It’s the economy (and housing), stupid: Views of Australians on the economy and the housing market in January 2024

POLIS@ANU: The Centre for Social Policy Research

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7th May 2024

Abstract

This paper summarises recent public opinion data on views on the economy, as well as experience and views on the housing market. It is based on data from the January 2024 ANUpoll as well as historic ANUpoll data to show that compared to almost any time during the pandemic or immediately beforehand, Australians are more financially stressed. They are also less satisfied with the direction of the country, and less satisfied with their own life. However, Australians are still more confident in the Federal government compared to during the Black Summer bushfires or just prior to the last election, but there has been a decline since the peak achieved by the Albanese government just after that election. Some of this decline appears to be due to the changing housing market, with Australians experiencing greater housing payment stress, being less satisfied with their housing situation, and there has been an increase in the level of concern about being able to ever own their own home. A key finding from the analysis is that Australians are less likely to think that home ownership matters a lot to Australia’s way of life.

Executive summary

Overview of survey

- Data collection for the January 2024 ANUpoll commenced on the 22nd of January with. The final sample size for the survey is 4,057 respondents.
- Data will be available for download through the Australian Data Archive.

Financial stress

- In January 2024, it is estimated that about one-fifth (20.5 per cent) of Australians were living comfortably on their present income, a little under half (45.3 per cent) were coping, more than one-in-five (22.9 per cent) were finding it difficult and more than one-in-ten (11.3 per cent) were finding it very difficult.

- Commencing in January 2022 and continuing to January 2024, there has been a steady increase in this measure of financial stress. The January 2024 figure of 34.2 per cent finding it difficult or very difficult is well above the average over the preceding four years. Australians are far more likely to be finding it difficult on their current income than at any time over the pandemic period and beyond.

Financial actions

- Across a number of waves of data collection, respondents to the ANUpoll have been asked which, if any, of a list of 10 financial related actions they had done in the 12-months preceding the survey.
- If we exclude receipt of government assistance as an ambiguous measure of financial stress, then Australians on average had taken 2.75 of the actions in the 12-months leading up to the January 2024 survey. This is 27.3 per cent higher than the 2.16 financial actions in the 12-months preceding the January 2021 survey, which covered the first 12-months of the COVID-19 pandemic when the lockdown restrictions were greatest. It is also 6.2 per cent higher than the number of financial actions taken in the 12 months preceding the August 2023 survey, just 5 months previously.
- The most common action undertaken by Australians in the 12 months preceding the January 2024 survey were spending less on groceries and essential items (62.3 per cent), postponing major purchases (56.8 per cent), and cutting back on non-essential services 52.1 per cent). Although we are still reliant on self-reports, these are examples of demonstrable behaviour in response to real financial pressures.

Life, the economy, and the direction of the country

- After January 2023 when 73.9 per cent of the country were satisfied with the direction of the country, satisfaction declined quite precipitously, reaching 61.7 per cent in October 2023 and 62.4 per cent in January 2024. The latter is exactly the same value as just prior to the previous election (62.4 per cent), and not much above the low observed over the last four years of 59.5 per cent during the black summer bushfire crisis (January 2020).
- There has also been a recent decline in Australians’ satisfaction with their own life. Average life satisfaction in January 2024 at 6.55 on a scale of 0 to 10 is far lower than the 7.05 observed in October 2019, 6.99 observed in November 2020, and even the 6.78 observed in January 2023. Indeed, life satisfaction in early 2024 is statistically

equivalent to the 6.52 observed in April 2020 and August 2021 when a very large proportion of Australia was experiencing lockdown restrictions.
- In January 2024, 29.9 per cent of Australians thought life had improved over the previous 12 months compared to 26.6 per cent who thought life had worsened. The most common response though (given by 43.5 per cent) was that life was about the same as 12 months ago.
- While people's retrospective assessment of whether their life has improved or worsened has fluctuated over the last four years, their optimism for the future has tended to worsen. In January 2021, only 14.1 per cent of people thought their life would be worse in the next 12 months. This steadily increased to 17.0 per cent in 2022, 19.6 per cent in 2023 and 23.8 per cent in 2024. There are still more Australians in January 2024 who think that their life will be better in the next 12 months (34.7 per cent) than think it will be worse, but net optimism is declining.
- Australians have become more negative towards their own finances in the last 12 months, with 37.1 per cent thinking their finances have worsened in the 12 months leading up to January 2023, compared to 33.8 per cent who thought the same thing for the 12 months leading up to January 2023. People are even more negative towards the Australian economy with 70.2 per cent thinking the economic situation in Australia had worsened over the previous 12 months, compared to only 10.0 per cent that thought it had improved. This was a slight worsening in outlook since January 2023.

Support for government expenditure and taxation

- In 2009, there were somewhat more Australians saying that they are strongly or mildly in favour of spending more on social services with 1.6 times as many people saying that (59.4 per cent) than saying governments should reduce taxes (37.4 per cent). By January 2024, there were roughly equal numbers of people in support of more spending on social services (36.4 per cent) compared to reducing taxes (38.8 per cent). However, this represents a short-term shift in priority towards reducing taxes, as in January 2023 it was 42.8 per cent in support for increasing social services compared to 33.4 per cent for reducing taxes or a ratio of 1.3:1.
- In the March 2008 ANUpoll, respondents were asked 'Would you like to see more, the same or less government spending on the following areas…?' Of the eight areas considered, there were three where there was a significant and substantial decline in the per cent of Australians who think more should be spent – police and law enforcement (from 59.8 per cent in March 2008 to 48.4 per cent in January 2023); the environment (76.9 to 68.7 per cent); and education (82.5 to 76.4 per cent).
- The largest increase was for unemployment benefits. In March 2008, only 17.8 per cent of Australians thought that more should be spent on unemployment benefits. By January 2023, more than twice as many people (39.6 per cent) thought that more should be spent on unemployment benefits.
- There have been some further shifts in the last 12 months. Support for additional spending on military and defence declined from 38.2 to 33.4 per cent. There is also strong evidence for a decline in spending on old age pensions (from 66.6 to 61.0 per cent between 2023 and 2024) and weaker evidence for a decline in support for spending on unemployment benefits (from 39.6 to 36.7 per cent) and culture and the arts (from 26.8 to 23.7 per cent). Taken together, there was a significant decline in the

average number of areas that people supported additional money spent on from 4.54/8 in January 2023 to 4.33/8 in January 2024.

- The per cent of respondents that think the amount of taxes they pay is too low is very small – only 1.7 per cent in 2009, 2.9 per cent in 2023, and 3.1 per cent in 2024. In March 2009, there were more Australians that thought what they paid was about right (59.8 per cent) compared to those who thought it was too much (38.6 per cent). By 2023, the gap had closed a bit, but there was still slightly more who thought it was about right compared to too much (53.1 and 44.0 per cent respectively). In the last year, however, this relativity has almost completely reversed, with 52.8 per cent of Australians thinking the taxes they pay is too high compared to 44.1 per cent that think it is about right.

Housing circumstances

- In April 2017, 39.3 per cent of Australians (with a loan or paying rent) said that they were keeping up with their payments without any difficulty. At the height of the pandemic when a large number of people were receiving government assistance and other expenditure (for example international travel) was curtailed, this increased to 46.1 per cent. By January 2024, however, this had declined to 31.2 per cent of the population. The number of people keeping up but struggling from time to time stayed quite steady (40.0 per cent in 2017 and 40.6 per cent in 2024).
- Since April 2017 there has been a more than doubling in the per cent of Australians that were falling behind with payments, from 2.2 per cent in April 2017 to 4.8 per cent in January 2024. There was also a 4.8 percentage point increase in the share of Australians that were finding their housing payments a constant struggle – from 18.5 per cent in April 2017 to 23.3 per cent in January 2024.
- This measure of payment stress (constant struggle or falling behind) is much higher for those who are renting. Furthermore, there has been a larger increase in payment stress for renters since 2017. In April 2017, 23.5 per cent of renters were in payment stress compared to 16.9 per cent of those with a mortgage. For renters, there was a more than 11 percentage point increase in payment stress to 34.6 per cent in January 2024. While large and significant, the increase for those with a mortgage was only a 5.4 percentage point increase (to 22.3 per cent).
- There has been an increase in the general measure of financial stress for those who are renting or who have a mortgage with 49.7 per cent of the former and 34.3 per cent of the latter finding it difficult to get by on their current income. These were both much higher than in April 2021 (36.7 and 19.2 per cent respectively) whereas there was no significant change or much smaller changes between April 2021 and January 2024 in financial stress for those who own their own home without a mortgage or who have another tenure type.
- The proportion of people that were dissatisfied/very dissatisfied with their housing has stayed reasonable consistent since April 2017. However, there was a large increase in the proportion of people in the neutral category – from 9.5 per cent in April 2017 to 14.9 per cent in January 2024. This means that there has been a decline in the proportion of people satisfied/very satisfied since April 2017, from a

combined total of 81.1 per cent in April 2017, to the current 75.6 per cent.

Housing policy

- Most Australians think owning one’s own home is part of the Australian way of life, with 65.8 per cent saying it matters a lot. However, this represents a very large decline from April 2017 when 74.9 per cent of people thought it mattered a lot. Some of this decline is made up by an increase in the per cent of people who thought it matters a little (from 17.5 to 23.4 per cent). However, there was also a moderate increase in the per cent of Australians that thought it didn’t matter much (from 5.6 to 7.6 per cent) and those that thought it didn’t matter at all (from 2.1 to 3.2 per cent).
- In April 2017 there was a clear gradient between age and whether or not a person thought that home ownership was important to the Australian way of life, with younger Australians being far less likely to think it is important. The decline since 2017 was also much greater for younger Australians. In April 2017, 62.2 per cent of Australians aged 18 to 24 years thought it mattered a lot. This declined to 49.5 per cent in January 2024. For the next youngest age group – those aged 25 to 34 years – there was almost as large a relative decline, from 64.6 to 52.4 per cent.
- When asked about what will happen to future housing prices over the subsequent five years, a large majority of Australians (84.4 per cent) in April 2017 thought prices were either going to go up by a lot or a little. In January 2024, Australians are now even more likely to think house prices will continue to rise, with a combined total of 87.2 per cent of Australians thinking house prices will increase over the next five years.
- When asked ‘Would you support or oppose more homes being built in your local area?’ a combined 58.3 per cent supported or strongly supported in January 2024 (up from 51.7 per cent in April 2017) compared to a combined 12.6 per cent who opposed or strongly opposed (down from 19.4 per cent in April 2017).

1 Is it still the economy?

In 1992, James Carville who was the strategist for Bill Clinton the eventual winner of the US Presidential Election, coined the phrase 'It's the economy, stupid.' Used to focus campaign workers on the then recession as a way to differentiate Clinton's policy focus from the incumbent President George H.W. Bush's popular handling of the 1991 ground war in Kuwait. Prior to the election (June 1992), unemployment in the US peaked at 7.8 per cent[1] which, though not as high as the early 1980s recession, was clearly a cause of much economic hardship and discontent.

Australia also experienced a recession in the early 1990s with the unemployment rate reaching 11.1 per cent in late 1992,[2] substantial higher than in the US, This was the last time that unemployment in Australia has been in double digits and the unemployment rate of 3.9 per cent in January 2024 was the lowest since at least 1978.

Despite the very low unemployment rate, Australians are experiencing significant economic pressures. In particular, prices have been increasing at a very high rate in Australia and around the developed world. The year-on-year increase in Consumer Price Index (CPI) – the other half of the so-called misery index (Cohen at al. 2014) – was 7.8 per in the December 2022 quarter.[3] While the inflation rate has fallen to be 4.1 per cent between December 2002 to December 2023 and 3.6 per cent between March 2023 and March 2024, inflation in Australia is still above the Research Bank's inflation band of 2-3 per cent.

Changes in the housing component of the CPI have been well above that of the combined index and are a key contributor to the overall high rate of inflation. In the 12 months leading up to December 2022, the housing index grew by 10.7 per cent (compared to 7.8 per cent for the general index), and in the 12 months that followed, it grew by a further 6.1 per cent (compared to 4.1 per cent).

Beyond the narrow measures in the CPI, housing affordability is an enduring topic in the media and the popular/academic literature. Rates of home ownership in Australia have historically been higher than in many other countries and there is a strong cultural preference for home ownership. The importance of home ownership has long been supported by both sides of politics.

In 1942, the Liberal (conservative) Prime Minister Sir Robert Menzies said:

> "The material home represents the concrete expression of the habits of frugality and saving ... one of the best instincts in us is that which induces us to have one little piece of earth with a house and a garden which is ours; to which we can withdraw, in which we can be among friends, into which no stranger may come against our will." ('Forgotten People' speech).

From the other side of politics, the then Labour opposition leader and subsequent Prime Minister Mr Gough Whitlam said in 1972:

> "The land is the basic property of the Australian people. It is the people's land, and we will fight for the right of all Australian people to have access to it at fair prices." ('It's Time' speech).

While preferences for home ownership remains strong in Australia (as described later in this paper), rates of homeownership have fallen since the peak in 1966 of 71.4 per cent of private dwellings being owner-occupied (that is, either owned outright or owned with a mortgage).

Home ownership increased substantially after Prime Minister Menzies' speech, from 53.4 per cent of owner-occupied dwellings in the 1947 Census to 63.3 per cent in 1954 and then 70.2 per cent in 1961. Rates then stayed very steady from the early 1960s through to the mid-2000s at around 70 per cent. Since the 2006 Census, however, there has been a small but steady decline in home ownership, with the 2021 figure of 66.0 per cent the lowest since the 1950s (data from 2021 Census and Hall (2017)).

While there has been relatively little change in the proportion of private dwellings in Australia that are owned or are being purchased by the usual residents of the dwelling since 1961, this masks a key shift over the last quarter of a century, whereby a much higher share of owner-occupied dwellings are owned with a mortgage, rather than outright. In 1996 around 42 per cent of private dwellings were owned outright compared to 26 per cent owned with a mortgage. By the time of the 2021 Census, however, there were more dwellings that were owned with a mortgage (35 per cent) than owned outright (31 per cent) (Ong Vifor J 2022).[4] While owning a home with a mortgage still confers many of the benefits of home ownership identified in the literature, those who own their home without a mortgage are less exposed to the impact of interest rate changes, and have a greater level of income after housing costs are taken out (Truong et al. 2023)

On the other side of the housing divide, the cost of private rental has increased and the supply of social (public) rental housing has not kept up with demand. This means that rates of financial hardship are high amongst low-income private renters (Phillips 2022; Productivity Commission, 2019). Addressing housing costs has become a political priority and there are ongoing discussions about policy options for reducing housing costs including increase the supply of housing via changes to land planning and development rules, increasing the supply of social housing, and making changes to the taxation system which are seen to have increased house prices (including negative gearing and the fact that the family home is exempt from capital gains tax).[5]

There are concerns that many people earning "normal" wages will not be able to afford to enter the housing market in major Australian cities and that this will increase social inequality. There is a perception that increasingly family (usually parents) are needing to gift or lend money to their adult children in order to allow them to enter the housing market.

The aim of this paper then is to summarise recent public opinion data on views on the economy, as well as experience and views on the housing market. We use data from the January 2024 ANUpoll (summarised in the next section), as well as historic ANUpoll data. We first look at financial stress broadly (Section 3 and 4) and then move onto views of the Australian population on the economy, life in general, and taxation/expenditure (Sections 5 and 6). We then turn our focus towards housing including measures of housing stress and satisfaction (Section 7), financial support for housing (Section 8), and housing policy (Section 9). In Section 10 we provide some concluding comments.

2 About the surveys

Data collection for the January 2024 ANUpoll commenced on the 22nd of January with a pilot test of telephone respondents. The main data collection commenced on the 23rd of January and was completed by the 5th of February. The final sample size for the survey is 4,057 respondents. A total of 5,579 respondents were invited to take part in the survey, leading to a wave-specific completion rate of 72.7 per cent.

More than half of the sample (52.9 per cent) had completed the survey after the first two full days of data collection with only 10.0 per cent completing between the 1st and 5th of February. The average survey length for those completing the survey was 23.5 minutes. The Social Research Centre collected data online and through Computer Assisted Telephone Interviewing (CATI) in order to ensure representation from the offline Australian population. Around 1.2 per cent of interviews were collected via CATI.

The contact methodology adopted for the online Life in Australia™ members is an initial survey invitation via email and SMS (where available), followed by multiple email reminders and a reminder SMS. Telephone follow up of panel members who have not yet completed the survey commenced in the second week of fieldwork and consisted of reminder calls encouraging completion of the online survey. The contact methodology for offline Life in Australia™ members was an initial SMS (where available), followed by an extended call-cycle over a two-week period. A reminder SMS was also sent in the second week of fieldwork.

One of the benefits of collecting data through the Life in Australia™ panel is the ability to track responses at the individual level through time. Of those who had completed the January 2024 survey, 3,757 respondents (92.6 per cent) had completed the October 2023 survey. Taking a slightly longer perspective, there were 2,326 respondents (57.3 per cent) that had completed the January 2023 survey.

Data from the survey is weighted to population benchmarks. For Life in Australia™, the standard approach for deriving weights generally consists of the following steps:

1. Compute a base weight for each respondent as the product of two weights:
    a. Their enrolment weight, accounting for the initial chances of selection and subsequent post-stratification to key demographic benchmarks
    b. Their response propensity weight, estimated from enrolment information available for both respondents and non-respondents to the present wave.
2. Adjust the base weights so that they satisfy the latest population benchmarks for several demographic characteristics.

The survey data for the January 2024 ANUpoll will be available once processed from the Australian Data Archive. The ethical aspects of the data collection have been approved by the ANU Human Research Ethics Committee (2021/430).

In addition to the January 2023 and 2024 surveys, questions on housing, views on the economy, and financial stress more broadly have been asked in a number of ANUpolls. A small housing module was asked in April 2021 (sample size of 3,286 respondents), but the last time a full dedicated housing module was asked was in April 2017. That survey was also conducted on the Life in Australia™ panel, with 3,234 panel members invited to complete the survey, 2,513 interviews achieved, and a response rate of 77.7 per cent. Data from the 2017 survey is available through the Australian Data Archive (doi:10.26193/EL5WHN).

