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Pathways to home ownership in an age of uncertainty

From the AHURI Inquiry: Inquiry into financing first home ownership: opportunities and challenges

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Acronyms and abbreviations used in this report

AHURI	Australian Housing and Urban Research Institute Limited
FIFO	Fly-In Fly-Out
GFC	Global Financial Crisis
LMI	Lenders Mortgage Insurance
NHFIC	National Housing Finance and Investment Corporation
NSW	New South Wales
OECD	Organisation of Economic Cooperation and Development
RBA	Reserve Bank of Australia
WA	Western Australia

Executive summary

Key points

- Home ownership rates among younger people (owned outright or with a mortgage) have been in decline for the past two decades, and can be associated with rising employment precarity and stagnant wages.
- The aim of this project was to investigate how young households (aged 25–34) in Sydney and Perth are adapting their financial and consumption behaviours and living arrangements towards the goal of home ownership.
- Home ownership remains a key aspiration among young people. However, the survey results indicate a diminished ability to save for a deposit through employment alone, with around 40 per cent expecting family assistance to purchase.
- Over 70 per cent of respondents had multiple jobs over the last five years and over 40 per cent expressed the desire for additional work hours, while income volatility was experienced at a rate of 39 per cent in Sydney and 44 per cent in Perth. The financial diaries confirmed high variability in finances as a key challenge for household planning and savings.
- Increased house prices and cost of living have worsened the challenge of home ownership, with households—particularly low-income ones—unable to keep pace with market changes through their saving and budgeting strategies. This is despite the commonplace use of creative strategies to increase savings; low levels of discretionary spending are typical.

- Households' financial strategies, while important, are increasingly insignificant against the backdrop of high house prices, increasing cost of living, volatile income, and stagnant wage rates. The challenge of home ownership is at the systemic level rather than that of the individual household.

- In transitioning to home ownership, familial wealth and in-kind support are essential.

- Location, quality, lifestyle and timing are all key trade-offs households make to enter home ownership, and in some housing markets this is still not enough to make the transition.

- Timing in relation to market changes, and government assistance, is a critical factor; with a palpable fear of missing out that adds pressure and urgency to decisions. Timing regret was a feeling that was common among home owners and non-home owners alike.

- Home deposits are a key barrier, as many households would be able to afford ongoing mortgage repayments if able to enter the market. Where the price of entry into the market is increasingly out of reach, access to a deposit or not has become a key divider.

- Housing goals were prioritised over superannuation as both an immediate goal and retirement strategy. Self-employed households were forgoing superannuation contributions in lieu of saving for a home deposit.

- Government policies designed to facilitate home ownership, such as first home owners grants and stamp duty concessions, bring forward entry to ownership rather than opening up opportunities for additional households to enter home ownership. Given the small contribution these policies make in relation to overall deposit size, those who have purchased needed to be in a position to buy without government assistance in order to utilise the supports.

Key findings

The research presented in this report is based on a survey of 25–34 year olds in Perth and Sydney, together with a novel financial diary methodology (Morduch and Schneider 2017) that has never before used in housing research in Australia. This report uncovered five major lessons in the home ownership pathways of young people (aged 25–34) in Sydney and Perth, each with significant implications for policy. These lessons relate to:

The role of family in home ownership

Accessing intergenerational wealth transfers, whether direct or in-kind, is becoming a condition of home ownership in Australia. The ability to access such family support was found to be the single biggest factor in supporting entry into home ownership. The majority of new or aspiring home owners in this study received one or more types of parental support. Within the Sydney cohort, and in the context of the most expensive housing market, familial support was an essential component of home ownership transitions in all cases. In the Perth study cohort, it was still possible for some to enter home ownership without assistance, however many still benefited from direct and indirect help.

The study confirms previous research in identifying direct financial contributions, either through inheritance or inter *vivos* transfers, as the principal ways families provided assistance (Barrett, Cigdem et al. 2015). However, indirect supports, that have financial implications, were also found to be important. These include living rent free with family, living in investment properties owned by family at no or below-market rent, having key daily expenses covered by family, having parents act as mortgage guarantors, providing mentoring and guidance, and acting as a safety net in the event of unforeseen challenges.

While the design of first home ownership policies implicitly acknowledge access to a deposit as the main barrier faced by young people, eligibility testing typically focuses on borrower income and asset value. This research suggests that access to parental housing wealth plays a more substantive role. This means accessing intergenerational wealth rather than government assistance is becoming the key indicator of entry into homeownership, and by implication further excluding others, such as those from family rental and/or migrant backgrounds. Beyond home ownership support policies, our study raises broader issues about addressing the role of housing ownership in generating wealth inequality. The potential role of land or property and inheritance or gift taxes deserves further policy discussion. Our study demonstrates that any move to introduce or expand such taxes would need to factor in the heterogeneous ways that existing housing wealth is leveraged intergenerationally.

The gap between rising house prices and the uncertainty of employment, income, and saving

Poor savings habits and general household financial management were *not* significant barriers to home ownership. Rather, households were minimising discretionary spending and actively managing finances, employing strategies from minimising social activity to paying ahead on utility bills, eating basic foods, and avoiding spending altogether. Similarly, housing aspirations were frequently traded-off in terms of location, size, and property type, in order to meet the realities of the market. For some this meant abandoning their home cities and for others it meant abandoning the goal of home ownership altogether.

The two biggest barriers to young people saving up for a typical 20 per cent housing deposit[1] were the price of housing and the insecurity of employment and incomes. With house prices increasing at a much faster rate than wages, without another source of wealth, wages alone are deemed inadequate for most aspiring home owners. The associated trend in the labour market towards more insecure and irregular work also impacted the ability of households to save consistently to achieve a deposit. It is now estimated that over 50 per cent of jobs take the form of non-standard employment (Melbourne Institute 2019), while real wages have declined by 3.5 per cent in past year alone and are now at 2011 levels (Read 2022a). Along with unpredictable incomes, a certain degree of uncertainty in spending, driven by large bills and unexpected events, impacted on the ability to accumulate the necessary financial resources to enter into home ownership.

1 There is no fixed deposit requirement. However, a deposit of 20 per cent is required to avoid mortgage lenders insurance. It is quite common for banks to issue loans based on smaller deposits.

There is no 'typical' housing pathway

Consistent with international research pointing towards the emergence of more 'chaotic' housing experiences for younger people (Hochstenbach and Boterman 2015), the report found significant variability in housing pathways. This variability disrupts the assumption of stability underpinning most policy supports for first home ownership—stability to save sufficient deposits, to secure bank finance and expectations of future wage growth. The existence of a 'typical' life course, in which people become educated, attain employment, leave home, form a new household with a long term partner and buy and pay off a house during their working lives to underpin a decent standard of living in retirement, is becoming increasingly uncommon. Many young people, even those with tertiary education, good jobs and incomes, find themselves locked out of home ownership.

Many policy settings continue to treat home ownership as the norm. Major government expenditure on housing over the past three decades has been in support of first home buyers, and property ownership more broadly. Policies need to better account for and address the varying needs of home owners and long term renters. Policies also need to acknowledge the wealth implications for the latter group once they reach retirement age. In terms of housing pathways, housing policy needs to account for both existing and emergent generations of households who will never attain home ownership and address the structural wealth inequalities that being locked out of ownership generates.

Uncertainty and risk in a precarious world

Saving for a home deposit and planning for purchase requires long term planning that contrasts with the short term volatility and uncertainty in the household finances of young people. This experience is not limited to low-income households, or those in unskilled work, but includes those with high levels of education and income. The steady rise of education related costs in recent decades has also added to the household debt burden. Beyond uncertainties in their own budgets, households must also navigate uncertainties in housing markets and wider global economic conditions. Timing is a crucial consideration in shifting housing markets, with very real risks of being locked out. The fear of missing out was palpable in the experiences of financial diary participants; the challenge of deposit accumulation grew as prices rapidly escalated, with poor timing leading to poor financial outcomes in some instances. Great uncertainty about house price trajectories also meant risk for those who did buy, with a market decline occurring immediately following the financial diaries study. This decline was, in part, fuelled by rising interest rates that also impacted fortnightly expenses.

Prospective and recent home owners are particularly sensitive to short term house price and finance cost movements, which have outsized balance sheet impacts compared to more established home owners. Uncertainties across multiple dimensions of the home ownership is driving elevated levels of risk in household financial security. In contrast to earlier periods where governments have assumed much of the risk in home ownership through supporting supply and finance, and ensuring wage growth, households now need to bear those risk burdens. The alternative is facing a lifetime in tenure insecurity and likely lower wealth prospects.

Policy development options

Government policy in support of home ownership has in recent decades become almost exclusively focussed on short term aspects of the ownership challenge—deposit assistance and stamp duty concessions. This project supports wider research that suggests first home buyer policies, where they could be accessed, do not impact overall rates of home ownership and only enabled participants to either bring forward their purchase decisions slightly, moving households along a standard life course. These policies were not a factor enabling more households to make the transition in the first place. These types of demand side policies do little to address the structural issues within the housing market itself in terms of availability and affordability. As a result, they have previously been criticised for having inflationary effects on house prices.

Key factors driving the success of households transitioning to home ownership are largely outside of their control. These factors include the ability to secure financial help from family, their employment stability, and the state of the housing market at the time they consider themselves ready or willing to purchase. Government housing policy ought to recognise that many factors affecting home ownership pathways are outside of the households' ability to control. Policy needs to move beyond demand side measures, to also include supply side and market regulatory measures.

Housing policy will need to recognise the non-standard and often precarious life courses people experience, including employment and housing tenure. Policy ambition needs to expand beyond a mono-tenurial home ownership system to also include other tenures as legitimate long term housing outcomes. This will require addressing the wealth implications of generation rent, those locked into a life of rental. In addressing long term wealth implications of renters, policy should also address the disproportionate wealth accumulated by existing owners (particularly those with multiple homes), which is a core driver of the intergenerational inequalities emerging in housing pathways.

Finally, policy will instead increasingly need to deal with long term risks and broader structural issues that prevent people from being able to purchase a home. This will require a pivot from addressing short term housing deposit challenges, to long term risks and uncertainties generated through rising house prices, rising interest rates, uncertain labour markets and increasing cost of living. This will require some explicit attention given to housing outcomes that are enabled or impacted by labour policy, regulation of financial markets and operation of housing market.

The study

This study is part of a wider AHURI Inquiry into financing first home ownership, which aims to investigate the economic, social, demographic and policy developments that impacted on transitions into home ownership by Australians over time. This study specifically aims to investigate how young households are adapting their behaviour in the areas of finance, living arrangements and consumption in order to navigate their pathway into home ownership.

Stage one of this research involved implementing a panel survey to understand broad experiences in home ownership transitions of millennials (25–34 year olds) in Perth and Sydney. In stage two, nine 25–34 year olds from Perth and 11 from Sydney were randomly selected from the survey to participate in a novel financial diary methodology. The financial diaries tracked the income, spending and saving habits of these 20 young Australian households fortnightly for a period of nine months.

This approach enabled us to move away from production and consumption views of the household, to understand how households operate as financial units. The aim was to understand the balance sheet strategies of newly formed and aspiring owner-occupier households and factors involved in household survival, including intergenerational factors. Importantly this exposed that the unpredictability of household finances was a key constraint on households' ability to effectively plan and control spending. This unpredictability cannot be drawn out of standard surveys such as Australian Bureau of Statistics (ABS) and Household, Income and Labour Dynamics in Australia (HILDA) that capture longer-term, annual averages. The financial diary was analysed to provide novel insights into how the financial pathway into home ownership is navigated by considering the financial constraints and choices households make.

1. Introduction: pathways into home ownership in the 21st century

This chapter sets out the foundations of this research, including its purpose, the policy context, existing research into home ownership (owned outright or with a mortgage) pathways and the research methods.

The aim of this project was to investigate how young households are adapting their behaviour in the areas of finance, living arrangements and consumption in order to navigate their pathway into home ownership. The context for this research is:

- **Home ownership has been a central element of Australia's social welfare model since the 1950s. Supported by relatively high wages and lower taxation through the post war period, securing home ownership has long been a necessary feature of the retirement pension system.**
- **Rates of home ownership have been in decline for the past two decades, with ownership among younger people showing the sharpest drop off.**
- **Generational fractures in home ownership pathways are emerging, with many millennials facing the prospect of being locked-out of ownership altogether.**
- **Since the 1980s, changes in labour markets have seen the emergence of more precarious forms of employment, and most recently stagnation in wages.**

The approach taken is structured around two components:

- **First, a sample survey of 25–34 year olds from Perth and Sydney on home ownership experiences, employment, income and wealth.**
- **Second, this project employs a novel financial diary methodology that recorded the earning, spending and saving of 20 households fortnightly for nine months.**

Over the past two decades there has been a notable decline in home ownership (owned outright or with a mortgage) rates across Australia. Peaking at around 73 per cent in 1966, the 2016 Australia wide rate sits at around 67 per cent (Burke, Nygaard et al. 2020). There are however important differences that have emerged both geographically and based on age. Sydney, for example, has home ownership rates of around 61 per cent, compared to that of Perth at 70 per cent at the 2021 Census (ABS 2021a). Older generations continue to benefit from past policies and are more established in their housing, so they display higher rates of ownership. Younger generations, and those in household formation phases give a better indication of the challenges faced by those trying to enter into home ownership. Change in rates of ownership are most stark in the 25–34 year old cohorts, going from 61 per cent in 1988 to 44 per cent nationally in 2016 (Daley and Coates 2018).

While some of this change is attributed to delays in household formation and housing purchase in the key 25–34 age cohort (Beer and Faulkner 2009), it is now widely accepted that there has been a structural shift in home ownership attainment (Pawson, Milligan et al. 2020). 'Generation rent' is a term that has been gaining currency, suggesting that there is the emergence of a generation of households that will never own property and face the prospect of only ever renting (Hoolachan, McKee et al. 2017; McKee, Soaita et al. 2020; Pawson, Hulse et al. 2017; Pawson and Martin 2021). That is, the shift to rental represents a structure shift in housing pathways that had been established over the course of the 20th century. Burke, Nygaard et al. (2020: 72) recently noted that 'decline is the only direction for Australian ownership', which brings into question the suitability of the mono-tenurial system focussed on home ownership. While the cause of the shift remains open to debate, many argue that a range of institutional frameworks have shifted in recent years, contributing to this change (Burke, Nygaard et al. 2020; Wood and Ong 2012).

One widely acknowledged problem for securing entry into home ownership is the growing deposit gap. The rapid escalation in house prices has effectively raised the entry bar for first time buyers, who are required to save increasingly larger sums to meet the 20 per cent deposit requirement by lending institutions. Based on the average wage, the time required to save for a deposit has ballooned in recent years (Pawson, Milligan et al. 2020). However, an often unacknowledged or silent partner in this challenge are the low rates of wage growth and decline in real wages. A recent Productivity Commission report noted that 25–34 year olds had experienced a real decline in wages over the past decades (Productivity Commission 2020) in contrast to other age cohorts that have seen wages increase. Compounding this issue is the rise in more precarious forms of employment, and underemployment being experienced across a range of advanced economies (Standing 2014).

Policy responses to aid first homebuyers do not appear to have had a noticeable impact on home ownership rates. A limited and capped number of first homebuyers are benefitting from the Australian Government's First Home Loan Deposit Guarantee scheme (Collett 2020). This supports households earning under AU$200,000 (or individuals up to AU$125,000) per year to enter into home ownership with low deposits of 5 per cent. Nevertheless, recent years have seen increasingly stringent deposit requirements, out of concerns about high levels of risk being taken on by banks and households (Hayne 2019). The cumulative effect has been to further raise the home ownership entry bar. This often forces households to rely on familial wealth to overcome the resulting 'deposit gap' (Adkins, Cooper et al. 2021; Barrett, Cigdem et al. 2015) or turn to alternative investment strategies, such as investing in rental, so called 'rent-vesting' (Hulse and Reynolds 2018), as a pathway to eventual owner-occupation.

The cumulative effect of more precarious employment trajectories, economic uncertainties, and reliance on other forms of wealth accumulation as pathways to ownership, opens a series of questions about precisely how households negotiate and manage their finances to transition to, and maintain, home ownership. This project seeks to shed light on that process.

1.1 Supporting home ownership in Australia

Housing and welfare: the Australian way

It has long been noted that there is a deep relationship between historical labour and wage policies, home ownership policy and the welfare state, which in Australia has cemented housing as an essential component of the retirement and pensions system (Castles 1985; Yates and Bradbury 2010). Apart from a brief moment in the 1940s, the approach to welfare in Australia has stood in contrast to other liberal or social democratic countries during this period, which provided either targeted demand-based support, or universal provision in the case of the latter (Esping-Andersen 1990). Australia has been characterised as a 'wage-earners' welfare state, in which the state broadly backed higher wages in return for lower rates of taxation and welfare spend (Castles 1985). This 'social settlement' broadly supported households in the post-war period to secure finance and enter home ownership in a way that other advanced economies did not (Kemeny 2005). The outcomes were telling, with rates of home ownership reaching a peak at around 70 per cent in 1961 (Burke, Nygaard et al. 2020; Pawson, Milligan et al. 2020).

This particular welfare model likely represents an early form of what now is characterised as asset-based welfare, which has emerged since in the 1980s in many countries (Doling and Ronald 2010; Murphy and Rehm 2016). Policy support for home ownership ensured that for the majority of Australians in retirement, there is little or no need to support housing costs as part of the aged pension. Consequently, Australia's poverty rates for older households rates are one of the highest in OECD (Organisation of Economic Cooperation and Development) countries when housing costs are included, and one of the highest when they are not (Yates and Bradbury 2010). The corollary, however, is the challenge for the increasing minority, who do not own their own home in retirement, and are one of the most significant cohorts in housing stress. This has historically disproportionately affected women more than men, because of the embedded disadvantages built into the employment system and general wealth inequality.

Beyond pensions explicitly, home ownership was also about wealth redistribution that formed part of the emergent welfare states under a Keynesian economic model. The second half of the 20th century marked the entrenchment of home ownership as the 'Australian Dream'. This vision, or 'promise', of widespread home ownership and the economic security it brought (Arundel and Ronald 2021) was also presented as a remedy to social inequities. The partial fulfilment of this promise was contingent on broader welfare state, labour, and housing market conditions, which have transformed in the context of neoliberalism (Arundel and Lennartz 2020).

The end of the 'social settlement' that defined the second half of the 20th century (Gleeson 2006; Kelly 1994), has to some degree, been hidden by nearly three decades of continuous economic growth. However, the recent crisis emerging post-COVID-19 is exposing the fragility of a labour force that in recent years has become increasingly casual, short term and precarious (Stanford 2017). This is a trend that is being experienced across a range of advanced economies (Standing 2014). Temporary measures in Australia such as JobKeeper, HomeBuilder and mortgage deferrals created a buffer on the immediate impacts of COVID-19, but as these schemes were inevitably wound back, the nature and consequences of this precarity has been exposed. Aspiring home owners are now caught between house prices rises at historically unprecedented rates, a surge in inflation and living costs, and increasing interest rates, all the while wages remain stagnant.

Home ownership, however, continues to be a key aspiration for most Australians (Sheppard, Gray et al. 2017), a value promoted by successive Australian governments (Hulse, Reynolds et al. 2020). Yet the fulfilment of this aspiration has not been supported by changes to housing policies in the past few decades. Instead, policies operating alongside increased reliance on the market have widened inequalities in access to home ownership in Australia, with support for home ownership as an asset-based welfare strategy (Ong, Wood et al. 2022), morphing into support for home ownership for already asset-rich Australians (Blunden 2016). Overwhelming government support in the housing domain is targeting towards tax concession for existing owners through capital gains tax concessions and negative gearing. This is in contrast to support for those in need of housing through first owner assistance programs, rental relief and social housing which makes up the smaller share of government expenditure on housing (Groenhart 2014; Yates 2009). In other words, government policy gives more emphasis to supporting property ownership rather than home ownership (Troy *forthcoming*).

In essence, financial deregulation has meant that benefits from tools offered to support Australians into home ownership have driven market increases that have offset benefits, particularly to those on lower incomes and with fewer assets, including no first home. As Pawson, Milligan et al. (2020:138) among others have observed however, 'once home ownership is established as a dominant tenure, path dependency makes it difficult … to reverse the trend'. While home ownership remains the dominant housing tenure in Australia, the rate of home ownership is below the OECD average and continues to decline alongside most Anglophone countries (Pawson, Milligan et al. 2020). Any previous 'optimism in home ownership as a more equalizing sector of wealth accumulation' (Arundel 2017:195) has long been replaced with increasing disparities and wealth inequality (Konings, Adkins et al. 2021).

First home buyer schemes and housing financing

As the Australian social settlement slowly unwound, the rising influence of neoliberal economic ideas increasingly framed policy aspirations in a number of domains, both in Australia and globally (Gleeson and Low 2000; Peck 2010). Major neoliberal reforms were initiated by the Hawke-Keating Governments, facilitating a shift in housing assistance being directed towards a means tested consumer model, and deregulation of financial institutions. This came at the expense of direct assistance through housing supply and support to first time buyers. In supporting home owners specifically, home purchase subsidies had existed in various forms since 1964, and were finally eliminated in 1990 (Bourassa, Greig et al. 1995). Critics of these schemes suggested that the impact of these grants were to bring forward first home owner purchase for those who would have purchased anyway (Paris, Beer et al. 1993; Pawson, Martin et al. 2022), thus having little impact on long term trajectory and rates of home ownership.

The privatisation of the Commonwealth Bank and other state banks providing housing finance amid financial deregulation from the 1970s, put housing finance predominantly in the hands of the private sector. The gradual conversion of building societies and credit unions over the same period, and entry of foreign banks into the market led to an expansion of mortgage options, volume of credit available, discounting interest rates, and relaxing borrowing constraints. Pawson, Milligan et al. (2020: 146) point to home equity loans (borrowing against existing equity for investment), flexible mortgages (with redraw) and reverse mortgages, as other important developments during this time. However, the increased ease of borrowing was generally offset by the resulting shifts in housing markets.

Significant too, was the implementation of compulsory lenders' mortgage insurance, which protected lenders, and was initially provided through a government-owned authority. The privatisation of the authority in 1997 increased credit lending (and consequently availability of more expensive housing) to higher income, highly leveraged borrowers. At the same time, it has raised property prices and further disadvantaged low-income households (Pawson, Milligan et al. 2020; Productivity Commission 2018a). A similar effect has arisen from changes to deposit requirements, with easing of loan to value ratios allowing higher-income applicants to borrow higher percentages of their income (APRA 2008).

A revival of direct assistance to first home buyer schemes emerged in the early 2000s as the key approach to supporting transitions into home ownership. The specifics of the schemes have evolved over time, but the central component was to provide up-front cash assistance to first time buyers to assist entry into owner occupation. Aspects of this policy were continued under the incoming Labor government in 2007 to provide economic stimulus as part of the response to the Global Financial Crisis (GFC). Since then, the Commonwealth scheme has been wound up and a number of limited schemes continue to operate at a state level providing grants and or stamp duty concessions, mostly tied to development of new stock and with limitations of property values. More recently, the Commonwealth government has implemented a deposit loan guarantee, administered through the National Housing Finance and Investment Corporation (NHFIC), which supports a limited number of households to purchase homes with low deposits and avoid lenders mortgage insurance (LMI).

Supported ownership and shared equity models

While the emphasis since the mid-1990s has been on direct subsidy to first time buyers, and privatisation and deregulation of financial institutions, there have been other supported ownership schemes that have assisted entry into home ownership. All states have attempted shared equity models in some form, though the designs and successes have differed. There are a variety of models that place differing emphasis on rights and responsibilities of those involved, divisions of value and who the subsidy is targeted towards (Pinnegar, Easthope et al. 2009). Today, there are limited affordable housing finance schemes with two continuing examples including Keystart and HomeStart Finance in Western Australia and South Australia respectively, provided by government backed, arms-length, agencies (Pawson, Martin et al. 2022; Pawson, Milligan et al. 2020).

The longest running and most successful example has been implemented through the Keystart program in Western Australia (WA). Under this model, the government buys a share of the dwelling together with the occupant, who is then responsible for ongoing costs and maintenance. Crucially, this program is connected to policies and assistance on financial literacy and budgeting, backed by what is effectively state-owned mortgage lender. However, most shared equity models in Australia have limited eligibility criteria, restricting access to a narrow range of people who generally fall outside of assistance for rental housing, but are unable to transition to home ownership. The policies are deliberately limited in their application to a small cohort in part to contain the potential impact on wider housing markets and likely cost of such a program if offered at scale (Pinnegar, Easthope et al. 2009). Pawson, Martin et al. (2022) provide a more comprehensive review of policies in support of home ownership in Australia as part of the wider AHURI research inquiry which this report forms part.

1.2 Generational fractures in home ownership

Inequities in housing pathways and the rise of generation rent

Unsurprisingly, barriers to home ownership reinforce wider structural disadvantages and inequalities, particularly around gender and race. For example, the gender wealth gap between men and women is reflected in the housing market, with fewer women owning properties than men (CoreLogic 2022). This trend is particularly true for houses, as compared with units, a trend that further exacerbates wealth inequality due to the difference in capital appreciation of these property types, which was 6.2 per cent and 4.1 per cent per annum respectively (CoreLogic 2022). Likewise Indigenous Australians face an even larger challenge in securing home ownership in a system that is yet to deal with the colonial legacy of European dispossession of land and property (Blatman-Thomas and Porter 2019; Habibis 2016; Johnson, Porter et al. 2017; Read 2000). Both these dimensions are also reflected, and in part driven by, the gendered and racial divisions in employment and therefore incomes. This trend is not unique to Australia. For example, Christophers and O'Sullivan (2019), drawing on the Swedish context, identify issues of parental tenure status and place of birth as factors significant to inequalities in ownership of housing, noting they 'appear to be hardening along existing lines' (pg. 897). This observation is consistent with the wider experience across home owners societies (see Arundel 2017).

A key aspect of the inequity has been emerging in generational terms. For many older generations, as people move through their life course, and despite momentary barriers, they mostly attain home ownership by the time they reach retirement. There is, however, emerging, and convincing evidence that millennials (those currently aged around 25–34) have borne the brunt of wider structural change in housing careers, resulting in significant declines in home ownership rates in many cities. Research over a long period of time has pointed to a number of drivers of this change, from delayed household formation, increasing rates and costs of post school education, and shifting cultural attitudes to housing (Beer and Faulkner 2009; Beer and Faulkner 2011; Maalsen 2019; Maalsen 2020). For a growing share of this cohort, this shift away from home ownership appears to be permanent.

Consequently, this has led many commentators to suggest a potential generational fracturing in housing careers producing a group termed 'generation rent'—a group of renters who face the prospect of lifetime occupation in this tenure (Chang 2021; Hoolachan, McKee et al. 2017; Maalsen 2020; McKee, Soaita et al. 2020; Ronald 2018). The key difference to the post-war housing model is that rental becomes a lifetime prospect rather than a transitory tenure. This raises a set of intersecting policy challenges around tenure security, housing quality, demographic shift and wealth accumulation and retirement incomes. Social policy around housing still situates home ownership as the desired endpoint, and indeed is considered essential to welfare in older age (Stebbing and Spies-Butcher 2016; Yates and Bradbury 2010), without acknowledging the longer term implications of this shift.

Impacts are not confined to those outside home ownership, with a growing body of literature noting the increasing impact on and importance of family resources on young peoples' housing transitions (Chang 2021; Forrest and Yip 2013; Hirayama 2017; Niu and Zhao 2021) and addressed further below. Young people are staying in the parental home for longer and returning more frequently, living either for free or paying board, including high earning young people (Chia and Erol 2021). Waldron (2022) also demonstrates these attempts to confront housing and other forms of precarity, have impacts on social identity, family relations and psycho-social health.

Generation rent is often presented as a younger person's problem, and while this issue is being expressed particularly in younger generations, there are a range of others across the age spectrum that are being locked out of home ownership (Konings, Adkins et al. 2021). Maalsen (2019) has noted increasing rates of share housing among older generations as symptomatic of pressures in the housing system and the gendered inequalities in housing and wealth. This is more pronounced for women who have historically accumulated less wealth predominantly driven by structural inequalities in labour markets.

Even for those who do manage home ownership, Ong, Wood et al. (2022) have noted increasing impacts of larger mortgage debts in delaying retirement. These authors found that higher levels of mortgage debt secured against the primary residence, particularly in urban areas and among men, was significantly prolonging working lives. This resulted in a 17 to 18 per cent reduction in the odds of exiting the labour force for every AU$10,000 increase in mortgage debt among this subgroup. They also note that 'the trade-off between pensions and home ownership is an idea central to the asset-based welfare strategy' (Ong, Wood et al. 2022: 829). Yet working lives are being prolonged, with owners leveraging debt against their home to support costs of living.

