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MEDIA RELEASE

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YOUNG AUSTRALIANS FACE A LONGER PATH TO FINANCIAL INDEPENDENCE

New research from the Australian Institute of Family Studies (AIFS) reveals how housing affordability, financial stress and family support are shaping the lives of young Australians, with around 85% worried about being able to afford to buy a home and 63% living with their parents.

Drawing on findings from *Growing Up in Australia: The Longitudinal Study of Australian Children* (LSAC), the research examines the experiences of Australians aged 19-20 and 23-24 as they navigate study, work, housing costs, debt and financial independence.

The findings suggest the path to financial independence is becoming longer and more complex for many as they balance work and study, navigate rising housing costs, debt and broader cost-of-living pressures, and rely on family support during the transition to adulthood.

Kirsten Campbell, Longitudinal Head of LSAC at AIFS, said the findings paint a picture of a generation working hard to establish themselves while facing significant financial challenges.

"Young Australians are working, studying and planning for their futures, but many are doing so in a landscape that looks very different to that of previous generations," Kirsten Campbell said.

"For many young people, building financial independence now involves balancing multiple demands at once, including education, employment, housing costs and day-to-day living expenses."

Housing affordability emerged as one of the biggest challenges facing young Australians. Across both age groups, almost two-thirds (63%) were living with their parents either rent free or paying lower rates on average than those living away.

Among those living independently, 23-24 year olds renting privately spent an average of 47% of their income on rent. Home ownership remained uncommon, with only 8% of 23-24 year olds owning or partly owning a home.

The report confirms that progress towards financial independence is closely linked to education and employment. More than half (55%) of 19-20 year olds were combining work and study as they built qualifications, income and work experience at the same time. Yet despite these efforts, financial pressures remained common. Nearly two-thirds (63%) of 23-24 year olds and more than half (53%) of 19-20 year olds reported having non-property debt, most commonly study-related loans, and around half of those with debt reported experiencing some level of debt stress.

Around three in 10 young people experienced financial hardship in the previous year, including going without meals, delaying healthcare or seeking financial help from family and friends - around half reported needing financial assistance from their parents, highlighting the continuing role of family support during the transition to adulthood.

Kirsten Campbell said a less linear path to adulthood is likely to affect older generations too.

“Our research shows many young people are combining work and study, remaining connected to family support for longer, and taking longer to reach traditional milestones such as home ownership,” she said.

“This also has implications for parents and families who are providing housing or financial support for longer than they anticipated,” Kirsten Campbell said.

"Understanding the experiences of young people, and the families supporting them, can help inform policies and supports that enable young Australians to build secure foundations for the future."

Key findings

Of the young adults surveyed:

- Around 85% were concerned about whether they would be able to afford to buy a home.
- 63% were living with their parents either rent free or paying lower rates on average than those living away.
- 23-24 year olds renting privately spent an average of 47% of their income on rent.
- 63% of 23-24 year olds and 53% of 19-20 year olds reported having non-property debt.
- Around three in ten (29%) young people experienced financial hardship in the previous year.
- Around half of young people in both age groups reported needing financial support from their parents.
- More than half (55%) of 19-20 year olds combined work and study.

- **Read the three LSAC financial experiences spotlight reports,** *Financial stress and parental support*, *Education and employment* and *Living arrangements and housing stress* **here.**

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Growing Up in Australia: The Longitudinal Study of Australian Children *(LSAC) is an ongoing, nationally representative study that follows the lives of children and their families from all over Australia. In 2004, around 5,000 0–1-year olds (B cohort) and 5,000 4–5-year-olds (K cohort) and their families were recruited and have been surveyed every 2 years since. With extensive information on children's physical, socio-emotional, cognitive and behavioural characteristics, development and linked biomarkers, education, health and welfare data, the study is a unique resource providing evidence for policy makers to identify opportunities for early intervention and prevention strategies.*