Fair rent limits

It's time to *rein in the rent* in NSW

A report on ensuring fair rent increases in NSW, options to get there, and compatibility with delivering the homes we need.

TENANTS' UNION
OF NEW SOUTH WALES



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TENANTS' UNION OF NEW SOUTH WALES

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Acknowledgement of Country

The Tenants' Union acknowledges that Aboriginal and Torres Strait Islanders were the first sovereign Nations of the Australian continent and its adjacent islands, and that these lands were possessed under the laws and customs of those Nations. The lands were never ceded and always remain Aboriginal and Torres Strait Islander Country. Our office is on the Country of the Gadigal people of the Eora Nation. This report was prepared on Gadigal, Dharug and Dharawal Countries.

Executive summary

Renters are increasingly being put in a position where they are priced out of their home or cutting back on groceries, skipping essentials and going without just to keep a roof over their head because of unfair rent hikes. When a renter is forced out of their home by a huge rent increase it has wide reaching impacts on their ability to access services, employment, and educational opportunities. It can cause strain on household relationships, loss of community and detrimentally impacting physical and mental health.

Since 2020 rent increases have skyrocketed, peaking in April 2024 with 42% of renters having an increase of more than 10%. Fair limits on rent increases are not a substitute for the Government building more homes people can afford but they can work alongside each other to fix the affordability crisis.

Renters have been left at the mercy of unlimited rent increases for too long. Our current system is not fair and it's time for the Government to step in. We need fair limits which set a clear threshold for how much rent can increase and share the burden of enforcement fairly between renters and landlords.

The reasonable 3% threshold that we are recommending in this report is entirely compatible with a housing system that delivers the homes for those who need it. Our modelling has found that if a 3% threshold limit had been applied since June 2019 a renter in NSW would be paying $61 a week less, or more than $3000 in the last year alone.

It’s time to make renting fairer and rein in the rent.

The cost of renting impacts housing security

Removing no grounds as a reason for eviction was a historic, hard fought win for renters in NSW. It's been a positive step forward to improving security of tenure for renters. However, it was definitely not the end of the road.

Some of the key challenges we heard from renters during our NSW Renters Forums in 2024 were unaffordable rents, the financial strain caused by rent increases and the high cost of securing a new rental home. Renters also talked about the breakdown of their relationships with landlords and agents, with renters feeling powerless and fearing repercussions for asserting their rights.

Excessive rent increases frequently result in renters being forced out of their homes as the rent becomes unaffordable. Often renters have to move away from their community to find a new home that is affordable. For those renters who can make adjustments to their way of life to cover an excessive rent increase, adjusting causes (further) financial hardship, which directly impacts the individual and their family. The ramifications of the housing affordability crisis extend beyond mere financial strain. Lack of affordable rental housing impacts all aspects of a person's life, from the ability to access services, employment, and educational opportunities to straining household relationships, and detrimentally impacting physical and mental health.

The current rent increase laws in NSW directly contribute to these challenges experienced by renters. Rent increases have recently been limited to once every 12 months at most, but existing laws around rent increases continue to allow the landlord to set the amount of the increase **with no transparency around their reasons or justification**. The onus is then placed on the renter to undertake research for comparable rents for similar properties in their area to make a judgement on whether they might be successful in disputing the rent increase as excessive at the NSW Civil and Administrative Tribunal (NCAT). There are many barriers to doing this research and pursuing an application at NCAT. Cost, time and power imbalances are just some of the obstacles.

The current state of rent in NSW

Affordability outcomes for renters in the private rental sector are worsening, with the rise in rents far outpacing income growth. For years now, many people on low incomes living in private rental homes have been spending an increasing proportion of their paychecks on rent.

Housing Stress

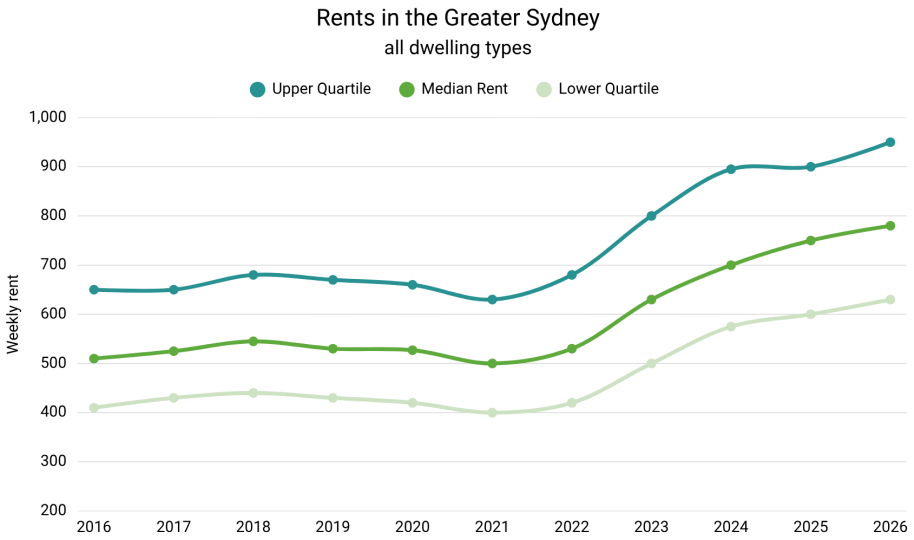
- 30%+ income threshold defining housing stress
- 20% low income renters spending over 50% of income on rent

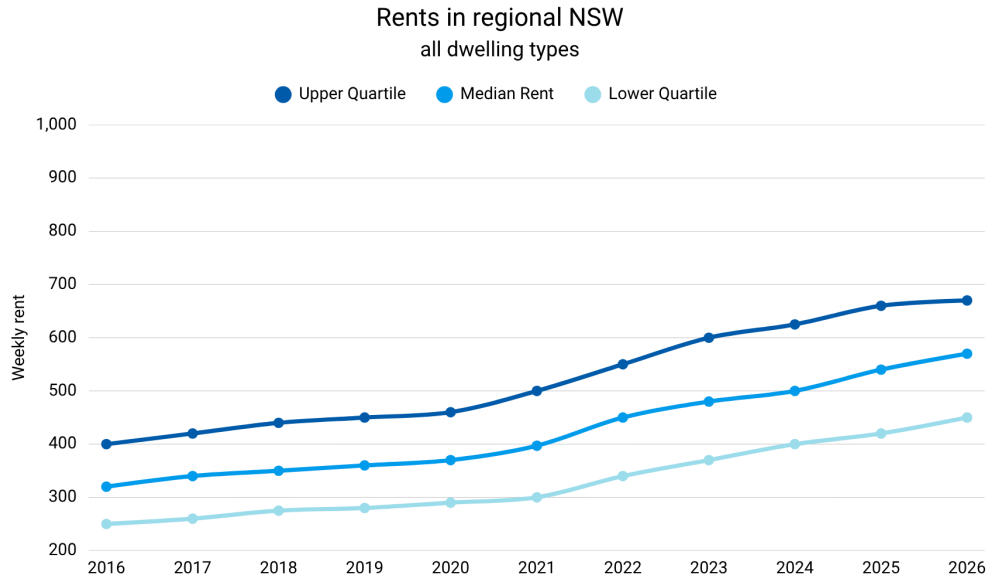
In 2019-2020, 20% of low income renters in Australia were spending over half of their income on rent.[1] It is generally agreed that if housing costs exceed 30 per cent of a household's gross income, then that household is experiencing housing stress. Even this metric leaves many households struggling to afford other fundamentals, like food, healthcare and education costs. The median asking rent in Australia in 2025 was 47% higher than it was 5 years ago.[2] As unregulated rents rise, we're seeing housing stress expanding beyond low-income households and impacting a growing number of renters on medium or even high incomes.

