# Australia’s housing crisis sees more retirees burdened with mortgage debt

**Vicki Mylonas**
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A growing number of workers are reaching retirement age with huge mortgage debts still outstanding. Many more are going their whole working lives without being able to afford a home, leaving them struggling to pay rising rent prices out of superannuation or the poverty-level age pension.

According to Australian Bureau of Statistics (ABS) data, the proportion of Australians aged 55 to 64 who own their homes outright fell by almost half between 2000 and 2020, from 63.9 percent to 36.1 percent.

This trend is only likely to worsen, with even sharper declines revealed in younger cohorts. The home ownership rate among those aged 45 to 54 fell from 38.8 percent in 2000 to 15.2 percent in 2020. Just 5.4 percent of those aged between 35 and 44 owned their homes in full, down from 17.1 percent in 2000.

Two decades ago, average first home buyers were in their 20s, now they are in their mid-30s and taking out longer mortgages, up from 20 to 30 years. In 1971, around two-thirds of 30–34 year olds either had a mortgage or owned their home outright; by 2021, this had fallen to just 50 percent.

This is primarily a product of the soaring housing market. Between 1992 and 2022, according to data from CoreLogic, the capital city median house value rose by 453.1 percent to $928,812. The median value of apartments went up by 306.7 percent to $636,352 over the same period. In Sydney, the median house is now worth $1.48 million, while units cost an average of $846,000.

Exacerbating the financial pain for workers, 13 interest rate hikes have been imposed since May 2022 by the Reserve Bank of Australia on behalf of the federal Labor government. This has resulted in households with an average mortgage of around $750,000 having to pay $1,815 more in repayments every month.

This situation is forcing some older workers to delay retirement. Linda Thoresen, a 66-year-old civil servant who still owes $170,000 on her mortgage, told the Australian Broadcasting Corporation (ABC): “There will come a time when I go, ‘no, I really have had enough of work.’ But unless I have a windfall, I can’t see a solution other than having to sell and find somewhere else to live.”

Michael Fotheringham, managing director of the Australian Housing and Urban Research Institute (AHURI) stated that the number of older Australians forced to sell their homes and enter the very tight rental market has increased in the last decade.

For some, the only source of income is the age pension. The maximum basic rate for a single pensioner is $1,144.40 per fortnight, and $862.60 each for couples.

National Seniors Australia, a not-for-profit organisation, says that 23.7 percent of pensioners live in poverty and need additional support just to meet everyday living costs. Almost 40 percent of older renters have been severely impacted by cost-of-living pressures, intensified under the Albanese Labor government.

Despite more than three decades of compulsory superannuation, three-quarters of retirees with a mortgage owe more than they have in super, according to a survey by Digital Finance Analytics. On average, they had an outstanding loan balance of around $190,000, while some still owed more than half a million dollars.

In 2022, the median superannuation balance for people aged between 60 to 64 was $205,000 for men, and $154,000 for women, according to the Association of Super Funds Australia (ASFA).

The federal Labor government's 2023 "Intergenerational Report" states that "superannuation will become the primary source of retirement income for many future retirees." However, this is predicated on retirees owning their homes outright.

Compulsory superannuation was introduced by the Keating Labor government in 1992 with the full support of the unions, the bureaucratic leaders of which serve as directors of the super funds, alongside corporate executives. The arrangement initially involved an obligatory "employer contribution" of 3 percent of each worker's wage to super, which has subsequently been increased to a minimum of 11.5 percent.

In reality, Labor and the unions have ensured that these "employer contributions" have effectively been extracted from workers' wages, through other concessions pushed through in "exchange" for super. As a result the major super funds are now the largest financial institutions in the country, controlling more wealth than the banks.

By contrast, only 30 percent of Australians have enough super to be able to retire comfortably, according to research from the Association of Super Funds Australia (ASFA). However, this is likely an understatement, as it is based on the needs of retired couples who already own their own home outright.

The "Intergenerational Report" notes that "high rates of home ownership have historically played an important role in supporting retirement outcomes." The decline in home ownership, it warns, presents a "fiscal risk to Age Pension spending" in the future.

In other words, the Labor government's "concern" is that the growing number of workers reaching retirement age without a home or adequate superannuation to live off will be a burden to the budget.

This is a reflection of the same callous indifference to the elderly that has been starkly demonstrated throughout the COVID pandemic. The homicidal "let-it-rip" policies, begun under the Morrison Liberal-National government but continued and expanded by Labor, have allowed the deadly virus to spread unchecked, killing more than 25,000 people, with older people among the most at risk.

This underscores that the Labor government, like all capitalist regimes, is fundamentally hostile to the basic needs of ordinary people, including the elderly and other vulnerable layers.

This poses the necessity to fight for a political alternative—socialism. This would include placing the major property developers, corporations and banks under democratic workers' control and ownership, so that society's vast wealth could be used to meet the needs of ordinary people, including a full-time job with decent wages and conditions for every worker, and a high standard of living for retirees.