

Re-imagining the private rental sector

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The AHURI Inquiry

Develop a detailed and evidence-based understanding of:

- contemporary drivers and dynamics of institutional change in the Australian private rental sector (PRS)

and

- consequent opportunities and challenges for improving sector performance i) across the sector and ii) for lower income households who are increasingly dependent on the sector.

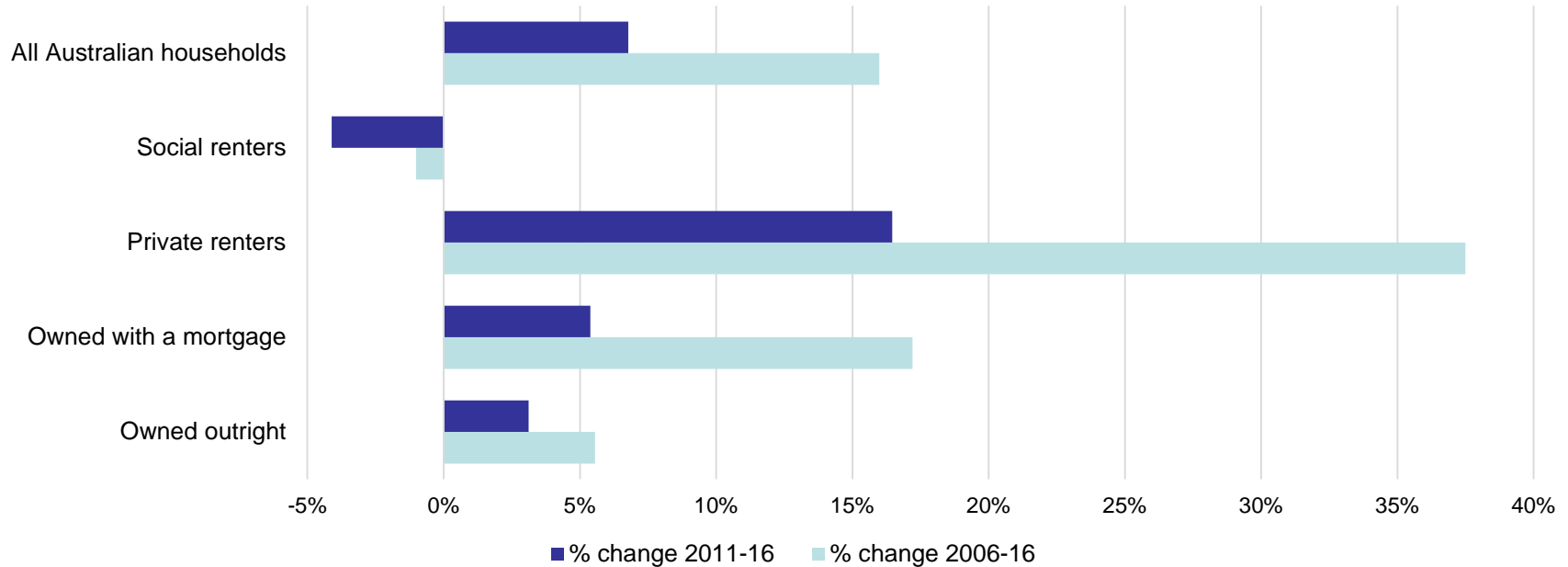
Inquiry research

- **Institutional changes in the Australian PRS**
Kath Hulse (Swin), Chris Martin (UNSW), Amity James (Curtin) & Wendy Stone (Swin).
- **International review of institutional change**
Chris Martin & Hal Pawson (UNSW), Kath Hulse (Swin)
with Aideen Hayden (Ireland), Stefan Kofner (Germany), Mark Stephens (UK) & Alex Schwartz (US)
- **Improving outcomes for lower income renters**
Sharon Parkinson & Terry Burke (Swin), Amity James (Curtin) and Edgar Liu (UNSW)