The Tenants' Union Rent Tracker tool uses data published by NSW Fair Trading. It paints a stark picture for renters in NSW, with rents climbing across the state. In the graphs below, we can see there was a rapid increase in rents between 2021 and 2023. Since then, rents have continued to rise. In the last 12 months in Greater Sydney, we have seen a 4% increase in the median rent and in the rest of NSW an even higher increase of 5.5%.

[1] Chris Martin, Chris Hartley and Hal Pawson, *Rights at Risk: Rising Rents and Repercussions: The Experience of Renting in Australia* (Report, June 2025) https://doi.org/10.5281/zenodo.15667888.
[2] ibid

New rents for all dwelling types, Greater Sydney and regional NSW, 2016-26





Source: Tenants' Union of NSW rent tracker, using data published by NSW Fair Trading.

In polling commissioned by the Tenants' Union in 2024, 82.5% of renters reported they have seen a recent increase in their housing costs. In response to this, 84% are cutting back on discretionary spending or other household expenses. Over a quarter of renters (27.4%) shared that they were considering moving to cope with rising housing costs. The research suggests over 60,000 renting households in NSW (over 150,000 people) may be considering moving away from NSW due to concerns about the cost of rental housing.[3] The average tenancy in NSW is currently 2 years, which means that renters are moving homes and sometimes suburbs and towns on a frequent basis. This has financial implications, with the

[3]Tenants' Union of NSW, *Briefing on Ipsos Public Affairs Polling Research: Reasonable Grounds Reform* (Briefing, 26 March 2024) https://www.tenants.org.au/reports/briefing-ipsos-public-affairs-polling-research-reasonable-grounds-reform.

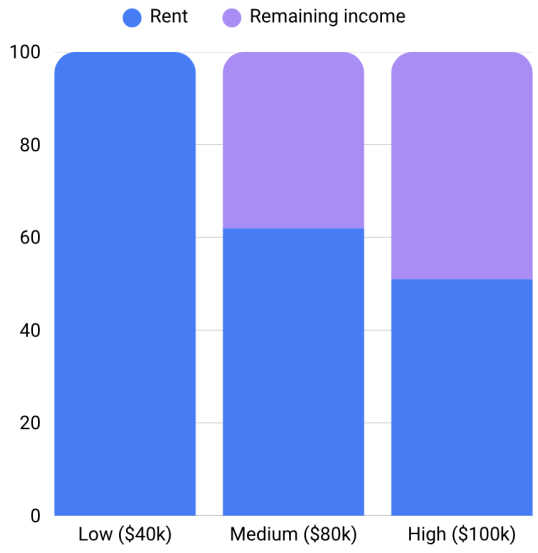
average move costing $4,000 in 2022, as well as creating many other social and health impacts for renters.[4]

Moving Burden

- $5,000 average moving cost in NSW (adjusted for inflation)
- 60,000+ renters considering leaving NSW due to renting costs

Everybody's Home's *Priced Out* report in 2026 labelled Sydney the least affordable rental market in the country. The graph below highlights how much of a renter's income would need to be spent on rent in Sydney to afford the median rental property. A low income renter on $40,000 a year has no money left each week, and medium and high income renters are paying well above 30% of their income on weekly median rent.[5]

Percentage of income spent on rent for low, medium and high income households in 2026



A single person on JobSeeker, which is just over $27,000 a year, is not able to afford to rent anywhere in Sydney, making stable housing unattainable without significant assistance. In regional NSW, the picture is not much better – with low income renters still having to spend the majority of their income on rent each week to afford the median rent. We know that there is insufficient social housing in NSW to meet the needs of our community, and therefore

[4] Tenants' Union of NSW, *Eviction, Hardship and the Housing Crisis* (Report, 14 February 2022) https://www.tenants.org.au/reports/hardship.

[5] Maiy Azize, *Priced Out: An Income Test for Australia's Rental Market* (Report, 4th ed, August 2026).

many low income renters are not able to have their housing needs met by our social housing system. At the same time, the private rental market is inaccessible due to unaffordable rents.

The Federal Government held an inquiry into the rental crisis in Australia in 2023, and since that inquiry things have not improved – in fact they have worsened. The recent report from the Federal Government inquiry into intergenerational housing inequity found

"It is an indisputable fact, universally agreed by the committee, that Australia is in a housing crisis…This is a crisis that reaches into all corners of our country, from inner cities to small towns...Too many live in real anxiety about maintaining a safe roof over their heads and affording rent, given falls in real wages, extremely low vacancy rates, and rent inflation. "[6]

The NSW Government is not responding sufficiently to resolve the rental crisis. Our current government is primarily focused on increasing supply by the private sector to solve the rental affordability crisis. **Focusing on facilitating supply alone cannot meet the growing needs of the community.** Also, it is not fast enough to help renters now or over the next few years. The rent is out of control in NSW, and better regulation of rent increases is one of the necessary reforms needed to resolve the current rental crisis. Rent regulation will enable more people to stay in their homes and avoid financial hardship. It will also help balance the relationship between renters and landlords by introducing a fair and transparent framework regulating rent increases.

[6] Senate Select Committee on Intergenerational Housing Inequity, Parliament of Australia, *Locked Out: The Growing Generational Housing Divide* (Report, September 2026) https://apo.org.au/sites/default/files/resource-files/2026-09/apo-nid336103.pdf.

How are rent prices currently set?

When renters are moving into a new home, the rent price is set without any current legislative constraints. The price is generally understood to be a balance between a number of factors - primarily, the number of potential renters interested in a property at the price offered. The agent or landlord offering the property for rent is seeking to maximise the weekly rent while minimising the time to relet (or vacancy period). As an example, a landlord who leases a property out at $700 per week rent with one week of vacancy receives the same rent over the year as someone who eventually agrees on $750 per week after more than 4 weeks of a vacant property. The gamble of a higher price may, or may not work out. The amount can be informed by recent prices in the local area.

However, current advertising practice is imprecise. NSW Fair Trading published a report in 2024 into the regulation of solicited rent bidding that had been implemented by various measures from late 2022[7]. This report compared advertised rents directly to the rent actually agreed by the renter and landlord in the contract. Over nearly ten years of data, one in three rents didn't match the advertised price. Some were higher, and some were lower, but crucially this means that advertised prices are an unreliable indicator of the market rent.[8] This is an important point for regulators, the Tribunal and tenants facing current rent increase where advertised prices are being relied upon. NSW has developed a strong tradition of releasing open source bonds data, which has been used by the Tenants' Union of NSW to assist in understanding the actual range of rents achieved.

For renters receiving a rent increase on their home, there is some light regulation. A landlord is permitted to serve a notice of increase for any amount. There is no requirement to justify the amount sought, though in our experience some renters are given information about the evidence base - generally, a selection of advertisements.

If the renter feels the rent increase sought is too high, they can seek to negotiate the increase or dispute the increase formally at the NSW Civil and Administrative Tribunal. Once the Tribunal has a case in front of it, there is a more formalised examination of evidence. Section 44 of the *Residential Tenancies Act 2010* (NSW) allows the Tribunal to make "an order that a rent increase under an existing or proposed residential tenancy agreement is excessive."[9]

And to do so, the Tribunal can, but does not have to, consider a number of factors:

(5) The Tribunal may have regard to the following in determining whether a rent increase or rent is excessive—

[7] NSW Fair Trading, *Bidding in the NSW Rental Market: Analysis and Regulatory Insights* (Report, March 2025) https://www.nsw.gov.au/sites/default/files/noindex/2025-03/bidding-in-the-nsw-rental-market-analysis-and-regulatory-insights.pdf.
[8] Leo Patterson Ross, 'What Did We Learn about Rent Bidding?', *This Renting Life* (Blog Post, 17 March 2025) https://www.tenants.org.au/blog/what-did-we-learn-about-rent-bidding.
[9] *Residential Tenancies Act 2010* (NSW) s 44

(a) the general market level of rents for comparable premises in the locality or a similar locality,
(b) the landlord's outgoings under the residential tenancy agreement or proposed agreement,
(c) any fittings, appliances or other goods, services or facilities provided with the residential premises,
(d) the state of repair of the residential premises,
(e) the accommodation and amenities provided in the residential premises,
(f) any work done to the residential premises by or on behalf of the tenant,
(g) when the last increase occurred,
(h) any other matter it considers relevant (other than the income of the tenant or the tenant's ability to afford the rent increase or rent).

