

By **Mackenzie Scott**

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Renter, landlord rift worsens outcomes: LongView and PEXA report



Sydney ranked second least affordable city in the world

The rift between landlords and renters is creating poor outcomes for both groups, as affordability challenges and financial instability strike both sides of the equation.

A new white paper from LongView and PEXA on the woes of the rental market highlighted that private investors are unable to provide enough homes for the growing number of households looking for stable and affordable rental accommodation, with many who bought in finding the arrangement is less financially rewarding and risk-free as first thought.

The analysis found the median total post-tax return of investment properties held for four to 10 years between 1990 and 2020 was just 6.3 per cent, compared to the post-tax return of 7.4 per cent from a balanced superannuation fund.

LongView executive chair Evan Thornley said that despite perceptions of wealthy landlords, the private rental market was not delivering for property investors, which is creating worse renter experiences through increased tenancy insecurity and poorer housing stock.

“There is a misplaced idea that a battle between landlords and tenants exists – in actual fact, the Australian rental framework has been broken for decades and is not working for either party,” Mr Thornley said.

“For landlords, investment is often more complex, stressful, and risky than originally anticipated. It can be much more time-consuming than expected, with a range of unanticipated maintenance costs.”

Rental vacancy rates currently sit at just 1 per cent nationally, and despite some relief in smaller capital cities and some regional areas, weekly rents have climbed by double-digit percentages over the past year. This follows rapid interest rate rises and record inflation, compounding pain for lower-income households.

PEXA chief executive Glenn King said the private rental system was plagued by issues that particularly affect low-income families and the vulnerable. “Australia is already one of the hardest places in the developed world to be a renter,” he said.

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