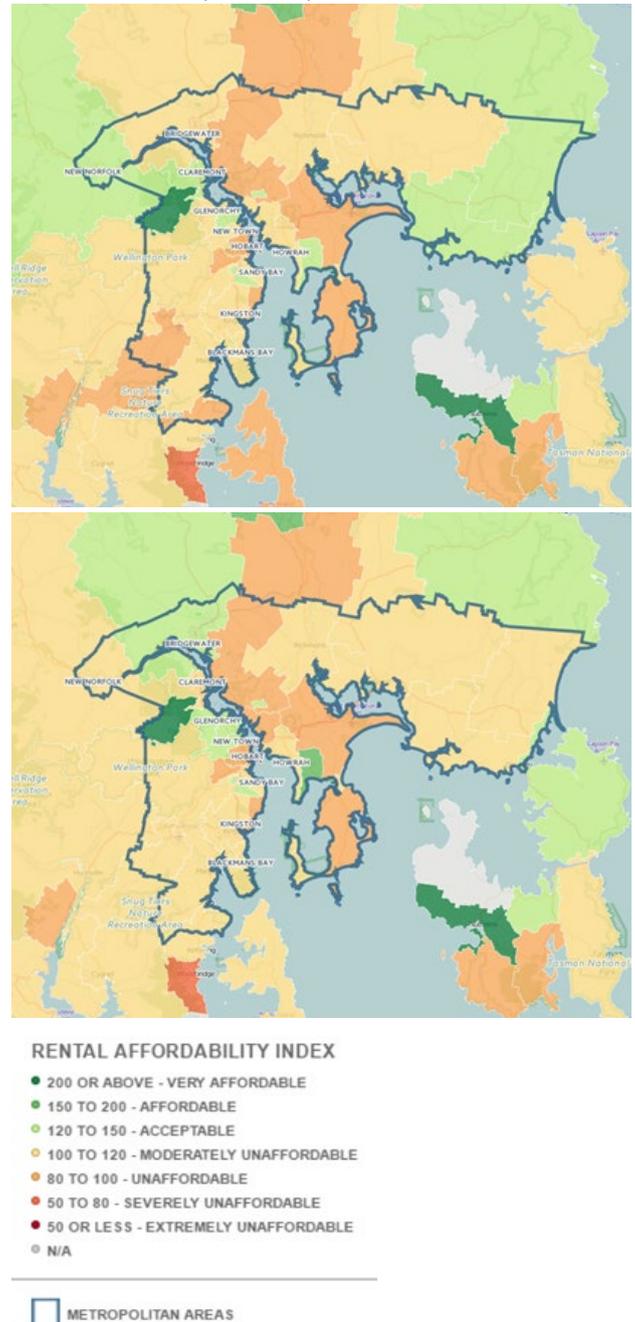


Tasmania

Greater Hobart

- Greater Hobart has a RAI of 111
- While a two-year trend cannot be analysed for Greater Hobart, there has been little change in affordability in recent quarters, though the RAI score has fallen by 1 since the last release.
- Growth in household income over the past year (December 2014 to 2015) has overall been slightly higher than growth in household rents.
- Pockets at the fringes of Greater Hobart have become more affordable.
- RAI scores for households in the lower income quintiles are as follows, with a comparison with June 2015 results:
 - Q1 families: 55 (down from 56 at last release)
 - Q1 non-families: 32 (down from 33)
 - Q2 families: 73 (down from 74)
 - Q2 non-families: 43 (down from 44).

FIGURE 6. GREATER HOBART, JUNE 2015 (TOP) VS. DECEMBER 2015 (BOTTOM)



Rest of Tasmania

- Regional Tasmania has a RAI of 117
 - While a two-year trend cannot be analysed for regional Tasmania, there has been some fluctuation in affordability in recent quarters. Since the last release, the RAI score has fallen by 3 as a result of household income growing at a lower rate than that of household rents over this period.
- RAI scores for households in the lower income quintiles are as follows, with a comparison with June 2015 results:
 - Q1 families: 46 (down from 47 at last release)
 - Q1 non-families: 43 (down from 44)
 - Q2 families: 79 (down from 80)
 - Q2 non-families: 55 (down from 56)



