

REAL ESTATE INSTITUTE OF  
AUSTRALIA



# Housing Affordability Report

MARCH QUARTER  
2022

# Rental affordability decline outpaces housing affordability decline in the March quarter 2022

## STATE OF THE NATION

Housing affordability has declined over the March quarter of 2022, with the proportion of income required to meet loan repayments increasing to 37.3%, an increase of 0.2 percentage points. Housing affordability improved in New South Wales and the Northern Territory, remained stable in the Australian Capital Territory but declined in all other states.

Rental affordability declined more than housing affordability with the proportion of income required to meet median rent increasing by 0.5 percentage points to 23.5%. Rental affordability declined in all states and territories except the Northern Territory.

## CASH RATE

The Reserve Bank of Australia (RBA) maintained the official cash rate at 0.1% in the March quarter. The quarterly average variable standard interest rate remained stable at 4.5%. The quarterly average three-year fixed rate increased to 3.5%.

## FIRST HOME BUYERS

The number of first home buyers decreased to 29,093, a decrease of 22.5% during the quarter and a decrease of 33.9% over the past 12 months.

First home buyers now make up 31.6% of owner occupier dwelling commitments, a decrease of 2.7 percentage points over the quarter and 8.7 percentage points over the year.

The number of first home buyers decreased over the March quarter in all states and territories. Declines ranged from 10.5 percent in Western Australia to 40.2 percent in the Northern Territory.

The average loan size to first home buyers increased to \$475,544. This was an increase of 0.9% over the quarter and an increase of 11.7% over the past twelve months.

The average loan size to first home buyers increased in all states and territories, ranging from 0.1% in New South Wales to 9.8% in Tasmania.

## LENDING TRENDS

The total number of owner occupied dwelling loans decreased to 91,922, a decrease of 16.1% over the March quarter and a decrease of 15.9% over the past 12 months.

The total number of loans for owner occupied dwellings decreased in all states and territories over the March quarter. Decreases ranged from 8.2% in Western Australia to 21.3% in New South Wales.

Over the March quarter, the average loan size increased to \$603,395, an increase of 2.1% over the quarter and an increase of 19.2% over the past 12 months. This is the largest annual increase since the current ABS series began in 2002.

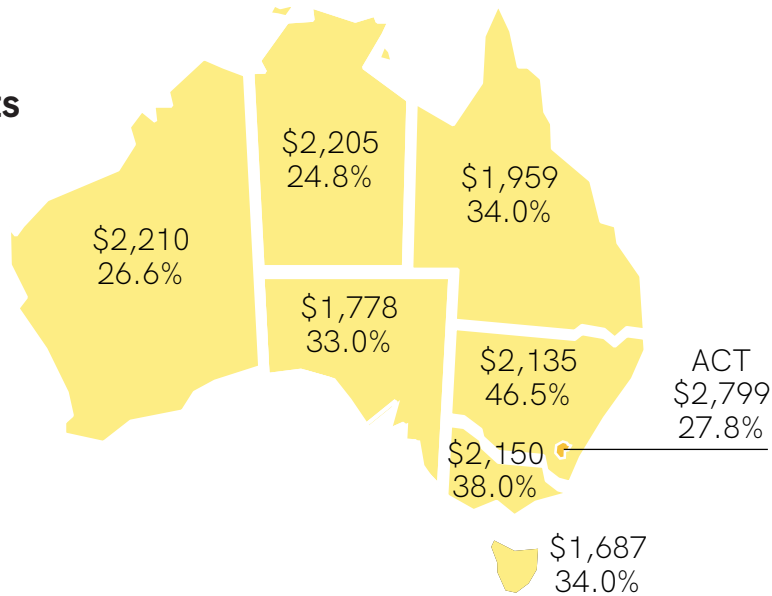
Over the quarter, the average loan size increased in all states and territories except the Northern Territory which had a marginal decline of 1.1%. Increases ranged from 1.0% in the Australian Capital Territory to 6.1% in South Australia. Over the past 12 months, the average loan size increased in all states and territories with New South Wales recording the highest annual increase of 21.6%.

*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).*

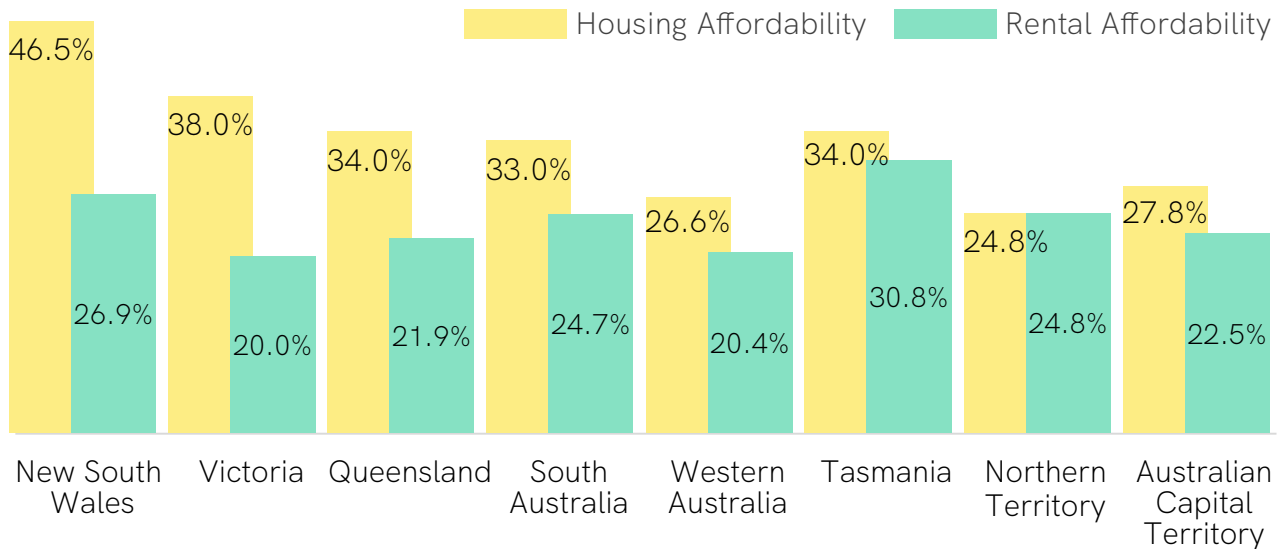


## Family Income and Weekly Repayments

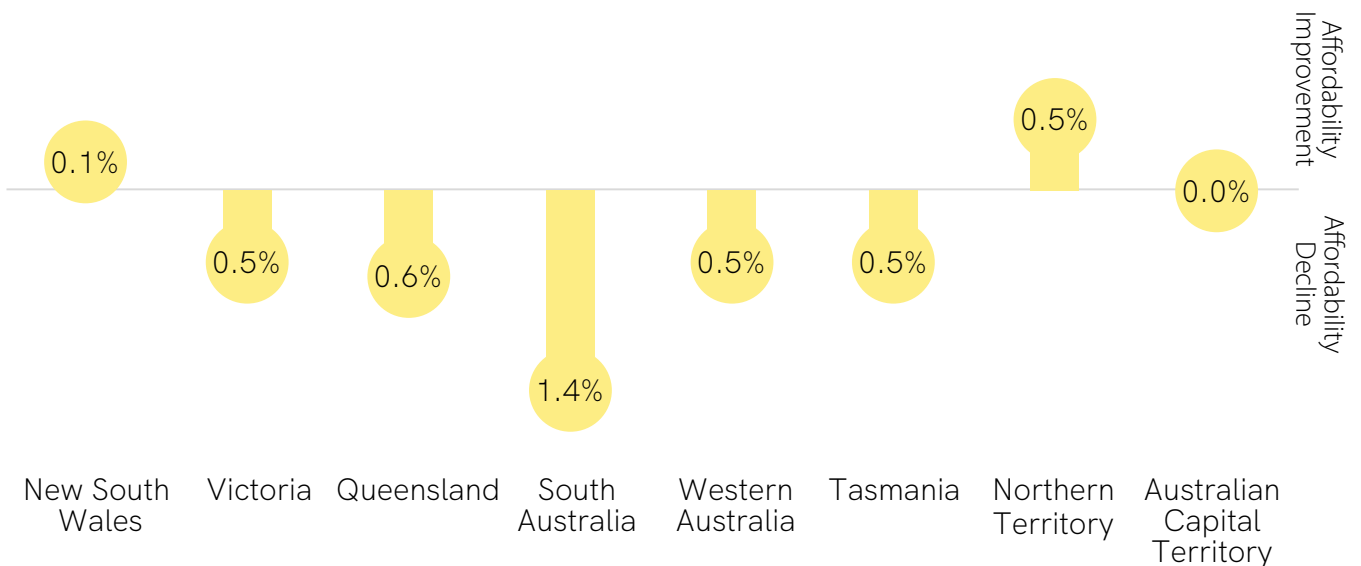
Median weekly family income and proportion required to meet loan repayments



