



T H E M C K E L L I N S T I T U T E

Fair Rent Reform

*Recognising Renters as Long-term Contributors to  
Queensland's Housing System*

June 2026

## About the McKell Institute

The McKell Institute is an independent, not-for-profit research organisation dedicated to advancing practical policy solutions to contemporary issues.

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## Acknowledgement of country

This report was written on the lands of the Darug and the Eora Nations. The McKell Institute acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Owners of Country throughout Australia and their continuing connection to both their land and seas.

## About this paper

This Queensland-focused paper builds on The McKell Institute's South Australian proposal, Rewarding Renters to Make SA Competitive, and is designed to translate the same core idea into Queensland's policy and institutional context.

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## Executive Summary

Queensland's housing system has shifted structurally toward long-term renting, driven by affordability pressures, population growth, and sustained rental price increases. Renting is increasingly a permanent tenure rather than a transitional stage, with implications for wealth accumulation, economic security and intergenerational equity.

A central pressure within this system is the cost of moving between properties. Tenants are often required to pay a new bond and advance rent while their existing bond remains tied up, effectively financing two bonds at once. The report highlights growing momentum toward **portable bond schemes**, which would allow renters to transfer an existing bond between properties. Such reforms offer a practical way to reduce upfront costs and improve rental mobility in a market where long-term renting is becoming the norm.

The paper also examines the financial architecture of renting. Rental bonds are centrally administered, and investment earnings are not directly benefiting tenants instead being held in accounts strengthening the states broader cash position. This raises fairness considerations in a system where renters provide substantial upfront capital over extended periods.

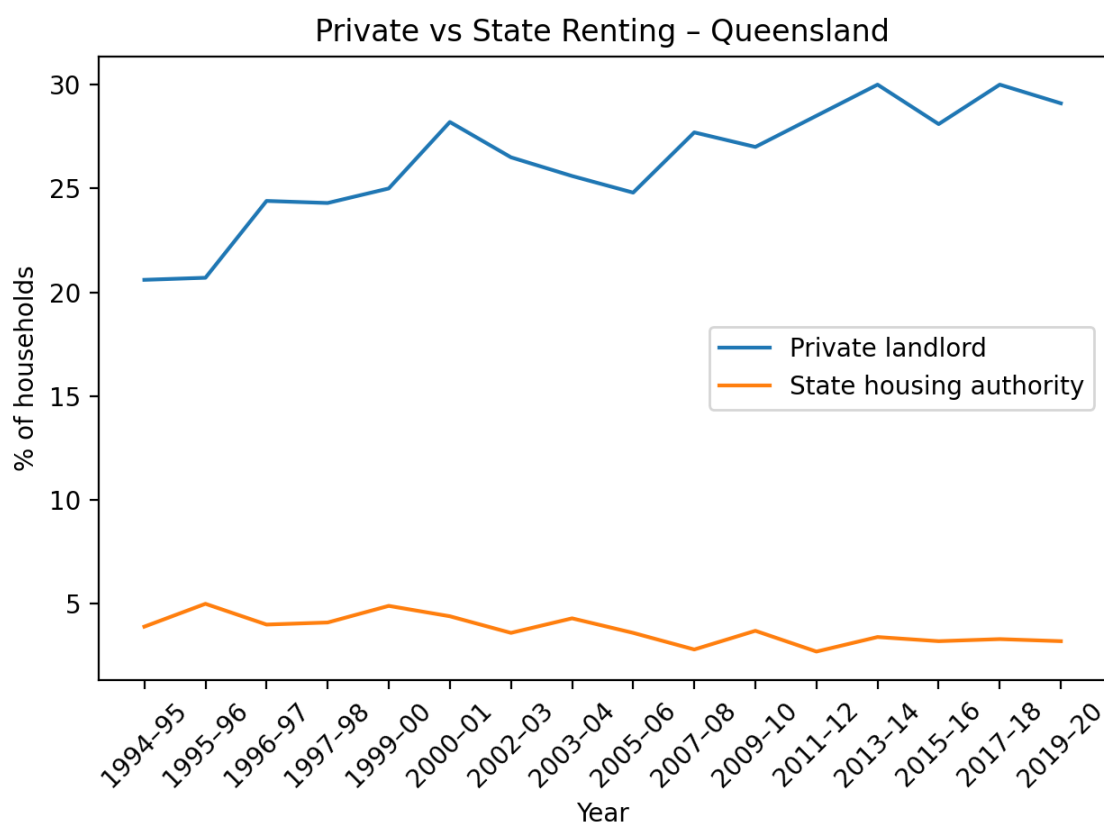
In response, the report proposes a **Rewarding Renters reform** that would return net interest earned on bonds to tenants when they are refunded. Designed to be fiscally neutral and complementary to portable bond arrangements, the reform would modernise Queensland's rental framework by reducing financial friction, supporting labour mobility and recognising renters as long-term contributors to the housing system.

