

**Media Release  
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**Affordability declines despite historically low interest rates**

Housing affordability declined across all Australian states in the December quarter of 2016, with New South Wales remaining the least affordability state or territory for homebuyers, according to the Real Estate Institute of Australia.

The latest *Adelaide Bank/REIA Housing Affordability Report* saw the proportion of income required to meet loan repayments rise to 30.4 per cent, an increase of 0.9 percentage points over the quarter but a decrease of 1.9 percentage points compared to the corresponding quarter of 2015.

REIA President Malcolm Gunning said historically low interest rates and modestly rising incomes were unable to offset the increasing size of mortgages resulting in the rise in the proportion of the median family income required to meet average monthly loan repayments.

“Over the December quarter, affordability declined in all states with New South Wales the least affordable, while Tasmania had the smallest average loan size,” Mr Gunning said.

“The proportion of first home buyers on the owner-occupier market was the largest in Western Australia.”

“Rental affordability also declined during the fourth quarter of 2016 with the proportion of median family income required to meet rent payments increasing 0.2 percentage points to 24.4 per cent.

“Whilst rental affordability declined for the quarter, for the 12 months to December it improved. Since mid 2012 rental affordability has been showing a trend improvement reflecting the pick up in investment in housing from the end of 2011.

“Rental affordability for the quarter declined in New South Wales, Victoria, Western Australia, Tasmania and the Australian Capital Territory but improved in Queensland, South Australia and the Northern Territory.

“The number of first home buyers increased in all states and territories over the quarter. First homebuyers now make up 13.8 per cent of total owner occupied housing. This rate has been dropping steadily over the past 5 years yet seems to have stabilised over the past 12 months.

“However, the size of the average loan for first home buyers increased by 1.3 per cent over the December quarter to \$323,633, but below the peak in the December quarter 2015.

“While the modest increase in first home buyers is welcome news, the increase in the average loan size is concerning. If this trend continues, then the proportion of first home buyers in the market will continue at low rates,” Mr Gunning concluded.

**The Real Estate Institute of Australia (REIA) is the national professional association for real estate agents in Australia.**

**For further information or to speak with REIA President Malcolm Gunning please contact Helen Hull via [media@reia.com.au](mailto:media@reia.com.au) or 0419 642 961. A copy of the *Adelaide Bank/REIA Housing Affordability Report* is available on request.**