## Housing and Rental Affordability



## Quarterly Change Housing Affordability



## PRESIDENT'S MESSAGE



Welcome to the REIA Housing Affordability Report (HAR) for the March 2022 quarter.

The March 2022 quarter was once more one of extremes. At home, severe flooding devastated many Australians living in New South Wales and Queensland and overseas Russia's invasion of Ukraine has had widespread impacts.

CPI figures revealed the early impact of inflationary pressures on new housing with a 4.2 per cent increase in the price of new dwelling purchases. We now know the extent of inflation to be far more substantial.

Against this backdrop, the REIA HAR shows a substantial decline in first home buyers as well as an overall decline in both rental and housing affordability.

Loan values increased by 19.2% over the year with the average loan size now \$603,395. At the same time, loan volumes decreased by 15.9% to 91,922 loans in the quarter.

### **Affordability for renters worsens**

Rental affordability decline outpaced housing affordability decline.

The proportion of income required to meet median rent increased by 0.5 percentage points to 23.5%. Rental affordability declined in all states and territories except the Northern Territory.

Tasmania remained the least affordable state to rent with family income needed to meet rent payments sitting at 30.8%.

Rental affordability has declined to 2018 levels but falls far short of historical highs over the Global Financial Crisis in 2009.

### **Housing affordability and first home ownership**

Nationally, the proportion of income required to meet loan repayments increased to 37.3%, an increase of 0.2 percentage points.

Housing affordability improved marginally in New South Wales and the Northern Territory, remained stable in the Australian Capital Territory and declined in all other states.

Over the same period, the number of first home buyers decreased by 33.9% over the past 12 months off the back of 2021 record highs.

### **Tackling housing issues with evidence**

REIA HAR is a critical tool for real estate practitioners to measure the state of housing affordability in each State and Territory.

It is also subscribed to by the Reserve Bank, State and Federal Treasuries, leading banks, economists and other key policy makers.

At the time of writing, the RBA had increased interest rates for the first time in eleven years with more rate rises expected over 2022.

The Federal Election 2022 had been concluded with REIA welcoming the newly appointed Minister for Housing, the Hon. Julie Collins MP.

It is REIA's sincere hope that Australia's 47th Parliament makes decisions based on evidence when it comes to housing affordability.

Minister Collins will be tasked with developing a critical action plan on housing with supply as a focal point.

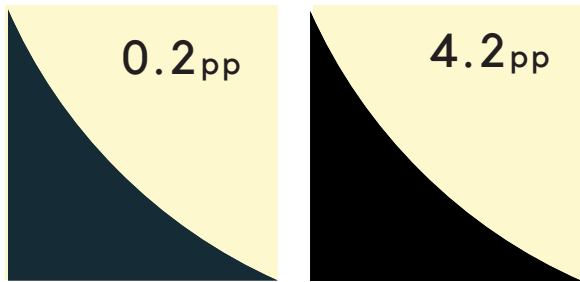
REIA stands ready to assist on dealing with this for renters, first home buyers and home owners with the REIA HAR a central metric for this policy initiative.

Interest rates, inflation and low levels of inventory will all contribute to overall picture and it is anticipated the REIA HAR June 2022 will reflect these impacts.

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



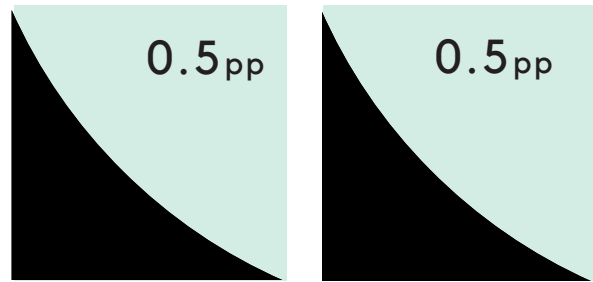
## HOUSING AFFORDABILITY



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.

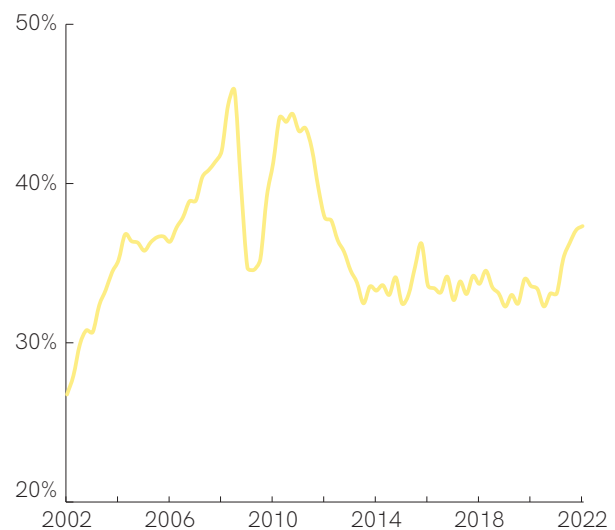
Table 1: Proportion of family income needed to meet loan repayments

|     | Mar Qtr 2022 | Dec Qtr 2021 | Mar Qtr 2021 |
|-----|--------------|--------------|--------------|
| NSW | 46.5%        | 46.6%        | 40.2%        |
| VIC | 38.0%        | 37.5%        | 33.9%        |
| QLD | 34.0%        | 33.4%        | 30.6%        |
| SA  | 33.0%        | 31.6%        | 29.5%        |
| WA  | 26.6%        | 26.1%        | 25.9%        |
| TAS | 34.0%        | 33.5%        | 30.9%        |
| NT  | 24.8%        | 25.3%        | 24.7%        |
| ACT | 27.8%        | 27.8%        | 25.7%        |
| AUS | 37.3%        | 37.1%        | 33.1%        |

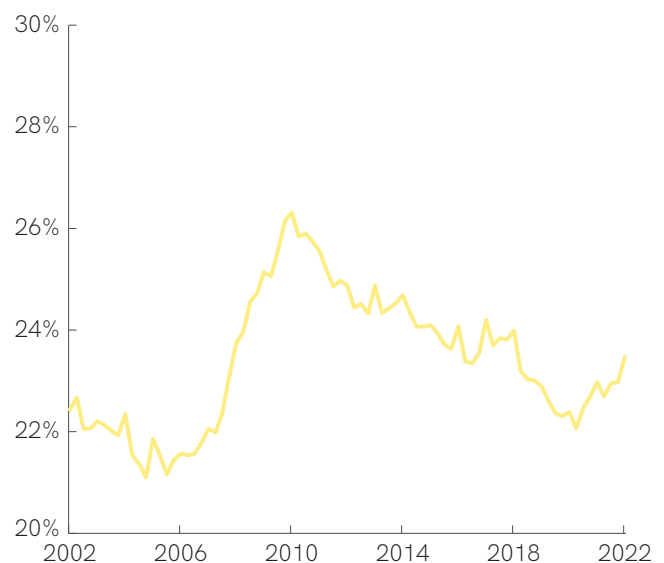
**Chart 1** shows the movement in the proportion of family income required to meet average home loan repayments since the March quarter of 2001.