3 Patterns and predictors of financial stress since 2020

Since the start of 2020, ANUpoll has been tracking whether a person perceives that their household income is adequate to meet their needs. Respondents are given four potential descriptions and asked to choose which comes closest to how they feel about the adequacy of their income: living comfortably; coping; finding it difficult; or finding it very difficult.

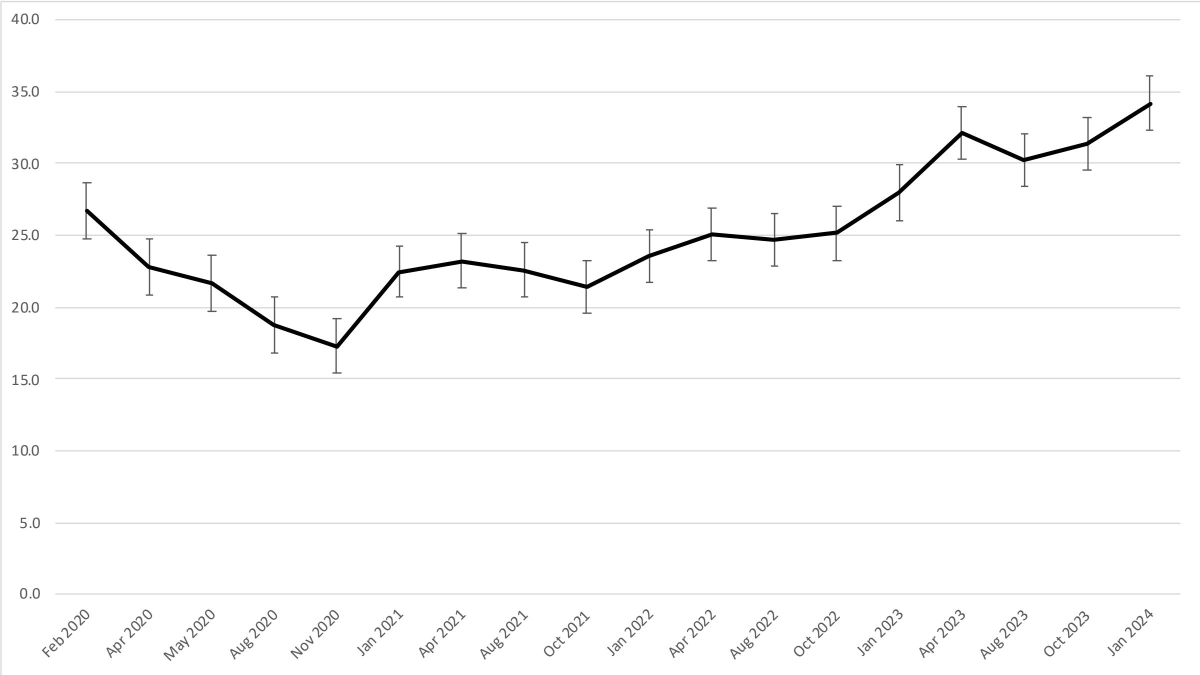
In January 2024, it is estimated that about one-fifth (20.5 per cent) of Australians were living comfortably on their present income, a little under half (45.3 per cent) were coping, more than one-in-five (22.9 per cent) were finding it difficult and about one-in-ten (11.3 per cent) were finding it very difficult.

Figure 1 shows the proportion of the population finding it difficult or very difficult on their current income since the start of 2020 just prior to the COVID-19 pandemic reaching Australia. There are three distinct phases. The first is February to November 2020, during which the level of financial stress declined with the proportion of the population finding it difficult or very difficult to manage on their current income falling from 26.7 per cent to 17.3 per cent in November 2020. While this drop in financial stress coincided with a decline in average income, it was also a period when governments provided significant financial support via the social security and tax system to the lower part of the income distribution, and interest rates and inflation were very low (or even negative for inflation at some points in time). In addition, during periods of “lockdown” and social distancing requirements, there were far fewer expenditure options than prior to COVID-19.

The second period covers all of 2021, during which financial stress was higher than the latter part of 2020 but stable and still below what it was just prior to the pandemic. This was a period when much of Australia was out of lockdown, (with the exception of New South Wales, Victoria, and the Australian Capital Territory) and the additional pandemic-era transfer payments (JobKeeper and the JobSeeker supplement) were no longer being made. However, interest rates and inflation remained low, people had built up substantial savings in the previous years, and Australia’s international border remained closed.

During the third period, commencing in January 2022 and continuing to January 2024, there has been a steady increase in this measure of financial stress. By April 2023 the level of financial stress was significantly above the pre-COVID-19 baseline, and the January 2024 figure of 34.2 per cent was higher still, and well above the average over the preceding four years. Australians are far more likely to be finding it difficult on their current income than at any time over the pandemic period and beyond.

Figure 1 Per cent of Australians finding it difficult or very difficult on their current income, February 2020 to January 2024



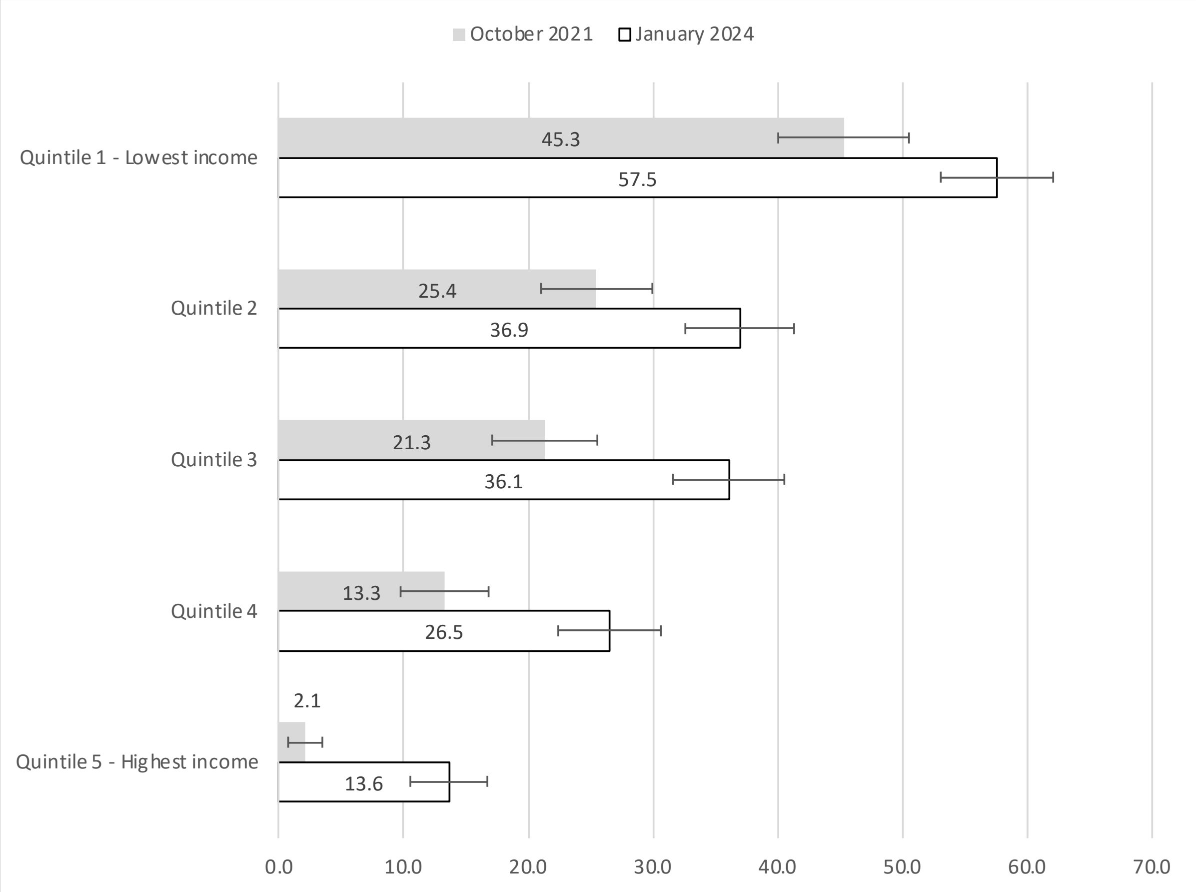
Notes: The "whiskers" on the bars indicate the 95 per cent confidence intervals for the estimate.

Source: Australian Social Survey International-ESS, February 2020. ANUpoll: April, May, August and November 2020; January, April, August and October 2021; January, April, August and October 2022; January, April, August, and October 2023; January 2024.

Rates of financial stress decline as income increases and in October 2021 just 2.1 per cent of households in the highest income quintile were experiencing financial stress (Figure 2). Between October 2021 and January 2024 there were sharp increase in the proportion of households reporting financial stress across the entire income distribution. The percentage point increase in financial hardship is relatively similar across the income distribution with the largest increase for the third income quintile from 21.3 per cent to 36.1 per cent.

In proportionate terms the increase in financial hardship has been largest at the upper end of the income distribution. Looking at the two ends of the income distribution, in October 2021 financial stress was almost non-existent in the fifth (highest) income quintile, at 2.1 per cent. The prevalence of financial stress at that time was 21.2 times as high in the first (lowest) income quintile (45.3 per cent). In the most recent data, however, financial stress has increased to 13.6 per cent in the highest income quintile, with financial stress now only 4.2 times as high in the bottom income quintile (57.5 per cent).

Figure 2 Per cent of Australians finding it difficult or very difficult on their current income, by household income quintile, October 2021 and January 2024



Notes: Household income quintiles based on net income (after tax and government benefits)

Source: ANUpoll: October 2021 and January 2024

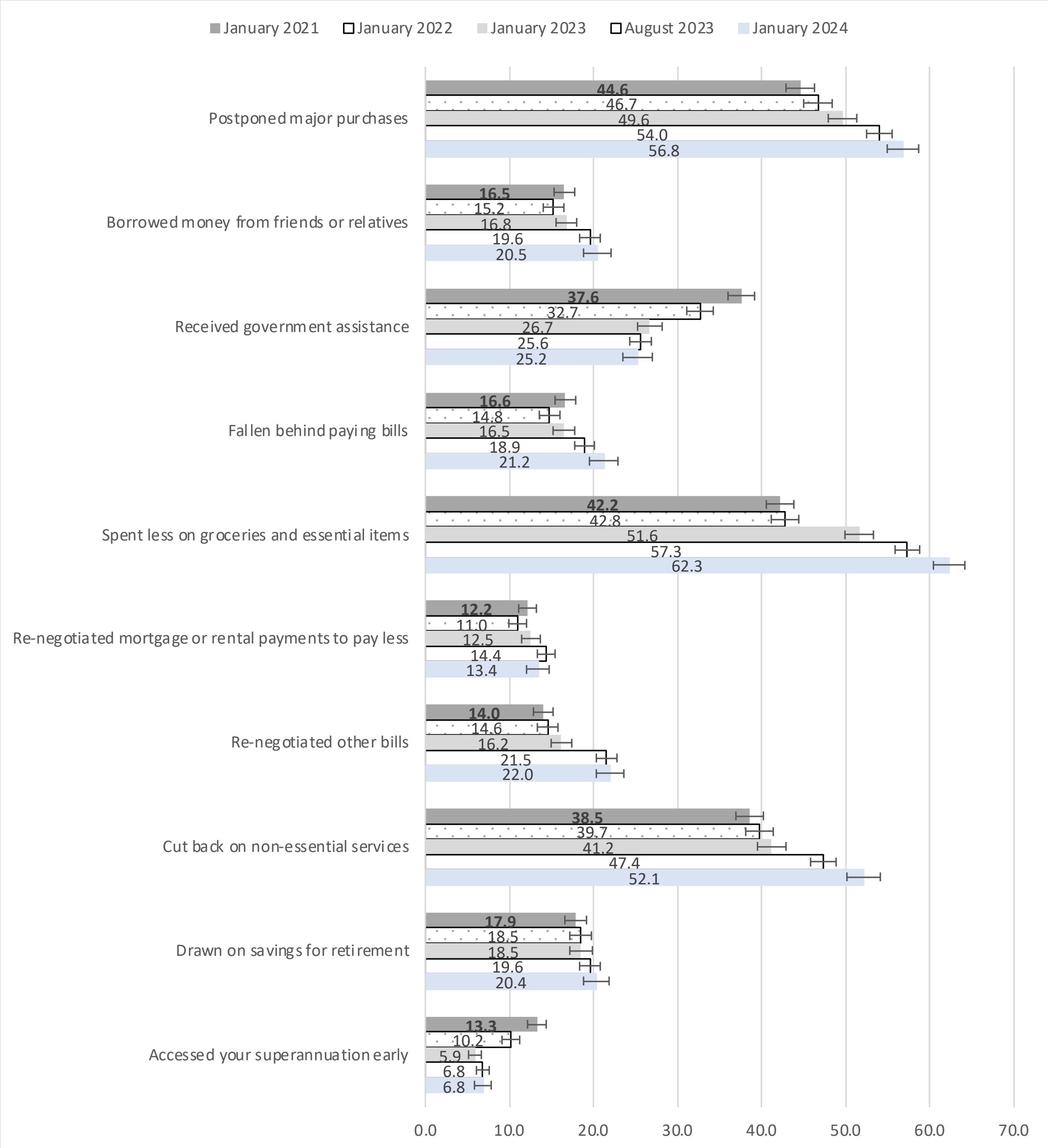
4 Financial actions

Respondents to the ANUpoll have been asked a number of times which, if any, of a list of 10 financial related actions they had done in the 12-months preceding the survey. This question was asked January 2021, 2022, and 2023; August 2023; and January 2024. Figure 3 reports the per cent of respondents that had undertook each of the actions since January 2021.

Apart from access to government support and accessing superannuation early (which were specific policy responses to the COVID-19 pandemic) there has not been a decline since the start of the pandemic in any of the financial actions, and most have seen a substantial increase. Indeed, even since the 12 months leading up to the August 2023 survey there was a large increase in the per cent of people that undertook four of the financial actions.

The most common action undertaken by Australians in the 12 months preceding the January 2024 survey were spending less on groceries and essential items (62.3 per cent), postponing major purchases (56.8 per cent), and cutting back on non-essential services 52.1 per cent). Although we are still reliant on self-reports, these are examples of demonstrable behaviour changes in response to real financial pressures.

Figure 3 Specific financial actions in the 12-months preceding the survey, January 2021 to January 2024

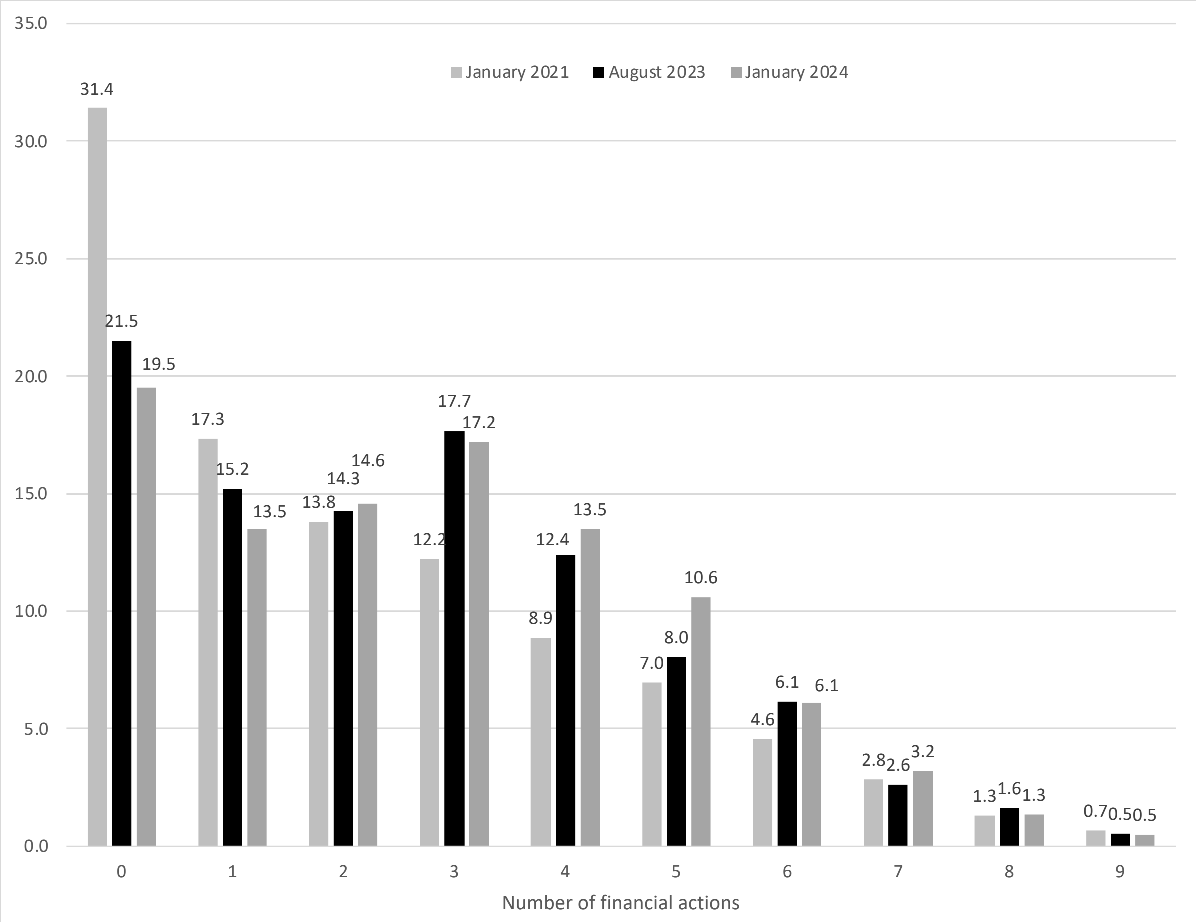


Source: ANUpoll: January 2021; January 2022; January and August 2023; and January 2024.

If we exclude receipt of government assistance as an ambiguous measure of financial stress, then Australians on average had taken 2.75 of the actions in the 12-months leading up to the January 2024 survey. This is 27.3 per cent higher than the 2.16 financial actions in the 12-months preceding the January 2021 survey, which covered the first 12-months of the COVID-19 pandemic when the lockdown restrictions were at their greatest. It is also 6.2 per cent higher than the number of financial actions taken in the 12 months preceding the August 2023 survey, just 5 months previously. Furthermore, as shown in Figure 4, in the 12-months leading up to the January 2021 survey, nearly one third of Australians (31.4 per cent) experienced none of the financial actions. By the January 2024 survey, this has declined to under one-in-five

Australians, or 19.5 per cent.

