

Rental affordability hits 11 year high: report

Rental affordability improved during the June 2019 quarter to the lowest proportion of income required to meet rent payments since June 2008, according to research from the Real Estate Institute of Australia.

REIA President Adrian Kelly said the June quarter 2019 edition of the *REIA Housing Affordability Report* found the proportion of income required to meet rent payments decreased to 23.8 per cent, a fall of 1.2 percentage points over the quarter and a decrease of 0.3 percentage points compared to the same quarter 2018.

Mr Kelly said housing affordability declined marginally across the country in the June quarter 2019.

“This is due to the rise in the average loan amounts after the lower levels of the March quarter – which appears to be an annual pattern,” Mr Kelly said.

“With the exception of Western Australia, housing affordability declined in all states and territories. Although average loan amounts increased in all states and territories between 0.2 per cent and 6.2 per cent only Western Australia’s family income surpassed their increase in the loan amount.”

Mr Kelly said the total number of loans increased over the June quarter by 6.6 per cent.

“The number of loans to owner occupier first home buyers has recorded increases in five of the six months of 2019. However, compared to the previous twelve months there was 16,521 less new housing loans - a decrease of 15.1 per cent.

“This upward trend in first home buyer loans is expected to continue as over the past few years there has been an increase in the final quarter of the year.”

State by State **New South Wales**

Over the June quarter, housing affordability in New South Wales declined with the proportion of income required to meet loan repayments increasing to 37.1 per cent, an increase of 1.7 percentage points over the quarter but a decrease of 1.0 percentage points compared with the corresponding quarter 2018. With the proportion of income required to meet loan repayments 6.0 percentage points higher than the nation’s average, New South Wales remained the least affordable state or territory in which to buy a home.

The number of loans to first home buyers increased to 6,822, an increase of 17.7 per cent over the quarter but a decrease of 5.9 per cent compared to the June quarter 2018.

Rental affordability improved in New South Wales over the June quarter with the proportion of income required to meet median rent payments decreasing to 28.0 per cent, a decrease of 0.2 percentage points over the June quarter and a decrease of 0.8 percentage points compared to the same quarter last year.

Victoria

Over the June quarter, housing affordability remained steady in Victoria with the proportion of family income devoted to meeting average loan repayments at 32.5 per cent. However, when compared to the previous year, housing affordability increased, with the proportion of family income required to meeting average loan repayments decreasing 1.8 percentage points.

The number of loans to first home buyers in Victoria increased to 8,500, an increase of 18.0 per cent over the quarter but a decrease of 5.7 per cent compared to the June quarter 2018.

Rental affordability in Victoria improved over the quarter with the proportion of income required to meet median rent decreasing to 23.0 per cent, a decrease of 0.1 percentage points over the quarter and a decrease of 0.3 per cent over the previous year.

Queensland

Housing affordability declined in Queensland over the June quarter with the proportion of income required to meet home loan repayments increasing to 28.2 per cent, an increase of 0.7 percentage points over the quarter and an increase of 0.1 percentage points compared to the same quarter last year.

Over the June quarter, the number of loans to first home buyers in Queensland increased to 4,755, an increase of 1.6 per cent over the quarter but a decrease of 17.8 per cent compared to the same quarter of 2018.

Rental affordability in Queensland improved over the quarter with the proportion of the median family income required to meet the median rent decreasing to 21.9 per cent, a decrease of 0.1 percentage points over the quarter and a decrease of 0.3 percentage points compared to the same quarter 2018.

South Australia

Housing affordability in South Australia declined with the proportion of income required to meet monthly loan repayments increasing to 27.1 per cent, an increase of 0.2 percentage points over the quarter and an increase of 0.1 percentage points compared to the June quarter 2018.

Over the June quarter, the number of loans to first home buyers in South Australia increased to 1,588, an increase of 15.9 per cent over the quarter and an increase of 10.2 per cent compared to the June quarter 2018.

Rental affordability in South Australia, improved over the quarter with the proportion of income required to meet rent payments decreasing to 22.0 per cent, a decrease of 0.8 percentage points over the quarter but remaining stable compared to the June quarter 2018.

Western Australia

Housing affordability in Western Australia improved with the proportion of income required to meet loan repayments decreasing to 22.4 per cent, a decrease of 0.2 percentage points over the quarter and a decrease of 1.5 percentage points compared to the June quarter 2018.

The number of first home buyers in Western Australia increased to 3,473 in the June quarter, an increase of 4.8 per cent over the quarter but a decrease of 7.5 percentage points compared to the same time last year.

Rental affordability in Western Australia also improved during the June quarter with the proportion of family income required to meet the median rent decreasing marginally to 16.4 per cent, a decrease of 0.1 percentage points over the quarter but an increase of 0.1 percentage points compared to the year before.

Tasmania

Housing affordability in Tasmania declined over the June quarter with the proportion of income required to meet home loan repayments increasing to 25.8 per cent, an increase of 0.4 percentage points over the quarter and an increase of 0.4 percentage points from the June quarter 2018.

The number of first home buyers in Tasmania decreased to 430, a decrease of 9.7 per cent over the quarter and a decrease of 6.1 per cent compared to the same quarter of the previous year.

Rental affordability in Tasmania also declined over the quarter with the proportion of income required to meet median rents increasing to 29.9 per cent, an increase of 0.6 percentage points over the quarter and an increase of 2.3 percentage points compared with the June quarter 2018.

Northern Territory

Housing affordability in the Northern Territory declined with the proportion of income required to meet loan repayments increasing to 20.6 per cent in the June quarter, an increase of 0.4 percentage points over the quarter but a decrease of 0.9 percentage points when compared to the June quarter 2018.

The number of loans to first home buyers in the Northern Territory increased to 274, an increase of 46.5 per cent over the June quarter and an increase of 54.8 per cent compared to the June quarter 2018.

Rental affordability in the Northern Territory however, improved over the quarter with the proportion of income required to meet the median rent decreasing to 20.2 per cent, a decrease of 0.7 percentage points over the quarter and a decrease of 2.4 percentage points compared to the June quarter 2018.

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 20.6 per cent, an increase of 0.3 percentage points over the quarter but a decrease of 0.3 percentage points compared to the same quarter last year.

The number of loans to first home buyers in the Australian Capital Territory increased to 408, an increase of 4.1 per cent over the quarter but a decrease of 24.2 per cent compared to the June quarter 2018.

Rental affordability in the Australian Capital Territory, improved marginally over the June quarter with the proportion of income required to meet the median rent decreasing to 18.9 per cent, a decrease of 0.1 percentage points over the quarter but an increase of 0.3 percentage points compared to the June 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.