

REAL ESTATE INSTITUTE OF  
AUSTRALIA



# Housing Affordability Report

DECEMBER QUARTER  
2022



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# Housing affordability declined while rental affordability improved in the December quarter 2022

## STATE OF THE NATION

Housing affordability has declined over the December quarter 2022, with the proportion of income required to meet the average loan repayment increasing to 44.7%, an increase of 2.4 percentage points. Housing affordability declined in all states and territories. New South Wales had the highest decline with the proportion of income increasing 3.1 percentage points and the Northern Territory had the lowest decline with the proportion of income increasing 1.1 percentage points.

Rental affordability improved with the proportion of income required to meet median rent decreasing by 0.1 percentage points to 22.9%. Rental affordability improved in all states and territories, except South Australia and Western Australia, where it declined.

## CASH RATE

The Reserve Bank of Australia (RBA) increased the official cash rate to 3.1% in the December quarter. The quarterly average variable standard interest rate increased to 7.5%. The quarterly average three-year fixed rate increased to 6.2% by the end of the quarter.

## FIRST HOME BUYERS

The number of first home buyers decreased to 25,753, a decrease of 2.2% during the quarter and a decrease of 31.4% compared to the December quarter 2021.

First home buyers now make up 31.7% of owner occupier dwelling commitments, an increase of 0.8 percentage points over the quarter but a decline of 2.6 percentage points over the year.

Over the December quarter, the number of first home buyers decreased in all states and territories except New South Wales and Queensland where there was an increase.

The average loan size to first home buyers increased to \$485,338. This was an increase of 1.3% over the quarter and an increase of 3.0% over the past twelve months.

The average loan size to first home buyers increased in Victoria, Queensland, South Australia, Tasmania, the Northern Territory and the Australian Capital Territory, but decreased in New South Wales and Western Australia.

## LENDING TRENDS

The total number of owner occupied dwelling loans decreased to 81,349, a decrease of 4.4% over the December quarter and a decrease of 25.7% over the past year.

The total number of loans for owner occupied dwellings decreased in all states and territories over the December quarter. Decreases ranged from 1.6% in Western Australia to 9.4% in the Australian Capital Territory and the Northern Territory.

Over the December quarter, the average loan size increased to \$600,343, an increase of 0.8% over the December quarter and an increase of 1.5% over the 12 months.

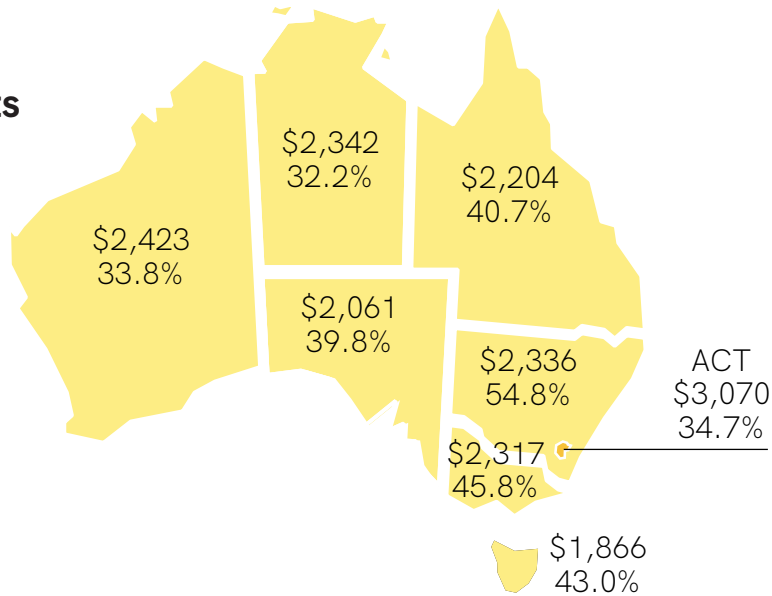
Over the quarter, the average loan size increased in all states and territories except Victoria and the Northern Territory. Increases ranged from 0.4% in Queensland to 4.1% in the Australian Capital Territory. Over the past 12 months, the average loan size increased in all states and territories except New South Wales which had a decrease of 1.9%. Increases ranged from 0.5% in Victoria to 11.7% in South Australia.

*Please note: The REIA updated the methodology used for calculating median family income. This has been revised from December 1996. The new family income amounts are available on subscription on the REIA website (HLAR 4 - Median weekly family income by state and nationally from 1996).*

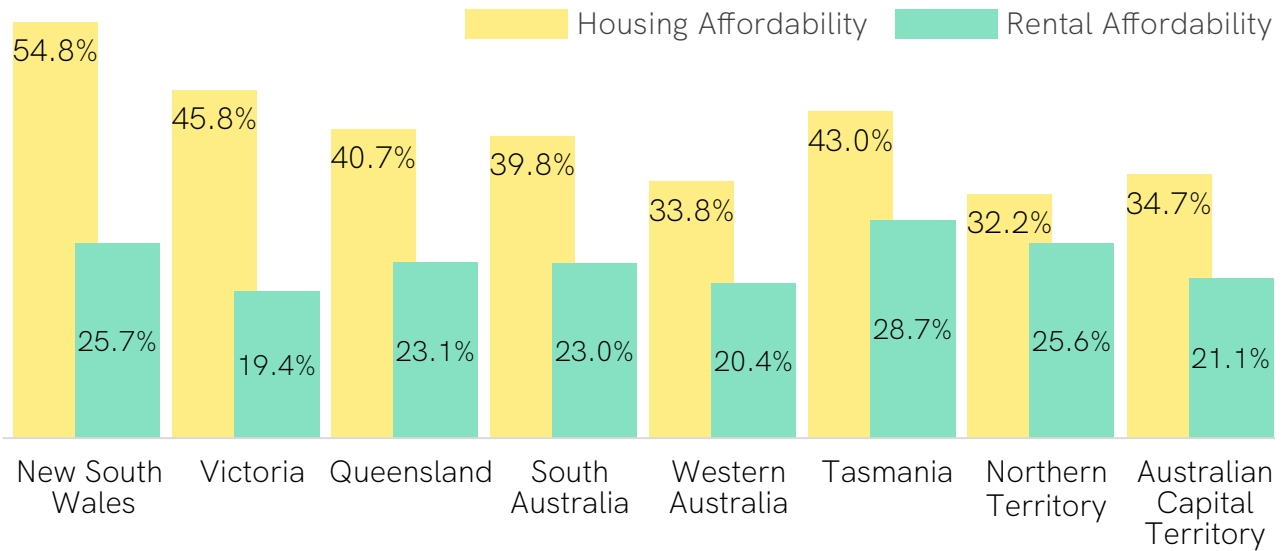


## Family Income and Weekly Repayments

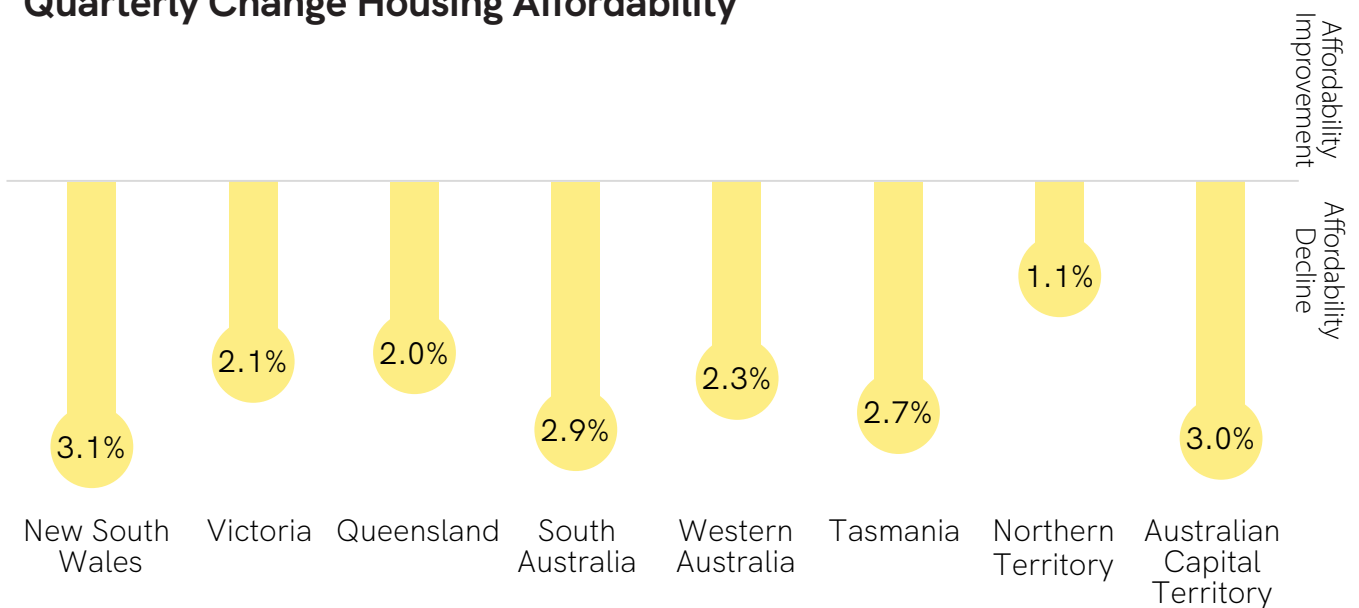
Median weekly family income and proportion required to meet loan repayments