Figure 4 Distribution of total number of financial actions in the 12-months preceding the survey, January 2021, August 2023, and January 2024



Source: ANUpoll: January 2021; August 2023; and January 2024.

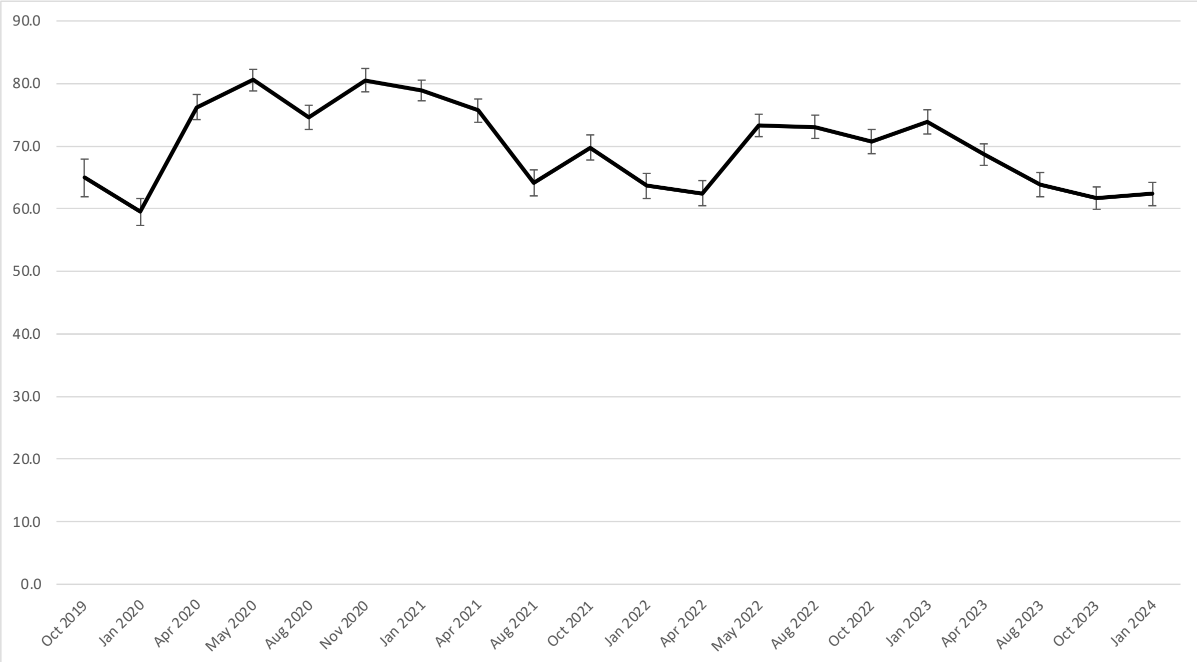
5 Views on life, the economy, and the direction of the country

The first question asked in the ANUpoll (since it was first collected in 2008) is 'Firstly, a general question about your views on living in Australia. All things considered, are you satisfied or dissatisfied with the way the country is heading?'

Combining those who were satisfied or very satisfied, Figure 5 shows what there has been fluctuations over the four-and-a-bit years since just prior to the pandemic. Satisfaction with the direction of the country was at its lowest in January 2020 at the height of the Black Summer bushfire crisis just prior to the pandemic. Satisfaction with the direction of the country then increased in the early years of the pandemic, then declined from 2021 onwards after the initial COVID-19 policy success.

There was a significant and substantial increase in satisfaction with the direction of country between April and May 2022 following the change of government at the Federal election, with reasonably stable satisfaction between May 2022 and January 2023, with 73.9 per cent of Australians satisfied or very satisfied at the start of that year. After January 2023, however, satisfaction with the direction of the country declined quite precipitously, reaching 61.7 per cent in October 2023 and 62.4 per cent in January 2024. The latter is exactly the same value as just prior to the previous election (62.4 per cent), and not much above the low observed over the last four years of 59.5 per cent during the black summer bushfire crisis.

Figure 5 Per cent of Australians who were satisfied or very satisfied with the direction of the country – October 2019 to January 2024.



Notes: The "whiskers" on the bars indicate the 95 per cent confidence intervals for the estimate.

Source: ANUpoll: October 2019; January, April, May, August, November 2020; January, April, August, October 2021; January, April, May, August and October 2022; January, April, August, and October 2023; January 2024.

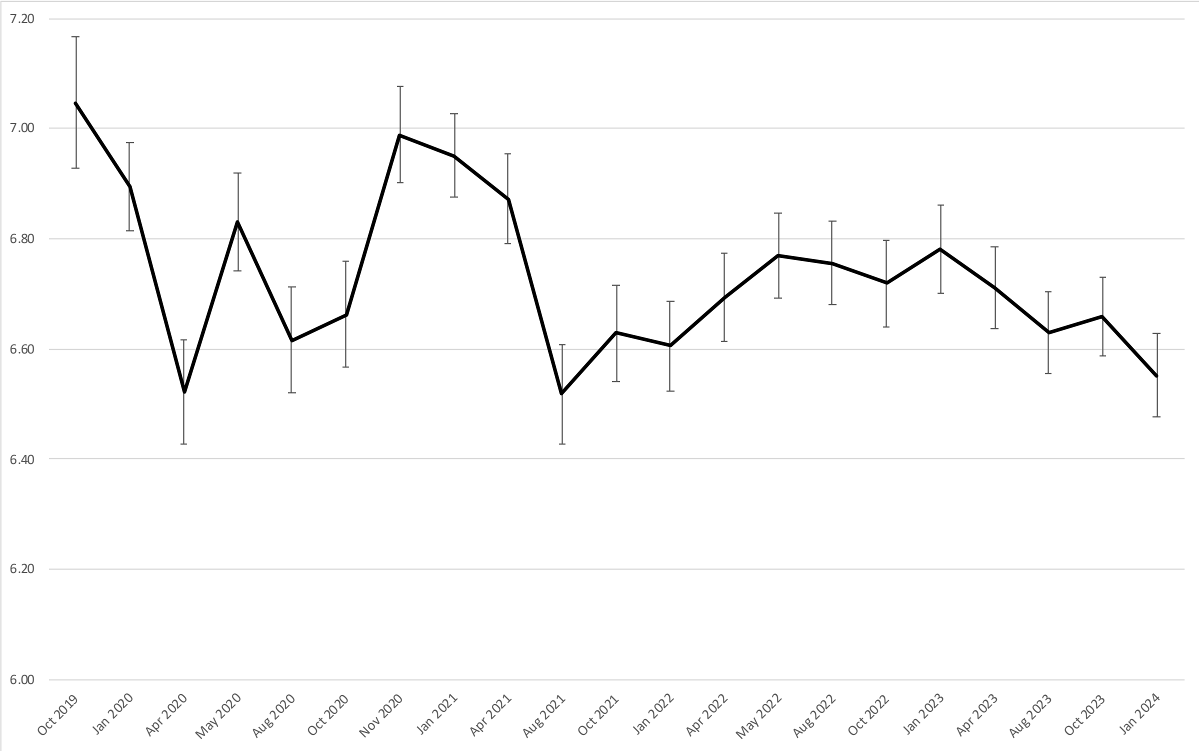
People's views on their own life has followed a similar cyclical pattern over the period. Life satisfaction has been measured consistently in ANUpoll across the pre and post COVID-19 period, and in each wave including January 2024 respondents have been asked:

> *'The following question asks how satisfied you feel about life in general, on a scale from 0 to 10. Zero means you feel 'not at all satisfied' and 10 means 'completely satisfied'. Overall, how satisfied are you with life as a whole these days?'*

Figure 6 shows that in the early pandemic period, life satisfaction declined quite substantially, reaching the equal lowest value observed over the period. Life satisfaction then fluctuated depending in large part on the level of COVID-19 restrictions in place (Biddle et al. 2022).

Between May 2022 and January 2023 as Australia had opened its borders and no longer had any COVID-19 restrictions, it appeared that life satisfaction had reached a reasonably stable state, albeit one that was below the pre-COVID and late 2020/early 2021 peaks. However, the last four data points in Figure 6 suggest there may have been a decline in life satisfaction as economic uncertainty has replaced COVID-19 concerns. Average life satisfaction in January 2024 at 6.55 on a scale of 0 to 10 is statistically equivalent to the 6.52 observed in April 2020 and August 2021 when a very large proportion of Australia was experiencing lockdown restrictions.

Figure 6 Life satisfaction, October 2019 to August 2023



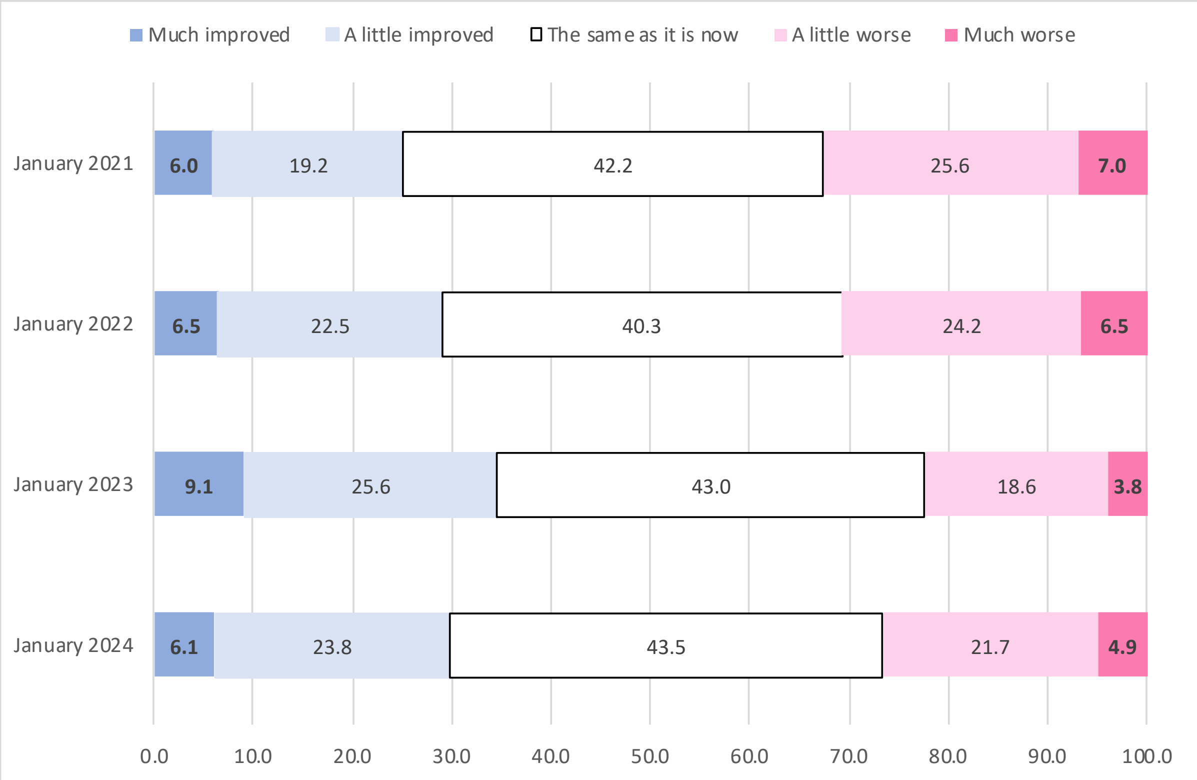
Notes: The "whiskers" on the bars indicate the 95 per cent confidence intervals for the estimate.

Source: ANUPoll: October 2019; January, April, May, October and November 2020; January, April, August and October 2021; January, April, May, August and October 2022; January, April, August, and October 2023; and January 2024.

Since January 2021, respondents to ANUpoll have been asked whether their life has improved or worsened over the previous 12-months and whether they expect it to improve or worsen into the future in the next 12-months. In January 2024, for example, respondents were asked: 'Since the start of 2023, do you think that your life is…?' with five possible response options (Much improved, A little improved; The same as it is now; A little worse; and Much worse).

There has not been a consistent change in the per cent of Australians that think their life has improved/worsened over the last four waves of data collection (Figure 7). In January 2021, the first 12-months of the pandemic, Australians were more negative than positive about whether their life had improved over the previous 12-months in with 32.6 per cent of Australians thinking their life had worsened, compared to 25.2 per cent who thought that it had improved. In January 2023, the 12 months after the main COVID restrictions had eased, 34.7 per cent thought their life had improved and only 22.4 per cent thought their life had worsened. By January 2024 only slightly more Australians thought their life had improved (29.9 per cent) than who had though their life had worsened (26.6 per cent).

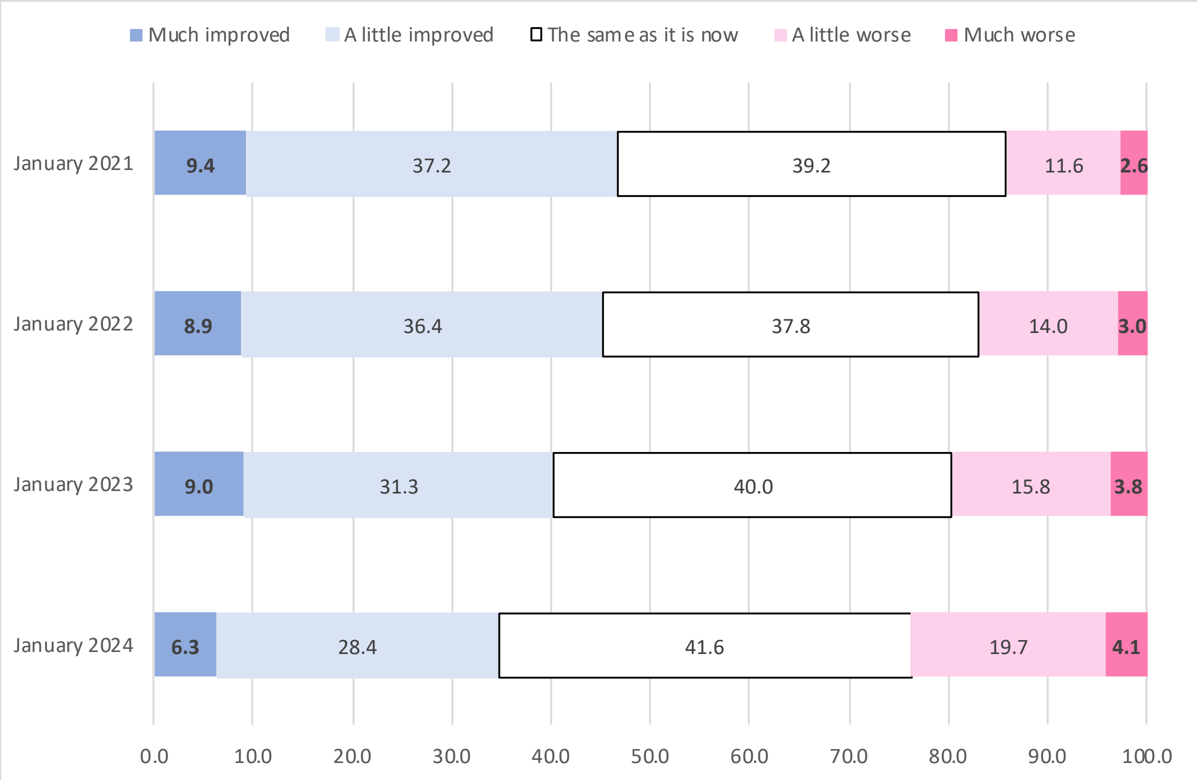
Figure 7 Views on whether life has improved or worsened in previous 12 months, January 2021 to January 2024



Source: ANUpoll: January 2021; January 2022; January 2023; and January 2024.

While people’s retrospective assessment of whether their life has improved or worsened has fluctuated over the last four years, their optimism for the future has tended to worsen (Figure 8). In January 2021, only 14.1 per cent of people thought their life would be worse in the next 12 months. This steadily increased to 17.0 per cent in 2022, 19.6 per cent in 2023 and 23.8 per cent in 2024. There are still more Australians in January 2024 who think that their life will be better in the next 12 months (34.7 per cent) than think it will be worse, but net optimism is declining.

Figure 8 Views on whether life will improve or worsen in next 12 months, January 2021 to January 2024

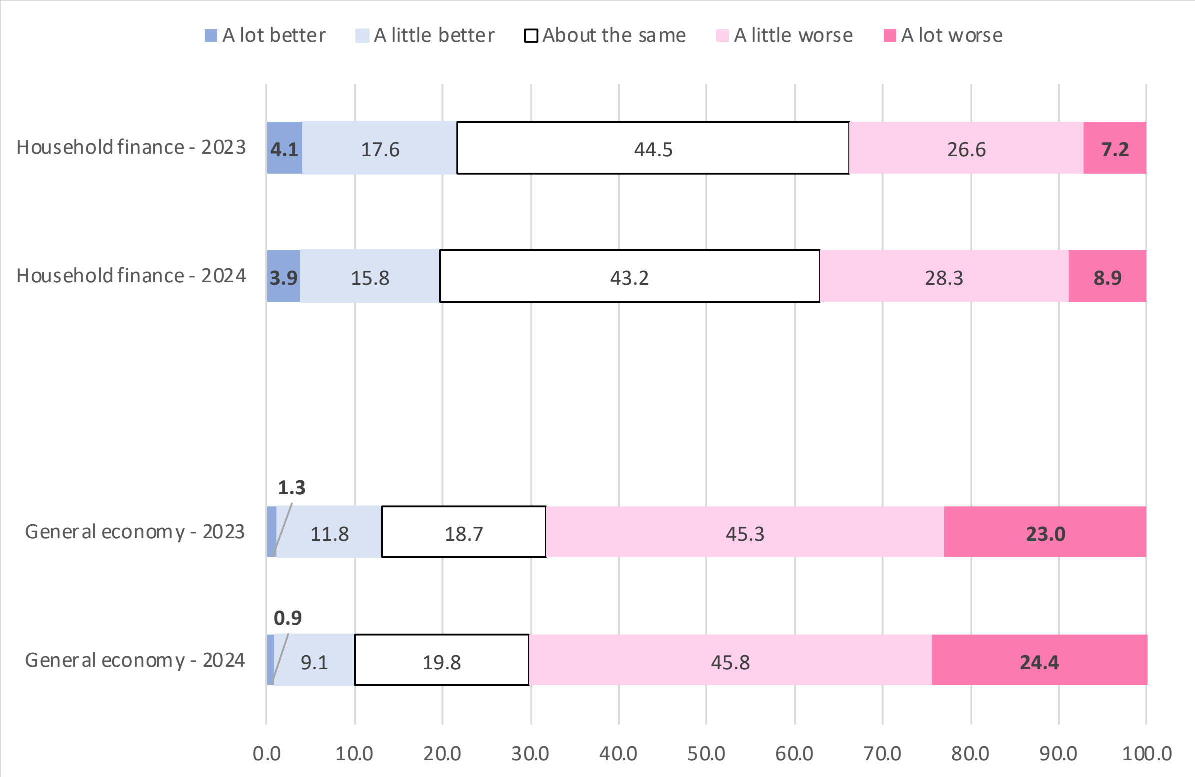


Source: ANUpoll: January 2021; January 2022; January 2023; and January 2024.

