

Renting in 2026: The income you need to earn to live where you want



Executive summary

Australia enters 2026 with renters facing a widening gap between the suburbs they aspire to live in and the incomes required to secure them. Rents have risen faster than wages across every capital city, vacancy rates remain critically low, and location has become the defining driver of affordability, lifestyle and choice.

Using the standard benchmark of rental stress – households spending more than 30% of pre-tax income on rent¹ – this analysis estimates the income a household would need to comfortably rent a typical home in each suburb. It provides a suburb-level map of where renters have genuine choice, where incomes need to stretch further, and where affordability pressures will shape rental decisions in 2026.

Key findings

Renting where you want increasingly requires a six-figure income

- The income required to rent a typical capital-city house has climbed from \$74,533 in 2019 to \$112,667 today – a 51% increase.
- Individual average annual earnings sit at \$80,200, well below what is needed in most inner- and middle-ring suburbs.

Affordability divides between cities are changing

- Sydney remains by far the least affordable, requiring around \$135,200 to rent a typical house.
- Melbourne and Hobart sit closer to \$100,500, while Brisbane, Adelaide and Perth sit in between.
- The affordability gap between Sydney and Brisbane, Adelaide and Perth continues to narrow as 2026 approaches.

The suburbs where incomes stretch the furthest

- Entry-level affordability begins at around \$69,000-\$85,000, typically in outer-suburban communities such as Melton in Melbourne's west, Willmot in Sydney's outer west, and Russell Island in Brisbane's bayside region. These areas continue to offer renters more space, lifestyle opportunities and relative affordability.

Lifestyle aspiration comes with a steep price tag

- Australia's most expensive rentals remain concentrated in Sydney's east and north shore.
- Vaucluse (Sydney) requires an income of \$511,333, more than seven times the amount required in the most affordable suburbs.

Upgrading from a unit to a house is becoming harder in most capitals

- The extra income needed to rent a house instead of a unit is up to \$24,300 in Darwin, \$20,800 in Canberra, and \$17,300-plus in Adelaide and Perth.
- Melbourne is the exception, where high-density supply and premium apartments keep the gap narrow at around \$900.

Distance still buys affordability – but has limits

- Affordability generally improves with distance from the CBD, though not evenly. The required income to rent comfortably is around 30-40 kilometres from the CBD.
- Sydney stands out: required incomes fall from \$216,000 near the CBD to \$112,000 on the outskirts – a drop of more than \$100,000 – before rising again in outer lifestyle regions.
- Beyond 40 kilometres, affordability often deteriorates again in several states as lifestyle suburbs push rents higher.



What this means heading into 2026

Renters are set to navigate some of the toughest trade-offs in a decade. Many inner-city and premium suburbs remain out of reach for median-income earners, but middle- and outer-ring areas continue to offer genuine lifestyle appeal, space and opportunity without overwhelming financial strain.

This analysis provides households, policymakers and industry stakeholders with a clear, practical view of where incomes stretch, where affordability tightens, and how renters can position themselves for the 2026 rental market.

How much income is spent on rent across the capital cities?

Rental affordability has deteriorated significantly since 2019, with a growing share of income now spent on rent in every capital city.