The report is structured in three parts: **Part 1** outlines the shift toward long-term renting and the case for portable bonds; **Part 2** examines bond administration and foregone returns; **Part 3** sets out the proposed Rewarding Renters reform and its legislative and economic rationale.

## PART 1: The Structural Shift in Queensland's Housing System

Queensland's housing system has undergone a structural transformation over the past three decades. ABS Survey of Income and Housing data show that private renting increased from 20.6 per cent of households in 1994–95 to 29.1 per cent in 2019–20 (ABS 2022). Over the same period, the proportion renting from state housing authorities declined modestly. This growth in private rental reliance reflects long-term demographic, economic, and housing market changes rather than short-term cyclical volatility.

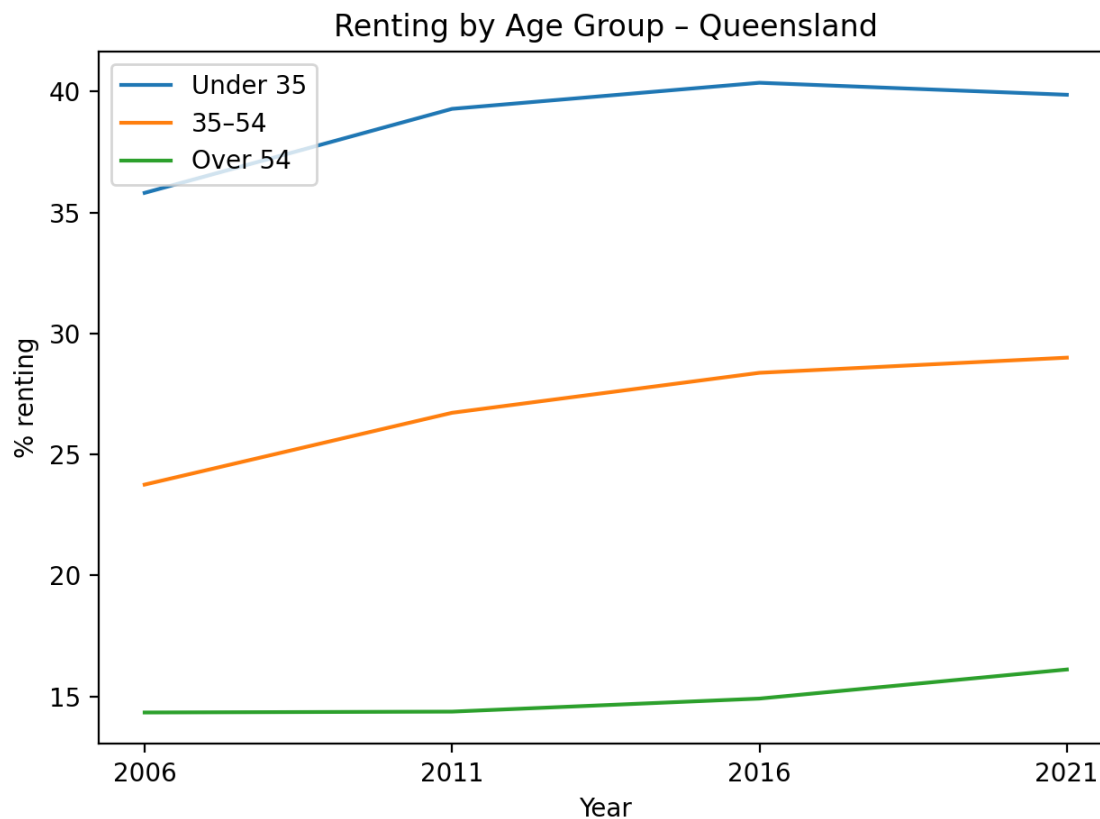
Figure 1: Private versus state housing renting share in Queensland, 1994–95 to 2019–20.



Source: ABS Survey of Income and Housing; QLD dataset.

The significance of this trend is amplified when examined through the life-course lens. Census data shows that renting has increased across all age groups in Queensland between 2006 and 2021. The most pronounced increase occurred among those aged 35–54, traditionally the life stage associated with consolidation into home ownership (ABS 2021).

Figure 2: Proportion renting by age group in Queensland, 2006–2021.

