

# Older Australians who own their home more than 20 times better off than those who rent

Geoff Thompson & Alex McDonald | February 2020

Exclusive Australian Bureau of Statistics data has revealed the staggering difference in wealth of older Australians in owner-occupied households compared to those that rent.

## Key points:

- Those who own property as they approach retirement are much better off than those of the same age who rent, ABS data shows
- Rates of home ownership fell among every age group between 2011 and 2016
- Economist Brendan Coates says if fewer Australians own their home "it will have enormous consequences for all aspects of Australian life"

In 2017-18, the ABS found that property-owning households — where at least one of the occupants was 65 and over — had a median net worth of \$960,000.

**Similar households that were still paying off a mortgage had a median net worth of \$934,900.**

**In stark contrast, the median net worth of similar households that rent was just \$40,800.**

"People who are not in the housing market will find it more difficult over time," ANZ economist Felicity Emmett told 7.30.

"I think we will see a situation where wealth inequality and particularly intergenerational inequality rises."

Nicki Hutley, partner at Deloitte Access Economics, believes Australia is in danger of creating a separate class of Australians who will not reap the many benefits that come with home ownership.

"Are we allowing one class of Australians to build for their retirement more easily than another class of Australians? The answer to that is unequivocally yes," she said.

Ms Hutley has warned that Australia is in the grip of a housing affordability crisis that will lock a growing number of people out of the property market.

"When house prices are growing strongly, you see a big drop-off in the number of people moving into home ownership," Melbourne University professor Roger Wilkins said.

Saving a 20 per cent deposit for a house in any Australian capital city now takes nine years for a typical household, while a median-priced property in Sydney now costs more than eight times the average household income, according to CoreLogic.

That is despite the recent correction wiping almost 15 per cent from Sydney property values.

Nationally, property prices are rising again and are predicted to recoup their recent losses by May.

"It is a crisis where, over the course of the next couple of decades, we're likely to see fewer and fewer Australians — particularly poorer Australians — own their own home, and that will have enormous consequences for all aspects of Australian life."