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HOUSING AFFORDABILITY IMPROVES MARGINALLY IN THE MARCH QUARTER

The REIA Housing Affordability Report is out for the March quarter and shows a marginal improvement across the country to housing affordability.

The proportion of income required to meet loan repayments decreased by 0.1 percentage points to 34.7% over the quarter, according to the report.

In his introduction to the report REIA president, Adrian Kelly outlined the highlights of the findings.

“With the exception of Victoria, Tasmania and Western Australia, housing affordability improved across the states and territories with the Australian Capital Territory having the largest improvement 1.1 percentage points,” said Mr Kelly.

“Rental affordability improved in the March quarter with the proportion of income required to meet rent payments decreasing to 23.5%, a decrease of 0.1 percentage points over the quarter.

“Rental affordability improved in Queensland, Western Australia and the Northern Territory, but declined in New South Wales, Victoria, South Australia, Tasmania and the Australian Capital Territory.”

When it comes to loans the total number has declined compared to the December quarter of the previous year.

“This is not unusual for the first quarter of the calendar year, however there was a 4.2% increase on the number of new loans from the same quarter of 2019,” said Mr Kelly.

“The number of first home buyers decreased to 27,082, a decrease of 10.7% during the quarter but an increase of 23.1% compared to the March quarter 2019.

“With the introduction of the First Home Buyer Deposit scheme on 1 January we expect that share of first home buyers will continue to grow.”

The report shows the number of first home buyers decreased in all states and territories over the March quarter.

The largest decrease was in the Australian Capital Territory (-22.2%).

Compared to the corresponding quarter 2019, the number of first home buyers increased in all states and territories, with the largest increase in the Australian Capital Territory (57.6%).

The next edition of the report will reflect the impact the current COVID19 pandemic has had on affordability.

State by State

NSW

Over the March quarter, housing affordability in New South Wales improved with the proportion of income required to meet loan repayments decreasing to 42.5%, a decrease of 0.4 percentage points over the quarter but an increase of 4.5 percentage points compared with the corresponding quarter 2019.

With the proportion of income required to meet loan repayments 7.8 percentage points higher than the nation's average, New South Wales remained the least affordable state or territory in which to buy a home.

Over the March quarter, rental affordability in New South Wales declined marginally with the proportion of income required to meet median rents increasing to 27.5%, an increase of 0.1 percentage points over the quarter but a decrease of 0.7 percentage points compared with the corresponding quarter 2019.

In New South Wales, the number of loans to first home buyers decreased to 6,622 a decrease of 11.0% over the quarter but an increase of 33.3% compared to the March quarter 2019.

Of the total number of first home buyers that purchased during the March quarter, 24.5% were from New South Wales while first home buyers make up 32.9% of the state's owner-occupier market.

The average loan to first home buyers increased to \$502,552, an increase of 2.4% over the quarter and an increase of 19.8% compared to the same quarter last year.

The number of dwelling loans in New South Wales decreased to 20,105, a decrease of 17.5% over the quarter but an increase of 8.5% compared to the March quarter 2019.

The average loan size increased to \$595,315, an increase of 0.4% over the quarter and an increase of 22.2% compared to the corresponding quarter of 2019. New South Wales has the largest average loan size across the country, 22.4% higher than the national average.

Victoria

Over the March quarter, housing affordability declined in Victoria with proportion of family income devoted to meeting average loan repayments increasing to 37.5%, an increase of 1.0% over the quarter and an increase of 2.9% when compared to the corresponding quarter in the previous year.

Rental affordability in Victoria declined over the quarter with the proportion of income required to meet median rent increasing to 23.0%, an increase of 0.4 percentage points over the quarter but a decrease of 0.1 percentage points over the previous year.

The number of loans to first home buyers in Victoria decreased to 8,624, a decrease of 16.0% over the quarter but an increase of 24.4% compared to the March quarter 2019.

Of the total number of first home buyers that purchased during the March quarter, 31.8% were from Victoria while first home buyers make up 40.3% of the state's owner-occupier market.

