The Cost of Renting Report



better renting

2024

Executive Summary

From May to June 2024 over 1400 people participated in our first Cost of Renting Survey. We asked for qualitative and quantitative responses about renting experiences, with a particular focus on rent increases, energy costs, and landlord and real estate agents' compliance with rental laws. Our first report based on the survey's responses—Joule Thieves—focused on energy efficiency standards in rentals, energy costs, and their drain on renters' financial and emotional resources. This report focuses on rent increases, affordability, and the weakness of rental laws in practice.

Renters from our survey told us they had steadily whittled down other expenses in their lives to afford rent. They were cutting back on savings, food, healthcare, and their social lives to hand over more money to landlords. What renters got in return for making cuts was a fear that their landlord or real estate agent could issue a big rent increase, drag their feet on repairs, or evict renters in retaliation for bringing up issues. Combined with low vacancy rates and possibly nowhere to go, many renters felt it was safer not to bring up issues. It's incredibly unfair that renters make significant cuts to their expenses and nonetheless end up in such an unequal position.

The overall picture is that a tight rental market has forced renters to make sacrifices that are diminishing their health, mental health, and social lives. This market has also concentrated power in the hands of landlords, resulting in unbridled rent increases and neglect of repairs and maintenance. Figures from our report illuminate this:

- **Nine in ten renters** were paying **more** than they were 12 months before.
- **Half** of rent increases that took effect in full were over **10%**.
- **One in six** notices of rent increase was above **25%**.
- **One in two** respondents said repairs didn't get fixed within four weeks.
- In the past 12 months, **59%** of renters said they didn't bring up issues because they feared retaliation from their landlord or real estate agent.

While rental laws vary across states and territories, these systemic issues affect renters across Australia. These issues are the result of weak regulation, a cultural disregard for rental laws on the part of landlords and agents, and a tight rental market that strips power from renters and emboldens non-compliant lessors. We recommend addressing this by strengthening rental laws, reforming tax settings, and increasing housing supply to drive a higher rate of available rental properties.

Please be advised that this report contains quotes and discussions that reference domestic and family violence, and suicidal thoughts. While this can make grim reading, it is necessary to include such reflections to give a full picture of renters' experiences. We thank the renters who responded to our survey for sharing their deeply personal experiences that were the basis for this report. We hope their contribution gets the attention and response from governments that it warrants.

Introduction

The growth of residential property investment over the past few decades has caused a cultural transformation in Australia—housing is first and foremost seen as an asset.[1] This transformation means that it's normal and accepted that landlords raise rents or don't do repairs—because these are rational decisions that save money and build wealth. The problem with this is that residential investment properties are homes that people live in. Decisions that make financial sense for landlords are often decisions that leave renters at risk and living in terrible quality homes. State, territory, and Commonwealth governments reinforce these decisions with housing and rental laws that prioritise landlord needs, and ignore the needs, safety, and comfort of renters.

Over the past two years, the impact of landlords' decisions and weak rental laws has intensified for renters. Almost all new tenants are paying more than the previous tenant was, and most existing tenants are paying more than they were before.[2] While it might seem unremarkable that rents go up, the size and frequency of rent increases are putting renters under enormous stress. With so many renters struggling to maintain a decent home, it's clear that current rental laws and standards are not fit for purpose in Australia. Considering these factors, we produced our first Cost of Renting Report to better understand what it's like to like to rent in Australia right now.

Our report starts with the pathways that led people to pay more rent compared to twelve months earlier, and what influenced their decision to take certain pathways. Most private renters received a notice of rent increase, and the majority of these renters

felt compelled to accept the increase as there were no cheaper alternatives and they were desperate to hold onto their homes.

The report then discusses the outcome of accepting rent increases. Most renters could not build their savings, and made cuts to other household expenses due to rent increases. Another outcome was that most renters didn't bring up issues with their landlords or agents, out of fear there would be retaliation in the form of another rent increase or eviction. Landlords and agents responded with noncompliance with rental laws, with 50% of renters reporting repairs incomplete within four weeks. The result of these factors is that most renters reevaluated their lives, or they described their futures as grim.

The report finishes with a discussion and recommendations based on our findings. With rent increases and poor rental protections producing such a high personal cost, governments need to intervene and act on behalf of renters in a much stronger direction. The government's current focus on transforming renters into home-owners doesn't cut it: some people can't or don't want to own. Renters don't need a liferaft; we need to fix the ship. Governments are in a position to make that happen.

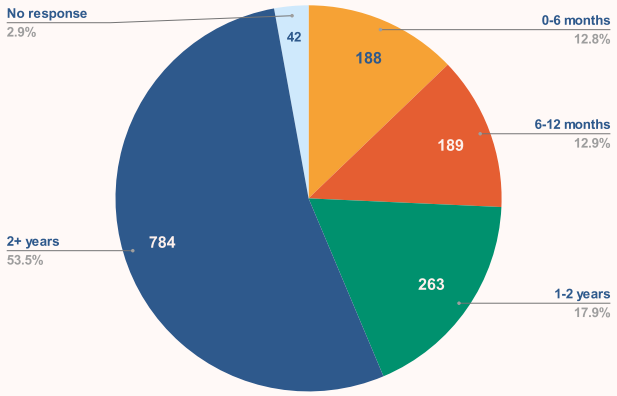
Method

From 9 May to 30 June 2024, Better Renting held its first Cost of Renting Survey. There were 1466 responses of which 1088 were complete and 378 were partial. We recruited survey participants through word of mouth and online promotion using our social media channels. Because we used convenience sampling, the survey responses are not representative of the general population, however, the responses do broadly align with population areas.

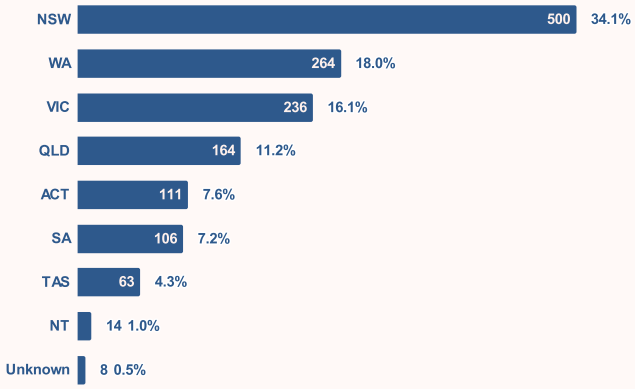
This survey uses a mixed-methods approach, where quantitative responses are collected and analysed alongside qualitative responses. We asked participants about their current rental status, which included type and length of tenure, and information about rent increases if they had experienced one. We also asked multiple choice questions about cuts to household expenses to afford rent, as well as their experiences with landlords and real estate agents. We also asked for qualitative responses about receiving a notice of rent increase and coping with rent costs.

