

HOUSING CRITICAL

The role of housing in solving critical skill shortages across the regions



August 2022

A report prepared by Impact Economics and Policy for Everybody's Home

EVERYBODY'S HOME

Everybody's Home is a national campaign to fix the housing crisis. It was launched in 2018 by a coalition of housing, homelessness and welfare organisations to achieve the change needed so everybody has a safe and decent place to live.

The campaign now has more than 40,000 individual supporters and more than 400 organisational supporters.

www.everybodyshome.com.au

IMPACT ECONOMICS AND POLICY

Impact Economics and Policy brings together a group of expert consultants and affiliates with experience working for government, non-for-profits and big four consulting. Our advisers have expertise across economic and fiscal, health and aged care, education, gender equity, and housing policy.

Established at the start of 2022, our mission is to partner with clients for impact through providing robust evidence, fresh analysis and strategic communication to tackle Australia's biggest public policy challenges.

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ACKNOWLEDGEMENT OF COUNTRY

We acknowledge Aboriginal and Torres Strait Islander peoples as the Traditional Owners of Country throughout Australia and their continuing connection to both their land and seas. We also pay our respects to Elders – past and present – and generations of Aboriginal and Torres Strait Islander peoples now and into the future.

AUSTRALIA IS FACING A CRISIS OF SKILLS.

Employers across Australia are unable to fill job vacancies, which is undermining productivity and economic growth. In May 2022 there were 480,000 vacant jobs across Australia¹, representing enormous lost productive capacity. There are many factors driving high vacancies, including the lack of migration, under engagement of Australian women in the labour market, and inadequate investment in skills and training but housing also plays a critical role in the efficient operation of the labour market.

In this report the labour market and housing market trends since the pandemic started are analysed across five key regions - the Sunshine Coast; Geelong and the Surf Coast; Illawarra and South Coast; Fleurieu Peninsula; and Launceston and the North East.

LINK BETWEEN HOUSING AND JOBS

A well-functioning labour market requires labour mobility, where workers can move from one region to another to fill gaps². A lack of affordable and secure housing options limits the ability of workers to easily move between regions and undermines the efficiency of the labour market³. Even within regions, the instability, stress and logistical challenges facing workers who are unhoused severely curtails their ability to engage in paid work.

The crisis in our rental market is not only producing large rent increases in regional areas, but it is also impacting labour mobility. This was highlighted in the recent SGS Report: Give Me Shelter which found the lack of social and affordable housing would cost \$25 billion a year by 2051, partly due to the impacts on the efficiency of the labour market⁴.

LACK OF AFFORDABLE HOUSING

The number of available houses for each job has dropped across regional Australia and in many regions is well below the major capital cities:

- In Geelong and Surf Coast, there is only one house for every ten jobs compared to one house for every six jobs in Melbourne; and
 - In Illawarra and the South Coast, there is one house for every eight jobs compared to one house for every five jobs in Sydney.
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Across the five regions analysed there has been a large increase in the number of low-income households experiencing severe rental stress, where they spend more than 50 per cent of their income on rent. Original analysis undertaken by Impact Economics and Policy shows that the number of people experiencing severe rental stress has increased by:⁵

- 15 percentage points to 39 per cent on the Sunshine Coast, QLD
- 5 percentage points to 26 per cent in Geelong and the Surf Coast, VIC
- 20 percentage points to 46 per cent in Illawarra and the South Coast, NSW
- 20 percentage points to 38 per cent in Fleurieu Peninsula, SA, and
- 7 percentage points to 36 per cent in Launceston and North East, TAS.

Original analysis from Impact Economics and Policy highlights how the availability of affordable housing in five regions is undermining the ability of businesses in the regions to attract workers. Quantifying the cost of these vacancies, which represent a lost opportunity for economic output, it is estimated that the vacancies are costing⁶

- \$786 million per year on the Sunshine Coast, QLD
- \$760 million per year in Geelong and the Surf Coast, VIC
- \$642 million per year in Illawarra and the South Coast, NSW
- \$201 million per year in Fleurieu Peninsula, SA, and
- \$201 million per year in Launceston and the North East, TAS.

Providing more social and affordable housing in regional areas would ensure that there was adequate supply of housing in these locations, reducing rental stress and homelessness and helping address critical skill shortages.



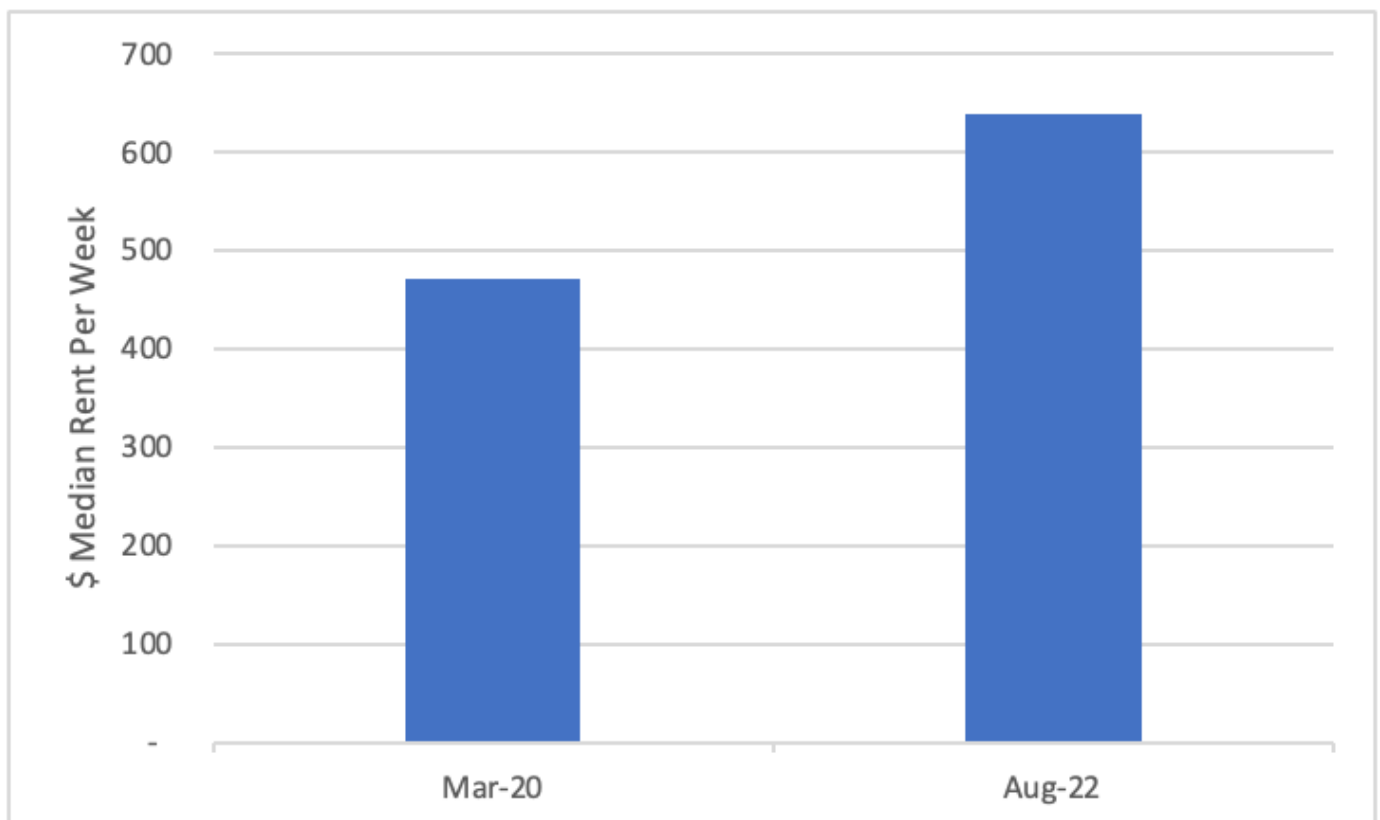
SUNSHINE COAST

The Sunshine Coast is located on the traditional lands of the Kabi Kabi and Jinibara people, and stretches from Caloundra in the south up to the Great Sandy National Park in the North.

INCREASE IN RENTS

Rents have increased substantially on the Sunshine Coast since the start of the pandemic, pushing many households into significant housing stress, and making it hard for people moving to the area to find affordable rental properties.

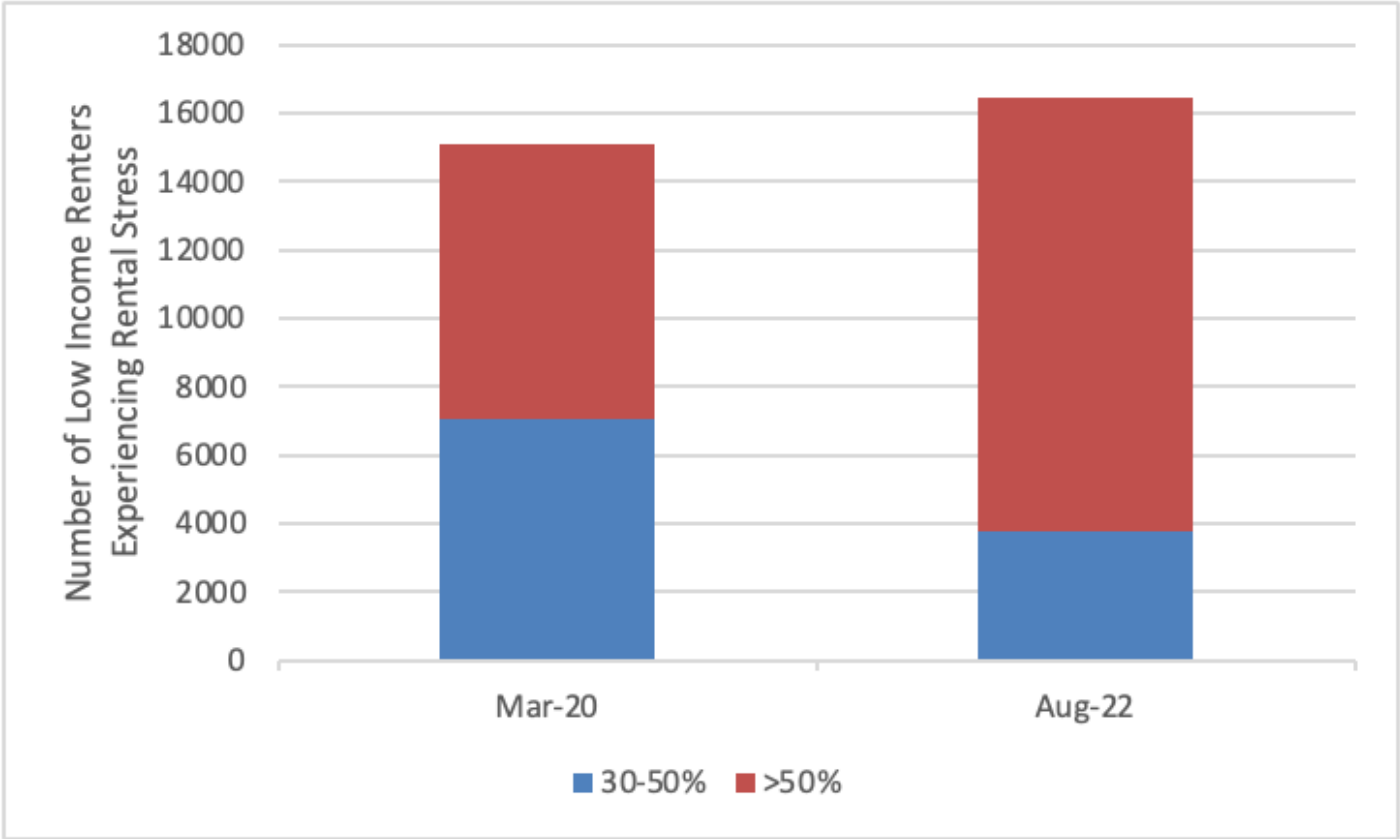
Median rents have risen 36.0 per cent between March 2020 and August 2022.⁷



Source: SQM Research (2022), Median Weekly Rents – Sunshine Coast: <https://sqmresearch.com.au/weekly-rents.php?region=qld-Sunshine%20Coast&type=r&t=1>

INCREASE IN HOUSING STRESS

Impact Economics and Policy analysis shows that the increase in median rents has caused the estimated number of low-income households experiencing housing stress to increase from 47 to 51 per cent on the Sunshine Coast, and the number experiencing severe housing stress (>50 per cent of income) to increase from 25 per cent to 39 per cent of low-income households.