## Housing and Rental Affordability



## Quarterly Change Housing Affordability



## PRESIDENT'S MESSAGE



### REIA HAR Presidents Report December quarter 2022

The story of the REIA Housing Affordability Report (HAR) for the December quarter 2022 is all about interest rates at 3.1% and increased home loan repayments with no joy in sight for mortgage holders.

This has had flow on impacts to financings, and the number of first-time buyers entering the market.

#### Housing affordability declined in all States and Territories.

Nationally, the proportion of income required to meet the average loan repayment increased to 44.7%.

New South Wales had the highest decline with the proportion of income increasing 3.1 percentage points to a huge 54.8% and the Northern Territory had the lowest decline with the proportion of income increasing 1.1 percentage points to 32.2%.

#### Glimmer of hope for renters

Rental affordability improved with the proportion of income required to meet median rent decreasing by 0.1 percentage points to 22.9%.

Rental affordability improved in all states and territories, except South Australia and Western Australia.

In particular, the median rent remained stable in Sydney and only went up \$5 in Melbourne. These markets account for 60% of the national rental cohort.

The primary factor in this improvement was the increase in family income.

#### First time buyer and overall lending down

The number of first home buyers decreased to 25,753, a decrease of 2.2% during the quarter and a decrease of 31.4% compared to the December quarter 2021.

The total number of loans for owner occupied dwellings decreased in all states and territories over the December quarter. Decreases ranged from 1.6% in Western Australia to 9.4% in the Australian Capital Territory and the Northern Territory.

#### Where to from here

Much of the factors of the current market dynamics are directly linked to monetary policy settings and aggressive inflation control measures. Some of the affordability challenges will be relieved by stabilising of cash rate hikes.

The other equally significant part is the complete lack of housing supply Australia-wide. We must look to unlock existing housing inventory; and build more houses.

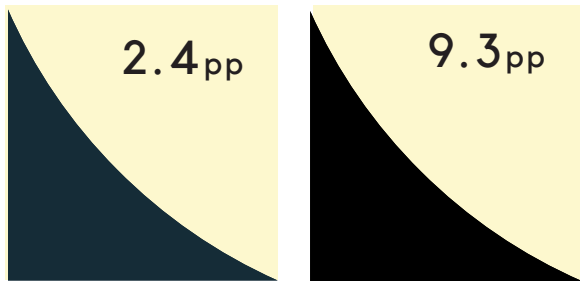
Simple measures can help achieve this but will require the will and meaningful action on the part of State and Federal Governments but overall action on new builds is looking dire.

The next REIA HAR will more fully articulate the impacts of the rate hikes on renters, owners, first time buyers and investors.

**Hayden Groves**  
**President**  
**Real Estate Institute of Australia**



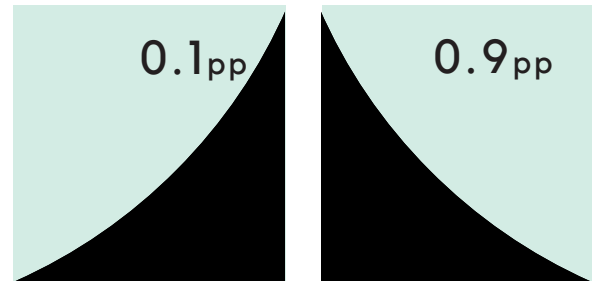
## HOUSING AFFORDABILITY



Quarterly Decline

Annual Decline

## RENTAL AFFORDABILITY



Quarterly Improvement

Annual Decline

## THE NATIONAL SNAPSHOT

### Proportion of family income required to meet loan repayments

Table 1 shows the proportion of family income needed to meet loan repayments.

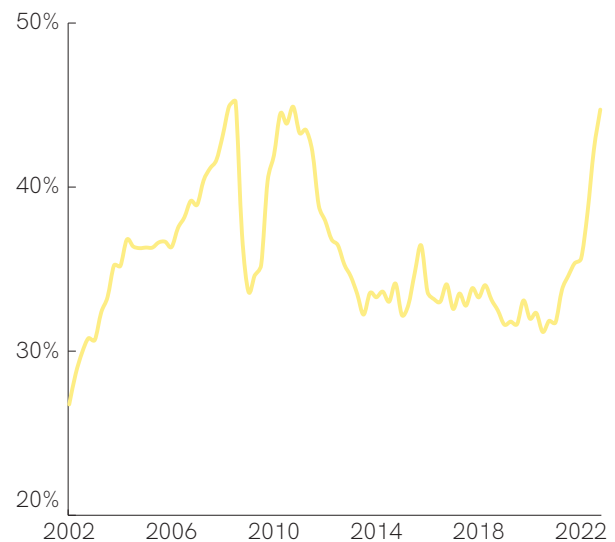
Table 1: Proportion of family income needed to meet loan repayments

	Dec Qtr 2022	Sep Qtr 2022	Dec Qtr 2021
NSW	54.8%	51.7%	44.4%
VIC	45.8%	43.8%	36.7%
QLD	40.7%	38.7%	31.4%
SA	39.8%	36.9%	28.8%
WA	33.8%	31.5%	25.3%
TAS	43.0%	40.3%	31.9%
NT	32.2%	31.1%	24.8%
ACT	34.7%	31.7%	26.5%
AUS	44.7%	42.3%	35.4%

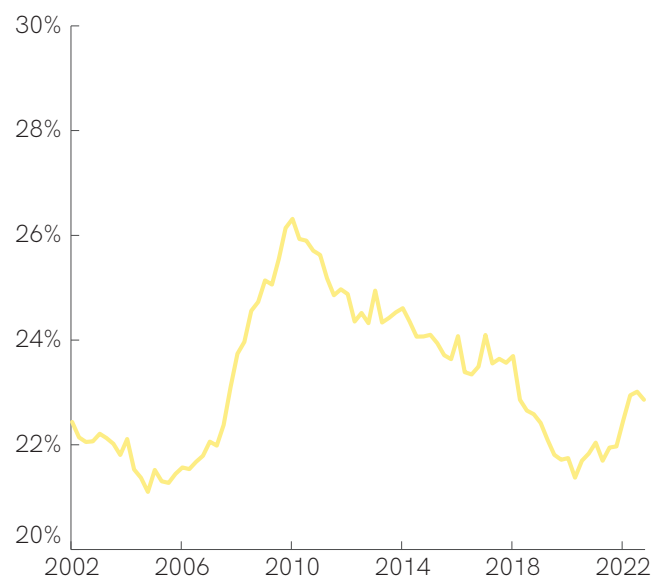
**Chart 1** shows the movement in the proportion of family income required to meet average home loan repayments since the December quarter 2002.

**Chart 2** shows the movement in rental affordability.

**Chart 1:** Proportion of family income required to meet average loan repayments



**Chart 2:** Proportion of family income required to meet weighted average median rent



## Rental Affordability

The Australian weighted average median rent for three-bedroom houses is calculated using Census data and median rents published in REIA Real Estate Market Facts.

Rental affordability improved marginally in the December quarter 2022, with the proportion of income required to meet median rent decreasing to 22.9%. This was a decrease of 0.1 percentage points over the quarter, but an increase of 0.9 percentage points over the past 12 months.

Over the quarter, rental affordability improved in all states and territories, except South Australia and Western Australia where it declined.