Western Australia

Greater Perth

- Greater Perth has a RAI of 126
- With a score of 108 in December 2013, affordability has increased significantly over the past two years. Since the last release, the score has increased from 119, moving Perth to the acceptable rents category rather than the moderately unaffordable rents category
- Average household income has grown by 6.6 per cent in the past three years. An inverse trend has occurred for rents, with median rent declining by 9.8 per cent during this same period. While rents had been rising prior to 2013, a peak in rents occurred in the June quarter of that year.
- RAI scores for households in the lower income quintiles are as follows, with a comparison with June 2015 results:
 - Q1 families: 56 (up from 53)
 - Q1 non-families: 31 (up from 29)
 - Q2 families: 90 (up from 85)
 - Q2 non-families: 44 (up from 42)
- Increases in affordability have been seen in pockets across the metropolitan area. Cottesloe and North Fremantle have risen in unaffordability, however, though areas quite close by (including Fremantle and Mosman Park) align with the metropolitan trend and have increased in affordability.

FIGURE 7. GREATER PERTH, JUNE 2015 (TOP) VS. DECEMBER 2015 (BOTTOM)

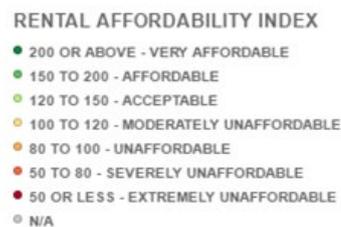
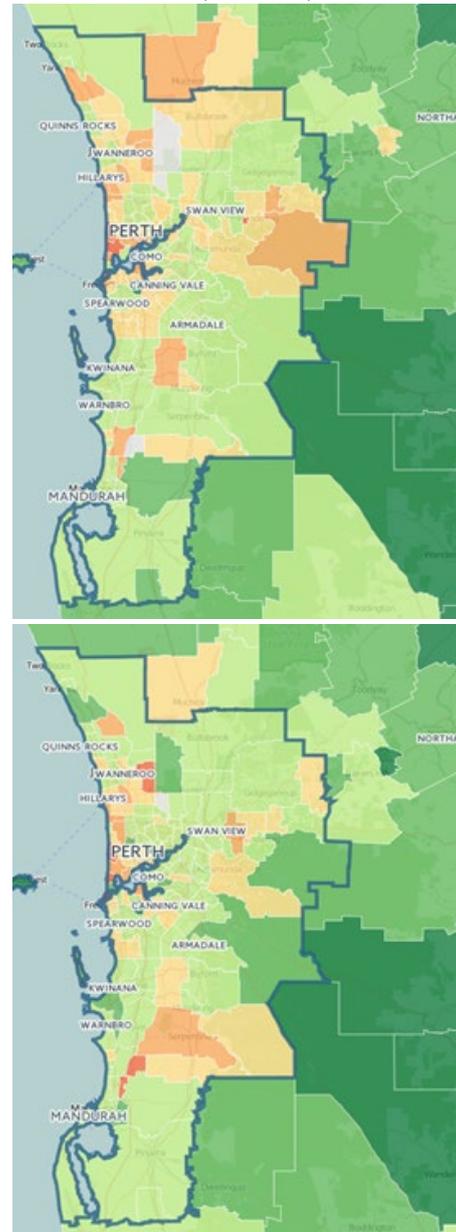
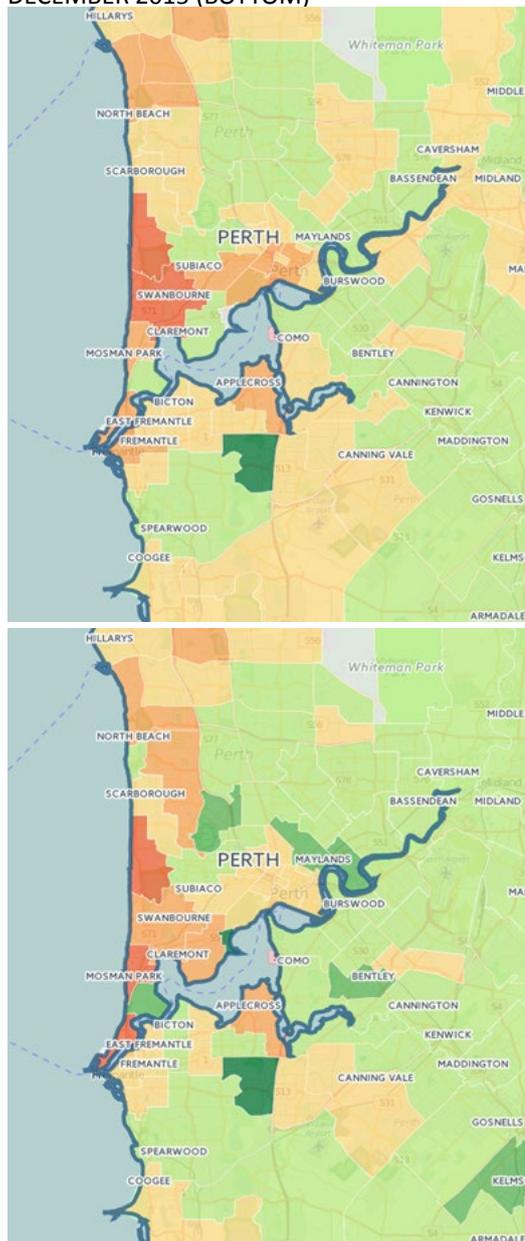


