



# The Student Accommodation Council

Myth busting international students' role  
in the rental crisis

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Accenture Strategy



# FOREWORD



**Torie Brown**

Executive Director – Student Accommodation  
Council, Property Council of Australia

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**Anouk Darling**

Chair of Property Council of Australia's Student  
Accommodation Council, CEO of Scape

“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.”

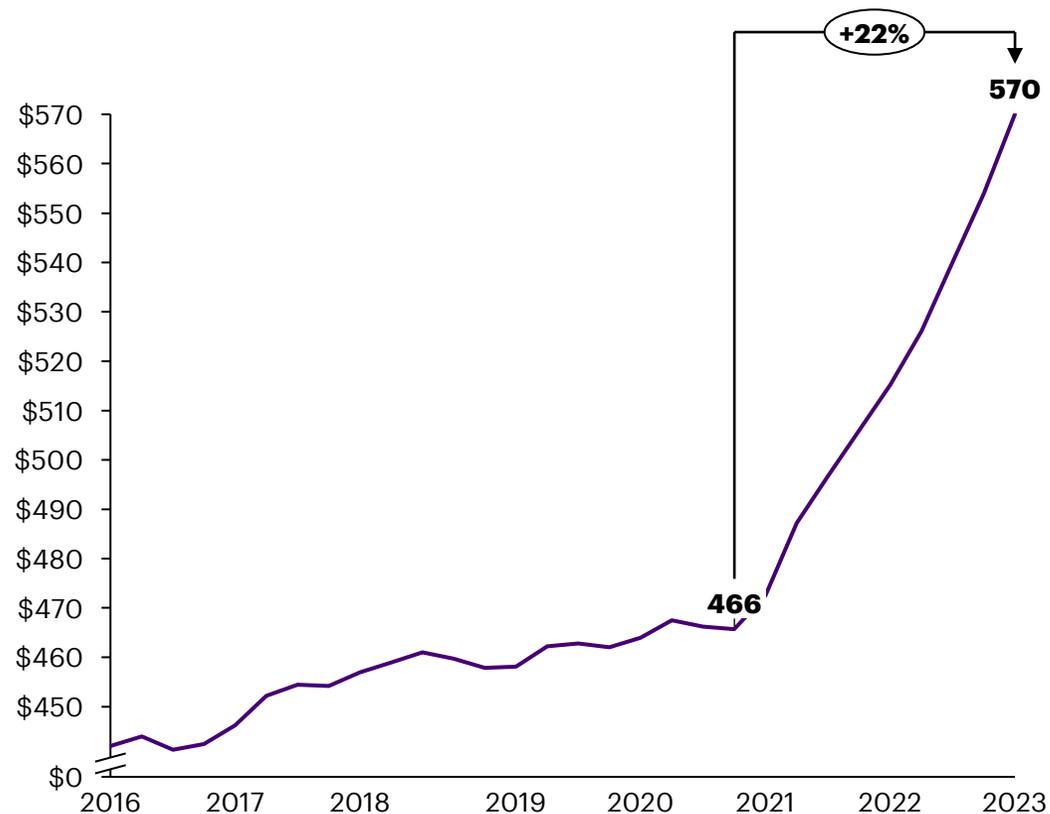
# 1

## **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

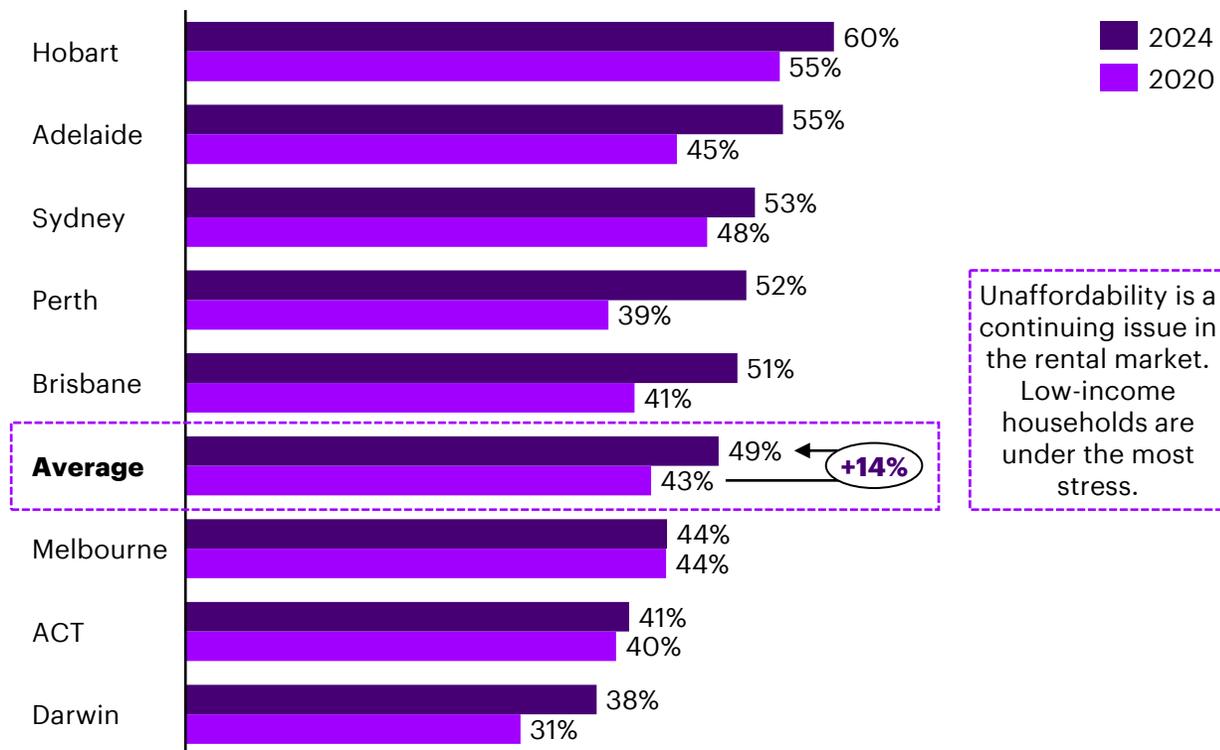
## Exhibit 1: Indexed median weekly rent, April 2016 to April 2023

Median weekly rental cost in AUD of all dwellings in Australia, 2016 to 2023<sup>1</sup>



## 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 2024<sup>2</sup>



Unaffordability is a continuing issue in the rental market. Low-income households are under the most stress.

Note: 1. Quarterly data is shown, median weekly rental cost was \$466 in Q3 2024. 2. Low-income is here defined as the 25<sup>th</sup> 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

Substantially impacted post COVID pandemic<sup>1</sup>



## 1 Demand drivers

- **Changing household size.** The average household size has decreased between 2019 and 2024, meaning that the same population demands more housing. This may be partly due to remote work arrangements.
- **Increasing international student migration.** The number of international students arrivals in 2023 almost returned to pre-COVID levels.
