



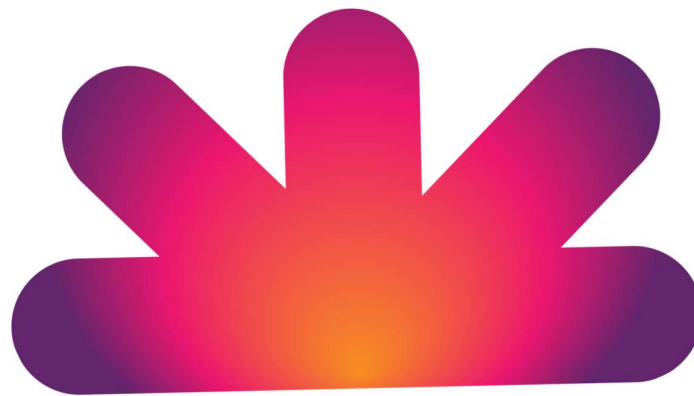
Australian Government
Australian Institute of
Family Studies



Submission: Rental Crisis in Australia

Australian Institute of Family Studies

26 July 2023





Introduction

The Australian Institute of Family Studies (AIFS, or the Institute) is a Melbourne-based Australian Government statutory agency. We were established in 1980 under the *Family Law Act 1975*. AIFS' mission is to conduct high-quality, impartial research into the wellbeing of Australian families, to inform government policy and promote evidence-based practice in the family services sector. AIFS includes the Australian Gambling Research Centre.

AIFS undertakes primary research and evaluation and synthesises evidence on a broad range of issues affecting Australian families. With housing a matter relevant to all families, amid the worsening rental situation, we are very mindful to ensure housing issues are covered in our work. AIFS submission to the Community Affairs Reference Committee Inquiry into the worsening rental crisis in Australia begins with an outline of housing-related research done by AIFS. This is followed by a summary of some of the key demographic trends that are relevant to the housing situation, drawing heavily on a recently released report on [population and households](#), and also referencing two other recent reports on young people living with parents, including one that uses the Longitudinal Study of Australian Children.

AIFS research relating to housing

In regard to specific housing research undertaken by AIFS, we refer to the 2020 Australian Families Then and Now report on [Housing](#). Key findings from that report were:

- Owning a home outright has become less common over time, particularly among couples with children. Almost half of all single-parent families rented their home in 2018.
- Fewer young adults own their home (outright or mortgaged) today compared to previous generations.
- Average weekly housing costs have grown over time, especially for families with dependent children.
- Single-parent families experience the highest average housing costs as a percentage of their gross income relative to all household types.
- Compared to other types of families, more families with young children live in a standalone house.

AIFS is currently working on updating this report.

We also refer the Committee to other AIFS research on [children's housing](#), using the Longitudinal Study of Australian Children. AIFS resources include webinar recordings, and two that the Committee may find relevant are on [young people and housing stress](#) and [families and homelessness](#).

Family economics, costs of living and the nature of the housing market are especially relevant to families' capacity to secure affordable and appropriate housing. AIFS report on [families' concerns about finances](#), drawing on survey data collected in 2021, highlighted that families renting their homes were among the groups most likely to express having concerns about their finances.



Demographic trends

Growing population

The 2021 Census revealed that Australia's population had reached 25.4 million, doubling from 12.7 million in 1971. With the population growth, the number of Australian households has also significantly increased. According to the 2021 Census, there were 9.275 million households in Australia. This compares to estimates from previous years of 8.286 million in 2016 and 7.76 million in 2011. This of course is accompanied by an increase in the demand for housing for these households.

Regional variation

Australia's population is spread across states and territories, cities and regional areas, but with more than one-half of the population in 2021 in the two states of New South Wales (32%) and Victoria (25%). One-fifth of the population was in Queensland. The majority of Australia's population (67%) lives in the capital cities, with two in five living in metropolitan Sydney and Melbourne. Over the last decade, the population increased more in the capital cities compared to regional areas (17% cf. 11%).

Of particular relevance to housing is population change at small area level. Detailed examination of this is possible using the AIHW dashboard [Australian population change - Local Government Area | Population | Housing data](#).

