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Renters overwhelmingly reject rent bidding amid current rental crisis

Amidst the challenging landscape of a tight rental market, with soaring demand and limited availability, renters have united in opposition to “renter-led” rent bidding.

Rent.com.au, the leading rental property platform in Australia, has released the results of its July renter survey on rental bidding, offering valuable insights into renter sentiments nationwide.

The survey, the third of the Rent.com.au series, collected responses from 1,500 renters, offering a glimpse into viewpoints across various demographics and budgets.

What is “renter led” rent bidding?

In essence, this occurs when renters feel compelled to compete against each other in a tight market to secure a property.

And just to be clear here – we’re talking about renter-initiated rent bidding. It’s illegal (or about to be) for Agents and Landlords to encourage renters to offer more than the advertised price for a property.

The driving force behind this issue often stems from renters who are eager to secure a home and may resort to various tactics to gain a competitive advantage, including those with the financial means to do so.

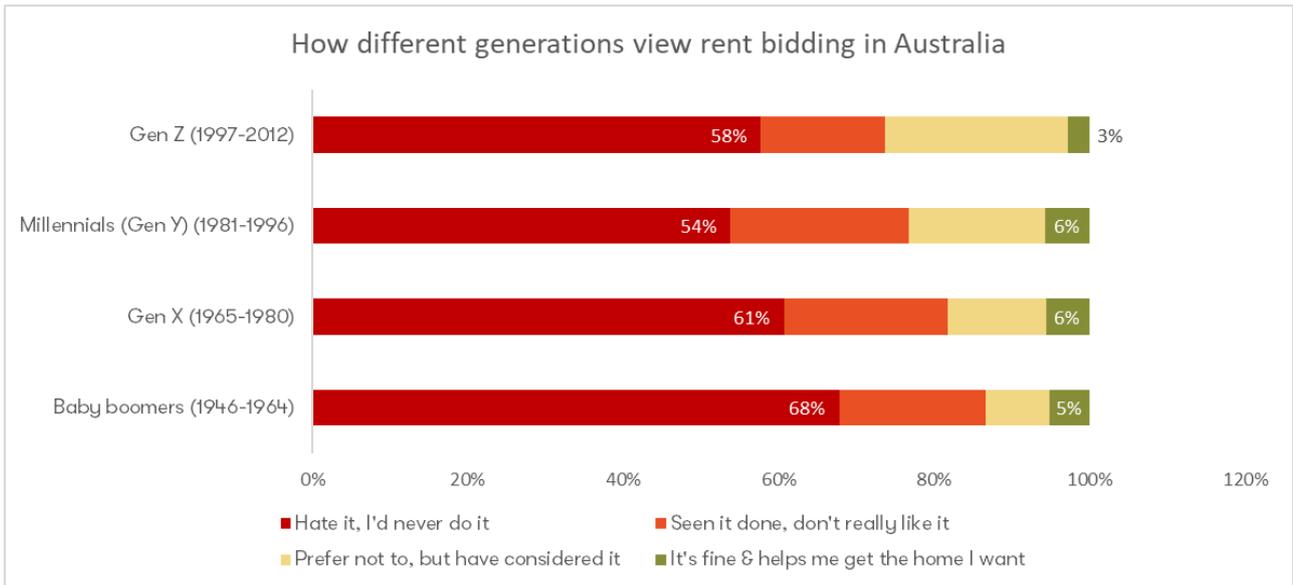
But what is the prevailing sentiment among Australian renters concerning this practice in 2023? Let’s delve into the findings:

What we asked:

Rent bidding, the practice of agents or landlords coaxing people into paying above the advertised price, is steadily being banned in states nationwide. However, amidst a severe rental crisis, many renters willingly offer more than the listed price to try and secure a property. What are your thoughts on this practice?