- **Shifting location preferences.** Net migration from capital cities to regional areas doubled during the COVID-19 pandemic in 2020 to 43,000 persons.
- **Natural population growth.** Australia's population is growing naturally by approximately 0.6% annually in 2023.
- **Increasing skilled migration.** The number of skilled migrants arrivals in 2023 was almost back to pre-COVID levels.
- **Strong house price growth.** Rising house prices make home ownership inaccessible for some, leading to more people to rent for longer.

Commentators have attributed the housing unaffordability crisis to the influx of international students



## 2 Supply constraints

- **Rising construction costs and skills shortages.** Disruptions in the materials supply chain during COVID-19 increased construction costs.
- **Planning restrictions.** Complex planning approval processes can delay the development of rental properties.
- **Inadequate urban infrastructure.** Insufficient development of utilities, transportation networks or public services can slow development of properties. It can also reduce the desirability or feasibility of properties with less access to public amenity.
- **Higher cost of finance.** The RBA interest rates rose from 0.75% in 2019 to 4.35% in 2024, increasing the cost of finance.
- **More short-stay accommodations.** The short-term rental market has been growing strongly in inner-city areas and regional areas (23% in 2022), partly at the expense of long-term rentals.
- **Development approval processes.** Extensive approval processes extend the timeline for rental property developments, resulting in delays in completion.