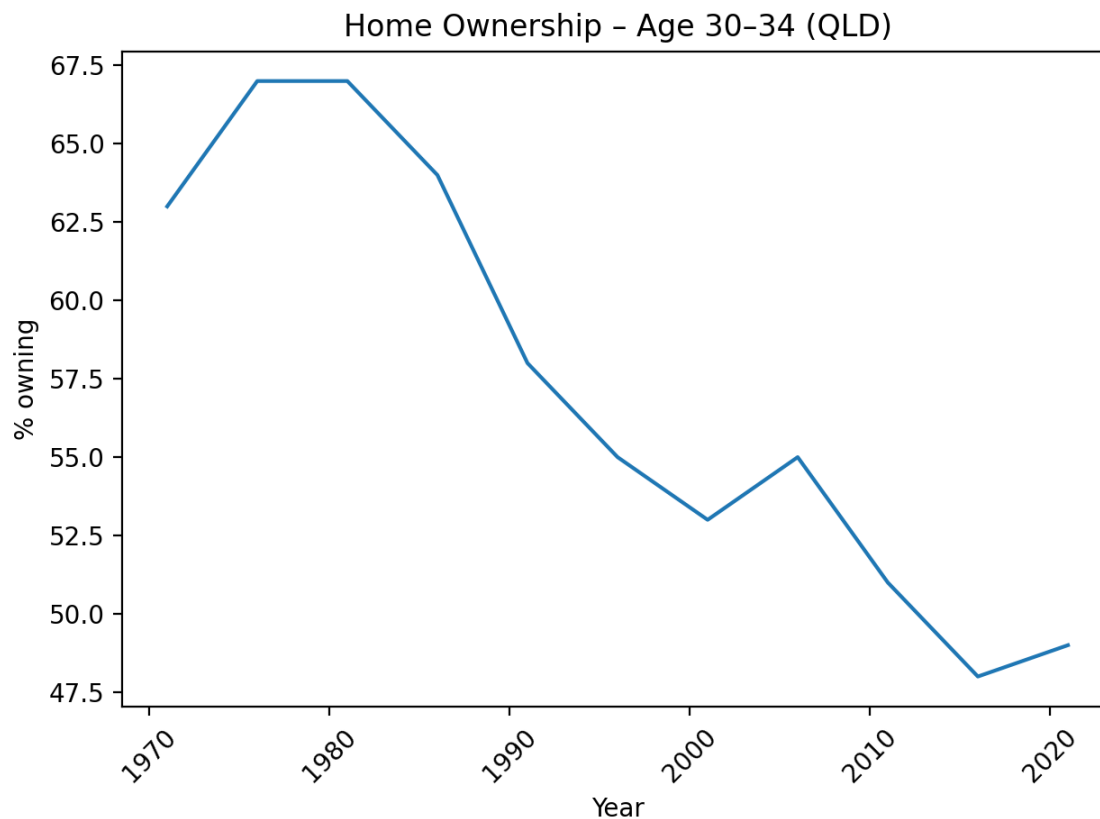


Source: ABS Census; QLD dataset.

The implications are profound. When renting becomes a mid-life and long-term tenure, it ceases to be merely transitional. Policy assumptions embedded in housing and taxation frameworks often treat renters as short-term market participants. However, the data indicates that a growing proportion of Queenslanders now build families, advance careers, and age while renting.

Long-run Census data reinforces this structural shift. Home ownership among Queenslanders aged 30–34 declined from 63 per cent in 1971 to 49 per cent in 2021 (ABS 2021). Similar declines are evident for adjacent age cohorts.

Figure 3: Home ownership rate for Queenslanders aged 30–34, 1971–2021



Source: ABS Census; QLD dataset.

Housing affordability pressures across Queensland, particularly in Brisbane, have fundamentally shifted in recent years. Research from Cotality Australia (formerly CoreLogic) shows Brisbane has become Australia's second most expensive capital city housing market, overtaking Melbourne following a sustained surge in dwelling values driven in large part by strong interstate migration into Queensland.

Once considered a more affordable alternative to the southern capitals, Brisbane's rapid price growth is now placing increasing pressure on renters and first-home buyers alike, reinforcing the need for practical reforms that improve mobility, reduce upfront costs, and make accessing housing easier.

