

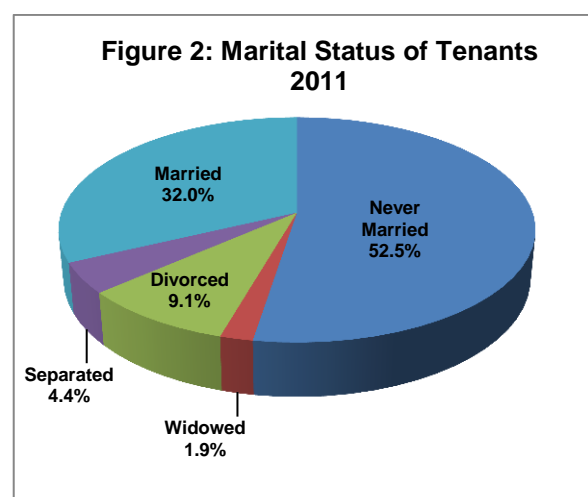
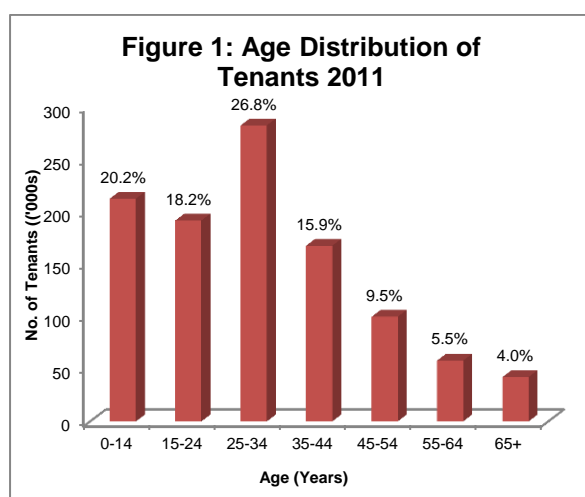


The TUV has analysed ABS Census data from 2011 and identified the 'average' characteristics of tenants in the Victorian private rental market.<sup>ab</sup> The entire tenant population in Victoria is approximately 1.26 million people, roughly one million of which (83.3%) live in privately rented housing.<sup>1</sup> Between 1981 and 2011, the number of Victorian households renting privately increased from approximately 228,700 to over 431,500 households (an increase of 89%).<sup>2</sup> For the purposes of this analysis persons under the age of 15 living in households renting privately (approximately 213,000) have been excluded, reducing the sample population to approximately 842,000 tenants. Table 1 below displays the main characteristics of the 'average' tenant.

Table 1: 'Average' Victorian Private Tenant Characteristics							
Sex	Age	Household Type	Marital Status	Dwelling Structure	Internet Connection	Household Income (p.a.)	Household Rent (p.w.)
Female (51%)	32	Couple	Not Married	Separate house	Broadband (76%) No Internet (13%)	\$60,892	\$300

## Selected demographic characteristics

Analysis of this adjusted population identifies the majority of tenants as female (51%), largely mirroring the Australian population. Further, the median age of tenants was identified as 32 years of age. Significantly, as Figure 1 suggests, the proportion of private tenants aged 25 to 54 comprises more than half (52.2%) of all private tenants. National data suggests that the age of private tenants has increased since 1981.<sup>3</sup> Around 572,000 tenants, a significant majority of the population (68%), were not married compared to approximately 270,000 individuals (32%) identifying as married (Figure 2). Of those identifying as not married, the vast majority (approximately 442,000) have never been married.



<sup>a</sup> It should be noted that these are not additive characteristics but have been compiled to construct an *abstract* image of the average tenant. For example, most private tenants are female and the median age of tenants is 32. This does not mean, however, that the average tenant is a 32 year old female. All data is for Victoria unless otherwise specified.

<sup>b</sup> A 'private tenant' is an individual who rents through a real estate agent or a person not in the same household. Individuals in public and community housing are excluded for the purposes of this analysis.

From 1981 to 2011 the composition of Victorian households renting privately has changed significantly from lone persons to families with children. As Table 2 illustrates, lone person households decreased from 42.6% of households in 1981 to 27.2% in 2011 and families with children increased from 27.6% to 36.4%, respectively. The number of tenants living in households composed of families with children (couples and single parents depicted in Table 3), is now over 345,000 (41.6%).

