

REAL ESTATE INSTITUTE OF
AUSTRALIA



Housing Affordability Report

JUNE QUARTER
2021



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Housing affordability declined while rental affordability improved marginally in the June quarter 2021

STATE OF THE NATION

Housing affordability has declined over the June quarter of 2021, with the proportion of income required to meet loan repayments increasing to 35.4%. This was an increase of 2.1 percentage points over the quarter, and 1.9 percentage points compared to the corresponding quarter of 2020.

Housing affordability improved over the June quarter in Tasmania and the Northern Territory, but declined in all other states and the Australian Capital Territory.

CASH RATE

The Reserve Bank of Australia (RBA) maintained the official cash rate at 0.1% in the June quarter. The quarterly average variable standard interest rate remained stable at 4.5%. The quarterly average three-year fixed rate remained stable at 2.2%.

FIRST HOME BUYERS

The number of first home buyers decreased to 43,226, a decrease of 1.8% during the quarter, but an increase of 59.5% over the past 12 months.

First home buyers now make up 37.2% of owner occupier dwelling commitments.

The number of first home buyers increased over the June quarter in New South Wales, Victoria and the Australian Capital Territory, but decreased in all other states and the Northern Territory. The number of first home buyers increased in all states and territories over the past 12 months. Western Australia had the largest annual increase of first home buyers (94.6%) and the Australian Capital Territory had the lowest increase (28.6%).

The average loan size to first home buyers increased to \$450,467. This was an increase of 5.8% over the quarter and an increase of 5.3% over the past twelve months.

The average loan size to first home buyers increased in all states and territories except Western Australia, Tasmania and the Northern Territory. Increases ranged from 1.8% in the Australian Capital Territory to 8.6% in New South Wales.

LENDING TRENDS

The total number of owner occupied dwelling loans increased to 116,248, an increase of 6.4% over the June quarter, and an increase of 63.1% over the past 12 months.

The total number of loans for owner occupied dwellings decreased over the quarter in Queensland, Western Australia and Tasmania, but increased in all other states and territories. The number of loans increased in all states and territories over the past 12 months, ranging from 33.7% in the Australian Capital Territory to 106.1% in Western Australia.

Over the June quarter, the average loan size increased to \$548,323, an increase of 8.3% over the quarter and an increase of 9.6% over the past 12 months.

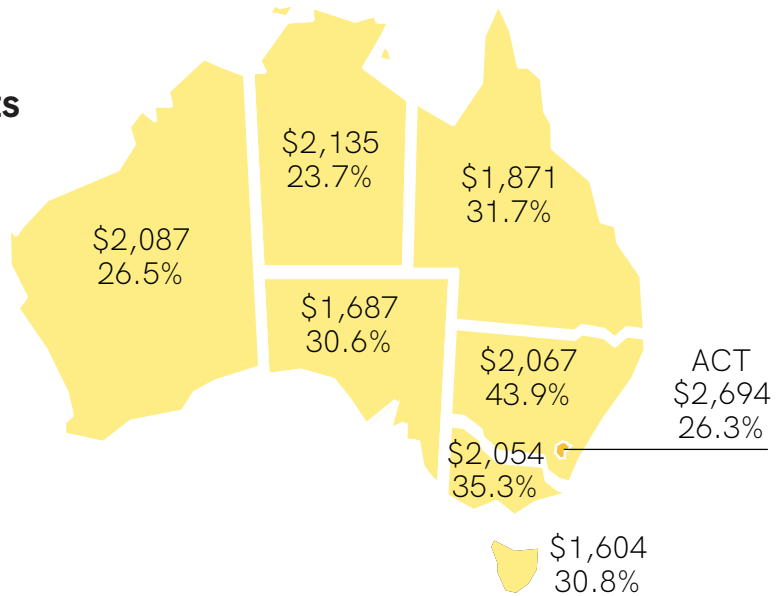
The average loan size increased in all states and territories with New South Wales having the highest increase of 11.2%. The average loan size increased in all states and territories over the past 12 months, ranging from 7.2% in South Australia to 14.2% in New South Wales.

Please note: recently, the REIA revised the methodology used for calculating median family income. This has been backcast to June 1983. The new family income amounts are available on subscription on the REIA website (HLAR 4 -Median weekly family income by state and nationally from 1996).

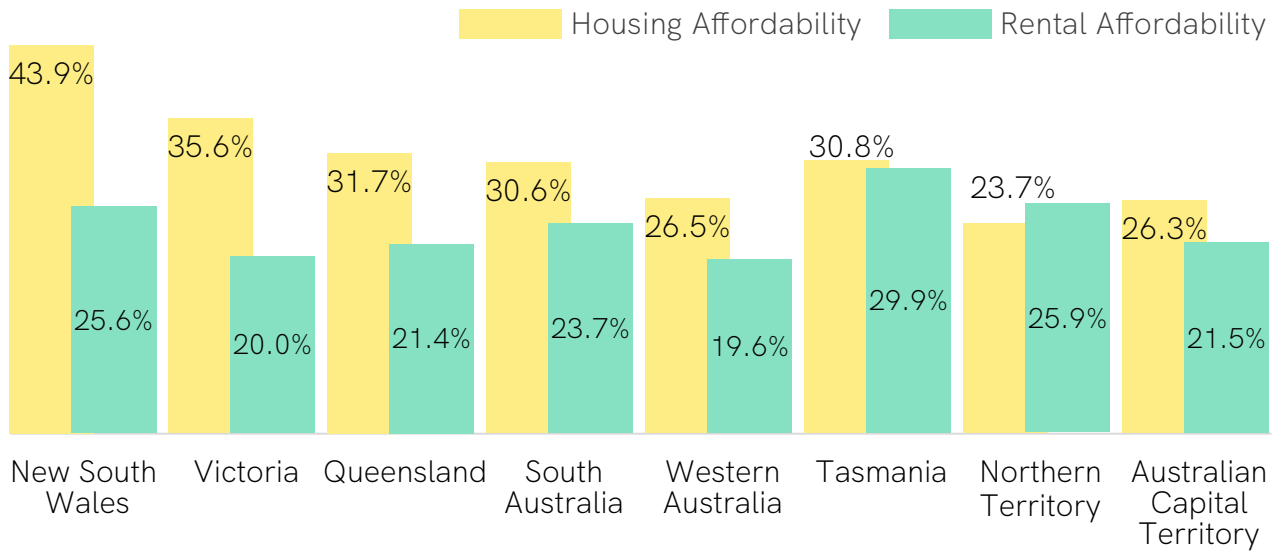


Family Income and Weekly Repayments

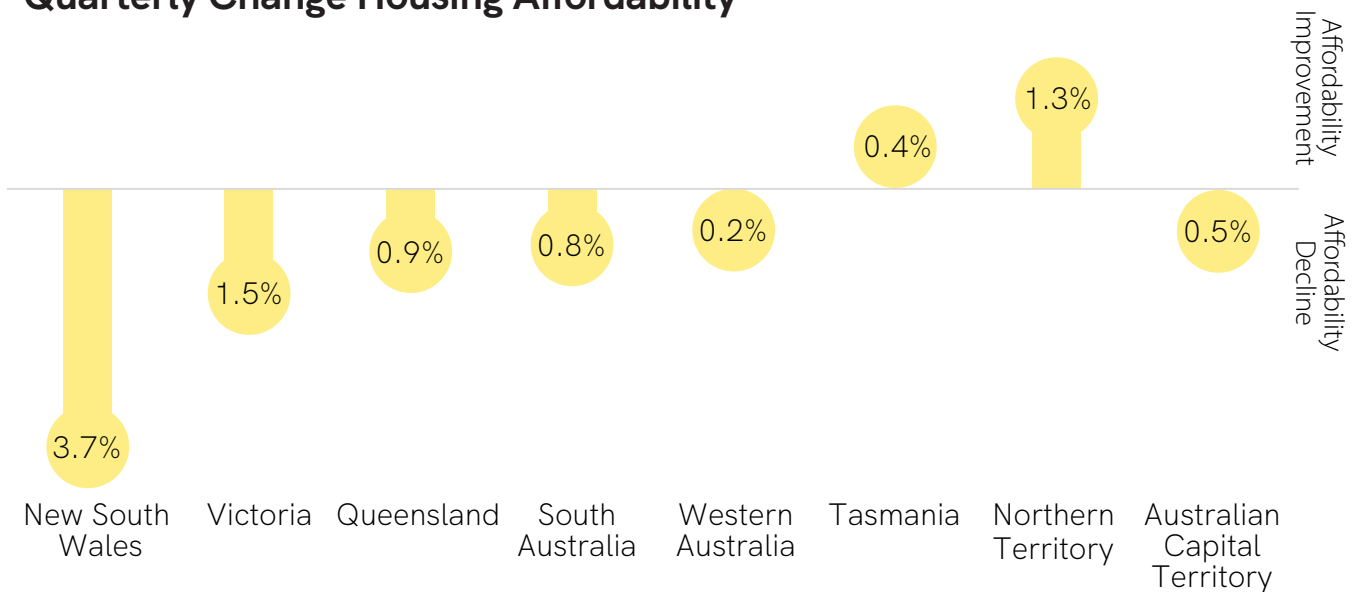
Median weekly family income and proportion required to meet loan repayments