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

# 2

## **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

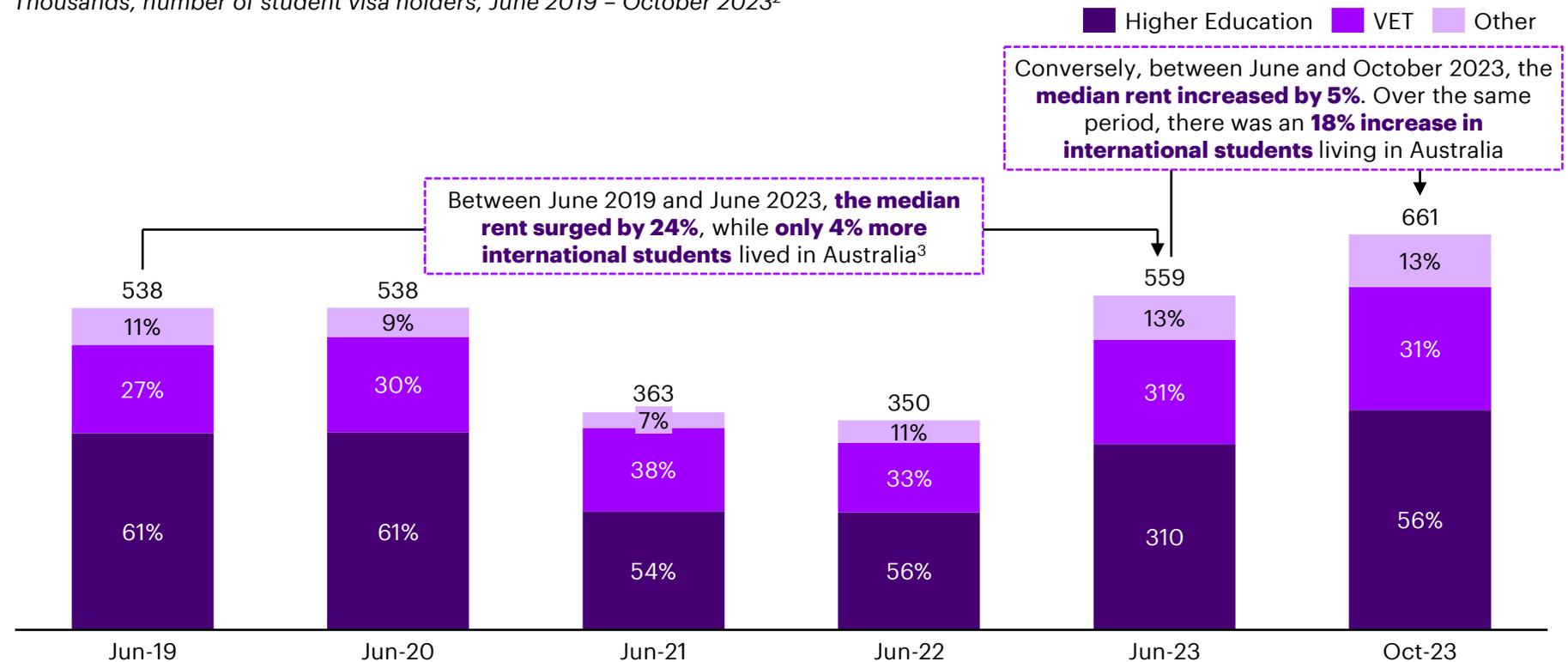
**The record-high number of international students currently living in Australia is the cause of increased rental demand**

