

Media release

30 March 2015

Australia's Housing Crisis – For the Ages

A new research paper from The Australia Institute reveals that home ownership rates in Australia are falling across all age groups, most significantly for people in their 50's. Middle income earners are experiencing the sharpest decline in ownership rates.

The Australia Institute attended a housing roundtable hosted by Opposition Treasurer, Chris Bowen, in Sydney on March 30.

"In every age group the numbers of renters are increasing," said Molly Johnson, author of the report and researcher for The Australia Institute.

"Inequality in the housing market is being exacerbated by government policy. Current policies are heavily skewed towards benefiting investors and existing home owners.

"Renters are the big losers with housing policy, with home owners and investors receiving 90 per cent of the benefits from housing policies, while renters receive next to nothing.

The report analyses policy and market trends revealing:

- Negative gearing allows investors to deduct losses incurred on their investment property from their taxable income. This works to both boost house prices and reduce tax revenue by an estimated \$6 billion in 2014-15.
- Capital gains tax treatment of housing favours house owners and reduces government revenue. Government expenditure on home owners, primarily through tax concessions, amounts to \$36 billion per year.
- Australian house prices have been significantly outpacing income growth for the majority of the last 15 years.
- Australia has the second most expensive property market of advanced economies when measured against incomes and rent.

"Claims that policies like negative gearing are helping renters simply are not being reflected by the facts on the ground.

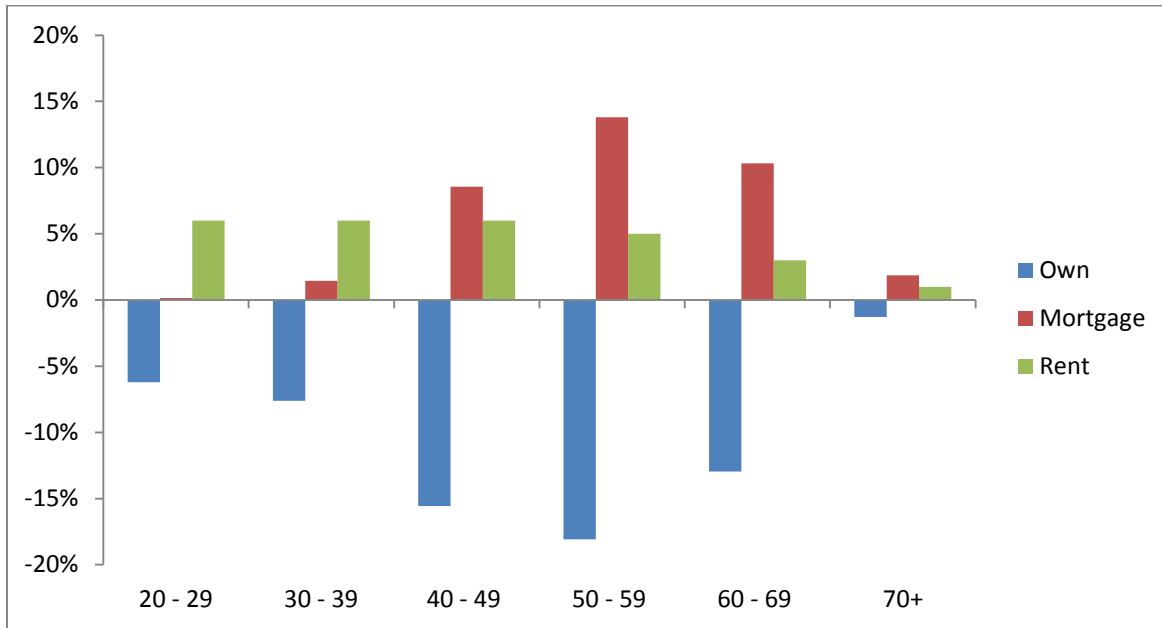
"It doesn't have to be this way. Germany, for example has tenant neutrality, which means that taxes and subsidies relating to housing treat renters and owners equally.

"Government policies are not increasing home ownership, and are simultaneously neglecting growing numbers of renters," Ms Johnson said.

For media enquiries, please contact:

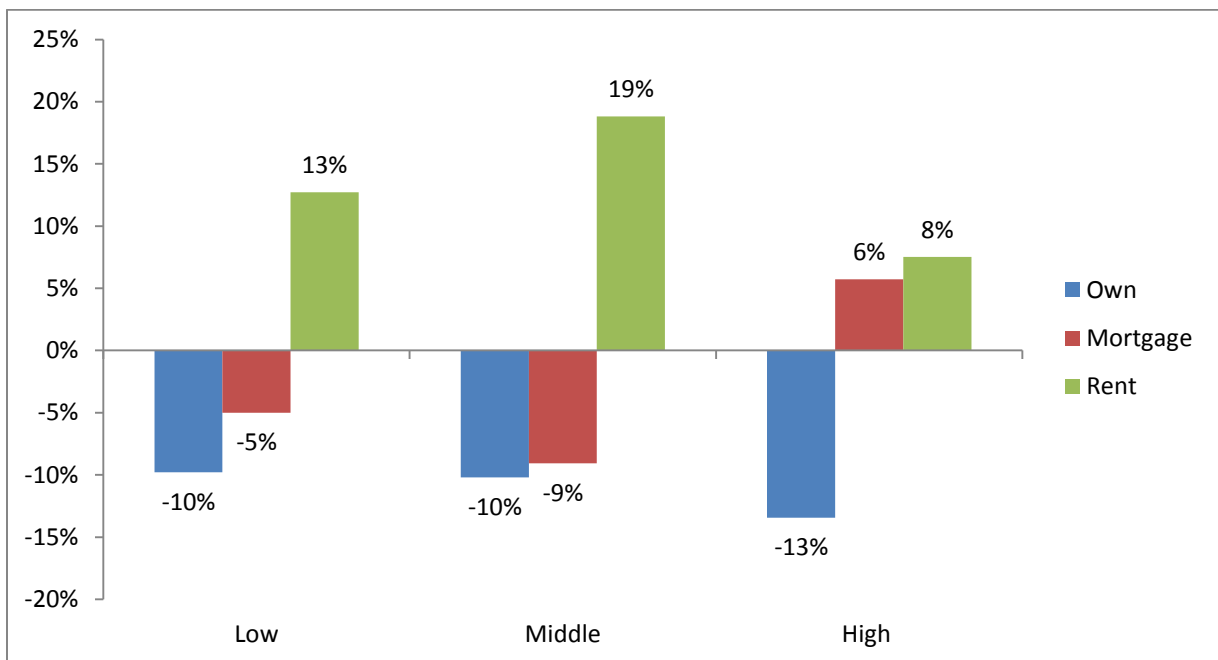
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Change in tenure type by age (2002–2012)



Source: HILDA survey 2012.

Change in tenure type by household income (2002–2012)



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