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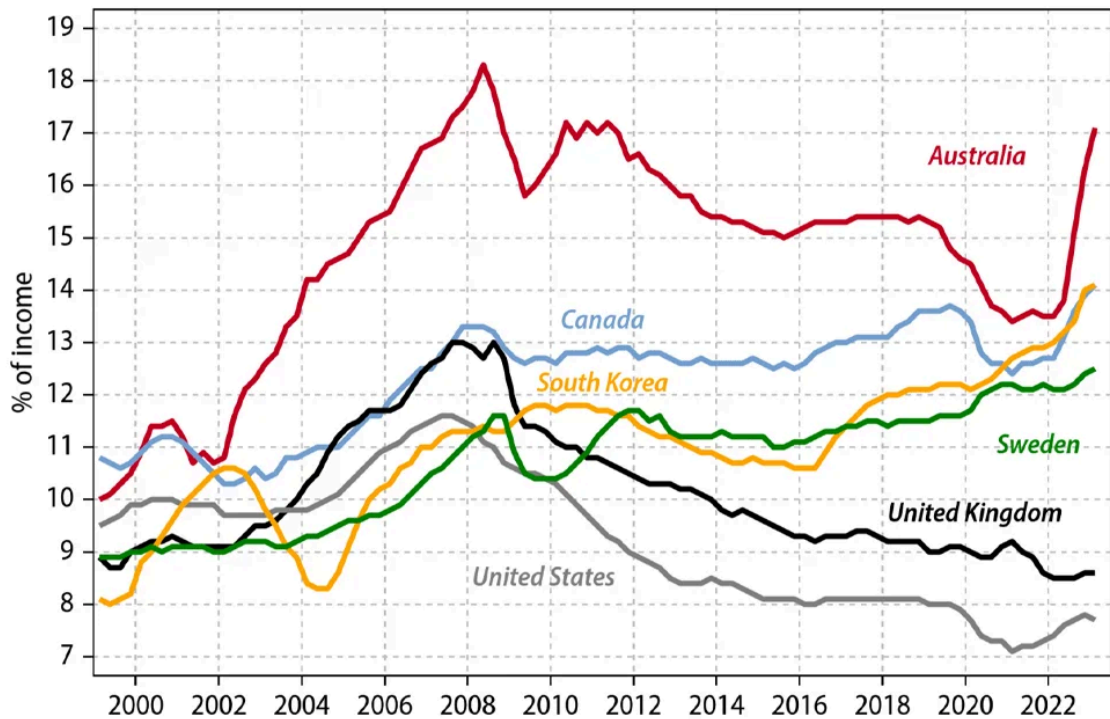
Soaring Household Debt Leaves Australians Struggling and Stalls Growth

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– Categories: Finance



Household debt service ratios




Gavekal Research/Macrobond

New figures reveal a stark increase in household debt among Australian homeowners over the past decade, raising deep concerns about financial stability and future economic growth. The surge in mortgage repayments, coupled with a decline in new loan activity, points to a population increasingly burdened by cost-of-living pressures and constrained by debt.

Data from financial comparison site Mozo shows the average home loan has surged from \$389,939 in 2014 to \$659,922 in 2024, a staggering rise of nearly 70%. This equates to an

additional \$71 per day in mortgage repayments compared to a decade ago, significantly reducing disposable income for many Australians. The figures highlight how inflation, rising interest rates, and inflated property prices have combined to put unprecedented pressure on working families, many of whom are now delaying key life milestones such as starting families, upgrading homes, or investing in businesses.

Despite Australia's population growing by more than 4 million people over the past ten years, Australians are taking out fewer home loans. According to the Australian Bureau of Statistics (ABS), there were 4,957 fewer owner-occupier dwelling loan commitments in the March quarter of 2025 compared to the same period in 2015. This sharp drop reflects both affordability challenges and a growing sense of uncertainty about the future. It also raises questions about the effectiveness of current housing and fiscal policy settings, which c  say have failed to address the real needs of aspiring homeowners and the broader economy.

The ongoing housing affordability crisis, now compounded by surging debt levels, is not just a private burden it's an economic headwind. As households cut spending to service debt, consumption growth slows, impacting small businesses and broader economic momentum. While central banks and policymakers continue to debate long-term strategies, the effects of years of policy complacency are now being felt at the kitchen table. Without urgent reforms to reduce structural barriers to housing supply, ease planning restrictions, and rein in government-imposed costs, Australians risk becoming a generation locked out of ownership or worse, stuck servicing unsustainable debt levels. A nation built on the promise of prosperity must return to policies that reward thrift, productivity, and homeownership.