



> Shared Living Preferences

The Impacts Of Financial Struggles
& Loneliness On Older Australians

EXECUTIVE SUMMARY

In 2017, people aged 65 and over comprised 15.0% of Australia's total population, totalling around 3.8 million people and is expected to increase between 21.0% and 23.0% by 2066 (Australian Bureau of Statistics, 2019). The proportion of owner-occupiers in this age group has declined since 2016 due to housing prices, outright debt, living preferences, and housing assistance transition. This report answers a critical question:

“Is shared living a potential solution for older Australians 55 and over, in order to minimise financial stress and loneliness?”

The research focuses mainly on the suburbs of Inner Brisbane within 0-5km from the CBD, which includes: Brisbane City, Hendra, Kangaroo Point, New Farm, Paddington, Toowong, and West End. The participants in this research have been grouped into three categories:

- Owner-occupiers outright
- Owner-occupiers with a mortgage
- Private renters

The analysis shows that many older Australians aged 55 and over, particularly renters, are struggling financially due to low incomes and rent increases. Furthermore, loneliness affects both owner-occupiers and renters.

Research has shown that one in four Australians experience loneliness; especially widowed, divorced or single individuals^{**}. Feeling lonely can be quite common for older Australians which can contribute to loneliness especially older individuals aged 75 and above[^].

Comparing owner-occupiers and private renters, 75.4% of private renters would say ‘yes’ to shared living while 55.1% of owner-occupiers would say ‘no’ to shared living. The data provides strong evidence to suggest

that shared living is a viable solution for older Australians aged 55 and over to alleviate the pressures of financial difficulties and in some cases loneliness.

This study is significant as it focuses on a specific type of housing preference within Australia's older demographic, especially as this study:

- Introduces and explains the concept of shared living arrangement as an option for Australia's aging population
- Creates awareness amongst property developers, architects, and designers to consider developing a functional shared living arrangement that could offer affordability, reliability, and liveability for older Australians
- Could potentially result in new property asset classes that advocate and accommodate shared living for older Australians
- Spreads awareness on the issues associated with housing affordability for older Australians* in order to open the discussion and encourage the government to amend current legislation and policies
- Encourages further studies on the potential benefits of shared living as a housing option for older Australians



KEY FINDINGS

40.7% Experienced financial struggles

22.0% Experienced loneliness

13.6% Experienced both of the above

23.7% Experienced none of the above

BACKGROUND

For older Australians, housing asset wealth has traditionally been a central component to retirement as a source of income security, asset-based welfare, and independence. However, the Australian housing market has become less affordable due to increasing housing prices and higher living expenses.

According to the Queensland Productivity Commission (QPC), from 2006 to 2016 there was a 3.0% increase in renters in Inner Brisbane, and a 2.5% decline in outright ownership. Furthermore, the cost of renting has increased; from 2017 to 2020, the weekly median rent increased 4.4% for houses and 1.8% for units (SQM Research, 2020). This is significant, with 37.0% of gross income earned by older Australians living on their own going towards rental accommodation^{^^}.

According to the Parliament of Australia (2016), if a person spends 30.0% or more of their income on housing, that person is experiencing "housing stress". This can lead to health issues, which potentially have greater impact on older persons[#]. Renters with low incomes often have limited or no asset base or savings, leaving them highly exposed to potential poverty which can even lead to homelessness.

"Living alone is a significant contributor to general loneliness, particularly in the older community as it becomes more difficult to maintain a social circle."

As Australians are living longer, and with circumstances and lifestyle choices changing, the number of Australians living alone aged 55 and over is projected to increase in the coming decade. The 2016 Census reported a 0.1% increase in the number of Australians living alone over the past five years (ABS, 2016). Living alone is a significant contributor to general

loneliness, particularly in the older community as it becomes more difficult to maintain a social circle. It is recognised that one in four Australian are lonely; especially widowed, divorced or single individuals (APS, 2018).