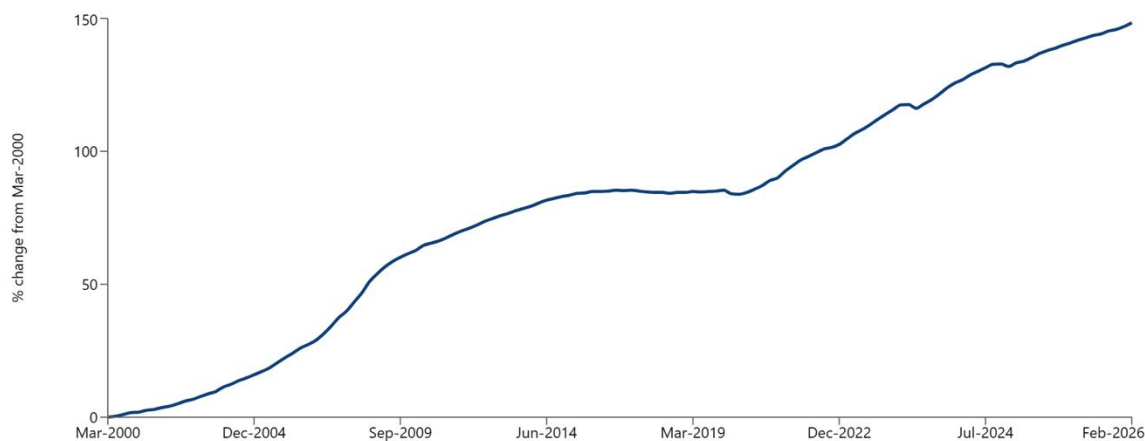
Housing has historically functioned as one of Australia's central asset-building mechanisms. Declining ownership among younger cohorts therefore has implications beyond tenure preference; it reshapes the intergenerational distribution of wealth, retirement preparedness

and economic security. If renting becomes structurally embedded without complementary asset-building mechanisms, wealth divergence between owners and long-term renters will continue to widen.

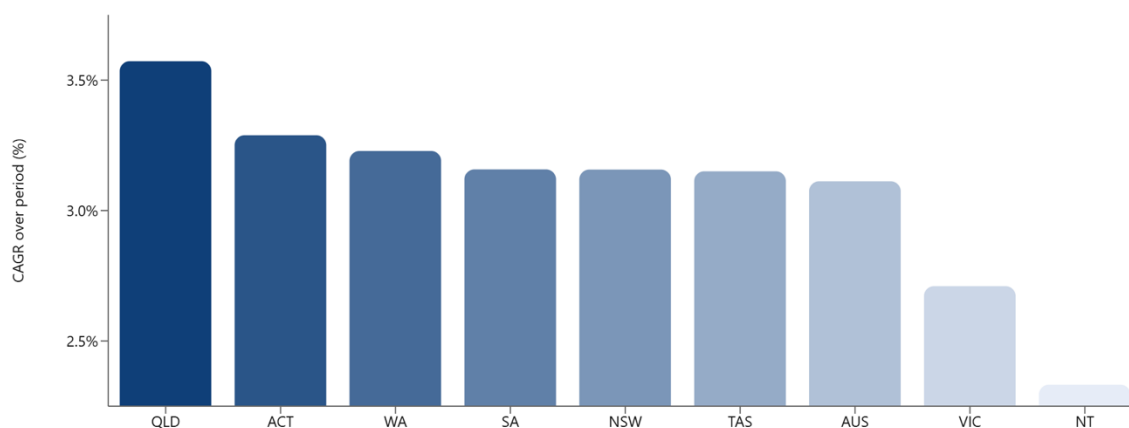
Queensland's population growth and interstate migration further amplify the importance of rental settings. As more households move to Queensland for employment and lifestyle reasons, the rental system acts as the primary entry point into the housing market. Structural rental reliance is therefore both a social and economic phenomenon.

Rising barriers to home ownership are also being reinforced by long-term growth in rental costs. Over the past two decades, rents in Queensland have risen sharply. ABS Consumer Price Index data for Brisbane, the state's capital city, show that the rent index has increased by well over 50 per cent since the mid 2000s, with particularly rapid growth in the 2020s (ABS 2026). This sustained escalation in rental prices has contributed to more households remaining in the private rental market for longer periods. Despite the introduction of annual limits on rent increases since 2023, there is no indication that rents will not continue to rise across the state, albeit in a more regulated and predictable manner.

Queensland - Rents, March 2000 - February 2026, original



Rents, March 2000 to February 2026, CAGR over period (%), original



Source: Australian Bureau of Statistics (2025), *Consumer Price Index, Australia*, Table 9: CPI group, sub-group and expenditure class, index numbers by capital city.

