GLOBAL X
by Mirae Asset

ETFs Could Help Secure Your Future During This Cost-of-Living Crisis

SYDNEY, 28 March 2025 – As Australians continue to face rising cost-of-living pressures, experts are warning against overexposing investment portfolios to a single highly sought asset like the Australian property market. Marc Jocum, Senior Product and Investment Strategist at Global X, is urging investors to consider Exchange Traded Funds (ETFs) as a smarter, more diversified alternative to traditional property investments.

The recent Federal Budget placed a spotlight on Australians' financial concerns, with new initiatives such as tax cuts, energy rebates, and support for essential services like Medicare. Additionally, the government's expansion of the 'Help to Buy' program, which is being boosted by $800 million, aims to assist around 40,000 by lowering the deposit and mortgage size required for homeownership and make it more accessible. However, Jocum cautions that while the government's efforts may support the housing market to an extent, there are risks in concentrating wealth solely in property.

"While property has long been seen as a secure investment for Australians, recent trends indicate that now may be the time to reconsider this approach," said Jocum. "The sharp increases in property prices over the last decade have led to a record level of household wealth, with the latest data showing household wealth is now approaching $17 trillion, of which 67% is tied up in residential real estate. While around two-thirds of Australians, primarily Baby Boomers and Gen X, have benefited, millions are still struggling to enter the property market. With property prices in some major markets like Sydney and Melbourne showing signs of weakness in key markets like Sydney and Melbourne falling over the past three months, there's a risk that investors could face some bumps along the way in their property ownership journey.

Rather than putting all their eggs in the property basket, Jocum suggests that Australians explore the benefits of ETFs, which offer broader diversification, lower entry costs, and the potential for steady long-term returns across multiple asset classes. While investment properties can generate rental income, many ETFs also provide attractive income streams through things like dividends and bond coupons, offering investors an alternative way to generate an income stream.

ETFs allow investors to spread their investments across a variety of sectors, such as technology, healthcare, and communications, offering exposure to growing markets that can help mitigate the risks associated with individual property investments. Unlike property, which can require significant upfront capital, ongoing costs and maintenance, ETFs can be bought and sold easily at a lower price point, providing flexibility in a rapidly changing economic environment.

"ETFs allow investors to gain exposure to different asset classes, industries and geographies without the burden of high upfront costs or the complexities of managing a physical property. For many Australians, ETFs can be an effective and more liquid solution for long-term wealth building," Jocum added.

As the economy continues to evolve, diversification will be key in managing financial risk. While the government continues to roll out fiscal measures to try boost home ownership, investors may need to take control of their financial future rather than waiting for government support.

Exploring alternative investment structures, such as ETFs, can provide opportunities to build wealth beyond property. With the ETF market expanding and offering increasingly innovative products, investors have powerful tools at their disposal to grow their household wealth.

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About Global X ETFs Australia

Global X ETFs Australia is a leading ETF provider with a growing range of cost-effective and innovation-led products which are built to help Australian investors and their advisers achieve investment outcomes by providing access to a successful lineup of ETFs across thematics, income, commodities, digital assets and more. Global X Australia's nuanced understanding of the local market is backed by international resources and expertise to deliver a beyond ordinary experience for all stakeholders.

About Global X ETFs

Global X ETFs was founded in 2008. For more than a decade, our mission has been empowering investors with unexplored and intelligent solutions. Our product lineup features almost 400 ETF strategies worldwide and over US$96 billion in assets under management.[1] While we are distinguished for our Thematic Growth, Income, and International Access ETFs, we also offer Core, Commodity, and Alpha funds to suit a wide range of investment objectives.

Global X is a member of Mirae Asset Financial Group, a global leader in financial services, with more than $632 billion in assets under management worldwide[2]. Mirae Asset has an extensive global ETF platform ranging across the US, Australia, Brazil, Canada, Colombia, Europe, Hong Kong, India, Japan, Korea, and Vietnam with over $137 billion in assets under management.[3]

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[1] Assets under management as at November 2024, Global X
[2] Assets under management as at September 2024, Mirae Asset Global Investments
[3] Assets under management as at December 2024, Mirae Asset Global Investments

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