**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 in the March quarter of 2022, with the proportion of income required to meet median rent increasing to 23.5%. This was an increase of 0.5 percentage points over the quarter and an increase of 0.5 percentage points over the past 12 months.

Over the quarter, rental affordability improved in 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 30.8%. This was 7.3 percentage points higher than the national average. Victoria remained the most affordable, where the proportion of income required to meet median rent was 20.0%.

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 29,093, a decrease of 22.5% during the quarter and a decrease of 33.9% compared to the March quarter of 2021.

The average loan size to first home buyers increased to \$475,544, an increase of 0.9% over the quarter and an increase of 11.7% over the past twelve months.

First home buyers accounted for 31.6% 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 March quarter of 2012 to the March quarter of 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

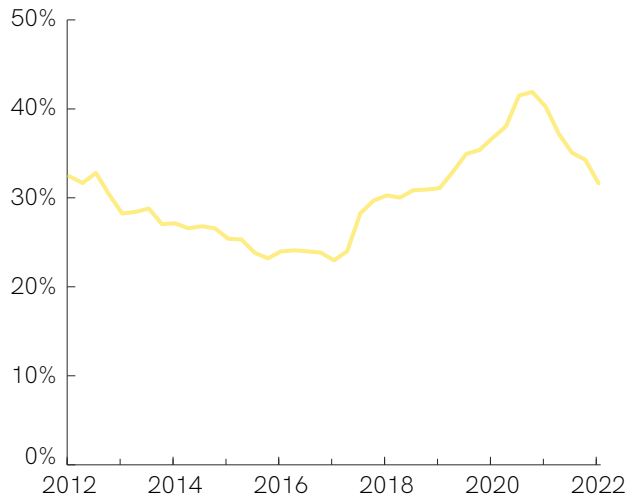
|     | Mar Qtr 2022 | Dec Qtr 2021 | Mar Qtr 2021 |
|-----|--------------|--------------|--------------|
| NSW | 26.9%        | 26.1%        | 26.1%        |
| VIC | 20.0%        | 19.8%        | 20.2%        |
| QLD | 21.9%        | 21.7%        | 21.6%        |
| SA  | 24.7%        | 24.0%        | 23.9%        |
| WA  | 20.4%        | 19.8%        | 19.3%        |
| TAS | 30.8%        | 30.1%        | 29.6%        |
| NT  | 24.8%        | 25.9%        | 25.3%        |
| ACT | 22.5%        | 22.2%        | 21.4%        |
| AUS | 23.5%        | 23.0%        | 23.0%        |

## Fast Facts

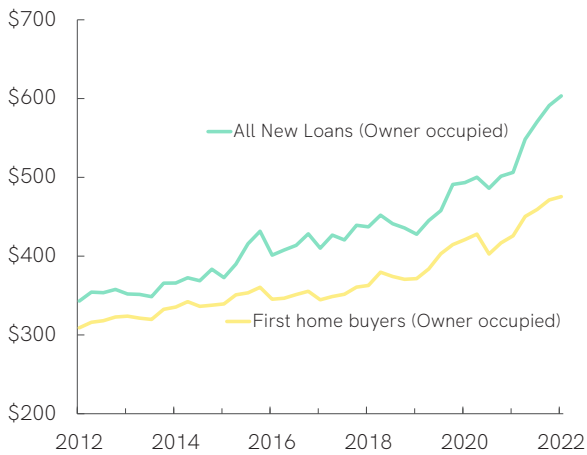
### Proportion of family income to meet

|                      | Mar 2022 | Dec 2021 | Mar 2021 |
|----------------------|----------|----------|----------|
| Home loan repayments | 37.3%    | 37.1%    | 33.1%    |
| Rent payments        | 23.5%    | 23.0%    | 23.0%    |

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



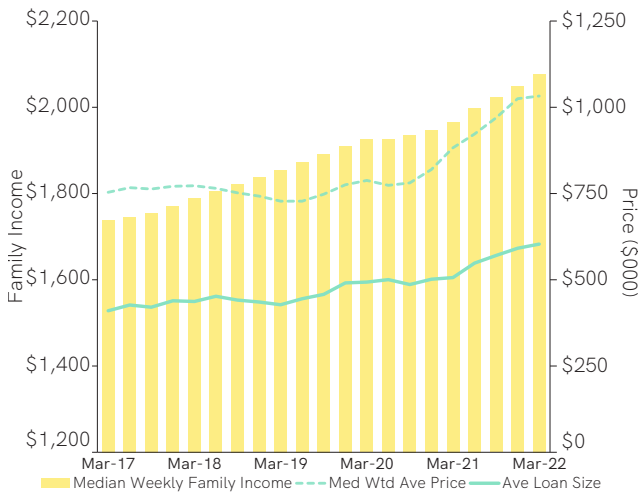
**Chart 3b:** Average home loans for first home buyers and all new buyers (\$'000s)



**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 provisional weighted average capital city median house price increased to \$1,032,533. This was an increase of 0.7% over the March quarter and an increase of 17.0% 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 June 15, 2022.

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

The national median weekly family income increased to \$2,078. This was an increase of 1.4% during the March quarter and an increase of 5.7% over the past 12 months.

The average monthly loan repayment increased to \$3,361 during the March quarter of 2022. This was an increase of 2.1% over the quarter and an increase of 19.2% over the past 12 months.

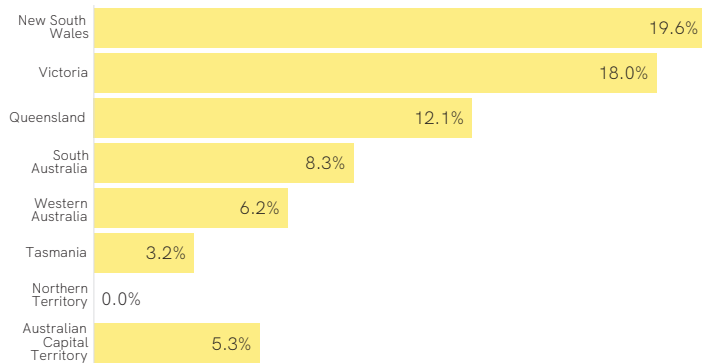
The proportion of family income required to meet loan repayments increased to 37.3% during the March quarter of 2022. This was an increase of 0.2 percentage points over the previous quarter and 4.2 percentage points over the past year.

**Average loan (all borrowers)**

The total number of loans decreased to 91,922. This was a decrease of 16.1% over the quarter and a decrease of 15.9% over the past year.

The average loan size increased to \$603,395. This was an increase of 2.1% over the March quarter and an increase of 19.2% 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.

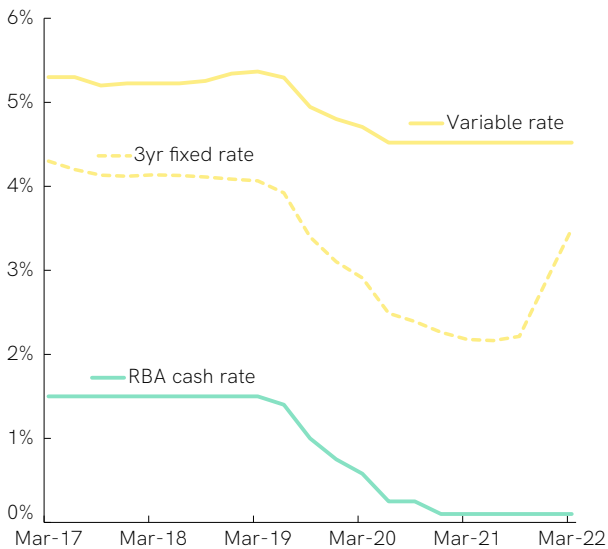


## Interest Rates

The Reserve Bank of Australia (RBA) maintained the official cash rate at 0.1% in the March quarter. The gap between variable and three-year fixed rates was 1.0 percentage points. The March quarterly average variable standard interest rate remained stable at 4.5% over the quarter. The quarterly average three-year fixed rate increased by 0.6 percentage points to 3.5% during the 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 March quarter of 2021. The March quarter is compared with the preceding quarter and the corresponding quarter of 2021.