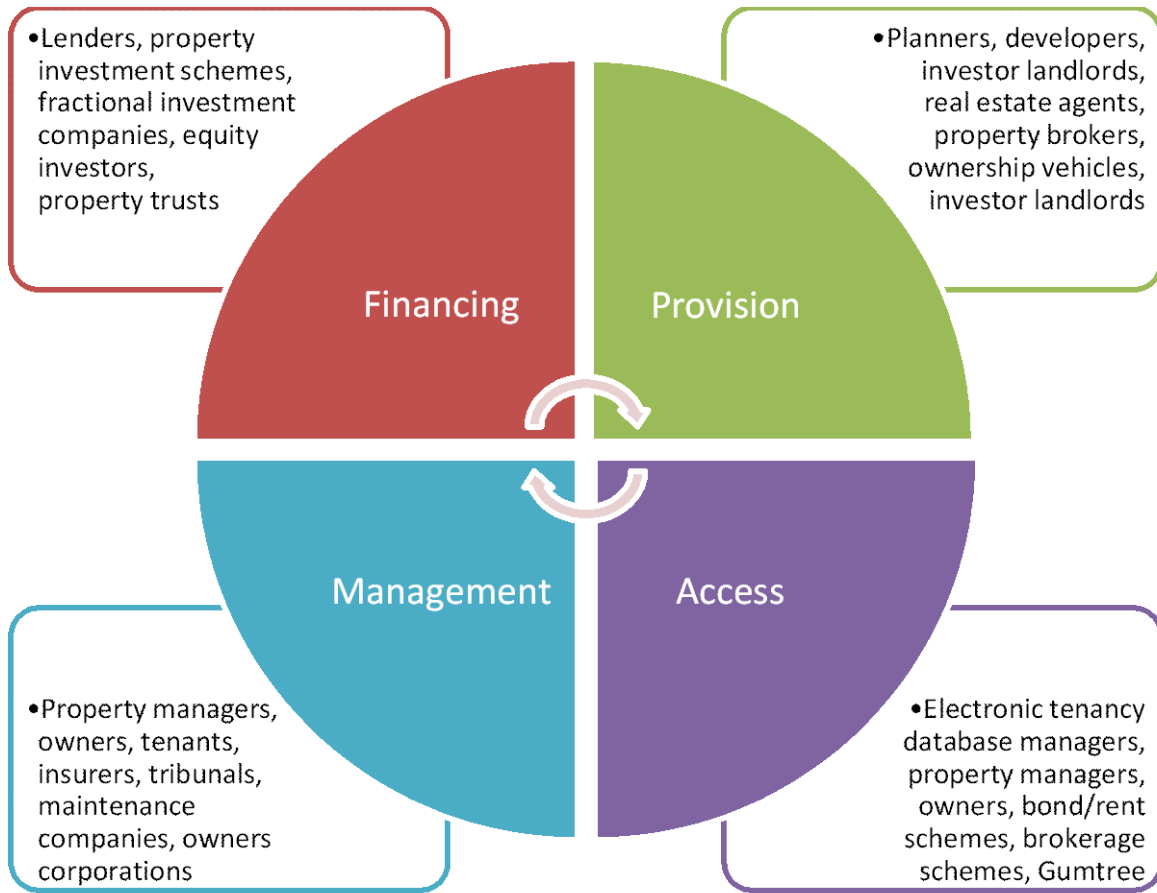
This presentation

- A changing private rental sector – markets, institutions, technology
- Scope for innovation and transformation
- Getting better outcomes from the private rental sector

Growth in private renting



Source: Calculated from ABS Census of Population and Housing, various years, Community/General Profile Time Series



Changes in the PRS

Conventional view of PRS

Transitional sector for young people

'Mum and Dad' investors

- Single property
- Accidental and conservative investment
- Search for security (retirement)

Investment in established homes near to primary residence

- Risk management through local knowledge

Local access through local real estate agents or landlords

Property management as decentralised, routine administrative task

2017 view of the PRS

Long term and lifelong renting

Household investors but

- Increase in 'multi landlords'
- Strategies for wealth creation
- New drive for rental yields