The least affordable state or territory in which to rent a property continued to be Tasmania, where the proportion of income required to meet median rent decreased to 28.7%. This was 5.8 percentage points higher than the national average. Victoria remained the most affordable, where the proportion of income required to meet median rent was 19.4%.

Table 2 shows rental affordability expressed as the proportion of median weekly family income required to meet the median weekly rent for a three bedroom house.

## First Home Buyers

The number of first home buyers decreased to 25,753, a decrease of 2.2% during the quarter and a decrease of 31.4% compared to the December quarter 2021.

First home buyers now make up 31.7% of the owner occupier dwelling commitments, an increase of 0.8 percentage points over the quarter, but a decrease of 2.6 percentage points over the year.

The average loan size to first home buyers increased to \$485,338. This was an increase of 1.3% over the quarter and an increase of 3.0% over the past twelve months.

Please note, owner occupier first home buyers includes those purchasing residential land.

**Chart 3a** shows first home dwelling commitments as a share of all dwellings financed from the December quarter 2012 to the December quarter 2022.

**Chart 3b** shows the difference in average owner occupied dwelling loans for first home buyers and all new loans.

Table 2: Proportion of family income needed to meet rent payments

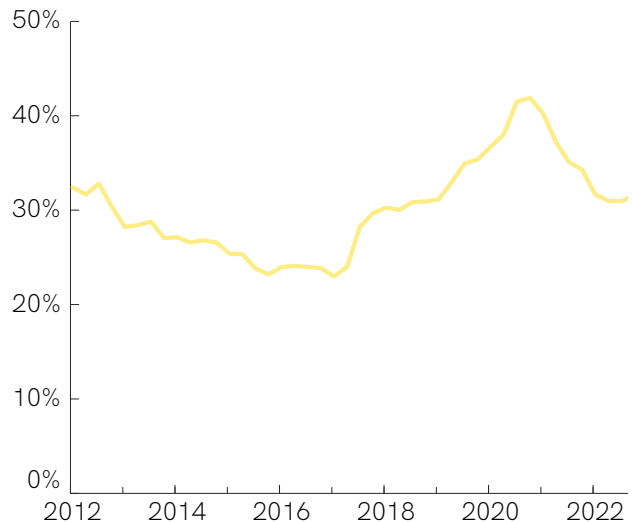
	Dec Qtr 2022	Sep Qtr 2022	Dec Qtr 2021
NSW	25.7%	26.1%	24.9%
VIC	19.4%	19.6%	19.4%
QLD	23.1%	23.2%	20.5%
SA	23.0%	22.8%	21.9%
WA	20.4%	19.8%	19.1%
TAS	28.7%	30.1%	28.7%
NT	25.6%	25.9%	25.4%
ACT	21.1%	21.6%	21.1%
AUS	22.9%	23.0%	22.0%

## Fast Facts

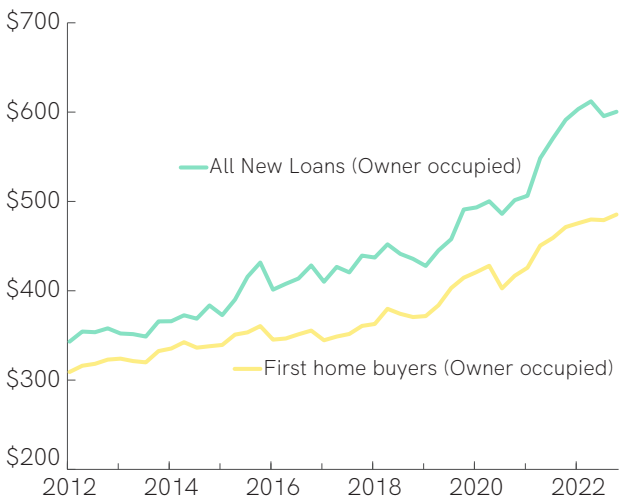
### Proportion of family income to meet

	Dec 2022	Sep 2022	Dec 2021
Home loan repayments	44.7%	42.3%	35.4%
Rent payments	22.9%	23.0%	22.0%

Chart 3a: First home buyers' share of dwellings financed



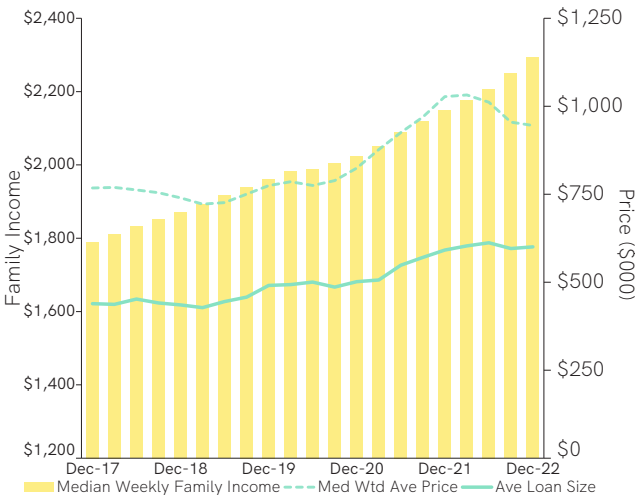
**Chart 3b:** Average home loans for first home buyers and all new buyers (\$'000s)



**Factors influencing home loan affordability**

- The amount to be borrowed reflects the price of the property being purchased and the borrower’s equity situation.
- The average loan repayment is determined by the size of the loan, interest rates, and the period of the loan.
- The ability to repay the mortgage depends upon the family income.

**Chart 4** shows the relationship between the Australian weighted average median house price, median weekly family income, and average loan size.



**Median House Prices**

The weighted average capital city median house price decreased to \$945,474. This was a decrease of 0.9% over the December quarter and a decrease of 8.0% over the past twelve months.

Detailed data on median prices for houses and other dwellings is available in the REIA Real Estate Market Facts publication, which was released on March 15, 2023.

**Median family income and average monthly loan repayments**

The national median weekly family income increased to \$2,293. This was an increase of 1.9% during the December quarter and an increase of 6.7% over the past 12 months.

The average monthly loan repayment increased to \$4,444 in the December quarter. This was an increase of 7.8% over the quarter and an increase of 35.0% over the past 12 months.

The proportion of family income required to meet loan repayments increased to 44.7% during the December quarter 2022. This was an increase of 2.4 percentage points over the previous quarter and 9.3 percentage points over the past year.

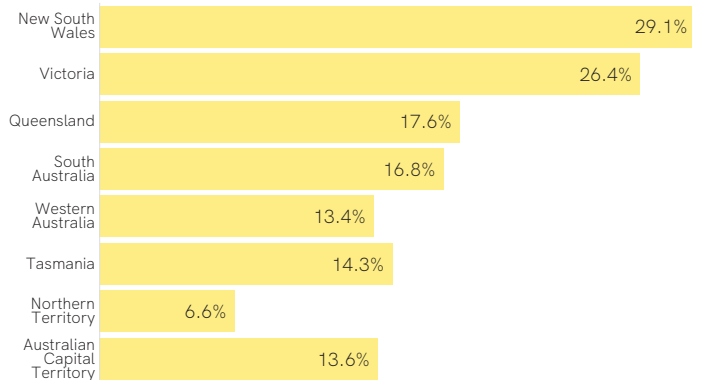
**Loans to owner occupiers (all borrowers)**

The total number of loans decreased to 81,349. This was a decrease of 4.4% over the quarter and a decrease of 25.7% over the past year.

The average loan size increased to \$600,343. This was an increase of 0.8% over the December quarter and an increase of 1.5% over the past year.

**Rent-buy differential**

The rent-buy differential shows the difference in affordability between median rent and average mortgage repayments, as a proportion of family income.

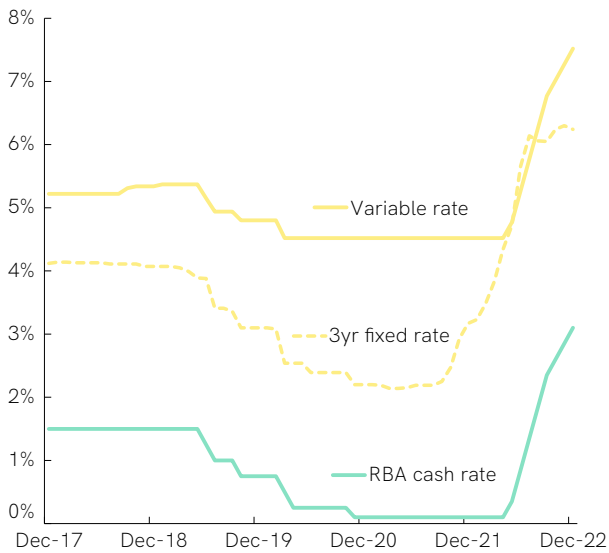


## Interest Rates

The Reserve Bank of Australia (RBA) increased the official cash rate to 3.10% in the December quarter. The December variable standard interest rate increased by 0.75 percentage points to 7.5% since the previous quarter. The quarterly average three-year fixed rate increased by 0.19 percentage points to 6.2% during the quarter. The gap between variable and three-year fixed rates was 1.3 percentage points.