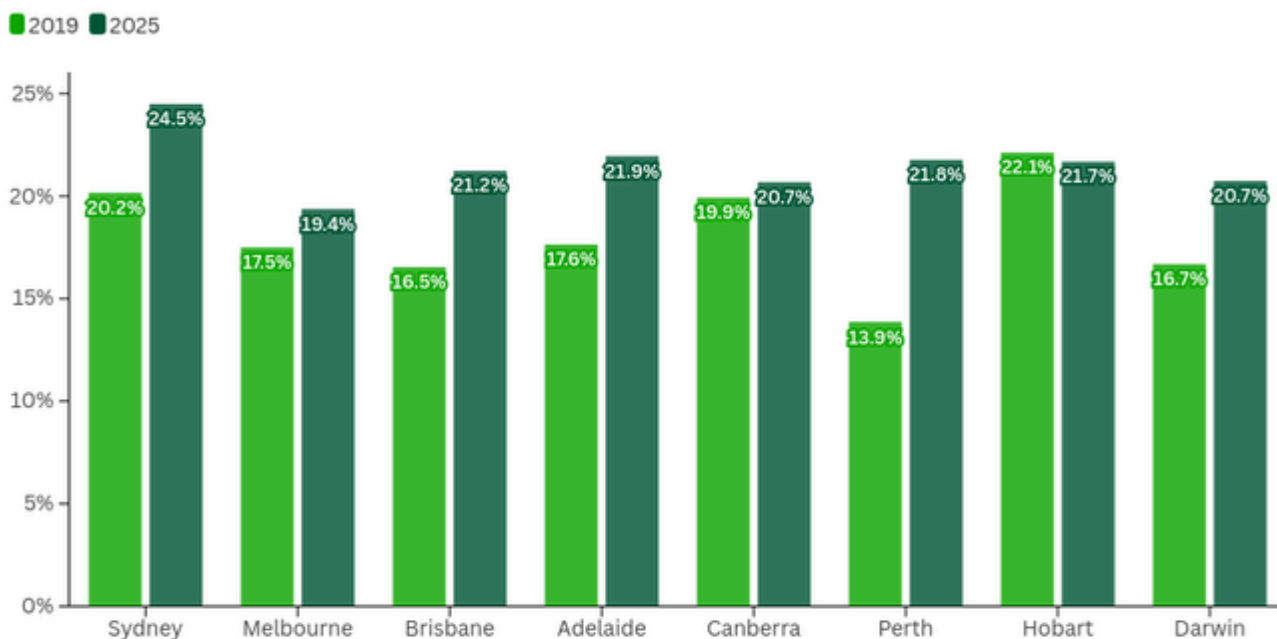
Across the combined capitals, a two-person household earning average wages would spend 21.1% of its income renting a typical home (figure 1). The burden varies widely:

- Sydney: 24.5% of income
- Melbourne: 19.4%
- Brisbane, Adelaide, Perth, Hobart: sit between these two extremes

This upward drift reflects one of the longest periods of sustained rental tightness in Australia's history. Vacancy rates have remained below 1.5% in all capitals for an extended period – a level considered critically tight – keeping upward pressure on rents and limiting choice for tenants.

These findings are consistent with broader national indicators. ABS data shows renters spent 19.5% of pre-tax income on rent in 2019-20², while more detailed modelling suggests this rose to around 25% of disposable income by 2024³. Lower-income households are particularly exposed: the bottom 20% of earners typically spend around 35% of their income on rent, a level approaching chronic stress, though still slightly below peak levels reached in 2017.

Figure 1. House rents as a share of a typical household pre-tax income.



Note: Income refers to a two-person household both earning average weekly (pre-tax) earnings within each of the respective states. Rents are based on median advertised house rents across each state and territory.



How much income do you need to not be in rental stress?

The income required to rent a typical house without entering rental stress varies sharply between capitals, ranging from \$135,200 in Sydney to \$100,500 in Hobart (Table 1). This reflects differences in rental supply, demand, land values, and distribution of dwelling types.

It's important to note that these figures represent the income needed to rent a median-priced house. Households on lower incomes may secure more affordable dwellings below the median, but often with trade-offs in location, size or quality.

Houses v units

One of the clearest divides in rental affordability is the income gap between houses and units – a reflection of household needs

and the price difference between space and location.

- Largest gaps: Darwin, Canberra, Adelaide and Perth, where households need an extra \$17,300-\$24,300 to rent a house rather than a unit.
- Smallest gap: Melbourne, where the difference is around \$900, due largely to strong high-density supply and premium inner-city apartments pushing unit rents closer to house rents.

