

For immediate release – 14 December, 2022

## HOUSING AFFORDABILITY DECLINES AS HOME LOAN REPAYMENTS SOAR

Housing affordability has declined over the September quarter 2022, with the proportion of income required to meet the average loan repayment increasing to 42.2%, an increase of 3.8 percentage points, the latest Real Estate Institute of Australia (REIA) *Housing Affordability Report* has found.

REIA President, Mr Hayden Groves said housing affordability declined in all states and territories, with Tasmania having the highest decline with the proportion of income increasing 5.9 percentage points and Western Australia having the lowest decline with the proportion of income increasing 3.2 percentage points.

“Rental affordability declined less than housing affordability with the proportion of income required to meet median rent increasing by 0.1 percentage points to 23.0%. Rental affordability improved in New South Wales and the Australian Capital Territory, remained stable in South Australia and Western Australia, but declined in all other states and territories,” he said.

Mr Groves said the number of first home buyers decreased to 26,343, a decrease of 9.6% during the quarter and a decrease of 30.3% compared to the September quarter 2021. First home buyers now make up 30.9% of owner occupier dwelling commitments, a decrease of 0.1 percentage points over the quarter and 4.2 percentage points over the year.

“Over the September quarter, the number of first home buyers decreased in all states and territories except Tasmania and the Northern Territory where there was an increase. The Reserve Bank of Australia (RBA) increased the official cash rate to 2.35% in the September quarter. The quarterly average variable standard interest rate increased to 6.8%. The quarterly average threeyear fixed rate increased to 6.1% by the end of the quarter.”

According to Mr Groves, the average loan size to first home buyers decreased to \$479,125. This was a marginal decrease of 0.1% over the quarter but an increase of 4.4% over the past twelve months. The average loan size to first home buyers increased in New South Wales (0.3%), South Australia (4.4%), Western Australia (2.2%) and Tasmania (6.2%) but decreased in Victoria (-1.2%), Queensland (-0.6%), the Northern Territory (-1.7%) and the Australian Capital Territory (-1.0%).

“The total number of owner occupied dwelling loans decreased to 85,122, a decrease of 9.4% over the September quarter and a decrease of 21.0% over the past 12 months. This is the highest annual decrease in new loans since December 2010. The total number of loans for owner occupied dwellings decreased in all states and territories over the September quarter except in the Northern Territory where it increased 2.3%. Decreases ranged from 6.6% in Tasmania to 12.2% in the Australian Capital Territory.

“Over the September quarter, the average loan size decreased to \$595,566, a decrease of 2.7% over the quarter but an increase of 4.4% over the past 12 months. This is the first quarterly decrease since September 2020. Over the quarter, the average loan size decreased in all states and territories except South Australia, Tasmania and the Northern Territory.

# Media Release



"Decreases ranged from 0.9% in the Australian Capital Territory to 4.4% in New South Wales. Over the past 12 months, the average loan size increased in all states and territories with Tasmania recording the highest annual increase of 13.8%."

## **ENDS**

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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.com.au](http://www.reia.com.au)