

AUSSIES FEEL THE BITE AS RISING COST OF LIVING ADDS FINANCIAL PRESSURES

New research reveals Aussies set priorities and changing spending habits to beat the rising cost of living

SYDNEY, FEBRUARY 2023 – Many Aussies (49%) agree that rising cost of living pressures have negatively impacted their personal and household finances in 2023, with almost half (47%) feeling less financially secure than before COVID-19.

According to new research by Real Insurance, over half of Australians are struggling with the costs of groceries (58%), fuel (56%), and household utility bills (52%). And almost 2 in 5 Aussie families (39%) agree that the cost-of-living stresses have had a considerable impact on their wellbeing in 2023.

Commissioned by Real Insurance, in partnership with consumer research group CoreData, [*The Real Aussie Financial Bite Report 2023*](#) surveyed 1,207 Australians, exploring the rising cost of living in Australia. The research also investigates how Aussies are looking to tackle these financial pressures and the impact this has on their everyday spending and future planning.

Cost of living struggles

Most Aussies (78%) are feeling somewhat concerned about coping with and adapting to the rising cost of living.

To help offset these rising costs and concerns, almost half of households (48%) have at least one person actively looking for additional streams of income.

Financial Adviser, Glen Hare, commented, *“Essentials such as housing costs, petrol, and groceries are some of the biggest expenses putting pressure on household budgets. These higher non-discretionary expenses are resulting in less money being spent on the ‘finer things in life’ such as eating out, clothes and travel. Furthermore, this disproportionately impacts low households as they typically spend a larger percentage of their household income on these necessities.”*

Aussies curb spending and are making sacrifices

Due to ongoing rising expenses, Aussies are adapting by overhauling their spending and re-evaluating their spending habits, with entertainment, socialising and eating out reported the first to be ditched (49%). Aussies are also willing to sacrifice home food deliveries (46%) and take away coffees (43%).

The main areas people are trying to save money regarding household and lifestyle costs in recent months include cutting back on entertainment and outings (47%), buying new clothes and shoes (46%) and cutting down online shopping habits (37%).

Bargain hunting for weekly specials and sales (51%), cutting back on eating out (47%), and utilising loyalty programs/points systems (40%) are the most common areas where people try to save money on food and grocery related costs in recent months.

To save money on utility and fuel related costs, Aussies are reducing their usage of appliances (45%), seeking out better deals (35%) and reducing usage of household vehicles (30%).

When it comes to other lifestyle sacrifices, more than half (58%) have been delaying or reconsidering major life plans. The main delays are with big purchases including cars or renovations (28%), extensive travel (23%) and buying a property (15%).

In addition, many Aussies (77%) estimate they had to reduce spending per month on things they or their family love, in response to the cost of living. While over 4 in 10 (43%) agree that one or more people in their household have been taking on new hobbies that are cheaper.

On the other hand, there are some expenses that Australians are **not** willing to compromise on, such as quality healthy food (44%), healthy lifestyle maintenance (30%), and ways of getting to work (21%).

Glen Hare, stated, *“Many Australians are becoming much more conscious of ‘leakage’ from their bank accounts. This includes unsubscribing from memberships they no longer use, shopping around for more cost-effective necessities, such as health insurance, utilities and gym memberships, and reviewing banking fees. This is all to be smarter with their income, an attempt to counteract the growing cost of living pressures. With lockdowns hopefully behind us, many have also seen 2022 as a year to make-up for lost time by pursuing previously forgone opportunities mainly associated around travel and visiting family and friends.”*

Travel sacrifices

Despite borders having opened this year and with the summer holiday season just around the corner, the recent cost of living pressures and rising cost of travel are impacting Aussies' holiday and travel plans. The research shows around 6 in 10 are opting for cheaper family holidays than usual (59%), and nearly a quarter (23%) of Australians concerned with the rising cost of living have delayed or reconsidered taking time off for extensive travel due to cost of living concerns.

Property pressures

On top of this, most Australians who are renting or living in their family/partner's home (88%) agree that the current economic environment is delaying their ability to get into the property market. As for homeowners, more than a third (36%) agree that if interest rates continue to rise, they won't be able to afford or pay off their mortgage.

Glen Hare explained, *“Throughout 2022, the heat has come out of the property market with dwelling prices dropping in most capital cities between 5% - 10%, with rising interest rates being a key driver of this. If the RBA continues to drive up interest rates to combat inflation or the higher cost of living, we can expect the property market to continue to pull back. On the flip side, if interest stabilises, inflation starts to pull back to less than 5% and unemployment also remains below 5%. We may see the property market start to recover mid- late 2023. Higher interest rates naturally puts pressure on household budgets. The pull back in the property market may make it harder for some homeowners to refinance, in order to get a better rate. These higher interest rates also add extra pressure on landlords, which leads to higher rents. Renters need to ensure they have a clear household budget, plan for the long term (weighing up renting vs. buying) and look to switch banks with higher interest rates to boost their savings. Like renters, homeowners*

also need to think long term and consider variable vs. fixed rates and compare available home loans.”

Further key findings:

Financial Security

- Top 5 household costs Australians are struggling with:
 - Groceries (58%)
 - Fuel costs (56%)
 - Household utility bills (52%)
 - Health care and wellbeing costs (32%)
 - Housing costs (rent/mortgage) (29%)

Financial Sacrifices

- Top 5 ways Aussies try to save money for household & lifestyles:
 - Cutting back on entertainment and outings (47%)
 - Cutting back on buying new clothes and shoes (46%)
 - Cutting down online shopping habits (37%)
 - Cutting back on buying major household items (33%)
 - Cutting down on holiday spend (31%)

Property

- Homeowners concerned about being able to pay off their mortgage if rates keep rising (36%)

Further insights from the research can be found on the Real Insurance website [here](#).

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The above information has been sourced from The Real Aussie Financial Bite Report, available on the Real Insurance Website.

About the *Real Aussie Financial Bite* report

The Real Aussie Financial Bite Report 2023 forms part of the Real Insurance Research Series. In its latest instalment, this study explores how Australians are looking to tackle the rising cost of living and the impact this has on their spending.

The report is compiled based on research commissioned by Real Insurance and conducted by CoreData between 15th of September to 20th of September 2022. The research was conducted via a quantitative online survey, gathering 1,207 responses from Australians.

The sample is representative of the general population of Australians in terms of age, gender, wealth, and state/territory.

*Important things to observe about the charts:

Footnotes directly underneath the charts (e.g., *Respondents who are concerned about the cost of living) mainly refer to the sampling involved per question. This is to differentiate who was asked that question in the survey.

Charts without a specific note represent questions that were asked to all respondents.

The types of questions asked are also noted. For instance, *Multiple answers allowed' appears when the question called for more than one

answer from the respondent.

Some charts and figures may not be equal to 100% due to rounding differences. This is also true for summed up figures.

About Real Insurance

Real Insurance is an award winning provider of insurance products, specialising in life, funeral, pet, travel, car, and home insurance. In the market since 2005, Real Insurance has protected the quality of life of many Australians through the delivery of innovative products. Real Insurance is the proud recipient of many product and service awards, most recently being announced a winner of the 2023 Product Review award for Life Insurance and 2022 Product Review award for Funeral Insurance, and the Reader's Digest 2022 Gold Quality Service Award for Funeral Insurance and Pet Insurance. Real Insurance is a trading name of Greenstone Financial Services Pty Ltd.