



Property Management

news

GENERATION RENT FOREVER

If Generation Rent fails to get a foothold in the property market, they face something no other generation has collectively experienced before, renting in retirement.

While older Australians already have an 85 per cent rate of home ownership, the number of first-home-buyers has halved in the past 10 years, latest Australian Bureau of Statistics data shows.

80 per cent of first-home Millennial hopefuls are unable to get on the ladder, a survey from REST Industry Super of 1000 young Australians found. About 40 per cent said they had "no idea" how they'd fund their retirement.

Association of Superannuation Funds of Australia data estimates that for someone to afford a comfortable retirement at 65, a single would need \$545,000 and a couple would need \$645,000, REST Industry Super chief operating officer Andrew Howard said.

"We know that home ownership is a key predictor as to whether or not a person will achieve the retirement they desire," Mr Howard said.

But as owning property becomes out of reach for many, Generation Rent may well wonder if the reality of missing out on the great Australian dream is a future financial nightmare. Those who do not own their home by the time they retire are at risk of poverty, according to the Committee for Economic Development of Australia.

Scarlett Healey, 23, lives at home with her parents in the north Sydney suburb of Forestville. After being made redundant from her full-time job, she took a part-time role in retail, but hasn't given up on saving for a home.

"I've been trying to save as much as I can. I'm putting away 90 per cent of my income and living on a small amount hoping my savings will grow," she said.

Without a home, she fears her future financial security is uncertain.

"Even the last generation is retiring later and part of the reason is bigger mortgages," she said.

The most recent research from the Australian Housing and Urban Research Institute shows a surge in the proportion of long-term tenants renting for 10 years or more. A third of all private renters were long-term in 2013, up from 25 per cent two decades ago.



"Income support systems are premised on outright home ownership and therefore Australian pensions tend to be much lower than equivalent countries," Swinburne University housing professor Terry Burke said.

"So if you are still a renter, by the time you retire, you can be in real financial stress to cover the rent."

Many Australians have also been hit by the changing nature of the labour market, Mr Burke said, as more people find themselves unable to commit to long-term housing because of casualised or flexible work relationships. Financial experts say it is possible, although challenging, for lifelong renters to comfortably cross the finish line into retirement.

After income dries up, a larger nest egg is needed and savings from not having a mortgage need smart investment. The key would be to invest the difference rather than simply saving, finance commentator and educator Nicole Pedersen-McKinnon said.

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2016 ELECTION CAMPAIGN: REIWA KICKS OFF THE DISCUSSION ON NEGATIVE GEARING

The Federal Election provides an opportunity for REIWA to talk to West Aussies about the positive role property plays in securing futures, by sharing the facts and encouraging public discussion on the issue.



REIWA's policy position is to retain negative gearing provisions in its current form, as well as promote the need for broader tax reform, nationally and locally. Changing one part of the tax system without considering it as a whole will only lead to inefficiencies, administrative burden and distortions.

The current debate around negative gearing doesn't focus on the role property plays in the lives of everyday West Aussies. REIWA supports an affordable housing policy, it's important to our community. We need policies that address affordability through supply levers and planning and development.

REIWA's policy positions aim to be balanced and take into account the impact on our stakeholder groups – REIWA members, the WA community, all political parties and other property industry bodies.

REIWA will be engaging with real estate agents and the WA community in the lead up to the election to share evidence that negative gearing, in fact, helps everyday West Aussies. Additionally, REIWA will be talking to WA Federal MPs and Senators from all sides of politics.

REIWA are running a series of weekly surveys on reiwa.com to gain an understanding of the WA community's views and experiences with property investment.

REIWA will publish the results from these interactions publicly.

WANT TO GET INVOLVED?

Look out for our public and investor surveys starting next week and keep an eye out for weekly updates. If you have any questions, please contact REIWA at advocacy@reiwa.com.au

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