



The Student Accommodation Council

Myth busting international students' role in the rental crisis

April 2024

Accenture Strategy



FOREWORD



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“International students are vital to Australia’s economy, add richness and vibrancy to our cities, and advance Australian diplomacy around the world. However, in recent times they have unfairly worn the blame for Australia’s rental crisis. This report categorically demonstrates that international students are not the cause of the rental crisis. Further, it outlines the many complex factors that stymie supply of rental homes and drive-up demand – all combining in a high inflation environment that is becoming increasingly hostile for renters. To lay the blame for Australia’s overheated rental market at the feet of students, who underpin our university sector and fill skills gaps within our cities, is at the very least unfair, and at the most highly damaging to our reputation as a welcoming country.

Purpose built student accommodation providers are developing world-class buildings that provide custom living options for students and remove them from the rental market. However, we need to see a greater pipeline of projects to ensure housing choice for all students when they arrive in Australia.”

1

The current state of the Australian rental market

Australia is in the midst of a housing crisis, with some people priced out of the rental market

Exhibit 1: Indexed median weekly rent, April 2016 to April 2023

Median weekly rental cost in AUD of all dwellings in Australia, 2016 to 2023¹

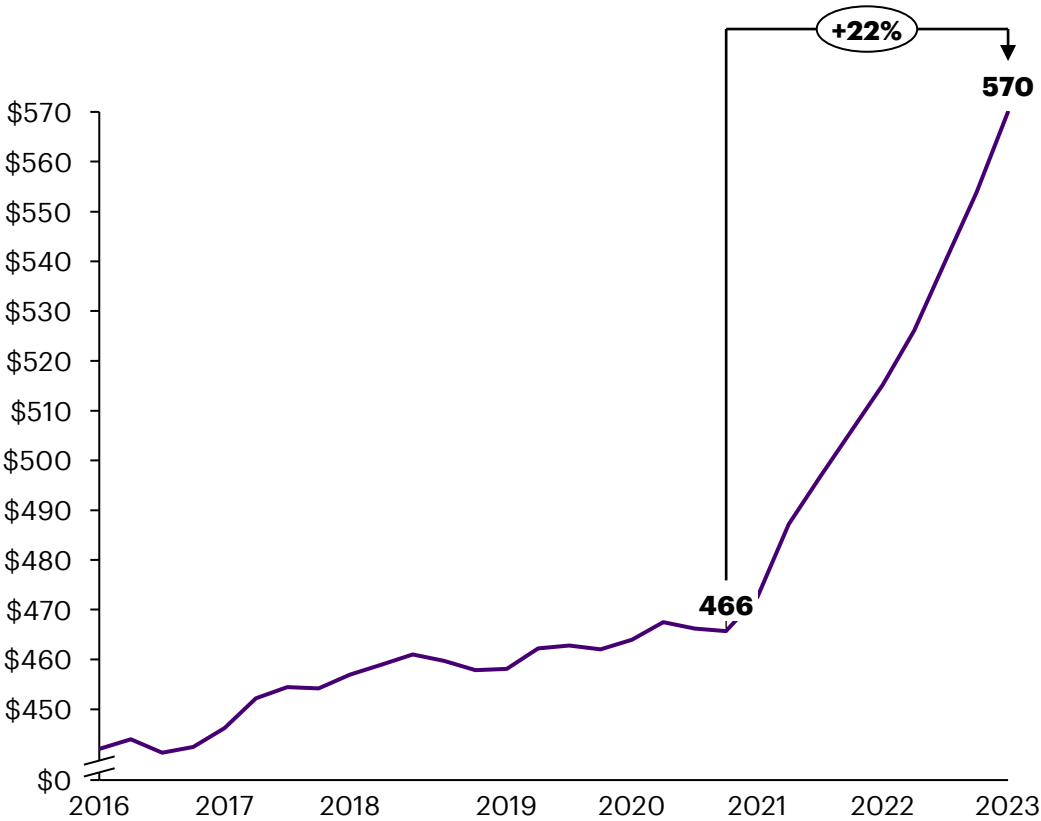
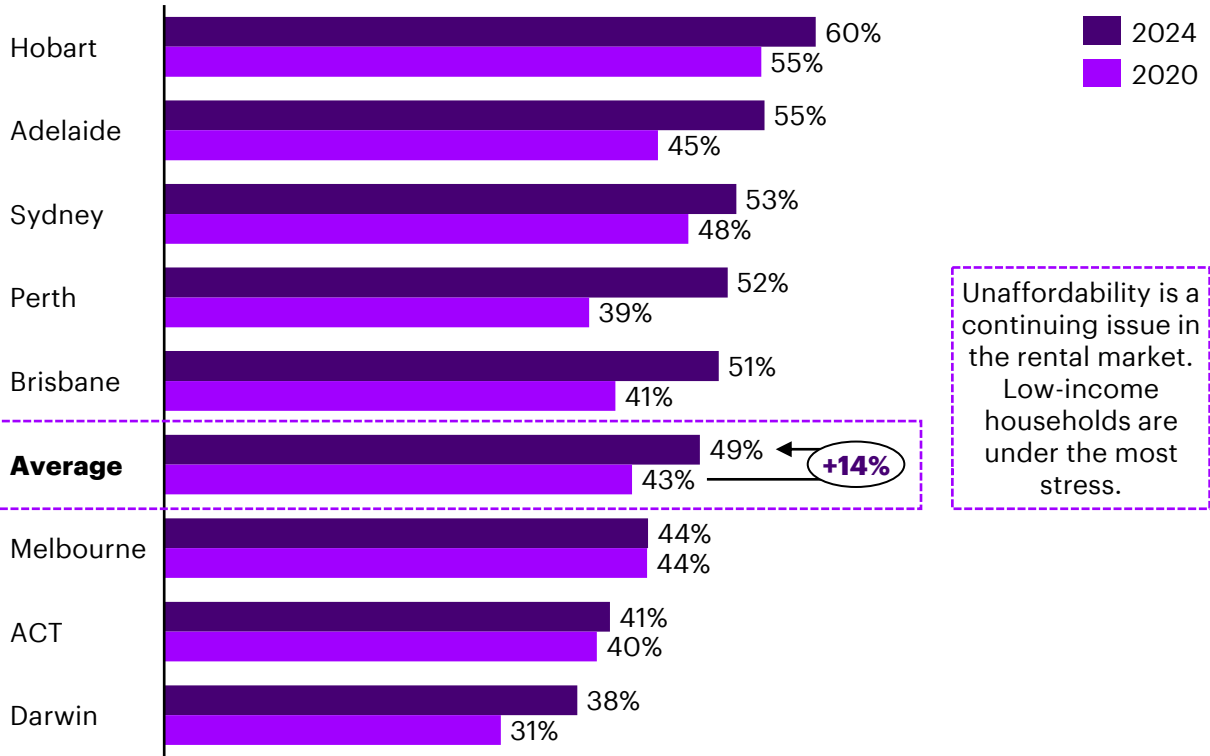