## 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 Australia<sup>1</sup>

Thousands, number of student visa holders, June 2019 – October 2023<sup>2</sup>



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

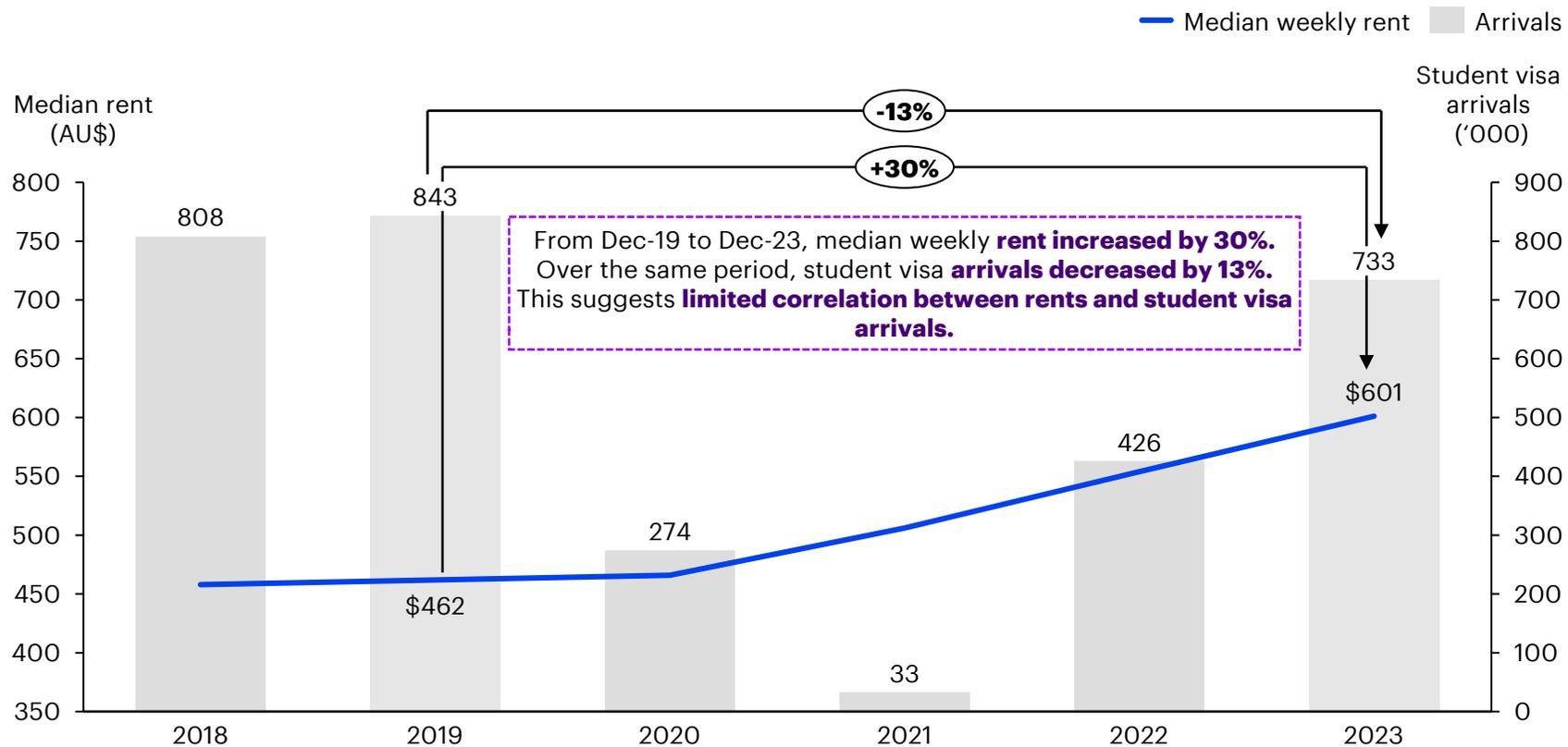
# The surge in international student arrivals is increasing rents across the country

