

Media Release
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REIA says rate cut to help affordability for home buyers

The RBA's decision to cut interest rates will help affordability for home buyers, according to the Real Estate Institute of Australia (REIA).

"The second cut in as many months is a major boost to housing affordability," REIA President Adrian Kelly, said.

"Subject to the banks passing on the cuts in full this means that for each \$100k borrowed annual payments decrease by \$500. For a first home buyer, who in the March quarter of 2019 had an average loan size of \$338k this means a saving of \$140 per month.

"REIA's Housing Affordability Report for the March quarter 2019 showed that the proportion of income required to meet loan repayments decreased to 30.3 per cent over the quarter, a decrease of 0.9 percentage points and a decrease of 1.0 percentage points over the past year.

"The two interest rate cuts in consecutive months would see this proportion decrease to 28.6 per cent, the lowest since 2003 and comes at a most opportune time for first home buyers.

"Unlike the last series of cuts in 2015 and 2016 which stimulated the housing market through increased investor activity this cut will stabilise the market.

"It is first home buyers that will benefit most with the number of first home buyers decreasing nationally to 8,010 in April with the average for the first four months of 2019 being 8,319, down by 1,100 per month compared to the last four months of 2018," Mr Kelly 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 Adrian Kelly please contact Helen Hull via media@reia.com.au or 0419 642 961.