

3rd March, 2021

COVID-19 PANDEMIC SEES FIRST HOME BUYERS INCREASE MARKET SHARE BY 50.4%

Real Estate Institute of Australia's (REIA) latest Housing Affordability Report (HAR) shows that housing affordability in Australia declined nationally in the December quarter 2020 although, overall it improved over the year by 0.7 percentage points.

REIA President, Adrian Kelly said that the decline in affordability is largely attributable to higher house prices and larger loans.

"The market defied the doomsday predictions with median house prices rising across the country in 2020 with demand driven mostly from first home buyers.

"Australian first home buyers increased their market share by 50.4% over 2020, motivated by low interest rates and the range of first-home buyer incentives on offer."

"Seeing this trend in conversion to home ownership is particularly great news given the challenges many tenants and investors faced over the pandemic however surging house prices could see housing affordability obliterated unless measures to improve supply are implemented. This particularly applies to regional parts of Australia."

Mr Kelly said the proportion of income required to meet loan repayments increased to 34.8% or 0.9 percentage points."

"The measure for housing affordability – the proportion of income required to meet loan repayments – ranged from an increase of 0.1 percentage points in Victoria to an increase of 2.3 percentage points in New South Wales.

"New South Wales is the least affordable state, where the proportion of income required to meet loan repayments is 44.6%.

"The Northern Territory is the most affordable with the proportion of income required to meet loan repayments 21.9%. It is now more affordable to buy than rent in the Northern Territory," he said.

Mr Kelly said rental affordability over the quarter declined, with the proportion of income required to meet rent payments increasing to 24.0%.

"Rental affordability declined by 0.2 percentage points over the quarter but increase of 0.4 percentage points over the past 12 months nationally."

"Tasmania is now the least affordable state to rent with the proportion of income required to meet rent repayments now a staggering 29.5%, 5.5 percentage points higher than the national level."

"Western Australia is the most affordable, despite the proportion of income required to meet median rents increasing to 17.8%," he said.

Subscriptions to HAR, and the underlying data, can be purchased [here](#).

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About the Housing Affordability Report

REIA is proud to present HAR for the December quarter 2020, and in 2021, we will have been publishing HAR for 25 years.

HAR is now recognised as the most authoritative indicator of Australian housing affordability. Subscribers to include State and Federal Treasuries, the Reserve Bank of Australia, academic institutions, financial institutions, libraries, brokers, developers and major consultancy groups. We thank you for your continued support.

About the Real Estate Institute of Australia

Established in 1924, REIA is a federated body of State & Territory Real Estate Institutes representing 85% of Australian real estate agencies. We are a national advocate for the Australian real estate industry which is made up of 46,793 Australian businesses that employs 133,360 Australians. For more information visit www.reia.asn.au