In January 2023 and 2024, respondents to ANUpoll were asked about short-term change in their own finances, and the state of the economy more broadly. Specifically, respondents were first asked 'How does the **financial situation of your household** now compare with what it was 12 months ago?' and then 'And, how do you think the **general economic situation in Australia** now compares with what it was 12 months ago?' (**bold** in original question). The response options were: A lot better; A little better; About the same; A little worse; and A lot worse. Figure 9 gives the responses to both questions in 2023 and 2024.

Between January 2023 and January 2024 Australians have become more negative towards their own finances in the last 12 months, with 37.1 per cent thinking their finances have worsened in the 12 months leading up to January 2024, compared to 33.8 per cent who thought the same thing for the 12 months leading up to January 2023 (Figure 9). People are even more negative towards the Australian economy. In January 2024 70.2 per cent of Australians thought that the economic situation in Australia had worsened over the previous 12 months, compared to only 10.0 per cent that thought it had improved. This was a slight worsening in outlook since January 2023.

Figure 9 Views on whether economic circumstances have improved/worsened over the last 12 months, January 2023 and January 2024



Source: ANUpoll: January 2023 and January 2024.

6 Support for government expenditure and taxation

In the June 2009, January 2023, and January 2024 ANUpolls, respondents were asked a range of questions about the economy, and the government's role in taxing and spending. The first of these surveys took place during the Global Financial Crisis and we repeated many of the same questions in the January 2023 ANUpoll and then again in January 2024 to compare attitudes during the current economic period.

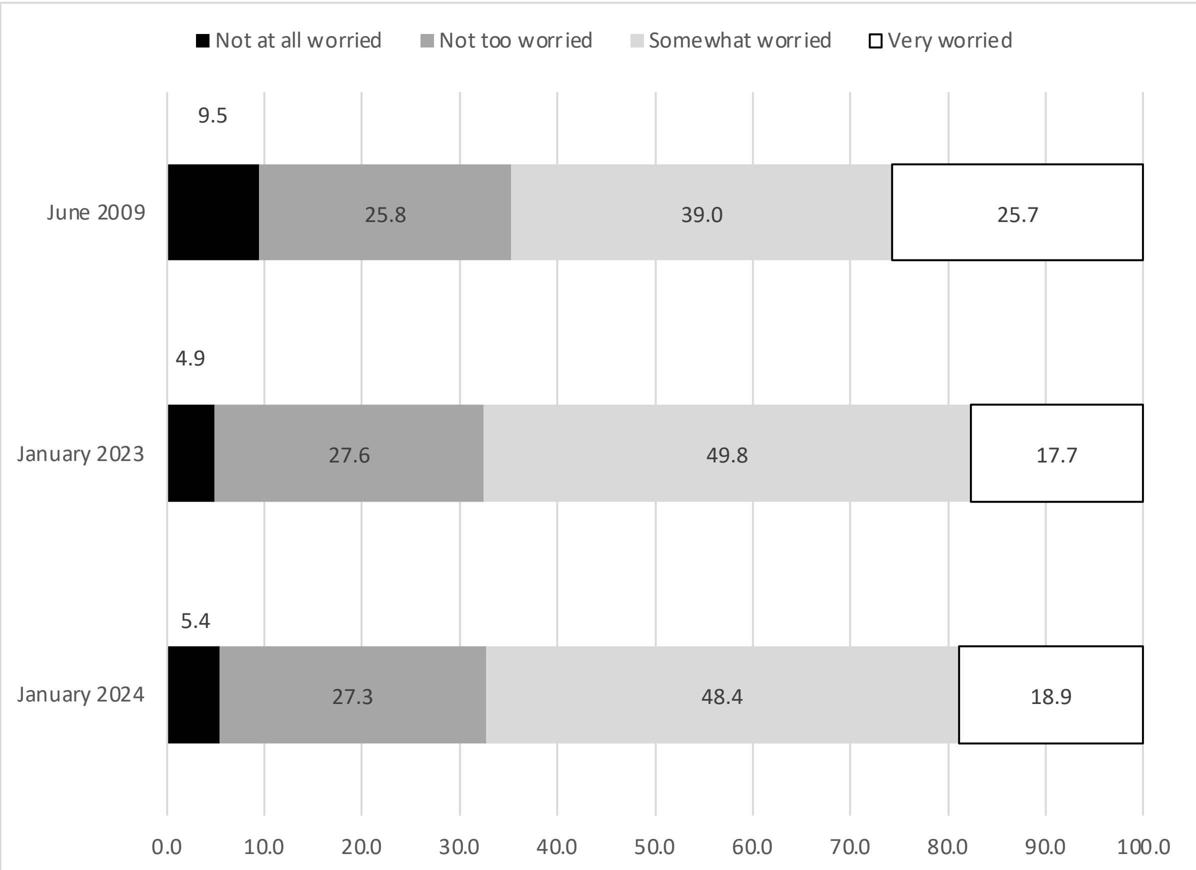
The June 2009 and January surveys included the question 'Which comes closer to your view? The government should spend money to stimulate the national economy, even if it means increasing the budget deficit OR the government should not spend money to stimulate the national economy and should focus instead on reducing the budget deficit…?' In June 2009, 56.0 per cent of Australians thought that the government should spend more money. There was a slight, but not statistically significant increase in support for spending more money between 2009 and 2023 (up to 59.2 per cent), with no change again between 2023 and 2024 (58.2 per cent of Australians advocated spending more money in January 2024).

Respondents were also asked 'If the government had a choice between reducing taxes or spending more on social services, which do you think it should do?' In June 2008 very few Australians were ambivalent in their response to this question with only 3.2 per cent saying it depends. By contrast, this had increased to about a quarter of Australians in January 2023 and 2024 (23.9 and 24.8 per cent respectively). In 2009, there were somewhat more Australians saying that they are strongly or mildly in favour of spending more on social services with 1.6 times as many people saying that (59.4 per cent) than saying governments should reduce taxes

(37.4 per cent). By January 2024, there were roughly equal numbers of people in support of more spending on social services (36.4 per cent) compared to reducing taxes (38.8 per cent). However, this represents a short-term shift in priority towards reducing taxes, as in January 2023 it was 42.8 per cent in support for increasing social services compared to 33.4 per cent for reducing taxes or a ratio of 1.3:1.

When asked specifically about whether they were worried about government debt, views have become less extreme between June 2009 and January 2023, with not much change over the subsequent 12 months (Figure 10). The specific question we asked in all three surveys was 'How worried are you that increasing government debt will harm the financial future of future generations?' There were fewer Australians in January 2023/2024 than in June 2009 who were either very worried (17.7 per cent and 18.9 per cent in 2024 and 2024 respectively compared to 25.7 per cent in 2009) or not at all worried (4.9 and 5.4 per cent compared to 9.5 per cent).

Figure 10 Long-term change in worry about government debt – June 2009 to January 2023/2024



Source: ANUpoll: June 2009; January 2023; and January 2024

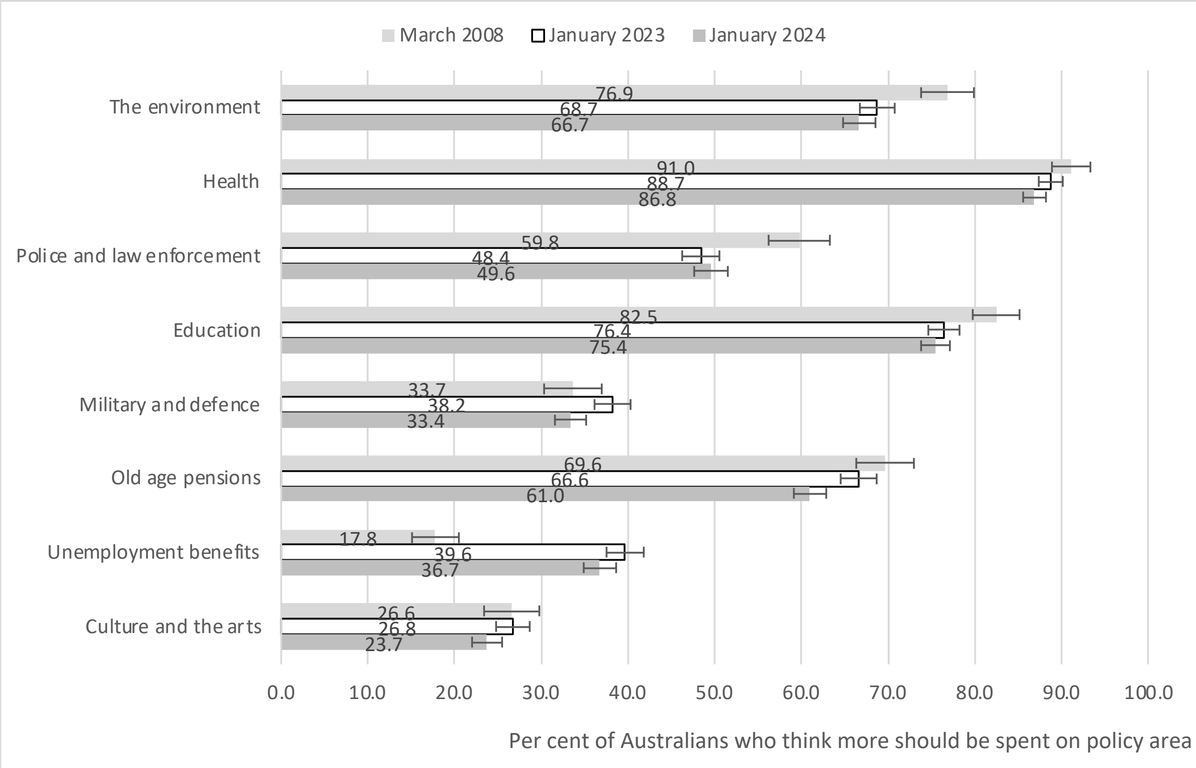
On balance, a slightly higher per cent of Australians were either somewhat or very worried about debt now than 14/15 years ago. This highlights that even compared to the height of the Global Financial Crisis when the issue of debt and deficits was a frequent topic of media and political conversation, Australians are at least as worried about government debt now as they were previously. There are, however, policy areas that have gained additional support over the last decade-and-a-half in terms of additional government spending (alongside others where support has waned).

In the March 2008 ANUpoll, respondents were asked 'Would you like to see more, the same or less government spending on the following areas…?' There five potential response options: Spend much more; Spend more; Spend the same as now; Spend less; and Spend much less. Figure 11 shows that of the eight areas considered, there were three where there was a significant and substantial decline in the per cent of Australians who think more should be spent – police and law enforcement (from 59.8 per cent in March 2008 to 48.4 per cent in January 2023); the environment (76.9 to 68.7 per cent); and education (82.5 to 76.4 per cent).

There was a slight increase in the per cent of Australians who thought more should be spent on military and defence over the last fifteen years – from 33.7 per cent in March 2008 to 38.2 per cent in January 2023. However, far and away the largest increase was for unemployment benefits. In March 2008, when the unemployment rate was 4.1 per cent seasonally adjusted,[6] only 17.8 per cent of Australians thought that more should be spent on unemployment benefits. By January 2023 when unemployment was at an even lower 3.7 per cent, more than twice as many people (39.6 per cent) thought that more should be spent on unemployment benefits.

There have been some further shifts in the last 12 months. Support for additional spending on military and defence returned to its previous level, declining from 38.2 to 33.4 per cent. There is also strong evidence for a decline in spending on old age pensions (from 66.6 to 61.0 per cent between 2023 and 2024) and weaker evidence for a decline in support for spending on unemployment benefits (from 39.6 to 36.7 per cent) and culture and the arts (from 26.8 to 23.7 per cent). Taken together, there was a significant decline in the average number of areas that people supported additional money spent on from 4.54/8 in January 2023 to 4.33/8 in January 2024.

Figure 11 Per cent of Australians who think more should be spent on particular policy areas – March 2008 and January 2023.



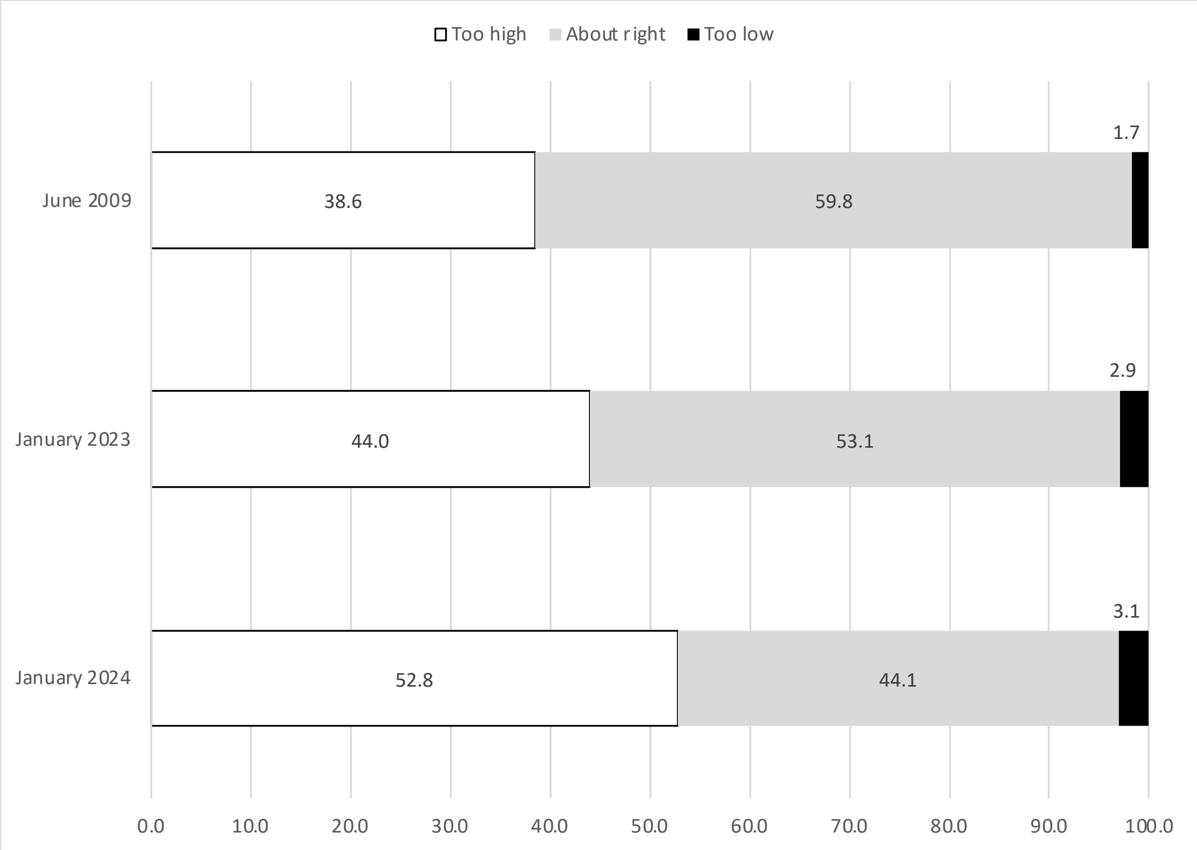
Note: The "whiskers" on the bars indicate the 95 per cent confidence intervals for the estimate.

Source: ANUpoll: March 2008 and January 2023

One of the challenges of managing the implicit demand for additional government expenditure represented by Figure 11 is that the public is generally reluctant to pay the additional taxes that would be required to cover the expenditure. Perhaps even more challenging from a government perspective is that this view appears to be becoming more strongly held. In June 2009, as well as January 2023 and 2024 respondents were asked 'Do you consider the amount of income tax you have to pay this year as too high, about right, or too low?'

The per cent of respondents that think the amount of taxes they pay is too low is very small – only 1.7 per cent in 2009, 2.9 per cent in 2023, and 3.1 per cent in 2024. The interesting difference, therefore, is between those who think that the amount they pay is about right, compared to those who think that they pay too much. In March 2009, there were more Australians that thought what they paid was about right (59.8 per cent) compared to those who thought it was too much (38.6 per cent). By 2023, the gap had closed a bit, but there was still slightly more who thought it was about right compared to too much (53.1 and 44.0 per cent respectively). In the last year, however, this relativity has almost completely reversed, with 52.8 per cent of Australians thinking the taxes they pay is too high compared to 44.1 per cent that think it is about right.

Figure 12 Long-term change in views about individual tax burden – June 2009 to January 2023/2024



Source: ANUpoll: June 2009; January 2023; and January 2024

7 Housing circumstances in Australia

In this section of the paper, we analyse the housing circumstances of Australians in January 2024, making comparisons where possible with previous ANUpolls. Amongst the January 2024 ANUpoll sample, 28.9 per cent of respondents are estimated to own their home outright. A further 33.6 per cent own their own home but with a mortgage. The other large category in our sample is the 23.8 per cent that are renting their home from a landlord. The remaining 13.7 per cent are spread across those that rent from public housing authority; are living rent-free; live in a house occupied under a life tenure scheme; are living with family/in family home; or have some other tenure type not elsewhere classified. Because these last individual categories are relatively small, we combine them into an 'other housing' category for the analysis in this and subsequent sections.

