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Research shows widespread concern about housing affordability and retirement

New research on attitudes to property investment and saving for retirement has revealed widespread concern over affordable housing and support from a majority of non-property investors for changes to negative gearing.

The research - **to be released today at the Conference of Major Super Funds in Brisbane** - revealed that four out of five of those surveyed were concerned that rising housing prices are locking young people out of the property market and that – even among property investors – there is some support to modify negative gearing.

The research – commissioned by Australian Institute of Superannuation Trustees (AIST) and conducted by Essential Media – found that 55 per cent of non-investors (in property) would support changes to negative gearing. Just over one third of property investors also supported changes to negative gearing, with support highest (45%) among those with children.

The survey also found that 95% of investors said security in retirement was an important factor in influencing their decision to purchase an investment property. Minimising the amount of tax they paid was another motivating factor for 74% of investors.

The survey - conducted from late February to early March 2018 and involving both in-depth family interviews and an online public poll* – found the needs of investors' children play a role in property purchases but less so than retirement needs. Creating an asset that they could pass on to their children was important for 79% of property investors, while providing somewhere for children to live was important to 57% of investors.

The survey also revealed that many 'negative gearers' are expecting to carry large debts into retirement. About one third of those who negative gear a property also expecting to carry more than \$100,000 of debt into retirement, compared to 8 per cent of those without an investment property, and 11 per cent of those with a non-g geared investment property.

AIST CEO Eva Scheerlinck said the survey confirmed that housing affordability was a significant concern to most Australians, including those heading into retirement.

“The long-held assumption that the home is a safety net for retirees is becoming increasingly dubious as more older people are being forced to rent or use their super to reduce their mortgage in retirement,” Ms Scheerlinck said.

Ms Scheerlinck said it was time to re-examine the role of negative gearing and Capital Gains Tax concessions and for policymakers to consider proposals to modify these measures. Ms Scheerlinck said negative gearing had been shown to fuel house price rises, adding that the measure directed Government tax expenditure into unproductive assets.

“Unlike superannuation – where investments are spread across a diverse range of assets, including infrastructure and, increasingly affordable housing – the majority of tax expenditure on negative gearing flows into unproductive, existing housing.”

Dr Rebecca Huntley, head of research at Essential Media, said fear of not having enough to retire on was driving property investment.

“The conversations in the qualitative stage with parents who negative gear show just how much they trust that their investment properties will support them in old age. And yet in order to invest they are moving into semi-retirement and retirement with debts. It’s a risky strategy for some. As a result the children don’t believe there will be much left down the track for the next generation to inherit,” Ms Huntley said.

Snapshot of key findings

- 79% of all survey respondents said they were concerned that rising house prices are locking young people out of the market.
- 95% of property investors said their primary motivation in owning an investment property was to fund a comfortable retirement
- 79% of property investors with children say it is important to have an asset to pass down to their children.
- On third of property investors surveyed have three or more properties.
- 55% of non-property investors support changes to negative gearing, even if this meant prices might fall slightly. This compares with 35% of those who own an investment property supporting changes.
- Among all property investors, 52% believe that an investment property is a better way to save for retirement than superannuation. However, of those without an investment property (a group more reflective of the wider Australian population), there is a more favourable view of superannuation - 35% believe that investment properties are superior to superannuation. Among the interviews conducted with negative gearers, there was a near-uniform view that property is a lower risk and higher yield investment than superannuation.
- 47% of property investors expect to go onto retirement with debt.

**Online public poll of 649 people, including 250 who owned a negatively geared investment property. [Link to research](#)*

Link to research: http://www.aist.asn.au/media/1135293/aist_home-truths-negative-gearing-and-retirement_2018.pdf

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AIST is the peak body for the \$1.2 trillion profit-to-member superannuation sector which includes industry, corporate and public sector funds.