## 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)



### Myth 3

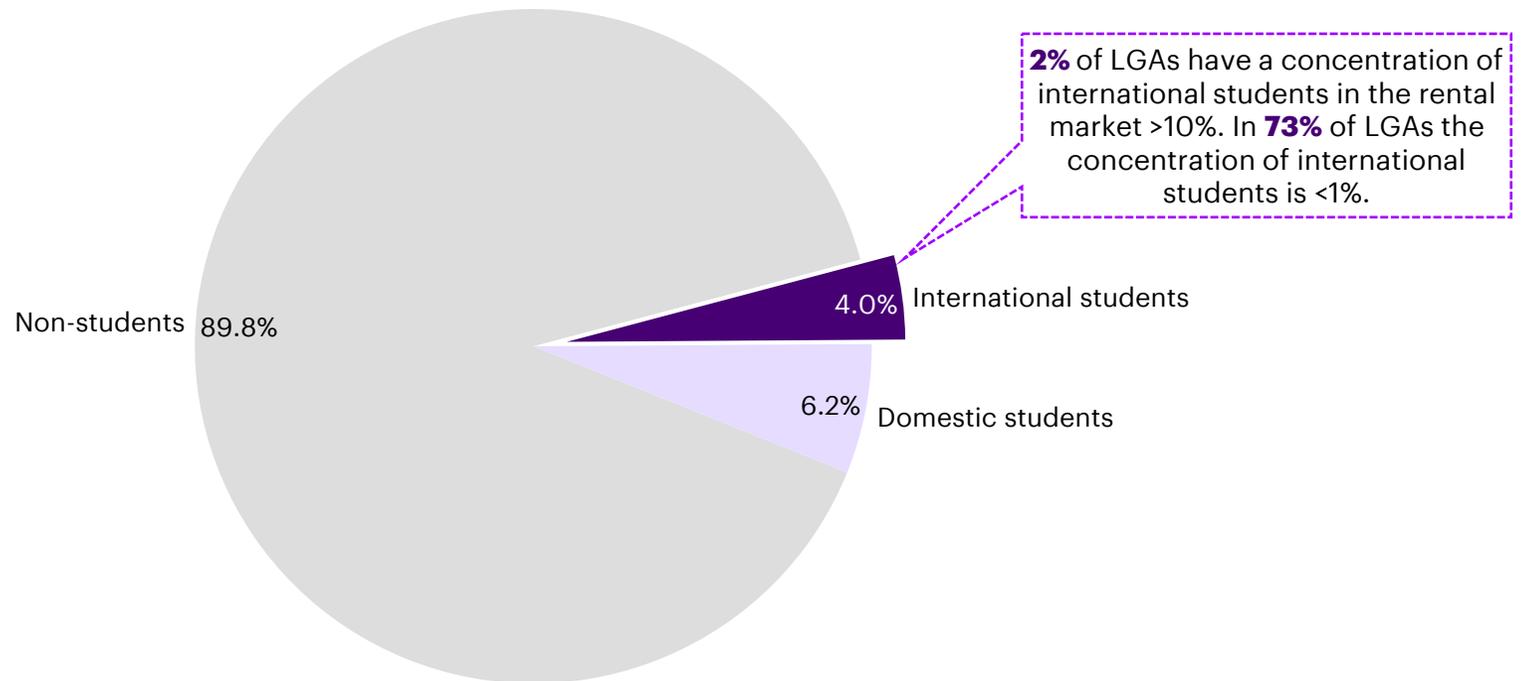
**International students are crowding Australian citizens and permanent residents out of the rental market.**