The corollary of 'generation rent' is the emergence of 'generation landlord' (Aalbers, Hochstenbach et al. 2021; Pawson and Martin 2021; Ronald, Kadi et al. 2015), fuelled by a policy shift from home ownership to property ownership over the past 30 years (Troy *forthcoming*). This has partly been fuelled by deepening financialisation of housing, evidenced in Australia by the disproportionate increase in investors owning multiple properties over the past decade (Hulse, Reynolds et al. 2020). Critically, there is an emergent socio-economic and spatial division emerging, illustrated by the impacts of this trend in Western Sydney, where investors—who generally lived elsewhere—have been increasingly acquiring properties in disadvantaged suburbs. Many are doing so on 'the expectation of unusually large capital gains, the prospect of amassing multiple properties and the local scope for intensified asset utilization' (Pawson and Martin 2021: 621).

Ronald and Kadi (2018: 796) also argue that 'favourable policy and economic conditions alone do not explain the emergence of a generation where landlordism has become relatively commonplace'. Rather, they observe, landlordism is 'rationalized around an individualized welfare strategy that mirrors government policies and discourse that have sought to engineer a particular kind of market-thinking, self-responsible, investment-ready welfare subject'. In turn, predominantly midlife and older, wealthy and higher-income, 'debt-financed landlords have been discursively reframed as 'mum and dad investors'' (Hulse, Reynolds et al. 2020: 981). As Hulse, Reynolds et al. (2020: 981) observe, this group are 'valorised politically as enterprising, self-reliant and providing essential housing'. The set of conditions that emerges from this valorisation creates a tension in Australia and other places. By privileging the investor class to boost their welfare into retirement, others are denied the opportunity to secure their own housing, and therefore retirement security, at all.

Precarious employment

Amid escalating house prices and historically-low finance costs, the main challenge for households has been to save the required 20 per cent deposit. Increasing house prices have created particular challenges, but underlying this has been a shift in employment patterns and conditions, and therefore the ability of households to earn and save. The onset of major changes in Australia occurred through the Hawke-Keating Governments who oversaw a break up of the wage arbitration system that underpinned the relatively high wage rates of the post war settlement (Adkins, Cooper et al. 2020; Kelly 1994). More recently, the rise of the 'gig-economy' (Stanford 2017) has signified a shift to more flexible work arrangements in which employment is undertaken on a time-limited, contract or temporary basis (Pennycook, Cory et al. 2013). This re-emergence of flexible or non-standard work practices have crystalised the concept of the precariat, which is characterised by economic insecurity (Standing 2014). A recent paper by the Melbourne Institute noted that non-standard employment now accounts for more than half of all employment (Melbourne Institute 2019).

One of the key insecurities that emerges in this context is the uncertainty of incomes both in the short term (week to week, month to month) and over the longer term (next 10 years). Important work by Morduch and Schneider (2017) for example, exposed the continued uncertainty of incomes and the impacts on people's capacity to plan and save for the future. This was underpinned by the highly precarious employment arrangements that many faced, with hours worked and length of contracts variable over time. A key dimension of this, and often noted in the Australian context, is the increasing rates of underemployment (Jericho 2021), that is many who would like to work more but cannot find the hours.

There are many factors underpinning and driving these changes. What is critical to note in respect of housing, however, is that the post-war ownership model that is still privileged in policy terms is built around stable and secure employment and incomes (Atkinson and Jacobs 2016; Kemeny 1983; Paris, Beer et al. 1993). Moreover, changes over the past 30 years underlie many of the challenges first time buyers face in securing home ownership. Australia is not alone in this story. Arundel (2017: 196) has recently noted that these housing dynamics are 'inextricably linked to essential underlying dilemmas of increasingly precarious and polarized labour markets, welfare state retrenchment and mortgage sector transformations'. With the intertwined nature of employment and housing, such shifts potentially signal a major break in key 'pillars' of the post-war model of citizenship (Acolin, Goodman et al. 2016; Malpass 2008; Yates and Bradbury 2010). In particular, they indicate a crumbling of previous support frameworks as people move into retirement.

The *super* question

Alongside housing, superannuation is Australia's other pillar of asset-based welfare. As noted above, the historical support for home ownership has been essential in supporting relatively low aged-pension rates (Yates and Bradbury 2010). For this reason, retirement incomes and how this intersects with superannuation is a key part of the housing question. In Australia, superannuation developed as a private occupational pension system throughout the 20th century. It is commonly described as the second tier of Australia's retirement incomes system, on top of the first-tier being the public aged pension. Employer contributions to superannuation were made compulsory in 1992, lifting coverage to over 90 per cent of Australia's workforce (Spies-Butcher and Stebbing 2011). The superannuation guarantee is currently 10.5 per cent of wages and legislated to increase to 12 per cent by 2025.

Most people have defined contribution superannuation accounts that are either managed by retail or industry funds, or self-managed. Account balances tend to reflect inequalities in the broader workforce. Those with high paying, stable employment tend to have the highest balances, disadvantaging women and young people who tend to earn less, have less secure employment, and more career interruptions (Workplace Gender Equality Agency no date: 5). Younger and lower income workers tend to have multiple superannuation accounts with low balances, reflecting insecure work patterns (Productivity Commission 2018b: 16).

Like housing, superannuation is supported by significant tax expenditures (Stebbing and Spies-Butcher 2010). Superannuation contributions, earnings and withdrawals all enjoy tax concessions compared to other sources of income. These now rival direct expenditure on the aged pension, at AU$49 billion compared with AU$51 billion in 2021-22 (Commonwealth of Australia 2021: 333; Treasury 2022: 16). Tax expenditures on housing are heavily skewed towards the wealthy, with over half of the benefits accruing to the top 10 per cent of income earners (Treasury 2012).

The interaction of superannuation with home ownership and the pension shapes Australia's retirement incomes system. The exclusion of owner occupied housing from the pension assets test encourages retirees to invest their superannuation into housing (Stebbing 2015). Superannuation balances are commonly used to pay down housing debts upon retirement. Ong, Wood et al. (2022) found that outstanding mortgage debts, relative to superannuation balances, were a significant factor in retirement decisions.

While retirement income is a long range issue, recently housing affordability issues have put the relationship between superannuation and housing into the spotlight. A debate has emerged over whether superannuation balances should be able to be put towards first home deposits, and the implications this will have for pathways to home ownership and retirement incomes (Read 2022b). The First Home Super Saver Scheme was introduced in 2017. It allowed prospective first home buyers to take advantage of superannuation tax concessions, by making voluntary contributions to their superannuation that could be withdrawn to pay a home deposit. Superannuation withdrawals of up to a total of AU$20,000 were also permitted in 2020 as part of the COVID-19 response.

Wealth polarisation: *New class realities and the lock-in lock-out generation*

Recent work by Adkins, Cooper et al. (2020) mapped how the broad economic restructuring implemented over the past three decades in Australia has fundamentally reshaped the relationship between housing, finance, tax, wealth, wages and employment. These authors argue that the privileging of housing as a highly financialised asset has become the pivotal factor in emergent divisions in Australia. Moreover: 'the gradual reorganisation of the economic system around asset values means that rising property values have become a foundation of general economic growth' (Konings, Adkins et al. 2021: 22). As well as economic growth, rising property values have become central to emerging forms of social stratification. In the post-World War Two era, occupation and education were central to the dynamics of socio-economic positioning and life chances. The 'asset economy era' (Adkins, Cooper et al. 2021) has seen decades of property price inflation, wage stagnation, the rise of precarious forms of employment and access to cheap credit. This shift has meant that owners of residential and investment properties (especially if those properties are situated in major cities) have benefited from the 'wealth effects' of asset price inflation. These effects are evidenced in major asset-based gains in many households' wealth portfolios (Commonwealth of Australia 2020; Daley and Wood 2014). Moreover, this shift has produced growing wealth inequalities not simply between the super-rich and the rest, but between owners and non-owners of residential property. The socio-economic positions and life chances of ordinary people are therefore now defined less and less by occupational positions, and more and more by relationships to wealth-generating assets, particularly housing.

While rates of home ownership are now declining due to the continuing upwards movement of housing prices and the inevitable pricing out that such inflation involves, these trends have nonetheless transformed residential property owners into a powerful political constituency. This constituency votes with its feet by supporting political parties that pledge to continue with policy settings (especially tax incentives such as negative gearing and capital gains tax exemption for the family home) that supercharge wealth accumulation through property ownership. Indeed, the rise of the asset economy has taken place in parallel with a shift in voting patterns. The 2019 Australian Election Study observed a move 'away from occupation-based voting and towards asset-based voting' (Cameron and McAllister 2019: 20). This same study showed that voters who own housing—owner-occupiers and investors—strongly favour the Liberal and National parties.

Like previous crises, the COVID-19 pandemic only served to further embed these trends. In Australia and globally, house prices boomed. House prices in Australia increased by 16.4 per cent (Knight Frank 2021). The performance of the housing market during the crisis revealed the extent in which governments respond to crises through the lens of asset price management. As Adkins, Cooper et al. (2021: 243) have detailed, in Australia 'huge rounds of quantitative easing, paid furlough schemes, enhanced unemployment payments and mortgage repayment holidays not only prevented the liquidation of housing assets but also created the conditions for a fresh wave of asset price inflation'.

Keeping it in the family: Intergenerational wealth

While governments govern through the lens of asset price management, the continuous rise of property prices means that increasing segments of the population find themselves locked-out of home ownership. While this 'lock-out' is widely assumed to be a distinctively generational phenomena, this trend is hitting younger generations unevenly. Intergenerational transfers of wealth and other in-kind forms of familial support are making decisive differences in the ability of younger Australians to purchase a first home. Indeed, with savings from wages not offering a route into home ownership, intergenerational transfers and other forms of familial provision are emerging as a distinctive mode of access to property ownership in the asset economy era. Existing research has recognised the role of intergenerational wealth in housing pathways as well as the parents' housing tenure being a strong predictor of children's housing tenure (Helderman and Mulder 2007; Öst 2012). Wealth transfers may include inter *vivos* transfers or other forms of direct assistance, such as acting as mortgage guarantors. In addition, more in-kind forms of support such as childcare or free or subsidised rent or board are emerging as critical (Arundel and Hochstenbach 2018: 6). As young people stay in the parental home for longer, and increasingly return to it (Arundel and Ronald 2016; Stone, Rowley et al. 2020), supportive relationships with family and friends, as well as parental socio-economic resources have been shown to be key factors in young people's housing pathways. These factors, while largely outside of the control of young people, can be critical to their longer-term housing pathways and their capacities to participate in the upwards movements of the asset economy (Adkins, Cooper et al. 2020; Arundel and Hochstenbach 2018; Tomaszewski, Smith et al. 2017).

This research is supported by work from other scholars on the significance of intergenerational wealth transfers. Their key observations centre on the role of tax and transfer settings in driving wealth accumulation, and inter *vivos* transfers across generations. Each of these is seen to support home ownership and drive higher outlays by first-time buyers (Barrett, Cigdem et al. 2015). While this work tells a distinctly Australian story about the relationship of housing to wealth accumulation and welfare regimes, similar trajectories have been noted elsewhere. In other OECD countries, comparable trends are further entrenching existing inequalities (Forrest and Yip 2013; Ronald, Lennartz et al. 2017). What emerges from this body of research is that government is politically locked into rising house prices. This obligation drives a commitment to a social structure increasingly dominated by the inequalities generated by increasing asset prices. As Konings, Adkins et al. (2021: 21) summarise:

> Being locked out of access to home ownership has become a way of life, and increasingly the only way out of it is offered by the possibility of inheriting or otherwise receiving wealth from one's parents. The flipside of this lock-out is a lock-in – by which we mean that the kind of structural conditions and policy priorities that generated the problem of asset inflation in the first place are sustained by … policies that maintain and preferably increase the value of [housing] …

Everyday experiences in an age of uncertainty

The cumulative effect of more precarious employment trajectories, economic uncertainties, and reliance on other forms of wealth accumulation as pathways to ownership opens a series of questions about precisely how households negotiate and manage their finances to transition to, and maintain, home ownership. Clearly some households still manage to secure home ownership and clearly the experiences differ across the nation, as exemplified by differences in home ownership rates. As housing has become more expensive, the task of saving for a deposit has become incrementally more difficult. The deposit gap is often referred to as a key barrier to ownership. Yet, there is surprisingly little housing research that attempts to understand how households manage to save deposits and the challenges they face doing so. This of course points directly to problems in employment, as noted above, cost of living pressures and how households navigate these uncertainties. This project seeks to shed light on that process.

1.3 Research methods

To understand household experiences in attempting and navigating the transition into home ownership, the project involved three methodological elements: a sample survey; key cohort interviews; and collection of financial diaries for the same key cohort. Together, these methods aimed to reveal detailed dynamics of different social pathways that result in entry into, or exclusion from, home ownership for young people. Table 1 provides an overview of the research questions identified in the introduction above, and which methodological elements that are intended to address each of the questions.

Table 1: Research questions, data sources and methodology

Research question	Data sources	Methodology (including data sources)
RQ1: How are changing employment conditions impacting household capacity to secure a pathway into home ownership?	• Survey • Interviews	• Survey of 25–34 year olds. • In-depth interviews with twenty 25–34 year olds.
RQ2: What strategies, other than employment, are households utilising (e.g. investment strategies, living arrangements, consumption patterns) to secure housing deposits and mortgage finance to purchase a first home?	• Survey • Interviews • Financial diaries	• Survey of 25–34 year olds. • In-depth interviews with twenty 25–34 year olds • Financial diaries of twenty 25–34 year olds.
RQ3: What is the role of intergenerational transfers of wealth and other in-kind family support in securing entry into home ownership?	• Interviews • Financial diaries	• In-depth interviews with twenty 25–34 year olds. • Financial diaries of 20 25–34 year olds.
RQ4: How have young Australians responded to existing government policies designed to facilitate first home ownership (such as loan guarantees and building grants)?	• Survey • Interviews	• Survey of 25–34 year olds. • In-depth interviews with twenty 25–34 year olds.
RQ5: How are young people who are first home owners managing their household finances and balance sheets, including employment and housing market risks?	• Interviews • Financial diaries	• In-depth interviews with twenty 25–34 year olds. • Financial diaries of twenty 25–34 year olds.

The empirical work had a focus on two locations: Sydney and Perth. These locations were chosen to reflect varied housing market contexts. Sydney is at the acute end of housing affordability pressure and is one of the most targeted investment housing markets, while Perth has experienced substantial price variation post GFC, including periods of price stagnation or decline. The intensity of investor activity and the strong house price growth is reflected in overall home ownership rates being approximately 61 per cent in 2021 in Sydney, as compared with Perth which was 70 per cent (ABS 2021a). On face value, it would appear over the previous decade, challenges of entering home ownership are more severe in Sydney than they have been in Perth. However, this has not always been the case. In the early 2000s, Perth experienced rapid increases in housing prices as the mining boom began in earnest, but moderated or declined after the GFC as the post-mining boom economy reshaped local economic and labour conditions. Perth, therefore, serves as a distinct point of comparison to Sydney in two ways. First, trying to understand the impacts of uncertainty in the economy and the housing market, and second, how households are navigating the financial challenge of transitioning into and maintaining home ownership.

The data collection involved two stages, focusing on:

- **Stage 1:** A sample survey was conducted to understand broad national scale transitions, and serve as a strategy to identify participants for the financial diaries in Stage 2.
- **Stage 2:** Developing a nuanced and in-depth understanding of individual and household experiences and financial practices

Ethics approval was obtained for this project through the University of Sydney Human Research Ethics Committee (approval number: 2021/334).

Stage 1: understanding national scale transitions

Survey

A sample survey (n=867) of younger people (25–34 year olds) with respondents in Sydney and Perth only was collected by the survey company Qualtrics. Focusing on 25–34 year olds only was intended to identify individuals who recently transitioned into home ownership as well as those with or without aspirations or expectations for such transitions. Focusing on this cohort enabled identification and understanding of households in the key formation phase. Particularly, this meant a concentration on financing and managing a pathway into home ownership, and how these elements related to other key household attributes. Such attributes included:

- occupation
- income
- education
- asset holdings
- asset holdings of parents
- personal and household debt
- household composition
- living arrangements and future living aspirations.

A full list of questions can be found in Appendix A. Crucially, the survey provided a sample of people willing to be contacted for follow up interviews and collection of financial diary data. Due to complexity in household arrangements and financial responsibility, questions within the survey focussed on the individual as opposed to the household. This is contrast to the financial diaries which were focussed at the household level. This design sought to avoid complex question pathways and corresponding small sample subsets that would have removed opportunities for valid statistical comparisons.

Survey company Qualtrics was commissioned to obtain a panel survey representative of age and gender in the 25–34 age category for each of the cities Perth and Sydney, based on the 2016 Census figures which were the latest available at that time. Qualtrics is a market research company specialising in providing market research panels. The company recruits participants from a pre-arranged pool of respondents who have agreed to complete surveys for market research purposes.

Overall, there were 526 responses from Sydney and 341 responses from Perth. This produces an overall confidence interval at 50 per cent of ± 3.3 per cent for the whole sample. For Sydney and Perth respectively, these intervals are at ± 4.3 per cent and ±5.3 per cent, providing a statistically sound basis to make cross city comparisons.

Stage 2: understanding individual and household experiences and practices

Financial diaries

A key innovation of this project was the use of 'financial diaries' as a method. Drawing on the ground-breaking work of Morduch and Schneider (2017), the financial diaries enabled us to study cash flows in and out of households. These observations allowed us to develop an understanding of the dynamics of household balance sheets (assets and liabilities). Moreover, they illuminated ways in which such households stay afloat and navigate (or have navigated) the path into home ownership. This is the first time that this methodology has been applied to Australian housing research.

A subset of twenty 25–34 year olds was identified from the sample survey, 11 from Sydney and nine from Perth, who nominated interest in the second part of the study. Prior to commencing the financial diary component, semi-structured in-depth interviews were conducted with each participant to understand broad housing ambitions and particular stories of how they are approaching, or have managed to secure home ownership. Specifically, the interview provided a qualitative response to outcomes documented as part of the financial diaries to better understand why participants make decisions around the key themes of earning, spending, saving, borrowing and living arrangements.

For the financial diary component specifically, each participant was required to record assets and liabilities as well as earnings, transfers, debt, bill payments, general expenses and funds saved and borrowed at a household level. This was undertaken fortnightly over a nine-month period, with 18 diary entries completed per participant. Participants were each provided with a AU$30 incentive payment per fortnight if they continued their participation in the study. This approach enabled us to move away from production and consumption views of the household. By doing so, we were able to understand—in a context where households operate as financial units—the balance sheet strategies of aspiring and newly formed owner-occupier households. The aim was to understand the balance sheet factors involved in household survival, including intergenerational factors. Importantly, as noted in Morduch and Schneider (2017), the unpredictability of household finances was a key constraint on households' ability to effectively plan and control spending. This unpredictability cannot be drawn out of standard surveys such as ABS and HILDA that capture longer-term, annual averages.

The financial diary was analysed to provide novel insights into how the financial pathway into home ownership is navigated by considering the financial constraints and choices households make. Further, the analysis of the data provides insight into how government policies, and the behaviour of financial intermediaries, shape the choices of Australians aspiring to home ownership.

Research challenges

It is worth noting that while the financial diaries provided rich and detailed information on each of the participants, the small number of participants means that is not a representative sample of younger Australians. However, given the random selection of participants taken from the panel survey, the participants do provide a diverse cross section of this age group.

The financial diary process required participants to report their own spending and saving, and initially this was challenging because this was done remotely, and participants were unfamiliar with what was required. As time progressed, the process become quicker, and some participants become more forthcoming with details of their expenditures. This was partly driven by the learning curve that some participants went through in coming to fully appreciate their finances in a way they hadn't previously.

While accuracy and attention to detail was sought through the financial diaries process, participants naturally differed in their approaches to it, such as what expenses or savings to include. While this makes total accuracy, and comparability between participants, a challenge, this type of accuracy and comparability was not the goal for a study with so few participants. Rather, by tracing the participants' finances over the nine-month period, it was their financial journeys over time—and the events that impacted them—that were most revealing, and bore most of the results of the study. Finally, there was some attrition in participants given the length of the overall process. Two participants dropped out early on, while a further three dropped out after having completed most of the interviews.

Overall, these limitations did not impact the overall strength of the data that was collected. For the majority of participants, they demonstrated a strong commitment to sustained involvement. This may be due to the relational aspect and corresponding increase in trust. Participants were more forthcoming as the financial diary process continued, which translated to more accurate and or greater expenditure and saving data disclosure.

2. Understanding home ownership transitions: a millennial survey

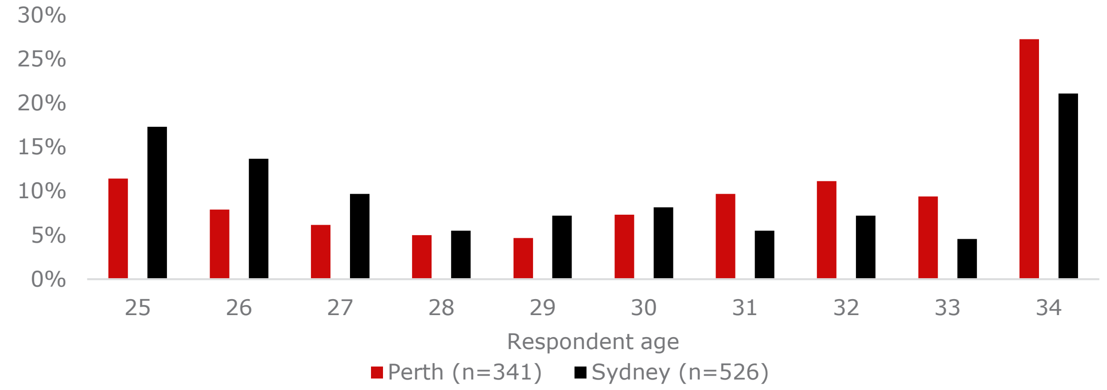
- **The aim of this chapter is to report on the outcomes of a survey of 25–34 year olds from Perth and Sydney on their home ownership prospects.**
- **Over 70 per cent of 25–34 year olds have had multiple jobs in the last five years.**
- **More than 40 per cent of 25–34 year olds were looking for more hours work.**
- **Home owners were more likely to be in full-time employment (72%) compared to renters (41%).**
- **Thirty-nine per cent and 44 per cent of 25–34 year olds in Sydney and Perth respectively experience volatility in take home income.**
- **Five per cent and 2 per cent of 25–34 year olds in Sydney and Perth respectively can be identified as 'rent vestors'.**
- **Home owners had larger pools of savings and financial buffers compared to renters.**
- **Approximately 40 per cent of 25–34 year olds had non-property investments.**
- **Approximately 40 per cent of 25–34 year olds expect to receive family support to purchase property.**

This chapter reports on the outcomes of a survey of 25–34 year olds across Sydney and Perth that was seeking to understand their broad housing and financial situation, financial strategies to enter home ownership and role of family support. The data presented is based on individual level data, as distinct from the financial diary data which is at a household level. Each of the sections below broadly follow the themed sections in the survey. The first is intended to outline the nature and variability of people's employment and income. The second focuses on the kind of assets and debt younger people are accumulating to either enable and hinder entry into home ownership. The third explores housing choices younger people are making or are forced to make and how this reflects some of their wider housing aspirations. Lastly, the final section presents financial strategies and family support be used to assist entry into home ownership.

2.1 Respondent overview

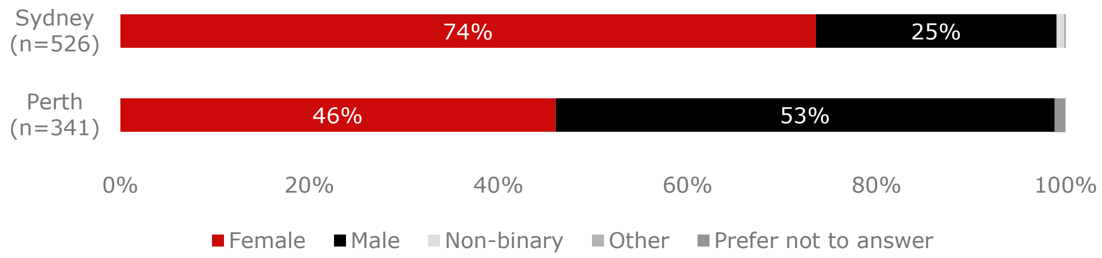
The survey targeted 25–34 year olds across Sydney and Perth, and was intended to be representative of this age group. The confidence intervals for both Sydney and Perth groups were below ±5 per cent representing a statistically sound basis for comparison. However, the sample did over represent the age distribution at both the lower and upper ends for both cities (as shown in Figure 1). In Sydney, there was also an over representation of female respondents (as shown in Figure 2). Figure 3 shows country of birth, with approximately one quarter of respondents being overseas born—50 per cent and 45 per cent for Sydney and Perth respectively for this age cohort at 2016 census (ABS 2016).

Figure 1: Age distribution of survey respondents



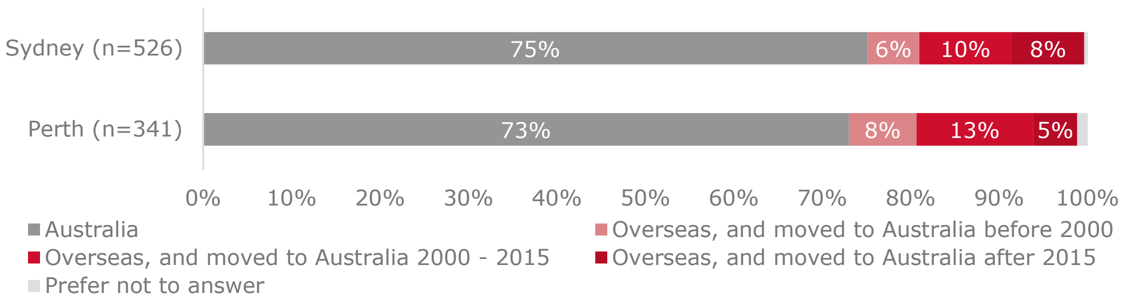
Source: Authors

Figure 2: Gender profile of survey respondents



Source: Authors

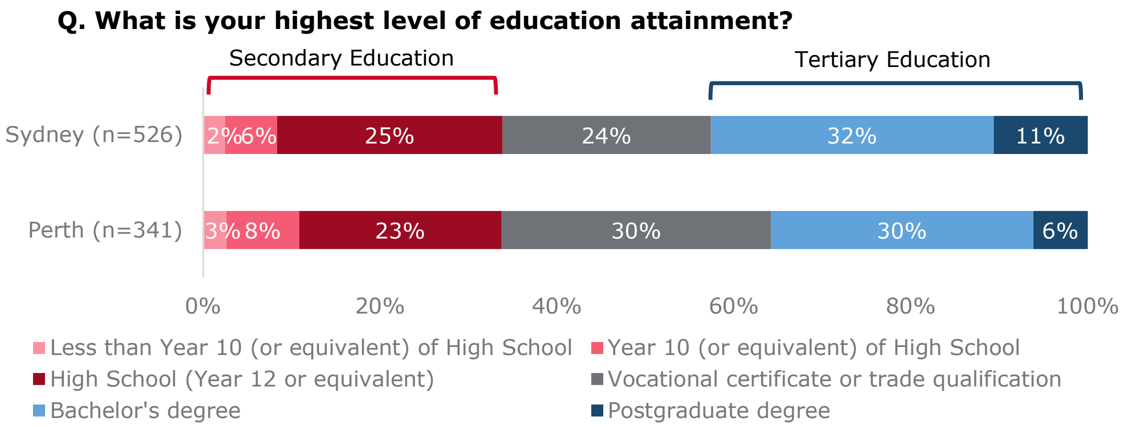
Figure 3: Country of birth by time of arrival of survey respondents



Source: Authors

Figure 4 shows the highest level of education attainment, with 43 per cent and 36 per cent of respondents having university qualifications in Sydney and Perth respectively, compared with 43 per cent and 33 per cent at 2016 census (ABS 2016).