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**

|     | Mar Qtr 2022 | Dec Qtr 2021 | Mar Qtr 2021 |
|-----|--------------|--------------|--------------|
| NSW | 21.5         | 21.5         | 24.9         |
| VIC | 26.3         | 26.7         | 29.5         |
| QLD | 29.4         | 30.0         | 32.7         |
| SA  | 30.3         | 31.7         | 33.9         |
| WA  | 37.6         | 38.3         | 38.6         |
| TAS | 29.4         | 29.9         | 32.4         |
| NT  | 40.3         | 39.6         | 40.5         |
| ACT | 36.0         | 36.0         | 38.9         |
| AUS | 26.8         | 27.0         | 30.2         |

**Table 4: Percentage change in HLAI**

|     | Quarterly change | Annual change |
|-----|------------------|---------------|
| NSW | 0.0%             | -13.7%        |
| VIC | -1.5%            | -10.8%        |
| QLD | -2.0%            | -10.1%        |
| SA  | -4.4%            | -10.6%        |
| WA  | -1.8%            | -2.6%         |
| TAS | -1.7%            | -9.3%         |
| NT  | 1.8%             | -0.5%         |
| ACT | 0.0%             | -7.5%         |
| AUS | -0.7%            | -11.3%        |



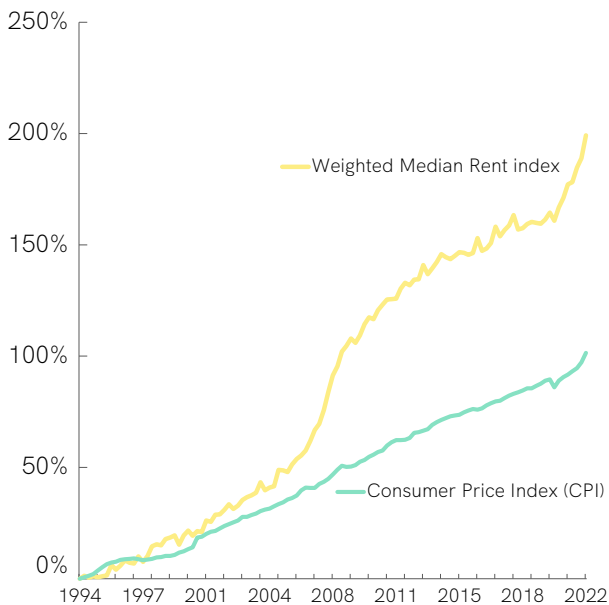


**Chart 6**  
Home loan affordability indicator over time



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**



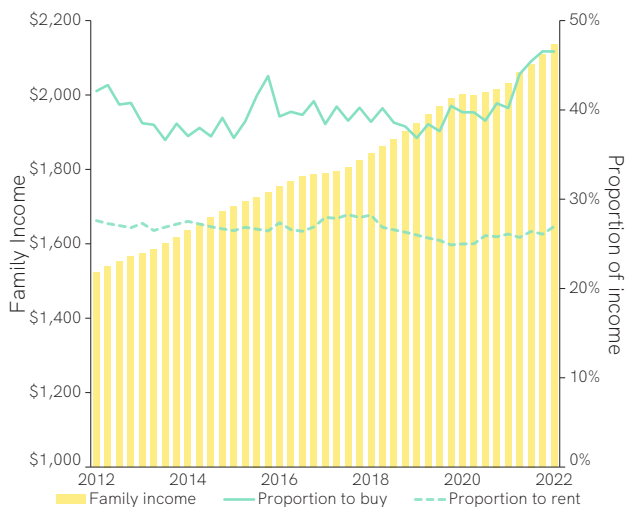
**Table 5: Australia**

|  | Mar 2022  | Dec 2021    | Mar 2021   |
|--|-----------|-------------|------------|
| Home Loan Affordability Indicator (HLAI)                               | 26.8      | 27.0        | 30.2       |
| Average HLAI since March quarter 1996                                  | 30.0      | 30.1        | 30.1       |
| Proportion of family income devoted to meeting average loan repayments | 37.3%     | 37.1%       | 33.1%      |
| Proportion of family income devoted to meeting median rents            | 23.5%     | 23.0%       | 23.0%      |
| Median weekly family income  | \$2,078   | \$2,050     | \$1,966    |
| Average monthly loan repayment   | \$3,361   | \$3,293     | \$2,820    |
| Average loan   | \$603,395 | \$591,263   | \$506,340  |
| Total number of loans  | 91,922    | 109,559     | 109,252    |
| Number of loans to first home buyers                                   | 29,093    | 37,557      | 44,007     |
| Average first home buyer loan  | \$475,544 | \$471,318   | \$425,875  |
| <b>Banks</b>   |           |             |            |
| Standard variable interest rate  | 4.5%      | 4.5%        | 4.5%       |
| Fixed interest rate  | 3.5%      | 2.9%        | 2.2%       |
| <b>Percentage Change</b>   |           | <b>HLAI</b> | <b>CPI</b> |
| Since previous quarter   | -0.7%     | 2.1%        |            |
| Since corresponding quarter last year                                  | -11.3%    | 5.1%        |            |

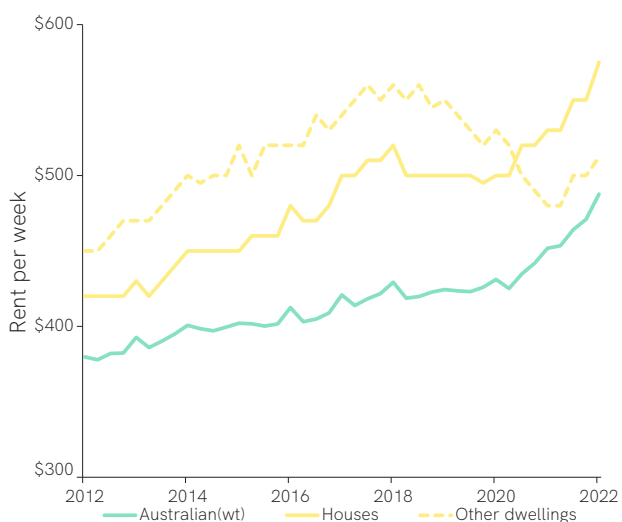


# NEW SOUTH WALES

**Chart 8 New South Wales affordability**



**Chart 9 Median rents in Sydney**



Housing affordability improved in New South Wales over the quarter but declined over the year. The proportion of family income devoted to meeting average loan repayments decreased to 46.5% over the quarter, but still remained the highest of all states and territories. This was a decrease of 0.1 percentage points over the quarter but an increase of 6.3 percentage points over the year. While remaining the least affordable state or territory, New South Wales, along with the Northern Territory, were the only states and territories to record an improvement in housing affordability.