Housing and Rental Affordability



Quarterly Change Housing Affordability



PRESIDENT'S MESSAGE



Welcome to the REIA Housing Affordability Report for the June 2021 quarter in what continues to be a rising market.

Over April – June 2021, limited properties were available for both rentals and sales with prospective tenants and buyers hotly contesting each and every home hitting the market.

From a public health viewpoint, lockdowns over April – June 2021 were of negligible impact to market activity. This included: Western Australia (6 days), Victoria (13 days), Queensland (2 days), the Northern Territory (4 days) with the Greater Sydney lockdown (5 days) starting on June 26 2021.

Rental Affordability

Rental affordability improved marginally across Australia by 0.3 percentage points over the quarter. Proportion of income required for rent decreased to 22.8%.

Over the quarter, rental affordability improved in New South Wales, Victoria, Queensland and South Australia and stabilised in Tasmania and the Australian Capital Territory.

Western Australia remained the most affordable place to rent with the median income to rent ratio sitting at 19%. Tasmania was the least affordable with 29.9% of median income required to meet rental commitments.

Despite prolific media headlines about availability and cost of private rentals, affordability of rent to median income remains by and large constant and this should be reflected in State and Federal Government housing policy settings.

Housing Affordability

House sales continued to record premiums over the quarter and this was reflected in affordability.

The weighted average capital city median house price increased to \$913,946 and average loans size increased 8.3%.

Income required to meet loan repayments rose to 35.4% or 2.1 percentage points, and increased 1.9 percentage points compared to the same quarter of 2020.

Housing affordability improved over the June quarter in Tasmania and the Northern Territory, but declined in all other states and the Australian Capital Territory.

New South Wales had the largest increase of home loans at 11.1% which was \$70,311 higher than last quarter.

First Home Buyers

First home buyers decreased to 43,226 or 1.8% during the quarter, this is still a huge increase of 59.5% over the past 12 months.

The number of first home buyers increased over the June quarter in New South Wales, Victoria and the Australian Capital Territory, but decreased in all other states and the Northern Territory.

Victoria welcomed the highest number of first home buyers at 13,717.

REIA has also included a new Rent Buy Differential as a measure of overall affordability in HAR.

Looking ahead

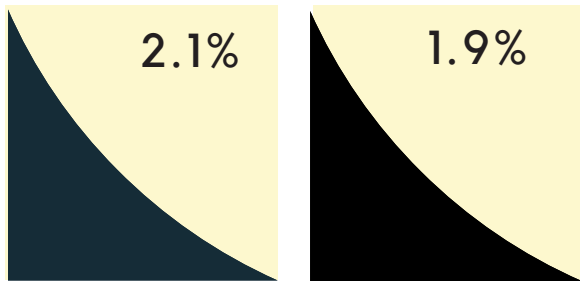
As we enter spring selling season, half of Australians are living under lockdown conditions and Australia has only just narrowly missed a technical recession.

REIA's next Housing Affordability Report will canvas the full impact of these political, public health and economic conditions on renters and home buyers alike.

Adrian Kelly
President
Real Estate Institute of Australia



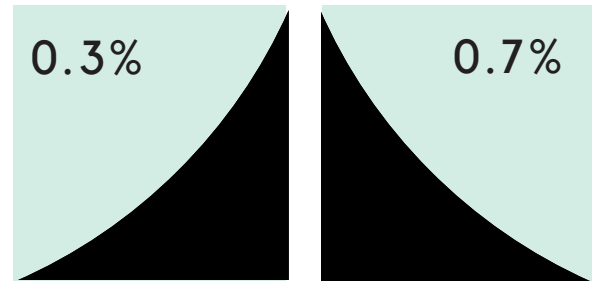
HOUSING AFFORDABILITY



Quarterly Decline

Annual Decline

RENTAL AFFORDABILITY



Quarterly Improvement

Annual Decline

THE NATIONAL SNAPSHOT

Proportion of family income required to meet loan repayments

Table 1 shows the proportion of family income needed to meet loan repayments.

Table 1: Proportion of family income needed to meet loan repayments

	Jun Qtr 2021	Mar Qtr 2020	Jun Qtr 2020
NSW	43.9%	40.2%	39.8%
VIC	35.6%	34.1%	34.3%
QLD	31.7%	30.8%	29.7%
SA	30.6%	29.8%	29.5%
WA	26.5%	26.3%	25.4%
TAS	30.8%	31.2%	29.0%
NT	23.7%	25.0%	22.0%
ACT	26.3%	25.8%	24.9%
AUS	35.4%	33.3%	33.5%

Chart 1 shows the movement in the proportion of family income required to meet average home loan repayments since the June quarter of 2001.

Chart 2 shows the movement in rental affordability.

Chart 1: Proportion of family income required to meet average loan repayments

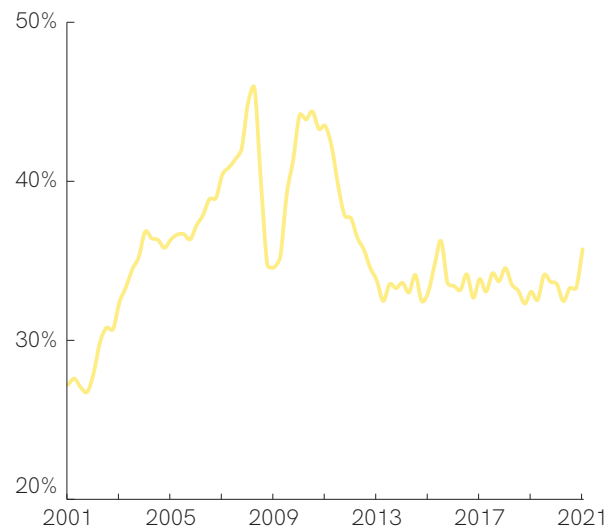
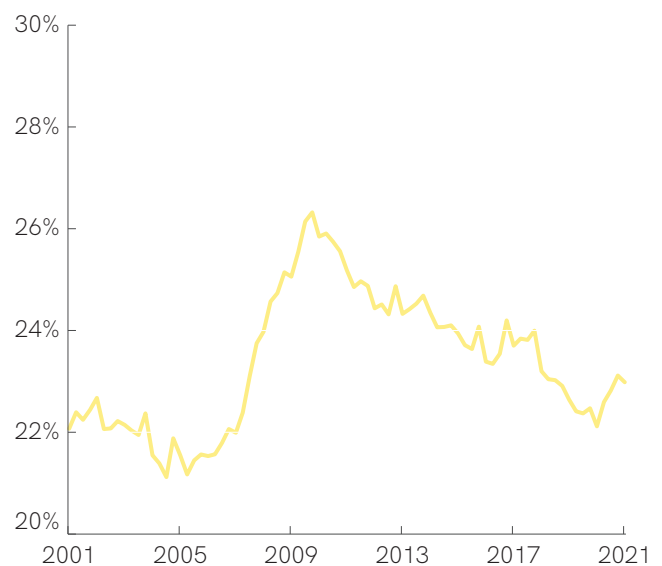


Chart 2: Proportion of family income required to meet average rent payments



Rental Affordability

The Australian weighted average median rent for three-bedroom houses is calculated using Census data and median rents published in REIA Real Estate Market Facts.

