

REAL ESTATE INSTITUTE OF
AUSTRALIA



Housing Affordability Report

DECEMBER QUARTER
2021

Housing and rental affordability continues to decline in the December quarter 2021

STATE OF THE NATION

Housing affordability has declined over the December quarter of 2021, with the proportion of income required to meet loan repayments increasing to 37.0%. This was an increase of 0.7 percentage points over the quarter, and 3.9 percentage points compared to the corresponding quarter of 2020. Housing affordability declined in all states and territories with increases in the proportion of income required ranging from 0.1 percentage points in Western Australia to 1.1 percentage points in New South Wales.

CASH RATE

The Reserve Bank of Australia (RBA) maintained the official cash rate at 0.1% in the December quarter. The quarterly average variable standard interest rate remained stable at 4.5%. The quarterly average three-year fixed rate increased to 2.9%.

FIRST HOME BUYERS

The number of first home buyers decreased to 37,620, a decrease of 0.4% during the quarter and a decrease of 18.3% over the past 12 months.

First home buyers now make up 34.1% of owner occupier dwelling commitments, a decrease of 0.9 percentage points over the quarter and 7.8 percentage points over the year.

The number of first home buyers decreased over the December quarter in New South Wales (-2.3%), Western Australia (-4.8%), Tasmania (-3.8%) and the Northern Territory (-6.8%). In contrast, first home buyers increased in Victoria (2.8%), Queensland (0.2%), South Australia (1.2%) and the Australian Capital Territory (0.9%).

The average loan size to first home buyers increased to \$470,548. This was an increase of 2.5% over the quarter and an increase of 12.9% over the past twelve months.

The average loan size to first home buyers increased in all states and territories except Tasmania where it decreased 0.4 percentage points. Increases ranged from 0.8% in Western Australia to 2.9% in both New South Wales and Victoria.

LENDING TRENDS

The total number of owner occupied dwelling loans increased to 110,230, an increase of 2.2% over the December quarter, and a marginal increase of 0.3% over the past 12 months.

The total number of loans for owner occupied dwellings increased in Victoria (4.1%), Queensland (1.2%), South Australia (5.1%), Western Australia (2.7%) and Tasmania (5.0%) but decreased in New South Wales (-0.1%), Northern Territory (-5.5%) and the Australia Capital Territory (-3.7%).

Over the December quarter, the average loan size increased to \$590,482, an increase of 3.5% over the quarter and an increase of 17.7% over the past 12 months. This is the largest annual increase since the current ABS series began in 2002.

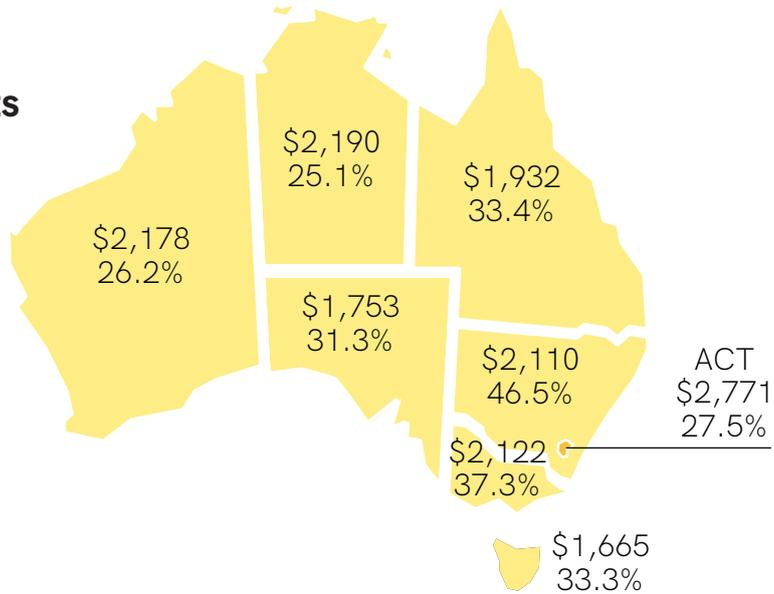
The average loan size increased in all states and territories with the Northern Territory having the highest increase of 7.9%. The average loan size increased in all states and territories over the past 12 months, with Victoria recording the highest annual increase of 22.6%.

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).

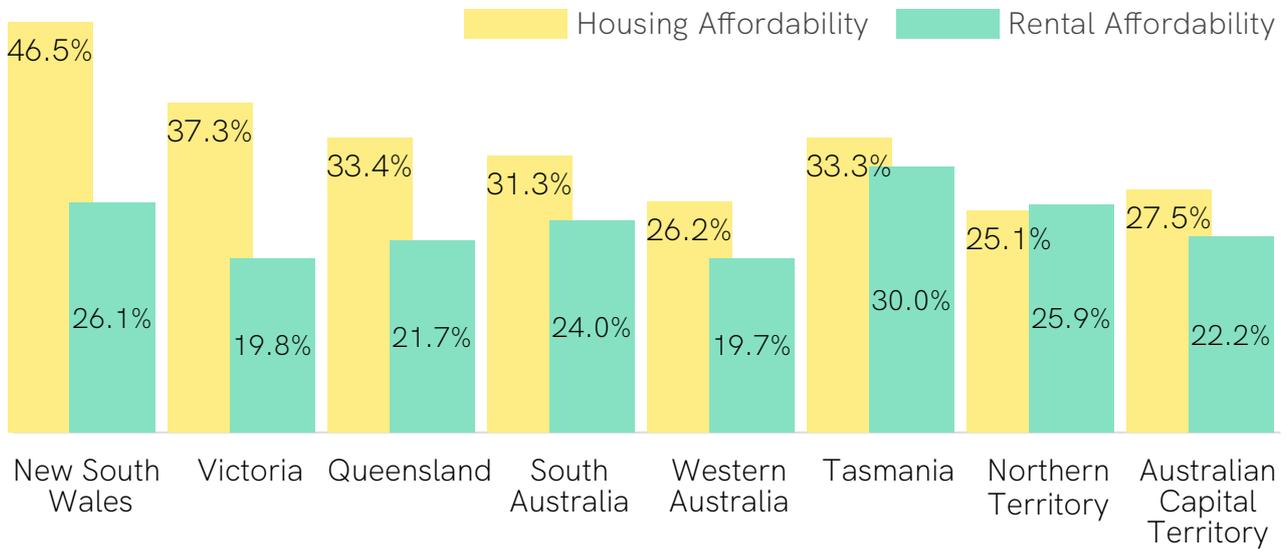


Family Income and Weekly Repayments

Median weekly family income and proportion required to meet loan repayments



Housing and Rental Affordability



Quarterly Change Housing Affordability



PRESIDENT'S MESSAGE



Welcome to the December 2021 edition of the REIA Housing Affordability Report.