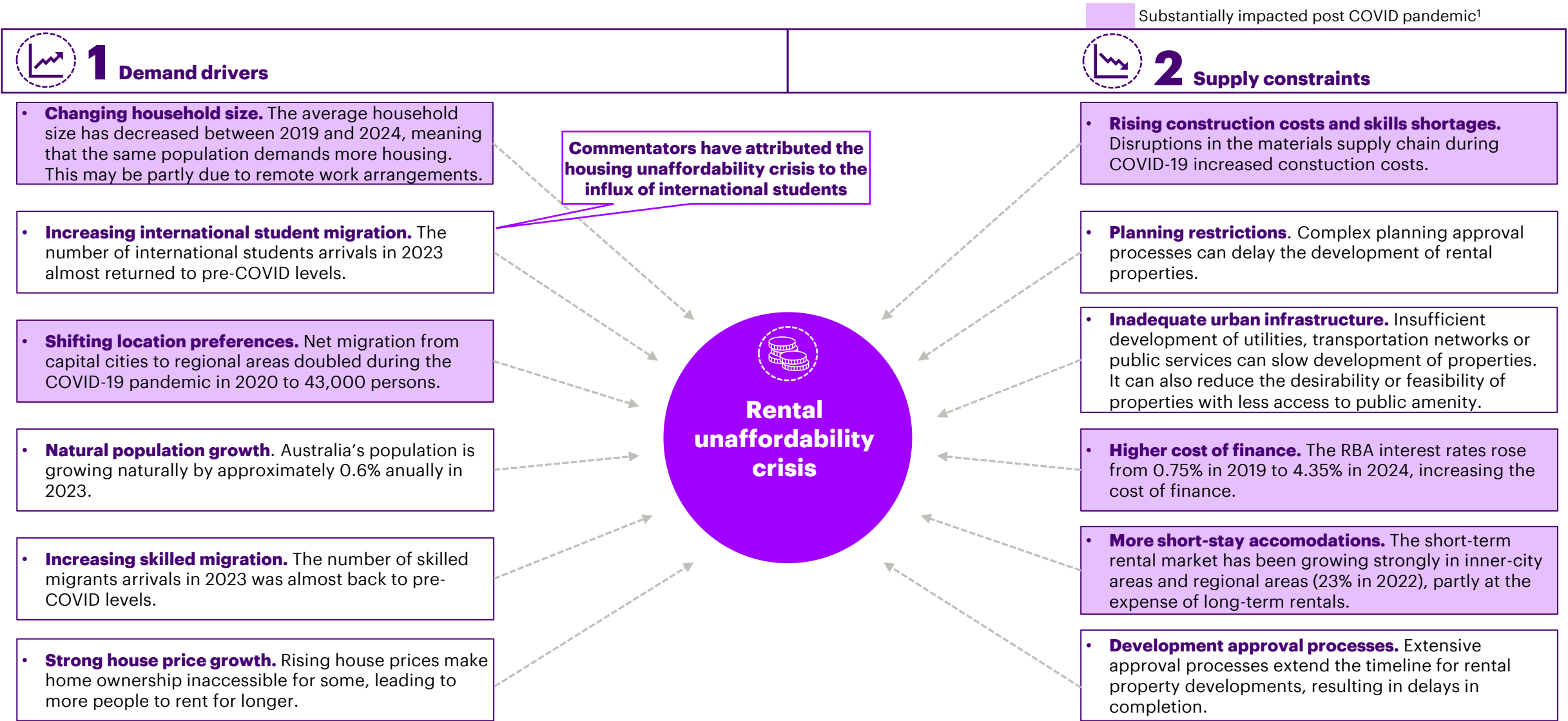
Exhibit 2: Proportion of income to cover rent for low-income households

