



Heidi Davison could afford to buy a unit or townhouse in the suburb where she lives, which is halfway between Brisbane and the Sunshine Coast. She just doesn't want to.

The 28-year-old commercial lawyer views property as "golden handcuffs", preferring to invest in financial markets to avoid the high upfront and ongoing costs of owning property.

While others her age are madly saving for a house deposit, Davison has chosen a different route: her goal is to build an investment portfolio big enough to derive a passive income stream of \$100,000 a year by age 45.

"If people want to invest in property, that's great. But at this point in time, the maths does not add up for me."

Thanks to low-cost digital trading platforms and micro-investing apps, Gen Z and Millennials are building wealth in the sharemarket earlier than any generation before them.

Trading data from CommSec shows that under-40s now account for nearly half of its platform's customer base, while a May 2026 Vanguard Australia report found that 45 per cent – nearly 1 in 2 – young Australians hold investments outside of superannuation.

To build her wealth, Davison invests weekly in moderately geared, growth-focused exchange-traded funds (ETFs). Her portfolio is worth \$28,860.

Her – very ambitious – forecast is that her portfolio will hit \$225,000 within the next five years if she continues saving and investing at the same cadence and her portfolio achieves similar returns to the past few years.

Once that happens, she plans to pivot into high-yielding assets like commercial property trusts and private credit.

"These offer stable, high-yield monthly distributions – targeting 7 to 9 per cent plus per year – backed by real commercial assets, without the direct management hassle or low yields of residential property," she says.

Then, as Davison approaches 40 and her portfolio reaches the \$1 million to \$1.2 million mark, the next stage of the plan will begin. Davison says she will allocate money to higher-yielding private credit, mortgage funds, and commercial property trusts, which are

How Heidi plans to build \$100k in passive income without property

Wealth Financial freedom means something different to everyone but if you want to put a number on it, there's a formula, writes Rebecca Pike.

projected to yield 8 to 10 per cent in net distributions.

"This hits the \$100,000-plus annual passive income target while retaining the core exchange-traded funds base to ensure long-term capital growth keeps pace with inflation, without ever needing to erode principal," she says.

Independent financial adviser Phil Harvey, 57, from Construct Wealth also steers clear of property.

He and his wife sold their Brisbane investment property in 2018 and have chosen not to buy their own home, instead committing the money saved to their superannuation.

May's federal budget changes to capital gains tax and negative gearing have made investing in property even less desirable, Harvey says.

The key drawback is that investment properties tend to run at a loss, so by the time investors realise the capital gain they've had to spend a lot of money to get there, he says.

It is money Harvey says he would rather invest elsewhere. "You can build wealth just as easily without property as you can with property."

For those who choose not to own a home, a key consideration is saving and investing enough to cover the cost of renting in retirement, when you no longer have a salary coming in.

Davison began seriously investing in 2023 through auto-investing platform Raiz Invest, but in May 2025 she moved her portfolio – then worth \$6130 – into geared ETFs when she decided to

increase her risk appetite. She now invests \$300 a week split evenly between two moderately geared ETFs. After paying \$275 a week in rent at the three-bedroom home she lives in with her partner, she saves \$500 a week into a high-interest savings account.

Geared ETFs involve the fund manager borrowing money on the investor's behalf to add to the cash the investor has put in – for those that are "moderately geared", it is an additional 30 to 40 cents for each dollar.

This sees any gains amplified when the market rises, but results in larger losses when the market falls. Davison

At this point, the maths [of property investing] does not add up for me.

Heidi Davison, young investor

chose them because she was comfortable with their risk profile and saw them as a way to accelerate her wealth creation faster.

"Like with any investment, there's going to be risk," she says. "I guess I'm a bit more particular in the risk I choose."

Betashares senior investment strategist Cameron Gleeson says geared investments are better for people with a long investment horizon as markets are generally expected to rise.

"If you saw a fall in the market of

10 per cent, then you would expect the geared ETF to fall by 15 per cent."

So far, the higher risk strategy is working for Davison – her portfolio has grown by 17 per cent since May 2025.

"I only live on roughly 50 per cent of my paycheque per week ... what I do is for people who are disciplined."

Davison sticks to her investment regime regardless of how the market is performing to make the most of compounding. If the market drops, she assesses whether she should cash in on the fall by buying more.

"It's like going shopping for your groceries, and you see something on sale that you normally grab," she says.

"Sometimes it's worth it to stock up, so you don't have to buy later when it's more expensive. But even if it is more expensive, I'll maintain my same routine."

Investing and saving as diligently as Davison does is often associated with the FIRE (financial independence, retire early) movement, but she insists an early retirement is not her goal.

She is not looking to replace her salary income entirely, but instead wants to build a passive income stream that means she no longer needs to rely on it and has more choice about how she spends her days.

For Davison, financial independence is all about freedom.

"I want the ability to feel comfortable and choose where I want to work, and how I want to do things," she says. "I don't want to ever be in a situation

Commercial lawyer Heidi Davison does not believe investing in property is the right financial path for her, so she is using geared ETFs. PHOTO: DAN PELED

where I lose my job and then panic about income." Building wealth with the goal of financial freedom rather than a particular net worth number is something financial planner and author of the book *Freedom Gameplan* Amir Rodnia is happy to see "catching on. For me, it's all about being able to wake up in the morning and spend your day exactly as you wish, not because you have to, but because you choose to."

To help determine what it will take people to achieve financial freedom, Rodnia has created a methodology he calls your "freedom score".

To work it out, take your passive income and divide it by your annual living expenses.

For example, if you earn \$50,000 in passive income and your annual expenses are \$60,000, you'll have a freedom score of 83 per cent – in other words, you're 83 per cent of the way to financial freedom.

"Whether you're sitting at 1 per cent or 50 per cent, it really gives you a clear way of thinking about 'what do I want and what should my next move be?'"

As someone who is managing to invest \$300 a week and save an additional \$500 a week, Davison says she could afford to buy property – but doesn't think it's the right investment for her at this time.

High prices, stamp duty, strata fees, and ongoing maintenance costs are just a few reasons Australians may choose to invest their money in assets other than property.

"With the upfront costs that come with [property], I believe there are other options that best suit my circumstances," Davison says.

"I have family members who have gone into the residential market, and that's great. But I want to avoid the golden handcuffs."

Instead, Davison believes her money will work harder in the sharemarket. "For me to be able to afford a house, I'm putting basically all my chips into one investment and also, possibly, overleveraging myself." **SI**