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Best rental affordability results since 2007: REIA

The REIA Housing Affordability Report (the Report) was released today and shows housing affordability has improved slightly across the country in the June quarter.

REIA president, Adrian Kelly said rental affordability had improved in both the June quarter and the past year.

“The proportion of income required to meet rent payments decreased to 23.3 per cent in the quarter, a decrease of 0.4 percentage points over the quarter and down 0.5 percentage points compared to the same time last year,” said Mr Kelly.

“This can be mainly attributed to the reduction or stabilisation of rents during the June quarter with only the Australian Capital Territory having an increase in rents.

“Rental affordability has not been this high since December 2007, a positive for renters in these COVID times.”

Mr Kelly also said the proportion of household income required to meet loan repayments decreased by 0.2 percentage points to 34.5 per cent over the quarter.

“Even though the family income only increased 0.1 percentage point during the period, the average loan repayment decreased 0.6 percentage points through a drop in the average variable standard interest rate,” said Mr Kelly.

The Report also shows the total number of new loans have declined compared both the March quarter of 2020 and the June quarter of the previous year.

“This is the lowest number of new loans issued in the past 5 years for all areas except New South Wales and the Australian Capital Territory and reflects the reduced activity in the housing market as a result of restrictions associated with COVID,” said Mr Kelly.

About the Housing Affordability Report

The quarterly Housing Affordability Report is recognised as the most authoritative indicator of Australian housing affordability. Subscribers to the Report include state and Federal Treasuries, the Reserve Bank of Australia, academic institutions, financial institutions, libraries, brokers, developers and major consultancy groups.

State by state

NSW

Over the June quarter, housing affordability in New South Wales improved with the proportion of income required to meet loan repayments decreasing to 42.3%, a decrease of 0.2 percentage points over the quarter, but an increase of 2.4 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 June quarter, rental affordability in New South Wales remained stable with the proportion of income required to meet median rents remaining at 27.5% over the quarter, but decreasing 0.5 percentage points compared with the corresponding quarter 2019.

In New South Wales, the number of loans to first home buyers increased to 6,801, an increase of 2.7% over the quarter, and an increase of 16.0% compared to the June quarter 2019.

Of the total number of first home buyers that purchased during the June quarter, 25.2% were from New South Wales while first home buyers make up 32.5% of the state's owner-occupier market.

The average loan to first home buyers increased to \$515,615, an increase of 2.6% over the quarter and an increase of 16.0% compared to the same quarter last year.

The number of dwelling loans in New South Wales increased to 20,951, an increase of 4.2% over the quarter and an increase of 1.2% compared to the June quarter 2019.

The average loan size increased to \$605,050, an increase of 1.6% over the quarter, and an increase of 17.0% compared to the corresponding quarter of 2019.

New South Wales has the largest average loan size across the country, 22.7% higher than the national average.

Victoria

Over the June quarter, housing affordability improved in Victoria with proportion of family income devoted to meeting average loan repayments decreasing to 36.8%, a decrease of 0.7 percentage points over the quarter but an increase of 2.0 percentage points when compared to the corresponding quarter in the previous year.

Rental affordability in Victoria improved over the quarter with the proportion of income required to meet median rent decreasing to 22.5%, a decrease of 0.5 percentage points both over the quarter and the previous year.

The number of loans to first home buyers in Victoria increased to 9,119, an increase of 5.7% over the quarter and an increase of 11.0% compared to the June quarter 2019.

Of the total number of first home buyers that purchased during the June quarter, 33.8% were from Victoria while first home buyers make up 42.3% of the state's owner-occupier market.

In the June quarter 2020, the average loan to first home buyers was \$442,099, an increase of 1.0% over the quarter and an increase of 12.8% compared to the June quarter 2019.

In Victoria, the total number of loans increased to 21,571, an increase of 0.8% during the quarter but a decrease of 4.1% compared to the June quarter 2019.

