

Media release

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Housing Affordability improves in time for Christmas

The latest edition of the Adelaide Bank/ REIA Housing Affordability Report for the September Quarter 2014 has some good news for potential home buyers – and just in time for Christmas!

This new report, released today, shows an improvement right across Australia in housing affordability with the proportion of income required to meet loan repayments decreasing by 0.5 percentage points to 30.4% during the September quarter. This year, so far, has also seen the Reserve Bank of Australia (RBA) leave the cash rate on hold at 2.5% – one of the longest periods of interest rate stability.

Unsurprisingly, NSW remains the least affordable state for homebuyers with the proportion of income required to meet loan repayments now 4.1 percentage points above the national average.

REIA CEO Amanda Lynch said, “Although, in some states, potential buyers probably don’t feel that real estate is within their reach given the recent price surges in Melbourne and Sydney, nationally affordability is improving and we are seeing significant and welcomed first home buyer activity in WA.”

“The moderating house price growth in WA has translated into good news for those wanting to enter the housing market with 20.7% of WA’s owner-occupied market now made up of first home buyers. Nationally, a quarter of all first home buyers who purchased in the September quarter were from WA.”

“Unfortunately, SA recorded a significant drop in the number of first home buyers following the State Government’s decision to remove the First Home Buyer Grant for established dwellings,” Ms Lynch added.

This decline in SA contributed to a nationally downward trend for first home buyers, who now make up only 12% of the owner-occupier market which is a significant decline when compared to the long-run average of 19.7%.

“It is very disappointing to see the removal of first home buyer grants for established dwellings in many states and territories, especially when new research suggests that first

home buyers are becoming more burdened with debt and increasingly using personal loans and credit cards to finance their deposit.”

“REIA strongly supports this very important grant system for first home buyers and we will continue to advocate for the grant’s re-introduction across Australia for both new and established dwellings.”

National Snapshot of Housing Affordability

NSW: The average loan size to first home buyers increased by 9.1% compared to the same quarter last year. NSW remains the least affordable place to buy a home.

VIC: Of all Australian first home buyers in the last quarter, 26.4% were from Victoria.

Qld: Housing affordability in Queensland remained unchanged over the quarter despite improvements in all other states.

SA: SA recorded the largest quarterly drop in the number of first home buyers nationally following the removal of the first home buyers grant for established homes.

WA: During the quarter, first home buyers made up 20.7% of WA’s owner-occupier market – the largest proportion of across the country and 25.1% of all Australians first home buyers were from WA.

Tas: The average loan size to first home buyers in Tasmania decreased over the quarter by 5.2% to \$213,233. In comparison, in NSW, the average first home buyer loan is \$327,767.

NT: NT saw the largest jump in the number of loans over this last quarter and also this past year.

ACT: ACT continues its long run as the most affordable state or territory in which to buy a home or rent.

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

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