This is my first HAR as REIA President and it is with great honor I introduce Australia's authoritative guide to housing affordability to close out the 2021 calendar year.

The December 2021 quarter covered a unique time in the COVID-19 pandemic. Lockdown ended in mid-October for both Sydney and Melbourne, COVID-19 cases increased a gigantic 267% to 396,000 cases nationally and the Reserve Bank Board held its final meeting for the year with the cash rates remaining on hold.

Historical home loan increases

Notably, over this period average home loans experienced their highest annual increase since the data started to be recorded in 2002. Average loans increased by 3.5% over the quarter to \$590,482 and 17.7% in the past year.

Victoria recorded its highest annual increase in average loan size at 22.6%; while South Australia recorded the largest increase in the number of home loans over the quarter at 5.1%.

Rental affordability stable

The proportion of income required to meet median rent increased to 23.0%, an increase of 0.1 percentage points over the quarter and an increase of 0.3 percentage points over the year.

With concern about inflation and stagflation growing, rents stabilised causing an improvement in rental affordability in both Sydney (26.1%) and in the Northern Territory (25.9%).

Western Australia was the most affordable jurisdiction to rent, where the proportion of income required to meet median rent was 19.7%.

Tasmania had the worst rental affordability where the proportion of income required to meet median rent increased to 30.0%. This was 7.0 percentage points higher than the national average.

Housing affordability worsens

The proportion of income required to meet loan repayments increased to 37.0%.

This was an increase of 0.7 percentage points over the quarter, and 3.9 percentage points compared to the corresponding quarter of 2020.

Housing affordability is now at its lowest since June 2012. However, at that time interest rates were 6.8% compared to now where they are 4.5%.

The Northern Territory had the largest decline in housing affordability with the proportion of income required to meet repayments increasing by 1.6 percentage points. Western Australia had the smallest decline with the proportion of income increasing 0.1 percentage points.

First home buyers a mixed bag

The average home loan size for first home buyers was \$470,548.

37,620 first home buyers entered the market, a decrease of 0.4% during the quarter and a decrease of 18.3% over the past 12 months.

The Northern Territory experienced the largest decrease of 6.8% in first home buyers while Victoria experienced the largest increase of 2.8%.

2022: A brave new world

The next HAR will take us to March 2022. This will reveal the impact of the removal of many COVID-19 public health measures, Australia's international borders reopening and the impact of economic sanctions from the Ukraine war on Australia's commodity prices.

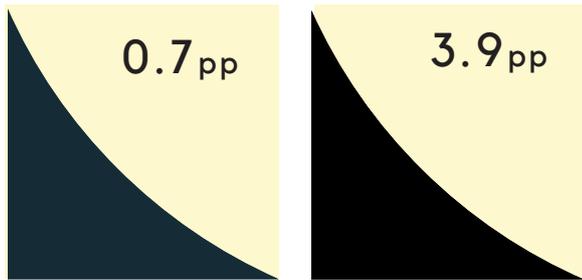
Critically, we will also have a clearer idea on how inflationary pressures and wages growth (or lack therefore) will impact long term interest rates and the Reserve Bank's forecasts.

All of these uncertainties point towards the need for a proper national plan for housing affordability and supply supported by both the Federal and State Governments to withstand future challenges presented to Australia's tenants and home owners.

Hayden Groves
President
Real Estate Institute of Australia



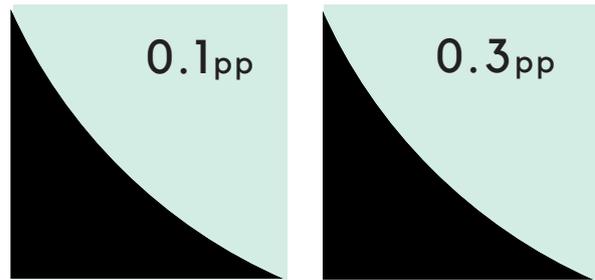
HOUSING AFFORDABILITY



Quarterly Decline

Annual Decline

RENTAL AFFORDABILITY



Quarterly Decline

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 2021	Sep Qtr 2021	Dec Qtr 2020
NSW	46.5%	45.4%	40.7%
VIC	37.3%	36.9%	32.3%
QLD	33.4%	32.1%	30.5%
SA	31.3%	30.6%	29.8%
WA	26.2%	26.1%	26.0%
TAS	33.3%	31.9%	30.5%
NT	25.1%	23.5%	23.6%
ACT	27.5%	26.2%	25.7%
AUS	37.0%	36.3%	33.1%

Chart 1 shows the movement in the proportion of family income required to meet average home loan repayments since the December quarter of 2001.

Chart 2 shows the movement in rental affordability.

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

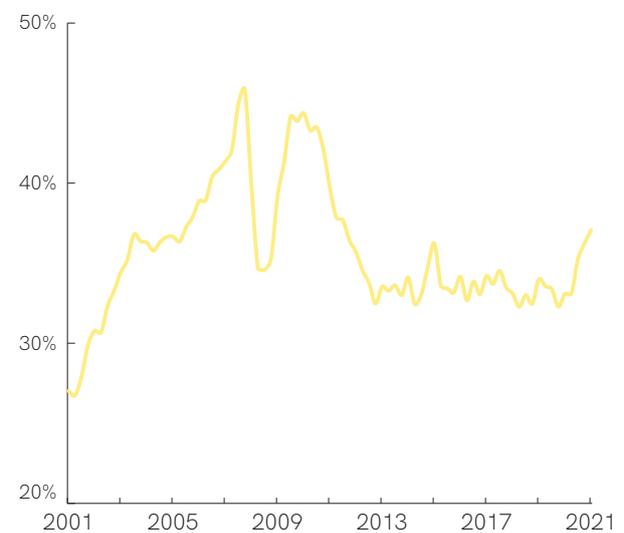


Chart 2: Proportion of family income required to meet weighted average median rent



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 declined marginally in the December quarter of 2021, with the proportion of income required to meet median rent increasing to 23.0%. This was an increase of 0.1 percentage points over the quarter and an increase of 0.3 percentage points over the past 12 months.

Over the quarter, rental affordability improved in New South Wales and the Northern Territory but declined in all other states and territories.

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 increased to 30.0%. This was 7.0 percentage points higher than the national average. Victoria and Western Australia became the most affordable, where the proportion of income required to meet median rent was 19.8% and 19.7% respectively.

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

First Home Buyers

The number of first home buyers decreased to 37,620, a decrease of 0.4% during the quarter and a decrease of 18.3% compared to the December quarter of 2020.

The average loan size to first home buyers increased to \$470,548, an increase of 2.5% over the quarter and an increase of 12.9% over the past twelve months.

First home buyers accounted for 34.1% of the owner occupier dwelling market.

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 of 2011 to the December quarter of 2021.