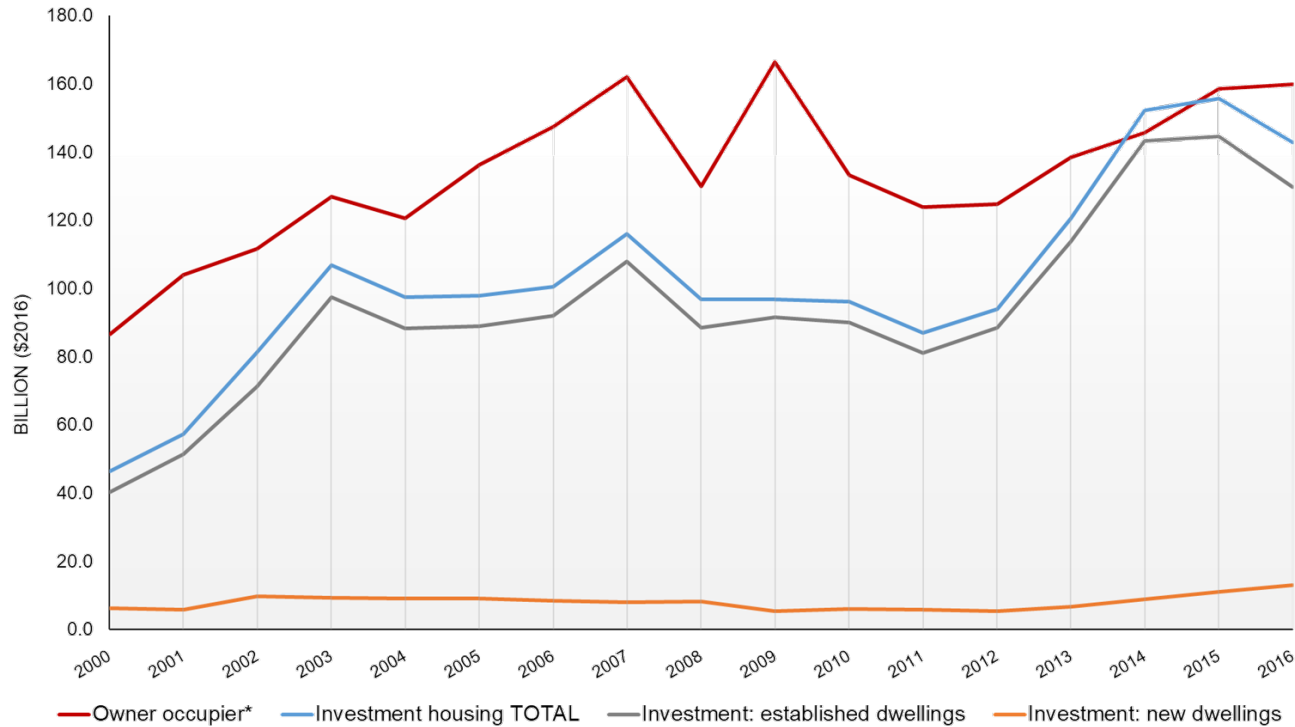
'Borderless investment' (across different markets)