7.1 Housing payment stress

A commonly used measure of housing stress in Australia is whether a household is spending 30 per cent or more of their disposable income on housing costs. It is recognised that such a burden is more manageable if the household has a relatively high income and therefore (a) their housing circumstances reflects a choice they are making based on the value they place on housing amenities and (b) they still have significant additional resources for day-to-day living expenses. Many estimates, therefore, narrow the scope to low-income households with high (relative) housing costs.

The measure used by the Melbourne Institute when analysing the Household, Income, and

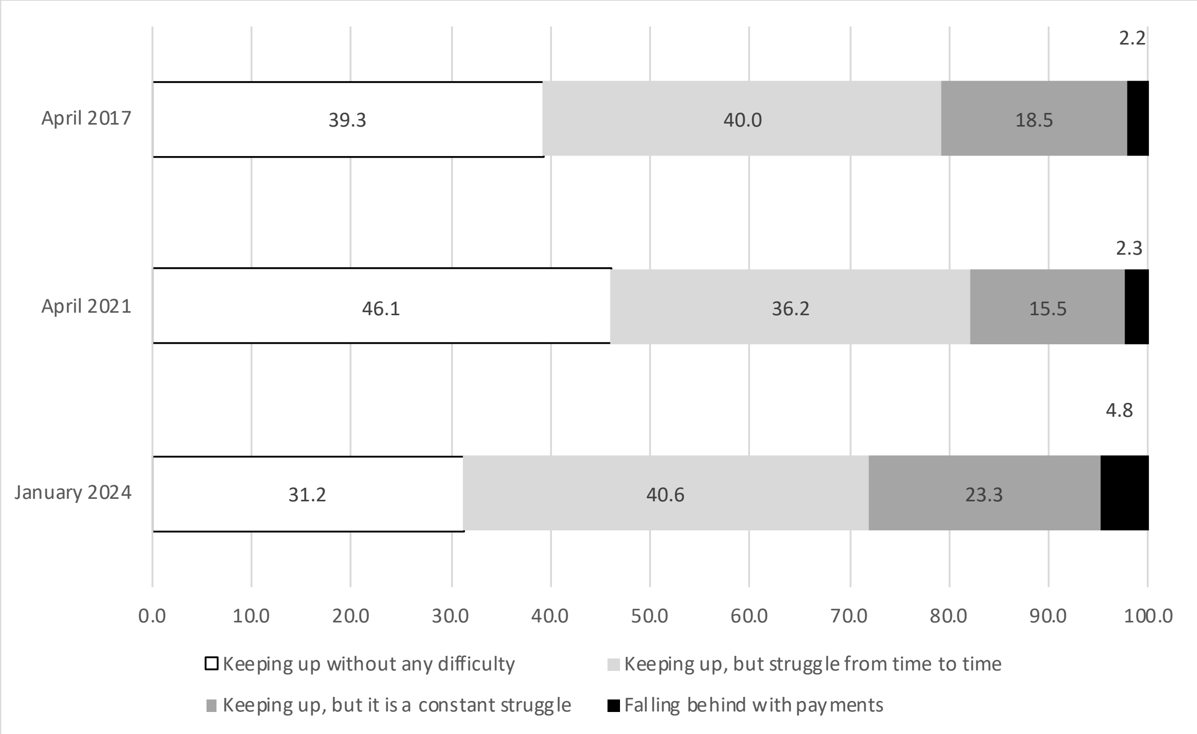
Labour Dynamics in Australia (HILDA) survey is a household ‘which housing costs are more than 30% of household income, and the household is in the bottom 40% of the income distribution.’ Unfortunately, the most recent HILDA data only goes up until 2021 and therefore does not capture the impact of recent interest rate, mortgage, and rental rises. Indeed, the summary report concludes that over the period for which HILDA data is available ‘housing stress was highest in 2011, 2012 and 2018, when 10.7% of the population was in housing stress. Between 2018 and 2021, there was a marked decline in housing stress, reaching an all-time low of 7.3% in 2021.

Those that own their own home without a mortgage are by definition not under housing stress.[7] For those that were either paying a mortgage or rent, we asked ‘Some people can easily afford to pay their main expenses, others find it more difficult to pay. Thinking about your situation, how easy or difficult is it for you to pay for your rent or mortgage?’ Figure 13 – which includes data from April 2017, April 2021, and January 2024 – shows that there is a large and growing minority of people that are struggling or falling behind with their payments.

In April 2017, 39.3 per cent of Australians (with a loan or paying rent) said that they were keeping up with their payments without any difficulty. At the height of the pandemic when a large number of people were receiving government assistance and other expenditure (for example international travel) was curtailed, this increased to 46.1 per cent. By January 2024, however, this had declined to 31.2 per cent of the population. The number of people keeping up but struggling from time to time stayed quite steady (40.0 per cent in 2017 and 40.6 per cent in 2024).

We combine the last two categories into our binary measure of payment stress, and find a more than doubling in the per cent of Australians that were falling behind with payments, from 2.2 per cent in April 2017 to 4.8 per cent in January 2024. There was also a 4.8 percentage point increase in the share of Australians that were finding their housing payments a constant struggle – from 18.5 per cent in April 2017 to 23.3 per cent in January 2024.

Figure 13 Keeping up or falling behind with housing payments – April 2017, April 2021, and January 2024

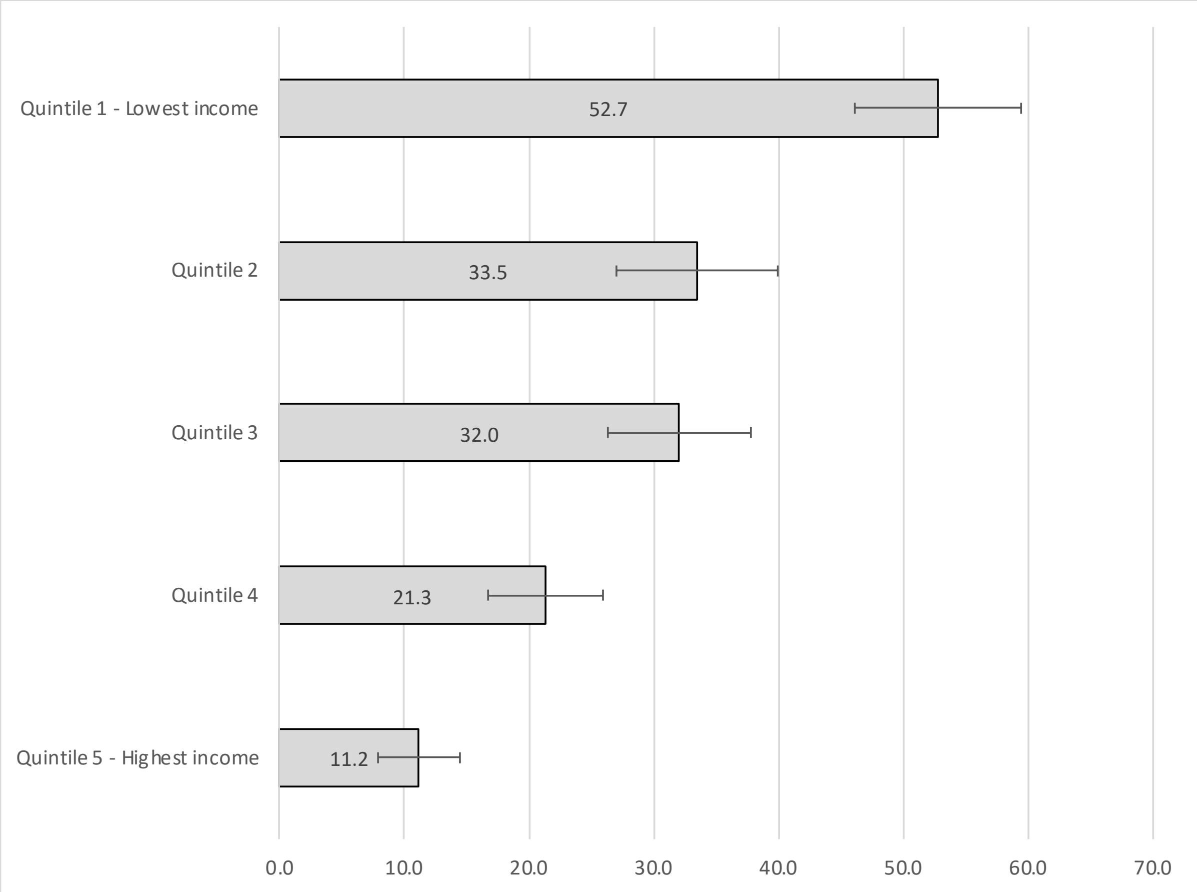


Source: ANUpoll: April 2017, April 2021, and January 2024

This measure of payment stress (constant struggle or falling behind) is much higher for those who are renting. Furthermore, there has been a larger increase in payment stress for renters since 2017. In the first ANUpoll on housing (April 2017), 23.5 per cent of renters were in payment stress compared to 16.9 per cent of those with a mortgage. For renters, there was a more than 11 percentage point increase in payment stress to 34.6 per cent in January 2024. While large and significant, the increase for those with a mortgage was only a 5.4 percentage point increase (to 22.3 per cent).

In addition to tenure type, the other main factor that influences whether a household is experiencing payment stress is their level of income. Figure 14 shows that more than half (52.7 per cent) of those in the lowest income quintile finding their housing payments a constant struggle or who are falling behind. Around a third of those in the next two income quintiles are in housing stress (33.5 per cent for Quintile 2 and 32.0 per cent for Quintile 3) with the top two quintiles having much lower levels of payment stress – 21.3 per cent for those in Quintile 4 and 11.2 per cent for those in Quintile 5.

Figure 14 Levels of payment stress by net household income quintile, January 2024



Source: ANUpoll: January 2024

Income and housing tenure type are likely to be related to each other. Those who own their own home tend to be in the higher income quintiles, whereas those that rent are in the lower quintiles. It is hard to know, therefore, whether payment stress is more closely related to tenure type or more closely related to income. One way to make this distinction is through regression-style analysis. Under this approach, it is possible to look at associations between our main outcome (payment stress) and another variable of interest (for example income) whilst holding constant another variable (for example tenure).

It is also possible using regression analysis to look at relationships with a much larger set of demographic, geographic, and socioeconomic variables. Table 1 gives the results from such an analysis where the dependent variable is the probability of being under payment stress. Because this dependent variable is binary, the relationships are estimated using the probit model. Results are presented as marginal effects, or the difference in the probability of being in payment stress, whilst holding other variables constant.

The results from the regression model show that income is a stronger predictor of payment stress than housing tenure. Even controlling for a range of demographic, geographic, and other socioeconomic factors, there is a large difference in payment stress across the income quintiles. There is not, however, a statistically significant relationship with tenure with the probability the same for those renting in the private rental market, those with a mortgage, and those with another form of tenure type (all else being equal).

Controlling for income (and tenure) there are also some differences for the other background characteristics. Young Australians, and older Australians are less likely to be experiencing payment stress. Those born overseas in an English-speaking country also have a lower probability, whereas those that speak a language other than English have a higher probability. Geography has an interesting relationship. Potentially reflecting housing costs, those that live in the most disadvantaged suburbs have the lowest level of payment stress (remembering that income is being held constant) whereas those that live outside of a capital city have a lower level of payment stress than those in a capital city.

Table 1 Regression model estimates of the factors associated with payment stress (marginal effects), January 2024

Explanatory variables	Marginal effect	Signif.
Renting through the private rental market	0.035	
Other tenure type	-0.057	
Female	0.028	
Aged 18 to 24 years	-0.136	**
Aged 25 to 34 years	-0.007	
Aged 45 to 54 years	-0.063	
Aged 55 to 64 years	-0.106	**
Aged 65 to 74 years	-0.136	**
Aged 75 years plus	-0.346	***
Indigenous	0.034	
Born overseas in a main English-speaking country	-0.083	*
Born overseas in a non-English speaking country	-0.072	
Speaks a language other than English at home	0.129	**
Has not completed Year 12 or post-school qualification	-0.039	
Has a post graduate degree	-0.033	
Has an undergraduate degree	-0.042	
Has a Certificate III/IV, Diploma or Associate Degree	0.040	
Lives in the most disadvantaged areas (1st quintile)	-0.079	*
Lives in next most disadvantaged areas (2nd quintile)	-0.069	
Lives in next most advantaged areas (4th quintile)	-0.059	
Lives in the most advantaged areas (5th quintile)	-0.050	
Lives outside of a capital city	-0.060	*
Lives in lowest income household (1st quintile)	0.259	***
Lives in next lowest income household (2nd quintile)	0.036	
Lives in next highest income household (4th quintile)	-0.131	***
Lives in highest income household (5th quintile)	-0.239	***
Probability of the base case	0.395	
Sample size	2,127	

Notes: Probit regression model. The base case individual is living in a house with a mortgage; male; aged 35 to 44 years; non-Indigenous; born in Australia; does not speak a language other than English at home; has completed Year 12 but does not have a post-graduate degree; lives in neither an advantaged or disadvantaged suburb (third quintile); lives in a capital city; and lives in a household in the middle-income quintile.

Those that own their own home without a mortgage are not included in the analysis

Coefficients that are statistically significant at the 1 per cent level of significance are labelled ***; those significant at the 5 per cent level of significance are labelled **, and those significant at the 10 per cent level of significance are labelled *

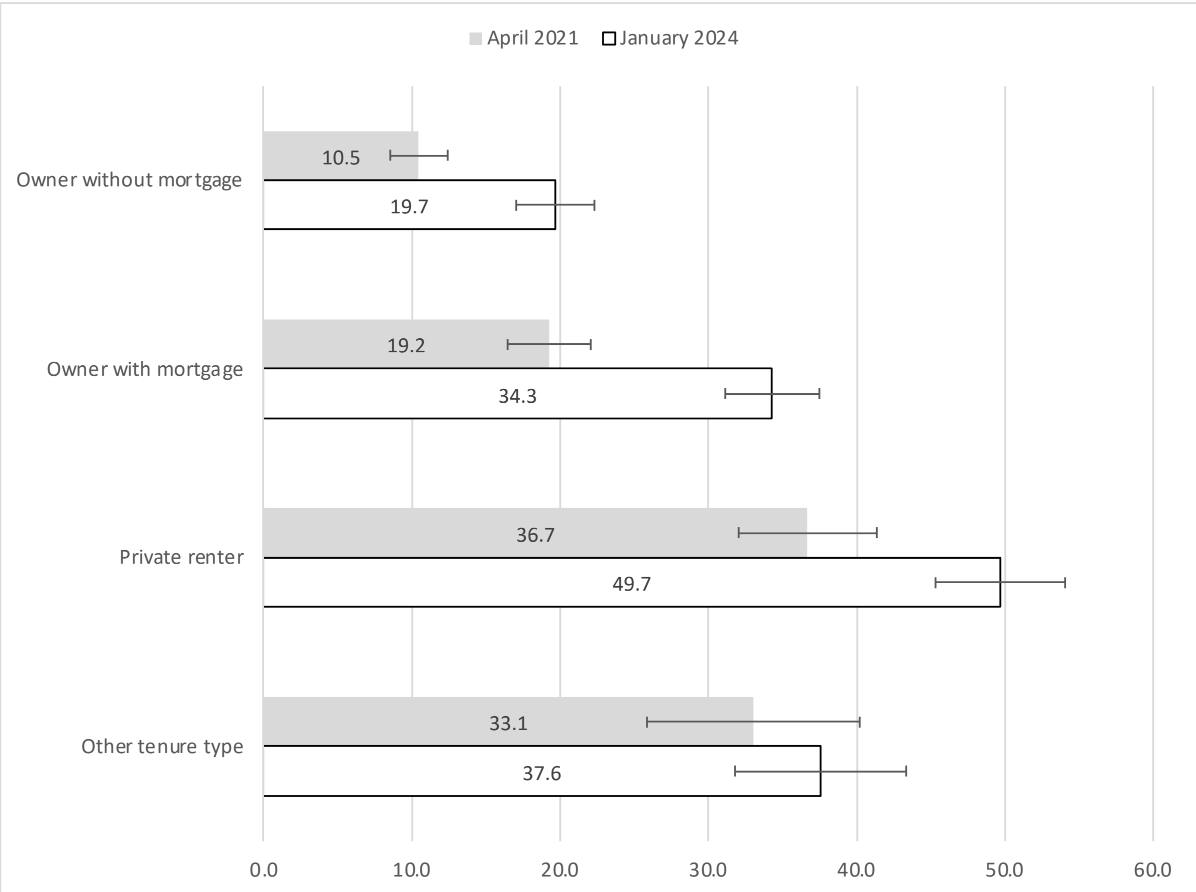
Source: ANUpoll, January 2024.

There is a strong link between housing payment stress and financial stress more broadly, as well as between changes in financial stress through time and tenure type. Remembering that payment stress is only asked of those with a mortgage or who are paying rent, those that were experiencing housing payment stress were almost than three-and-a-half times as likely to be finding it difficult or very difficult on current income (85.5 per cent) compared to others with a rent or mortgage (24.7 per cent).

Changes in financial stress over time have been heavily concentrated in two tenure types – those with a mortgage and those renting from a private landlord (Figure 15). In April 2021, when only 23.2 per cent of Australians were finding it difficult on their current income, those with a mortgage were 1.8 times as likely to be finding it difficult on their current income compared to those without a mortgage (19.2 compared to 10.5 per cent respectively) and private renters were roughly as likely to be finding it difficult as those with another tenure type (36.7 compared to 33.1 per cent respectively).

Between April 2021 and January 2024, there was a significant but moderate change in this measure of financial stress for those who own their own home without a mortgage (now at 19.7 per cent) and no significant change amongst those with another tenure type (37.6 per cent in January 2024). However, in our latest wave of data, 34.3 per cent of those with a mortgage are finding it difficult or very difficult on their current income and around half of those who are renting from a private landlord (49.7 per cent) were experiencing this measure of financial stress.

