

Media Release

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Largest annual decrease in housing affordability

The Real Estate Institute of Australia (REIA) has released the Deposit Power Housing Affordability Report today, showing the largest annual decrease in housing affordability since the beginning of the decade.

“Housing affordability has reached a new low in Australia which is of great concern”, said REIA President, Mr David Airey.

The proportion of income required to meet loan repayments increased 5.8 percentage points to 34.8% over the year.

Over the September quarter, housing affordability decreased 0.2 percentage points nationally. Despite the decline, some states and territories experienced a moderate improvement in affordability over the quarter, with the exception of the Australian Capital Territory, Queensland and Victoria where declines were evident.

“Compared to the same quarter of the previous year, all states and territories recorded a decline in housing affordability. The largest decreases were evident in New South Wales and Victoria where the proportions of income required to meet loan repayments increased 6.5 and 7.5 percentage points respectively,” continued Mr Airey.

The total number of loans (excluding refinancing) continued to decrease during the quarter, down 2.9% to 101,364. All states and territories experienced decreases in the total number of loans, with the largest decrease in the Northern Territory. Over the year, the total number of loans fell 28.3% - the largest annual decline in Australia since March 2001.

The number of loans to first home buyers decreased 2.8% to 22,823 over the quarter and 52.9% over the year - the September quarter saw the lowest quarterly participation of first home buyers for six years.

Keith Levy, National Manager of Deposit Power said, “We have seen reduced sales from property investors in the last quarter, and many purchasers appear to be taking a ‘wait and see’ approach.”

“These all-time lows are extremely concerning, not only is affordability on the decline but loans being issued are down and first home buyer participation in the market is the lowest it has been in six years,” said Mr Airey.

“After meeting with The Hon. Kevin Andrews MP at the REIA’s Deposit Power Board Dinner last week, I congratulated the Opposition for their ability to appoint a specific housing minister – the state of the housing market should be enough evidence that the Government need to do the same and consider the implementation of a specific housing policy,” concluded Mr Airey.

The Real Estate Institute of Australia (REIA) is the national professional association for the real estate sector in Australia. For further information or interview opportunities, please contact:

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