**Chart 5** shows the movement of the RBA cash rate, the quarterly average standard variable rate, and the quarterly average 3 year fixed rate over the last five years.

### Chart 5 Quarterly Interest Rates



## Affordability Over Time

Table 3 and Table 4 show the extent of improvement (+) or decline (-) in housing affordability and rental affordability in this quarter compared with the same quarter 5 years ago, 10 years ago and 20 years ago.

Housing affordability Australia-wide has declined by 10.9 percentage points over the past 5 years, 9.4 percentage points over the past 10 years and 13.9 percentage points over the past 20 years.

Rental affordability Australia-wide has improved by 0.7 percentage points over the past 5 years and 1.5 percentage points over the past 10 years but declined by 0.8 percentage points over the past 20 years.

**Table 3: Housing affordability compared with the current quarter**

	5 years	10 years	20 years
NSW	-15.0	-14.5	-18.1
VIC	-11.0	-9.8	-15.1
QLD	-10.4	-7.6	-11.3
SA	-11.1	-8.2	-15.4
WA	-5.3	-3.7	-7.5
TAS	-15.3	-13.8	-22.8
NT	-8.4	-1.2	-10.4
ACT	-11.3	-8.4	-12.6
AUS	-10.9	-9.4	-13.9

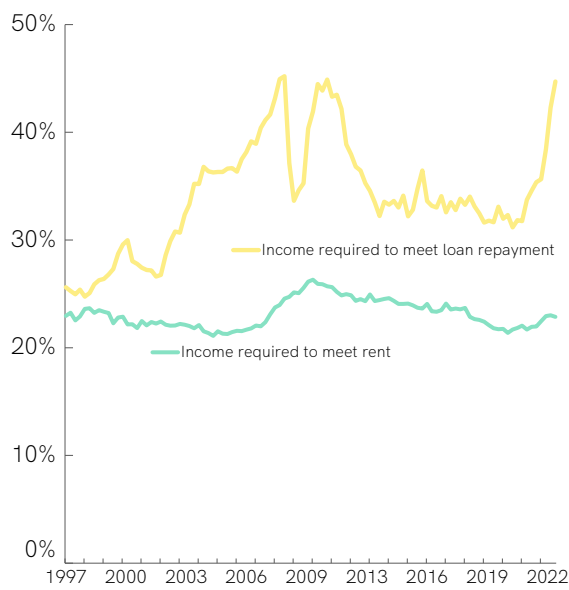
**Table 4: Rental affordability compared with the current quarter**

	5 years	10 years	20 years
NSW	2.0	1.1	-1.7
VIC	2.7	2.7	1.3
QLD	-0.9	0.2	-1.4
SA	-1.2	-0.2	-1.9
WA	-3.2	2.4	-2.1
TAS	-2.2	-3.0	-6.3
NT	-2.7	8.3	-4.5
ACT	-1.6	-2.2	-2.2
AUS	0.7	1.5	-0.8



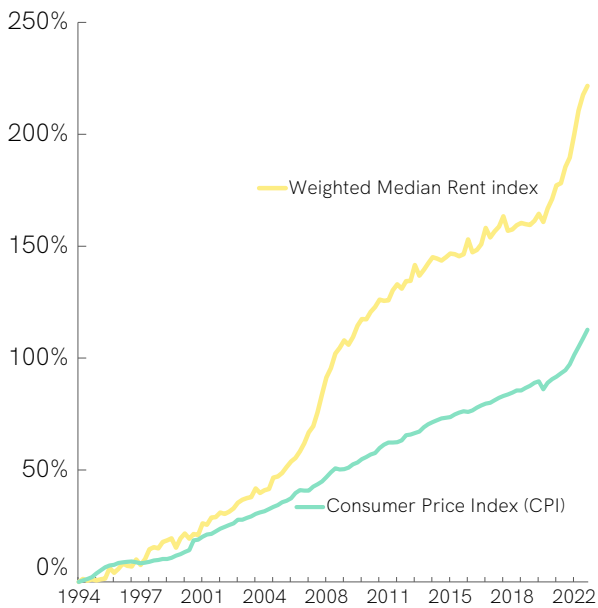


**Chart 6**  
Home loan affordability indicator over time



A long-term series of the quarterly movements in the Australian CPI and the weighed average median three bedroom house rent for the eight Australian capital cities are shown in Chart 7.

**Chart 7 Australian rent and CPI**



**Table 5: Australia**

	Dec 2022	Sep 2022	Dec 2021
Proportion of family income devoted to meeting average loan repayments	44.7%	42.3%	35.4%
Proportion of family income devoted to meeting median rents	22.9%	23.0%	22.0%
Median weekly family income	\$2,293	\$2,249	\$2,148
Average monthly loan repayment	\$4,444	\$4,122	\$3,293
Average loan	\$600,343	\$595,566	\$591,263
Total number of loans	81,349	85,122	109,559
Number of loans to first home buyers	25,753	26,343	37,557
Average first home buyer loan	\$485,338	\$479,125	\$471,318
<b>Banks</b>			
Standard variable interest rate	7.5%	6.8%	4.5%
Fixed interest rate	6.2%	6.1%	3.2%

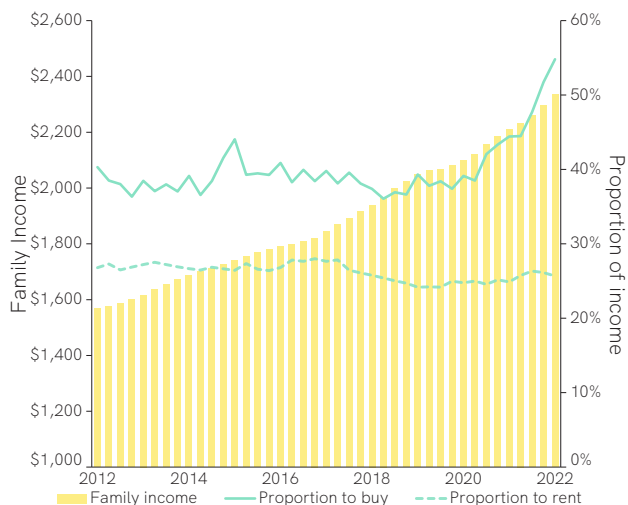
**Table 6: Change in affordability over time**

	5 years	10 years	20 years
Home Loan Affordability	-10.9	-9.4	-13.9
Meeting rental payments	0.7	1.5	-0.8

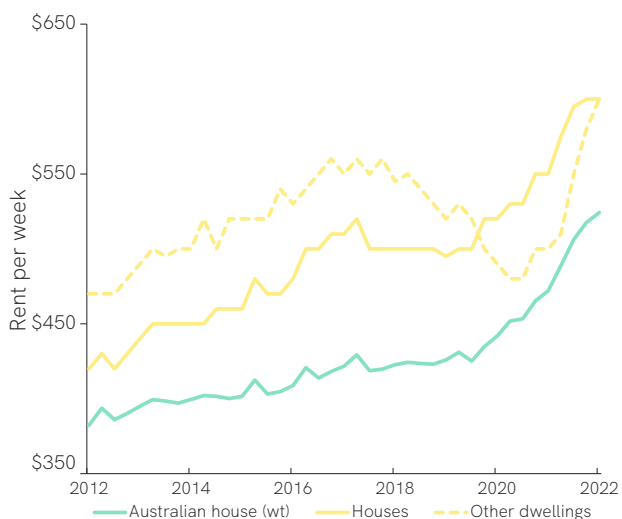


# NEW SOUTH WALES

**Chart 8 New South Wales affordability**



**Chart 9 Median rents in Sydney**



Housing affordability declined in New South Wales over the quarter and over the year. The proportion of family income devoted to meeting average loan repayments increased to 54.8% over the quarter, the highest proportion in the past 20 years. This was an increase of 3.1 percentage points over the quarter and 10.4 percentage points over the year. New South Wales remains the least affordable state or territory in which to purchase.