Figure 4: Highest level of education attainment of survey respondents



Source: Authors

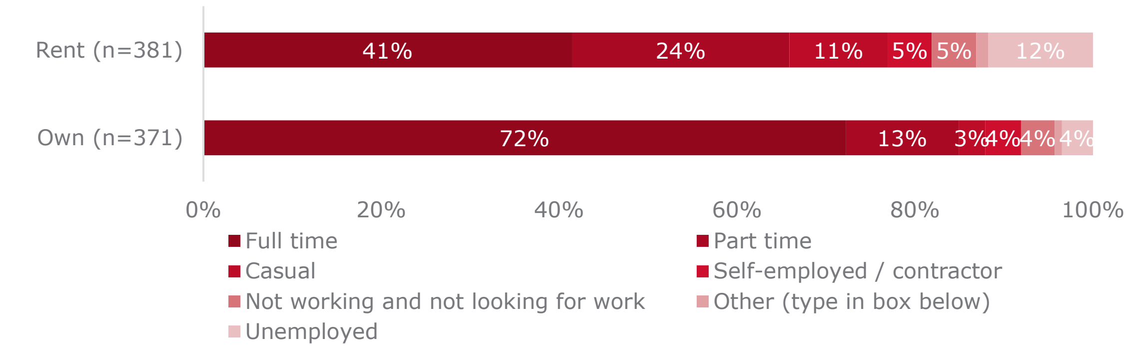
2.2 Employment and income

A central concern that is emerging both in Australia and internationally, is the impact of a change to working conditions affecting people's ability to accumulate a house deposit and support home ownership. The break down of the Australian settlement was an acknowledgment of the unwinding of wage and employment conditions that had been built up over the 20th century. This arrangement was progressively replaced by more precarious forms of work (Melbourne Institute 2019). Overall, as noted in Figure 5 and consistent with official ABS figures at 2016 census, rates of unemployment are only marginally higher for the 25–34 age group compared with the wider population. Since 2016 rates of unemployment have generally declined, aside from spikes in 2020–21 associated with COVID-19 lockdowns, and are now at a low point in recent history. Figure 5 also shows a clear pattern of difference emerging between owners versus renters. Owners are more likely to be in full-time employment (72%) compared with renters (41%), highlighting the centrality of employment condition to home ownership prospects.

These high rates of employment mask some significant issues around employment conditions. Several commentators and academics have noted a shift towards more flexible forms of employment, combined with a rise in underemployment. Survey figures reveal that consistent with headline figures around employment, the majority of respondents worked only one job, while around 20 per cent worked two or more jobs, see Figure 6. However, over the past five years, around 70 per cent of respondents across both cities (Figure 7) have worked in two or more different jobs, suggesting a level of instability in employment. As younger people do tend to move around in employment, a degree of choice is likely involved. Yet, this finding could equally be driven by expectations in labour markets. Whether by choice or necessity, the short term characteristics of contracts creates instability in income and savings potential. Figure 7 also shows that if anything, renters have experienced greater instability than home owners. This is supported by Figure 8, which also shows that only 25 per cent of owners and 16 per cent of renters' respondents, have been in the same job for five or more years. While the majority, 50 per cent and 64 per cent of owners and renters respectively, have been in their current job for less than two years. As well as job insecurity, there is wider concern about the level of underemployment, in that many people are unable to secure as many hours work as they would like, which undermines their earning capacity. Forty-nine per cent of renters and 35 per cent of owners across each city reported the desire for additional hours of work, reflecting this broader trend of underemployment (Figure 9). Figure 10 also shows that 60 per cent and 56 per cent of renters and owners respectively have experienced gaps in employment of more than one month in the past five years.

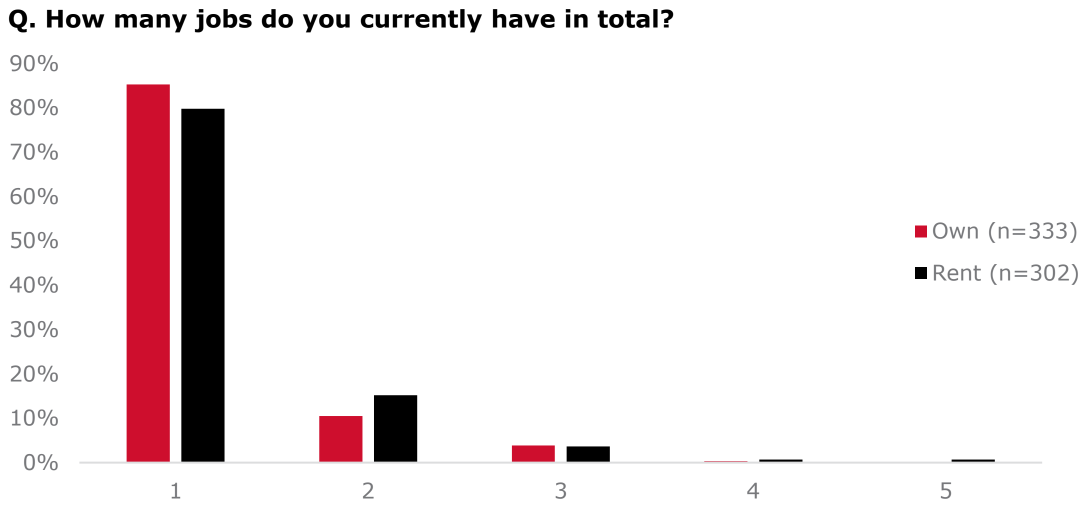
This survey was conducted during August 2021 during a period in which Sydney was in lockdown due to COVID-19 restrictions, which may have been the cause for gaps in employment. Figure 11 shows that 24 per cent and 32 per cent of respondents reported COVID-19 related gaps for Perth and Sydney respectively. The differences across the cities were not as stark as could be expected given Perth largely avoided prolonged shut down periods.

Figure 5: Employment status of survey respondents



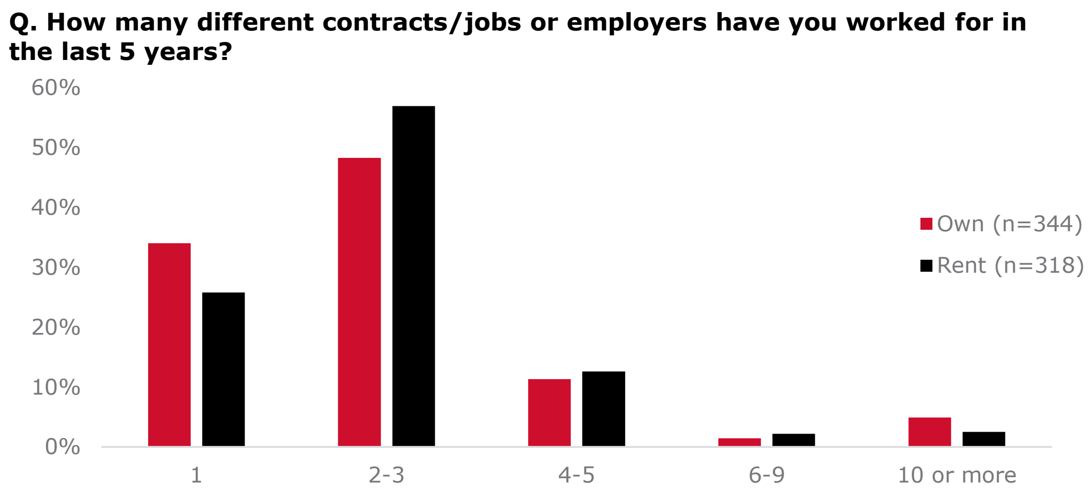
Source: Authors

Figure 6: Number of jobs currently held



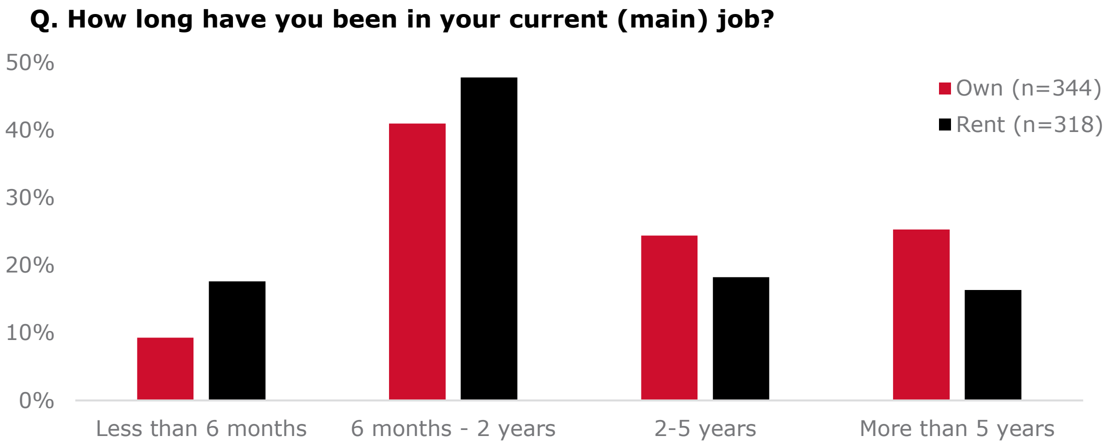
Source: Authors

Figure 7: Number of jobs in past five years



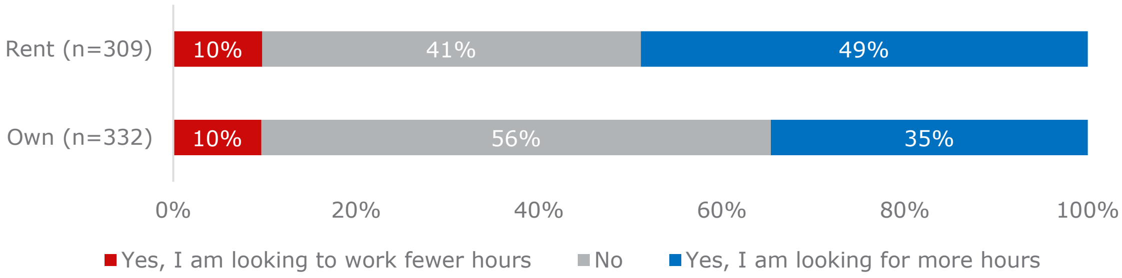
Source: Authors

Figure 8: Length of tenure in current job



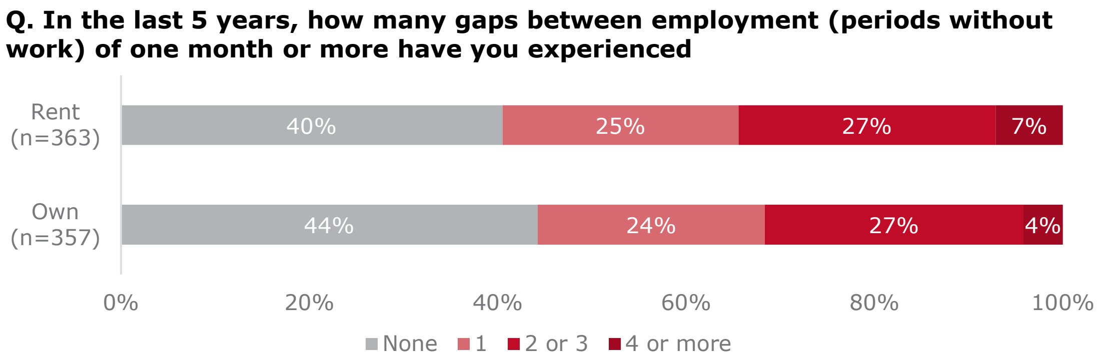
Source: Authors

Figure 9: Desire for additional hours of work



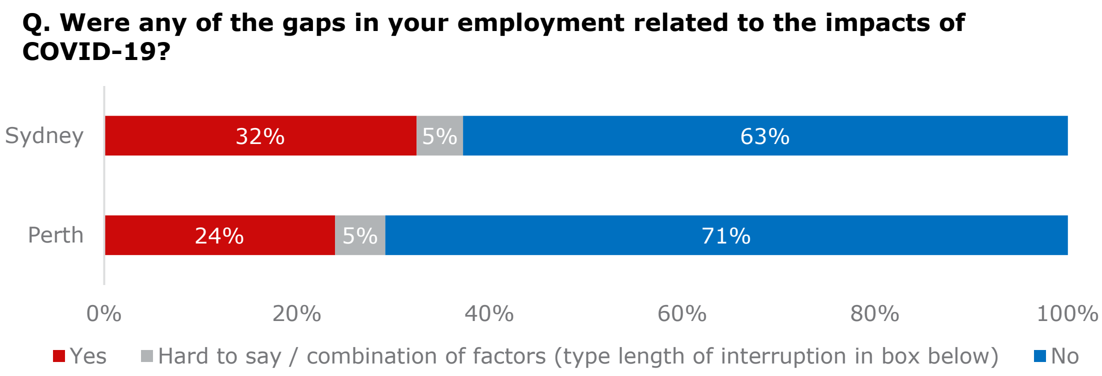
Source: Authors

Figure 10: Gaps in employment



Source: Authors

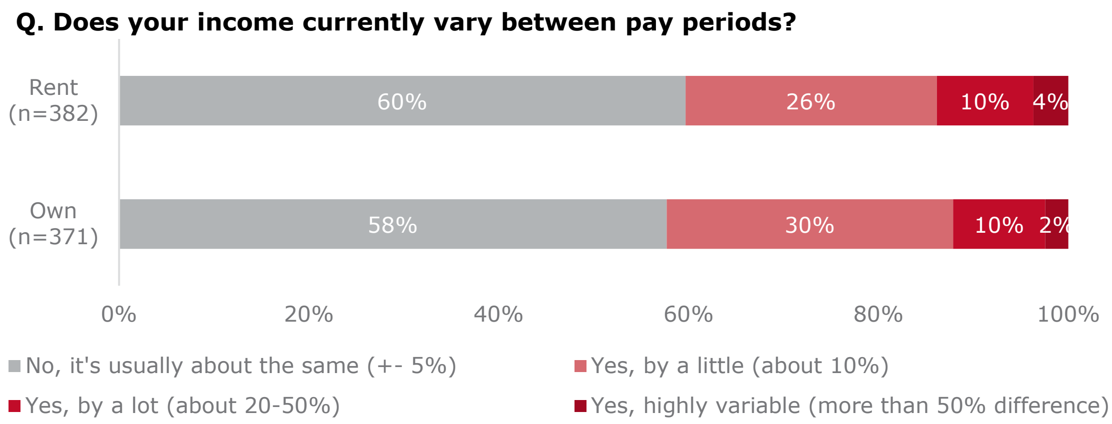
Figure 11: COVID-19 related gaps in employment



Source: Authors

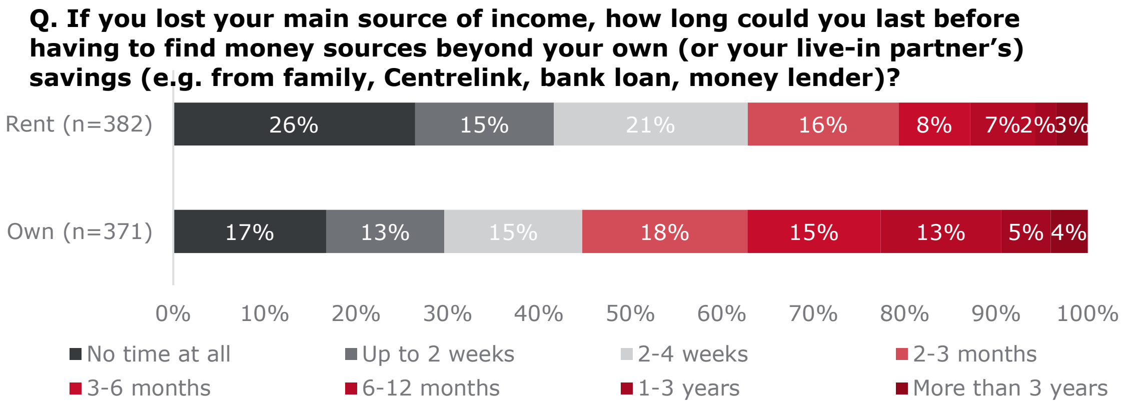
How these insecurities in employment translate into income earning is a critical aspect of supporting home ownership. The majority of respondents (60% and 58% for renters and owners) indicated that income across pay periods was usually the same (Figure 12). Conversely, 40 per cent and 42 per cent of renters and owners respectively, indicated variability with 14 per cent and 12 per cent indicating this to be very significant. One of the key findings of previous financial diary studies noted that income variability was a major barrier to household savings and the ability to adequately manage household budgets. When questioned about the effective size of household financial buffers in the event of job loss, 62 per cent of renters claimed they have savings buffers of less than four weeks, compared with 45 per cent of owners (Figure 13). Employment insecurity and income volatility create barriers to home ownership because they make saving for a deposit on the basis of employment alone more difficult, and negatively impact bank assessments of creditworthiness. Somewhat counter intuitively, owners reported having larger financial buffers than renters despite likely having contributed previous savings towards a house deposit. However, this provides a further illustration of the likely wealth differences that have enabled younger people to become owners in the first place.

Figure 12: Income variability



Source: Authors

Figure 13: Personal savings buffer

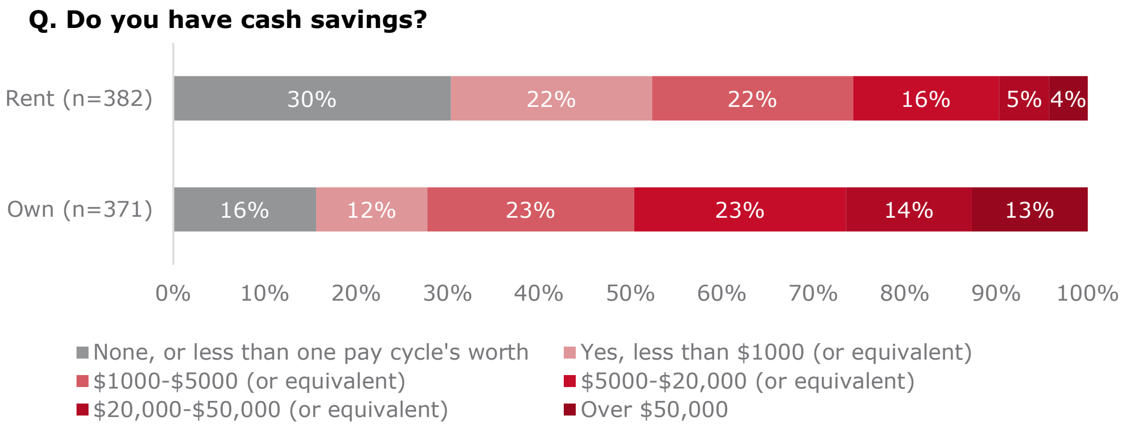


Source: Authors

2.3 Investments and debt

Accumulating a deposit is probably the most critical aspect of securing entry into home ownership, and as house prices have risen, this challenge has grown substantially. While accessing finance is no doubt a problem for some, record low interest rates have enabled households to borrow increasingly larger sums, commensurate with house price rises. This presents future risks such as repayment affordability risks as a result of income shocks or interest rate increases, or negative equity if house prices decline. However, the effective barrier to entry into home ownership is the so-called deposit gap (Pawson, Milligan et al. 2020). Over 74 per cent of renters across both cities reported having less than AU$5,000 in savings, compared with 51 per cent of owners. While only 4 per cent of renters and 13 per cent of owners reported having more than AU$50,000 in savings (see Figure 14). A 20 per cent deposit on the median dwelling price in Sydney would be AU$220,000 and AU$106,000 in Perth. In other words, more than 95 per cent of renters do not come close to having accumulated enough savings for a deposit on a median dwelling. The disparity in savings between owners and renters is worth noting, as it could be expected that recent purchasers would have drawn down their savings to enter home ownership. Like Figure 13 in the previous section, owners reported having larger savings, which points to key wealth differences and the ability to accumulate savings as a driver of housing outcomes.

Figure 14: Size of cash savings



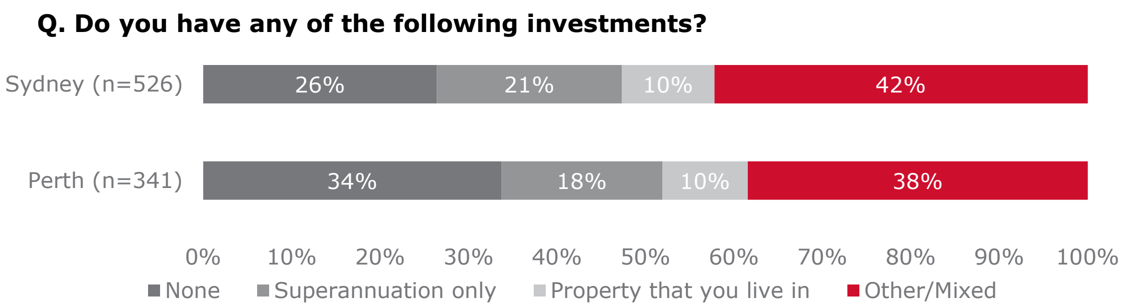
Source: Authors

Being able to save enough for a house deposit is a recognised as a growing problem. Doing so through wages alone, in the context where wage inflation has been below or only managing to keep pace with Consumer Price Index (CPI) over the past decade, has been challenging. Anecdotally, some people have been turning to other strategies to accumulate wealth to achieve home ownership, including share investing and property investing. How pervasive this phenomenon is, is relatively unknown. Across Sydney and Perth, 42 per cent and 38 per cent (Figure 15) of survey respondents respectively, indicated they had other investments beyond their superannuation and the property they lived in. Three quarters of these respondents are electing to pursue non-property investments, including investing in shares, in order to build their wealth. A majority of respondents across both cities had no additional investments they could use to contribute towards a house deposit.

When focusing on property investment specifically, 11 per cent and 8 per cent of respondents across Sydney and Perth (see Figure 16) nominated they had an investment property beyond their primary residence. Just over half of these respondents in Sydney also owned the house they live in, compared with about two thirds in Perth. It has been noted elsewhere that it is easier to accumulate property assets once you already own property, primarily through the ability to leverage capital growth in this asset class. What is of particular interest here is the group of renters who are choosing to invest in property as a means of accumulating property wealth while continuing to rent, the so called 'rent-vestor'. About 5 per cent of respondents from Sydney and 2 per cent of respondents from Perth indicated they were investing in property while renting themselves. This figure is considerably lower than has been reported elsewhere (Hulse, Reynolds et al. 2020), raising the question of the significance of this strategy for younger households entering into property ownership.

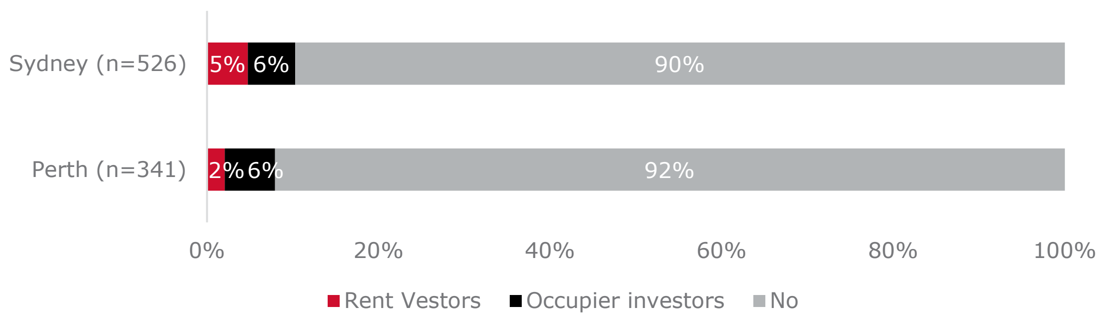
Around one quarter of respondents who had investment properties currently live in them. A further 28 per cent in Sydney and 33 per cent in Perth, said they had previously lived there. It is a common strategy to live in investment properties for one year, so as to gain access to capital gains exemptions associated with primary residents. While this was not specifically questioned, this is likely a key factor in these answers. Crucially, only 4 per cent of this group in Perth and none in Sydney suggested that they intended to use their investment property as a permanent home in the future (see Figure 17).

Figure 15: Investment types



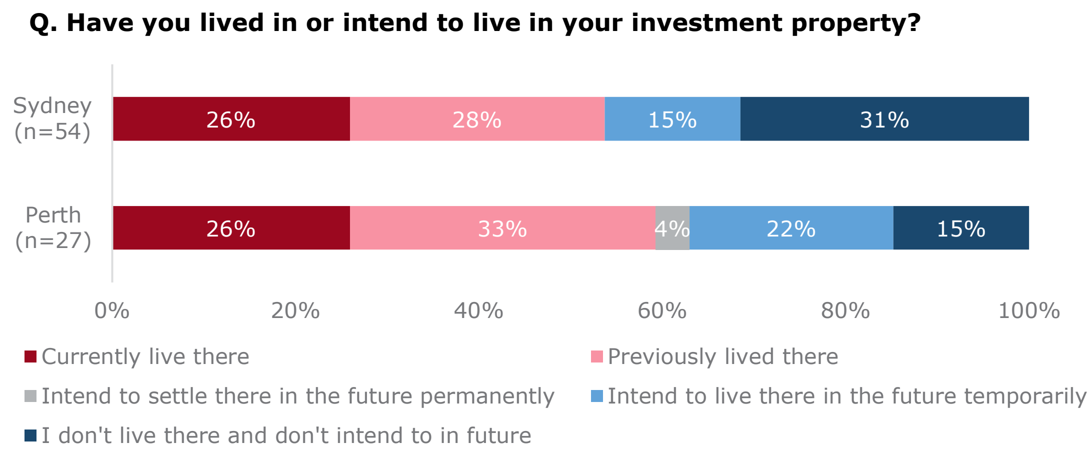
Source: Authors

Figure 16: Investment in property by tenure



Source: Authors

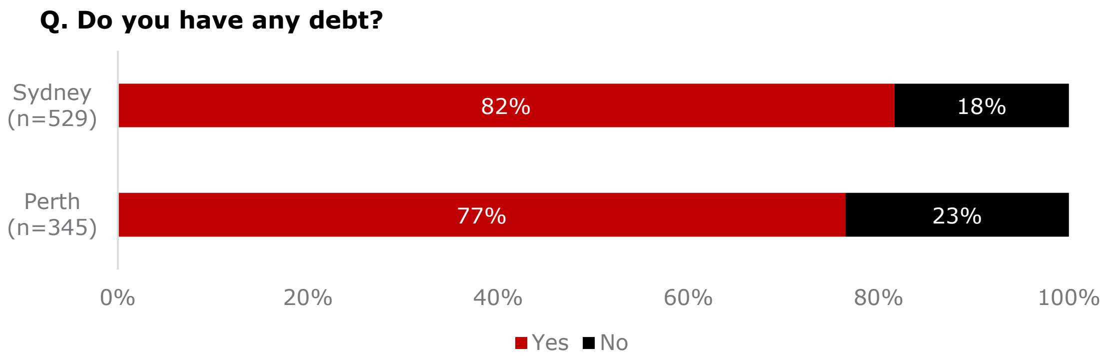
Figure 17: Use of investment properties



Source: Authors

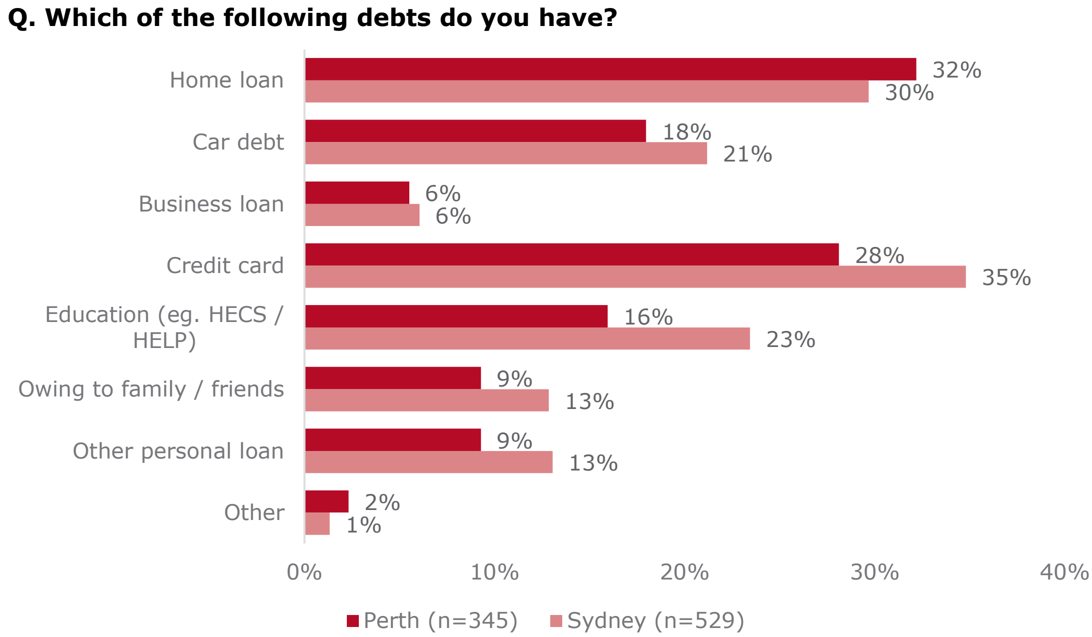
Conversely to investments, it has been noted in housing literature (Ong 2017) that first time buyers are often exposed to other forms of debts such as HECS/HELP or personal loans, which impact on their ability to transition to home ownership. This is because these debts reduce bank assessments of repayment capacity and net wealth. Eighty-two per cent and 77 per cent (Figure 18) of respondents across Sydney and Perth are currently holding debt. About one-third of respondents have a home loan (see Figure 19), consistent with the numbers of owner-occupiers reported in section 2.4 below. Conversely, there were low numbers of respondents with no debt. For this cohort, trying to accumulate a house deposit under such circumstances is evidently a difficult savings challenge.

