

**100 YEARS OF SERVING
THE REAL ESTATE INDUSTRY**

Media Release

For immediate release – Thursday 6th June, 2024

HOUSING AFFORDABILITY IMPROVES FOR THE FIRST TIME SINCE 2021

Housing affordability for home buyers has finally turned a corner with the March quarter of 2024, showing improvement for the first time in three years - but it's a tale of two cities.

Real Estate Institute of Australia (REIA) President, Ms Leanne Pilkington said that while housing affordability has improved, it remains clear Australians continue to suffer pain with rental affordability declining while the number of first home buyers has also fallen.

Ms Pilkington said the good news for home buyers was that the proportion of income required to meet average loan repayments fell 1.0 percentage points to 46.7%. The improvement can be attributed to stronger wage growth and a pause on interest rate hikes.

“This is the first improvement in housing affordability since a series of successive increases from the March quarter 2021 through to the December quarter 2023 saw this figure reach a high of 47.7%.

“Housing affordability improved in New South Wales, Victoria, Tasmania and the Australian Capital Territory, remained stable in South Australia, and declined in Queensland, Western Australia and the Northern Territory.

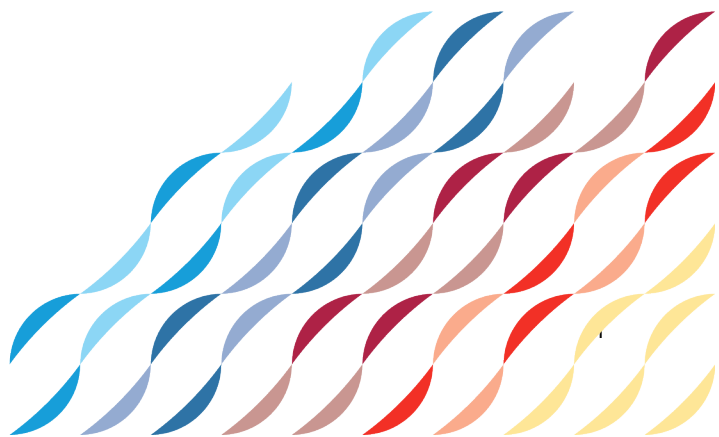
“Improvements ranged from 2.2 percentage points in New South Wales, to 0.9 percentage points in Victoria and the Australian Capital Territory.”

Ms Pilkington said that while ownership affordability improved, rental affordability declined across the country.

“Nationally, the proportion of income required to meet median rents increased 0.5 percentage points over the quarter to 24.4%. Rental affordability declined in all states and territories. Declines ranged from 0.2 percentage points in Victoria to 0.7 percentage points in Tasmania.

Ms Pilkington said the number of first home buyers decreased to 25,824, a decrease of 17.9% over the quarter, but an increase of 8.3% compared to the March quarter 2023. First home buyers now make up 36.7% of the owner occupier dwelling commitments, a decrease of 0.9 percentage points over the quarter but an increase of 1.5 percentage points over the year.

“The Reserve Bank of Australia maintained the official cash rate at 4.35% throughout the March quarter. The quarterly average standard variable interest rate remained stable at 8.8%. The quarterly average 3-year fixed rate also remained stable at 6.8%



“Over the March quarter, the number of first home buyers decreased in all states and territories. Western Australia had the smallest decrease (-11.5%) and the Northern Territory the largest decrease (-35.9%), although with only 150 loans made to first home buyers, the Northern Territory continues to be the nation’s smallest market. The average loan size to first home buyers increased to \$518,510.

“This was an increase of 0.7% over the quarter and an increase of 6.9% over the past twelve months. The average loan size to first home buyers increased in all states and territories except Victoria where there was a 0.4% decrease. Western Australia had the largest increase in average first home buyer loans (4.1%), and New South Wales had the smallest increase (0.1%).

“The total number of owner occupied dwelling loans decreased to 70,374, a decrease of 15.8% over the March quarter but an increase of 4.0% over the past year. The total number of loans for owner occupiers decreased in all states and territories over the March quarter. Decreases ranged from 7.4% in Tasmania to 35.9% in the Northern Territory.

“Over the March quarter, the average loan size decreased to \$607,095, a decrease of 1.1% over the March quarter but an increase of 3.5% over the 12 months. Over the quarter, the average loan size increased in Queensland (1.1%), South Australia (0.9%), Western Australia (3.7%) and the Northern Territory (1.3%). Decreases in average loan size ranged from 0.1% in Victoria to 2.9% in New South Wales. Over the past 12 months, the average loan size increased in all states and territories except Victoria,” Ms Pilkington concluded.

For any further information please contact
Olwyn Conrau, REIA Media Consultant

0413 600 350
olwyn.conrau@reia.com.au

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