FIGURE 8. INNER PERTH, JUNE 2015 (TOP) VS. DECEMBER 2015 (BOTTOM)



Rest of Western Australia

- Regional Western Australia has a RAI of 149
- Increase in affordability has been even more significant in regional WA than the metro area. Recording a RAI score of 102 two years ago, regional WA has seen an uplift of 147 since the end of 2013, moving it from moderately unaffordable rents (and close to the 100 affordability threshold) to acceptable rents. Its RAI score has increased by 12 since the last release.
- RAI scores for households in the lower income quintiles are as follows, with a comparison with June 2015 results:
 - Q1 families: 64 (up from 59)
 - Q1 non-families: 37 (up from 34)
 - Q2 families: 100 (up from 92; right on the affordability threshold, so almost at affordable rents)
 - Q2 non-families: 49 (up from 45).

Historical trends

New South Wales

Greater Sydney

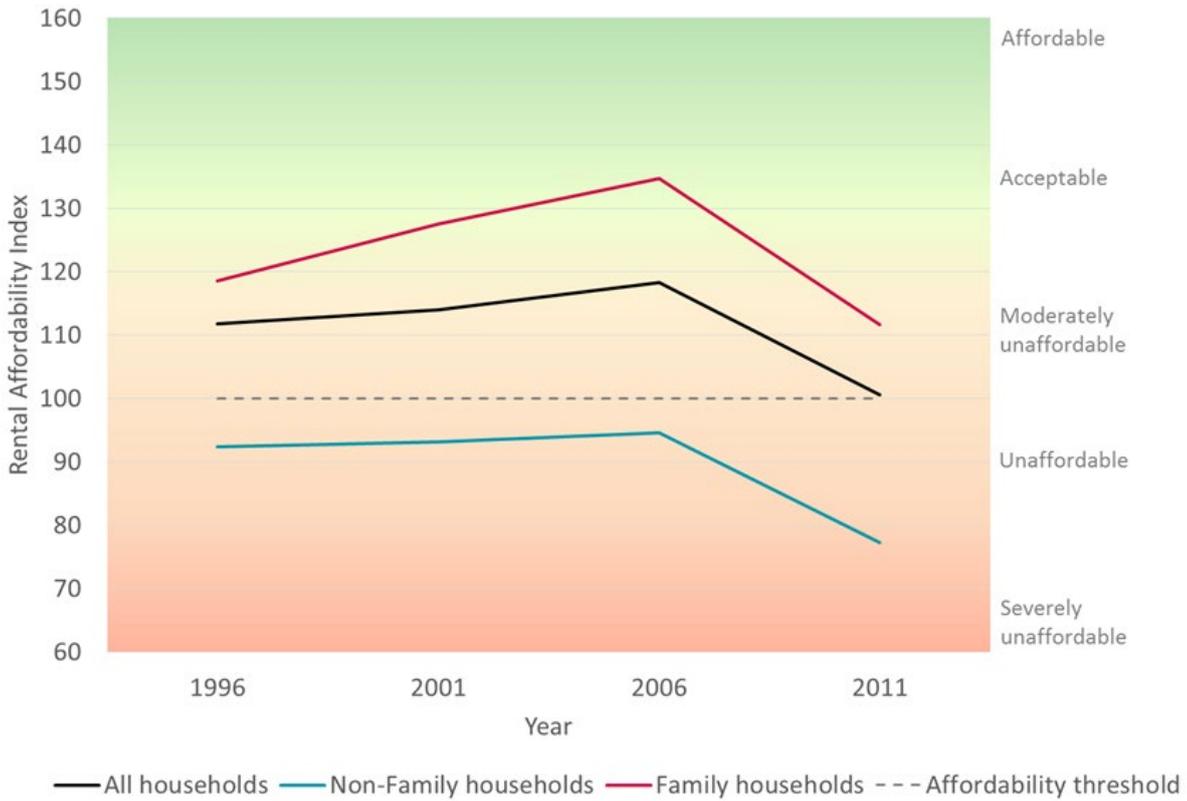
- Affordability for the average household seeking to rent in Greater Sydney has declined from 112 in 1996 to 101 in 2011 due to a disproportional increase in median rents over time. From 2006 to 2011 household rents grew by 47 per cent, from \$300 to \$440 per week, while household income grew by only 38 per cent over this period.
- While affordability improved between 1996 and 2006, there was a sharp decline in affordability for all households from 2006 to 2011.
- Data from more recent quarters show that affordability is slowly recovering with a lower rate of increase in rents, though it continues to remain moderately unaffordable.
- Changes in affordability for family and non-family households have followed similar trends to the average household in Greater Sydney. While family households have faced moderately unaffordable rent levels in 1996 and 2011, non-family households (predominantly lone person households) have faced a shift from unaffordable to severely unaffordable rents.