The gap between the income needed to rent a house versus a unit varies across cities, reflecting differences in housing supply, tenant profiles and income levels. In Darwin, Canberra, Adelaide and Perth, units tend to cater to lower-income renters, while houses are typically sought by higher-income families seeking more space. This demand split contributes to a larger affordability gap between houses and units. In contrast, Melbourne's larger supply of modern apartments – often targeting mid- to high-income renters in premium locations – has lifted unit rents closer to house rents.

Table 1. Required annual income to rent a typical home and not be in financial stress.

City	Houses	Units
Sydney	\$135,200	\$130,000
Melbourne	\$100,533	\$99,667
Brisbane	\$114,400	\$109,200
Adelaide	\$107,467	\$90,133
Canberra	\$121,333	\$100,533
Perth	\$121,333	\$104,000
Hobart	\$100,533	\$84,933
Darwin	\$124,800	\$100,533
Combined Capitals	\$112,667	\$112,667
Combined Regional	\$101,400	\$91,000

Note: Required annual pre-tax income is estimated as the level of income at which the median advertised rent in each capital city equals 30 per cent of income as at September 2025.



City-by-city breakdowns

Below are the highest income contrasts across each capital, highlighting the scale of affordability variation within cities.

Sydney

Sydney's rental market is by far the least affordable and uneven. A household would need an annual income of \$511,333 to comfortably rent in Vaucluse, compared with \$84,933 in Willmot (table 2).

The top five most expensive areas are concentrated in Sydney's east and north, while more affordable pockets are found in Blacktown and the city's outer south-west.

Table 2. Most expensive and cheapest pockets in which to rent a house in Sydney.

Expensive			Affordable		
Suburb	Rent (weekly)	Income (annual)	Suburb	Rent (weekly)	Income (annual)
Vaucluse	\$2,950	\$511,333	Willmot	\$490	\$84,933
Dover Heights	\$2,800	\$485,333	Blackett	\$500	\$86,667
Double Bay	\$2,750	\$476,667	Emerton	\$500	\$86,667
Bellevue Hill	\$2,350	\$407,333	Lethbridge Park	\$500	\$86,667
Balgowlah Heights	\$2,200	\$381,333	Shalvey	\$500	\$86,667

Melbourne

Affordability gaps are narrower in Melbourne. A household would need \$225,333 to rent in Toorak, compared with \$69,333 in Melton (table 3). Inner suburbs dominate the city's most expensive areas, while affordability improves in the north and west.

Table 3. Most expensive and cheapest pockets in which to rent a house in Melbourne.

Expensive			Affordable		
Suburb	Rent (weekly)	Income (annual)	Suburb	Rent (weekly)	Income (annual)
Toorak	\$1,300	\$225,333	Melton	\$400	\$69,333
Brighton	\$1,295	\$224,467	Melton South	\$425	\$73,667
Canterbury	\$1,170	\$202,800	Melton West	\$430	\$74,533
Black Rock	\$1,100	\$190,667	Kurunjang	\$430	\$74,533
Brighton East	\$1,100	\$190,667	Brookfield	\$450	\$78,000



Brisbane

Brisbane's variation is smaller still, with required incomes ranging from \$190,667 in Ascot to \$76,267 in Russell Island (table 4). The most affordable suburbs are found in Ipswich and the Logan-Beaudesert area.

Table 4. Most expensive and cheapest pockets in which to rent a house in Brisbane.

Expensive			Affordable		
Suburb	Rent (weekly)	Income (annual)	Suburb	Rent (weekly)	Income (annual)
Ascot	\$1,100	\$190,667	Russell Island	\$440	\$76,267
New Farm	\$1,100	\$190,667	MacLeay Island	\$480	\$83,200
Teneriffe	\$1,100	\$190,667	Riverview	\$483	\$83,633
Hamilton	\$995	\$172,467	Booval	\$500	\$86,667
Rochedale	\$990	\$171,600	Churchill	\$500	\$86,667

Adelaide

Malvern tops Adelaide's list, requiring \$169,000 to rent comfortably, compared with \$78,000 in Elizabeth South.

