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# Media Release

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## AFFORDABILITY CRISIS DEEPENS AS NEW LOANS DROP

While lending rates remain higher than a year ago, recent statistics indicate that Australians are facing challenges, as reflected in May figures showing declines across the board, Real Estate Institute of Australia (REIA) President, Ms Leanne Pilkington said.

Ms Pilkington said the latest ABS figures show that in May 2024, in seasonally adjusted terms, the value of new loan commitments for total housing fell by 1.7% to \$28.8 billion, following a rise of 4.8% in April.

“While it is 18.0% higher compared to a year ago, it indicates there are signs the market may be slowing down.

“Housing affordability has been a growing concern, with the proportion of family income required to meet loan repayments reaching significant levels. This has particularly impacted first-home buyers, who already face substantial barriers due to rising property prices and the need for larger deposits.

“The decline in new loan commitments in May 2024 further underscores these challenges.

“Despite a brief uptick in April, the overall downward trend suggests that many Australians are hesitant to commit to new loans amidst economic uncertainty and high interest rates. The drop in commitments for the purchase and construction of new dwellings also indicates a potential slowdown in housing market activity, which could have broader implications for the economy,” Ms Pilkington said.

The latest ABS figures show loan commitments to owner-occupiers decreased by 2.0%, after a 4.5% rise in April, and commitments to investors fell by 1.3%, following a 5.3% rise in April.

“For owner-occupier housing, the value of new loan commitments for the purchase of existing dwellings declined by 2.2%, but was 10.4% higher compared to a year ago.

“Commitments for the construction of new dwellings fell by 0.7%, yet were 14.7% higher compared to a year ago. Commitments for the purchase of new dwellings dropped by 5.6%.”

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