

Media Release

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REIA HAR SHOWS SUSTAINED DECREASE IN AFFORDABILITY TO BUY AND RENT

Housing affordability has declined over the June quarter 2023, with the proportion of income required to meet the average loan repayment increasing to 45.9% the latest Real Estate Institute of Australia (REIA) Housing Affordability Report (HAR) has found.

REIA President, Mr Hayden Groves said housing affordability, or median income to home loan ratio, declined in all states and territories except Victoria.

“Mortgage unaffordability is worse in New South Wales at 56.0%, followed by Victoria (46.5%), Tasmania (43.5%), Queensland (42.4%), South Australia (42.1%), Western Australia (35%), ACT (34.8%) and the Northern Territory (34.4%).

“The Australian Capital Territory had the smallest decline with the proportion of income increasing 0.1 percentage points while the Northern Territory had the highest decline with the proportion of income increasing 1.6 percentage points.

“Housing affordability declined in all states and territories except Victoria where there was an improvement as the proportion of income decreased by 0.1 percentage points.

“The reality is that homeowners with a mortgage continued to be challenged by increased interest rates with again, the lowest affordability on record since 2008.”

Mr Groves said that since our last HAR, there has been a chaotic campaign to introduce rent freezes and rent controls by political stakeholders. National Cabinet, to their credit, have listened to the economic arguments and decided against overly dramatic market intervention.

“Rental affordability declined with the proportion of income required to meet median rent nationally increasing by 0.3 percentage points to 23.3%.

“It is no doubt a challenging time for renters – mostly driven to a fundamental lack of rental availability, but it is important to note that rental affordability didn’t further worsen significantly over the June quarter.

“While rental affordability declined in the larger states of New South Wales, Victoria, Queensland and in Western Australia, it improved in the other states and territories.”

“Tasmania remains the most unaffordable state to rent at with the rent-to-income ratio sitting at 27.3%, followed by New South Wales (27%), the Northern Territory (25.5%), South Australia (23.5%), Queensland (21.5%), Western Australia (22%), Victoria (20.1%) and the ACT (19.7%).

Mr Groves said in the June quarter green shoots emerged for first home buyers compared with the previous period.

“Thankfully, signs of first-time buyers gaining back confidence have emerged this HAR.

“The number of first home buyers increased to 24,768 nationally, an increase of 17.1% during the quarter but a decrease of 15.0% compared to the June quarter 2022.



“The average loan size nationally to first home buyers increased to \$492,587. This was an increase of 2.6% over the quarter and of 2.7% over the past twelve months.

Mr Groves said when it comes to housing it is important to put current conditions in context.

“When Australians are suffering under cost-of-living pressures, looking back provides a sound basis to assess the extent of how historical trends are impacting us today.

“The reality is that for Australian households on median incomes, housing affordability has declined 13.6% over a 20-year period and 12.4% over the past 10 years.

“In comparison, rental affordability has declined a paltry 1.3% over a 20-year period, 0.9% over a 10-year period and 0.5% over the past five years.

“This will vary market by market, but it is critically important when considering measured policy responses in the current environment,” Mr Groves said.

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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.

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