These factors cover a number of facets of the relationship between the tenant, the landlord and the property, and ultimately are attempting to create a nuanced picture of the value of the property and costs pressures associated with it. However by requiring the tenant to make the application the process places the burden to initially prove the excessive nature of the rent increase on the tenant. At the point the Tribunal application is made or heard, there may have been no justification offered by the landlord or agent regarding the rent they are seeking.

The Tribunal member determining the rent may have consideration of whatever evidence is provided to them, but is limited to the evidence provided to them. Frequently, advertised rents are the main piece of evidence both tenants and agents or landlords reach to. However, as demonstrated above, advertised rents are not a reliable indicator of the market. Nor are they evidence of the rents in comparable premises - the general market level must also consider the rents paid by tenants currently in place. In truth, this is already a more accurate measure because a rent increase is attempting to value the property with a sitting tenant, who as a known factor presents lower risks than the unknown potential tenant.

The burden of proving a case, combined with perceived jeopardy of retaliation, means most tenants do not make applications to dispute a rent increase. Of the roughly 600,000 renters in NSW, the majority of whom likely received a rent increase, tenants in 2025-26 made only 1,769 applications to the Tribunal concerning "rents or other payments" which as well as rent increase applications also includes utilities disputes and reductions for uninhabitable or reduced usage.[10]

[10] 'NCAT Snapshot', *Tenants' Union of NSW* (Web Page, 14 September 2026) https://www.tenants.org.au/reports/ncat-snapshot.

What are the options for rent regulation?

There are different ways that rent regulation can be implemented, with a wide variation in solutions applied across the world. **Regulation to stabilise rents is well established in many countries.** Some of the different mechanisms used internationally include: a fixed percentage, a cap based on an index of inflation, a cap based on an index up to a maximum percentage, a cap based on operating costs, and a cap set through bargaining.

The Tenants' Union views a **fixed percentage cap** as the simplest and most predictable type of rent regulation to implement in NSW. A fixed percentage cap could be applied as a threshold limit where the landlord can issue an increase up to the fixed percentage threshold, while the renter retains the right to dispute the increase as excessive through NCAT. If the landlord wishes to increase the rent above the fixed percentage threshold limit, then the onus falls on the landlord to apply to NCAT and establish that an increase above the threshold is justified. Within this mechanism, there is the opportunity to set an annual review date for a fixed percentage threshold to ensure that it continues to be a fair limit for renters and adequately covers landlords' costs.

The Independent Pricing and Regulatory Tribunal (IPART) currently takes a role in reviewing pricing for a number of other services and would be the appropriate body to undertake a review of a fixed percentage threshold limit two years after implementation and then annually.

A cap based on inflation would allow rent increases to be **linked to the Consumer Price Index (CPI)**. Using CPI as a cap correctly aligns rents as a cost of living pressure. Inflation linked caps are the most common method used internationally and there is a wide variation in how they have been implemented.

Examples of the different CPI linked rent caps

Ireland	2% per year or CPI, whichever is lower
Germany	CPI
ACT	Rent component of CPI plus 10%

One of the disadvantages of using CPI – where CPI includes rents – is that it can become circular: 'rising rents justify rising rents'.

The ACT is the only jurisdiction in Australia that has implemented a rent cap. The rent cap formula is 110% of the change in the rent component of the CPI for Canberra since the last rent increase. It therefore allows rent increases over and above the rate at which rents have risen in the past twelve months, and can fall into the circular trap. This cap only applies during a tenancy, which means that when a tenancy ends, the landlord can set the rent for

the new agreement without any restrictions. Looking at rent caps around the world, the ACT model is unusual as it utilises only the rent component of CPI and allows rent increases greater than 100% of index growth. Using the CPI has also created a challenge of ensuring renters and landlords have easy access to the updated CPI results in order to calculate the allowable rent..

The model in the ACT allows for landlords to seek consent to apply a higher rent increase. If consent isn't granted by the renter, the onus is on the landlord to lodge an application at the ACT's equivalent of the NSW Tribunal seeking consent for a higher increase. The renter has the opportunity to attend the hearing and dispute the increase. The landlord bears the onus of proof and needs to present evidence to substantiate a higher rent increase. The mechanism for a landlord to seek a higher increase than the limit could be applied to all the different models of rent caps and provides flexibility where it is needed while putting the onus of proof on the correct party – the landlord – to justify a higher increase.

Another important variable that must be considered when looking at better rent regulation is **timeframe**. Approaches to timeframe range from rent freeze, holding rent to the same level at a point in time, to regulating rents in between tenancies, or only during a tenancy. These variations track the evolution of rent regulation and are referred to as generations of rent control.

Rent freeze/ 1st Generation	Rents are frozen for a specific period of time
Vacancy control / 2nd Generation	Rent increase limits apply during and between tenancies
Vacancy decontrol / 3rd Generation	Rent increase limits only apply during a tenancy and landlord can raise rent to any level when a tenant leaves

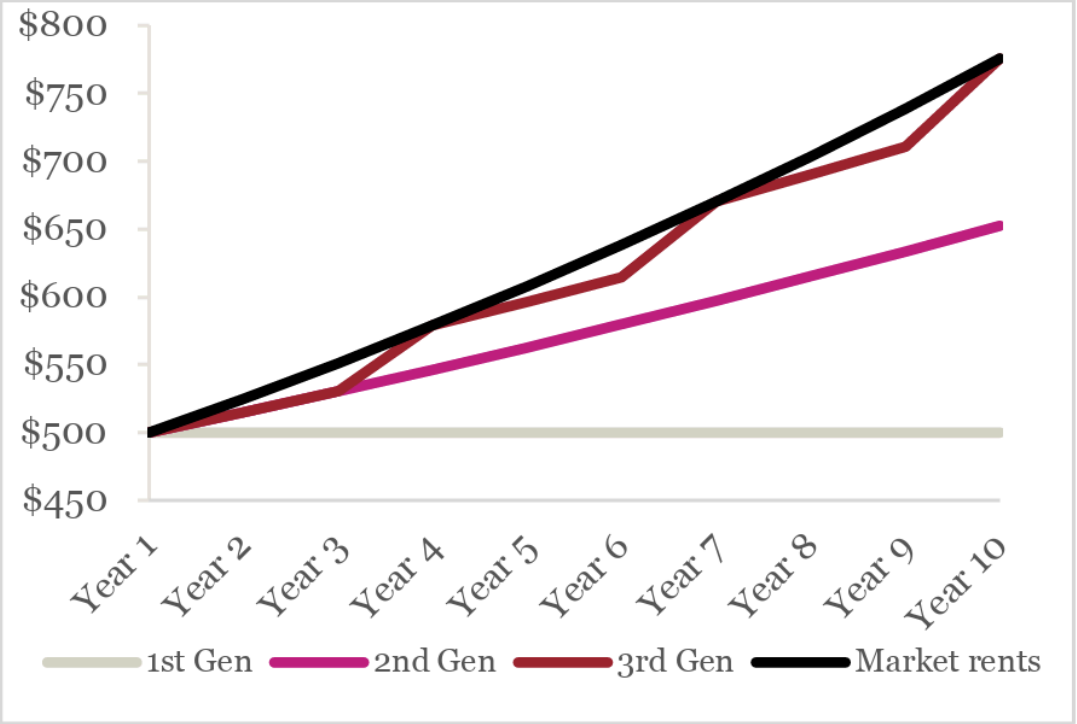
The impact on rental affordability over time varies depending on when the cap applies and the mechanism for regulating the rent. In a 2023 report on regulating rents prepared for Tenants' Union of NSW and Shelter NSW, the authors modelled the difference in the timing of rent regulation on rental affordability. They found that **rent regulation during and between tenancies provides a better outcome for renters than 3rd generation**, as it slows down the rate of rent increasing.[11]

The graph below highlights that a 1st generation rent regulation provides the best financial outcome for renters but this type of regulation may be more likely to have a negative impact over time on the broader housing system. A 2nd generation rent regulation provides good outcomes for renters in that it slows down the rate of rents increasing when compared to uncapped rents and does not have negative impacts on the broader housing system. Later in our report we unpack further the impacts of the different timeframes of rent regulation on

[11] Alistair Sisson and Penelope Bowyer-Pont, *Regulating Rents: International Examples & Experience* (Report, November 2023) https://files.tenants.org.au/policy/2023-11-RentRegulation-Sisson.pdf.

the broader housing system. See section below Compatibility with building the homes we need.