Rent.com.au's July survey paints a clear picture of the sentiment surrounding rent bidding, with 81% of all renters not liking the practice, and 60% expressing their complete disapproval of the practice. This response underscores the urgent need for a fair and secure rental process to alleviate the challenges of the current rental market. Let’s break down the attitudes towards the practice by generation:

Survey responses	Generation				
	Gen Z	Millennials	Gen X	Baby Boomers	Silent Generation
Hate it, I'd never do it	58%	53%	61%	68%	32%
Seen it done, don't really like it	17%	23%	20%	19%	32%
Prefer not to, but have considered it	22%	18%	12%	8%	29%
It's fine and helps me get the home I want	3%	5%	6%	5%	6%



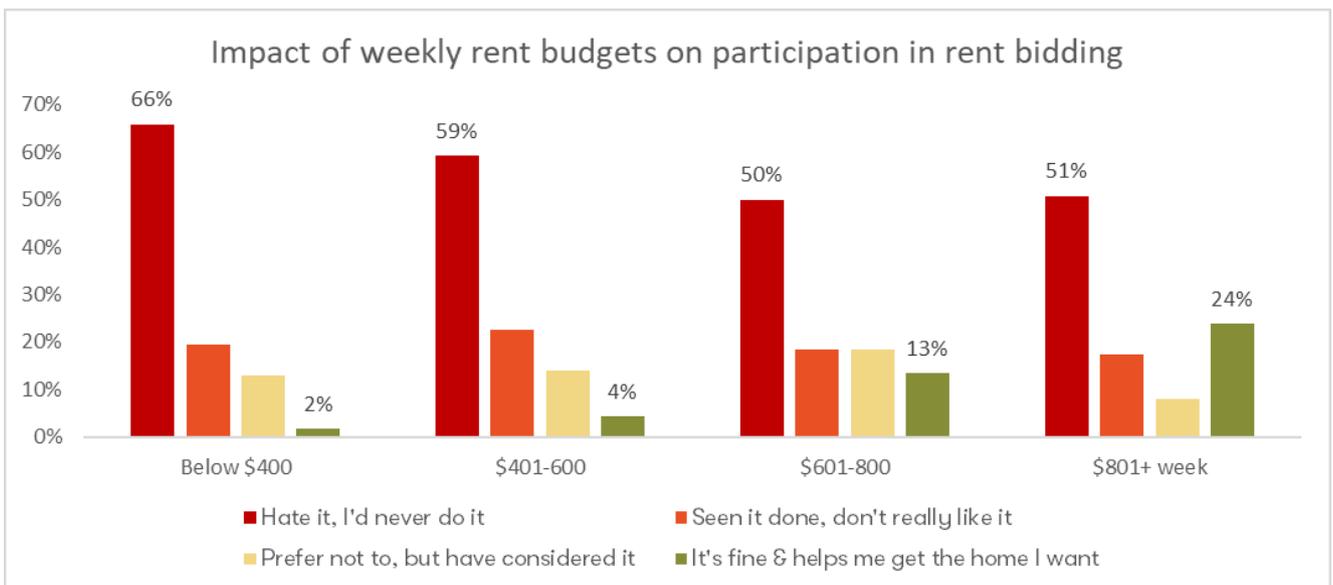
Interest in rent bidding declines among older renters

Baby Boomers also show a significant dislike for rent bidding, with 61% saying they'd never do it. Their more traditional values seem to align with their reluctance to embrace the competitive nature of rental bidding.

On the other hand, Gen X has a more open stance, with only 53% against the practice of rent bidding. Millennials and Gen Z, the younger generations, share a similar sentiment, with 58% of respondents from both groups outright rejecting the concept of rent bidding. These generations are often associated with tech-savviness and a preference for convenience, but they seem to be cautious about engaging in the potentially stressful and competitive process.

This survey delved deeper into weekly rent budgets, providing valuable insights into how different income groups approached rent bidding.

