

Rental Affordability Snapshot 2023

Summary Report

Greater Sydney and the Illawarra

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Acknowledgments

The authors wish to acknowledge:

- Rod Haywood for his assistance with data processing.
- REA Group for the generous provision of data for this Snapshot.

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ISBN: 978-0-6451860-4-8

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Introduction

On the weekend of 18-19 March 2023, Anglicare agencies across Australia conducted a Rental Affordability Snapshot, based on rental listings data provided by REA Group and displayed on the *realestate.com.au* website. Anglicare Sydney conducted that part of the Snapshot covering Greater Sydney, the Illawarra, Southern Highlands and the Shoalhaven.

The Snapshot seeks to highlight the difficulty for low income households in finding affordable and appropriate rental properties. This study defined an *affordable* rental property as one which required up to 30% or less of a household's income in rent. Exceeding the 30% benchmark is commonly seen as an indicator of housing stress among low income households. In terms of *appropriateness*, a bedsit or one-bedroom property was deemed to be the minimum necessary for a couple without children and a 2-bedroom property was the minimum necessary for a couple with one or two children.

Base income levels were calculated for 13 household types: nine receiving government benefits as the primary income source and four on the minimum wage. Apart from the income received for each type of benefit, Commonwealth Rent Assistance (CRA) and Family Tax Benefit Parts A and B were also included in household income. The most recent levels of benefits introduced after 20th March 2023 were used. It was assumed that households receiving the minimum wage were receiving the lowest after-tax level of this wage; Family Tax Benefits were also included.

The following report provides results for Greater Sydney¹ and the Illawarra Region (including Shoalhaven and the Southern Highlands).² According to the 2021 Census, there were around 1.8 million households in Sydney (including the Central Coast) and almost 180,000 in the Illawarra and surrounds – collectively accounting for about two-thirds (69%) of households in NSW. Nearly one third of households in Sydney (32%) and over one fifth of households in the Illawarra (22%) were privately renting their home.

Anglicare Sydney provides a wide range of services to people in these regions. Long-term housing security and affordability are major issues for our service users who are living on low incomes. Recent increases in the cost of living have provided further difficulties for many people living with social disadvantage.

Findings

On the Snapshot weekend, **11,395** private rentals were advertised for rent in Greater Sydney and the Illawarra. While a property can be affordable and appropriate for more than one household type, such properties have only been counted once in the total. It was found that:

- **46** unique properties were affordable and appropriate for people living on income support payments without placing them in housing stress. Most of these properties were located in Greater

Sydney (n=41), the remainder were located in the Illawarra (n=5). All of these properties were located in Greater Sydney; none were located in the Illawarra.

- **1,512** unique properties were affordable and appropriate for people living on the minimum wage without placing them in housing stress. The majority of these properties were located in Greater Sydney (n=1,365) with the remainder in the Illawarra (n=147).

Table 1: Number of Affordable and Appropriate Private Rental Properties in Greater Sydney and the Illawarra, by Household Type

#	Household Type	Income Type	Number Affordable & Appropriate*	Percentage Affordable & Appropriate
1	Couple, two children (one aged less than 5, one aged less than 10)	JobSeeker Payment (both adults)	7	<1%
2	Single, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single	1	<1%
3	Couple, no children	Age Pension	33	<1%
4	Single, one child (aged less than 5)	Parenting Payment Single	0	0%
5	Single, one child (aged over 8)	JobSeeker Payment	0	0%
6	Single	Age Pension	9	<1%
7	Single aged over 21	Disability Support Pension	2	<1%
8	Single	JobSeeker Payment	1	<1%
9	Single aged over 18	Youth Allowance	0	0%
Total unique properties for Income Support recipients			46	<1%
10	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage (both adults)	1,489	13%
11	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + Parenting Payment Partnered	269	2%
12	Single, two children (one aged less than 5, one aged less than 10)	Minimum Wage	69	1%
13	Single	Minimum Wage	23	<1%
Total unique properties for Minimum Wage recipients			1,512	13%
Total Properties advertised			11,395	

* assumes a two bedroom property is suitable for a family with more than one child

Among households receiving **income support payments**, couples on the Age Pension had the largest number of affordable and appropriate properties available to them across Sydney and the Illawarra (n=33), followed by single people on the Age Pension (n=9) and couples with two children receiving the JobSeeker payment (n=7). No suitable properties were found for single parents with one child on either the JobSeeker or Parenting Payment, or single people on Youth Allowance.