The average loan size was \$515,567 over the quarter, an increase of 0.2%, and an increase of 17.0% when compared to the corresponding quarter 2019.

Victoria's average loan size is 4.5% higher than the national average.

Queensland

Housing affordability improved in Queensland over the June quarter with the proportion of income required to meet home loan repayments decreasing to 29.7%, a decrease of 0.7 percentage points over the quarter and a decrease of 0.8 percentage points when compared to the June quarter 2019.

Rental affordability in Queensland improved over the quarter with the proportion of family income required to meet median rent decreasing to 21.5%, a decrease of 0.5 percentage points over the quarter and a decrease of 0.4 percentage points compared with the same quarter 2019.

Over the June quarter, the number of loans to first home buyers in Queensland decreased to 4,888, a decrease of 9.8% over the quarter but an increase of 6.4% compared to the same quarter of 2019.

Of all Australian first home buyers over the quarter, 18.1% were from Queensland while the proportion of first home buyers of the state's owner-occupier market was 34.1%.

The average loan size to first home buyers increased to \$376,207, an increase of 0.6% during the quarter and an increase of 10.6% compared to the June quarter 2019.

The number of loans decreased in Queensland to 14,342, a decrease of 9.9% over the quarter and an decrease of 5.4% compared to the June quarter of the previous year.

The average loan size increased to \$414,426, an increase of 0.1% during the quarter and an increase of 7.6% compared to the June quarter 2019. Queensland's average loan size is 16.0% lower than the national average.

South Australia

Over the June quarter, housing affordability in South Australia improved with the proportion of income required to meet monthly loan repayments decreasing to 27.6%, a decrease of 0.3 percentage points over the quarter and a decrease of 0.3 percentage points compared to the June quarter 2019.

Rental affordability in South Australia improved over the quarter with the proportion of income required to meet rent payments decreasing to 21.5%, a decrease of 1.0 percentage points over the quarter and a decrease of 0.5 percentage points compared to the June quarter 2019.

Over the June quarter, the number of loans to first home buyers in South Australia increased to 1,562, an increase of 4.6% over the quarter but a decrease of 2.2% compared to the June quarter 2019.

Of all Australian first home buyers over the quarter, 5.8% were from South Australia while the proportion of first home buyers in the state's owner-occupier market was 27.5%

The average loan size to first home buyers increased to \$338,668, an increase of 1.3% over the quarter and an increase of 10.0% when compared to a year earlier.

In South Australia, the total number of loans decreased to 5,688, a decrease of 1.3% over the quarter and a decrease of 8.3% compared to the June quarter 2019.

The average loan size increased to \$362,834, an increase of 1.3% over the quarter and an increase of 9.6% compared to the same time last year.

South Australia's average loan size is 26.4% lower than the national average.

Western Australia

Over the June quarter, housing affordability in Western Australia improved with the proportion of income required to meet loan repayments decreasing to 24.0%, a decrease of 1.0 percentage points over the quarter and a decrease of 0.7 percentage points compared to the June quarter 2019.

Rental affordability in Western Australia improved during the June quarter with the proportion of family income required to meet the median rent decreasing to 16.1%, a decrease of 0.5 percentage points over the quarter and a decrease of 0.3 percentage points compared to the year before.

The number of first home buyers in Western Australia decreased to 3,181 in the June quarter, a decrease of 10.3% over the quarter and a decrease of 4.3% compared to the same time last year.

Of all Australian first home buyers over the quarter, 11.8% were from Western Australia while the proportion of first home buyers in the state's owner-occupier market was 46.4%.

The average loan to first home buyers increased to \$355,611, an increase of 0.7% over the quarter and an increase of 9.7% when compared to the June quarter 2019.

The total number of loans in Western Australia decreased to 6,855, a decrease of 11.4% over the quarter and a decrease of 11.3% compared to the June quarter 2019.

The average loan size decreased to \$397,739, a decrease of 2.1% over the quarter but an increase of 7.3% compared to the June quarter 2019.