Table 5. Most expensive and cheapest pockets in which to rent a house in Adelaide.

Expensive			Affordable		
Suburb	Rent (weekly)	Income (annual)	Suburb	Rent (weekly)	Income (annual)
Malvern	\$975	\$169,000	Elizabeth South	\$450	\$78,000
Linden Park	\$865	\$149,933	Elizabeth North	\$460	\$79,733
Burnside	\$810	\$140,400	Elizabeth Downs	\$480	\$83,200
Hyde Park	\$810	\$140,400	Davoren Park	\$490	\$84,933
Glenside	\$800	\$138,667	Elizabeth Grove	\$490	\$84,933



Perth

Perth's most expensive pockets, such as Dalkeith, require incomes near \$242,667, while Medina remains one of the most affordable at around \$93,600 (Table 6).

Table 6. Most expensive and cheapest pockets in which to rent a house in Perth.

Expensive			Affordable		
Suburb	Rent (weekly)	Income (annual)	Suburb	Rent (weekly)	Income (annual)
Dalkeith	\$1,400	\$242,667	Medina	\$540	\$93,600
Swanbourne	\$1,385	\$240,067	Coodanup	\$550	\$95,333
City Beach	\$1,350	\$234,000	Mandurah	\$550	\$95,333
Mount Claremont	\$1,325	\$229,667	Falcon	\$560	\$97,067
Iluka	\$1,225	\$212,333	Greenfields	\$560	\$97,067

Canberra

Households need around \$190,667 to rent in Red Hill, compared with \$101,400 in Belconnen (Table 7).

Table 7. Most expensive and cheapest pockets in which to rent a house in Canberra.

Expensive			Affordable		
Suburb	Rent (weekly)	Income (annual)	Suburb	Rent (weekly)	Income (annual)
Red Hill	\$1,100	\$190,667	Belconnen	\$585	\$101,400
Deakin	\$990	\$171,600	Scullin	\$595	\$103,133
Campbell	\$943	\$163,367	Phillip	\$600	\$104,000
Kingston	\$940	\$162,933	Page	\$620	\$107,467
Yarralumla	\$905	\$156,867	Gordon	\$630	\$109,200



Hobart

Hobart has the smallest variation compared with other capital cities, as \$121,333 is needed to rent in Battery Point, versus \$76,267 in Herdsmans Cove (Table 8).

Table 8. Most expensive and cheapest pockets to rent a house in Hobart.

Expensive			Affordable		
Suburb	Rent (weekly)	Income (annual)	Suburb	Rent (weekly)	Income (annual)
Battery Point	\$700	\$121,333	Herdsmans Cove	\$440	\$76,267
Sandy Bay	\$700	\$121,333	Bridgewater	\$450	\$78,000
Tranmere	\$700	\$121,333	Gagebrook	\$450	\$78,000
Lenah Valley	\$650	\$112,667	New Norfolk	\$468	\$81,033
Austins Ferry	\$640	\$110,933	Brighton	\$470	\$81,467

How location shapes affordability: the 30-40km “sweet spot”

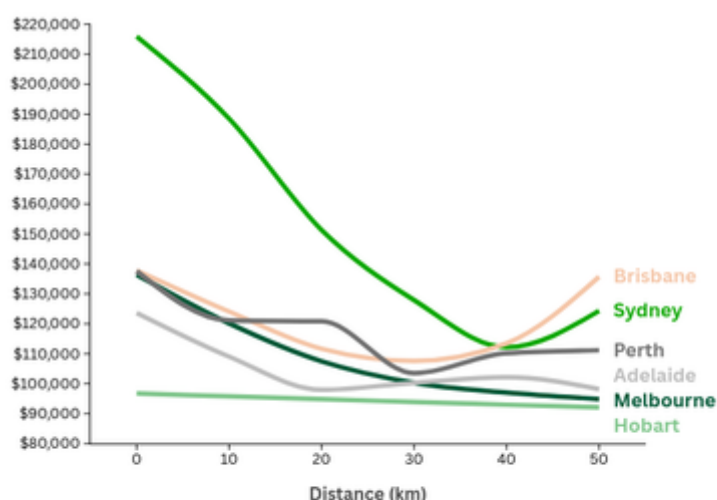
Rents are typically highest in inner-city areas and decline gradually with distance from the city centre. This reflects the premium placed on access to jobs, transport and lifestyle amenities.