In the 2022 Snapshot, there were 194 affordable and appropriate properties available for people on benefits, compared with 46 properties in 2023. This has dropped from 1.3% to 0.4% of all properties which were advertised on the Snapshot weekends and underlines that the vast majority of households living on benefits would typically experience housing stress. The Federal Government's low ongoing rate of JobSeeker Payment and Youth Allowance does very little to alleviate ongoing housing stress among these families and individuals.

Results revealed that **minimum wage earners** had a far greater chance than people on benefits of obtaining housing without being put under housing stress. Prospects were best for couple families where both partners earned the minimum wage (n=1,489), followed by families with two children where one partner was earning the minimum wage and the other partner was receiving the Parenting Payment (n=269). In the 2022 Snapshot, there were 3,714 unique affordable and appropriate properties for minimum wage households, compared with 1,512 in 2023, a substantial decrease from 26% to 13% of all properties advertised on the Snapshot weekends.

Share accommodation is an important source of housing for single persons on low incomes. On the Snapshot weekend, an indicative search of share accommodation advertised on the website *Flatmates.com.au* was undertaken for the Sydney region and the Wollongong region.³ Of the 1,429 share properties advertised in the Sydney region, 39 were affordable for a single person on the Age Pension and 122 were affordable for a single person on the minimum wage. Only one share property was affordable for a single person on JobSeeker and no share properties were affordable for a person on Youth Allowance. In the Wollongong region, 4 out of 89 share houses were affordable for a person on the Age Pension and 14 were affordable for a person on the minimum wage. No share properties were affordable for a person on JobSeeker or Youth Allowance. No analysis of appropriateness was conducted on these share-houses. Buckle *et al.* (2020) found that the median rent for share accommodation in Sydney advertised on the *Flatmates* website in April 2020 was \$275 per week,⁴ which three years later remains unaffordable for any single person living on benefits or the minimum wage in this study.

A similar search of the online classifieds website Gumtree (*gumtree.com.au*) for 'Flatshare/ Houseshare' listings was conducted for the Sydney, Wollongong and South Coast regions.⁵ At face value, in the Sydney region there were 77 share houses that were affordable for a single person on the Age Pension and 155 affordable for a person on the minimum wage. In the Wollongong and South Coast regions, there was only one affordable option for a single person on the Age Pension and 4 for a single person on the minimum wage. No analysis of appropriateness was conducted on these share-houses. From a more detailed analysis of the *Flatmates* website conducted in 2020,⁶ it is likely that a significant proportion of the listings on both Flatmates and Gumtree would be inappropriate for the single person households in this Snapshot; for example, sharing a bedroom or having special conditions attached (e.g. females or students only).

Discussion

The findings above show how difficult it is for people in Greater Sydney and the Illawarra regions of NSW living on low incomes to find appropriate and affordable rental accommodation. The situation is particularly difficult for people living on income support payments. Our Snapshot found that there were only 7 properties which were affordable and appropriate for a couple with two children living on JobSeeker Payments, and no properties for single parents with one child living on the JobSeeker or Parenting Payments, or lone person households on Youth Allowance.

Within Greater Sydney, most affordable and appropriate rental properties for households dependent upon income support payments were in the South West Sydney (n=13), Blacktown (n=5), Parramatta (n=5), Inner South West (n=4) and the Outer West and Blue Mountains regions (n=4).⁷ There was one affordable and appropriate property located in the Illawarra and 4 properties in the Southern Highlands/Shoalhaven region. This result confirms that, rather than presenting a cheaper housing alternative for households dependent upon government benefits, areas outside metropolitan Sydney such as the Blue Mountains, Central Coast, Illawarra and South Coast also face their own critical lack of affordable and appropriate housing.

