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Rental stress spreads across Melbourne

The latest TUV Private Rental Affordability Bulletin shows that low income households continue to face unaffordable rents in most parts of Melbourne.

Low income households experience rental stress when rent consumes more than a third of total household income. Analysis for the June Quarter 2011 shows that rental markets in suburbs as diverse as Balwyn, Brunswick, and St Kilda East are unaffordable for all household types modelled in the Affordability Bulletin. Meanwhile, a sample of suburbs including Broadmeadows, Dandenong, Frankston, Preston, Ringwood and Sunshine are also unaffordable for most household types.

“While rents have remained relatively stable across Melbourne, some low income household types continue to suffer punishing rent levels. Of particular concern is the fact many locations with good connections to employment opportunities are becoming less affordable” said Toby Archer, Policy Worker.

Single parents, jobseekers and students face unaffordable rents in all markets, with the median rents for one and two bed room flats consuming virtually all income. These household types generally rent lower quality stock and in the marginal tenure of rooming houses as a result of high mainstream rents.

Families dependent on a single minimum wage face median rents which consume more than 30 percent of total household income in formerly affordable suburbs such as Broadmeadows, Dandenong, Preston and Ringwood. Families dependent on higher average weekly earnings also face the prospect of rental stress in Balwyn, Brunswick, Preston and St Kilda East.

“Low income renters are falling behind as their incomes remain stagnant and rents continue to grow. Rent assistance covers a much smaller proportion of rent now than it did in 1995 and this needs to change for these households to feel some relief” said Mr Archer.