Rental affordability in New South Wales improved over the quarter, but declined over the previous year. The proportion of family income required to meet median rent decreased to 25.7%, a decrease of 0.4 percentage points over the quarter, but an increase of 0.8 percentage points over the year.

**Table 7: New South Wales**

	Dec 2022	Sep 2022	Dec 2021
Proportion of family income devoted to meeting average loan repayments	54.8%	51.7%	44.4%
Proportion of family income devoted to meeting median rents	25.7%	26.1%	24.9%
Median weekly family income	\$2,336	\$2,296	\$2,210
Average monthly loan repayment	\$5,549	\$5,147	\$4,255
Average loan	\$749,521	\$743,586	\$763,985
Total number of loans	20,577	21,181	28,885
Number of loans to first home buyers	5,806	5,739	9,017
Average first home buyer loan	\$578,436	\$581,600	\$584,962

**Table 8: Change in affordability over time**

	5 years	10 years	20 years
Home Loan Affordability	-15.0	-14.5	-18.1
Meeting rental payments	2.0	1.1	-1.7

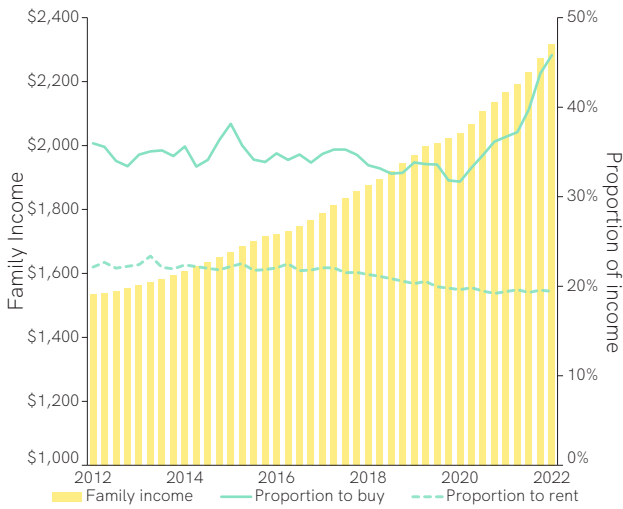
The number of loans to first home buyers in New South Wales increased to 5,806. This was an increase of 1.2% over the quarter but a decrease of 35.6% over the past year. Of the total number of Australian first home buyers who purchased during the December quarter, 22.5% were from New South Wales. First home buyers made up 28.2% of the state's owner-occupier market. In the December quarter 2022, the average loan to first home buyers decreased to \$578,436. This was a decrease of 0.5% over the quarter and a decrease of 1.1% over the past year. Along with Western Australia, New South Wales was the only state or territory to have a decrease in the average loan size to first home buyers.

The total number of loans decreased to 20,577. This was a decrease of 2.9% over the quarter and a decrease of 28.8% over the past year. The average loan size increased to \$749,521. This was an increase of 0.8% over the quarter, but a decrease of 1.9% over the past year.

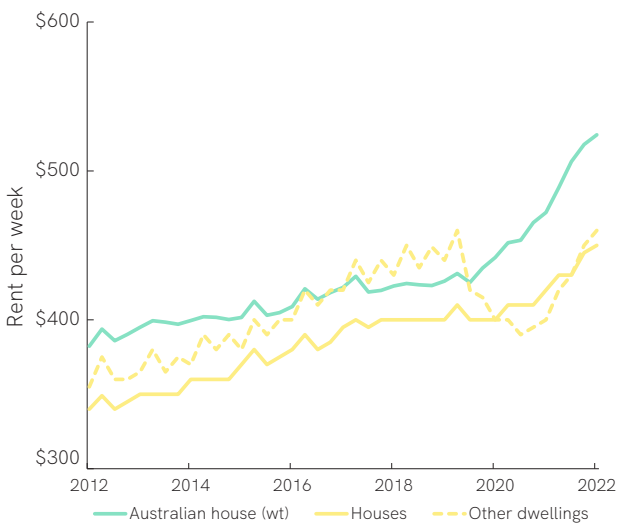


# VICTORIA

**Chart 10 Victoria affordability**



**Chart 11 Median rents in Melbourne**



Housing affordability declined in Victoria over the quarter and over the year. The proportion of family income devoted to meeting average loan repayments increased to 45.8% over the quarter, the highest proportion in the past 20 years. This was an increase of 2.0 percentage points over the quarter and 9.1 percentage points over the year.

Rental affordability in Victoria improved over the quarter but has remained stable over the previous year. The proportion of family income required to meet median rent decreased to 19.4%, a decrease of 0.2 percentage points over the quarter. Victoria is the most affordable state or territory in which to meet rental payments.

**Table 9: Victoria**

	Dec 2022	Sep 2022	Dec 2021
Proportion of family income devoted to meeting average loan repayments	45.8%	43.8%	36.7%
Proportion of family income devoted to meeting median rents	19.4%	19.6%	19.4%
Median weekly family income	\$2,317	\$2,273	\$2,166
Average monthly loan repayment	\$4,599	\$4,310	\$3,443
Average loan	\$621,297	\$622,689	\$618,187
Total number of loans	22,510	24,223	30,373
Number of loans to first home buyers	7,978	8,330	11,396
Average first home buyer loan	\$505,064	\$496,795	\$495,455

**Table 10: Change in affordability over time**

	5 years	10 years	20 years
Home Loan Affordability	-11.0	-9.8	-15.1
Meeting rental payments	2.7	2.7	1.3

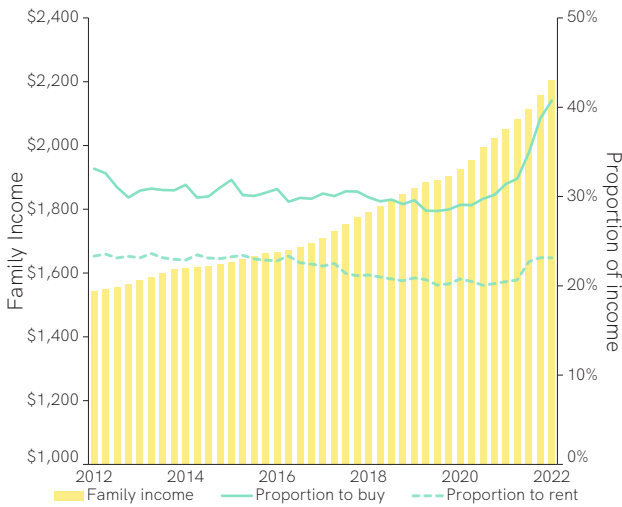
The number of loans to first home buyers in Victoria decreased to 7,978. This was a decrease of 4.2% over the quarter and 30.0% over the past year. Of the total number of Australian first home buyers who purchased during the December quarter, 31.0% were from Victoria. First home buyers made up 35.4% of the state's owner-occupier market. In the December quarter 2022, the average loan to first home buyers increased to \$505,064. This was an increase of 1.7% over the quarter and an increase of 1.9% over the past year. Victoria continues to have the largest number of new first home buyers.

The total number of loans decreased to 22,510. This was a decrease of 7.1% over the quarter and a decrease of 25.9% over the past year. The average loan size decreased to \$621,297. This was a decrease of 0.2% over the quarter, but an increase of 0.5% over the past year.

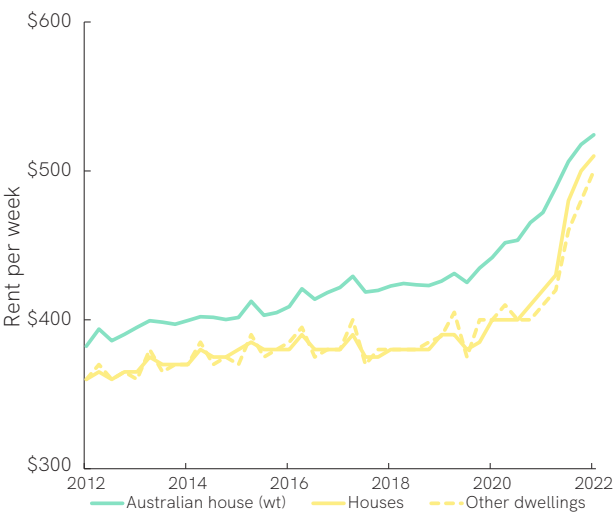


# QUEENSLAND

**Chart 12 Queensland affordability**



**Chart 13 Median rents in Brisbane**



Housing affordability declined in Queensland over the quarter and over the year. The proportion of family income devoted to meeting average loan repayments increased to 40.7% over the quarter. This was an increase of 2.0 percentage points over the quarter and 9.3 percentage points over the year.