Rental affordability improved in the June quarter of 2021, with the proportion of income required to meet median rent decreasing to 22.8%. This was a decrease of 0.3 percentage points over the quarter, but an increase of 0.7 percentage points over the past 12 months.

Over the quarter, rental affordability improved in New South Wales, Victoria, Queensland and South Australia, remained stable in Tasmania and the Australian Capital Territory but declined in Western Australia and the Northern Territory.

The least affordable state or territory in which to rent a property was Tasmania, where the proportion of income required to meet median rent was 29.9%. This was 7.1 percentage points higher than the national average. Western Australia remained the most affordable, despite the proportion of income required to meet median rent increasing to 19.6%.

Table 2 shows rental affordability expressed as the proportion of median weekly family income required to meet weekly rent for a three bedroom house.

First Home Buyers

The number of first home buyers decreased to 43,226, a decrease of 1.8% during the quarter, but an increase of 59.5% compared to the June quarter of 2020.

The average loan size to first home buyers increased to \$450,467, an increase of 5.8% over the quarter and an increase of 5.3% over the past twelve months.

First home buyers accounted for 37.2% of the owner occupier dwelling market.

Please note, owner occupier first home buyers includes those purchasing residential land.

Chart 3a shows first home dwelling commitments as a share of all dwellings financed from the June quarter of 2011 to the June quarter of 2021.

Chart 3b shows the difference in average owner occupied dwelling loans for first home buyers and all new loans.

Table 2: Proportion of family income needed to meet rent payments

	Jun Qtr 2021	Dec Qtr 2020	Jun Qtr 2020
NSW	25.6%	26.1%	25.0%
VIC	20.0%	20.4%	20.4%
QLD	21.4%	21.8%	21.0%
SA	23.7%	24.1%	22.1%
WA	19.6%	19.5%	16.9%
TAS	29.9%	29.9%	28.0%
NT	25.9%	25.6%	21.5%
ACT	21.5%	21.5%	20.8%
AUS	22.8%	23.1%	22.1%

Fast Facts

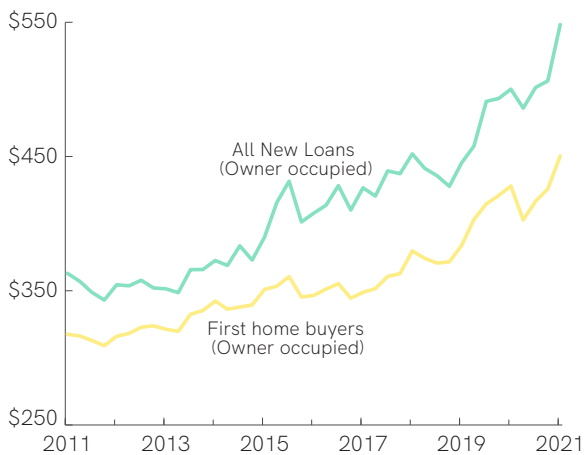
Proportion of family income to meet

	Jun 2021	Mar 2021	Jun 2020
Home loan repayments	35.4%	33.3%	33.5%
Rent Repayments	22.8%	23.1%	22.1%

Chart 3a: First home buyers' share of dwellings financed



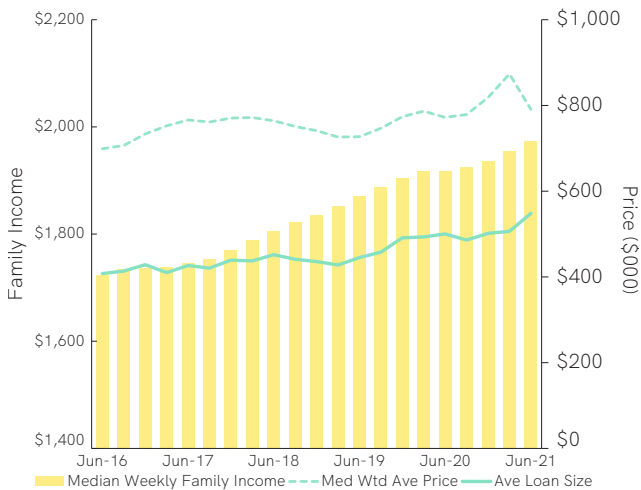
Chart 3b: Average home loans for first home buyers and all new buyers (\$'000s)



Factors influencing home loan affordability

- The amount to be borrowed reflects the price of the property being purchased and the borrower’s equity situation.
- The average loan repayment is determined by the size of the loan, interest rates, and the period of the loan.
- The ability to repay the mortgage depends upon the family income.

Chart 4 shows the relationship between the Australian weighted average median house price, median weekly family income, and average loan size.



Median House Prices

The weighted average capital city median house price increased to \$913,946. This was an increase of 4.5% over the June quarter and an increase of 18.4% over the past twelve months.

Detailed data on median prices for houses and other dwellings is available in the REIA Real Estate Market Facts publication, which will be released on September 15, 2021.

Median family income and average monthly loan repayments

The national median weekly family income increased to \$1,989. This was an increase of 1.8% during the June quarter, and an increase of 3.8% over the past 12 months.

The average monthly loan repayment increased to \$3,054 during the June quarter of 2021. This was an increase of 8.3% over the quarter, and an increase of 9.6% over the past 12 months.

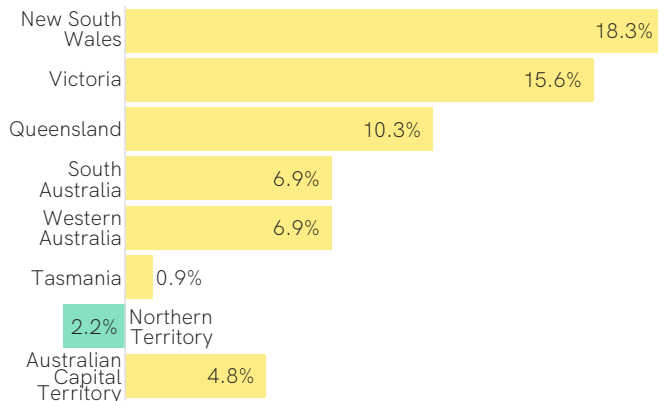
The proportion of family income required to meet loan repayments increased to 35.4% during the June quarter of 2021. This was an increase of 2.1 percentage points over the previous quarter, and 1.9 percentage points over the past year.

Average loan (all borrowers)

The total number of loans increased to 116,248. This was an increase of 6.4% over the quarter, and an increase of 63.1% over the past year.

The average loan size increased to \$548,323. This was an increase of 8.3% over the June quarter, and an increase of 9.6% over the past year.

The rent buy differential shows the difference in affordability between median rent and average mortgage repayments, as a proportion of family income.



Interest Rates

The Reserve Bank of Australia (RBA) maintained the official cash rate at 0.1% in the June quarter. The gap between variable and three-year fixed rates was 2.3 percentage points. The June quarterly average variable standard interest rate remained stable at 4.5% over the quarter. The quarterly average three-year fixed rate remained stable at 2.2% during the quarter.

Average quarterly variable interest rates were:

Banks: 4.5%, remaining stable over the previous quarter.

Permanent Building Societies: 4.1%, remaining stable over the previous quarter.

Other lenders: 2.4%, remaining stable over the previous quarter.

The average fixed (3 year) interest rates were:

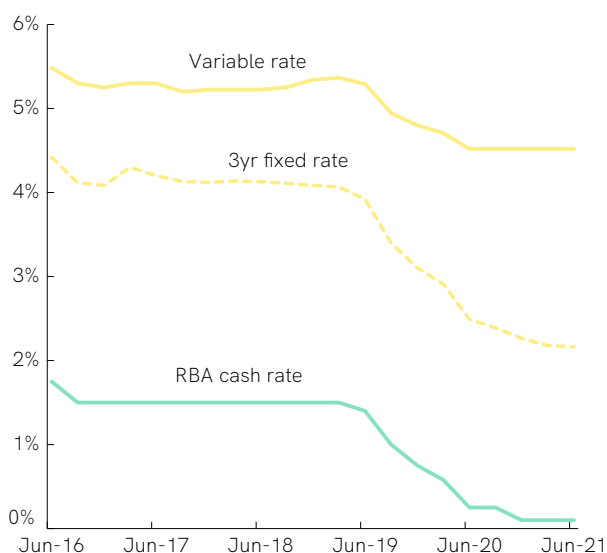
Banks: 2.2%, remaining stable over the previous quarter.