- Access to online information on property investment

Digital access taking hold via various platforms

Property management as a service with 3rd party outsourcing and technology

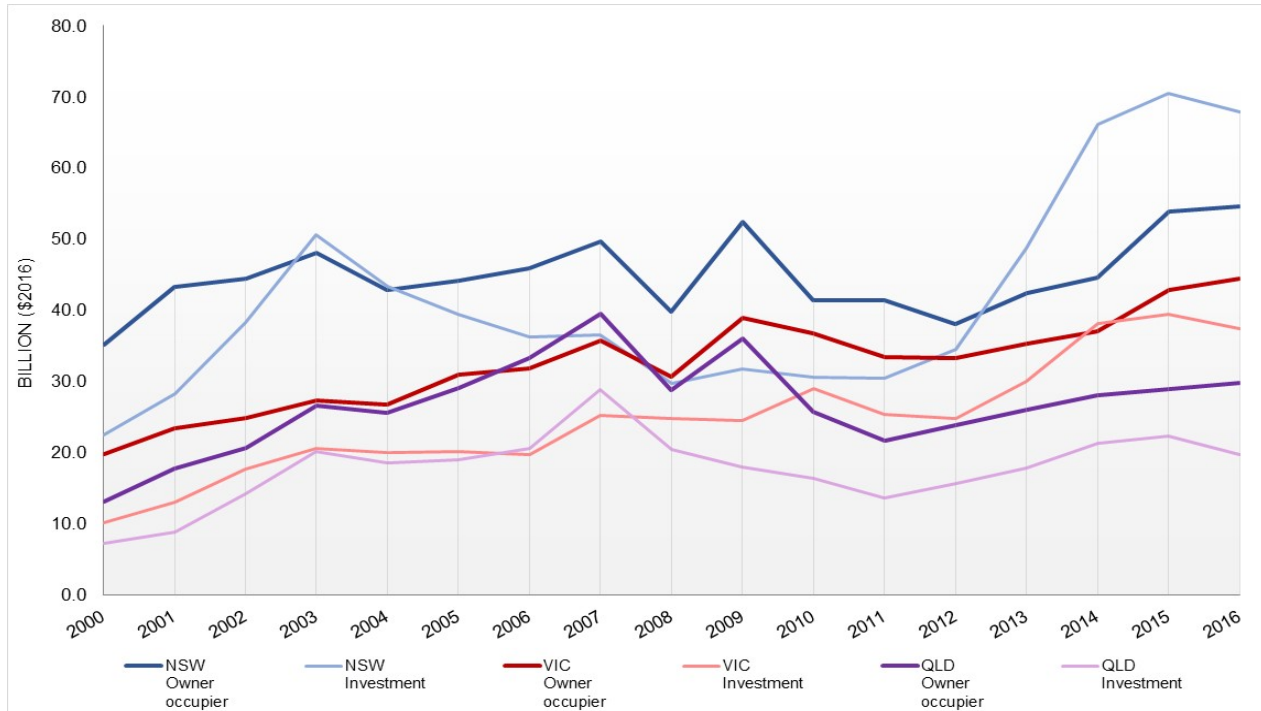
Housing finance commitments



Source: ABS cat. no. 5609 Table 11.

Notes: *owner occupier excludes amounts for refinancing of established dwellings; amounts have been inflated to 2016 dollars by the All Groups CPI (Australia).

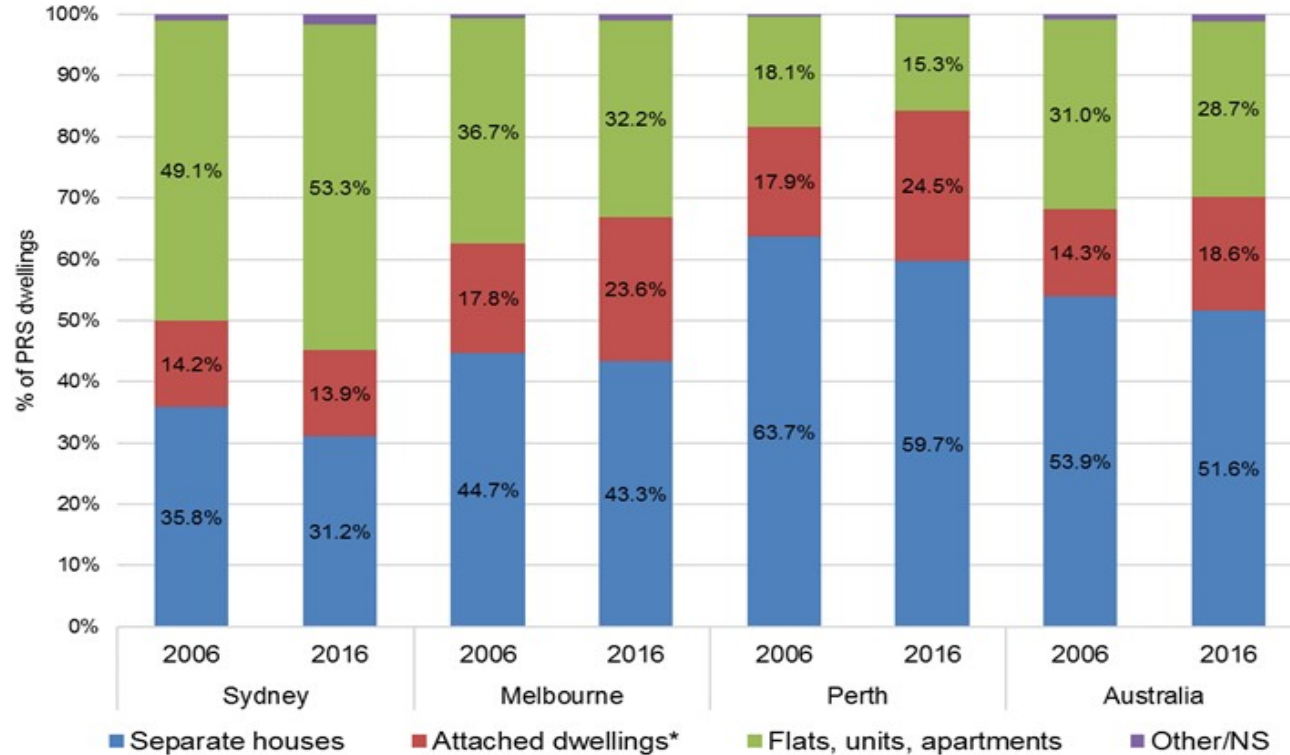
Housing finance lending by owner occupation and investment



