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As private rental grows, property management is being disrupted, but more needs to be done to improve renters' experiences

- 2006–16, number of Australian households in private rental sector increased by 38 per cent, more than twice the rate of household growth
- Rental property revenue has grown in share and importance for real estate agents in the Post-GFC environment
- Disruptive new technologies are changing property management, with new intermediaries and products involved, but real estate agents have increased their share of property management
- Technology and consumer power are not sufficient to drive improvements in tenants' experiences of renting – still more change in regulation and culture is needed.

Property management is being disrupted as the private rental sector (PRS) grows, but more needs to be done to improve renters' experience, new research by the Australian Housing and Urban Research Institute has found.

The research, [*Private rental in transition: institutional change, technology and innovation in Australia*](#), found that growth in the Australian PRS has been accompanied by industry restructuring and changing social norms, facilitated in part by disruptive technologies such as online reviews and tenancy management platforms.

Researchers from Swinburne University of Technology, UNSW Sydney and Curtin University analysed ABS and HILDA data, and conducted in-depth interviews with 42 people involved in all aspects of the PRS, to attain an up-to-date understanding of the sector.

In the 10 years to 2016, the number of Australian households in the PRS increased by 38 per cent, more than twice the rate of household growth. In addition, over the decade there was a 42 per cent increase in lending to investors in the private rental market.

'Rental property management has grown in importance for real estate agents in the Post-GFC environment,' says Dr Chris Martin from the University of New South Wales. 'Property management has grown as a source of real estate industry revenue from an average 23 per cent in 1992–93 to an average of 44 per cent in 2014. The rent roll provides stable revenue that counter balances the volatility of the housing sales market, and covers an increased proportion of fixed business costs.'

The report found that the rental property management sector has been changing, with some moves to consolidation and the introduction of new digital technologies and intermediaries. However, even as technological developments have opened up the prospect of landlords and tenants avoiding agents, the share of properties under real estate management has increased.

There is some evidence that the increased importance of rental revenue for real estate agents has meant that good tenants are becoming more valued. One real agent interviewed said, 'Long gone are the days where the tenancy was a second-rate citizen; that's so yesteryear. If an agency's still running that system, it's going to go out of business eventually; it'll die a dismal death....'

Similarly, the study found some agents were sensitive to online reviews, and some of the new technology around applications and communications with property managers offers greater convenience for tenants.

However, the report raises concerns about the way new technologies and intermediaries, such as online application portals and alternative bond products, collect and use data about tenants, and shift costs between agents and tenants. 'Our current regulatory regimes may not be adequate to address the potential for exploitation and problems in accessing rental housing,' says Dr Chris Martin. 'This needs attention.'

Against this backdrop of a changing tenant profile and digital disruption, there is a growing recognition of the need for greater standards of service provision in the sector. 'The need for greater professionalisation in rental property management was a common theme in the interviews,' says Dr Martin.

'Expectations of service are increasing and there is scope for the sector to improve the sometimes difficult role of rental property management. This could include building on some industry-led initiatives to improve practice in rental property management, including better training and good practice networks. But we also need landlords to see themselves not just as 'investors' but in the business of providing housing services, and we need stronger laws that hold them to account.'

Note: This media release outlines only a few of the research findings. The full report provides extensive findings across the interrelated dimensions of private rental sector financing, provision, access and management.

The full research report is available to download from the AHURI website at:

<http://www.ahuri.edu.au/research/final-reports/296>

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