Permanent Building Societies: 2.2% remaining stable over the previous quarter.

Other lenders: 2.2%, remaining stable over the previous quarter.

Chart 5 shows the movement of the RBA cash rate, the quarterly average standard variable rate, and the quarterly average 3 year fixed rate over the last five years.

Chart 5 Quarterly Interest Rates



The Home Loan Affordability Indicator

The Home Loan Affordability Indicator (HLAI) is the ratio of median family income to average loan repayments. An increasing value reflects improving affordability of housing loans.

Table 3 shows the HLAI for Australia and each state and territory for the June quarter of 2021. The June quarter is compared with the preceding quarter and the corresponding quarter of 2020.

Percentage changes are shown in Table 4.

A long-term series of the quarterly movements in the HLAI is shown in Chart 6.

Table 3: Home Loan Affordability Indicator

	Jun Qtr 2021	Mar Qtr 2020	Jun Qtr 2020
NSW	22.8	24.9	25.2
VIC	28.1	29.3	29.2
QLD	31.6	32.4	33.7
SA	32.7	33.5	33.9
WA	37.7	38.1	39.4
TAS	32.5	32.1	34.5
NT	42.2	40.1	45.4
ACT	38.0	38.7	40.2
AUS	28.2	30.0	29.8

Table 4: Percentage change in HLAI

	Mar Qtr 2021	Jun Qtr 2020
NSW	-8.4%	-9.5%
VIC	-4.1%	-3.8%
QLD	-2.5%	-6.2%
SA	-2.4%	-3.5%
WA	-1.0%	-4.3%
TAS	1.2%	-5.8%
NT	5.2%	-7.0%
ACT	-1.8%	-5.5%
AUS	-6.0%	-5.4%



Chart 6
Home loan affordability indicator over time

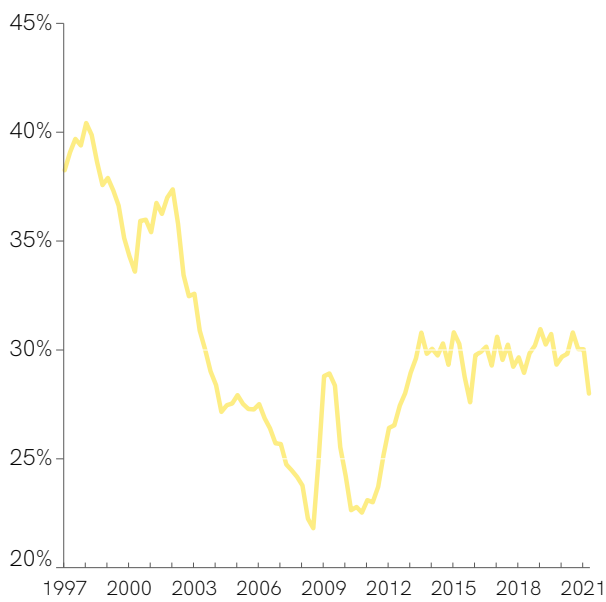
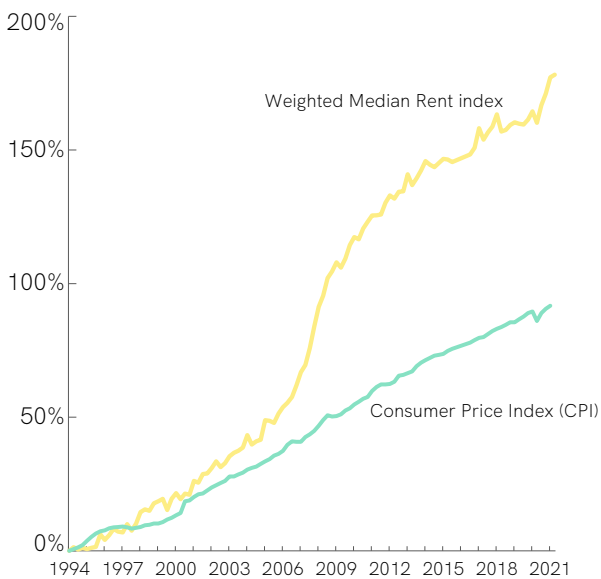


Chart 7 Australian rent and CPI



A long-term series of the quarterly movements in the Australian CPI and the weighed average median three bedroom house rent for the eight Australian capital cities are shown in Chart 7.

Table 5: Australia

	Jun 2021	Mar 2021	Jun 2020
Home Loan Affordability Indicator (HLAI)	28.2	30.0	29.8
Average HLAI since March quarter 1996	30.1	30.1	30.1
Proportion of family income devoted to meeting average loan repayments	35.4%	33.3%	33.5%
Proportion of family income devoted to meeting median rents	22.8%	23.1%	22.1%
Median weekly family income	\$1,989	\$1,954	\$1,917
Average monthly loan repayment	\$3,054	\$2,820	\$2,786
Average loan	\$548,323	\$506,340	\$500,219
Total number of loans	116,248	109,252	71,255
Number of loans to first home buyers	43,226	44,007	27,096
Average first home buyer loan	\$450,467	\$425,875	\$427,964
Banks			
Standard variable interest rate	4.5%	4.5%	4.5%
Fixed interest rate	2.2%	2.2%	2.5%
Building Societies			
Standard variable interest rate	4.1%	4.1%	4.1%
Fixed interest rate	2.2%	2.2%	2.5%
Other Lenders			
Standard variable interest rate	2.4%	2.4%	2.6%
Fixed interest rate	2.2%	2.2%	2.4%
Percentage Change			
	HLAI	CPI	
Since previous quarter	-6.0%	0.8%	
Since corresponding quarter last year	-5.4%	3.8%	



NEW SOUTH WALES

Chart 8 New South Wales affordability

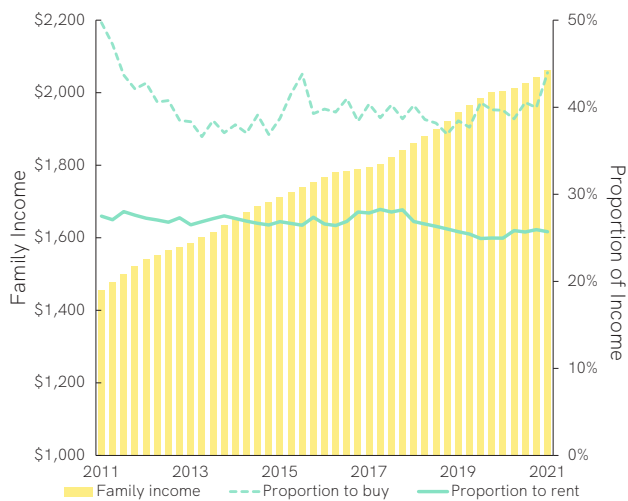
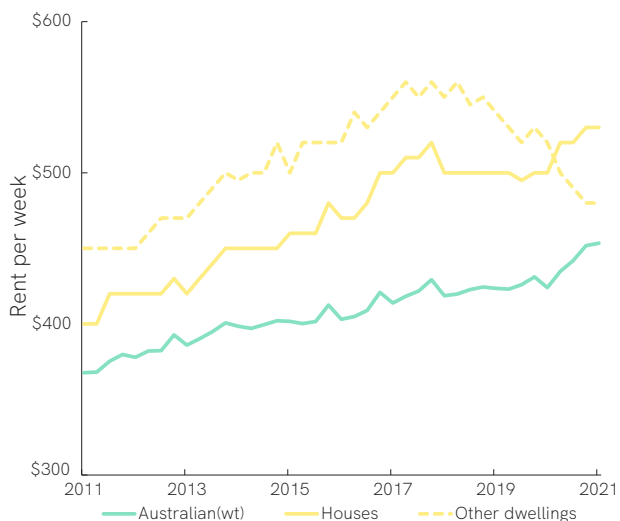


Chart 9 Median rents in Sydney



Housing affordability declined in New South Wales over the quarter and over the year. The proportion of family income devoted to meeting average loan repayments increased to 43.9% over the quarter. This was an increase of 3.7 percentage points over the quarter and 4.1 percentage points over the year.