Correlation between increased budgets and higher rent bidding participation

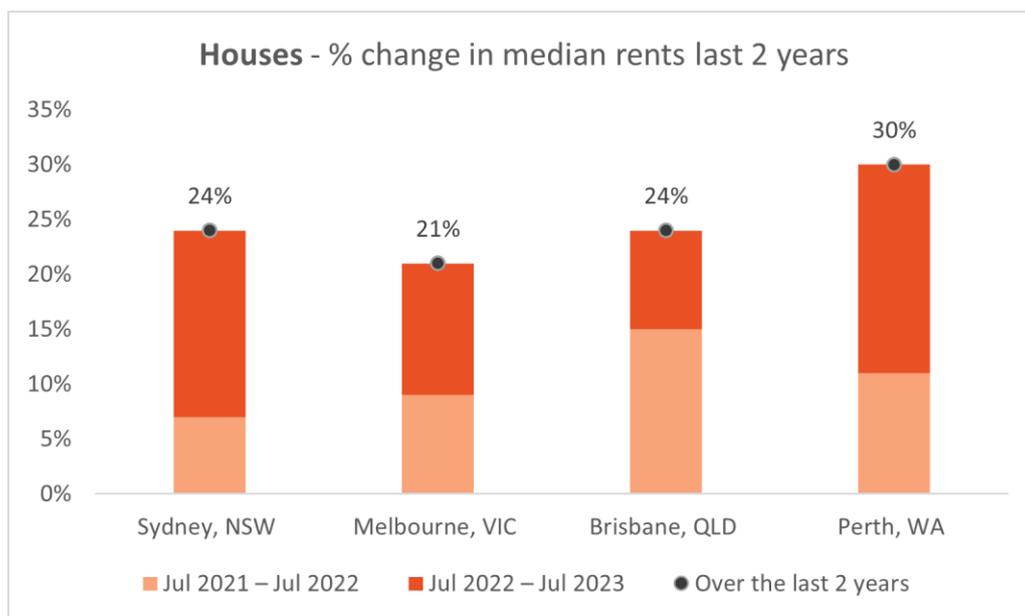


Among those with rent budgets of \$801 or more per week, representing the highest income bracket, 24% of respondents showed the most willingness to engage in rent bidding. Their ability to afford this competitive measure was evident, indicating the impact of income disparity on application behaviour.

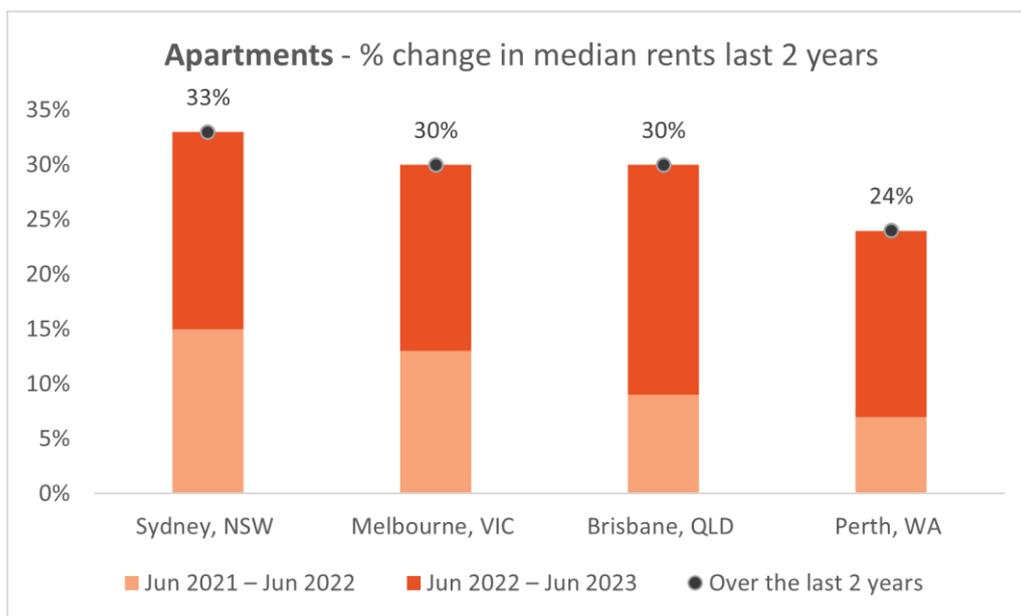
On the other hand, a significant 66% of respondents with a weekly rent budget below \$400 strongly opposed the trend of rent bidding. This sentiment highlights the genuine struggles faced by individuals on the lower end of the affordability spectrum and highlights the economic divide present in Australia's rental market.

