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OVERALL HOUSING AND RENTAL AFFORDABILITY DECLINES

Housing affordability improved in New South Wales and South Australia, remained steady in Western Australia and the Australian Capital Territory but declined in Victoria, Queensland, Tasmania and the Northern Territory, the latest Real Estate Institute of Australia's *Housing Affordability Report* has found.

REIA President, Adrian Kelly said overall housing affordability across Australia has declined with the proportion of income required to meet loan repayments increasing to 34.7%, a rise of 0.1 percentage points over the quarter. When compared to the corresponding quarter of 2020, housing affordability improved with the proportion of income required decreasing by 0.5 percentage points.

Mr Kelly said rental affordability declined with the proportion of income required to meet median rents increasing to 24.4%, an increase of 0.4% over the March quarter and an increase of 0.7% over the past 12 months. "The decline is consistent with the March quarter CPI which showed that the capital city weighted average rents remained unchanged for the March quarter following an increase of 0.1 per cent in the December 2020," he said.

Mr Kelly said the number of first home buyers decreased to 44,007, a fall of 4.4% during the quarter but a rise of 62.6% over the past 12 months with first home buyers now making up 40.3% of owner-occupier dwelling commitments.

"Over the March 2021 quarter, the number of first home buyers increased in Victoria, South Australia and Western Australia but decreased in all other states and territories. Over the past 12 months, the number of first home buyers increased in all states and territories, ranging from 37.3% in Tasmania to 105.0% in Western Australia," he said.

Mr Kelly commented that in the March quarter, the Reserve Bank of Australia (RBA) maintained the official cash rate at 0.1% which has had minimal impact on housing affordability.

"Over the March quarter, the average loan size to first home buyers increased to \$425,875, an increase of 2.2% over the quarter and an increase of 1.2% over the past twelve months. Over the March quarter, the average loan size to first home buyers increased in all states and territories except New South Wales. Increases range from 2.2% in the Australian Capital Territory to 6.1% in Victoria.

"The total number of owner-occupied dwelling loans decreased to 109,252, a drop of 0.6% over the March quarter but an increase of 48.4% over the past 12 months. Over the quarter, the total number of loans for owner occupied dwellings increased in Victoria, South Australia and Western Australia but decreased in all other states and territories. Over the past 12 months, the number of loans increased in all states and territories, ranging from 31.8% in Tasmania to 94.6% in Western Australia.

"Over the March quarter, the average loan size grew to \$506,340, an increase of 1.0% over the quarter and a rise of 2.6% over the past 12 months. During the quarter, the average loan size increased in all states and territories except New South Wales and South Australia. Over the past 12 months, the average loan size rose in all states and territories, ranging from 2.3% in Victoria to 10.8% in Tasmania," Mr Kelly said.

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