Shared living for older Australians has increasingly appeared in studies in recent years as it is an attractive style of living for many people today[^]. For older people, this could look like choosing to live with another older person, or sharing a home with younger families or singles.

AFFORDABILITY FACTS

The median sale price doubled from 2004 to 2019 in Inner Brisbane, from \$475,000 to \$963,000. This is equivalent to 6.5% p.a. growth. Prices will continue to rise if demand outpaces supply.

HOMELESSNESS FACTS

In 2016, there were 18,615 Australians aged 55+ years who were homeless.

Between 2011-2016, the proportion of older Australians who were homeless increased by:

- 26.0% (aged 55-64 years)
- 37.9% (aged 65-74 years)
- 14.0% (aged 75+ years)

OBJECTIVES

The aim of this project is to determine whether shared living is a viable solution for older Australians aged 55 and over, especially those who are suffering from loneliness and/or financial struggles. The main objectives are to:

1. Examine the mental and emotional situation of a later-life crisis; the trend, changes and influences
2. Identify if, and to what extent, shared living can address financial struggles and/or loneliness within older Australians
3. Discover whether housing affordability is a major issue for older Australians and determine if financial struggles is a growing concern



METHODOLOGY

OVERVIEW

A face-to-face survey was determined to be the most effective primary data collection method for this project. The survey utilised a multiple choice answer system, making it easy for respondents to complete. This method will provide more detailed information and reliable data about what respondents need and/or want from this project (Government of South Australia, Public Health Institute, 2010).

The survey contained 11 questions and obtained specific information such as (but not limited to):

- Respondent's age
- Current living arrangement
- Whether they would consider shared living or not; and their reasoning for this response

If participants responded 'no' to a question, they were given an open-ended follow-up question to explain their answer. Such a question was: "If there is a spare room available, would you consider renting it out? Why not?"

RESPONSES & COLLECTION

To analyse responses for open-ended questions, coding frames were developed, which analysed the content (i.e. responses given) to identify the reason for not considering shared living. The results were narrowed down and set into five categories:

1. Financially stable
2. Safety/security
3. Not interested
4. Not lonely
5. Not educated on shared living

The target research area focused on Inner Brisbane[^], which is within 0-5km from the Brisbane CBD. This area was further filtered to include only suburbs within Statistical Area 2 boundaries (as per ABS) with the greatest proportion of older Australians aged 55 and over.

Between 14 September 2019 to 21 September 2019, 64 people were surveyed, all of which were residents of the surveyed suburbs at the time of the survey.

Inner Brisbane was analysed and each suburb was profiled based on the project variables. They are characteristic of demographics and the socio-economic factors such as average level of income for older people, the highest number of older people, the number of older people living alone and a range of tenure type*.

These characteristics determined the result of the survey as the research is seeking to understand motivations behind shared living in older Australians, which has been assumed to be financial difficulty and/or loneliness.

[^]Inner Brisbane refers to the following suburbs within 5km of the Brisbane CBD: Bowen Hills, Brisbane City, East Brisbane, Fortitude Valley, Herston, Highgate Hill, Kangaroo Point, Kelvin Grove, Milton, New Farm, Newstead, Paddington, Petrie Terrace, Red Hill, South Brisbane, Spring Hill, Teneriffe, West End, and Woolloongabba.
*Tenure type; Owner-occupier outright, owner-occupier with mortgage, and private renter.