Rent prices in Australia continue to rise, affecting the rental market

As we leave July 2023, many renters in Australia are feeling the squeeze as wages struggle to keep up with the increasing cost of living. The challenge of finding affordable housing in major cities like Sydney, Melbourne, Brisbane and Perth has intensified over the past two years, with median rental prices experiencing substantial growth.



HOUSES	Jul 2021 – Jul 2022	Jul 2022 – Jul 2023	Over the last 2 years
Sydney, NSW	7%	17%	24%
Melbourne, VIC	9%	12%	21%
Brisbane, QLD	15%	9%	24%
Perth, WA	11%	19%	30%
Adelaide, SA	14%	10%	24%
Hobart, TAS	6%	2%	8%
Darwin, NT	1%	5%	6%
Canberra, ACT	4%	2%	6%



APARTMENTS	Jun 2021 – Jun 2022	Jun 2022 – Jun 2023	Over the last 2 years
Sydney, NSW	15%	18%	33%
Melbourne, VIC	13%	17%	30%
Brisbane, QLD	9%	21%	30%
Perth, WA	7%	17%	24%
Adelaide, SA	11%	12%	23%
Hobart, TAS	16%	2%	18%
Darwin, NT	4%	10%	14%
Canberra, ACT	10%	1%	11%

The three largest cities have seen significant increases in apartment rental prices, with Sydney, Melbourne, and Brisbane experiencing surges of 33%, 30%, and 30%, respectively. This surge has made it increasingly difficult for tenants to find affordable rental options in these cities.

Perth's housing market has also been impacted, with house rental prices rising by 30%. Meanwhile, Sydney, Brisbane, and Adelaide have experienced a notable 24% increase in house rental prices over the past two years. These sharp rent price increases highlight the challenges renters face in securing affordable housing in our major cities.

Comments attributable to Rent.com.au CEO Greg Bader

"Real estate agents and landlords might not be outright asking for bids, but they're nodding along and accepting higher offers from desperate renters trying to lock down a place," Mr Bader said. "The results of our survey are not surprising when you consider the unprecedented cost and availability pressures. It's clear that the current market is driving renters to take extraordinary measures such as bidding wars and advance rent payments to secure a property.

"The survey exposes a harsh reality – offering more money is no longer just a strategy to stand out; it's a desperate move in the midst of a rental crisis," Mr Bader emphasised. "The ones most willing to play this game are those in the higher income bracket, currently paying \$801+ a week in rent – they can afford it. On the other hand, those strongly opposing this trend are struggling renters with a weekly budget below \$400."

"At Rent.com.au, we understand the challenges renters are facing in this market and encourage them to explore other measures before resorting to measures that could strain their budget. We recommend renters create a strong rental application that includes all the necessary documents, references, and more, along with a comprehensive Renter Resume that highlights why they'd make the ideal tenant. By taking these proactive steps, renters can bring their application to the forefront before resorting to other measures."

"As a company, we're dedicated to helping renters navigate this process smoothly. Anything you can do in the early stages, whether it's building out a comprehensive application, making an in-person introduction to the property manager during viewings, or regularly following up to stay on their radar, can make a major difference."

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