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 2021	Sep Qtr 2021	Dec Qtr 2020
NSW	26.1%	26.4%	25.8%
VIC	19.8%	19.6%	20.0%
QLD	21.7%	21.5%	21.8%
SA	24.0%	23.8%	23.5%
WA	19.7%	19.6%	18.5%
TAS	30.0%	29.6%	28.7%
NT	25.9%	27.1%	24.0%
ACT	22.2%	21.6%	21.2%
AUS	23.0%	22.9%	22.7%

Fast Facts

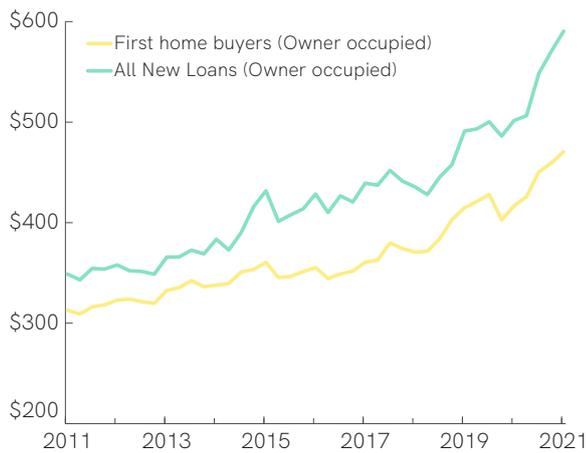
Proportion of family income to meet

	Dec 2021	Sep 2021	Dec 2020
Home loan repayments	37.0%	36.3%	33.1%
Rent Repayments	23.0%	22.9%	22.7%

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



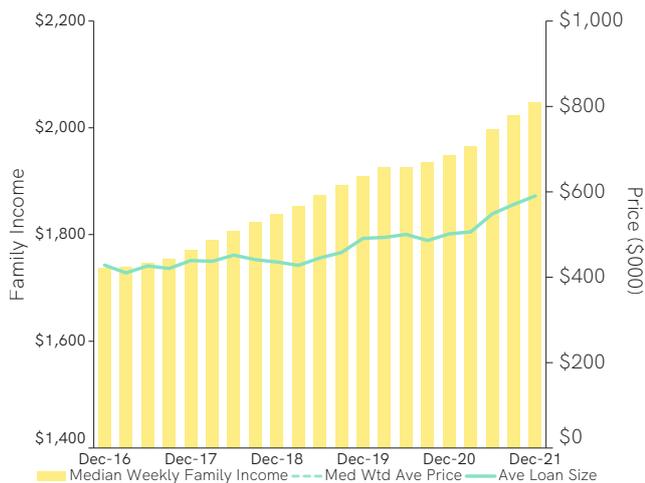
Chart 3b: Average home loans for first home buyers and all new buyers (\$'000s)



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 increased to \$1,021,710. This was an increase of 5.5% over the December quarter and an increase of 25.0% 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 will be released on March 16, 2022.

Median family income and average monthly loan repayments

The national median weekly family income increased to \$2,051. This was an increase of 1.4% during the December quarter and an increase of 5.3% over the past 12 months.

The average monthly loan repayment increased to \$3,289 during the December quarter of 2021. This was an increase of 3.5% over the quarter and an increase of 17.7% over the past 12 months.

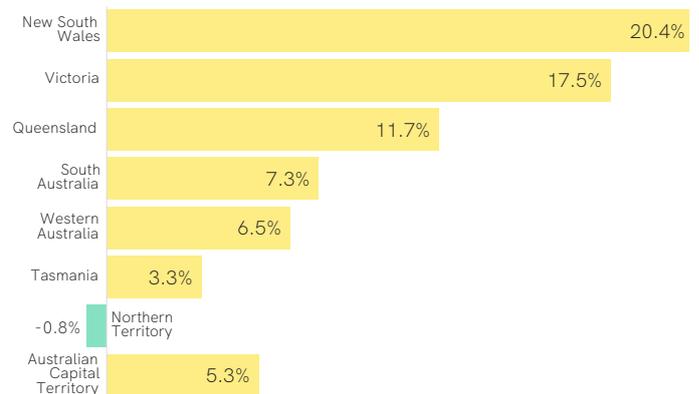
The proportion of family income required to meet loan repayments increased to 37.0% during the December quarter of 2021. This was an increase of 0.7 percentage points over the previous quarter and 3.9 percentage points over the past year.

Average loan (all borrowers)

The total number of loans increased to 110,230. This was a increase of 2.2% over the quarter and an increase of 0.3% over the past year.

The average loan size increased to \$590,482. This was an increase of 3.5% over the December quarter and an increase of 17.7% over the past year.

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) maintained the official cash rate at 0.1% in the December quarter. The gap between variable and three-year fixed rates was 1.6 percentage points. The December quarterly average variable standard interest rate remained stable at 4.5% over the quarter. The quarterly average three-year fixed rate increased to 2.9% during the quarter.

Average quarterly variable interest rates were:

Banks: 4.5%, remaining stable over the previous quarter.

Other lenders: 2.4%, increasing 0.1 percentage points over the previous quarter.

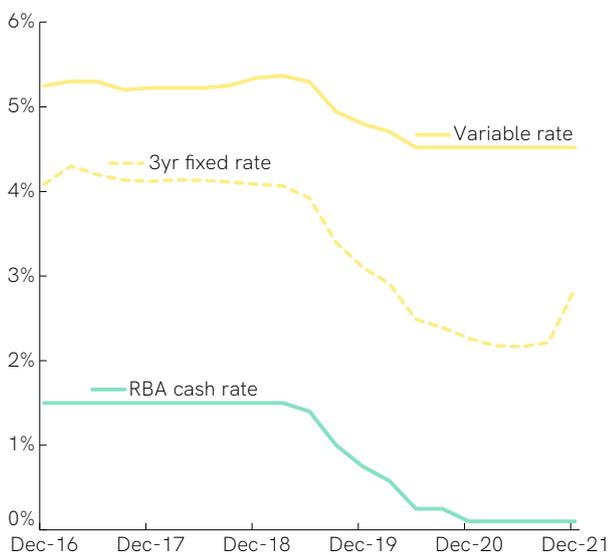
The average fixed (3 year) interest rates were:

Banks: 2.9%, increasing 0.7 percentage points over the previous quarter.

Other lenders: 2.8%, increasing 0.5 percentage points over the previous quarter.

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



The Home Loan Affordability Indicator

The Home Loan Affordability Indicator (HLAI) is the ratio of median family income to average loan repayments. An increasing value reflects improving affordability of housing loans.

Table 3 shows the HLAI for Australia and each state and territory for the December quarter of 2021. The December quarter is compared with the preceding quarter and the corresponding quarter of 2020.

Percentage changes are shown in Table 4.

A long-term series of the quarterly movements in the HLAI is shown in Chart 6.