As rents rise, the upfront financial burden on tenants also increases, with higher rental prices translating into larger bond payments required to secure a property. In September 2025, the REIQ reported that the median length of tenancies for houses was at 21.1 months, while tenancy length in units was slightly less at 18.2 months (Ryan, 2025).

As renters move from one tenancy to the next, they are almost always required to provide bond for the next property in addition to a full month rent while their existing bond is held in the tenancy being vacated. In effect, renters are required to hold 2 bonds to secure a new property.

Across Australia, several state jurisdictions have recognised the significant burden that double bond mechanism places on renters and are introducing or progressing Portable Bond schemes to address this issue.

In New South Wales, proposed portable bond reforms would enable tenants to transfer an existing bond between rental properties, rather than requiring them to pay a new bond upfront each time they move. While elements of the system have been digitised through Rental Bonds Online, a fully portable bond scheme has not yet been implemented.

During the 2026 State Election, the South Australian Premier Peter Malinauskus committed to introducing a portable bond scheme if re-elected to reduce the burden on renters. Any additional administrative burden associated with operating a portable bond scheme is likely

to be modest relative to the benefits for Queensland renters, particularly if implementation draws on lessons from established interstate models.

Both Victoria and New South Wales have sought to address concerns around damage claims within portable bond schemes by retaining existing tribunal and evidentiary processes for landlords while allowing government to manage the interim financial risk during a tenant's move between properties.

Under these models, legitimate claims for damage or unpaid rent can still be pursued and recovered, ensuring landlord protections remain intact while removing the double-bond burden for renters. Practically, this means a renter's bond can transfer directly to a new property while any outstanding claims from the previous tenancy are resolved through the usual dispute process. Where a claim is ultimately upheld, the government recovers the approved amount from the tenant rather than requiring the former landlord to pursue repayment directly.

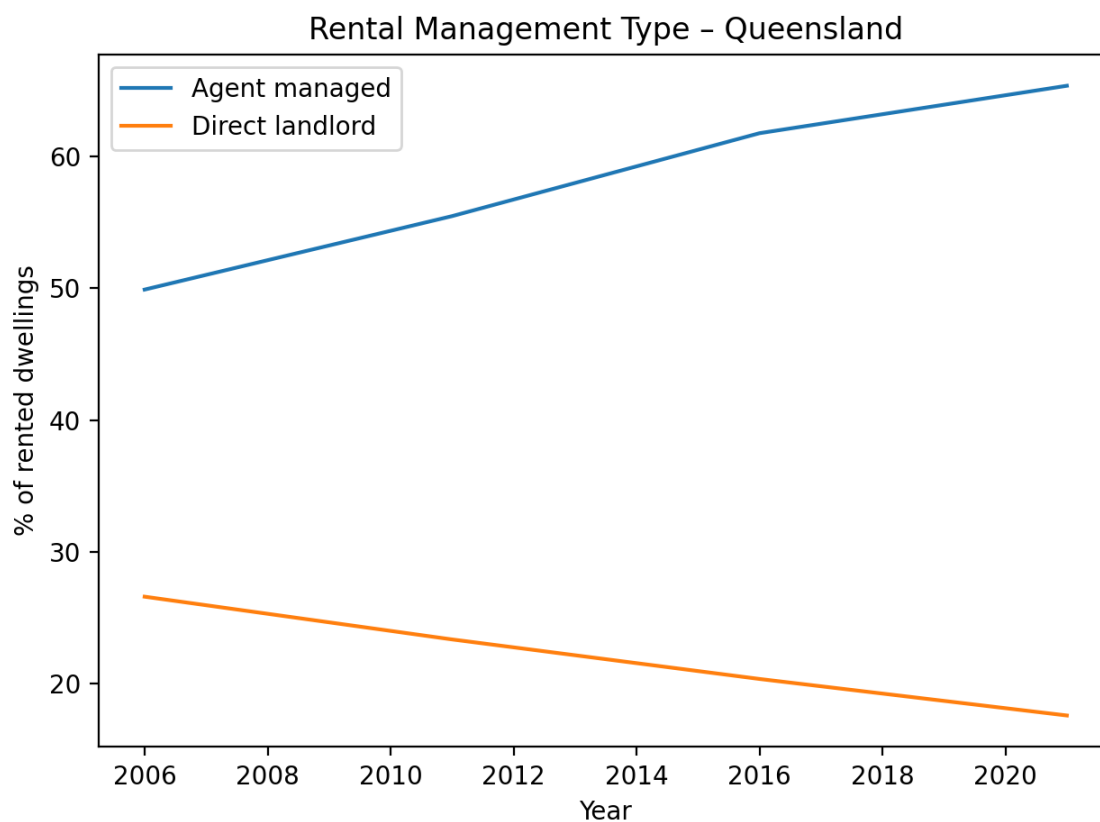
New South Wales and Victoria have both advanced portable bond schemes and worked through the practical implementation challenges associated with the reform.

