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RENTS UP \$1,000 A YEAR DUE TO UNPLANNED, RECORD INCREASE IN INTERNATIONAL STUDENT INTAKE

“Australians already facing a cost-of-living crisis are set to suffer further as the federal government’s unplanned, record increase in the international student intake drives rents even higher making housing less affordable,” said Daniel Wild, Deputy Executive Director of the Institute of Public Affairs.

Preliminary IPA research into the relationship between net international student intake and annual rent increases from 2005-2023, suggests periods of high net international student intake are associated with spikes to average rental prices.

IPA analysis shows, last financial year, this caused annual rents to increase by up to \$1,040.

“While universities do provide some accommodation for students, the majority of students are in the private rental market, which is driving up costs for Australians. Universities must do significantly more to house those they entice here,” said Mr Wild.

Historical data shows for every 100,000 net intake of international students, there is an associated 1.5 percentage point increase to annual rents. Last financial year, there was approximately a 250,000 net international student intake, equating to rental prices being pushed 3.75 percentage points higher.

In FY 2023, rents increased by 4.4% on average. IPA analysis suggests demand pressures from the international student intake accounted for approximately 80% of the increase to rents, on average, nationwide. In the absence of international students, the analysis suggest rents would have increased by only 0.88%.

A 4.4% increase in rents is equivalent to an increase of approximately \$24 per week, of which, roughly \$20 per week is attributable to demand pressures from international student intake. The intake pressure alone is costing approximately up to \$1,040 per household per year.

“Australia’s intake of international students is well above comparable countries, and on a per capita basis, it is well over double the United Kingdom and approximately eight times that of the United States,” said Mr Wild.

“While international students may provide benefits to the bottom line of universities, the question needs to be asked as to how this is improving the experience of Australian students and the wider community.”

In July, IPA research found the federal government’s unplanned rise in net international student arrivals is the largest on record:

- **In FY 2023, the federal government oversaw the largest ever net intake of international students, more than 250,000 students, equivalent to 70% of new housing supply.**
- **This financial year, the government is expected to bring in a further 187,000 net new international students, equivalent to 55% of new housing supply.**
- **From 2023 to 2028, international students will be equivalent to approximately one-quarter of Australia’s net new housing supply, baking in housing shortages and rising rental prices.**

“These recently announced unsustainable jumps in migration and international students will only put further pressure on critical economic and social infrastructure, such as schools, roads, and hospitals, and will only further add to the acute and immediate shortage of housing,” said Mr Wild.

To download the IPA’s research into Australia’s housing shortage [click here](#).

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