<b>Table 2: Change in Household Type 1981-2011</b>		
<b>Household Type</b>	<b>% of Households</b>	
	<b>1981</b>	<b>2011</b>
Lone Person	42.6%	27.2%
Couple only	16.3%	20.8%
Families w/ Children	27.6%	36.4%
Group Household	4.4%	12.1%
Other	9.1%	3.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Source: AHURI analysis<sup>4</sup>

<b>Table 3: Household Composition by Tenants 2011</b>		
<b>Household Composition</b>	<b>No. of Tenants</b>	<b>%</b>
Lone Person	124,009	14.9%
Couple only	188,864	22.7%
Couple with children	230,752	27.8%
One-parent family	114,801	13.8%
Group Household	126,111	15.2%
Other	45,720	5.5%
<b>Total</b>	<b>830,257</b>	<b>100.0%</b>

In 2011, as can be seen in Table 4, around 486,000 people (57.8%) lived in a detached dwelling as opposed to the 41.6% of people living in semi-detached houses and medium to high density dwellings in 2011. An overwhelming majority of tenants (76.3%), as Table 5 suggests, have broadband internet compared to a relatively small proportion of tenants (13.4%) have no internet connection.

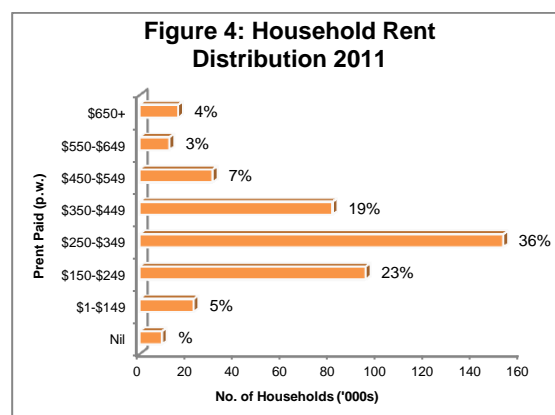
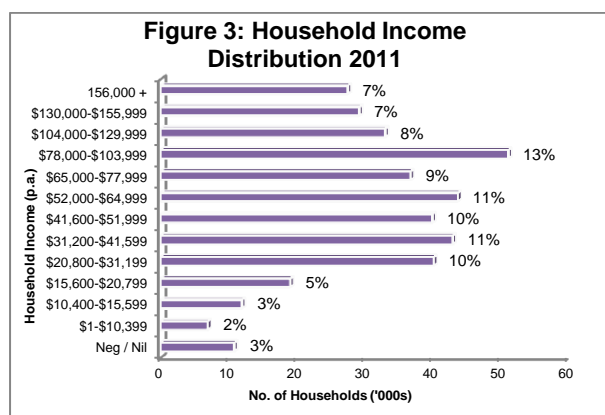
<b>Table 4: Dwelling Structure</b>		
<b>Structure</b>	<b>No. of Tenants</b>	<b>%</b>
Separate house	486,231	57.8%
Semi-detached	126,554	15.0%
Flat, unit, apartment	223,603	26.6%
Other	5,095	0.6%
<b>Total</b>	<b>841,483</b>	<b>100.0%</b>

<b>Table 5: Internet Connection</b>		
<b>Connection Type</b>	<b>No. of Tenants</b>	<b>%</b>
Broadband	642,205	76.3%
Dial-up	20,230	2.4%
Other	61,829	7.3%
None	109,084	13.0%
<b>Total</b>	<b>833,348</b>	<b>100.0%</b>

The first decade of this century witnessed significantly increased construction in multi-unit dwellings in Victoria, yet there has not been a corresponding increase in the proportion of households renting privately occupying such dwellings. Indeed, analysis by the Australian Housing and Urban Research Institute (AHURI) found the proportion of households renting privately living in detached housing increased from 45.1% in 1981 to 53.7% in 2011.<sup>5</sup> The movement toward living in detached dwellings in outer suburban areas seems to be driven, firstly, by investors pursuing greater control over their investment property and the higher returns found in outer suburban areas relative to those in the inner city. Secondly, the changing composition of households renting privately (discussed above) is increasing demand for housing options with three or more bedrooms and it is the outer suburbs where the majority of affordable stock exists.<sup>6</sup>

Analysis by AHURI shows that rent as a proportion of household income increased in Victoria since 1981, rising from 17.6% in 1981 to 25.6% in 2011. In 2011, median household income for households renting privately was \$1,171 per week (\$60,892 p.a.), whilst median rent was \$300 per week.

Importantly, more than half (54.2%) of these households reside in the lowest 50% of median household income.<sup>7</sup> Figures 3 and 4 show the distribution of household income and rent in 2011.



## Long-term private tenants

AHURI analysis found that around one-third of Victorian private tenants can be considered long-term tenants<sup>8</sup>, defined as those tenants renting continuously for a period of 10 or more years. No longer a residual or transitional housing option, the private rental market now houses increasing numbers of Victorian tenants for long periods of time as issues of housing affordability and social mobility constrain housing pathways.