South Australia has further demonstrated how quickly practical rental reform can be implemented once policy commitment is secured. Following advocacy for portable rental bonds, the South Australian Government committed to introducing the reform during the election campaign and subsequently provided full funding for the scheme in the State Budget handed down only months later. Now it is time for the Queensland Government to step up. Easing costs for Queenslanders who are spending extended periods in the rental market represents a practical and meaningful step the Queensland Government could take to help relieve broader housing pressures.

## Part 2: The Financial Architecture of Renting

Beyond tenure patterns, Queensland's rental system is characterised by increasing professionalisation. Census data show that agent-managed rental properties rose from 49.9 per cent in 2006 to 65.4 per cent in 2021, while direct landlord management declined (ABS 2021). Rental housing is increasingly intermediated and institutionalised.

Figure 4: Rental management type in Queensland, 2006–2021.

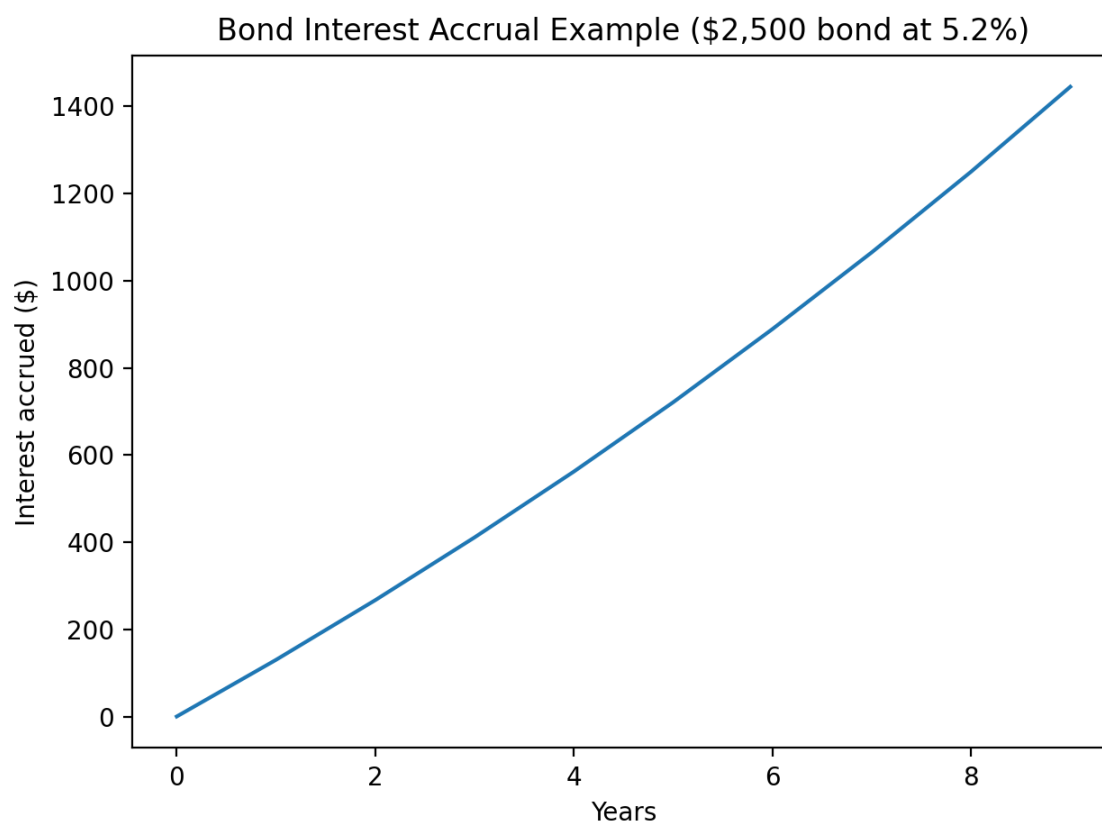


Source: ABS Census; QLD dataset.

Central to this system is the rental bond. Under the Residential Tenancies and Rooming Accommodation Act 2008 (Qld), rental bonds must be lodged with the Residential Tenancies Authority (RTA 2025). Prior to July 2022, the Rental Tenancies Authority was responsible for managing rental bonds with investment returns used to fund its operations. Section 121 of the Act specifies that no person other than the State has entitlement to interest earned on invested bonds (Queensland Government, 2008, s 121). This creates a structural asymmetry: tenants provide capital upfront but do not receive the time-value return.