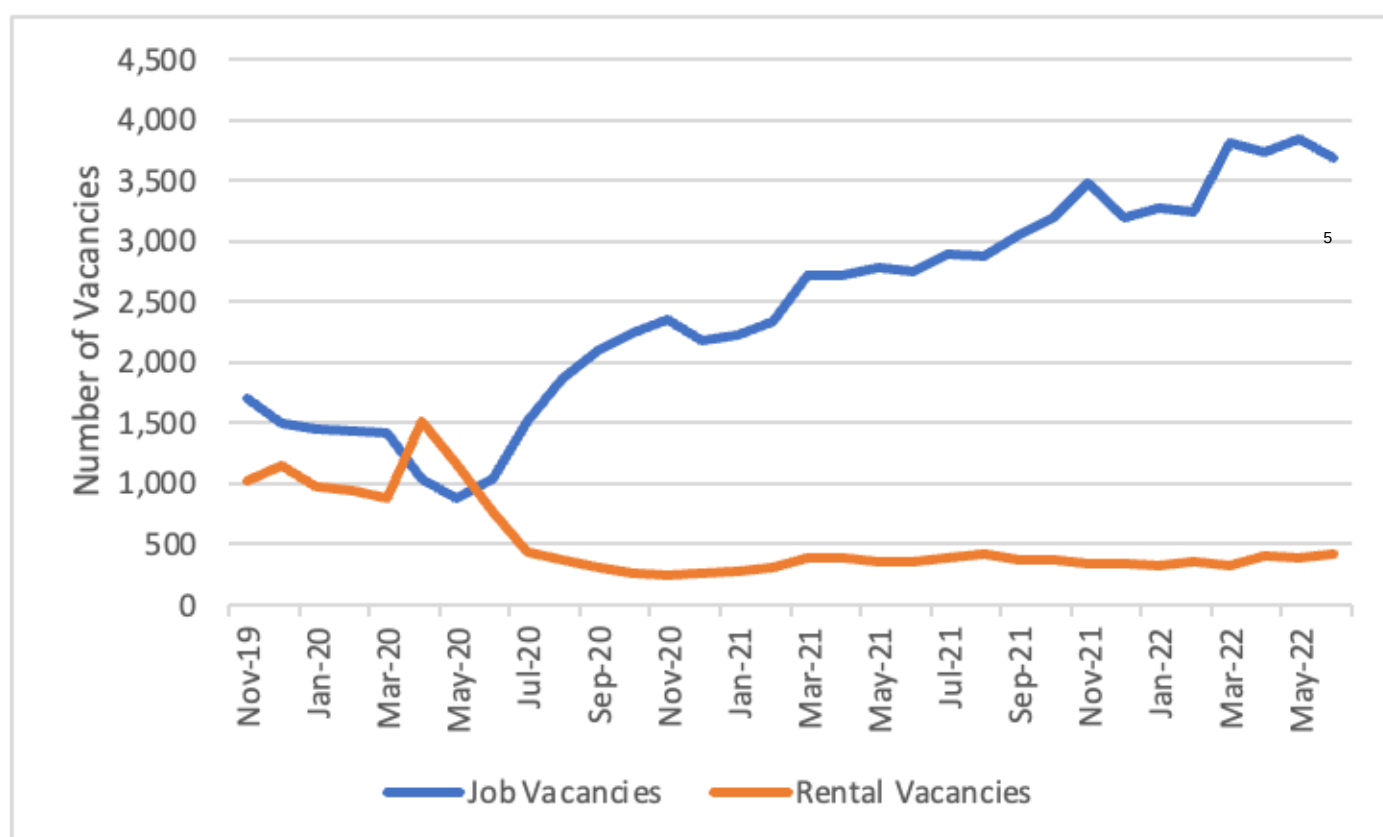


Source: Impact Economics and Policy workings (see appendix for methodology)



JOB AND RENTAL VACANCIES

Since March 2020 the number of job vacancies on the Sunshine Coast has more than doubled, increasing by a total of 2,263 positions. Over the same time the number of rental vacancies has fallen from 874 in March 2020 (1.4 per cent vacancy rate) to 419 (0.8 per cent vacancy rate) in June 2022.⁸



Source: Impact Economics and Policy using data from National Skills Commission (2022), IVI Regional Data: <https://www.nationalskillscommission.gov.au/topics/internet-vacancy-index> and SQM (2022), Vacancy Rates for Sunshine Coast: https://sqmresearch.com.au/graph_vacancy.php?region=qld-Sunshine%20Coast&type=r&t=1

COST OF JOB VACANCIES

There are currently 3,678 job vacancies on the Sunshine Coast, spread across a range of occupations, including 574 community and personal service worker vacancies and 738 professional worker vacancies.⁹

Based on previous estimates that cost vacancies at three times an employee's salary, these vacancies are costing an estimated \$786 million per year, or \$15 million per week.¹⁰

CASE STUDY

Lincoln Hopper – CEO, St Vincent's Care Services

We're really struggling to find staff on the Sunshine Coast. We run three shifts a day at our aged care facility, and we currently have to fill up to 242 shifts a fortnight with temporary and other staff – which equates to about 40 people – because of a lack of available locals to fill permanent roles and plug the gaps.

Housing affordability is undoubtedly a major factor in our struggling to fill these positions. People can't work in the region if they can't afford a place to live. A lot of people don't understand the multiplying effect the housing crisis has.

This crisis not only hurts individuals – who can't find a place to live – but it also hurts the people who need their support; it hurts the local towns and communities that miss out on their contribution.

The Federal Government must recognise that people can't work and contribute to society if they don't have a place to live. We need a plan, and we need an urgent investment in social and affordable housing.



GEELONG AND SURF COAST

Geelong and the Surf Coast are the traditional lands of three Aboriginal nations, the Wadawurrung, the Gulidjan and the Gadubanud. The area extends from Geelong, along the Great Ocean Road and includes Warrnambool in South West Victoria.



CASE STUDY – PRESSURES FROM A GROWING COMMUNITY

The G21 Region which encompasses the Geelong and Surf Coast regions is one of the fastest growing regions in Australia, but it is experiencing growing pains. In 2019, the Great South Coast Councils region imported approximately 4,000 workers from outside the region. This figure is set to increase to 6,600 by 2024. The region is experiencing growing jobs vacancies, contributing to reduced economic participation and stagnant economic growth.

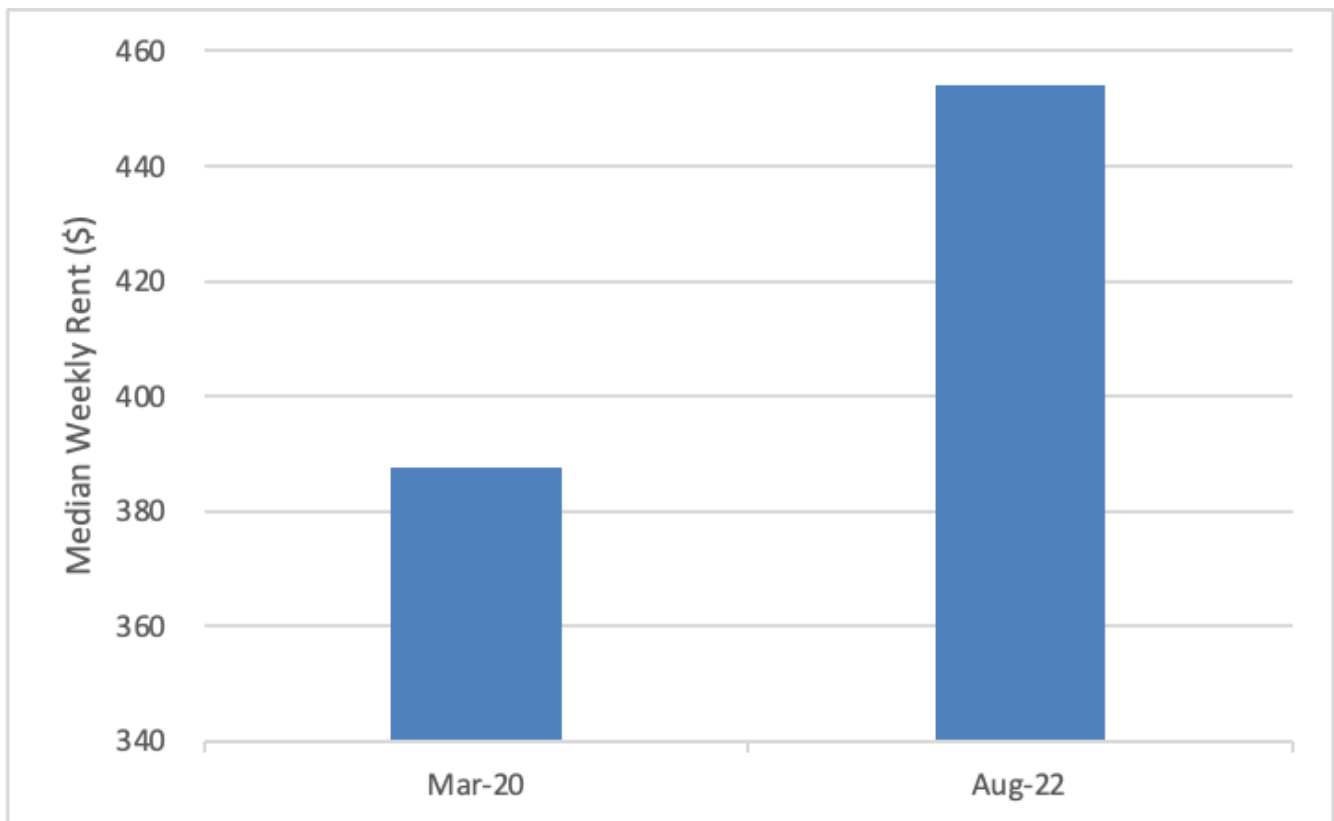
In May 2021, the Surf Coast Shire Council declared a Short Term Key Worker Accommodation Crisis. A survey of over 60 businesses found an average shortfall of 12 workers. Respondents identified no local workers (53%) and a lack of affordable accommodation (46%) as the top two contributing factors to the shortages. The survey indicated that for most businesses it was a year-round problem and that workers wanted a house to rent rather than more temporary accommodation, such as a campsite or cabin in a caravan park.