Rental affordability in Queensland improved over the quarter but declined over the previous year. The proportion of family income required to meet median rent decreased to 23.1%, a decrease of 0.1 percentage points over the quarter but an increase of 2.6 percentage points over the year.

**Table 11: Queensland**

	Dec 2022	Sep 2022	Dec 2021
Proportion of family income devoted to meeting average loan repayments	40.7%	38.7%	31.4%
Proportion of family income devoted to meeting median rents	23.1%	23.2%	20.5%
Median weekly family income	\$2,204	\$2,159	\$2,052
Average monthly loan repayment	\$3,891	\$3,623	\$2,793
Average loan	\$525,635	\$523,477	\$501,478
Total number of loans	17,788	18,303	23,944
Number of loans to first home buyers	5,423	5,305	7,925
Average first home buyer loan	\$441,176	\$428,784	\$411,849

**Table 12: Change in affordability over time**

	5 years	10 years	20 years
Home Loan Affordability	-10.4	-7.6	-11.3
Meeting rental payments	-0.9	0.2	-1.4

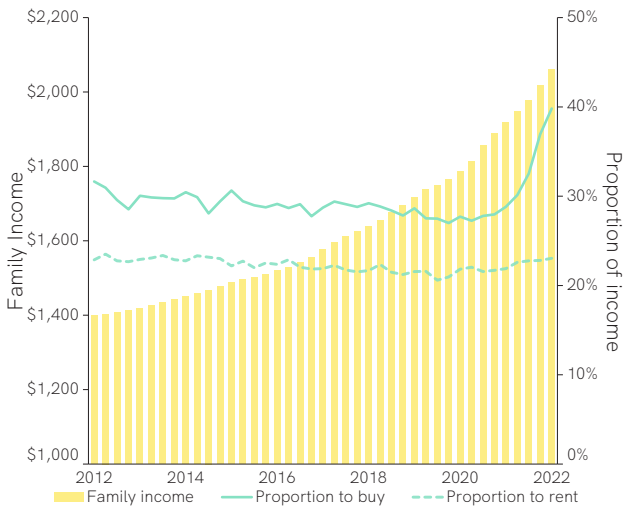
The number of loans to first home buyers in Queensland increased to 5,423. This was an increase of 2.2% over the quarter, but a decrease of 31.6% over the past year. Of the total number of Australian first home buyers who purchased during the December quarter, 21.1% were from Queensland. First home buyers made up 30.5% of the state's owner-occupier market. In the December quarter 2022, the average loan to first home buyers increased to \$441,176. This was an increase of 2.9% over the quarter and an increase of 7.1% over the past year.

The total number of loans decreased to 17,788. This was a decrease of 2.8% over the quarter and a decrease of 25.7% over the past year. The average loan size increased to \$525,635. This was an increase of 0.4% over the quarter and an increase of 4.8% over the past year.

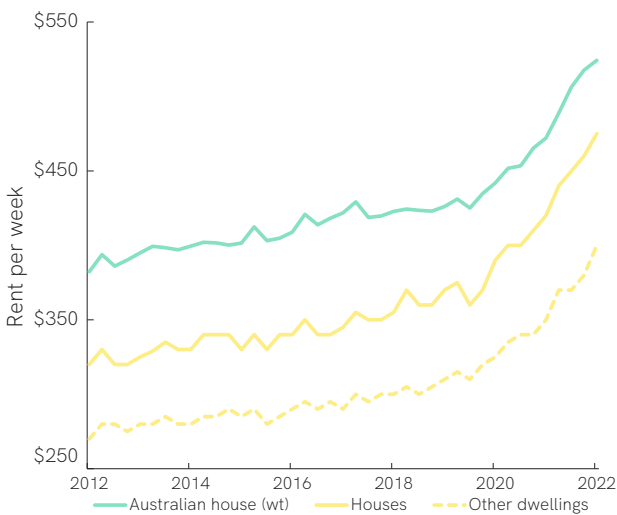


# SOUTH AUSTRALIA

**Chart 14 South Australia affordability**



**Chart 15 Median rents in Adelaide**



Housing affordability declined in South Australia over the quarter and over the year. The proportion of family income devoted to meeting average loan repayments increased to 39.8% over the quarter. This was an increase of 2.9 percentage points over the quarter and 11.0 percentage points over the year.

Rental affordability in South Australia declined over the quarter and over the year. The proportion of family income required to meet median rent increased to 23.0%, an increase of 0.2 percentage points over the quarter and 1.1 percentage points over the year. Along with Western Australia, South Australia was the only state or territory to have a quarterly decline in rental affordability.

**Table 13: South Australia**

	Dec 2022	Sep 2022	Dec 2021
Proportion of family income devoted to meeting average loan repayments	39.8%	36.9%	28.8%
Proportion of family income devoted to meeting median rents	23.0%	22.8%	21.9%
Median weekly family income	\$2,061	\$2,017	\$1,919
Average monthly loan repayment	\$3,557	\$3,230	\$2,395
Average loan	\$480,430	\$466,611	\$430,075
Total number of loans	5,718	6,005	7,651
Number of loans to first home buyers	1,455	1,463	2,179
Average first home buyer loan	\$421,237	\$407,450	\$369,527

**Table 14: Change in affordability over time**

	5 years	10 years	20 years
Home Loan Affordability	-11.1	-8.2	-15.4
Meeting rental payments	-1.2	-0.2	-1.9

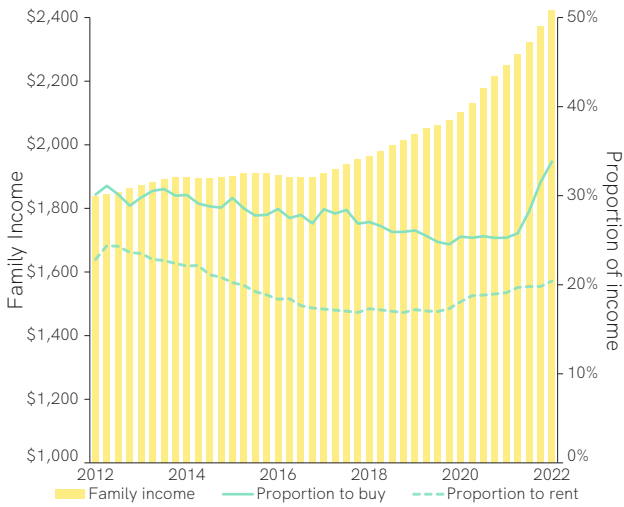
The number of loans to first home buyers in South Australia decreased to 1,455. This was a decrease of 0.5% over the quarter and 33.2% over the past year. Of the total number of Australian first home buyers who purchased during the December quarter, 5.6% were from South Australia. First home buyers made up 25.4% of the state's owner-occupier market. In the December quarter 2022, the average loan to first home buyers increased to \$421,237. This was an increase of 3.4% over the quarter and an increase of 14.0% over the past year.

The total number of loans decreased to 5,718. This was a decrease of 4.8% over the quarter and a decrease of 25.3% over the past year. The average loan size increased to \$480,430. This was an increase of 3.0% over the quarter and an increase of 11.7% over the past year.

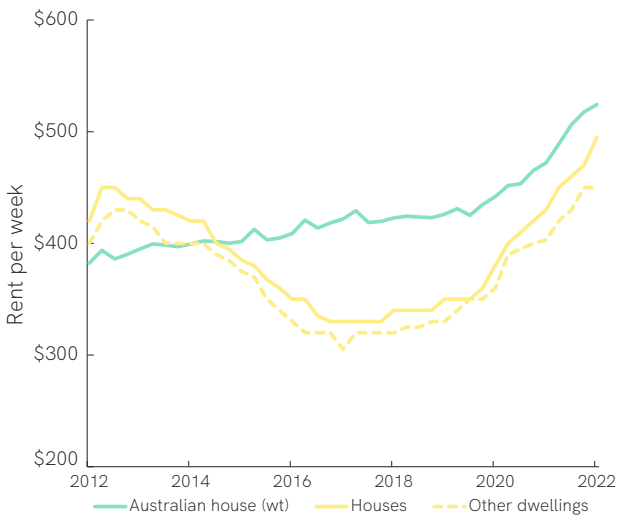


# WESTERN AUSTRALIA

**Chart 16 Western Australia affordability**



**Chart 17 Median rents in Perth**



Housing affordability declined in Western Australia over the quarter and over the year. The proportion of family income devoted to meeting average loan repayments increased to 33.8% over the quarter. This was an increase of 2.3 percentage points over the quarter and 8.5 percentage points over the year.