Figure 18: Debts holdings



Source: Authors

Figure 19: Types of debt



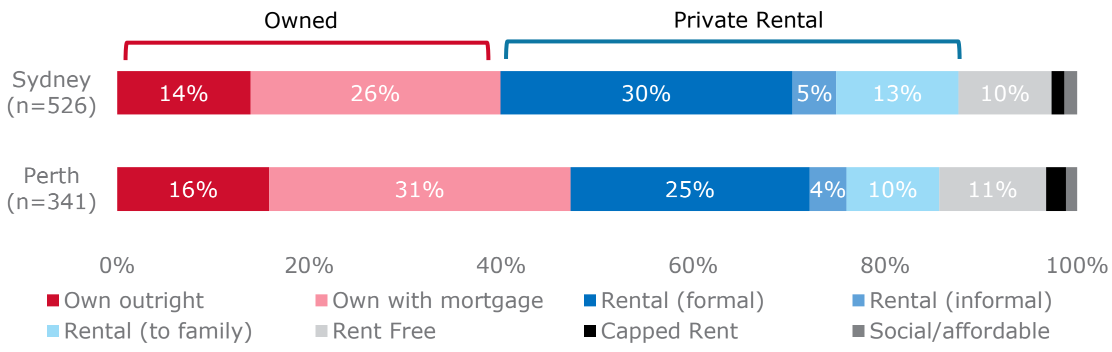
Source: Authors

2.4 Living arrangements and housing aspirations

The tenure profile for the survey respondents broadly matches that of census, with about 40 per cent in Sydney and 47 per cent in Perth being home owners. The higher numbers in Perth, and consequently higher rates of private renters in Sydney likely reflect some of the differential challenges in entering home ownership in Sydney when compared with Perth. A considerable proportion of respondents, about 10 per cent across both cities, suggested they live rent free. When cross referenced with other responses, most of these responses are from individuals who live with their parents or another direct family member. This type of support is picked up in the following section (see also Figures 20-21).

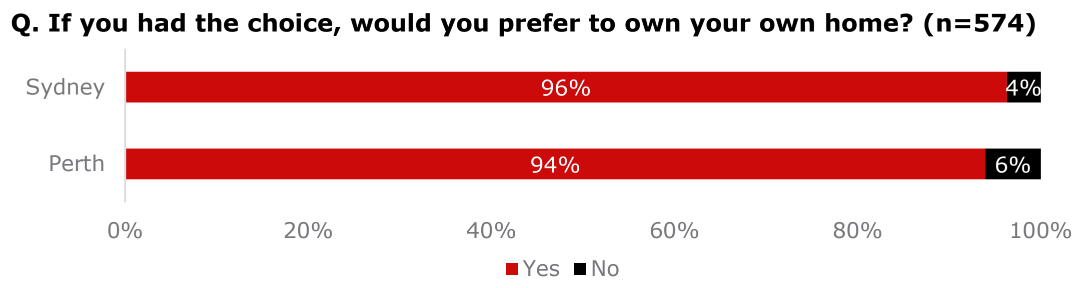
What is abundantly clear, however, is the overwhelming majority of respondents still prefer to own their own home given then choice. This is consistent with previous research on the topic, and does not seem to have been shifted by recent challenges in entering home ownership. This aspiration is also supported by stated intentions on purchase. Seventy-three per cent of respondents in Sydney and 62 per cent of respondents in Perth stated they intend to purchase a property in the next five years. For the majority of those respondents, their preference was a place to live, rather than to invest (Figure 22). In other words, meeting housing requirements, as opposed to wealth accumulation only, appears the main driver of housing ambition. For those who stated no intention to purchase in the next five years and who currently rent, the two main reasons for this relate to firstly cost of housing, and second job insecurity (Figure 23).

Figure 20: Tenure of respondents



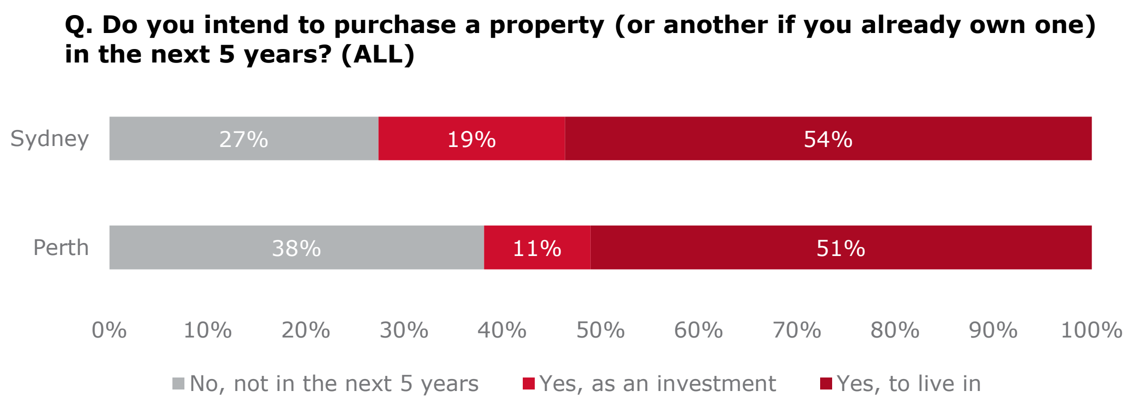
Source: Authors

Figure 21: Home ownership preference



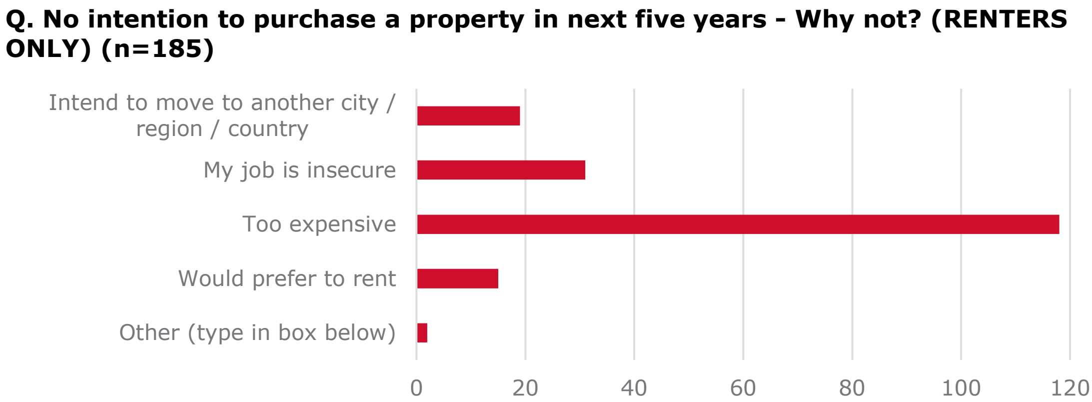
Source: Authors

Figure 22: Property purchase intentions



Source: Authors

Figure 23: Reasons for not considering property purchase



Source: Authors

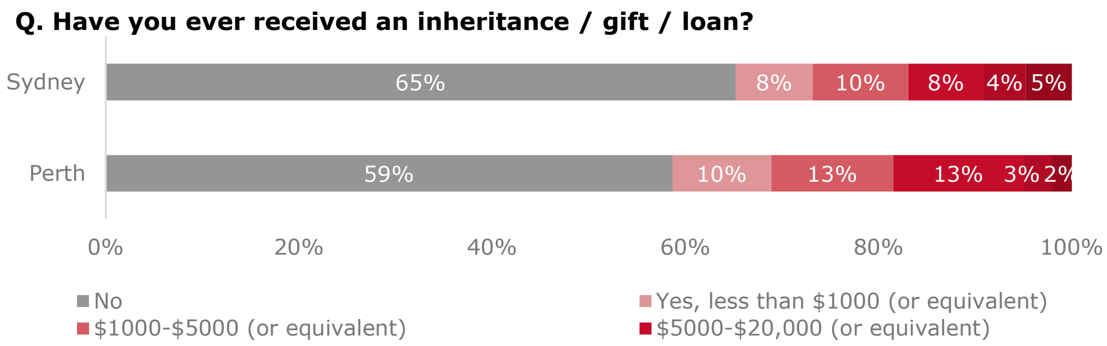
2.5 Financial strategies and family support

One of the emerging themes across housing literature is the role of intergenerational wealth transfers and gifts to support entry into home ownership. A recent publication by the Productivity Commission noted that wealth transfers have more than doubled since 2002 (Productivity Commission 2021). This report, as well as previous research (Barrett, Cigdem et al. 2015), has noted the unequal distribution of these transfers, which in broad measure go to those who already possess wealth. This is reflected in the survey responses; 65 per cent of respondents in Sydney and 59 per cent in Perth (Figure 24) have not received any inheritance gift or loan, and a similar number do not expect to in the future (Figure 25).

Interrogating the value of these gifts, as well as expectations of gifts, shows that only about 9 per cent of respondents in Sydney and 5 per cent in Perth received values of over AU$20,000. While this is not an insignificant amount, compared with the value of deposits required for the average dwellings across these cities, on average the sums involved are relatively minor. This is consistent with findings reported by the Productivity Commission (Productivity Commission 2021) who noted a large difference between the median and average values of gifts and inheritance. This supports other literature in noting the highly skewed, and consequently unequal, distribution of wealth transfer.

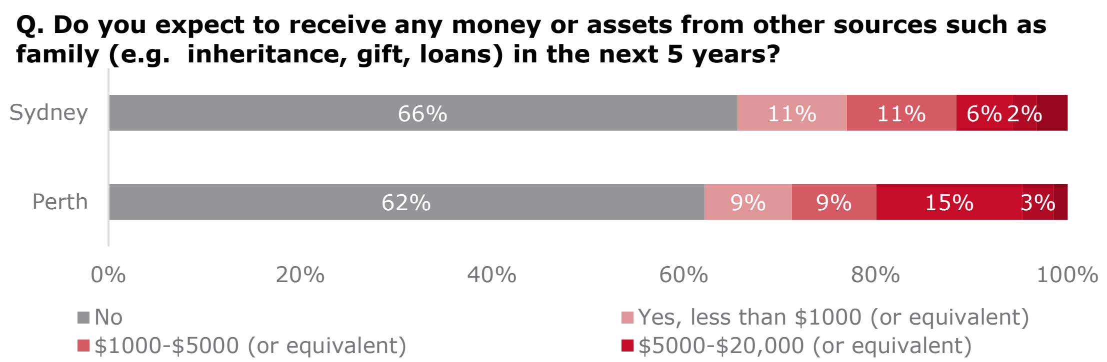
When specifically questioned about future expectations around home purchase, 32 per cent of respondents in Sydney and 29 per cent in Perth (Figure 26), indicated the expectation of financial support from their family. A further 10 per cent across the cities indicated their family would act as guarantor alone, leaving approximately 60 per cent of respondents who did not expect any help. Again, there is an equity dimension that has not been adequately explored in the literature. Only those with families able to provide support can do so, and those that can't are potentially locked-out of home ownership altogether. And by extension, locked-out of the important wealth building dimension that housing provides (Konings, Adkins et al. 2021).

Figure 24: Family wealth transfers



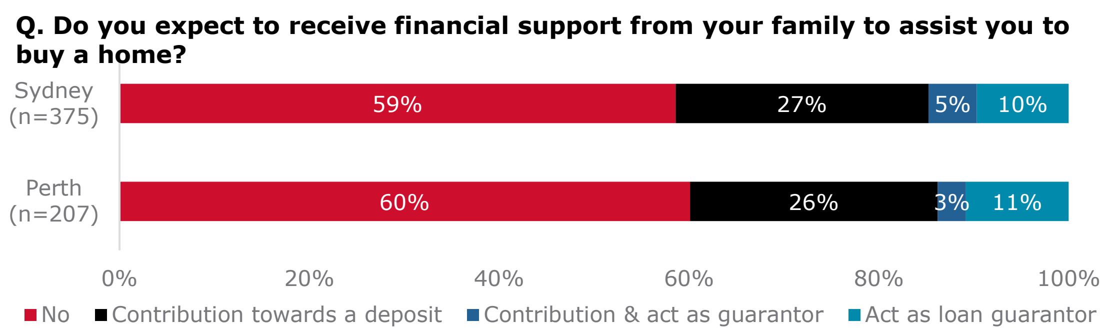
Source: Authors

Figure 25: Expectation of family wealth transfers



Source: Authors

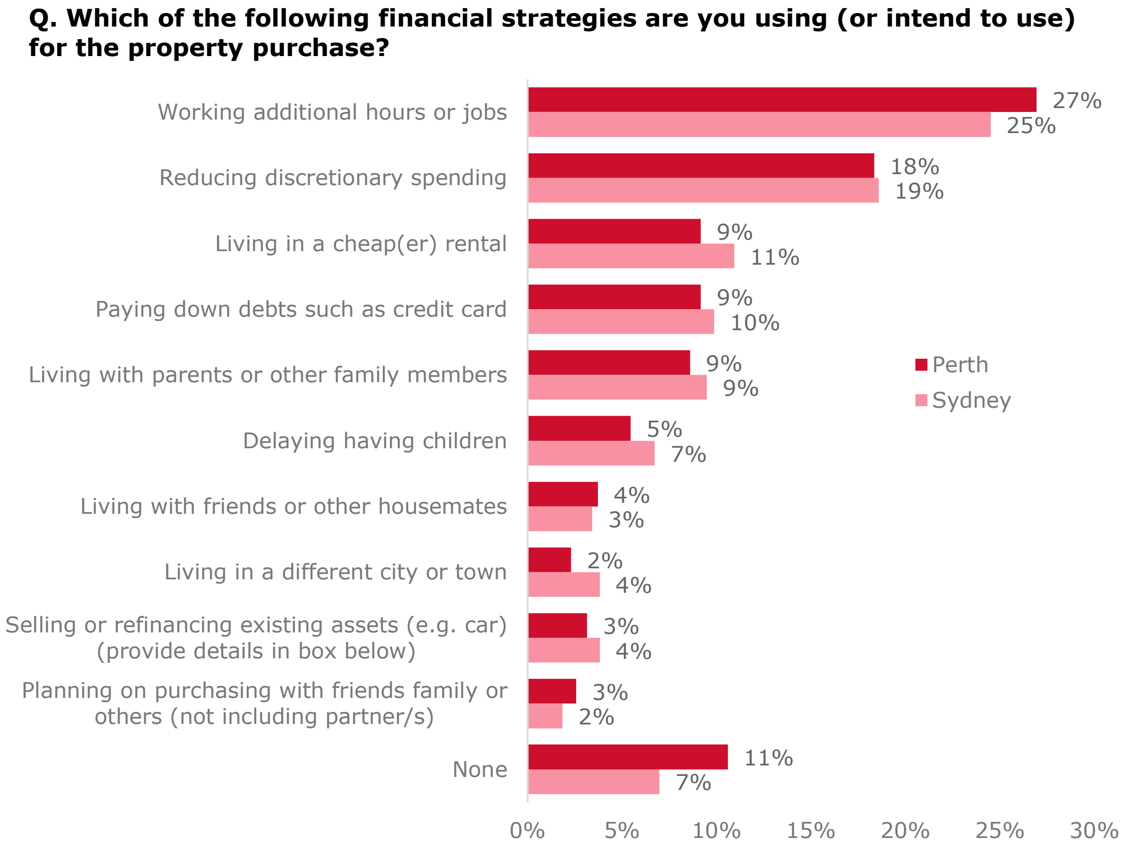
Figure 26: Expectations of financial support for home ownership



Source: Authors

Housing and property, of course, is not the only way to build wealth, with recent reports noting the increasing popularity of share investing through exchange traded funds by millennials (Whitson 2021). Given the uncertainties of asset price gains in housing and shares, as noted above, a sub-set of the survey sample actively pursue other investment strategies to support wealth accumulation. These strategies include finding additional employment to boost earnings (Figure 27), closely followed by reducing discretionary spending. Reducing living costs through either moving into cheaper rental housing, or living with other family members, were also important strategies, though to a lesser degree.

Figure 27: Financial strategies for securing home ownership



Source: Authors

2.6 Summary: the challenges of entry into home ownership

The survey of 25–34 year olds reveals that home ownership is still a key aspiration for almost everyone, with only about 40 per cent able to attain it. While the intensity of the housing market is somewhat different across Sydney and Perth, the survey sample reveals remarkably similar housing outcomes. Respondents in both cities noted a high level of dependence on family support to enter home ownership, and similar difficulties in maintaining employment and saving. While most people were only working one job, most respondents across both cities noted having had multiple jobs in recent years. A large share (over 40%) also expressed the desire for additional hours of work. This suggests the capacity to save a deposit through employment alone was being challenged, with very few holding enough savings to significantly contribute to a house deposit. Given the challenges in saving through working, over 40 per cent of respondents have turned to other forms of investment to build wealth. However, two key differences to emerge was the employment and wealth status of home owners which favoured full-time employment, and the ability to accumulate financial buffers and savings. The detail of how individual households are responding to these challenges are taken up further in the next two chapters.

3. Balancing the books: household experiences and practices saving for a house

- **This chapter investigates the key dimensions of household budgets. It describes how different households earn, spend, save their money, and crucially how they manage the competing demands of their budgets.**

- **Income, spending and saving potential was highly variable each fortnight for many households in both Sydney and Perth throughout the research timeframe, creating challenges for future planning and growing savings.**

- **Most households had few options to increase their household income through increasing work alone, but instead employed strategies to supplement income by buying shares, dual income earning, and taking on extra shifts or employment.**

- **The households in both cities had low levels of discretionary spending, but saw strategies such as buying in bulk, eating at home and not ordering takeaway and as potential areas to reduce spending.**

- **Many saving and budget smoothing techniques were employed by participants. These included: reduced spending, living with parents, paying in cash, using mortgage offset accounts, overpaying bills and using multiple savings accounts to reach different long term and short term saving goals.**

- **Impacts of COVID-19 on income, spending and saving varied. However, the pandemic did not necessarily account for more variability than other events such as pregnancy, illness, and employment changes.**

- **Yet, rising costs of living and house price growth in Sydney and Perth during the pandemic made the goal of home ownership further out of reach. Household budget and savings strategies – particularly in low-income households – could not keep pace with market changes.**

This chapter focuses on household experiences of earning income, spending, saving, and managing budgets through the prism of trying to achieve and maintain home ownership. This chapter presents the various components of household budgets and the divergent experiences across the financial diary research participants in managing their cashflows, together with their expectations and ambitions around housing. As Clapham, Mackie et al. (2014: 2016) found in the UK, we too observed that the 'meanings, perceptions, and aspirations of young people' were seen to interact with the 'opportunities and constraints' of their decision-making contexts. These factors all shape pathways to home ownership and raise substantial challenges for policy. This chapter draws on data from the financial diaries study involving 20 participants from Perth and Sydney.

The 11 Sydney participants were a mix of individuals hoping to enter home ownership through the purchase of their first home (six participants), and individuals who had already purchased their first home and were managing paying off their mortgage (five participants). Two of these participants were paying off an investment property, one while renting and the other while living rent free in a property owned by their parents. During the project, three Sydney participants purchased a new property. One of these participants entered into home ownership for the first time while another sold their first property and purchased their second. Another participant was in the process of paying the deposit on a property off-the-plan. There were a variety of living arrangements, with some living in partnered relationships with and without children, some singles living independently or with parents, and some living in properties owned by family.

Of the nine Perth participants, five were paying off a mortgage and four were without a mortgage. Participants were a mix of: first home buyers (three); living rent free while paying off an investment property (one); entering the housing market at various stages of build associated with a house/land package (two); and (three) hoping to enter the market either in the medium or longer term. From the outset, home ownership was a stated aspiration for all Perth case study participants. The home ownership status of most of the Perth case study participants remained relatively unchanged across the study. The exception to this status was the two house/land participants, with one finalising a land/house package and the other commencing construction. One participant living rent free with parents commenced residing in an investment property. There was a mix of partnered relationships with and without children as well as singles living independently or with parents.

Collectively this represents a range of housing experiences, from those who have transitioned into home ownership, those looking to transition, those living in parental homes and those trying to accrue further property wealth. As will be discussed below, they are also diverse in their employment and income. This diversity includes government assistance recipients through to small business owners, teachers and highly paid medical professionals. What becomes evident through these stories is the diversity in employment experience and how this intersects with unique and often unexpected life events. The 'age of certainty' that perhaps defined earlier generations, in the case of these participants, has been replaced by somewhat unpredictable and divergent lives.

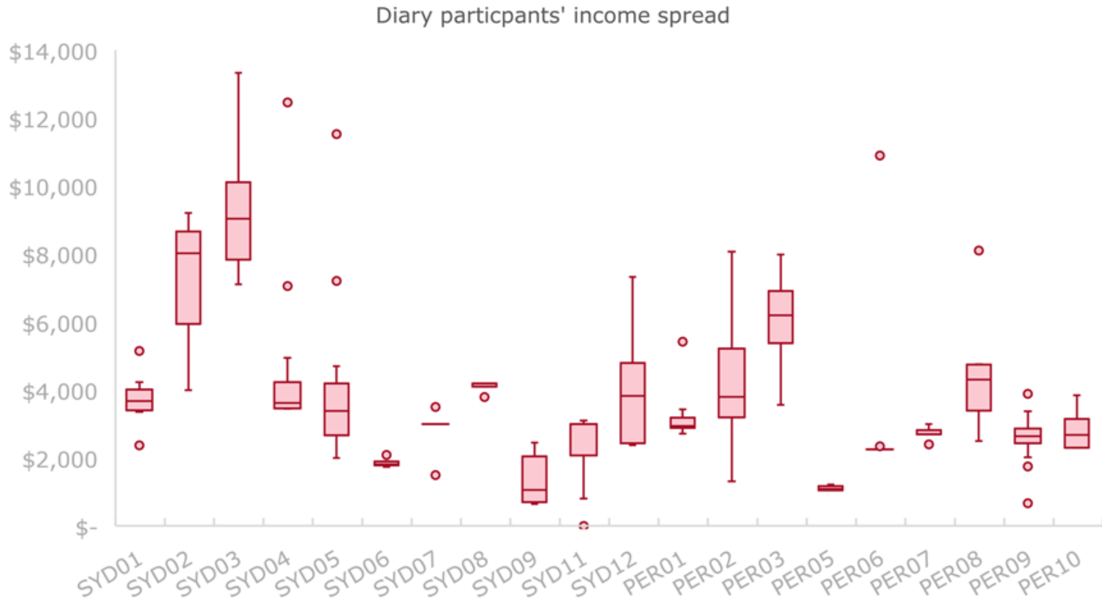
The chapter is broadly structured around discrete aspects of household budgets, earning and employment, spending, saving, and balancing, each addressed in turn in the following sections below. While there is no doubt overlap in these categories, it exposes the tensions that exist across different aspects of the financial lives of households.

3.1 Earning and employment

One of the key relationships that emerged in Australia after the Second World War was relatively secure and waged employment. Home ownership policy in Australia emerged in this period. As argued by others, this policy relied heavily on stability in the labour force to underpin the ability to save a deposit and secure a mortgage (Castles 1985; Kemeny 1983). Recently it has been argued that a range of insecurities have emerged in industrial relations, resulting in more precarious labour relationships. Although this picture emerges in some official labour force and census figures – such as part time employment, hours worked and underemployment – these datasets represent snapshots in time. As a result, they mask the temporal experience of households from week to week or even year to year.

What emerged through this study, was that participants displayed a large diversity in employment and earning experiences over the course of nine months. Some participants showed relatively consistent job and earning profiles that meant there was very little variation in their take home pay over this period. Figure 28 shows the distribution of income of all participants, and while some had consistent incomes over the period (Sydney-06, Sydney-07, Sydney-08, Perth-05, Perth-06, Perth-07), many had substantial variations. For example, Sydney-01 income ranged about ±$500 per fortnight while Sydney-02 at the more extreme end range about ±$2,200.

Figure 28: Distribution of diary participant incomes

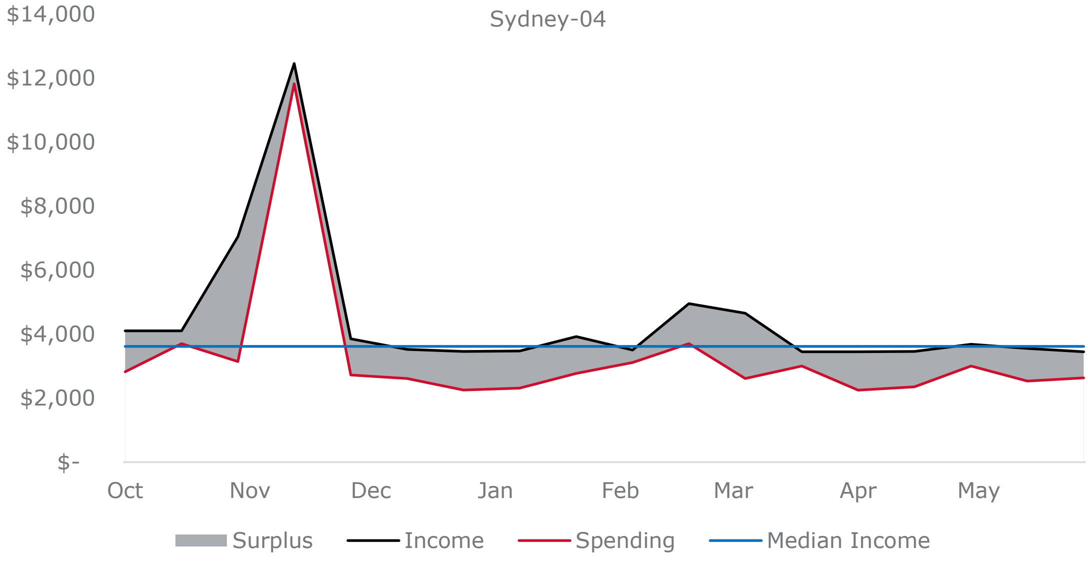


Source: Authors

3.1.1 Income stability

Sydney-04 reflects what might be considered a typical life course. She was in a partnership and has young school aged children. Her partner works full-time with a stable income while she works casually whilst providing care for the children. Together they receive about AU$4,000 per fortnight in income. There is some modest fluctuation in this income, but overall it is consistent, as shown in Figure 29. They had support getting a home deposit, but have purchased and have ambitions to buy an investment property.

Figure 29: Participant Sydney-04 fortnightly income and spending



Note: The large spike in November was from the sale of an old car and purchase of a new car.

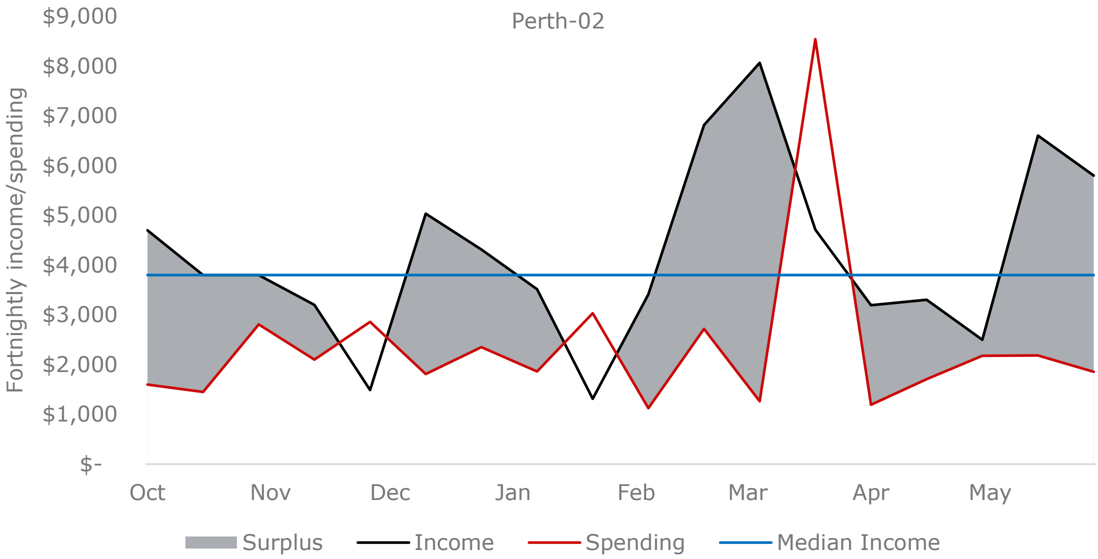
Source: Authors

This story of Sydney-04 represents a familiar experience of a household in this age group who have obtained home ownership and are balancing child raising commitments with future savings ambitions. However, it was a relatively rare experience across the financial diary group. About half the participants reported stable incomes, though many had not yet transitioned to home ownership. The remainder of the participants all experienced some variation, often extreme, in their household incomes.