Great Ocean Road Regional Tourism's (GORRT) Great Ocean Road Visitor Economy Workforce Development Strategy indicates visitor demand will create 630 direct jobs and 280 indirect jobs to 2024. Current experience of members across the 600 or so visitor economy businesses in the Shires of the Surf Coast, Colac Otway and Corangamite suggests a shortfall of between 400 to 600 jobs. Filling these jobs would generate more than \$100m in business revenue for the visitor economy.

INCREASE IN RENTS

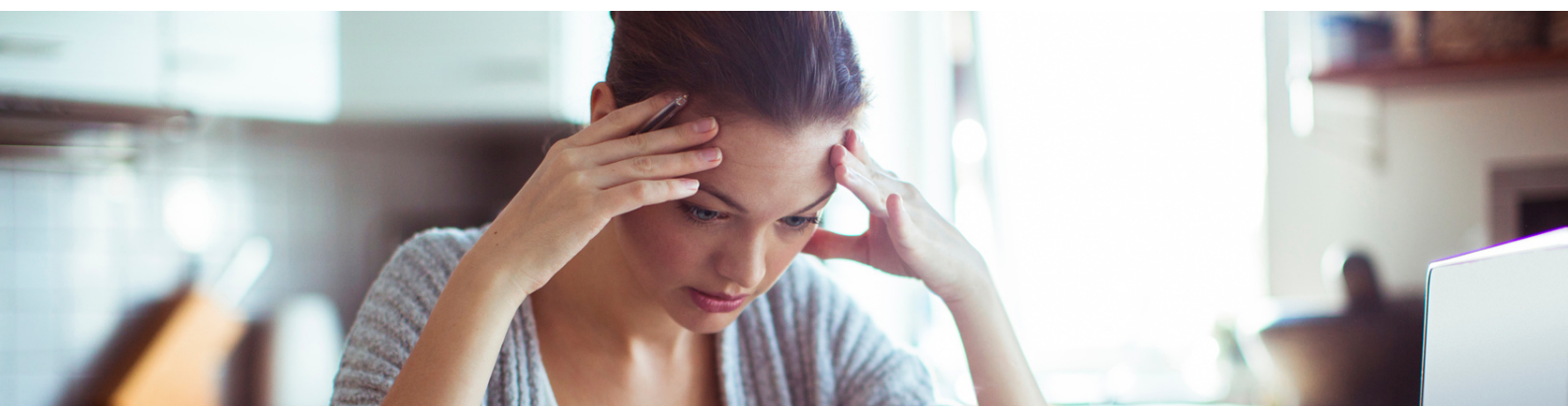
Rents have increased in the Geelong and Surf Coast region substantially since the start of 2020, increasing the number and severity of households experiencing housing stress, and reducing the availability of affordable rental properties.

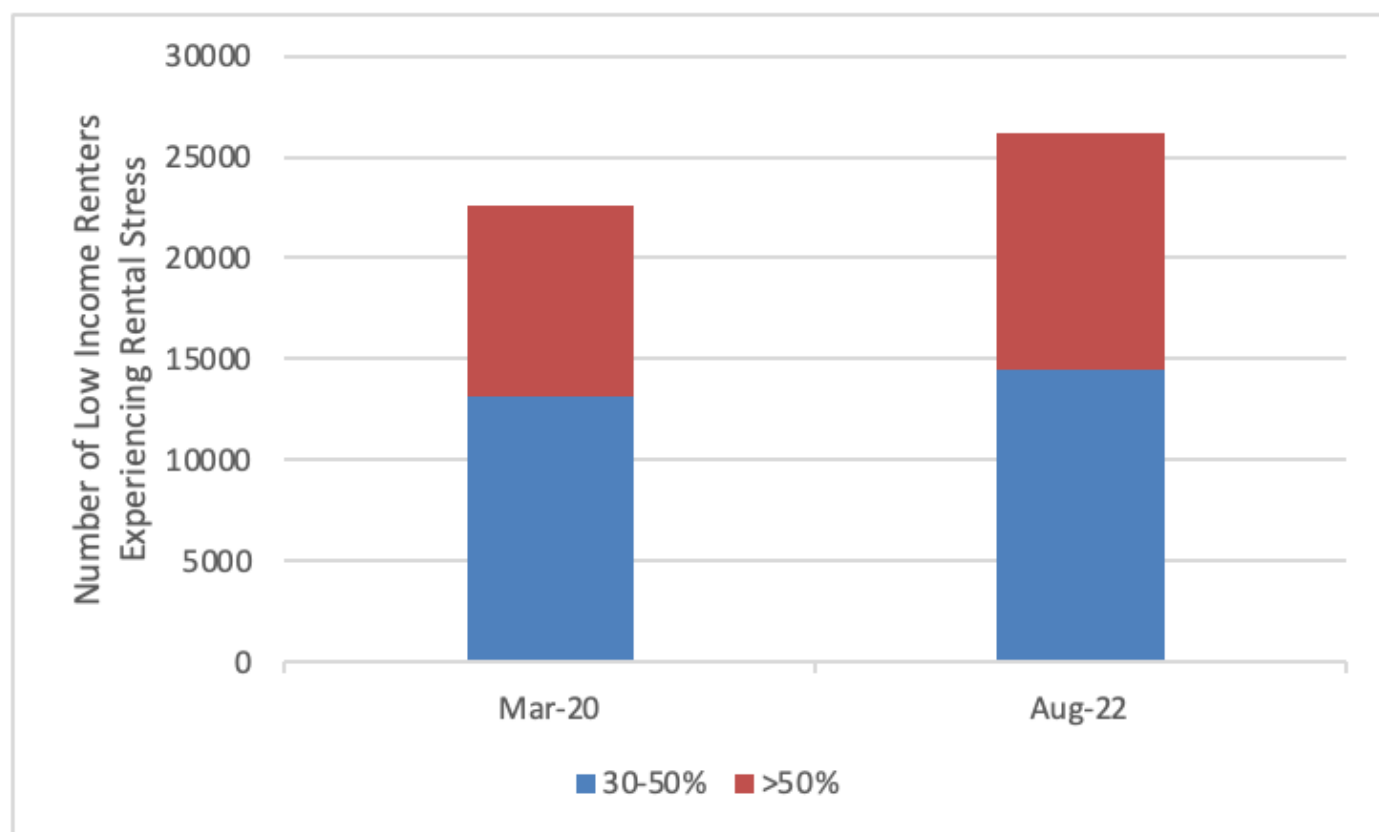
Median rents have risen by 17 per cent since March 2020.¹¹



Source: SQM Research (2022), Median Weekly Rents – Bellarine Peninsula and South West Victoria:
<https://sqmresearch.com.au>

Impact Economics and Policy analysis shows that this has caused the estimated number of low-income households experiencing housing stress to increase from 50.0 to 57.9 per cent, and the number experiencing severe housing stress (>50 per cent of income) to increase from 20.9 per cent to 25.8 per cent of low-income households.





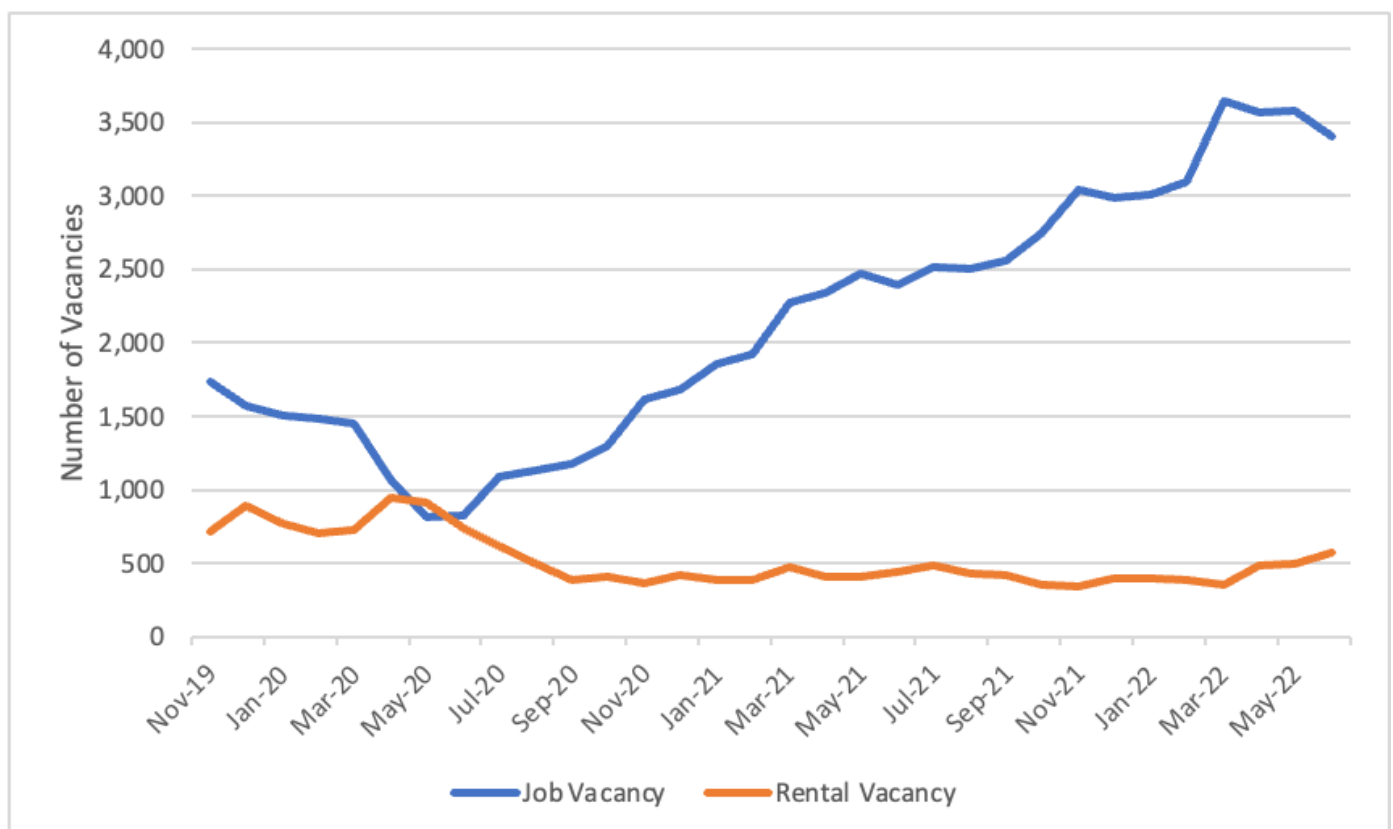
Source: Impact Economics and Policy workings (see appendix for methodology)