Western Australia's average loan size is 19.4% lower than the national average.

Tasmania

Housing affordability in Tasmania improved over the June quarter with the proportion of income required to meet home loan repayments decreasing to 29.0%, a decrease of 0.6 percentage points over the quarter but an increase of 1.7 percentage points from the June quarter 2019.

Rental affordability in Tasmania also improved over the quarter with the proportion of income required to meet median rents decreasing to 28.5%, a decrease of 2.0 percentage points over the quarter and a decrease of 1.4 percentage points compared with the June quarter 2019.

The number of first home buyers in Tasmania decreased to 518, a decrease of 8.2% over the quarter and a decrease of 1.3% compared to the same quarter of the previous year.

Of all Australian first home buyers over the quarter, 1.9% were from Tasmania while the proportion of first home buyers in the state's owner-occupier market was 32.9%.

The average loan to first home buyers increased to \$303,089, an increase of 0.3% over the quarter and an increase of 1.7% compared to the June quarter 2019.

The total number of new loans for dwellings in Tasmania decreased to 1,575, a decrease of 9.1% over the quarter and a decrease of 20.7% compared to the corresponding quarter 2019.

The average loan size increased to \$344,825, an increase of 0.3% over the quarter and an increase of 17.9% 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 30.1% lower than the national average.

Northern Territory

Housing affordability in the Northern Territory declined with the proportion of income required to meet loan repayments increasing to 20.4% in the June quarter, an increase of 0.2 percentage points over the quarter but a decrease of 2.9 percentage points when compared to the June 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 20.2%, a decrease of 0.4 percentage points over the quarter but remained stable compared to the June quarter 2019.

The number of loans to first home buyers in the Northern Territory increased to 211, an increase of 5.5% over the June quarter but a decrease of 20.7% compared to the June quarter 2019.

Of all Australian first home buyers over the quarter, 0.8% were from the Northern Territory while the proportion of first home buyers in the Territory's owner-occupier market was 45.0%.

The average loan size to first home buyers increased to \$377,725, an increase of 3.1% over the quarter and an increase of 9.8% compared to the June quarter 2019.

The number of new loans in the Northern Territory increased to 469, an increase of 5.4% over the quarter but a decrease of 14.4% compared to the June quarter 2019.

The average loan size increased to \$358,635, an increase of 3.5% over the quarter but a decrease of 2.9% compared to the June quarter 2019.

The Northern Territory's average loan size is 27.3% lower than the national average.

Australian Capital Territory

Housing affordability in the Australian Capital Territory declined over the June quarter with the proportion of income required to meet home loan repayments increasing to 22.3%, an increase of 1.1 percentage points over the quarter and an increase of 0.1 percentage points compared to the corresponding quarter 2019.

Rental affordability in the Australian Capital Territory declined over the June quarter with the proportion of income required to meet the median rent increasing to 19.2%, an increase of 0.2 percentage points over the quarter and an increase of 0.3 percentage points compared to the June quarter 2019.

The number of loans to first home buyers in the Australian Capital Territory increased to 677, an increase of 10.4% over the quarter and an increase of 65.9% compared to the June quarter 2019.

Of all Australian first home buyers over the quarter, 2.5% were from the Australian Capital Territory while the proportion of first home buyers in the Territory's owner-occupier market was 33.0%.

The average loan for first home buyers decreased to \$445,495, a decrease of 0.2% over the quarter but an increase of 20.1% compared to the corresponding quarter 2019.

The number of loans in the Australian Capital Territory increased to 2,051, an increase of 8.9% over the quarter and an increase of 13.4% compared to the June quarter 2019.

The average loan size increased to \$494,490 an increase of 7.9% over the quarter and an increase of 11.5% compared to the June quarter 2019.

The Australian Capital Territory's average loan size is 0.2% higher 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.

For further information or to speak with REIA President Adrian Kelly please contact Samantha Elley via media@reia.com.au or 0413 986 068.