While the survey was still open, we coded the qualitative data to discover dominant themes. Once the survey closed and the qualitative data was coded, a second researcher analysed the data again. We then analysed the quantitative responses to discover frequencies, and then compared these results to the central recurring themes in the qualitative responses. To support our research, we conducted further desktop research on rent increases and rental laws in Australia.

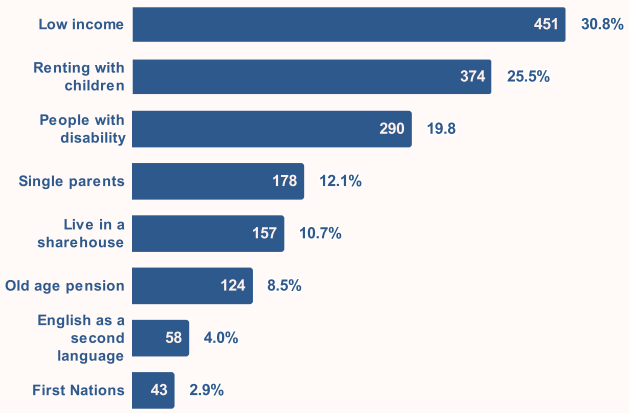
How long have you lived in your current home?



Respondent state and territory breakdown



Respondent demographic breakdown



A richer account of rent increases

Using the responses of 1058 private renters from our survey, we wanted to get a better picture of rent increases. In particular, we wanted to know the circumstances that led to rent increases. We found that 89% of renters were paying more rent than they were twelve months before, regardless of whether they received a notice of rent increase or not. As most renters were paying more as a result of a notice of rent increase, we wanted to know more about the size of proposed rent increases. Most proposed rent increases were successful: eight out of ten took effect in full. For those that didn't go through, we found the median size of the proposed rent increase was 18%. This was far higher than 11%, the typical size of rent increases that went through in full.

What led to renters paying more rent?

Receiving a notice of rent increase was the most common cause of rents going up: 76% of renters reported receiving a notice in the previous twelve months.

- In just over eight in ten cases, a rent increase would take effect in full.
- One in ten renters negotiated their rent increase. However, the eventual increase ended up being about the same size as a typical rent increase.
- Fewer than one in ten renters moved out after a notice of rent increase. Half paid more.
- One in 268 renters who got a notice of rent increase successfully opposed it.

One quarter of renters said they did not receive a notice of rent increase in the previous twelve months. However, about two in three of these renters were still paying more than they were before. Of these:

- Five of six renters were paying more because they moved somewhere with a higher rent.
- One in six renters stayed where they were but circumstances changed in their home—such as one person moving out and the remaining person covering their share—and they ended up paying more rent.

Rent increase pathways

The below diagram (Figure 1) visualises the different pathways to rent increases. Imagine you have twenty renters on the left hand side of the diagram under "Private renters". These are the ways they move across the diagram.

- Of those twenty, fifteen get a notice of rent increase:
  - Twelve of these end up paying the full proposed rent.
  - Two of them negotiate for a lower rent increase.
  - One of them moves out, and there is a fifty-fifty chance they still end up paying more rent.

- Of the other five renters who do not get a notice of rent increase:
  - Two are still paying the same rent they were.
  - Three pay more rent because they moved or things changed at home.

In total, seventeen of twenty end up paying more rent.

Accepting a full rent increase

About eight out of ten proposed rent increases went through in full. Apart from the desire to stay in their homes or in the area, renters accepted full increases because they doubted they could find somewhere cheaper, and they feared retaliation if they resisted. The result was renters desperate to hold onto their homes, even when rent increases made it financially difficult:

> ***"I'm terrified of losing my rental because I'm worried I won't find another one so my rent is always the first priority."*** **(Western Australia)**

> ***"Between having a baby and two dogs we don't think we'd be able to find a place for less rent and we're too scared to try and risk losing our home."*** **(South Australia)**

Negotiating a lower rent increase

Negotiating a lower rent increase is a lot of work and, outside of the ACT, there are effectively no limitations on rent increases. The increased market rate for similar rental properties is typically the justification for rent increases. Renters that negotiated smaller rent increases did so after they researched market rates and relevant laws, such as the ACT's regulations. This took a lot of effort:

> ***"I proposed a lower, fairer increase, within the cap, and told them that otherwise they'd***

Rent Increase Diagram

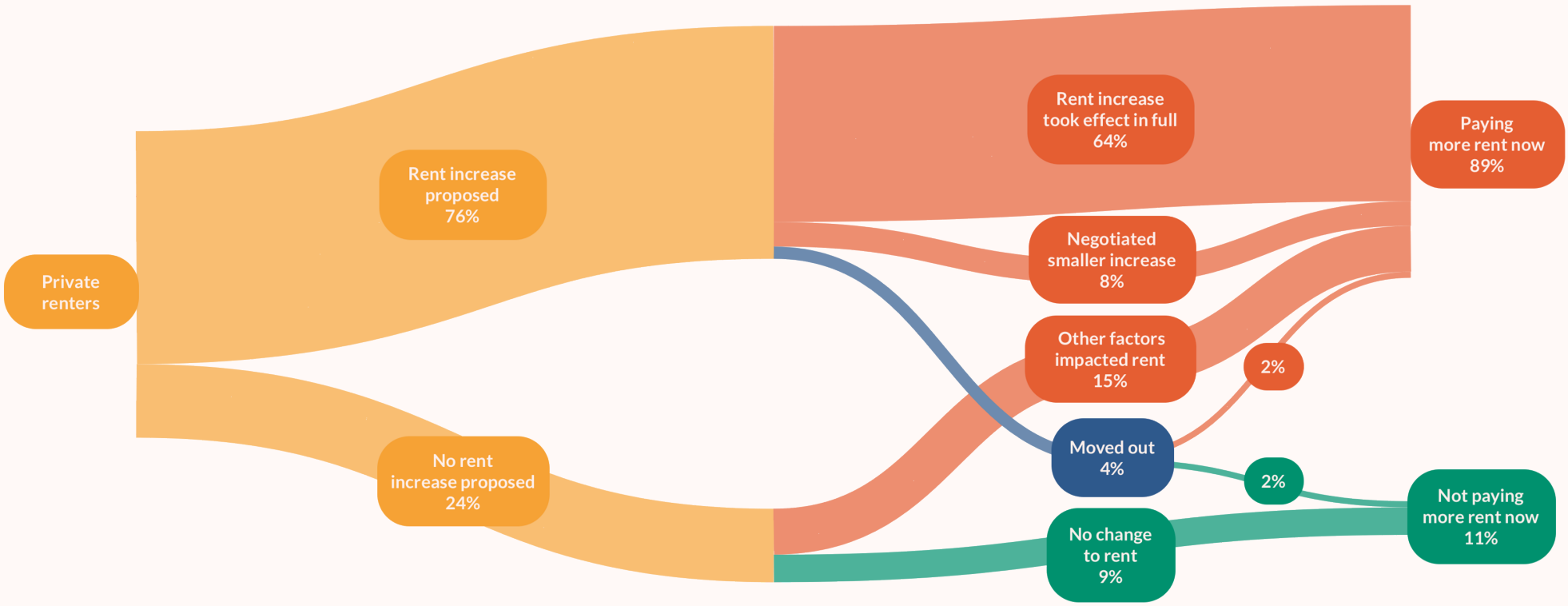


Figure 1: Rent increase pathway for "Private renters" (n=1058). Sankey diagram shows rent increase pathways for those who rent privately through a real estate agent, directly through a landlord, or at Meriton Build to Rent.