Using a worked example of a \$2,500 bond (four weeks at \$625 per week) and applying a 5.2 per cent annual benchmark return drawn from published Reserve Bank Statistical tables (RBA 2026), the modelling demonstrates that foregone interest accumulates materially over time.

Figure 5: Accumulated interest on a \$2,500 rental bond at 5.2 per cent annual return



Source: McKell QLD dataset modelling.

While the household-level amounts may appear modest in early years, over extended tenancies the cumulative foregone return becomes economically meaningful. At a system-wide level, where hundreds of thousands of bonds are held centrally, the aggregate capital pool is substantial.

This 5.2 per cent RBA modelling represents a typical conservative return. If rental bonds were instead placed into typical superannuation funds, with risk-level selected by the tenant, then the returns could be notably higher. Take, for example, the situation presented in Table 1. Let's say a 21-year-old enters the rental market and stays in the rental market for the next 15

years. Their \$2,500 bond could have grown to almost \$15,000, if invested in a high growth fund, based on the average long-run returns of high-growth superannuation funds.

This is not a marginal gain, it is a structural shift in how renters accumulate wealth. At a time when renters are increasingly locked out of home ownership, the ability to grow what is currently a dead, locked-up cost into a meaningful financial asset fundamentally changes the trajectory of their financial security. It turns renting from a purely extractive experience into one that at least partially builds long-term resilience, helping close the widening gap between renters and homeowners. In practical terms, this is the difference between exiting the rental market empty-handed or with a financial buffer that can support a deposit, absorb shocks, or contribute to retirement savings.

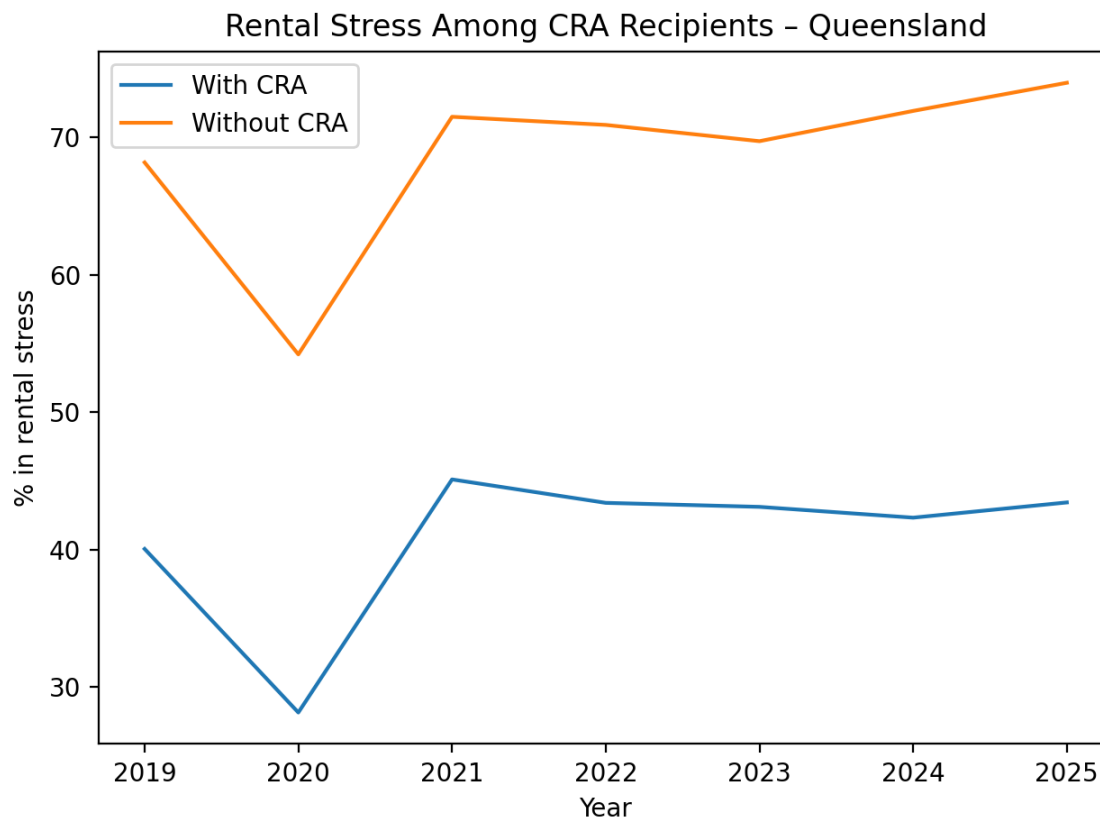
*Table 1: Total payout on a \$2,500 bond based on long run returns of typical superannuation investment funds*

