

Media Release

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HOUSING AFFORDABILITY HITS NEW LOWS

Housing affordability has continued to worsen as rising interest rates and soaring housing and rental prices continue to bite, the latest Real Estate Institute of Australia (REIA) Housing Affordability Report has found.

REIA President, Leanne Pilkington said the results come at a time when cost-of-living has never been more on the minds of Australians and central to that is the cost of holding a mortgage on your home, and the rising costs of a previously very affordable rental market.

“It was these two things that characterised the September quarter. Nationally, the outlook for Australians serving a home loan continued to be challenging with the cash rate now at 4.35%. Housing affordability has declined over the September quarter 2023.

“The proportion of income required to meet the average loan repayment increased to 45.5%. Housing affordability has declined over the September quarter 2023, with the proportion of income required to meet the average loan repayment increasing to 45.5%, a marginal increase of 0.1 percentage points.

“Housing affordability declined in New South Wales, Queensland and South Australia, remained stable in the Australian Capital Territory, but improved in Victoria, Western Australia, Tasmania and the Northern Territory. The Northern Territory had the largest improvement with the proportion of income decreasing 1.1 percentage points while South Australia had the largest decline with the proportion of income increasing 0.7 percentage points.

“Rental affordability declined with the proportion of income required to meet median rent increasing by 0.5 percentage points to 23.6%. Rental affordability declined in New South Wales, Victoria, Queensland and South Australia, but improved in Western Australia, Tasmania, the Northern Territory and the Australian Capital Territory.

“The number of first home buyers decreased to 26,928, a decrease of 5.4% during the quarter and a decrease of 4.0% compared to the September quarter 2022. First home buyers now make up 36.0% of the owner occupier dwelling commitments, a decrease of 0.5 percentage points over the quarter but an increase of 3.0 percentage points over the year.

“Over the September quarter, the number of first home buyers decreased in all states and territories. Victoria had the smallest decrease (-0.4%) and the Australian Capital Territory had the largest (17.2%). The Reserve Bank of Australia (RBA) maintained the official cash rate at 4.1% over the September quarter. The quarterly average variable standard interest rate remained stable at 8.5%. The quarterly average three-year fixed rate increased 0.2 percentage points to 6.6% by the end of the quarter.

“The average loan size to first home buyers increased to \$503,082. This was an increase of 0.9% over the quarter and an increase of 4.0% over the past twelve months. The average loan size to first home buyers increased in all states and territories except Victoria, South Australia and the Australian Capital Territory where there was a decline. Tasmania had the largest increase in average first home buyer loans (5.0%) and the Australian Capital Territory had the largest decline (-4.9%).”

Ms Pilkington said the total number of owner occupied dwelling loans decreased to 74,855, a decrease of 4.1% over the September quarter and a decrease of 12.1% over the past year. The total number of loans for owner



occupied dwellings decreased in all states and territories over the September quarter. Decreases ranged from 0.8% in Victoria to 15.4% in the Australian Capital Territory.

“Over the September quarter, the average loan size increased to \$592,140, an increase of 1.5% over the September quarter but a decrease of 0.6% over the past 12 months. Over the quarter, the average loan size increased in all states and territories except Victoria and the Northern Territory.

“Increases ranged from 0.7% in Western Australia to 3.0% in South Australia. Over the past 12 months, the average loan size increased Queensland, South Australia, Western Australia and the Australian Capital Territory but decreased in New South Wales, Victoria, Tasmania and the Northern Territory. Increases ranged from 0.2% in the Australian Capital Territory to 6.0% in South Australia,” Ms Pilkington 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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