> *see me in [the Tribunal] to explain why it was reasonable. After some negotiation, the owner agreed to lower the increase to the maximum allowed under the soft cap."* (Australian Capital Territory)

> *"We went through [the proposed increase] over a weekend, did some research and calculations and came up with a fair argument, and went back to the [property manager] with a counter-offer. She checked with the owners and our offer was thankfully accepted."* (Victoria)

Negotiating a rent increase also meant renters were in limbo until the new rent and lease agreement were in place. One renter went through a bureaucratic nightmare when they tried to negotiate with their real estate agent—who deliberately ignored them for months. Eventually, the renter reached out to their landlord, negotiated a smaller rent increase, and discovered why the real estate agent ignored them:

> *"[The landlord] told me that the agency had been "harassing" [them] to put the rent up… and that [they] had resisted, but had eventually agreed because of how long I'd been living there without a rent increase."* (Location withheld)

Despite what they went through, this renter was lucky in some ways. Other landlords, in response to attempts at negotiating a rent increase, moved to push renters' out of their home:

> *"The landlord refused to negotiate and told us that they could easily achieve the $100 per week increase. After we moved out the place was advertised at the increased rent and was tenanted within the fortnight."* (New South Wales)

No-grounds termination and moving out

Many Australian jurisdictions still allow 'no grounds' terminations. Even in those that don't, landlords can still fraudulently use 'with grounds' terminations to displace tenants, sometimes to get rid of non-preferred renters, sometimes just to achieve higher rental income. While it may be legal to end a tenancy to sell the property, to live in the property, or for renovations, there is little oversight on whether landlords are acting in good faith when they utilise these grounds. Landlords can then increase the rent without the hassle of negotiations:

> *"I was advised in the middle of my fixed term tenancy that I would be evicted for "renovations", six days after I challenged an unlawful rent increase…[After the eviction they] relisted [at] $80/week higher. There was no indication of whether any renovations were done in the new listing."* (Australian Capital Territory)

The lack of oversight not only undermines the ban on no-grounds evictions, it undermines the ACT's rent cap laws. Another renter who used to live in the ACT explained how their former landlord pulled a similar move:

> *"I was asked to vacate because [the] landlord was selling…[T]hen two weeks before moving out I was notified he'd be [re-listing]…[The] new rent on [the] same property was twice what he'd have been able to increase mine by."* (New South Wales)

Renters who moved out told us that moving often meant paying more rent for an equivalent home, or paying the same rent for a worse quality dwelling:

> *"I have been forced to move three times in the last 20 months, and the only homes where I was approved have been more expensive every move, and well outside my budget."* (Victoria)

> *"I have had to move three times in eight years… Each time I have had to move further away to get cheaper rent but the houses [are] gradually getting worse. I'm now in a situation [where] there is no more cheap rent and I have to try and make ends meet."* (Western Australia)

Regardless of the change in rental costs, moving out was itself expensive and time consuming. Moving out often requires renters to research properties, attend viewings, complete rental applications, pay their new bond—before they get their old bond back—take time off work, pay for removalists, pay for storage if their new place is smaller, and pay someone to clean their old home or do it themselves. This leaves renters in a financially worse situation:

> *"I drained my savings, borrowed money, and sought emergency payout of leave from work just to afford the move and food. I also had to take time off from work to attend inspections.."* (Australian Capital Territory)

In most jurisdictions, landlords can increase rents once every twelve months, the same length of time for a typical fixed term lease. This means that the rent increase cycle repeats itself on a yearly basis for renters, creating a churn of worry when they near the end of a twelve month fixed term lease or when it's been twelve months since their last rent increase:

"Our lease expired not long ago....I know there's another increase on the horizon which makes me feel sick with worry." (New South Wales)

"The rent will go up with the new lease and I have no idea if we will have a roof over our heads. I am worried sick." (South Australia)

Family and domestic violence

A large minority of renters told us they had experienced family and domestic violence in their rental homes. Ultimately, perpetrators are to blame for this and we cannot excuse or condone their conduct. At the same time, it's clear that the conditions in the rental market make the experience of violence worse and increase the risk borne by victim-survivors. This is because it makes it harder for people to escape from their current situation or to eject a perpetrator from their current home:

"I had to stay with an abusive ex because I literally could not afford anywhere else and with...kids couldn't feasibly sleep in my car. I have since fled the property with the kids but still can't get myself off the lease and [we are] now living [in a family member's home]." (Location withheld)

"My circumstances got so dangerous that I had to risk further violence by kicking him out. I am stuck living in a house with no way of paying it, due to the severe financial abuse I suffered at my ex's hands. I don't know how much longer I can keep going." (Location withheld)

"I cannot leave my emotionally and economically abusive relationship because my... wage is not enough to rent alone." (Location withheld)

In recent years, multiple jurisdictions have improved rental laws in relation to family and domestic violence. However, a tight rental market and a scarcity of non-market housing options means that victim-survivors are economically pressured to remain in situations that are unsafe for them and their children.

Size of proposed rent increases

In the last section we covered how many renters received a notice of rent increase and renters' responses. In this section we turn to the size of proposed rent increases: how much more were renters asked to pay? We also consider how the proposed rent increase size affected the chance that a renter would oppose or negotiate an increase, and the outcomes if they did.

Data from our survey shows the median size of proposed rent increases was 11%, which means over half of all proposed rent increases were above 10%. A notable proportion of proposed rent increases was above 25%—one in six. The majority of proposed rent increases did take effect in full—what the landlord or agent proposed was what 84% of renters ended up paying. Because of this, the rent increases for this group have an almost identical pattern to Figure 2 (p. 8). The median proposed rent increase that did take effect in full was just above 10%.

Not all proposed rent increases take effect

There was a clear difference between proposed rent increases that took effect in full and the ones that did not. Only 16% of renters received a notice of rent increase that didn't take effect, and this was because the renter negotiated a smaller increase or moved out. The size of proposed rent increases for these renters skewed towards the higher end: the rate of proposed increases above 25% was almost double that of increases that took effect in full. This meant the median proposed rent increase that didn't take effect was much higher—18%.