Proportion of income to service rent for low-income households in capital cities, 2024 and 2024²



Note: 1. Quarterly data is shown, median weekly rental cost was \$466 in Q3 2024. 2. Low-income is here defined as the 25th percentile income.
Source: CoreLogic (2023), AIHW (2023), Accenture analysis

Demand for rental accommodation has long outpaced supply, resulting in rental unaffordability; this was exacerbated by COVID



Note: 1. This list is not exhaustive. All factors identified were impacted in some way by the pandemic. The highlighted boxes indicate those which have seen some of the most marked changes. Source: AHURI (2023), ABS (2021, 2023, 2024), Australian Government (2021), Cheung & You (2022), Accenture analysis

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Myth busting the perceptions surrounding international students in the rental market

Are international students really the cause of the rental affordability crisis?

There are three common myths about the impact of international students on the rental market

Myth 1

The record-high number of international students **currently living** in Australia is the cause of increased rental demand.

Myth 2

The surge in international student **arrivals** is increasing rents across the country.

Myth 3

International students are **crowding** Australian citizens and permanent residents out of the rental market.

Australia takes in 1,500 new people a day as immigration surges and birth rate plunges during housing affordability, cost of living crisis

**Rents Up \$1,000 A Year
Due To Unplanned, Record
Increase In International
Students Intake**

International Students Hit All-Time High During Australia's Worst Housing Crisis in Decades

'Misery machine': Economist Chris Richardson calls for lower student numbers as housing crisis deepens