Rental affordability in Western Australia declined over the quarter and over the year. The proportion of family income required to meet median rent increased to 20.4%, an increase of 0.6 percentage points over the quarter and 1.3 percentage points over the year. Along with South Australia, Western Australia was the only state or territory to have a quarterly decline in rental affordability.

**Table 15: Western Australia**

	Dec 2022	Sep 2022	Dec 2021
Proportion of family income devoted to meeting average loan repayments	33.8%	31.5%	25.3%
Proportion of family income devoted to meeting median rents	20.4%	19.8%	19.1%
Median weekly family income	\$2,423	\$2,372	\$2,250
Average monthly loan repayment	\$3,552	\$3,239	\$2,464
Average loan	\$479,772	\$467,910	\$442,329
Total number of loans	10,535	10,701	13,506
Number of loans to first home buyers	3,802	3,992	5,339
Average first home buyer loan	\$391,873	\$396,293	\$368,889

**Table 16: Change in affordability over time**

	5 years	10 years	20 years
Home Loan Affordability	-5.3	-3.7	-7.5
Meeting rental payments	-3.2	2.4	-2.1

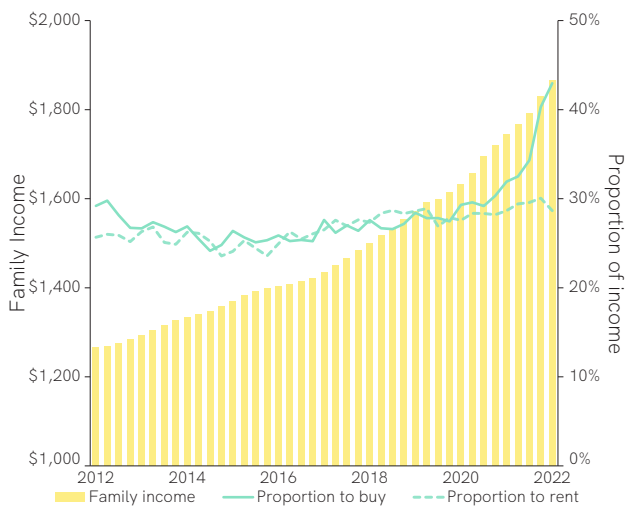
The number of loans to first home buyers in Western Australia decreased to 3,802. This was a decrease of 4.8% over the quarter and 28.8% over the past year. Of the total number of Australian first home buyers who purchased during the December quarter, 14.8% were from Western Australia. First home buyers made up 36.1% of the state's owner-occupier market. In the December quarter 2022, the average loan to first home buyers decreased to \$391,873. This was a decrease of 1.1% over the quarter, but an increase of 6.2% over the past year. Western Australia, along with New South Wales, were the only states or territories in which the average loan size to first home buyers decreased.

The total number of loans decreased to 10,535. This was a decrease of 1.6% over the quarter and a decrease of 22.0% over the past year. The average loan size increased to \$479,772. This was an increase of 2.5% over the quarter and an increase of 8.5% over the past year.

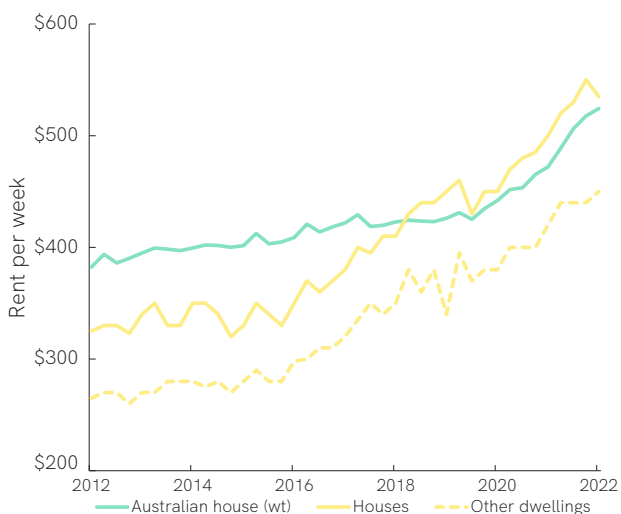


# TASMANIA

**Chart 18 Tasmania affordability**



**Chart 19 Median rents in Hobart**



Housing affordability declined in Tasmania over the quarter and over the year. The proportion of family income devoted to meeting average loan repayments increased to 43.0% over the quarter, the highest proportion in the past 20 years. This was an increase of 2.7 percentage points over the quarter and 11.1 percentage points over the year. Tasmania had the largest decline in housing affordability over the year.

Rental affordability in Tasmania improved over the quarter but remained stable over the year. The proportion of family income required to meet median rent decreased to 28.7%, a decrease of 1.4 percentage points over the quarter. Tasmania, while having the largest improvement in rental affordability, is the least affordable state or territory in which to meet rental payments.

**Table 17: Tasmania**

	Dec 2022	Sep 2022	Dec 2021
Proportion of family income devoted to meeting average loan repayments	43.0%	40.3%	31.9%
Proportion of family income devoted to meeting median rents	28.7%	30.1%	28.7%
Median weekly family income	\$1,866	\$1,830	\$1,744
Average monthly loan repayment	\$3,475	\$3,197	\$2,413
Average loan	\$469,385	\$461,896	\$433,172
Total number of loans	1,545	1,635	1,863
Number of loans to first home buyers	431	486	584
Average first home buyer loan	\$429,930	\$414,403	\$353,596

**Table 18: Change in affordability over time**

	5 years	10 years	20 years
Home Loan Affordability	-15.3	-13.8	-22.8
Meeting rental payments	-2.2	-3.0	-6.3

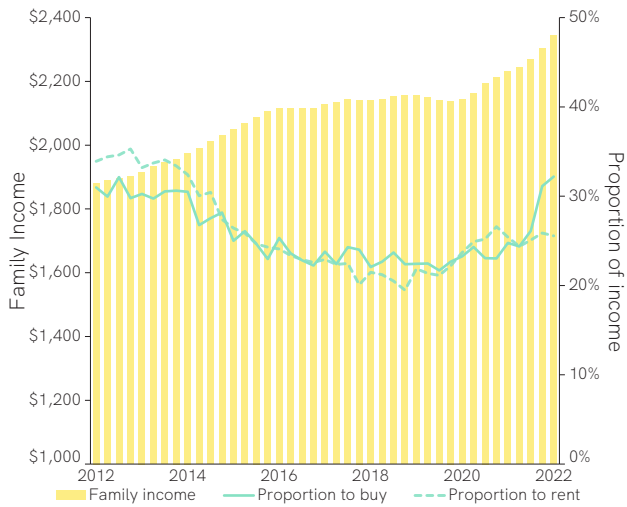
The number of loans to first home buyers in Tasmania decreased to 431. This was a decrease of 11.3% over the quarter and 26.2% over the past year. Of the total number of Australian first home buyers who purchased during the December quarter, 1.7% were from Tasmania. First home buyers made up 27.9% of the state's owner-occupier market. In the December quarter 2022, the average loan to first home buyers increased to \$429,930. This was an increase of 3.7% over the quarter and an increase of 21.6% over the past year.

The total number of loans decreased to 1,545. This was a decrease of 5.5% over the quarter and a decrease of 17.1% over the past year. The average loan size increased to \$469,385. This was an increase of 1.6% over the quarter and an increase of 8.4% over the past year.