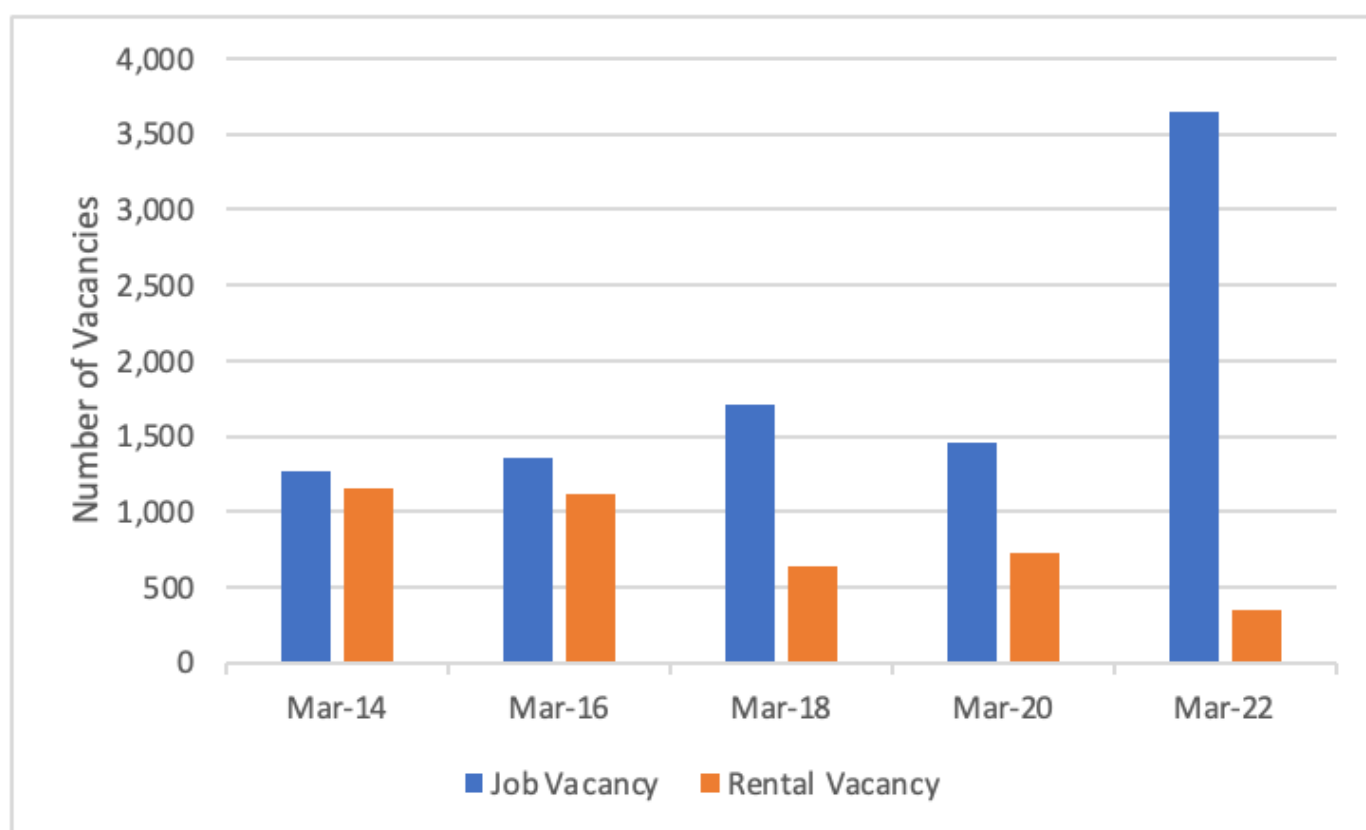
JOB AND RENTAL VACANCIES

Since March 2020 the number of job vacancies in the Geelong and Surf Coast Region have more than doubled from 1,454 to 3,401. Over the same time the number of rental vacancies has fallen from 730 (2.8 per cent vacancy rate) in March 2020 to 577 (1.5 per cent vacancy rate) in June 2022.¹²



Source: Impact Economics and Policy using data from National Skills Commission (2022), IVI Regional Data: <https://www.nationalskillscommission.gov.au/topics/internet-vacancy-index> and SQM (2022), Vacancy Rates for Bellarine Peninsula and South Western Victoria: <https://sqmresearch.com.au>

While the mismatch between job vacancies has worsened it was evident in the region even before the pandemic. In March 2014 there was more than one rental vacancy for every job available. By March 2018 for almost every rental vacancy there were three jobs available. And in March 2022 there were 10 jobs for every rental vacancy in the region.¹³



Source: Impact Economics and Policy using data from National Skills Commission (2022), IVI Regional Data: <https://www.nationalskillscommission.gov.au/topics/internet-vacancy-index> and SQM (2022), Vacancy Rates for Bellarine Peninsula and South Western Victoria: <https://sqmresearch.com.au>

COST OF JOB VACANCIES

There are currently 3,401 job vacancies in the Geelong and Surf Coast region, spread across a range of occupations, including 517 community and personal service worker vacancies and 906 professional worker vacancies.¹⁴

Based on previous estimates that cost vacancies at three times an employee's salary, these vacancies are costing an estimated \$760 million per year, or \$14.6 million per week.¹⁵

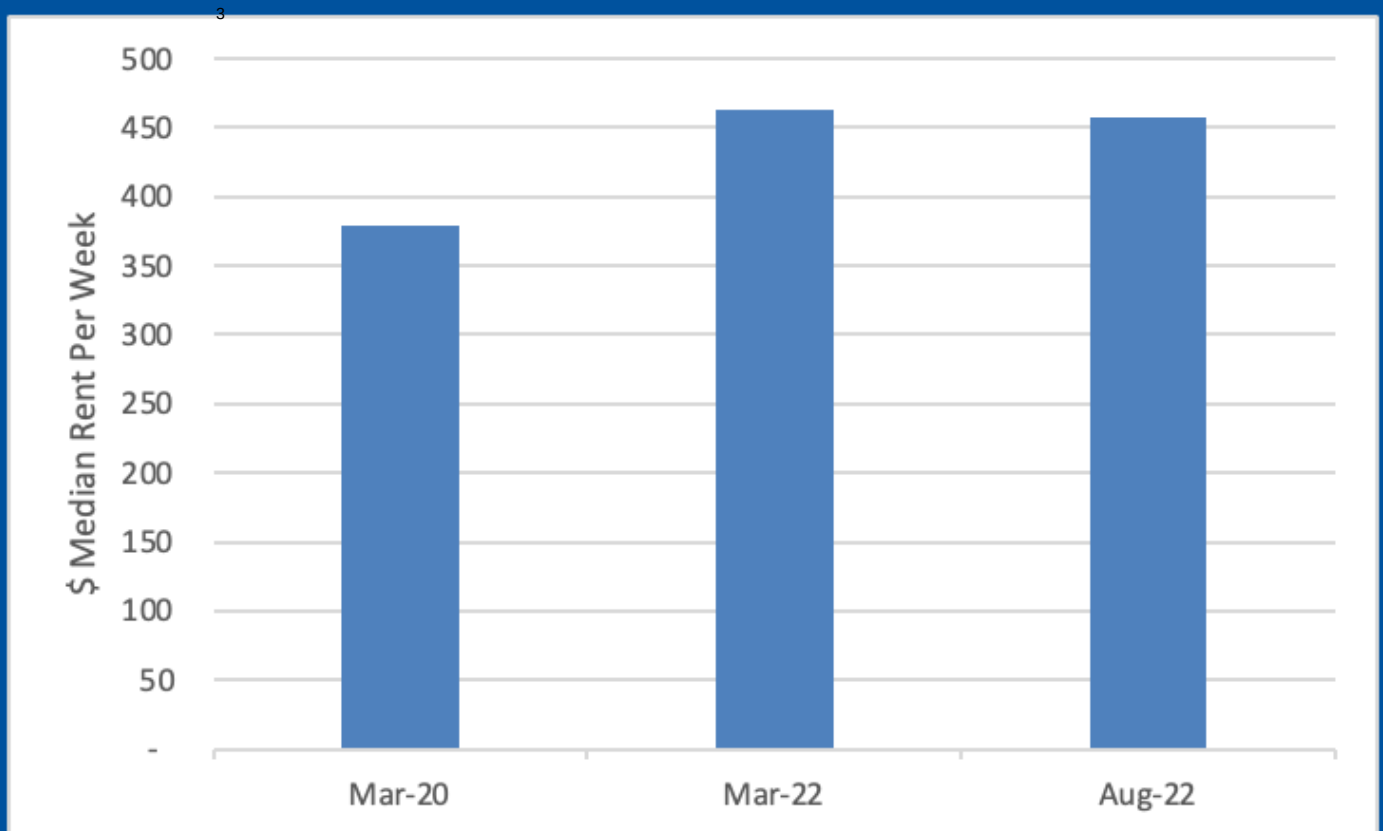


LAUNCESTON AND NORTH-EAST

Launceston and North-East Tasmania are on the traditional lands of the Stoney Creek Nation and incorporate the city of Launceston and towns of Scottsdale and Bridport.

INCREASE IN RENTS

Rents have increased in Launceston and Northeast Tasmania by 21 per cent since March 2020, with median rents up \$80 per week.¹⁶

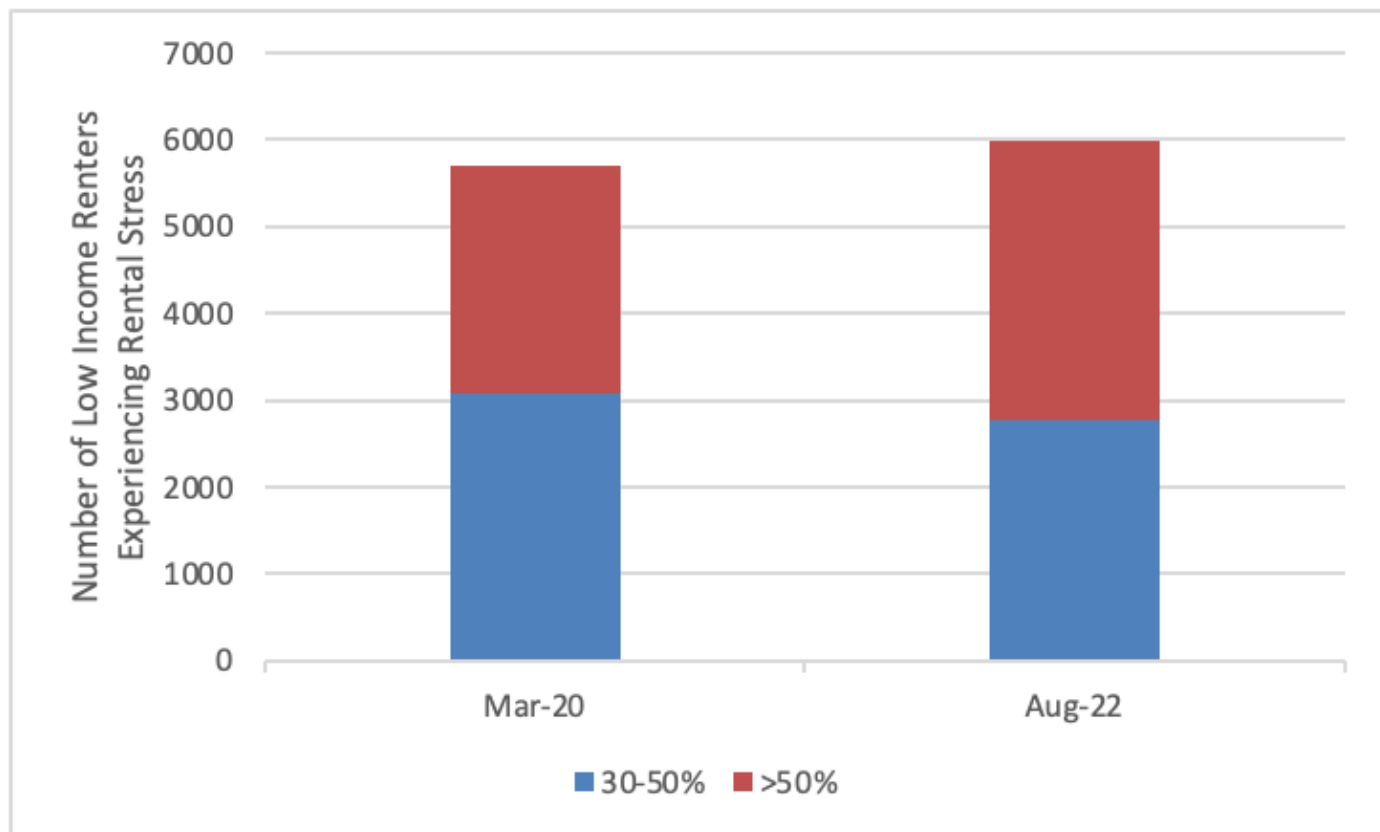


Source: SQM Research (2022), Weekly Rents, Region: Launceston, <https://sqmresearch.com.au/weekly-rents.php?region=tas-Launceston&type=r&t=1>