Impact on rents of different timeframes for implementing rent regulation



Source: Regulating rents: international examples and experiences

Rent control between tenancies matters. If rent increases are not limited between tenancies, then landlords could be incentivised to end a tenancy in order to increase the rent without restrictions when they sign a new tenancy agreement. We know from renters that **renovictions** are a problem in NSW. Renovictions occur when a renter is evicted unfairly to make way for a minor or spurious renovation. This problem was exacerbated by changes to tenancy law in NSW to reduce the evidence requirements for landlords wishing to end a tenancy due to significant renovations or repairs. Landlords have at their disposal a number of grounds to legally end a tenancy in NSW. In the absence of rent regulation between tenancies, landlords can increase the rent without limit and relet the property at the end of the exclusion period.

Interestingly, the rent cap model introduced in Scotland limits the asking rent only if the property becomes vacant because of landlord initiated eviction; in those instances, the new rent may be no more than the final rent under the previous tenancy.[12]

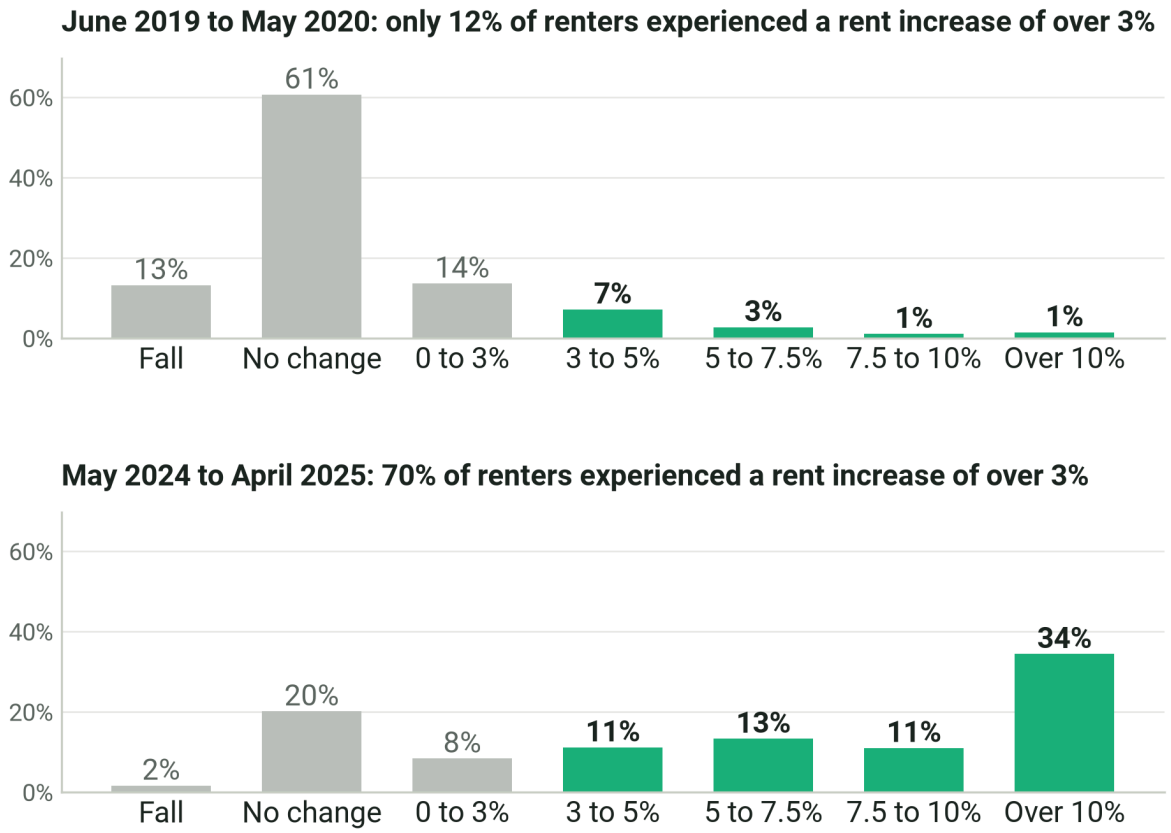
[12] Terry Burke, Liss Ralston, Trevor Kollmann and Sean McNelis, 'Rent Regulation: A Housing Policy Challenge' (Issues Paper, Housing, Homelessness and Urban Studies Research Group, Swinburne University of Technology, September 2025) https://doi.org/10.25916/sut.29999038.

In NSW, not all rental agreements are covered under the *Residential Tenancies Act 2010*. We have the *Boarding Houses Act*, which provides very little protection and regulation of agreements that fall under it. Some renters are not protected under any specific legislation, for example people living in shared accommodation may be excluded from coverage under both of these Acts. It is vital that any rent regulation is also applied to people who are currently in parts of the rental system but are poorly protected under existing tenancy law. Any incentive for landlords to try and avoid coverage under the Residential Tenancies Act to evade rent increase laws should be prevented. Renters under these less common arrangements tend to have no security of tenure and be on low incomes with little financial ability to absorb rent increases. They are therefore most in need of protection. They are arguably the most vulnerable among renters and most in need of stronger rent regulation.

What if NSW had introduced fair and transparent rent regulation in 2019?

Rent increases for existing renters[13] are now much larger than they were before COVID. In the year to May 2020, only one in eight existing renters had a rent increase of more than 3%, and most had no increase at all. In the year to April 2025, seven in ten renters had an increase above 3%, and a third had an increase of more than 10%.

Chart 1: How much rents changed in a year for existing renters



Existing renters are renters who did not move into their home in the month measured (the ABS's "existing tenants"). The ABS reports rises of 2.5 to 5% as one group; we split it at 3% assuming rises are spread evenly within it. Source: ABS, Latest insights into the rental market (2025), capital cities; Tenants' Union of NSW calculations.

