

Media release

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Latest data shows no reprieve for first home buyers

A new report released today shows Housing affordability levels remained relatively stable over the June quarter but worryingly first home buyers continue to stay away in droves.

The latest edition of the Adelaide Bank/ REIA Housing Affordability Report, released today by the Real Estate Institute of Australia, provides a comprehensive update for the sector using the latest data for the June Quarter 2014.

REIA president, Peter Bushby said the report is positive for home buyers in Victoria, Queensland, South Australia and Tasmania, which all showed improvements in affordability over the last quarter. Affordability levels remained unchanged for the Australian Capital Territory. Unfortunately however New South Wales, Western Australia and the Northern Territory saw slight falls in housing affordability with the proportion of income required to meet mortgage repayments increasing.

Mr Bushby also pointed to a very concerning trend with first home buyers.

“First home buyer levels continue to be at near record lows making up only 12.7% of the owner-occupier market compared to the long-run average proportion of 19.7%. These low levels are persisting despite the Reserve Bank of Australia (RBA) leaving the cash rate on hold at 2.5% during the June quarter,” Mr Bushby said.

“Many agents are reporting that affordability is a perceived barrier for first home buyers who view property prices are close to or beyond their means or worryingly, home ownership is seen as completely cost-prohibitive,” Mr Bushby said.

“REIA is very concerned by the recent declines in home ownership in Australia and sees housing supply as the most urgent issue that needs to be addressed to improve housing affordability,” Mr Bushby commented. “Improving housing supply however is a long-term challenge and first home buyers in particular, need to be given greater confidence to enter the market in the short-term.”

“It is very disappointing to see that most states and territories have placed restrictions on First Home Owner Grants for established homes at a time when we should be doing everything we can to help first home buyers into the market,” Mr Bushby concluded.

The Real Estate Institute of Australia (REIA) is the national professional association for real estate agents in Australia. For further information or interview opportunities, please contact:

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