3.1.2 Income volatility and instability

In Figures 30 and 31, the income lines display varying degrees of volatility across the period. Perth-02 shown in Figure 30, lives in a couple relationship with a small child, and runs a small business in the health and fitness industry. Both he and his partner have highly variable incomes ranging from AU$1,500 through to AU$8,000 per fortnight and averaging AU$3,500.

Figure 30: Participant Perth-02 fortnightly income and spending



Source: Authors

Foreseeable income variations

There were a variety of reasons for this variability across the diary participants. In the case of Perth-02 above, running a small business has meant fluctuations in business that directly impact take home income. In this case, working in health and fitness, weather, seasons, and school holidays all impact on how much business he receives.

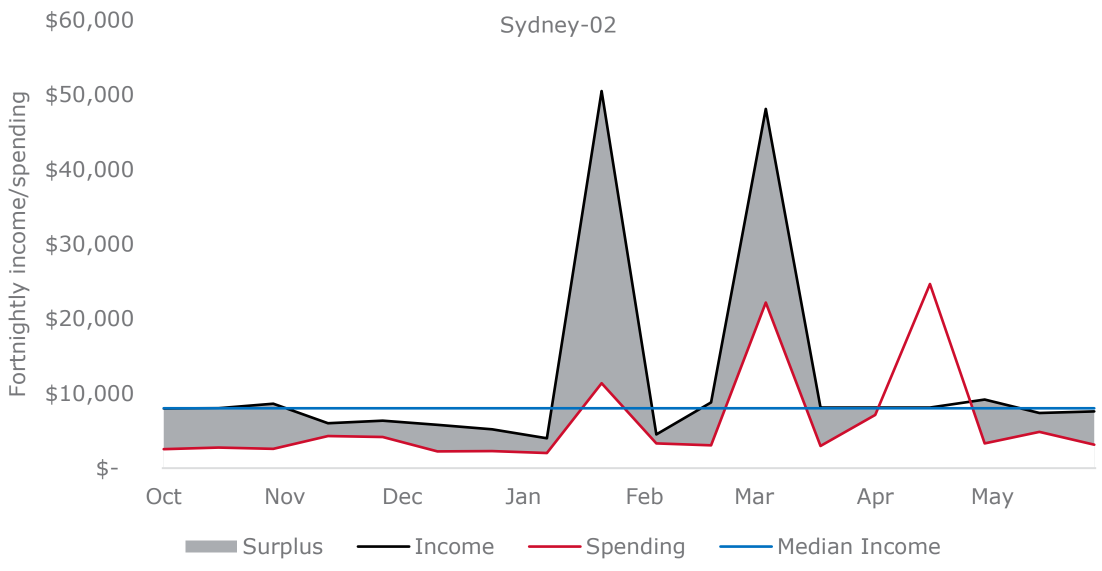
Perth-03 also runs a small business in the health and fitness industry and noted that enough work would come through, but there was a certain unpredictability:

> I think for my industry, mine's pretty secure, based on my - the current clientele that I have, and everything's really strong, but it does have the ability to fluctuate (Perth-03).

Many of the small business owners in this sample report similar fluctuations, though this was not confined to that group. Sydney-02 and Sydney-11 for example (see Figures 31 and 32), both had partners working in construction industries which meant their incomes were impacted by weather as well as other types of delays in construction projects. They both also would typically experience large payouts at the end of contracts, and often gaps between one job finishing and another commencing. So while on balance across the year these households are able to show reasonable incomes, there are some dramatic fluctuations. Other working participants also experienced gaps related to the type of work or industry they are in. For example, casual teaching was impacted by school holidays. Many teachers are employed in salaried positions. However like in construction there are structural logics to certain industries that generate spiky earning patterns for casual or contract positions. For example, Sydney-11 notes:

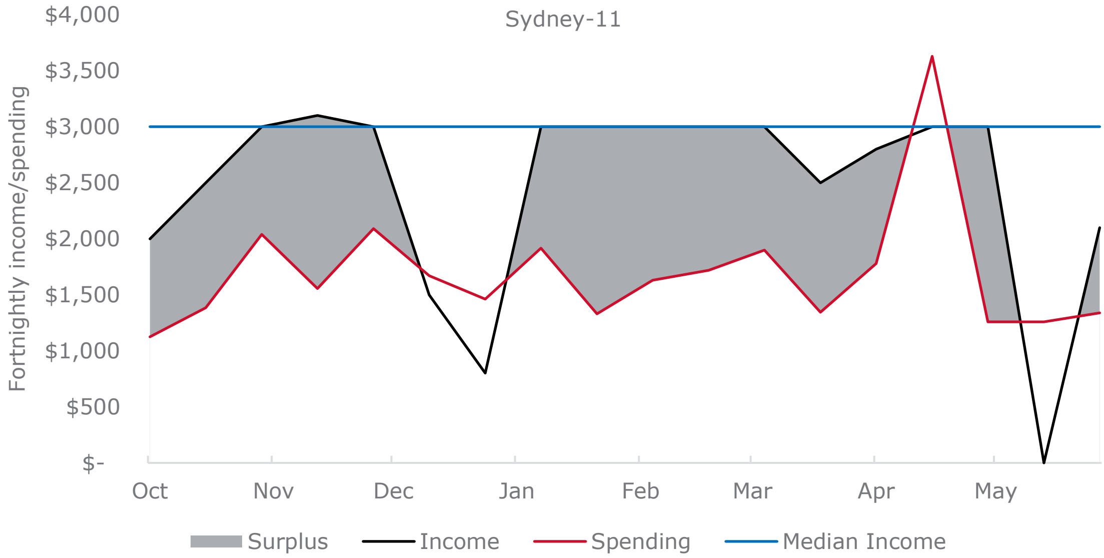
> The income's pretty stable … because my husband's got like a stable job. Just sometimes when it rains, he doesn't always have as much (Sydney-11).

Figure 31: Participant Sydney-02 fortnightly income and spending



Source: Authors

Figure 32: Participant Sydney-11 fortnightly income and spending



Source: Authors

The income figures being reported through the diaries each related to households, except where a participant was living with parents or extended family. It is important to note that it is at a household level where this instability in income is experienced. Both Sydney-02 and Sydney-11 above, each reported partners with variable incomes, despite themselves being in a relatively stable employment position.

When household budgets are at stake, it matters what happens at the household level. The household level is an important lens in respect to housing. As has been the case for decades now, two incomes are required to save deposits and obtain finance. This parallels literature addressing employment precarity, which focuses on the individual, but does not usually expose household level precarity, where one of the partners is in relatively secure and predictable employment.

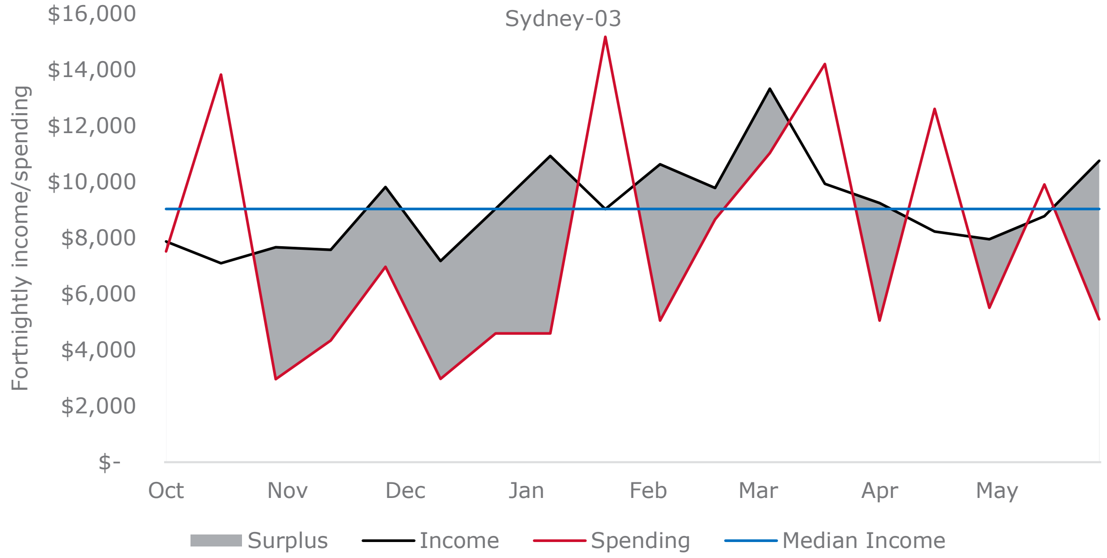
One of the key observations that was drawn from the US based financial diary study was that challenges of variability in income were not confined to low paid workers in unskilled occupations. Variability in income was also apparent in middle class families (Morduch and Schneider 2017). Similarly, higher earning participants in this study also experienced large fluctuations in incomes. The following quotes were taken from Sydney-03 and Perth-08 who both worked professionally in health sector:

> I think at that point in time when the study first started, I was looking down the barrel of a 12-month contract and we were looking for a place … There was a lot of insecurity about our income and, I guess, what our expenses would be and also pressure on income security (Sydney-03).

> So, the income … fluctuates. Like we got a bit less money this week because [my partner] had a lot of patients not show up and stuff, but it's not a problem because that's kind of … work is just like a bonus (Perth-08).

Sydney-03 is a doctor and both her and her partner, as shown in Figure 33, have large incomes. As discussed further in the next section, they both have insurance and other related expenses. These expenses fluctuate and together with spending obligations on insurances and other related professional expenses create savings challenges that requires a high degree of forward planning. As demonstrated in the chart by the 'savings potential' there are moments throughout the year where expenses outweigh income by a large margin.

Figure 33: Participant Sydney-03 fortnightly income and spending



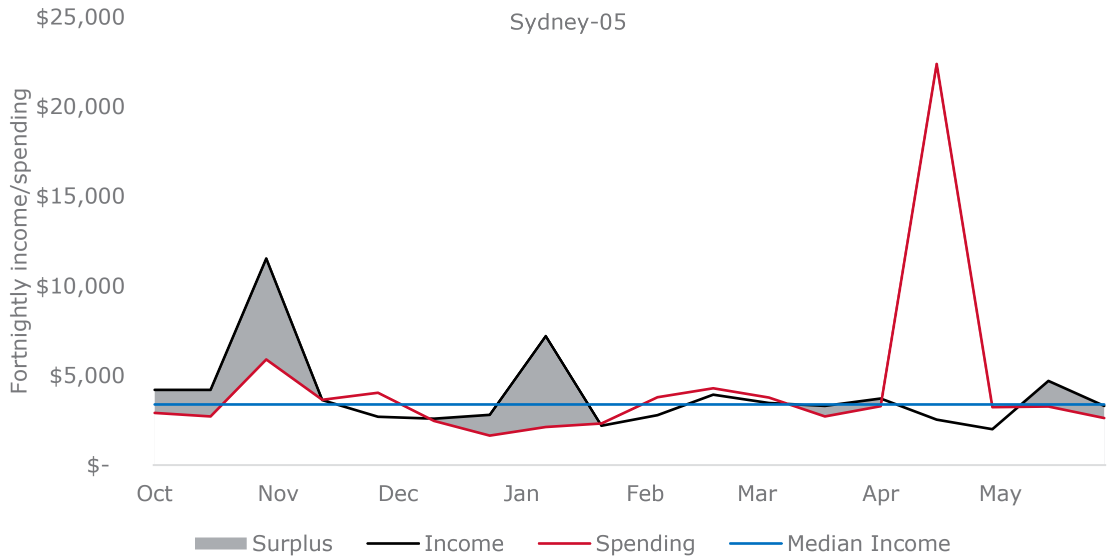
Source: Authors

Unforeseen income variations

The income fluctuations in the above examples were to some extent foreseeable. Households can expect weather related disruptions, gaps in contracts, more or less business through the seasons and industry-related disruptions, even if they cannot plan when they occur. There were other instances, however where fluctuations in income were driven by unexpected and unforeseeable events.

In the case of Sydney-05, she quit her secure teaching job because of COVID-19 related risks to her partner who was at that point immunocompromised. COVID-19, while unprecedented in its global impacts, reflects a wider potential for various unexpected health related events to change household incomes. Figure 34 below shows how towards the end of November, the saving potential on this household all but disappeared. This was due to sole reliance on one stable income, except for some lump sum support from family and limited periods of work.

Figure 34: Participant Sydney-05 fortnightly income and spending



Source: Authors

Compounding the challenges of dealing with illness, this household now expects to have twins. While this did not immediately impact income, it did change expenditure. There was a very big spending outlay in April–May (as shown in Figure 34) for a bigger car to accommodate the unexpected arrival.

Unsurprisingly, for this age cohort, babies were frequently discussed, often complicating household budgets. The decisions to start a family or have a baby can be a planned event, but there can remain unpredictability in the timing and circumstances. For example, in case of Sydney-05, having twins was not expected despite the household planning for a baby for many months. Adapting to a new arrival can be a challenge to household budgets through a potential loss of income, as discussed by Perth-09:

> It's really unstable at the moment because … my life has changed with this baby and we are trying to adapt this new routine. So I'm still trying to find a real income … [I] finished my five training shifts and now I get my roster, so I'm going to be working Mondays and Thursday, six to midnight … but it's not enough for us. I was expecting a little bit more (Perth-09).

A major unforeseen event to occur for each household was the experience of the COVID-19 pandemic. The impacts of the pandemic on income were mixed among the Sydney participants and almost negligible among the Perth participants, who did not experience the same prolonged lockdowns. Most did not experience much impact to their income. Some casually or self-employed participants had their income negatively impacted as the number of shifts they would normally work were affected over a long period of time due to COVID-19 lockdowns (Sydney-03, Sydney-07). For Sydney-12, the COVID response impacted the business he was invested in, as he believed he had lower returns due to the shutdowns.

At different times, government support payments (such as COVID-19 supplements) added income beyond their usual household income. This helped participants to stay home when they were sick and resulted in household budgets less affected by the pandemic (Sydney-04). Other workers also took on more shifts and earnt more than usual to cover for sick or isolating colleagues (Sydney-12).

3.1.3 Unemployment and precarious employment

Many of the examples noted above had work arrangements that were either buffered by relatively high incomes, or where fluctuation occurred in otherwise secure forms of work (contract teaching for example). There were some participants who felt precarious because they either had trouble securing work, or when they did, contracts were such that there was no certainty beyond the length of the contract.

> I was actually unemployed until two weeks ago so, even with my new job, I'm still uncertain because it's only a six-month contract. So, in terms of financial stability, it's always hard to say what is going to be consistent, because after six months - I mean, you just don't know; they could always cut my contract short, they could possibly extend. So, I can't really, yeah, say financially if I feel like things are stable (Sydney-09).

Sydney-09, quoted here, was expecting consistency across the six months, however beyond that, income prospects were unknown. In case of Perth-02 who is married with one child and owns a small business, and whose household income is affected by weather and school holidays, it was the unpredictability of the situation that created challenges.

> I don't have the safe, secure job … putting me in a very comfortable position … It's just [a] very unpredictable job. It's insecure. [I] never know what's going to happen. It's always up in the air, a little bit (Perth-02).

These two household experiences emphasise unpredictability and uncertainty as a key challenge they face, as distinct and in addition to the temporal variation other households were experiencing.

3.1.4 Strategies to increase household income

Many households proactively used various strategies to try to address some of these challenges. Strategies focused on increasing incomes, or attempted to improve stability by supplementing or building incomes through additional unplanned work or other ways outside of normal employment. As noted in the below quote from Sydney-03, the opportunity to pick up extra shifts often helped to generate more income.

> My income has gone up a lot because there's a lot more private operating now as the COVID restrictions have eased, but having said that, I also put my hand up a lot more for extra private assisting, particularly for, like, emergency caesars and things because of the new mortgage (Sydney-03).

For others who didn't have the immediate option to do more work, some were looking at other ways to earn extra income. Perth-07, for example, who is single and has relatively secure work as an environmental consultant was attempting to earn extra income through share investing.

> I've started working on the shares. I am just trying to keep my savings at five grand now, and I do sort of invest the rest (Perth-07).

Sydney-12 who lives rent free in an apartment owned by his parents, was explicitly trying to increase his income through other investments and trading in crypto currencies.

> It's manageable, but I wish I could earn a little bit more to be honest just to make it more safe. That's why I've been trying so hard to get a lot of income, a lot of earnings from many different … possible ways (Sydney-12)

While Sydney-12 benefits from parental support in his housing (discussed further in Chapter 4), his approach reflects that of others who are looking beyond employment to generate income partly driven by the difficulty in saving fast enough to allow them entry into home ownership. As will be discussed further in section 3.3 on saving, many respondents struggle to keep up with the savings task with the housing market rising at such a fast pace as experienced during 2020–21. With incomes generally stagnant or declining relative to inflation, for many there are few options that allow them to increase their income through work alone.

3.2 Spending

Income is only one piece of the saving puzzle, with spending habits of younger generations frequently making headlines for the wrong reasons (e.g. the 'smashed avocado' debate; Levin 2017; Taylor 2016). A recent paper by the Reserve Bank of Australia (RBA), however, has noted that household consumption by younger age groups has declined in recent years, compared to over 55s where it has been increasing (Beech, Dollman et al. 2014). In addition, The Grattan Institute recently noted that one of the largest increases in expenditure for younger generations has been in housing costs (Wood and Griffiths 2019). The financial diaries did not measure this broad historical trend. However, they did somewhat reaffirm the conclusions on reductions in discretionary household expenditure; discretionary spending was generally low among the participants in the sample groups.

3.2.1 Spending habits

Participants did not appear to spend overly on eating out, going out, going on holidays even when COVID-19 had less impacts on the ability to travel. Indeed, a number of study participants described themselves as living frugally, which was reflected in their spending patterns.

This tension between changing cost of living dimensions and spending patterns was also reflected in others who felt that reducing spending in some areas was not possible. Sydney-09, for example, who lives with her parents rent free and was unemployed at the beginning of the study, felt she was doing all that was possible to save with the limited government payments she did receive.

> I'm pretty good with managing my money. I think – I guess the difficult aspect would be was I wasn't getting much money to begin with, and I would have to spend money on, you know, groceries and gas, electric, water bill, that stuff. So, a lot of times I'd feel like I wasn't having enough to actually save (Sydney-09)

Part way through the study, Sydney-09 started a new job, but this only translated to a fairly minor increase in spending. Overall, patterns of spending remained, with the rest being diverted to savings.

Participating in the financial diary study meant the participants who were not tracking their finances before had a better understanding of their household budgets, and could identify areas to cut down spending.

> It's made me realise how much I spend on food every bloody week … I've cut down on my tap tap tap of the pay card, trying to just do one big shop [but] that's probably the only thing, because I haven't had much to cut down, besides groceries. (Sydney-01)

> Just in the case of tracking my expenses a little bit more closely, it has made me realise that I spend way more on money - on food than I should [but] I just kind of spend what I need … I'm not really an impulse buyer. I kind of buy things when I need it (Perth-07).

As reflected in the Sydney sample, the process of tracking expenditure afforded Perth participants greater awareness of their personal or household expenditure. For five Perth participants, spending also involved repayment of existing loans and/or debt repayment such as car loans, regular contributions to deferred payment schemes such as Afterpay and Zippay, repayments for HECS and/or taxation debts, and Centrelink loans or overpayments (Perth-03, Perth-05, Perth-08, Perth-09, Perth-10).

3.2.2 Spiky spending and unexpected costs

Much of the discussion on spending so far has focussed on the reoccurring fortnightly items. For example, food, petrol and debts. Similar to the spikiness in incomes, the biggest challenge for most participants where the large irregular, and often unexpected expenditures.

Foreseeable spending variations

The first category of large items could be described as large essentials, such as utility bills or car maintenance. Small business owners and some other professionals also incurred large bills related to running that business or maintaining professional insurances or accreditation. For one high earning couple who work in health services, they still required much saving and financial planning despite their high income. This is because they have periods of time with very large expenses, such as credit card bills of AU$10,000 and paying off insurance for their work.

> The difficulty has been all the massive expenses that have tied all together with buying a property so, like, my annual registration is $5,000 and I had to pay last month. I had to pay two conferences that were about $10,000 all up. I just had to pay … my income protection insurance and … life and death [insurance] and disability insurance and that was another $8,000 and that's on post-tax income so those kind of expenses actually make life hard but they're non-negotiable. I can't adjust them … the big expenses are huge, they're in the thousands and we can't do anything about them (Sydney-03).

Those that were not living in the parental home or supported in their living expenses by family all experienced larger than expected periodic spending.

Unforeseen events and variations in spending

The other category of large expenses were the unknown or unforeseen expenses. In the case of Sydney-01, unforeseen car expenses created significant problems and ultimately had to be accommodated through drawing down on savings.

> The car fault, which is something that happened … I think it was November or December, we had all those costs – the car had all these issues continuously, week after week, and thousands of dollars I ended up spending on it. So [since then] I've concentrated on really putting more money into the [car savings account], consistently always having at least two grand in there at all times. Because you never know what's going to happen with the car and you need that. (Sydney-01)

For most people, car-related expenses were not optional costs. This is because cars were necessary for transport to and from work or school where public transport or active transport options were not available.

Finally, the recent spate of natural disasters impacted one participant in the Sydney group, with Sydney-01 losing many possessions during a recent flood event, requiring spending from household savings. No doubt the extent of financial impacts would depend on insurance levels. However, it reveals the possibility of a variety of unforeseen events that have the potential to impact on household finances, which for many can alter their housing purchase ambitions.

3.2.3 Strategies to reduce household spending

Overall the participants had low levels of discretionary spending, and were actively aiming to reduce their spending as discussed above. Perth-01, reflected this sentiment, in noting how mindful they are around discretionary items, such as entertainment.

> I feel like I'm just always mindful of it. I'm never going to go out and spend $20 on a cocktail unless it's the odd occasion. Or I'm not going to buy a whole heap of clothes when I don't need more clothes. I feel like just day-to-day things, like I get fuel on the cheapest day. What else? I don't always shout my friends. I'll shout them if it's their birthday but I'm not going to pay more than I need to, we take it in turns. I'm mindful of always turning off the lights, not using too much water because all of that adds money (Perth-01).

Likewise, Perth-09 noted there planned approached to larger expenditure items that they know are coming a few weeks in advance.

> We kind of have … our expenses really … pretty forecast in we're always trying to plan at least two or three weeks before we do some big expense (Perth-09).

Other participants noted that they had already re-examined past habits to try identifying areas of their spending they consider to be luxury, as noted by Perth-05 below, and make a distinction between necessity and want:

> I've been cutting back on things that I would have previously had done such as anything that's to do with hair or make-up, or anything like nails and stuff like that. Anything that I don't consider to be a must-have I guess. I've been cutting back on all of that because basically I don't have any choice but to. I've been cutting back on things like that which I don't necessarily need. It would be nice to have but I don't necessarily need it (Perth-05).

> I just kind of think beforehand 'is this really a necessity? Do we need it or do I just want it? (Sydney-11).

This narrative of forward planning and the mindfulness expressed in the above quotes, is somewhat counter to some mythology in mainstream media about the wastefulness and lack of forward planning by youth, particularly when it comes to their housing ambition.

Participating in the financial diary process helped some participants identify potential strategies to cut down spending:

> I think it really helps you spend more cautiously, you know, like just thinking what you have been spending and what you could just say no and control more of your expenses. So this has been really to think about where we want to be on the future, so that's really nice, I think [it] help[ed] a lot (Perth-09).

The most quoted strategies for cutting down spending was cooking at home rather than getting takeaway or eating out and spending less on clothing and household items.

However, most participants from both Sydney and Perth maintained similar patterns of spending throughout the financial diary timeframe, despite this raised awareness of their spending habits. In the Perth sample, there was a greater focus on approaches to increase or supplement income (see 3.1.4), than discussion about strategies to reduce spending beyond buying in bulk and limiting eating out and take away. Many participants considered their current spending habits to be almost as low as possible with little extra 'wiggle room' to be able to cut down more to contribute to savings or a house deposit without going without necessities.

3.3 Saving

There were a wide range of approaches to saving identified across the diary participants, with most indicating that they attempted to regularly save, although this was highly variable. The amounts the participants were able to save over the course of the financial diary timeframe ranged from a reported AU$77,971 (high income earning household who sold a car and had an end of contract payout) to AU$300 (medium income household already in home ownership). Some participants withdrew more of their savings than they started with at the beginning of the study. For example, those that transitioned into home ownership and used their savings for a deposit, or those that had other savings goals, such as purchasing a car. These saving amounts varied due to the differing savings goals of the participants and their means.

3.3.1 Savings strategies

Many participants had thought about saving and attempted a number of strategies to assist them to save.

Budgeting and multiple accounts

The most reported saving strategy was the 'buckets of money' approach. This included separate accounts for different goals as well as one account to cover contingencies.

> I've made myself a spreadsheet and … once I get my bills, I kind of split them up into what I would need to pay monthly. So, each month, I know how much money I need to be putting into my house account, in order to cover all of my bills (Perth-07).
>
> I've got a lot of accounts, and each week, what I do is, I put certain percentages in certain bank accounts, and then whatever money is in that one is the money I can spend, and whichever one's in the other ones I can't spend. My savings account, for instance, doesn't have a card attached to it … you'd have to transfer out of that into another account, then spend it. So there's a little bit of a process to spend that money if I wanted to, which is what I like about it … [I also] transfer directly into that bills account each week, and they just get direct debited out, so it's like that money I've never had, really. I find that really works well for me (Perth-03).

Most participants reported operating an everyday account, and moving money into other accounts, depending upon spending in a given period.

Paying cash

Most participants withdrew from their savings at some point across the study timeframe, some for 'big ticket items' such as overseas travel, household whitegoods, fixtures or repairs. Others however, chose to avoid dipping into savings to pay these types of items, and instead would pay cash directly from their everyday account.

> All my pay goes into one account and then when I feel comfortable in that amount I'll transfer it into my savings account and then I don't touch my savings account. I never pull from my savings account unless I'm buying something massive, like thousands of dollars worth but I'm not going to go and spend money unless I have it in my everyday account (Perth-01).

As a strategy to limit spending by avoiding the use of credit, this cash approach also helped to minimise the impact of spending on longer term savings goals.

Living with parents

One of the most important saving strategies to emerge was living with parents or in properties owned by parents. The combination of little or no rent, utilities and food, reduced spending in all major necessity categories. This meant a larger share of income could be diverted to savings, and also enabled lower income earners to consistently save. Not only did it reduce spending, it also smoothed some of the lumpiness in spending categories. This made planning to spend and save an easier task. This theme of parental or family support is picked up in more detail in Chapter 4.

Reducing spending

For many others however, a key saving strategy was simply to avoid spending altogether on some categories of consumption. One of the Perth participants noted eating 2-minute noodles often, and generally compromising on many items that most people would consider necessary. For most however, not spending was primarily about reducing discretionary spend, and in particular on entertainment and socialising outside the home.

> I would also feel a bit guilty about, you know, if I wanted to go out to dinner or if I wanted to buy myself something, sometimes I felt like maybe it wasn't [fiscally] responsible to be spending that type of money. Yeah, so I guess that was difficult. (Sydney-09)

> I think about the petrol prices and [laughs] yes, I mean it's not really an incentive for me to go out. Instead, it's more just incentive to stay home. (Sydney-09)

This approach was not just confined to those who were saving for a home, but also those who had purchased and we attempting to build a buffer against future uncertainties.

> I have had variable income. So basically I always keep a lot of savings and … my home loan is variable … so that I can repay as much as I want. This is also why I don't go out a lot because I allow myself enough buffer in case anything happens to my employment and income as it has happened at other times before. So I'll have enough buffer to live and even when I don't have income I was already living like a beggar anyway … I don't go out … When they go out for drinks or go out for coffee then I don't join them and then they would create all this gossip. So that's the most difficult part. They just don't understand … [and wonder why I am] living like a beggar (Perth-06).

This type of approach was having unintended consequences with Perth-06 commenting that her desire to pay off her loan as quick as possible was impacting her social existence. Prior to having a home loan she would spend time with friends, but since has retracted because socialising usually involves spending money.