Figure 15 Per cent of Australians finding it difficult or very difficult on their current income, by tenure, April 2021 and January 2024



Source: ANUpoll: April 2021 and January 2024

7.2 Housing and confidence in government

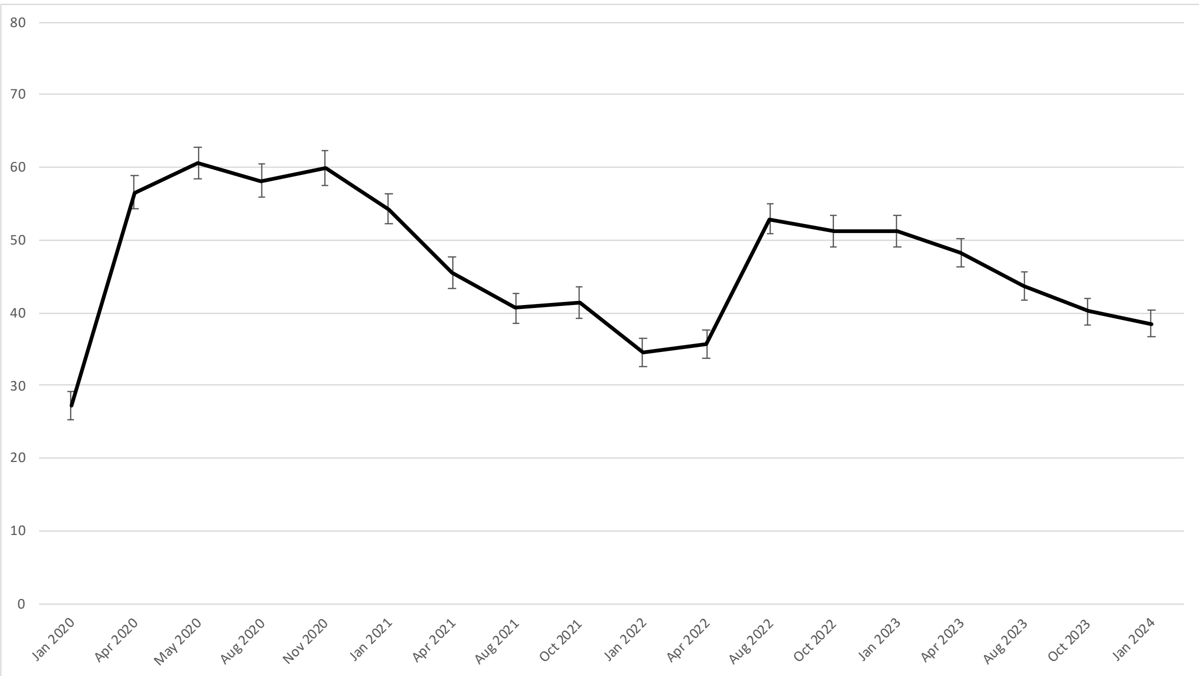
There are a number of factors on the ANUpoll database that predict payment stress. However, there are other factors where the relationship might plausibly go in the opposite direction, with payment stress being a factor in explaining variation in other outcome measures on the database. Consider, for example, confidence in the Commonwealth government. Figure 16 gives the per cent of Australians who had a great deal or quite a lot of confidence in the Federal Government between January 2020 and January.

Confidence in the Federal Government increased substantially between January and August 2020 as the government intervened heavily in the economy and a range of aspects of people’s lives early in the pandemic. From about November 2020 onwards, confidence declined quite substantially, such that by April 2022 just prior to the Federal election confidence was only just above what it was pre-pandemic and during the Black Summer bushfire crisis of 2019/20.

There was a substantial increase in confidence in the Federal Government following the change of government at the May 2022 Federal Election. The proportion of Australians who had quite a lot or a great deal of confidence in the Federal Government increased from 35.6 per cent in April 2022 just prior to the election to 52.9 per cent in August 2022. While this was still below the peak confidence achieved by the then Morrison government in the early months of the pandemic (60.6 per cent in May 2020), the increase between April and August 2022 was the first significant reversal after more-or-less continuous declines since November 2020.

Between August 2022 and January 2023 (51.2 per cent), confidence stayed reasonably steady and within the margin of error of the survey, but after January 2023 there appears to have been a slow and steady decline. In the last wave of data collection, 38.5 per cent of Australians had a great deal or quite a lot of confidence in the Federal Government which, while above the levels observed towards the Morrison government in April 2022 (35.6 per cent) or January 2020 (27.3 per cent).

Figure 16 Per cent of Australians who had a great deal or quite a lot of confidence in the Federal Government in Canberra– January 2020 to January 2024



Note: The “whiskers” on the bars indicate the 95 per cent confidence intervals for the estimate.

Source: ANUpoll: January, April, May, August, October, and November 2020; January, April, August, October 2021; January, April, August, and October 2022; January, April, August, and October 2023; and January 2024

There are a number of possible reasons for the decline in confidence in the Federal government observed since August 2022. One that we have considered using ANUpoll survey data is the way in which the Albanese government ran, and was ultimately unsuccessful with the Aboriginal and Torres Strait Islander Voice to Parliament campaign (Biddle et al. 2023). Another is the general increase in prices captured through the change in CPI over the period. However, the specific increase in housing payment stress may also be a factor.

For those that were not experiencing payment stress in January 2024 (but did not own their own home outright), there was an 11.1 percentage point decline in confidence in the Federal Government from 54.3 per cent in August 2022 to 43.1 per cent in January 2024. For those who were experiencing payment stress, on the other hand, the decline was equal to 16.8 percentage points, despite being from a much lower base (from 45.2 per cent in August 2022 to 28.4 per cent in January 2024). It is difficult to make causal conclusions using observational data, and there are clearly a range of factors that are influencing changes in confidence. However, it appears to be quite likely that increases in housing costs are one of them.

7.3 Perceived exposure to interest rate changes

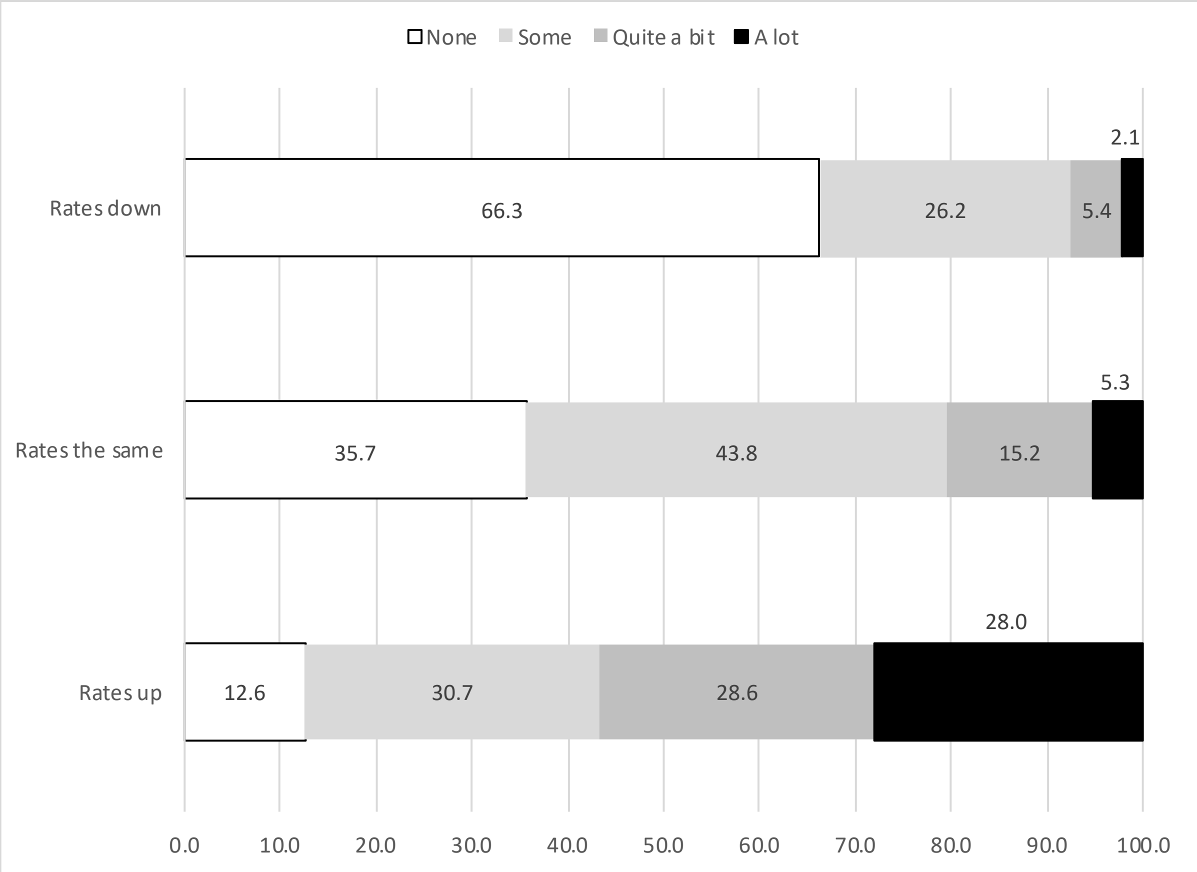
One of the drivers of the increase in payment stress is the changes in interest rates observed over the period. Since reaching a low of 0.1 per cent November 2020 and staying there until April 2022, the Reserve Bank of Australia’s (RBA’s) cash rate target has been increased a number of times over the subsequent period, reaching 4.35 per cent in December 2023 and staging there over the data collection period.[8] The relationship between interest rate changes and mortgage payments is quite obvious and direct, as most changes in the cash rate target are passed onto mortgage holders by their lender, at least if they are not on a fixed interest rate.

For renters, the relationship between interest rate changes and rental prices are a bit more complicated. There is an indirect positive effect, as landlords pass on their extra borrowing costs to their tenants. However, if interest rate rises have the intended effect of slowing the economy, then the net impact on rents could be negative (Saunders and Tulip 2020).

Focusing on those who have a mortgage, we asked respondents how much financial difficulty they expect to be in under three different scenarios – a decrease in interest rates by 2 percentage points, interest rates staying the same, and an increase by 2 percentage points. Under the business-as-usual scenario, about one-in-five mortgage holders expect to be in quite a bit or a lot of financial difficulty (20.5 per cent). If interest rates were to decline by 2 percentage points, then this drops to only 7.5 per cent. However, if interest rates were to go up by 2 percentage points, then 56.7 per cent of mortgage holders expect to be in a significant amount of financial difficulty, including 28.0 per cent that think they will be in a lot of difficulty.

A 2-percentage point increase in interest rates is a large one. However, there was a higher cash rate than 6.35 per cent in 2008, so it is not outside of the realm of possibility. Given the level of mortgages that many people hold, it would appear that such an increase would lead to quite high financial difficulty in Australia.

Figure 17 Perceived level of financial difficulty under different interest rate scenarios, January 2024



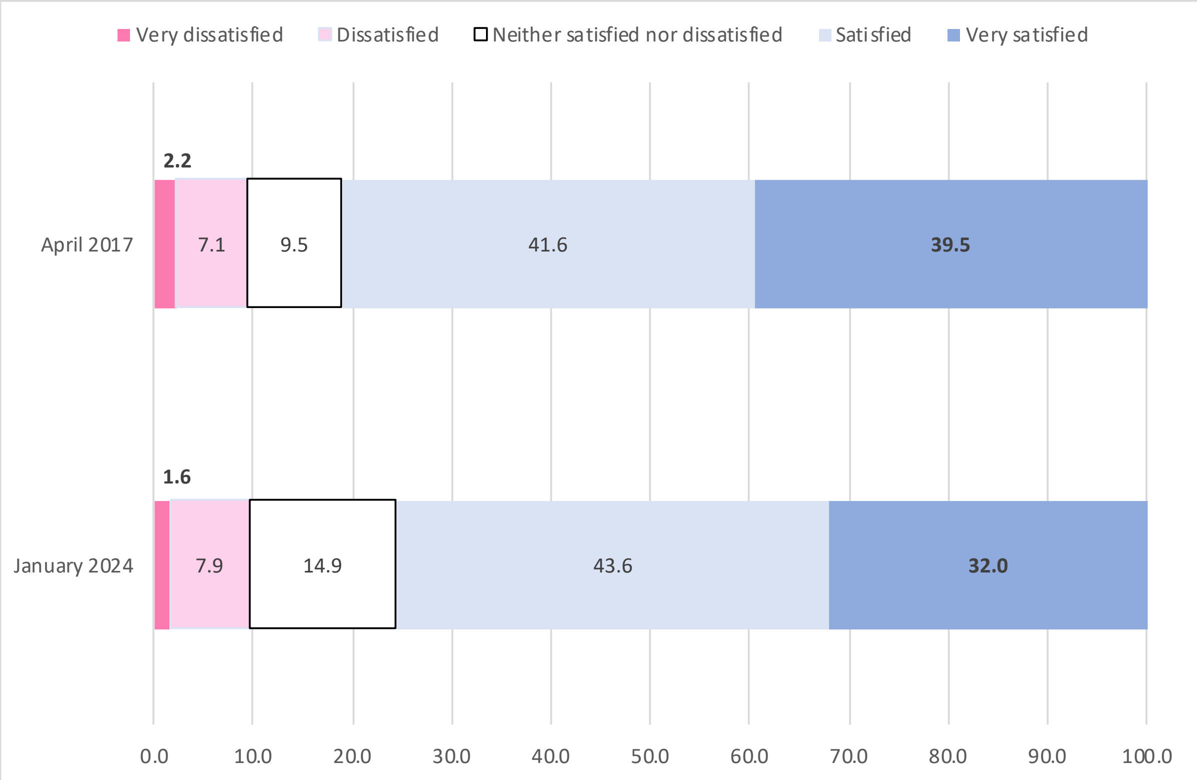
Source: ANUpoll: January 2024

7.4 Satisfaction with housing

Despite the financial pressure that many households are under, there is a generally high level of satisfaction with people's own housing circumstances. We ask for satisfaction in both April 2017 and January 2024, and Figure 18 shows that in the most recent wave of data, 32.0 per cent of Australians were very satisfied and 43.6 per cent were satisfied with their current housing. Combined, this is almost eight times as many people that were very dissatisfied (1.6 per cent) or dissatisfied (7.9 per cent).

The proportion of people that were dissatisfied/very dissatisfied with their housing has stayed reasonable consistent since April 2017. However, there was a large increase in the proportion of people in the neutral category – from 9.5 per cent in April 2017 to 14.9 per cent in January 2024. This means that there has been a decline in the proportion of people satisfied/very satisfied since April 2017, from a combined total of 81.1 per cent in April 2017, to the current 75.6 per cent.

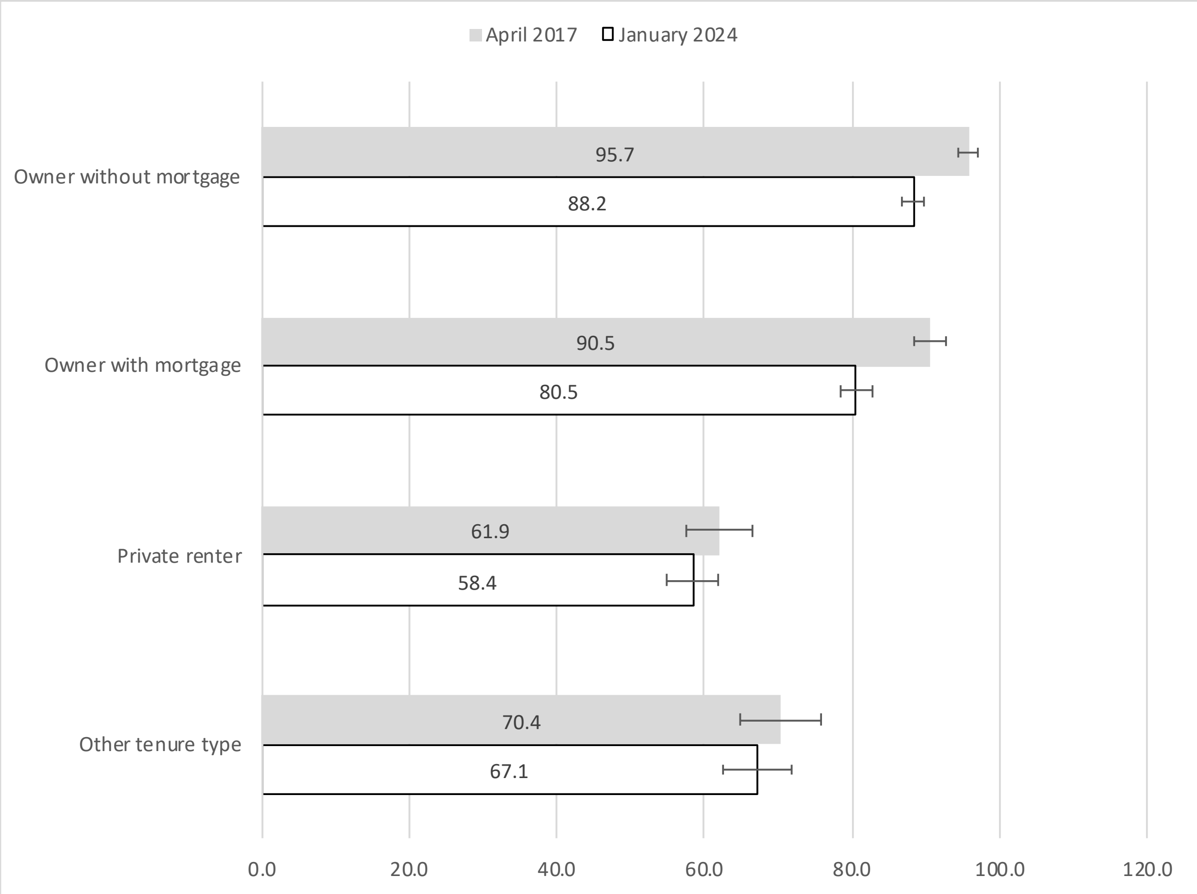
Figure 18 Satisfaction with housing – April 2017 to January 2024



Source: ANUpoll: April 2017 and January 2024

Those who own their own house (either with or without a mortgage) are more satisfied with their housing situation than those who rent through the private rental market or who have a different tenure type (Figure 19). However, the largest relative decline in satisfaction is amongst those that own their own home but with a mortgage. For this group, 90.5 per cent were satisfied or very satisfied in April 2017, declining to 80.5 per cent by January 2024.