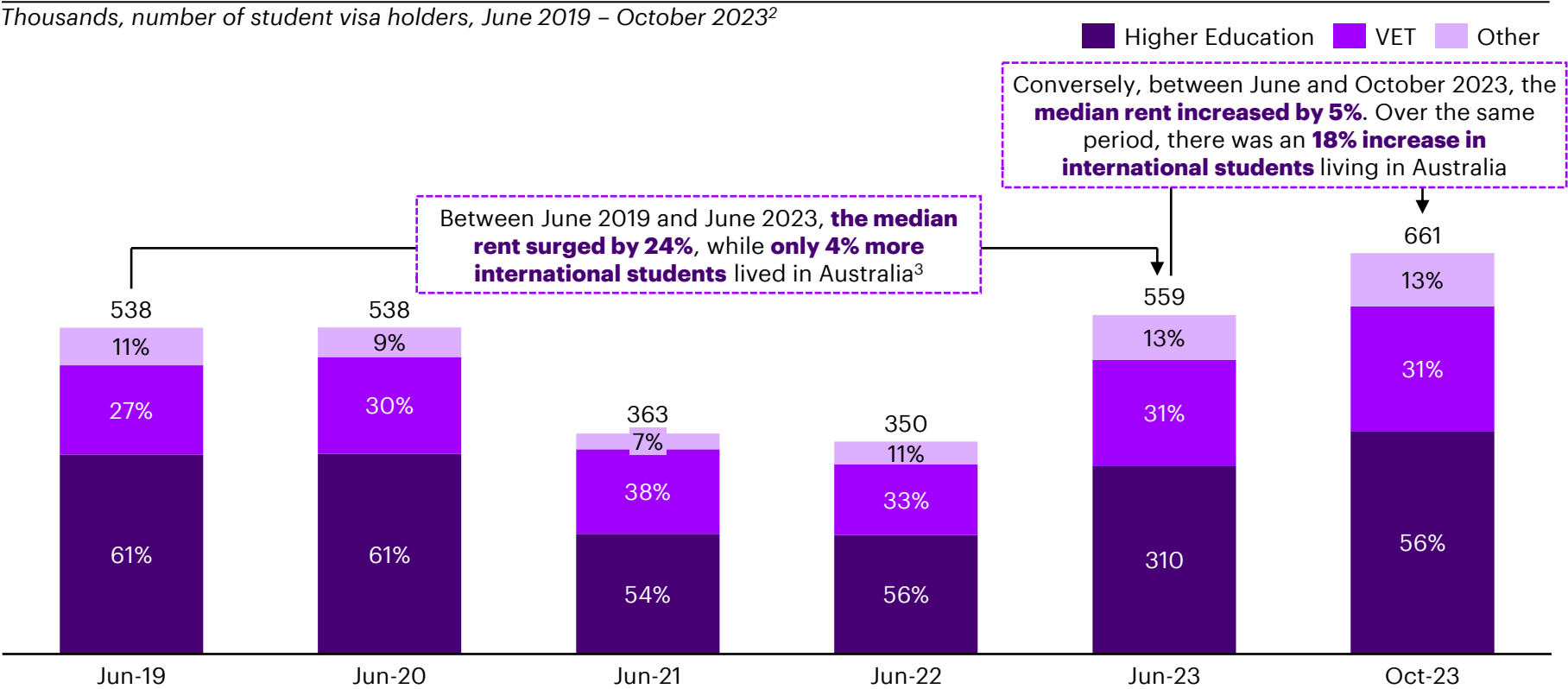
Myth 1

The record-high number of international students currently living in Australia is the cause of increased rental demand

The evidence

Record numbers of international students living in Australia have not seen rents increase as quickly as they have in the past

Exhibit 3: Number of student visa holders in Australia¹
Thousands, number of student visa holders, June 2019 – October 2023²



Note. 1. 'School Sector' visa holders have been excluded from the total as these students are minors who do not rent independently. 2. October 2023 is displayed as this is the most recent data available, breakdown between visa subtypes based on June 2023 data. 3. June rents selected to match with DHA visa statistics reporting. Source: Department of Home Affairs (2023). CoreLogic (2024), Hurley (2023), Accenture analysis