INCREASE IN HOUSING STRESS

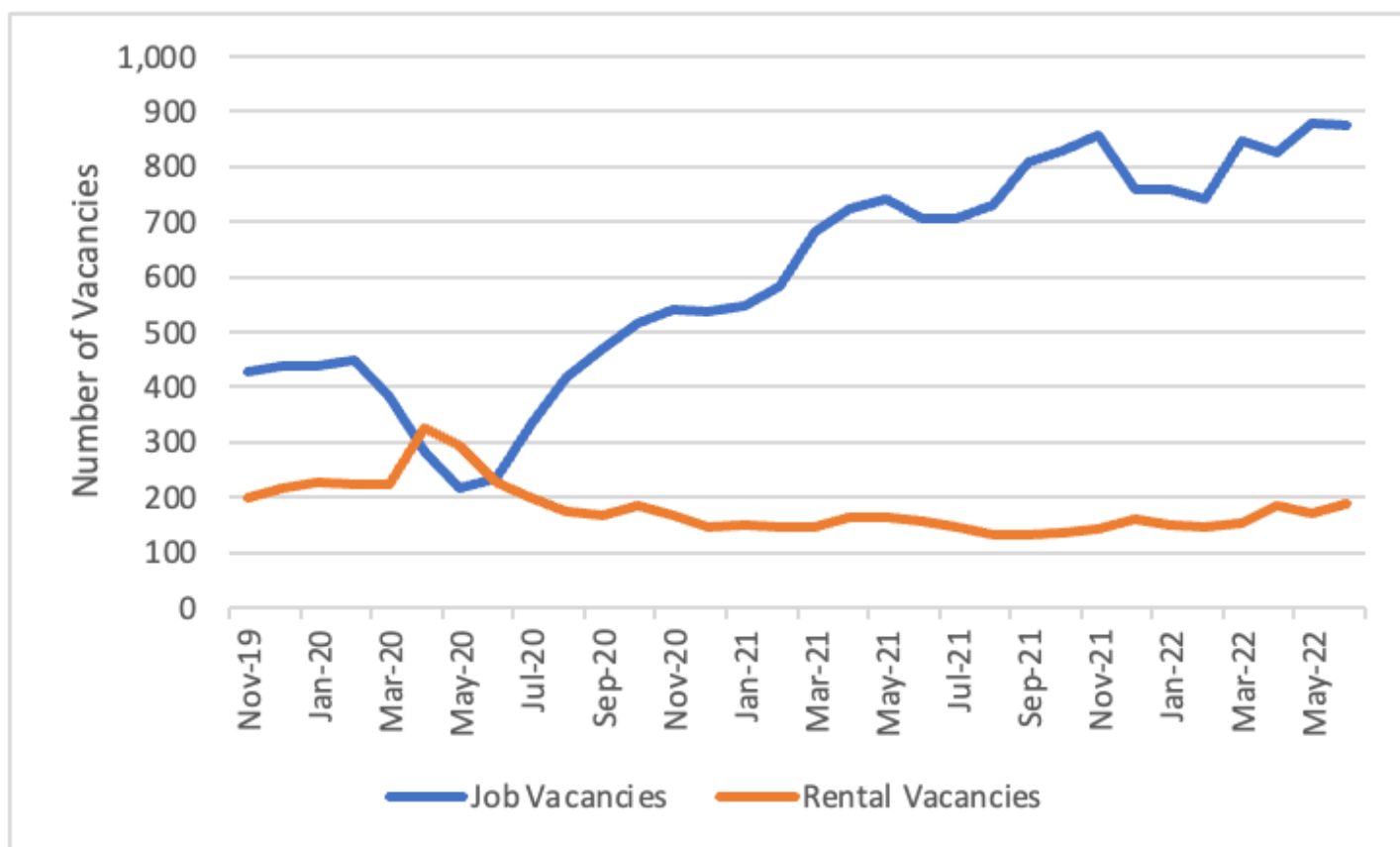
Impact Economics and Policy analysis shows that this has caused the estimated number of low-income households experiencing housing stress to increase from 64.4 to 67.8 per cent, and the number experiencing severe housing stress (>50 per cent of income) to increase from 29.6 per cent to 36.5 per cent of low-income households.¹⁷



Source: Impact Economics and Policy workings (see appendix for methodology)

JOB AND RENTAL VACANCIES

Since March 2020 the number of job vacancies in Launceston and North-eastern Tasmania have more than doubled from 382 to 876. Over the same time the number of rental vacancies has fallen only marginally from 224 (1.2 per cent vacancy rate) in March 2020 to 188 (1.0 per cent vacancy rate) in June 2022. This partly reflects the low vacancy rate before the pandemic in Launceston and North-Eastern Tasmania which fell from 3.5 per cent in March 2012 to 1.3 per cent in March 2019.¹⁸

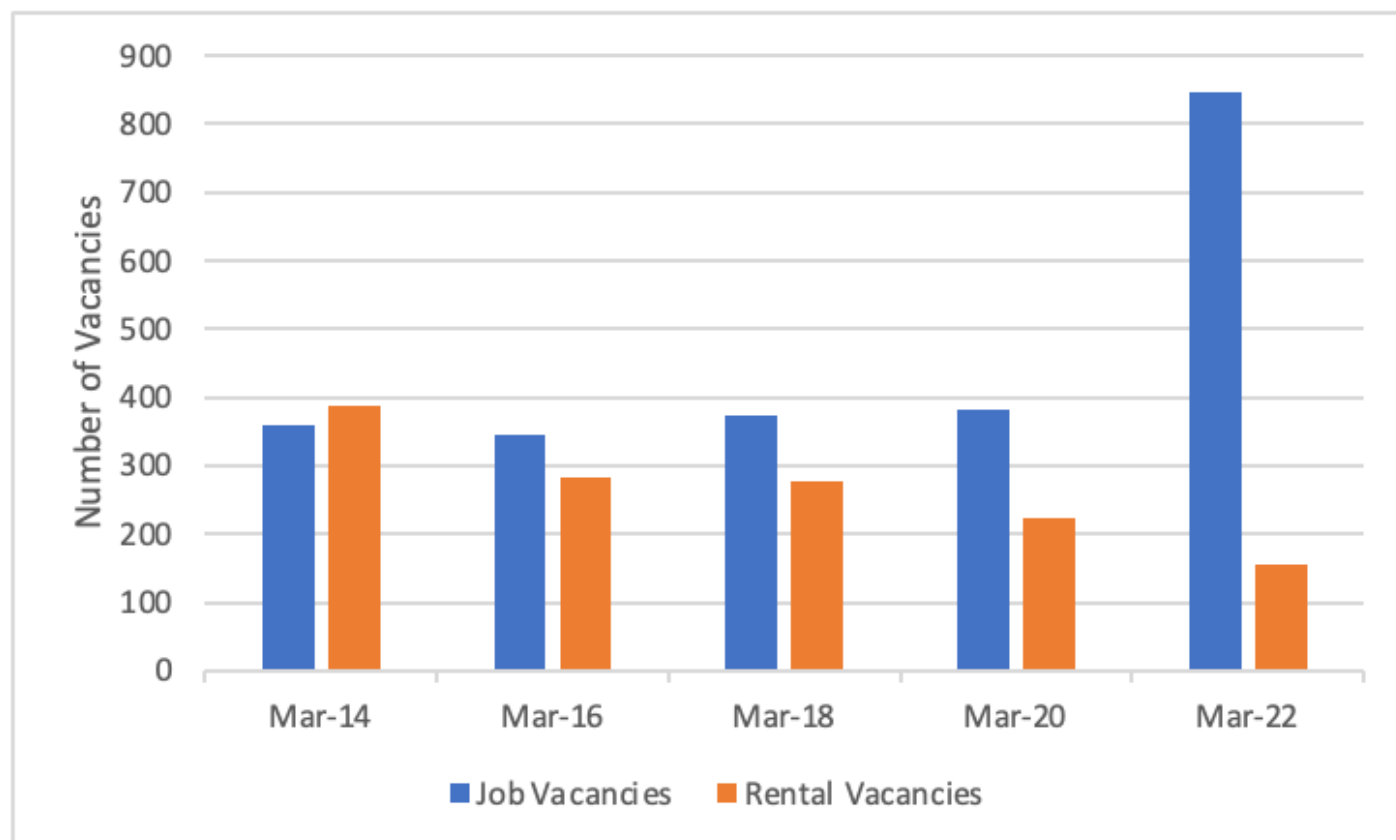


Source: Impact Economics and Policy using data from National Skills Commission (2022), IVI Regional Data: <https://www.nationalskillscommission.gov.au/topics/internet-vacancy-index> and SQM (2022), Vacancy Rates for Launceston Tasmania: <https://sqmresearch.com.au>

While the mismatch between job vacancies and homes has worsened further since the start of the pandemic, the local housing crisis had already deteriorated over the previous decade.