One in ten renters who received a notice of rent increase negotiated a lower rent increase. However, the median negotiated rent increase was 12%, slightly higher than the median for notices of rent increases that took effect in full. This suggests that a landlord cannot lose if proposing an exorbitant rent increase: either it goes through in full, or it is negotiated down to a smaller amount that is still on par or slightly higher than what a more reasonable lessor might have originally proposed.

Paying the costs of rising rents

So far we have discussed rates of received notices of rent increase, the size of proposed increases, and what led renters to accept, negotiate, or move out in response. But once a rent increase takes effect or a renter pays more rent after moving, how does it impact the household?

For many renters, higher rents meant cutting back on other household expenses—such as food, recreation, healthcare, or energy—to get by. But these weren't the only measures taken by renters to hold onto

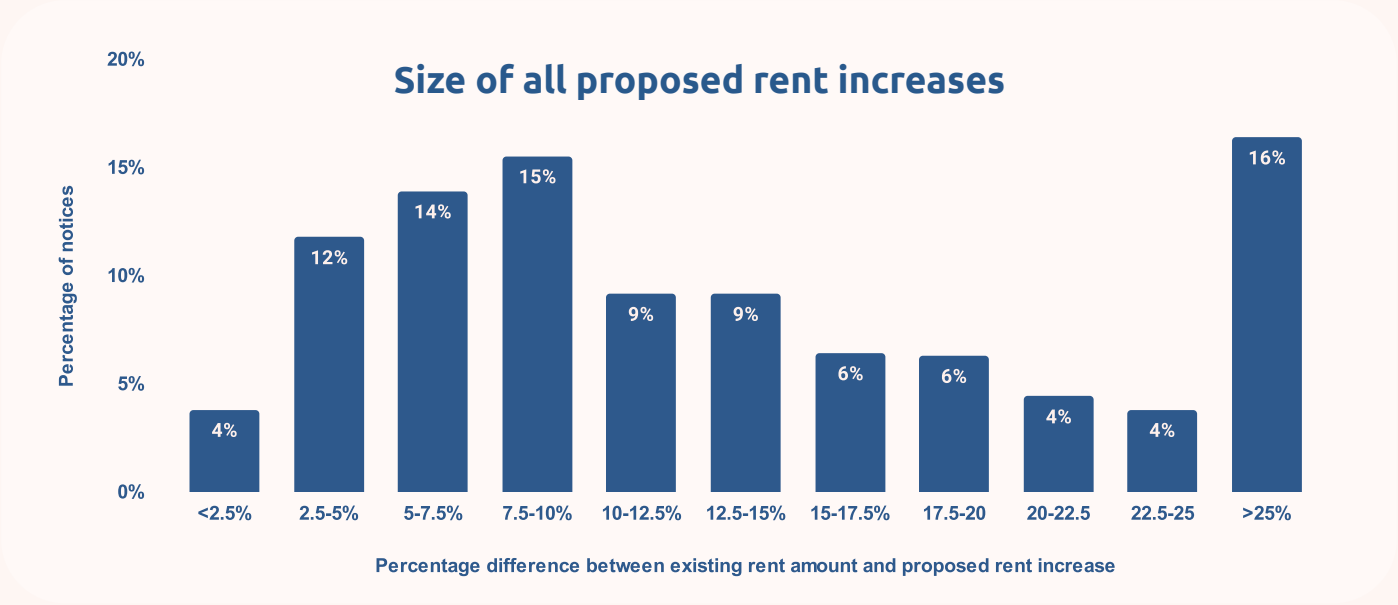


Figure 2: Size of all proposed rent increases. Shows difference in percentage size between existing rent amount and proposed rent increase. (n=802)

their homes. Rapid rent increases left renters feeling afraid to exercise their rights for fear of retaliation in the form of bigger rent increases or eviction. With market conditions in their favour, landlords and real estate agents were also slow to fix repairs, with half of renters saying repairs weren't complete within four weeks. The direct financial pressure, as well as the broader mental stress, left renters giving up on their future, with many describing how they would put their dreams aside to focus on getting by day-to-day. This fear and uncertainty for the future had many renters feeling like the rest of their life would be just about struggling to pay the rent until they could no longer afford it.

Cutting expenses to pay the rent

For most renters, rent is their biggest expense and the one that is hardest to reduce. While there are options—move somewhere cheaper, negotiate a rent reduction, get extra housemates—renters in the survey said these options were difficult or near impossible to achieve. The majority of renters—81%—reported increased rental costs had impacted their ability to build savings, and some renters found themselves in negative cash flow, using their savings to cover day-to-day living expenses. Renters would also reduce expenditures. The most common cuts were to recreation or discretionary expenses, with 79% of renters making cuts. These were long-term cuts to cope with increased rents, not temporary measures

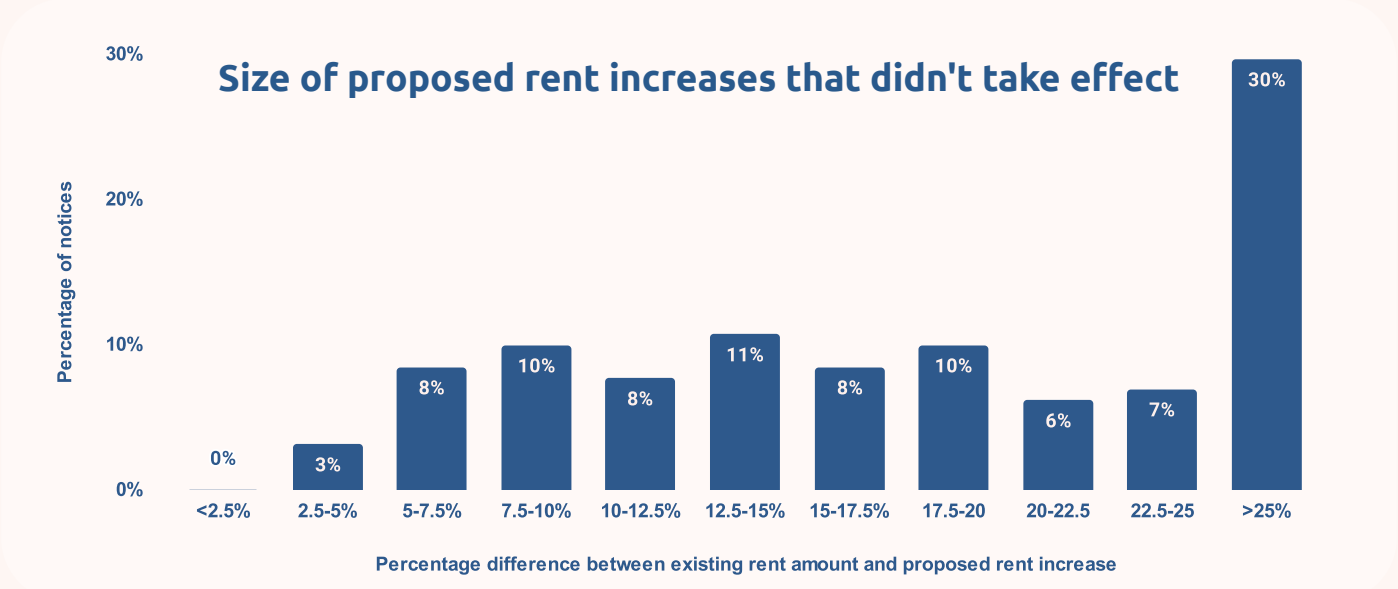


Figure 3: Size of proposed rent increases that didn't take effect (renter negotiated lower rent increase or moved out). Shows difference in percentage size between existing rent amount and proposed rent increase. (n=129)