Myth 2

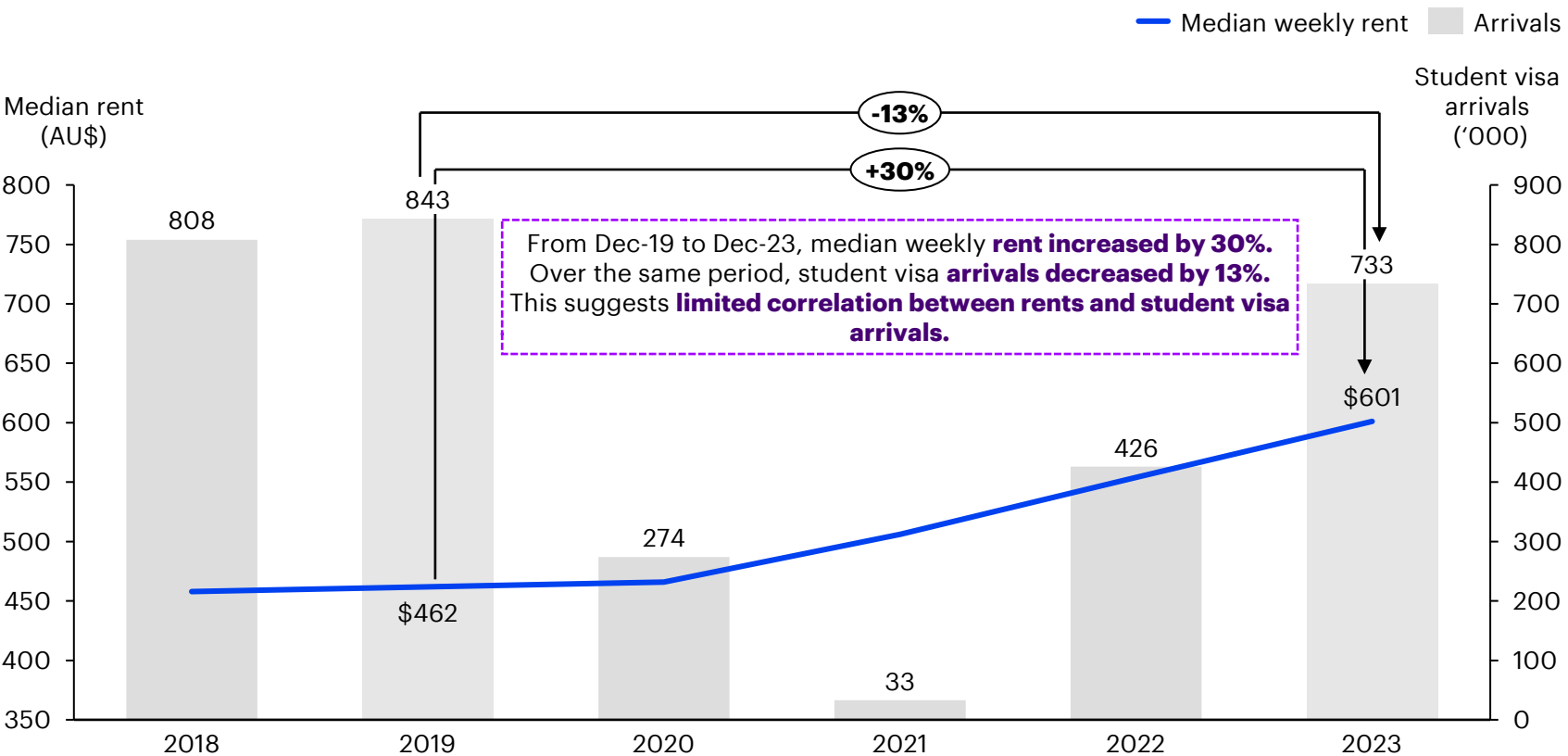
The surge in international student arrivals is increasing rents across the country

The evidence

More student arrivals do not coincide with rental price increases; more students arrived in 2019 than in 2023, yet rents have increased over same the period

Exhibit 5: Number of incoming temporary study visas annually versus national median weekly rents

Annual student visa arrivals in thousands (bars, right-axis), national median weekly rents in AU\$, (line, left-axis)



Source: ABS, 'Total Arrivals by Visa Group' (2024), CoreLogic, 'Housing Affordability Report' (2024), CoreLogic, 'Rental Market Update' (2024), Accenture analysis

Myth 3

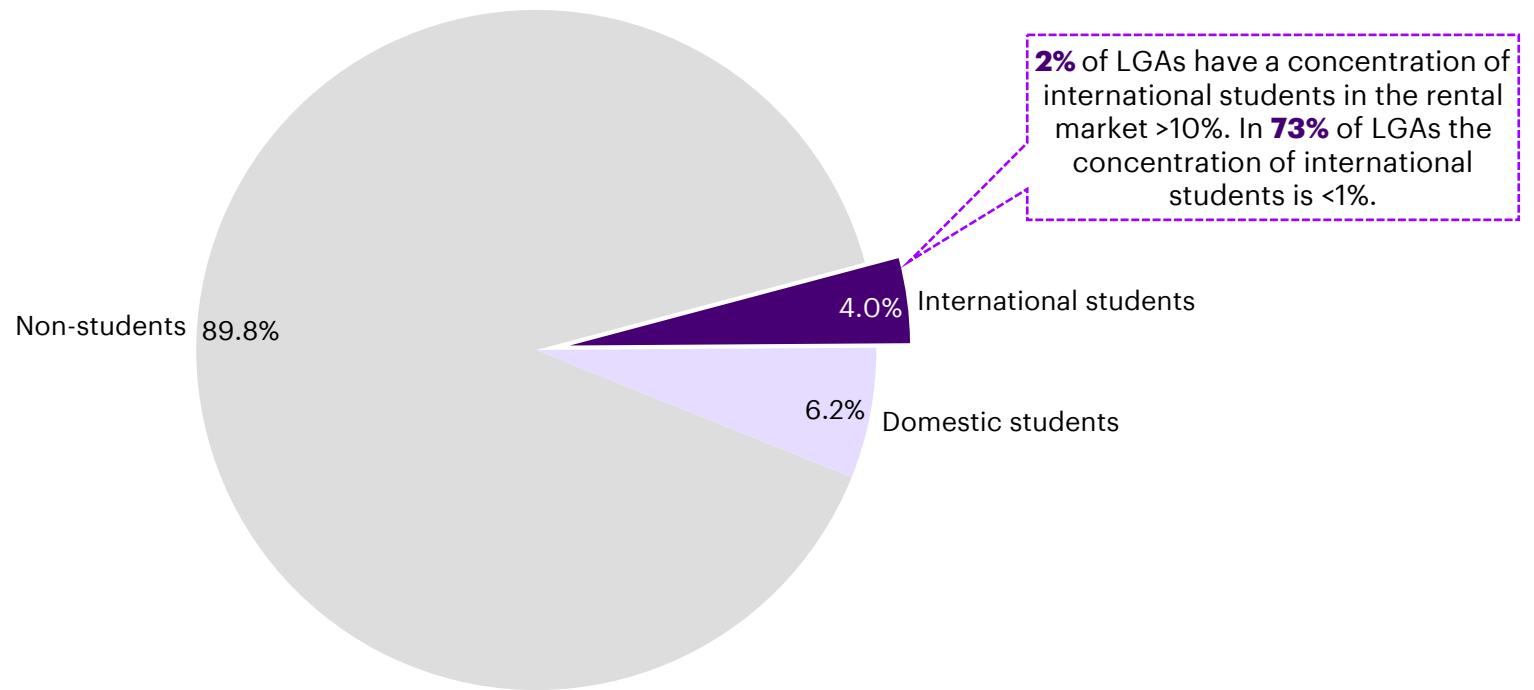
International students are crowding Australian citizens and permanent residents out of the rental market.