TABLE 4. SUMMARY OF NSW HISTORICAL TRENDS

Region	Household type	Year (June Quarter)			
		1996	2001	2006	2011
Greater Sydney	All	112	114	118	101
	Non-family	92	93	95	77
	Family	119	128	135	112
Rest of NSW	All	121	129	126	118
	Non-family	98	104	108	100
	Family	121	139	129	126

Source: SGS Economics and Planning

FIGURE 9. GREATER SYDNEY RENTAL AFFORDABILITY HISTORY

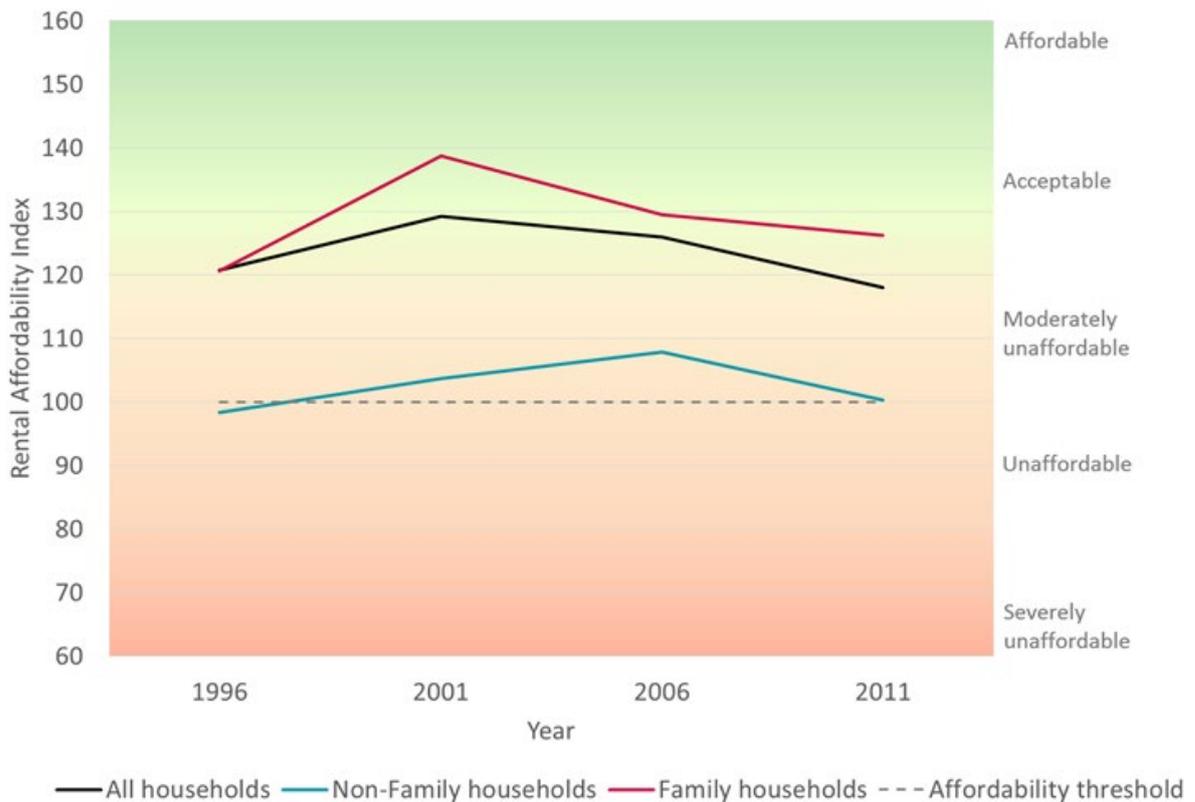


Source: SGS Economics and Planning, 2016

Rest of New South Wales

- Affordability has declined for the average household seeking to rent in regional NSW from 121 in 1996 (acceptable rents) to 118 in 2011 (moderately unaffordable rents). Data from more recent quarters shows that affordability has declined even further since 2011.
- While both average household income and median rents have increased over the past two decades, rents have increased at a higher rate.
- Family households have faced moderately unaffordable to acceptable rents over the study period.
- While in recent years the average non-family household (predominantly lone-person households) was able to pass above the affordability threshold, rents for this group became unaffordable in 2011. Analysis of recent quarters suggests that affordability has remained near the threshold for this group since 2011.