Rental affordability in New South Wales improved over the quarter. The proportion of family income required to meet median rent decreased to 25.6%, a decrease of 0.5 percentage points over the quarter.

Table 6: New South Wales

	Jun 2021	Mar 2021	Jun 2020
Home Loan Affordability Indicator (HLAI)	22.8	24.9	25.2
Average HLAI since March quarter 1996	25.8	25.9	25.9
Proportion of family income devoted to meeting average loan repayments	43.9%	40.2%	39.8%
Proportion of family income devoted to meeting median rents	25.6%	26.1%	25.0%
Median weekly family income	\$2,067	\$2,033	\$1,998
Average monthly loan repayment	\$3,930	\$3,539	\$3,441
Average loan	\$705,658	\$635,347	\$617,862
Total number of loans	30,453	25,937	19,964
Number of loans to first home buyers	10,228	9,197	6,838
Average first home buyer loan	\$557,724	\$513,733	\$513,498

However, over the past year, rental affordability declined. The proportion of family income required to meet rental payments increased by 0.6 percentage points.

The number of loans to first home buyers in New South Wales increased to 10,228. This was an increase of 11.2% over the quarter and an increase of 49.6% over the past year. Of the total number of Australian first home buyers who purchased during the June quarter of 2021, 23.7% were from New South Wales. First home buyers made up 33.6% of the state's owner-occupier market. In the June quarter of 2021, the average loan to first home buyers increased to \$557,724. This was an increase of 8.6% over the quarter, and an increase of 8.6% over the past year.

The total number of loans increased to 30,453. This was an increase of 17.4% during the quarter, and an increase of 52.5% over the past year. The average loan size increased to \$705,658. This was an increase of 11.1% over the quarter, and an increase of 14.2% over the past year.



VICTORIA

Chart 10 Victoria affordability

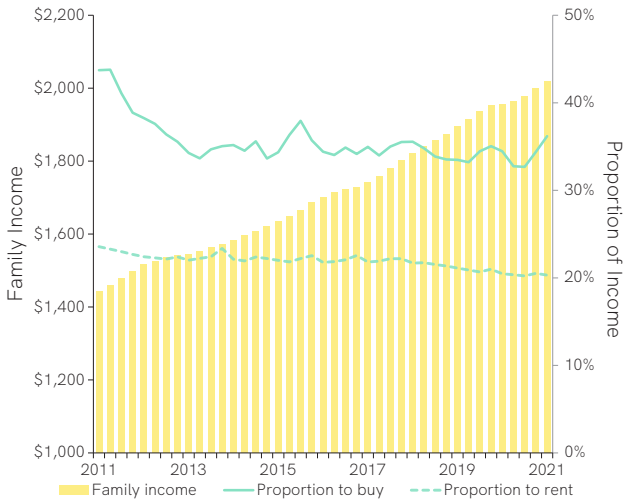
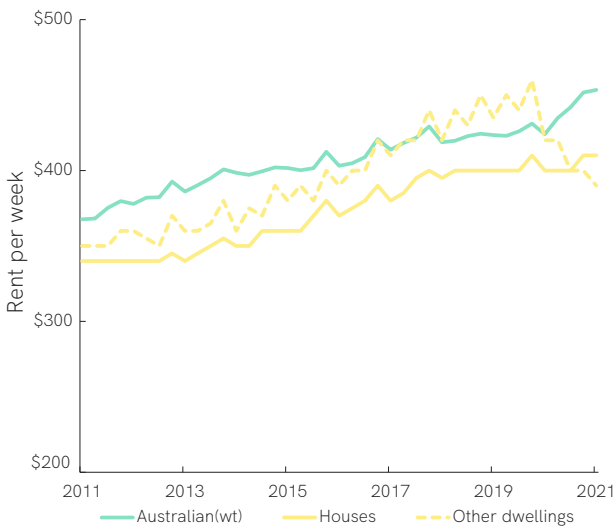


Chart 11 Median rents in Melbourne



Housing affordability declined in Victoria over the quarter and over the year. The proportion of family income devoted to meeting average loan repayments increased to 35.6% over the quarter. This was an increase of 1.5 percentage points over the quarter and 1.3 percentage points over the year.

Rental affordability in Victoria improved over the quarter and over the year. The proportion of family income required to meet median rent decreased to 20.0%, a decrease of 0.4 percentage points over the quarter, and 0.4 percentage points over the year.

Table 7: Victoria

	Jun 2021	Mar 2021	Jun 2020
Home Loan Affordability Indicator (HLAI)	28.1	29.3	29.2
Average HLAI since March quarter 1996	30.5	30.5	30.5
Proportion of family income devoted to meeting average loan repayments	35.6%	34.1%	34.3%
Proportion of family income devoted to meeting median rents	20.0%	20.4%	20.4%
Median weekly family income	\$2,054	\$2,014	\$1,964
Average monthly loan repayment	\$3,165	\$2,978	\$2,920
Average loan	\$568,188	\$534,711	\$524,249
Total number of loans	33,538	30,238	20,892
Number of loans to first home buyers	13,717	13,134	9,144
Average first home buyer loan	\$469,294	\$447,982	\$441,087

The number of loans to first home buyers in Victoria increased to 13,717, the highest number of all states and territories. This was an increase of 4.4% over the quarter, and an increase of 50.0% over the past year. Of the total number of Australian first home buyers who purchased during the June quarter, 31.7% were from Victoria. First home buyers made up 40.9% of the state's owner-occupier market. In the June quarter of 2021, the average loan to first home buyers increased to \$469,294. This was an increase of 4.8% over the quarter, and an increase of 6.4% over the past year.

The total number of loans increased to 33,538. This was an increase of 10.9% during the quarter, and an increase of 60.5% over the past year. The average loan size increased to \$568,188. This was an increase of 6.3% over the quarter, and an increase of 8.4% over the past year.



QUEENSLAND

Chart 12 Queensland affordability

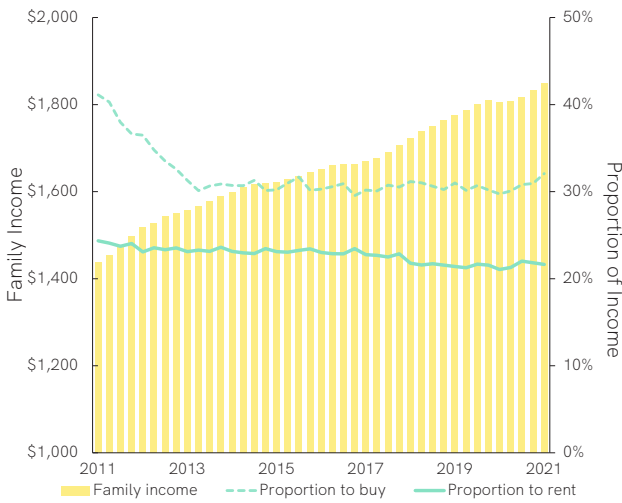
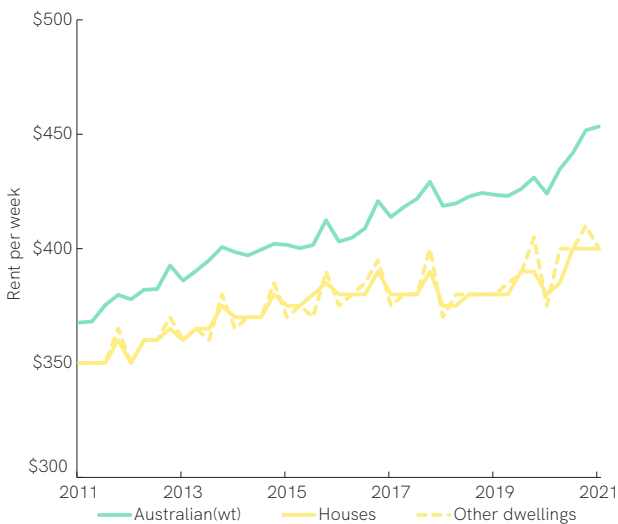


Chart 13 Median rents in Brisbane



Housing affordability declined in Queensland over the quarter and over the year. The proportion of family income devoted to meeting average loan repayments increased to 31.7% over the quarter. This was an increase of 0.9 percentage points over the quarter and 2.0 percentage points over the year.

