Millennials Investment Property Advisor Chartered Accountant TLK Partners Kingsgrove Sydney

Rent or buy? Australian Millennials Face Tough Property Choice

Rent or buy? Australian Millennials Face Tough Property Choice Millennials born into an Australia regarded as a country of home-owners, picket fences, and 20 to 40 employment tenure, have found themselves in a quandary when deciding whether to follow in their parents' footsteps into home ownership. But TLK Partners' wealth planning adviser Matthew Mousa, says a growing number of millennials are starting to realise they can mix the best of the old and the new by taking an "investment now, home later" approach to buying a property and getting someone else to help pay their way by renting it.

Struggling to Keep Up With the Pace Now in their early 20s to late 30s, the millennials born in the dying decades of the 20th Century have found their lives, like the world they live in, changing at a pace that has affected where they live and how long they will live there. Caught in a 21stCentury world of bills, insecure job markets, soaring property prices and the growing need for larger mortgages and bigger deposits, increasing numbers have abandoned the previous generation's dreams of long-service watches and lives spent in one place.

Instead, they chose to follow (and live close to) the money, no matter where it took them, and how often it did so. And they stuck to that decision even when it meant becoming permanent renters. Mousa said this led to a 'deal with it tomorrow attitude' to long-term wealth planning in general, and housing in particular. However, according to the NSW wealth planner, millennials are now warming to the idea that they can benefit from property investment by swapping their perma-renter status for that of a perma-vester.

Millennials Making Property Work for Them Millennials compelled by their careers to stay in urban areas with soaring rents are looking into the option of buying cheaper and smaller properties than those their parents' bought. They are choosing locations outside the city centres or in rural areas and renting them out for returns that will help pay their own rent in the city, fund their lifestyle or contribute to mortgage payments.

Mousa said that although property prices dropped by an average of 2,4 per cent (or a staggering $133 billion) in Australia towards the end of 2018, particularly in the country's largest cities like Melbourne and Sydney, most investors still see property as a good investment option.

Prior to this dip, figures tracking the Australian housing market over the last quarter century showed that house values enjoying a 6.8% growth rate, rising by an average of 412% during the period to over $450,000 from just over $100,000 in 1993. And if it keeps going that way for the next quarter century, house values could reach an average price of $2.9 million.

And if it doesn't, the recent drop in prices might open the door to young investors like the millennials entering this investment arena in greater numbers, before prices start to rise again.

"Investors of any age and at any stage of their lives require solid advice, and that is what we provide," Mousa concludes.

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