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## ATO Data Reveals Surge in Rental Profits

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A new report by the Australian Taxation Office (ATO) has revealed a notable shift in the property investment landscape. For the third consecutive year, a majority of property investors in Australia are either positively or neutrally geared, meaning their rental income meets or exceeds property-related expenses, including mortgage repayments.

In the 2022–23 financial year, 51% of 2.26 million rental property owners reported net positive or neutral income. That equates to over 1.14 million investors coming out ahead financially, a trend that has continued since FY21. This contrasts sharply with the prior 20 years, when most property investors were negatively geared.

The change appears to be driven by a strong surge in rental growth. Weekly rents increased by approximately 7% in FY21, 9% in FY22, and another 9% in FY23, significantly boosting rental returns. According to recent data, this increase in rental income has helped investors absorb the impact of rising interest rates.

Despite the Reserve Bank of Australia raising the cash rate from 0.85% to 4.1% between July 2022 and June 2023, most investors remained in positive or neutral territory. Analysts attribute this to sustained rent increases and the changing profile of property investors.

The ATO data also shows a growing proportion of older Australians holding investment properties. Over 27% of investors are now aged 60 or above, suggesting that many are long-term property owners with reduced mortgage liabilities.

Although rental growth has since slowed slightly with estimated increases of 8% in FY24 and 3.4% projected for FY25, investor performance remains relatively strong. Many industry observers suggest this could mark a long-term shift in investment outcomes.

The figures come at a time when housing affordability and rental supply remain major concerns across the country. However, for many existing landlords, current market conditions continue to provide solid returns.

This data underscores how Australia's housing market is evolving, with older demographics and shifting interest rate dynamics influencing long-term property investment outcomes.