Table 3: Home Loan Affordability Indicator

	Dec Qtr 2021	Sep Qtr 2021	Dec Qtr 2020
NSW	21.5	22.0	24.6
VIC	26.8	27.1	31.0
QLD	30.0	31.2	32.8
SA	31.9	32.7	33.5
WA	38.2	38.3	38.5
TAS	30.0	31.4	32.8
NT	39.8	42.6	42.4
ACT	36.4	38.2	38.9
AUS	27.0	27.6	30.2

Table 4: Percentage change in HLAI

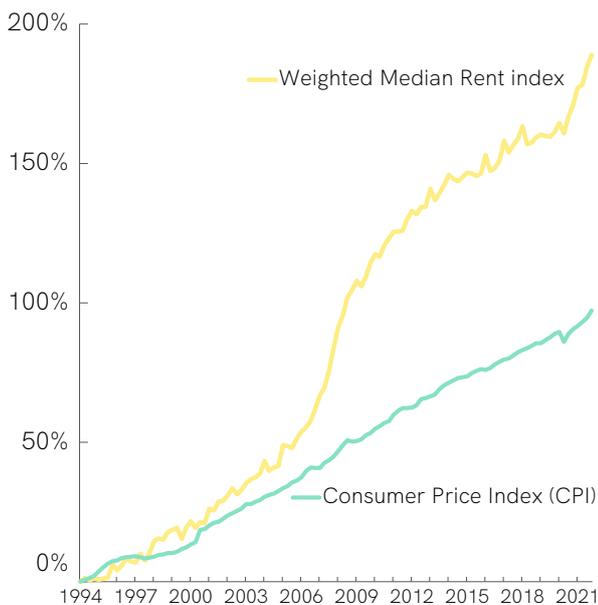
	Quarterly change	Annual change
NSW	-2.3%	-12.6%
VIC	-1.1%	-13.5%
QLD	-3.8%	-8.5%
SA	-2.4%	-4.8%
WA	-0.3%	-0.8%
TAS	-4.5%	-8.5%
NT	-6.6%	-6.1%
ACT	-4.7%	-6.4%
AUS	-2.2%	-10.6%



Chart 6
Home loan affordability indicator over time



Chart 7 Australian rent and CPI



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.

Table 5: Australia

	Dec 2021	Sep 2021	Dec 2020
Home Loan Affordability Indicator (HLAI)	27.0	27.6	30.2
Average HLAI since March quarter 1996	30.1	30.1	30.1
Proportion of family income devoted to meeting average loan repayments	37.0%	36.3%	33.1%
Proportion of family income devoted to meeting median rents	23.0%	22.9%	22.7%
Median weekly family income	\$2,051	\$2,023	\$1,948
Average monthly loan repayment	\$3,289	\$3,177	\$2,793
Average loan	\$590,482	\$570,412	\$501,494
Total number of loans	110,230	107,875	109,881
Number of loans to first home buyers	37,620	37,782	46,037
Average first home buyer loan	\$470,548	\$459,256	\$416,787
Banks			
Standard variable interest rate	4.5%	4.5%	4.5%
Fixed interest rate	2.9%	2.2%	2.3%
Other Lenders			
Standard variable interest rate	2.4%	2.3%	2.4%
Fixed interest rate	2.8%	2.3%	2.1%
Percentage Change		HLAI	CPI
Since previous quarter	-2.2%	1.3%	
Since corresponding quarter last year	-10.6%	3.5%	



NEW SOUTH WALES

Chart 8 New South Wales affordability

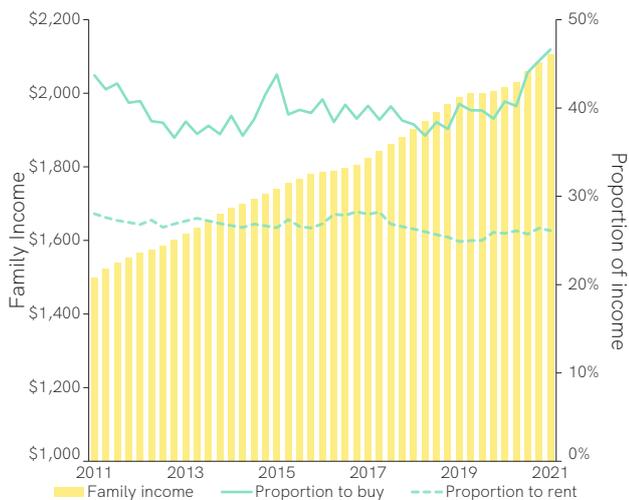
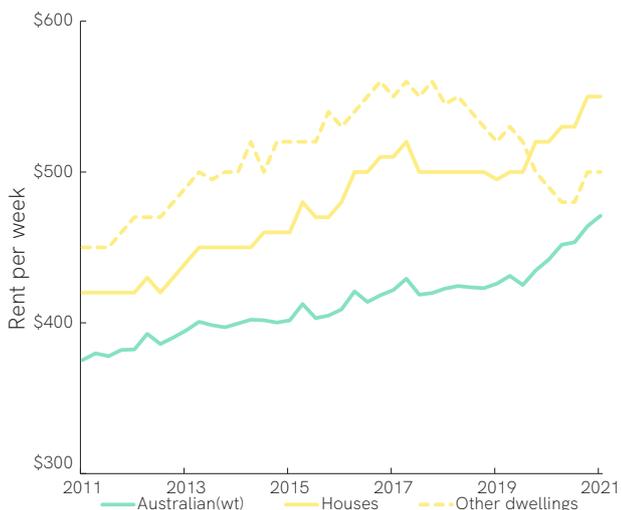


Chart 9 Median rents in Sydney



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 46.5% over the quarter, the highest of all states and territories. This was an increase of 1.1 percentage points over the quarter and 5.8 percentage points over the year. New South Wales had the largest annual decline in housing affordability.

Rental affordability in New South Wales improved over the quarter. The proportion of family income required to meet median rent decreased to 26.1%, a decrease of 0.3 percentage points over the quarter but an increase of 0.3 percentage points over the year. New South Wales was only one of two states or territories to show a quarterly improvement in rental affordability.

Table 6: New South Wales

	Dec 2021	Sep 2021	Dec 2020
Home Loan Affordability Indicator (HLAI)	21.5	22.0	24.6
Average HLAI since March quarter 1996	25.8	25.8	25.9
Proportion of family income devoted to meeting average loan repayments	46.5%	45.4%	40.7%
Proportion of family income devoted to meeting median rents	26.1%	26.4%	25.8%
Median weekly family income	\$2,110	\$2,084	\$2,016
Average monthly loan repayment	\$4,255	\$4,095	\$3,559
Average loan	\$763,990	\$735,282	\$638,997
Total number of loans	29,017	29,057	29,641
Number of loans to first home buyers	9,021	9,237	10,811
Average first home buyer loan	\$584,968	\$568,312	\$517,140

The number of loans to first home buyers in New South Wales decreased to 9,021. This was a decrease of 2.3% over the quarter and a decrease of 16.6% over the past year. Of the total number of Australian first home buyers who purchased during the December quarter, 24.0% were from New South Wales. First home buyers made up 31.1% of the state's owner-occupier market. In the December quarter of 2021, the average loan to first home buyers increased to \$584,968. This was an increase of 2.9% over the quarter and 13.1% over the past year.

