



"I want my smashed avocado and a 3 bed, 2 bath house to eat it in, too."



EXECUTIVE SUMMARY

It has been well documented that there have been rapid changes to the way millennials view home ownership. However, there is limited research that capture tertiary students' perspective towards future housing occupancy; particularly in terms of future aspirations and their housing preferences.

To better understand how and if the current millennial view on home ownership is reflected within the specific demographic of tertiary students - three research questions were posed:

Do tertiary students aspire to home ownership?

What will their preferred housing be?

According to tertiary students, what are the barriers to home ownership?

The results found that 77.0% of tertiary students consider home ownership as 'extremely' or 'very important'. Although these findings appear intuitive there were some conflicting results found against other research conducted in both Australia and globally – for example that of United Kingdom's* *Young People Housing Pathways*, Malaysia's* *Housing Ownership Preferences* and Spain's* *Young People's Rental Culture*.

It was found that the majority of tertiary students (41.0%) chose between \$400K - \$600K as their preferred buying price range. For many, the traditional notion of home ownership becomes increasingly unattainable, as property prices have risen throughout the decades ahead of wage growth.

Overall home ownership is still an aspiration for tertiary students, however preferences have changed:

1. Dwelling type: separate house with 3-bedroom, 2-bathrooms, a single lounge room and enough room for 2 cars
2. Location: within a 6-10km radius of Brisbane's CBD and be close to transport modalities and public amenities

There have been many interesting insights gained throughout this research. Other key findings include:

1. 27.5% of tertiary students have identified price as the greatest barrier to entry in purchasing their first home
2. Interest rate increase is a significant barrier to entry, as first home buyers will be affected if a large debt is taken towards their purchase of a home.
3. Tertiary students are unsure of property market conditions, due to lack of knowledge and experience.

There is a clear discrepancy between home ownership aspirations and actual purchases. Most tertiary students identified that they wanted to own a home, however this is an aspiration for five plus years into the future. While home ownership is currently desirable, these aspirations may not be permanent. It is susceptible to change depending on a number of factors, in particular with the current trend of millennials choosing to prioritise lifestyle experiences over home ownership aspirations.



KEY FINDINGS

- No significant differences between participants in age groups or gender
- 77.0% categorised home ownership as either being 'extremely important' or 'very important'
- 39.0% prefer to live within 6-10 km from the CBD
- 59.0% identified price as being the major barrier to entry
- 41.0% believe they will purchase in the \$400K to \$599K price range



BACKGROUND

There is pressure on tertiary students with regards to their future housing choices, as the Australian dream of home ownership within metropolitan cities is increasingly challenging. Previous research indicates there should be a decreased preference for detached housing and an increased preference for urban environment, driving the demand for higher density. The voice of millennials have been largely ignored, with their aspirations and preferences inadequately conceptualised. This research examines future housing preferences of tertiary students' (18-34 years). This encompasses advancement in technology, lifestyle, culture, and affordability. This research can aid in the design and planning of modern cities, with emphasis on the housing needs and preferences of young people - the next generation of renters and homeowners. The research focuses on three main areas relating to: aspirations, preferences, and barriers to entry.

ASPIRATIONS

Do tertiary students aspire to home ownership?

Aspiration to home ownership within this research is defined as *'the desire to purchase a home as the primary tenure type'*. This is compared to other residency types including private rental, student accommodation, living with parents and other alternative options. Tertiary students do aspire to home ownership, with 77.0% of participants categorising home ownership as being 'extremely important' or 'very important.' This rings true no matter the gender, age group, and the factors surrounding a prolonged education, alongside higher education fees. Thus, despite the current perception that millennials may have shifted away from aspiring to home ownership, as reported in multiple media platforms, this research proved otherwise. The Australian dream of home ownership still lives among tertiary students.

PREFERENCES

What will their preferred housing be?

This research looks into the main desires for physical and locational characteristics of tertiary students' property choices. 76.0% indicated a preference for a separate house, with only 19.0% intending to purchase a flat or apartment. Although these results and previous studies have shown that a separate house is preferred, it contrasts to the current trend of houses being approved for construction; most of which are apartments. Results show tertiary students demand: 3 beds (33.0%), 2 baths (64.0%) and 2 car spaces (63.0%).

77%

Participants categorised home ownership as either being 'extremely important' or 'very important'

76%



Preference for a separate house

59%

Participants identified price as being the major barrier to entry



41% of participants they will purchase in the \$400,000 to \$599,000 price range

BARRIERS

According to tertiary students, what are the barriers for entry to home ownership?