**Table 6: Selected Demographic Characteristics of Long-term and Other Private Tenants in Australia (2007-08)**

		Tenure length			% private tenants	% all households
		Short	Medium	Long		
<b>Households renting privately</b>	No. of Households	736,336	422,598	596,605	100%	22.1%
	% of private tenants	41.9%	24.1%	34.0%		
<b>Household Type</b>	Lone person	26.6%	23.7%	33.3%	28.3%	24.8%
	Couple	20.0%	20.0%	13.7%	17.8%	26.5%
	Couple w/ children	18.8%	18.4%	19.7%	19.1%	22.0%
	Single w/ children	6.8%	9.1%	10.3%	8.4%	4.8%
	Other family	14.6%	14.5%	18.5%	16.0%	18.6%
	Group households	13.2%	14.2%	4.5%	10.3%	3.2%
	<i>Total</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>
<b>Age</b>	Under 30	47.8%	41.6%	7.8%	32.8%	11.7%
	30-44	33.6%	38.7%	48.3%	39.6%	29.9%
	45-64	14.1%	14.3%	30.2%	19.8%	29.9%
	65+	4.5%	5.4%	13.7%	7.9%	28.6%
	<i>Total</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>
<b>Equivalent household income quintiles</b>	Quintile 1 - Low	10.9%	11.9%	20.7%	14.6%	20.0%
	Quintile 2	18.5%	19.4%	24.8%	21.0%	20.0%
	Quintile 3	22.8%	24.5%	23.8%	23.4%	20.0%
	Quintile 4	25.8%	23.7%	18.2%	22.6%	20.0%
	Quintile 5 - High	22.0%	20.5%	12.5%	18.4%	20.0%
	<i>Total</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>

Source: Table reproduces elements from AHURI analysis of ABS Survey of Income and Housing (2007-08) data.<sup>9</sup> Figures are for Australia.

Table 6 sets out a number of characteristics of long-term tenants; while these figures are for Australia, it can be reasonably assumed that the situation in Victoria, given the proportion of the Australian population residing there, aligns closely with this trend. The table shows that households renting privately long-term are largely comprised of lone person households (33.3%) and households with dependent children (30.0%). This suggests popular perceptions of the private tenant as a single person or a student living in a share house are increasingly misguided; these figures demonstrate that renting privately for 10 or more years is becoming the norm for a growing number of families. Further, long-term private tenants are pre-dominantly aged 30-64 years old and as the table illustrates, private renting is becoming the norm for a growing number of late-middle aged individuals, who are increasingly likely to age in this housing sector. Finally, Table 6 shows that households considered to be low-income – i.e. those in the bottom 40% of income distribution (quintiles 1 and 2 above) – are over represented in this long-term tenant group (45.5%) when compared to private tenants as a whole (35.6%).

## Notes on methodology

The aim of this document is to construct an image of the ‘average’ Victorian private tenants using 2011 Census data. Captured data at the individual and household level is employed to excavate Victoria’s private rental market. Data at the level of the individual has been used to determine personal characteristics such as the sex, age and marital status for individual tenants, as well as the types of households and dwellings in which they live. Data at the level of the household has been used to explore the changing composition of households renting privately and the relationship between household income and the amount of rent paid.

The characteristics identified here are used to create an *abstract* image of the typical tenant and caution must be taken when applying it. For example, most private tenants are female and the median age of tenants is 32. This does not mean, however, that the average tenant is a 32 year old female. Despite such limitations the construction of such an abstract tenant has value in its potential to question underlying assumptions about who rents privately in Victoria.

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<sup>1</sup> The table below provides figures for the total number of Victorian tenants renting in Victoria in 2011. The entire tenant population in Victoria is approximately 1.26 million people across the private, public and community housing sectors, including 260,000 individuals under the age of 15 years. The total includes 68,900 tenants where landlord type was listed as “Other” or “Not Specified”. Figures in the table below include tenants of all ages.

<b>Table 7: Victorian Tenants by Landlord Type 2011</b>			
<b>Private</b>	<b>Public</b>	<b>Community</b>	<b>Total</b>
1,054,600	123,900	17,800	1,265,400

<sup>2</sup> Stone, W., Burke, T., Hulse, K. and Ralston, L. 2013, ‘Long-term private rental in a changing Australian private rental sector’, AHURI Final Report No. 209, p. 9.

<sup>3</sup> Stone et al. 2013, p. 14.

<sup>4</sup> Stone et al. 2013, p. 16. Figures for Victoria taken from Table 5.

<sup>5</sup> Stone et al. 2013, p. 17. Figures for Victoria taken from Table 6.

<sup>6</sup> Stone et al. 2013, pp. 11-12.

<sup>7</sup> Stone et al. 2013, pp. 18, 20. Figures for Victoria taken from Tables 7 and 8.

<sup>8</sup> Stone et al. 2013, p. 35.

<sup>9</sup> Stone et al 2013, pp. 26, 29. Figures taken from Tables 11 and 13.