Table 8: Queensland

	Jun 2021	Mar 2021	Jun 2020
Home Loan Affordability Indicator (HLAI)	31.6	32.4	33.7
Average HLAI since March quarter 1996	31.4	31.4	31.3
Proportion of family income devoted to meeting average loan repayments	31.7%	30.8%	29.7%
Proportion of family income devoted to meeting median rents	21.4%	21.8%	21.0%
Median weekly family income	\$1,871	\$1,839	\$1,808
Average monthly loan repayment	\$2,570	\$2,458	\$2,326
Average loan	\$461,414	\$441,278	\$417,577
Total number of loans	24,133	24,531	14,104
Number of loans to first home buyers	8,313	9,563	4,911
Average first home buyer loan	\$393,227	\$384,241	\$375,260

Rental affordability in Queensland improved over the quarter. The proportion of family income required to meet median rent decreased to 21.4%, a decrease of 0.4 percentage points over the quarter. However, over the past year, rental affordability declined. The proportion of family income required to meet rental payments increased by 0.4 percentage points.

The number of loans to first home buyers in Queensland decreased to 8,313. This was a decrease of 13.1% over the quarter, but an increase of 69.3% over the past year. Of the total number of Australian first home buyers who purchased during the June quarter, 19.2% were from Queensland. First home buyers made up 34.4% of the state's owner-occupier market. In the June quarter of 2021, the average loan to first home buyers increased to \$393,227. This was an increase of 2.3% over the quarter, and an increase of 4.8% over the past year.

The total number of loans decreased to 24,133. This was a decrease of 1.6% during the quarter, but an increase of 71.1% over the past year. The average loan size increased to \$461,414. This was an increase of 4.6% over the quarter, and an increase of 10.5% over the past year.



SOUTH AUSTRALIA

Chart 14 South Australia affordability

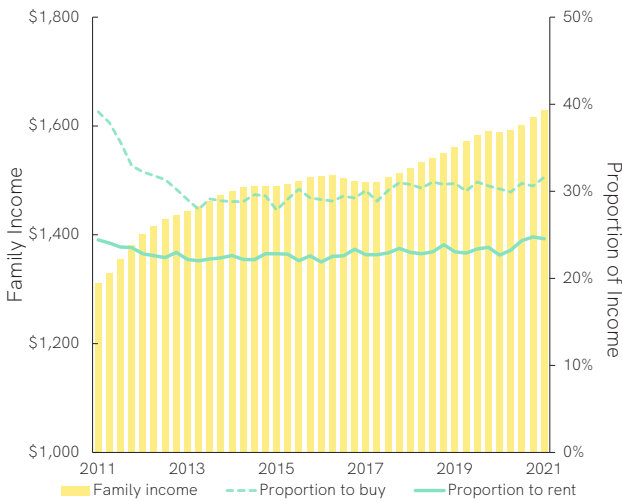
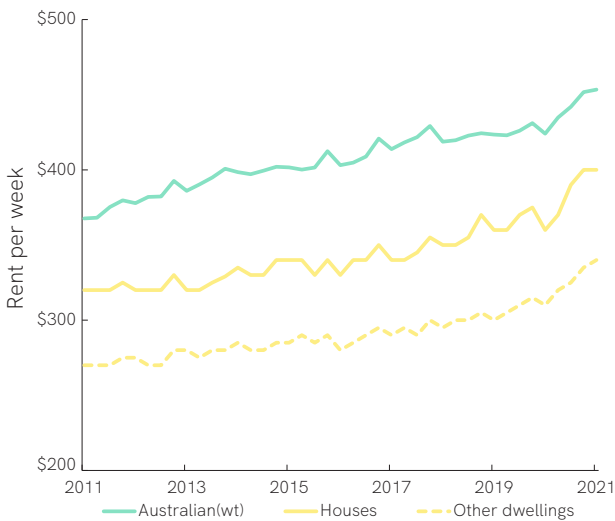


Chart 15 Median rents in Adelaide



Housing affordability declined in South Australia over the quarter and over the year. The proportion of family income devoted to meeting average loan repayments increased to 30.6% over the quarter. This was an increase of 0.8 percentage points over the quarter and 1.1 percentage points over the year.

Table 9: South Australia

	Jun 2021	Mar 2021	Jun 2020
Home Loan Affordability Indicator (HLAI)	32.7	33.5	33.9
Average HLAI since March quarter 1996	36.1	36.1	36.2
Proportion of family income devoted to meeting average loan repayments	30.6%	29.8%	29.5%
Proportion of family income devoted to meeting median rents	23.7%	24.1%	22.1%
Median weekly family income	\$1,687	\$1,657	\$1,628
Average monthly loan repayment	\$2,234	\$2,143	\$2,083
Average loan	\$401,109	\$384,696	\$374,046
Total number of loans	8,388	8,109	5,452
Number of loans to first home buyers	2,779	2,861	1,596
Average first home buyer loan	\$351,601	\$339,427	\$335,025

Rental affordability in South Australia improved over the quarter. The proportion of family income required to meet median rent decreased to 23.7%, a decrease of 0.4 percentage points over the quarter. However, over the past year, rental affordability declined. The proportion of family income required to meet rental payments increased by 1.6 percentage points.

The number of loans to first home buyers in South Australia decreased to 2,779. This was a decrease of 2.9% over the quarter, but an increase of 74.1% over the past year. Of the total number of Australian first home buyers who purchased during the June quarter, 6.4% were from South Australia. First home buyers made up 33.1% of the state's owner-occupier market. In the June quarter of 2021, the average loan to first home buyers increased to \$351,601. This was an increase of 3.6% over the quarter, and an increase of 4.9% over the past year.

The total number of loans increased to 8,388. This was an increase of 3.4% during the quarter, and an increase of 53.9% over the past year. The average loan size increased to \$401,109. This was an increase of 4.3% over the quarter, and an increase of 7.2% over the past year.



WESTERN AUSTRALIA

Chart 16 Western Australia affordability

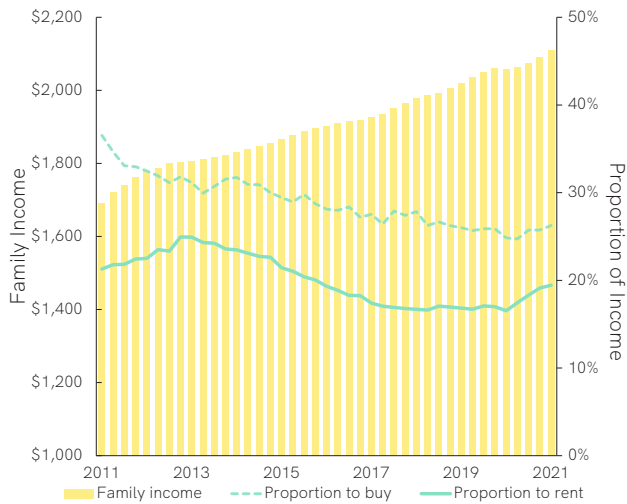
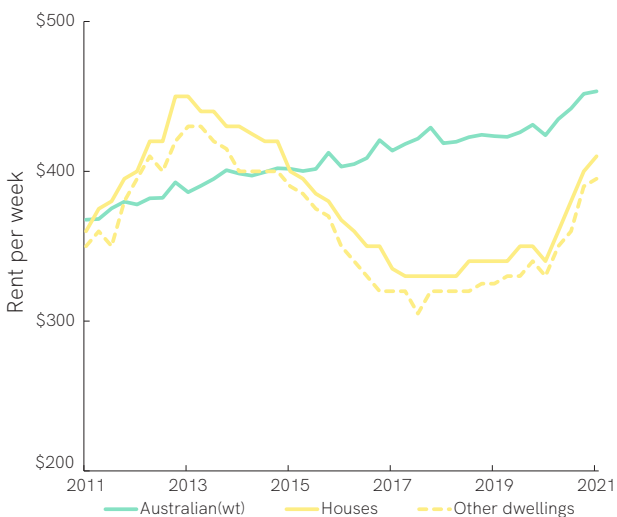


Chart 17 Median rents in Perth



Housing affordability declined in Western Australia over the quarter and over the year. The proportion of family income devoted to meeting average loan repayments increased to 26.5% over the quarter. This was an increase of 0.2 percentage points over the quarter and 1.1 percentage points over the year.