Tertiary students have a fear of prices, with 59.0% identifying price as the major barrier to entry. This is followed by low savings deposit caused by HECS/ HELP debt. 41.0% of tertiary students have indicated properties within the \$400,000 to \$599,000 price range as ideal, however this creates barrier to entry as the Brisbane median house price was \$670,000 in 2019. Further, there is a disinterest in apartments, with only 19.0% of tertiary students intending to purchase this stock. Yet Brisbane is experiencing an oversupply in apartments, which have created a conducive environment for first home buyers. The discrepancy between tertiary student's housing preference and current market conditions is a barrier in itself.



METHODOLOGY

OVERVIEW

- A growing body of research has documented a global cultural pivot, wherein young people seem to be de-prioritising property ownership. Other research have been conducted to understand the millennial generation on their housing aspirations, attitudes and beliefs and the future directions. That said, there has been an absence in research that specifically investigates tertiary students as a demographic. Recognising this gap provided an opportunity to investigate this topic.
- The bulk of this research was quantitative and static in its approach, which allowed for a trend-analysis to be performed on responses submitted by tertiary students. Thus, whilst this research provides a comprehensive observation of tertiary student's behaviour towards property ownership, it depicts a snapshot in time. These preferences may change over time, due to a variety of reasons.

METHOD

The most reliable and relevant data is collected at multiple points, contains in depth responses, has a large and representative sample size, and is random. This research utilise a cross-sectional survey methodology. In order for participants to meet the research criteria respondents were required to be:

- Actively studying at a tertiary institution
- Aged between 18-34 years
- Located within Brisbane

Students from multiple tertiary campuses were engaged to participate in the survey, using convenience sampling techniques. This was the most effective method for generating a large body of data given the limitations of this study. Those who did not meet the criteria were excluded from results and analysis.

An online survey consisting of 30 questions was constructed using Survey Monkey. The survey consisted of:

- 5 open ended questions
- 23 multiple choice questions
- 2 Likert scale (i.e. 1-5 preference) questions

An additional feedback option was also provided.

There were five parts to the survey:

- Ethics acknowledgement
- Part A - Demographic and current situation of respondents, for background knowledge. These questions were open ended.
- Part B - Regarding factors that contribute to future tenure and housing choices. This included multiple choice questions, checkbox, and Likert scales. Questions involving Likert scales measures the priorities of indicated preferences. Questions involving preferences allowed respondents to select multiple answers.
- Part C - Regarding knowledge of the property market and intention to purchase. Questions are set out as per Part B.
- Part D - Regarding barriers to entry. Multiple choice questions allowing respondents to select any that apply.

RESULTS

GENDER COMPOSITION

Answer Choices	Responses
Male	27.3%
Female	72.6%

IMPORTANCE OF HOME OWNERSHIP

Answer Choices	Responses
Extremely important	40.3%
Very important	37.7%
Somewhat important	13.1%
Not so important	7.0%
Not at all important	1.7%

PREFERRED PRICE RANGE

Answer Choices	Responses
\$1 - \$299,000	12.4%
\$300,000 - \$399,000	19.7%
\$400,000 - \$499,000	22.6%
\$500,000 - \$599,000	19.0%
\$600,000 - \$699,000	9.5%
\$700,000 - \$799,000	8.0%
\$800,000 - \$899,000	4.4%
\$900,000 +	4.4%
Not going to purchase	11.7%

PREFERRED DISTANCE TO CBD

Answer Choices	Responses
0-5km from CBD	24.1%
6-10km from CBD	39.6%
11-15km from CBD	18.9%
16-20km from CBD	12.0%
20- 25km + from CBD	4.3%
26-30km from the CBD	0.0%
30km + from the CBD	0.8%

PREFERRED HOUSING COMPONENTS

Answer Choices	1	2	3	4	5+
Bedrooms	3.4%	26.7%	35.3%	26.7%	7.7%
Bathrooms	12.0%	64.6%	20.6%	2.5%	0.0%
Lounge Rooms	52.5%	37.0%	6.9%	1.7%	0.8%
Parking Spaces	16.3%	62.9%	12.9%	5.1%	0.8%
Outdoor Areas	53.4%	34.4%	5.1%	4.3%	0.8%
Study Nooks	65.2%	19.1%	3.4%	1.7%	0.0%

PREFERRED DWELLING TYPE

Answer Choices	Responses
Separate house (single storey)	31.0%
Separate house (two or more storey)	46.5%
Semi-detached, row or terrace house, townhouse	4.3%
Flat or apartment	15.5%
Student accommodation	0.0%
Other (caravan, cabin, houseboat, improvised home, tent, sleep out)	2.5%

HOME OWNERSHIP BARRIERS

Answer Choices	Responses
High property prices	27.5%
Interest rates	17.5%
Low first home buyers grant	7.2%
Not enough savings for a deposit	7.2%
Tough lending restrictions	4.4%
HECS/HELP loan debt	15.5%

SIGNIFICANCE AND LIMITATIONS

This research has identified the preferences of young tertiary students towards their future housing tenure, including their perception towards barriers to home ownership. That said, there are some limitations to this research.