Notice of rent increase and no grounds eviction rates

	Received notice of rent increase	Median proposed rent increase	No grounds eviction
ACT	64%	4%	5%
NSW	72%	11%	13%
QLD	81%	14%	18%
SA	86%	9%	21%
TAS	59%	10%	4%
VIC	80%	12%	5%
WA	83%	14%	17%
Aus.	76%	11%	12%

Table 1: Rates of received notice of rent increase, median proposed rent increase, and no grounds eviction by jurisdiction. "No grounds" includes termination at the end of a fixed term. NT not included due to insufficient sample size.

to make ends meet during a tricky period. While these might be classified as "non-essentials", we heard from renters that giving up on such pleasures had negative long-term impacts:

> ***"I can't afford to go out and have fun anymore, I simply exist to pay bills and rent."* (Western Australia)**

> ***"I was hoping to go on a holiday before I die, I have cancer, the high cost of rent prevents this from happening."* (Queensland)**

Children living in rentals were particularly impacted by cuts to recreational expenses. Participation in afterschool activities has been shown to have a positive impact[3] in other areas of children's lives. However, children living in rentals were missing out because money that was once spent on their after school activities was now going towards rent:

> ***"I can't have my daughter in extra activities outside school because I simply can not afford it."* (Western Australia)**

> ***"My kids don't do any after school activities and our weekends are spent mostly at home as we can't afford to go anywhere not even day drives like we used to."* (New South Wales)**

The second most common sacrifice in response to increased rents was cutting back on food and groceries. To reduce costs, 70% of renters didn't buy groceries as much, bought cheaper alternatives, got food from charities and food kitchens, ate less, or skipped meals. Renters who reported that they skipped meals tended to be those made vulnerable by rental laws and with fewer resources to move elsewhere—people with disability, living with children, or older renters:

> ***"I only eat [one meal] a day to make sure I have food for the kids due to rent costs."* (Victoria)**

> ***"With being on a pension the rent increases make you have to sometimes skip meals as once [I've] paid rent and other bills [there's] no money left for groceries."* (Western Australia)**

Landlord determination to increase rents regardless of the impact meant 52% of renters made cuts to healthcare expenses. Renters told us they cut back on GP, dentist, psychology, and other healthcare practitioner appointments to cope with these increases. Renters also reported they had rationed or

skipped their prescribed medication. Like any cuts to household expenses, cuts to healthcare weren't easy for renters, but paying rent had to take priority:

> *"I got a $100 a week increase, and have been hit with another $40 a week increase... My physical and mental health continues to deteriorate because I can't afford treatment, food, [and] keeping a roof over my head all at the same time."* (New South Wales)

A tight rental market makes rental laws weak in practice

High rents force renters to cut back on their expenses. They also compel renters to cut back on self-advocacy, because of the risk of a retaliatory eviction or rent increases. This, as well as a lack of competition between lessors in the rental market, means that landlords and agents are less likely to comply with repair laws.

Fear of retaliation

Renters have a greater fear of landlord retaliation when the rental market is tighter. This makes sense: a tight rental market means that renters have fewer options if they face a retaliatory eviction or rent increase. Landlords may also be more likely to behave in retaliatory ways, because they are not worried about the chance of losing incumbent tenants. Renters' experiences demonstrate that the fear of retaliation is well-founded:

> *"[The landlord] advised us that he doesn't believe mould is [his] responsibility and [we should] be prepared for a rent increase to cover his costs."* (Queensland)

About three in five renters—59%—said that they did not bring up issues because they wanted to avoid retaliation from their landlord or agent. Typical fears of retaliation included eviction or a rent increase. Renters did not want to draw attention to themselves, especially those with more experience of renting, whose approach was often informed by past experiences of retaliation. Especially when an issue is unlikely to be addressed anyway, it isn't worth the risk of bringing it up. Even if a renter might be 'lucky' and have a 'good' landlord, they cannot readily know this, and so it makes sense to err on the side of staying silent.

Interestingly, we found this was particularly true for people renting with children—68% of couples with children and 80% of single parents described not bringing up issues. Although parents might be more motivated to bring up issues with their rental home, it stands to reason that the greater risk for parents is a forced move, whether through an explicit eviction or an unaffordable rent increase. A move would be particularly difficult with children, not to mention the chance of having to change school or childcare arrangements, and the adverse impacts of instability on the child. Renters with children thus had an extra pressure to do what they could to remain in their current home, despite the downsides of such an approach:

> *"My priority is maintaining community and consistency for the kids but this situation is really stressful."* (Victoria)