The population is ageing

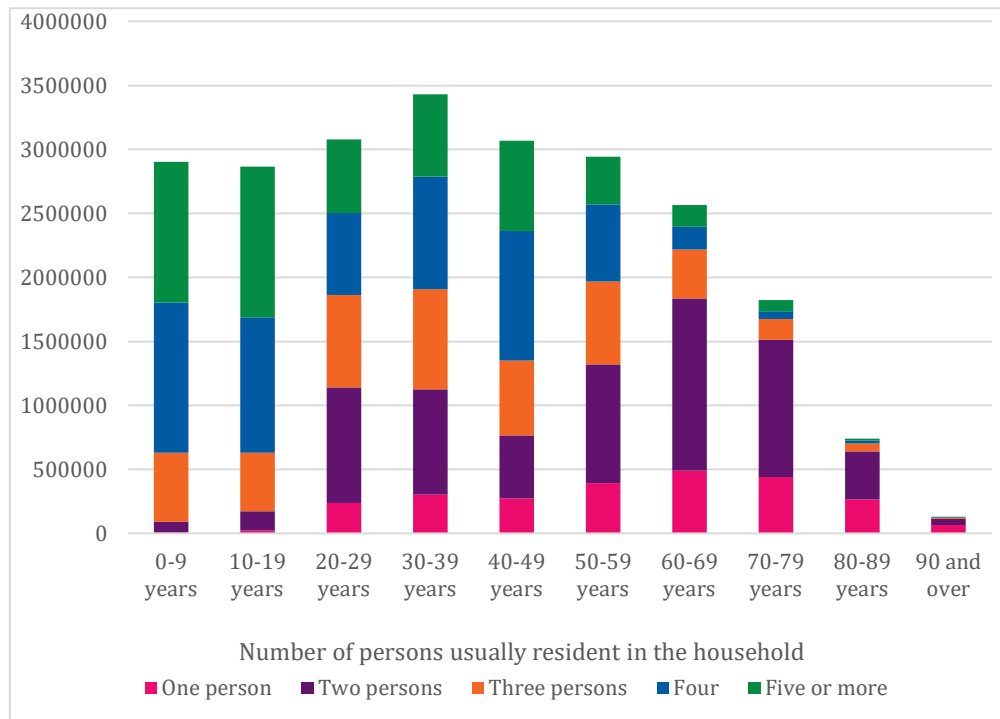
The Australian population has become older, reflecting long-term changes in life expectancy as well as changes in fertility patterns (see also [Births in Australia](#)). The share of the population aged 0–14 years was 18% at 2021, compared to 32% in 1911, and the population aged 65 years and over was 17% in 2021 compared to 4% in 1911.

While an ageing population means more people living at older ages that need housing, the bulk of the population (65%) is aged 20 to 64 years. At older ages, it is most common for people to live in two-person households, and after that, single person households. At 20-64 years, there is much more diversity, as the co-residence of children often contributes to larger household sizes (see Figure 1).



Figure 1 There is considerable diversity in household size among people in their middle years

Number of people, by age group and household size, all people in private dwellings, 2021



Note: Excludes people living in non-private dwellings, visitor only households and other non-classifiable dwellings.
Source: ABS Census of Population and Housing 2021, Tablebuilder, persons by place of enumeration

Households are smaller

While the number of households has increased, the average household size has declined. The average household size was 2.5 in 2021, slightly under the 2.6 averages over recent census years.

The change in household size reflects the changing distribution of household compositions. Households are grouped into three basic forms:

- **Family households**, comprising families where members are related by blood or marriage (registered or de facto), adoption, step or fostering, and who reside in the same household. These made up the majority (71%) of Australian households in 2021.
- Individuals **living alone** – in 2021 more than one in four households (26%) were occupied by one person.
- **Groups** of unrelated persons. These made up only 4% of households in 2021.

Over the period 1981–2021:

- Family households remained predominant, although declining from 78% in 1981 to 71% in 2021.
- One-person households increased from 18% in 1981 to 24% in 2006. The proportion was slightly higher at 26% in 2021.

Most of the changes in this period happened between 1981 and 1996.



(But) young people are living with parents longer

The proportion of young people (aged 15 to 34 years) [living at home with parents](#) has increased from 2006 to 2021. This pattern applies to every age until the early thirties. It is more marked for the late teen years and early twenties. The biggest difference was found at 19 years of age; in 2006, 63% of 19 year olds were living with their parents and this had increased to 72% in 2021.

Young men remain more likely than women to live at home with their parents. For example, 51% of men aged 20-24 live with their parents, compared to 43% of women.

The AIFS analysis of census data on this topic highlighted some socio-economic, cultural and health-related factors associated with the patterns of living with parents. High rates of full-time study and low income at younger ages were apparent among those living with parents. These factors are likely to be a deterrent to young people's leaving the parental home to live independently. Socio-economic factors are likely to affect young people's decisions across Australia, particularly at a time when it is difficult for young people to find employment (see for example, AIFS report on [employment over the life course](#)) and alternate affordable housing is not always available. To what extent young people remaining at home longer has financial implications for the parents was not explored in this research, but is an important question, particularly for families experiencing socio economic disadvantage.

Further research about [young people returning to live with parents](#) was done with the Longitudinal Study of Australian Children, which showed increased rates (~5%) of young adults returning home during the COVID-19 pandemic. Young people returning home were more likely to be unemployed and had increased emotional and financial needs, as well as an increased need for advice.

Similar findings about heightened rates of returning to live with parents during the COVID-19 pandemic were also observed in the [first report](#) from AIFS Families in Australia Survey.

Summary

AIFS has a long history of undertaking primary research and evaluation, and synthesising evidence on a broad range of issues affecting Australian families. Our mission is to produce evidence to inform government policy and promote evidence-based practice in the family services sector. The above findings and references point to some of the issues that are relevant to the issue of housing for Australians.

The rental crisis in Australia has clearly touched families across the country, and when possible, AIFS will aim to report on housing outcomes and challenges for families through its program of research and evaluation activities. We welcome suggestions and opportunities for new research relating to families' challenges in the existing rental market.