

Housing affordability improves while rental affordability declines: report

Housing affordability marginally improved across the country in the March quarter 2019 with the exception of the Northern Territory, according to research from the Real Estate Institute of Australia and Adelaide Bank.

REIA President Adrian Kelly said the March quarter 2019 edition of the *Adelaide Bank/REIA Housing Affordability Report* found New South Wales had the largest improvement in housing affordability with a 1.3 per cent decrease in home loan repayments.

“While rental affordability improved marginally in the larger states of New South Wales, Victoria and Queensland as well as in Western Australia and the Northern Territory, a large decline in rental affordability in South Australia and Tasmania offset this improvement resulting in an overall decline in rental affordability nationally.”

According to the report the total number of loans declined (excluding refinancing) decreased to 86,909, a decline of 20.0 per cent over the March quarter

“This is not unusual for the first quarter of the calendar year, however, compared with the same quarter of 2018, the number of new loans declined by 13.7 per cent,” Mr Kelly said.

“The number of those entering the home loan market also declined over the year. Interestingly, while loan size decreased for changeover buyers, it increased marginally for first home buyers.”

Mr Kelly noted that the RBA’s decision yesterday to cut interest rates by 25 basis point rates will see a further improvement in affordability.

“Subject to the banks passing on the full cut, for a first home buyer this means a saving of \$70 per month based on an average loan size of \$338k in the March quarter of 2019.”

State by State **New South Wales**

Over the March quarter, housing affordability in New South Wales improved with the proportion of income required to meet loan repayments decreasing to 35.4 per cent, a decrease of 1.3 percentage points over the quarter. Housing affordability also improved over the past year with proportion of income required to meet monthly loan repayments decreasing by 1.1 percentage points.

In New South Wales, the number of loans to first home buyers decreased to 5,790, a decrease of 24.2 per cent over the quarter and a decrease of 11.0 per cent compared to the March quarter 2018.

Rental affordability improved marginally in New South Wales over the March quarter with the proportion of income required to meet median rent payments decreasing to 28.2 per cent, a decrease of 0.1 percentage points over the March quarter and 1.9 percentage points compared with the March quarter 2018.

Victoria

Over the March quarter, housing affordability improved in Victoria with the proportion of income required to meet loan repayments decreasing to 32.5 per cent, a decrease of 0.6 percentage points over the quarter and 1.6 percentage points compared to the same quarter of the previous year.

The number of loans to first home buyers in Victoria decreased to 7,199, a decrease of 18.7 per cent over the quarter, and a decrease of 11.9% compared to the March quarter 2018. In Victoria, the total number of loans (excluding refinancing) decreased to 24,566, a decrease of 20.4 per cent during the quarter.

Rental affordability in Victoria improved over the March quarter with the proportion of income required to meet median rent decreasing marginally to 23.1 per cent, a decrease of 0.1 percentage points over the quarter and 0.7 percentage points compared with the March quarter 2018.

Queensland

Housing affordability in Queensland improved with the proportion of income required to meet loan repayments decreasing to 27.5%, a decrease of 0.6% over the quarter but remaining steady compared to the same quarter last year.

Over the March quarter, the number of loans to first home buyers in Queensland decreased to 4,677, a decrease of 17.4 per cent over the quarter and a decrease of 17.1 per cent compared to the same quarter of 2018. The number of loans (excluding refinancing) decreased in Queensland to 17,979, a decrease of 16.9 per cent over the quarter and a decrease of 14.9 per cent compared to the March quarter of the previous year.

Rental affordability in Queensland also improved over the quarter with the proportion of income required to meet the median rent decreasing to 22.0 per cent, a decrease of 0.1 percentage points over the quarter and a decrease of 1.1 percentage points over the past year.

South Australia

Over the March quarter, housing affordability in South Australia improved with the proportion of income required to meet monthly loan repayments decreasing to 26.9 per cent, a decrease of 0.6 percentage points over the quarter and 0.3 percentage points compared to the March quarter in 2018.