Figure 19 Satisfied or very satisfied with housing – April 2017 and January 2024



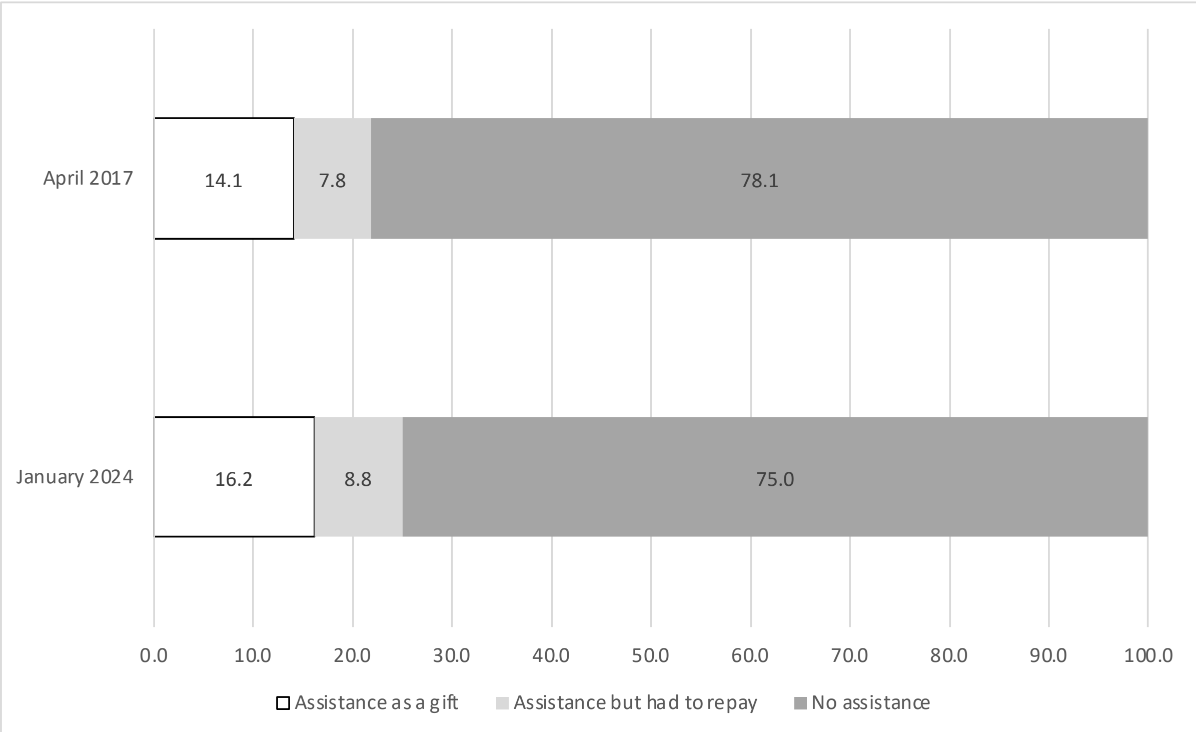
Source: ANUpoll: April 2017 and January 2024

8 The bank of mum and dad?

Especially in the last few years, but also over the longer term, housing has become relatively expensive in Australia. This has had benefits for those that have been in the property market for a number of years, in particular landlords that are able to charge higher rents and that have seen their asset appreciate in value. However, it makes it much harder for new entrants into the property market. There is a perception that the only way to enter into the market is through financial support from family – the so called 'bank of mum and dad.'[9]

In the April 2017 and January 2024 surveys, we asked respondents 'Did you receive any assistance from your family or your partner's family when you purchased your home?' Figure 20 shows that while there has been a slight, albeit statistically significant, increase in the proportion who had received assistance over those seven years, the change has not been substantial. In April 2017, 78.1 per cent of home owners said that 'No, I received no financial assistance from my family or my partner's family.' This declined slightly to 75.0 per cent in January 2024. There was a slight increase in the per cent of respondents that said that 'Yes, I received financial assistance as a gift', from 14.1 to 16.2 per cent over the period, and a smaller increase the per cent that said that 'Yes, I received financial assistance but had to repay it', from 7.8 per cent in April 2017 to 8.8 per cent in January 2024. It may be that much of the increase occurred prior to April 2017. However, over the medium term, the change has been moderate.

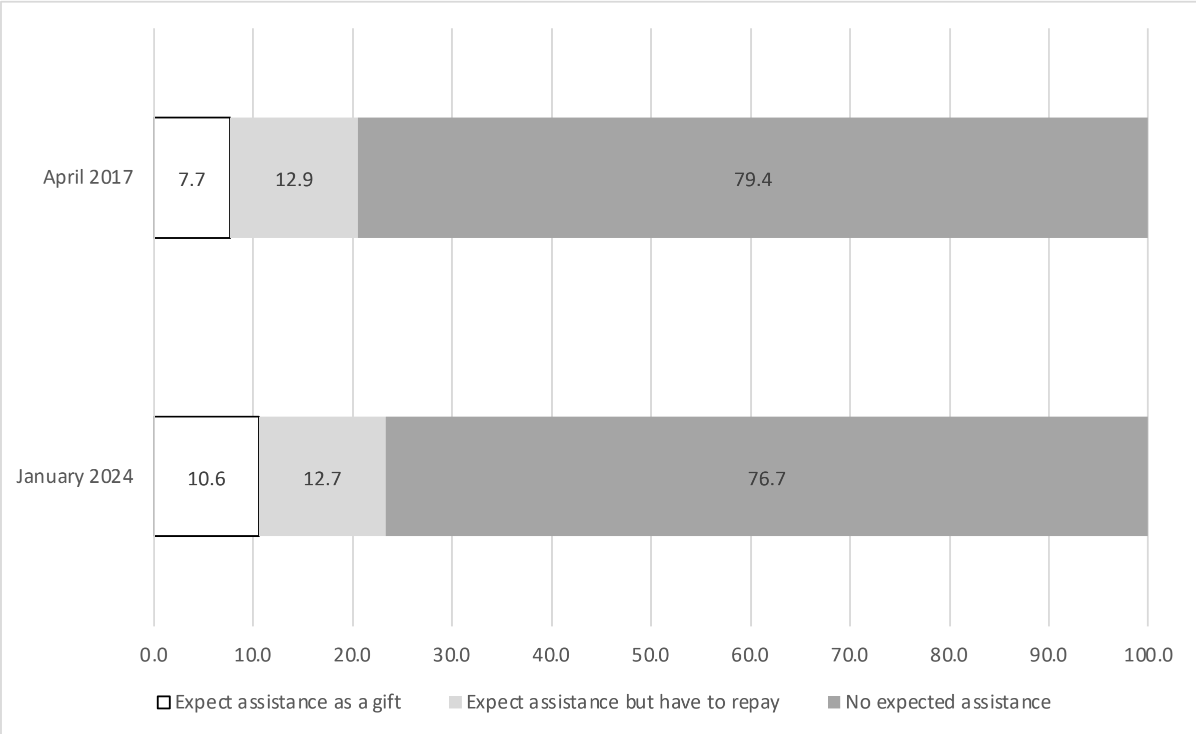
Figure 20 Receipt of housing assistance for homeowners – April 2017 to January 2024



Source: ANUpoll: April 2017 and January 2024

Even amongst those that do not own their own home, there has not been that big a shift in the proportion that expect to receive assistance in the future. For this group, we asked 'If you purchase housing in the future, do you expect to receive assistance from your family or your partner's family?' There was a small decline in the per cent that do not expect to receive assistance (from 79.4 to 76.7 per cent in April 2017 and January 2024 respectively) and an increase in the per cent that expect to receive assistance as a gift (7.7 to 10.6 per cent). However, just as the vast majority of homeowners have made their purchase without support from family, the vast majority do not expect to receive assistance in the future.

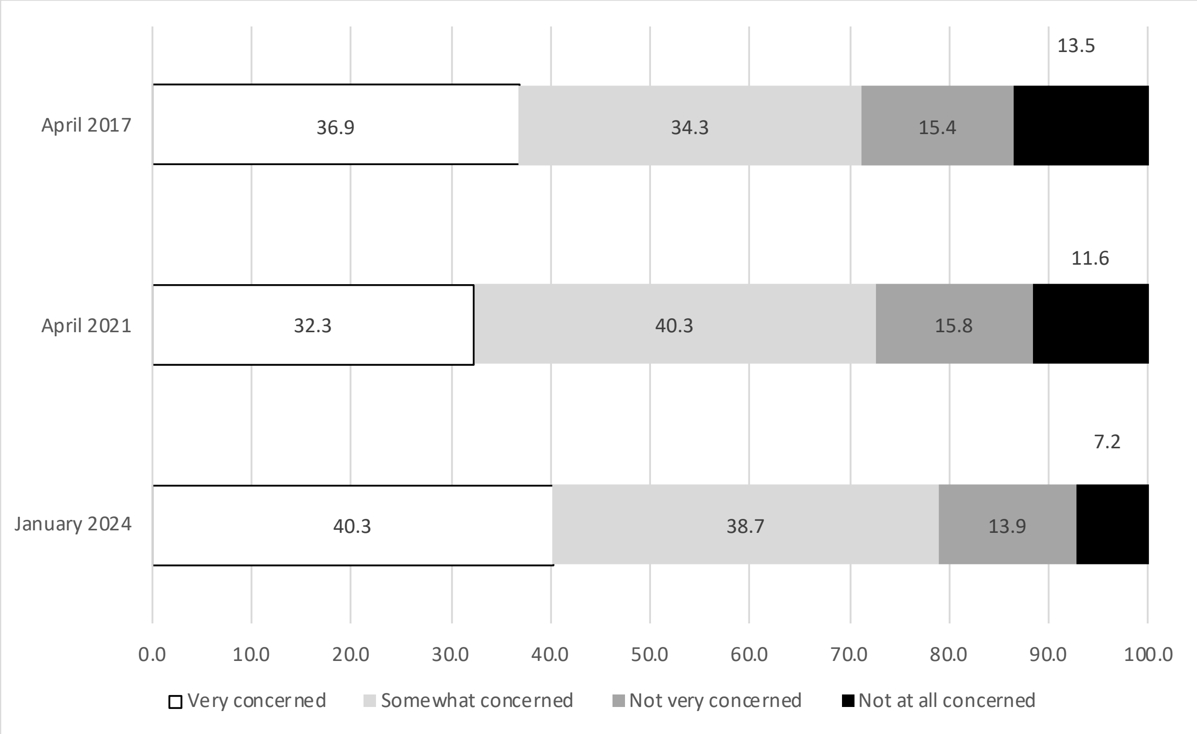
Figure 21 Expected assistance for non-homeowners – April 2017 to January 2024



Source: ANUpoll: April 2017 and January 2024

Alongside this moderate increase in the per cent of people who expect to receive financial assistance if they are to purchase a house in the future, there has also been an increase in the per cent of non-homeowners that are concerned about being about to buy housing in their lifetime. Figure 22 shows that when asked about their level of concern in April 2017, 36.9 per cent indicated that they were very concerned, with a further 34.3 per cent indicating they were somewhat concerned. While this is reasonably high, by January 2024 both responses had increased such that 40.3 per cent now indicated that they were very concerned, alongside 38.7 per cent who were somewhat concerned. How ownership is perceived to be becoming even more out of reach.

Figure 22 Concern about being able to afford to buy for non-homeowners – April 2017, April 2021, and January 2024



Source: ANUpoll: April 2017, April 2021, and January 2024

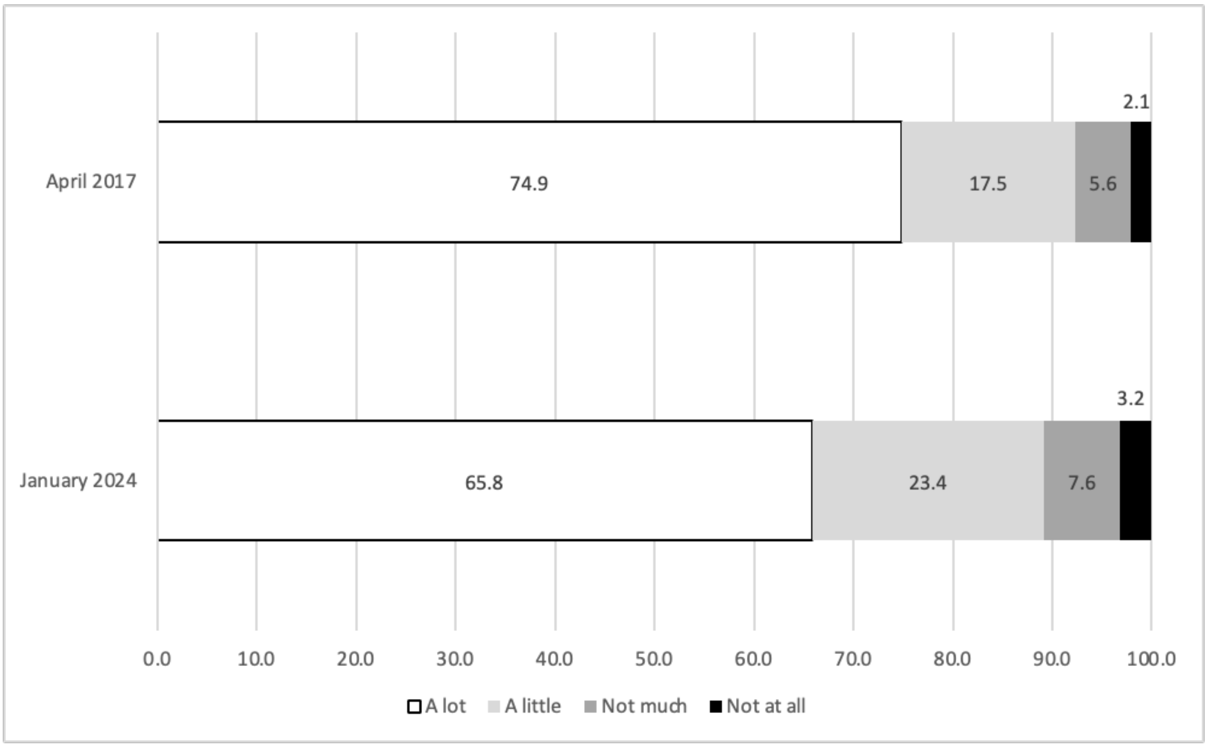
9 Housing policy

9.1 Perceived importance of owning one's own home

The previous two sections have revealed a steady shift in individual concerns about housing affordability since the last major ANUpoll on housing. Since April 2017, Australians are more likely to be falling behind with their housing payments, less satisfied with their housing, more likely to have received or expect to receive assistance from family to be able to buy a home, and more concerned that they ever will be able to enter the property market. All of these trends have the potential to disrupt the centrality that home ownership has had to Australia's social and economic structure over the majority of the 20th and into the 21st Century. There is also the potential to disrupt policy views and priorities.

In April 2017 and January 2024, we asked all respondents (regardless of their tenure) the extent to which they thought own one's own home is part of the Australian way of life (Figure 23). Even in the most recent data collection, most Australians think it matters, with 65.8 per cent saying it matters a lot. However, this represents a large decline from April 2017 when 74.9 per cent of people thought it mattered a lot. Some of this decline is made up by an increase in the per cent of people who thought it matters a little (from 17.5 to 23.4 per cent). However, there was also a moderate increase in the per cent of Australians that thought it didn't matter much (from 5.6 to 7.6 per cent) and those that thought it didn't matter at all (from 2.1 to 3.2 per cent).

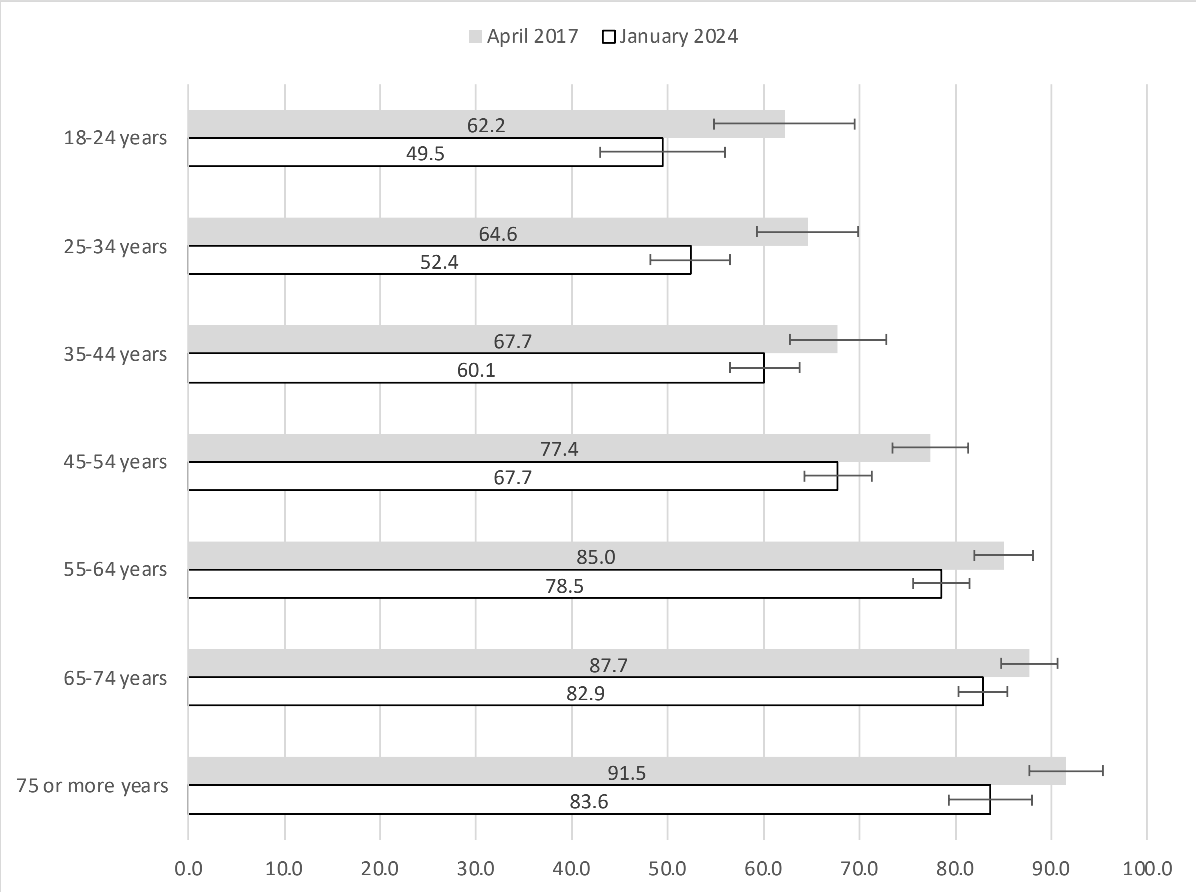
Figure 23 Perceived extent of owning a home to the Australian way of life – April 2017 and January 2024



Source: ANUpoll: April 2017 and January 2024

In April 2017 there was a clear gradient between age and whether or not a person thought that home ownership was important to the Australian way of life, with younger Australians being far less likely to think it is important (Figure 24). Furthermore, although there has been a shift in the view for all age cohorts between 2017 and 2024, the decline was much greater for younger Australians. In April 2017, 62.2 per cent of Australians aged 18 to 24 years thought it mattered a lot. This declined to 49.5 per cent in January 2024. For the next youngest age group – those aged 25 to 34 years – there was almost as large a relative decline, from 64.6 to 52.4 per cent. Not only are younger Australians finding it increasingly hard to enter the housing market, it appears to be becoming less central to what they see as central to their way of life.

