

Media Release



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HOUSING AFFORDABILITY AT ITS WORST THIS CENTURY

Real Estate Institute of Australia (REIA) President, Hayden Groves has said that housing affordability, rental affordability and first home ownership has declined over the March quarter 2023.

Mr Groves said that mortgage holders are now facing the worst housing affordability since September 2008 with the proportion of income required to meet the average loan repayment across Australia increasing to 44.9%.

“The RBA cash rate has been increased to 3.6% by the March quarter and their successive rate increases are now intensely apparent in our housing affordability.

“Affordability has declined in all States and Territories except Tasmania as well as the Northern Territory.

“New South Wales, Victoria and South Australia had the worst housing affordability result this century with South Australia suffering the worst decline at 1.1 percentage points.

“To put this in perspective, nationally the average loan repayment increased to \$4,537 over the March quarter, which is a whopping increase of 35.0% over the past 12 months. This will of course be starker in cities where it is more expensive to buy and bigger loans are needed.”

Mr Groves said that rental affordability increased by 0.5 percentage points to 23.0%.

“Rental affordability declined in all states and territories, except in the Australian Capital Territory where it improved.

“This is the worse affordability result for renters since September 2022 however falls well short of the rental affordability crisis of the Global Financial Crisis where income to rent required exceeded 26%.

“Victoria is the most affordable state to rent with rent to income required sitting at 19% and Tasmania the least affordable at 28.9%.”

Mr Groves said that over the March quarter 2023, the number of first home buyers decreased in all states and territories.

“The number of first home buyers decreased to 21,150, a decrease of 17.9% during the quarter and a decrease of 27.3% compared to the March quarter 2022.

“First home buyers now make up 31.4% of the owner occupier dwelling commitments, a decrease of 0.3 percentage points over the quarter and 0.2 percentage points over the year. Victoria had the largest decline at 24.1% and Tasmania had the smallest decline at 6.0%.”

Mr Groves has urged calm and sensible decision making when it comes to housing policy.

“State and Federal decision makers would be wise to look at the evidence base presented by the REIA HAR, not jump at shadows by looking at draconian and nonsensical measures like rent controls and rent caps as proposed by Adam Bandt.

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“Decision makers should focus on the task at hand to solve the current supply crisis by looking at policies to better use the homes we have already built; and building more houses.”

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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