

Media Release

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HOUSING AFFORDABILITY HITS HISTORICAL LOW

Housing affordability in Australia reached a historic low during the September quarter of 2024, marking the most challenging conditions since the Real Estate Institute of Australia (REIA) began monitoring in 1996.

REIA's latest *Housing Affordability Report (HAR)* found that the proportion of median family income required for average loan repayments climbed to 48.6%, an increase of 0.4 percentage points from the previous quarter.

REIA President, Ms Leanne Pilkington said that despite a modest improvement in Tasmania and the Northern Territory, declines were observed across all other states and territories, with the Australian Capital Territory experiencing the steepest drop of 1.4 percentage points.

Ms Pilkington highlighted the growing burden on Australian households: "The figures underscore the persistent challenges faced by families striving to enter the housing market or manage their existing commitments. Rising mortgage sizes coupled with stagnant variable interest rates continue to push affordability further out of reach."

"Rental affordability also saw a decline over the same period, with the proportion of income required to cover median rents increasing to 24.9%. While Victoria and Queensland recorded marginal improvements, New South Wales bore the brunt of the decline, with affordability falling by 1.0 percentage points.

"First-home buyers, often seen as a bellwether for market conditions, faced a mixed scenario. The number of new loan commitments fell by 3.9% compared to the previous quarter but remained 9.4% higher year-on-year.

"However, the average loan size for first-home buyers increased to \$536,561, representing a 0.8% rise over the quarter and a notable 6.7% jump over the past 12 months.

"Queensland recorded the highest increase in average loan size at 3.0%, while decreases were noted in New South Wales, Tasmania, and the Australian Capital Territory.

"Despite the Reserve Bank of Australia maintaining the cash rate at 4.35% and a stable quarterly average standard variable interest rate of 8.8%, the affordability crisis persists.

"The quarterly average three-year fixed interest rate saw a slight decrease of 0.5 percentage points to 6.3%, but this has done little to alleviate the mounting pressures on borrowers."

Ms Pilkington emphasised the broader implications of these trends: "The data reveals the need for targeted policy interventions to address housing supply and affordability issues. Without meaningful action, homeownership will remain an increasingly elusive goal for many Australians."



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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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