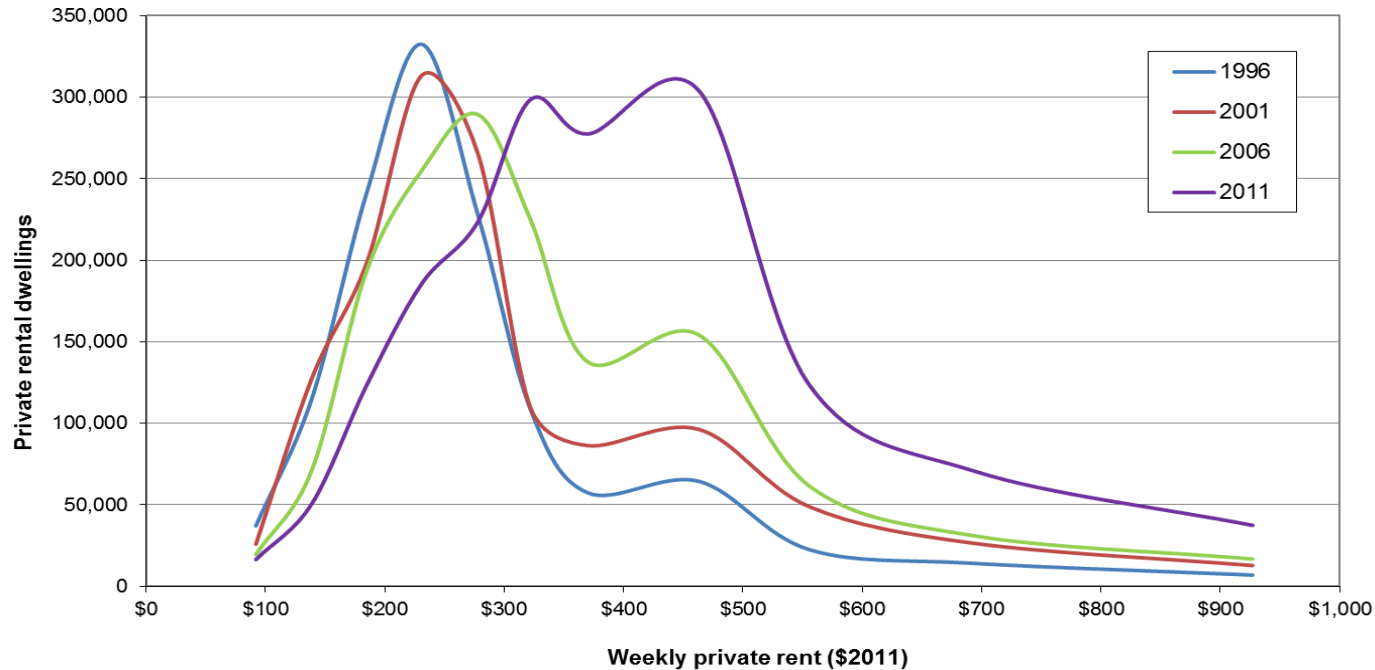
Source: ABS cat. no 5671 (Tables 19, 20 and 23); ABS cat. no. 5609 Table 10b and Table 7.