The total number of loans decreased to 29,017. This was a decrease of 0.1% over the quarter and a decrease of 2.1% over the past year. The average loan size increased to \$763,990, the largest of all states and territories. This was an increase of 3.9% over the quarter and an increase of 19.6% over the past year.



VICTORIA

Chart 10 Victoria affordability

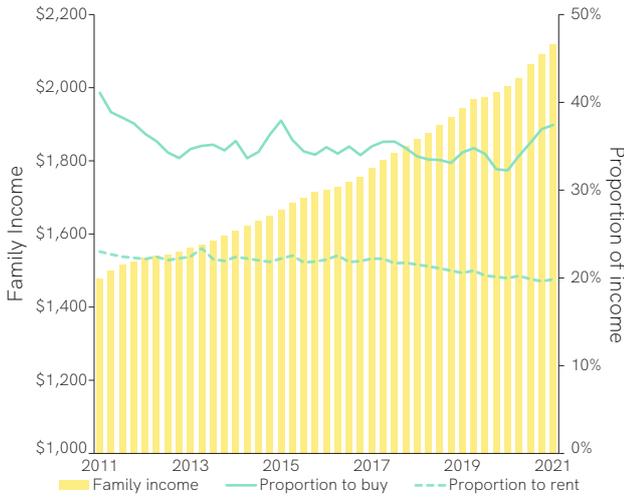
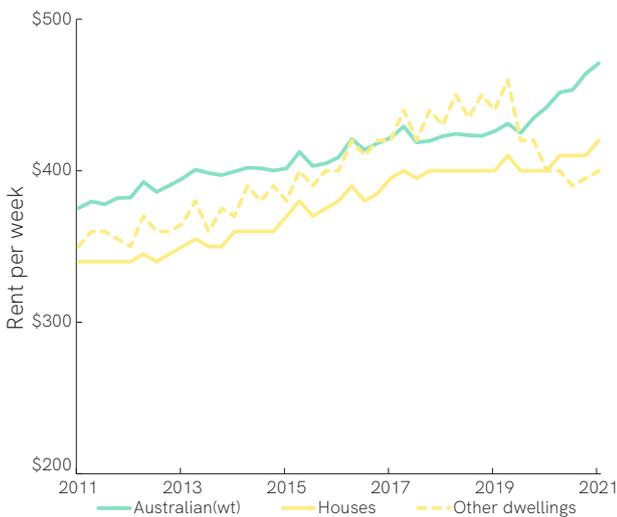


Chart 11 Median rents in Melbourne



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 37.3% over the quarter, an increase of 0.4 percentage points over the quarter and 5.0 percentage points over the year.

Rental affordability in Victoria declined over the quarter. The proportion of family income required to meet median rent increased to 19.8%, an increase of 0.2 percentage points over the quarter but a decrease of 0.2 percentage points over the year.

Table 7: Victoria

	Dec 2021	Sep 2021	Dec 2020
Home Loan Affordability Indicator (HLAI)	26.8	27.1	31.0
Average HLAI since March quarter 1996	30.4	30.5	30.5
Proportion of family income devoted to meeting average loan repayments	37.3%	36.9%	32.3%
Proportion of family income devoted to meeting median rents	19.8%	19.6%	20.0%
Median weekly family income	\$2,122	\$2,090	\$2,004
Average monthly loan repayment	\$3,434	\$3,346	\$2,801
Average loan	\$616,514	\$600,766	\$502,927
Total number of loans	30,569	29,359	27,097
Number of loans to first home buyers	11,416	11,105	12,778
Average first home buyer loan	\$494,867	\$481,135	\$422,335

The number of loans to first home buyers in Victoria increased to 11,416, the highest number for all states and territories. This was an increase of 2.8% over the quarter but a decrease of 10.7% over the past year. Of the total number of Australian first home buyers who purchased during the December quarter, 30.3% were from Victoria. First home buyers made up 37.3% of the state's owner-occupier market. In the December quarter of 2021, the average loan to first home buyers increased to \$494,867. This was an increase of 2.9% over the quarter and 17.2% over the past year.

The total number of loans increased to 30,569. This was an increase of 4.1% over the quarter and an increase of 12.8% over the past year. The average loan size increased to \$616,514. This was an increase of 2.6% over the quarter and an increase of 22.6% over the past year. This was the largest annual percentage increase in the average home loan amount among all states and territories and the highest increase since the ABS series began in 2002.



QUEENSLAND

Chart 12 Queensland affordability

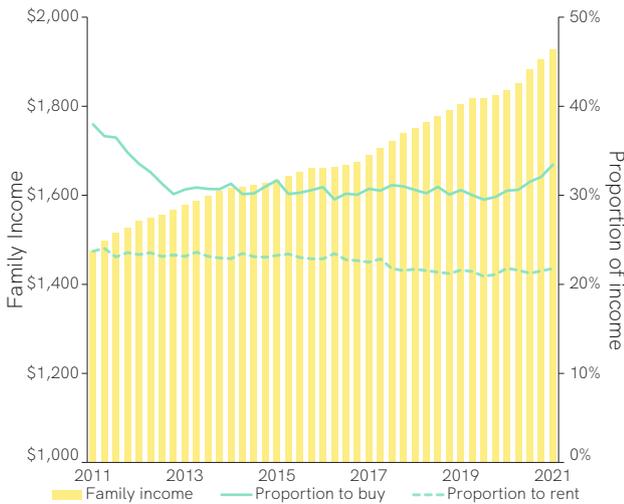
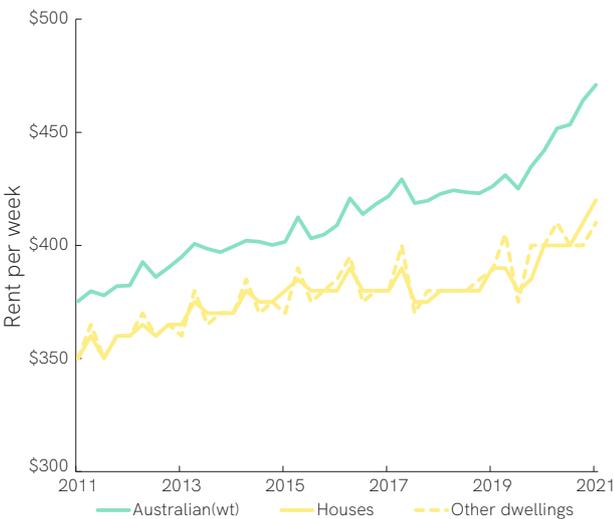


Chart 13 Median rents in Brisbane



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 33.4% over the quarter. This was an increase of 1.3 percentage points over the quarter and an increase of 2.9 percentage points over the year.