3.3.2 Mortgage as default saving

Some participants in home ownership do not actively save, but instead put all extra income into the mortgage knowing they can draw on it later if needed. This is not formally an offset account arrangement as there is a cost to withdrawing this money, but the net effect is the same.

> I've got a 10 grand or 11 grand buffer in my mortgage account that's extra that I've paid, that I can always redraw if I need to. So, I guess I've got that there if I ever need it (Perth-07).

This additional buffer built up through additional mortgage payments was used by Sydney-03 to assist in the purchase of their new home, trading up from their first apartment to a small house.

Others use their formal offset arrangement with their bank by depositing fortnightly incomes into those accounts in an attempt to pay down their mortgage faster.

3.3.3 No saving strategy and low-income

There were some participants that were challenged by saving and claimed to have no real strategy in place. Sydney-09 who was living with her parents noted that she tried to limit her spending, but beyond that did not have a particular approach.

> I've never had any real like strategies in place. I just kind of look at what I'm spending, look at how much I've had saved and just try to keep in mind not to spend too much (Sydney-09).

Sydney-09 had a relatively low-income, and the low-income group stood out in this regard in that there was just no room in their budgets to actively save.

Perth-05, who has a variety of health issues and lives off a government pension, noted that she saves when can, but on the whole it is not possible.

> I think that I do the best that I can with what I've got. I think that I'm good at saving, if I can. In an ideal world, like I keep saying, if I had an extra amount of income that I was able to use to save, like properly save, then I would be fine … I think that anything to do with finances is always stressful when you are on low-income (Perth-05).

This is not through want of trying and while living a frugal existence. However, in the absence of any income increase, there was no way Perth-05 could reduce her spending enough to consistently save more. Lower income earners who did attempt to regularly save, tended to deposit into a savings account, and then draw on those savings to meet bills or unexpected expenses. On balance saving becomes difficult at best, and impossible at worst.

3.3.4 Future impacts on saving

For many, reducing spending was not a real possibility. This is now being compounded by costs of living pressures that began to emerge during the course of the financial diaries. Almost all participants depended heavily on cars for everyday transport and fuel prices rose dramatically at the beginning of 2022. This had an almost immediate impact on households.

> I will try to save a bit more if I can, but that depends on things. Now the things are expensive, fuel and everything (Sydney-07).

By the end of the data collection period, inflationary pressure in everyday items were starting to become evident, squeezing household budgets, and reducing the ability to save. Some participants were attempting to mitigate by adapting spending, there was a limit to this given the broader increase in prices. For those in home ownership, interest rate rises was a creeping topic of conversation. The full impact of these is not yet manifest, and is introducing certain levels of anxiety.

As cost of living pressures are emerging, we have also come out of one of the sharpest rises in house prices Australia has experienced. This has meant the home deposit amount has effectively grown for many households, which many were acutely aware of. As expressed by Sydney-01 below, then has meant the time it will take to save for a deposit got longer.

> You can't have a family and children and the day to day expenses of fuel … you might be able to save a bit, but you're not going to save quick enough to keep up with this market (Sydney-01).

So at one end, you have cost of living rising, making saving more challenging. At the other end, the end goal is moving further out of reach. Simply put, households cannot keep up with current market changes.

3.4 Smoothing and spiking

The variability in earning and income, and fluctuating spending needs over time is a complex relationship. It is resulting in a challenge for ongoing contributions to savings and a manageable household budget.

Participants with the highest variability in income found it difficult to save consistently. They would contribute more income to savings in fortnights of higher pay, under the expectation of having to make withdrawals from savings later in weeks of lower pay. Therefore, fortnights of higher income did not necessarily result in greater discretional spending practices, but spending was maintained at levels consistent with the lowest fortnights of pay. This meant that spending was maintained at a consistently low level for those on highly variable incomes, even if they occasionally had very high income in a fortnight. For those hoping to create a separate savings goal for home ownership, the need to occasionally make withdrawals in lower income fortnights made it challenging to maintain positive savings.

Sydney-01 spoke of re-arranging her other spending and saving habits in order to maintain the performance of savings growth in her dedicated housing savings account. She would prioritise a positive contribution of at least AU$50 per fortnight to this account, despite experiencing many income and spending fluctuations due to loss of shifts and work, and unexpected car expenses. To maintain the appearance of positive growth in that account for the benefit of the bank, she would take from other savings accounts and reduce spending in certain fortnights where contributions to the account was more challenging. This also included taking money out of a savings account for her child. This participant also had a dedicated Christmas saving account in expectation of a known spike in spending in this period, and to limit overspending during this period.

This accounting for expected future spikes in spending was a theme for other participants. Sydney-05, whose partner was experiencing health issues and who had variable income from casual teaching employment and periods of unemployment, would pay her bills in credit when she could. Each bill that came in she would overpay by a small amount which accrued over time. So, by the time it came to her period of unemployment, she was able to go multiple fortnights without having to pay any bills. When she regained employment, she started this process again. This allowed her to avoid feeling the double burden of a lack of income and necessary spending, able to take control of when bills needed to be paid.

In a similar vein to account for future spending spikes, Perth-02 discussed the household living entirely off his partner's salary, with any remaining funds at the end of a fortnight transferred into a contingency fund. His salary is then deposited into a fixed-term savings account. Due to this strategy, he has been able to approach the bank with a 20 per cent deposit and a sizable amount in an offset account.

Another participant, Perth-06, who characterised herself as frugal had almost paid off her home loan when she commenced in the study. She had around AU$20,000 owing on her mortgage. She paid the balance of her mortgage using an interest free credit card (minimum payment AU$1,200 per month) and has swapped out her mortgage. She was then paying the minimum payment and any remaining funds each fortnight off her credit card. She anticipates that by July 2022 she will be mortgage and debt free. This has taken her five years to achieve.

In this way, the contingency plans to smooth out spikes in spending and earning, were about trying to live, to some extent, below their means. Many households had the capacity to spend more on both necessary and discretionary items but chose not to in lieu of paying down their mortgage quicker or creating buffers or smoothing out the spikiness in income or earning.

3.5 Summary: making household budgets work

Income stability allowed for better financial planning and budgeting. People would try to create their own means to smooth their household budgets to account for income and spending variability, such as overpaying bills. Participants used strategies to grow their income, through selling assets, buying shares, and taking on extra work and shifts beyond their primary source of income. Reduction in spending was not considered to be a significant means to grow savings, as many participants had low discretionary spending. Most believed their household was already spending below their means in order to grow their savings. There was some concern with the rising cost of living and how this would tighten budgets further and lower the ability to save.

Income support, such as through COVID-19 payments and other government payments helped to smooth household budgets, particularly those on low-incomes, and helped these households ride through fluctuations to income and household expenditures. Any supplementary income received throughout the study timeframe did not often result in an increase of discretionary spending. This income was instead used to meet basic household needs or put towards savings. This suggests that government income support can help grow savings and reduce precarity by creating financial buffers, particularly for those on lower incomes.

Household circumstances influenced savings potential and goals. For example, some who have already entered home ownership were prioritising meeting their mortgage repayments over actively saving for other expenditures and emergency savings funds. Saving was also challenging for those renting, who felt they have the double burden of both housing costs and needing to save high amounts for a deposit. For many, the task of saving for a deposit was challenging. During the period of study, the deposit amount participants were aiming for increased due to rising house prices.

From these financial diaries, it is clear the income support and support for housing costs eases the burden of managing fluctuations to income. Moreover, such supports can help households grow savings and financial buffers. As both cost of living and house prices in Australia have increased over the 2020–22 period, household financial support will become more necessary. Such supports are particularly needed to meet the needs of low-income households.

4. Making the leap: household strategies for home ownership transitions

- **The aim of this chapter is to explore the financial and other support strategies used by households to find their way into home ownership.**
- **Households are increasingly sacrificing key consumption items and living frugally to manage home saving ambition.**
- **Familial wealth and in-kind support were essential for all those who transitioned to home ownership in Sydney, and for most who transitioned in Perth.**
- **Home ownership was not a trade-off that participants were willing to make, rental was seen as not a long term option.**
- **Housing location, quality, lifestyle and purchase timing were all key trade-offs households were making to enter ownership.**
- **Self-employed participants were choosing not to pay superannuation contributions in lieu of a housing deposit.**

In contrast to Chapter 3, which focussed on household experiences, this chapter focuses on the strategies used by households and issues they negotiate in attempting to find home ownership. Specifically, this picks up on key themes such as financial or investment strategies, role of familial wealth or other in-kind transfers and support, and on the role of government policy.

4.1 Household financial strategies for home ownership

The general analysis presented in this report indicates that the difficulties that households experience in achieving home ownership should be located at a broad systemic level, rather than at the level of the individual household. It is important to recognise this explicitly, because public debate and media reporting is characterised by a persistent tendency to frame the problem in individual terms. This may on occasion be motivated by a 'blame the victim' mentality that seeks to devolve the responsibility for macro-level social problems onto the micro-level behaviour of individuals. A notable example is the notion that young people's frivolous spending on 'smashed avocado' and other overpriced items is responsible for the difficulty they have in transitioning from renting to home ownership.

But the focus on finding 'the right strategy' is just as often driven by 'kinder', but nonetheless problematic, attitudes. Within the desire to keep alive the dream of homeownership is a reluctance to acknowledge the growing and systemic constraints on households that may prohibit the reality of such a dream. In both cases, the key problem is the tendency to obscure the systemic forces that produce these problems.

Here it is also critical to break down the problem of affordability: the question is not abstractly whether a family can afford a particular property and the associated mortgage. Many families are in a situation where they would be able to afford the ongoing mortgage payments, particularly if these payments are often likely to be similar or even less than the rent they already pay. For many families, the issue is specifically they are unable to save up for the deposit they need to get into the property market in the first place. This problem was articulated by one participant who, prior to having children was renting in the inner Sydney suburb of Chippendale with her then fiancé:

> Both of us had normal jobs. I was working in an office at the time, and my husband in the construction industry … We thought we would not be able to save, or if we do, it will take us maybe 10 years before we can accumulate all the deposit that we need (Sydney-02).

As a result, the couple made the difficult decision to live apart for two years while he worked a fly-in-fly-out (FIFO) job in Queensland—'he did it for 12 hours a day, five days straight'. During that time, they forwent holidays and other discretionary spending, and finally sold their car to afford a deposit in Campbelltown, a suburb on the outskirts of south-west Sydney. 'It's a lot of sacrifice on both of us [to] get a house'.

In other words, we need to recognise that a key obstacle to home ownership has come to revolve around the difficulty of saving up for a down payment rather than the possibility of maintaining payments on a mortgage once in place. As another participant who purchased during the financial diaries process stated, the key challenge of entering into home ownership was, 'the deposit, for sure' (Sydney-01). For this participant, the deposit was only achieved with parental support (see 4.2 below), despite the participant being able to afford their regular rental payments.

That is certainly not to minimise the significant pressures that households experience in meeting their regular payments on an existing mortgage. These are significant, and the intense popular concern with the movements of interest rates (and the way these depend on the RBA's decisions) is reflective of the very real budget constraints that property-owning but indebted households face. However, it is telling that having these kinds of liquidity problems (cash poor but property rich) is increasingly seen as a status symbol of sorts, a sign of entry to the middle class. Increasingly, the real divide is between those who are allowed to play in the first place and those who are not. Furthermore, in the context of low and largely stable interest rates, borrowers can still plan around this and put into place various measures to make sure that their monthly payments do not exceed their earning capacity. But when it comes to the deposit, the situation is very different: in a context where the price of entry is constantly going up, the task is simply to accumulate enough money to be allowed to enter the market. Again, this is not to suggest that there is anything straightforward about maintaining payments on a mortgage once it is in place. But rather that it is important to distinguish between these two different aspects of housing affordability.

None of the above is to suggest that the financial strategies of individual households are not important. Indeed, in many ways they have become more so since the home purchase process is less able to be planned in terms of a rational assessment of one's lifestyle projection over the future decades. Past (no doubt apocryphal) rules assuming proportional relationships between wages and house prices – such as the gold standard of a mortgage no more than four times your annual income – are now irrelevant. Instead, we observe all-options-on-the table attempts to scramble together enough cash to buy into the market.

The point is that household financial strategies increasingly need to be seen in this context, rather than as attempts to uncover some kind of objectively correct 'rational' strategy. The idea that there is a particular financial strategy that is suitable for the average household aspiring to home ownership is increasingly problematic. Generally, the strategy is to save as much as possible, and reduce spending.

The comment of one respondent conveys some of this sense of ‘you just need to do what it takes’:

> The key challenges [of entering home ownership are that] you need to be prepared yourself to have a rough life I guess because it’s home ownership okay, we are talking about home ownership. This is not like buying groceries, it’s a totally different level okay (Sydney-12).

Sydney-12 was able to buy their property after saving up for a 20 per cent deposit by adopting an extremely frugal lifestyle and with the help of a First Home Buyers grant. This person’s need to sacrifice financially in order to attain home ownership continued after the initial purchase. As their earnings from other sources are insufficient to fully cover the mortgage payments, they have opted to rent out the apartment in order to cover as much of the payments as possible. Their objective is explicitly to build up equity. This strategy illustrates the extent to which the treatment of homes as investments is increasingly prevalent not simply among those who can afford to buy investment properties in addition to their own home. Investing is also considered a necessity for subjects whose finances are far more constrained.

Such ‘rent-vesting’ (renting out the property you own while renting yourself) is often thought of as a temporary strategy, meant to reduce some of the financial pressures in building up equity and taking advantage from some of the rules of Australia’s tax system. But this is not often straightforward, as there is no natural or necessary point at which the financial pressures let up. Perth-10’s experience illustrates this. After considering that they had rent-vested for long enough, they moved into the property themselves. They quickly found the move was more financially disadvantageous than initially anticipated, however. The situation has become unfavourable to the point where it is throwing into jeopardy the eventual aim of owning a home considered suitable for living in themselves:

> It reduced my income, and it reduced the rate at which I am getting into a position where I own a place … I think this could potentially be a temporary situation. So, potentially, yeah, things could change whereby I go back to Rent-vesting (Perth-10).

The sacrifices involved in saving up for a deposit are illustrated by the case of Sydney-02, who had started to experience renting as increasingly inconvenient and difficult, and decided to save for a deposit. The couple had no children at the time but were living in central Sydney and found it difficult to save. As noted above, one of the partners worked a FIFO job in Brisbane for two years, which put considerable strain on their relationship but allowed them to save significantly. Eventually they were able to buy a house in 2014 in Campbelltown. Other subjects report having to undertake similar job assignments: Perth-01 reports having been able to purchase a property in Perth after working in Kalgoorlie.

A slightly different scenario is represented by Sydney-03, a couple that enjoys relatively high income. They were able to buy their first apartment with a 100 per cent mortgage based on a prediction of serviceability of the loan given her employment as a doctor. The appreciation of that property then contributed to their ability to fund a deposit on a house deemed more suitable for raising a family (see Box 2). However, this meant that the family was always operating close to their budget constraint, and had little ‘stretch’ left in their budget. As a medical professional, the respondent has significant ability to take on well-paid additional work and the couple orient their work activities around the requirements of their mortgage:

> Now we know how much the mortgage is and so that security is there … we have a really good benchmark for how much income we need to be earning (Sydney-03).

What is also critical here is that their high incomes enabled them to take on a higher risk loan, which is an arrangement that banks would generally not support for more moderate and lower income households. Fortuitously, dwelling price growth enabled them to benefit from capital growth and put towards another dwelling. However as is being exposed presently, price declines could have quickly put this household into negative equity. In any event, their family was able to loan the deposit needed to secure the property in the first instance. This was repaid soon after, once the 100 per cent loan was secured. Yet, it still demonstrates a certain dependence of family financial support, even for a high-income household. This theme will now be explored more fully.

4.2 Familial wealth and in-kind support

Familial support was the key to the success of the transition into home ownership for many participants. Over and above any government support or policies, familial support could be the deciding factor in whether they could make their first purchase. Some of this support for participants came in the form of knowledge and know-how about home buying. More materially and impactfully, other forms of assistance came in the form of inheritances, financial assistance with first home deposits via loans and cash transfers, as well as free or discounted living in the parental home, second home or investment property. The latter afforded important opportunities for participants to save for deposits, especially for those with low to no income. Importantly, our data suggests that such support not only enables the transition into first home ownership but also enabled participants to imagine a future where they assist the next generation transitioning to home ownership.

4.2.1 Knowledge and know-how

Familial knowledge and experience about home buying was important for some participants in enabling the transition to home ownership. This can be seen through the case of one interviewee from Perth, who had saved for a home deposit from a FIFO[2] job and had purchased a property that was in the process of being built. She noted how her father and stepmother directed her to trustworthy financial advisors and how her father was on-site when the property was being built due to periods of absence associated with her job. She said:

> The whole process [of buying a home] was really, really easy. My mortgage broker was wonderful, and just the team of people that I've had was really good, and my dad and step mum had recently built a house as well, so, they kind of talked me through everything and helped me every step of the way, and I kind of just had the money there after FIFO. (Perth-07).

Other participants also noted how their parents' experiences of home ownership assisted them in their own home ownership journeys, and especially with their assessment of potential properties. As one participant from Sydney commented:

> When we were looking at a couple of the houses […] we got family to have a look at and give their opinion, just for the fact that my parents have bought two houses before and things like that. So, I know they picked up a few faults at one of the houses we were planning to buy and then obviously when asking the real estate it raised a lot of red flags, so that was a bit of a thing of us not to go for it (Sydney-05).

4.2.2 Direct financial support: inheritances, transfers, gifts and loans

While familial know-how was certainly a theme in many of the interviews, it was financial support that so often proved to be the decisive factor in first home purchases. Some of this took the form of inheritances with one participant in Sydney, for example, stating that she 'didn't contribute anything to the mortgage, to the actual deposit or things like that. It was all my husband with the money he'd saved and his inheritance from his grandmother' (Sydney-05). More common than inheritances, however, were *inter vivos* gifts, transfers and loans. When a Sydney participant was asked 'what do you think is the main factor in your success in having entered into home ownership?' They responded decisively:

> Parental help. If it wasn't for my parents, we would not have succeeded in getting a home at all … We were looking … to build up on my in-laws' house which wasn't really an ideal situation for me. And then mum stepped in and said that she'd help us with a deposit as long as we could secure a loan (Sydney-04).

2 Fly in fly out (FIFO) jobs are typical in mining industries in Western Australia, which involves living in Perth and flying to remote mine sites for periods of employment.

To the same question, another Sydney participant responded:

> My dad. You've got all these schemes and stuff like that. Yeah ok, all well and good. But then at the last minute [the bank is] like 'Oh no, we want 10 per cent [deposit] instead of 5 per cent. So, if it wasn't for him actually lending me that money there's no way I could have done it. You can't have a family and children and the day-to-day expenses of fuel … you might be able to save a bit, but you're not going to save quick enough to keep up with this market (Sydney-01).

For this participant, her ability to get out of the rental sector and move into home ownership was made entirely possible by a loan from her father. Her non-predictable and low income meant that the bank was not willing to agree to a 5 per cent deposit on the purchase and at the last minute her father agreed to a AU$50,000 loan instead of a previously agreed AU$25,000 loan to enable her to pay a 10 per cent deposit. In addition, the participant's father agreed to act as guarantor for her mortgage.

Such examples of *inter vivos* gifts, transfers and loans (which in some cases complemented inheritance) were commonplace among those from the sample who had transitioned into home ownership. In Perth, for example, a participant who had saved for a deposit noted how:

> Mum and dad did help me out a little bit. Well, actually a lot. I put down $50 grand [for the deposit]. They put down $20 grand. So that […] reduced my Lenders Mortgage Insurance. I [also] inherited money so that definitely helps … [.] It's probably a bit bad but I have the support of my family. I started saving—I got a job at 13 and mum and dad always taught me—I think my mindset is very different. Mum and dad very much have a saving mindset that you should be secure (Perth-01).

Inter vivos transfers and loans were described by one particularly perceptive participant as a kind of 'pre-inheritance'. Our data suggests that such forms of transfer certainly supercharged the ability to get on the housing ladder and could change housing outlooks rapidly. A Sydney participant commented: 'when [the financial diary] started my goal was to save for a house deposit. And now it's [to] pay the mortgage and pay Dad back that $50 grand I owe him' (Sydney-01).

While the majority of participants receiving familial financial assistance used that support to get onto the housing ladder, in the context of rising housing prices others discussed how such assistance enabled them to move up the housing ladder. A respondent in Sydney outlined how she and her partner initially purchased an apartment without any assistance from either set of parents, indeed she was 'adamant that I would do it myself and I didn't think that I would ever get any financial support from my parents or [my husband's] parents so we took 100 per cent loan and we bought what we could buy with the budget that we had … I felt like it was [common] for other people [to get financial help from parents for a property purchase] but I didn't think that was an option for us. I never asked them. They didn't offer either' (Sydney-03). However, and in the context of increases in house price in 2020–21, this young couple purchased a house with the help of parents. An 'early inheritance' meant they did not have to compromise on location and were able to get a better place than they expected.

4.2.3 Complexity

As well as fuelling movements up the housing ladder, our data from this inquiry provided a window into other forms of complexity regarding familial financial support. For instance, how extended family networks may be active in providing gifts and loans to ease first home ownership. A participant in Perth described how he approached a family friend to be guarantor for a mortgage for himself and his partner. The family friend opted, however, to gift the couple AU$30,000. He described how:

> we asked him originally to go guarantor because no one in the family owns a bloody house. So, he was going to go down that path, but then he just felt a little bit reluctant because he felt like [a home] is the only thing in life that's actually is his to a certain extent. He said 'I do feel comfortable with it being me, but can I just give you money instead?' (Perth-03).

Our participants also gave us some insights into how inheritances and transfers may be international in character, specifically how international housing-based family capital may be mobilised in the Australian housing market to finance first home ownership. One participant, a migrant from India who has settled in Sydney, said 'I'm an immigrant here, I'm from another country. Basically, if I'm going to own a house, my capital will be from my own country' (Sydney-07). That capital was in the form of a property that the participant had inherited from his father. He went on to explain how it was 'more than likely' that he would sell that property to fund purchasing a home in Australia, especially if he 'get[s] a good deal out here'. A further respondent noted however that extremely high property prices mean that internationally transferred housing wealth may not have the same effects as Australian property-based capital gains. She was born and raised in the US where her parents owned a home selling, it some years after the family moved to Sydney. She noted that the property market in the US 'is nothing like here' and how she felt jealous of friends whose parents have bought them or helped them purchase property. She said 'I guess we didn't have that advantage like other kids did with their parents being able to either buy it outright, like buy it for them, or help them financially' (Sydney-09).

While the received idea is certainly that direct and indirect forms of familial financial support flow in one direction, namely from parents to children, other participants alerted us to the operations of what Adkins, Cooper et al. (2020) have named as a shared, intergenerational balance sheet. Here and in an effort to maximise familial asset holdings cross-generationally and to maintain or amplify asset positioning, support can flow in both directions. For example, in 2016, a participant from Perth purchased an apartment and then spent six months renovating it with the help of his father who is a tradesman. His parents also contributed AU$20,000 to the deposit so that he could avoid Lenders Mortgage Insurance. He then lived in the apartment for 12 months, and subsequently went overseas, renting the property out. After his return to Australia, he lived rent free with his parents but contributed to food and bills and continued to rent out his apartment. His parents are now themselves renovating, and the entire family have moved into his apartment, with his parents and sister living rent free.

4.2.4 In-kind

As this last example intimates, one of ways in which parents support their adult children in journeys towards a first home purchase as well as in familial wealth consolidation is through in-kind forms of financial support. One common form is living in the family home at either no cost, or low cost.

A participant in Sydney for example lives with her parents to save toward buying a two bedroom apartment. She is paying AU$200 board, which covered most food and bills. She said, 'I'm able to live at home as well and save, so that's an advantage' (Sydney-06). Another Sydney respondent reported that he lives entirely rent free with his parents while unemployed and on JobSeeker payments. He noted how he 'likes living at home, I'm saving a lot more money … [.] My parents always said they would help me when I – if I would ever get my own place, I think maybe a little bit financially I'm not really sure - you know, maybe like with co-signing or –I don't really know how everything works but, yeah, I guess like just trying to help me' (Sydney-09). Similarly, a participant from Perth lives entirely rent free with her partner in her partner's parents' home and has done so for six years. While during this time the couple have largely been students, more recently her partner inherited AU$70,000 which forms a major plank in their deposit for a house. She said:

> We had that inheritance that has been kind of sitting in the background. […] We had to spend a bit on a new car when one of the cars got written off. But that's very helpful. Then the other advantage is that we've been able to, up until this point, live rent free, so we've been able to save what we would be spending in rent, for a house deposit instead (Perth-08).

As this suggests, in-kind forms of financial support often exist alongside more direct forms, a point confirmed by another Sydney respondent who reported that she was living with her partner and son at discounted rent in her parents' second property to save for a deposit. She reported that she had been able to boost those savings by a personal loan from her sister with an interest rate lower than that of any bank. This does not simply demonstrate how in-kind and direct forms of familial assistance exist together, and do not necessarily only flow from parents to their children. It also highlights the creativity being applied to the deposit proposition, with multiple avenues activated to assemble required funds.

4.2.5 Imagining the future

What was perhaps the most striking feature of the discussions concerning family support for property purchases with respondents is how more than any factor (such as education or jobs) home ownership is central to imaginaries of the future, indeed, to a sense of even having a future. This is despite the struggles that the proposition of home ownership now presents. One participant from Perth, for example, explained how his own background was not one of home ownership and how:

> it makes me go well, I need to get this for future purposes. I don't want to be like mum's age and then having to worry about the price of rent or having to pay rent or […] whatever. And when you're retiring, you'd definitely want to be almost be fully paid […] or be close to so then whatever retirement funds you've got or old age pension, whatever you're on, is your money and you're not having to scrape together to pay [rent]. I've seen […] what it could be down that path and don't want that. There was, if anything … more determination to actually get it [home ownership] done, because I don't want to repeat what [my parents have] done. So that's why even the bank threw a hurdle at us … I was like, well, I don't care. I'm going to get it done (Perth-03.)

Given the wealth that home ownership has generated in recent decades and the now ever-present affordability problems that are operating alongside stagnant wages, it is perhaps not surprising that the key mechanism imagined as actualising such a future is intergenerational financial support. This imaginary was made visible by a Sydney participant who described how she and her partner are saving for their young childrens' futures and how they want 'to buy propert[ies] [for them]'. She went on that if buying properties is not an option 'even if it's just putting your name on a piece of paper as guarantor … I want to be in the position that I can offer [financial support] to them and that's important to me' (Sydney-03). Yet there is also something else at play here too, evident across the accounts of future imaginaries and forms of financial support. This is how the family as an economic institution has been recentred through the dynamics of the property market in Australia and is being shored up and reproduced over time via intergenerational transfers of wealth and other forms of familial financial support. Cooper (2017) has referred to this process as involving a retraditionalisation of the family. Another respondent demonstrated acute awareness of the gender politics of this retraditionalisation, and especially how women are accumulating less wealth over time than men through 'intimate transactions' (Bessière and Gollac 2020). She noted that if she and her partner were able to buy their daughters properties, she would want those properties to be in 'their names … so that if they, when they … get married, it's still in their names […] the husband can't trade the properties off them, stuff like that' (Sydney-02).

The recentring of the family through the dynamics of the property market – and specifically through home ownership – emerged in the financial diaries. Participants discussed property ownership as a gateway to the possibility of having children, and especially for the establishment of a normative family unit. One Sydney participant described, for example, how she and her partner were saving for a property, and how they 'wanted a big enough house for more than one child. So that was a partly a motivator for buying a place' (Sydney-03). Given the connection this participant drew between becoming a property owner and having children, she described herself and her partner as having a relatively short time window in which to purchase a property. She said: 'we also knew we were limited in time […] So we kind of knew there was this window that we had to do it. So we just had to do it' (Sydney-03). Not only, then, are the dynamics of the property market connected to a recentring and retraditionalisation of the family as an economic unit. Such dynamics are also structuring the timing and sequencing of life decisions and life plans. That is to say, the dynamics of the property market are influencing the life course: how lives can and can't be lived.