In the March quarter 2020, the average loan to first home buyers was \$437,871, an increase of 2.3% over the quarter and an increase of 14.0% compared to the March quarter 2019. In Victoria, the total number of loans decreased to 21,396, a decrease of 15.8% during the quarter but an increase of 4.3% compared to the March quarter 2019.

The average loan size was \$514,741 over the quarter, an increase of 4.1% and an increase of 18.8% when compared to the corresponding quarter 2019. Victoria's average loan size is 5.9% higher than the national average.

Queensland

Housing affordability improved in Queensland over the March quarter with the proportion of income required to meet home loan repayments decreasing to 30.4%, a decrease of 0.2 percentage points over the quarter but an increase of 0.8 percentage points when compared to the March quarter 2019.

Rental affordability in Queensland improved over the quarter with the proportion of the median family income required to meet the median rent decreasing to 22.0%, a decrease of 0.1 percentage points over the quarter but remained stable compared with the same quarter 2019.

Over the March quarter, the number of loans to first home buyers in Queensland decreased to 5,419, a decrease of 5.9% over the quarter but an increase of 20.8% compared to the same quarter of 2019.

Of all Australian first home buyers over the quarter, 20.0% were from Queensland while the proportion of first home buyers in the state's owner-occupier market was 34.1%.

The average loan size to first home buyers increased to \$374,036, an increase of 3.4% during the quarter and an increase of 12.9% compared to the March quarter 2019.

The number of loans decreased in Queensland to 15,911, a decrease of 11.1% over the quarter but an increase of 5.4% compared to the March quarter of the previous year.

The average loan size increased to \$414,154, an increase of 0.4% during the quarter and an increase of 12.0% compared to the March quarter 2019. Queensland's average loan size is 14.8% lower than the national average.

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 27.9%, a decrease of 0.1 percentage points over the quarter but an increase of 0.2 percentage points compared to the March quarter 2019.

Rental affordability in South Australia declined over the quarter with the proportion of income required to meet rent payments increasing to 22.5%, an increase of 0.2 percentage points over the quarter but a decrease of 0.3 percentage points compared to the March quarter 2019.

Over the March quarter, the number of loans to first home buyers in South Australia decreased to 1,493, a decrease of 10.5% over the quarter but an increase of 8.7% compared to the March quarter 2019.

Of all Australian first home buyers over the quarter, 5.5% were from South Australia while the proportion of first home buyers in the state's owner-occupier market was 25.9%.

The average loan size to first home buyers increased to \$334,226, an increase of 1.4% over the quarter and an increase of 8.2% when compared to a year earlier.

In South Australia, the total number of loans decreased to 5,764, a decrease of 11.5% over the quarter and a decrease of 4.5% compared to the March quarter 2019.

The average loan size increased to \$358,171, an increase of 0.8% over the quarter and an increase of 10.3% compared to the same time last year.

South Australia's average loan size is 26.3% lower than the national average.

Western Australia

Over the March quarter, housing affordability in Western Australia declined with the proportion of income required to meet loan repayments increasing to 25.0%, an increase of 0.1 percentage points over the quarter and an increase of 0.2 percentage points compared to the March quarter 2019.

Rental affordability in Western Australia improved during the March quarter with the proportion of family income required to meet the median rent decreasing to 16.6%, a marginal decrease of 0.1 percentage points over the quarter and a marginal increase of 0.1 percentage points compared to the year before.

The number of first home buyers in Western Australia decreased to 3,547 in the March quarter, a decrease of 2.3% over the quarter but an increase of 12.0% compared to the same time last year.

Of all Australian first home buyers over the quarter, 13.1% were from Western Australia while the proportion of first home buyers in the state's owner-occupier market was 45.9%.

The average loan to first home buyers increased to \$353,115, an increase of 2.2% over the quarter and an increase of 9.1% when compared to the March quarter 2019.

The total number of loans in Western Australia decreased to 7,733, a decrease of 6.7% over the quarter but an increase of 4.3% compared to the March quarter 2019.

The average loan size increased to \$406,246, an increase of 2.0% over the quarter and an increase of 10.3% compared to the March quarter 2019.

Western Australia's average loan size is 16.4% lower than the national average.