Table 8: Queensland

	Dec 2021	Sep 2021	Dec 2020
Home Loan Affordability Indicator (HLAI)	30.0	31.2	32.8
Average HLAI since March quarter 1996	31.4	31.4	31.4
Proportion of family income devoted to meeting average loan repayments	33.4%	32.1%	30.5%
Proportion of family income devoted to meeting median rents	21.7%	21.5%	21.8%
Median weekly family income	\$1,932	\$1,905	\$1,836
Average monthly loan repayment	\$2,794	\$2,648	\$2,427
Average loan	\$501,620	\$475,484	\$435,687
Total number of loans	24,078	23,801	25,247
Number of loans to first home buyers	7,935	7,917	10,242
Average first home buyer loan	\$410,447	\$401,415	\$374,858

Rental affordability in Queensland declined over the quarter. The proportion of family income required to meet median rent increased to 21.7%, an increase of 0.2 percentage points over the quarter but a decrease of 0.1 percentage points over the year.

The number of loans to first home buyers in Queensland increased to 7,935. This was an increase of 0.2% over the quarter but a decrease of 22.5% 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 33.0% of the state's owner-occupier market. In the December quarter of 2021, the average loan to first home buyers increased to \$410,447. This was an increase of 2.3% over the quarter and 9.5% over the past year.

The total number of loans increased to 24,078. This was an increase of 1.2% over the quarter but a decrease of 4.6% over the past year. The average loan size increased to \$501,620. This was an increase of 5.5% over the quarter and an increase of 15.1% over the past year.



SOUTH AUSTRALIA

Chart 14 South Australia affordability

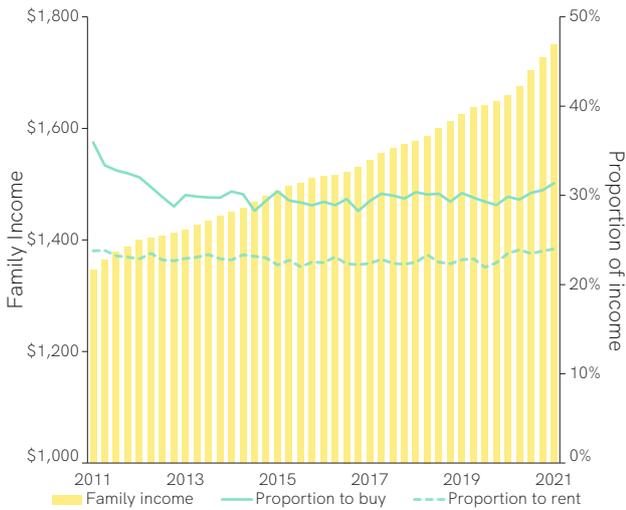


Chart 15 Median rents in Adelaide



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 31.3% over the quarter. This was an increase of 0.7 percentage points over the quarter and 1.5 percentage points over the year.

Table 9: South Australia

	Dec 2021	Sep 2021	Dec 2020
Home Loan Affordability Indicator (HLAI)	31.9	32.7	33.5
Average HLAI since March quarter 1996	36.0	36.1	36.2
Proportion of family income devoted to meeting average loan repayments	31.3%	30.6%	29.8%
Proportion of family income devoted to meeting median rents	24.0%	23.8%	23.5%
Median weekly family income	\$1,753	\$1,726	\$1,659
Average monthly loan repayment	\$2,378	\$2,287	\$2,146
Average loan	\$426,963	\$410,628	\$385,263
Total number of loans	7,781	7,405	7,722
Number of loans to first home buyers	2,205	2,179	2,753
Average first home buyer loan	\$368,209	\$361,680	\$324,482

Rental affordability in South Australia declined over the quarter. The proportion of family income required to meet median rent increased to 24.0%, an increase of 0.2 percentage points over the quarter and an increase of 0.5 percentage points over the year.

The number of loans to first home buyers in South Australia increased to 2,205. This was an increase of 1.2% over the quarter but a decrease of 19.9% over the past year. Of the total number of Australian first home buyers who purchased during the December quarter, 5.9% were from South Australia. First home buyers made up 28.3% of the state's owner-occupier market. In the December quarter of 2021, the average loan to first home buyers increased to \$368,209. This was an increase of 1.8% over the quarter and an increase of 13.5% over the past year.

The total number of loans increased to 7,781. This was an increase of 5.1% over the quarter, the largest of all states and territories, and an increase of 0.8% over the past year. The average loan size increased to \$426,963. This was an increase of 4.0% over the quarter and an increase of 10.8% over the past year.



WESTERN AUSTRALIA

Chart 16 Western Australia affordability

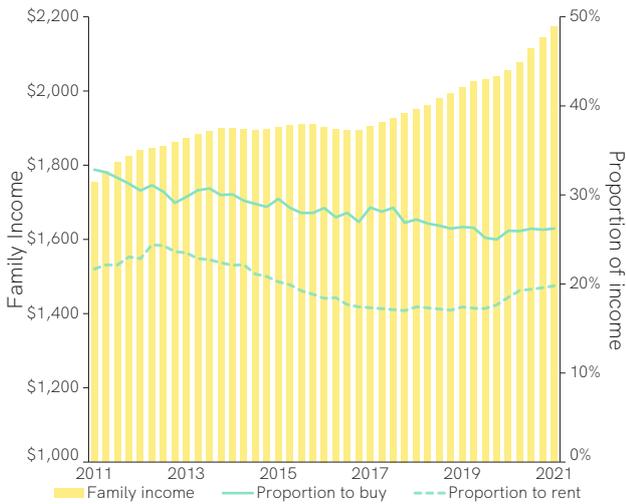
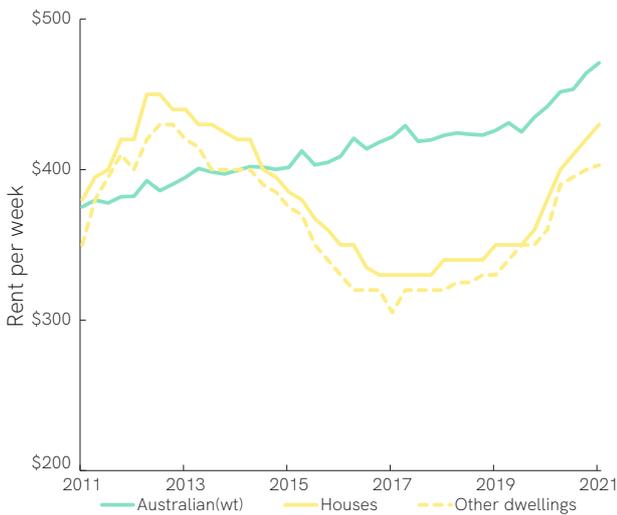


Chart 17 Median rents in Perth



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 26.2% over the quarter. This was an increase of 0.1 percentage points over the quarter and 0.2 percentage points over the year. Western Australia had the smallest decrease in housing affordability over the quarter of all states and territories.