Rental affordability in Western Australia declined over the quarter and over the year. The proportion of family income required to meet median rent increased to 19.6%, an increase of 0.1 percentage points over the quarter and 2.7 percentage points over the year.

Table 10: Western Australia

	Jun 2021	Mar 2021	Jun 2020
Home Loan Affordability Indicator (HLAI)	37.7	38.1	39.4
Average HLAI since March quarter 1996	35.0	34.9	34.8
Proportion of family income devoted to meeting average loan repayments	26.5%	26.3%	25.4%
Proportion of family income devoted to meeting median rents	19.6%	19.5%	16.9%
Median weekly family income	\$2,087	\$2,049	\$2,012
Average monthly loan repayment	\$2,399	\$2,333	\$2,215
Average loan	\$430,805	\$418,859	\$397,759
Total number of loans	14,069	14,990	6,826
Number of loans to first home buyers	6,221	7,269	3,196
Average first home buyer loan	\$368,028	\$369,858	\$354,756

The number of loans to first home buyers in Western Australia decreased to 6,221. This was a decrease of 14.4% over the quarter, but an increase of 94.6% over the past year. Of the total number of Australian first home buyers who purchased during the June quarter, 14.4% were from Western Australia. First home buyers made up 44.2% of the state's owner-occupier market. In the June quarter of 2021, the average loan to first home buyers decreased to \$368,028. This was a decrease of 0.5% over the quarter, but an increase of 3.7% over the past year.

The total number of loans decreased to 14,069. This was a decrease of 6.1% during the quarter, but an increase of 106.1% over the past year. The average loan size increased to \$430,805. This was an increase of 2.9% over the quarter, and an increase of 8.3% over the past year.



TASMANIA

Chart 18 Tasmania affordability

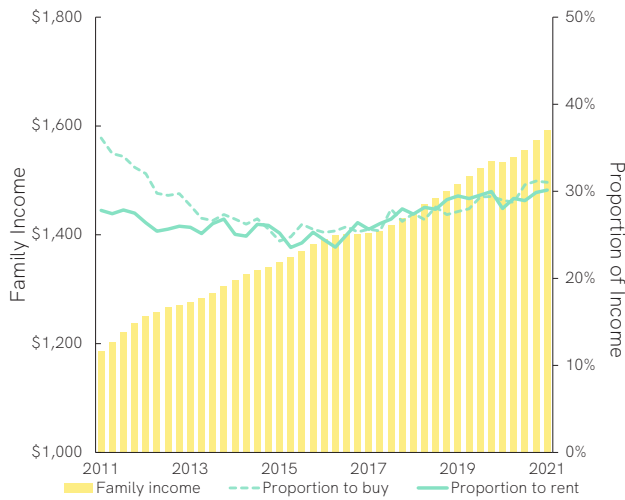
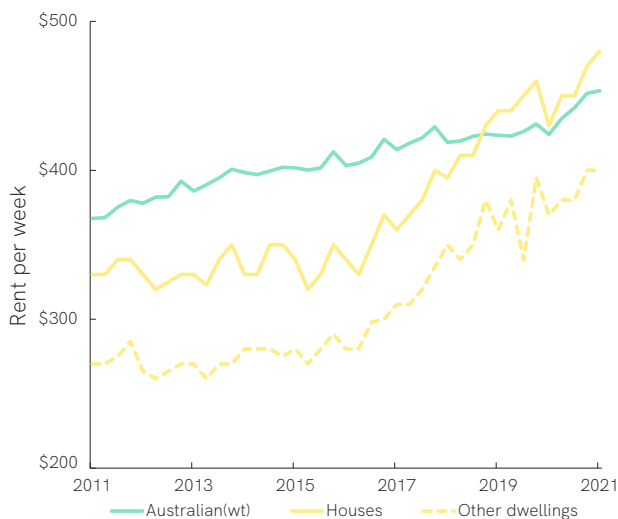


Chart 19 Median rents in Hobart



Housing affordability improved in Tasmania over the June quarter. The proportion of family income devoted to meeting average loan repayments decreased to 30.8% over the quarter. This was a decrease of 0.4 percentage points over the quarter. Housing affordability declined over the past year. The proportion of income required to meet home loan repayments increased by 1.8 percentage points.

Table 6: Tasmania

	Jun 2021	Mar 2021	Jun 2020
Home Loan Affordability Indicator (HLAI)	32.5	32.1	34.5
Average HLAI since March quarter 1996	38.7	38.7	38.9
Proportion of family income devoted to meeting average loan repayments	30.8%	31.2%	29.0%
Proportion of family income devoted to meeting median rents	29.9%	29.9%	28.0%
Median weekly family income	\$1,604	\$1,573	\$1,534
Average monthly loan repayment	\$2,142	\$2,126	\$1,928
Average loan	\$384,525	\$381,671	\$346,129
Total number of loans	2,126	2,286	1,563
Number of loans to first home buyers	741	776	518
Average first home buyer loan	\$333,333	\$333,634	\$302,896

Rental affordability in Tasmania remained stable over the quarter. The proportion of family income required to meet median rent remained level over the quarter, at 29.9%. However, over the past year, rental affordability declined. The proportion of family income required to meet rental payments increased by 1.8 percentage points.

The number of loans to first home buyers in Tasmania decreased to 741. This was a decrease of 4.5% over the quarter, but an increase of 43.1% over the past year. Of the total number of Australian first home buyers who purchased during the June quarter, 1.7% were from Tasmania. First home buyers made up 34.9% of the state's owner-occupier market. In the June quarter of 2021, the average loan to first home buyers decreased to \$333,333. This was a decrease of 0.1% over the quarter, but an increase of 10.0% over the past year. Among all the states and territories, this is the highest annual increase in the average first home buyer loan.

The total number of loans decreased to 2,126. This was a decrease of 7.0% during the quarter, but an increase of 36.0% over the past year. The average loan size increased to \$384,525. This was an increase of 0.7% over the quarter, and an increase of 11.1% over the past year.



NORTHERN TERRITORY

Chart 20 Northern Territory affordability

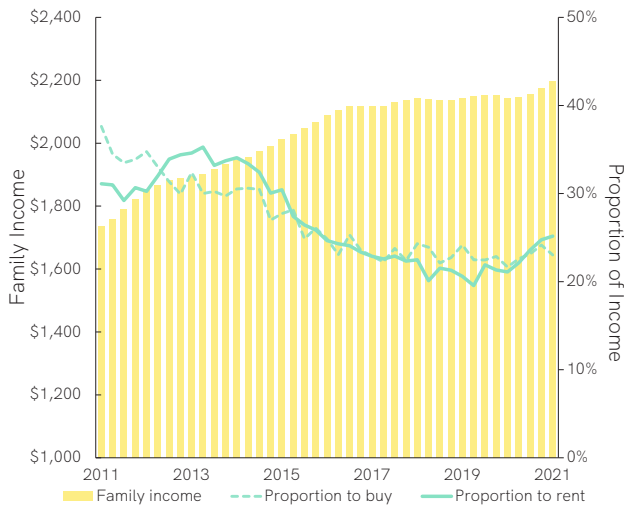
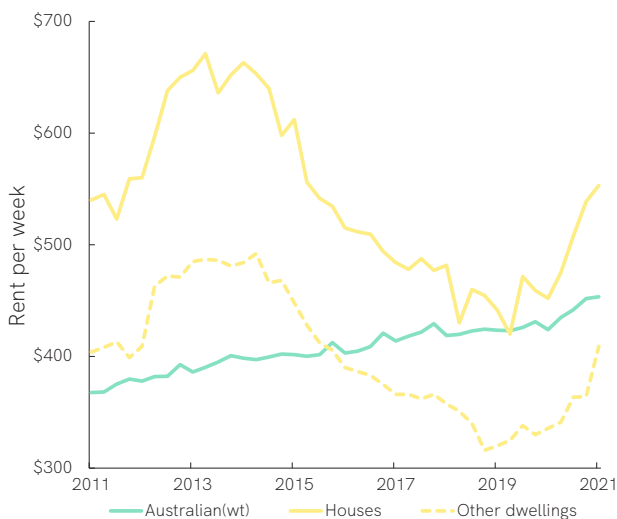


Chart 21 Median rents in Darwin



Housing affordability improved in the Northern Territory over the June quarter. The proportion of family income devoted to meeting average loan repayments decreased to 23.7% over the quarter. This was a decrease of 1.3 percentage points over the quarter. Housing affordability declined over the past year. The proportion of income required to meet home loan repayments increased by 1.7 percentage points. The Northern Territory remained the most affordable state or territory to purchase.