Across the capitals, the most affordable areas tend to be 30-40 kilometres from the CBD. Beyond that range, required incomes begin to rise again in some cities, particularly Brisbane and Sydney, as larger family homes and lifestyle suburbs attract higher rents despite longer commutes.

Sydney's extreme affordability gradient

The premium for proximity is particularly steep in Sydney (figure 2). The required income to rent a house without financial stress falls from \$216,000 near the CBD to around \$112,000 on the outskirts – a drop of more than \$100,000.

Figure 2. Rents are generally lower the further away from the CBD – especially in Sydney



Note: Required annual pre-tax income is estimated as the level of income for which the median advertised rent in each capital city equals 30 per cent of income.

The exceptionally high incomes required to rent close to Sydney's CBD are also clear in figures 3-5. Premium pockets in Sydney are far above those in any other capital city, highlighting the scale of the city's affordability divide.

Figure 3. Sydney – required income to rent a house and not be in rental stress, – by SA3 area.

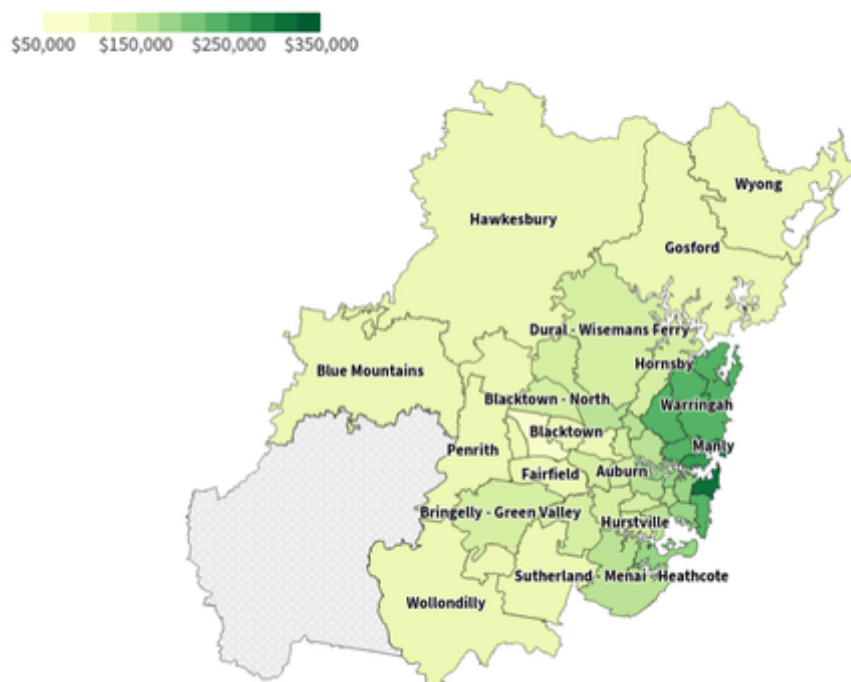


Figure 4. Melbourne – required income to rent a house and not be in rental stress, by SA3 area.