Box 1: Staying at home

We first spoke to Sydney-06 having just attended her first apartment inspection. She articulated a clear aspiration for home ownership 'probably within the next six months', having been thinking about the step for a couple of years. The plan was to move, finally, out of the family home, and in with her partner (who also lived with his family): 'Since graduating university I've been working full time and saving as much as I can. And yeah, just hoping that I'll be able to find the right place at the right price anywhere in Sydney.' With a permanent, full-time job in community sport (interrupted for four months during the pandemic), and feeling hopeful, she took tangible steps along her pathway over the first few months of interviews, including attending a 'practice' auction, researching, and applying for financing, having calculated 'my income, all the government initiatives, first homebuyers grant … [I] worked backwards as to what I can actually afford … with help from my partner.' Her home ownership ambitions were modest: a two-bedroom apartment in a location convenient for her and her partner's jobs. While hopeful, she was aware of challenges ahead: 'Finding a place like that in Sydney … is quite tricky … [There's a] limited amount of places available at a reasonable price … We'll see. [There] could be … some very happy interviews, or some very sad.'

Living at home, Sydney-06 received indirect financial support from her parents, as she paid board of just $200 per fortnight, which also covered bills and most of her food. Substantially reducing her (already minimal) expenses, she was actively focused on saving to make the most of her situation, putting over half her income into a high-interest savings account every fortnight (bar one), from which she never withdrew across the nine-months of diaries. Sydney-06 described her family as 'comfortable financially', with both parents working full time, and owning both their home and 'a unit down by the beach as well'. In addition to providing her secure housing while she saved for a home of her own, her parents – dad especially – were an information resource: 'He just kind of has a good knack [for it]'. They were also willing to financially support her further as she planned her home ownership pathway: 'We discussed previously if, if maybe one of my parents could be on the mortgage application. And they also said that they might be able to give me a like a little bit of money'. Sydney-06 had previously utilised the super co-contribution scheme and hoped to not need to dip into her superannuation to help pay for a home.

Despite her optimism going into the process, Sydney-06's search was marked by moments of disappointment, recorded across the financial diaries:

> Sydney-06: I'm a bit disheartened by the market, but also optimistic.
>
> Interviewer: Optimistic that prices might change down the road?
>
> Sydney-06: Yeah, or I'll win the lottery.

Reflecting on inspections attended, she noted, 'It's promising until you see the abundance of people strolling up and you're just like, 'Oh, go away.'', and 'The place we looked at [on Saturday], the deposit got taken pretty quickly, so that ruled that out pretty fast.' And, on yet another occasion: 'I did see places I looked at that were unfortunately about a million dollars. I mean, other than that, again, there's just not really much out there at the moment'. Even with her dad to assist, SYD06 also found the process of planning home ownership 'overwhelming'. Reflecting on her research on an interest rate comparison website, she commented: 'Once I kind of figured out what it was saying, I got a better understanding. But yeah. It's a lot'. During a period of prolonged wet weather and flooding in Sydney, she indicated her awareness of issues with some apartment buildings – yet another factor for her to consider: 'I'd be interested to see how many newly renovated apartment blocks that have been put up really quickly and aren't the best job start having cracks and plumbing issues and things'.

Finally, disheartening turned into resignation: 'It doesn't seem as realistic as I first thought'. Six and a half months into the financial diaries process, Sydney-06 gave up on the idea of home ownership, at least for the time being. 'Myself and my partner have decided to rent. I think we came to that conclusion … [I'm] obviously disappointed'. This decision came not long after being denied the level of financing that would allow her to purchase the type of first home she was aiming for. Each fortnight prior to this decision to rent, she had stated that she felt either closer to home ownership or the same, reflecting both on her financial situation and her increasing knowledge and steps towards home ownership: 'I have a little bit more knowledge in terms of housing and financial stuff, and … I have saved'. After the decision to rent was made, however, she responded that she felt further away from home ownership; (this was despite having just received a salary raise): 'Probably further. Probably not financially further, probably just mentally further'. And, a couple of weeks later: '(I feel) no different at the moment but obviously I won't be saving as much when we start renting so … in the coming months, probably further away'. Although expressing some relief at (for now) avoiding some of the complex decision-making around mortgages (at a time of interest rate hikes), Sydney-06 also expressed frustration at the thought of paying for someone else's mortgage instead of her own. With no pressure to leave her current situation, and hoping to save a little more money, she was now taking her time to find a rental. Despite being denied a loan in the amount that would allow her to purchase there, SYD06 found that there were several suitable rental options in her budget in the same area.

4.3 Housing aspirations and trade-offs

Even as many aspects of home ownership are being rethought in the current era, home ownership as an objective remains central to how Australians imagine their life course. Almost all the participants in this study expressed a strong wish for home ownership. As noted in 4.2, this aspiration is especially pronounced among those with, or planning to have, a family. Many of the participants themselves expressed this desire to own a home as an almost natural wish. One participant was particularly emphatic in this regard:

> I mean who doesn't like home ownership? What kind of question is that? … You need to have a place to stay. I mean like your own place, your own happy place, your home sweet home (Sydney-12).

Other participants expressed very similar sentiments:

> My really big goal has always been to be able to get my own place … I would say like the most important thing [is home ownership] (Sydney-09).

> Really important, like massively … It's always something that I've wanted - to own my own home (Perth-05).

> Yeah, very important, yeah. Now that we're getting closer it's just – feels like it's just a thing that's very much needed … we're very excited. So, I don't regret anything (Perth-02).

> I think owning my own home and being independent and just knowing that, like, I'm not dependent on someone else for stability, that was really, really important to me and still is (Perth-07).

When viewed from a certain angle, such sentiments would seem to confirm the idea, beloved by politicians of all stripes, that home ownership is a natural thing for people to aspire to, and that policies facilitating this serves to give people a stake in the stability of society at large. However, when encouraged to reflect on why home ownership occupies such a central place in their life plans, a much more contextualised and nuanced picture emerges. Participants' wish to own a home is a complex aim, driven by a series of broader life goals and entailing constant choices that are conditioned by the institutional parameters through which Australian society has organised housing.

Indeed, the urgency or even sense of despair that many participants experience around housing is in large part brought on by the fact that the existing system offers no viable alternatives to home ownership at the same time as it constantly puts home ownership further out of reach. This is perhaps most evident when it comes to the feelings that people express about renting as an alternative to home ownership. Australia has some of the most landlord-friendly tenant rules in the OECD, heavily geared towards the needs of landlords and investors (Hulse, Reynolds et al. 2020; Pawson and Martin 2021). Without discounting the emotional drivers that participants themselves bring to this, it is no less important to appreciate the role of those factors in contributing to the overall sense renting is an inferior choice, rarely considered a viable long term option or a good basis for a stable life.

Landlords can easily refuse to renew a lease, creating particular problems for families with children who aim for at least medium-term stability in their community and schooling:

> The last place we were in, we were there two and a half years, it was great. We were around the corner from the kids' school, loved it. But because we got pushed out of there, because they sold, so we couldn't afford that area so we had to come to this area and having to do that drive … kind of pushed me into, well you have to buy (Sydney-01).

It can be very difficult to adjust a rental property to one's living needs, and even if one is given permission to do work on the property, there is always the sense that one makes significant investments while the landlord reaps the benefits in the form of higher rents and capital gains. Pet owners often do not want to be dependent on the rental market because they feel they are at a distinct disadvantage to applicants without pets. Several respondents report having had bad experiences with renting.

This is not to say that participants are unable to see some of the benefits of renting. As Sydney-01 puts it,

> People keep going on about how [it's easier to buy than rent but] no, it's not easier. It is obviously hard to get into a rental because you're searching with everyone else and there's no, I suppose, stability in that sense but there's so much more in costs. Like if something breaks that's my problem, I can't just call someone to come and fix it. (Sydney-01)

Decisions of renting vs owning evidently involve a list of qualitatively distinctive pros and cons not easily boiled down into a simple calculus. Yet, one concern relating to renting is generally considered more conclusive than most. That is, that renting amounts to paying off somebody else's mortgage instead of one's own—building equity for someone else's family rather than one's own (Sydney-02, Perth-01, Perth-03; see also Box 1). It is important to appreciate that the idea of 'paying off someone else's mortgage' can only arise in a context where rental properties are generally investment properties. This is hardly a neutral condition but the result of a series of political and institutional choices. In other countries, people often still rent from semi-public organisations (charged with re-investing revenues into affordable rental housing), or from large institutional investors. In other words, although a gradual privatisation of the housing stock has taken place across the OECD, the idea of renting from 'other people' and paying off their investment, is not nearly as recognisable a condition outside of Australia. This neoliberal version of sociological *ressentiment* appears to be a key driver behind Australians' negative attitudes towards renting.

Under these circumstances, many participants make forgoing sacrifices to keep the dream of home ownership alive. These are often financial: participants detail a variety of financial strategies that enable them to make progress towards a deposit and mortgage payments. These strategies include: saving on everyday necessities and the kind of entertainment expenses that lubricate social life; living apart from their partners and/or children in order to work in remote locations for higher pay; and postponing having children (see also section 4.1).

However, the limits of purely financial strategies, oriented towards saving more in a context of rising prices, are often apparent to the participants themselves. Many participants adjust their aspirations in response to evolving market conditions. This has happened even within the timeframe of people's participation in the study:

> Interviewer: Would you say that your housing aspirations, in terms of a time frame to buy a property, has changed since the … start of the financial diaries? …
>
> Sydney-09: Yeah, it seems like much further [away] … I was just reading about how Sydney was the second least affordable city in the world … Yeah, I just feel like my dreams are like getting further [away].
>
> Perth-09: It would be impossible to do anything different … I couldn't do anything better … unless I maybe just play some lottery tickets.

Indeed, at least to some degree, participation in the study itself triggered this kind of awareness.

> I think, as time has gone on, I've become more and more anxious and almost just a bit like hopeless about getting my own place, because as the weeks have gone by with each of these scheduled meetings and updates, housing prices have only increased since then. Yeah, so I guess I've become a lot more pessimistic … it's always something that's in the back of my mind … but then, yeah, when I do these things, then I'm reminded of it and it's fresh in my mind and, yeah, it just brings out a bunch of feelings and emotions. (Sydney-09)

As the participant began observing their finances from a more objective perspective, they became more aware of the obstacles separating them from their goals. Documenting their small amounts of progress in the context of rising house prices made them more aware of the shifting goalposts. Taking part in the study made the participant aware of this in a way that under other circumstances they may not have been. This suggests that the idea that it is still possible to save one's way to home ownership continues to remain viable only because it is supported by misinformation or lack of awareness.

Under these circumstances, participants report only being able to keep alive the dream of home ownership by compromising on a range of other aspects of home ownership. This can include compromising on location and being prepared to move to an area that is not ideal from a personal or professional point of view, i.e. a location that might be at a certain distance from extended family and friends or entails a different choice of school for one's children. It can also involve shifting one's purchasing ambitions from a freestanding house to a townhouse or apartment. For instance, participant Sydney-09 reports experiencing a great deal of frustration at the fact that house prices increase at a much faster rate than they are able to save, and that in response they have broadened their search to also consider apartments instead of only houses (see also Box 2). But it is important to appreciate that the compromises being made in this way often transcend the sphere of pragmatic, rational calculation and often entail having to accept significant limitations of one's lifestyle.

4.4 Housing markets and timing

Part of the conversation around aspirations and trade-offs intersects with what is happening in the wider housing market. Many of the participants in the financial diaries noted an increasing level of awareness of the financial behaviours and the enormity of the task of saving for a home. For some this a realisation that their aspirations for home ownerships had to shift if they wanted to purchase because the housing markets had effectively locked them out of certain choices. Timing the housing market was in this sense, a critical decision for participants. Most experienced some kind of pressure to either time the decisions correctly or move as quickly as possible. The fear of missing out was palpable, as expressed by Perth-08:

> You always feel like you are missing the boat, but we aren't in a position yet to buy a house. So, there isn't really anything we can do. (Perth-08)

However, there were several dimensions to issues of timing, with a sense of urgency coming through because of the rapid escalation in house prices and intense competition to buy. For some, this meant trying to buy as soon as possible as in Sydney-01's case (see Box 2), and others already in home ownership lamenting their indecision and cautiousness as prices continued to rise. Sydney-02 and Perth-02 for example both expressed regret about not having purchased sooner, but did not due to an abundance of caution.

> I think … when we were in that situation [of buying our first home] we always had doubts. Well, I think it's more my husband had doubts. Even when we were trying to buy this house, and that was the first lockdown just ended. And then I kept on convincing him, said, 'this is a good price, you should buy it now'. But he wasn't really too convinced. And I said, 'this is a good area, too'. And yeah, I was right, because the property price is doubled now. I said, 'See, you listen to me. (Sydney-02)

> [The thing] I would have done differently is getting to the home ownership earlier. I think I waited too long. We were afraid, we were scared of spending that money, we didn't think it would be worth it, but looking back, I think that was a mistake and we should done earlier [but] you just don't know what you don't know … (Perth-02)

Sydney-02 did purchase in 2014, and the price increases in recent years more than offset initial apprehension. But both these two participants expressed a sentiment of underlying fear that price rises, apart from forcing them to pay more, would ultimately make it more difficult to purchase in the first place.

This fear of price increases was not limited to the cost of purchasing housing, with some in rental noting the increase rent burden that had been emerging. Sydney-01, as quoted below, found it very difficult to secure a rental property in the first place, with over 200 applications for a single property.

> [How important is home ownership to you?] Very. [Has that changed at all … over the course of the financial diary?] Probably more important because just seeing the rental prices go up and like the place I'm renting right now … I'm breaking the lease and there was over 200 applications in 4 days, and there's nothing special about this house. The house down the road that had a pool, that had over 400 applications … So it's so important, because it's just insane.' (Sydney-01)

This competition for rental tenancies only reinforces the insecurity that has been intrinsic to rental housing in Australia, only fuelling further desires to seek out the security of owner occupation. The competition has seen rental prices go up, placing more pressure on household budgets, and consequently the ability to save for a home deposit. For others like Perth-05 and Perth-03, paying rent was wasting money that could be better directed towards paying down a loan, further driving urgency in their decisions.

Moving forward to 2022, and towards the later end of the financial diaries, there started to be an emerging sense of anxiety that prices would drop. The irony of this position is that prices are expensive and unaffordable, and in the absence of rapid income increases, price drops are the only way housing may become more affordable. Yet for many, the prospect of declining prices created problems for one of two reasons. Some were seeking to upgrade on their existing house and would therefore get less for it, as was the case for Sydney-02. For others, declining prices after purchases would create other financial uncertainties, like the prospect of losing on the initial investment, or getting into a state of negative equity.

The uncertainty over future prices, now that interest rates have begun to rise, coupled with emergent price drops, also means that the banks are being more cautious with their lending. Consequently, there was sense that offers for mortgage finance needed to be taken up before the banks were able to change the amounts they were prepared to offer or change the conditions under which they would offer finance. Collectively, price drops, while seemingly making housing more affordable, in many respects make it more difficult to attain ownership.

This anxiety of timing, and general feeling of the need to purchase as soon as possible has created some other unintended consequences. In the case of Sydney-01 (see Box 2), the desperation to get out of rental housing, and purchase a home has meant some rushed decisions about her first purchase. In Sydney-01's case, not enough time was spent inspecting and doing proper due diligence on the property she ultimately purchased, meaning that she settled on a property that had some unknown damage, and also come complexities in the land title and boundaries. The fear is that the house will not be suitable long term and there is some real concern that the eventual price paid was too high. This experience underlies the sheer complexity of the housing market and the high stakes involved, particularly for households on modest and somewhat precarious incomes. There is just little room for error. The historical trend to higher house prices has for many people enabled these missteps to be smoothed over. Yet, with emergent era of uncertainty, there is no guarantee this will always be the case.

Box 2: Timing is everything

This box compares the experiences of lower (Sydney-01) and higher (Sydney-03) income earners – both couples with children – who achieved home ownership during the period of the financial diaries. For each family, the goal of home ownership had profound impacts on saving and spending. For Sydney-03, these impacts coincided with spending more time at home with their young child, and forced staying at home through periods of pandemic lockdown, dulling their felt impact. For Sydney-01, it meant an interstate trade-off, seeing house prices in Sydney, where they were located, 'skyrocket'. Even with the move to Queensland, Sydney-01's financial diaries process was marked by increasing desperation as prices slipped out of reach: '[In] Queensland … we could have easily afforded under like a year ago, a 600 square foot hi-set house, very neat and spacious … Now … that's way out of reach so I really, really had to kind of settle …'.

Although the family's mobility was deemed necessary to make home ownership a reality for them, the associated insecurity of casual employment added to the home ownership challenge – 'it's just hard; we sort of need to stay put for a bit', she reflected, adding 'We don't know [where we'll purchase] … my husband can earn a lot more in Melbourne'. In addition to earning potential, Sydney-01 also noted that the Queensland option was more isolating for them, with family in Melbourne, and close friends in Sydney: 'I've definitely got more support systems in Sydney and Melbourne'. As the family struggled to get into the housing market in Queensland, this consideration weighed heavily. 'If we don't find a place by the end of our lease here, we'll just be going back to Melbourne … just to have that family support with the kids'.

The financial diaries of both Sydney-01 and Sydney-03 revealed the challenges of saving due to larger, typically non-negotiable – and often unexpected – expenses, in contrast to the limited ability to increase savings through adjustable costs such as groceries. For Sydney-03, with a higher and more secure income, it was the timing and size of non-discretionary costs – many of which were tied to the job – that were most strongly felt, as noted in section 3.2.2.

For Sydney-01, the impacts of these expenses were wrapped up with their casual employment status, which not only effected their income but ability to build a case for a home loan:

> We've just gone through massive floods up here … I've got so much stuff that's been destroyed and I've had to buy more stuff … Car broke down, wouldn't work at all … had to spend $600 on that. Washing machine died the same day, so that was $800 there … had to take money out of my daughters savings account as well … I'm running on empty now … I'm just waiting for my pay to come in … I shouldn't have had to touch my daughters account to pay for the car … It was both [the washing machine and car] at the same time that screwed me … I also had to withdraw out of the holiday account too … I refuse to take money out of my house savings account cos obviously that's going to look bad if I go to a broker … My other car needs tyres, so I'll be doing that tomorrow; that's another $500. I'll probably be saving nothing for the house savings account … They don't like it when you skip a week though … My husband had to miss a day of work last Monday because we only have one car and I've got to take the kids to school and I've got a hospital appointment and I've got

> swimming lessons this afternoon. So he ended up just having the Monday off work so that he could deal with the mechanic guy that was coming to the house, so his pay this week's not going to be as good because … majority of his money comes from his overtime - after he works 40 hours he finally gets a better hourly rate - so if he's only doing four days of work a week he might not tap into that overtime. Because he's a casual, if he misses a day of work it just messes everything up (Sydney-01).

For Sydney-03 too, the character of work impacted on their journey to home ownership but in a markedly different sense. She went through the process of both selling and buying in Sydney during the financial diaries period, having purchased an inner Sydney apartment in 2015 with the help of no lenders mortgage insurance (LMI) and a 100 per cent loan – eligibility for which was down to her employment as a medical doctor ('they just did a calculation about serviceability') – as well as a parental loan to cover stamp duty and the deposit. As she recognised:

> The benefit was that the market was moving. So within 12 months, we were able to refinance, so that we got it down to a 90% loan because the value had gone up … we went into savings mode [and] rented out the second bedroom in our apartment [to] a good friend … She lived with us for maybe three years [and] we didn't declare that … and that allowed us to cover our mortgage for the first three years (Sydney-03).

Although the equity on the apartment increased by just 10% compared with substantially more for a house over the same period, they put their ability to purchase a house in late 2021 down in large part to having entered the market over six years prior: 'if we hadn't had the apartment we wouldn't have the deposit for this place for sure'. Another key factor in the 2021 purchase was $220,000 from her parents, who themselves had benefited from the inflated Sydney property market, having had a strategy of renovating and selling their primary residence – four houses during her lifetime:

> It's huge … They're both about to go into retirement, they're about to sell their house. So they're kind of looking at it as possibly early inheritance … Even as an adult earning … a combined income with my partner of … like 300 and something thousand … we're still having help from our parents. What a joke.

For Sydney-01, there was also financial assistance from her dad, its comparable impact highlighting the importance of intergenerational wealth and housing equity, despite the desire to help:

> My dad has actually offered to gift us 20-25 grand … see I'm a bit iffy on that because I'm not sure, in 10 years time he might be like, 'Oh, can I have some of that back now' … He has seen how bad the market has gotten. He has offered to go guarantor for us, but even with that we need to get our income up to be able to get approved for a house in Sydney (Sydney-01).

For both participants, purchasing a home was a period of heightened emotion and stress, and regret was not an uncommon feeling for either at various times:

> We bought an apartment because that's what we could afford. And I look back at that decision now and think, God, if only we bought a house because they've gone up by like, you know, 50% in terms of equity, whereas the apartments haven't. But then I remind myself that we couldn't afford a house … So I can't be too hard on myself (Sydney-03).

For Sydney-03, ultimately purchasing their home alleviated these negative feelings:

> What's really nice is I'm not like looking at other places being like, 'why didn't we buy that' or 'wish I had more money and could buy something else', or 'when we're going to buy a new place'? I'm not worried about that at all. I'm very settled in like, just focusing on what we have and being grateful for what we have. And so that's a really nice place to be actually'.

These reflections wholly contrasted to those of Sydney-01, where the purchase itself brought on a whole new wave of stress, anxiety and regret. These negative emotions were associated with the rush of buying under pressure, not undertaking detailed inspections, uncertainty around government grant approval, the amount of deposit required and whether LMI would be payable as a result, and getting incorrect advice about the property from their less expensive conveyancer. Ultimately, the stress became so severe that they were unable to continue participating in the study and were desperately trying to seek legal recourse relating to the purchase. Snippets in the lead-up and around the time of the purchase shed some light on how fraught this major decision had become. What was clear from the financial diaries was the significantly greater impact of cost increases (for buying *and* renting, as well as general cost of living) – on this lower income family, as the market rapidly outpaced their ability to secure a suitable home:

> I might not get a place at all now … I've been really kicking myself … Really depressed …

> The challenges I had in spending … ? Everything … The house … would have been $200,000 cheaper if I bought it 12 months ago … Don't get me started on the price of petrol. I'm doing four hours of driving a day.

> So I've just got to buy a place without viewing it and without knowing much and just hope for the best … That is super scary. As a first home buyer … you see the movies or how your parents talk about it, like they go and view a property and they might even go back again and picture their furniture there … and they think about it. And now it's like 'oh, it's listed? All right, I'm going to pay 400k for it'.

> I put in six offers on Saturday alone … I did put in an offer on Friday before I even viewed the place … I think it was late Saturday afternoon I got [notified that the] offer's been accepted. Sunday, he gave me the contract … so [Monday] morning … in a frame of a couple of hours … the congratulations on the purchase of your home, blah blah blah, 'get insurance' … so it's all very rush rush … I've spent more time contemplating whether I should buy the right fridge let alone a property that's worth this much money.

> I got the building [inspected] and there's like, there's a lot … wrong with it … I spoke to my dad, and he just like was just like in a buyers market yeah, I would say negotiate, but he just said grab it. But now I'm sort of regretting it. I should have said, hey, you know, go up and fix that problem on the roof, because we're having a lot of rain up here and if it gets worse in the next couple of weeks, and I'm really dealing with issues. There's moisture detected in the bathrooms there's a lot of things that I need to pay for as soon as I get in there which is really put me off … It's causing way too much stress at the moment.

> Once I get off the phone to you I'll be ringing around to [my conveyancers] saying 'what … is going on?'

4.5 The super conundrum

In many ways, housing market movements and problems present short term problems, yet as been argued in Chapter 1, housing forms a core component of the long term wealth and security of households in Australia. Its importance cannot be understated, with both pension and superannuation systems contingent on securing home ownership in retirement. The relationship of housing to superannuation has emerged as a key theme during the financial diary interviews and represented somewhat of a conundrum for participants. On one hand, housing was favoured over superannuation. Participants had either accessed, or would like to access, their super for housing investments. On the other hand, superannuation balances were largely inadequate to make a significant difference in realising housing aspirations.

Most participants in either Sydney or Perth were not actively engaging with their super, by making voluntary contributions or self-managing. Super was generally not viewed as an important future investment, even in retirement. Housing—both owner-occupied and investment properties—were prioritised over super.

Participants described the importance of home ownership for securing living standards in retirement. Sydney-02 said: 'When you pay off your mortgage … [that] will be really helpful when we retire. Because we're only new in this country so our retirement, our superannuation is not really … I don't think it will help us so yeah … So that's another reason why home ownership is important. We're not just thinking about now we're also thinking about when we're old.'

Sentiments favouring housing over super were reflected in the actions of participants who had accessed super for housing-related purposes. While access to superannuation during COVID-19 was designed to replace lost income as a result of the impact of lockdowns on employment, three participants (two in Sydney and one in Perth) withdrew their super to accelerate mortgage repayments. There was little concern for the long term implications of early super withdrawals for retirement incomes. Sydney-12, who accessed their super during the lockdowns, said that they '[had] about $18,000 and [didn't] see the point in having it when 65 years old'.

The low balance reported by Sydney-12 is indicative of the conundrum of using super to support pathways to home ownership. Early access to super may facilitate already existing homeowners to pay their housing debts. Yet, super balances are generally insufficient to materially assist with the leap into home ownership. This reflects patterns of insecure work and unstable incomes that create barriers to steady accumulation of superannuation balances. In fact, some participants were not receiving or making any contributions to their super, including self-employed participants Perth-02 and Perth-03, and unemployed participant Perth-05.

Whether or not the prioritisation of housing over superannuation is financially rational depends upon individual circumstances. These circumstances include income and wealth profiles and time preferences, the relative performance of each asset class, and how they interact with the tax and pension systems. For most young people, compulsory superannuation means they have a passive relationship with their superannuation.

Inequalities in levels of wealth accumulated in superannuation do, however, create pathways into home ownership that are differentially available to some young people. The superannuation of parents played a role in Sydney-03's entry into home ownership. Despite them and their partner being high income earners (over $300,000 in combined income), Sydney-03 borrowed $220,000 from their parents, who accessed the money from their own superannuation accounts. This was described as an 'early inheritance' and, further, a good investment as 'the capital growth on [the house is] better than whatever it will do sitting in their super'. This shows that super is not only being used to pay off mortgages upon retirement; it is also being used to facilitate intergenerational support for home ownership.

4.6 Government policy support

One of the main questions this research sought to address was how young Australians responded to existing government policies designed to facilitate first home ownership. Policy in Australia has long provided various supports to facilitate entry into home ownership and in recent decades has focussed almost exclusively on providing upfront financial support in the form of first home owner grants, stamp duty and other concessions. The impact of these types of policy have been previously contested, with some arguing that they may bring forward entry to ownership, but do not fundamentally increase the rate of ownership.

Many of the financial diary participants used different policy supports to get into home ownership, but in each case, there was a view that they did not necessarily contribute to their transition into ownership. Around two-thirds of the Perth participants had managed to secure home ownership and all benefitted from some form of government home ownership scheme payment or exemption. Perth-07 did access a first home buyer grant and did so partly by lucky timing.

> Having a FIFO job and COVID. Definitely having those grants helped, and, yeah, having a FIFO job for a year and a half before … I wasn't saving hard out for a house, because I didn't really intend to buy one at that stage, and then the grants came out, and that was just extra cash, so, like, I was just - I was incredibly lucky … (Perth-07)

In reflecting on their home purchase, Perth-07 suggested the key factor was having a well-paying FIFO job, coupled with restrictions of spending because of COVID-19. Getting a grant was fortuitous timing that added 'extra cash' to
the transaction, as opposed to enabling it in the first place. Most participants in Perth who had invested in housing within four years of the study, accessed the First Home Owner grant of $10,000 (Perth-02, Perth-03, Perth-06, Perth-07, Perth-10). Yet, few accessed newer schemes such as state home builder grants (Perth-07) or Commonwealth COVID stimulus building initiatives, largely due to eligibility or timing constraints.

Eligibility was also the main barrier in New South Wales (NSW), with few participants able to access any government support. Sydney-12 had received a first home owner grant under a previous scheme, for a property that ultimately, he rents out and does not have any intention to live in. Sydney-01 was challenged in getting a grant because of limited numbers, and lack of knowledge of the scheme by the mortgage broker. However, Sydney-01 was adamant it would have had no material impact on her buying a property, and that financial support from her father was the critical difference for her being able to purchase. Grants and concessions are relatively small amounts compared with the size of deposit required. Those that have purchased property therefore needed to be in a position to buy anyway, regardless of access to government support.

Overall, the participants did not discuss government support as essential to their transition into home ownership. This was true of those purchasing property during the financial diary timeframe, and those that were reflecting on earlier purchases in extended interviews. This suggests that current government support is more likely to benefit those that were already in the process of entering into home ownership. This is particularly so given that many government supports are designed to intervene only at the point of purchase (e.g. stamp duty, grants) when the decision to enter the property market has already been made.