**Table 6: New South Wales**

|  | Mar 2022  | Dec 2021  | Mar 2021  |
|--|-----------|-----------|-----------|
| Home Loan Affordability Indicator (HLAI)                               | 21.5      | 21.5      | 24.9      |
| Average HLAI since March quarter 1996                                  | 25.7      | 25.8      | 25.9      |
| Proportion of family income devoted to meeting average loan repayments | 46.5%     | 46.6%     | 40.2%     |
| Proportion of family income devoted to meeting median rents            | 26.9%     | 26.1%     | 26.1%     |
| Median weekly family income  | \$2,135   | \$2,109   | \$2,031   |
| Average monthly loan repayment   | \$4,305   | \$4,255   | \$3,539   |
| Average loan   | \$772,837 | \$763,985 | \$635,347 |
| Total number of loans  | 22,744    | 28,885    | 25,937    |
| Number of loans to first home buyers                                   | 6,306     | 9,017     | 9,197     |
| Average first home buyer loan  | \$585,538 | \$584,962 | \$513,733 |

Rental affordability in New South Wales declined over the quarter. The proportion of family income required to meet median rent increased to 26.9%, an increase of 0.8 percentage points over the quarter and 0.8 percentage points over the year. New South Wales had the largest decline in rental affordability.

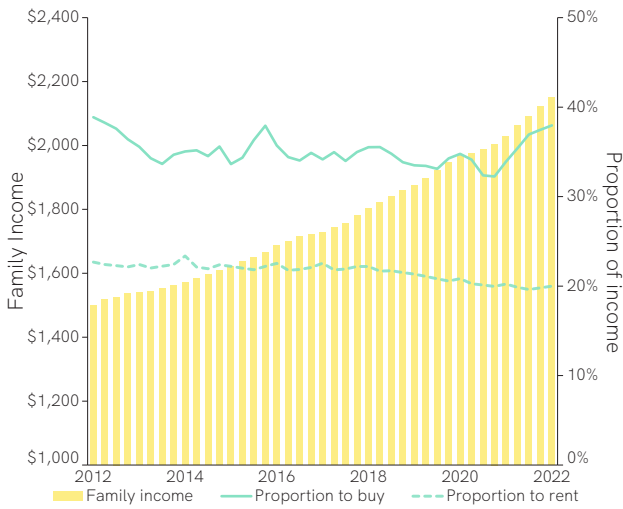
The number of loans to first home buyers in New South Wales decreased to 6,306. This was a decrease of 30.1% over the quarter and 31.4% over the past year. Of the total number of Australian first home buyers who purchased during the March quarter, 21.7% were from New South Wales. First home buyers made up 27.7% of the state's owner-occupier market. In the March quarter of 2022, the average loan to first home buyers increased to \$585,538. This was an increase of 0.1% over the quarter and an increase of 14.0% over the past year.

The total number of loans decreased to 22,744. This was a decrease of 21.3% over the quarter and a decrease of 12.3% over the past year. The average loan size increased to \$772,837. This was an increase of 1.2% over the quarter and an increase of 21.6% over the past year.

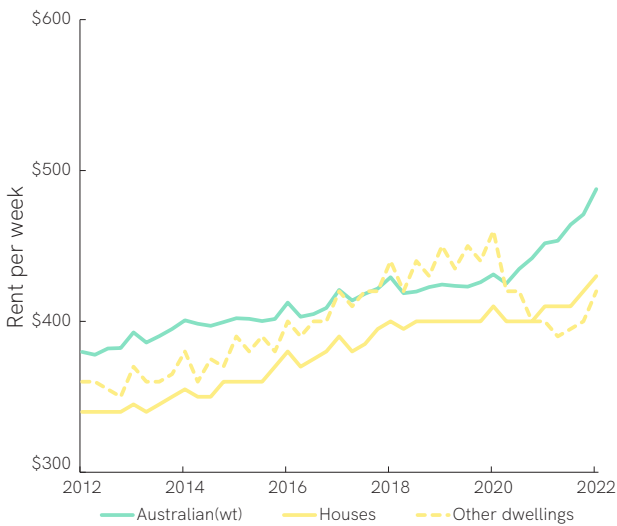


# VICTORIA

**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 38.0% over the quarter. This was an increase of 0.5 percentage points over the quarter and 4.1 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 20.0%, an increase of 0.2 percentage points over the quarter but a decrease of 0.2 percentage points over the year.

**Table 7: Victoria**

|  | Mar 2022  | Dec 2021  | Mar 2021  |
|--|-----------|-----------|-----------|
| Home Loan Affordability Indicator (HLAI)                               | 26.3      | 26.7      | 29.5      |
| Average HLAI since March quarter 1996                                  | 30.4      | 30.4      | 30.5      |
| Proportion of family income devoted to meeting average loan repayments | 38.0%     | 37.5%     | 33.9%     |
| Proportion of family income devoted to meeting median rents            | 20.0%     | 19.8%     | 20.2%     |
| Median weekly family income  | \$2,150   | \$2,121   | \$2,027   |
| Average monthly loan repayment   | \$3,536   | \$3,443   | \$2,978   |
| Average loan   | \$634,934 | \$618,187 | \$534,711 |
| Total number of loans  | 26,673    | 30,373    | 30,238    |
| Number of loans to first home buyers                                   | 9,328     | 11,396    | 13,134    |
| Average first home buyer loan  | \$498,585 | \$495,455 | \$447,982 |

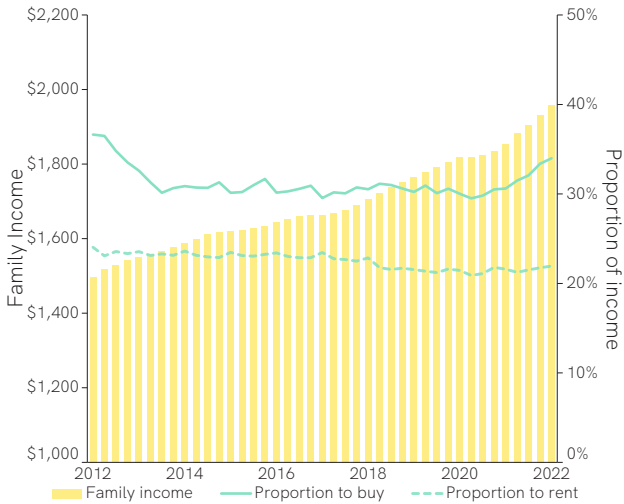
The number of loans to first home buyers in Victoria decreased to 9,328. This was a decrease of 18.1% over the quarter and 29.0% over the past year. However, Victoria continued to have the highest number of first home buyers. Of the total number of Australian first home buyers who purchased during the March quarter, 32.1% were from Victoria. First home buyers made up 35.0% of the state's owner-occupier market. In the March quarter of 2022, the average loan to first home buyers increased to \$498,585. This was an increase of 0.6% over the quarter and an increase of 11.3% over the past year.

The total number of loans decreased to 26,673. This was a decrease of 12.2% over the quarter and a decrease of 11.8% over the past year. The average loan size increased to \$634,934. This was an increase of 2.7% over the quarter and an increase of 18.7% over the past year.

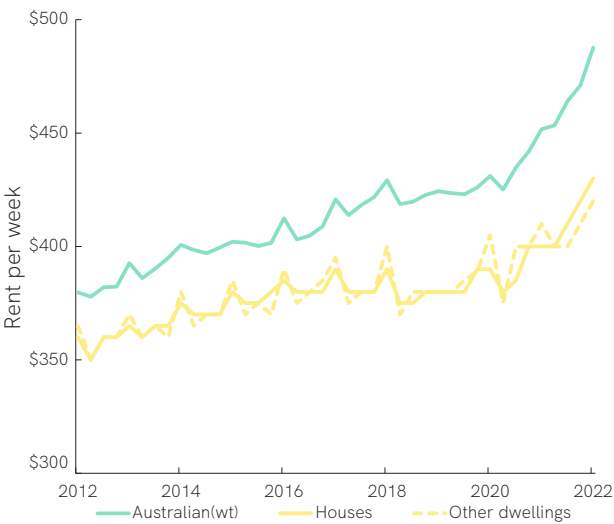


# QUEENSLAND

**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 34.0% over the quarter. This was an increase of 0.6 percentage points over the quarter and 3.4 percentage points over the year.

