

The impact of rent increases on mental health among low-income renters in Australia

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Background

In most parts of Australia, landlords can only raise the rent charged to existing tenants once per year, but there is very little regulation of how much rent can be raised by.

Large rent increases have become increasingly common. In 2024, about a quarter of rental properties with an existing tenant had a rent increase of 10 per cent or more. In 2019, less than 2 per cent of properties had a rent rise that large.¹

Financial stress can have a negative effect on people's mental health. We looked at 18 years of national survey data to see if there was a mental health effect of experiencing a large rent increase.



What we did

We analysed 18 years of survey data from the Household, Income & Labour Dynamics in Australia (HILDA) survey. This is an annual survey of over 17,000 households that collects information about housing, income, health and wellbeing.



We analysed the data of working-age renters in HILDA to see if people's mental health scores changed when their household was hit with rent increases of various sizes.



We focussed on renters in lower-income households, because they have less of a financial buffer to absorb a big increase in rent.



We then compared people's mental health in years when their rent was put up to years when their rent remained stable. We separately considered large rent increases of 10 per cent or more and smaller increases less than 10 per cent and contrasted younger renters with middle-aged renters.

For context, the average rent in Melbourne is over \$2,000 a month. In that case a 10 per cent increase would mean paying an extra \$200+ every month.

Despite legal protections, some renters experience discrimination in the private rental market. We looked at these subgroups of renters to see if they had a higher risk of poor mental health after large rent increases.

¹Australian Bureau of Statistics (2025). Latest insights into the rental market. <https://www.abs.gov.au/articles/latest-insights-rental-market>.

What we found

When rent goes up by 10 per cent or more, on average, mental health gets measurably worse among younger renters aged 20–44 years old.

We found that low-income renters in this age group who experienced a rent increase of 10 per cent or more had significantly worse mental health afterwards, compared to years when their rent remained stable.

The effect was largest among renters already in affordability stress (paying >30 per cent of their income on rent).

No effect was detected in 45–64-year-olds.

We didn't find strong evidence that renters who were more likely to face discrimination in the rental sector experienced larger mental health effects of rent increases.



What it means

Large rent increases have become common. This research shows large rent increases can have a negative effect on the mental health of low-income renters.

Young people increasingly expect to rent for life, with home ownership out of reach for many. Half of low-income renters are already in housing affordability stress. Rent increases affect the mental health of these groups of renters the most.

Rent regulation—such as percentage caps on annual increases (as has been implemented in the ACT)—is a policy lever that would limit these harms and the intergenerational inequality they represent.

Read the paper

Mason, K., Martino, E., Mansour, A., & Bentley, R. (2026). Rent increases and mental health among low-income renters in Australia: A longitudinal analysis. *Social Science & Medicine*, 403, 119409. <https://doi.org/10.1016/j.socscimed.2026.119409>