

**Media Release
For Immediate Release
6 December 2017**

Housing loan affordability improves, first home buyers flood market

Housing affordability has improved across the country in all states and territories, with a large increase in the number of loans to first home buyers, according to the Real Estate Institute of Australia (REIA).

The September quarter edition of the Adelaide Bank/REIA Housing Affordability Report shows that the proportion of median family income required to meet average loan repayments decreased by 1.2 percentage points to 30.3 per cent.

REIA President Malcolm Gunning said first home buyers now make up 24.5 per cent of the total owner occupied housing market (excluding refinancing).

“This is the highest rate since September 2013 after dropping steadily over the past 5 years,” Mr Gunning said.

“The number of first home buyers increased by 22.8 per cent for the quarter and by 32.6 per cent over the twelve months with the largest increases being in New South Wales (57.7 per cent), Victoria (32.2 per cent), the Northern Territory (14.3 per cent) and the Australian Capital Territory (20.0 per cent).

“Overall the number of loans increased across the country by 4.2 per cent,” Mr Gunning said.

Looking at the rental market, affordability is variable across the states and territories.

“Over the quarter, the proportion of median family income required to meet rent payments increased by 0.3 percentage points to 24.6 per cent, with rental affordability improving in Queensland, South Australia, Western Australia and the Northern Territory, remaining steady in Victoria but declining in New South Wales, Tasmania and the Australian Capital Territory,” Mr Gunning said.

State by State

New South Wales

Over the September quarter, housing affordability in New South Wales improved with the proportion of income required to meet loan repayments decreasing to 36.1 per cent, a fall of 1.9 percentage points over the quarter and a decrease of 1.0 percentage points compared with the corresponding quarter 2016. With the proportion of income required to meet loan repayments 5.8 percentage points higher than the nation’s average, New South Wales remained the least affordable state or territory in which to buy a home.

In New South Wales, the number of loans to first home buyers increased to 6,775, an increase of 57.7 per cent over the quarter and a rise of 70.9 per cent compared to the September quarter 2016. Of the total number of first home buyers that purchased during the September quarter, 23.4 per cent were from New South Wales while first home buyers make up 19.0 per cent of the State’s owner-occupier market. The average loan to first home buyers decreased to \$361,333, a decrease of 1.2 per cent over the quarter and a decrease of 1.0 per cent compared to the same quarter last year.

Rental affordability, declined in New South Wales over the September quarter with the proportion of income required to meet median rent payments increasing to 29.8 per cent, an increase of 1.2 percentage points over the September quarter and an increase of 1.7 percentage points compared to the same quarter last year.

Victoria

Over the September quarter, housing affordability improved in Victoria with the proportion of income required to meet loan repayments decreasing to 32.2 per cent, a decrease of 1.2 percentage points over the quarter and a decrease of 0.2 percentage points compared to the same quarter of the previous year.

The number of loans to first home buyers in Victoria increased to 8,786, an increase of 32.2 per cent over the quarter and an increase of 33.0 per cent compared to the September quarter 2016. Of the total number of first home buyers that purchased during the September quarter, 30.4 per cent were from Victoria while first home buyers make up 26.2 per cent of the State's owner-occupier market.

Rental affordability in Victoria has remained steady over the quarter with the proportion of income required to meet median rent remaining at 23.1 per cent. Compared to the September quarter 2016, rental affordability has declined with the proportion of income required to median rent increasing by 0.2 percentage points.

Queensland

Housing affordability in Queensland improved over the September quarter with the proportion of income required to meet home loan repayments decreasing to 26.8 per cent, a decrease of 0.5 percentage points over the quarter and a decrease of 1.0 percentage points compared to the same quarter last year.

Over the September quarter, the number of loans to first home buyers in Queensland increased to 6,271, an increase of 4.5 per cent over the quarter and an increase of 18.5 per cent compared to the same quarter of 2016. Of all Australian first home buyers over the quarter, 21.7 per cent were from Queensland while the proportion of first home buyers of the State's owner-occupier market was 26.1 per cent.

Rental affordability in Queensland improved over the quarter with the proportion of the median family income required to meet the median rent decreasing to 22.8 per cent, a decrease of 0.2 percentage points over the quarter and a decrease of 0.6 percentage points compared to the same quarter 2016.