SURVEY RESULTS

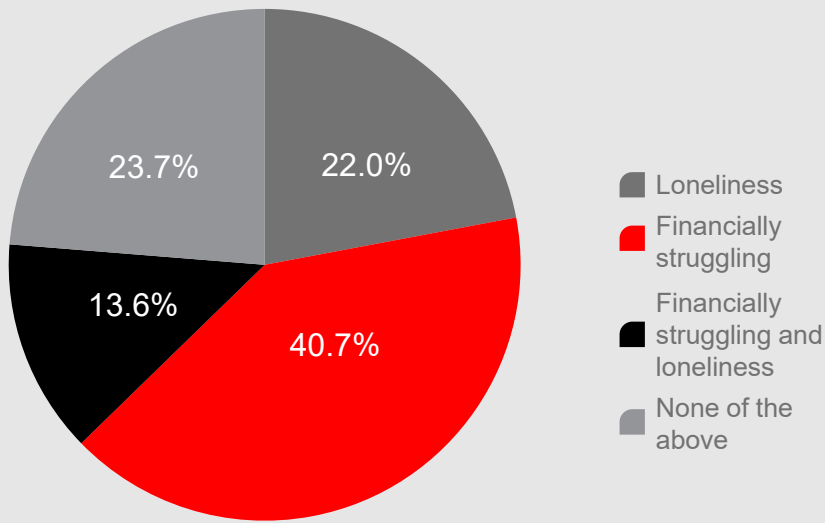


Figure 1. Financial Struggles and Loneliness

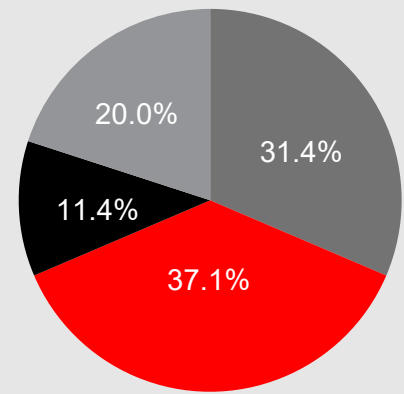


Figure 2. By Tenure Type: Owner-Occupier

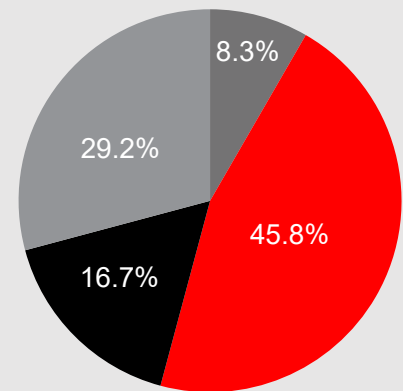


Figure 3. By Tenure Type: Private Renter

Figure 1 shows 40.7% of participants are experiencing financial struggles. This suggests financial struggles is the main consideration in regards to shared living. Loneliness is also a key factor, with 22.0% of participants identifying this as a reason for opting into shared living.