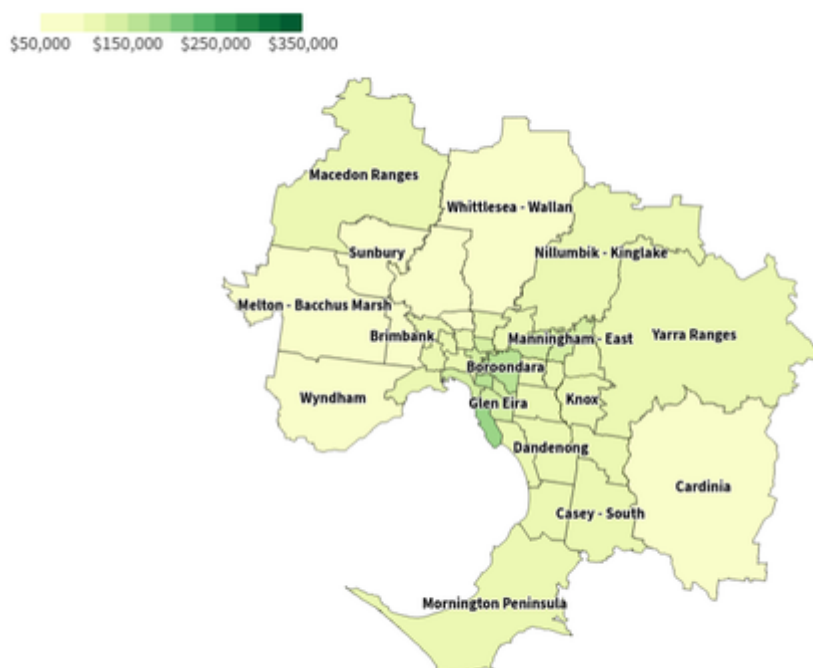
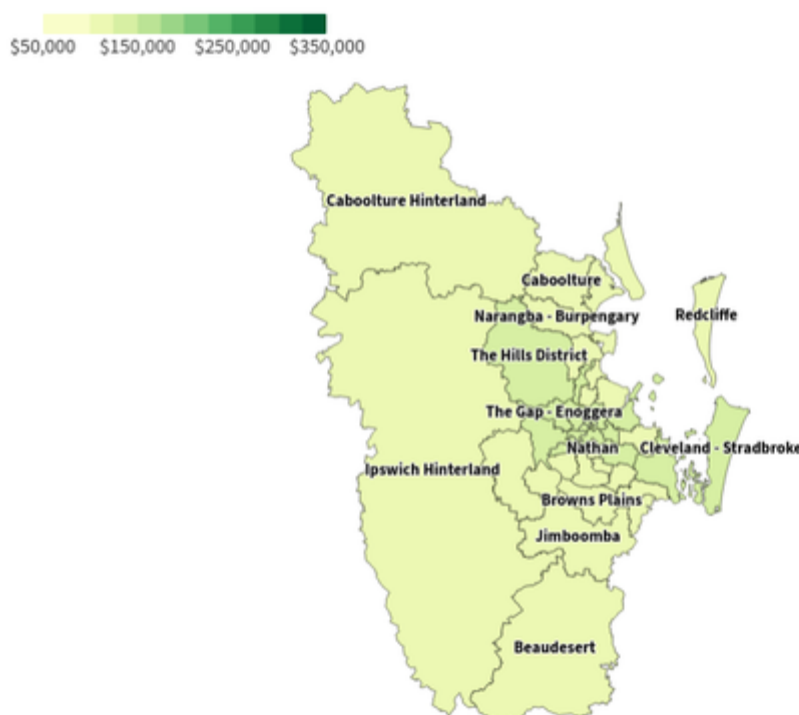


Figure 5. Brisbane – required income to rent a house and not be in rental stress, by SA3 area.



Methodology

Required annual income is estimated as the level at which the median advertised rent in an area equals 30% of that income.

Measuring rental stress

The most common benchmark – spending more than 30% of pre-tax income on rent – is used by the Australian Bureau of Statistics (ABS) and the Australian Institute of Health and Welfare.

While simple, this rule has limitations. It doesn't account for income distribution, household size or essential costs such as transport and childcare. High-income households can comfortably exceed 30% without hardship, while low-income renters may struggle even below that threshold. Because it's based on gross (before tax) income, it can also overstate affordability for lower-income earners.

Alternative approaches, such as the residual income method – which measures how much is left after paying rent – offer a more nuanced view but are data-intensive and harder to update regularly.

References

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