South Australia

Over the September quarter, housing affordability in South Australia improved with the proportion of income required to meet monthly loan repayments decreasing to 25.3 per cent, a decrease of 1.5 percentage points over the quarter and a decrease 1.1 percentage points compared to the September quarter 2016.

Over the September quarter, the number of loans to first home buyers in South Australia increased to 1,385, an increase of 2.0 per cent over the quarter and an increase of 12.6 per cent compared to the September quarter 2016. Of all Australian first home buyers over the quarter, 4.8 per cent were from South Australia while the proportion of first home buyers in the state's owner-occupier market was 19.2 per cent.

Rental affordability in South Australia also improved over the quarter with the proportion of income required to meet rent payments decreasing to 21.7 per cent, a decrease of 0.2 percentage points over the quarter and a decrease of 0.7 percentage points compared to the September quarter 2016.

Western Australia

Over the September quarter, housing affordability in Western Australia improved with the proportion of income required to meet loan repayments decreasing to 22.4 per cent, a decrease of 1.2 percentage points over the quarter and a decrease of 1.4 percentage points compared to the September quarter 2016.

The number of first home buyers in Western Australia increased to 4,432 in the September quarter, an increase

of 7.4 per cent over the quarter and an increase of 17.9 per cent compared to the same time last year. Of all Australian first home buyers over the quarter, 15.3 per cent were from Western Australia while the proportion of first home buyers in the state's owner-occupier market was 36.2 per cent.

Rental affordability in Western Australia also improved during the September quarter with the proportion of family income required to meet the median rent decreasing to 17.4 per cent, a decrease of 0.7 percentage points over the quarter and a decrease of 1.8 percentage points compared to the year before.

Tasmania

Housing affordability in Tasmania improved over the September quarter with the proportion of income required to meet home loan repayments decreasing to 23.3 per cent, a decrease of 0.6 percentage points over the quarter and a decrease of 0.5 percentage points from the September quarter 2016.

The number of first home buyers in Tasmania increased to 386, an increase of 1.6 per cent over the quarter but a decrease of 3.3 per cent compared to the same quarter of the previous year. Of all Australian first home buyers over the quarter, 1.3 per cent were from Tasmania while the proportion of first home buyers in the state's owner-occupier market was 17.5 per cent.

Rental affordability in Tasmania, however, declined over the quarter with the proportion of income required to meet median rents increasing to 26.3 per cent, an increase of 0.5 percentage points over the quarter and an increase of 2.3 percentage from the same quarter 2016.

Northern Territory

Housing affordability in the Northern Territory improved with the proportion of income required to meet loan repayments decreasing to 19.4 per cent in the September quarter, a decrease of 0.9 percentage points over the quarter and a decrease of 1.1 percentage points when compared to the September quarter 2016.

The number of loans to first home buyers in the Northern Territory increased to 200, an increase of 14.3 per cent over the September quarter and an increase of 37.9 per cent compared to the September quarter 2016. Of all Australian first home buyers over the quarter, 0.7 per cent were from the Northern Territory while the proportion of first home buyers in the Territory's owner-occupier market was 28.8 per cent.

Rental affordability in the Northern Territory also improved over the quarter with the proportion of income required to meet the median rent decreasing to 22.7 per cent, a decrease of 0.4 percentage points over the quarter and a decrease of 2.0 percentage points compared to the September quarter 2016.

Australian Capital Territory

Housing affordability in the Australian Capital Territory improved over the September quarter with the proportion of income required to meet home loan repayments decreasing to 18.5 per cent, a decrease of 1.3 percentage points over the quarter and a decrease of 1.5 percentage points compared to the same quarter last year.

The number of loans to first home buyers in the Australian Capital Territory increased to 684, an increase of 20.0 per cent over the quarter and an increase of 64.4 per cent compared to the September quarter 2016. Of all Australian first home buyers over the quarter, 2.4 per cent were from the Australian Capital Territory while the proportion of first home buyers in the Territory's owner-occupier market was 26.8 per cent.

Rental affordability in the Australian Capital Territory, however, declined over the September quarter with the proportion of income required to meet the median rent increasing to 18.1 per cent, an increase 0.2 percentage points over the quarter and an increase of 0.8 percentage points compared to the September quarter 2016.

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 or 0419 642 961. A copy of the *Adelaide Bank/REIA Housing Affordability Report* is available on request.