In March 2014 there was more than one rental vacancy for every job available. By March 2020 for almost every rental vacancy there were two jobs available. And in March 2022 there were over 5 jobs for every rental vacancy in the region.¹⁹



Source: Impact Economics and Policy using data from National Skills Commission (2022), IVI Regional Data: <https://www.nationalskillscommission.gov.au/topics/internet-vacancy-index> and SQM (2022), Vacancy Rates for Launceston Tasmania: <https://sqmresearch.com.au>

COST OF JOB VACANCIES

There are currently 876 job vacancies in the Launceston and North East region, spread across a range of occupations, including 82 community and personal service worker vacancies and 246 professional worker vacancies.²⁰

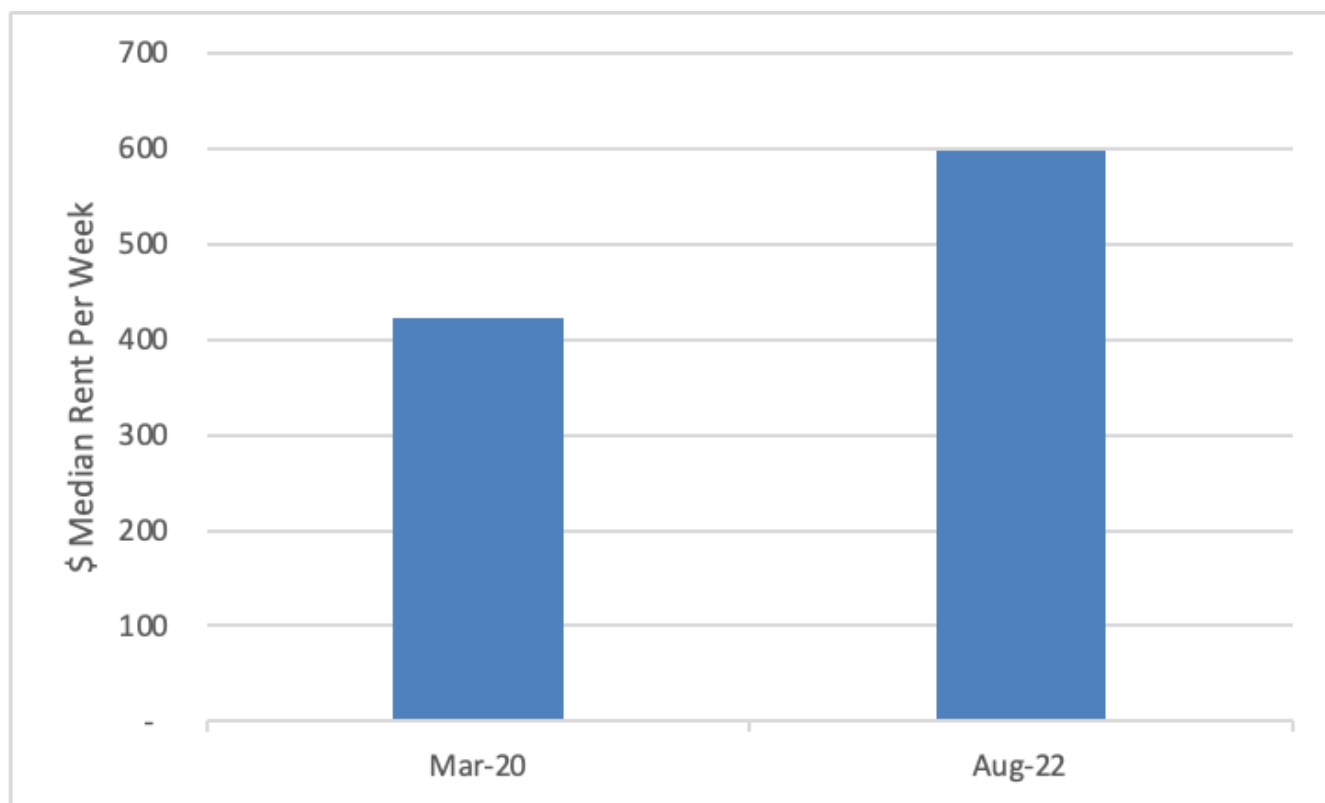
Based on previous estimates that cost vacancies at three times an employee's salary, these vacancies are costing an estimated \$201 million per year, or \$3.8 million per week.²¹

ILLAWARRA AND SOUTH COAST NSW

Illawarra and the South Coast of NSW is part of the Dharawal and Yuin nations, and spans from Wollongong in the north down to just above Batesman Bay in the south.

INCREASE RENTS

Since March 2020 median rents have increased by 41.7 per cent in the Illawarra and South Coast region, or by over \$175 per week. As a result, rental stress in the region has increased substantially.²²



Source: SQM Research (2022), Weekly Rents, Region: Wollongong and South Coast NSW



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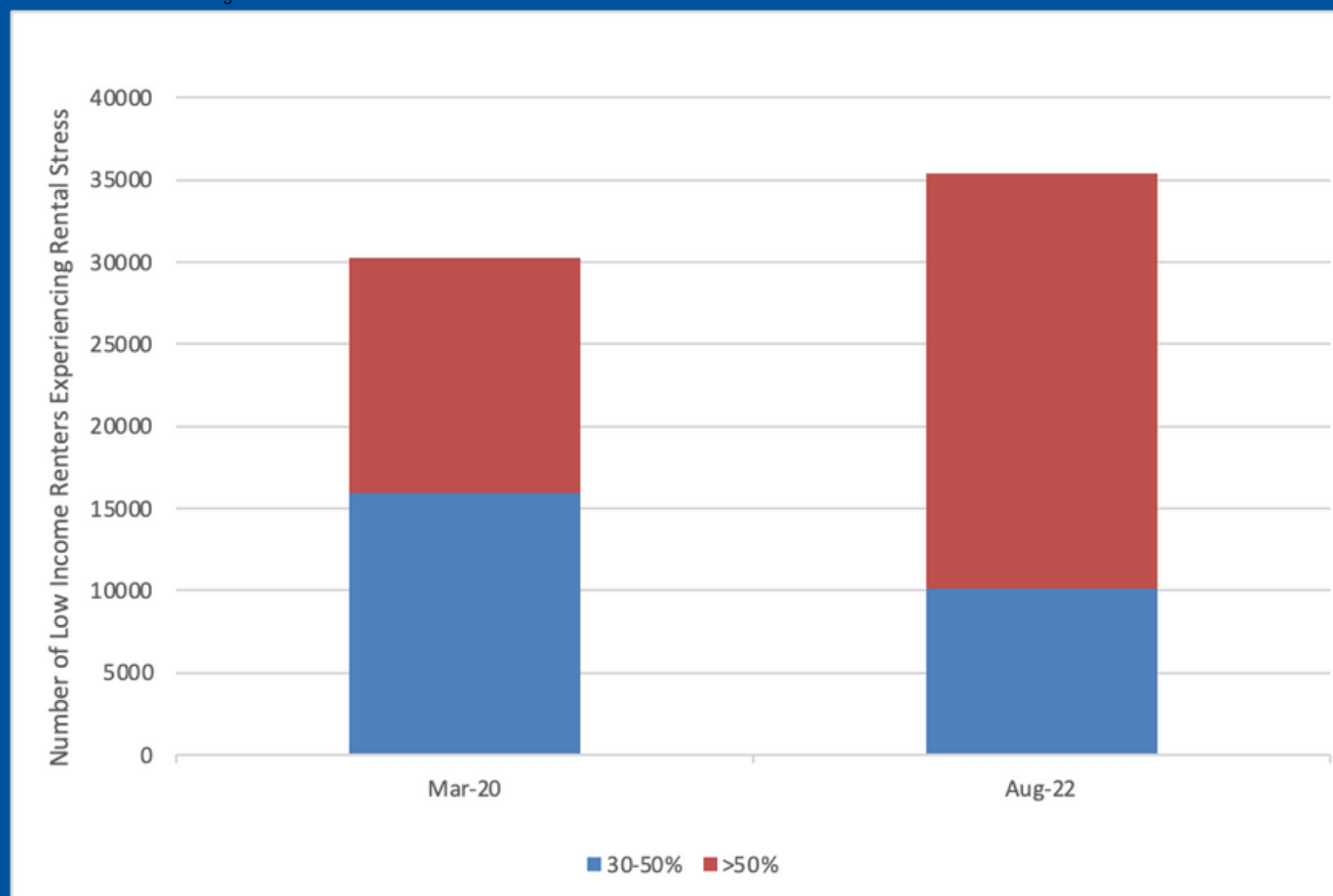
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Rent Due

HOUSING STRESS

As a result of the higher rents in the region the percentage of low-income households experiencing rental stress (>30 per cent of income) has increased from 55.2 per cent to 64.6 per cent, and the number experiencing severe housing stress (>50 per cent of income) has increased from 26.1 per cent to 46.1 per cent of low-income households.²³

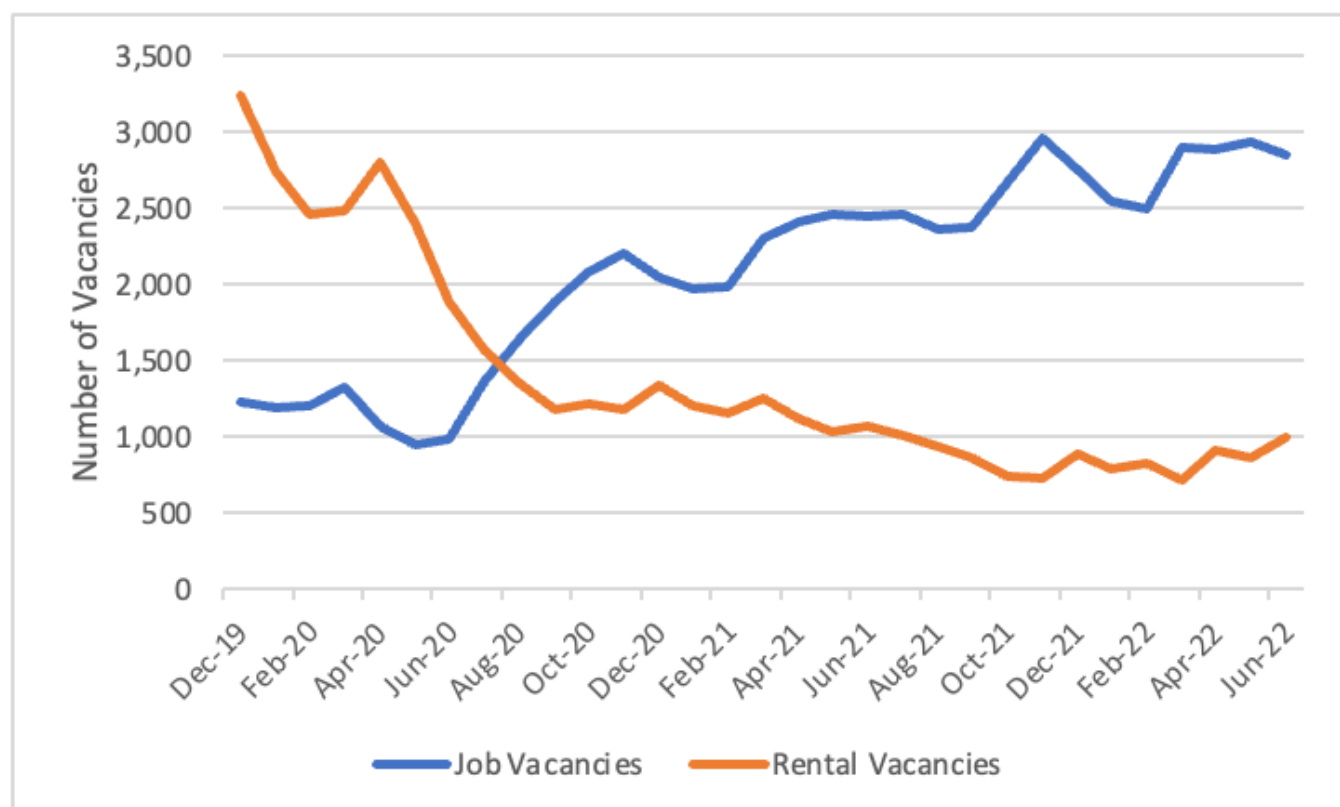
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Source: Impact Economics and Policy workings (see appendix for methodology)

JOB AND RENTAL VACANCIES

Since March 2020 the number of job vacancies in the Illawarra and South Coast Region have more than doubled from 1,333 to 2,848. Over the same time the number of rental vacancies have more than halved from 2,479 (2.2 per cent vacancy rate) in March 2020 to 1,147 (1.0 per cent vacancy rate) in July 2022.²⁴



Source: Impact Economics and Policy using data from National Skills Commission (2022), IVI Regional Data: <https://www.nationalskillscommission.gov.au/topics/internet-vacancy-index> and SQM (2022), Vacancy Rates for Wollongong and South Coast NSW: <https://sqmresearch.com.au>

This means that whereas at the start of the pandemic for every three jobs there were almost eight rental properties available, by June 2022 for every three jobs there was only one available rental property.

