

Housing affordability falls across Australia: report

Housing affordability has declined across the country in all states and territories and rental affordability improved in New South Wales and Queensland during the last quarter of 2017, according to research from the Real Estate Institute of Australia and Adelaide Bank.

REIA President Malcolm Gunning said the December quarter 2017 edition of the *Adelaide Bank/REIA Housing Affordability Report* found the proportion of median family income required to meet average loan repayments increased by 1.3 percentage points to 31.6 per cent over the quarter.

“At the same time, the number of loans increased across the country by 1.5 per cent, with increases in each state and territory except New South Wales and Western Australia,” Mr Gunning said.

Mr Gunning said for renters affordability is variable across the states and territories.

“Over the quarter, the proportion of median family income required to meet rent payments increased by 0.1 percentage points to 25.8 per cent, with rental affordability declining in Melbourne, Adelaide, Hobart, Darwin and Canberra and stabilizing in Western Australia,” Mr Gunning said

The numbers of loans to first home buyers continues to improve with 30,894 new loan, the highest number since December 2009. The number of first home buyers increased by 6.8 per cent for the quarter and by 32.6 per cent over the twelve months.

“First home buyers now make up 25.8 per cent of the total owner occupied housing market (excluding refinancing). This is the highest rate since December 2012 after dropping steadily over the past 5 years,” he said.

Whilst the last quarter shows a marginal decline after a relatively stable 2017 any major improvement is going to come from a considerable increase in supply. A report by the Grattan Institute, report *Housing Affordability: Re-Imagining The Australian Dream* concurs with this and says that industry needs to build an extra 50,000 homes a year for a decade so that house prices are 5 to 20 per cent lower than they would be otherwise be.

Mr Gunning said this may appear any easy prescription but the reality is that unless there is a coordinated and aligned approach by all three levels of government this will not occur.

“We need to address this with some urgency and reform the planning and approval process. We need all tiers of Government involved and implementing change,” Mr Gunning said.

“REIA believes a first step in this is the appointment of a Minister of Property Services. This would also recognise the importance of the property sector as a driver of economic growth and employment. Property investment supported by historically low interest rates has been a significant contributor to growth in the Australian economy since 2013/14 as we transition away from a decade-long reliance on mining,” he concluded.

The Real Estate Institute of Australia (REIA) is the national professional association for real estate agents in Australia. For further information, a copy of the report or to speak with REIA President Malcolm Gunning please contact Helen Hull via media@reia.com.au or 0419 642 961.