FIGURE 10. REST OF NSW RENTAL AFFORDABILITY HISTORY



Source: SGS Economics and Planning, 2016

Queensland

Greater Brisbane

- Rental affordability for the average household in Greater Brisbane has declined significantly since reaching a peak in the early 2000s. Analysis of data from recent quarters suggests that while there has been a slight uplift since 2011, Greater Brisbane rents have continued to be at moderately unaffordable levels since 2001.
- While both average household incomes and median rents have been increasing since the mid-1990s, rents have increased at a greater rate than incomes

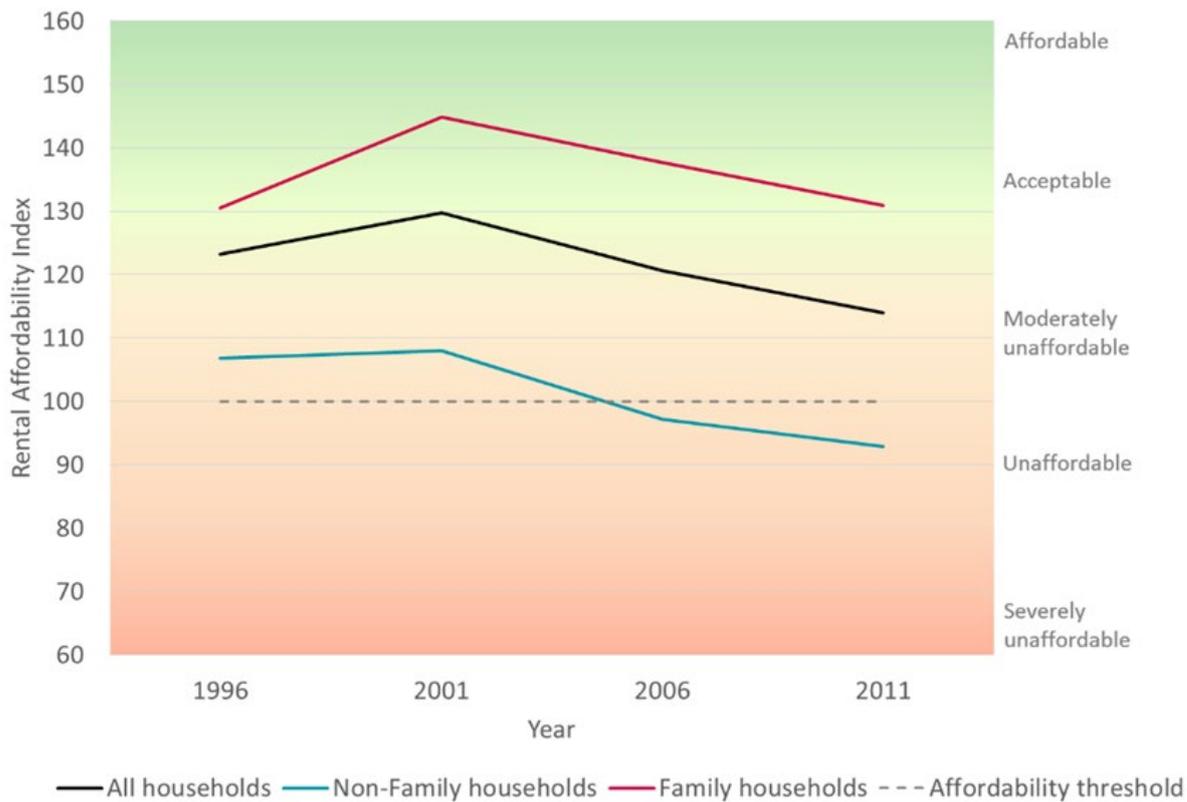
- since the early 2000s. In the 10 year period from 2001 to 2011, household rents grew by 106 per cent, from \$175 to \$360 per week. Household income grew only 81 per cent over this period.
- While rental affordability for family households in Greater Brisbane has been acceptable over the last two decades, this trend has worsened since 2001. Conversely, rents for non-family households (predominantly lone-person households) dropped below the affordability threshold and have worsened over the last decade.