Entry Age	Duration (years)	Exit Age	Conservative (5.3%)	Balanced (6.6%)	High Growth (9.2%)
21	5	26	\$3,237	\$3,441	\$3,882
21	10	31	\$4,190	\$4,737	\$6,028
21	15	36	\$5,425	\$6,521	\$9,360
21	20	41	\$7,023	\$8,976	\$14,534
21	25	46	\$9,092	\$12,356	\$22,569

Source: McKell Institute, Chant West, Residential Tenancies Authority

Rental stress data provides further context. In 2023, 43.1 per cent of Queensland CRA recipients remained in rental stress even after assistance, while without CRA the proportion would have been 69.7 per cent (AIHW 2025). CRA lifted 84,045 Queensland income units out of rental stress in that year (AIHW 2025).

Figure 6: Rental stress among CRA recipients in Queensland, with and without CRA



Source: AIHW; QLD dataset.

Commonwealth Rent Assistance mitigates acute hardship, but it does not address structural asset inequality. The bond interest question sits alongside rental stress as part of a broader conversation about the economic architecture of renting.

Owner-occupiers benefit from capital gains and cost stabilisation over time. Investors benefit from rental yield and asset growth. Long-term renters, by contrast, face rent inflation and provide bond capital at zero return. The policy question is whether this asymmetry remains justified in a rental system that is increasingly permanent.

## Part 3: Implementing Rewarding Renters Reform in Queensland

Prior to 2022, the interest accrued on bond monies was used to fund the RTA. The Government, in response to the global market fluctuations caused by COVID, and in part guided by the idea that renters should not have to fund their own support service, made legislative changes to shift bond monies into a central account managed by Queensland Treasury. As a result, tenants receive no interest on their rental bonds. Although the bond funds remain repayable to tenants, the State can benefit from holding large cash balances that support its treasury operations and liquidity management.

A Rewarding Renters reform in Queensland would modernise the rental system by enabling interest to accrue on bonds held by the Government and return net interest to tenants when bonds are refunded. The proposal is conceptually straightforward but requires careful legislative design.

The central legislative change would involve amending section 121 of the Residential Tenancies and Rooming Accommodation Act 2008 (Qld) to permit distribution of investment earnings (net of administration costs) to tenants. Supporting amendments would specify calculation rules, disclosure requirements and implementation timelines. Interest could be linked transparently to a published benchmark rate, such as those reported by the Reserve Bank of Australia (RBA 2026). Using publicly available benchmarks would ensure transparency, predictability and accountability.

Fiscal neutrality is achievable if administration costs are netted out before interest is credited. In other words, the government recovers the cost of administering the scheme through keeping a portion of returns from the investments. The scheme may need to recover more in years that the fund performs well to cover more volatile years where the fund performs poorly. However, on average over the long-run, the managing organisation should not recover more than the genuine cost of administering it.

While this approach can ensure the scheme itself remains operationally cost neutral, it would reflect a broader policy principle that interest generated from renters' bond money should

primarily benefit the renters whose funds are being held, rather than being retained by government strengthening the states broader cash position.

Beyond fairness considerations, the reform has economic rationale. Rental mobility is closely linked to labour mobility. Reducing the financial shock associated with moving between tenancies strengthens workforce participation and regional flexibility. In a fast-growing state economy, ensuring that renters accumulate modest financial buffers supports economic resilience. The Rewarding Renters reform therefore complements broader housing supply and social housing initiatives without replacing them.

Queensland's housing system has structurally shifted toward long-term renting. Recognising renters as long-term contributors to the state's housing economy is consistent with modern tenure realities and with principles of intergenerational equity.

## Recommendations

### **Recommendation 1: Establish a Portable Bond Scheme in Queensland**

The Queensland Government should establish a portable rental bond scheme that allows tenants to transfer their bond between properties without needing to finance a second bond upfront before the first is refunded. This reform would reduce financial pressure on renters, improve housing mobility, and retain existing protections for landlords through the current RTA dispute resolution process.

### **Recommendation 2: Return Bond Interest Earnings to Renters**

The Queensland Government should reform the treatment of interest earned on rental bonds so that returns generated from tenant bond funds benefit renters. Interest accrued on bond holdings should be retained on behalf of renters and returned when they permanently exit the rental market.

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