

Young Australians want a home to call their own but work and study come first

- More young Australians are not only being priced out of home ownership, but independent rental housing too. Only 17 per cent of Australians aged 18-24 lived independently in 2015-16, and most (66%) lived with parents. Meanwhile, around a third of Australians aged 25-34 remained or moved back with parents, or lived in shared housing.
- The ideal of home ownership is not as persistent as for past generations, varying with age, education and quality of current living arrangement. 60 per cent of Australians aged 18-24 years and 70 per cent of those aged 25-34 years identified owning and living in their own home as their ideal tenure. This compares to 80 per cent of older Australians.
- Despite house prices and rents rising ahead of incomes, 18-24 year olds held a 'blind optimism' for home ownership. 32 per cent felt that purchasing a dwelling would be attainable within the next five years; and 36 per cent considered it attainable in 5-10 years. This optimism decreases by early adulthood (25-34 years), influenced by education and income levels.

While early adulthood is traditionally seen as the period when young adults begin to live independently, new AHURI research reveals that many young Australians are putting their longer term housing aspirations on hold to meet other life goals such as completing education or gaining secure employment. In 2015-16 only 17 per cent of young adults aged 18-24 years lived independently, with most (66%) still living with their parents. Furthermore, around a third of Australians aged 25-34 either remained or moved back with parents or lived in shared housing.

The research, 'Young Australians and the housing aspirations gap', undertaken for AHURI by researchers from Swinburne University and Curtin University, examined the short and longer term housing aspirations and the housing aspirations gap (i.e. where current housing is not meeting people's requirements) among 'emerging adults' (aged 18-24 years) and 'early adults' (aged 25-34 years).

'As house prices and rents have risen ahead of incomes, it is taking longer for young adults to create their own independent and secure households, and for some it is not attainable in the foreseeable future,' says the report's lead author, Dr Sharon Parkinson of Swinburne University. 'This has led many to staying or returning to the family home, or taking up informal living arrangements such as living in group households.'

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For emerging adults (18-24 years) sharing a house with a group typically met their short-term (82%) but not longer-term (25%) aspirations. While living with parents mostly met short-term (76%) but not longer-term (30%) aspirations.

For early adults (25–34 years) the housing aspirations gap is greatest for individuals in the private rental sector. For interviewees renting privately, the requirement to move house was the one constant in their lives. Short-term aspirations for this group were shaped around ‘horizontal’ moves or finding an arrangement slightly better than the previous move, but with no sense of moving upwards or being closer to achieving their longer term housing hopes.

Despite rising housing costs, most 18-24 year olds thought homeownership would be possible in the near future. ‘We found that many emerging adults had a ‘blind optimism’ that they would be able to achieve their housing aspirations despite not actively planning for their housing future,’ says Dr Parkinson. ‘Nearly a third of those we surveyed felt that they would be purchasing a home within the next five years with a further 36 per cent believing they would buy in 5 to 10 years.’

By early adulthood there is a sharp divide in optimism influenced by education and income levels. Nearly two-thirds (61%) with a tertiary education and a higher income believe they would buy a property within five years, compared to just over a third (36%) for those with an education to year 12 or below, and less than a quarter (23%) for those with an education to year 11 or below.

The report can be downloaded from the AHURI website at

<http://www.ahuri.edu.au/research/final-reports/318>

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