Table 10: Western Australia

	Dec 2021	Sep 2021	Dec 2020
Home Loan Affordability Indicator (HLAI)	38.2	38.3	38.5
Average HLAI since March quarter 1996	35.1	35.0	34.9
Proportion of family income devoted to meeting average loan repayments	26.2%	26.1%	26.0%
Proportion of family income devoted to meeting median rents	19.7%	19.6%	18.5%
Median weekly family income	\$2,178	\$2,144	\$2,055
Average monthly loan repayment	\$2,471	\$2,425	\$2,313
Average loan	\$443,620	\$435,456	\$415,211
Total number of loans	13,480	13,126	14,279
Number of loans to first home buyers	5,295	5,561	7,204
Average first home buyer loan	\$368,914	\$365,816	\$358,939

Rental affordability in Western Australia declined over the quarter. The proportion of family income required to meet median rent increased to 19.7%, an increase of 0.1 percentage points over the quarter and an increase of 1.2 percentage points over the year. Western Australian remains the most affordable state or territory to meet rental payments.

The number of loans to first home buyers in Western Australia decreased to 5,295. This was a decrease of 4.8% over the quarter and a decrease of 26.5% over the past year. Of the total number of Australian first home buyers who purchased during the December quarter, 14.1% were from Western Australia. First home buyers made up 39.3% of the state's owner-occupier market. In the December quarter of 2021, the average loan to first home buyers increased to \$368,914. This was an increase of 0.8% over the quarter and an increase of 2.8% over the past year.

The total number of loans increased to 13,480. This was an increase of 2.7% over the quarter but a decrease of 5.6% over the past year. The average loan size increased to \$443,620. This was an increase of 1.9% over the quarter and an increase of 6.8% over the past year.



TASMANIA

Chart 18 Tasmania affordability

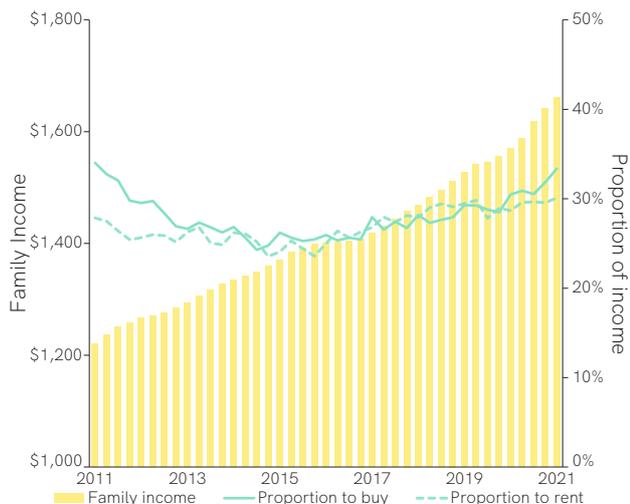
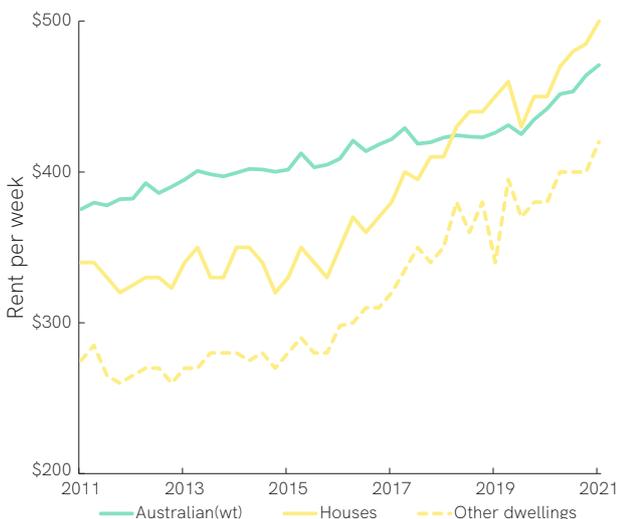


Chart 19 Median rents in Hobart



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 33.3% over the quarter. This was an increase of 1.4 percentage points over the quarter and 2.8 percentage points over the year.

Rental affordability in Tasmania declined over the quarter. The proportion of family income required to meet median rent increased to 30.0%, an increase of 0.4 percentage points over the quarter and 1.3 percentage points over the year. Tasmania remains the most unaffordable state or territory to meet median rental payments.

Table 6: Tasmania

	Dec 2021	Sep 2021	Dec 2020
Home Loan Affordability Indicator (HLAI)	30.0	31.4	32.8
Average HLAI since March quarter 1996	38.5	38.6	38.8
Proportion of family income devoted to meeting average loan repayments	33.3%	31.9%	30.5%
Proportion of family income devoted to meeting median rents	30.0%	29.6%	28.7%
Median weekly family income	\$1,665	\$1,641	\$1,569
Average monthly loan repayment	\$2,402	\$2,265	\$2,073
Average loan	\$431,294	\$406,648	\$372,122
Total number of loans	1,863	1,775	2,328
Number of loans to first home buyers	607	631	857
Average first home buyer loan	\$344,975	\$346,434	\$318,086

The number of loans to first home buyers in Tasmania decreased to 607. This was a decrease of 3.8% over the quarter and a decrease of 29.2% over the past year. Of the total number of Australian first home buyers who purchased during the December quarter, 1.6% were from Tasmania. First home buyers made up 32.6% of the state's owner-occupier market. In the December quarter of 2021, the average loan to first home buyers decreased to \$344,975. This was a decrease of 0.4% over the quarter but an increase of 8.5% over the past year. Tasmania was the only state or territory to have a decrease in first home buyer average loan amounts.

The total number of loans increased to 1,863. This was an increase of 5.0% over the quarter but a decrease of 20.0% over the past year. This is the largest annual percentage decrease in the number of home loans for all states and territories. The average loan size increased to \$431,294. This was an increase of 6.1% over the quarter and an increase of 15.9% over the past year.