COST OF JOB VACANCIES

There are currently 2,848 job vacancies in the Illawarra and South Coast region, spread across a range of occupations, including 434 community and personal service worker vacancies and 737 professional worker vacancies.²⁵

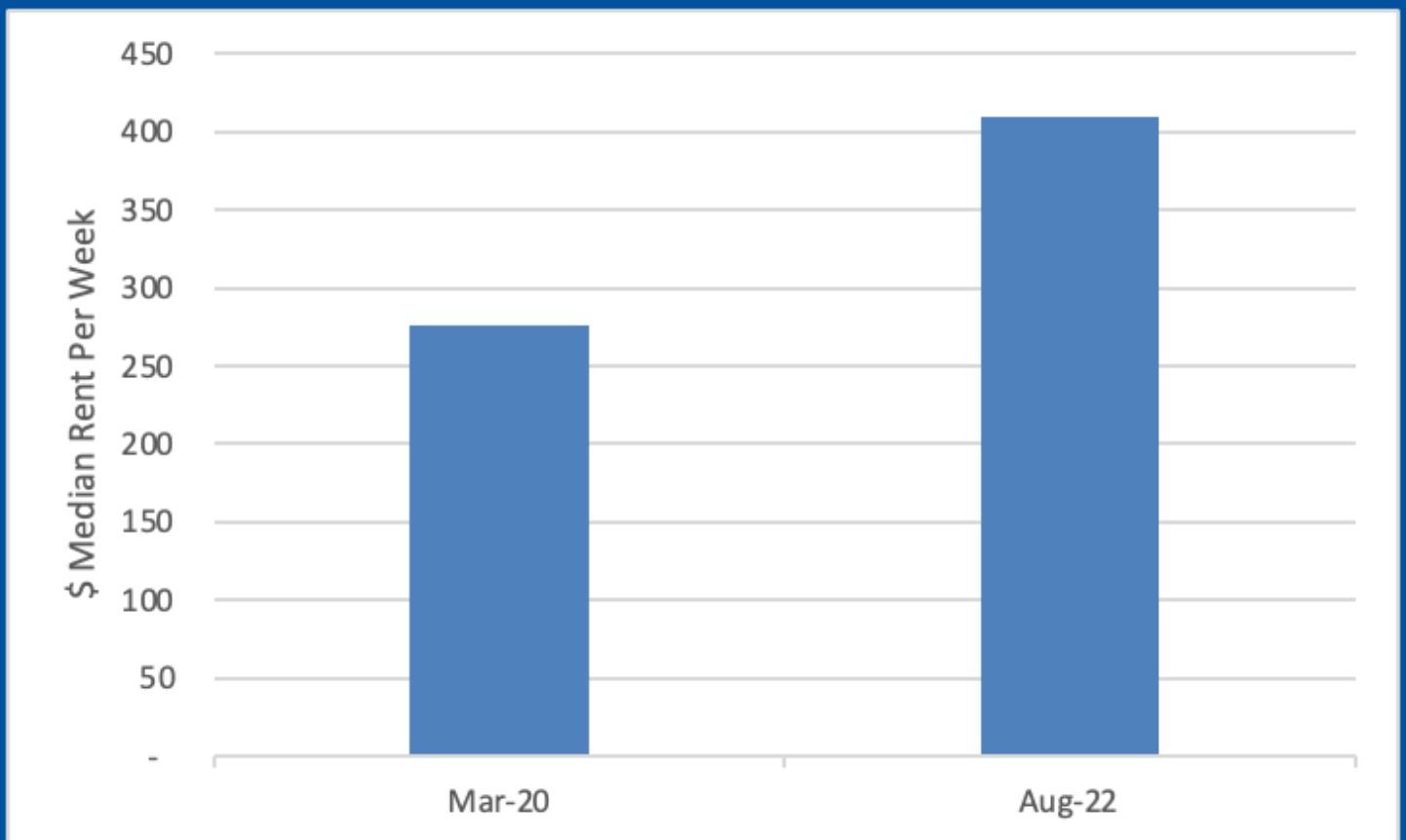
Based on previous estimates that cost vacancies at three times an employee's salary, these vacancies are costing an estimated \$641.7 million per year, or \$12.3 million per week.²⁶

FLEURIEU PENINSULA

The Fleurieu Peninsula is the land of the Peramangk, Kaurna and Ngarrindjeri Nations, and covers Kangaroo Island and the McLaren Vale wine region, extending up to Murray Bridge in the north.

INCREASING RENTS

Rents on the Fleurieu Peninsula have increased by 48 per cent since March 2020 , or by over \$130 per week.²⁷



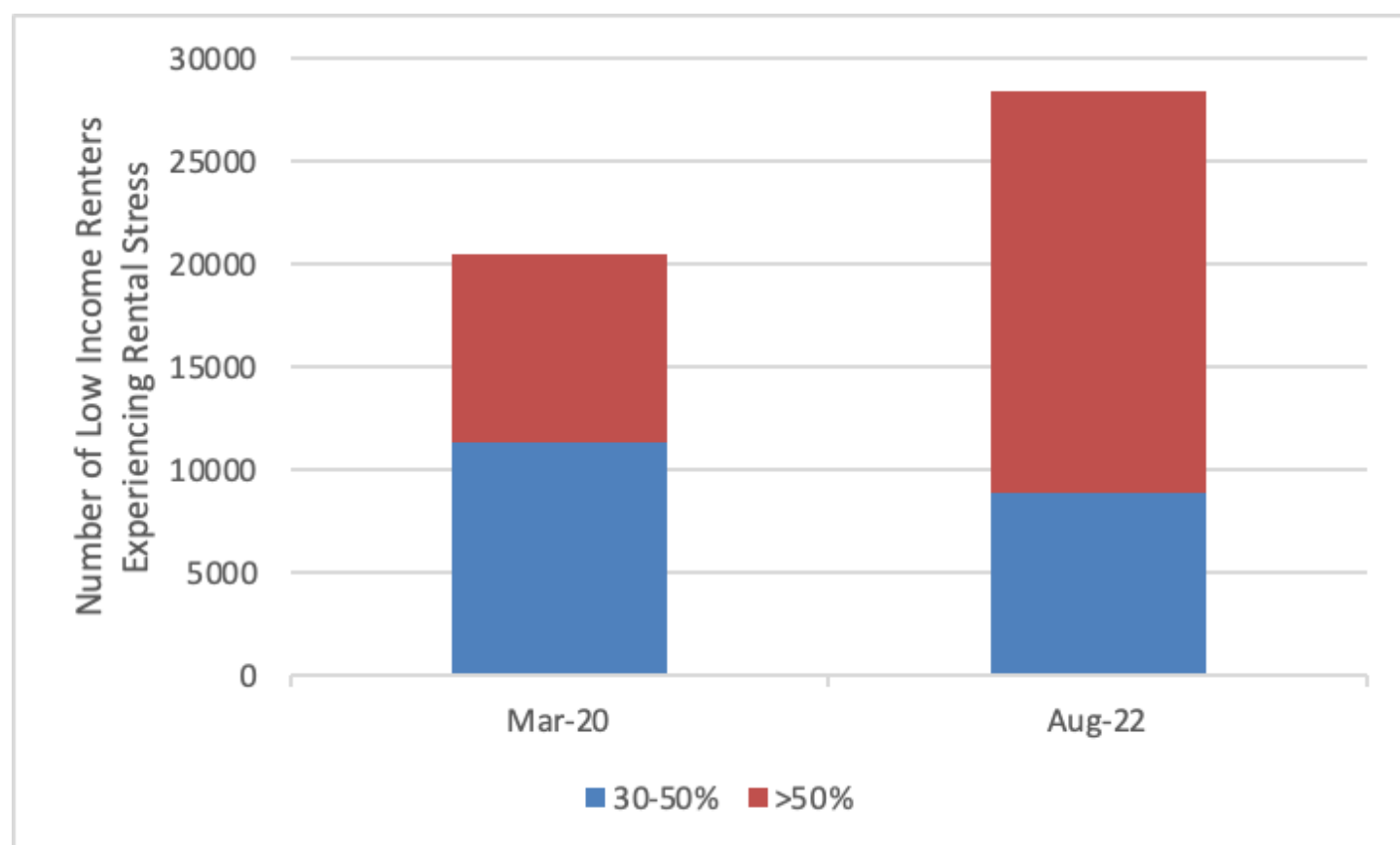
Source: SQM Research (2022), Weekly Rents, Region: Fleurieu Peninsula SA





INCREASE IN HOUSING STRESS

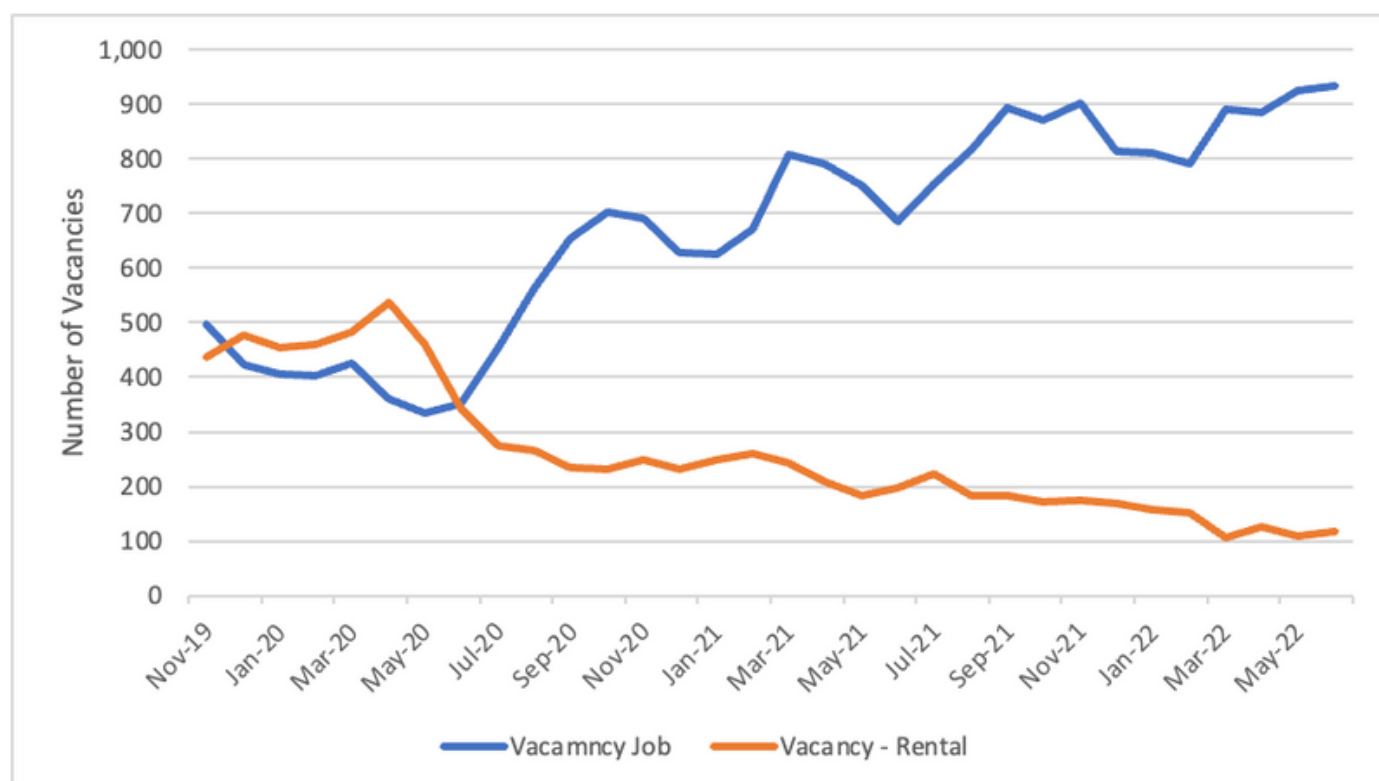
As a result of these higher rents in the region the percentage of low-income households experiencing rental stress (>30 per cent of income) has increased from 39.9 per cent to 55.3 per cent, and the number experiencing severe housing stress (>50 per cent of income) has increased from 17.9 per cent to 38.0 per cent of low-income households.²⁸



Source: Impact Economics and Policy workings (see appendix for methodology)

JOB AND RENTAL VACANCIES

Since March 2020 the number of job vacancies on the Fleurieu Peninsula have more than doubled from 426 to 932. Over the same time the number of rental vacancies have more than halved from 484 (1.4 per cent) in March 2020 to 118 (0.2 per cent) in July 2022.²⁹



Source: Impact Economics and Policy using data from National Skills Commission (2022), IVI Regional Data: <https://www.nationalskillscommission.gov.au/topics/internet-vacancy-index> and SQM (2022), Vacancy Rates for Fleurieu Peninsula: <https://sqmresearch.com.au>

As a result, whereas at the start of the pandemic for every job there were two rental properties available, by June 2022 for every four jobs there was only one available rental property.