### 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.



### Myth 3

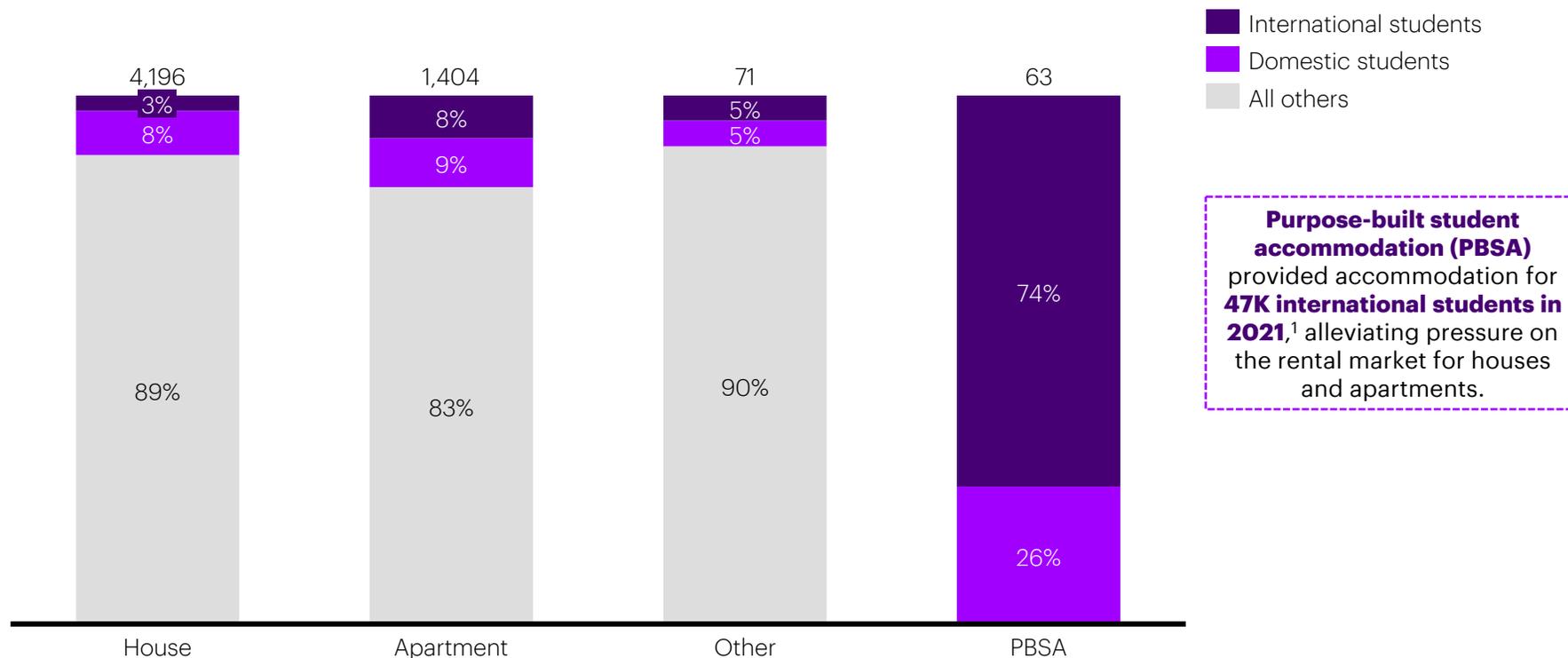
## International students are crowding Australian citizens and permanent residents out of the rental market