Table 12: Northern Territory

	Jun 2021	Mar 2021	Jun 2020
Home Loan Affordability Indicator (HLAI)	42.2	40.1	45.4
Average HLAI since March quarter 1996	38.5	38.4	38.3
Proportion of family income devoted to meeting average loan repayments	23.7%	25.0%	22.0%
Proportion of family income devoted to meeting median rents	25.9%	25.6%	21.5%
Median weekly family income	\$2,135	\$2,106	\$2,105
Average monthly loan repayment	\$2,193	\$2,277	\$2,010
Average loan	\$393,757	\$408,880	\$360,927
Total number of loans	865	732	453
Number of loans to first home buyers	350	357	211
Average first home buyer loan	\$366,286	\$392,717	\$377,725

Rental affordability in the Northern Territory declined over the quarter and over the year. The proportion of family income required to meet median rent increased to 25.9%, an increase of 0.3 percentage points over the quarter, and 4.4 percentage points over the year.

The number of loans to first home buyers in the Northern Territory decreased to 350. This was a decrease of 2.0% over the quarter, but an increase of 65.9% over the past year. Of the total number of Australian first home buyers who purchased during the June quarter of 2021, 0.8% were from the Northern Territory. First home buyers made up 40.5% of the state's owner-occupier market. In the June quarter of 2021, the average loan to first home buyers decreased to \$366,286. This was decrease of 6.7% over the quarter, and a decrease of 3.0% over the past year.

The total number of loans increased to 865. This was an increase of 18.2% during the quarter, and an increase of 90.9% over the past year. The average loan size decreased to \$393,757. This was a decrease of 3.7% over the quarter, but an increase of 9.1% over the past year.



AUSTRALIAN CAPITAL TERRITORY

Chart 22 Australian Capital Territory affordability

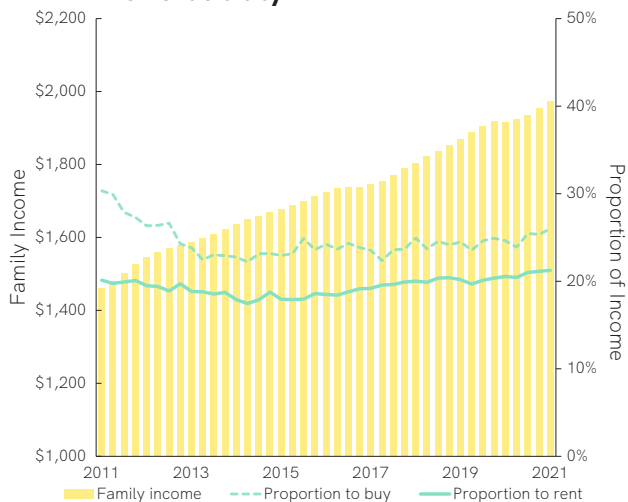
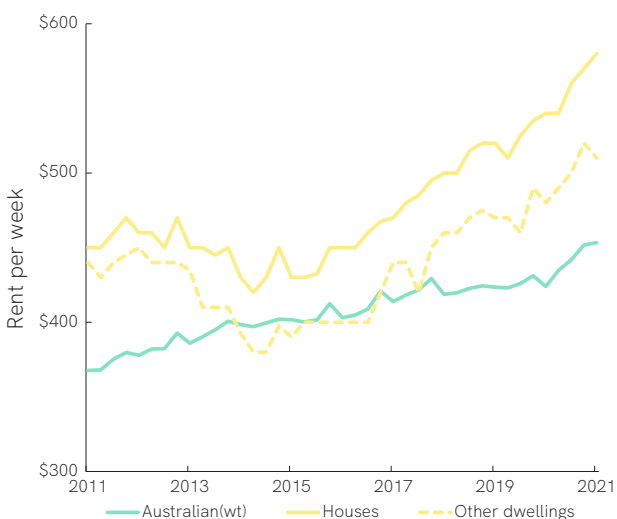


Chart 23 Median rents in Canberra



Housing affordability declined in the Australian Capital Territory over the quarter and over the year. The proportion of family income devoted to meeting average loan repayments increased to 26.3% over the quarter. This was an increase of 0.5 percentage points over the quarter and 1.4 percentage points over the year.

Table 13: Australian Capital Territory

	Jun 2021	Mar 2021	Jun 2020
Home Loan Affordability Indicator (HLAI)	38.0	38.7	40.2
Average HLAI since March quarter 1996	42.1	42.1	42.2
Proportion of family income devoted to meeting average loan repayments	26.3%	25.8%	24.9%
Proportion of family income devoted to meeting median rents	21.5%	21.5%	20.8%
Median weekly family income	\$2,694	\$2,646	\$2,600
Average monthly loan repayment	\$3,075	\$2,963	\$2,804
Average loan	\$552,093	\$531,970	\$503,398
Total number of loans	2,676	2,299	2,001
Number of loans to first home buyers	877	850	682
Average first home buyer loan	\$478,563	\$470,118	\$444,868

Rental affordability in the Australian Capital Territory remained stable over the quarter. The proportion of family income required to meet median rent remained at 21.5% over the quarter. However, over the past year, rental affordability declined. The proportion of family income required to meet rental payments increased by 0.7 percentage points.

The number of loans to first home buyers in the Australian Capital Territory increased to 877. This was an increase of 3.2% over the quarter, and an increase of 28.6% over the past year. Of the total number of Australian first home buyers who purchased during the June quarter, 2.0% were from the Australian Capital Territory. First home buyers made up 32.8% of the state's owner-occupier market. In the June quarter of 2021, the average loan to first home buyers increased to \$478,563. This was an increase of 1.8% over the quarter, and an increase of 7.6% over the past year.

The total number of loans increased to 2,676. This was an increase of 16.4% during the quarter and an increase of 33.7% over the past year. The average loan size increased to \$552,093. This was an increase of 3.8% over the quarter and of 9.7% over the past year.



Housing Affordability Report

REIA Housing Affordability Report is based on data from all major lending institutions. It is a comprehensive and accurate assessment of the ability of Australians to meet the cost of home purchase. Any differences between information contained in this report and previous editions of the REIA Housing Affordability Report are due to revisions in the database that may be necessary from time to time.

Home Loan Affordability Indicator: A ratio of family income to average loan payments. An increase denotes easier affordability. The HLAI divided by a (constant) factor of 10 is the number of times by which median family income exceeds average home loan repayments in a full year. The reciprocal value of the HLAI is the proportion of family income that is required to repay the average home loan in a full year.

Loans: Average home loans to owner occupied and first home buyers are averaged over the quarter, based on all lender data from the Australian Bureau of Statistics (ABS).

Average Monthly Loan Repayment: Loan repayment figures are calculated from data provided by the ABS and financial institutions across Australia. From the June quarter of 2020, interest rates are calculated using the owner occupied standard variable provided by the RBA.

Median Weekly Family Income: In June 2021, REIA undertook a thorough review of our data methodology and have readjusted the income methodology based on previous census results.

A family is defined as a couple with or without dependent children. The major part of family income is adult wages and salaries. Income data are sourced from ABS records, and updated on the basis of movements in average weekly earnings.

Quarterly Median House Prices: House price and vacancy data are taken from REIA Real Estate Market Facts publication.

Proportion of Family Income to Meet Rent Payments: The percentage of Median Weekly Family Income required to meet the median rent for a three bedroom house. Rents are obtained from REIA Real Estate Market Facts publication.

The Real Estate Institute of Australia is a federation of state and territory Real Estate Institutes. Formed in 1924, it represents the real estate industry in Australia at national and international levels.

Real Estate House
16 Thesiger Court, Deakin, ACT
PO Box 234, Deakin West, ACT 2600
Phone: (02) 6282 4277

Website: www.reia.asn.au

Email: reia@reia.com.au

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ISSN: 1447 6606
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