TABLE 5. SUMMARY OF QLD HISTORICAL TRENDS

Region	Household type	Year (June Quarter)			
		1996	2001	2006	2011
Greater Brisbane	All	123	130	121	114
	Non-family	107	108	97	93
	Family	131	145	138	131
Rest of Qld	All	129	135	118	115
	Non-family	111	115	98	95
	Family	132	146	130	125

Source: SGS Economics and Planning

FIGURE 11. GREATER BRISBANE RENTAL AFFORDABILITY HISTORY



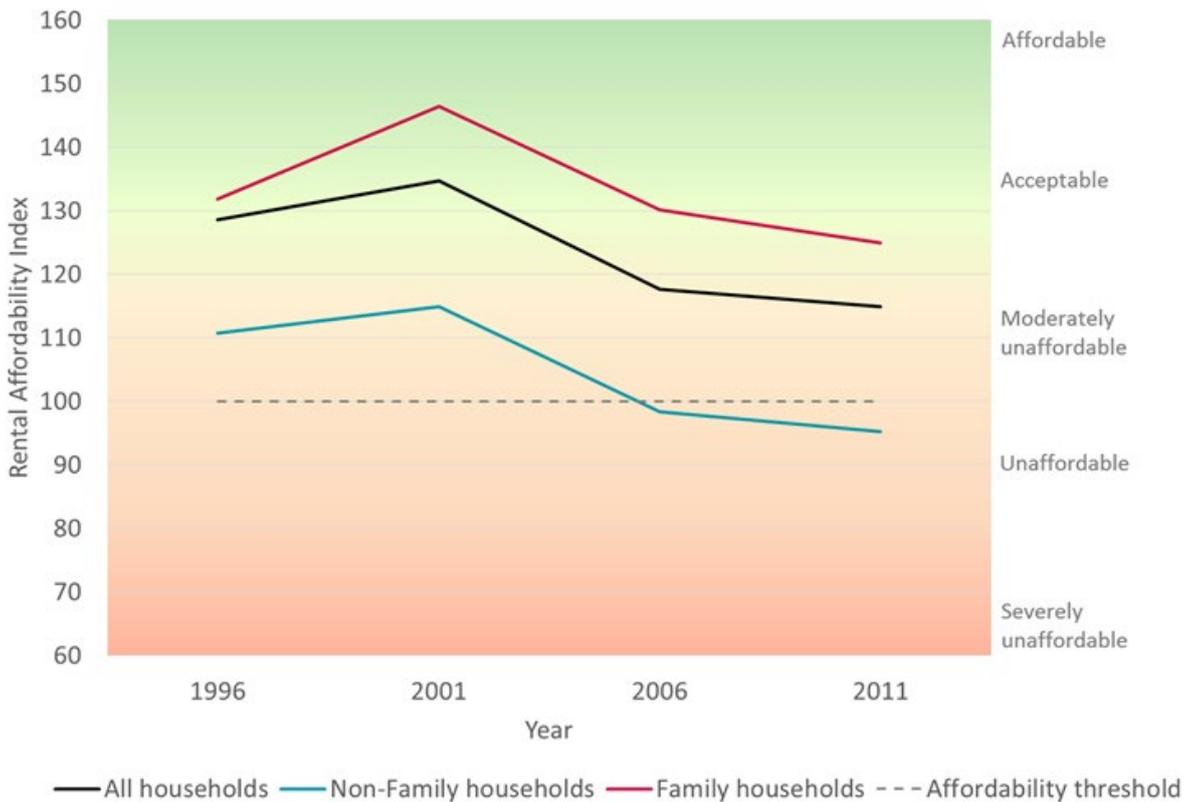
Source: SGS Economics and Planning, 2016