### 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.



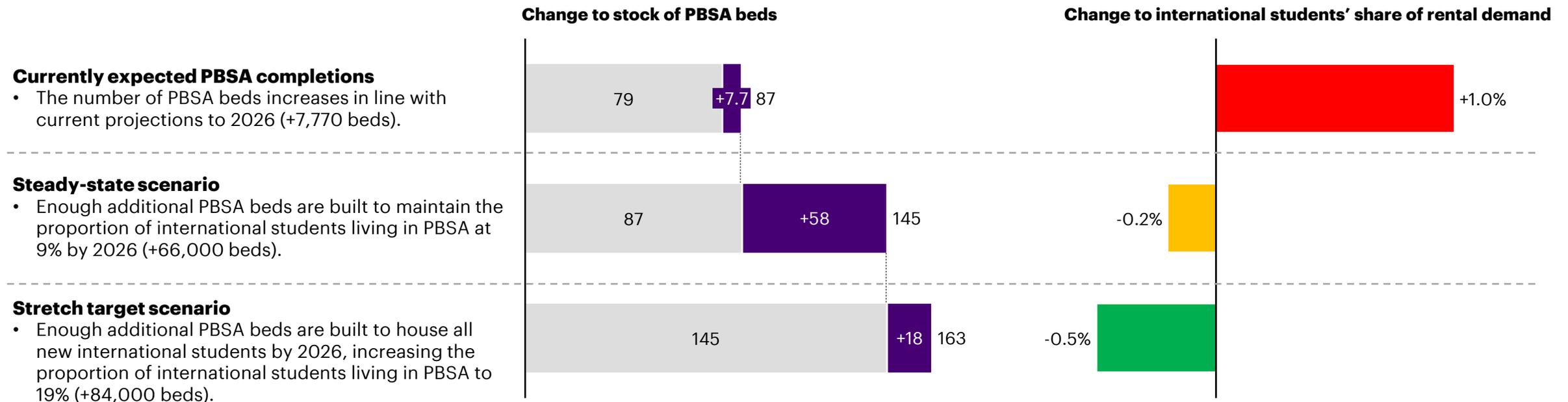
# 3

**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, %



# 4

## Appendix

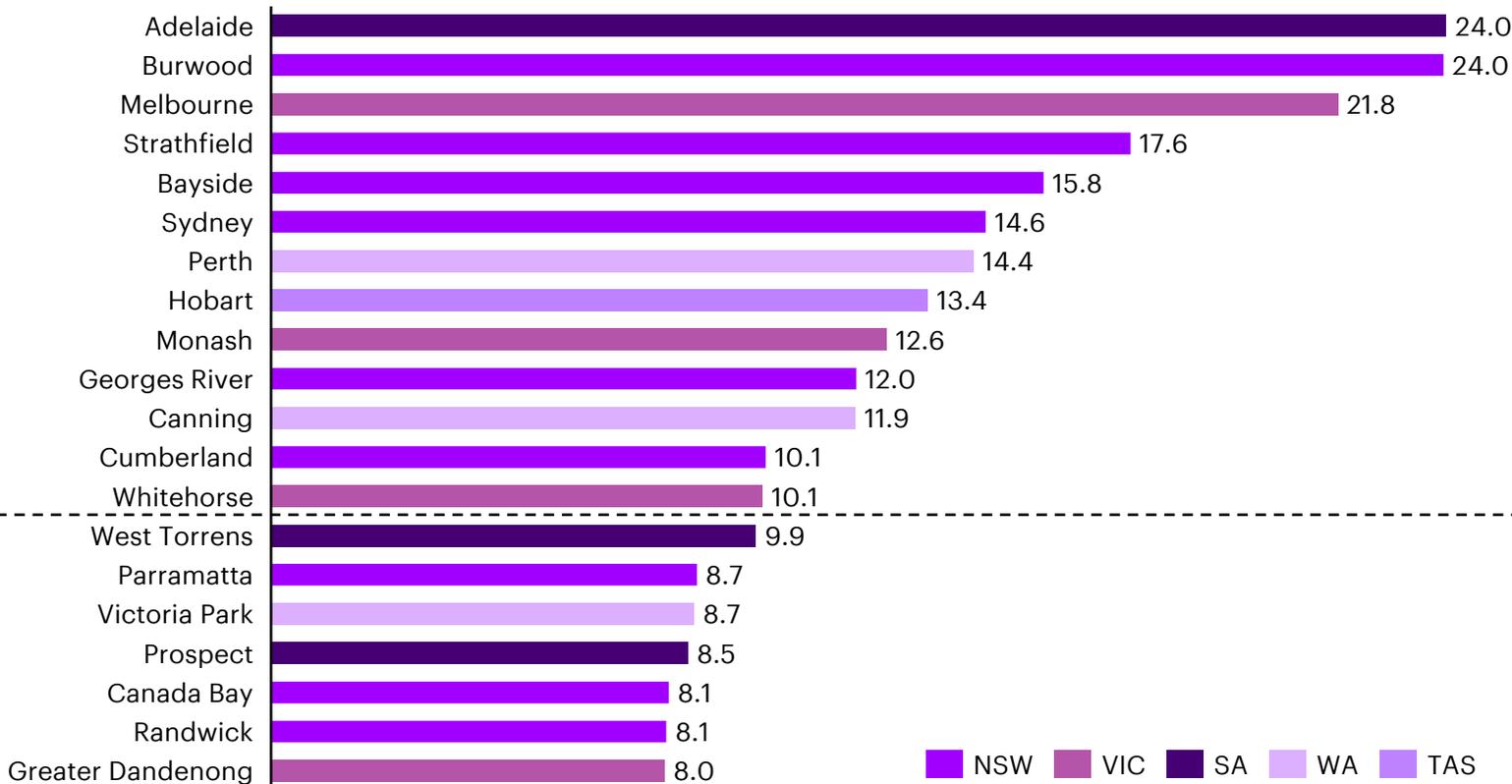
# International students are concentrated in a small number of rental markets, leaving rental supply in the majority of LGAs minimally impacted

## 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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