4.7 Summary: finding home ownership in a time of uncertainty

This chapter aimed to explore the financial and other strategies households use to enter into home ownership. Building on Chapter 3 which noted a large degree of volatility in the income earning, spending and savings of households, Chapter 4 noted the challenges households faced in consistently saving for a deposit. Most households demonstrated frugal approaches to spending, compromising on living arrangements, lifestyle and other consumption items to ensure that they save as much as possible. Despite this effort, many were left with the sense that the savings task was getting further out of reach as property prices continued to climb, and in the later part of the study, as cost of living pressure started to manifest.

Some participants did manage to transition to home ownership, but all did it with varying degrees of support from family. Many received financial gifts, inheritance, or had the living arrangements supported by family as essential components of home ownership transitions.

Some participants were able to make use of government assistance, however this likely made marginal difference to home ownership prospects. Where it did impact was either on the timing of decisions, by bringing this forward, or enabling larger loans to be taken and different properties purchased. In no case did access to government grants and concessions make the difference between becoming a home owner and remaining in private rental. Previous literature suggests that innovative mortgage products assist with the transition into first home ownership (see Scanlon, Lunde et al. 2008). Yet, when discussing home ownership prospects, none of our participants mentioned specific atypical financial products or innovative mortgages as potentially reducing financing constraints, enhancing home ownership prospects or spreading risk across time. Despite these challenges, there was an overwhelming sense of urgency in obtaining ownership. This urgency was about addressing future risks of not having a home and not being able to support their families' lives now and in the longer term. For some self-employed participants, this urgency meant a forgoing superannuation contributions. Most such participants favoured home ownership to secure their post retirement future, rather than maintaining or growing superannuation balances.

Increasingly, households were required to make decisions over future risks that in large measure are outside their control. In one example, this meant preferencing a place to live now in lieu of future income in superannuation. In another, the risk was to purchase property in a highly inflationary context. Such risks are increasingly demanded of households in contexts where there is no immediate prospect of income rises, and where there are increasing cost of living pressures, and rising interest rates. This results in difficult choices where households are having to trade off future living security, against potentially becoming financially insecure and vulnerable to economic changes. Conversely, they could choose not to purchase and face uncertain living arrangements and possibly be locked out of home ownership altogether.

5. Conclusions and policy development options

The central aim of this research was to investigate how young households are adapting their behaviour in the areas of finance, living arrangements and consumption in order to navigate their pathway into home ownership. Specifically, the project examined how these behaviours responded to three interconnected challenges. First, high housing prices, second, increasing significance of property-related wealth in enabling access to owner-occupation, and lastly, increasing precarity in employment.

Over the course of formulating and conducting the research, housing markets in Australia displayed some fairly extreme changes. Beginning with the deep uncertainty at the beginning of the COVID-19 pandemic, with over 10 per cent (Irvine 2020) of mortgage holders entering deferral arrangements with the banks, through to historically significant price rises across the nation. This was followed by some dramatic interest rate rises in response to higher-than-expected inflation. Households have of course been caught in the middle of this uncertainty, and it is in this context this research examines how households have attempted to navigate the day to day financial challenges this brings.

To do this, the research employed a novel financial diary methodology, which has not previously been used in housing research in Australia. Based on ground breaking work by Morduch and Schneider (2017), this report provides a detailed picture of the daily challenges of earning, spending and, crucially, saving for a home. These challenges are revealed by examining how they intersect with employment conditions, and other significant life events. Five major themes, each having significant implications for policy, come out of the research. The final sections of this report will address these in turn.

5.1 Key lessons in home ownership pathways

5.1.1 Role of family in home ownership

The single biggest factor in supporting entry into home ownership was the ability to access family support with the majority of new or aspiring home owners in our study receiving or having received one or more kinds of parental support. Within the Sydney cohort, and in the context of the most expensive housing market, familial support was an essential component of home ownership transitions in all cases. For the Perth cohort, for some it was still possible to enter home ownership without direct help. However even in Perth many still benefit from both familial financial and non-financial support.

Previous research on family support has identified direct financial contributions, either through inheritance or inter *vivos* transfers, as the principal ways families provided assistance (Barrett, Cigdem et al. 2015). This study confirms this with many participants being the recipient of lump sum gifts from parents, and receiving inheritance from parents (or grandparents). But additionally, we identified other forms of support that ultimately have key financial implications. These included: living rent free with family living; in investment properties owned by family at below-market rent; having key daily expenses covered by family (such as food, bills and cars); having parents act as mortgage guarantors; providing mentoring and guidance; and acting as a safety net in the event of unforeseen challenges. These family contributions ultimately have a financial impact by expanding the savings and borrowing capacity of recipients. A recent Productivity Commission report on incomes of young people noted that in-kind parental support for those living in family homes ‘was equivalent to about a third of the group’s income’ (Productivity Commission 2020: 7).

Each of these are strategies that leverage existing family housing wealth to assist children to enter home ownership. Their diversity demonstrates that direct transfers are only one of many ways that wealth is transferred intergenerationally. Whereas previously intergenerational transfers assisted home owners to pay off their mortgages before retiring, today accessing such transfers, whether direct or in-kind, is becoming a condition of possibility for home ownership.

Inequalities, between those with and without access to parental housing wealth, need to be factored into broader housing policy settings. Our study has shown that for many aspiring first homebuyers, the central factor determining access to a housing deposit is parental housing wealth, rather than income levels and spending or savings habits. Current housing policies risk assisting those who already have the means for a deposit, while excluding others who do not have access to parental wealth, such as those from family rental and/or migrant backgrounds. Policies within the housing system that enable further wealth accumulation (primarily through tax concessions to property investors) only further exacerbate disparities in family wealth. By extension, this investor driven wealth accumulation impacts prospective first home buyers by driving further asset price movements and locking out those who do not already have access through family supports.

Beyond home ownership support policies, our study raises broader issues about addressing the role of housing ownership in generating wealth inequality. The potential role of land or property and inheritance or gift taxes deserves further policy discussion. Our study demonstrates that any move to introduce or expand such taxes would need to factor in the heterogeneous ways that existing housing wealth is leveraged intergenerationally.

5.1.2 The gap between rising house prices and the uncertainty of employment, income and saving

In contrast to some narratives in public discourse about spending habits of millennials (e.g. overspending on avocado on toast), our study found that poor savings habits and general household financial management issues were *not* significant barriers to home ownership. Households were minimising their discretionary spending and had good financial literacy. Strategies ranged from minimising social activity, paying ahead on utility bills, eating basic foods, and avoiding spending altogether.

In a similar vein, there was a very pragmatic approach taken to housing aspirations with households in our study having realistic expectations about the kind of dwelling they could purchase. Young people in our study understood trade-offs and were willing to make significance sacrifices in terms of location, size and kind of property to purchase. In some cases this meant abandoning their home city altogether, and moving to cheaper housing markets. For some others, this meant abandoning home ownership aspirations altogether.

The two biggest barriers to young people saving up for a housing deposit were the price of housing and the insecurity of employment and incomes. House prices represent a major barrier to home ownership for those without an external source of wealth because values have been increasing at a much faster rate than wages. Our financial diaries study commenced in October 2021, hot on the heels of a period of significant house price inflation. In Sydney, dwelling prices increased by 18.2 per cent in the 12 months to July 2021 (CoreLogic 2021) whereas in Perth dwelling prices increased by 24.5 per cent over a similar period (Marsh 2022). Over the same period, the NSW wage price index increased by 2 per cent in the private sector and 1.1 per cent in the public sector (ABS 2021b). The savings challenge only became more difficult as time progressed, with many households not able to keep pace with market changes, let alone move closer to a savings target. In other words, the goal posts were being moved further away faster than households could run toward them.

The challenge of saving points to a broader trend in the labour markets towards more insecure work, which was evident in our study and emerged as another major barrier to home ownership. Insecure and irregular work impacted the ability of households to save consistently in order to achieve a deposit. There was unpredictability in most households' ability to earn incomes, matched by a certain degree of uncertainty in spending, with large bills and unexpected events impacting savings. This precarity, it should be noted, is happening at a time of low unemployment rates and high job vacancy. In other words, there appears to be a structural problem around the way people are engaged in work and the conditions of their employment that creates uncertainty in their income.

This was noted in households right across the income spectrum, and not just limited to those on low-incomes or in forms of work seen as more insecure. In addition, the panel survey revealed that a large portion of millennials would like more work than they currently have, suggesting that there is some degree of mismatch in labour supply and employment opportunity (including hours of work).

There is a strong relationship between these employment uncertainties and the capacity of households to enter into home ownership. These labour market issues highlight the connections between housing policy and other areas of social and economic policy. Industrial relations are often viewed as a separate policy domain to housing. However, addressing housing affordability issues requires a broad view that encompasses wages and employment security as integral components of pathways to home ownership.

5.1.3 There is no 'normal' housing pathway

Survey responses and financial diaries show there is now significant variability in housing pathways over a life course, and characterising a 'typical' experience is problematic. International research has pointed towards the emergence of more 'chaotic' housing experiences for younger people, (Hochstenbach and Boterman 2015) in contrast to earlier generations and their experiences (see Clapham 2002; Clapham, Mackie et al. 2012). Previous Australian research exposed complexity in life course and intersection with housing, but much was predicated on some fairly typical life events, with most households ultimately reaching home ownership (Beer and Faulkner 2009).

There is an assumption of stability that underpins most policy supports for first time home ownership: stability to save sufficient deposits, to secure bank finance, and expectations of future wage growth. However, it is no longer possible to assume the existence of a 'typical' life course in which people become educated, attain employment, leave home, and pay off a house during their working lives to underpin a decent standard of living in retirement. While this middle or average experience may still have some relevance, it is important to recognise the average experience is uncommon, and the housing pathway story of most households will diverge in significant ways. Many young people, even those with tertiary education, who have good jobs and incomes, are finding themselves locked out of home ownership, and locked into rental housing. For those that do make their way into home ownership, there is also no typical pathway, but instead both a wide variety of strategies, and a wide variety of potential risks.

Many policy settings continue to treat home ownership as the norm. Major government expenditure on housing over the past three decades has been in support of first home buyers, and property ownership more broadly. Policy, including income support policy, needs to better account for, and address, the varying needs of home owners and long term renters, while acknowledging the wealth implications for the latter group once they reach retirement. In terms of housing pathways, housing policy needs to account for both existing and an emergent generation of households who will never attain home ownership and address the structural wealth inequalities that being locked out of ownership generates.

5.1.4 Uncertainty and risk in a precarious world

This leads to the fourth major point on the uncertainty that permeates multiple dimensions of the housing conversation. Our study revealed high levels of volatility and uncertainty in incomes and spending that challenged the capacity of households to plan for housing purchase. Saving for housing deposits and planning for a house purchase requires long term planning and contrasts with short term volatility and uncertainty of household finances. The financial diaries revealed that this experience is not limited to low-income households, or those in unskilled work, but was experienced even by households who were highly educated and highly paid.

Households not only had to navigate uncertainties in their own budgets but were also forced to engage with uncertainties in housing markets and wider global economic conditions. As housing markets were rapidly rising in value, timing became an important consideration, leading in some instances to poor financial outcomes. The fear of missing out became palpable as the task of deposit accumulation became longer and more difficult as prices rapidly escalated. There was great uncertainty about the trajectory of house price increases, and for many, waiting carried the very real risk of being locked out of the housing purchase market entirely. For those that did buy, this carried the risk that house prices would decline, as occurred immediately following the financial diaries study. Prospective and recent home owners are particularly sensitive to short term house price movements which have outsized balance sheet impacts compared to more established home owners. Uncertainties across multiple dimensions of the home ownership is driving elevated levels of risk in household financial security.

Our study was conducted over a period of time in which financial conditions were favourable to young people who managed to purchase a home. A trifecta of low unemployment, low interest rates and appreciating prices assisted with the affordability of mortgages and increased household wealth. However, the risks involved in each of these factors is currently becoming more visible, as interest rate increases put upward pressure on unemployment and downward pressure on house prices. In the coming period, households are at greater risk of mortgage default and negative equity, creating systemic financial risks, but there remains significant uncertainty in the outlook.

5.1.5 Lessons from COVID-19

The COVID-19 pandemic was a major factor influencing pathways to and within home ownership in our study. COVID-19 had uneven impacts on the young people in our study—some lost work while others gained work; some built up savings while others drew down on savings. The income support policies that were enacted by the Australian Government to manage the impact of lockdowns provided significant support in smoothing these income fluctuations. This enabled many to maintain their plans to buy a home or continue to pay their mortgages. The COVID response therefore helped to stabilise the housing market, and assisted some in their pathway to home ownership. At the same time, by de-risking housing investments, the COVID response also accelerated house price inflation, worsening housing wealth inequality between those with and without housing assets. This lesson offers a counterpoint to the uncertainties and risks being experienced by households, in which government policy acted explicitly to smooth out the volatility in households' financial lives.

5.2 Implications for housing policy

The findings of this report suggest that government housing policy requires a more thorough reconsideration than is currently on the agenda. Government policy in support of home ownership has in recent decades become almost exclusively focussed on short term aspects of the ownership challenge, for example, providing deposit assistance and stamp duty concessions. Pawson, Martin et al. (2022) recently concluded that these demand side measures have by and large only succeeded in bringing forward home purchases and have been relatively unsuccessful in allowing more households to enter home ownership. This research reaffirms this conclusion, and shows that, typically, subsidies for housing purchases only enabled participants to either bring forward their purchase decisions slightly, moving households along a housing pathway they were already on, or they enabled households to amend their decision on the type of dwelling purchased; they have tended not to make a difference when it comes to allowing households to make the transition in the first place.

Such policy measures do not address the root of the problem: they are focussed on aiding individual households to compete in the housing market, rather than changing the structural issues within the housing market itself in terms of availability and affordability. They tend to help a small number of households, but by fuelling demand and pushing up prices, at the same time they add to the affordability problem. In a sense, one could say that these measures help a small number of households by making the problem a little worse for society as a whole.

Such findings only underscore that increasingly, the critical factors in determining households' success in transitioning to home ownership are largely outside of their direct control. These factors include financial help from family, employment stability, and the state of the housing market at the time they consider themselves ready to purchase or would like to purchase. Policies that do not start with an acknowledgment of the structural character of problems related to affordability and access—the way they have been produced by existing policies—are not likely to go very far. Instead, what is required is a shift from a concern with short term housing deposit challenges to a focus on long term risks and uncertainties generated through rising house prices, rising interest rates, and an uncertain labour market. This will require some explicit attention given to housing outcomes that are enabled or impacted by labour policy, regulation of financial markets and operation of the housing market.

This also means that housing policy needs to go beyond demand-side measures and engage the supply side and market structure of housing. Generous tax incentives such as negative gearing and capital gains discounts that support wealth accumulation through property investing and over stimulate demand and asset prices, should be reconsidered in favour of policies that drive supply of affordable housing options.

Similarly, as a growing group of Australians is no longer considering access to the property market as a viable or desirable option, more attention to the supply of a diversity of tenure options is needed. Housing policy will need to recognise the non-standard and often precarious life courses people experience. Policy ambitions need to expand beyond a mono-tenurial home ownership system to also include other tenures as legitimate long term housing outcomes. This will require addressing the wealth implications of generation rent, those locked into a lifetime of rental, and the disadvantages this is likely to generate for those entering retirement without housing wealth.

5.3 Further research

Beginning in May 2022, the RBA lifted interest rates for the first time in over a decade and brought an end to era of historically cheap finance and declining interest rates. While the final extent of these changes is not certain, they will have enormous ramifications for the ongoing financial stability of recent first time buyers and also prospective buyers. Purchasing while asset prices are potentially deflating poses significant risks to first time buyers, while recent purchasers may fairly rapidly find themselves overextended financially. Tracking impacts at the household level, and links with systemic financial risks, will be enormously important over the coming years to understand the wider implications for economic stability and stability in housing systems. Further research will be needed to understand this new period of volatility.

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Appendix 1: Survey questions

Qualifying questions

1. **What city do you live in?**
   a. Sydney
   b. Perth
   c. Other
2. **In the box below, write the suburb of Sydney or Perth that you live in.**

____

3. **What is your age? (You must be 25-34 to complete this survey)**

   25 26 27 28 29 30 31 32 33 34

4. **What is your gender identity? (select one)**
   a. Female
   b. Male
   c. Non-binary
   d. Other
   e. Prefer not to answer

Education and Employment

5. **Are you currently a student, undertaking a: (select one)**
   a. Not currently studying
   b. University course
   c. Vocational education and training (VET) course
   d. Secondary education
   e. Other (type in box below)____________________________
6. **What is the highest level of education you have obtained? (select one)**
   a. Less than Year 10 (or equivalent) of High School
   b. Year 10 (or equivalent) of High School
   c. High School (Year 12 or equivalent)

   d. Vocational certificate or trade qualification
   e. Bachelor's degree
   f. Postgraduate degree

7. **What is your current employment status for your main job? (select one)**
   a. Full-time
   b. Self-employed / contractor
   c. Part time
   d. Fixed-term contract / role
   e. Casual
   f. Not working and not looking for work (not in the labour force)
   g. Unemployed
   h. Other (type in box below) ______________________________

8. **How many jobs do you currently have in total? (please specify)** (Note: if self-employed/contractor consider one ABN as one job)

   ____

9. **Are you currently looking to change the number of hours you work? (select one)**
   a. No
   b. Yes, I am looking for more hours
   c. Yes, I am looking to work fewer hours

10. **How many different contracts/jobs or employers have you worked for in the last 5 years?**
    a. 1
    b. 2-3
    c. 4-5
    d. 6-9
    e. 10 or more

11. **How long have you been in your current (main) job?**
    a. Less than 6 months
    b. 6 months - 2 years
    c. 2-5 years
    d. More than 5 years

12. **Are you looking to change jobs in the next 5 years?**
    a. Yes
    b. No
    c. Maybe / Undecided

13. **Why do you want (or are considering) a job change in the next 5 years? (select all that apply)**
    a. I have / will have completed my studies
    b. Better pay
    c. More hours
    d. More secure contract
    e. Improved job satisfaction
    f. Other (type in box below) ______________________________
14. **How would you best describe your employment situation? (select one)**
    a. In between jobs or contracts
    b. Recently unemployed
    c. Unemployed for more than 3 months
    d. Other (type in box below) ______________________________
15. **In the last 5 years, how many gaps between employment (periods without work) of one month or more have you experienced (not including voluntary leave/time off)? If you are a sole trader or freelancer, this may include gaps between employment contracts or periods without work.**
    a. None
    b. or 3
    c. or more
16. **Were any of the gaps in your employment related to the impacts of COVID-19?**
    a. No
    b. Yes (type length of interruption in box below) ____________
    c. Hard to say / combination of factors (type length of interruption in box below)_

Income

17. **On average, what is your weekly personal income from all sources, after tax?**
    a. Less than $300
    b. $300-$399
    c. $400-$499
    d. $500-$649
    e. $650-$799
    f. $800-$999
    g. $1,000-$1,249
    h. $1,250-$1,499
    i. $1,500-$1,749
    j. $1,750-$1,999
    k. $2,000-$2,499
    l. $2,500-$2,999

m. $3,000-$3,999

n. $4,000-$4,999

o. $5,000 or more

18. **What is currently the main source of your personal income? (select one)**

p. Wages / salary (employment)

q. Government payments (e.g. Austudy, JobSeeker, pension, COVID-19 disaster payment)

r. Parents / family support

s. Income from investments / trust funds (e.g. shares, rental properties)

t. Other (type in box below) ____________________________

19. **Have you received any support payments since the start of the COVID-19 pandemic? Payments may include JobKeeper, JobSeeker or other disaster payments.**

a. Yes, for less than 6 months

b. Yes, for between 6 to 12 months

c. Yes, for over 12 months

d. No

20. **Does your income currently vary between pay periods?**

a. No, it's usually about the same (plus or minus 5%)

b. Yes, by a little (about 10%)

c. Yes, by a lot (about 20-50%)

d. Yes, my income is highly variable (more than 50% difference)

Living Arrangements

21. **Who do you live with in your house? (select one)**

a. By myself

b. With partner/s

c. With partner/s and children

d. With my child(ren) only

e. With my parent(s) / guardian(s)

f. With other family

g. With friends or other people

h. With partner and/or children AND with parent(s) / guardian(s)

i. Other (type in box below) ___________________________

22. **What, on average, is your live-in partner's weekly personal income from all sources, after tax?**
    a. Less than $300
    b. $300-$399
    c. $400-$499
    d. $500-$649
    e. $650-$799
    f. $800-$999
    g. $1,000-$1,249
    h. $1,250-$1,499
    i. $1,500-$1,749
    j. $2,000-$2,499
    k. $2,500-$2,999
    l. $3,000-$3,999
    m. $4,000-$4,999
    n. $5,000 or more
23. **What is the main source of your live-in partner's income? (select one)**
    a. Wages / salary (employment)
    b. Government payments (e.g. Austudy, JobSeeker, pension)
    c. Parents / family support
    d. Income from investments / trust funds (e.g. shares, rental properties)
    e. Other (type in box below) ____________________________
24. **Have you lived with your parent(s) / guardian(s) at anytime in the past 5 years?**
    a. Yes, I have never moved out
    b. Yes, before I moved out for the first time
    c. Yes, on and off (e.g. I have moved back on one or more occasions)
    d. No
25. **How old were you when you first moved out of your parent(s)/guardian(s) home? (please specify)**

    ____

26. **What are/were your main reasons for choosing to live with your parent(s) / guardian(s) during this time? (select all that apply)**
    a. I prefer to
    b. Can't afford to rent
    c. To save money for a house of my own
    d. To save money for something else
    e. To support my studies
    f. To avoid / limit my debt
    g. While looking for a job

h. Helping to care for parent(s) / guardian(s) or other family members
i. Parent(s) / guardian (s) are helping to care for me or my children or other family
j. COVID-19 related
k. Other (type in box below) ____________________

27. **How would you describe the dwelling you live in? (select one)**
    a. I am purchasing it (currently have a mortgage)
    b. I own it outright
    c. I pay rent directly to parents or other family members
    d. I formally rent it from a landlord or agent
    e. I informally rent it (i.e. I do not have a formal rental agreement, e.g. subletting, boarding)
    f. I live in it rent free
    g. I pay capped rent in affordable housing
    h. I rent it from the government or a community housing provider
28. **How much are your mortgage payments per fortnight?** ____________________
29. **How much rent do you personally pay per week?** ____________________
30. **If you had the choice, would you prefer to own your own home?**
    a. Yes
    b. No
31. **Why? (select all that apply)**
    a. Stability of tenure
    b. Freedom to make alterations
    c. Financial security
    d. Other (type in box below) ____________________
32. **Do you intend to live in this home for the foreseeable future? (i.e. the next 5 years)**
    a. Yes
    b. No. I intend to sell and move home in the next 5 years
    c. No. I intend to move, but not sell, in the next 5 years

Living Aspirations and Expectations

33. **Do you intend to purchase a property (or another if you already own one) in the next 5 years?**
    a. Yes, to live in
    b. Yes, as an investment
    c. No, not in the next 5 years

34. **Why not? (select all that appy)**
    a. Too expensive
    b. Would prefer to rent
    c. Intend to move to another city / region / country
    d. My job is insecure
    e. Other (type in box below) ______________________
35. **Where would you like to purchase?**
    a. Suburb (please specify) ______________________
    b. State (please specify) ______________________
36. **Who do you plan on purchasing this property with? (select one)**
    a. By myself
    b. Partner/s
    c. Parent/s or guardian/s
    d. Other family member/s
    e. Friend/s
    f. Colleague/s
    g. Other/s (type in box below) ______________________
37. **Do you know how much you would like to spend on the property you intend to purchase?**
    a. Yes (type amount in box below) ______________________
    b. No
38. **Do you expect to receive financial support from your family to assist you to buy a home? (select all that apply)**
    a. No
    b. Contribution towards a deposit
    c. Act as loan guarantor
    d. Other financial support (type in box below) ______________________
39. **Which of the following financial strategies are you using (or intend to use) for the property purchase? (select all that apply)**
    a. None
    b. Working additional hours or jobs
    c. Reducing discretionary spending
    d. Living in a cheap(er) rental
    e. Living with parents or other family members
    f. Living with friends or other housemates
    g. Living in a different city or town
    h. Paying down debts, such as credit card
    i. Delaying having children

j. Planning on purchasing with friends, family or others (not including partner/s)

k. Selling or refinancing existing assets (e.g. car) (provide details in box below) __

l. Other strategies (type in box below) ______________________

40. **Are you planning on using any of the following government policies or schemes to assist you in buying home? (Select all those that apply)**

a. First Home Super Saver Scheme

b. First Home Loan Deposit Scheme

c. New Home Guarantee

d. Family Home Guarantee

e. Stamp duty discounts e.g. NSW First Home Buyer Assistance Scheme or WA Stamp Duty Concession

f. State-based first home grants e.g. NSW First Home Owner's Grant (New Homes) or WA First Home Buyers Grant

g. Incidental expenses grant e.g. WA Home Buyers Assistance Account

h. Other (type in box below) __________________________

i. None

41. **How has the COVID-19 pandemic changed your future housing aspirations or plans? (select all that apply)**

a. It hasn't

b. Looking to move out of the city

c. Looking to move closer to the city centre

d. Looking for a bigger, or more expensive, home

e. Looking for a smaller, or less expensive, home

f. Delayed my expectations of purchasing a property

g. Brought forward my expectations of purchasing a property

h. Moved back in with my parents or other family

i. Lost my rental because I could not meet rental payment / was asked to leave

j. Other (type in box below) ___________________________

Assets and Debt

42. **Do you have any of the following investments? (select all that apply)**

a. Shares

b. Property that you live in

c. Investment property/ies that you don't live in

d. Investment trust / managed funds

e. Superannuation

f. Other (type in box below) ___________________________

g. None

43. **Please specify the location of your investment property / properties. (If you have more than 3 investment properties please separate locations with commas.)**
    a. Suburb ______________________________
    b. State ______________________________
    c. Suburb (2nd property) ______________________
    d. State (2nd property) ____________________________
    e. Suburb (3rd property ______________________________
    f. State (3rd property) ______________________________
44. **Have you lived in or intend to live in your investment property?**
    a. Previously lived there
    b. Currently live there
    c. Intend to live there in the future temporarily or short term
    d. Intend to settle there in the future permanently or long term
    e. I don't live there and don't intend to live there in future
45. **What is the estimated value of your investments in Australian dollars ($)?**
    a. Shares____________________________
    b. Property that you live in ____________________
    c. Investment property/ies that you don't live in ____________
    d. Investment trust / managed funds ____________________
    e. Superannuation __________________________
    f. Other investments _________________________
46. **Which of the following debts do you have? (select all that apply)**
    a. Home loan
    b. Car debt
    c. Business loan
    d. Credit card
    e. Education (eg. HECS / HELP)
    f. Owing to family / friends
    g. Other personal loan
    h. Other (type in box below) ____________________
    i. None
47. **What is the estimated value of these debts in Australian dollars ($)?**
    a. Home loan ___________________________
    b. Car debt ___________________________
    c. Business loan _________________________
    d. Credit card __________________________

e. Education (e.g. HECS / HELP) ______________________

f. Owing to family / friends ____________________________

g. Other personal loan ____________________________

h. Other debts ________________________________

48. **Do you expect to receive any money or assets from other sources such as family (e.g. inheritance, gift, loans) in the next 5 years?**

a. No

b. Yes, less than $1000 (or equivalent)

c. $1000-$5000 (or equivalent)

d. $5000-$20,000 (or equivalent)

e. $20,000-$50,000 (or equivalent)

f. Over $50,000

49. **Have you ever received an inheritance / gift / loan?**

a. No

b. Yes, less than $1000 (or equivalent)

c. $1000-$5000 (or equivalent)

d. $5000-$20,000 (or equivalent)

e. $20,000-$50,000 (or equivalent)

f. Over $50,000

50. **Do you have cash savings?**

a. None, or less than one pay cycle's worth

b. Yes, less than $1000 (or equivalent)

c. $1000-$5000 (or equivalent)

d. $5000-$20,000 (or equivalent)

e. $20,000-$50,000 (or equivalent)

f. Over $50,000

51. **If you lost your main source of income, how long could you last before having to find money sources beyond your own (or your live-in partner's) savings (e.g. from family, Centrelink, bank loan, money lender)?**

a. No time at all; would need to find another source almost immediately

b. Up to 2 weeks

c. 2-4 weeks

d. 2-3 months

e. 3-6 months

f. 6-12 months

g. 1-3 years

h. Unlikely to have to borrow for at least 3 years

Tell us about you

52. **Where were you born? (select one)**

    a. Australia

    b. Overseas, and moved to Australia before 2000

    c. Overseas, and moved to Australia 2000 - 2015

    d. Overseas, and moved to Australia after 2015

    e. Prefer not to answer

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