Affordable and appropriate rental properties for minimum wage households in this study were largely located in the South West (n=262), Outer West and Blue Mountains (n=204), Central Coast (n=199), Blacktown (n=184), Outer South West (n=157), Parramatta (n=149) and Inner South West (n=93) regions of Greater Sydney. Some 81 suitable properties were also available in the Southern Highlands and Shoalhaven and 66 in the Illawarra. Across Greater Sydney and the Illawarra, far fewer properties were available for a single parent with two children, earning the minimum wage (n=69 or 1% of advertised properties), compared with a couple with two children where both partners earned the minimum wage (n=1,489). This shows that rental stress would be more common for any household where there is only one, minimum wage income.

This year's Snapshot showed an overall 22% decrease in the number of properties listed for rent in Greater Sydney and the Illawarra compared with last year, from 14,522 properties in 2022 down to 11,395 in 2023. By comparison, the number of affordable properties for people reliant on government benefits decreased by 76% and the number of affordable properties for people on the minimum wage decreased by 59%. These substantial decreases in affordable properties suggest that it is the lower end of the market which is suffering the most in the current tight rental market.

The areas with the largest decreases in overall listings were the Inner South West of Sydney (-60%), Parramatta (-51%) and the Inner West of Sydney (-49%). These changes in rental listings appear to be the result of increased demand for rental properties in the inner areas of Sydney due to an influx of international students,⁸ overseas migrants and those on temporary visas after the opening of international borders following the COVID-19 pandemic. In addition, the average household size has decreased in Australia since 2020 due to health concerns and a desire for more space during the pandemic, resulting in additional households, many of whom rent.⁹ The proportion of lone person households in Greater Sydney increased from 21.6% in the 2016 Census to 23.2% in 2021.¹⁰ At the same time the supply of new dwellings has slowed due to pressures on the building industry such as supply chain issues, labour shortages and bad weather.¹¹

However, the opposite trend has been observed in many regional areas outside Greater Sydney. Compared with last year, there have been substantial increases in the number of listings in regional areas, especially the Southern Highlands and Shoalhaven (+183%), Lithgow (+136%), the Central Coast (+95%) and the Illawarra (+66%). The easing of pressure in the rental markets of regional areas may be due to fewer people leaving the city for regional areas now that many employers are winding back working from home arrangements, as well as people who had made a 'sea change' during the pandemic now returning to the city or transitioning to owning property instead of renting.¹²



Since last year's Snapshot, the NSW Government has passed a law banning real estate agents from soliciting rent bidding.¹³ While the effective implementation of this law may have the effect of providing a more level playing field for people on lower incomes in a competitive rental market, the change may also have placed some upward pressure on advertised rents,¹⁴ thereby reducing the number of advertised properties in the affordable range.

In 2023, Sydney has again become the most expensive capital city rental market in Australia for both houses and units. The median rent across Greater Sydney in the March quarter of 2023 has shown a record annual increase to \$699 per week (+12.6%). Median rents for units in Sydney have increased over the last quarter by a record +5.3% to \$648 per week, closing the gap to the median rent

for houses (\$747).¹⁵ In Wollongong, the median rent for houses has increased by +6% over the last year to \$625 per week and in the Shoalhaven the median rent for houses is \$520 per week.¹⁶ Rents in all areas remain high compared with income support payments and wages.

In conclusion, this year's Snapshot shows very few affordable housing options for people reliant upon Government benefits, a situation which has only worsened since last year's Snapshot. For households on the minimum wage, the number of affordable rental properties has halved since last year's Snapshot, further limiting their options in a tight rental market. The Snapshot supports the conclusion that there is a crisis in the private rental market,¹⁷ especially for people surviving on low incomes.