NORTHERN TERRITORY

Chart 20 Northern Territory affordability

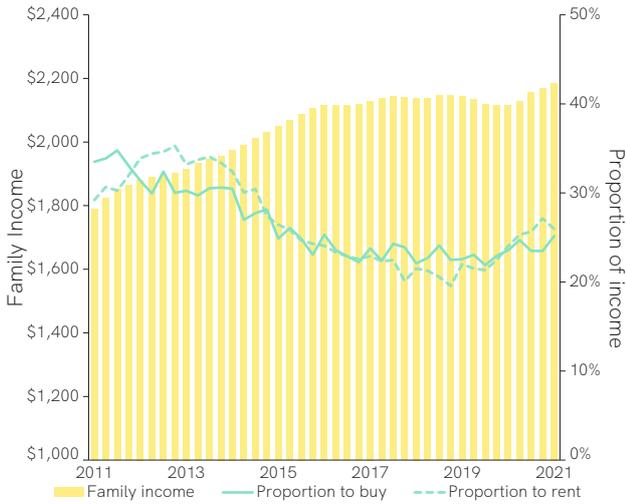


Chart 21 Median rents in Darwin



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 25.1% over the quarter. This was an increase of 1.6 percentage points over the quarter and 1.5 percentage points over the year. Of all the states and territories, the Northern Territory had the largest decline in housing affordability over the quarter.

Table 12: Northern Territory

	Dec 2021	Sep 2021	Dec 2020
Home Loan Affordability Indicator (HLAI)	39.8	42.6	42.4
Average HLAI since March quarter 1996	38.6	38.5	38.4
Proportion of family income devoted to meeting average loan repayments	25.1%	23.5%	23.6%
Proportion of family income devoted to meeting median rents	25.9%	27.1%	24.0%
Median weekly family income	\$2,190	\$2,169	\$2,115
Average monthly loan repayment	\$2,383	\$2,208	\$2,160
Average loan	\$427,856	\$396,359	\$387,893
Total number of loans	779	824	826
Number of loans to first home buyers	262	281	387
Average first home buyer loan	\$391,221	\$384,342	\$378,811

Rental affordability in the Northern Territory improved over the quarter. The proportion of family income required to meet median rent decreased to 25.9%, a decrease of 1.2 percentage points over the quarter but an increase of 1.9 percentage points over the year. Of all the states and territories, Northern Territory had the largest improvement in rental affordability over the quarter.

The number of loans to first home buyers in the Northern Territory decreased to 262. This was a decrease of 6.8% over the quarter and a decrease of 32.3% over the past year. Of the total number of Australian first home buyers who purchased during the December quarter, 0.7% were from the Northern Territory. First home buyers made up 33.6% of the state's owner-occupier market. In the December quarter of 2021, the average loan to first home buyers increased to \$391,221. This was an increase of 1.8% over the quarter and an increase of 3.3% over the past year.

The total number of loans decreased to 779. This was a decrease of 5.5% over the quarter and a decrease of 5.7% over the past year. The average loan size increased to \$427,856. This was an increase of 7.9% over the quarter and an increase of 10.3% over the past year.



AUSTRALIAN CAPITAL TERRITORY

Chart 22 Australian Capital Territory affordability

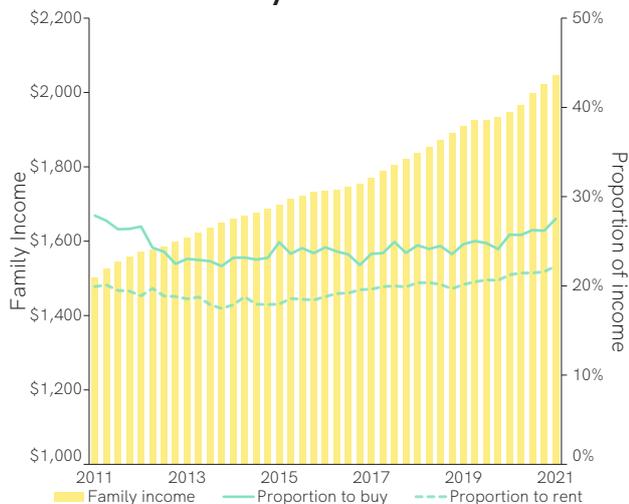
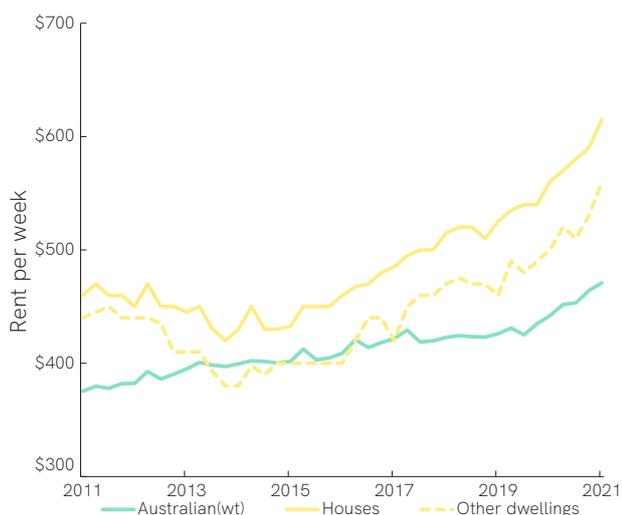


Chart 23 Median rents in Canberra



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 27.5% over the quarter. This was an increase of 1.3 percentage points over the quarter and an increase of 1.8 percentage points over the year.

Table 13: Australian Capital Territory

	Dec 2021	Sep 2021	Dec 2020
Home Loan Affordability Indicator (HLAI)	36.4	38.2	38.9
Average HLAI since March quarter 1996	42.0	42.0	42.2
Proportion of family income devoted to meeting average loan repayments	27.5%	26.2%	25.7%
Proportion of family income devoted to meeting median rents	22.2%	21.6%	21.2%
Median weekly family income	\$2,771	\$2,735	\$2,636
Average monthly loan repayment	\$3,297	\$3,102	\$2,939
Average loan	\$591,951	\$556,962	\$527,691
Total number of loans	2,435	2,528	2,741
Number of loans to first home buyers	879	871	1,005
Average first home buyer loan	\$502,275	\$496,096	\$460,199

Rental affordability in the Australian Capital Territory declined over the quarter. The proportion of family income required to meet median rent increased to 22.2%, an increase of 0.6 percentage points over the quarter and an increase of 1.0 percentage points over the year.

The number of loans to first home buyers in the Australian Capital Territory increased to 879. This was an increase of 0.9% over the quarter but a decrease of 12.5% over the past year. Of the total number of Australian first home buyers who purchased during the December quarter, 2.3% were from the Australian Capital Territory. First home buyers made up 36.1% of the state's owner-occupier market. In the December quarter of 2021, the average loan to first home buyers increased to \$502,275. This was an increase of 1.2% over the quarter and an increase of 9.1% over the past year.

The total number of loans decreased to 2,435. This was a decrease of 3.7% over the quarter and a decrease of 11.2% over the past year. The average loan size increased to \$591,951. This was an increase of 6.3% over the quarter and an increase of 12.2% over 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.

Home Loan Affordability Indicator: A ratio of family income to average loan payments. An increase denotes easier affordability. The HLAI divided by a (constant) factor of 10 is the number of times by which median family income exceeds average home loan repayments in a full year. The reciprocal value of the HLAI is the proportion of family income that is required to repay the average home loan in a full year.

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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