Over the March quarter, the number of loans to first home buyers in South Australia decreased to 1,370, a decrease of 16.7 per cent over the quarter but an increase of 5.6 per cent compared to the March quarter 2018. In South Australia, the total number of loans (excluding refinancing) decreased to 6,503, a decrease of 14.5% over the quarter, and a decrease of 2.0 per cent compared to the March quarter 2018.

Rental affordability in South Australia declined over the quarter with the proportion of income required to meet average rent payments increasing to 22.8 per cent, an increase of 0.8 percentage points over the quarter and an increase of 0.4 percentage points compared to the same quarter in 2018.

Western Australia

Over the March quarter, housing affordability in Western Australia improved with the proportion of income required to meet loan repayments decreasing to 22.6 per cent, a decrease of 0.5 percentage points over the quarter and a decrease of 1.0 percentage points over the previous year.

The number of first home buyers in Western Australia decreased to 3,313 in the March quarter, a decrease of 13.6 per cent over the quarter and a decrease of 7.4 per cent compared to the same time last year. The total number of loans (excluding refinancing) in Western Australia decreased to 9,235, a decrease of 16.2% over the quarter and a decrease of 9.3% compared to the same time last year.

Rental affordability in Western Australia also improved during the March quarter with the proportion of income required to meet the median rent decreasing to 16.5%, a decrease of 0.1 percentage points over the quarter. However, rental affordability declined over the past year with proportion of income required to meet median rent increasing 0.2 percentage points.

Tasmania

Over the March quarter, housing affordability in Tasmania improved with the proportion of income required to meet loan repayments decreasing to 25.4 per cent, a decrease of 0.9 percentage points over the quarter. However, housing affordability has declined over the past year with proportion of income required to meet monthly loan repayments increasing by 0.9 percentage points.

The number of first home buyers in Tasmania decreased to 475, a decrease of 12.8 per cent over the quarter but an increase of 13.1 per cent compared to the same quarter of the previous year. The total number of new loans (excluding refinancing) in Tasmania decreased to 2,245, a decrease of 12.9 per cent over the quarter but an increase of 4.5 per cent compared to the corresponding quarter 2018.

Rental affordability in Tasmania declined over the quarter with the proportion of income required to meet median rents increasing to 29.3 per cent, an increase of 1.2 percentage points over both the quarter and when compared to the same period in 2018.

Northern Territory

Over the March quarter, housing affordability in the Northern Territory declined with the proportion of income required to meet loan repayments increasing to 20.2 per cent, an increase of 0.8 percentage points over the quarter and an increase of 0.4 percentage points when compared to the March quarter 2018.

The number of loans to first home buyers in the Northern Territory decreased to 187, a decrease of 28.4% over the March quarter but an increase of 12.7% compared to the March quarter 2018. The number of new loans (excluding refinancing) in the Northern Territory decreased to 506, a decrease of 22.0 per cent over the quarter and a decrease of 17.6 per cent compared to the March quarter 2018.

Rental affordability in the Northern Territory improved during the March quarter with the proportion of income required to meet the median rent decreasing to 20.9 per cent, a decrease of 0.4 percentage points over the quarter and 1.6 percentage points over the previous year.

Australian Capital Territory

Over the March quarter, housing affordability in the Australian Capital Territory improved with the proportion of income required to meet loan repayments decreasing to 20.3 per cent, a decrease of 0.3 percentage points over the quarter.

The number of loans to first home buyers in the Australian Capital Territory decreased to 392, a decrease of 44.8 per cent over the quarter, and a decrease of 43.0 per cent compared to the March quarter 2018. The number of loans (excluding refinancing) in the Australian Capital Territory decreased to 1,952, a decrease of 31.0 per cent over the quarter and a decrease of 14.9 per cent compared to the March quarter 2018.

Rental affordability in the Australian Capital Territory has declined over the quarter with the proportion of income required to meet the median rent increasing to 19.0%, an increase of 0.1 percentage points over the quarter and an increase of 0.5 percentage points over the past year.

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 Adrian Kelly please contact Helen Hull via media@reia.com.au or 0419 642 961.