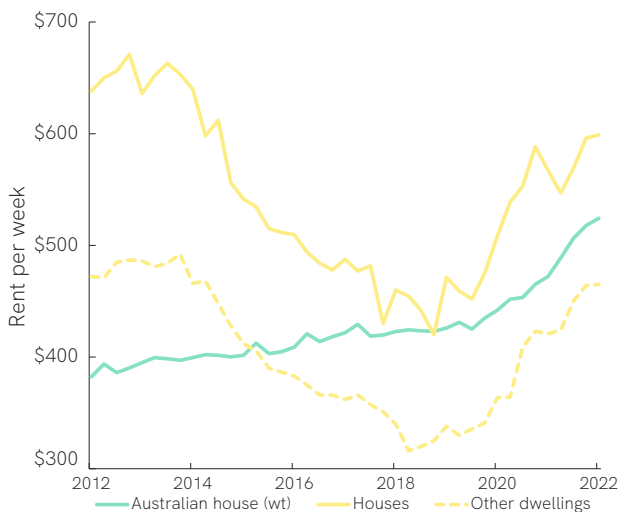


# NORTHERN TERRITORY

**Chart 20 Northern Territory affordability**



**Chart 21 Median rents in Darwin**



Housing affordability declined in the Northern Territory over the quarter and over the year. The proportion of family income devoted to meeting average loan repayments increased to 32.2% over the quarter. This was an increase of 1.1 percentage points over the quarter and 7.4 percentage points over the year. The Northern Territory remains the most affordable state or territory in which to meet housing loan repayments.

Rental affordability in the Northern Territory improved over the quarter but declined over the year. The proportion of family income required to meet median rent decreased to 25.6%, a decrease of 0.3 percentage points over the quarter, but an increase of 0.2 percentage points over the year.

**Table 19: Northern Territory**

	Dec 2022	Sep 2022	Dec 2021
Proportion of family income devoted to meeting average loan repayments	32.2%	31.1%	24.8%
Proportion of family income devoted to meeting median rents	25.6%	25.9%	25.4%
Median weekly family income	\$2,342	\$2,303	\$2,231
Average monthly loan repayment	\$3,268	\$3,106	\$2,395
Average loan	\$441,509	\$448,718	\$430,026
Total number of loans	636	702	776
Number of loans to first home buyers	195	220	266
Average first home buyer loan	\$414,872	\$414,545	\$389,474

**Table 20: Change in affordability over time**

	5 years	10 years	20 years
Home Loan Affordability	-8.4	-1.2	-10.4
Meeting rental payments	-2.7	8.3	-4.5

The number of loans to first home buyers in the Northern Territory decreased to 195. This was a decrease of 11.4% over the quarter and 26.7% over the past year. Of the total number of Australian first home buyers who purchased during the December quarter, 0.8% were from the Northern Territory. First home buyers made up 30.7% of the state's owner-occupier market. In the December quarter 2022, the average loan to first home buyers increased to \$414,872. This was a marginal increase of 0.1% over the quarter and an increase of 6.5% over the past year.

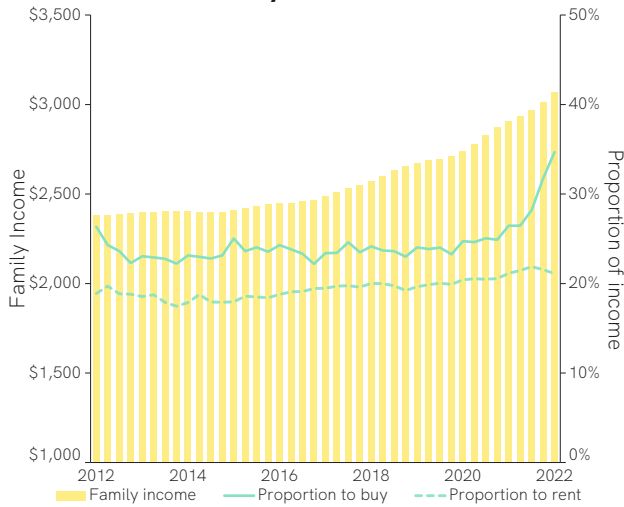
The total number of loans decreased to 636. This was a decrease of 9.4% over the quarter and a decrease of 18.0% over the past year. The average loan size decreased to \$441,509. This was a decrease of 1.6% over the quarter but an increase of 2.7% over the past year.



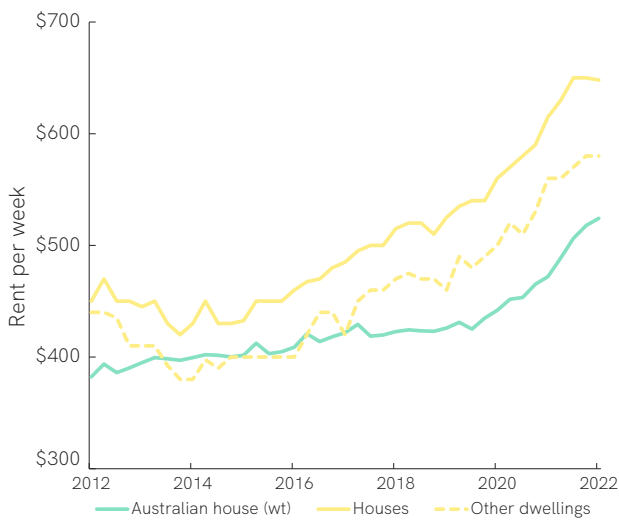


# AUSTRALIAN CAPITAL TERRITORY

**Chart 22 Australian Capital Territory affordability**



**Chart 23 Median rents in Canberra**



Housing affordability declined in the Australian Capital Territory over the quarter and over the year. The proportion of family income devoted to meeting average loan repayments increased to 34.7% over the quarter, the highest proportion in the past 20 years. This was an increase of 3.0 percentage points over the quarter and 8.2 percentage points over the year.

Rental affordability in the Australian Capital Territory improved over the quarter but remained stable over the year. The proportion of family income required to meet median rent decreased to 21.1%, a decrease of 0.5 percentage points over the quarter.

**Table 21: Australian Capital Territory**

	Dec 2022	Sep 2022	Dec 2021
Proportion of family income devoted to meeting average loan repayments	34.7%	31.7%	26.5%
Proportion of family income devoted to meeting median rents	21.1%	21.6%	21.1%
Median weekly family income	\$3,070	\$3,014	\$2,909
Average monthly loan repayment	\$4,614	\$4,143	\$3,336
Average loan	\$623,284	\$598,579	\$598,980
Total number of loans	2,040	2,252	2,354
Number of loans to first home buyers	663	808	851
Average first home buyer loan	\$527,149	\$495,421	\$507,286

**Table 22: Change in affordability over time**

	5 years	10 years	20 years
Home Loan Affordability	-11.3	-8.4	-12.6
Meeting rental payments	-1.6	-2.2	-2.2

The number of loans to first home buyers in the Australian Capital Territory decreased to 663. This was a decrease of 17.9% over the quarter and 22.1% over the past year. Of the total number of Australian first home buyers who purchased during the December quarter, 2.6% were from the Australian Capital Territory. First home buyers made up 32.5% of the state's owner-occupier market. In the December quarter 2022, the average loan to first home buyers increased to \$527,149. This was an increase of 6.4% over the quarter and an increase of 3.9% over the past year.

The total number of loans decreased to 2,040. This was a decrease of 9.4% over the quarter and a decrease of 13.3% over the past year. The average loan size increased to \$623,284. This was an increase of 4.1% over both the quarter and the past year.



# Housing Affordability Report

REIA Housing Affordability Report is based on data from all major lending institutions. It is a comprehensive and accurate assessment of the ability of Australians to meet the cost of home purchase. Any differences between information contained in this report and previous editions of the REIA Housing Affordability Report are due to revisions in the database that may be necessary from time to time.

**Loans:** Average home loans to owner occupied and first home buyers are averaged over the quarter, based on all lender data from the Australian Bureau of Statistics (ABS).

**Average Monthly Loan Repayment:** Loan repayment figures are calculated from data provided by the ABS and financial institutions across Australia. From the December quarter of 2020, interest rates are calculated using the owner occupied standard variable provided by the RBA.

**Median Weekly Family Income:** In June 2021, REIA undertook a thorough review of our data methodology and have readjusted the income methodology based on previous census results. Incomes are subject to change based on updated data from the Australian Bureau of Statistics.

A family is defined as a couple with or without dependent children. The major part of family income is adult wages and salaries. Income data are sourced from ABS records, and updated on the basis of movements in average weekly earnings.

**Quarterly Median House Prices:** House price and vacancy data are taken from REIA Real Estate Market Facts publication.

**Proportion of Family Income to Meet Rent Payments:** The percentage of Median Weekly Family Income required to meet the median rent for a three bedroom house. Rents are obtained from REIA Real Estate Market Facts publication.

The Real Estate Institute of Australia is a federation of state and territory Real Estate Institutes. Formed in 1924, it represents the real estate industry in Australia at national and international levels.

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