The evidence

International students have limited impact on the rental market, only accounting for 4 per cent of renters

Exhibit 6: Demographic distribution of renters in Australia, by student status

Composition of renters by student status, international and domestic, 2021



Note: 1. Most recent data is from the 2021 ABS Census. 2. For completeness, all student visa types have been included. 3. Rental market share data includes students living in PBSA. Source: ABS Census 2021, Counting persons, place of enumeration (2021); Accenture analysis.

Myth 3

International students are crowding Australian citizens and permanent residents out of the rental market.

The evidence

The majority of renters are couples, single parents or lone person households who are not international student visa holders

Households with children

56%
of renters

1 One family households, couples with children

37%
of renters



- 69% live in larger dwellings such as standalone houses.
- Most commonly dual-income, earning between \$3,000-\$3,499 per week.

2 One family households, single parents

19%
of renters



- More likely to rent apartments than dual-parent households.
- Parent is most commonly employed full-time, earning between \$1,500-\$1,749 per week.

Households without children

29%
of renters

3 One family households, couples with no children

16%
of renters



- 64% rent houses versus 36% renting apartments.
- Most commonly dual-income, earning between \$1,750-\$1,999 per week.

4 Lone person households

13%
of renters



- 41% of households rent apartments.
- Typically young professionals in their early 30s or retirees in their early 60s with average earnings of \$800-999 per week.

Note: International students have been removed from market share calculations. Source: ABS, '2021 Census – counting persons, place of enumeration [Census TableBuilder]', 2021, Accenture analysis