Policy Implications

The issue of rental affordability facing thousands of Greater Sydney and Illawarra residents requires an urgent and long-term commitment to improve affordability from all levels of government, the community services sector and the business sector.

There is a major shortfall in social and affordable housing in NSW, with supply languishing behind demand over many years. AHURI estimates that there will be a shortfall of approximately 212,700 social houses in NSW by 2036.¹⁸ With over 50,000 approved applicants for social housing waiting on the NSW Housing Register, waiting times for general applicants on the register in the Greater Sydney and Illawarra region are either 5-10 years or over 10 years.¹⁹ Recent analysis by SGS Economics highlights the economic benefits for governments to supply social and affordable housing.²⁰

NSW Government initiatives to increase the supply of social and affordable housing include Communities Plus and the Social and Affordable Housing Fund (SAHF). This long-term strategy generates greater collaboration and partnership between government, community services and private sectors. Anglicare Sydney has partnered with the NSW Government in the second phase of SAHF to deliver 550 social and affordable dwellings targeted at single older women which is one of the most rapidly growing cohorts facing homelessness.²¹ Further funding for social housing was announced in the 2021 NSW budget, altogether committing to 9,386 new social housing properties by 2026.²² However, this is not enough to keep up with the demand. An investment in 5,000 new social houses every year for 10 years would go a long way towards addressing housing needs in NSW.²³

The Federal Government's National Housing and Homelessness Plan²⁴ aims to build 30,000 social and affordable dwellings in the first five years of a 10-year plan, funded by the Housing Australia Future Fund. However, in order to address the demand more effectively, the Federal Government needs to substantially increase their contribution nationally to 25,000 new social and affordable homes each year for the next 10 years. A Housing Accord will seek to supply additional housing in cooperation with State Governments and other bodies. This will only come into effect in another two years, and so will not immediately address the current shortfall of social and affordable housing.

The new NSW Labor Government has promised a number of reforms to the rental system. These include ending 'no grounds' evictions, establishing a Rental Commissioner, introducing portable bonds, better regulation of rent bidding, review of the NSW Civil and Administrative Tribunal and additional funding for tenants' advocacy services. These are welcome initiatives and should improve conditions and security for renters in NSW. The NSW Government should also consider rent regulation in order to limit unreasonable increases in rent imposed by landlords.²⁵ Better regulation of the boarding and share housing market is also needed to increase rental protections and safety for low-income tenants.²⁶ This will become more important as a lack of rental affordability will push more low-income renters into informal and shared housing.²⁷

Conclusion

For over a decade, the community services and business sectors have voiced concern over the low rate of income support payments such as the JobSeeker Payment.²⁸ The findings from this Snapshot demonstrate that there are very few or no affordable and appropriate properties for households reliant on JobSeeker, Youth Allowance and Parenting Payment in Sydney and the Illawarra in the private rental market. There needs to be more substantial permanent increases to the base rates of income support payments.²⁹ In particular, the Federal Government should raise the level of the JobSeeker Payment to at least \$76 per day. This will assist in reducing rental stress and provide more money for life essentials, food security, utility payments, health needs, and children's educational requirements for families reliant on these income supports.

In addition, the Federal Government should immediately increase Commonwealth Rent Assistance by 40%, index it to changes in rents and/or reform the eligibility rules, so as to improve the targeting of the payment to those households that need it most.³⁰

In the Greater Sydney and Illawarra regions of NSW, the lack of affordable and appropriate rental housing for people living on income support payments and the minimum wage continues in the Snapshot this year. There is a need for substantial, permanent increases to income support payments, in addition to long-term commitments to improve rental affordability from all levels of government.

Endnotes

1. 'Greater Sydney' is here defined as the Sydney Greater Capital City Statistical Area (GCCSA) including the Central Coast and Lithgow (postcode 2790).
2. The 'Illawarra Region' is here defined as the Illawarra Statistical Area Level 4 (SA4) and the Southern Highlands and Shoalhaven SA4, but excluding postcodes 2536, 2579 and 2622.
3. *Flatmates* regions used.
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