Rest of Queensland

- Like in the metropolitan region of Brisbane, rental affordability in regional Queensland has declined since experiencing a peak in the early 2000s. It has declined significantly, with rents faced by the average household deteriorating from acceptable to moderately unaffordable.
- The decline in rental affordability is the result of substantial increases in rent levels. Rental prices grew by 56 per cent from 2001 to 2006 in regional

- Queensland, compared to only a 36 per cent increase in household income over the same period.
- Like in Greater Brisbane, while family households have historically experienced acceptable rent levels (though these are declining), rents for non-family households (predominantly lone-person households) have declined below the affordability threshold.

FIGURE 12. REST OF QUEENSLAND RENTAL AFFORDABILITY HISTORY



Source: SGS Economics and Planning, 2016

Appendix

The following provides information on state specific methodological considerations, including exclusion parameters used to exclude outliers and erroneous data.³

Australian Capital Territory

- At this stage, adequate rental data has not been sourced to develop indices for the Australian Capital Territory.

New South Wales

- Regional level analysis uses the median rent of the Greater Sydney area 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.
- Average household incomes in Greater Sydney as defined by the Australia Bureau of Statistics (GCCSA) is applied to this median.
- Analysis of the metropolitan region by small geographic area uses both median rents and incomes within Greater Sydney as defined by the Australian Bureau of Statistics (GCCSA).
- Data availability requires overall RAI 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.

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

³ Note: Across all states, where data for a postcode or LGA was unavailable or not useable, observations from the most recent quarter with valid data for the same geographical area was used. Where no valid data was available, a RAI was not calculated.

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, Regional and STE median rents are not included in available data. They are calculated as the weighted average of postcode medians.
- Observations were excluded if they were in the top 0.2% of all observations in the state to remove outliers from the analysis. Data was not available for areas with fewer than 5 listings; as such, this data was not included in the analysis.

South Australia

- Medians for bedroom categories are computed as the weighted average of the medians from the constituent categories.
- Metro, Regional and STE 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 (ie. all dwellings), observations with fewer than 5 listings were excluded from the analysis. This exclusion did not apply for non-family and family households (ie. 2 and 3 bedroom dwellings) as total number of listings were unknown for aggregated medians.

Tasmania

- Metro, Regional and STE rents are calculated as true medians as unit records are available.
- The overall RAI uses the median of all 1-4 bedroom dwellings.
- All observations with fewer than 2 listings were excluded from the analysis.
- Data prior to 2014 for Tasmania was not available at the time of analysis.

Western Australia

- Outliers were filtered, given a wide range of observations. Observations were excluded if they were in the top/bottom 2% of observations across the state and the median was based on fewer than 5 listings.
- Metro, Regional and STE 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). This means that the overall RAI, Family RAI and Non-family RAI are all based on the same median rent data.

Contact us

CANBERRA

Level 6, 39 London Circuit
Canberra ACT 2601
+61 2 6263 5940
sgsact@sgsep.com.au

HOBART

PO Box 123
Franklin TAS 7113
+61 421 372 940
sgstas@sgsep.com.au

MELBOURNE

Level 14, 222 Exhibition Street
Melbourne VIC 3000
+61 3 8616 0331
sgsvic@sgsep.com.au

SYDNEY

209/ 50 Holt Street
Surry Hills NSW 2010
+61 2 8307 0121
sgsnsw@sgsep.com.au



1991-2016
25 years of
Independent
insight.