COST OF JOB VACANCIES

There are currently 932 job vacancies in the Fleurieu Peninsula region, spread across a range of occupations, including 149 community and personal service worker vacancies and 219 professional worker vacancies.³⁰

Based on previous estimates that cost vacancies at three times an employee's salary, these vacancies are costing an estimated \$201.3 million per year, or \$3.8 million per week.³¹



ROLE OF SOCIAL AND AFFORDABLE HOUSING

Australia's housing market has many underlying issues, which have driven a lack of supply and rising housing costs. There is a need to reform the taxation of housing, including stamp duty reform, capital gains tax application and negative gearing, and address constraints on supply, including the release of suitable land and approval processes. Underinvestment in social and affordable housing has also played a significant role in the current shortages of lower cost rentals, and if addressed could alleviate many of the current issues.

In 1994, social housing was 6 per cent of Australia's housing stock, and today it has dropped to 4 per cent of the stock. The shortfall in social and affordable housing is estimated to be growing and will hit 730,000 dwellings by 2036 without further investment.

The new Labor Government has committed to building an additional 30,000 social and affordable housing units, which will go some way to addressing the shortage. However, more is needed from all levels of Government to address the decades of underinvestment and address current and future need.

The current shortages of suitable and affordable housing are acting as a hand break on growth in our regions and leading many people to face housing insecurity and potentially homelessness as a result. Investing in social housing and reforming our housing market will not only help address our housing crisis, but through underpinning greater labour mobility will also address our skills crisis – improving the operation of the labour market and lifting economic output.



FOOTNOTES AND REFERENCES

1. Australian Bureau of Statistics (2022), Job Vacancies Australia: <https://www.abs.gov.au/statistics/labour/jobs/job-vacancies-australia/latest-release>
2. Productivity Commission (2014), Geographic Labour Market Mobility: Research Report: <https://www.pc.gov.au/inquiries/completed/labour-mobility/report/labour-mobility-overview.pdf>
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5. See Appendix for methodology
6. See Appendix for methodology
7. SQM Research (2022), Median Weekly Rents – Sunshine Coast: <https://sqmresearch.com.au/weekly-rents.php?region=qld-Sunshine%20Coast&type=r&t=1>
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9. National Skills Commission (2022), IVI Regional Data: <https://www.nationalskillscommission.gov.au/topics/internet-vacancy-index>
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11. SQM Research (2022), Median Weekly Rents – Bellarine Peninsula and South West Victoria: <https://sqmresearch.com.au>
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14. National Skills Commission (2022), IVI Regional Data: <https://www.nationalskillscommission.gov.au/topics/internet-vacancy-index>
15. See Appendix for methodology
16. Source: SQM Research (2022), Weekly Rents, Region: Launceston, <https://sqmresearch.com.au/weekly-rents.php?region=tas-Launceston&type=r&t=1>
17. Impact Economics and Policy workings (see appendix for methodology)
18. Impact Economics and Policy using data from National Skills Commission (2022), IVI Regional Data: <https://www.nationalskillscommission.gov.au/topics/internet-vacancy-index> and SQM (2022), Vacancy Rates for Launceston Tasmania: <https://sqmresearch.com.au>
19. Ibid
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21. See Appendix for methodology
22. SQM Research (2022), Weekly Rents, Region: Wollongong and South Coast NSW
23. Impact Economics and Policy workings (see appendix for methodology)
24. Impact Economics and Policy using data from National Skills Commission (2022), IVI Regional Data: <https://www.nationalskillscommission.gov.au/topics/internet-vacancy-index> and SQM (2022), Vacancy Rates for Wollongong and South Coast NSW: <https://sqmresearch.com.au>
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30. National Skills Commission (2022), IVI Regional Data: <https://www.nationalskillscommission.gov.au/topics/internet-vacancy-index>
31. See Appendix for methodology[1]
32. Australian Bureau of Statistics 2022, Household Income and Wealth, Australia, Summary of Results, 2019-20
33. SQM Research 2022, Weekly rents, <https://sqmresearch.com.au/>
34. Australian Bureau of Statistics 2022, Wage Price Index, Australia.

APPENDIX - METHODOLOGY

To estimate the baseline of housing stress we use census data to estimate the number of households in housing stress, which is feasible by using cross-sectional data on how much households spend on rent, and their weekly income.

To estimate the number of households in housing stress for each region we use ABS 2016 census data. This enables us to take a cross sectional snapshot of how much each household spent on rent, and their weekly income.

It looks like the below:

Total Household Income (weekly)	Negative income	Nil income	\$1-\$149 (\$1-\$7,799)	\$150-\$299 (\$7,800-\$15,599)	\$300-\$399 (\$15,600-)	\$400-\$499 (\$20,800-)	\$500-\$649 (\$26,000-)	\$650-\$799 (\$33,800-)	\$800-\$999 (\$41,600-)	\$1,000-\$1,249 (\$52,000-)
RNTD Rent (weekly) Ranges										
Nil payments	14	82	64	149	139	268	161	247	258	289
\$1-\$74	7	24	58	375	109	168	95	73	87	87
\$75-\$99	11	38	58	325	616	620	143	143	122	84
\$100-\$124	13	44	50	362	820	968	242	275	229	109
\$125-\$149	9	42	44	227	245	482	273	253	185	173
\$150-\$174	12	64	68	218	344	601	509	620	377	382
\$175-\$199	9	56	41	143	282	456	462	438	341	314
\$200-\$224	9	57	33	177	247	480	471	609	560	517
\$225-\$249	7	48	23	87	151	275	310	401	372	441
\$250-\$274	10	87	40	149	197	352	489	588	646	735
\$275-\$299	9	84	40	89	110	214	313	364	436	502
\$300-\$324	15	111	35	99	129	216	327	434	484	614
\$325-\$349	3	56	18	33	48	91	131	175	247	370
\$350-\$374	7	96	23	55	45	95	136	189	208	311

The data in the cells tells us how many households there are in each of the rent-income categories. We exclude households with a negative or nil income, or nil rent. Using the average of each cell range, we estimate what proportion of their income is spent on rent (as a proxy for housing costs).

	Weekly income										
Rent	81	241	376	484	618	779	968	1210	1479	1747	2016
41	55%	18%	12%	9%	7%	6%	5%	4%	3%	3%	2%
96	128%	43%	27%	21%	17%	13%	11%	9%	7%	6%	5%
123	164%	55%	35%	27%	21%	17%	14%	11%	9%	8%	7%
151	201%	67%	43%	34%	26%	21%	17%	13%	11%	9%	8%
178	238%	79%	51%	40%	31%	25%	20%	16%	13%	11%	10%
206	274%	92%	59%	46%	36%	28%	23%	18%	15%	13%	11%
233	311%	104%	67%	52%	41%	32%	26%	21%	17%	14%	12%
261	348%	116%	75%	58%	45%	36%	29%	23%	19%	16%	14%
288	384%	128%	82%	64%	50%	40%	32%	26%	21%	18%	15%
316	421%	141%	90%	70%	55%	44%	35%	28%	23%	19%	17%
343	458%	153%	98%	76%	60%	47%	38%	31%	25%	21%	18%
371	494%	165%	106%	83%	65%	51%	41%	33%	27%	23%	20%
398	531%	177%	114%	89%	69%	55%	44%	35%	29%	25%	21%
426	568%	190%	122%	95%	74%	59%	47%	38%	31%	26%	23%
453	605%	202%	130%	101%	79%	63%	50%	40%	33%	28%	24%
481	641%	214%	138%	107%	84%	66%	53%	43%	35%	30%	26%
550	733%	245%	157%	122%	96%	76%	61%	49%	40%	34%	29%
660	880%	294%	189%	147%	115%	91%	73%	59%	48%	41%	35%
770	1026%	343%	220%	171%	134%	106%	86%	68%	56%	47%	41%
880	1173%	392%	252%	196%	153%	121%	98%	78%	64%	54%	47%
990	1320%	441%	283%	220%	172%	137%	110%	88%	72%	61%	53%

Those shaded in pale red are those paying more than 30 percent but less than 50 percent, while those shaded in the darker red are paying more than 50 percent of their income on rent. The definition of housing stress is low-income households paying more than 30 percent. We use the 40th percentile of gross household income for the relevant state to provide the cut off for low-income households.³²

This enables us to estimate the number of households in housing stress at the time of the census in August 2016.

To establish a baseline figure for March 2020, we inflate rental data and household income data to current prices. Rental data is inflated using the regions’ weekly advertised median rent data,³³ and household income is inflated Australian wage price index.³⁴ Further information on the rental data used is detailed in the box below.

RENTAL GROWTH

There are various and multiple sources that can be used to estimate rental increases. For this analysis we have relied upon SQM Research’s weekly advertised rents. As the data is weekly, we have taken the average of the four weeks to estimate the average advertised rent for the month, and we have used the combined data (all houses, and units). The coverage of the data is very good, with 94 percent of all listings captured having an advertised rent.

The regions provided by SQM Research do not align directly to those regions analysed within this report. For the purposes of transparency, we list the rental region used for each of the regions analysed in the report.

Region	SQM Research region
Sunshine coast	Sunshine Coast
Launceston & North East Tasmania	Launceston
Illawarra & South Coast	South Coast, Wollongong
Geelong & South Coast	Bellarine Peninsula, South West Victoria
Fleurieu Peninsula & Murray Mallee	Southern SA

To estimate the impact of rental prices to date on housing stress we again inflate the census data using the most recent rental and wage price index data. This enables us to calculate the proportion of households in housing stress and compare to the baseline in 2020 to estimate both the number of new households that have entered into housing stress, and those that have deepened in their housing stress (moving from paying 30-50 percent of their income and rent, to more than 50 percent).

IMPACT ECONOMICS AND POLICY

Impact Economics and Policy Pty Ltd
August 2022