

What does the data tell us about landlord wealth?

Better Renting, June 2023

We analysed the ATO Taxation Statistics for 2020-2021, which are the latest available. Our focus was Table 27, "[Number of individuals with interests in a rental property, by number of property interests, 1999-2000 to 2020-21 income years](#)". We were interested in the number of properties held by individual property investors, any changes in concentration of ownership, and any changes in net profitability.

Properties held by individual investors

Since the 2018-2019 income year, the ATO provides data on how many property interests are held by each person with a property interest. This allows us to better understand the position of landlords from the point of view of rental households.

Of individuals with an interest in a rental property, 71.5% have just one interest. However, these people collectively own less than half of all rental properties. The majority of rental properties - 51.1% - are owned by someone who owns two or more rental properties. These 640,489 individuals held 1,674,968 properties, or 2.6 rental properties per person. A typical investor would also own their own home, resulting in total property ownership of 3.6 properties per person. As such, a minority of rental properties are owned by someone who owns just one rental property.

	Individuals	% of individuals	% of tax lodgments	Properties
1 interest	1,605,050	71.5%	10.6%	1,605,050
2 interests	423,467	18.9%	2.8%	846,934
3 interests	130,376	5.8%	0.9%	391,128
4 interests	47,282	2.1%	0.3%	189,128
5 interests	19,444	0.9%	0.1%	97,220
6 or more interests	19,920	0.9%	0.1%	150,558

Table 1: Individuals and properties by number of rental property interests.

In the 2020-2021 income year, 15,134,189 individuals lodged tax returns. As such, while individuals with one property interest were 71.5% of landlords, they were barely 10% of

all those who lodged a return. In total, 14.8% of lodgments included an individual with a rental property interest.

Changes in concentration of ownership

Tax data going back to 1999-2000 has the number of individual landlords broken down by the number of property interests. We analysed this data to see if there was a shift over time in the concentration of investment property ownership, that is, whether it was becoming more common for a landlord to own multiple properties.

We find a trend in this direction. In 1999-2000, 76.4% of individuals had just one property interest, 23.1% had two to five interests, and 0.50% had six or more interests. In 2020-2021, these figures were 71.48%, 27.64%, and 0.89%. Over time, small-scale landlords have become less common and landlords with large holdings have become more common.

	1999–00	2020–21	% Change
1 interest	76.40%	71.48%	-6%
2-5 interests	23.10%	27.64%	20%
6 or more interests	0.50%	0.89%	77%

Table 2: Change in property concentration for individual rental property owners from 1999-00 to 2020-21.

Changes in net profitability

The ATO data also covers how many properties made a “net rent loss” or were neutral/profitable. This data shows an unmistakable trend: since roughly 2010-11 the number of landlords making a rental profit has been steadily increasing. The last three years on record show the steepest increase, and the latest income year, 2020-21, has the highest rate of profitability on record, 52.93%.

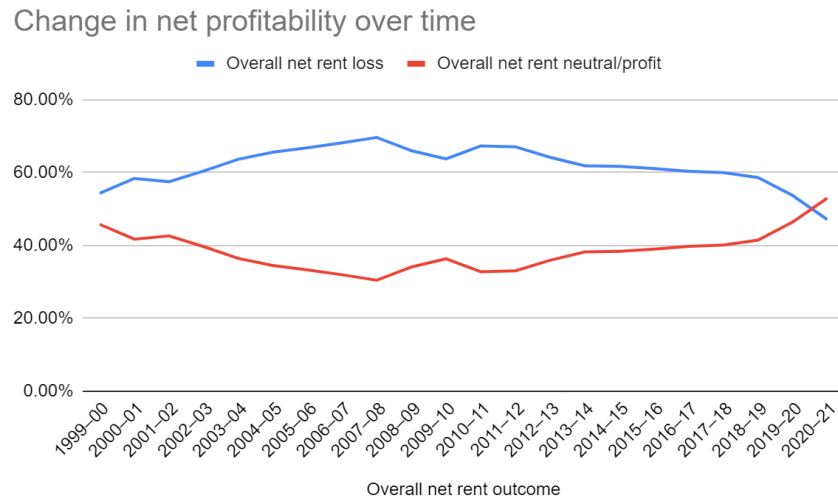


Figure 1: Change in net rental profitability over time

Since 2018-19, the ATA data has also shown the total rental less or profit. Consistent with the increasing rate of profitability, the total rental profit was at a record high in 2020-21, totalling \$10.467 billion. Total losses were at the lowest on record, at \$7 billion. If these losses were deducted at the marginal tax rate of 32.5% the total foregone revenue would be around \$2.384 billion.

Discussion

The latest taxation statistics challenge the idea of a landlord as a relatable “[everyman](#)”. People with a rental property interest are a wealthy minority, making up just 15% of those who lodged a tax return in the 2020-21 tax year. In fact, over 50% of rental properties are owned by someone who owns an average of 2.6 rental properties, and who in most cases will also own their own home. Over time, this concentration has become more pronounced: the proportion of landlords owning just one property has decreased over time, and the proportion owning two or more has increased by around 20%.

The profitability figures are also striking. 2020-21 was a record year for landlord profitability, with 53% of landlords bringing in a total of over \$10 billion. This is possibly due to record low interest rates. At the same time, however, we know that rental households were struggling, as renters working in retail and hospitality had their incomes eroded and savings buffer depleted. [An RBA bulletin published in September 2020](#) suggested that only around one in ten renters had received a rent discount or deferral. In the same income year, negative gearing meant that taxpayers subsidised landlord losses to the estimated value of \$2.4 billion.