

Media Release

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HOUSING AFFORDABILITY CRISIS DEEPENS AS FIRST-HOME BUYER NUMBERS FALL

The latest figures from the Australian Bureau of Statistics (ABS) highlight the deepening housing affordability crisis, as rising loan values mask a worrying decline in first-home buyer activity.

Ms Leanne Pilkington, President of the Real Estate Institute of Australia (REIA), said housing affordability is now more than a growing concern, with the proportion of family income required to meet loan repayments reaching significant levels.

“Despite an overall 1.0% increase in the total value of new housing loans to \$30.4 billion in August, the number of loans for first-home buyers dropped by 1.5%, signalling a troubling trend.

“The fall in first-home buyer loans points to the ongoing struggles faced by young Australians attempting to enter the property market.

“The decline reflects the strain on affordability, exacerbated by rising property prices and higher interest rates, which are pushing home ownership further out of reach.

“We are facing a critical issue—families are stretching their finances to unprecedented levels to meet loan repayments, leaving first-home buyers increasingly sidelined,” she added.

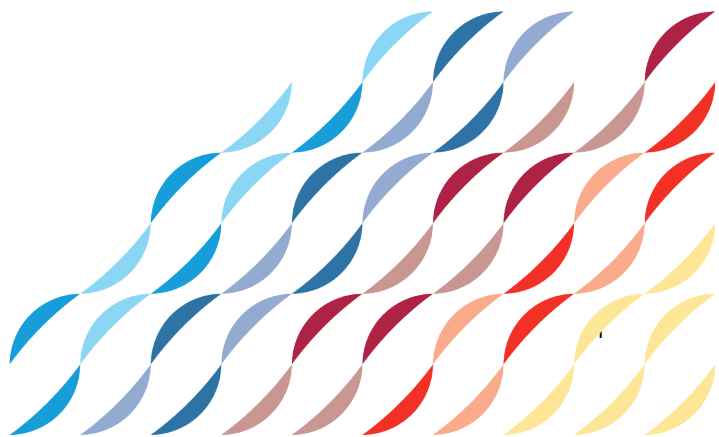
Ms Pilkington said that while the value of new investor loans rose 1.4 per cent to \$11.7 billion, 34.2 per cent higher than August 2023, it reflected price growth across the nation rather than a significant influx of new investors into the market.

“With investor loans up 34.2% since August 2023, the increase is almost solely due to an influx of investors in Queensland which saw an incredible \$200 million rise. Every other state except the ACT recorded losses. The ACT increase was predominantly due to a large number of off the plan apartments settling at once.

“Seeing decreases in investment loans across the country is concerning, especially in light of current discussions surrounding negative gearing.

“However, reports of easing rent prices may relieve some immediate pressure. The focus should remain on policies that encourage housing supply as the long-term solution. While first-home buyer (FHB) loans may have dipped, addressing supply shortages and broader cost-of-living issues will be more effective in ensuring sustainable affordability for both FHBs and investors.

“Still, the data points to a growing imbalance, underscoring the need for urgent policy intervention to address housing affordability across the country.”





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

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

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