

First home buyers take advantage of low interest rates: report

Housing affordability has improved across the country seeing the highest percentage of first home buyers in the marketplace in eight years, according to research from the Real Estate Institute of Australia.

REIA President Adrian Kelly said the September quarter 2019 edition of the *REIA Housing Affordability Report* found housing affordability improved in all states and territories, except Tasmania, while rental affordability improved across the nation.

“Although the average loan amount has risen, the increase in family income and the decrease in the interest rates have negated this rise,” Mr Kelly said.

“Similarly, with a small decrease in average rents, the percentage of income to meet these payments has also declined.

“The total number of loans increased over the September quarter by 10.0 per cent and the number of new loans to first home buyers increased by 9,270, some 13.6 per cent over the quarter and 6.8 per cent over the year.

“The percentage of first home loans to all home loans, excluding refinancing, is at 29.4 per cent. This is the highest percentage since 30.3 per cent in December 2011.

“The largest increase was in the Australian Capital Territory at 61.1 per cent, while South Australia and the Northern Territory bucked the upward national trend.”

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 36.2 per cent, a decrease of 0.9 percentage points over the quarter and a decrease of 0.3 percentage points compared with the corresponding quarter 2018. With the proportion of income required to meet loan repayments 5.7 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 8,246, an increase of 20.6 per cent over the quarter and an increase of 15.3 per cent compared to the September quarter 2018. Of the total number of first home buyers that purchased during the September quarter, 27.5 per cent were from New South Wales.

Over the September quarter, rental affordability in New South Wales improved with the proportion of income required to meet median rents decreasing to 27.8 per cent, a decrease of 0.2 percentage points over the quarter and a decrease of 0.7 percentage points compared with the corresponding quarter 2018.

Victoria

Over the September quarter, housing affordability improved in Victoria with proportion of family income devoted to meeting average loan repayments decreasing to 32.2 per cent, a decrease of 0.3 per cent over the quarter and a decrease of 1.3 per cent when compared to the corresponding quarter in the previous year.

The number of loans to first home buyers in Victoria increased to 9,395, an increase of 10.2 per cent over the quarter and an increase of 9.0 per cent compared to the September quarter 2018. Of the total number of first home buyers that purchased during the September quarter, 31.3 per cent were from Victoria while first home buyers make up 32.1 per cent of the State’s owner-occupier market.

Rental affordability in Victoria improved over the quarter with the proportion of income required to meet median rent decreasing to 22.7 per cent, a decrease of 0.3 percentage points over the quarter and a decrease of 0.7 per cent over the previous year.

Queensland

Housing affordability improved in Queensland over the September quarter with the proportion of income required to meet home loan repayments decreasing to 27.3 per cent, a decrease of 0.9 percentage points over the quarter and a decrease of 0.6 per cent when compared to the same quarter last year.

Over the September quarter, the number of loans to first home buyers in Queensland increased to 5,589, an increase of 16.8 per cent over the quarter but a decrease of 6.9 per cent compared to the same quarter of 2018. Of all Australian first home buyers over the quarter, 18.6 per cent were from Queensland while the proportion of first home buyers of the state's owner-occupier market was 27.0 per cent.

Rental affordability in Queensland also improved over the quarter with the proportion of the median family income required to meet the median rent decreasing to 21.7 per cent, a decrease of 0.2 percentage points over both the quarter and the same quarter 2018.

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 26.2 per cent, a decrease of 0.9 percentage points over the quarter and a decrease of 0.4 percentage points compared to the September quarter 2018.

Over the September quarter, the number of loans to first home buyers in South Australia decreased to 1,547, a decrease of 2.7 per cent over the quarter but an increase of 4.4 per cent compared to the September quarter 2018. Of all Australian first home buyers over the quarter, 5.2 per cent were from South Australia while the proportion of first home buyers in the state's owner-occupier market was 22.5 per cent.

Rental affordability in South Australia also improved over the quarter with the proportion of income required to meet rent payments decreasing to 21.8 per cent, a decrease of 0.2 percentage points over the quarter but remaining stable compared to the September quarter 2018.

Western Australia

Over the September quarter, housing affordability in Western Australia improved with the proportion of income required to meet loan repayments decreasing to 22.1 per cent, a decrease of 0.3 percentage points over the quarter and a decrease of 0.4 percentage points compared to the September quarter 2018.

The number of first home buyers in Western Australia increased to 3,817 in the September quarter, an increase of 9.9 per cent over the quarter and an increase of 6.3 percentage points compared to the same time last year. Of all Australian first home buyers over the quarter, 12.7 per cent were from Western Australia while the proportion of first home buyers in the state's owner-occupier market was 37.0 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 marginally to 16.3 per cent, a decrease of 0.1 percentage points over the quarter but an increase of 0.2 percentage points compared to the year before.

Tasmania

Housing affordability in Tasmania declined over the September quarter with the proportion of income required to meet home loan repayments increasing to 26.2 per cent, an increase of 0.4 percentage points over the quarter and an increase of 1.5 percentage points from the September quarter 2018.

The number of first home buyers in Tasmania increased to 502, an increase of 1.4 per cent over the quarter and an increase of 3.7 per cent compared to the same quarter of the previous year. Of all Australian first home buyers over the quarter, 1.7 per cent were from Tasmania while the proportion of first home buyers in the state's owner-occupier market was 22.3 per cent.

Rental affordability in Tasmania improved over the quarter with the proportion of income required to meet median rents decreasing to 29.6 per cent, a decrease of 0.3 percentage points over the quarter but an increase 1.3 percentage points compared with the September quarter 2018.

Northern Territory

Housing affordability in the Northern Territory improved with the proportion of income required to meet loan repayments decreasing to 19.2 per cent in the September quarter, a decrease of 1.4 percentage points over the quarter and a decrease of 1.7 percentage points when compared to the September quarter 2018.

The number of loans to first home buyers in the Northern Territory decreased to 218, a decrease of 20.4 per cent over the September quarter but an increase of 6.9 per cent compared to the September quarter 2018. 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 41.1 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 19.1 per cent, a decrease of 1.1 percentage points over the quarter and a decrease of 0.9 percentage points compared to the September quarter 2018.

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 19.5 per cent, a decrease of 1.1 percentage points over the quarter and a decrease of 0.2 percentage points compared to the same quarter last year.

The number of loans to first home buyers in the Australian Capital Territory increased to 662, an increase of 61.1 per cent over the quarter and an increase of 24.9 per cent compared to the September quarter 2018. Of all Australian first home buyers over the quarter, 2.2 per cent were from the Australian Capital Territory while the proportion of first home buyers in the Territory's owner-occupier market was 28.3 per cent.

Rental affordability in the Australian Capital Territory also improved over the September quarter with the proportion of income required to meet the median rent decreasing to 18.3 per cent, a decrease 0.6 percentage points over the quarter and a decrease of 0.1 percentage points compared to the September quarter 2018.

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.