Chart 2 displays this trend of growing increases on a monthly basis. For each month from June 2019, Chart 2 shows the share of existing renters who had a rent decrease, no change,

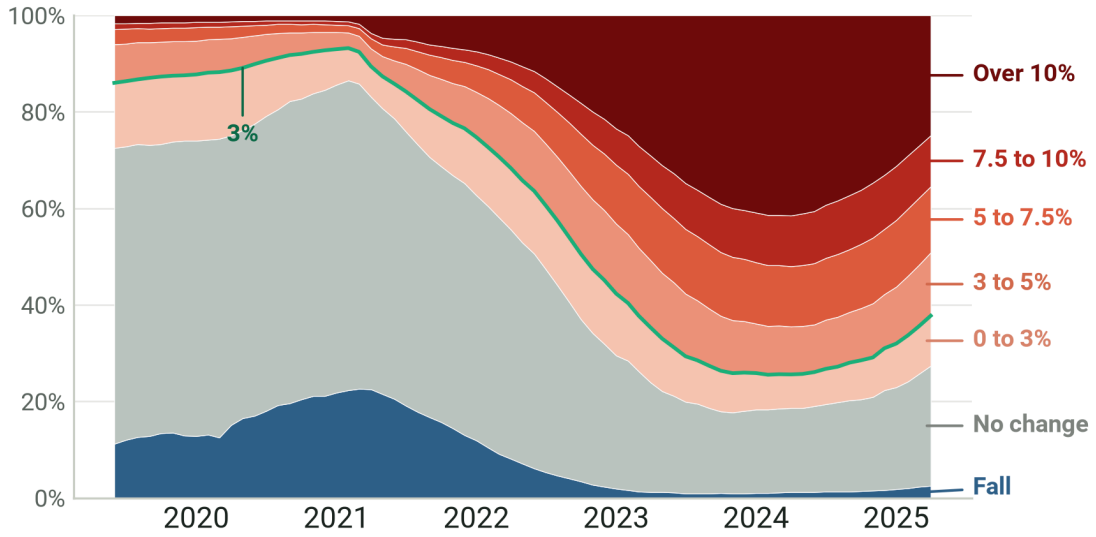
[13] The ABS counts a home as having a "new tenant" only in the month its tenant changes. From the following month it counts as an "existing tenant". Each home's rent is compared with its own rent 12 months earlier, so existing renters include homes relet in the previous 11 months, and their yearly rent change includes the change in rent when the home was relet. Source: ABS, correspondence with the Tenants' Union of NSW, November 2026.

or an increase of each size over the past year, using figures from the Australian Bureau of Statistics (ABS).

In June 2019, 61% of existing renters had no change in their rent over the year (shown in the grey region), and 11% had a fall (the blue region). During COVID, the proportion of renters who had a decrease grew to 23% of renters, and in early 2021 only 14% had any increase at all (the pink-red regions). Then rents turned quickly. By mid-2022, about half of existing renters were getting an increase, and by November 2023 the share peaked at 82%. In April 2025, 73% of existing renters had a rent increase over the past year, and 25% had an increase of more than 10% (dark red region), down from a peak of 42% in April 2024.

Chart 2: Rent increases for existing renters, month by month

Share of existing renters by size of their rent change over the past year



Existing renters as the ABS reports them. The green line marks 3%: renters above it had rises of more than 3%. The ABS reports rises of 2.5 to 5% as one group; we split it at 3%, assuming the rises are spread evenly within it. Source: ABS, Latest insights into the rental market (2025); Tenants' Union of NSW calculations.

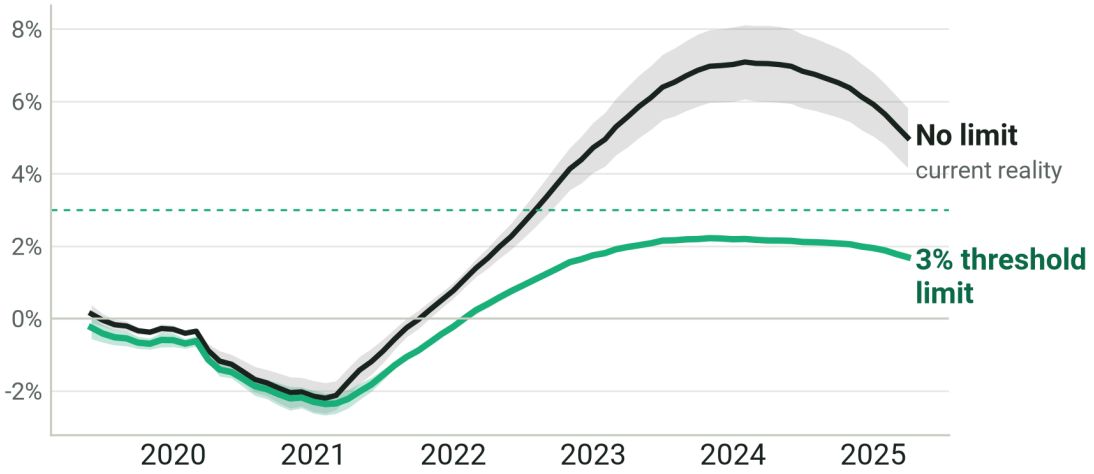
How we modelled a 3% threshold limit

If a 3% threshold limit on rent increases had been in place for the six years from June 2019, renters would have been significantly better off. To model this, we started from the figures in Chart 2 and worked out the average yearly rent change for each month, shown as the black line in Chart 3.[14] We then apply the limit to those rent changes: every yearly increase above 3% (above the green line in Chart 2) is limited to exactly 3%, while smaller increases, no-increases and falls stay as they are. The average in this scenario is represented by the green line. The gap between the two lines is what the threshold limit would have saved renters.

[14] The ABS reports the share of renters in each band, such as rises of 5 to 7.5%, not exact amounts. To average them, we count each band at its midpoint. We count falls at -10.6% and rises over 10% at 14.45%, the values that make our average match the ABS figure for rent inflation.

Chart 3: A 3% threshold limit would have kept the average rent increase near 2%

Average yearly rent change for existing renters



Shading shows the range between all existing renters as the ABS reports them and our estimate for renters of a year or more. Lines are the middle of the range.
Source: ABS, Latest insights into the rental market (2025); Tenants' Union of NSW calculations.

In Chart 3 we have chosen to account for inflation in ABS data on rent increases caused by the higher rents usually paid by a new renter when a home is relet.[15] ABS data for rent increases for existing renters includes recent relets, which are typically higher. The grey area in Chart 3 represents the range of average rent increases.[16] The lines, and the figures we quote below, sit halfway between the top and the bottom of this range.

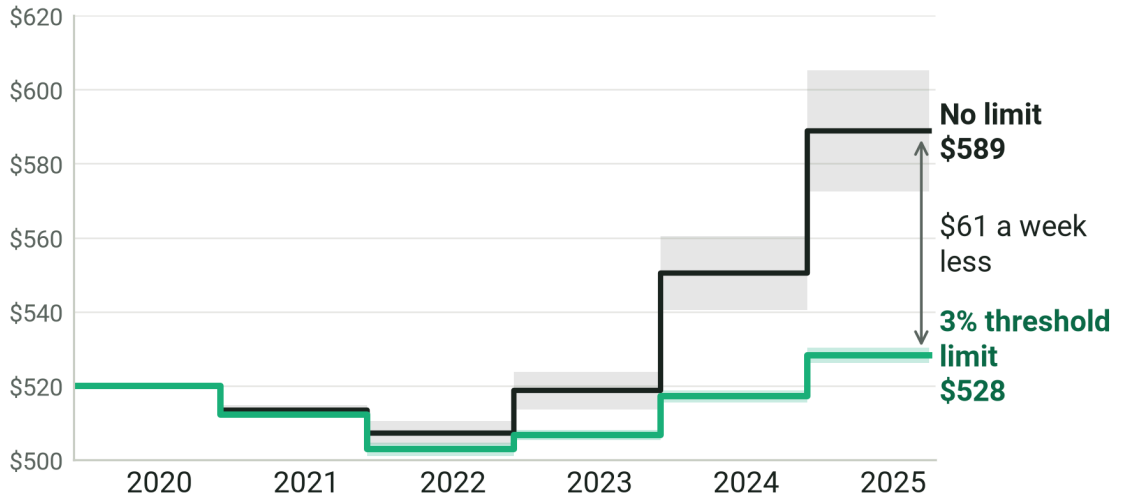
Using our model, we can follow a renter through these years under two scenarios, one with a 3% threshold limit and the other without. Let's say this renter moved into a home in June 2019 at the Greater Sydney median rent of $520 a week. They continue to live in that home and have one rent increase each year.