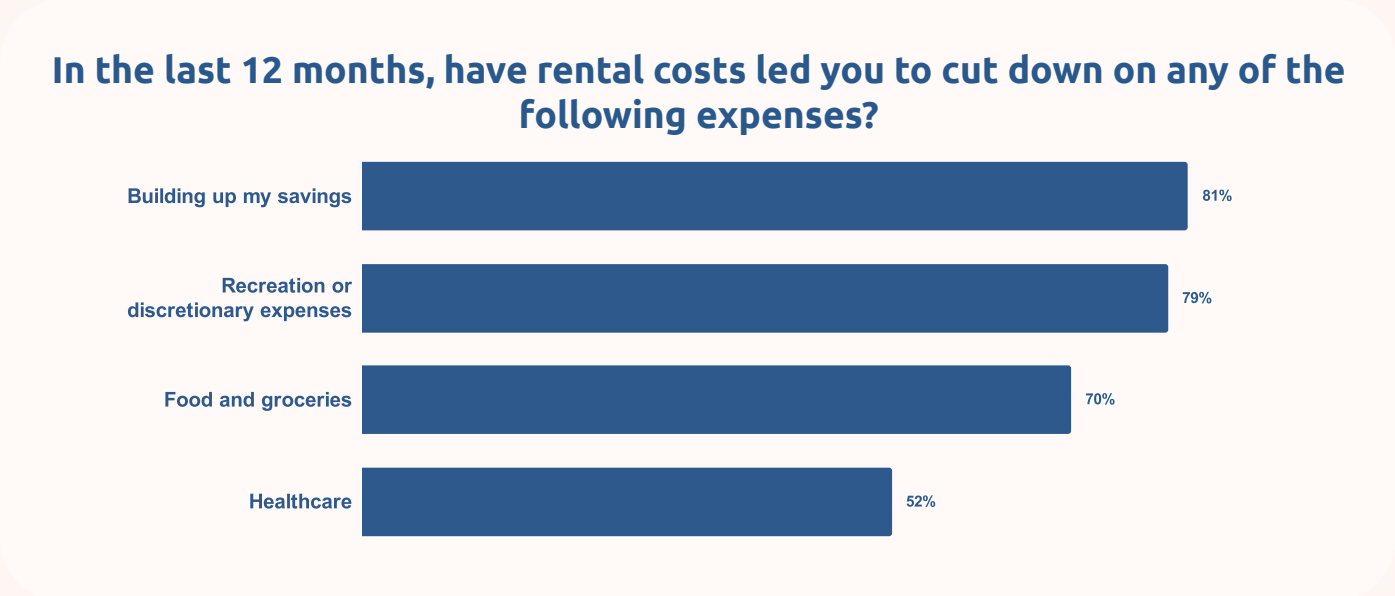


Figure 4: Responses to "In the last 12 months, have rental costs led you to cut down on any of the following expenses?" (n=1229)

> *"I am the one that lives on less and less, because I can't let the kids go without and my husband works…[M]oving isn't an option, because I can't be homeless with a medically complex child!!"* (New South Wales)

Some renters with children did move. These renters also wanted stability and continuity for their children, but landlords imposing rent increases and evictions had removed that choice:

> *"Our baby is [in] his 3rd house and he is only 1.5 years old."* (New South Wales)

Three in five renters said they avoided bringing up issues out of fear of retaliation from their agent/landlord. However, this doesn't mean that two in five renters don't fear retaliation. Renters who had reported issues spoke about how the churn of anxiety began when they realised they needed to report an issue and how the anxiety remained high while they waited for a response:

> *"Being literally terrified of asking for repairs or having any contact with the agent to avoid drawing attention to your existence. Finally asking for a repair and walking on eggshells until you find out whether it was considered reasonable."* (New South Wales)

Although some jurisdictions—the ACT, South Australia, and NSW—are making progress with ending no grounds termination, renters generally remain exposed to retaliation through unlimited rent increases and/or fraudulent use of 'with grounds' terminations. Even when the frequency of rent increases is limited, if there are few restrictions on the size of the increase, then renters remain vulnerable. This limits renters' options for self-advocacy and serves as an enabling factor for lessor non-compliance.

Landlords and agents drag their feet on repairs

When a rental market is tighter, not only do renters hesitate to ask for repairs, lessors and agents also drag their feet in attending to repair requests. This could be attributed to the fact that a lower vacancy rate means less competition between landlords for tenant custom, and thus less need to be responsive and comply with rental laws.

Across Australia, landlords are legally obliged to keep renters' homes in a reasonable state of repair. Generally, for non-urgent repairs, this means getting repairs done within a reasonable time, although some jurisdictions, such as Victoria, have stricter specifications.

In our survey, 50% of respondents said that they had reported repairs in the last twelve months that had not been fixed within four weeks. In addition to the impact of living with disrepair, renters also resented having to pay increasing rents even as landlords failed to honour their obligations:

> *"Makes me angry because if I'm paying my rent why can't they provide at least a decent home since they couldn't do repairs in reasonable time."* (New South Wales)

In some cases, lessors or agents flatly told renters that they would not undertake repairs or maintenance. This happened particularly in relation to mould issues:

> *"I also was told by our agent that I shouldn't complain about the mould in our property as [it was] way worse at other properties they manage."* (New South Wales)

> *"[My landlord told] me mould is okay as it will build up [my son's] immune system."* (Victoria)

The deliberate neglect towards repairs is the tip of the iceberg. In a tight rental market, landlords and agents can scorn rental laws, knowing that renters have less power on their side.

Paying the price with their futures

Many renters didn't speak about their futures, they told us only about how they existed in the present. The renters who did discuss their futures were often in the process of reevaluating what they wanted out of life as rents had become so unaffordable that their goals now seemed unattainable. These were goals they wanted to achieve, but which they were now questioning. The most common goal was home ownership, but other typical goals—moving out of home, going to university or TAFE, starting a family, or starting a business—were also receding out of reach:

> *"I rent with my parents (low income and disability pension) and siblings (students). So I can't have my own life and move out otherwise my parents won't be able to afford to rent or even find a rental to take them."* (Victoria)

> *"I fear that the constantly increasing rents and cost of living means we will never have a family of our own."* (Western Australia)

> *"I have wanted to start my own business for some time. However if I do that and receive a*

Rates of landlord and real estate agent actions and inactions

	Landlord/agent did not do repairs within four weeks	Didn't bring up issues because of fear of retaliation	Agent/landlord encouraged rent bidding	Agent not passing on communication
ACT	41%	52%	5%	24%
NSW	55%	67%	9%	36%
QLD	56%	62%	10%	35%
SA	50%	54%	5%	28%
TAS	49%	53%	2%	11%
VIC	49%	57%	9%	29%
WA	42%	50%	10%	20%
Aus.	50%	59%	9%	29%

Table 2: Rates of landlord and real estate agent actions and inactions by state and territory. NT not included due to insufficient sample size.

> ***no grounds eviction…my family of four young children and my wife and I will be in a position of looking for a place to rent without having steady income."*** (New South Wales)

By far the most common reevaluation renters had about their futures wasn't whether they would own a home, but simply whether they would be able to remain housed in the rental market. Several renters expressed a very real concern about homelessness as they were struggling with rent increases at present, despite having whittled down other household expenses and their social lives to the bare minimum in order to keep a roof over their heads. There were no cheaper rents compared to where they were living, so one further increase or a no-grounds eviction meant there would be nowhere else they could afford to live. Homelessness was the only path they saw ahead of them:

> ***"I only survive out here…I am not living my life…I'm just existing until I die and I'm only one increase from living in my car with my children."*** (New South Wales)

> ***"[N]othing is long term and now in my mid seventies I have a very real fear of what happens when the rent increases to where I cannot afford it…The near future looks very bleak… At the moment I manage but I do not know for how much longer."*** (Victoria)

These concerns speak to an ontological harm that renters suffer in the rental market. Certainly we should be concerned about renters having to cut back on groceries or medication. At the same time, we should object to harms that affect a person's ability to participate authentically in the world: to have hopes and dreams, to imagine a better future for themselves. The current rental crisis doesn't only make the present worse: it diminishes the future.

Discussion

Renters' responses to our survey highlight the ubiquity of big rent increases and the many challenges that rental costs are posing for people. When 89% of renters are seeing their rent go up—often by more than 10%—it means that day-to-day functioning becomes more difficult. As a result, life becomes dominated by the daily struggle to get by: to afford rent, food, energy bills. Dreams or plans for the future fall by the wayside.