Notes: owner occupier exclude amounts for refinancing of established dwellings; amounts have been inflated to 2016 dollars by the All Groups CPI (Australia).

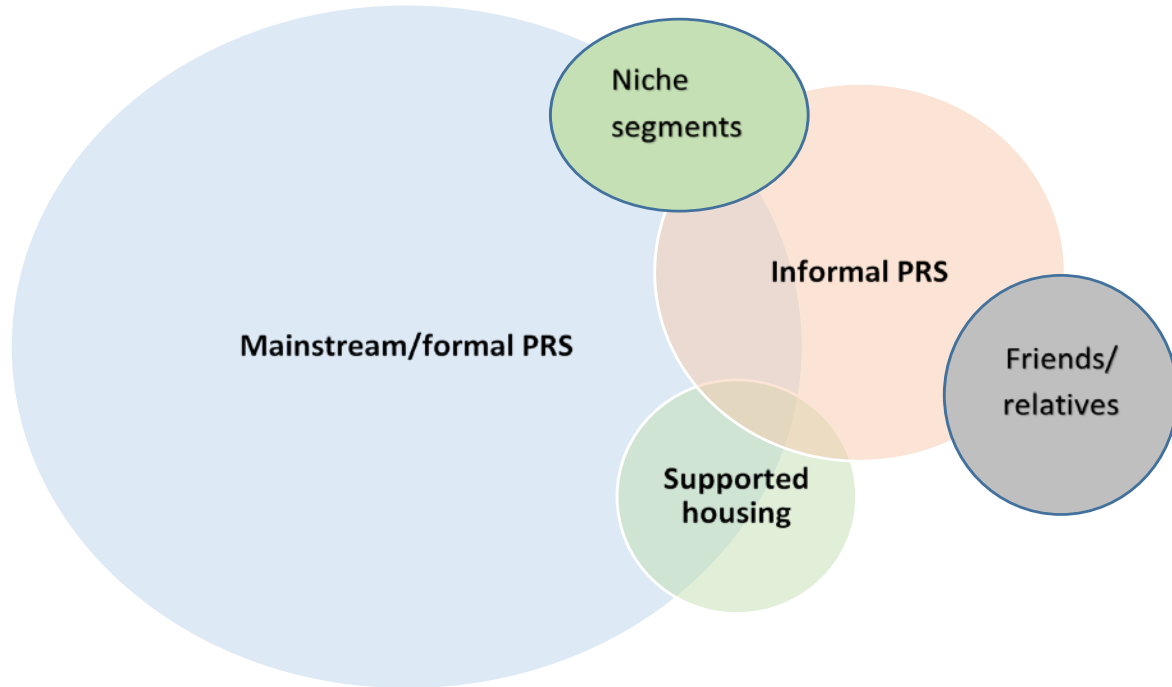