[15] When a home is relet, the new renter usually pays more than the previous one. Since June 2019, a home relet every year has seen its rent rise about 3.6 times as fast as the rent of a home with a tenant living in it for a year or more.
[16] As the ABS counts them, existing renters include homes relet in the previous 11 months. Based on ABS figures on how often homes are relet, these make up about a quarter of existing renters, and their yearly rent change includes the larger rent increase at move-in. To estimate the spread for renters who have been in their home for a year or more, we removed these recent relets from each month's spread for existing renters. We used the ABS spreads for new renters and the share of homes relet each month, and assumed each relet carries the full change at move-in. That assumption removes more than is likely to be there, so the spread for renters of a year or more should lie between our estimate and the ABS figures. The ABS series for new renters starts in June 2019, so for homes relet between July 2018 and May 2019 we use the June 2019 spread for new renters. In some months the two swap places in Chart 3, so the ABS figure for all existing renters is the bottom of the range and our estimate is the top: from June 2019 to March 2020 for both ranges, and from November 2021 to December 2022 for the range under the limit.

- **Scenario 1, no limit:** each year, their rent changes by the average for existing renters. This reflects the kind of rent increases a typical renter staying in their home has actually seen. This is the black line in Chart 4.
- **Scenario 2, a 3% threshold limit:** each year, their rent changes by the average once every rise above 3% is limited to 3%. This is the green line.

Chart 4: A renter who stayed put would pay $61 a week less under a 3% threshold limit

Weekly rent for a renter who moved in at $520 in June 2019, with one rent increase a year



Shading shows the range. Top edge: all existing renters as the ABS reports them. Bottom edge: our estimate for renters of a year or more. Lines are the middle of the range.
Source: ABS, Latest insights into the rental market (2025); Tenants' Union of NSW calculations.

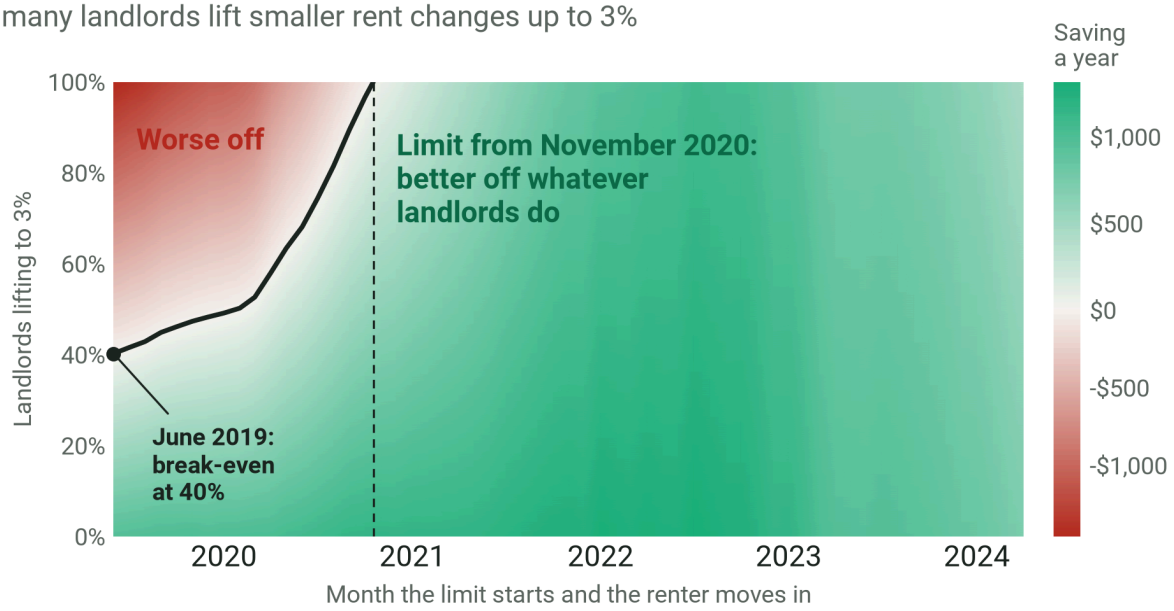
With no limit (Scenario 1) as is the current state of affairs, the renter would be paying about $589 a week by April 2025. With a 3% threshold limit (Scenario 2), they would be paying about $528. That is $61 a week less, or more than $3,000 in the last year alone. In total, they would have saved about $5,500 between June 2019 and April 2025.

What if landlords treated 3% as a target?

A concern that could be raised is that under a 3% threshold framework, landlords may treat 3% as a target and lift lower or no increases up to it. We do not believe this is a major concern because landlords cannot raise the rent when the market does not support it. However some landlords may not raise the rent even where the market does support it. Our proposal ensures this landlord is not subsequently penalised for keeping rents below the threshold over time and so the behaviour change appears unlikely. Even so, we tested how it would change the results. Chart 5 shows the average yearly saving for a typical renter, depending on when the limit starts (horizontal axis) and on how many landlords who would have increased the rent by less than 3%, instead increased it by 3% (vertical axis).

Chart 5: Renters come out ahead even if landlords treat 3% as a target

Average yearly saving under the 3% threshold limit, by when the limit starts and how many landlords lift smaller rent changes up to 3%



Each month the limit starts and a typical renter moves in at the Greater Sydney median rent for that quarter, with one rent increase a year. Saving to April 2025 divided by years in the home. Renters starting after April 2023 are followed to their second increase, with yearly rent changes held at their April 2025 values. Middle of the range in Chart 3. The solid black line marks where the saving is zero; right of the dashed line, renters are better off even if every landlord lifts to 3%. Source: ABS, Latest insights into the rental market (2025); NSW Rent and Sales Report; Tenants' Union of NSW calculations.

For the renter who moved in in June 2019, the limit would save less, but they would still be better off in most cases. If a third of these landlords had raised the rent by 3%, the renter would be paying about $37 a week less by April 2025, with a total saving of about $1,000 since June 2019. The break-even point is 40%. At that share, the extra rent paid in 2020 and 2021, when many rents were falling or unchanged, is just made up by April 2025, and from then on the renter pays about $32 a week less.

If the limit had started in November 2020 or later, renters would be better off no matter which approach landlords took. Even if every landlord raised every smaller change to 3%, a renter who moved in at the median rent in November 2020 would be paying about $31 a week less by April 2025, and would have paid slightly less in total. For a renter who moved in in June 2022, by which time the average yearly increase for existing renters was above 3%, the gap would be about $41 a week, with about $2,800 saved in total.