In this section we reflect on this overall picture. We discuss:

- The personal cost of renting in the current climate;
- The responsibility of governments to act; &
- The importance of improving conditions within the rental sector.

Personal cost of rent increases

It is one thing to cut back on expenditure temporarily to save up for a house deposit, a wedding, or a trip overseas. It is another thing altogether when the challenge of affording an essential service like housing means that other basics must be sacrificed. In our survey, about half of respondents described limiting expenses such as healthcare. Larger proportions described cutting back on food and groceries, or recreation. For most, it was not possible to build savings, and some—through no fault of their own—were living beyond their means, consuming savings in order to get by. For many renters, it felt like there was no escape from this predicament::

> *""I have been able to deal with life and cope with challenges for a very long time, but these days thoughts of just ending everything are becoming harder to fight."* **(Tasmania)**

How concerned should we be when four in five renters describe cutting back on recreation and discretionary spending? These are not 'essentials'; one can survive without them. However, when a person cannot participate in the life of their community, when a person cannot pursue pleasure for its own sake, when they are reduced to doing everything in their power to just get by, this is not acceptable. It takes a cumulative toll on the psyche of the person thus afflicted. It is a waste of what is possible in a human life.

Reading renters' survey responses, we have come to think of many of these 'discretionary' expenses as 'long-term essentials': things you can get by without temporarily, but their prolonged absence begins to leave life monotonous and grey. When someone doesn't know when they can next afford to meet friends for a coffee—or drive their children to a playground for a picnic, or buy presents for their grandchildren, or take part in after-school sport, or be part of a community choir—something is wrong. Without these pleasures people are whittled down to a nub, existing just day-to-day, with little hope or enthusiasm for the future.

Governments need to act

Governments need to act when the cost of renting creates these poor social conditions and reduces a renter's ability to fully participate in their community or have a social life. Taking action on improving social conditions would not be a new role for governments to take on: they already act and take responsibility to improve other areas of life. Governments recognise that healthcare is a human right, and they chose to act when the cost of healthcare was creating negative social effects. They also recognise that education is a human right, and they chose to act to create more productive, engaged, and informed members of society. Renting in Australia is like healthcare and education before governments took action; only the wealthy can protect themselves and their families from the damaging impacts.

We're often reminded that the Commonwealth Government doesn't set rental laws, that these are state and territory responsibilities. But the Commonwealth Government is responsible for laws that create favourable conditions for landlords, such as negative gearing to subsidise losses in residential property investment. These laws offer protection from the cost of deciding to be a landlord in the private market. They create an uneven field when equally favourable protections are not made for renters. Further to the point, this report shows that renters experience similar issues across Australia, so even though rental laws are a state and territory responsibility and vary across jurisdictions, the cost of renting is being felt nationally and should be addressed as such.

Recently we have seen the Commonwealth Government take a greater interest and role in addressing rental issues. In August 2023, the National Cabinet agreed to 'A Better Deal for Renters', which aims for stronger and consistent renting laws across Australian jurisdictions. While there has been a lot of progress in the past year, there is still a long way to go and states and territories need the Commonwealth Government to take the lead in coordinating these rental reforms.[4]

Taking the lead means pursuing stronger, equitable protection for renters across Australia. Renters told us that they saw the benefits when governments acted and offered stronger protections for renters. The ACT, which protects against large rent increases, had the lowest median rent increases. In Victoria, renters who weren't on their first fixed-term lease felt protected from the risk of eviction and were more willing to exercise their rights. Improvements in legal protection make a real and immediate difference in the lives of renters. The Commonwealth Government

should strive to make similar protections available to renters across Australia.

Governments should aim to improve renting—not solely to incentivise ownership

One potential solution for renters would be if they all become owners. If only every renter could own a home, then they would have better security, increased wealth, and control over their own homes. Rather than get the injustice out of renting, we could just get the renters out of renting. This sort of reasoning seems to be reflected in some of the policy solutions on offer, which purport to show regard for renters by offering subsidies to purchase property.

However, such solutions are unjust and inadequate. Rather than get the renters out of renting, we should be getting the benefits of ownership into the rental sector:

> ***"I don't even want to buy a house that badly, I like to move around (when it's my choice) but I want security, long leases, lower rents, higher minimum liveability standards and rights that are strong enough that I feel able to ask for them to be respected."*** **(Australian Capital Territory)**

Why is this? Firstly, we shouldn't make decent housing conditional on being an owner. Out of necessity, or out of choice, there are going to be people renting. This might include new migrants, military personnel, a doctor or teacher on a rural placement, or someone who has moved interstate temporarily for a job. These people, as much as owner-occupiers, are entitled to a decent home. Other countries demonstrate that it is possible to offer good housing conditions for short and long-term renters. Australia's failure to do so thus far is indicative simply of a lack of political appetite to do so, not any inherent difficulty.

Secondly, to the extent that demand-side subsidies help first home buyers, they are generally most helpful for the 'marginal' renter: the person who is just on the edge of being able to afford property. This person typically has more resources and is less marginalised than the average renter: they probably have higher income, more family support, and more cultural capital at their disposal. Almost inevitably, subsidies for ownership will fail to help the renters who are in fact worst off in the rental sector and most in need of support. As the Productivity Commission has pointed out, for an ownership subsidy to reduce wealth inequality it must be precisely targeted at households that wouldn't be able to buy without support.[5] In contrast, while improvements to renting conditions help all renters, they will tend to offer more help to those renters who are most at risk.

Renting in Australia is bad. But this is only because human-made laws make it bad: evidence from other countries shows that renting can be a good experience. When we try to solve the problems in the rental sector by subsidising ownership, we condemn the renters who remain to ongoing mistreatment and neglect. Renters and owner-occupiers alike should be

Recommendations for decent rental homes

	Tenancy laws	Tax reform	Housing supply
Commonwealth	Coordinate and incentivise.	Phase-out tax handouts for wealthy investors. Use tax settings to encourage investment in retrofits.	Encourage jurisdictions to meet supply targets. Directly fund public housing.
Jurisdictions	Legislate and regulate.		Facilitate new housing supply.

Table 3: Commonwealth and state/territory governments recommendations for decent rental homes.

able to have stable, affordable, and healthy homes.

Recommendations

The problems that renters face are solvable, and when governments act, life gets better for renters. Here, we discuss what governments can do. There is a role for both the Commonwealth and for state/territory governments, and for interventions that help to blunt harms in the short-term while also shifting the broader market conditions over the medium to long term.

Three key areas of intervention are:

- **Reform tenancy laws and strengthen enforcement.** Here, jurisdictions have ultimate responsibility, although the Commonwealth should coordinate and incentivise reform.
- **Use tax reform to encourage improved rental conditions.** This responsibility sits primarily with the Commonwealth government.
- **Increase the supply of housing.** All levels of government have a role to play here. Jurisdictions can relax regulatory barriers to new construction, while the Commonwealth can incentivise increased housing supply and can directly fund more public housing.