PRS accommodation types



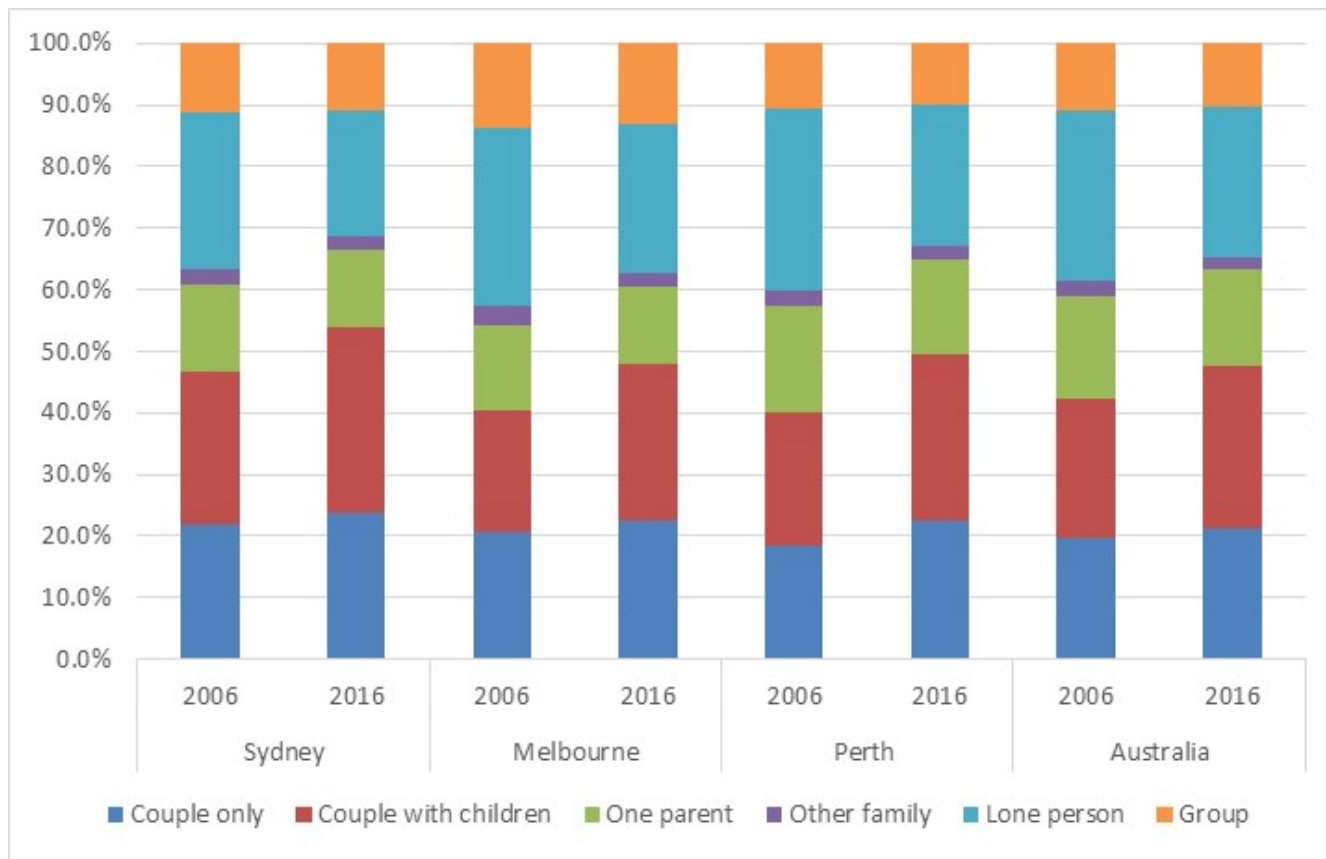
Shortage of affordable supply



PRS consolidation & fragmentation



Who lives in the PRS?