Compatibility with delivering the homes we need

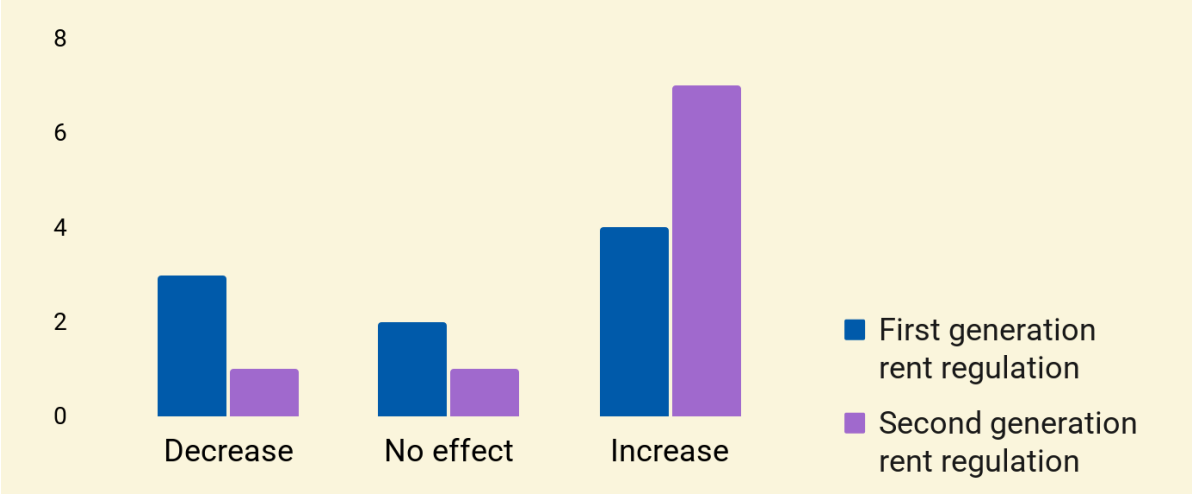
Reasonable rent regulation will deliver more affordable homes for renters, and can also be an effective addition to the government's suite of tools for tackling the broader housing crisis. The reasonable approach to rent regulation that we recommended in this report, is **entirely compatible with government strategies for increasing both home ownership and housing supply**. Certain commentators, including economists and some politicians, make disingenuous claims around the effects of rent regulation on home ownership and housing construction. They tend to do this by conflating all versions of rent regulation. Meta analysis shows that second generation rent regulation has mixed effects on housing supply and home ownership, and in some instances may in fact increase both supply and ownership. The most comprehensive literature review study available, Kholodilin (2024) categorised 275 observed impacts across 169 articles, including published and unpublished works. Where first generation controls (rent freezes) are included in analysis the results are skewed to give an inaccurate impression of the literature.[17] Second and third generation rent control frameworks are grouped together by Kholodilin and, as can be seen in the charts below, the impact on features of housing policy are not as clear cut.

First and second generation rent regulation frameworks are both overwhelmingly found to be effective at reducing the rent otherwise payable - i.e. they both work for their primary purpose. However, the secondary impacts are more mixed. **While first generation controls are found in some studies to decrease the rate of home ownership or have no impact, second generation controls are indicated to support an increase in home ownership.**

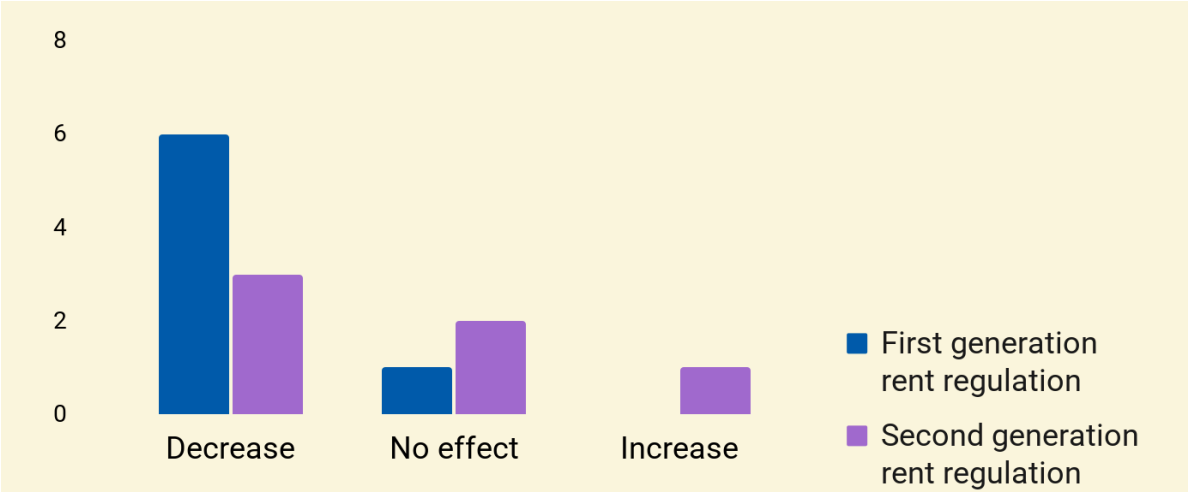
In relation to supply and construction, first generation controls are found to generally have a negative impact by the studies Kholodilin examined (7 and 4 studies). Second generation controls display a much wider range of outcomes: **a majority of studies indicate no effect or a positive effect on construction,** and an equal number of studies show no effect or a positive effect on supply more generally. This wide range of results suggests that other factors in local environments must be taken into account.

[17] Konstantin A Kholodilin, 'Rent Control Effects through the Lens of Empirical Research: An Almost Complete Review of the Literature' (2024) 63 *Journal of Housing Economics* 101983 https://doi.org/10.1016/j.jhe.2024.101983.

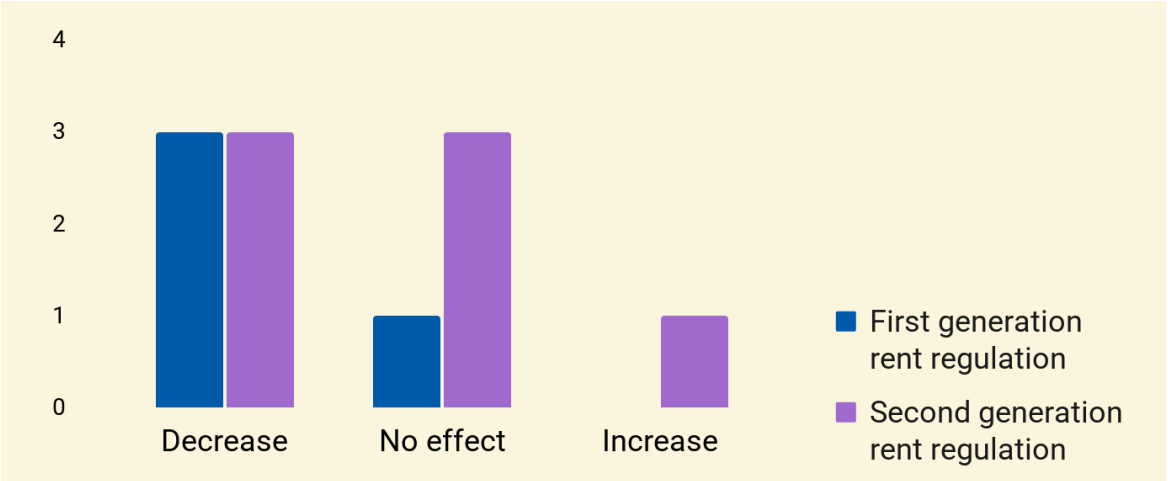
Effects on home ownership



Effects on supply



Effects on construction

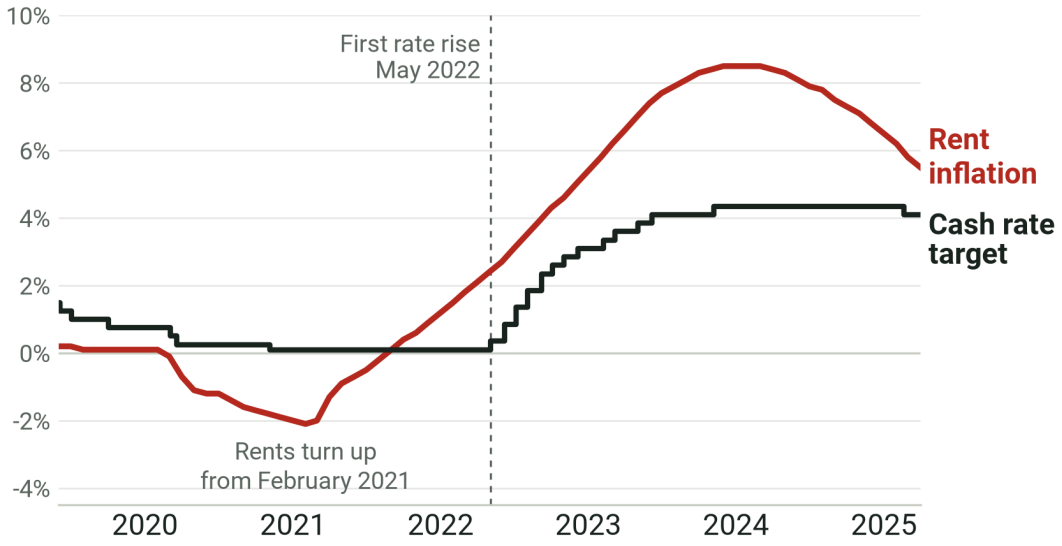


Rent regulation can assist with a healthier housing sector by reducing the financialised model utilising, and refocussing construction and supply towards delivering homes for people to live in. Steephen, writing for the Roosevelt Institute, argues persuasively that housing operates as a financial asset class and that well-designed rent regulation operates to lower risk and fragility of the investment model.[18] With lower risk and more stability, the lower rent collected is proportionate.