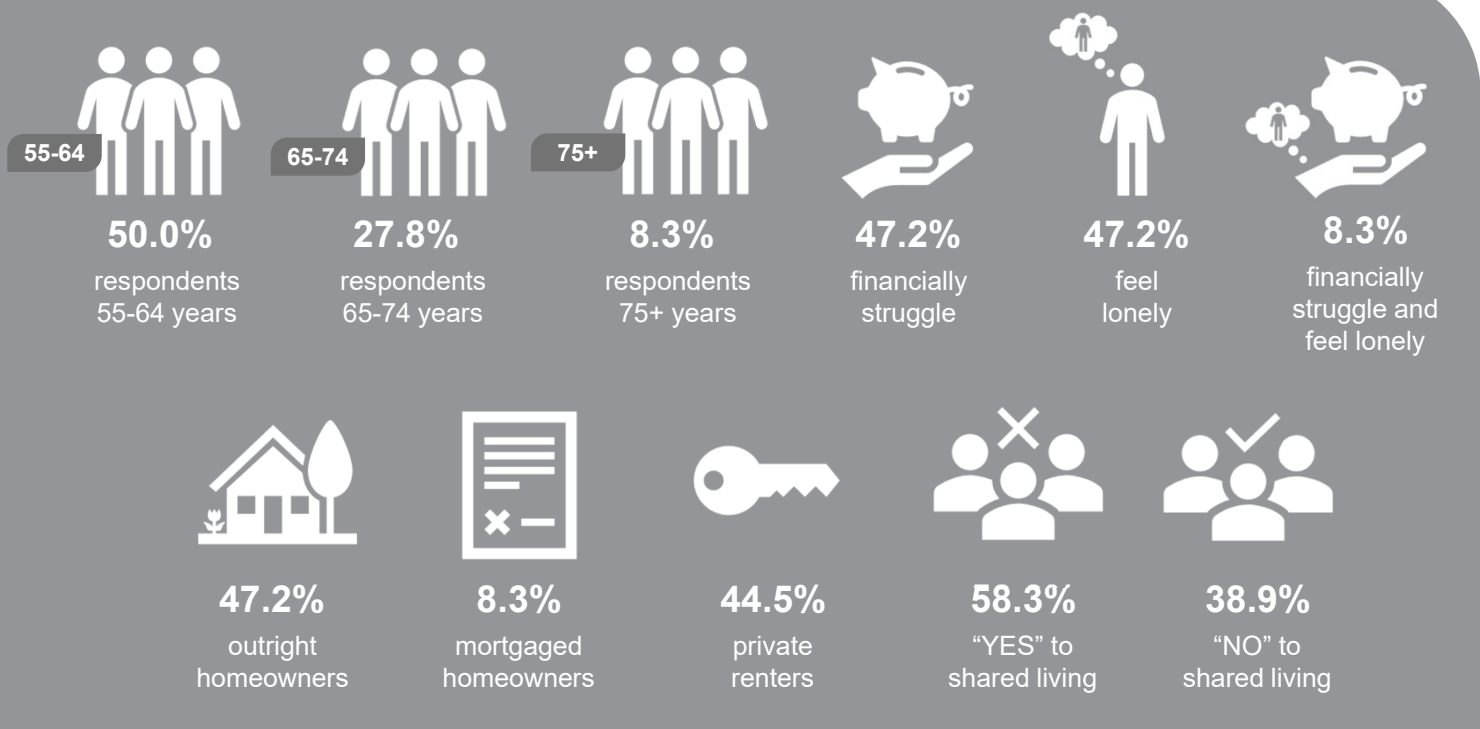
Figure 2 indicates that loneliness was far more prevalent for owner-occupiers (31.4%) compared to private renters (8.3%). However, financial struggles is an issue for both private renters (45.8%) and owner-occupiers (37.1%) as shown in Figures 2 and 3.

The below table shows a selection of comments from surveyed participants who either supported or were indifferent to shared living.

PARTICIPANT QUOTES

Participant	Details	Comments	Living Status
Participant A	60, female, staying alone	"Looking for opportunities to share live to help with finances."	Renting
Participant B	65, female, staying alone	"Yes, shared living is something I would be open to if it was the right person. It can get a bit lonely sometimes, and reducing operational expenses would be a major help."	Owner-occupier (outright)
Participant C	79, male, staying alone	"It's becoming very expensive to live – I couldn't afford to retire straight away. Help with rent and expenses would be good."	Renting
Participant D	65, female, staying with partner	"My partner and I help each other with expenses."	Owner-occupier (outright)
Participant E	75, male, staying alone	"Struggling to keep up with the rental market, still manage to afford but not satisfied with the current property. Would be able to stay in somewhere a bit more liveable if I had help with the rent."	Renting
Participant F	80, female, staying alone	"Don't know much about shared living but I have been lonely since my husband passed away, company would be nice."	Owner-occupier (outright)

SURVEY HIGHLIGHTS



SUMMARY

This research found strong evidence that shared living is a viable solution for Australians aged 55 and over, in order to alleviate the pressures of either or both financial struggles and loneliness.

When comparing financial struggles and loneliness, loneliness was less of a factor for renters. All participants that were independently renting indicated that splitting the rent and operational expenses with another tenant is an effective way of easing financial struggles and stress.

In comparison, the majority of owner-occupiers were less positively inclined towards the idea of shared living and were instead re-entering or remaining in the labour force in order to sustain their financial positions. However, owner-occupiers have indicated loneliness as a potential reason were they to consider shared living. Some participants experiencing loneliness advised their spouse had passed away and had considered renting out the lower level of their home for extra income, which would simultaneously assist in combating further loneliness.

