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THE REAL ESTATE INDUSTRY

Media Release

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REIA ANALYSIS SHOWS THAT DESPITE BUDGET DECISION RENTERS FALLING BEHIND

Following the decision in this year's Budget to increase the rate of Commonwealth Rent Assistance (CRA) by 10% to assist with rental payments for people and families receiving a Centrelink payment, the Real Estate Institute of Australia (REIA) has released its modelling of the impact.

"Despite the increase, which tops-up the increase in December last year eligible families are individuals are only marginally better-off and are worse-off compared to two decades ago. This is because the payments have not kept pace with movements in market rents," according to the President of the REIA, Ms Leanne Pilkington.

"In 2002, CRA was 24.9% of the weighted average Australian rent and varied from 20.8% in Canberra to 30.3% in Perth.

"The proportion continued to decline until December 2023 when the CRA was increased by 17.5% boosting the proportion of the rent it covered from 17.3% in the previous year to 18.6%.

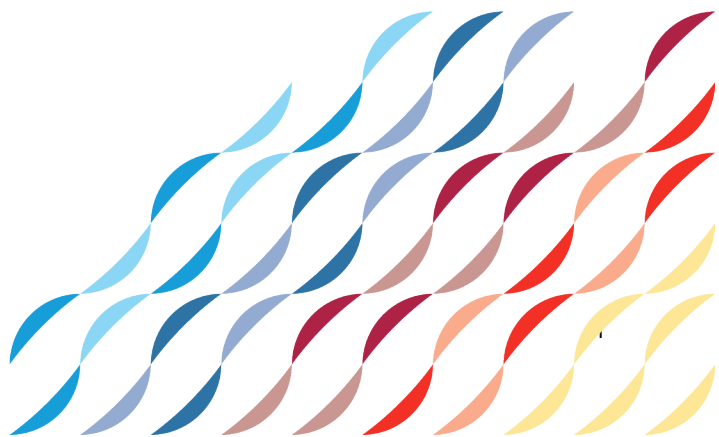
"By March 2024, the proportion had slipped to 18.1% because of additional rent increases in the March quarter. "The Budget announcement of the 10% increases in CRA, if applied to the March quarter of this year would see the proportion of weekly rent covered increase to 19.9% and vary from 17.1% in Sydney to 22.5% in Brisbane.

"Over two decades we have seen the proportion of rent payments covered by CRA slip by 5 percentage points of the weighted average Australian rent and an alarming 10.4 percentage points in Perth and 8.3 percentage points in Hobart." (Refer to Table below)

"This is why in its Pre-Budget Submission REIA called for the CRA payment to be pegged to market rental rates at 25%.

"If CRA payments had been higher, not only would have eligible families and individuals benefited but the CPI would have been lower. A lower CPI would have arguably led to interest rates would being lower too. With lower interest rates we would have seen a supply response from builders addressing the imbalance between housing demand and supply," concluded Ms Pilkington.

REIA's Housing Affordability Report covering the cost of buying housing as well as renting across all capital cities will be released in June.





Commonwealth rent assistance as a proportion of weekly rent									
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Canberra	Hobart	Darwin	Cap Cit
2002	22.0%	25.7%	27.0%	28.4%	30.3%	20.8%	30.0%	23.5%	24.9%
2007	20.0%	22.9%	20.6%	23.8%	18.2%	16.7%	22.1%	13.8%	20.6%
2012	16.9%	20.9%	19.7%	22.2%	16.9%	15.8%	21.8%	11.1%	18.5%
2017	15.2%	19.7%	20.4%	22.5%	23.5%	16.0%	20.4%	15.9%	18.4%
2022	14.9%	19.8%	19.4%	18.8%	18.0%	13.8%	16.7%	14.9%	17.3%
2023	16.0%	20.9%	20.7%	20.3%	18.7%	17.2%	20.5%	18.1%	18.6%
Mar 2024	15.5%	20.5%	20.1%	19.8%	18.1%	16.7%	19.8%	17.5%	18.1%
Mar 2024 + 10%	17.1%	22.5%	22.1%	21.7%	19.9%	18.4%	21.7%	19.2%	19.9%

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Established in 1924, REIA is a federated body of State & Territory Real Estate Institutes representing 85% of Australian real estate agencies. We are a national advocate for the Australian real estate industry which is made up of 46,793 Australian businesses that employs 133,360 Australians.

For more information visit www.reia.com.au

