

Delayed Home Ownership Deepens Housing Divide and Reshapes Retirement With Lower Income Renters Hardest Hit

Decreased home ownership rates, particularly among younger Australians, are contributing to greater competition for rental properties, increasing housing stress and squeezing vulnerable Australians with low incomes out of rental markets.

A new Actuaries Institute analysis examines the flow-on effects of changing home ownership patterns as housing costs rise faster than wages, including the consequences for lower income Australians. The report models five scenarios for the Government's Commonwealth Rent Assistance program, exploring how changes to payment settings, eligibility and funding could better target support towards renters experiencing the greatest housing stress.

The report, *Spotlight on Real (e)State – Understanding changes for home ownership and renting*, is the second of two deep-dive papers expanding on the latest Australian Actuaries Intergenerational Equity Index (AAIEI), which found housing was a key driver of the widening wealth and wellbeing gap between older and younger Australians.

Led by Actuaries Institute members Dr Laura Dixie, Dr Hugh Miller and Shams Mehry, the report contributes to the broader discussion on housing affordability following the release of Government's Intergenerational Report.

Australia's home ownership dream isn't lost; it's delayed and may transform retirement

The analysis examines how people move between their parents' homes, renting and home ownership as high rents and house prices, more time studying, and rising student debt make it harder to enter the property market.

Based on current dynamics, most Australians still eventually buy their own home, but not until later in life and the gap between high- and low-income Australians is widening.

Home ownership overall has decreased over the past two decades. The report found home ownership among people aged 25-34 declined by 7 percentage points between 2001 and 2024. Over the same period, home ownership rates among 65-74-year-olds fell by 2 percentage points. The decreases have been most pronounced for lower-income groups.

Decreased home ownership has seen more young people living at home, and more people renting. The report examined the transition rates between these housing situations. It found significant changes over time with transitions into home ownership below age 35 reduced. However, transition rates for people aged 30 to 40 have recently been elevated, which act as a partial catch-up.

The report tested what current transition rates into home ownership imply for future home ownership rates. The projection suggested there would be a decrease of up to 11 percentage points in ownership among younger people in ages up to their mid-30s. However, the ultimate rates by age 65 would reach similar levels to today.

"Based on current trends, Australians are delaying homeownership but catching up at older ages, although more people are retiring with a mortgage. There is also an increasing spread in home ownership between higher and lower income groups, which is concerning as it is likely to further widen the wealth gap as earlier homeowners benefit more when home prices grow faster than wages," Dr Dixie said.

While superannuation balances continue to grow, people who do not own their home by retirement have less than 20% of the average wealth compared to those that do.

In addition to living longer with parents, the 'boomerang rate' of people returning to their parents' homes after moving out, has trended upwards since 2012-16. This includes young adults returning home to save a deposit.

Lower income earners forced out

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The 'catch-up effect' is also largely limited to higher income groups.

For people aged 25-34 earning the lowest 20% of incomes, homeownership declined by 16 percentage points from 2001 to 2024. Similar trends were seen for the 35-44 and 45-54 age bands where the overall rate of homeownership has dropped, with lower income earners most affected.

As high-income earners continue renting for longer, lower income earners are increasingly challenged in rental markets.

"Stronger competition and low vacancy rates are creating a 'musical chairs' effect with poorer and more vulnerable households potentially squeezed out, increasing housing stress, overcrowding and homelessness," Dr Dixie said.

Among private renters in the lowest 20% of incomes, 65% spend more than 30% of gross income on rent, with 30% spending more than half of their income on rent.

Recent increases to the Commonwealth Rent Assistance (CRA) have eased the burden for some, but rising costs in the competitive rental market have widened the gap between average annual rent and CRA received, potentially leaving more renters exposed to housing stress.

From 2001 to 2024, the gap between average annual rent and CRA received increased by \$4,800 (in 2025 dollars) for income support recipients, and by \$7,600 (in 2025 dollars) for Family Tax Benefit recipients, the report showed.

"With renting becoming more common into older ages and demographics changing, CRA settings may need to evolve to better meet future needs," Dr Dixie said.

Targeted trade-offs to relieve the most stressed

The report compared five illustrative scenarios to current CRA settings with each designed to direct more assistance towards renters experiencing the deepest housing stress.

Two of the scenarios maintained existing Government spending levels with one modifying eligibility thresholds and payments, and the other paying different amounts depending on where people lived.

The other three considered the effect of increasing spending by 25%, including changes to payment settings, geographic variation and expanding eligibility to additional low-income renters currently outside the CRA system.

"Our modelling found that further changes in policy design could better target support to improve wellbeing amongst the most stressed low-income renters but there are important trade-offs to consider in terms of funding, eligibility and impact. This analysis is a useful starting point for further review," said Dr Miller.

Overall, the modelling showed that lifting the minimum rent to be eligible and the maximum benefit could reduce the total dollar value of modelled housing stress by \$283 million, without increasing Government spending. However, the trade-off which the Institute acknowledges would need to be worked through carefully would be that some people who currently receive CRA payments would no longer qualify.

The scenarios that expanded eligibility to low-income renters currently outside the CRA system would reduce housing stress more effectively than increasing payments only for existing recipients – but the 25% increase in CRA funding would come at a cost of around \$1.3 billion to the budget.

Actuaries Institute CEO Elayne Grace said the report highlights that housing stress is concentrated among lower-income households and the depth of stress matters for policy design.

"Housing affordability is a significant challenge for Australia, with implications for financial security and inequality both within and across generations," Ms Grace said.

"As housing needs and patterns of home ownership continue to change, it's important that policy settings evolve to reflect these shifts and support those most vulnerable. This research provides

valuable evidence to inform policy design that balances immediate housing pressures with the longer-term challenge of improving intergenerational equity.”

This Actuaries Institute report is the second and final spotlight paper expanding on the insights from the AAIEI report [Cracking the Unsolved Generational Equation](#), released in April 2026. The first spotlight paper was an analysis of how support from the tax and transfer system by the different age groups has shifted over time.

[End]

Notes to editors:

The Commonwealth Rent Assistance (CRA) program is the key rental support mechanism for lower income Australians paying private rent. CRA is paid to people receiving eligible benefits such as JobSeeker, Age Pension, and some people receiving Family Tax Benefit Part A.

The payment amount scales with rental costs, up to a maximum entitlement. Around 1.4 million households received CRA in the quarter ending December 2025, and annual spend is about \$6.8 billion.

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