Figure 24 Home ownership as mattering a lot to Australian way of life – April 2017 and January 2024



Source: ANUpoll: April 2017 and January 2024

In addition to age, there are a number of socioeconomic factors that are associated with whether or not a person thinks that home ownership matters a lot to Australian way of life. Those with a postgraduate degree are less likely to think so, but the biggest differences are by income and the area in which a person lives. Those who live in the most disadvantaged areas, and those who live in a household with the lowest income are the least likely to see home ownership as mattering. If these attitudes are because people in these circumstances feel that they are completely priced out of the housing market, then this could lead to inequality-driven social cleavages.

Table 2 Regression model estimates of the factors associated with seeing home ownership as mattering a lot to Australian way of life (marginal effects), January 2024

Explanatory variables	Marginal effect	Signif.
Female	-0.015	
Aged 18 to 24 years	-0.084	*
Aged 25 to 34 years	-0.062	*
Aged 45 to 54 years	0.066	**
Aged 55 to 64 years	0.191	***
Aged 65 to 74 years	0.246	***
Aged 75 years plus	0.277	***
Indigenous	-0.110	
Born overseas in a main English-speaking country	0.020	
Born overseas in a non-English speaking country	0.030	
Speaks a language other than English at home	0.025	
Has not completed Year 12 or post-school qualification	-0.070	
Has a post graduate degree	-0.085	**
Has an undergraduate degree	-0.035	
Has a Certificate III/IV, Diploma or Associate Degree	-0.011	
Lives in the most disadvantaged areas (1st quintile)	-0.084	**
Lives in next most disadvantaged areas (2nd quintile)	-0.033	
Lives in next most advantaged areas (4th quintile)	-0.028	
Lives in the most advantaged areas (5th quintile)	-0.036	
Lives outside of a capital city	0.032	
Lives in lowest income household (1st quintile)	-0.087	**
Lives in next lowest income household (2nd quintile)	-0.041	
Lives in next highest income household (4th quintile)	0.052	
Lives in highest income household (5th quintile)	0.088	***
Probability of the base case	0.629	
Sample size	3,731	

Notes: Probit regression model. The base case individual is male; aged 35 to 44 years; non-Indigenous; born in Australia; does not speak a language other than English at home; has completed Year 12 but does not have a post-graduate degree; lives in neither an advantaged or disadvantaged suburb (third quintile); lives in a capital city; and lives in a household in the middle-income quintile.

Coefficients that are statistically significant at the 1 per cent level of significance are labelled ***; those significant at the 5 per cent level of significance are labelled **, and those significant at the 10 per cent level of significance are labelled *

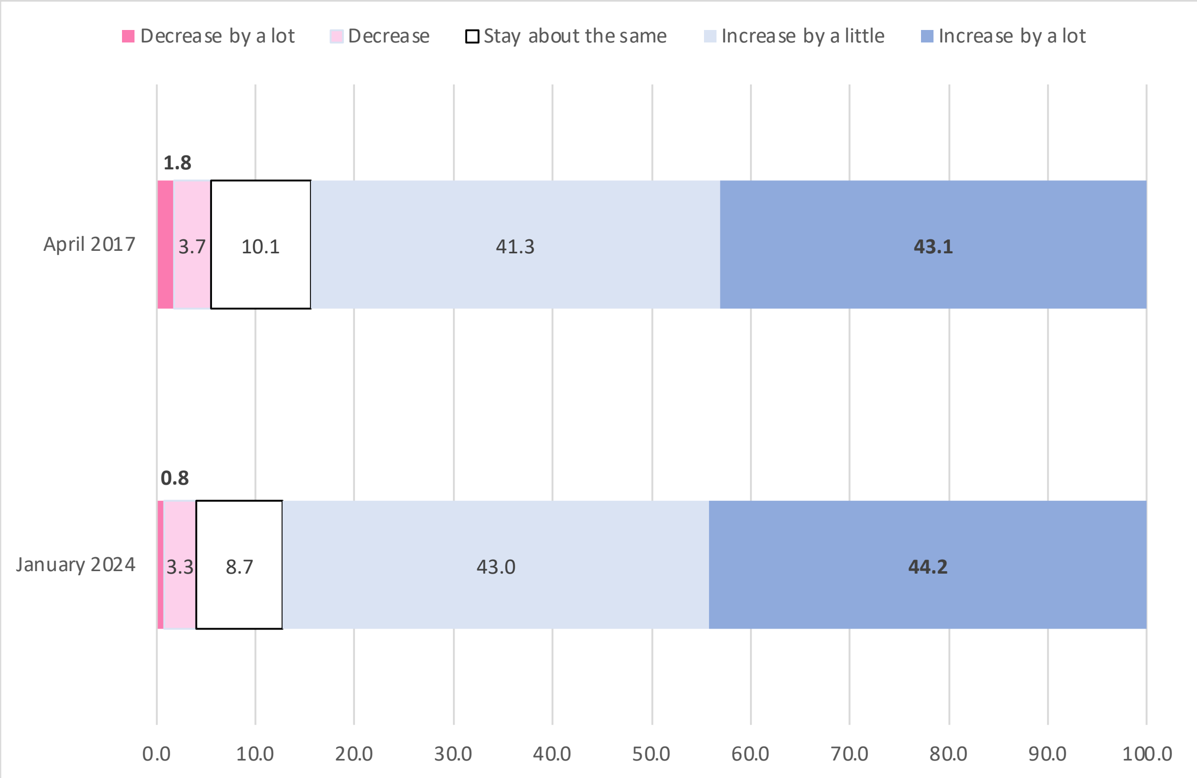
Source: ANUpoll, January 2024.

9.2 Perceptions of house price change

It is a reasonable assumption in Australia that, at least in the medium term, house prices will increase. Despite some year-to-year fluctuations brought about by recessions or exogenous shocks, house prices have gone up in Australia in both nominal and real terms. The main pressure on house price increases is population growth, and this has been strong for most years due in large part to migration policy. Figure 25 shows that, while there may come a point where housing becomes so expensive that any further increases are unsustainable, the Australian public does not think that we are at that point.

When asked about what will happen to future housing prices over the subsequent five years, a large majority of Australians (84.4 per cent) in April 2017 thought prices were either going to go up by a lot (43.1 per cent) or a little (41.3 per cent). Only 5.5 per cent of people thought prices were going to go down, with the balance (10.1 per cent) thinking they would stay the same. In January 2024, Australians are now even more likely to think house prices will continue to rise, with 44.2 per cent thinking they will go up by a lot and 43.0 per cent thinking they will go up by a little, or a combined total of 87.2 per cent of Australians thinking house prices will increase over the next five years.

Figure 25 Expected changes in housing prices – April 2017 and January 2024



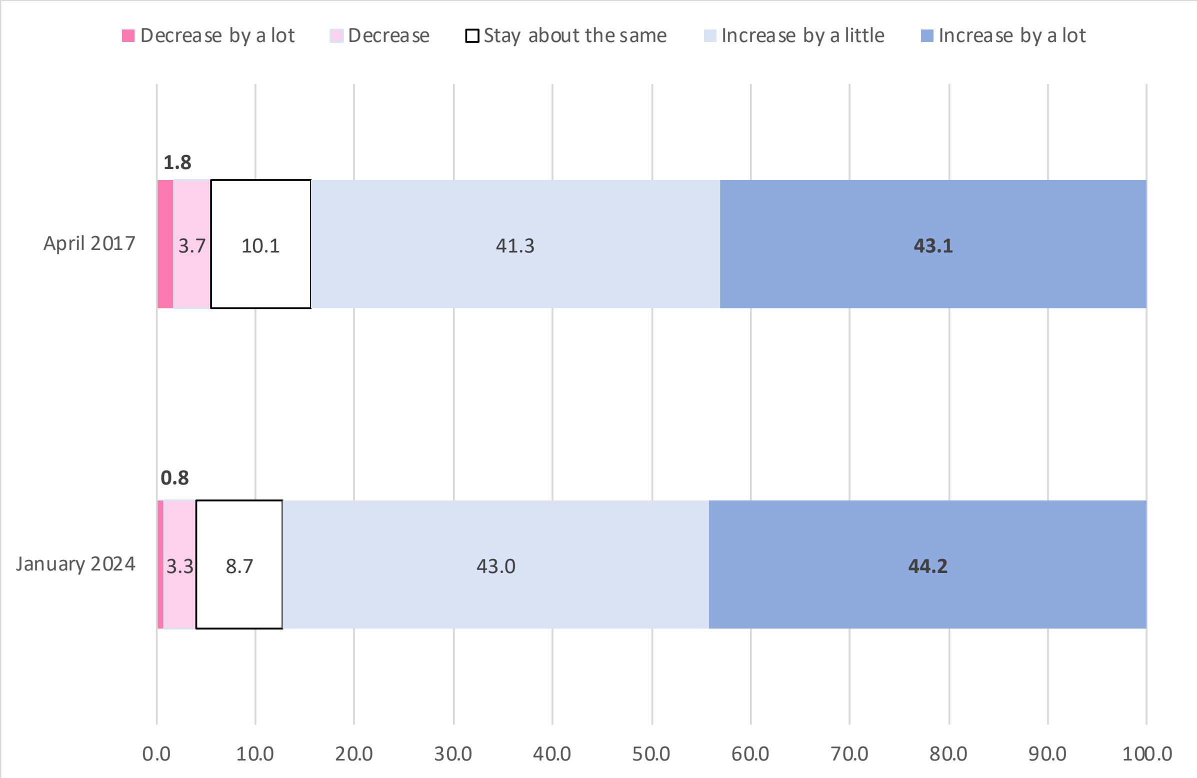
Source: ANUpoll: April 2017 and January 2024

9.3 Housing supply

There are some possible policy responses that may increase housing affordability on the demand side (for example first home owner grants) or by targeting prices directly. However, the empirical evidence suggests that grants to potential home owners may make housing more affordable for some, but the main impact is to increase house prices across the market (Blight et al. 2012). Further, price controls can substantially decrease housing supply and increase black market prices, with Sturtevant (2018) concluding that there is general acceptance that 'rent ceilings reduce the quantity and quality of housing and that even more moderate forms of rent stabilization have efficiency challenges and negative housing market impacts.'

Increasing or at the very least removing barriers to increases in the housing supply have the potential to improve affordability without having the same equity impacts. However, if that increase in supply is on the margins of a city then this has the potential for environmental costs. Some increases in density may therefore be necessary. While there are important reservations around stated versus revealed preference, the evidence from ANUpoll data suggests that Australians would be willing to see an increase in the level of housing supply in their area, and that this willingness is increasing. Specifically, Figure 26 shows that when asked 'Would you support or oppose more homes being built in your local area?' a combined 58.3 per cent supported or strongly supported in January 2024 (up from 51.7 per cent in April 2017) compared to a combined 12.6 per cent who opposed or strongly opposed (down from 19.4 per cent in April 2017).

Figure 26 Support for additional homes – April 2017 and January 2024

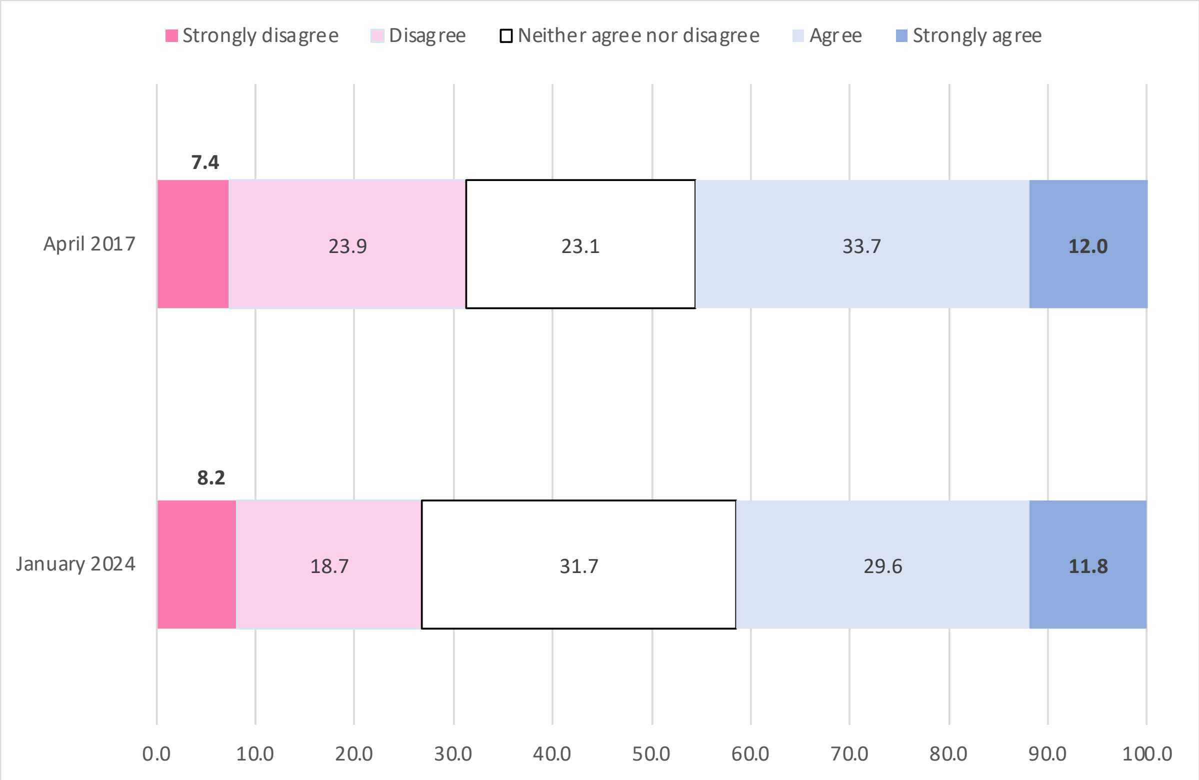


Source: ANUpoll: April 2017 and January 2024

For the increased housing supply to have an impact on housing affordability, the inevitable consequence will be a fall in house prices or a fall in rent, or at the very least a smaller decline than would otherwise be the case. Apart from the practical barriers to increasing supply, this may explain the reluctance to allow for too large an increase as governments worry that the benefits to (and additional votes from) those outside the housing market will be offset by the negative perceived impact of incumbents.

The ANUpoll data suggests that this is a potential concern, but perhaps a manageable one. When in January 2024 those who own their own home (with or without a mortgage) were asked whether they agree or disagree with the statement that 'I would be willing to see my home stop growing in value to improve housing affordability' a combined 41.4 per cent agreed/strongly agreed compared to 26.8 per cent that disagreed/strongly disagreed. Interestingly though, there was a decline in both of these percentages, with the largest increase being amongst those that neither agree nor disagree (from 23.1 to 31.7 per cent).

Figure 27 Willingness for house prices to fall - homeowners – April 2017 and January 2024



Source: ANUpoll: April 2017 and January 2024

10 Concluding comments

In many ways, the Australian economy is in a very strong position. Unemployment is very low by historical standards, and inflation is moderating towards the RBA's inflation target of 2-3 per cent. Furthermore, although Australians are somewhat pessimistic about their recent economic circumstances, there are still more Australians that think life will improve in the next 12 months relative to those that think it will worsen.

There are, however, many measures that have worsened over the last 12 months or over the longer term. Australians are more financially stressed, less satisfied with the direction of the country, and less satisfied with their own life. Australians are still more confident in the Federal government compared to during the Black Summer bushfires or just prior to the last election, but there has been a decline since the peak achieved by the Albanese government just after that election.

Some of this decline in confidence appears to be due to the changing housing market. Compared to pre-COVID (April 2017), Australians are more likely to be experiencing housing payment stress, less satisfied with their housing circumstances, and there has been an increase in the level of concern about being able to ever own their own home.

A key finding from the analysis is that Australians are less likely to think that home ownership matters a lot to Australia's way of life. This decline has been greatest for young Australians, with less than half of those aged 18 to 24 years thinking it matters a lot. Those who are least likely to think home ownership matters are those in the poorest suburbs or the poorest households. If these attitudes are because people in these circumstances feel that they are completely priced out of the housing market, then this could lead to inequality-driven social cleavages.

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Endnotes

1 https://fred.stlouisfed.org/series/UNRATE

2 https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release

3 https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release

4 https://theconversation.com/more-rented-more-mortgaged-less-owned-what-the-census-tells-us-about-housing-185893

5 https://anthonyalbanese.com.au/our-work/cost-of-living; https://greens.org.au/housing; https://grattan.edu.au/news/thats-not-tax-reform-this-would-be-tax-reform/

6 https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release

7 Some measures of housing stress include the cost of council rates and, where applicable, land taxes. Unfortunately, these costs do not tend to be collected on surveys (including HILDA) and are therefore difficult to include in housing stress measures. However, while these costs may be a burden for some, it is unlikely to push many people who own their own home outright into housing stress.

8 https://www.rba.gov.au/cash-rate-target-overview.html

9 https://theconversation.com/its-not-just-housing-the-bank-of-mum-and-dad-is-increasingly-helping-fund-the-lives-of-young-australians-219966#:~:text=Much%20has%20been%20made%20of,for%20entering%20the%20housing%20market.