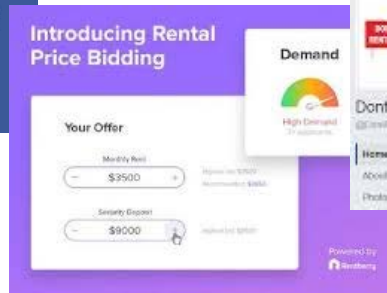


Australian PRS: technology and access

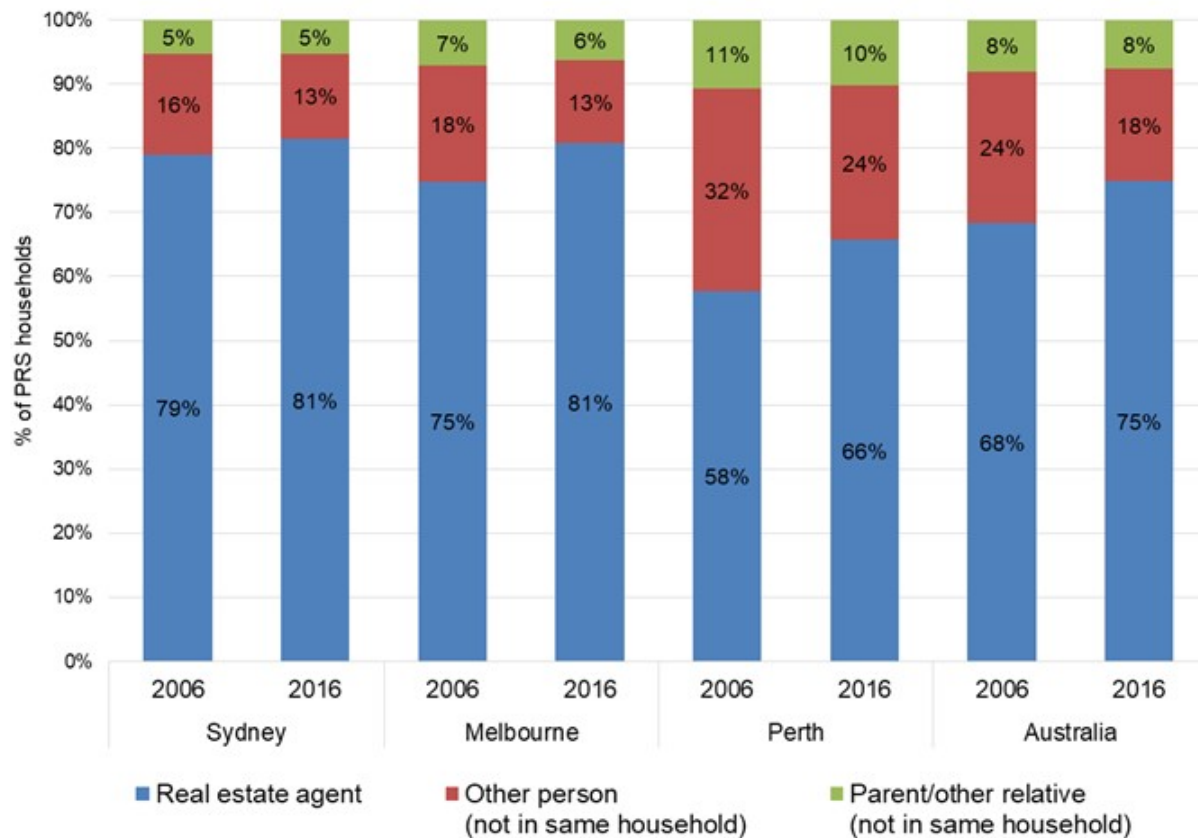
On-line portals



Screening and entry



PRS landlord/management type



PRS management

- Rents are stable revenue to cover fixed costs - buffer against volatility of real estate sales
- Real estate industry restructuring in house and apartment markets to get economies of scale
- Industry consolidation permits new level of investment in information and communications technology
 - Reducing costs in a volume margin business
 - Outsourcing key management tasks to third parties inc. off-shore
 - Global digital media businesses specialising in real estate advertising – data, data, data.

Innovation/transformation in PRS – financing and supply



■ Potential models for increasing supply of ‘affordable rentals’

- Increased public housing
- Increased role for the NFP sector (cheaper financing)
- NRAS type schemes
- Student housing model - build/manage or build and outsource management
- ‘Build to rent’ at high density
- Large corporate landlords
- Fractional investment models
- Others?

Innovation/transformation in PRS - access and management



- Re-connecting housing policy and tenancy regulation
- Technological change – big data benefits and risks
- Rental housing as a business
- More professional and responsive management - service

Getting better PRS outcomes

- Managing risks of debt financed investment and multi-property owners
- New models of financing/supply – greater stability
- Assessing benefits and risks of new technology platforms
- More professional and responsive tenancy management
- Consumer and data protection
- PRS support for those with persistently low incomes
- Fuzzy tenures – hybrid approaches

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