The Australian Bureau of Statistics identified young tertiary students as 18-34 years old. The age category segmentation section of this research saw more respondents within the 16-24 years old bracket. A limitation of this student segment is that this research may have not captured all young tertiary students. However the Australian Bureau of Statistics (in 2013) also stated that 59.0% of students are aged between 15 to 24 years old, thus this research has captured the majority of young tertiary students.



While there seems to be a bias within our data in regards to gender (72.6% female and 27.3% male), research undertaken in 2019 by the Australian Government, titled *Higher education enrolments and graduate labour market statistics** found that there are more females enrolled in higher tertiary education than males. Interestingly, it was found that there were no significant differences between genders and the importance of home ownership.

This research clearly denoted that the intentions of home ownership has not shifted amongst young tertiary students. That said 59.0% of survey participants identified price as being the major barrier to entry. Further ongoing research could identify how tertiary students can mitigate their fears of home ownerships and create a blueprint solution for entry to the property market.

The shape of cities depends on research that identifies the demands of coming generations. The results of this research is significant as it supports the majority of knowledge available and fills the gap for tertiary students in particular.

This research will assist each stakeholder from developers to various levels of Government, in planning and creating solutions and incentives to assist young adults in increasing their confidence and intentions of home ownerships. Those include:

- Government housing finance loans for those who cannot obtain private finance from a bank or building society
- Larger first home owners grant
- Lower stamp duty costs
- Building incentives such as lower interest rate for those who build greener environmentally friendly homes
- Developers to design homes that appeal to the preferences of millennials and young adults.

DISCUSSIONS

- According to the *Generation Stalled*** report, a third of Australian young adults suffer from unemployment or underemployment at an eclipsing rate of 13.5%. This therefore impacts their purchasing power and housing aspirations.
- Tertiary students need to be realistic about their future housing aspirations, inline with Australian property market trends.
- The biggest barrier to purchasing property in Australia is affordability. This puts pressure on Governments at all levels (Local Council, State, and Federal) to introduce strategies that assists young adults in entering the property market.
- As of 1st January 2020, the Federal Government has introduced an incentive wherein eligible first home buyers can purchase a house with a 5% deposit. The Federal Government will provide a loan guarantee of up to 15% of the property's value, for individuals earning up to \$125,000 or a couple earning up to \$200,000 per year.
- There is room for further research in the near future to determine if the new Federal Government incentive influences and/or assists young tertiary student's economic behaviour towards their housing preferences and entering the property market.

ABOUT PRD RESEARCH

The PRD Research Division provides reliable, unbiased, and authoritative property research and consultancy to clients in metro and regional locations across Australia

Our extensive research capability and specialised approach ensures our clients can make the most informed and financially sound decisions about residential and commercial properties.

OUR KNOWLEDGE

Access to accurate and objective research is the foundation of all good property decisions

As the first and only truly knowledge based property services company,

PRD shares experience and knowledge to deliver innovative and effective solutions to our clients.

We have a unique approach that integrates people, experience, systems and technology to create meaningful business connections. We focus on understanding new issues impacting the property industry; such as the environment and sustainability, the economy, demographic and psychographic shifts, commercial and residential design; and forecast future implications around such issues based on historical data and fact.

OUR PEOPLE

Our research team is made up of highly qualified researchers who focus solely on property analysis

Skilled in deriving macro and micro quantitative information from multiple credible sources, we partner with clients to provide strategic advice and direction regarding property and market performance. We have the added advantage of sourcing valuable and factual qualitative market research in order to ensure our solutions are the most well considered and financially viable.

Our experts are highly sought after consultants for both corporate and government bodies and their advice has helped steer the direction of a number of property developments and secured successful outcomes for our clients.

OUR SERVICES

Our research services span over every suburb, LGA, and state within Australia; captured in a variety of standard and customized products

We have the ability and systems to monitor market movements, demographic changes and property trends. We use our knowledge of market sizes, price structure and buyer profiles to identify opportunities for clients and provide market knowledge that is unbiased, thorough and reliable.



OUR SERVICES INCLUDE

- Advisory and consultancy
- Market Analysis including profiling and trends
- Primary qualitative and quantitative research
- Demographic and target market Analysis
- Geographic information mapping
- Project Analysis including product and pricing recommendations
- Rental and investment return analysis

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