

Media Release

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HOUSING AFFORDABILITY HITS ALL TIME CRISIS POINT

Real Estate Institute of Australia (REIA) has launched its December, 2023 Housing Affordability Report (HAR), which shows a quarter characterised by cost-of-living across the economy and households across Australia, as the nation headed into Christmas after the year of RBA living dangerously.

REIA President, Ms Leanne Pilkington said that with the cash rate sitting at 4.35% by December 2023, it comes as no surprise that housing affordability for mortgagees is the worst on record since the REIA HAR was first published.

“Nationally, housing affordability has declined a substantial 2.7 percentage points over the quarter, and the average household is now spending 47.7% of their income on mortgage repayments.

“Housing affordability in New South Wales, Victoria, South Australia, Tasmania and the Australian Capital Territory (ACT) is at its lowest point in 20 years.

“Queensland emerged as the biggest loser in the affordability stakes declining in housing affordability by 2.8% in the quarter.

Only with rate rise relief will we see changes to this outlook.”

Ms Pilkington said rental affordability improved in New South Wales and remained stabled in the ACT.

“However, nationally, the proportion of income required to meet median rent increased by 0.3 percentage points to 23.9%.

This translates to a decline in rental affordability in most states: Victoria, Queensland, South Australia, Western Australia, Tasmania and the Northern Territory.”

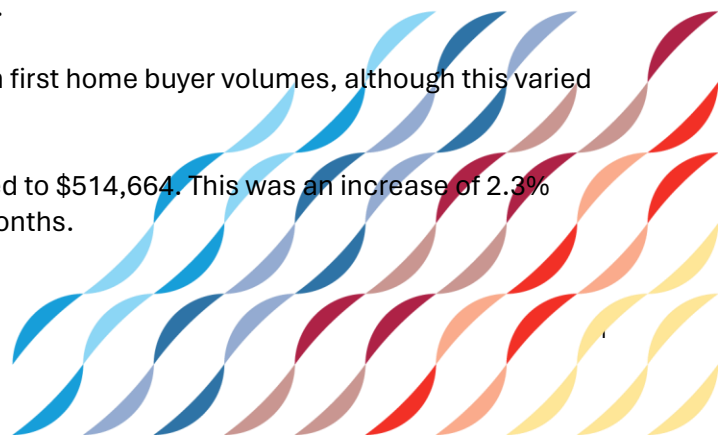
Ms Pilkington said that only with a dramatic increase in rental supply will we see changes to this outlook.

“Perhaps responding to critical rental conditions, this quarter showed positive results for more active entry level buyers.

“The number of first home buyers increased to 31,445, an increase of 16.8% over the quarter and an increase of 12.8% compared to the December quarter 2022.

Ms Pilkington said that all jurisdictions reported increases in first home buyer volumes, although this varied considerably.

“Overall, the average loan size to first home buyers increased to \$514,664. This was an increase of 2.3% over the quarter and an increase of 5.5% over the past 12 months.





“The average loan size to first home buyers increased in all states and territories except Tasmania where there was a 6.9% decrease. South Australia had the largest increase in average first home buyer loans (6.6%) and New South Wales and the Northern Territory had the smallest increase (0.3%).

“The total number of owner occupied dwelling loans increased to 83,620, an increase of 11.7% over the December quarter and an increase of 2.8% over the past year. The total number of loans for owner occupied dwellings increased in all states and territories over the December quarter. Increases ranged from 9.7% in Queensland to 25.2% in the Northern Territory. Over the December quarter, the average loan size increased to \$614,029, an increase of 3.7% over the December quarter and an increase of 2.3% over the 12 months,” she 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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