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Rental affordability declines in Adelaide foothills and foreshore; pensioners and young generations are suffering

The latest release of the Rental Affordability Index (RAI) has found rents in the Adelaide foothills and foreshore are less affordable, with some suburbs paying 30 percent of income on rent - hitting the housing stress threshold, where people experience difficulty paying for primary needs, such as food, air conditioning, medicine and transport.

The RAI is an indicator of the price of rents relative to household incomes based on new rental agreements. It is release biannually by National Shelter, Community Sector Banking and SGS Economics & Planning.

With a RAI of 119 in the June quarter of 2017, the average income household in Greater Adelaide faces rents at around 25 percent of income.

The least affordable suburbs are primarily located in the Adelaide Hills, including Stirling, Echunga, Belair and Glenalta, where average income households would pay up to 34% for a new rental. Average households would pay more than 30% of income for a new rental in Belair, Flagstaff Hill and out to Happy Valley in the foothills, and in foreshore areas of West Lakes, Tennyson and Henley Beach South. Suburbs west of the CBD, including Flinders Park and Kidman Park, also made the list of least affordable, with average households paying 34% on income on rent.

Ellen Witte, Partner at SGS Economics and Planning said renting was unaffordable in Australia and more so in cities like Adelaide compared with areas which have higher employment opportunities, "Renting fails to provide a secure roof over the heads of students, pensioners and working families with children," she said.

Witte also pointed out that: "The reality is, 31% of households rent and many will never have the opportunity to purchase their own home. In many countries renting is an affordable, long term and secure way of living but barriers to large scale investment in delivery models such as 'build to rent' put the Australian market in a headlock."

Jim Barron, Head of Relations, Community Sector Banking, said: "The latest RAI shows we need a new collaborative approach to addressing rental affordability. If the availability of affordable rental housing is not addressed, we risk jeopardising the productivity and wellbeing of our communities, and leaving behind those who are already disenfranchised"

"New financial models are key to unlocking growth in affordable rental housing but we need action from all parties to bring them to the Australian market - government, private developers, not-for-profits and financing organisations," said Barron.

Adrian Pisarski, Executive Officer, National Shelter, said: “Soaring rents lead to overcrowding and force people into homelessness. The situation is particularly dire for pensioners whose rents often exceed their fortnightly pension payments.”

“Not only is housing a human right, but a lack of secure and affordable housing can have flow-on effects for the community and economy. We need more affordable housing close to job opportunities, schools, hospitals and other infrastructure critical to healthy communities to foster social, economic and cultural participation,” Pisarski said.

Adelaide rents extremely unaffordable for pensioners, young suffering

Students, with a job on the side earning the maximum allowable income, and living in a share house pay 24 percent of income on rent. Close to the city it's even higher, reaching 37 percent of income.

The situation is far worse for young people on benefits, who pay up to 71 percent of their income on rent in middle and outer suburbs. Boarding houses and overcrowded dwellings are their only affordable prospects, with even outer suburbs such as Salisbury severely unaffordable. This has serious ramifications for young people trying to access jobs and services. South Australia has one of the highest youth unemployment rates in Australia.

Single income families with children pay up to 25 percent of their income for a new rental, leaving little for the cost of childcare and education.

Regional Adelaide most affordable, except for fast growing outer towns

Regional South Australia continues to see an upward trend in rental affordability. With a RAI of 139, average households pay up to 26 percent of income for a new rental - the most affordable since at least mid-2012.

It's less rosy for renters in fast-growing outer towns of Mt Barker, Nairne and Strathalbyn, which declined to moderately unaffordable. Echunga also decreased further in affordability, becoming unaffordable.

MEDIA

Interview opportunities are available with:

- James Barron, Head of Relations, Community Sector Banking, 0447 174 366
- Ellen Witte, Partner at SGS Economics and Planning, 0421 372 940
- Adrian Pisarski, Executive Officer of National Shelter, 0417 975 270

About the Rental Affordability Index

National Shelter, Community Sector Banking and SGS Planning & Economics have released the Rental Affordability Index (RAI) biannually since 2015. The RAI is an easy to understand

indicator of rental affordability relative to household incomes, and is intended to complement the Housing Affordability Index (HAI) which is a price index for the purchase of houses.

About Community Sector Banking

[Community Sector Banking](#) is Australia's first not-for-profit banking specialist, supporting more than 10,000 organisations; it's a joint venture between Bendigo and Adelaide Bank and a consortium of not-for-profit organisations.

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.