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Myth 3

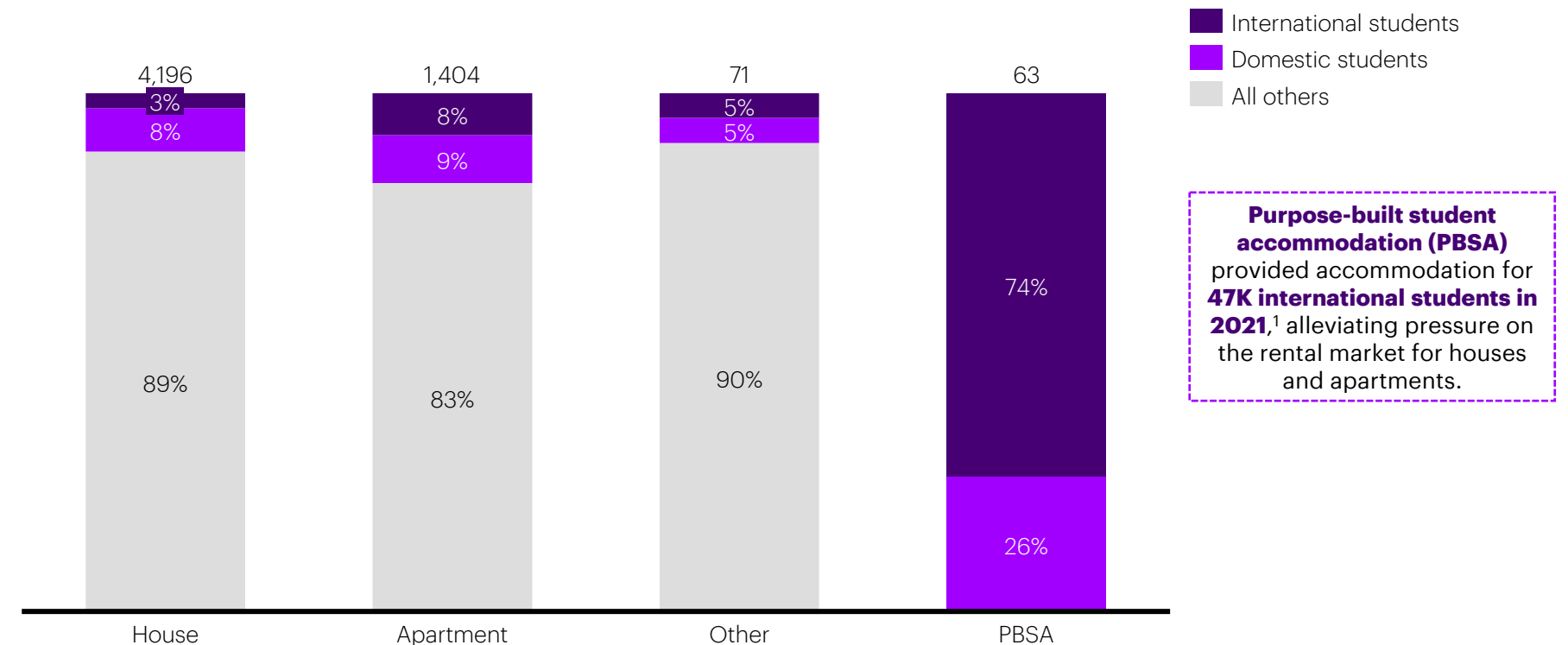
International students are crowding Australian citizens and permanent residents out of the rental market

The evidence

International students are less concentrated in the market for rental houses which are popular with families, preferring apartments

Exhibit 7: Distribution of renters in Australia by dwelling type and student status

Number of renters by dwelling type (sum of bar in thousands) by share of dwelling types by student status, %, 2021



Note: 1. Based on the assumption that domestic students occupy the same share (26%) of PBSA beds as in 2022 (see: Property Council of Australia (2022)). Source: ABS, '2021 Census – counting persons, place of enumeration [Census TableBuilder]', 2021; Savills, 'Australian Student Accommodation 2023', (2023), Property Council of Australia (2022), Accenture analysis.

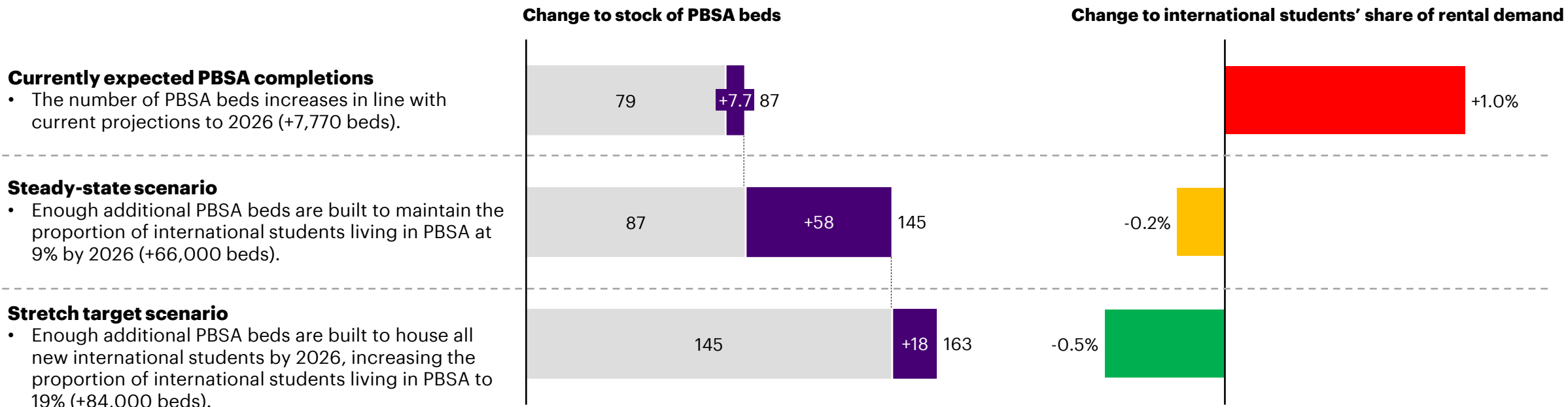
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PBSA can support the rental market by offering additional beds to students