Reform tenancy laws and strengthen enforcement

States and territories should strengthen their rental laws. The Commonwealth should coordinate this process and use its financial leverage to accelerate action.

Key areas of reform here are:

- **Ending no grounds evictions and requiring a 'good cause' to end a tenancy.** This is already noted in the 'Better Deal for Renters' agreement[6], although progress has been patchy.[4] All jurisdictions should require a 'good cause' to end a tenancy, including at the end of any fixed-term. Enforcement measures should include temporary bans on re-letting and an ability for renters to seek compensation for wrongful eviction.
- **Limit the size of rent increases.** While jurisdictions have moved to limit the frequency of rent increases, the size is still largely unregulated. We recommend a 'rent stabilisation' approach similar to that in the ACT: regulate a threshold for rent increases, whereby the onus is on a lessor to justify an increase above that level, rather than having it take effect automatically. For simplicity, the level should be a percentage rate. Even if the level is rather high, there is still a significant benefit for renters in reducing the risk of egregious 10%+ rent increases that are much more likely to cause a forced move. This would complement action on no grounds evictions by helping protect against retaliation. It is best understood as a measure to promote secure tenure, as much or more so than as an affordability measure.
- **Implement comprehensive minimum rental standards.** 'A Better Deal for Renters' covers rental standards, but does not speak to energy performance. All jurisdictions should implement comprehensive and explicit standards covering matters such as security, privacy, safety, and energy performance. This would ensure that, despite a tight rental market, renters can be assured of a home that is fit to live in and can affordably be kept at a healthy temperature.

As demonstrated by 'A Better Deal for Renters', the Commonwealth can play a role in helping to coordinate action. In addition, the Commonwealth has significant financial leverage over jurisdictions and can use this to motivate faster and more consistent action on rental reform. For example, through the National Agreement on Social Housing and Homelessness the Commonwealth allocates billions of dollars to different state and territory governments.[7] Amongst other purposes, this is to help people at risk of homelessness. At the same time, state governments allow evictions and unlimited rent increases that push people into homelessness. It would thus be sensible for the Commonwealth to use its financial leverage to insist on stronger renter protections to reduce the rate of homelessness.

Reform tax laws to improve rental conditions

Currently, Australia's tax settings around negative gearing and the capital gains tax discount reduce public revenue while enriching property owners—offering disproportionate benefit to those on the highest incomes.[8] Yet there is no targeting of these measures in an attempt to make them serve a public good such as increasing housing supply or encouraging affordable rentals. These settings encourage property speculation,[9(p278)] more turnover of properties, and relatively cash-constrained amateur landlords who are often loath to make the investments necessary to keep a rental property in a decent state of repair.

Phasing out these untargeted concessions would

reduce systemic risk in the financial system, improve public revenue that could be used to invest in public housing, and encourage a different type of landlord that is more able and willing to maintain a property and offer improved stability for renters. While such reform cannot fix everything on its own, it is a clear option that is directly in the purview of the Commonwealth. In the current crisis we should employ every lever at our disposal.

Instead of offering untargeted handouts that encourage speculation, the Commonwealth can tweak tax settings to incentivise desirable behaviours. While regulation is essential to ensure every rental home meets an acceptable minimum standard, the Commonwealth can use tax settings to accelerate action by landlords. This should include allowing instant asset write-offs for capital improvements related to energy performance such as efficient reverse-cycle AC, insulation, or rooftop solar.

Increase housing supply

Renters are currently struggling with rent increases, the risk of eviction, the challenge of finding a new rental, and non-compliant landlords and agents. These are all symptoms of the same underlying problem: fundamentally, there aren't enough options out there for renters. The vacancy rate—how much rental stock is available for rent at any given time—is too low. This means that renters have no market power; no position of strength from which to negotiate. Landlords don't have to compete for tenants. Instead, tenants must compete: by paying more rent and by putting up with substandard conditions. In contrast, a higher vacancy rate makes everything better for renters: not just fewer rent increases, not just more options when you are looking for a place to rent, but also a greater ability to self-advocate within your current home.

The Commonwealth has made welcome moves in this space and should expand upon these moves. We have seen the Commonwealth working more closely with jurisdictions to establish targets for housing supply and provide incentives to meet these targets. In addition, the Commonwealth has made direct investments to increase the supply of new social housing. There are also attempts to encourage more supply of 'build to rent' housing. Just as adding more seats to a game of musical chairs makes the game easier for everyone, even if they don't end up sitting in those seats, more housing improves the chances of a renter being able to find a decent, suitable, and affordable home.

States and territories also have a role to play here, in making it easier for more housing to be built in the places that people want to live. In particular, state and territory governments should ensure that non-market housing such as public or community housing can be easily built without being undermined by objectors who are enabled by the planning system. If people want to build housing, we should be making it easier for them to do so—especially so when that housing is targeted for those most in need.

Conclusion

Our first Cost of Renting Report tells us that Australia's rental system causes real harm. It stops people from living their lives; it puts their health at risk; it makes them homeless; it allows domestic violence to fester; it brings instability to children's lives. People deserve rewarding, meaningful lives that aren't just about working and paying rent. But many renters don't get that opportunity—for them, missing out is the norm.

Renters don't make the decisions that lead to these conditions. These conditions are the outcome of decisions made by landlords, real estate agents, and governments: decisions that value wealth-building from residential property investment over security for renters. For most renters, there's no escape from these conditions: vacancy rates are low, there are very few places to move that are cheaper or better quality, and competition to secure a rental is high. Until someone confronts the decisions that lead to these conditions, the number of renters facing harm will continue to grow.

So who could do something about the problem? Renters told us they fear retaliation if they self-advocate, so continuing to place the burden of responsibility on their shoulders won't work. Perhaps all landlords and real estate agents could comply with existing rental laws, but this report shows that many don't care to make that happen—and even if there were full compliance, existing rental laws across Australian jurisdictions don't provide enough protection for renters anyway.

Governments are the ones who can make stronger legislation and have the option to make changes. Unlike renters, they don't have cause to fear retaliation from landlords or be beholden to their whims. Governments should be aiming to ensure that renters' essential needs—short and long-term—are met.

To do this, we recommend that both Commonwealth and state/territory governments take steps to improve rental conditions now and into the future. This

includes:

- Reforming rental laws—a process implemented by state and territory governments, but coordinated and driven by the Commonwealth;
- Reforming tax settings—using the levers available to the Commonwealth to ensure that landlord tax concessions contribute to social objectives; &
- Encouraging housing supply—shift market power towards renters by investing in more housing and by making it easier for others to build more housing.

Our recommendations address the legal side of changes that renters need, but there is a clear need for a cultural change in the way Australians view renting. The view that home ownership is the only path to housing security is the norm in Australia, but it doesn't have to be the reality. Renters have told us they're ready for that culture change, and it's time governments were too.

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