**Table 8: Queensland**

|  | Mar 2022  | Dec 2021  | Mar 2021  |
|--|-----------|-----------|-----------|
| Home Loan Affordability Indicator (HLAI)                               | 29.4      | 30.0      | 32.7      |
| Average HLAI since March quarter 1996                                  | 31.3      | 31.4      | 31.4      |
| Proportion of family income devoted to meeting average loan repayments | 34.0%     | 33.4%     | 30.6%     |
| Proportion of family income devoted to meeting median rents            | 21.9%     | 21.7%     | 21.6%     |
| Median weekly family income  | \$1,959   | \$1,931   | \$1,853   |
| Average monthly loan repayment   | \$2,886   | \$2,793   | \$2,458   |
| Average loan   | \$518,082 | \$501,478 | \$441,278 |
| Total number of loans  | 19,340    | 23,944    | 24,531    |
| Number of loans to first home buyers                                   | 5,690     | 7,925     | 9,563     |
| Average first home buyer loan  | \$424,499 | \$411,849 | \$384,241 |

Rental affordability in Queensland declined over the quarter. The proportion of family income required to meet median rent increased to 21.9%, an increase of 0.2 percentage points over the quarter and 0.3 percentage points over the year.

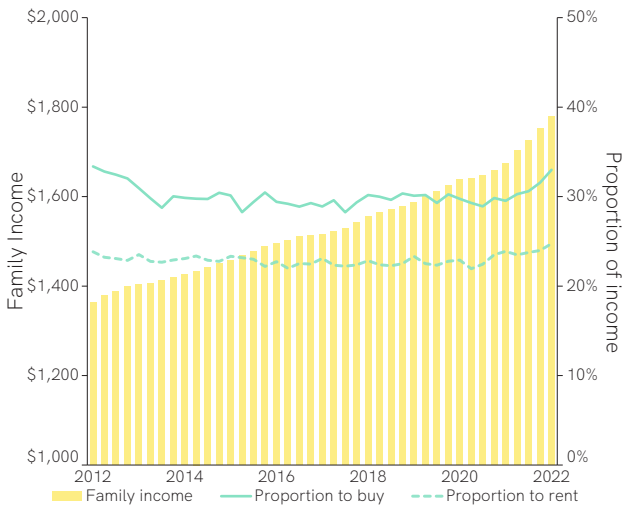
The number of loans to first home buyers in Queensland decreased to 5,690. This was a decrease of 28.2% over the quarter and 40.5% over the past year. Of the total number of Australian first home buyers who purchased during the March quarter, 19.6% were from Queensland. First home buyers made up 29.4% of the state's owner-occupier market. In the March quarter of 2022, the average loan to first home buyers increased to \$424,499. This was an increase of 3.1% over the quarter and an increase of 10.5% over the past year.

The total number of loans decreased to 19,340. This was a decrease of 19.2% over the quarter and a decrease of 21.2% over the past year. The average loan size increased to \$518,082. This was an increase of 3.3% over the quarter and an increase of 17.4% over the past year.

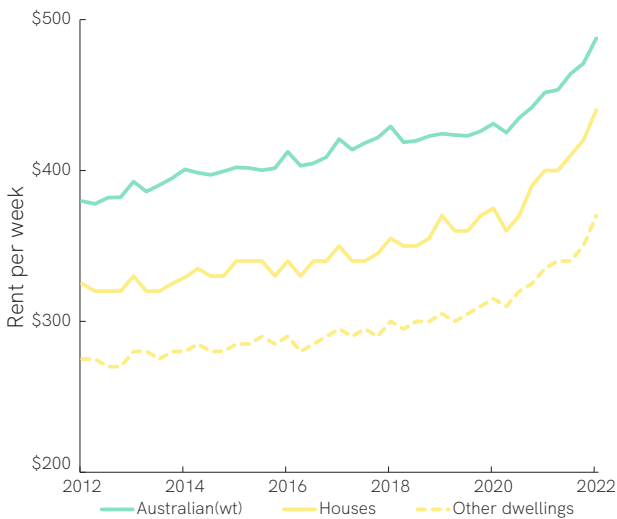


# SOUTH AUSTRALIA

**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 33.0% over the quarter. This was an increase of 1.4 percentage points over the quarter and 3.5 percentage points over the year. Of all the states and territories, South Australia had the highest decline in housing affordability over the quarter.

**Table 9: South Australia**

|  | Mar 2022  | Dec 2021  | Mar 2021  |
|--|-----------|-----------|-----------|
| Home Loan Affordability Indicator (HLAI)                               | 30.3      | 31.7      | 33.9      |
| Average HLAI since March quarter 1996                                  | 36.0      | 36.0      | 36.2      |
| Proportion of family income devoted to meeting average loan repayments | 33.0%     | 31.6%     | 29.5%     |
| Proportion of family income devoted to meeting median rents            | 24.7%     | 24.0%     | 23.9%     |
| Median weekly family income  | \$1,778   | \$1,752   | \$1,675   |
| Average monthly loan repayment   | \$2,542   | \$2,395   | \$2,143   |
| Average loan   | \$456,366 | \$430,075 | \$384,696 |
| Total number of loans  | 6,385     | 7,651     | 8,109     |
| Number of loans to first home buyers                                   | 1,687     | 2,179     | 2,861     |
| Average first home buyer loan  | \$384,292 | \$369,527 | \$339,427 |

Rental affordability in South Australia declined over the quarter. The proportion of family income required to meet median rent increased to 24.7%, an increase of 0.7 percentage points over the quarter and 0.8 percentage points over the year.

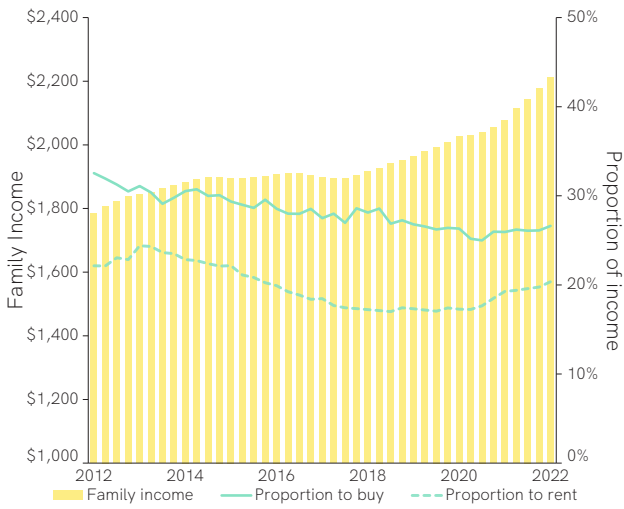
The number of loans to first home buyers in South Australia decreased to 1,687. This was a decrease of 22.6% over the quarter and 41.0% over the past year. Of the total number of Australian first home buyers who purchased during the March quarter, 5.8% were from South Australia. First home buyers made up 26.4% of the state's owner-occupier market. In the March quarter of 2022, the average loan to first home buyers increased to \$384,292. This was an increase of 4.0% over the quarter and an increase of 13.2% over the past year.

The total number of loans decreased to 6,385. This was a decrease of 16.5% over the quarter and a decrease of 21.3% over the past year. The average loan size increased to \$456,366. This was an increase of 6.1% over the quarter and an increase of 18.6% over the past year.