Further increasing the supply of PBSA could allow Australia to benefit from a growing student population whilst mitigating pressure on rental demand

Exhibit 8: Estimated change in international students’ share of national rental demand by 2026 under 3 scenarios

Stock of PBSA beds required by 2026, 000s, projected increase in international students’ share of national rental demand by 2026, %



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Appendix

International students are concentrated in a small number of rental markets, leaving rental supply in the majority of LGAs minimally impacted

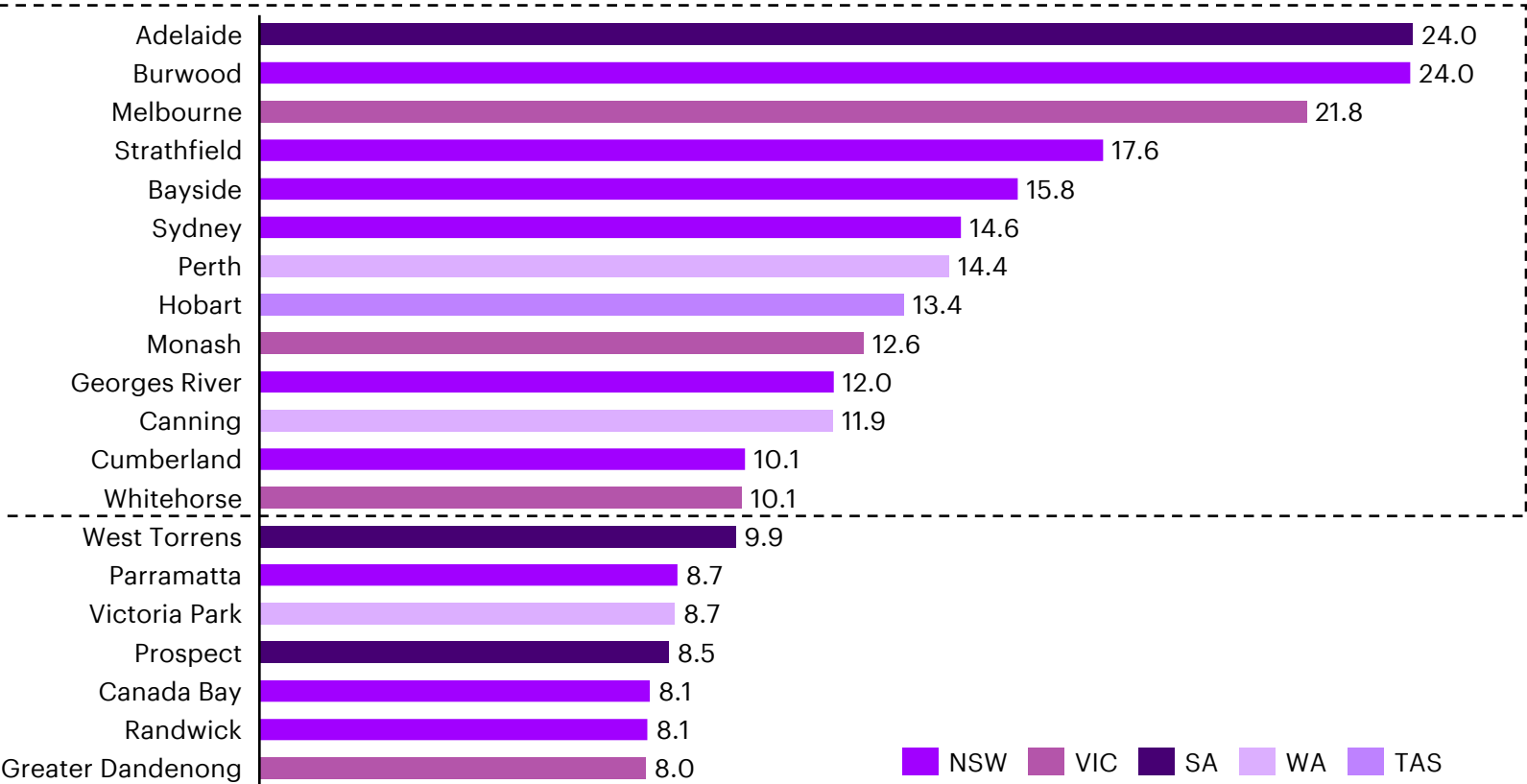
Top 20 Australian LGAs by share of temporary student visa holders in the rental market

Share of residents who rent who hold a temporary student visa to total number of renters, %, LGAs

13

of 556 LGAs have a proportion of international student renters that exceeds 10% of the total renting population

In 73% of LGAs the concentration of international students is <1%.



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