Reducing the rate of rent increases also assists in combating inflation, and lowers the pressure to use monetary policy levers such as the Reserve Bank lifting interest rates. Rent contributes around 8% of the Consumer Price Index basket for Sydney.[19] Applying the Reserve Bank's underlying cash rate target over the ABS annual rent inflation, we can see that rents began rising a full year before interest rates were lifted, see chart 6 below.

Chart 6: Rents were rising well before interest rates

Annual rent inflation in the capital cities, and the RBA cash rate target



Source: ABS, Latest insights into the rental market (2025); Reserve Bank of Australia, cash rate target (statistical table F1).

The threat of negative impact on supply is a common argument from those against rent regulation, but it is also an argument previously rolled out by opponents of many of the changes we have seen made to rental laws in NSW over decades, including water efficiency measures and the existence of institutions such as the Tribunal and the Rental Bond Board. The claim was also made about recent reforms that were passed by Parliament in 2024 and implemented in May 2025. Over that period, the number of rental bonds has increased at a

[18] Anisha Steephen, *Rent Regulation as Financial Regulation* (Brief, 1 July 2026) https://rooseveltinstitute.org/publications/rent-regulation-as-financial-regulation/.
[19] Australian Bureau of Statistics, *Consumer Price Index, Australia, September 2026* (Catalogue No 6401.0, 28 October 2026) https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/sep-2026.

faster rate than the general population.[20] The reality is if a landlord decides to sell their property, it either gets purchased by an owner occupier or another landlord. It is not a loss of supply of a home, it fulfils a need for a person who wants to buy a home to live in or, if owned by a different landlord, it remains in the supply of homes for rent.

In 2024, we used data analysis to investigate whether there was any link in the data between drops in investor lending and strengthening of tenancy laws. We found that investor lending tends to rise and fall simultaneously regardless of the state or territory where the mortgage is written. This suggests that **broader national economic factors drive change in investor lending rather than state tenancy laws**.[21] Another common misconception is that stronger rental laws will impact the construction of new homes, as they will act as a disincentive. These claims lack supporting evidence. The ABS Survey of Income and Housing suggests that for a good proportion of landlords, either through length of ownership or inheritance (an unintentional landlord), interest rate increases are not a relevant factor for justifying rent increases.[22]

Sweden's Tenants' Union published an article in 2024 which explored five common myths or perceptions of rent regulation. They are that rent regulation leads to insufficient economic profitability for landlords, a smaller private rental sector, lower housing construction rates, inefficient utilisation of living space and reduced residential mobility. **Looking at eleven European countries that have different degrees of rent regulation, they found no direct relationship between rent regulation and these five common claims of the problems with rent regulation**. The strong interest from investors in rental properties in these 11 regulated markets contradicts the claim that rent regulation leads to poor profitability for landlords. [23]

Research undertaken by Consumer Policy Research Centre and Tenants Victoria looked at the drivers of rent increases by landlords and agents in Victoria in 2025. The findings highlight the **inconsistency in the models used to calculate rent increases**. Two thirds of the participants interviewed stated they increased rents to cover increasing rental costs and two out of five increased rents to keep pace with market rates. Most agents used a comparative market analysis to determine a rent increase for a property, which ultimately causes rents to increase as they see rent increases in other properties. Agents who were interviewed generally considered that most rental providers have a desire to make as much money from renting out their property as possible. They also referred to the influence of media and the lack of supply as other causes for the increase in rents. Interestingly, the small number of

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[20] Australian Bureau of Statistics, *National, State and Territory Population, March 2026* (Catalogue No 3101.0, 17 September 2026) https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/latest-release.
[21] Jack Moon, 'What Does Mortgage Data Tell Us about the Impact of Rental Reform on Investment?', *This Renting Life* (Blog Post, 12 September 2024) https://www.tenants.org.au/blog/mortgage-data-rental-reforms.
[22] Terry Burke, Liss Ralston, Trevor Kollmann and Sean McNelis, 'Rent Regulation: A Housing Policy Challenge' (Issues Paper, Housing, Homelessness and Urban Studies Research Group, Swinburne University of Technology, September 2025) https://doi.org/10.25916/sut.29999038.
[23] Olof Karlsson, *Rent Regulation: Common Myths and Misunderstandings: Exploring the Private Rental Sector across Eleven European Countries* (Report, January 2024) https://www.hyresgastforeningen.se/globalassets/bostadsfakta/rapporter/2024/fem-myter-om-hyresreglering/rent-regulation-common-myths-and-misunderstandings.pdf.

participants in the research who had not increased the rent had done so out of a desire to keep the tenant and out of concern for the financial situation of the tenant.[24] The research highlights the problems with our current rent increase laws. Rent increases are currently not predictable, transparent, justifiable or fair.

"You want to get the top listing to make the rental provider happy because they want to maximise their income. And in a lot of the cases we end up being able to rent it, so it sets a new precedent and then this just continues up and up."

Property Manager quote from Setting the price report [25]

There are many examples of government regulation of prices, particularly in cases of essential services and goods. In cases of market failure, as with the rental market, there is an even stronger case to intervene. In NSW, the government currently regulates the prices of water, sewerage, public transport, local council rates and energy. The Commonwealth government also regulates the prices of petrol, pharmaceuticals, private health insurance, and some communication services. It is not unusual for the government to step in and regulate essential goods and services. In a private rental system where the desire is to make as much money as possible for landlords, a limit to one increase a year is not sufficient regulation for rents.

[24] Consumer Policy Research Centre and Tenants Victoria, *Setting the Price: The Drivers of Rent Increases in Victoria's Private Rental Market* (Report, September 2025) https://cprc.org.au/wp-content/uploads/2025/09/CPRC-TV_Setting-the-Price-Report_FA55.pdf.
[25] Ibid

The time to act is now!

The current NSW Government's efforts to increase housing supply are not going to have any immediate or medium term effects on rent increases. The data on housing affordability in NSW reveals a genuine crisis. The rent is out of control; it's time to rein it in.

Victoria has taken steps recently to strengthen their rental laws around rent increases. Renters in Victoria can now dispute a rent increase that exceeds CPI at the Tribunal. This is a positive step but we are concerned the onus is still on the renter to dispute and not the landlord if they wish to increase the rent above CPI.

Fairer rent increases in NSW would place the tenant-landlord relationship in a more balanced position with a specific legal framework that provides transparency for both parties on rent increases. We encourage the NSW Government to explore the options and seriously consider a model for rent regulation in NSW.

Key recommendations for NSW rental reform

1. ***Implement a 3% Annual Threshold Limit:*** Set a fair, transparent and predictable benchmark for rent increases aligned with the RBA's target inflation band, applying both during a tenancy and between new tenancies (2nd Generation).
2. ***Flip the Burden of Proof***: Require landlords to justify any rent increase above the threshold at NCAT, rather than forcing tenants to prove an increase is excessive.
3. ***Universal Coverage***: Extend these protections to all renters, including boarders and lodgers, and other renters currently not protected under the Residential Tenancies Act 2010 to prevent regulatory evasion and ensure the most vulnerable renters are protected.