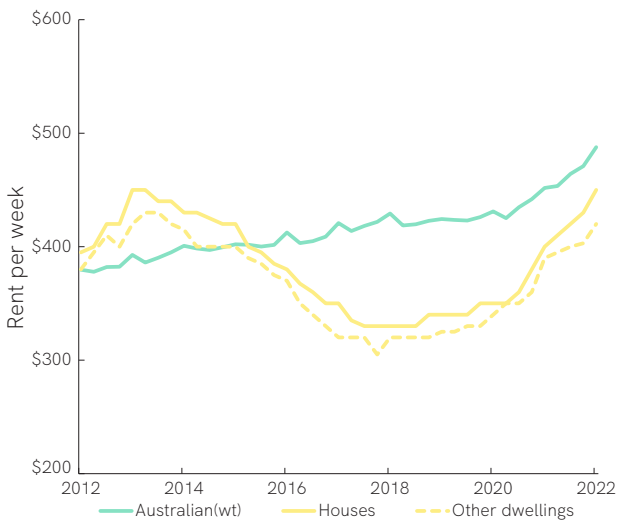


# WESTERN AUSTRALIA

**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 26.6% over the quarter. This was an increase of 0.5 percentage points over the quarter and 0.7 percentage points over the year.

Rental affordability in Western Australia declined over the quarter. 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 1.1 percentage points over the year.

**Table 10: Western Australia**

|  | Mar 2022  | Dec 2021  | Mar 2021  |
|--|-----------|-----------|-----------|
| Home Loan Affordability Indicator (HLAI)                               | 37.6      | 38.3      | 38.6      |
| Average HLAI since March quarter 1996                                  | 35.1      | 35.1      | 35.0      |
| Proportion of family income devoted to meeting average loan repayments | 26.6%     | 26.1%     | 25.9%     |
| Proportion of family income devoted to meeting median rents            | 20.4%     | 19.8%     | 19.3%     |
| Median weekly family income  | \$2,210   | \$2,177   | \$2,076   |
| Average monthly loan repayment   | \$2,550   | \$2,464   | \$2,333   |
| Average loan   | \$457,899 | \$442,329 | \$418,859 |
| Total number of loans  | 12,401    | 13,506    | 14,990    |
| Number of loans to first home buyers                                   | 4,780     | 5,339     | 7,269     |
| Average first home buyer loan  | \$381,360 | \$368,889 | \$369,858 |

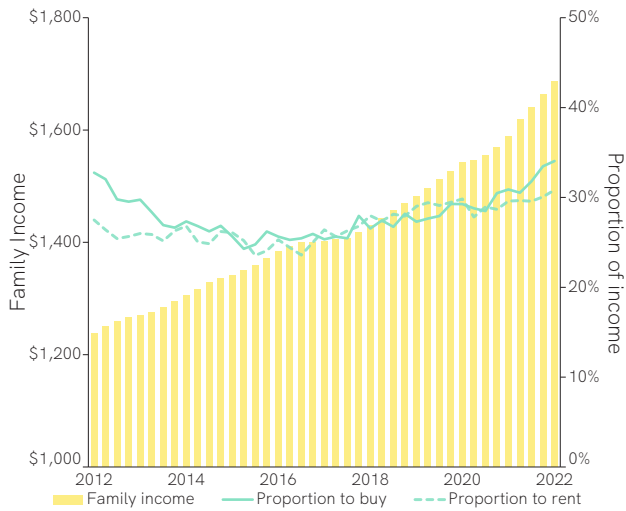
The number of loans to first home buyers in Western Australia decreased to 4,780. This was a decrease of 10.5% over the quarter and 34.2% over the past year. Of the total number of Australian first home buyers who purchased during the March quarter, 16.4% were from Western Australia. First home buyers made up 38.5% of the state's owner-occupier market, the highest of all states and territories. In the March quarter of 2022, the average loan to first home buyers increased to \$381,360. This was an increase of 3.4% over the quarter and an increase of 3.1% over the past year.

The total number of loans decreased to 12,401. This was a decrease of 8.2% over the quarter and a decrease of 17.3% over the past year. The average loan size increased to \$457,899. This was an increase of 3.5% over the quarter and an increase of 9.3% over the past year.

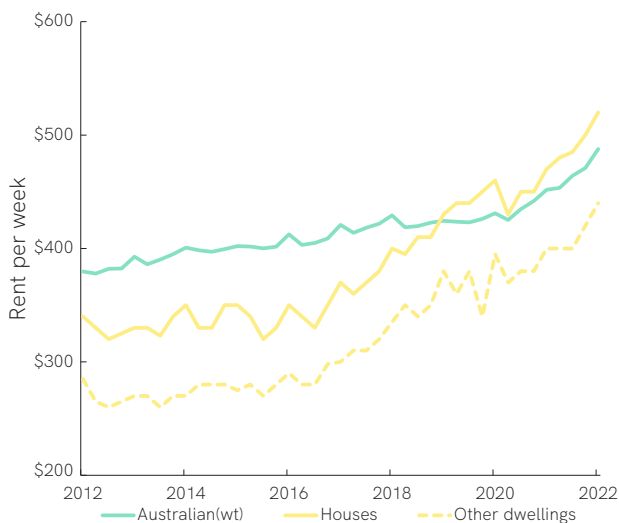


# TASMANIA

**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 34.0% over the quarter. This was an increase of 0.5 percentage points over the quarter and 3.1 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 30.8%, an increase of 0.7 percentage points over the quarter and 1.2 percentage points over the year.

**Table 6: Tasmania**

|  | Mar 2022  | Dec 2021  | Mar 2021  |
|--|-----------|-----------|-----------|
| Home Loan Affordability Indicator (HLAI)                               | 29.4      | 29.9      | 32.4      |
| Average HLAI since March quarter 1996                                  | 38.4      | 38.5      | 38.7      |
| Proportion of family income devoted to meeting average loan repayments | 34.0%     | 33.5%     | 30.9%     |
| Proportion of family income devoted to meeting median rents            | 30.8%     | 30.1%     | 29.6%     |
| Median weekly family income  | \$1,687   | \$1,663   | \$1,589   |
| Average monthly loan repayment   | \$2,489   | \$2,413   | \$2,126   |
| Average loan   | \$446,910 | \$433,172 | \$381,671 |
| Total number of loans  | 1,586     | 1,863     | 2,286     |
| Number of loans to first home buyers                                   | 457       | 584       | 776       |
| Average first home buyer loan  | \$388,403 | \$353,596 | \$333,634 |

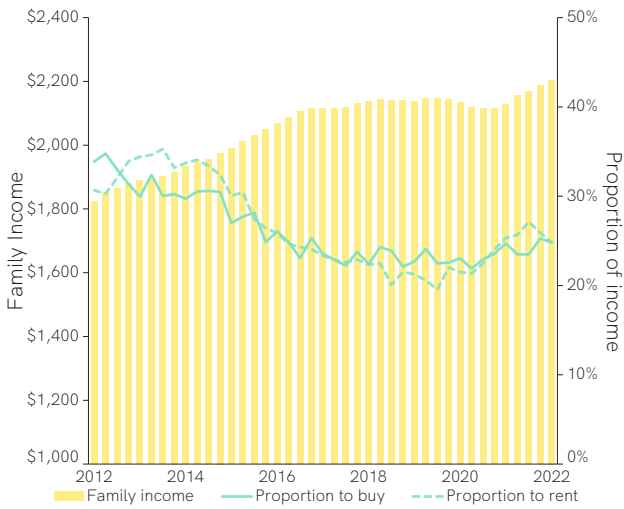
The number of loans to first home buyers in Tasmania decreased to 457. This was a decrease of 21.7% over the quarter and 41.1% over the past year. Of the total number of Australian first home buyers who purchased during the March quarter, 1.6% were from Tasmania. First home buyers made up 28.8% of the state's owner-occupier market. In the March quarter of 2022, the average loan to first home buyers increased to \$388,403. This was an increase of 9.8% over the quarter and an increase of 16.4% over the past year.

The total number of loans decreased to 1,586. This was a decrease of 14.9% over the quarter and a decrease of 30.6% over the past year. The average loan size increased to \$446,910. This was an increase of 3.2% over the quarter and an increase of 17.1% over the past year.