Tasmania

Housing affordability in Tasmania declined over the March quarter with the proportion of income required to meet home loan repayments increasing to 29.6%, an increase of 0.4 percentage points over the quarter and an increase of 2.8 percentage points from the March quarter 2019.

Rental affordability in Tasmania also declined over the quarter with the proportion of income required to meet median rents increasing to 30.5%, an increase of 0.5 percentage points over the quarter and an increase of 1.2 percentage points compared with the March quarter 2019.

The number of first home buyers in Tasmania decreased to 564, a decrease of 0.5% over the quarter but an increase of 11.9% compared to the same quarter of the previous year.

Of all Australian first home buyers over the quarter, 2.1% were from Tasmania while the proportion of first home buyers in the state's owner-occupier market was 32.6%.

The average loan to first home buyers increased to \$302,128, an increase of 3.6% over the quarter and an increase of 6.2% compared to the March quarter 2019.

The total number of new loans for dwellings in Tasmania decreased to 1,732, a decrease of 8.3% over the quarter and a decrease of 16.0% compared to the corresponding quarter 2019.

The average loan size increased to \$343,649, an increase of 2.8% over the quarter and an increase of 21.0% compared to the same time last year.

Tasmania continues to have the lowest average loan size across the country. Tasmania's average loan size is 29.3% lower than the national average.

Northern Territory

Housing affordability in the Northern Territory improved with the proportion of income required to meet loan repayments decreasing to 20.2% in the March quarter, a decrease of 0.8 percentage points over the quarter and a decrease of 1.5 percentage points when compared to the March quarter 2019.

Rental affordability in the Northern Territory improved over the quarter with the proportion of income required to meet the median rent decreasing to 20.6%, a decrease of 0.6 percentage points over the quarter and a decrease of 0.3 percentage points compared to the March quarter 2019.

The number of loans to first home buyers in the Northern Territory decreased to 200, a decrease of 8.7% over the March quarter but an increase of 10.5% compared to the March quarter 2019.

Of all Australian first home buyers over the quarter, 0.7% were from the Northern Territory while the proportion of first home buyers in the Territory's owner-occupier market was 44.9%.

The average loan size to first home buyers increased to \$366,500, an increase of 7.3% over the quarter and an increase of 5.0% compared to the March quarter 2019.

The number of new loans in the Northern Territory decreased to 445, a decrease of 15.1% over the quarter but an increase of 6.7% compared to the March quarter 2019.

The average loan size decreased to \$346,517, a decrease of 2.6% over the quarter but an increase of 1.8% compared to the March quarter 2019. The Northern Territory's average loan size is 28.7% lower than the national average.

Australian Capital Territory

Housing affordability in the Australian Capital Territory improved over the March quarter with the proportion of income required to meet home loan repayments decreasing to 21.2%, a decrease of 1.1

percentage points over the quarter and a decrease of 0.5 percentage points compared to the corresponding quarter 2019.

Rental affordability in the Australian Capital Territory declined over the March quarter with the proportion of income required to meet the median rent increasing to 19.0%, an increase of 0.2 percentage points over the quarter but remained stable compared to the March quarter 2019.

The number of loans to first home buyers in the Australian Capital Territory decreased to 613, a decrease of 22.2% over the quarter but an increase of 57.6% compared to the March quarter 2019.

Of all Australian first home buyers over the quarter, 2.3% were from the Australian Capital Territory while the proportion of first home buyers in the Territory's owner-occupier market was 32.6%.

The average loan for first home buyers increased to \$446,330, an increase of 4.8% over the quarter and an increase of 14.8% compared to the corresponding quarter 2019.

The number of loans in the Australian Capital Territory decreased to 1,883, a decrease of 20.9% over the quarter but an increase of 20.9% compared to the March quarter 2019.

The average loan size decreased to \$458,471, a decrease of 3.8% over the quarter but an increase of 6.8% compared to the March quarter 2019.

The Australian Capital Territory's average loan size is 5.7% lower than the national average.

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The Real Estate Institute of Australia (REIA) is the national professional association for real estate agents in Australia.

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