Participants who said 'no' to shared living indicated the below as their main reasons:

- Security/safety
- Financial stability
- Not lonely
- Not educated on shared living

All participants that were already in a shared living environment stated the main reason behind their decision was due to unaffordability to own their own home or to rent by themselves. Furthermore, since entering shared living, these participants expressed that their financial struggles had eased, reduced their isolation, and in turn was allowing them to enjoy retirement more. This conclusion provides a preliminary insight into housing preferences for older Australians aged over 55 years and is key to catalysing potentially different property designs and/or shared living accommodation in the near future.

KEY FINDINGS

The main key finding from the survey showed that older Australians aged 55 and over, particularly renters, are at a greater disadvantage with affordable housing, especially housing that is reliable and liveable for their specific demographic needs. Both primary and secondary data collected demonstrates that older Australians aged 55 and over, particularly renters, are suffering financially as a result of sufficient income being difficult to achieve at this age. Also, maintaining rent on a single, and often government provided, income is an unrealistic task for many.

In addition, studies have shown that the growing number of older Australians aged 55 and over in the rental market is increasing and that median rental prices have increased in recent years. This is a concern as other research has shown that the stress of not owning your own home can lead to poor physical and mental health. For older Australians aged 55 and over not in the workforce, such financial struggles can lead to isolation and loneliness.

Financial struggles were far more prevalent in renters than owner-occupiers, with the majority being independent individuals. This is significant, as the Australian Institute of Health and Welfare (2015) mentioned that 37.0% of gross income earned by older Australians aged 55 and over living on their own was spent on housing accommodation. And as illustrated by Parliament of Australia (2016), if a person

spends 30.0% or more of their income on housing, that person is experiencing "housing stress".

In comparison, the survey showed less financial struggles with owner-occupiers but instead saw shared living being more accepting to individual owner-occupiers that are at a higher risk of loneliness.

The research shows that shared living has a strong potential to alleviate financial struggles and loneliness.

- 58.3% of participants from the survey that said 'yes' to shared living were mostly private renters;
- 16.7% of participants who were owner-occupiers named loneliness as a reason for shared living.

Those that said 'no' to shared living gave reasons that have been narrowed down into five categories:

1. The sense of security in their home
2. Not struggling financially
3. Not lonely
4. Never thought of shared living as part of their lifestyle
5. The lack of education on the concept of shared living to consider it

The final finding, "The lack of education on the concept of shared living to consider it," highlights that Australians aged 55 years and over may need greater knowledge and awareness on shared living as a viable option.

SIGNIFICANCE

This report focuses on shared living as a potential housing preference for older Australians aged 55 and over. The study aims to educate readers to gain a more in-depth understanding on how the concept of shared living arrangement can be a viable solution to alleviate financial struggles and loneliness for older Australians aged 55 and over. It identifies the issues associated with rising housing and rental market prices and illustrates the high proportion of vulnerable older people that are in retirement, yet are not enjoying the retirement they deserve.

This information may be used to spread awareness and encourage further studies into the critical issues associated with the ageing population. As a result, open the discussion and encourage the government to amend current legislation and policies. Whilst also, create awareness among property developers, architects, and designers to consider developing a functional shared living arrangement that could offer affordability, reliability and liveability. The research has shown that many older Australians aged 55 and over are in fact suffering from financial struggles; especially maintaining rent on a single, often government-provided, income.

Shared living is a popular living arrangement for young Australians. This paper endeavours to show how shared living may also benefit older Australians* and encourages further studies on the benefits of shared living as a housing option. This could potentially result in new property asset classes that advocate and accommodate shared living for older Australians*.

ABOUT PRD RESEARCH

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

PRD Research

T +61 7 3229 3344

E research@prd.com.au

PRD.com.au

