

Rents equal mortgages

by Kathleen Donaghey

THE cost of renting on the Gold Coast is so high that tenants and mortgagees now spend the same proportion of income on housing.

ABS figures analysed by RPDData show that Queensland tenants lose 18 per cent of gross income to landlords, the same proportion home owners spend on repayments.

The numbers were a surprise to research analyst Cameron Kusher who said traditional wisdom held that renters spent less.

However that only held true in the days before Gold Coast rents started skyrocketing.

The median rent today for a three bedroom house on the Coast is \$390 compared to \$350 two years ago.

Mr Kusher said the 'strong growth' in rents was eating into people's incomes and he predicted rent prices would increase further.

"Now that interest rates are going up and the first home buyers grant has (been reduced) it will put upwards pressure on rentals," he said.

"Maybe it will make people think about doing what they have to to get a mortgage, if it means going into an agreement (to share a mortgage) to get into a house."

Mr Kusher said the bonus of buying was that homes increased in value which over the past 15 years equated to an increase of \$220,000 in Australia.

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But the data showed that while renters and mortgagees spent the same proportion of income on housing, renters usually earned less.

A typical Queensland renter paid \$247 a week on housing compared to \$383 for mortgage owners.

Real Estate Institute of Queensland Gold Coast regional manager Ray Milton said renting was no longer a cheap option.

"The problem with renting is that every six to 12 months, in most cases, you're likely to get an increase or the owner will want the property back," said Mr Milton.

"You've got that hanging over your head all the time."

Mr Milton said that as rents increased, it was common for people to seriously consider investing in property if they had job security.

"Traditionally as rents go up then more people will take the opportunity to buy property within their price range," he said.