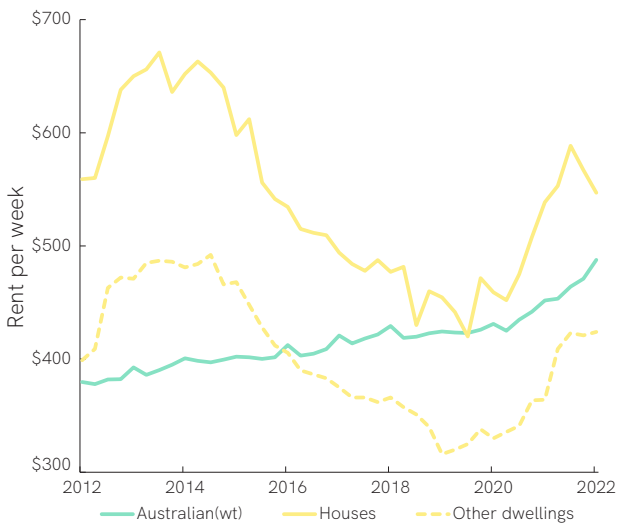


# NORTHERN TERRITORY

**Chart 20 Northern Territory affordability**



**Chart 21 Median rents in Darwin**



Housing affordability improved in the Northern Territory over the quarter but declined over the year. The proportion of family income devoted to meeting average loan repayments decreased to 24.8% over the quarter. This was a decrease of 0.5 percentage points over the quarter but an increase of 0.1 percentage points over the year.

Rental affordability in the Northern Territory improved over the quarter. The proportion of family income required to meet median rent decreased to 24.8%, a decrease of 1.1 percentage points over the quarter and 0.5 percentage points over the year.

**Table 12: Northern Territory**

|  | Mar 2022  | Dec 2021  | Mar 2021  |
|--|-----------|-----------|-----------|
| Home Loan Affordability Indicator (HLAI)                               | 40.3      | 39.6      | 40.5      |
| Average HLAI since March quarter 1996                                  | 38.6      | 38.5      | 38.5      |
| Proportion of family income devoted to meeting average loan repayments | 24.8%     | 25.3%     | 24.7%     |
| Proportion of family income devoted to meeting median rents            | 24.8%     | 25.9%     | 25.3%     |
| Median weekly family income  | \$2,205   | \$2,188   | \$2,127   |
| Average monthly loan repayment   | \$2,370   | \$2,395   | \$2,277   |
| Average loan   | \$425,493 | \$430,026 | \$408,880 |
| Total number of loans  | 659       | 776       | 732       |
| Number of loans to first home buyers                                   | 159       | 266       | 357       |
| Average first home buyer loan  | \$413,836 | \$389,474 | \$392,717 |

The number of loans to first home buyers in the Northern Territory decreased to 159. This was a decrease of 40.2% over the quarter and 55.5% over the past year. Of the total number of Australian first home buyers who purchased during the March quarter, 0.5% were from the Northern Territory. First home buyers made up 24.1% of the territory's owner-occupier market, the lowest proportion for all states and territories. In the March quarter of 2022, the average loan to first home buyers increased to \$413,836. This was an increase of 6.3% over the quarter and an increase of 5.4% over the past year.

The total number of loans decreased to 659. This was a decrease of 15.1% over the quarter and a decrease of 10.0% over the past year. The average loan size decreased to \$425,493. This was a decrease of 1.1% over the quarter but an increase of 4.1% over the past year.

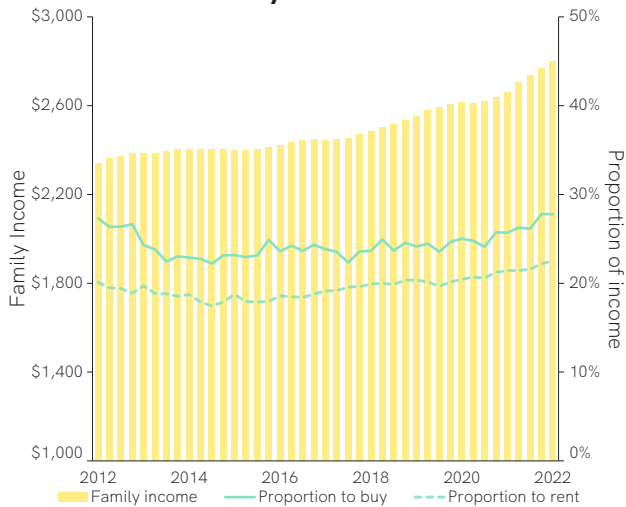
The Northern Territory is the only state or territory where loan repayments and median rents are equally affordable.



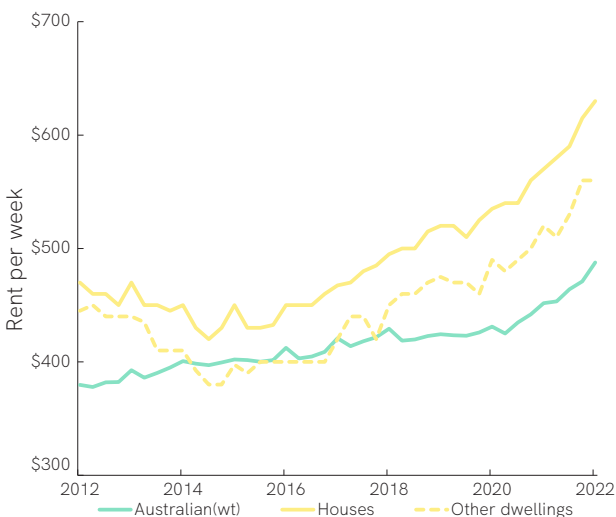


# AUSTRALIAN CAPITAL TERRITORY

**Chart 22 Australian Capital Territory affordability**



**Chart 23 Median rents in Canberra**



Housing affordability remained stable in the Australian Capital Territory over the quarter but declined over the year. The proportion of family income devoted to meeting average loan repayments remained stable at 27.8% over the quarter but increased 2.1 percentage points over the year.

Rental affordability in the Australian Capital Territory declined over the quarter. The proportion of family income required to meet median rent increased to 22.5%, an increase of 0.3 percentage points over the quarter and 1.1 percentage points over the year.

**Table 13: Australian Capital Territory**

|  | Mar 2022  | Dec 2021  | Mar 2021  |
|--|-----------|-----------|-----------|
| Home Loan Affordability Indicator (HLAI)                               | 36.0      | 36.0      | 38.9      |
| Average HLAI since March quarter 1996                                  | 41.9      | 42.0      | 42.1      |
| Proportion of family income devoted to meeting average loan repayments | 27.8%     | 27.8%     | 25.7%     |
| Proportion of family income devoted to meeting median rents            | 22.5%     | 22.2%     | 21.4%     |
| Median weekly family income  | \$2,799   | \$2,769   | \$2,660   |
| Average monthly loan repayment   | \$3,368   | \$3,336   | \$2,963   |
| Average loan   | \$604,780 | \$598,980 | \$531,970 |
| Total number of loans  | 2,134     | 2,354     | 2,299     |
| Number of loans to first home buyers                                   | 686       | 851       | 850       |
| Average first home buyer loan  | \$527,551 | \$507,286 | \$470,118 |

The number of loans to first home buyers in the Australian Capital Territory decreased to 686. This was a decrease of 19.4% over the quarter and 19.3% over the past year. Of the total number of Australian first home buyers who purchased during the March quarter, 2.4% were from the Australian Capital Territory. First home buyers made up 32.1% of the territory's owner-occupier market. In the March quarter of 2022, the average loan to first home buyers increased to \$527,551. This was an increase of 4.0% over the quarter and an increase of 12.2% over the past year.

The total number of loans decreased to 2,134. This was a decrease of 9.3% over the quarter and a decrease of 7.2% over the past year. The average loan size increased to \$604,780. This was an increase of 1.0% over the quarter and an increase of 13.7% 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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