

ETFs rival shares and property as young Australians' first investment

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Key points

- 22% of younger investors started with an ETF, equal with property.
- 2.82 million Australians now hold ETFs, more than double the number in 2020.
- 33% of intending investors expect to invest in ETFs over the next 12 months.

Exchange-traded funds (ETFs) are emerging as one of the most common ways young Australians begin investing, according to new research from the Australian Securities Exchange (ASX).

Among on-exchange investors aged 18 to 29, 22% said an ETF was their first-ever investment, equal with residential investment property and just behind Australian-listed shares at 26%.

The findings are part of the ASX Australian Investor Study 2026, which points to a broader shift in how younger Australians are building wealth.

This trend mirrors findings from the latest CommSec Pulse report, which found that more than two-thirds of Gen Z investors trade ETFs, compared with fewer than one in five Baby Boomers.

ETFs move closer to the mainstream

An ETF is an investment fund that can give investors exposure to a collection of shares or other assets through a single investment. Some ETFs can provide exposure to dozens or hundreds of securities at once.

The ASX study showed the number of Australians holding ETFs has more than doubled in six years, rising from 1.35 million in 2020 to 2 million in 2023 and 2.82 million in 2026.

Almost one in four Australian investors now holds an ETF, it found.

Growth has been particularly strong among younger investors. About 31% of investors aged 18 to 29 had bought, sold or made a new ETF investment in the past 12 months, compared with 16% of pre-retirees and 8% of retirees.

The next wave of investors

The trend could continue as more Australians enter the investment market.

About 950,000 Australians who don't currently invest outside superannuation or their primary home intend to start or resume investing over the next 12 months, the ASX study reported.

Almost four in 10 of these intending investors are aged 18 to 29, up from 29% in the ASX's 2023 study.

ETFs are also becoming a more popular choice among this group. Some 33% of intending investors

said they were likely to invest in ETFs over the coming year, up from 21% in 2023.

Australian-listed shares remain the most likely investment at 41%. But interest in residential investment property has fallen from 36% in 2023 to 20% in 2026.

The ASX said housing affordability pressures may be one factor encouraging younger Australians to consider listed investments as another way to build wealth, although the study does not establish that this is driving the change.

Knowledge remains a hurdle

While more young Australians are considering investing, the research suggests knowing how to get started remains a challenge.

Among intending investors aged 18 to 29, 47% said they lacked confidence in their investment knowledge, while 33% were unsure which investment products to start with.

Across all intending investors, 51% said knowing more about investing would help them feel ready to begin.

That broadly echoes separate CommBank research published this year, which found investing and shares were the most common money topics young Australians wanted to learn more about, including how to get started, ETFs and how investing compares with property.

The ASX Australian Investor Study 2026 was based on an online survey of 4,495 Australian adults conducted by Investment Trends in January and February 2026.

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